

# TROPICAL TIMBERS

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## Brazil's delayed reaction

Brazilian mahogany continues to be a focus of attention for the UK timber trade, despite the fact that import volumes are now so small as to be largely irrelevant to the trade as a whole. Only around 8000 m3 of the species have been imported into the UK over the last 12 months, while consumption is estimated at little more than 5000 m3. In large part this loss of market share has been due to mahogany's inability to compete on a price basis with other tropical red woods. But the impact of the environmental campaigns cannot be ignored. The irony is that Mahogany has been a victim of its own past success - it is publicly recognised as the archetypal tropical timber. This, coupled with the fact that it is sourced from Amazonia, one of the few tropical forest areas that most Westerners are aware of, has meant the species is a natural target for environmental campaigners intent on destroying demand for tropical hardwoods. Environmentalists in the UK have used the Brazilian mahogany issue as a launching pad for a more general critique of the tropical trade and a justification for their insistence on FSC certification. This approach was exemplified by George Monbiot in an article in the Guardian on 30 July. According to Mr Monbiot "*Mahogany loggers are still destroying the rainforest and murdering the indigenous people who try to stop them. Companies are still making bogus claims about the provenance of their wood. But for people seeking sustainably produced timber, there is at last, a reliable labelling system monitored by independent experts and certified by an organisation called the Forest Stewardship Council*". Mr Monbiot goes on to criticise the Timber Trade Federation's national advertising campaign that has emphasised the importance of tropical developing countries managing forests for timber as an alternative to conversion for agriculture.

Brazil has to date proved an easy target for those seeking to undermine the public reputation of the tropical timber industry. Unlike other tropical countries, Brazilian producers haven't a dedicated marketing presence in Europe. An effective response to public criticism requires

the provision of timely, reliable, and credible information on the real situation. Lack of information creates a void that many environmental campaigners are only too willing to fill with hearsay and rumour. Mr Monbiot is given the opportunity to accuse the Brazilian industry of destructive, even murderous, behaviour in the national press without fear of reprisals. He is a fluent writer, speaks Portuguese, has visited Brazil and written two books about tropical forests. To the Guardian newspaper and its readership, this is sufficient to qualify him as an "expert" on the subject. Unfortunately none of the real experts, people who live and work in Brazil, were there to shoot Mr Monbiot down. While the Timber Trade Federation had a letter published in response to Mr Monbiot's article, there was no sign of a response from either the Brazilian government or industry. An isolated letter from the TTF, no matter how well written and argued, is too easily dismissed as an industry smokescreen.

There are early signs however that Brazil may have decided to take a more pro-active approach to demonstrate to the market its commitment to sound forestry practice and to defend its reputation. In recent months, the Brazilian government has announced a number of initiatives aimed at improving the regulation of mahogany extraction and conserving tracts of tropical forest. These initiatives include the listing of mahogany on CITES Appendix 3; a joint initiative with the WWF and World Bank to conserve at least 10% of the Amazon region as reserves; a 2 year extension of the moratorium on the granting of new logging concessions initially introduced in 1996; and an inventory of mahogany reserves in the Amazon to assess supplies and regeneration.

The Brazilian government's attitude to the joint National Hardwood Association/Soil Association Log Tracking project, has been less encouraging. The Ministry of Environment rejected the project proposal on the grounds that it has already implemented sufficient measures to ensure the legal extraction of mahogany in Brazil.

*Continued on page 2 - column 1*

## War in the Congo

The Democratic Republic of Congo, formerly Zaire, contains over half of Africa's remaining tropical rainforest. The extent of the forest is such that it is still possible to fly in a jet for 2 hours over virtually undisturbed forest, from Bandundu in the west to Bukavu in the east. Extensive exploitation for timber has been prevented due to inaccessibility, transport difficulties, and political insecurity. At one time the country had 125 logging companies of recordable size, but the number is now probably only 20 or so. Total exports have been around 160,000 m3, tiny compared to the huge area of tropical forest existing in the country. Government has made some efforts to develop the sector for processing and export, but this has been an enormous task given the sheer size of the country. Now civil war in the country has effectively removed the country from the international trade. What began in early August as an armed rebellion against President Laurent Kabila has drawn at least four of the country's neighbours into a bloody conflict. Rwanda is believed to be the main sponsor of the rebel movement - a coalition of ethnic Tutsis and former members of

*Continued on page 2 - column 2*

### STATISTICS IN THIS ISSUE

#### U.K. IMPORTS

logs, sawn, plywood, veneers  
sleepers, blockboard

Outside E.C.

April & May 1998

Intra E.C.

March & April 1998

#### OECD WOODEN FURNITURE & BUILDERS PRODUCTS IMPORTS

Year 1996 & 1997

#### EQUATORIAL GUINEA EXPORTS

Logs by principle destination

Year 1996 & 1997

- Tropical Timbers, editor: Rupert Oliver
- Market and Environmental Information for the Forest Products Industry

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## Brazil *cont from front page*

They expressed concern that the project involved certification "by a private Federation". They also suggested that the project would overlap with an IBAMA programme, launched at the end of July, known as the "Programme for Inspecting the Monitoring of Mahogany Exploitation". This programme appears to involve an internal audit of all forest management plans and IBAMA permits for the period January 1997 to 1998. However, the Brazilian Foreign Ministry, evidently more aware of the value of transparency when seeking to reassure the market, has accepted that "custody chain and certification projects such as the NHA is interested in promoting may, be undertaken by Brazilian private firms on a strictly voluntary basis in accordance with what they perceive to be market requirements." The TTF is now proposing to launch a modified log tracking project in 1999. Another positive development has been ITTO's approval of a project, to be undertaken in Brazil by SINDIMAD, the State of Para's Timber Manufacturers Association, entitled "Information and Technical Assistance for Production and Trade in Tropical Timber". The project aims to provide technical assistance to selected mahogany producing and exporting companies to ensure that the timber they trade is sustainable. It will also make available to governments and the general public in the UK and Brazil reliable information on the trade and forestry practices of these companies. The project brief implies the strengthening of direct bilateral arrangements between Brazilian exporters and UK importers to ensure more effective marketing of Brazilian products. There may also be scope to link the project to existing industry efforts, including the NHA/AIMEX Accord and Log Tracking Project. A SINDIMAD delegation is visiting the UK in early September to discuss the project with importers.

The UK's tropical timber trade can only hope that this project heralds the start of a new era of improved communication by Brazil's exporting industry. Given the small size of the trade, there may be a temptation to dismiss Brazilian industry and NHA efforts to tackle the environmentalists criticisms as a side show. Unfortunately, whether we like it or not, articles by Mr Monbiot and his ilk do considerable damage to the public image of all tropical suppliers.

## Political unrest in Myanmar

The political situation in Myanmar is tense. Student protests have flared up in Yangon, the country's capital, in support of the opposition's vow to call a parliament. Students from two Yangon colleges staged the first anti-government protests in more than a year on Monday. The numbers of students involved was small, around 400 in total, and the protests were quickly broken up by riot police. The demonstrations came as opposition leader, Suu Kyi, ended a 13 day roadside protest against military government restrictions on her movements. Tension has mounted as her party, the National League for Democracy (NLD), had pledged to call a "People's Parliament" by a deadline of 21 Au-

## War in the Congo *cont from front page*

Kabila's military. There is evidence that Uganda is providing military support to the rebels based in the north east of the country. Angola and Zimbabwe have sent troops to shore up the government forces. Namibia is also providing military aid to President Kabila.

Around 600 Zimbabwean troops are defending Kinshasa's southern outskirts. Zimbabwe claims these are well trained and backed by sophisticated equipment and that they should be able to stop the rebels advance. The deployment of at least 2000 Angolan troops in late August seems to have had a major impact on the course of the war.

Before Angola entered the war, the Congolese rebels had made remarkable progress towards Kinshasa in their drive to topple the government. Initial gains had been made with the capture of three big eastern towns, including Kisangani, the country's third largest city. And in a spectacular move, the rebels hijacked a cargo plane at Goma on the eastern border of the country to fly some of their men almost 1250 miles across the country to the Atlantic coast. There they had joined up with other rebels to capture a number of coastal and port towns, including Matadi, and threaten the capital's lifeline to the outside world. From there the rebels pushed on to within 18 miles of Kinshasa and control the town of Mbanza Ngungu, the last major obstacle before the capital.

However, over the weekend of 22 August

Angolan forces regained control throughout much of the eastern coastal region, including the airstrip at Kitona, the oil port town of Muanda, and Matadi. The rebel western forces are now caught between the Angolan and Zimbabwean forces at either end of a narrow strip of Congolese territory. In the east the rebel forces claim to retain control of Kinsangi.

On August 20th the rebels, recognising that the intervention of Angola and Zimbabwe might swing the war against them, had said they were ready to negotiate a cease fire. However a cease fire proposal put forward by the 14 member South African Development Community after a meeting in South Africa was blocked by Congolese government officials. The officials said that they will not stop fighting until Rwanda and Uganda withdrew their forces in the east. But neither rebels, nor Rwandan's are likely to give up in this part of the country. Under threat from Hutu extremists, they believe they must have military control to survive.

Meanwhile, there are reports of considerable anti-western sentiment brewing in the capital Kinshasa. Much of the population is convinced of western complicity in the war. State owned media are feeding public anger with reports that Washington and Paris are in league with Rwanda and the rebels to destabilise the country. Much of this sentiment is generated by memories of US support for the former regime of Mobutu Sese Seko.

## Proposal for Amazon forest inventory

Signatory countries of the Treaty for Amazonian Cooperation (TCA) are considering jointly instituting a regional Forest Inventory Analysis on a regular basis. The aim would be to more accurately assess the species composition of the Amazon rain forest, the extent of forest exploitation, and monitor the effects of natural impacts on the forest, including fire. Such an analysis would greatly assist the planning of for-

estry operations and development projects in the region. Creating a Forest Inventory Analysis for the Amazon forest would be an immense task and cost would be a limiting factor. TCA countries are putting the issue forward for consideration at their next meeting later in 1998. TCA countries include Brazil, Bolivia, Colombia, Ecuador, Peru, Guyana, Surinam and Venezuela.

gressively declined over recent years. FAO data indicates that log exports, mainly of teak, fell from 1.2 million m<sup>3</sup> in 1991 to 409,000 m<sup>3</sup> in 1996, while sawn timber exports declined from 282,000 m<sup>3</sup> to 143,000 m<sup>3</sup>. Politically Myanmar is not popular in international circles and this deters foreign investment. Investment in fixed assets in wood processing in Myanmar is a high risk judgement. As a result teak continues to be exported in log form, much of it arriving in neighbouring India where it is used for the manufacture of furniture. The UK now imports very little Myanmar teak as most garden furniture manufacturing, the principal user, has migrated to the Far East.

## INDICATIVE PRICES

Latest indicative prices available at time when preparing this report. Prices are subject to continuous variation and may vary in relation to volumes purchased, specification, port of shipment and quality of a particular shippers production. Specifications are given as a guide - in practice the details vary.

## Logs

	June	July	Aug
Ex <b>Cameroon</b> Fr.F/m3 FOB Douala LM			
<b>N°GOLLON</b>			
70cm+20% 60/69	1370	1350	1350
<b>BOSSE</b> 60cm+	1550	1550	1550
<b>AYOUS</b> 70cm+	1025	1000	1000
<b>BIBOLO</b> 60cm+	1425	1400	1375
<b>SAPELE</b>			
80cm+20% 70/79	1650	1650	1650
<b>SIPO</b>			
80cm+20% 70/79	1900	1900	1900
<b>IROKO</b>			
80cm+20% 70/79	1650	1650	1650
Ex <b>Gabon</b> Fr.F/m3 FOB Owendo LM			
<b>ACAJOU</b>			
70cm+20% 60/69	1200	1200	1175
<b>DIBETOU</b> 60cm+	1200	1200	1175
<b>DOUKA</b>			
70cm+15% 60/69	1150	1150	1150
<b>SIPO</b>			
70-79cm 10%/60/69	1700	1700	1700
80-99cm	1900	1900	1900
Ex <b>Cote d'Ivoire</b> Fr.F/m3			
Fr.F/£	10.01	9.89	9.77
FOB Abidjan FAS			
6"+ avg 9"-10"			
6"+ avg 10"-11"			
1"-2"			
<b>IROKO</b>	3275	3300	3350
<b>SIPO</b>	3400	3400	3400
<b>MAHOGANY</b>	2850	2800	2800
<b>FRAMIRE</b>	2100	2050	2000
<b>SAMBA</b> No.1 C&S	1550	1550	1550
<b>AZOBE</b> dim. stock	2000/	2000/	2000/
	2600	2600	2600
<b>OPEPE</b> dim. stock	1850/	1850/	1850/
	2450	2450	2450

	June	July	Aug
Ex <b>Ghana</b> DM/m3 FOB Takoradi			
FAS (includes notional agent's commission of 7%)			
6"+ avg 9" C/£	3851	3857	3813
6"+ avg 9" DM/£	2.98	2.95	2.91
<b>A.MAHOGANY AD</b>	995	995	
<b>A.MAHOGANY KD</b>	1134	1134	
<b>EMERIAD</b>	775	775	
<b>UTILE KD</b>	1364	1364	
<b>ODUM AD</b>	1016	1016	
<b>ODUM KD</b>	1230	1230	
<b>SAPELE KD</b>	1177	1177	
<b>EDINAM AD</b>	877	877	
<b>EDINAM KD</b>	1037	1037	
<b>WALNUT AD</b>	716	716	
<b>NIANGON AD</b>	909	909	
<b>DANTA AD</b>	695	695	
<b>DANTA KD</b>	963	963	
<b>WAWA AD</b>	513	513	
<b>WAWA KD</b>	577	577	
<b>MAKORE AD</b>	802	802	
<b>MAKORE KD</b>	1123	1123	

## Sawn Timber

	June	July	Aug
Ex <b>Malaysia</b> M\$/ton			
C&F UK port M\$/£	6.49	6.84	6.80
<b>DARK RED SERAYA/MERANTI</b>			
Select & better GMS			
width 6"+ avg 7"/8"			
length 8'+ avg 12'/14'			
1-2" KD	2580	2600	2735
2.5" KD	2675	2700	2845
3" KD	2800	2825	2900
<b>KERUING</b>			
Standard & Better GMS			
1"-3"			
width: random or fixed			
length 16'+	1740	1740	1760
<b>KAPUR</b>			
Standard & Better GMS			
1"-3" plnd			
width 6"+ avg 7"-8"			
length 16'+	1800	1800	1800

	June	July	Aug
Ex <b>Cameroon</b> Fr.F/m3 FOB			
FAS width 6"+, length 6"+			
<b>SAPELE</b>	3100	3075	3075
<b>SIPO</b>	3500	3475	3450
<b>BIBILO</b>	2850	2850	2850
<b>N°GOLLON</b>	3150	3150	3150
<b>AFRORMOSIA</b>	3700	3600	3600
<b>IROKO</b>	3300	3400	3400

	June	July	Aug
Ex <b>Gabon</b> FR.F/m3 FOB			
FAS width 6"+, length 6"+			
<b>OKOUME AD</b>	2000	2000	2000

	June	July	Aug
Ex <b>Zaire</b> Fr.F/m3 FOB (currently unavailable)			
FAS width 6"+, length 6"+			
<b>SAPELE</b>	3000	2975	na
<b>SIPO</b>	3400	3400	na
<b>MAHOGANY</b>	2950	2950	na
<b>AFRORMOSIA</b>	3600	3550	na
<b>IROKO</b>	3300	3300	na

	June	July	Aug
Ex <b>Brazil</b> US\$/m3 C&F			
FAS US\$/£	1.67	1.66	1.62
6"+ avg 9-10"			
6"+ avg 10-11"			
<b>MAHOGANY (Swietenia)</b>			
1"-2" AD	1160	1160	1130
2.5"-3" AD	1180	1180	1150
1"-2" KD	1250	1250	1220
2.5"-3" KD	1270	1270	1240
<b>VIROLA</b>			
1" KD No.1 C&B			
boards	400	400	400
strips	370	370	370
<b>CEDRO</b>			
1"-1.5" KD	730	730	700
2" KD	760	760	700
2.5"-3" KD	790	790	750

	June	July	Aug
<b>TEAK</b> (Official price list basis)			
FEQ/equivalent			
Boards: 6"+ avg 8", 6'+ avg 8"			
Shorts: 6"+, 3'/5.5' avg 4'			
Ex. <b>Burma</b> US\$ per ton of 50cu.ft.			
FOB Yangon (Rangoon)			
Boards 1" 8"x 8"	3890	3890	3890
Boards 1" 8"x 8"	2670	2670	3890
Teak from Singapore and Hong Kong nearer S\$3500			
for 1" Boards, 1.5" US\$3550, 2" 3750, and US\$3850			
for 2.5"			

## Hardwood Markets

After encouraging signs of increased buying during July, most agents are reporting relatively low levels of activity during August. The more optimistic suggest that this is due to the holiday season and that demand will pick up in the autumn. Others believe that it has more to do with lack of confidence in the real health of the UK economy and the perception that growth has now peaked. Manufacturers are reporting that markets are relatively quiet. Against this background, importers have been unwilling to commit to forward purchases and prefer just in time purchasing. The Irish market is evidently more buoyant than the UK. There are expectations that there will be strong demand from continental markets in Germany, Holland and France in the autumn.

## Asian Timbers

Containers and freight rates continue to be major concerns for the Asian trade. Freight rates, while varying considerably between shipping lines, have tended to increase. Recent C&F price increases for DRM have been primarily due to changing freight rates. Average rates are rising monthly by up to US\$100 per 40 foot container. Rates of around US\$2000 per container compare with figures closer to US\$1300 earlier in the year. The costs of containers are such that bulk shipments are looking increasingly attractive despite lengthy turn around times and higher risk of cargo damage.

While recent increases in DRM C&F prices can be explained by shipping costs, there are signs that underlying Dark Red Meranti prices have stabilised and may be on a firming trend. This seems to be due more to supply shortages in the Far East than to any significant upturn in demand. Harvesting levels have fallen dramatically during 1998 due to the difficulties of off-loading lower grades and species other than DRM/Seraya. The economics of logging in the Far East are such that it generally doesn't pay to harvest forests exclusively for DRM/Seraya. Similarly, processing is not economically viable if a market cannot be found for the lower grades. Trading conditions for Asian producers continue to be extremely difficult, with problems of weak demand compounded by high interest rates serving to increase operating costs.

UK stocks of DRM are at historically low levels but seem to be in balance with current levels of demand.

There continues to be uncertainty over the prospects for a return to the log and sawnwood market by Indonesia. Such a return could result in increased price competition among producing countries. Under the agreement reached between Indonesia and the IMF, export taxes on logs were reduced to 30% on 15 April this year, and will be reduced to 20% by the end of December 1998, 15% by the end of December 1999, and 10% by the end of December 2000. According to Innoprise Market News Scan,

**Hardwood markets cont.**

sawntimber export taxes currently stand at 20%. The taxes are meant to be calculated on the basis of standard prices set by the Indonesian Government derived from "average" prices on the international and domestic markets. However it appears that standard prices have been set too high in relation to prevailing market conditions, making it hard for timber companies to export their products. Small quantities of Indonesian mouldings are reaching the UK.

Indonesia's export taxes are also being replaced by increased timber stumpage fees charged to forest concessions and the creation of new resource rent taxes on timber resources. The level of the resource rent taxes, which came into effect on 5 May, will be from zero to 6% of timber sales. The aim of these measures is to eliminate the bias against the export of logs and sawn timber while at the same time ensuring extraction costs reflect the environmental consequences of logging.

The market for teak boards in the UK is extremely slow and is becoming increasingly limited. The number of UK and continental buyers has declined considerably over recent years as manufacturing has migrated en masse to Asia, notably India and Indonesia.

**African Timbers**

Despite marginal increases in DRM/Seraya prices, the differential between these species and Sapele remains considerable due to the weakness of the Far Eastern currencies. As a result the Sapele market in the UK remains slow and there continues to be downward pressure on prices.

The major timber producing regions of Africa are now firmly entrenched in the rainy season, disrupting log extraction. On a positive note, the rains are serving to ease Ghana's electricity supply problems caused by low water levels at the Akosombo dam. Most mills have also overcome these problems with the installation of back up generators. There is some speculation that a possible increase in European demand following the summer recess, coupled with supply shortages for many African timbers, will serve to push prices upwards. Iroko is already proving extremely difficult to obtain and this is reflected in higher prices.

The Congo has descended into chaos. The civil war that has erupted in the country is threatening to ignite a regional conflict. An army of Congolese rebels, strongly backed by Rwanda and to a more limited extent Uganda, are closing in on the capital, Kinshasa. Meanwhile Zimbabwe and Angola states are flying in troops to prop up President Laurent Kabila's regime. The situation is finely balanced, with much hinging on South Africa's ability to persuade Mr Kabila and the rebel leaders to negotiate peace. For the timber industry, the immediate impact has been to effectively remove the Congo from the international trade. It seems unlikely that any timber will emerge from the country for the rest of year.

**South American Timbers**

The UK market for Brazilian mahogany is a shadow of its former self. The price of the species is now so high compared with other red woods that it is only sold where it is specifically requested by architects or joiners. The environmental campaign aimed at the species has also contributed to a negative public image for the species. Lack of demand in the UK has contributed to a slight downward adjustment in US\$ price. However the reduction is marginal given that the pound has also weakened slightly against the dollar. The US market for the species also remains buoyant and this will contribute to continuing firm prices. The logging season has just begun and early signs are that there will be little wood on offer. The number of producers in Brazil has declined markedly. Demand and supply will be balanced at considerably lower levels than previous years.

Cedro prices quoted in \$US have also fallen slightly reflecting weak demand and changing exchange rates.

**North American Timbers**

According to Hardwood Review Export, US sellers are bringing more lumber into Europe in the hope that these markets can absorb lumber not shipped to Asia. This is resulting in significant competition and aggressive pricing on many items. US sellers also note good orders and enquiries for manufacturers in the UK and Ireland. Overall, US production appears to be in balance with strong domestic and European demand and no major changes in pricing or availability are foreseen in the immediate future. The UK market for Cherry, particularly in the smaller sizes remains firm. Continuing high prices for the species also reflects the continuing strength of US domestic demand for the species. The potential for increased Cherry production is limited and therefore prices can be expected to remain high. UK demand for Tulipwood is also good and prices are remaining firm.

UK markets for both Red and White oak and

USA TEMPERATE HARDWOODS  
INDICATIVE PRICES  
(North Appalachian)  
US\$ CIF UK MBM KD square edged  
net measure after kilning

	June	July	Aug
\$/£	1.67	1.66	1.63
<b>RED OAK</b>			
1"	1800	1850	1850
1.25"	1880	1950	1950
1.5"	2000	2030	2030
2"	2150	2280	2280
<b>WHITE OAK</b>			
1"	1700	1675	1675
1.25"	1760	1730	1730
1.5"	2155	2100	2100
2"	2780	2670	2670
<b>ASH</b>			
1"	1230	1230	1230
2"	1580	1560	1560
<b>TULIPWOOD</b>			
1"	1080	1080	1080
1.25"	1130	1100	1100
1.5"	1170	1160	1160
2"	1250	1250	1250
<b>CHERRY</b>			
1"	3350	3350	3350
1.25"	3370	3350	3350
1.5"	3500	3400	3400
2"	3600	3550	3550
<b>HARD MAPLE</b>			
1"	2100	1975	1975
1.25"	2200	2170	2170
1.5"	2395	2275	2275
2"	2500	2390	2390

prices remain firm. Strong US domestic demand is contributing to particularly firm prices for Red oak.

Demand for Ash, particularly in the larger sizes appears to be strengthening. Prices seem to have bottomed out and may be on a firming trend. Availability of Ash is likely to be limited as US mills have tended to avoid the species being unable to off load the lower grades.

Hard Maple markets are weak everywhere and prices remain low.

**Bank of England suggests recession unlikely**

Much recent news about the future of the UK economy has been bleak. In early August announcements of job cuts and a CBI report indicating that manufacturing orders were falling throughout the UK, did little to increase confidence. However, the Bank of England went against the trend in its quarterly Inflation Report released on 12 August. The report suggests that although the economy is slowing, there is only about one in eight chance of a recession next year. The report suggests that a more likely scenario is a fairly short period of modest growth during 1999, followed by a return to increased growth in 2000. The report predicts that inflation may marginally exceed the Bank's target of 2.5% over the next 18 months, but should hit the target within 2 years. The latest job market figures have also been reasonably

encouraging. They indicate that the sharp rise in average earnings, that increased fears of excessive inflation and stimulated the Bank's latest rise in interest rates, have been partly reversed. And despite reports of job losses, the numbers claiming unemployment benefit fell in July by 26,000 to 1.34 million, the lowest since 1980. Service sector growth has also decelerated while consumer spending has fallen off. The Bank is therefore reasonably confident that the economy is heading for a "soft" landing and that its earlier interest rises will be enough to keep a lid on inflation.

Other analysts are less convinced. The sudden apparent moderation in pay may be a temporary blip, and the stretched labour markets will tend to create inflationary pressures. But at least the signals are more encouraging.

## Plywood

The plywood market in the UK is slow but steady. Importers have caught up with the understocking that was apparent last month. There is generally an unwillingness on the part of buyers to commit to purchases until absolutely necessary. Shipments continue to be delayed, particularly from Indonesia, due to ongoing problems of containers in the Far East. With prices for Far Eastern plywood still at extremely low levels, other producers are unable to compete on price. Prices continue to bump along at INDO96 less 28/30 for large volume purchases of BB/CC plywood. Brazil is more or less entirely excluded from the hardwood plywood market, although it continues to sell sizeable volumes of softwood ply which is price competitive in relation to US producers.

Prospects for future increases in prices for hardwood ply remain poor. On the demand side, markets in Japan, Korea and Thailand remain extremely weak. Imports of plywood into Japan for May this year were 23% lower than the same month last year. Imports from Indonesia were down 47%, while imports from Malaysia were down 31%. Imports of plywood into Korea for the first 6 months of 1998 amounted to only 174,000 m<sup>3</sup> compared with 490,000 m<sup>3</sup> for the same period last year. China continues to buy reasonable quantities but even here there are signs that the economy is decelerating. China's State Statistical Office said growth during the first half of the year slowed to 7.2%, the lowest level since 1990. The US market however remains buoyant.

On the supply side, there are signs that acquiring logs is becoming increasingly difficult throughout the Far East. Abnormally heavy rains have hit Malaysia hard and these are heading eastwards. Production of logs in Sabah has also been affected by increased stumpage fees following the Government's reform of the forestry sectors tax structure in April. Speculation that the government may revert to the old system of royalties further contributed to the log output slowdown.

Weak demand, high interest rates and weak local currencies throughout SE Asia are contributing to very difficult operating conditions for plywood mills. Cash flow remains a critical problem for many mills, and those that possess a stock inventory of logs are keen to see this converted into hard currency as soon as possible. This is likely to ensure that prices will remain at low levels for the foreseeable future.

Following pressure from the IMF, the Indonesian government introduced stricter bankruptcy procedures on 20 August. The government has established tight deadlines of 30 days for court decisions and set up a new commercial court with 45 newly trained judges. The procedures apparently have strong political support from the government. The new procedures may impact on Indonesia's plywood sector where mills have continued to operate despite being technically bankrupt.

## WTO and the environment

A particularly sensitive issue in the timber sector has been the growing trend by government bodies in western Europe and North America either to boycott the use of tropical timbers outright, or to make unrealistic demands for certified products that will tend to discriminate against developing countries. In Holland, the green lobby is currently pushing for national legislation to enforce mandatory labelling of forest products as "sustainable" or "unsustainable", a judgement to be left in the hands of FSC accredited certifiers. In the UK, the Soil Association and WWF are holding a series of seminars for Local Authorities to encourage them to introduce purchasing policies favouring FSC certified products. Many have already developed standard specifications giving preference to homegrown and temperate timbers over tropical.

An IHPA report of a meeting on June 17 of the Sub Committee on Contracts for New York City Council illustrates well the stance taken by some local government officials to tropical hardwoods. In response to evidence provided by Gabon's Ambassador to the United States, Council members suggested repeatedly that if Gabon was indeed practicing sustainable forestry then it wouldn't be hard to get certified. They also informed the Ambassador that the Council's objective was to ensure that the people of lesser developed countries were managing their forests in a sustainable manner.

Many developing countries look to the World Trade Organisation as the body responsible for ensuring that governments, whether at national or local level, avoid measures that will lead to restrictive and discriminatory trading practices. Mr Renato Ruggiero, Director General of the WTO has apparently expressed his concern about the wave of enthusiasm for trade boycotts sweeping the US state and city governments.

He has also suggested that unilateral sanctions to try to force one country's views on another could poison cooperation in the WTO.

The timber industry provides a vivid illustration of the growing conflict that is emerging between two trends that have dominated international trade discussions during the 1990s. On the one hand, governments are busy dismantling tariff and non tariff barriers, an activity which is driving economic growth, encouraging cross border investment and contributing to the globalisation of industry. On the other, increasing awareness of the need for environmental protection is leading, in some quarters, to demands for restrictions on the trade in products depending on the "sustainability" of production methods.

It was hoped that the establishment of the World Trade Organisation in 1995, and its Committee on Trade and the Environment, would resolve this conflict with the development of a consistent set of rules. However, the Committee's first report in 1996 was able to conclude little more than that further work was needed. Since then progress has been slow, but there now seems to be a new sense of urgency to WTO's discussions. There are calls for the trade and environment debate to be resolved in time for a possible "Millennium Round" of new trade talks. As a contribution to this debate, the UK's Royal Institute of International Affairs is to hold a conference on the theme "Trade, Investment and Environment" at Chatham House, London, on 29th and 30th October 1998. The keynote address will be given by Mr Renato Ruggiero. The meeting will cater for a variety of government, trade/industry, and environmental interests with a wide range of speakers, and extends across all international trade concerns. Details are available from RIIA at Chatham House Tel ++44 (0) 171 957 5700; Fax ++44 171 321 2045.

## Environment report

UK's Building Research Establishment have published a report providing a guide to environmental management in the construction products sector. It has been developed as a partnership between BRE, the National Council of Building Material Producers and Business in the Environment. Case studies in the report look at the actions taken by leading companies in the UK construction products sector to manage their environmental impacts. The report particularly focuses on the experience of companies adopting ISO14001, EMAS and internal management systems. The report also highlights the particular difficulties of small and medium sized companies to develop environmental management systems. Copies of the report, Environment, Competitiveness and Profitability are available from CRC Ltd, Tel ++44 (0) 171 505 6622, email [crc@construct.empa.co.uk](mailto:crc@construct.empa.co.uk). Information on the project can be obtained from Suzy Edwards at BRE on ++44 (0)1923 664390.

## LIGNA Exhibition

The LIGNA Exhibition will take place at the Hannover Showground in Germany between 10 and 15 May 1999. This year the show is being fully integrated with the InterHolz Exhibition, which since 1995 has been held at the same time but at different locations at the showground. LIGNA's traditional focus on machinery is being extended to include innovative uses of wood for construction and interior applications. A particular aim is to make the fair appealing to new target groups such as industrial users of wood, engineers and architects. In 1997 there were 1642 exhibitors from 40 countries, and 105,000 visitors to the show from 101 countries. LIGNA has an internet site at <http://www.ligna99.de>. Further information may be obtained from Hannover Fair Information Office, 25 Hurst Way, South Croydon, CR2 7AP, Tel 0181 688 9541, Fax 0181 681 0069.

## UK Imports

Statistics are based on official figures of HM Customs and Excise. We try to amend anomalies, but it is not always possible to identify them. The imports of tropical wood apparently coming from continental Europe may include goods transhipped through a continental port. Boules and forms of square edged stock may be included under 'logs'. Where species are shown as coming from a source where it is known they do not occur, then it is assumed that the wood is wrongly identified and it is classified under "others" for that country. Major inconsistencies between volumes, weights and values are reconciled by estimates based on previous performance and marked 'E'.

## From countries outside the E.C.

### UK IMPORTS SAWN TROPICAL

Classifications: 440724.90.0, 440725.60.0, 440725.80.0, 440726.70.0, 440726.80.0, 440729.61.0, 440729.69.0, 440729.99.0, 440799.98.0

m3	<u>Apr.</u> <u>1998</u>	<u>May</u> <u>1998</u>	<u>Cum.</u> <u>1998</u>
BOLIVIA			447
BRAZIL	773	1305	5962
BURMA	30		77
IVORY COAST	1623	742	6448
CAMEROON	830	1296	6911
COSTA RICA			13
ECUADOR		7	7
GABON			74
GHANA	2031	2121	11437
GUYANA	234	3184	4546
INDONESIA	157	74	1304
INDIA	30	3	33
MEXICO			11
MALAYSIA	3058	5231	22010
NIGERIA	37		148
PERU			22
PAPUA N.G.	31	59	102
PHILIPPINES	42	57	348
SOL. ISLANDS	16		16
SINGAPORE	96	15	789
THAILAND	65		188
TRIN. & TOB.			30
TANZANIA	25		90
ZAIRE		276	276
TOTAL	9078	14370	61289

### UK IMPORTS SLEEPERS

Treated & Untreated

Classifications: 440610.00.0, 440690.00.0

m3	<u>Apr.</u> <u>1998</u>	<u>May</u> <u>1998</u>	<u>Cum.</u> <u>1998</u>
AUSTRALIA	746	270	3054
CZECH REP.			33
POLAND	18		18
RUSSIA	50		50
SLOVAKIA		4	4
TOTAL	814	274	3159

### UK IMPORTS LOGS TROPICAL

Classifications: 440341.00.0, 440349.10.0, 440349.20.0, 440349.30.0, 440349.40.0, 440349.50.0, 440349.60.0, 440349.70.0, 440349.90.0, 440399.99.0

m3	<u>Apr.</u> <u>1998</u>	<u>May</u> <u>1998</u>	<u>Cum.</u> <u>1998</u>
BURMA			30
CONGO			239
CAMEROON	2798	2722	13321
ECUADOR			27
GABON	318	483	2283
EQ. GUINEA			157
INDONESIA	34		34
LIBERIA	240		240
MALAYSIA	134	305	534
MOZAMBIQUE			24
NIGERIA	186	126	395
PAPUA N.G.			87
SINGAPORE			80
TANZANIA			10
TOTAL	3710	3636	17461

### UK IMPORTS LOGS

#### TEMPERATE HARDWOOD

Classifications: 440391.00.0, 440392.00.0, 440399.10.0, 440399.20.0, 440399.30.0, 440399.50.0, 440399.99.0

m3	<u>Apr.</u> <u>1998</u>	<u>May</u> <u>1998</u>	<u>Cum.</u> <u>1998</u>
<u>BEECH</u>			
CANADA	7		7
ROMANIA	17	47	205
<u>BIRCH</u>			
CANADA		120	217
ESTONIA	1508	1439	7229
LITHUANIA			34
LATVIA	309	52	978
POLAND	48	74	358
RUSSIA	71	35	436
<u>OAK</u>			
CZECH REP.	1		1
RUSSIA			103
<u>POPLAR</u>			
USA			39
<u>OTHER</u>			
AUSTRALIA	3		46
CANADA	153	173	940
CZECH REP.	14		14
ESTONIA*	4019	2608	15077
LITHUANIA			173
LATVIA*	5271	1696	24921
NORWAY			172
POLAND	42	25	220
RUSSIA			1161
USA	1359	1305	6171
S. AFRICA	12	62	74
TOTAL	12834	7636	58576

\*May contain softwood

### UK IMPORTS SAWN TEMPERATE

Classifications: 440791.90.0, 440792.90.0, 440799.91.0, 440799.93.0, 440799.98.0

m3	<u>Apr.</u> <u>1998</u>	<u>May</u> <u>1998</u>	<u>Cum.</u> <u>1998</u>
<u>BEECH</u>			
CANADA			98
POLAND		11	37
ROMANIA	138	27	389
RUSSIA			55
SLOVAKIA	24		24
SERB. & MONT.		23	57
USA		49	107
<u>OAK</u>			
CANADA	389	531	2393
CZECH REP.			8
HONDURAS			28
RUSSIA		20	129
SLOVAKIA	121	15	212
SERB. & MONT.			22
UKRAINE		6	178
USA	6232	5015	27534
<u>POPLAR</u>			
CANADA		7	100
LATVIA	98	101	199
USA	510	769	3248
<u>WALNUT</u>			
CANADA	105	155	267
USA	162	33	525
<u>OTHER</u>			
AUSTRALIA	49		284
CANADA	1012	1272	5738
CHILE	31	32	167
CHINA		15	45
ESTONIA*	1850	1312	6124
LITHUANIA	50		168
LATVIA*	8354	6397	31270
NORWAY		179	263
POLAND		19	49
RUSSIA	68	208	839
USA	4489	4722	21319
S. AFRICA	66	35	161
TOTAL	23748	20953	102037

\*May contain softwood

### UK IMPORTS BLOCKBOARD, LAMINBOARD, BATTENBOARD

Classifications: 441222.91.0, 441229.20.0, 441292.91.0, 441299.20.0

m3	<u>Apr.</u> <u>1998</u>	<u>May</u> <u>1998</u>	<u>Cum.</u> <u>1998</u>
BRAZIL	205	208	1039
CHINA		46	110
CZECH REP.			40
INDONESIA	944	814	7420
LATVIA		38	38
LITHUANIA			54
MALAYSIA			218
NORWAY		27	62
POLAND	32	60	111
SINGAPORE			0
SWITZERLAND	12		12
USA	202	3	351
TOTAL	1395	1196	9455

**UK IMPORTS PLYWOOD & OTHER  
LAMINATED BOARD**

Classifications: 441213.11.0, 441213.19.0,  
441213.90.0, 441214.00.0, 441219.00.0,  
441222.99.0, 441229.80.0, 441292.99.0,  
441299.80.0

m3	<u>Apr.</u> <u>1998</u>	<u>May.</u> <u>1998</u>	<u>Cum.</u> <u>1998</u>
ARGENTINA			8
BELARUS	165		329
BRAZIL	6062	9296	47313
CANADA	4082	4836	34980
CHILE	571	585	1598
CHINA	384	478	1663
ESTONIA	728	583	3125
GHANA	114		252
GUYANA	42	1373	2817
HONG KONG			1
INDONESIA	13694	3599	46590
ISRAEL	134	113	694
JAPAN	5	7	49
LATVIA	2589	1858	14142
LITHUANIA	667	977	5224
MALAYSIA	5990	11872	42535
MOROCCO	127	36	388
NORWAY	210	210	1243
PHILIPPINES	10	51	109
POLAND	233	118	1087
RUSSIA	8341	8270	38103
SINGAPORE		32	91
SLOVENIA	57	33	197
SOUTH KOREA	533	875	2078
SWITZERLAND	39	6	398
TAIWAN			7
THAILAND		31	31
USA	5684	4691	179841
TOTAL	50461	49930	424893

**UK IMPORTS VENEERS**

Classifications: 440831.11.0, 440831.21.0,  
440831.25.0, 440831.30.0, 440839.11.0,  
440839.21.0, 440839.25.0, 440839.31.0,  
440839.35.0, 440839.51.0, 440839.61.0,  
440839.65.0, 440839.81.0, 440839.89.0,  
440839.91.0, 440839.99.0, 440889.81.0,  
440890.89.0

m3	<u>Apr.</u> <u>1998</u>	<u>May.</u> <u>1998</u>	<u>Cum.</u> <u>1998</u>
AUSTRALIA			2
BRAZIL	9		22
CAMEROON		20	31
CANADA	145	50	438
CONGO	90	25	141
GHANA	348	346	1402
HUNGARY			32
INDONESIA			124
IVORY COAST			32
LATVIA	48	324	401
MALAYSIA			68
RUSSIA	66	67	198
S. AFRICA	216	84	836
SINGAPORE	10		32
SLOVENIA	30	29	183
SWITZERLAND	1	164	278
THAILAND	8		174
USA	1259	920	5257
ZAIRE	192	237	764
TOTAL	2422	2266	10415

Based on Abacus Data Services

**UK imports from  
within the E.C.**

HM Customs & Excise data for trade within the E.U is  
subject to delay. Because of new methods of statistical col-  
lection returns remain incomplete. Statistics are recorded as  
received and may be corrected subsequently (C).

**INTRA E.C. UK IMPORTS HARDWOOD LOGS**

Classifications: 440341.00.0, 440349.10.0,  
440349.20.0, 440349.30.0, 440349.40.0,  
440349.50.0, 440349.60.0, 440349.70.0,  
440349.90.0, 440399.99.0

m3	<u>Mar.</u> <u>1998</u>	<u>Apr.</u> <u>1998</u>	<u>Cum.</u> <u>1998</u>
<b>BEECH</b>			
GERMANY			20
DENMARK	148	10	158
FRANCE		19	19
SWEDEN			21
<b>BIRCH</b>			
FINLAND	10		14
<b>OTHER</b>			
BELGIUM			44
GERMANY	50	82	C312
FINLAND	77	1152	2112
FRANCE	90	38	129
IRELAND			34
NETHERLANDS	10		34
SWEDEN	254	1241	3102
TOTAL	639	2542	5911

**INTRA E.C. UK IMPORTS PLYWOOD**

Classifications: 441213.11.0, 441213.19.0,  
441213.90.0, 441214.00.0, 441219.00.0,  
441222.99.0, 441229.80.0, 441292.99.0,  
441299.80.0

m3	<u>Mar.</u> <u>1998</u>	<u>Apr.</u> <u>1998</u>	<u>Cum.</u> <u>1998</u>
AUSTRIA	29		29
BELGIUM	420	831	C2331
DENMARK	80	97	442
FINLAND	4536	5821	C19503
FRANCE	5499	2796	11232
GERMANY	1934	834	C3581
IRELAND	368	445	C1303
ITALY	1126	691	3327
NETHERLANDS	171	102	625
SPAIN	362	129	1442
SWEDEN	822	564	C2174
TOTAL	15347	12310	45397

**INTRA E.C. UK IMPORTS BLOCKBOARD,  
LAMINBOARD, BATTENBOARD**

Classifications: 441222.91.0, 441229.20.0,  
441292.91.0, 441299.20.0

m3	<u>Mar.</u> <u>1998</u>	<u>Apr.</u> <u>1998</u>	<u>Cum.</u> <u>1998</u>
BELGIUM	20		C58
DENMARK	28	85	233
FINLAND	765	530	C1693
IRELAND	1	1	9
ITALY	77	87	218
NETHERLANDS	452		C603
SWEDEN	209		209
TOTAL	1552	703	2843

**INTRA E.C. UK IMPORTS**
**SAWN HARDWOOD**

Classifications: 440724.90.0, 440725.60.0,  
440725.80.0, 440726.70.0, 440726.80.0,  
440729.61.0, 440729.69.0, 440729.99.0,  
440799.98.0

m3	<u>Mar.</u> <u>1998</u>	<u>Apr.</u> <u>1998</u>	<u>Cum.</u> <u>1998</u>
<b>BEECH</b>			
BELGIUM	33	66	224
GERMANY	2857	2052	9485
DENMARK	93	202	698
FINLAND		66	66
FRANCE	38	86	262
ITALY		28	37
SWEDEN		35	35
<b>OAK</b>			
GERMANY	149	53	413
FINLAND		97	97
FRANCE	617	643	2094
IRELAND			1
NETHERLANDS	25	61	205
<b>OTHER</b>			
BELGIUM	583	278	2254
GERMANY	904	694	2432
DENMARK	11	55	379
SPAIN	184	122	577
FINLAND	289	329	1133
FRANCE	126	293	1609
IRELAND	57	81	245
NETHERLANDS	879	1418	3392
SWEDEN	3087	2257	C9324
TOTAL	9932	8916	34607

**INTRA E.C. UK IMPORTS VENEERS**

Classifications: 440831.11.0, 440831.21.0,  
440831.25.0, 440831.30.0, 440839.11.0,  
440839.21.0, 440839.25.0, 440839.31.0,  
440839.35.0, 440839.51.0, 440839.61.0,  
440839.65.0, 440839.81.0, 440839.89.0,  
440839.91.0, 440839.99.0, 440889.81.0,  
440890.89.0

m3	<u>Mar.</u> <u>1998</u>	<u>Apr.</u> <u>1998</u>	<u>Cum.</u> <u>1998</u>
BELGIUM	286	61	679
DENMARK	79	46	296
FINLAND		31	104
FRANCE	63	139	C671
GERMANY	306	446	C1130
IRELAND	3	302	310
ITALY	15	38	99
NETHERLANDS	37	35	115
PORTUGAL	1	1	4
SPAIN			42
SWEDEN			23
TOTAL	790	1099	3357

**INTRA E.C. UK IMPORTS  
SLEEPERS TREATED & UNTREATED**

Classifications: 440610.00.0, 440690.00.0

m3	<u>Mar.</u> <u>1998</u>	<u>Apr.</u> <u>1998</u>	<u>Cum.</u> <u>1998</u>
FRANCE	909	266	C2357
GERMANY		454	454
NETHERLANDS		55	55
SPAIN	610		C692
SWEDEN	52		52
TOTAL	1571	775	2568

Based on Abacus Data Services

## South American Panels

A report by Bob Flynn in the Pacific Rim Wood Market Report highlights the pace of development in South America's panel industry. The most rapid developments have been in MDF, but there is also news of expansion in the softwood ply and OSB sectors. The Southern Cone area of South America, covering Chile, Argentina, and the southern Brazil, has a surplus of both pine and eucalyptus fibre from fast growing plantations. This surplus is expected to increase substantially during the next 10-15 years. Exports of plywood, MDF, particle board and fibreboard are expected to increase, although domestic consumption for furniture and other products may grow even faster.

South America's first two MDF plants were established in Chile in 1991. Others were established in Argentina in 1995, and in Chile in 1996. MDF production in Chile has grown from just 100,000m<sup>3</sup> in 1992 to just over 400,000m<sup>3</sup> in 1997. No new capacity is likely to be added in Chile for some years as the Pacific Rim market was already flooded with radiata pine MDF before the Asian crises. Chile's MDF exports to Brazil are also coming under increased pressure from Brazil's domestic MDF capacity. In 1997, Brazil's first MDF plant was opened by Duratex in Sao Paulo State. A number of other MDF projects have recently been announced in Brazil, including a proposed 200,000 m<sup>3</sup> plant near Curitiba in 1999, and a 200,000 m<sup>3</sup> plant in Parana state by 2000.

A Chilean company, Arauco is studying an MDF project in Argentina based on its recent purchase of 50,000 hectares of pine plantations in the country. Arauco has also recently opened a 100,000 m<sup>3</sup> radiata pine plywood plant in Chile. At present South America does not have any domestic OSB capacity, and South American imports of this product have been negligible. However, in June Boise Cascade announced their intention to open the first South American OSB plant in southern Chile in a joint venture with Maderas Condor, a major wood chip exporter. This move may accelerate development of an OSB market in the region.

## Fire safety research

A major safety and health project investigating the fire resistance of medium rise timber frame buildings is underway at the Building Research Establishment site at Cardington. The project, which began in April is scheduled for completion by March 2001. It aims to show that the performance of a complete timber frame building, subject to real fire, is at least equivalent to that obtained from standard fire tests on individual elements. It will assess levels of safety for residents of medium rise timber frame buildings. The project will demonstrate that this form of construction can meet the functional fire performance requirements of the UK's building regulations.

## Furniture, carpentry, & joinery

The International Trade Centre has published a study on Secondary Processed Wood Products: An overview of Major Markets 1996-1997. The study covers market trends in OECD countries. Wooden furniture, carpentry and joinery products are an area of potential expansion in trade for tropical developing countries.

In 1996, OECD countries imported US\$18.7 billion of wooden furniture. Around US\$5.2 billion (28%) originated from developing countries. The world furniture market is characterised by a high degree of concentration. The top four countries (United States, Germany, France and Japan) account for almost half of total imports and the major geographical areas (North American and Western Europe) absorb roughly 75% of the total.

The largest single furniture market is the United States valued at US\$4.5 billion in 1996, more than half of which was wooden furniture. Major suppliers from the developing world are China, Taiwan, Malaysia, Mexico, Indonesia and Thailand. Japan's market for wooden furniture was US\$1.6 billion in 1996, 68% of which came from developing countries, notably Thailand and China. Major developed world competitors for the US market are Italy and Canada. The EU as a group imported US\$10.3 billion of wooden furniture products in 1996. The share of developing countries in the supply of wooden furniture to the EU is relatively small as much EU trade is intra regional. However developing world producers increased their share of the UK's wooden furniture market from 18% in 1992 to 30% in 1996. The UK imported US\$1.03 billion in 1996.

In 1996, the OECD countries imported more than US\$4.3 billion worth of builders joinery and carpentry (bjc) products, of which 21.6% came from developing countries. Imports from developing countries are mainly of doors and flooring. The 4 biggest importers are Germany, the US, Japan and the United Kingdom. The largest market is Germany importing US\$1.1 billion in 1996. Developing world producers increased their share of the German market from 4.6% in 1990 to 20% in 1996. Major tropical suppliers are Indonesia and Malaysia. The US

with an import of bjc worth US\$695 in 1996 is the second largest market. Imports into the US from the developing world increased from US\$111 million in 1992 to US\$164 million in 1996. The UK is 4th largest importer of bjc, importing US\$278 million in 1996. Developing countries accounted for 42% of this market in 1996, market share remaining unchanged between 1992 and 1996.

The report concluded that developing countries have attained a higher share of OECD markets for secondary products between 1992 and 1996, particularly in Japan and the US. Developing countries were advised to shift from a volume to quality strategy to gain competitive advantage. The importance of design and finishing in ensuring market access was emphasised. Manufacturers should invest in product research and development to upgrade design.

For those with substantial funds, a series of detailed reports on the world furniture sector are now available from CENTROSTUDI Club (<http://web-tin.it/csil-furniture/index.html>). These reports include the 1997 edition of "World Furniture Industry: European Union", price US\$950; and "The European market for Office Furniture", price US\$3500. The reports describe the structure of the furniture sector within the European Union and identify recent trends. The reports describe how, in 1996, the rate of growth in world furniture imports was over 7% in US\$ terms while over the period 1994-96 growth averaged 13% annually. 1996 recorded a distinct slowdown in the growth rate of furniture imports for most Western European countries, due mainly to stagnation in domestic demand. The UK, Spain and Austria bucked the trend with 15.4%, 13.5% and 13.9% growth respectively. In a number of countries, including Germany and Belgium, there was actually a contraction in furniture imports. Over the three years 1994-96 Russia experienced the highest average annual growth rates, thanks to the rise of a class of new, high income consumers and to the development of a large number of banks and companies requiring modern office furniture as a result of restructuring.

	OECD IMPORTS OF WOODEN FURNITURE AND BUILDERS WOODWORK							
	Wooden Furniture				Builders Woodwork			
	1992		1996		1992		1996	
	Total	Dev'ing Countries	Total	Dev'ing Countries	Total	Dev'ing Countries	Total	Dev'ing Countries
OECD	16405	3217	18722	5208	3150	615	4339	937
EU(15)	10991	865	10307	1347	2268	422	2589	565
USA	2671	1623	4550	2501	414	112	695	165
GERMANY	3587	233	3357	332	886	167	1100	226
FRANCE	1919	125	1807	229	135	11	162	28
JAPAN	744	527	1589	1090	124	51	573	172
SWITZERLAND	946	18	1087	16	156	2	218	2
UK	1061	189	1031	308	237	102	279	117
NETHERLANDS	1267	76	1002	169	187	44	253	102
BEL-LUX	1000	29	927	63	189	10	149	13
AUSTRIA	685	16	918	29	175	15	257	29
CANADA	557	92	463	93	86	6	90	5
SWEDEN	448	54	339	39	70	5	41	2
ITALY	327	51	240	53	160	45	123	25
DENMARK	120	30	217	51	53	2	69	6
SPAIN	259	35	195	43	89	6	67	3



## Publications

**FAO Yearbook of Forest Products:** FAO have just released the latest edition of the Yearbook of Forest Products giving detailed trade statistics for the period 1992-1996 in 241 pages. It is obtainable from Distribution and Sales Section, FAO, Via delle Terme di Caracalla, 00100 Rome, Italy (Tel 52255688 Fax 52255155), in paper format or as FAOSTAT diskettes. Data may also be accessed on the internet at <http://apps.fao.org>. In the UK it may be obtained from HMSO Publications Tel: 0171 873 9090, Fax: 0171 873 8463.

**Marketing publications from Jay Gruenfeld Associates:** a series of abstracts of proceedings of conferences on the Pacific Rim and other forest products markets. They include Proceedings of the 14th Annual Jay Gruenfeld Associates 14th Annual Seattle Conference-sample papers "Trends in US South Timber Supply"; "The Outlook for South East Asia, Timber and Fibre Supply"; "US Export and Domestic and Log Market Outlooks". Orders to be sent to Jay Gruenfeld Associates, PO Box 2087, Gig Harbour, WA 98335, US Tel 253 8586687; Fax 253 858 6010.

**Plimsoll Portfolio Analysis - Timber Merchants 2nd Edition 1998:** individual analysis of 1557 Timber Merchants in the UK. Assesses financial ratios and profitability. Contact Jennifer Ovington, Plimsoll Publishing - 01642 257801

**Tropical Rain Forest: A Wider Perspective** - Edited F.B. Goldsmith, UCL, London, covers wide range of topics from biology & conservation management through to campaigning and economics. Includes papers by K. Bawa on the causes of deforestation; and E. Barbier on the economics of the tropical timber trade and sustainable forest management. Available from Direct Sales Team, ITPS Ltd, Cheriton House, North Way, Andover, Hants SP10 5BE Tel: (44) (0) 1264 342797; Fax: (44) 01264 342 787

**Plantation Forestry in the Tropics - Second Edition** - Julian Evans. A comprehensive introduction to the subject & **An Introduction to Tropical Rainforests** - Tim Whitmore - fully updated version of the classic textbook Available in paperback and hardback from Oxford University Press, Great Clarendon Street, Oxford OX2 6DP, United Kingdom, Fax (44) (0) 1865 267782

**Forest Harvesting in the Republic of the Congo** - 1997, FAO Forest Harvesting Case Study No. 7. & **Results of environmentally sound forest Harvesting Use in the Amazon region** - 1997, Harvesting Case Study No. 8. The principal objective of the studies is to aid the development of sustainable forest management in the tropics through the collection of credible data on forest harvesting methods practices and impacts. Available from FAO Rome, address above.

**The Political Economy of Forest Management in Papua New Guinea** - Includes case studies of the local politics of large scale logging projects, discusses the forest industry at national and regional levels, and looks at the practical problems of achieving sustainability. Orders, IIED Publications - 3 Endsleigh Street, London WC1 0DD, UK - ++44 (0) 171 388 2117, Fax ++44 (0)171 3882826

## ITTO market study

ITTO is to undertake a study to assess the causes, extent and implications of the market downturn in the wake of the Asian currency crises. The study will also look at current market conditions for tropical timber products compared with other timber and substitutes. Preliminary findings are to be presented to the 25th ITTC session in Yokohama in the autumn, and a final report will be submitted to the 26th session in Thailand in May.

## Floods slow China's growth

Severe floods in China are hitting China's already slowing economy hard. More than 2000 people, possibly considerably more, have died. Around 240 million people, one fifth of the country's population have been affected by the disaster. The floods have occurred along the Yangzi river following the regions worst deluge since 1954. Hopes that the floods were receding were dashed after another powerful surge of water began racing down the river on August 13th. Further floods have also hit further north along the Hulin and Nen rivers.

The flooding arrives at a particularly bad time for China. The government has pinned many of its hopes on maintaining economic growth rates at 8% during 1998. It maintains that a high rate of growth is essential to create enough jobs to absorb millions of workers currently being laid off in the state sector. Last year, the economy grew by 8.8%, but already the annualised rate of growth has fallen to 7% in the first half of 1998. Officials are suggesting that stronger rates

of investment this year will lift growth. However, as the financial crises throughout the rest of Asia begins to hit China's exports, pressure is building on the government to devalue the yuan. China's government has so far staunchly resisted this pressure, and has made many political gains in the region from its stance. It has sought to increase exports in other ways. On 10th August China announced, for the third time this year, an increase on tax rebates for exports on many commodities.

Recently released trade figures have raised hopes that the strategy may be working. China's trade surplus for the month of July was in excess of \$4 billion, with a 3.5% rise in exports. However, the country needs now to accommodate the effects of massive flood damage. China's government believes that the flooding will reduce 1998 GDP growth by 0.4%. Western economists are predicting the reduction may be as much as 1%.

## WWF Buyers Group set to accept UK scheme

Efforts are underway in the United Kingdom to have an independent forest certification scheme up and running by the end of the year. DIY members of the 1995 Plus Group have been involved in the process from the start and seem ready to accept certificates issued under the scheme, irrespective of FSC endorsement. To date, DIY members of the 1995 Plus Group, under WWF guidance, have tended to regard forest certification programmes developed outside the FSC framework with a high degree of suspicion. Independent certification programmes developed in various supplier countries, for example by the Canadian Standards Association and Finland's national certification working group, have been portrayed as industry-dominated and lacking credibility. This is despite evidence from Canada that certification to the CSA standard may be more challenging than the FSC process. Acceptance of the UK system as a valid approach to certification would be a new, and welcome, departure for the 1995 Plus Group.

The UK approach has been to develop an "audit protocol", or certification standard, by combining elements of an FSC standard developed earlier by a UK Working Group, with elements of the government's national forestry standard. The process of developing the audit protocol has been fully participatory, bringing in all sectors, including industry, large and small forest owners, trade, professional foresters, consumers groups, the 1995 Plus Group, technical experts from the British Standards Insti-

tute, environmentalists and the FSC. The scheme has been facilitated, but is not "owned", by the UK government. FSC were involved during the process as one of the participants, not the lead agency. Ownership of the scheme is likely to eventually reside in a specially constituted "Audit Protocol Board" comprising all the main players including FSC.

The Audit Protocol, now into its second draft, will form the basis of certification in the UK. It is currently being tested on a pilot basis. The FSC Board are being invited to endorse it as the UK National FSC Standard if they wish. Tim Synnott, Director of FSC, has already expressed his support for the UK process. FSC endorsement is also partly dependent on the attitude of the radical environmental groups, who may well object to the UK process. However, as the principle customers for certification in the UK seem ready to accept the standard with or without FSC endorsement, these objections may be of little relevance.

The issue of accreditation of certifiers has also been a major discussion point. UK industry has argued that FSC accredited certifiers should not have exclusive rights to the system in the UK. Industry and forest owner representatives have expressed concern over the ability of FSC to accredit certifiers for the UK and the extent to which FSC meets ISO Guidelines for accreditation. It now seems likely that the United Kingdom Accreditation Service will play a leading role in accrediting certifiers under the scheme.

## Malaysia gears up for Objective 2000

Malaysia's Objective 2000 for sustainable forest management is a regular item in the country's national newspapers. New measures to achieve the Objective are announced almost on a weekly basis. The Malaysian Government is being spurred on in the belief that major timber importing countries, notably in Europe, will be encouraged to restrict the import of timber from "non sustainable" forests after the deadline. Meanwhile concerns are being expressed that current economic difficulties will constrain Malaysia's ability to achieve the objective of full sustainability in only 16 months time.

Most recently Malaysia's Forestry Department has focused on the laws governing Environmental Impact Assessments (EIAs) for logging activities. According to the Department's Director General, Zul Mukhshar, many concessionaires have not been complying with existing requirements for EIA's due to a loophole in the regulations. Between April 1988 when the EIA Order was introduced and June 1993, only 15 EIA reports were submitted for forestry projects, including land conversion and agricultural activities. No EIA reports were submitted for forest harvesting. Under the law, only logging covering an area of more than 500 hectares required an EIA. If two concessions of 400 hectares were logged side by side, no EIA was required despite the fact that the total logged area amounted to 800 hectares. The authorities are studying the possibility of amending the regulations so that the forest authorities, instead of requiring individual concessionaires to carry out the study, may undertake the study themselves on a dis-

trict by district basis. Concessionaires would later foot the bill for the EIA. Implementation of EIAs is seen as an important component of the certification framework Malaysia is currently developing on a bilateral basis with the Netherlands.

In another development aimed at promoting sustainable practices, Malaysia's authorities have agreed to allow the German Foundation for Technical Co-operation to conduct a study of forest silviculture and conservation in a 108,000 hectare forest concession in Peninsular Malaysia. A study looking at timber extraction and processing with the aim of minimising waste is being run simultaneously by the Danish Co-operation for Environmental Development. The final objective of the two studies is to develop a model for sustainable forestry in the region and to assess the costs of implementing these practices. The project is being joint funded by the two European agencies, ITTO, and Malaysia's federal government.

To allay concerns that Malaysia's economic problems will lead to cuts in government funding for environmental programmes in the forest sector, the National Economic Recovery Plan has reaffirmed several previous proposals and actions. These include giving high priority to law enforcement by frontline environment agencies; the introduction of National Resource Accounting procedures to provide clearer economic tracking of the use of natural resources; encouraging the use of the National Land Code to designate protected areas; and administering stricter conditions for land use activities on steep land.

## CDC looks for investment opportunities

CDC (Commonwealth Development Corporation), the UK based financial institution has been investing in forestry in developing countries for nearly 50 years. At the end of last year, CDC had investments of £1.6 billion in over 400 businesses, including forestry, in 54 countries. More than £125 million is committed to forestry worldwide and CDC continues to look for new business opportunities in the sector. As a long term investor, CDC's role is to assist overseas in the development of their economies. It does this by investing in new or existing enterprises across a wide range of industries focusing on the private sector.

Examples of CDC investments in the forest sector include Kolombangara Forest Products Ltd in the Solomon Islands. CDC owns and manages the company in partnership with the government of the Solomon Islands. It has established a plantation of 16,000 hectares of mixed hardwood, mainly fast growing *gmelina arborea*. Previously logged land is being reforested and a processing factory is planned. Rapid progress is being achieved through the introduction of clonal nursery technology and the careful match-

ing of planting stock origins to the site. CDC is also the owner of the Kilombero Valley Teak Co in Tanzania, developing teak plantations for the production of telephone poles and sawlogs both for the domestic market and export. Sustainable annual production, due to come on stream in 2001, is expected to be 64,000 m<sup>3</sup> of teak sawlogs and veneer logs, 50,000 telephone poles, and 300,000 building poles. The plantation is designed to reduce pressure on Tanzania's natural forests

CDC applies both social and environmental policies to all its investments. Its environmental policy is to encourage the efficient and sustainable use of natural resources and to seek investment opportunities where sound economic investment is coupled with environmental protection. It requires all businesses in which it invests to use internationally accepted environmental good practice and to be managed to take account of health and safety.

Further details are available from Sean Magee, CDC, London - Tel ++44 171 9633864 or main lines Tel ++44 171 8284488, Fax ++44 171 8286505

## Transport cash for Cote'Ivoire

The World Bank has approved a US\$180 million credit to finance a Transport Sector Adjustment/Investment Programme in Cote d'Ivoire. The money will provide general budgetary support and strengthen the governments ability to maintain roads. It will also assist parastatals involved in the transport sector to make the transition from the public to private sector. One aim is to provide a more attractive environment for outside investors. The programmes main focus is on improving the road network, creating basic facilities to increase the efficiency of haulage services, selective port investments to enhance competitiveness, and modernising the sector's administration.

## Guinea a good bet

A recent World Bank Conference on Guinea revealed that GDP growth reached 5% in 1997 against 4.6% in 1996. Growth prospects are forecast to remain around 5% through 1998/9. Inflation in 1997 was maintained at 1.9% compared to 3% in 1996. A determined campaign to eliminate corruption in the civil service has also been launched. Government policy has targeted poverty reduction and promoted sustainable development with increasing involvement from the private sector. A number of challenges still facing Guinea were also identified at the conference. There was a need to achieve greater progress in creating an enabling environment for business through radical reform of the legal framework; to strengthen the capacity of the private sector; and to improve fiscal management. International donors have pledged US\$1.9 billion in aid in favour of Guinea.

EQUATORIAL GUINEA: LOG EXPORTS

	1996	1997
CHINA	82192	363708
JAPAN	82214	132577
SPAIN	64083	43550
INDONESIA	0	26004
PORTUGAL	17218	18608
HONG KONG	63582	6894
PHILIPPINES	34351	2600
OTHERS	62766	82324
TOTAL	406406	676265

## Cameroon funds

The World Bank has approved US\$180 million credit to Cameroon for the third phase of the country's Structural Adjustment Programme. The third phase of the programme is intended to lay the groundwork for a substantial increase in economic growth, to 5% a year, to increase employment and reduce poverty. Growth is currently between 0.6% and 2.3% depending on method of calculation. The programme aims to consolidate reforms in 4 main areas: the forestry sector; the transport sector; privatisation of public utilities and agro-industries; and the financial sector. In the transport sector, the programme will focus on substantially lowering transport costs and increasing the quality of services, and on improving the capacity and throughput of the ports.

## Threat to Indonesia's forests *(cont from back page)*

authorities regard development of agriculture as one of the principle means of overcoming the economic crises. Indonesian agriculture has largely been independent of the dollar economy and therefore less affected by the crises. It may also provide employment for the growing army of people forced out of jobs in the industrial sectors and could reduce dependence on costly rice imports. Agricultural income will also be lucrative due to drastic currency depreciation making Indonesian commodities cheap on international markets. Earnings are in dollars while costs are in rupiahs. A particular pressure on the forest will be due to increased conversion to oil palm. The government is investing the equivalent of around US\$1.2 billion to expand oil palm plantations by around 1.5 million hectares in 1998. Apart from the direct loss of forest that this implies, the program may further increase the threat of forest fire. The use of fire by palm oil companies to clear forest land has been identified as one of the principle causes of the massive fires last year. A six fold increase in the producer price of cocoa between 1997 and 1998 is also encouraging rapid conversion to cocoa farms.

**3. Transmigration for agricultural expansion:** the economic crises would typically lead to a decrease in government spending on directed settlement programs and this, in turn, should reduce the pressure on forest. However Indonesia's spending on directed settlement is unlikely to decline this year as it will continue to be supplemented by foreign aid. The Department of Transmigration has a shortfall of 7% in this year's budget over expenditure last year, but this will be partly offset by support

from the IMF. 86000 families are planned to be transmigrated during 1998-99.

**4. Poverty:** there is anecdotal evidence and preliminary research evidence that unemployed people in the urban sector are migrating to rural areas in search of employment, and that entrants to the labour market that would otherwise have gone to the towns are remaining in the countryside. This seems likely to further increase the pressure on land resources, particularly as there are price incentives to produce food crops domestically. The shortage of capital for inputs may also encourage "extensive" agriculture.

**5. Expansion of mining:** mining, like agriculture for export, is an attractive option in the midst of the crises because most revenue will be in US dollars, while costs for inputs other than machinery are in rupiahs. Mineral resources in Indonesia's forest areas are substantial, including coal, iron ore and nickel.

**6. Slowdown of road building:** major roads are planned or under construction in Kalimantan and Sumatra that might substantially increase pressure on remaining areas of forest. Roads tend to increase deforestation by facilitating spontaneous and directed settlement and enabling conversion to agriculture and plantations in areas that were formerly forested. A reduction in spending may reduce pressure on forest lands, but information on this subject is currently not available.

**7. Policy changes:** the IMF loan agreement led to major policy changes in the forest sector that will have varying impacts on the country's forests. Policies aimed at improving the allocation of concessions and the development

of a new forest royalty and stumpage fee system may lead to "modest improvement in the management practices of some concessionaires". Conversely, policies aimed at increasing investment in oil palm plantations will tend to increase pressure to convert forests.

**8. Multiplier effect:** the effects of the economic crises on the forest sector would have been bad enough if they were happening in a "normal" year. However, the simultaneous occurrence of the drought, the fires, and the economic crises has meant catastrophic effects for Indonesia's forests. These effects have been mutually reinforcing. The drought made fires more likely; the economic crises made it attractive to use fire as a land clearing tool to quickly meet growing agricultural demand; the economic crises reduced the ability of the authorities to fight the fires; forest fires led to direct costs and lost revenue making the economic crises worse; the clearing of vast areas of forest may have modified climatic conditions making a drought more likely.

The report acknowledges that "increased dependence on export of natural commodities is a logical and appropriate step in response to the crises". However, it is also emphasised that the forest sector is itself a major source of income for Indonesia's poorest people. Foreign exchange income from the nation's forest products sector ranks behind only oil/gas and textiles. 700,000 to 2.5 million people depend on the forest sector for employment. It follows that Indonesia has much to gain, even in the midst of the economic crises, by increased investment in forestry.

## International aid to fight fires

International donors pledged increased funding for fire fighting in Asean countries at the Fifth Asean Ministerial Meeting on Haze held in Kuala Lumpur on 31 July. Australia donated A\$660,000 (US\$393,000) to help Indonesia fight fires, while Norway and New Zealand donated US\$320,000 via the United Nations Environment Programme. More significantly, UNEP gave its assurance that it would immediately disburse US\$400,000 of the US\$750,000 that it had pledged to help Asean implement a regional action programme for handling the fires last December. Asean countries had expressed concern at the meeting over the delay in disbursement of funds from UNEP's Global Environment Facility.

Further money for tackling forest fires in the region has been donated by the Asian Development Bank (US\$1 million) and the United States (US\$4 million). The US has stated that their money should be used for 10 projects identified under the US-SE Asia Environmental Initiative. The projects include technical assistance for coal and peat fire suppression, smoke haze monitoring, climate impact forecasting and assessment

of the underlying causes and impacts of fires in SE Asia. Singapore's Environment and Health Minister noted at the Asean meeting that the region was in more urgent need of funds to be used directly for fire-fighting efforts including air surveillance, purchase of equipment and training for fire fighters.

Asean is confident that the fires and haze will not recur this year due to the La Nina weather phenomenon bringing extensive rain. The Ministers said in a joint press statement at the end of the meeting that there was a "65% probability of a weak to moderate La Nina occurring towards the end of the year". Surveillance efforts to identify forest fires quickly are being stepped and measures are being taken to improve exchange of information on forest hot spots between the Asean countries. Asean has drawn up plans for the setting up of sub regional fire fighting arrangements in Borneo and Sumatra. While wet weather means that severe fires are unlikely this year, the weather will inevitably change next year bringing renewing the fire risk.

## UK tropical forest research

The UK's Department For International Development (DFID) has issued its latest Forestry Research Programme Call for Proposals for Financial Year 1999-2000. Research should focus on DFID's forestry partner countries, including Cameroon, Ghana, Malawi, Nigeria, Uganda, Zimbabwe, India, Nepal, Eastern Caribbean States, Belize, Bolivia, Brazil, Guyana, and Mexico. Research must be carried out in collaboration with "target institutions" within these countries. Research areas relevant to the timber sector for which funding may be available include forest certification, and community benefits from industrial and community scale logging. Work on certification should focus on the problems faced by small scale producers, traders and processors, with major output being one or more field useable manuals. Research on logging should focus on compiling real data from logging operations on the effects on forest dependent people. The deadline for receipt of concept notes for research proposals is September 7 1998. Anybody intending to submit a proposal should contact the Programme Manager, John Palmer, as early as possible at ++44 1634 883365, Fax ++44 1634 883937.

## Economic threat to Indonesia's forests

A thorough independent analysis of the conflicting impacts on Indonesia's forests of the Asian economic crises concludes that the pressures to convert forests have substantially increased. Further investment in sustainable forest management, including timber extraction based on sound forestry principles, would serve to alleviate these pressures. The report is produced by the Centre for International Forestry Research (CIFOR) based in Jakarta and is available on the internet ([www.cgiar.org/cifor/index.html](http://www.cgiar.org/cifor/index.html)). CIFOR have stated they will update the report on a regular basis as more information on the effects of the crises becomes available. The paper notes that the single most significant impact of the crises on Indonesia's forest economy has been the substantial weakening of the rupiah. This has served to increase the competitiveness of Indonesian forest and agricultural products on the international market. Policy changes brought about in the wake of the crises, particularly due to pressure from the IMF, have had "relatively little effect to date in part because they are in the early stages of implementation". A number of specific effects of the crises on Indonesia's forest sector are identified.

**1. Pressure from the commercial timber sector:** between January and March 1998, the pressures on forests from within the commercial timber sector decreased. Weakening demand for forest products in the Far East led to huge decreases in exports, the failure of mills, and reduced incentives to extract logs. However, the report suggests that since April there has been growing pressure to increase logging. The major factor identified is increased demand for Indonesian plywood following China's decision to restrict national harvests by 60%. It is noted that increased demand for Indonesian forest products would be a boon to the country's economy, but that it also raises concerns about forest protection. "*Prior to the economic crises and forest fires, the plywood sector was facing grave supply difficulties because of overharvesting...the fires have further reduced timber supplies and an annual shortfall of 14.5 million m<sup>3</sup> (about 30% of consumption) to the wood processing industries is predicted over the next 5 years. The potential for increased damage in production forests an unauthorised logging in protection forests appears to be high*".

**2. Conversion to agriculture:** the economic crises has increased incentives to convert land to agriculture. Much of this conversion will take place at the expense of forests. The Indonesian

*Continued on page 11*

### SHARE PRICES FOR SOME U.K. COMPANIES

	52 Week High	52 Week Low	01-Apr	26-May	20-Jun	30July	21 Aug
J. Latham	203.5	161.5	201	201	201.5	171.5	161.5
Meyer International	445.5	274	396	430	382	299.5	274
Travis Perkins	628.5	443	609	605	549	468.5	444
Barratt Devs.	341	206.5	320	326	287	237	208.5
John Laing	397.5	309.5	366	361	394.5	383.5	358.5
Alfred McAlpine	181.5	117.5	176	168	161.5	133.5	123.5
J. Mowlem	150	77.5	123	125	149.5	140.5	114
George Wimpey	143.5	92.5	126	131	126	103	109
Cornwell Parker	182.5	112.5	159	152	151	120	113.5

### EXCHANGE RATES FOR ONE POUND STERLING

		22-May	23 June	24 July	14 August
Australia	Aus.\$	2.5838	2.7495	2.6697	2.7300
Bangladesh	Taka	75.6358	77.4369	78.1296	76.4363
Belgium	Belgian Fr.	59.2180	61.8942	60.8614	60.1429
Belize	B\$	3.2672	3.3450	3.3176	3.2457
Bolivia	Boliviano	9.0011	9.2232	9.2064	9.0068
Botswana	Pula	6.3695	6.919	7.6710	7.5492
Brazil	Real	1.8813	1.9313	1.9336	1.9010
Fr. Africa*	CFA Fr.	962.750	1005.98	989.480	977.360
Chile	Peso	740.919	761.85	771.093	764.362
China	Yuan	13.5256	13.86	13.7342	13.4371
Denmark	Danish Krone	10.9422	11.4307	11.2470	11.1033
France	Franc	9.6275	10.0609	9.8948	9.7736
Germany	D-mark	2.8708	3.0011	2.9507	2.9161
Ghana	Cedi	3785.88	3851.12	3856.72	3813.71
Guyana	Guyanese \$	235.729	241.62	252.635	247.160
Hong Kong	HK\$	12.6563	12.9527	12.8528	12.5768
India	Rupee	66.4222	71.4576	70.5405	69.9530
Indonesia	Rupiah	17888.0	23943.92	23389.1	20894.3
Irish Republic	Punt	1.1410	1.1917	1.1740	1.1625
Italy	Lira	2831.11	2956.56	2910.95	2876.42
Japan	Yen	221.688	230.939	233.609	236.206
Kenya	K. Shilling	103.244	99.46	98.2010	97.0465
Korea South	Won	2260.09	2329.79	2066.45	2149.47
Malaysia	Ringgit	6.1999	6.6194	6.8426	6.8083
Myanmar	Kyat	10.2059	10.47	10.3703	10.1456
Netherlands	Guilder	3.2353	3.3824	3.3263	3.2883
Nigeria	Naira	35.7530	143.93	142.922	140.620
Philippines	Peso	63.1387	69.3252	69.8356	70.1072
Portugal	Escudo	293.966	307.406	301.653	298.353
Singapore	Singapore \$	2.6718	2.7646	2.8370	2.8360
South Africa	Rand	8.3134	9.2155	10.2597	10.2321
Spain	Peseta	243.937	254.596	250.537	247.387
Taiwan	\$	54.9061	57.4304	57.0138	56.3226
Tanzania	Shilling	1056.86	1091.03	1096.72	1067.84
Thailand	Baht	64.2414	69.2416	67.8449	67.7946
Uganda	New Shilling	1976.66	2042.28	2028.71	1983.12
U.S.A	US \$	1.6336	1.6725	1.6588	1.6229
Venezuala	Bolivar	876.680	909.23	930.587	926.242
Vietnam	Dong	21205.8	21735.22	21551.1	22568.2
Zimbabwe	\$	29.8949	30.01	30.8123	35.2972

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

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