

TROPICAL TIMBERS

an independent publication providing market information

Indonesia

Illegal logging threatens trade stability

The level of illegal logging in Indonesia is arguably the most important issue now facing the international hardwood trade. If figures

produced by the Tropical Forest Management Program, a joint Indonesian-British program, are to be believed, the annual log harvest in Indonesia in 1998 reached 78 million cubic metres, well over three times the legally sanctioned volume of 21 million m³.

To put these figures into perspective, based on log production figures supplied by the International Tropical Timber Organisation (ITTO), they imply that Indonesia's annual log harvest in 1998 was well over twice that of Malaysia, "officially" the world's largest tropical producer at 30 million m³, and three times that of Brazil (at 25 million m³). In 1998, Indonesia's annual production was equivalent to 79% of the total log production of the 26 other members of ITTO put together (99 million m³). While the Tropical Forest Management Program estimates may be on the high side, and while much of the wood may not find its way into international trade, it is difficult to escape the conclusion that illegal logging on this scale must have a major destabilising effect on international hardwood markets. The negative effects are very clearly visible within the plywood trade. Because of Indonesia's huge over-capacity in plywood production, which remains largely intact despite the ravages of the Asian crises, and the availability of cheap illegally felled logs, international prices for plywood have been cut to the bone. Other plywood producers committed to legal, sustainably managed log supplies, have been unable to compete and are effectively excluded from international markets. Not only does illegal logging in Indonesia impact directly on that nation's forest resources, but it also undermines the efforts of other tropical nations

to implement sustainable practices.

A positive factor is that the Indonesian government and international agencies are not oblivious to the problem – indeed there has been a major internal debate over forest policy and significant reforms have been implemented since the demise of President Suharto (see box page 2). But the major issue has been, and continues to be, that of law enforcement. Through its apparent failure to enforce existing forestry regulations, the Indonesian government is itself a significant loser – illegal logging may be costing the state authorities as much as US\$800 million in lost tax revenue each year. Recent news reports suggest that the World Bank is losing patience with Indonesia's forest management record. Bank officials in Jakarta are stating publicly that without a concerted drive to prevent illegal logging in the country, the Bank will withdraw support for Indonesian forest protection projects. Furthermore, the situation is so worrying to the country's major aid providers that forestry is on the agenda for a meeting scheduled at the end of January of the Consultative Group on Indonesia (CGI), which is responsible for forking out the US\$ 7 billion needed to fund the budget deficit in the 2000 fiscal year. Forest management has been lifted to the level of other key issues the donors want Indonesia to address, such as improving corporate governance and developing the rule of law. At the meeting, the World Bank will be presenting data on the scale and impact of illegal logging in Indonesia. The Bank and other donors are hoping the Indonesian government will agree to immediate measures to improve law enforcement against illegal loggers and to ensure better co-ordination between government agencies responsible for forest management. The stability of tropical hardwood markets during 2000 may well hinge on their decision.

**Volume 15
Number 1
January 2000**

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Indonesian Forestry

In the melting pot

A recent report by W.D.Sunderline at the Centre for International Forestry Research outlines recent developments in the evolution of Indonesian forest policy. It notes the "tremendous ferment in forest policy reform", emphasizing that the situation is still in a state of flux, and that the outcome is far from decided. The implications of the reform process are profound. The successful implementation of a workable regulatory framework in Indonesia would do much not only to preserve Indonesia's unique forest heritage, but also to encourage long term stability in tropical hardwood markets.

Reforms during the 17-month regime of President Habibie are classified into two categories: * "exogenous reforms," imposed on Indonesia through the provisions of the International Monetary Fund's (IMF) \$40 billion debt relief agreement with the government. Amongst other things this agreement required Indonesia to: allocate forest concessions through auctions; change the concession system to include performance bonds, new resource rent taxes and higher stumpage fees; eliminate APKINDO's monopoly over plywood exports; transfer control over all government-owned commercial forestry companies from the Ministry of Forestry to the Ministry of Finance; and incorporate the reforestation fund into the national budget and use the fund only for reforestation purposes.

* "endogenous reforms," introduced by the Indonesian government following pressure from various Indonesian interest groups. These reforms have focused particularly on increased involvement of local communities and traditional groups in forest management.

Sunderline describes some of the major changes that took place under the Habibie regime, but which are still the subject of internal debate. Forest concession sizes have been limited to only 50,000 ha. When Habibie took office, individual concession areas ranged from 22,000 to 560,000 ha and nine holding companies each had total concession areas of 1.3 million ha to 3.5 million ha. The measure was designed to curb corruption. The new smaller concessions

have been reallocated through an auction system designed to favour newly formed "co-operatives". The aim has been to ensure that forest wealth is not monopolized by the rich and powerful. Despite the good intentions, these new laws have been criticized, notably on the grounds that concession areas are too small to be commercially viable. In mid-September 1999, the Ministry of Forestry and Estate Crops announced an intention to revoke the regulation limiting the size of concession areas. At the end of 1999, timber firms were pressing for definitive revocation of the regulation.

A new Forest Law was ratified during the Habibie presidency on 30 September 1999. Although a significant improvement over the former law, passed in 1967 and long regarded as out-dated, the new law has been heavily criticized. Critics suggest it does not adequately recognize the rights of forest-dwelling people, does not give sufficient weight to forest protection, and is not fully convergent with international conventions on biodiversity and climate change.

Commenting on the impact of these reforms Sunderline concludes that *"on one hand, there has been notable achievement in the elimination of some of the excesses of corruption, collusion, and nepotism that prevailed during the Suharto years. APKINDO's influence has been reduced, many of the concession contracts of Suharto family members and associates have not been renewed, and some of the money allocated through the Reforestation Fund that had been misused has been returned. On the other hand, there has been little progress in reducing the huge industrial overcapacity (especially for plywood and pulp and paper) that is threatening remaining natural forests. In relation to this, there has also been little progress in reorienting forestry priorities from production to protection and conservation. Moreover, there has been little meaningful progress in assuring the rights of forest dwellers and increasing their access to forest resources."*

PNG teak plantation controversy

The Danish furniture company D-Scan is embroiled in a controversy over the exploitation of teak plantations in Papua New Guinea. Following an agreement between D-Scan and the PNG national forest authorities, the company was permitted to harvest quality teak from the state-owned Vunapalading plantation in East New Britain Province. However confusion has arisen over the terms of the deal. The regional forestry office claim they issued D-Scan with the permit in June last year on the understanding that the wood would be used within the province for furniture production. So far D-Scan has only exported sawn timber. However, D-Scan has denied it had that obligation, claiming the

agreement only required the manufacture of sawn timber and furniture components. D-Scan say they are now producing and exporting sawn timber and will soon go into production and export of furniture components. D-Scan's permit expires in June this year.

The regional forest authorities warn that they will reconsider the firm's stay if there is further delay in the manufacture of furniture. For their part, D-Scan, which already has extensive holdings in Indonesia, has plans to expand its operations to the trans-Kerevat teak plantation owned by the Forest Authority but planted on traditional land, and is awaiting completion of negotiations with the landowners.

Europe

Storm damage

On 4 December, hurricane "Anatol" hit northern Europe causing severe forest damage in Denmark and Southern Sweden. In Denmark, around 3.4 million m³ of wood were wind-thrown, consisting of 3 million m³ of spruce and 400,000 m³ of beech. The volume blown is equivalent to a full year's harvest. Forest damage in Sweden amounted to around 5 million m³, almost exclusively of softwood. But the storm damage of Anatol pales into significance when compared with the impact of hurricane "Lothar" that hit central Europe between 26 and 28 December. France was particularly hard hit, with the worst effects in the South West and North East. Estimates of storm damage have been revised upwards several times. According to German journal EUWID, even the latest estimates of between 115 and 130 million m³ of wind thrown timber may not encompass the full extent of the devastation. Private forests took the brunt of the damage, accounting for around 90 million m³. Information on the composition of lost stands is unavailable for most regions of France. However an exception is Alsace Lorraine where it is estimated that the storm damaged 10% of forest area and affected up to 30 million m³ of wood, more than 15% of the region's forest resources. Two thirds of the damaged stands in Alsace Lorraine consisted of hardwoods, 40% comprising beech.

So far, French forest operators have limited their activity to clearing lanes and taking stock of the damage. Future efforts should concentrate on minimising potential instability in the French hardwood market through intermediate storage or through increased exports, particularly to Belgium and Northern Germany.

Unfortunately opportunities for export have been impaired by equally severe damage in other European countries. In Germany damage was concentrated in South Western regions, notably the central Black forest. Damage throughout the country is estimated to be at least 23.5 million m³, with hardwood stands accounting for 4 to 4.5 million m³. Hardwood, primarily of beech, has been thrown mainly in the Rhine valley and on the edges of the Black Forest. The fact that damage is concentrated in Southern Germany, has meant that northern operators are available to help clear the damage. Scandinavian companies are also providing assistance. Discussions are underway to improve and co-ordinate transport facilities for harvested logs. The Land (State) forest administrations are working to establish of irrigated storage facilities. Efforts are also being made to co-ordinate cross-border clearing and wood marketing operations with the French. Germany is expected to apply the Forest Damages Compensation Act which implies that harvesting will be reduced to 30% of normal volumes outside the storm-damaged area. It also provides tax relief to affected owners.

INDICATIVE PRICES

Latest indicative prices available at time when preparing this report. All prices include agent's commission. 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

	Nov	Dec	Jan
Ex CAR, Congo (Braz) Fr.F/m3 FOB Douala LM			
N'GOLLON			
70cm+20% 60/69	1550	1550	1650
BOSSE 60cm+	1650	1650	1650
AYOUS 70cm+	1150	1150	1150
SAPELE			
80cm+20% 70/79	1950	1950	1950
SIPO			
80cm+20% 70/79	2450	2450	2450
<i>Note logs of Iroko and Bibolo are no longer available via Douala.</i>			

	Nov	Dec	Jan
Ex Gabon Fr.F/m3 FOB Owendo LM			
ACAJOU			
70cm+20% 60/69	1475	1475	1475
DOUKA			
70cm+15% 60/69	1350	1350	1350
SIPO			
70-79cm 10% 60/69	1950	1950	1950
80-99cm	2200	2200	2300

Liberian log prices, including Lovoa, Khaya, Bosse, Framire and Iroko, will soon be available.

Sawn Timber

	Nov	Dec	Jan
Ex Ghana DM/m3 FOB Takoradi			
FAS (includes notional agent's commission of 5%)			
6"+ avg 9" C/£	5452	5608	5830
6" + avg 9" DM/£	3.12	3.12	3.25
A.MAHOGANY AD	1050	1050	1050
A.MAHOGANY KD	1200	1200	1200
EMERI AD	760	760	760
UTILE KD	1500	1500	1500
ODUM AD	na	na	na
ODUM KD	1250	1275	1275
SAPELE KD	1100	1125	1125
EDINAM AD	590	600	600
EDINAM KD	770	780	780
WALNUT AD	705	800	800
NIANGON AD	895	925	925
DANTA AD	710	730	730
DANTA KD	975	1000	1000
WAWA AD	500	510	510
WAWA KD	575	585	585
MAKORE AD	925	940	940
MAKORE KD	1090	1110	1110

	Nov	Dec	Jan
Ex Douala - Cameroon, CAR, Congo (Brazzaville)			
Fr.F/m3 FOB FAS width 6"+, length 6'+			
SAPELE	3200	3200	3300
SIPO	4200	4200	4200
BIBOLO	2750	2750	2750
N'GOLLON	3200	3200	3200
AFRORMOSIA	5500	5500	5500
IROKO	3500	3500	3600

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

	Nov	Dec	Jan
Ex Congo (formerly Zaïre) Fr.F/m3 FOB			
FAS width 6"+, length 6'+			
SAPELE	na	na	na
SIPO	na	na	na
MAHOGANY	na	na	na
AFRORMOSIA	na	na	na
IROKO	na	na	na

	Nov	Dec	Jan
Ex Cote d'Ivoire Fr.F/m3			
Fr.F/£	10.45	10.46	10.89
FOB Abidjan FAS			
6"+ avg 9"-10"			
6'+ avg 10'-11'			
1"-2"			
IROKO	3400	3400	3500
MAHOGANY	2750	2750	2750
FRAMIRE	2000	2000	2000
SAMBA No.1 C&S	1525	1525	1525
AZOBE dim. stock	2500/	2500/	2500/
	2900	2900	2900
OPEPE dim. stock	2100/	2100/	2100/
	2600	2600	2600
DABEMA dim. stock	1950/	1950	1950/
	2550	2550	2550

	Nov	Dec	Jan
Ex Malaysia US\$/ton, C&F UK port			
M\$/£	6.13	6.11	6.14
US/£	1.60	1.61	1.62
M\$/US\$	3.80	3.80	3.80
(Rates given for M\$ are official rates)			
DARK RED MERANTI (KILN DRIED)			
Select & better GMS			
width 6"+ avg 7"-8"			
length 8'+ avg 12'/14'			
1-2" KD	920	920	920
2.5" KD	950	950	940
3" KD	990	990	980

	Nov	Dec	Jan
KERUING			
Standard & Better GMS			
1"-3"			
width: random or fixed			
length 16'+	550	550	545
KAPUR			
Standard & Better GMS			
1"-3" plnd			
width 6"+ avg 7"-8"			
length 16'+	555	555	555

	Nov	Dec	Jan
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"			

	Nov	Dec	Jan
Ex Brazil US\$/m3 C&F			
FAS US\$/£	1.60	1.61	1.62
6"+ avg 9-10"			
6'+ avg 10-11'			
MAHOGANY (Swietenia)			
1"-2" AD	1225	1225	1300
2.5"-3" AD	1235	1235	1310
1"-2" KD	1295	1295	1370
2.5"-3" KD	1325	1325	1400
VIROLA			
1" KD No.1 C&B			
boards	380	380	380
strips	360	360	360
CEDRO			
1"-1.5" KD	700	700	700
2" KD	720	720	720
2.5"-3" KD	750	750	750

Hardwood Market Highlights

- Asian supplies expected to tighten
- African supply situation eases.....
-but demand expected to exceed supply
- Storms disrupt European market
- Forecasts of US best ever export year....
-but weak euro hits European trade

Asian Hardwoods
Tight supply and patchy demand

The dark red meranti/seraya sawnwood market maintains a fragile balance between patchy demand and tight supply. Prices have remained flat since October last year.

Asian shippers continue to report tight supplies, a situation that will be exacerbated by the Chinese New Year celebrations in February. Generally strengthening demand in the Far East is also restricting volumes available for shipment to Europe. Asian shippers' continue their efforts to push prices higher. However, relatively slow consumption during December and early January has meant that dark red meranti (DRM) is available from Peninsular Malaysia for immediate shipment, although volumes are restricted and importers will have to pay the asking price. Importers seeking large consignments may have to wait until March or April to secure supplies. There are reports that Malaysian shippers are bolstering their own supplies of meranti with Indonesian imports. Sabah shippers report that volumes of all species of interest to European markets, including Seraya, Yellow Balau and Kapur, are tight due to the continuing rains and slowdown in production during the Asian holiday season. Reports of European demand for meranti and seraya are mixed. UK agents suggest demand has been slow to pick up in the New Year. Demand in Holland remains firm. However some Dutch importers have made a temporary switch away from DRM/Seraya to cheaper Brazilian alternatives in response to the price rises last autumn and limited availability of DRM Bukit and Nemesu. German trade press reports indicate that demand for Malaysian wood remains sluggish and that importers are generally unwilling to accept price increases. For their part, Asian producers are reported to be losing interest in the German market as supplies have tightened and they have been given little price incentive to make the extra effort required to meet Germany's stringent quality and grading requirements.

Keruung supplies are tight in the specifications favoured by UK buyers. Mills prefer cutting to American specifications. Korea and Thailand have also increased purchases of the species. European demand for ramin has fallen as prices have risen. Greater volumes of ramin are now

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Asian Hardwoods *Cont.*

exported to China.

Meranti laminates, particularly important on the German market, are reported to be in short supply and delivery times have been extending. Prices of this product are expected to rise. Another factor increasing uncertainty on the German meranti laminate market has been recent efforts by various window manufacturing associations to increase minimum density

requirements for window applications. This runs contrary to timber exporters efforts to make use of a wider range of species in laminates, which tends to reduce density. The move could reduce the volume of meranti laminates used by German window manufacturers.

Looking at log markets, ITTO's Market News Service reports that prices from Sarawak rose in early January in response to tightening supplies. Log transport has become difficult due

to low water levels in Sarawak's rivers. By contrast PNG and Solomon Islands log prices have been falling as China has cut back purchases from both sources since October 1999. Price decreases from the Solomon Islands should be reversed following the recent announcement that log export taxes are to be increased from SB\$70/m³ to SB\$280/m³ in a move designed to protect the Islands' natural forests.

European Hardwoods

Storms throw market into disarray

The European hardwood market has been thrown into disarray by severe storms in France and Southern Germany during December. Huge volumes of trees were felled, threatening a deluge in wood supply.

Most of the damage was caused by hurricane "Lothar" that hit central Europe between 26 and 28 December. France was particularly affected. Estimates of storm damage have been revised upwards several times and now stand at the almost inconceivable figure of between 115 and 130 million m³ of wind-thrown wood. Estimates of the volume of thrown hardwood in France are unavailable. In Germany early estimates suggest that around 4 to 4.5 million m³ of hardwood stands were thrown.

The full impact of the storm on European hardwood markets remains to be seen. At time of writing, emergency harvesting operations are only just getting underway in earnest. Many mills have ceased log buying and are taking stock of the situation, and waiting for a clearer picture of the supply situation to emerge. Those contracts for European hardwoods that are being agreed cover only limited volumes at markedly reduced prices. Some sawmills are asking for existing contracts to be amended. Many mills fear that their existing stocks will be devalued. There are reports that the French government is giving mills two year's grace to pay for the large numbers of logs coming on to the market.

At this early stage it seems likely that the storm's impact will be felt most immediately in beech markets. A relatively high proportion of the felled hardwood stands are of beech. Although early days, the French Forest Owners Federation claims that beech log prices have fallen 20% since the storm. The Federation claims that looters are stealing fallen wood for sale at roadside, eroding prices further. Furthermore, much of the official emergency harvest is currently concentrated on beech because logs of this species deteriorate rapidly when left on the forest floor. Efforts are being made to extract as much wind-thrown beech as possible by the end of March - beech logs tend to succumb to blue stain in the warmer months. This factor has encouraged buyers in the belief that there will soon be very large volumes of cheap beech available to the market. While this may be true, analysts are suggesting that that the market impact may be short lived and will affect mainly lower grades. Although there is much talk of storing beech in ponds, in reality pond-stored beech discolours rapidly, losing much of its

value. The wood will therefore have to be processed rapidly or not at all. Furthermore many of the damaged trees were snapped rather than thrown by the high winds, severely undermining opportunities for conversion to high grade sawnwood.

At present very little oak is being removed from the storm-damaged forests. Oak can be left on the forest floor for several years without significant deterioration. The irony is that many oak suppliers now find themselves deprived of logs as harvesting operations are concentrated on less durable species. This coupled with the long processing time for oak logs means that storm-felled oak is unlikely to find its way to the market as kiln-dried sawn for at least 2 years. The oak market will feel the effects of the storm only slowly. An exception is the market for coarse-grained oak logs. Prior to the storm these logs had been selling well to stave producers. However this market has collapsed as mills now only take the very best material.

Although prices have been disrupted by the storm damage, some indication of the continuing strength of underlying demand is provided by the results of the last French auction sales held in early December immediately before the storm. These suggested that beech prices were maintaining relatively high levels of the previous year, and that demand for European oak continued very firm. Auctions held in North Western France near Lille were well attended by buyers both from France and overseas, notably Italy and Germany. The German trade journal *EUWID* reports that wood was sold from mixed forests, which generally produce wood of relatively low tension and short length. These qualities are particularly sought-after in the European veneering sector. Chinese buyers, who prefer long lengths of beech from high forests, were therefore less well represented. Beech prices were at the same levels as the previous year. Oak prices were around 10 to 12% higher, with buyers reported to be interested in saw logs of all qualities as well as good veneering logs. There was strong demand for cherry, particularly from buyers supplying the furniture sector. Demand for European ash was relatively weak. At the first auction sales in Lorraine, stave producers were reported to be paying record prices for B/C quality oak, while beech prices were unchanged from the previous year. Although buyers are now more choosy of high quality than last year, agents report continuing strong demand for European beech from China.

African Hardwoods

Shippers bullish

The log supply situation in West Africa has eased slightly as weather conditions have become drier. However the African sawn market is still characterised by limited availability of all major export species, with the exception of wawa/obeche. The general trend towards rising prices has been dampened in the New Year by the slow pick up in European demand. As a result, efforts by African exporters to push prices higher have met resistance from European importers. Nevertheless agents representing African shippers are bullish, suggesting that demand is likely to exceed supply throughout the year and that prices should remain firm.

Sawn sapele prices continue to move up slowly in response to the generally tight supply situation. Demand is steady, but earlier expectations of rapid growth in the New Year have yet to be fulfilled.

Agents indicate that the coup in the Ivory Coast has had little impact on iroko supplies. Other longer term factors of limited forest resources are more significant constraints on supply. Iroko is becoming more difficult to source, particularly in the fixed widths and lengths preferred by the major Irish market. Iroko prices have shifted upwards since last month's report, although demand is unexciting.

European demand for Ghanaian wawa has been slow to pick up in the New Year. Agents selling wawa into the Far East, notably China, also report that demand has slowed in the short term in the build up to the Chinese New Year vacations. Wawa is coming under competitive pressure in Asian markets from Russian softwoods. South African purchases of wawa have been steady.

In Ghana, drier weather has freed up logging operations, but underlying resource constraints limit supplies. Export demand for Ghanaian species has been generally slow and prices remain static. European demand for Ghanaian veneers has also been quiet, suggesting slow buying by the furniture sector.

Trade with the two Congo Republic's has been chaotic now for time, disrupted particularly by civil conflict. Export shipments have continued to be disturbed despite recent political agreements aimed at peaceful settlement. There have been reports of raids on mills and the destruction of plant and machinery. In Congo (Brazzaville) rail transport to Pointe Noire remains difficult.

African shipping lines have imposed a bunker charge in response to rising oil prices.

North American Hardwoods

2000 "strongest ever" year for exports?

North American hardwood traders are optimistic about prospects for the year 2000 both at home and overseas. The US journal *Hardwood Review Export* goes so far as to forecast that "2000 will be, by every measure, the strongest year for hardwood exports that we have ever seen". The journal predicts that exports will hit around 2.94 million m³ in 2000. Their estimate is based on analysis of long term trends, which show that US hardwood exports increased consistently between 1990 and 1997, fell in 1998 during the Asian crises, and then resumed growth again last year. The rapid recovery of Asian markets suggests that 1998 should be only a temporary blip for US hardwood exporters.

Asian demand for US hardwoods continued to rise during December. Although demand has slowed in January during the Moslem Ramadan holiday season and the run up to Chinese New Year, the seasonal downturn is not as pronounced as previous years. Increased activity in the Japanese construction sector has stimulated demand there, although demand from Japanese furniture manufacturers is waning as many have relocated to other lower-cost areas of Asia. By contrast, demand from the furniture sectors of Thailand and Malaysia is increasing. European demand for North American hardwoods is looking more favourable, although the outlook is not universally positive. *Hardwood Review Export* reports that demand firmed during December in Spain and Italy, and to a lesser extent in the UK, Belgium and France. After the vacation period, the firming trend was then maintained into early January. On the other hand, the continuing weakness of the euro against the dollar is acting as a brake on more rapid growth of US hardwood demand in Europe. This factor is likely to add impetus to the search for Eastern European alternatives. The weakness of the euro is being particularly felt in Germany. German trade in North American hardwoods now faces an uncertain future. German stocks of US hardwoods are very low. Importers have been reluctant to increase purchases as US prices have firmed and the euro has weakened. Meanwhile German manufacturers have been unwilling to accept existing US price levels. Euro prices for the popular red alder species have risen by around 20% over the last 12 months. A 15% increase has been down to the weakness of the euro against the dollar.

In France, weakness of the euro has been a major factor encouraging manufacturers to shift away from North American oak in favour of the European species.

Anticipated North America-Europe freight rate increases of up to US\$200 per box will create further problems for European importers.

The strength of US hardwood demand in Europe during 2000 will depend on the relative economic performance of Europe and the US; on interest rate policy in both regions; and on the euro-dollar exchange rate. Forecasts of

continuing steady growth in most European economies provides some grounds for optimism. The availability of North American wood supplied to export markets is another critical factor. US hardwood production remained at near peak levels during 1999, at an estimated 33 million m³. As a result, recent reports indicate most mills have sufficient supplies of logs to operate normal hours.

However the US market seems to have an insatiable appetite and much wood is being gobbled up at home. Consumer confidence remains high, buoyed by rising share prices. Despite three interest rate rises last year, retail sales in the United States grew by no less than 10% in the year to December. Housing sales were up 6% in November. Notwithstanding worries over the size of US private sector debt (now equivalent to a record 132% of GDP) and a real fear that the US stock market is "bubble-like", most analysts predict continuing strong growth of the US economy during 2000. If these predictions are true, wood consumption will remain high in the US this year, restricting volumes available for export. Some Canadian shippers are also shifting away from European markets in favour of the US.

Already certain species, including hard maple, cherry and tulipwood, are in short supply and prices remain extremely firm. Now convinced that the supply problems are real, importers are generally accepting the higher prices.

Taking a closer look at individual species:

* volumes of hard maple for export are extremely limited, with reports of 60 day lead times before shipment. Export demand continues firm, particularly for higher grades and thicker sizes.

* export demand for higher grades of cherry is very firm, supplies are very tight, and price increases continue.

* export demand for tulipwood is good but many producers are focusing on supplies to the booming US market. Demand from China and Thailand is said to be particularly good. Volumes for export are restricted and prices are firm.

* European demand for higher grades of white oak improves slowly, except in Germany. Sales of lower grade material to the Far East are also improving. Dimension material sells better than random widths. Supplies of higher grades have tightened.

* export demand for red oak is reasonable for high quality material, but slow for lower grades. There is steady demand for the species from Mexico and the Far East. Prices are firming slightly.

* European export markets for higher grades of ash, notably the UK, are much improved. Lower grade Ash is selling better in the Far East.

* tight supplies and rising prices for other leading US species, notably Hard maple and Cherry, has increased export market interest in soft maple, birch and walnut.

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

	Nov	Dec	Jan
\$/£	1.60	1.61	1.62
RED OAK			
1"	1800c	1900	1850
1.25"	2000c	2100	2050
1.5"	2300c	2360	2250
2"	2750c	2800	2700
WHITE OAK			
1"	1580	1625	1600
1.25"	1750	1750	1760
1.5"	2200	2300	2220
2"	2600	2800	2800
ASH			
1"	1300c	1360	1370
2"	1750c	1800	1800
TULIPWOOD			
1"	1250	1275	1250
1.25"	1200	1295	1260
1.5"	1240	1310	1280
2"	1300	1350	1300
CHERRY			
1"	3450	3580	3550
1.25"	3500	3600	3650
1.5"	3700	3800	3830
2"	3900	4000	4160
HARD MAPLE			
1"	2600c	2700	2700
1.25"	2650c	2750	2750
1.5"	2800c	2900	2900
2"	3000c	3150	3100

NB. November price quotes marked "c" were too high and have been corrected

South American Hardwoods No new mahogany until Autumn

The Amazonian region is now well into the rainy season, which lasts until May or June, and log supplies will inevitably tighten.

Higher CIF Brazilian mahogany prices quoted this month are, in a sense, academic since there are no new stocks of the species for sale. No new supplies will emerge for export until September/October. The small UK market for the species is now accustomed to the higher prices of recent months, and these are being achieved.

Prospects for Brazil's domestic hardwood market during 2000 are looking up. The national economy has entered the new century looking far healthier than most analysts anticipated 12 months ago. Inflation has been contained, the real has steadied and foreign investment continues. Brazil attracted over US\$25 billion in foreign direct investment in 1999 during a year in which many predicted serious recession. Far from being deterred from Brazil's economic turmoil, foreign investors have taken the opportunity of buying into Brazilian companies at bargain prices. Last year foreign investment in Brazil was almost triple that to Mexico and 75% that of China, the developing world's top investment destination.

UK HARDWOOD IMPORTS

UK market commentary
January 2000

The UK economy starts the year looking healthy. *The Economist* estimates that UK GDP grew by around 1.8% last year, a good recovery after general expectations of recession early in 1999. *The Economist* latest poll of forecasters now predicts GDP growth of 3.2% during 2000.

The continuing strength of sterling against other European currencies is notable. During the last week of January, sterling hit 3.24 DM, the highest rate of exchange since February 1989. The strength of sterling reflects expectations that UK base rates, now standing at 5.75%, will continue to rise throughout the year. The Bank of England is concerned that the economy may overheat. While inflation is currently at a manageable 2.2%, demand has been strong and consumers still have plenty of money in their pockets. Unemployment is low and falling, real incomes are rising. House prices rose by 13.6% in the year to December, the highest rate of increase since the 1980s boom.

Remarkably, overall UK exports grew 7.1% last year, despite the high pound. Exports were boosted by improved economic conditions in Europe. Exporters are learning to live with the strength of sterling.

The UK's new build sector is warming up after sluggish performance in 1999. The latest indicator on house building, provided by the Chartered Institute of Purchasing and Supply's monthly survey, suggests that in December the rate of growth in new construction accelerated for the second successive month. Official data on new housing orders points to a 7% upturn during August to October last year.

Furniture sales are also firming. A CBI survey shows that sales by furniture retailers were among the strongest in the high street during November, with 68% of outlets reporting stronger demand than a year earlier. Despite the positive economic news, most hardwood agents are reporting a disappointing start to the year, with purchasing slower than anticipated. Views of demand range from the most optimistic - most suggesting demand is "reasonable" - to the very pessimistic, one agent said that "demand is dead". Many manufacturers seem to have had a prolonged vacation, shutting down operations until 10 January.

Reports of hardwood stock levels vary. One agent noted that importers bought fairly well at the end of last year in anticipation of a busy January - which failed to materialise. These importers are now holding back on further purchases. However there is evidence that some gaps may be appearing, most notably for African redwoods. Some importers are relying on the arrival of African contracts agreed at lower prices last year. However agents seem sceptical that many of these contracts will be honoured. The result could be significant supply shortages for African timbers in a few weeks time.

HARDWOOD LOGS AND SAWN FROM OUTSIDE THE EU *Note 2*
(cubic metres)

Country	Species	LOGS				SAWN				TOTAL			
		Sept 99	Sept 98	Cum 99	Cum 98	Sept 99	Sept 98	Cum 99	Cum 98	Sept 99	Sept 98	Cum 99	Cum 98
BOLIVIA									482				482
BRAZIL						565	871	9830	9822	565	871	9830	9822
BURMA				42	30	85		231	147	85		273	177
CAMEROON		963	2971	18655	26557	2792	3200	14103	16918	3755	6171	32758	43475
CONGO				292	239	566		1748	139	566		2040	378
EQ. GUINEA					157								157
GABON		727	162	3191	3719			194	128	727	162	3385	3847
GAMBIA								275				275	
GHANA						1846	2475	16681	20636	1846	2475	16681	20636
GUINEA						30		843		30		843	
GUYANA		10		25		14	249	767	5162	24	249	792	5162
INDONESIA		50		184	157	918	134	4783	2639	968	134	4967	2796
IVORY COAST						1933	1035	9199	12106	1933	1035	9199	12106
LIBERIA					345								345
MALAYSIA		164	854	2501	2721	6204	3916	42759	42831	6368	4770	45260	45552
NIGERIA			55	410	680			88	335		108	498	1015
PAPUA N.G.					87	20	143	438	364	20	143	438	451
PERU				50			27	404	111		27	454	111
PHILIPPINES				35		108	93	614	533	108	93	649	533
SINGAPORE				95	130	274	428	1805	1954	274	428	1900	2084
TANZANIA		11	8	25	18		65	212	213	11	73	237	231
THAILAND							20	95	238		20	95	238
ZAIRE									322				322
OTHER			40		91	36	21	346	200	36	61	346	291
TROPICAL		1925	4090	25505	34931	15391	12730	105415	115280	17316	16820	130920	150211
AUSTRALIA		110	1	185	85	30		117	325	140	1	302	410
BULGARIA								51				51	
CANADA		532	310	2977	2127	3127	1510	24727	15728	3659	1820	27704	17855
of which	Oak				56	705	490	4276	4407	737	490	4332	4407
of which	Poplar	32				77		406	302	77		406	302
of which	Walnut					40	58	436	464	40	58	436	464
CHILE									167				167
CHINA							107	251	182		107	251	182
CZECH REP.		35		95	34	17		85	8	52		180	42
of which	Beech	35		54		17		47		52		101	
ESTONIA		476	1071	6864	10321	962	397	7733	1448	1438	1468	14597	11769
of which	Birch	476	1071	6864	10321					476	1071	6864	10321
of which	Oak					962	397	7733	1448	962	397	7733	1448
LATVIA		2240	838	5059	2731	610	1571	2099	2586	2850	2409	7158	5317
of which	Birch	2240	838	5059	2731					2240	838	5059	2731
of which	Oak												298
of which	Poplar					610	1571	1801	2500	610	1571	1801	2500
LIECH'TEN								319				319	
LITHUANIA				63	207			532	403			595	610
of which	Oak					91		432	196			432	196
NORWAY				125	172	33	43	314	717	33	43	439	889
POLAND		11	104	255	935	0	55	258	190	11	159	513	1125
of which	Beech							102	66			102	66
of which	Oak			41			26	23	26		26	64	26
ROMANIA				27	775	113	24	503	569	113	51	1278	1029
of which	Beech			27	733	47	24	404	569	47	51	1137	1029
RUSSIA				1549	1363	40	98	2936	1848	40	1647	4299	5204
of which	Birch			105	1078					105	1078	585	
of which	Oak				103	40		864	216	40		864	319
S. AFRICA		21		194	99		60	221	391	21	60	415	490
SERB/MONT					30		22	22	139		22	22	169
of which	Beech				30		22	22	117		22	22	147
SLOVAKIA				33		67	22	213	348	67	22	246	348
of which	Beech			33		67		94	71	67		127	71
of which	Oak						22	90	277		22	90	277
UKRAINE				18		25	35	25	291	25	35	43	291
of which	Oak					25	35	25	291	25	35	25	291
USA		1453	1191	12052	10987	7530	8340	71769	86870	8983	9531	83821	97857
of which	Beech					45	43	404	207	45	43	404	207
of which	Oak					3703	4872	36502	45807	3703	4872	36502	45807
of which	Poplar			84	39	887	633	7552	6373	887	633	7636	6412
of which	Walnut					203	66	753	905	203	66	753	905
OTHER				164				109	141			273	141
TEMPERATE		4878	5091	30222	31544	12699	12284	112284	112351	17577	17375	142506	143895
AFRICA		1722	3236	22800	31878	7167	6888	43607	51188	8889	10124	66407	83066
ASIA		214	854	2857	3125	7645	4862	51241	48961	7859	5716	54098	52086
AUSTR/PACIFIC		110	1	218	85	30		117	341	140	1	335	426
E. EUROPE		2762	2040	13195	14718	1885	2126	11581	5997	4647	4166	24776	20715
N. AMERICA		1985	1501	15029	13114	10657	9850	96496	102631	12642	11351	111525	115745
RUSSIA			1549	1363	3356	40	98	2936	1848	40	1647	4299	5204
S. AMERICA		10		140	27	579	1147	11088	15833	589	1147	11228	15860
W. EUROPE				125	172	87	43	633	832	87	43	758	1004
TOTAL		6803	9181	55727	66475	28090	25014	217699	227631	34893	34195	273426	294106

SLEEPERS FROM OUTSIDE THE EU
(cubic metres)

	Sept 99	Sept 98	Cum 99	Cum 98
AUSTRALIA	641	464	6744	5311
GUYANA			882	
NIGERIA	56	36	427	36
RUSSIA	72		137	50
SLOVAKIA	28		304	4
OTHER	62	0	181	51
TOTAL	859	500	8675	5452

SLEEPERS FROM INSIDE THE EU *Note 3*
(cubic metres)

	Sept 99	Sept 98	Cum 99	Cum 98
BELGIUM	52		407	88
FRANCE	574	922	2299	4280
GERMANY	949		3944	2959
NETHERLANDS	638	805	2858	1551
SPAIN				610
OTHER	31	45	1032	325
EU TOTAL	2244	1772	10540	9813

UK HARDWOOD IMPORTS

HARDWOOD LOGS AND SAWN FROM INSIDE THE EU Note 3
(cubic metres)

Country	Species	LOGS				SAWN				TOTAL			
		Sept 99	Sept 98	Cum 99	Cum 98	Sept 99	Sept 98	Cum 99	Cum 98	Sept 99	Sept 98	Cum 99	Cum 98
		BELGIUM		53	16	344	336	592	497	2901	4507	645	513
of which	Beech	53		103		25	186	637	641	78	186	740	641
of which	Oak				230	18		139		18		139	230
DENMARK		35		114	378	343	349	2894	2049	378	349	3008	2427
of which	Beech	35		62	264	215	349	2368	1670	250	349	2430	1934
FINLAND				795	3778	572	343	5574	3701	572	343	6369	7479
FRANCE			51	1310	849	982	1144	8076	8069	982	1195	9386	8918
of which	Beech			32	222	36	164	1695	798	36	164	1727	1020
of which	Oak			212		315	460	4402	4408	315	460	4614	4408
GERMANY		91		1639	1201	3966	3756	30032	28045	4057	3778	31671	29246
of which	Beech			30	84	3186	2933	24305	22064	3186	2933	24335	22148
of which	Oak		11	17	52	192	1106	1417	1417	52	203	1106	1434
IRELAND		8	3	272	58	98	76	1277	1183	106	79	1549	1241
ITALY						7		139	43	7		139	43
NETHERLANDS		81		358	275	1339	1373	13369	9041	1420	1373	13727	9316
of which	Beech						40	8	145		40	8	145
of which	Oak					68	54	558	454	68	54	558	454
SPAIN			121	65	122	149	126	1251	1377	149	247	1316	1499
SWEDEN				3141	7372	866	1470	15478	19002	866	1470	18619	26374
EU TOTAL		268	213	8038	14369	8914	9134	80991	77017	9182	9347	89029	91386

VENEERS FROM OUTSIDE THE EU
(cubic metres)

	Sept 99	Sept 98	Cum 99	Cum 98
BRAZIL		5	25	48
CAMEROON			76	79
CONGO			25	141
DOM. REP		25		25
GHANA	742	244	3527	2462
INDIA			4	
INDONESIA			32	213
IVORY COAST	15		60	168
MALAYSIA		21	22	135
SINGAPORE		34	35	66
THAILAND	68	136	182	426
ZAIRE			312	1133
TROPICAL	825	465	4300	4896
AUSTRALIA				2
BULGARIA			31	
CANADA	87	156	958	699
CHINA	39		80	28
CROATIA			31	
ESTONIA	152	61	1090	121
HUNGARY			92	65
LATVIA		162	718	1088
LITHUANIA			47	
NORWAY			82	
RUSSIA		34	253	414
S. AFRICA	392	263	1718	1698
SLOVENIA	32	31	341	308
SWITZERLAND	1	127	236	468
USA	761	1012	6756	8530
TEMPERATE	1464	1846	12433	13421
TOTAL	2289	2311	16733	18317

BLOCKBOARD AND PLYWOOD FROM OUTSIDE THE EU
(cubic metres)

	BLOCKBOARD				PLYWOOD			
	Sept 99	Sept 98	Cum 99	Cum 98	Sept 99	Sept 98	Cum 99	Cum 98
BANGLADESH							430	
BRAZIL	128	202	1548	1926	19417	13611	177389	103290
BURMA							3986	6576
GHANA						114	1241	280
GUYANA						2474	9398	3298
HONG KONG							1802	178
INDONESIA	1812	3238	8804	15370	23182	27344	209093	141795
IVORY COAST						74	307	
MALAYSIA	33	2430	590		9088	18890	96920	113437
SINGAPORE		8	2		90	256	396	522
SOUTH KOREA					2913	1502	57944	8558
THAILAND						903	12262	1017
OTHER	0	0	45	0	0	0	151	158
TROPICAL	1940	3473	12835	17888	61338	64308	572285	374158
BELARUS							320	915
CANADA	25		25		2126	4005	41767	47817
CHILE						1824	14584	6961
CHINA			131	123	976	257	7982	3703
ESTONIA					674	250	5537	4206
ISRAEL					152	103	1142	1181
LATVIA				76	2233	1824	26686	24983
LITHUANIA		41	81	170	372	318	8554	8758
MALTA							1007	
MOROCCO						50	375	712
NORWAY	96		605	110	314	346	2599	2367
POLAND		42	165		154	39	1562	1592
RUSSIA					7090	6617	63809	74323
SLOVENIA					40	22	406	349
SWITZERLAND				16		5	33	403
USA				351	271	2749	21959	200524
OTHER	0	0	0	40	260	0	650	82
TEMPERATE	121	41	884	1051	14982	18409	199567	378290
AFRICA			45		188	50	2206	992
ASIA	1812	3271	11373	16085	40387	51057	392972	272237
AUSTR/PACIFIC							37	
E. EUROPE		41	123	451	3793	2453	43685	40228
N. AMERICA	25		25	351	2397	6754	63726	248341
RUSSIA					7090	6617	63809	74323
S. AMERICA	128	202	1548	1926	21891	15435	201371	113557
W. EUROPE	96		605	126	574	351	4046	2770
TOTAL	2061	3514	13719	18939	76320	82717	771852	752448

BLOCKBOARD AND PLYWOOD FROM INSIDE THE EU Note 3
(cubic metres)

	BLOCKBOARD				PLYWOOD			
	Sept 99	Sept 98	Cum 99	Cum 98	Sept 99	Sept 98	Cum 99	Cum 98
AUSTRIA							21	29
BELGIUM			114	31	1174	2031	10127	8156
DENMARK	144	101	249	334	15	49	435	746
FINLAND	551	553	2869	3788	5816	4599	62044	49188
FRANCE			64	36	1739	1306	13686	18748
GERMANY	212	187	2959	758	365	317	4597	5932
GREECE							26	
IRELAND		6	4	23	133	26	1540	1796
ITALY		44	632	349	622	430	7079	6073
NETHERLANDS	87	210	87	1277	42	145	294	970
SPAIN		45	45		176	309	4062	3408
SWEDEN				373	623	634	4375	4764
EU TOTAL	1039	1101	7023	6969	10705	9846	108286	99810

NOTES

1. 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 values, weights and volumes are reconciled by estimates based on previous performance.

2. Logs and sawn data for "other" species derived from Estonia (Total cum 1999 volume 50361m3) and Latvia (total cum 1999 volume 100769 m3) are omitted from this table as these volumes are assumed to contain large quantities of softwood.

3. HM Customs and Excise Data for trade within the EU is subject to delay. Because of new methods of statistical collection, returns may remain incomplete. Statistics are recorded as received and may be corrected subsequently and marked "C".

UK statistical commentary
September 1999

Overall UK tropical logs and sawn imports were down 15% in the year to September compared with the previous year. Imports from African countries were particularly affected, reflecting tightening supplies as forest resources are increasingly constrained and several countries have increased regulatory controls on the harvesting and export of logs. Falling tropical imports have not been compensated by increased temperate imports, which to end September remained flat on the previous year. Hardwood imports from the US have flagged, partly in response to rising prices in the face of strong US demand. However much of the downturn in US hardwood purchases has been made up by an increase in Canadian shipments. Log and sawn shipments from Eastern Europe have increased slightly from a relatively small base. Particularly significant are increased imports of sawn oak through Estonia. Sleeper import data shows the UK's heavy reliance on karri from Australia, which accounted for 77% of the total to September last year. The existing reliance on Australian sleepers highlights Railtrack's challenge in seeking to purchase FSC certified products from elsewhere. Both Indonesia and Brazil substantially increased plywood sales to the UK in the first nine months of 1999 compared to the same period last year. Plywood imports from Malaysia, having started 1999 comparatively strongly, fell back in the third quarter of the year due to price pressure from Indonesia.

Chinese Notes

Year of change

ITTO's Market News Service identifies the following major changes in forest products sector during 1999:

* Total log imports increased to 10 million m³ from 4.8 million m³ in 1998. This was in response to the launch of China's forest protection programme for natural forests and consequent reduction in logging, and reduced tariffs on log and sawnwood imports,

* Prices for imported logs in the second half of 1999 increased due to tightening supplies.

* Also during the second half of the year, log delivery times extended, while the size of individual orders declined. The trends reflected changes in end-uses for imported logs. Log imports for basic construction, production and maintenance - primarily of softwood - declined. Log imports for decorative purposes - primarily of high grade hardwood including kiln dried beech and tropical woods - increased rapidly.

* China's imports of hardwood log species diversified. Previously focused on Lauan from Southeast Asia, the list of Asian imported species expanded to include Mengaris, Belian, and Rosewood. China imported greater volumes of tropical logs from West Africa and South America; and of a diverse range of temperate hardwood species, including European beech and American oak, cherry and maple. Imports of Oak and Manchurian Ash logs from the remote east of Russia also increased rapidly.

North Chinese timber complex

A Chinese individual, Mr. Huang Shuanan, is investing US\$45 million to create the largest processing plant for imported logs in North China. The plant will be established in Penlai, a coastal city in China's Shangdong province. The site covers over 66 ha and is close to New Penlai Harbour and Ruan Jia Harbour, described by ITTO's Market News Service as "first grade state harbours." The enterprise is expected to import, process and sell around 1.5 million m³ of logs from West Africa each year. The plant will have 20 production lines for plywood and 4 production lines for MDF. It is expected to stimulate development of 4-5000 middle and small sized enterprises engaged in timber storage, transportation and processing. In addition to China's domestic market, the plant will supply overseas markets in Japan, Korea and Europe.

Plywood wholesale market

Construction of the largest plywood wholesale market in China is nearing completion. The "Nine Stars" plywood market is located in Qiba town, MinHan District, Shanghai. Over 300 manufacturers and companies from Shanghai, Fujian, Zhejiang, and Jiangsu are represented in the market which has an area of 140,000 square metres. Daily trading accounts for over 3 million yuan (US\$360,000) and total annual sales top 1 billion yuan (US\$120 million).

Plywood

Prices fail to match expectations

So far, expectations of a sustained increase in hardwood plywood prices have failed to materialise. Average prices for Indonesian plywood offered to the European market still stand at around INDO96 less 17/18, with even lower prices of around INDO96 less 20 possible for larger volumes. Producers elsewhere in the tropics continue to struggle to match Indonesia on price and have cut back production.

Despite the lengthy price depression, shippers remain convinced that increases are just around the corner. Some supply side factors support this conclusion. Log availability throughout the Far East has tightened during the current monsoon season. Plywood production is also expected to decline markedly during the Moslem Ramadan and Chinese New Year celebrations in January and February. Log costs in Indonesia should increase in response to a rise in resource utilisation tax. However, given the existing failings of Indonesia's forest regulatory system and the apparent scale of illegal logging, log availability to Indonesian mills is one significant area of uncertainty.

The demand side of the equation is also cloudy. Clear signs of improving economic prospects both in Asia and Europe argue strongly for rising demand later in the year. South Korea's Minister of Finance and Economy recently announced that he expects national GDP to have risen around 10% in 1999. Latest figures for China indicate GDP growth of around 7.2% last year, with most forecasts indicating similar rates of growth in 2000. Even Japan's battered economy grew slowly (by around 1%) last year, and is expected to grow at around 1.1% in 2000. In the short term however, plywood demand in major Asian markets seems sluggish. Japan's plywood market is still suffering from indigestion following excessive imports during 1999. Demand is expected to remain weak for some time as the country enters the traditional winter slow season. Demand is also slowing during Korea's winter season. Korea imported only 64,446 m³ in November last year, considerably less than imports of 77,624 m³ in October. Domestic production also fell slightly to 64,576 m³. Domestic plywood prices in

Korea have continued to weaken during January and are expected to remain soft until construction activity begins in earnest again during the Spring season starting March. Trade press reports suggest that even China is cutting its traditional level of plywood imports from Indonesia in order to concentrate more on domestic production.

Purchasing during the European winter season is also expected to be subdued. Against a background of continuing uncertainty on the supply side, UK importers are cautious and most agents report only slow demand.

Trade press reports suggest that Brazilian mills are keen to do business but require a lift in prices to make orders viable. Brazilian mills remain uncompetitive on price in relation to their Indonesian counter-parts and production has been curtailed. Log availability is expected to tighten as the tropical north enters the rainy season, expected to affect logging until around May or June. Container freight rates from Brazil will increase at the end of February by some US\$200 for a 40ft container. This comes on top of the US\$90 bunker charge imposed on 40ft containers last month. The overall rise in freight cost is equivalent to around US\$7/m³.

At the end of 1999, leading plywood manufacturers' associations of Japan, Indonesia and Malaysia met for the first time in Tokyo in an attempt to agree a numerical target for plywood supply. The main aim was to re-stabilise the Japanese plywood market. At the meeting, Shoichi Tanaka, Chairman of Japan's JLIA, said that the ideal plywood supply to Japan during 2000 would be 7.2 million cubic meters, or 600,000 cubic metres monthly. In order to overcome existing problems of overstocking, plywood supply during January to June should be less than half the full year supply. He suggested that Japanese plywood manufacturers should reduce production by 3-6% from current levels of 3.2 million m³. However representatives of overseas suppliers to Japan were unable to agree to strict controls on supply, and agreed only to continue careful monitoring of the Japanese market. The group of producers will meet again in May or June.

Korean prospects favourable

The hardwood market in Korea has been sluggish for some time, despite evidence of major improvements in the underlying economy. Korean imports of hardwood logs from Solomon Islands and PNG has been very quiet in December and January, which is typical for the Korean winter season. Korean domestic market prices for hardwood logs are weakening. This trend is expected to continue into February due to Chinese New Year.

However the long term prospects for the Korean market are improving. Construction permits in September covered nearly 6.7 million sq.m, the highest for 21 months. Overall Korea's

construction sector is expected to have improved considerably during the fourth quarter of 1999. Korea's timber sector now predict improved sales in the first quarter of 2000.

Tropical wood imports to Korea should also benefit from government moves to lift import duties on a range of products from UN-classified underdeveloped countries. Wood products (excluding plywood) can now enter Korea duty free from some 14 Asian countries including Cambodia, Myanmar, Nepal, Solomon Is. Vanuatu, Laos and Samoa. Some 33 African countries and one Caribbean State also benefit from the change

Italy

Market prospects improving

Alongside Germany and the UK, Italy is one of Europe's largest importers of hardwood. Despite very limited domestic forest resources, Italy leads the world in wooden furniture design and quality. Italy hosts Europe's largest export furniture sector. Nor has Italy been shy of importing unprocessed logs. The country supports a highly sophisticated domestic wood-working machinery sector. And, perhaps because of its dependence on imports from around the world, the Italian hardwood market is characterised by considerable depth of knowledge of wood species. The market is generally open to new methods and new products. Another significant feature of the Italian hardwood market is the importance of building renovation as opposed to new build. Italy is a country of old buildings that require internal repair and renewal. Custom joinery, doors and flooring are therefore major uses. Many shops are housed in historic buildings, and the quality shopfitting sector is particularly significant. Large out-of-town shopping centres are rarer than elsewhere in Europe, as are prestigious public building projects.

Activity in the Italian furniture sector was relatively weak throughout 1999, due to economic stagnation in Germany, the major export market, and slow sales at home. Italy's construction sector failed to respond to the stimulus of low interest rates until the very end of 1999. The war in Kosovo during Spring 1999 also damaged confidence in the Italian economy. However in early 2000, economic prospects are looking more promising. The Economist indicates that Italian GDP actually grew by around 1.2% during 1999, confounding forecasts of possible recession, and predicts GDP growth

of 2.4% during 2000. Unemployment remains high, at 11.1%, but is lower than the 11.8% prevailing 12 months ago. Demand for furniture is reviving at home, although the German export market is still weak. Italian importers report that the renovation sector is becoming quite active, while signs of life are emerging from the new build sector. There are expectations of a revival in demand for doors, windows and flooring (the last seen as having particular growth potential). Italy's furniture sector has played a leading role in shifting fashions in favour of lighter tinted woods. Lighter wood has also become the norm for fitting Italy's numerous clothing and luxury goods shops. The trend has benefitted temperate species, notably European beech, birch and North American tulipwood - now the US major export species to Italy. The lighter coloured ayous has benefitted amongst tropical species. Oak has become less important as oak furniture has lost popularity across Europe in recent years. Darker coloured furniture continues to be manufactured, but in smaller quantities. African Sipo remains an important import species.

Italy continues to buy relatively small volumes of Malaysian meranti, but other formerly important Malaysian species, such as merbau, have now more or less disappeared from the market. Indonesian ramin was formerly a very important species in Italy for mouldings, but following Indonesia's export ban on logs and sawnwood the species was removed from the market and largely replaced by US tulipwood. However, Indonesia's recent relaxation of export taxes has encouraged a revival of interest in the species. Increasing volumes of meranti laminates have also been arriving from Indonesia to replace costly US Douglas fir.

Japanese demand projected to fall

ITTO's Market News Service reports that Japanese demand for imported wood products from North America, Russia, Asia/Pacific, NZ, Chile and Europe during 1999 was 9% greater than the previous year, at just over 29 million m³. However, overall demand is projected to fall by 1.5% during 2000. Japanese housing starts are estimated to remain unchanged at 1999 levels in 2000, at around 1.2 million units. Demand for tropical logs in Japan is expected to reach 3.323 million m³ during 2000, down 11.2% on 1999 levels (3.75 million m³).

Volumes used for plywood manufacture are expected to reach 3 million m³ (down 11.3% on 1999). Log imports for conversion to lumber are expected to reach 323,000 m³ (down 9.9%). Lumber imports, notably of Asian/Pacific hardwoods and European softwoods, are expected to increase while demand for domestically sawn lumber should fall.

Plywood imports are expected to fall to 4.2 million m³ during 2000, (down 9% on 1999), due to slow demand and an inventory correction resulting from excess imports in 1999.

PNG imposes concession moratorium

The Papua New Guinea Government has imposed a moratorium on new logging concessions and plans to review all existing logging licenses. The move was announced in the December Budget speech of Prime Minister Sir Mekere Morauta in response to allegations of corruption in the forestry industry. According to the Prime Minister, the measure will "ensure that

proper procedures are followed, that logging practices are not carried out in an unsustainable way, and that landowners get their fair share of benefits from resource use".

In another move to promote sustainable practices, PNG's new government has already reinstated log export taxes, removed by the previous government during the Asian crises.

Italian Hardwood Imports (000s m³)

	1998	1999	% chng
	Jan-June	Jan-June	1998-99
Tropical Logs			
Cameroon	164.9	122.4	-26
Congo	78.8	50.6	-36
Gabon	32.8	30.7	-6
Liberia	13.6	23.6	73
Ivory Coast	0.0	3.6	
Guinea	0.0	2.7	
Nigeria	0.0	2.1	
Zaire	1.5	1.7	15
Myanmar	0.8	1.2	44
Other	2.9	7.5	
Total	295.4	245.9	-17

Tropical sawn

Ivory Coast	94.2	72.4	-23
Cameroon	39.8	44.5	12
Indonesia	16.2	20.2	25
Nigeria	9.9	15.5	57
Malaysia	16.9	14.5	-14
Ghana	13.0	13.2	1
Uruguay	11.0	10.0	-9
Brazil	19.2	9.2	-52
Chile	4.1	3.4	-17
Congo	1.1	2.1	84
Bolivia	2.2	1.7	-24
Paraguay	1.3	1.2	-7
Other	9.8	9.9	
Total	238.7	217.6	-9

Temperate Logs

France	320.8	489.4	53
Hungary	334.6	244.4	-27
Switzerland	134.2	136.7	2
Austria	92.1	123.6	34
Slovenia	78.7	83.0	5
Croatia	104.6	82.8	-21
Germany	73.2	74.9	2
USA	51.2	56.4	10
Belgium/Lux	46.5	34.0	-27
Romania	0.4	13.3	3124
Bosnia	4.2	8.6	104
Russia	12.9	5.3	-59
Serbia	7.7	4.4	-44
Ukraine	3.3	3.9	20
Canada	2.7	3.8	42
Lithuania	0.0	2.6	
Greece	3.5	2.2	-36
Slovakia	24.0	2.2	-91
Estonia	5.0	0.8	-83
Macedonia	3.7	0.7	-81
Other	3.3	3.3	
Total	1306.6	1376.2	5

Temperate sawn

USA	125.8	124.8	-1
Croatia	123.9	119.5	-4
Hungary	100.2	94.6	-6
Bosnia	27.2	47.5	75
Poland	37.7	41.8	11
Slovenia	41.5	38.0	-8
France	39.1	35.8	-8
Russia	32.0	31.0	-3
Austria	31.5	30.7	-3
Germany	32.9	28.7	-13
Romania	18.8	24.6	31
Slovakia	20.4	19.7	-4
Switzerland	17.1	18.5	8
Serbia	26.3	17.9	-32
Canada	9.9	13.0	31
Ukraine	3.9	9.2	134
Bulgaria	10.1	8.7	-13
Albania	5.5	6.1	10
Lithuania	2.1	6.0	181
Macedonia	6.2	5.2	-16
Spain	0.5	4.1	645
Czech republic	5.1	4.0	-22
Finland	0.4	2.4	537
Argentina	2.7	1.9	-30
Estonia	0.4	1.3	202
Sweden	0.4	1.3	236
Latvia	0.5	1.1	120
Other	2.8	2.4	
Total	725.2	739.7	2

Fed. nazionale dei Commercianti del Legno

Cambodia

Green group given monitoring role

News continues to emerge of new measures to eradicate illegal logging in Cambodia. The crackdown has been urged by international donors that contribute nearly half of Cambodia's national budget. Donors had threatened to halt aid unless Cambodia reined in illegal logging, which also deprives the Government of nearly US\$100 million in taxes each year. In response the Cambodian government has made an international commitment to eradicate illegal felling and restrict licensed logging to sustainable levels. In an unusual move, Global Witness, a London-based environmental group which has campaigned against illegal logging in the state, has been named as the main monitor to the agreement.

The need for independent monitoring of Cambodia's forest regulation was identified at the 1999 Consultative Group meeting in Tokyo of international donors to Cambodia. The IMF's reengagement in Cambodia, and the World Bank's new Structural Adjustment Credit were conditional on the signing of the deal. Under the terms of the agreement, the Cambodian government were required to give Global Witness direct formal links with the Prime Minister's office and full access to government timber industry records.

Global Witness new role forms part of a larger US\$750,000 project funded jointly by Britain's DFID and AusAid. The bulk of the funds are being channelled into a new Forest Crime Monitoring Unit, made up of inspection teams from

the Forestry Department and the Ministry of Environment. US\$140,000 have been allocated to Global Witness to allow it to open an office in Phnom Penh and take on local staff.

As a first step in its new role, Global Witness released a report claiming that 11 of Cambodia's 21 legal timber companies have engaged in illegal practices, including cutting in national forests and threatening villagers with violence. Global Witness recommend that the Government immediately stop all logging activities, even in legal concessions, until an Asian Development Bank (ADB) review, currently underway, is completed in June or July. Global Witness also propose that timber companies involved in illegal activity should have their concessions cancelled. Deputy Forestry Director Chea Sam Ang has said he will study the recommendations of Global Witness. However, he is unlikely to take action until publication of the ADB study. He noted that his decision "depends on the ADB, not Global Witness."

Meanwhile, in a show of commitment to legal logging, Cambodia's prime minister Hun Sen has ordered an investigation into suspected illegal logging activities in Monduliri province, a remote area in the north east of the country close to the Vietnam border. According to an Associated Press (AP) report, the order to investigate follows on from a report prepared by a military task force that recently inspected the area. The military report claims that about

380 truckloads of timber were transported across the border in November and December and that new roads have been paved to allow access for logging equipment and the export of illegally felled logs. According to AP, the report accuses the provincial governor, police and military police chiefs of "conspiring with crooked businessmen" to log the area.

Congo (Brazzaville) Hopes for peace

A new agreement has raised hopes that an end may be in sight for the civil war in the Republic of the Congo, which has severely disrupted the nation's wood products industry. Gabon's President Omar Bongo has been appointed official mediator in the conflict. His appointment was made during the signing of an accord in Brazzaville for the cessation of fighting between the army and the rebel militia. Foreign observers believe the accord is more significant than an earlier agreement signed in Pointe Noire in November because it involves the National Resistance Council [CNR], the only rebel movement that is militarily and politically organized. The CNR have apparently decided that a military solution to the conflict is no longer possible following recent defections within their ranks; their recent loss of control over several areas; as well as lack of financial support from abroad. Meanwhile, trains on the rail link to the port at Pointe Noire are still not operating and insecurity in the forests has crippled logging operations.

Certification News

The United Kingdom continues to be a focus for the forest certification debate, as the following stories illustrate

James Bond promotes FSC

The WWF launched a poster campaign in January 2000 featuring Pierce Brosnan, the actor who plays James Bond, which reads "Words are not enough – buy wood products with the FSC label and help save the world's forests". The distinctive black and white picture of Pierce Brosnan will be posted up by Apex Outdoor Advertising Ltd., which has donated 500 poster sites across the UK to the WWF for the campaign.

UK State Forests Certified

The UK's state forests have been successfully audited against forestry performance standards developed under the UK Woodland Assurance Scheme (UKWAS). These standards were accepted as equivalent to the FSC's principles and criteria in November 1999. The certification was carried out by SGS, an Forest Stewardship Council (FSC) accredited certifier. The certification implies that the approx 1.5 million tonnes of wood produced annually from the UK's 800,000 hectares of state woodlands may now be marketed under an FSC label. The Worldwide Fund for Nature claim the certification could bring a further 6 million m³ of FSC-labelled timber products into the UK

marketplace. The UK's state forests produce primarily softwoods, with higher grades destined mainly for the domestic construction sector. The relatively high proportion of low-grade material is used for fencing and pallets and to supply manufacturers of paper and panel products.

Railtrack insists on FSC

Railtrack has announced that all its sleepers should be FSC certified by the end of year. The move may well throw the UK market for sleepers into chaos. Most sleepers are of Karri, used for its particular qualities of high strength and durability, sourced through traditional supplier Bunnings of Western Australia. Bunnings currently has a A\$2m contract with Railtrack which may be lost if it fails to persuade the Australian government to allow FSC certification of its forests. In the meantime Railtrack is said to be looking at alternatives supplied through Calders & Grandidge, which has already obtained FSC chain of custody certification. The company is currently sourcing FSC certified sleepers from eucalypt plantations in South Africa. Doubts remain over whether alternative FSC-certified plantation sources are capable of supplying sleepers in the quantities and qualities required.

UK National PEFC Body

The UK's Timber Growers Association, plans to develop another UK certification body to fulfil requirements for membership of the Pan European Forest Certification Scheme (PEFC). An inaugural meeting of the new body is planned in February or March. The new body is expected to work closely with the United Kingdom Accreditation Service to develop national level procedures to accredit forest certifiers for PEFC certification in the UK. The new organisation will be independent of two other certification bodies already established in the UK - UKWAS and the FSC National Working Group.

Trada links with FSC

BM TRADA Certification is acquiring the Soil Association's UK-based FSC chain of custody programme. Soil Association clients will be transferred to the new scheme - to be called TRADA-Trak - once BM TRADA achieves FSC accreditation. The Soil Association will continue to operate its Woodmark forest certification programme and overseas forest certification capacity. Clients of the Soil Association's forest programme and overseas clients will be unaffected by the deal.

Liberia Cont. from page 12

employed one or two honest ministers. But he maintains direct and very firm control over the national economy. The Lebanese businessmen that funded his war effort have been given monopolies over the import of essential commodities, such as fuel. The President grants rights to exploit natural resources, including forests, without consulting parliament.

In the forest sector, Taylor has sought to encourage inward foreign investment. He has offered seemingly generous incentives including a five year income tax holiday; two-year duty exemption for plant and equipment; minimum taxes on processed and manufactured wood products for exports; tax exemption on petrol/lubricant use for industrial purposes; and generous allowances for re-investment or repatriation of profits.

The incentives need to be generous to encourage foreigners to locate in Liberia. Companies and industries that fled during the civil war have generally refused to return due to lack of international confidence. Investors are only too well aware of the fate of other gamblers that have sought to profit in Liberia. *The Economist* notes that many companies that win licenses to operate in Liberia "tend to fall out with Mr Taylor and are forced out, leaving their equipment behind. Two South African companies and a Ukrainian one have suffered this fate."

Nevertheless, some companies have been tempted. Recent press reports suggest there are now around three dozen logging companies operating in Liberia. Logging concessions have accounted for the largest number of investors in Liberia since Taylor came to power. In what would be the largest single foreign investment in Liberia since the civil war, news of a proposed US\$50 million Liberian and Malaysian joint venture was reported in October 1999. The investment would cover development of the wood sector and infrastructure in the Grand Bassa region, around 100 km North East of Monrovia. The company intends to exploit 4 million acres of forests in the regions of Grand Bassa, Rivercess and Sinoe. ITTO has also reported that the Liberian Government is

negotiating with a Chinese company over the renovation of Liberia's largest sawmill. Wood products exports are now Liberia's largest foreign currency earner.

Information on the current status of forest management in the country is limited, but available reports suggest that forests continue to be poorly regulated and monitored. In an effort to impress international donors, Mr Taylor now pays lip service to the environment and the need for reforestation. According to the Panafrican News Agency the Liberian government is "poised to shortly ratify the international convention on biodiversity." The Agency also reports that Mr Taylor allotted US\$400,000 in the country's year 2000 fiscal budget for environment protection. The money went hand in hand with the establishment of a new National Environment Commission for Liberia. The commission comprises 36 members from various government departments, together with a UNDP resident representative. Taylor has said the commission will focus on "environmental protection, nature conservation and sustainable management and utilisation of the country's natural resources." The Commission will also be granted "autonomous agency status".

However, there are likely to be many more immediate tasks for the Environment Commission than forest management. Local newspaper reports of conditions in the major urban area of Monrovia are grim. The capital has been labelled "the darkest city in the world" - a reflection of the extreme poverty and lack of sanitation (less than one-fifth has pipe borne water), as well as the continuing lack of public electricity. Mr Taylor himself has complained of the piles of garbage that litter the streets. But the mayor explains that the city council has only one garbage collection truck to cover a city of nearly one million residents.

The lack of garbage trucks is one vivid indicator of the state of Liberia's national economy. Another is provided by the planning and economic affairs minister, Lamin Kawah, who puts unemployment in Liberia at a massive 80% and underemployment at 75%. He recently told a visiting donor assessment team that the economic situation in the country is "terrible."

Merger of DLH and EAC

The East Asiatic Company (EAC) A/S Ltd will sell its timber arm to Denmark's Dalhoff, Larsen and Horneman (DLH). Although when going to press the exchange of money for the sale had not yet taken place, the increase in share capital needed to pay for the purchase of EAC had been overwhelmingly approved at an Extraordinary General Meeting of DLH shareholders. The merger of EAC Timber and DLH's hardwood division creates one of the world's largest independent distributors of hardwood. The merger is seen as a logical move within the industry as the two groups, which are almost of equal size in the hardwood business, complement each other in terms both of procurement and distribution. On the

procurement side, DLH has a very strong presence in South America, Eastern Europe and Africa, while EAC Timber's strengths include the Far East. DLH will take over all EAC's distribution companies and purchasing offices worldwide, a sales office in Hong Kong and a drying plant in Holland. As a result of the merger, DLH will now be represented in most of the major wood exporting and importing countries. Consolidation will follow shortly in countries where both companies have offices. EAC Timber anticipates a turnover of more than DKr 900m (US\$120m) last year, while the Hardwood Division of DLH expects turnover to have exceeded DKr1bn (US\$135m) during the same period.

Readers' Survey 1999

Many thanks to the 28% of readers that returned questionnaires during 1999. As expected, most readers are drawn to Tropical Timbers by our hardwood market reports, and articles covering hardwood imports and exports. There is also strong interest in our coverage of forest management and certification issues, and in on-going environmental campaigns. Efforts will be made to expand these reports in future editions. There seems to be fairly broad support, notably from importers, for a change of name to cover temperate as well as tropical hardwoods. However an important minority of readers, mainly on the export side, feel strongly that the journal should retain its niche focus on tropical wood. A difficult decision; but, on balance, we feel a name change is appropriate. We plan to introduce a name to reflect the growing trend towards globalisation in the hardwood trade, and the increased blurring of margins between tropical and temperate hardwood. However, be assured that we will continue to maintain, and where possible improve, our coverage of tropical hardwood issues.

Many of our existing readers prefer to receive TT in traditional paper format. The paper journal will be maintained. However we have plans to supplement it with a subscription email service and internet site later this year.

Congratulations to the Forest Research Institute of Malaysia, who receive a free annual subscription to Tropical Timbers following our draw for questionnaire respondents.

**1999 Readers' Survey Results
% of those responding**

How useful do you find:	Very useful			Useful			Not useful		
Market reports on:									
Asian hardwoods	78	15	8						
African hardwoods	66	22	12						
S. American hardwoods	63	30	8						
N. American hardwoods	63	25	13						
UK demand	59	37	5						
European demand	59	34	7						
Plywood	48	28	24						
Price information on:									
African logs	33	38	30						
African sawn	44	44	12						
Malaysian sawn	50	43	7						
Burma teak	26	36	38						
Brazilian sawn	40	50	10						
Statistics on:									
UK imports	45	33	23						
Sterling Exchange rates	17	28	56						
Share prices UK	0	29	71						
News articles on:									
European hardwood imports	59	37	5						
Tropical Hardwood exports	63	28	10						
Temperate hardwood exports	50	33	18						
Panel Products Trade	32	42	26						
Technical properties of wood	24	51	24						
Development of global economy	35	53	12						
Hardwood marketing	50	43	8						
International wood trade	56	41	3						
Forest management/certification	62	38	0						
Environmental campaigns	50	45	5						
Conferences/meetings	23	67	10						
Publications	28	67	5						

Do you agree Tropical Timbers name should be changed to include temperate hardwoods?

Yes	No	Don't mind
43	26	31

Given the option, would you prefer to receive Tropical Timbers by email?

Yes	No	Don't mind
29	43	29

Liberia

Risky business

Liberia is one of the few countries in West Africa with a significant area of unexploited rainforest. With the end of civil war in 1997, and the establishment of an elected government under President Charles Taylor, Liberia is regarded as an "emerging" source of tropical wood products. However the country remains a high risk destination for inward investment.

Although a small country of less than 10 million hectares, Liberia hosts two of the largest continuous areas of tropical rainforest in West Africa, one located in the North West, the other in the South Eastern region of the country. Their total combined area amounts to around 4.5 million hectares, of which around 2.6 million hectares are considered viable for timber exploitation. The continuing existence of tropical forest in Liberia partly reflects a population level which, at only 3 million people, is low for the West African region. It also reflects low levels of exploitation during the vicious civil war which erupted in 1990. The civil war led to a complete breakdown of state structures, the deaths of thousands of Liberians, and devastated the national infra-structure.

Prior to the civil war, Liberia had a well established and active timber industry. During the 1980s, a forest area of around 126,000 hectares was harvested each year on a 25 year felling cycle. In 1989, Liberia produced around 1.2 million m³ of logs. There were around 68 registered timber companies, almost all foreign owned. Major export species included abura, obeche, tetra, naga, did, ekki, iroko, frake, aiele and kusia. During the war years foreign timber companies fled, their plants were smashed, plantations were neglected, and forests were exploited only by the warring factions for quick profit. ITTO estimates that log production fell to only around 11,000 m³ in 1995, and that in 1998 there were only three sawmills operating in the country.

Liberia's fortunes changed in 1997. Following the intervention of an African peacekeeping force, the war came to an end. Charles Taylor, leader of the one warring factions, was elected President (the poll was flawed but he probably won anyway). Since then Taylor has consolidated his power. All the former warlords have fled. In an effort to impress international aid donors, he has made a few concessions to free speech in the local newspapers and

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SHARE PRICES FOR SOME U.K. COMPANIES

	52 Week High	52 Week Low	1 Oct	1 Nov	2 Dec	24 Dec	1Feb
J. Latham	263.5	141.5	181.5	218.5	247.5	258.5	233.5
Meyer International	504.0	314.5	406.0	352.5	362.0	387.5	504.0
Travis Perkins	786.0	397.5	649.0	541.0	670.5	662.5	572.5
Barratt Devs.	391.0	202.0	268.5	252.0	272.5	281.5	198.5
John Laing	350.0	240.5	329.5	301.5	294.5	280.5	261.0
Alfred McAlpine	267.0	157.5	233.5	205.5	232.5	223.0	217.5
J. Mowlem	154.0	112.5	120.0	115.0	115.0	118.0	121.5
George Wimpey	179.5	93.5	126.5	122.5	116.5	113.5	93.0
Cornwell Parker	117.5	48.5	78.5	73.5	59.5	56.5	49.0

EXCHANGE RATES FOR ONE POUND STERLING & ONE US DOLLAR

		2 Dec		22 Dec		1 Feb	
		£STG	US\$	£STG	US\$	£STG	US\$
Argentina	Peso	1.5988	0.9998	1.6067	0.9998	1.6147	0.9998
Australia	Aus.\$	2.5278	1.5808	2.4931	1.5513	2.5472	1.5773
Bangladesh	Taka	81.5542	51.0000	81.9571	51.0000	82.3625	51.0000
Belgium	Belgian Fr.	64.2858	40.2012	64.3118	40.0198	66.9651	41.4657
Belize	B\$	3.2259	2.0000	3.1979	1.9900	3.2299	2.0000
Bolivia	Boliviano	9.4827	5.9300	9.5135	5.9200	9.6413	5.9700
Botswana	Pula	7.4118	4.6349	7.4278	4.62214	7.6448	4.7337
Brazil	Real	3.0239	1.8910	2.9280	1.8220	2.8981	1.7945
Fr. Africa*	CFA Fr.	1045.34	653.700	1045.76	650.75	1088.90	674.27
Canada	Canadian \$	2.3646	1.4787	2.3739	1.4772	2.3372	1.4472
Chile	Peso	872.229	545.450	862.235	536.550	837.351	518.500
China	Yuan	13.2387	8.2788	13.3053	8.2796	13.3676	8.2774
Czech Republic	Koruna	57.4845	35.9480	57.6688	35.886	59.5246	36.8585
Denmark	Danish Krone	11.8564	7.4144	11.8645	7.3830	12.3529	7.6491
Estonia	Kroon	24.9358	15.5936	24.9434	15.5217	25.9698	16.081
Europe	Euro	1.5936	1.0035	1.5943	1.0080	1.6600	0.9729
Finland	Markka	9.4752	5.9253	9.4790	5.8986	9.8700	6.1117
France	Franc	10.4534	6.5370	10.4576	6.5075	10.889	6.7427
Germany	D-mark	3.1169	1.9491	3.1181	1.9403	3.2467	2.0104
Ghana	Cedi	5452.16	3409.50	5608.45	3490.0	5829.98	3610.00
Guyana	Guyanese \$	289.202	179.300	288.617	179.60	291.498	180.50
Hong Kong	HK\$	12.4274	7.7715	12.4877	7.7708	12.5649	7.7804
India	Rupee	69.4049	43.4025	69.9125	43.5050	70.4139	43.6013
Indonesia	Rupiah	11657.44	7290.00	11353.5	7065.00	11991.01	7425.00
Irish Republic	Punt	1.2551	0.7849	1.2556	0.7813	1.3074	0.8095
Italy	Lira	3085.64	1929.61	3086.89	1920.90	3214.25	1990.31
Japan	Yen	164.132	102.640	163.215	101.565	174.253	107.90
Kenya	K. Shilling	119.173	74.525	116.989	72.800	117.326	72.650
Korea South	Won	1838.16	1149.50	1818.32	1131.50	1819.24	1126.50
Liberia	Liberian \$	1.5991	1	1.607	1	1.615	1
Malaysia	Ringgit	6.0766	3.800	6.1066	3.800	6.1369	3.800
Myanmar	Kyat	10.0837	6.2517	5.4802	3.4102	10.0935	6.2500
Netherlands	Guilder	3.5119	2.1962	3.5133	2.1863	3.658	2.2653
New Zealand	NZ\$	3.1435	1.9658	3.1198	1.9414	3.2878	2.0358
Nigeria	Naira	155.438	97.2000	157.004	97.700	160.364	99.300
Papua NG	Kina	4.4421	2.7779	4.3682	2.7182	5.0708	3.1400
Philippines	Peso	65.3233	40.8500	64.9229	40.4000	65.5347	40.5800
Poland	Zloty	6.7874	4.2445	6.6642	4.1470	6.8474	4.2400
Portugal	Escudo	319.489	199.793	319.618	198.89	332.804	206.077
Romania	Leu	28583.9	17875.0	28861.7	17960.0	29828.1	18470.0
Russia	Rouble	42.728	26.72	43.0034	26.760	46.1311	28.565
Singapore	Singapore \$	2.6980	1.6872	2.6762	1.6653	2.7422	1.6980
South Africa	Rand	9.8449	6.1565	9.8855	6.1515	10.1532	6.2870
Spain	Peseta	265.1531	165.814	265.26	165.065	276.204	171.029
Sweden	Krona	13.7315	8.5870	13.6611	8.5010	14.189	8.786
Taiwan	\$	50.5956	31.6400	50.8793	31.6610	49.5491	30.6815
Tanzania	Shilling	1272.89	796.000	1280.78	797.000	1287.92	797.500
Thailand	Baht	62.2930	38.955	60.4714	37.630	60.5365	37.485
Uganda	New Shilling	2397.05	1499.0	2412.913	1501.50	2483.79	1538.00
U.S.A	US \$	1.5991	1	1.6070	1	1.6150	1
Venezuela	Bolivar	1023.62	640.125	1036.11	644.75	1058.60	655.50
Vietnam	Dong	22413.0	14016.0	22533.4	14022.0	22693.3	14052.0
Zimbabwe	\$	60.7578	37.9950	61.9499	38.5500	61.7315	38.2250

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

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ISSN 0269-980X