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US - the world's largest importer

The United States holds a pivotal position in the international forest products trade. As in other industrial sectors, continuing strong US demand is seen as crucial to ensure a recovery in prices for wood and wood products.

To borrow a phrase from Robert Rubin, US Treasury secretary, the US is seen by many as the "importer of first resort". In 1998 the US became the world's largest importer of solid wood products. For the first time in recent history, total US solid wood imports, estimated at US\$13.1 billion for the 1998 financial year, will exceed those of Japan. Assuming a relatively strong economy and a steady US dollar exchange rate, the US Foreign Agricultural Service predicts imports will be even higher during 1999, reaching \$13.3 billion.

The US not only absorbs a growing proportion of the world's wood products, but was until last year, the world's largest exporter of solid wood. In the 1998 financial year, US exports of solid wood are projected to have reached US\$6.0 billion. Canada took a commanding lead as the world's largest solid wood exporter, with exports worth around US\$10.3 billion. Needless to say, record US import demand was a major factor in Canada's transformation. Nearly 90% of Canada's exports were absorbed by the United States.

Trends affecting the United States will be critical to the future of the international hardwood trade. However the complexity of factors influencing US hardwood supply and demand are such that reliable predictions are difficult. Among the most important factors are the condition of the US economy and its impact on housing starts and consumer spending; the ratio of demand to the inventory of marketable timber; and the volume of imports. These factors are considered below. US hardwood producers are also strongly influenced by the size of export markets both in Europe and the Far East. US export performance during 1998 and the outlook for 1999 will be considered in next month's issue of Tropical Timbers.

US Economy: Recent statistical data for the US

paints a picture of remarkable economic growth. US economists now believe that the economy grew at more than 6% in 1998. The US economy has been boosted by the availability of cheap money and surging shares which have encouraged consumers to save less and spend more. Rampant spending has sucked in imports, swelling the current account deficit. A "virtuous cycle" of inward investment has been created. Foreign capital has flooded into the country over recent years, strengthening the US dollar. In turn the dollar's strength has made US assets appear more attractive to foreign investors and help hold down inflation.

The central question is whether this growth will be sustained into 1999. Opinions differ widely. Some economists fear that growth is unsustainable and that the US economy is "bubble-like". In their view, the bubble may soon burst and the US plunged into a deep recession. The fear is that weak markets overseas will hit US exports while domestic manufacturing will suffer from an influx of cheap imports. The virtuous cycle of inward investment may then quickly turn into a vicious cycle of capital flight. At some point foreign investors will no longer be prepared to finance the US current account deficit. Weakness in corporate investment or cuts in consumer spending could make shares collapse. In turn, this will hit consumer and business spending harder. As the dollar falls, the US treasury would be forced to raise interest rates putting another brake on consumer demand.

This picture of the US economy spiralling into recession may well be too gloomy. In reality, the US government has an arsenal of monetary and fiscal policy measures to avoid the worst case scenario. By cutting interest rates, a measure which the Federal Reserve began to implement as early as September 29 last year, the central bank can increase liquidity, boost consumer confidence, and weaken the dollar, helping US manufacturers. And if this doesn't work to temper a slow down, US politicians can turn to fiscal policy. With a budget surplus, the US government is well placed to use tax cuts or public spending to boost the economy if that

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More problems in the Congo

Difficult times are ahead for the Democratic Republic of the Congo's logging industry. Reuters report that President Kabila's government imposed a ban on forestry exports on January 7 this year. The ban may bankrupt many companies operating in the sector.

Pierre-Victor Mpooyo, minister of state for the presidency, ordered all stocks of wood to be requisitioned in early February and has granted the sole export license to a hitherto moribund Congo-based company, Maliba, largely unknown within the industry.

Congo's forest products industry has made representations to Mpooyo through the FEC, a private sector business Federation. In a letter addressed to Mpooyo, the FEC said that "this measure announces the end of the forestry sector in Congo". However the Kinshasa government remains adamant that the ban will be

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STATISTICS IN THIS ISSUE

U.K. IMPORTS

logs, sawn, plywood, veneers
sleepers, blockboard

Outside E.C.

October & November 1998

Intra E.C.

September & October 1998

US HARDWOOD IMPORTS

Lumber volume by country
Value and volume by commodity

January to September 1997 & 1998

SPANISH HARDWOOD IMPORTS

Selected products

January to September/July 1997 & 1998

FRENCH HARDWOOD IMPORTS

logs and sawn

January to October 1997 & 1998

GABON LOG STOCK CHANGES

Logs of Okoume and Ozigo

Years 1997 & 1998

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United States - Continued

becomes necessary. According to Alan Blinder, former Vice-chairman of the Federal Reserve "for the US economy to go into significant recession, never mind a depression, important decision makers would have to take leave of their senses." With evidence of continuing firm growth in the US into early 1999 and the continuing resilience of the US stockmarket despite emerging market shocks, notably in Brazil, analysts now believe there will be a slow down in 1999 rather than an outright recession. The Economist's monthly poll of forecasters in February predicted 3.8% growth in the US for 1999.

Housing Starts: Reflecting the strength of the US economy, US housing starts were at a record level of 1.72 million in 1998, 12% up on 1997. Housing starts remained strong right to the end of the year. Fearing a downturn in the US economy, some economists are predicting significantly lower housing starts in 1999. Widman & Associates in Vancouver, in a study published last autumn, forecast housing in the US would decline to around 1.375 million in 1999, in line with a slowdown in US GDP growth. Joshua Mendelsohn, an economist at the Canadian Imperial Bank of Commerce, also forecast a decline to 1.45 million. However, arguing that US housing starts were more dependent on interest rates than GDP growth, the Chief Economist of Weyerhaeuser forecast that housing starts this year would be close to 1998 levels at around 1.6 million units.

Consumer Spending: Consumer spending is an important indicator of demand for furniture and other hardwood products. Flush with money from booming shares, US consumers spent freely during 1998. An immense number of new homes were purchased in the US during the year and the average size of these homes is bigger than ever. Renovations are at a record pace while inventory levels at furniture stores are relatively low. As a result the demand for hardwoods from the furniture sector is expected to continue high

in 1999. This prediction is tempered by uncertainties over the continuing strength of US share values. A relatively high proportion of US citizens own shares and US personal savings in 1998 were at their lowest level since 1945. Therefore falling share values may quickly translate into reduced consumer spending.

Ratio of US demand to inventory of marketable timber: While consumption of US hardwoods has been climbing in response to sustained economic growth, this has been matched by progressively increasing levels of production. According to the UN/ECE 1998 Annual Market review, between 1994 and 1997 hardwood lumber production in the United States rose from 29 million m³ to 30 million. 1998 was forecast to be a record year with production rising to over 31 million m³. This reflects both the growing size of the US hardwood resource together with efficiency gains on the part of US hardwood millers. Efficiency has increased, both in terms of production and marketing, due to increased competition with other mills and from softwoods and composite products. Rising stumpage costs and labour fees have also encouraged efficiency gains. Mills are getting bigger and investing in technology to improve sawing efficiency.

Hardwood production gains have been such that, despite record demand, overproduction increasingly became a problem during 1998. There has been downward pressure on prices for many species and grades, a trend which seems set to continue. Despite reductions in lumber cutting which extended well into early December, production has been abnormally high for winter. Competition amongst US producers has been intense, leading to shrinking margins in the sawmilling sector. There are expectations that some smaller mills will go out of business in the first half of 1999, although given current inventory levels the overall impact on supply is likely to be negligible. The problems of over-supply now extend into the manufacturing sec-

**US HARDWOOD LUMBER IMPORTS:
VOLUME BY COUNTRY (000s m³)**

	1997 Year	1997 Jan- Sept	1998 Jan- Sept	Chg %
Canada	708.5	503.3	658.8	31
Brazil	86.7	63.4	94.2	49
Malaysia	51.7	38.5	32.2	-16
Peru	30.8	22.6	31.0	37
Bolivia	36.6	25.3	15.8	-37
Ecuador	16.3	11.4	15.8	39
Indonesia	21.7	15.9	15.4	-3
Ghana	17.8	10.1	14.0	39
Singapore	5.8	4.5	7.4	67
Mexico	10.4	8.5	6.4	-26
Guyana	4.9	3.3	5.8	77
Germany	10.4	9.8	4.7	-52
Cote d'Ivoire	5.6	4.5	4.3	-3
Chile	2.3	1.7	3.4	102
Guatemala	8.0	5.2	3.1	-40
Philippines	6.0	5.2	3.0	-43
Belize	5.6	5.1	2.8	-45
Nigeria	1.0	0.9	2.7	213
Cameroon	2.6	2.3	2.7	19
Burma	1.5	1.3	2.1	66
All Others	30.3	23.8	11.6	-51
World	1,064.5	766.5	937.3	22

Source: US Foreign Agricultural Service

tor. Prices for hardwood flooring have fallen recently due to excess inventories.

While overproduction characterises much of the US hardwood industry, certain species and grades are in short supply relative to demand. For example high quality cherry, much in demand in the US, Europe and China, is in very short supply. A reduction in Federal harvests in the Allegheny National Forest following protests from environmentalists has been one factor reducing supplies of the species. Reports of shortages in Hard maple supply were also emerging in early 1999.

US Hardwood imports: A strong dollar, booming markets and weak currencies in supplying countries combined to ensure greater market penetration for overseas exporters during 1998. This trend affected hardwood products across the board. In the first 9 months of the year, hardwood log imports were up 21% on the previous year, hardwood lumber imports were up 21%, and hardwood ply imports were up 10%. By far the leading exporter of hardwoods to the US is Canada, accounting for 70% of total US imports of 937,314 m³ during the first nine months of the year. Canada's hardwood exports to the US were up 20% on the previous year. Imports of hardwood from tropical countries also increased by around 14% during the nine month period. Several tropical countries made particular gains including Brazil where imports increased 49% on the previous year, Peru (up 37%), Ecuador (up 39%), Ghana (up 39%) and Guyana (up 77%). Malaysia and Bolivia both saw their share of the US market decline.

US hardwood export performance will be considered in next month's issue.

US HARDWOOD IMPORTS: VALUE AND VOLUME BY COMMODITY

	1997 Full Year	1997 Jan-Sept	1998 Jan-Sept	% Change
VALUE OF IMPORTS (US\$ millions)				
Hardwood Logs	26.9	19.8	24.7	25
Hardwood Lumber	356.7	256.5	291.6	14
Hardwood Flooring	75.8	53.7	78.4	46
Hardwood Siding	1.0	0.6	0.6	-10
Hardwood Moulding	85.1	60.7	79.9	32
Railroad ties	7.8	5.3	11.1	108
Hardwood Veneer	269.8	200.4	211.5	6
Hardwood plywood	723.8	544.1	527.5	-3
Total	1,546.8	1,141.1	1,225.3	7
VOLUME OF IMPORTS (units)				
Hardwood Logs (000m ³)	196.9	96.1	115.7	20
Hardwood Lumber (000m ³)	1,064.8	766.5	937.3	22
Hardwood flooring (000m ²)	1,663.0	561.0	1,470.5	162
Hardwood Moulding (millions m)	100.8	42.7	51.3	20
Railroad Ties (000 m ³)	64.2	28.3	36.8	30
Hardwood Veneer (none)	N/A	N/A	N/A	N/A
Hardwood Plywood (000 m ³)	1,776.1	872.0	965.1	11

Source: US Foreign Agricultural Service

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

	Dec	Jan	Feb
Ex Cameroon Fr.F/m3 FOB Douala LM			
N°GOLLON			
70cm+20% 60/69	1350	1350	1350
BOSSE 60cm+	1550	1550	1550
AYOUS 70cm+	1000	1000	1000
BIBOLO 60cm+	1375	1375	1375
SAPELE			
80cm+20% 70/79	1650	1650	1650
SIPO			
80cm+20% 70/79	1900	1900	1900
IROKO			
80cm+20% 70/79	1650	1650	1650
Ex Gabon Fr.F/m3 FOB Owendo LM			
ACAJOU			
70cm+20% 60/69	1175	1175	1175
DIBETOU 60cm+	1175	1175	1175
DOUKA			
70cm+15% 60/69	1150	1150	1150
SIPO			
70-79cm 10%/60/69	1700	1700	1700
80-99cm	1900	1900	1900

Sawn Timber

Ex Ghana DM/m3 FOB Takoradi			
FAS (includes notional agent's commission of 5%)			
6"+ avg 9" C/£	3940	3868	3805
6" + avg 9" DM/£	2.79	2.83	2.85
A.MAHOGANY AD	995	800	740
A.MAHOGANY KD	1135	960	895
EMERI AD	760	760	760
UTILE KD	1365	1220	1150
ODUM AD	1030	990	950
ODUM KD	1240	1150	1110
SAPELE KD	1155	950	900
EDINAM AD	860	700	590
EDINAM KD	1020	880	770
WALNUT AD	705	705	705
NIANGON AD	895	895	895
DANTA AD	680	680	680
DANTA KD	945	945	945
WAWA AD	490	450	430
WAWA KD	550	515	500
MAKORE AD	790	790	790
MAKORE KD	1100	960	960

Ex Cameroon Fr.F/m3 FOB			
FAS width 6"+, length 6'+			
SAPELE	2900	2850	2600
SIPO	3500	3680	3680
BIBILO	2850	2850	2750
N°GOLLON	3200	3200	3200
AFRORMOSIA	3550	3650	3650
IROKO	3400	3400	3300

Ex Gabon FR.F/m3 FOB			
FAS width 6"+, length 6'+			
OKOUME AD	2000	2000	1900

Ex Zaire Fr.F/m3 FOB			
FAS width 6"+, length 6'+			
SAPELE	2800	2800	2550
SIPO	3400	3500	3500
MAHOGANY	2950	2950	2950
AFRORMOSIA	3500	3550	3550
IROKO	3300	3300	3200

	Dec	Jan	Feb
Ex Cote d'Ivoire Fr.F/m3			
Fr.F/£	9.37	9.49	9.53
FOB Abidjan FAS			
6"+ avg 9"-10"			
6"+ avg 10"-11"			
1"-2"			
IROKO	3300	3275	3275
SIPO	3500	3550	3550
MAHOGANY	2750	2700	2650
FRAMIRE	2000	2000	2000
SAMBA No.1 C&S	1550	1525	1525
AZOBE dim. stock	2100/	2100/	2100/
	2700	2700	2700
OPEPE dim. stock	1850/	1850/	1850/
	2450	2450	2450

Ex Malaysia US\$/ton, C&F UK port			
M\$/£	6.40	6.24	6.09
US/£	1.68	1.64	1.60
M\$/US\$	3.80	3.80	3.80
(Rates given for M\$ are official rates)			
DARK RED SERAYA/MERANTI			
Select & better GMS			
width 6"+ avg 7"/8"			
length 8'+ avg 12'/14'			
1-2" KD	765	770	770
2.5" KD	790	795	795
3" KD	820	825	825

KERUING			
Standard & Better GMS			
1"-3"			
width: random or fixed			
length 16'+	480	490	490
KAPUR			
Standard & Better GMS			
1"-3" plnd			
width 6"+ avg 7"-8"			
length 16'+	495	500	500

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

Ex Brazil US\$/m3 C&F			
FAS US\$/£	1.68	1.64	1.60
6"+ avg 9-10"			
6"+ avg 10-11"			
MAHOGANY (Swietenia)			
1"-2" AD	1100	1100	1100
2.5"-3" AD	1120	1120	1120
1"-2" KD	1190	1190	1190
2.5"-3" KD	1210	1210	1210
VIROLA			
1" KD No.1 C&B			
boards	400	400	400
strips	370	370	370
CEDRO			
1"-1.5" KD	720	720	720
2" KD	720	720	720
2.5"-3" KD	750	750	750

Hardwood Markets

Highlights

- Far East showing early signs of revival
- Sapele prices weaken further
- Ghana increases stumpage rates
- Hard Maple in short supply
- Little commitment to forward market

Asian Hardwoods

At time of writing, Asian producers were still inactive over the Chinese New Year holiday. Marketing offices open on 22 February and most mills are due to open 26 February. Early signs suggest producers will be determined to push up prices in the face of severe log shortages and signs of an upturn in demand in the Far East. Many Asian mills are still producing against standing orders and new supplies will not materialise for some weeks. While the rains are beginning to ease, significant improvements in log availability to the mills aren't expected until April. Mills in East Malaysia and Indonesia are also having difficulty meeting prices for logs paid by buyers elsewhere in the Far East, notably in China.

Recent data released by the Indonesian Forestry Society (MPI) highlights the scale of log shortages in the Far East. Indonesian log production dropped by about 50% in 1998. MPI suggest that future logging activity will be affected by the build up to the general election in June. Wood processing industries are expected to continue to operate at well below capacity.

Political developments are also likely to slow activity in Sabah in early March. Sabah's government was dissolved on 22 February and elections are due to be held 12/13 March.

In an attempt to alleviate problems of log supply, the Sabah State government decided to allow the import of round logs and sawn timber from outside the state, particularly from Indonesia. The measure became effective on January 15 1999. However, with much of Indonesia's log production being sold at relatively high prices to China and India, the government's decision may do little to improve Sabah's log supply situation.

Prices for window scantlings from Indonesia, supplied in large quantities to the German market, have continued to firm during 1999. This trend has been stimulated both by the 25% revaluation of the Indonesian rupiah between November 1998 and January 1999, together with tightening log supply in the Far East.

Sluggish demand for DRM in the UK suggests that most importers will remain unresponsive to the rising prices. However, some contacts suggest there is plenty of interest in DRM/Seraya from buyers on the continent, notably in Holland, France, Germany and Belgium. However lack of supply is frustrating efforts to increase sales.

Continental exporters report that demand for beech logs and sawn from China has continued to strengthen during early 1999. Business has

HARDWOOD MARKETS *Cont.*

been fairly hectic with many Chinese buyers pushing for shipment before Chinese New Year and opening Letter of Credit on very short terms. While doubts were raised at the end of 1998 over the continuity of business with China, there is increasing confidence amongst German exporters that the business reflects a longer term trend.

African Hardwoods

Sapele prices continue on their downward course and now stand at around only F.Fr 2600 /m³ FOB from Cameroon. The mills have just about reached break-even point. One French-owned mill in the Cameroon has offered a small volume of Sapele at only F.Fr 2400. These prices are unprecedented. The low prices reflect a number of factors including the ready availability of supply at the height of the logging season, high inventory levels in major European buying countries and the low prices still being offered for Asian redwoods. Cameroon mills are also suffering severe cash flow problems due to the Cameroon government's laxity in refunding VAT. Even small producers are said to be owed up to CFA F 1 billion by the Cameroon authorities.

Inventory levels of African hardwoods in European countries are relatively high in relation to demand, which is contributing to weakening prices. High inventories in Spain, the largest European market for African sawn timber, are having a particularly negative effect. Weakening Sapele prices are also leading to the devaluation of existing stocks. African producers need a revival in Asian prices to arrest the slide of Sapele.

Iroko prices have weakened slightly. Ireland is still buying but inventories are relatively high and activity is much lower than 1998. Demand for iroko in the UK is slow.

Wawa is in oversupply and prices continue to weaken. Germany has been a large buyer of the species, particularly for mouldings. However demand in this sector is being affected by competition from low priced softwoods. The availability of ample supplies of softwood from the Baltic States has served to undermine European softwood prices.

Demand for sawn Ghanaian utile and edinam is weak. The United States, never a buyer of Sapele, has provided a lucrative market for small volumes of Khaya. Sales are now proving more difficult.

With the passage of Ghana's Timber Resource Management Act, stumpage rates for commercial species are being increased from 1 February by between 30% and 600% depending on scarcity value. The move is a bold one at a time when prices for African species are coming under intense downward pressure. Many buyers will be unwilling to absorb the extra costs and will turn to alternative sources. In the short term, Ghanaian sawn products will be less competitive on international markets. In the longer term, Ghana's government hopes the move will contribute to the development of value-added industries. The move has also rekindled talk in

Ghana of importing logs from the Cameroon. Ghana's timber processing sector has capacity of around 3 million m³ per year, while national annual allowable cut is now only 1 million m³.

South American Hardwoods

With the rainy season at its height, Brazilian tropical log supplies are low at this time of year. New supplies will only begin to reach the mills in May. As a result, despite desperately weak domestic demand, there is no oversupply and prices remain stable.

The remaining stocks of sawnwood from Belem to the UK, delayed at the end of last year due to lack of quotas, were due for loading week commencing 22 February. The Brazilian authorities have at last issued quotas 20% down on last year. Lack of forward financing, limited markets and downsized quotas indicate very restricted activity for the Brazilian trade this year. According to one agent supplies of Cedar have "ground to a halt" and no new production is expected until June. Prices for Cedar have, in any case, been uncompetitive in relation to Sapele for some time.

North American Hardwoods

Data from the American Hardwood Export Council (AHEC) indicates that hardwood lumber shipments to the EU fell by 8.7% in volume and 7.9% in value between January and October 1998 compared with the previous year. Increases were reported for the UK and Spain, but imports into Italy and Germany were considerably lower. The EU and UK account respectively for 43% and 7.5% of US exports by value.

Hardwood Review Export, in its monthly summary of US exporters for February, notes that European demand remains "fair", that buyers are purchasing only when needed and there is very little interest in the forward market. This analysis is confirmed by UK agents who suggest that while US landed stocks are moving relatively quickly, few importers are willing to place block orders for future business. Just-in-Time purchasing remains the dominant trend and successful suppliers need to provide wood for immediate loading.

Underlying this trend is importers' confidence that there is so much wood available that they will be able to obtain immediate shipment. For some species this confidence may be misplaced. There are reports that, for the first time in quite a while, US log supplies are tightening in some areas, although most mills across the country indicate that supplies are adequate. Strong demand for thick lumber is leading to shortfalls in supply of 6/4, 8/4 and 10/4 Hard Maple and Red Oak.

UK agents are reporting that Hard maple is particularly difficult to obtain and this is reflected in rising prices. European orders for the species have continued to improve during early 1999. Price rises have been boosted by the re-emergence of demand for the species in the Far East and by signs that supplies of European beech, the major competing species, are becoming

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

	Dec	Jan	Feb
\$/£	1.68	1.64	1.60
RED OAK			
1"	1850	1850	1770
1.25"	1950	1950	1875
1.5"	2030	2030	1980
2"	2280	2280	2325
WHITE OAK			
1"	1675	1675	1600
1.25"	1730	1730	1700
1.5"	2100	2100	2085
2"	2670	2670	2605
ASH			
1"	1215	1215	1175
2"	1545	1545	1500
TULIPWOOD			
1"	1080	1080	1080
1.25"	1100	1100	1105
1.5"	1160	1160	1160
2"	1250	1250	1190
CHERRY			
1"	3350	3350	3100
1.25"	3350	3350	3155
1.5"	3400	3400	3285
2"	3550	3550	3490
HARD MAPLE			
1"	2020	2030	2210
1.25"	2265	2395	2285
1.5"	2475	2475	2425
2"	2610	2610	2635

ing more limited. There are expectations that a growing preference for light coloured species in the German furniture industry will lead to strong demand for Hard maple there this year. European buyers are looking for thicker sizes of red oak but supplies are limited.

Strong European demand for Cherry, so much a feature of hardwood markets last year, has continued into 1999. Particularly strong demand is reported from France and Scandinavia. Prices for the species remain firm.

UK demand for ash is very sluggish. However US exporters interviewed by *Hardwood Review Export* report growing interest in the species from European buyers.

US exporters are reporting that their sales to the Far East are at last beginning to revive after months of inactivity. Orders from Japan seem to have turned the corner and are increasing, while South Korea, Malaysia and even Indonesia are beginning to show signs of life. Chinese demand never fell off to the same extent and continues reasonably firm. This is not to say that the Far East is booming for US exporters, there is intense competition putting pressure on prices. US hardwoods have been well represented during the recent round of furniture shows throughout Europe. At the Cologne show in Germany, both hard maple and western red alder were strongly represented. Cherry was a common feature of foreign ranges selling into Germany. US hardwoods were less in evidence at the Paris show, which tends to be more traditional and nationalistic than Cologne. Nevertheless in-

HARDWOOD MARKETS *Cont.*

creasing use of American Walnut as a contrast wood for use with light coloured species was apparent. Cherry, maple and ash were strongly featured at the Birmingham show. However there was also evidence of growing interest in East European hardwoods. These are seen as relatively cheap and readily available. In Valencia, there were signs of growing interest in the use of cherry and maple alongside beech, which is already well established, for the modern designs of Spanish manufacturers.

European and UK Demand

European demand continues to be weak almost everywhere. Inventories are generally high and fresh concerns have emerged over the prospects for the European economy. The German economy is providing particular cause for concern. According to Bundesbank estimates, German GDP fell by 0.4% in the fourth quarter of 1998 largely because exports had been hit due to the financial crises in emerging markets. Growth in Germany for 1998 is expected to have been around 1.5%, significantly lower than official forecast of 2%. The construction sector in Germany contracted by 1.4% in the fourth quarter after a 2% increase in the third quarter. Evidence of weakness in the German economy contributed to fall in the euro/dollar rate during

February. One dollar is now worth 1.10 euro, about 5% more than when the new currency was launched in January.

Demand in the UK is generally weak. Competition is intense. Importers have healthy stocks given current levels of demand. Where gaps are appearing, wood is bought off existing landed stocks. Sales of these stocks are said to be reasonably busy, particularly for US hardwoods. February is traditionally a weak month for sales, with winter weather and short days disrupting construction activity.

One bright spot on the UK horizon are early signs that confidence in the housing market is returning. Shares in the sector have risen by more than a quarter since the beginning of January. Shares had fallen by 35% in the second half of 1998 amid fears that recession would undermine economic growth in the UK. But the gloom appears to have been overdone. On 20 February, the Financial Times reported that sales enquiries for new homes have been on the rise since November 1998. Confidence has been boosted by five cuts in the UK base rate taking it from 7.5% to 5.5% since October. Increasing confidence in the housing sector will take a while to filter through to the hardwood industry.

Realising that consumer confidence will play a major role in averting a recession, the UK Chan-

cellor, Gordon Brown, is also maintaining a mood of optimism. When he delivers his budget on 9 March, he is expected to reaffirm forecasts by the Treasury last November, pointing to growth of between 1% and 1.5% this year. Treasury officials maintain that gloomy predictions of a recession from city analysts have failed to take account of the impact of cheaper money on consumer confidence. They suggest that higher levels of public spending should begin to have an effect on demand in the second half of 1999. These predictions have been boosted by evidence that unemployment continued to fall in January, while high street sales also recovered sharply. The Bank of England now predicts that growth of the economy will fall to zero in the first half of 1999 and that growth for the year will be between 0.5% to 1%. They believe the economic slowdown will be mild and short lived.

The Italian trade is worried by the austerity measures which have been introduced by the government to comply with the criteria for membership of the euro. This has weakened demand and importers are pessimistic about any upturn in the near future. Business is highly competitive, short term and just-in-time, particularly in the furniture sector.

Struggling Korea

Figures provided by ITTO's Market News Service provide vivid confirmation of Korea's struggling wood sector during 1998. Total hardwood log imports fell from 1.3 million m³ in 1997 to a little under 0.8 million m³ in 1997. Of this volume, plywood manufacturers imported 0.41 million m³, with the balance sold on the open market.

A major fall in softwood log import volumes is also reported. A volume of only 3.3 million m³ in 1998 compares with over 7.1 million m³ in 1997. About 52% of the total imported volume in 1998 was from New Zealand and 21% from Russia. Chile, the second largest supplier in 1997, lost this position to Russia in 1998. Russia was better placed to supply the demand for cheap logs in the sluggish market conditions. Plywood production fell from over 1 million m³ in 1997 to around 0.64 million m³ while domestic consumption fell from over 0.9 million m³ to only 0.5 million m³. Weak domestic demand led the Korean industry to re-enter the plywood export market for the first time in around 15 years. Korea exported around 141,080 m³ in 1998 of mainly softwood plywood.

Hardwood demand in 1999 remains weak due to a sluggish construction sector. As log supplies gave tightened since the end of 1998, Korean importers are having difficulty coping with rising prices and compete with buyers in the Philippines, China and Thailand. With economists predicting a return to growth in Korea during 1999, there is some optimism of an upturn in demand as the country moves out of the winter season (December to February)

UK leads European construction growth

The upswing in Europe's construction sector, which began in 1994 is expected to continue. Europe's construction industry has forecast 2.4% and 2.1% growth in European construction volume during 1999 and 2000 respectively. Particularly high rates of growth are forecast in the UK. These predictions were made at the Euroconstruct Conference in Berlin in mid December.

In 1997, total construction volume in the 15 Western European countries amounted to 732 billion euro. Construction volume is forecast to increase 1.6% in 1998 to reach 744 billion euro. Volumes are expected to increase further to 762 billion euro in 1999 and reach an all-time high of around 777 billion euro in 2000. In 1997, construction activity was categorised as follows: Renovation/Modernisation - 35% by volume; New Residential Construction - 25%; Civil Engineering - 21%; and New Non-Residential Construction - 19%. Highest rates of growth between 1998 and 2000 are expected in the Renovation/Modernisation sector (8.5%), new Non residential construction (7.7%) and Civil Engineering (6.6%). Rates of growth in the new residential sector will be considerably lower at only 1%.

The "Big Five" Western European countries of Germany, France, UK, Italy and Spain account for 73 % of total construction. The four Scandinavian countries account for 8 %, and the remaining smaller countries (Belgium, Ireland, the Netherlands, Austria, Portugal,

and Switzerland) for 19 %.

The contribution of construction to the national economies of West European countries is generally declining. The share of construction volume in GDP, which stood at 10.8% in 1993, fell to 10.3 % last year and is expected to decline further to 10.1% by 2000. This partly reflects the growing significance of the service sector to European economies. In the UK however, the construction sector is forecast to grow more rapidly than GDP. The UK is also expected to make the largest contribution to the growth of construction volume in the 15 Western European countries. Construction volume is expected to grow by 45.5 billion euro between 1997 and 2000. Of this growth 8.6 billion euro, is expected to take place in the UK; 7.1 billion euro in Italy; 6.8 billion euro in Spain and 6.2 billion euro in France.

The Euroconstruct Conference also deliberated on the future of the construction sector in Poland, Hungary, and the Czech and Slovak Republics. Growth of construction in these countries has been rapid since 1994. This trend is expected to continue. Building volumes are expected to grow 5.8% during 1999 to reach 34 billion euro. A further increase of 7.6% is expected in 2000. In contrast to Western Europe, the construction sector is becoming an increasingly important part of the Eastern European economy. Its share of GDP is expected to grow from 12.9% in 1998 to 13.5% in 2000.

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	Oct 1998	Nov 1998	Cum. 1998
BOLIVIA		105	587
BRAZIL	1007	961	11790
BURMA	30	126	303
CAMEROON	1135	1724	19777
CONGO			139
COSTA RICA			13
ECUADOR		27	45
GABON		63	191
GHANA	1684	2938	25258
GUYANA	370	114	5646
HONDURAS			28
INDIA		6	68
INDONESIA	209	339	3187
IVORY COAST	1584	753	14443
M'GASCAR	74		74
MALAYSIA	5618	4301	52750
MEXICO			33
NIGERIA	36		371
PAPUA N.G.	53	28	445
PERU			111
PHILIPPINES		79	612
SINGAPORE	224	85	2263
SOL. ISLANDS			16
SOUTH KOREA	55		55
TANZANIA		55	268
THAILAND		30	268
TRIN. & TOB.			30
ZAIRE			322
TOTAL	12079	11734	139093

UK IMPORTS SLEEPERS

Treated & Untreated

Classifications: 440610.00.0, 440690.00.0

m3	Oct 1998	Nov 1998	Cum. 1998
AUSTRALIA	1314	814	7439
CZECH REP.			33
NIGERIA			36
POLAND			18
RUSSIA			50
SLOVAKIA	35	35	74
TOTAL	1349	849	7650

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	Oct 1998	Nov 1998	Cum. 1998
BURMA			30
CAMEROON	1963	1728	30248
CONGO			239
ECUADOR			27
EQ. GUINEA			157
GABON	77	244	4040
INDONESIA	62	33	252
LIBERIA			345
MALAYSIA	605	125	3451
MOZAMBIQUE			64
NIGERIA	25	19	724
PAPUA N.G.			87
SINGAPORE			130
TANZANIA			18
TOTAL	2732	2149	39812

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	Oct 1998	Nov 1998	Cum. 1998
<u>BEECH</u>			
CANADA			7
ROMANIA		54	514
SERB. & MONT.			30
<u>BIRCH</u>			
CANADA			324
ESTONIA	252	278	10851
LATVIA	2632	840	6203
LITHUANIA			34
POLAND	71		688
RUSSIA	119		704
<u>CHESTNUT</u>			
CZECH REP.	43		43
<u>EUCALYPTUS</u>			
AUSTRALIA			1
<u>OAK</u>			
CANADA	26		26
CZECH REP.			1
RUSSIA	16		119
<u>POPLAR</u>			
CZECH REP.			19
USA			39
<u>OTHER</u>			
AUSTRALIA	2	36	122
CANADA	616	190	2602
CZECH REP.			14
ESTONIA*	4120	3079	33109
FRANCE	17		17
LATVIA*	422	212	40342
LITHUANIA			173
NORWAY			172
POLAND	25		343
RUSSIA			2668
S. AFRICA	110	52	261
USA	1226	1100	13274
TOTAL	9697	5841	112700

*May contain softwoods

UK IMPORTS SAWN TEMPERATE

Classifications: 440791.90.0, 440792.90.0, 440799.91.0, 440799.93.0, 440799.98.0

m3	Oct 1998	Nov 1998	Cum. 1998
<u>BEECH</u>			
CANADA			131
CZECH REP.		30	30
JAPAN			11
POLAND			66
ROMANIA	100	41	710
RUSSIA			55
SERB. & MONT.			117
SLOVAKIA			71
USA	2		209
<u>OAK</u>			
CANADA	382	454	5243
CZECH REP.	21		29
ESTONIA	325	1256	3029
HONDURAS			28
ICELAND			115
LATVIA		111	197
LITHUANIA			196
POLAND			26
RUSSIA	30	23	269
SERB. & MONT.			22
SLOVAKIA		40	317
UKRAINE		52	343
USA	4679	4328	54814
<u>POPLAR</u>			
CANADA	43		345
LATVIA		869	3369
LITHUANIA			39
RUSSIA			56
USA	717	830	7920
<u>WALNUT</u>			
CANADA	46	30	540
USA	58	85	1048
<u>OTHER</u>			
AUSTRALIA	20	2	347
CANADA	1872	1523	13819
CHILE			167
CHINA	65		247
ESTONIA*	1141	1522	12077
LATVIA*	6043	7822	73087
LITHUANIA			168
NORWAY			717
POLAND			98
RUSSIA	143	294	1958
S. AFRICA	42	21	454
USA	3125	2766	39469
TOTAL	18854	22099	221953

* May contain softwood

UK IMPORTS BLOCKBOARD,

LAMINBOARD, BATTENBOARD

Classifications: 441222.91.0, 441229.20.0, 441292.91.0, 441299.20.0

m3	Oct 1998	Nov 1998	Cum. 1998
BRAZIL	256	86	2268
CHINA			123
CZECH REP.			40
DUBAI	101		101
INDONESIA	1584	1448	18402
LATVIA	77		153
LITHUANIA		41	211
MALAYSIA		97	687
NORWAY		40	150
POLAND	15		180
SINGAPORE			2
SWITZERLAND			16
USA		2	353
TOTAL	2033	1714	22686

Based on Abacus Data Services

**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	Oct 1998	Nov 1998	Cum. 1998
ARGENTINA			8
BELARUS			329
BRAZIL	18016	6735	128041
CANADA	731	3494	52042
CHILE	4803	1703	13467
CHINA	1020	382	5105
ESTONIA	571	264	5041
GHANA			280
GUYANA		2413	5711
HONG KONG		36	1838
HUNGARY	3		3
INDIA		246	249
INDONESIA	17097	22515	181407
ISRAEL	108	160	1449
JAPAN	5		61
LATVIA	2136	2302	29421
LITHUANIA	610	909	10277
MALAYSIA	16984	17996	148417
MOROCCO		71	783
NORWAY	342	418	3127
PHILIPPINES			155
POLAND	225	117	1934
ROMANIA			11
RUSSIA	7459	6183	87965
SINGAPORE	67	68	657
SLOVENIA	138	96	583
SOUTH KOREA	11214	2112	21884
SPAIN			65
SWITZERLAND			403
TAIWAN			7
THAILAND	24		1041
USA	1527	1263	203314
TOTAL	83080	69483	905075

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	Oct 1998	Nov 1998	Cum. 1998
AUSTRALIA			2
BRAZIL			48
CAMEROON	20		99
CANADA	156	114	969
CHINA		3	31
CONGO	45		186
DOM. REP			25
ESTONIA		30	151
GHANA	88	313	2863
HUNGARY			65
INDONESIA		43	256
IVORY COAST	15	32	215
LATVIA	146	327	1561
MALAYSIA		25	160
RUSSIA	64	65	543
S. AFRICA	141	47	1886
SINGAPORE			66
SLOVENIA		8	316
SWITZERLAND		52	520
THAILAND		48	474
USA	475	986	9991
ZAIRE	494	110	1737
TOTAL	1644	2203	22164

**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	Sept 1998	Oct 1998	Cum. 1998
BEECH			
DENMARK		26	290
FRANCE			222
GERMANY			84
SWEDEN			21
BIRCH			
FINLAND			C40
CHESTNUT			
FRANCE			2
OAK			
GERMANY	11		17
BELGIUM			230
DENMARK			7
IRELAND		6	6
OTHER			
BELGIUM	16		C170
DENMARK			107
FINLAND		176	3914
FRANCE	51	5	C658
GERMANY	11		C1501
IRELAND	3	4	C137
ITALY		145	145
NETHERLANDS		80	355
SPAIN	121		122
SWEDEN			7351
TOTAL	213	442	C15379

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	Sept 1998	Oct 1998	Cum. 1998
AUSTRIA			29
BELGIUM	2031	1544	C10905
DENMARK	49	101	847
FINLAND	4599	7327	C59782
FRANCE	1306	1386	C20134
GERMANY	317	336	6268
IRELAND	26	39	C1835
ITALY	430	1044	C8041
NETHERLANDS	145	66	1036
SPAIN	309	443	C4107
SWEDEN	634	686	C5564
TOTAL	9846	12972	C118548

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

Classifications: 441222.91.0, 441229.20.0,
441292.91.0, 441299.20.0

m3	Sept 1998	Oct 1998	Cum. 1998
BELGIUM			C107
DENMARK	101		334
FINLAND	553	249	C4107
FRANCE			36
GERMANY	187	97	855
IRELAND	6		23
ITALY	44	101	450
NETHERLANDS	210		C1349
SWEDEN			373
TOTAL	1101	447	C7634

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	Sept 1998	Oct 1998	Cum. 1998
BEECH			
AUSTRIA		30	30
BELGIUM	186	244	C904
DENMARK	349	387	C2465
FINLAND			66
FRANCE	164	143	C1165
GERMANY	2933	2495	C29063
ITALY			43
NETHERLANDS	40		145
SWEDEN			35
OAK			
BELGIUM			C19
FINLAND			97
FRANCE	460	568	C5751
GERMANY	192	213	C1922
IRELAND			C73
NETHERLANDS	54	1	C531
WALNUT			
FRANCE		7	9
IRELAND			1
OTHER			
BELGIUM	311	221	C4344
DENMARK			C421
FINLAND	343	188	C4228
FRANCE	520	205	C3267
GERMANY	631	352	C7779
IRELAND	76	239	C1449
NETHERLANDS	1279	699	C10119
SPAIN	126	190	C1865
SWEDEN	1470	2383	C21915
TOTAL	9134	8535	C97676

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	Sept 1998	Oct 1998	Cum. 1998
BELGIUM	162	217	C1809
DENMARK	17	41	C607
FINLAND	50	14	250
FRANCE	102	88	C1359
GERMANY	480	306	C3401
IRELAND	3		C482
ITALY	6	16	230
NETHERLANDS	42	8	C310
PORTUGAL			C45
SPAIN			C50
SWEDEN		12	134
TOTAL	862	702	C8677

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

Classifications: 440610.00.0, 440690.00.0

m3	Sept 1998	Oct 1998	Cum. 1998
BELGIUM			88
DENMARK			6
FRANCE	922		C5240
GERMANY			2959
IRELAND	40		C200
ITALY	3		C91
NETHERLANDS	805	713	2264
PORTUGAL	2		2
SPAIN			C692
SWEDEN		965	1035
TOTAL	1772	1678	C12579

Plywood trade in waiting game

As Tropical Timbers goes to press, the plywood trade is in a state of suspended animation with Asian producers just starting up operations after Chinese New Year, Brazil only just emerging from the Carnival season, and heavy rains in both areas continuing to disrupt log supplies.

While there is consensus that prices will continue to firm, both producers and agents remain reluctant to commit to price levels until a clearer picture emerges of supply and demand. Tightening supply has meant that export prices for Asian logs have continued to firm over Chinese New Year. Prices of INDO96 less 10 are now being mentioned, with expectations that tight log supply and rising Asian demand will push prices above this level over the coming months.

With Asian producers likely to be bullish over pricing levels after Chinese New Year, some importers are turning their gaze to Brazil. There is speculation that following Brazil's devaluation, which has considerably improved the competitive position of the country's exporters, Brazil will soon return as a major force in the market. According to ITTO's Market News Service, Brazilian plywood exporters have seen a considerable increase in enquiries from traders. Many traders are speculating on price reductions. Brazilian exporters associations are recommending that their members should not reduce prices since demand is stable and there is as yet no clear indication of where the *real* will settle when stability returns. Producers are betting that the devaluation will, in the end, be no higher than around 30%. They also point to the huge costs of obtaining cash in Brazil with swingingly high interest rates; the problems of financing existing dollar debts; and the costs of importing vital components including glue and machinery paid for in dollars.

The reality is that with the considerable financial problems facing the Brazilian industry, coupled with a very tight hardwood log supply situation, Brazil seems in no fit state to quickly become a major exporter of hardwood ply and significantly affect price trends.

While the supply side of the provides a strong argument for firming plywood prices, indicators on the demand side are more mixed. European demand remains sluggish, hindered by high inventories. UK demand for hardwood ply has fallen away over recent weeks. Importers are shifting stocks at low prices to create warehouse space for significant volumes of plywood now arriving from the Far East. Many of these contracts were agreed several months ago at prices well below the forward prices being asked today. With high inventory levels and importers shifting stocks at below replacement level there is little interest in the forward market and no willingness to accept the new prices. Agents are indicating this situation is unlikely to change before April.

Price levels for Asian plywood after Chinese New Year will be heavily dependant on the development of markets both for logs and plywood in the Far East, notably in China, Japan, and South Korea. Events in China, reported in last months Tropical Timbers, suggest continuing firm demand there. Elsewhere the picture more murky.

Some evidence is emerging of improved demand in Japan. ITTO's Market News Service reports that the Western Japanese market for plywood has been firming since December and the Eastern market is now following. Log availability is tight on the Japanese domestic market and plywood prices are firming. However figures released by the Japanese Federation of Plywood Manufacturers suggest that expected growth in Japan's log and plywood market during 1999 will focus on softwoods rather than hardwoods. Assuming 1.3 million housing starts, plywood demand for 1999 is projected at 7.8 million cu.m, 7% higher than 1998. Domestic production is forecast at around 3.5 million m3 and imports at around 3.9 million m3. Domestic hardwood plywood production is expected to remain weak, while softwood ply production is expected to increase by 14% at 1.4 million m3. The share of softwood ply production is expected to rise to 40% of total Japanese production. Softwood imports are expected to increase by 25% while hardwood plywood imports are expected to remain flat. Short term trends in Korea are also disappointing, but there is growing optimism of an economic revival in the near future. Total production of plywood in 1998 was down 37% on 1997 levels, while domestic consumption fell 46%. Demand is still low due to continuing sluggish construction activity. Demand in other sectors is not yet showing signs of recovery. Longer term prospects for South Korea appear more promising with lower interest rates, growing evidence of currency stability, and forecasts of positive GDP growth in 1999 of around 2 to 3%.

Overall there are grounds to be cautiously optimistic about demand in the Far East, but growth will be slow.

With the collapse of Asian markets and weakening of Asian currencies in 1998, African plywood producers had a bad year. Ghana saw plywood exports fall by 61%. While African producers have been encouraged by evidence of rising prices in the Far East, they remain frustrated by high inventories in Europe and continuing lack of orders.

One of Malaysia's largest forest products companies, Rimbunan Hijau is building a plywood plant in Papua New Guinea. The new plant, named Panakawa Plywood, is situated near Wawoi Gavi camp and will be completed next year. Total log consumption could be as much as 24,000 cubic metres per month including regular high-quality logs and lesser known species.

Malaysian economics

Malaysia announced a partial easing of currency controls on 4 February.

The controls were introduced last September as the Malaysian government sought to regain control over the country's deteriorating economy and prevent the flight of capital. Controls preventing foreign companies taking money out of the Malaysian stockmarket for a year have been lifted. Analysts believe the move reflects Malaysian officials' concern that, come September, there might be an embarrassing rush for the exit.

Removal of foreign money from Malaysia's stockmarket is now allowed, but is subject to strict penalties. A sliding scale of government levies has been introduced to prevent a mass exodus of foreign investment. Money invested before February 15 this year and repatriated before the end of March will incur a 30% levy. The levy gradually falls to nothing after 12 months. Fund managers that invest after February 14th can repatriate their initial capital freely subject to a 30% tax on first year profits.

Other controls preventing ringgit trading on international financial markets are being retained. The ringgit continues to be pecked at a rate of 3.8 to the dollar.

The direct effects of the controls have not been as damaging to the Malaysian economy as many economists predicted. This is partly because they have been selective. Foreign direct investors, such as manufacturers have still been allowed to repatriate profits. Foreign direct investment into Malaysia during 1998 fell by 12%, a reasonable performance considering the scale of the regional slump. Malaysia's economy shrank by 5 to 6% during 1998, a major recession, but less of a crisis than the 8% shrinkage of the Thai economy and the massive 14% shrinkage of Indonesia's economy. Malaysia's strategy of hiding behind capital controls and pouring in liquidity may boost growth in the short term to 2% in 1999. Longer term, doubts remain over the impact of Malaysia's currency tactics on foreign investor confidence

South Africa puts forests up for sale

Reuters report that South Africa hopes to raise at least one billion rand (\$163 million) through the sale of state-owned commercial forests and national forestry company. The country's Water Affairs and Forestry Minister, Kader Asmal, has announced that the government is planning to sell the South African Forestry Company Ltd (Safcol) and about 60% of the commercial forests managed by his department. The formal sale process would start before the end of February. Over 335,000 hectares of plantation and five sawmills are for sale, grouped into 7 packages according to geographic location and range. Government-owned forests are currently losing 300 million rand a year.

Spanish imports

During 1997, Spain was by far the largest European buyer of African sawnwood. This position strengthened during 1998. Tropical sawnwood imports increased 35% during the first nine months of 1998 compared to 1997. The Cameroon and Ivory Coast were principal suppliers. Imports of tropical logs also increased by 25%. Cameroon maintained its position as the largest supplier of tropical logs to Spain. Imports of temperate logs, primarily from France, also showed an increase. Imports of beech logs doubled to 177,357 m³ during the first nine months of 1998.

By contrast imports of temperate sawnwood imports remained flat during the first six months of 1998. Between January and July, imports of sawn oak from the US, at around 82,000 m³ in 1998, were slightly up on 1997.

SPANISH HARDWOOD IMPORTS PART YEAR - SELECTED PRODUCTS		
	1997	1998
JAN TO SEPT		
Tropical Logs (m ³)	197,158	245,650
Tropical sawn (m ³)	265,915	358,084
o.w. Cameroon	97,703	120,244
o.w. Ivory Coast	82,061	101,325
Beech Logs (m ³)	88,150	177,357
o.w. France	75,713	100,239
Oak Logs (m ³)	80,758	92,005
o.w. France	69,974	74,525
JAN TO JULY		
Beech Sawn (m ³)	128,852	121,339
o.w. Germany	46,398	63,299
o.w. France	41,988	39,633
o.w. Belgium	30,226	2,310
Oak Sawn (m ³)	113,236	114,325
o.w. US	80,798	82,186
Veneers (tons)	23,019	32,081
o.w. Tropical	9,093	12,586
o.w. Temperate	13,926	19,495

Source: EUWID based on AEIM, Madrid

Certification premium

Innoprise Market Newscan reports on the results of log auctions from the 55,000 ha Deramakot Forest Reserve in Sabah. The auctions suggest that, in some instances, producers can obtain a premium for certified products.

The Reserve is the site of a joint Malaysian-German sustainability project. Timber is extracted using Reduced Impact Logging techniques. The area, producing 20,000 m³ of logs per year, was FSC certified in July 1997. Logs are sold by auction to maximise returns. Average prices for logs sold at auction have doubled since FSC certification. Although prices for some species remain low compared to Peninsular Malaysia, auctions of FSC certified logs have provided record prices for Sabah. Most logs are subsequently sold as FSC certified wooden furniture, cabinets, door frames and laminated scantlings for windows. Most logs are converted in Sabah. Some are shipped for production of garden furniture in Vietnam.

French tropical imports down

A report from Reuters suggests that French tropical hardwood markets, slow throughout 1998, weakened further towards the end of the year. French tropical logs and sawn imports reached 1,119,469 m³ during the first ten months of 1998, compared to 1,723,034 m³ for the same period in 1997. Figures provided by FFBTA, the French importers association, indicate the fall has been due primarily to a significant reduction in French imports of Gabonese logs of species other than okoume. A cash crisis in Gabon during 1998 severely hampered log production. October saw a particularly significant fall in

FRENCH HARDWOOD IMPORTS		
	Jan-Oct98	Jan-Oct97
Logs	815,201	1,327,307
Okoume	376,299	306,982
Other Species	435,902	1,020,325
Sawn	307,268	395,727
Total	1,119,469	1,723,034

Source: FFBTA/Reuters

French tropical timber imports. Imports of logs and sawn reached only 80,339 m³ during the month compared to 152,551 m³ the previous month.

European certification rattles FSC

Participants in the development of the Pan European Forest Certification Initiative (PEFC) are confident they will have a scheme up and running by summer. The rapid emergence of the scheme, involving private forest owners from 15 European countries, has rattled the Forest Stewardship Council (FSC).

PEFC was initiated in August 1998 to provide an alternative to FSC certification. Led by a Steering Group of representatives from Europe's non-industrial forest owners, the scheme evolved from their perception that FSC tends to favour large forestry companies and fails to provide a cost-effective framework for the certification of small family-owned forests.

The primary aim of the scheme is to establish a set of common principles for the voluntary certification of sustainable forest management, as well as a common framework for certification criteria to be developed nationally. Participants hope to establish a mechanism for the "mutual recognition" of certification systems participating in PEFC and to provide a collective trade mark as a marketing tool.

While the PEFC principles for certification are still being developed it is likely they will refer to certification standards in line with the Pan European (Helsinki) Criteria for sustainable forest management and requirements for independent assessment of forestry practices. The scheme is a private sector initiative with no direct involvement of government. While PEFC focuses on non industrial owners in Europe, members of the Steering Group are keen to stress the initiative is non discriminatory and open to industry and state forest owners. They also stress their desire to co-operate with and mutually recognise equivalent schemes outside Europe. Equivalent schemes would include those developed using forestry standards in line with other inter-governmental criteria for sustainable forest management including the ITTO Guidelines.

Following a meeting in Oslo on 27 January, the Steering Group announced that a seminar open to all interested parties would take place at Wurtzburg in Germany on 20-21 April. The scheme is expected to be launched in Paris at the end of June.

Comments made by FSC representatives at a recent FSC meeting suggest they are worried that the PEFC will further discourage forest owners from joining their scheme. FSC note that "the Pan European Scheme allows small owners easy entry into the scheme (far easier than entry to the FSC schemes) and links in with other eco-labels." They go on to say that "the scheme does not currently have environmental NGO support". In response "the FSC should make maximum effort to encourage all sized woodlands and industry to join the FSC scheme without compromising FSC's high standards of forest management."

FSC have been facing an uphill struggle to certify significant volumes of European forest products because the industry relies heavily on farm foresters for their supply. Even Sweden, with a large area of FSC-certified industrial forest land, is having difficulty producing significant volumes of FSC certified product. Companies like SCA and Modjo have certified their own forests but continue to rely on uncertified non-industrial owners for much of their wood. Development of the PEFC is likely to seriously undermine FSC's efforts to broaden the range of FSC-certified products from European forests.

While PEFC is already creating waves, there remain several significant hurdles to overcome. Quite apart from the technical challenges of developing a reliable certification framework, there are the political difficulties of reaching consensus amongst a diverse range of European countries. Proponents of the scheme will also have to work hard to gain market acceptance against the likely opposition of environmentalists. Past experience suggests that environmental groups will resist any scheme that threatens FSC's monopoly over certification.

In PEFC's favour is the pragmatic nature of their proposals, their respect for national self-determination, and sheer weight of numbers. The area of non industrial forest land in the 15 European countries involved in PEFC amounts to around 100 million hectares, about 75% of the total area. Total annual harvest is 270 million m³. Although not directly involved, European Commission officials are also openly supporting the process.

News from Indonesia

Log smuggling

Quoting Indonesian government sources, *Reuters* report that Indonesia lost more than 214 billion rupiah (\$24 million) in taxes and royalties during 1998 because of smuggling, theft and looting of timber. The Director General of forest protection and nature conservation is quoted as saying that the biggest losses came from the smuggling of logs out of Kalimantan into Malaysia. According to the Director General, more than 100,000 m³ were smuggled across the border between July and October 1998 incurring losses of 134 billion rupiah to the state of Indonesia. Looting and theft from both state and private forests led to the loss of a further 80 billion rupiah. The Director General suggested law enforcement was difficult because the crimes involved large organised gangs "backed by powerful figures". Security personnel were often outnumbered.

Other reports quote the Minister of Forestry and Plantations, Muslimin Nasution, who has stressed the significant role timber brokers play in illegal logging practices. The government has apparently warned concessionaires and the wood processing industry not to trade through brokers. However, the government is having difficulty curtailing brokers' activities in the current economic climate. Brokers are able to pay ready cash to the concessionaires and offer the timber at lower prices to cash-strapped processing plants.

Plummeting Log Production

The Indonesian Forestry Society (MPI) reports that Indonesian log production dropped by about 50% in 1998. The fall has been due primarily to reduced logging activities by private timber companies, notably during the long and heavy rainy season expected to run until March. MPI also suggest that logging activity is likely to be affected by political events in the country, especially the build up

to the general election in June. Wood processing industries are expected to continue to operate at well below capacity. Due to log shortages, current levels of operation are estimated at only 30% to 40% of production capacity. Mills are rejecting big orders because they are wary of the log supply situation. Local wood-processing industries are forecast to need about 36 million cubic meters of logs a year to sustain past levels of production, however, the supply of logs is forecast to reach only 22 to 26 million cubic metres this year. *Source: ITTO's Market News Service*

Reallocation of concessions

In early February, Indonesia's Forestry and Plantation Ministry will begin to auction 3 million hectares of forest concessions. The auction forms part of the government's drive to redistribute forest assets away from large corporations to communities. Conglomerates currently hold most of Indonesia's 51.5 million hectares of forestry concessions. Around 9 million hectares of Indonesian concessions have recently expired. Of these, 3 million will be auctioned and 3 million given free to small firms and co-operatives. The existing concessions of the remaining 3 million hectares will be extended. Small firms and cooperatives will be given a maximum of 50,000 hectares each and will be allowed to buy a maximum of 100,000 hectares each at auction. The introduction of an auction system is part of a range of reforms to increase transparency in the forest sector required by the IMF in return for financial support. The result of the auction will be based not only on price but also on the buyers' commitment to sustainable practices. The move to redistribute forest land to local communities is designed to ensure local people derive greater direct benefit from the management of forest resources. The government also hope to secure the support of local people in tackling forest fires. *Source: Reuters.*

Gabon okoume and ozigo exports down

Reuters report that in 1998 Gabon's exports of okoume and ozigo fell substantially. Exports of okoume logs fell by 48% from 1,850,427 m³ in 1997 to only 962,051 m³ in 1998. Exports of ozigo logs fell by 66% from 140,022 m³ to 47,814 m³. Gabon's timber industry, which relied heavily on the export of unprocessed logs to Asia, has suffered been particularly badly hit by the collapse of demand in the Far East. The average price for okoume fell from 83,636 CFA francs (\$145) per cubic metre in 1997 to 71,290 CFA francs (\$124) in 1998. Prices for ozigo fell from 63,362 CFA francs (\$110) per m³ in 1997 to 49,734 CFA francs (\$86) in 1998. The parastatal company, SNBG, was forced to open up its monopoly over the marketing of okoume and ozigo in August 1998. It also suspended its purchases of ozigo in June and July 1998.

SNBG's financial difficulties, resulting in their failure to reimburse logging companies, severely disrupted logging operations during the year. Stock changes for the two species during 1998 are shown below.

GABON LOG STOCK CHANGES		
m ³	1997	1998
OKOUME		
Initial stocks	52,264	38,997
Purchases	1,836,042	922,817
Exports	1,850,427	962,051
Domestic Sales	27,242	2,922
OZIGO		
Initial stocks	10,282	20,391
Purchases	156,881	41,281
Exports	140,022	47,814
Domestic sales	8,784	2,112

Source: SNBG/Reuters

Chinese opportunity

China has introduced a number of measures which should further boost imports during 1999. On 1 December 1998, the Ministry of Foreign Trade and Economic Cooperation decided to do away with regulations which control timber imports by the private sector. The door is now open for many more companies to become actively involved in the importing sector. Many companies are expected to seek to exploit the new freedom. The variety of species and products imported is also expected to increase.

A further stimulus was provided to imports when China decided to reduce import tariffs on around 1000 commodities including timber and other forest products on 1 January. Tariffs on logs and lumber have been reduced from 2% and 3% respectively to zero. The 30% import duty on plywood had previously been reduced to a preferential rate of 15% which remains unchanged. No change has been made to the value-added tax applied when trade is concluded. This rate stands at 13% for logs and 17% for lumber.

Economic growth in China during is expected to be maintained at 1998 levels of 7-8%. The massive rebuilding of residential housing after the serious flooding in 1998 will provide extra stimulus to the timber market. Flood repair work will continue into 1999. On the downside, as Asian countries seek to export themselves out of recession during 1999, competition on the Chinese market is expected to be intense.

Canadian drive to certify

Over 30% of Canada's commercial forest area is likely to be certified under various programs within the next 3 years. At a Canadian Lumbermen's Association seminar in February, Tony Rotherham of the Canadian Pulp and Paper Association reported that companies managing over 70 million hectares of commercial forest are currently working towards some form of independent certification. Canada has around 237 million hectares of commercial forest land. Mr Rotherham reported that companies managing around 69,000 hectares are currently working towards ISO14001; companies managing 8 million hectares of forests are seeking to implement the Canadian Standards Association (CSA) sustainable forestry standard; while companies managing a further 8 million hectares are implementing the FSC standard. Some companies implementing ISO14001 also intend to implement the CSA or FSC standard.

French regional approach

Frache-Comte will be the first French region to be certified under the country's ORR scheme. Certification should be completed before the end of 1999. Under the ORR scheme, France's legislative and institutional framework at regional level is assessed against ISO14001. The aim is to provide an independent assurance that French forest laws are being implemented.

Congo (Brazzaville)

Quoting the country's Forestry Minister Henri Djombo, Reuters report that log production in the Congo Republic (Brazzaville) is forecast to exceed 600,000 cubic metres in 1999. Log production in 1998 is estimated at around 550,000 cubic metres, although the collection of definitive statistics has been hindered by the aftermath of the civil war from June to October 1997. The increase reflects new timber operations starting production in the north of the country, and depends on the ending of transport problems and unrest in the south.

The Forestry Minister is quoted as saying that 15 forestry firms have been inactive since the end of December following action by militia groups close to ousted president Pascal Lissouba and former premier Bernard Kolelas. The militia groups have destroyed the forestry companies' equipment and damaged road bridges, preventing log transport to rail lines for transfer to the port at Pointe-Noire. According to the Forestry Minister the situation is "temporary" and will soon be remedied allowing normal logging activities to recommence. The Niari, Bouenza and Lekoumou regions in the south of the country account for one third of Congo's timber production.

Prior to the 1997 civil war, the timber industry was worth around 55 billion CFA francs (\$92 million) a year in export revenue. Political insecurity, deteriorating infrastructure and the fall in timber prices due to the Asian crisis have probably reduced that in the past two years. In spite of these difficulties, Djombo said that Congo aimed to more than double log production to 1.5 million cubic metres over the next three years, adding that local timber processing remained a primary objective.

Commenting on tax collection, the Forestry Minister noted that the 40 forestry companies operating in Congo Republic owed the state around three billion CFA francs (\$5 million) in unpaid taxes for the year ending December 1997. However the sum has been considerably reduced after a successful debt collection exercise organised by the forestry ministry.

Congo's forests cover 20 million hectares, with a timber potential of 180 million cubic metres. Timber is the second biggest export earner after oil. *Source: Reuters*

European forest "crises"

A Financial Times report, citing figures supplied by the European Forestry Institute, suggests that commercial forestry in the European Union is facing a potential crisis due to a five-fold increase in imports and domestic oversupply. Low prices for pulpwood, which some analysts believe could fall by 18%, have discouraged owners from felling making forests susceptible to disease and wind damage. Europe's forests grow at 486 million m³ per year. Annual harvests have fallen to 313 million m³.

Ghana's bold move to raise forest fees

Ghana's Timber Resource Management Act is due to come into effect from 1 February 1999. The Act sets out detailed requirements for Timber Utilization Contracts which have replaced the concession lease system as the basis for the allocation and control of forest resources in Ghana. The Act will tend to increase stumpage values for most species to ensure adequate financial returns to the land owning communities. The new rates favour the utilization of Lesser Used Species. Species have been grouped into three categories based on their scarcity level:

- Category I species include Afrosia, Iroko, Sapele, Mahogany and other valuable commercial timber species. Stumpage rates have been increased by 200-600% to reflect scarcity;
- Category II species include Edinam, Ofram, Ceiba, and Niangon attracting an increase in stumpage value of between 30-200%;
- Category III species, consist mainly of lesser known species. Stumpage rates have been decreased 3-130% to encourage greater utilization. Species include Sterculia, Celtis, Ilomba, and Dahoma.

Introduction of the new stumpage rates is a bold

move by the Ghanaian authorities at a time when global demand is so low, competition intense and prices for most tropical timbers particularly weak. In the short term, increased stumpage rates will inevitably make Ghanaian sawnwood less competitive on international markets.

To overcome these difficulties the Ghanaian authorities are relying heavily on the development of value added industries. Export data for 1998 provides an indication that this policy is already producing results. Timber exports for 1998 reached 415,700 Cu.m valued at US\$170.9 million. This represented a 6% decrease by volume over 1997 levels but an increase of 0.3% in value. Products showing significant increases in exports included Rotary Veneer (up 48%), Dowels (up 40%), Broomsticks (up 39%), Furniture Parts (up 18%) and Kiln dried lumber (up 10%). However plywood exports fell considerably by 61%. Air dried lumber exports were down 14%.

Three new plymills came into operation in Ghana during the second half of 1998 bringing the total number to 14. Ghana also has two particleboard mills, a second mill with an annual installed capacity of 25,000 cu.m having been built in late 1998.

Mixed reviews of Cameroon forestry

Sustainability is increasingly a focus for policy debate and formulation in Cameroon.

To demonstrate their growing commitment to environmental protection, at the end of last year the Cameroon government declared the creation of a 280,000 hectare rain forest reserve. The reserve is in the Lobeke region of south eastern Cameroon and encompasses around 40,000 hectares of untouched forest. To accommodate the reserve, the government cancelled felling licenses issued earlier. The WWF played a leading part in the creation of the reserve, and is now making efforts to obtain similar protection for 2 other areas in Cameroon; Boumba Bek and Nki.

In mid February, Cameroon government officials, aid agencies and environmental experts met in Yaounde for an international conference on the conservation of forest ecosystems in southern Cameroon. According to Cameroon's environment and forests minister, Sylvestre Ondo, the aim of the Conference was to discuss ways of responding to the development needs of the local population without destroying the natural environment. The Minister reminded participants that Cameroon's new forest law

placed particular emphasis on participative management and the need to safeguard the interests of local communities.

While progress is being made, Cameroon's European Union representative, Friederich Nagel, was keen to stress the serious nature of the forestry problems in Cameroon. He warned of the "impending disappearance" of the forests if concerted efforts were not made now to halt the present rate of degradation. He suggested that large areas of primary forest with high commercial and ecological value are rapidly disappearing in southern Cameroon and that forestry exploitation is often accompanied by loss of wildlife due to poaching. The forestry legislation, although one of the best in the region, is not being implemented. To assist Cameroon in its efforts to develop sustainable forestry practices, the African Development Fund, part of the African Development Bank, approved on 11 February a loan of \$6.8 million for a rural forestry and agro-forestry support project. The project aims to increase forestry product resources by providing financing for nursery growers and timber sector operators. *Source: Reuters*

New certification monitoring organisation

A new independent organisation, Sustainable Forestry & Certification Watch (SFCW) has been established to monitor forest certification worldwide. SFCW will publish a newsletter "Forest Certification Watch" to report on certification developments world-wide. The newsletter is intended for a wide readership

including forest owners, industry, timber trade, governments, and environmentalists. SFCW will also conduct studies, surveys and information sessions. Tel: +1-514-273 5777, fax: +1-514-277 4448, e-mail: sfcw@sfcw.org, web site: www.sfcw.org. PO Box 48122, Montreal H2V 4S8, Qc, Canada

Congo - Continued

implemented, arguing that the industry needs to be restructured. In a letter addressed to the FEC, Mpoyo said "this decision remains obligatory until there is a forestry products and wood export policy that profits...the economic operators...but also assures the state that...exports are operated in a transparent manner."

The government is already taking steps to act on the ban. Government officials are in the process of erasing company markings on timber and replacing them with the Maliba marking. Industry representatives are claiming the government action amounts to theft. As most businesses in the sector can only operate when overseas buyers pre-finance logging operations, most of the wood at port has already been sold. The FEC also argues that the sector is already under severe pressure as the two main timber producing regions, Orientale and Equateur, which provide 80 percent of total forestry exports, are under rebel control and therefore inaccessible. FEC argue that the ban will cost the government \$2 million per month in lost foreign revenue, while the national train company, Office nationale du transport (Onatra), stands to lose around \$400,000 a month. Wood transport constitutes 90% of its activities. The Compagnie Maritime du Congo shipping company could lose around \$300,000 per month. The latest official figures show forestry exports totalled 123,748 cubic metres in Jan-Oct 1998, compared to approximately 135,000 cubic metres for 1997.

Forests cover 52 percent of total area in the Democratic Republic of Congo, or 125 million hectares, and represent 47 percent of Africa's dense tropical forests. *Source: Reuters*

Brazilian deforestation

Brazil's government has announced that Amazonian deforestation in Brazil increased nearly 30 percent in 1998. This was despite new measures to curb deforestation. Preliminary figures from satellite monitoring showed 6,500 square miles (16,800 square km) of forest was cleared last year. The area cleared was 27% greater than in 1997 but lower than in 1996. These figures took total deforestation in the Amazon since 1972 to 205,385 square miles (532,086 square km), equivalent to 13.3 percent of the entire Amazon region. The figures are an estimate and will be confirmed over the next year. New Environment Minister Jose Sarney Filho has announced he will focus on the problems of poor Brazilians living in the Amazon to slow the rate of destruction. *Source: Reuters*

SHARE PRICES FOR SOME U.K. COMPANIES

	52 Week High	52 Week Low	26 Oct	26 Nov	15 Dec	29 Jan	26 Feb
J. Latham	203.5	141.5	146.5	143.5	141.5	143.5	146.5
Meyer International	445.5	244	313	349.5	360.0	338.5	339.0
Travis Perkins	628.5	360	435	437.5	383.5	360.0	423.5
Barratt Devs.	341	155.5	210	223.5	231.5	223.5	262.0
John Laing	397.5	233.5	339	287.0	270.0	233.5	256.0
Alfred McAlpine	181.5	106.5	143	131.5	132.0	151.5	160.5
J. Mowlem	150	77.5	93.5	97.5	94.5	106.0	115.0
George Wimpey	143.5	91.5	111.5	116.5	112.0	104.5	133.0
Cornwell Parker	182.5	66.5	97.5	78.5	66.5	94.5	85.0

EXCHANGE RATES FOR ONE POUND STERLING

		24 Nov	16 Dec	29 Jan	26 Feb
Australia	Aus.\$	2.5850	2.6993	2.6149	2.5800
Bangladesh	Taka	80.5828	81.6595	79.5938	77.6971
Belgium	Belgian Fr.	58.4184	57.6499	58.3546	58.8700
Belize	B\$	3.3230	3.3674	3.2856	3.2040
Bolivia	Boliviano	9.3543	9.4961	9.3147	68.3654
Botswana	Pula	7.3196	7.5648	7.4826	7.4460
Brazil	Real	1.9893	2.0287	3.3842	3.3242
Fr. Africa*	CFA Fr.	949.670	936.900	948.890	957.27
Chile	Peso	773.844	798.663	803.575	804.204
China	Yuan	13.7536	13.9374	13.5988	13.2630
Denmark	Danish Krone	10.7676	10.6346	10.7594	10.8496
Europe	Euro	-	-	1.4465	1.4592
France	Franc	9.4967	9.3690	9.4889	9.5727
Germany	D-mark	2.8320	2.7934	2.8293	2.8543
Ghana	Cedi	3906.19	3939.87	3868.80	3804.76
Guyana	Guyanese \$	249.225	255.586	257.919	259.491
Hong Kong	HK\$	12.8667	13.0461	12.7297	12.4119
India	Rupee	70.4850	71.6436	69.8273	68.3654
Indonesia	Rupiah	12710.49	13090.81	14703.09	14157.69
Irish Republic	Punt	1.1392	1.1248	1.1393	1.1494
Italy	Lira	2803.86	2765.90	2800.95	2825.69
Japan	Yen	200.460	195.966	191.025	190.077
Kenya	K. Shilling	98.926	105.82	101.53	102.13
Korea South	Won	2082.69	2039.80	1930.29	1960.05
Malaysia	Ringgit	6.3137	6.3981	6.2427	6.0876
Myanmar	Kyat	10.3872	10.5260	10.2703	10.0152
Netherlands	Guilder	3.1932	3.1482	3.1879	3.2160
Nigeria	Naira	142.723	145.640	143.417	139.374
Philippines	Peso	65.712	65.496	63.248	62.398
Portugal	Escudo	290.671	286.658	290.012	292.573
Singapore	Singapore \$	2.7194	2.7764	2.7801	2.7587
South Africa	Rand	9.4336	10.1485	9.9476	9.9244
Spain	Peseta	240.876	237.696	240.689	242.815
Taiwan	\$	53.9905	54.3036	53.0871	52.9942
Tanzania	Shilling	1107.56	1134.69	1117.12	1108.99
Thailand	Baht	60.1962	60.8405	60.7015	59.7867
Uganda	New Shilling	2271.27	2294.88	2262.14	2202.75
U.S.A	US \$	1.6615	1.6837	1.6428	1.6020
Venezuala	Bolivar	947.471	944.354	943.378	920.550
Vietnam	Dong	23073.2	23393.3	22802.1	22255.0
Zimbabwe	\$	62.0571	62.6758	64.4800	61.3567

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

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