TROPICAL TIMBERS

an independent publication providing market information

Indonesia revokes concessions

in Indonesia are being revoked under the country's anti-corruption campaign. At the same time the system for allocating new timber rights is being completely overhauled. The measures are likely to have major long term implications for future timber supply and the management of Indonesia's forests.

arge areas of forest concession

In early July, the Indonesian government revoked eight forest concessions totaling 1.17 million hectares owned jointly by former president Suharto's children and their business associates as part of the nation's anticorruption, collusion and nepotism campaign. The government also announced that it would not renew 13 other forest concessions covering 1.36 million hectares when they expire next March. The revoked concessions included those owned by timber tycoon Mohamad "Bob" Hasan, whose business group Kalimanis Group is one of the nation's largest debtors.

Meanwhile, the administration has been developing new procedures to ensure the control of concessions is progressively transferred from big corporations to local authorities and cooperatives. A new regulation, currently awaiting presidential approval, will revise Government Regulation No. 21/1970 which awards timber companies the right to exploit the country's forests. Under the new regulation, concession leases will be extended from 20 years to 35 years to ensure consistent control throughout a full felling cycle. Companies wishing to extend their logging contracts will also have to give 20% of their shares to local cooperatives, 10% to companies owned by provincial administrations and 10% to state forestry firms. Timber companies would be obliged to increase cooperatives' stakes by 1% every year. This would give co-operatives a 55% stake at the end of the 35 year concession.

A major aim of the new regulation is to enlist local authorities in the promotion and enforcement of sustainable practices. As shareholders, provincial administrations would have access to information on the volume of wood harvested each year, annual profits to the timber companies, and the value of local taxes payable. They would be better placed to promote sustainable practices by timber companies and secure forest areas from theft and looting.

The Indonesian government has also submitted a draft bill to the nation's House of Representatives to replace Indonesia's 1967 Basic Forest Law. The bill includes a range of measures to promote sustainable practices and introduces tough new penalties for malpractice in the forestry sector. The following provisions are included under the bill:

- Concession holders would be obliged to provide a performance bond or bank guarantee in an amount commensurate with the potential yield of each concession area in order to ensure that forest areas are managed in a sustainable manner.
- The law suspends the presumption of innocence when dealing with forest fires. Concession holders would be considered culpable for forest fires unless they provide evidence proving their innocence.
- Any parties found responsible for damaging forests or involvement in the illegal timber trade would be liable to a maximum penalty of 10 years imprisonment and a fine up to Rp 1 billion.
- The rights of local people living near forest concessions are itemised, including their participation in logging activities.

The draft bill has had its critics. A former forest minister and environmentalists are resisting passage of the bill, arguing that it focuses too much on forest exploitation and fails to adequately address forest preservation. However, legislator Umbu Mehang Kunda, who chairs the Government Commission for agriculture, forestry and plantations, transmigration and food affairs, has suggested the bill will be passed into law before the end of August.

The Indonesian government first began to award forest concessions to private companies under

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the 1970 Forestry Law, which grants concessionaires the sole right to cultivate and exploit forests in their concession areas. The existing concession system has been criticized for concentrating control of forest areas within a limited number of large business groups.

Private timber companies currently own rights to exploit 51.5 million hectares of the country's forests. The 6 state forestry companies - five PT Inhutani enterprises and Perum Perhutani manage 4.9 million hectares. The government has already announced that it will not extend concessions into new areas of forest.

China

Oversupply as economy stalls

ITTO's Market News Service reports that China's total imports of tropical logs, sawnwood, veneer, and plywood increased in volume from 5.29 million m3 in 1997 to 5.45 million m3 in 1998.

However, the value of imports fell from US\$1.32 billion to US\$1.17 billion over the same period. Reasons for the decline in value include currency devaluation in SE Asia, and price reductions in forest products due to severe market downturn and tax reductions designed to boost exports in timber supplying countries.

There were some significant shifts in China's sources of wood supply during 1998. Malaysia increased its share of China's market for tropical logs while African log suppliers lost market share. Chinese imports of European beech, both in log and sawn form, have grown significantly. Another trend has been an increase in supplies from Russia. Chinese companies have bought large concessions in the Russian Far East from where they are importing raw logs for processing in China.

Imports into China maintained strong rates of growth during the first half of 1999. Imports have been boosted by felling restrictions introduced in areas of China in September 1998 and the cancellation of import duties on logs and sawn timber introduced in January 1999. Moves to liberalise the Chinese economy have allowed private trading companies to extend their activities into imports. Between January and April 1999, log imports into China increased 71% over the same period the previous year and imports of "converted lumber" increased 72%. Analysts suggest that growth in timber imports into China continued until the end of June.

However China now appears to be suffering from a bad case of indigestion. The timber market is faced with a glut of supplies as demand has failed to keep pace with the flood of imports. Prices have started to decline. This trend may also partly reflect the underlying state of China's economy. Reports are beginning to emerge of stalling growth. China is suffering

from falling corporate profits, weakening retail prices and swelling unemployment. Deflation is becoming a major problem. In part this has been due to China's policy of maintaining exchange rate parity with the US dollar. The strong Chinese currency has led to a flood of cheap imports, depressing prices. China's manufacturers are having difficulty competing with producers elsewhere in Asia. China has tried to fend off the deflationary pressure through public spending. To stimulate private sector investment, China's central bank has progressively reduced interest rates.

CHINA TROPIC	CAL TIME		
			% chg
Million m3	1998	1997	97/98
Logs	2.59	2.81	-8
o.w. Africa	1.04	1.57	-34
o.w. Malaysia	0.96	0.73	32
o.w. Indonesia	0.09	-	-
Sawn	0.77	0.67	15
Veneer	0.49	0.43	14
Plywood	1.60	1.38	16
Source: ITTO Market	News Serv	ice	

If these measures prove inadequate, and so far they have failed to stem the slide, one other poliy option is open to the Chinese authorities. They could devalue the yuan. Until recently, China has insisted that this is one measure it would not take. By maintaining the value of the yuan, China has won plaudits from the international community. It has provided a firm export market from other struggling Asian economies. The strong yuan also provides internal benefits to China's economy by ensuring that service charges for debts in foreign currencies are. However, China's authorities are now debating the merits of their "no devaluation" policy. Fears that devaluation would lead to another round of currency crises in Asia have subsided as economic conditions elsewhere have improved. Many analysts now believe that a gradual slide in China's currency would be beneficial.

CI	HINA TIMBE	R IMPORT	ΓS: JANUAI	RY TO APR	IL	
	1999	1998	% Change	1999	1998	% Change
	Volume	Volume		Value	Value	
	Mill. m3	Mill m3		Mill US\$	Mill US\$	
Logs	2.64	1.54	71.5	347	219	58.6
"Converted timber"	0.70	0.40	72.6	165	83	99.4

Sabah

Illegal logging crackdown

News reports from Sabah suggest the state authorities are imposing a major crack down on illegal timber

trading. East Malaysia's English language newspaper, the Daily Express, reports that the Sabah police are assisting the State Government in curbing illegal logging and timber thefts. Sabah's Anti-Corruption Agency (ACA) has been involved in a number raids on sawmills and Sabah Forestry Department Offices.

On June 28, the ACA Director-General announced that 411 logs worth RM500,000 illegally felled in the forests of Keningau had been seized by officers of the agency and the forestry department. ACA and Sabah state forestry personnel seized more logs worth RM776,000 during another series of raids in the same region in early July. ACA officers also raided Sabah Forestry Department offices in Sandakan, Tawau and Keningau in connection with log thefts. More recently 10 Indonesians were arrested in a raid by State Forestry personnel at the Sepilok Virgin Jungle Reserve. Forestry officials apprehended the suspects following the recovery of about 50 illegally felled logs in their possession. In another incident, the Sabah government announced a full-scale investigation into allegations of timber stolen from the Sabah Foundation concession area in Kalabakan. The Foundation had provided a detailed report of the theft involving the loss of more than 600 felled logs.

Increased export royalties

The Sabah Government has announced a 50% increase in the export royalty levied on high quality logs (Class C). The measure was due to become effective on 1 July. The export royalty on logs including Seraya and Selangan Batu would increase from RM100/m3 (US\$26) to RM150/m3 (US\$40). The move was expected to increase government revenue by RM15 million (US\$3.9 million) during 1999. Around 280,000 m3 of logs of Class C species should be exported between July and December. The export royalty on logs of Class D species, which are less popular on international markets, remains unchanged. The measure was implemented on the advice of a government committee established to look

The measure was implemented on the advice of a government committee established to look at ways of raising State revenue. The decision reflects the Committee's view that Class C logs are of good quality and demand has tended to exceed supply. The Committee also noted that international log prices have risen considerably over recent months.

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			
	May	<u>June</u>	<u>July</u>
Ex Cameroon Fr.F/r	m3 FOB D	ouala LM	
N'GOLLON			
70cm+20% 60/69	1400	1450	1450
BOSSE 60cm+	1550	1550	1550
AYOUS 70cm+	1000	1000	1000
BIBOLO 60cm+	1300	1350	1350
SAPELE			
80cm+20% 70/79	1550	1550	1550
SIPO			
80cm+20% 70/79	1900	1950	1950
IROKO			
80cm+20% 70/79	1650	1650	1650

1	
	1300 1175
50	1150
	1700 1900
	75 50 00

Sawn Timber

Ex Ghana DM/m3 FOB Takoradi						
FAS (includes notional agent's commission of 5%)						
6"+ avg 9" C/£	4014	4030	4126			
6' + avg 9' DM/£	3.00	2.99	2.92			
A.MAHOGANY AD	740	740	740			
A.MAHOGANY KD	895	895	895			
EMERI AD	760	760	760			
UTILE KD	1150	1150	1150			
ODUM AD	925	925	925			
ODUM KD	1085	1085	1085			
SAPELE KD	900	900	900			
EDINAM AD	590	590	590			
EDINAM KD	770	770	770			
WALNUT AD	705	705	705			
NIANGON AD	895	895	895			
DANTA AD	680	680	680			
DANTA KD	945	945	945			
WAWA AD	430	430	430			
WAWA KD	500	500	500			
MAKORE AD	790	790	790			
MAKORE KD	960	960	960			

MAKORE KD	960	960	960				
Ex Cameroon Fr.F/m3 FOB							
FAS width 6"+, leng	FAS width 6"+, length 6'+						
SAPELE	2650	2650	2700				
SIPO	3750	3750	3850				
BIBILO	2750	2750	2800				
N'GOLLON	3200	3200	3200				
AFRORMOSIA	3800	3800	3800				
IROKO	3375	3375	3375				
Ex Gabon FR.F/m3	Ex Gabon FR.F/m3 FOB						
FAS width 6"+, leng	th 6'+						
OKOUME AD	2000	2000	2000				
Ex Zaire Fr.F/m3 FC)B						
FAS width 6"+, leng	th 6'+						
SAPELE	2600	2600	2800				
SIPO	3550	3550	3700				
MAHOGANY	2950	2950	2500				
AFRORMOSIA	3700	3700	3800				
IROKO	3300	3300	3400				

	May	<u>June</u>	<u>July</u>
Ex Cote d'Ivoire Fr.F	7/m3		
Fr.F/£	10.05	10.02	9.80
FOB Abidjan FAS			
6"+ avg 9"-10"			
6'+ avg 10'-11'			
1"-2"			
IROKO	3300	3350	3350
MAHOGANY	2700	2750	2750
FRAMIRE	2000	2000	2000
SAMBA No.1 C&S	1525	1525	1525
AZOBE dim. stock	2200/	2200/	2200
	2800	2800	2800
OPEPE dim. stock	1950/	1950/	1950
	2550	2550	2550

6.10

6.00

1.58

6.04

1.59

Ex Malaysia US\$/ton, C&F UK port

M\$/£

M\$/US\$	3.80	3.80	3.80
(Rates given for MS	are official:	rates)	
DARK RED MER	RANTI (KIL	N DRIED)
Select & better GM	S		
width 6"+ avg 7"/8	,,		
length 8'+ avg 12'/	14'		
1-2" KD	830	870	895
2.5" KD	860	900	920
3" KD	890	980	990
KERUING			
Standard & Better 0	GMS		
1"-3"			
width: random or fi	xed		
length 16'+	510	540	550
KAPUR			
Standard & Better 0	GMS		
1"-3" plnd			
width 6"+ avg 7"-8	3"		
length 16'+	515	545	555

TEME (Official price	c not odonoj		
FEQ/equivalent			
Boards: 6"+ avg 8",	6'+ avg 8'		
Shorts: 6"+, 3'/5.5' a	vg 4'		
Ex. Burma US\$ per	ton of 50cu.	.ft.	
FOB Yangon (Rango	on)		
Boards 1" 8"x 8"	3890	3890	3890
Boards 1" 8"x 8"	2670	2670	2670
Teak from Singapore	and Hong	Kong neare	r S\$3500
for 1" Boards, 1.5" U	JS\$3550, 2'	" 3750, and	US\$3850
for 2.5".			

Ex Braz	zil US\$/m3 C	&F		
FAS	US\$/£	1.60	1.58	1.59
6"+ avg	g 9-10"			
6'+ avg	10-11'			
MAHO	GANY (Swi	etenia)		
1"-2" A	.D	1120	1120	1150
2.5"-3"	AD	1140	1140	1160
1"-2" K	D	1210	1210	1220
2.5"-3"	KD	1230	1230	1240
VIROL	.∕A			
1" KD 1	No.1 C&B			
boar	ds:	400	400	380
strip	S	370	370	360
CEDRO	0			
1"-1.5"	KD	720	720	700
2" KD		720	720	720
2.5"-3"	KD	750	750	750

Hardwood Markets

Highlights

- Asian prices continue to firm
- Asian illegal logging crack-down
- Sapele demand and prices rising
- Mahogany season just starting
- Hard maple/cherry markets particularly firm

Asian Hardwoods

Far Eastern tropical hardwood prices continue to firm. Shippers are determined to push for higher prices as supplies remain tight and their confidence in a sustained increase in Far Eastern demand grows. In Europe, demand for DRM/Seraya from Holland and Germany is bouyant. Moves by shipping lines to increase freight rates in anticipation of a surge in demand for consumables in the run up to the millennium has also contributed to the firming trend.

European agents report that the new higher prices for DRM/Seraya are beginning to discourage orders, particularly as the gap between these prices and those for Sapele have widened. Dutch importers, so long wedded to Malaysia for supplies of 3" by 5" material for joinery applications, have been investigating the opportunities for obtaining this specification from cheaper African sources. Dutch importers are having particular difficulty obtaining supplies of heavier species, such as merbau, due to Malaysian restrictions on harvesting in highland areas.

Prices for keruing have followed the firming trend, but there is little willingness in Europe to buy at the higher rates.

Reasons cited for the tight supply situation in the Far East vary. Some shippers continue to blame the weather. Poor weather conditions earlier in the season will have contributed to very low inventories in many parts of the Far East. Other political factors have also been significant, notably the disruption caused by elections in Indonesia and Malaysia. Direct government intervention in the forest sector in major supplying countries have also tended to reduce levels of logging. Most states in Peninsular Malaysia have implemented tighter guidelines for the awarding of new logging areas this year. The new measures are said to be particularly stringent in Johor, Selangor and Pahang. In March of this year, Sabah's new forest Minister imposed a freeze on the issuance of new logging licences in response to controversy surrounding the potential environmental impact of one particular logging operation in the state. This measure was only withdrawn in July with the promise that in future there will be much stricter criteria for assessing the status of logging operators. There are now regular news reports emerging from Sabah of a government crack down to eradicate illegal logging practices in the State.

HARDWOOD MARKETS Cont.

A move by the Sabah state government to ease problems of log supply by allowing the import of logs from Indonesia has been unsuccessful. To date no Sabah importers have been able to take advantage of the measure due to the hefty "processing" fees required by the state authorities.

In Indonesia, the government has revoked 8 forest concessions totaling 1.17 million hectares and said it will not renew a further 13 concessions covering 1.36 million hectares under it's anticorruption, collusion and nepotism campaign. There are reports of riots in Akeh province in Sumatra which have led to 136 dead and 230 injured. Some mills in the area are reported to have closed and to have pulled out equipment.

Turning to Asian log markets, these are characterised by very tight supplies and firm demand in many areas. In Sarawak, log production remains slow due partly to labour and machinery shortages after many logging operators reduced their workforce and equipment inventory last year. In Papua New Guinea log production is dropping again as the rainy season has arrived. Producers are trying to force up prices, encouraged by strong demand from the Philippines and China. Japanese importers have also been stocking up depleted inventories. By contrast, Korean importers are suffering from weak domestic consumption and are currently selling logs at prices well below import cost to dispose of stocks and improve cash flow.

African Hardwoods

Sapele prices are rising in response to increased demand in Europe and signs of tightening supply. Opinions differ over the rate and scale of change.

One contact suggested that Sapele prices had moved up "sharply", by around 100 to 150 FF, during July. One significant factor contributing to the firming trend was increased buying by Dutch importers who are now having difficulty obtaining adequate supplies of wood for joinery from the Far East. One Dutch owned company with sawmills in Africa reports that their Sapele production is already fully sold. It was also suggested that some Spanish importers, usually big buyers of Sapele, had come back into the market before the holiday season.

Other contacts are more cautious, noting that European demand for sapele is hardly bouyant. The Sapele market in the UK remains very quiet, while in Spain interest in the forward market is still limited. While shippers are pushing for higher prices, there is little chance of making these stick during the traditional summer lull. However, as Far Eastern prices have increased, and with signs that Europe's economy is slowly improving, most agents are optimistic of more significant price rises for Sapele from end August onwards.

Supplies for African species are expected to become increasingly tight over coming months. The rainy season has arrived with a vengeance in West Africa. Production in Francophone African countries tends to slow down at this time of year as many ex-pat operators working for large European-owned companies leave on vacation. One agent also speculates that in order to generate foreign currency in the run up to the log export ban introduced on 1 July, some shippers in the Cameroon exported volumes of logs that would normally have gone for lumber. Cameroon's log export ban continues to create confusion. As one agent comments, "Cameroon have been planning this ban for 5 years, but when actually implemented, nobody knew what to do on 1 July. It is still a very grey area. News of the measures to be taken changes on a daily basis". Some contacts speculate that the ban will prove difficult to implement and that the Cameroon authorities may yet have to backtrack. The ITTO Market News Service's version of events is that the government decree will apply to contracts signed after 18 June. Export contracts signed before June 18 may be settled without restriction until September 30 provided logs are already at port.

In Ghana, there are reports that supplies available to mills are lower now than at any other time for many years. This is partly owing to the rains, said to be the heaviest for at least 8 years. Long term factors are also affecting supplies, notably the governments efforts to cut annual log production from 2 million to 1.2 million m3 under Ghana's national commitment to sustainability. Log supplies now seem inadequate to supply Ghana's 130 mills and some fall out seems inevitable. Ghanaian suppliers are bullish over price, but in practice sales volumes remain low.

Past over-exploitation has meant that Ivory Coast is becoming less significant as a supplier, with only smaller sizes available and some mills trying to import logs.

The iroko market is characterised by tight supply and slow markets. Irish demand picked up a little during July, but demand in the UK is slow. Operations in the Congo (formerly Zaire) have restarted and are running again at reasonable capacity, with reports that the first shipments for some time are now on the water. There are hopes that the political situation will continue to stabilise with the signing in July of a peace treaty by President Kabila and the major African sponsors of the feuding factions. However the rebels have yet to sign, suggesting the war will simmer on in the eastern areas of the country.

South American Hardwoods

Prices for mahogany are firm and rising with continuing strong demand from the US. The mahogany logging season is just starting. The rain in the producing areas of Para state has now halted and logs are arriving at the mills. Stocks are low in the meantime. The first new season kiln dried material should be available in August. Exporters are still waiting for the Ministry of Environment to release quotas for the second half of 1999. IBAMA are reported to be very active in the bush monitoring logging and implementation of management plans.

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

	May	<u>June</u>	<u>July</u>
\$/£	1.61	1.58	1.59
RED OAK			
1"	1735	1775	1740
1.25"	1890	1940	1920
1.5"	1940	2090	2065
2"	2330	2400	2400
WHITE OAK			
1"	1575	1575	1545
1.25"	1780	1780	1745
1.5"	2170	2170	2125
2"	2655	2655	2625
ASH			
1"	1175	1175	1150
2"	1580	1580	1550
TULIPWOOI)		
1"	1060	1060	1075
1.25"	1090	1090	1085
1.5"	1135	1135	1135
2"	1165	1165	1155
CHERRY			
1"	3160	3160	3105
1.25"	3225	3225	3160
1.5"	3335	3335	3370
2"	3570	3570	3500
HARD MAPI			
1"	2155	2155	2270
1.25"	2200	2200	2250
1.5"	2425	2425	2600
2"	2635	2635	2800

Brazilian Cedar and Virola are readily available and prices for both remain steady. As Asian prices have increased over recent months, the differential between meranti and cedar has narrowed. However, prices for cedar may still be too high to encourage a significant increase in sales in the UK. Cedar can be used as an alternative to meranti, often providing wood of better quality, although specifications may be less attractive.

Weakening of the Brazilian *real* following devaluation has improved the competitive position of Brazilian exporters on international markets. However there has been a "lag period" since devaluation as Brazilian hardwood traders are only now reporting improved export shipments.

The trade between Brazil and the Far East, notably to the Philippines and Thailand, which ground to halt during the Asian economic crises last year, is now operating again at a level of around one shipment per month.

Around 80 to 85% of lumber production in the tropical regions of Brazil is for the domestic market. Tropical lumber prices to Brazilian domestic markets have firmed in response to current low stock levels. These prices will only begin to fall again after August when supplies become more readily available.

North American Hardwoods

Domestic demand in the United States remains bouyant. Housing starts are at a high level and the joinery and manufacturing sectors continue

HARDWOOD MARKETS cont.

to operate at close to full capacity. Unusually, there has been little sign of a summer lull in demand this year.

US hardwood production has been high during 1999. Production is usually at its highest during the summer months but this year there are signs of slowdown, partly owing to a fall in demand from the paper industry for pulpwood and chips which has filtered through to the sawlog sector. The market is such that inventories have not always kept up with demand. *Hardwood Review Export* notes that some US producers are short on some key items. While green lumber is available for most species, kiln dried inventories are shortening. There could be a rapid turnaround to rising prices if domestic demand continues firm.

With demand in domestic markets so strong, US producers have less of an incentive to develop export business. Those that have remained commited to overseas markets are seeing a gradual improvement in prospects. Shipments to Asian destinations, with the exception of Taiwan, are significantly up on last year. Mexico, a major market for US red oak, is performing well in 1999. Europe remains a variable feast, with strong demand from Spain and Portugal contrasting with weaker and intensively competitive markets in Germany, Italy and the UK. The weakness of the euro in relation to the dollar is deterring European imports of US hardwoods in the short term, but also improves the competitive position of European manufacturers, encouraging growth in the longer term.

Demand for Cherry and Hard maple in US export markets is very firm. Higher grades and larger sizes are particularly difficult to find. US producers are reporting that they can effectively pick and choose who to sell to. French markets for cherry have slowed slightly.

Demand for Ash has also picked up over recent months, with shipments to the Far East much improved and significant demand from Spain and Portugal. UK demand has also picked up slightly.

Shipments of white oak from the Southern States, particularly to Spain and Portugal, have been good over recent months. Elsewhere markets remain highly competitive, although some niche markets for higher grades are doing reasonably well. Northern States inventories for the species are shortening.

Red oak prices are particularly dependent on domestic market conditions which continue firm, a situation which is expected to continue until at least the autumn. Demand for the species is strong in Mexico. Red oak markets in Europe are generally slow, although there has been some interest in higher grades and thicker sizes.

Tulipwood demand is reasonably firm, with growing sales to the Far East and continuing purchasing from Italy, the largest European importer of the species. Production has been lower than expected in some areas of the United States leading to longer lead times.

Demand for walnut has been on the increase in Spain and Portugal.

Plywood

Far Eastern prices stabilised

Prices for Indonesian plywood into the UK have stabilised at around INDO96 less 10/12 for BB/CC grade, despite considerable supply constraints in the Far East and concerted efforts by Indonesian mills to push prices higher.

Indonesian supplies are tight and are likely to remain so. Last year's prolonged rainy season coupled with slowdowns during the June elections have meant a relatively short and disrupted logging season this year. With the next monsoon due in 2 to 3 months, there has been little opportunity to build up stocks heavily depleted during the economic chaos last year. Supply conditions elsewhere in the Far East have been little better. In East Malaysia logging has also been severely disrupted by poor weather, politics, and efforts to redesign forest management systems. Sabah particularly faces a severe log shortage. Changes in government regulations allowing the export of logs from the State have meant that logs tend to be exported rather than bought by local mills. Large volumes now go for export to China, Japan and Korea, while Sabah's domestic plywood production capacity is progressively reduced.

Against this background, it is little wonder that Far Eastern plywood producers are bullish in their efforts to force an increase in plywood prices. For shippers selling to Europe, another factor arguing for price increases are freight rate increases of US\$600 per 40 foot container and US\$300 per 20 foot container due to be implemented over the coming months.

However, Asian shippers have run up against some fairly stubborn resistance to price rises from importers. In Europe, this resistance stems in part from patchy and competitive underlying demand, linked to the availability of more competitively priced material from elsewhere. Plywood is now available from Brazil at prices equivalent to around INDO96 less 17/18. One agent in the UK suggests that with prices like this on offer, coupled with Brazil's advantages of shorter sailing times, "a major shift to Brazil now seems inevitable". As volumes from Indonesia decline, shipping intervals from the Far East will tend to become longer, reinforcing

the shift to Brazil. Currency swings have also worked in Brazil's favour, with the *real* having stabilised at a comparatively weak 1.8 to the US dollar, while Asian currencies have strengthened consistently throughout 1999. Like Brazil, Guyana is also providing a source of relatively competitively priced plywood. Although Guyana is selling plywood primarily to the United States, it continues to maintain a low volume of sales into Europe.

UK plywood agents are reporting that the market is quiet, with many buyers absent on vacation. Many importers also built up stocks as the market climbed in the spring and have sufficient to meet levels of underlying demand. The underlying market remains highly competitive, with importers continuing to sell below replacement cost.

Japan's plywood market is still patchy so that wholesale prices remain flat. Importers still tend to buy only to satisfy short-term needs. However there is confidence that growth in housing starts during 1999 will lead to increased demand later in the year.

In China Indonesian plywood prices remain unchanged due to high stock holdings and slow demand. However, China is buying reasonable volumes of thin plywood for overlay with veneer. ITTO's Market News Service forecasts that the plywood market in China will remain sluggish and that prices will remain flat. It is also reported that Chinese plywood imports from Africa are running at quite high levels. African plywood is being offered to Chinese importers at competitive prices.

Plywood demand in Korea has been much improved during 1999 and this has resulted in increases in both domestic production and imports. Korean plywood production increased in May over the previous month, the fourth consecutive month of increase. Plywood production in May was also 14% up on the same month the previous year. Plywood arrivals between January and May 1999 reached 297,122 m3. However, growth in domestic demand stalled slightly in May as consumption remained unchanged from the previous month.

Finns develop tropical paper industry

Large Finnish corporations are leading the drive to develop paper producing industries in emerging markets. In pursuit of this aim, UPM-Kymmene has made an alliance with the Singapore-based Asia Pacific Resources International. The first outcome of the alliance has been the construction of a fine paper mill and stationery plant in China. The second stage, involving the building of two paper mills in Indonesia, has been delayed due to political and financial turmoil in the country. UPM Kymenne says the future of the operation depends on in political stability in Indonesia. Another compant, StoraEnso, has plans for tropical pulp operations in northern Brazil. It

intends to build a pulp plant in co-operation with the Brazilian conglomerate Odebrecht. At present the development is on hold pending economic developments in Brazil.

The advantages of paper-makers operating in tropical regions are striking. About 600m cubic metres of wood are needed each year to meet global demand for virgin fibre-based pulp production of 150m tonnes. Based on the growth rate of Finnish forests this would require 200m hectares of forest, 10 times the present forested area of the country. However, with the faster growth rates of trees in Indonesia only 20m hectares are required, around 0.2 per cent of the current forested area.

HARDWOOD LOGS AND SAWN FROM OUTSIDE THE EU Note 2

UK IMPORTS

March Commentary

Logs and sawn imports from both inside and outside the EC were similar in March to the previous month. During the first quarter of 1999, UK imports of tropical logs and sawn were 11% up on the same period the previous year. Major gains were made by Malaysia (up 35%) and Cameroon (up 19%). Congo (Brazzaville) emerged as a more significant supplier, although volumes are still small. Imports from Ghana and Ivory Coast were marginally down over the 1st quarter of 1998. Temperate imports from outside the EC were 6.7% lower than the first quarter the previous year. Imports of North American oak have declined slightly. The figures also reflect a significant fall in imports of Estonian birch. During March, plywood imports from outside the EC were 10% lower than the previous month. Imports from within the EC were

Continued page 7

VENEERS FROM OUTSIDE THE EU (cubic metres)								
	Mar	Mar	Cum	Cum				
	99	98	99	98				
BRAZIL	00	00	16	13				
CAMEROON			10	11				
CONGO			25	26				
GHANA	170	234	771	708				
INDIA			1					
INDONESIA	32		32	124				
IVORY COAST				32				
MALAYSIA		17	22	68				
SINGAPORE		22	35	22				
THAILAND	6	16	47	166				
ZAIRE		113	247	335				
TROPICAL	208	402	1206	1505				
AUSTRALIA				2				
BULGARIA	31		31					
CANADA	149	36	305	243				
CROATIA			31					
ESTONIA	152		456					
HUNGARY	43		92	32				
LATVIA	219		290	29				
RUSSIA	68	65	186	65				
S. AFRICA	293	241	533	536				
SLOVENIA	56	60	84	124				
SWITZERLAND	58	83	76	113				
USA	1051	1112	2350	3078				
TEMPERATE	2120	1597	4434	4222				
TOTAL	2328	1999	5640	5727				

SLEEPERS FROM OUTSIDE THE EU (cubic metres)									
	Mar	Mar	Cum	Cum					
	99	98	99	98					
AUSTRALIA	852	920	2323	2038					
CZECH REP.		33		33					
GUYANA	153		334						
NIGERIA	66		99						
S. AFRICA			22						
SLOVAKIA	15		36						
TOTAL	1086	953	2814	2071					

(cubic met		3S AN		/N FRC OGS	M OUT	SIDET		Note 2 WN			то	TAL	
		Mar	Mar	Cum	Cum	—— Mar	Mar	Cum	Cum	Mar	Mar	Cum	Cum
501044		99	98	99	98	99	98	99	98	99	98	99	98
BOLIVIA BRAZIL						1139	53 2134	3225	447 3884	1139	53 2134	3225	447 3884
BURMA		0540	0.470	0000	30	119	17	119	47	119	17	119	77
CAMEROON CONGO		2512	2470 104	8298 265	7801 239	1083	1724	6635 1182	4785	3595	4194 104	14933 1447	12586 239
ECUADOR			457		27						457		27
EQ. GUINEA GABON		289	157 403	1052	157 1482			144	74	289	157 403	1196	157 1556
GAMBIA						4070	0000	275	7005	4070	0000	275	7005
GHANA GUINEA						1976 67	2062	6409 341	7285	1976 67	2062	6409 341	7285
GUYANA INDONESIA						106 615	459 451	133 1287	1128 1073	106 615	459 451	133 1287	1128 1073
IVORY COAST	ī					932	1241	3469	4083	932	1241	3469	4083
MALAYSIA MOZAMBIQUE	=	644		945	95 24	3964	5978	17866	13721	4608	5978	18811	13816 24
NIGERIA	=	410		410	83	17	72	57	111	427	72	467	194
PAPUA N.G. PERU				27	87	75 72	12 22	192 137	12 22	75 72	12 22	192 164	99 22
PHILIPPINES				21			114		249		114		249
SINGAPORE STH KOREA			27		80	308	467	509 83	678	308	494	509 83	758
TANZANIA				14	10			165	65			179	75
THAILAND TRIN. & TOB.						30	63	30	123 30	30	63	30	123 30
VENEZUELA						32		32	30	32		32	30
ZAMBIA OTHER						11		17 32	24	11		17 32	24
TROPICAL		3855	3161	11011	10115	10546	14869	42339	37841	14401	18030	53350	47956
AUSTRALIA			2	7	43	16		31	235	16	2	38	278
AUSTRALIA	Oak		_	•		18		18		18	_	18	
BELARUS BULGARIA	Beech Beech					28		28 21		28		28 21	
CANADA		242	277	682	614	1457	1611	6768	3454	1699	1888	7450	4068
CANADA CANADA	Beech Birch		87	67	97	17	14	17	98	17	14 87	17 67	98 97
CANADA	Oak					369	676	1153	1473	369	676	1153	1473
CANADA CANADA	Poplar Walnut					56	5	30 68	93 7	56	5	30 68	93 7
CHILE							30	160	104 30		30	160	104 30
CHINA ESTONIA	Birch	893	1757	1961	4282		30	160	30	893	1757	1961	4282
ESTONIA LATVIA	Oak Birch	568	335	1465	617	684		2660		684 568	335	2660 1465	617
LATVIA	Oak	300	333	1403	017	39		61		39	333	61	017
LATVIA LITHUANIA	Poplar				173	397 12	49	893 49	118	397 12	49	893 49	291
LITHUANIA	Birch				34	12	73		110	12	73		34
LITHUANIA NORWAY	Oak				172			44	84			44	256
NORWAY	Beech					45		45		45		45	
POLAND POLAND	Beech	14	60	44	153		30		30 26	14	90	44	183 26
POLAND	Birch		84	24	236						84	24	236
ROMANIA RUSSIA	Beech	65 93	80	252 93	141 1161	39	27 194	78 1547	224 563	65 132	107 194	330 1640	365 1724
RUSSIA	Beech					00			55				55
RUSSIA RUSSIA	Birch Oak	253	108	534	330 103	15	17	258	109	253 15	108 17	534 258	330 212
RUSSIA	Poplar						• • •	57			••	57	
S. AFRICA SERB/MONT.	Beech	23		23		21		42 22	60 34	44		65 22	60 34
SLOVAKIA	Oak					20	76	52	76	20	76	52	76
UKRAINE USA	Oak	2429	932	4162	3507	2663	4828	7992	172 12108	5092	5760	12154	172 15615
USA	Beech		302		- 50.	35	. 525	44	58	35		44	58
USA USA	Birch Oak			82		4399	5704	12191	16287	4399	5704	82 12191	16287
USA	Poplar		39		39	776	701	2206	1969	776	740	2206	2008
USA OTHER	Walnut					78 12	92	206 64	330 45	78 12	92	206 64	330 45
TEMPERATE		4580	3761	9396	11702	11196	14054	36805	37842	15776	17815	46201	49544
AFRICA		3234	3134	10062	9796	4096	5099	18762	16463	7330	8233	28824	26259
ASIA AUS/PAC		644	27 2	945 7	292 43	5111 34	7132	20271 53	15933 235	5755 34	7159 2	21216 60	16225 278
E. EUROPE		1540	2316	3746	5636	1192	182	3923	725	2732	2498	7669	6361
N. AMERICA RUSSIA		2671 346	1335 108	4993 627	4257 1594	9850 54	13631 211	30675 1862	35888 727	12521 400	14966 319	35668 2489	40145 2321
S. AMERICA				27	27	1360	2668	3553	5628	1360	2668	3580	5655
W. EUROPE		2/25	6022	20407	172	45	28622	45 791 44	75693	45 30177	35945	45	256
TOTAL		8435	6922	20407	21817	21742	28923	79144	75683	30177	35845	99551	97500

Malaysian Notes

Timber exports rising

The Deputy Director General of the Malaysian Industry Timber Board has said that timber exports rose by 16.5% to 879 million ringgit (\$231 million) in the first quarter of the year compared with the same period last year. Volumes increased by 23% from 682,000 tons to 839,000 tons.

Timber Marketing Convention

The first ever Malaysian Timber Marketing Convention will be held 29 September to 1 October in Kuala Lumpur. The convention will bring together international buyers and representatives from all sectors of the Malaysian timber industry.

The Convention forms part of the Malaysian government's economic revival plan in which the timber industry is identified as a priority sector to help boost the country's foreign exchange reserves. The Convention will include assession with Dr Lim, the Minister of Primary Industries. More: Miss Verna, Tel: +60 3 984 7445; Fax: +60 3 982 6059

Woodworking Exhibition

The third Malaysian International Woodworking Timber Processing and Furniture Manufacturing Supplies Exhibition and Conference, or Woodtech '99, will be held in Kuala Lumpur between Sept. 9 and 13.

(cubic meti			LC	OGS			SAWN			TOTAL			
		Mar	Mar	Cum	Cum	Mar	Mar	Cum	Cum	Mar	Mar	Cum	Cum
BELGIUM				87	44	176	583	367	1976	176	583	454	2020
BELGIUM	Beech					134	33	354	158	134	33	354	158
DENMARK				52		102	11	221	324	102	11	273	324
DENMARK	Beech		148	1	148	198	93	1035	496	198	241	1036	644
FINLAND			77	795	960	726	289	2272	804	726	366	3067	1764
FRANCE		183	90	368	91	33	126	470	1316	216	216	838	1407
FRANCE	Beech			32		2	38	208	176	2	38	240	176
FRANCE	Oak	42		42		458	617	1467	1451	500	617	1509	1451
GERMANY		578	50	1146	142	560	904	1675	1738	1138	954	2821	1880
GERMANY	Beech				20	2616	2857	7688	7433	2616	2857	7688	7453
GERMANY	Oak					134	149	359	360	134	149	359	360
IRELAND		43		61	34	101	57	580	164	144	57	641	198
NETHLNDS			10	173	34	1393	879	4406	1974	1393	889	4579	2008
NETHLNDS	Oak					141	25	214	144	141	25	214	144
SPAIN		29		29		130	184	415	455	159	184	444	455
SWEDEN		960	254	1774	1861	1865	3087	5137	6712	2825	3341	6911	8573
SWEDEN	Beech				21			26				26	21
OTHER			10		14	45		62	10	45	10	62	24
EU TOTAL		1835	639	4560	3369	8814	9932	26956	25691	10649	10571	31516	29060

VENEERS FF		ISIDE T	HE EU /	Note 3
(cubic metres)	Mar	Mar	Cum	Cum
	99	98	99	98
BELGIUM DENMARK FINLAND	117 23 41	286 79	451 204 90	618 250 73
FRANCE GERMANY ITALY	206 432 29	63 306 15	368 1006 78	464 636 61
NETHERLANDS SPAIN	43	37	89	80 42
OTHER	4	4	29	34
EU TOTAL	895	790	2315	2258
SLEEPERS		INSIDE	THE EU	Note 3
(cubic metres)			_	_
	Mar 99	Mar 98	Cum 99	Cum 98
FRANCE GERMANY NETHERLANDS	380 2055 261	909	513 2055 261	1131
SPAIN OTHER	19	610 52	103	610 52
EU TOTAL	2715	1571	2932	1793

BLOCKBOARD (cubic metres)	AND I	PLYWO	OOD FR	OM OL	JTSIDE	THE	U	
(casic mease)		BLOCK	(BOAR	D		PLY\	NOOD	
	Mar 99	Mar 98	Cum 99	Cum 98	Mar 99	Mar 98	Cum 99	Cum 98
BRAZIL GHANA GUYANA	102	196	370	626	11469 35 1258	9392 28 80	39159 143 3226	31955 138 1402
INDONESIA MALAYSIA PHILIPPINES	303 87	1727 32	2783 1296	5662 218	27469 7047	8756 9245 30	82379 42595	29297 24673 48
SINGAPORE SOUTH KOREA THAILAND			2		11714	40 670	220 44758 3180	59 670
ZIMBABWE OTHER	0	0	0	0	33	0	43 68	1
TROPICAL	492	1955	4451	6506	59025	28241	215771	88243
BELARUS CANADA CHILE					5797 2461	164 2203	22137 8228	164 26062 442
CHINA ESTONIA				64	963 269	244 819	2542 1715	801 1814
ISRAEL LATVIA LITHUANIA	81		81	54	123 3185 614	175 2848 1697	391 7980 2081	447 9695 3580
MOROCCO NORWAY	133	40	182	35	63 377	75 299	146 875	225 823
POLAND RUSSIA S. AFRICA	2	19	10	19	89 5674	250 7664	443 18802 92	736 21492
SLOVENIA SWITZERLAND USA		143		146	144 3494	33 23890	214 1 18705	107 353 169466
OTHER	0	0	0	40	9	8	18	52
TEMPERATE	216	162	273	358	23262	40369	84370	236259
AFRICA ASIA AUSTR/PACIFIC	390	1759	4081	5944	110 47346	103 19160	471 176104	363 56040
E. EUROPE N. AMERICA RUSSIA	83	19 143	91	113 146	4301 9291 5674	5778 26093 7664	12433 40842 18802	16096 195528 21492
S. AMERICA W. EUROPE	102 133	196	370 182	626 35	15188 377	9480 332	50613 876	33807 1176
TOTAL	708	2117	4724	6864	82287	68610	300141	324502

BLOCKBOAR (cubic metres)	DAND	PLYW	OOD FF	ROM INS	IDE TH	E EU N	ote 3			
(cable metres)		BLOCKBOARD				PLYWOOD				
	Mar 99	Mar 98	Cum 99	Cum 98	Mar 99	Mar 98	Cum 99	Cum 98		
BELGIUM		20	46	20	1265	420	2847	1328		
DENMARK	35	28	35	148	32	80	143	345		
FINLAND	486	765	837	1093	6466	4536	33999	13458		
FRANCE			25		876	5499	3049	8436		
GERMANY	904		904		494	1934	1879	2672		
IRELAND	2	1	2	8	34	368	507	783		
ITALY	169	77	335	131	1057	1126	3072	2636		
NETHERLANDS		452		531	46	171	149	523		
SPAIN					536	362	1747	1313		
SWEDEN		209		209	432	822	1160	1564		
OTHER					3	29	41	29		
EU TOTAL	1596	1552	2184	2140	11241	15347	48593	33087		

Commentary cont. from page 6

35% lower. During the 1st quarter of 1999, there was a significant shift away from temperate towards tropical plywood. Imports from Indonesia , Malaysia and Brazil were up 181%, 72% and 22% respectively over the previous year. Plywood imports from the US are a shadow of their former self. Imports of Finnish plywood have increased by 150%.

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 volumes, weights and values are reconciled by estimates based on previous performance.
- 2. Logs and sawn data for "other" species derived from Estonia (Total cum 1999 volume 14079 m3) and Latvia (total cum 1999 volume 29987 m3) are omited 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".

respectively.

European construction outlook improving

The outlook for the European construction industry is improving. While growth in the industry during 1997 and 1998 was just under 1%, and decreased during 1996, construction activity throughout Europe will grow by 2.5% in 1999 and 2.3% in the year 2000. For the first time in several years, the Western European construction industry will grow in 1999 more strongly than GDP. So concludes a review of the industry presented to the Prague Euroconstruct Conference during June.

Construction activity has grown slowly throughout Western Europe over recent years due both to slack demand for new residential construction, as well as European policy measures designed to keep down budget deficits in euro-zone countries. Restrictions on government expenditure under the Maastricht criteria for entry into the euro led to a slow-down in infrastructure investment.

A turnaround in construction activity is expected during 1999 and 2000 for several reasons including the anticipated, albeit slow general economic upturn; the relaxation of expenditure policies; low interest rates; and initiatives designed to generate employment. Slow construction activity during recent years - notably in infrastructure - has also created a backlog in demand for civil engineering. Press reports suggest that European

is now rising while in Italy tax incentives for home improvements are having an effect. Euroconstruct data suggests that rates of growth in construction activity during 1999 will be relatively high in Ireland (+12.6%), Spain (+6.3%), Finland (+5%), France (+4.4%), Belgium (+3.8%), the Netherlands (+3.7%), Sweden (+3.5%), and Italy (+3.3%). The UK is expected to see growth of around 2.4% this year. Germany and Denmark are forecast to see declines of 0.1% and 3.1%

construction activity is already picking up.

Construction has been booming in Holland

and Spain for some time. Activity in France

ITTO Producers

	Tropical Hardwood Production							Tropical Hardwood Exports				
	1996	1997		% Change 97/98	1996	1997		Change 97/98				
Logs	1996	1997	1990	97/90	1996	1997	1990	97796				
Cameroon	2800	3000	2895	- <u>4</u>	1101	1706	1280	-25				
Central African Republic Congo	305 704	405 969	375 900	-7 -7	42 258	127 213	100 300	-21 41				
Congo,Dem. Rep.	274	300	280	-7 -3	91 338	100	90 100	-10 -7				
Cote d'Ivoire Gabon	2081 2513	2054 3200	2000 1700	-3 -47	2351	107 3000	1500	-7 -50				
Ghana Liberia	1166 25	1000 75	1100 129	10 72	0 24	0 49	0 62	0 27				
Togo	35	99	37	-63	3	68	5	-93				
Africa Cambodia	9903 517	11102 700	9416 372	-15 -47	4208 300	5370 200	3437 100	-36 -50				
Fiji	150	115	121	5	0	0	0	0				
India Indonesia	15500 30600	15500 28000	15500 26000	0 -7	5 44	5 44	5 99	0 125				
Malaysia Myanmar	30094 2811	31161 2960	30000 2814	-4 -5	6987 409	6592 423	6000 342	-9 -19				
Myanmar Papua New Guinea	3536	3440	1970	-43	2674	3004	1613	-46				
Phillipines Thailand	771 38	498 50	414 25	-17 -50	0 0	4 0	0 14	-100 0				
Asia/Pacific	84017	82424	77216	-6	10419	10272	8173	-20				
Bolivia Brazil	491 26000	491 26000	375 25000	-24 -4	0 0	0	0 0	0				
Colombia	1208	1027	1208	18	2	12	13	8				
Ecuador Guyana	4435 443	4746 549	4762 550	0 0	0 22	113 80	124 79	10 -1				
Honduras	32 30	61 34	25 35	-59 3	0	0	0	0				
Panama Peru	1399	1470	1543	5	0	0	0	0				
Venezuela South/Central America	450 34488	450 34828	450 33948	0 -3	0 24	0 205	0 216	0 5				
Total	128408	128354	120580	-6	14651	15847	11826	-25				
Sawn	580	560	588	E	284	392	405	•				
Cameroon Central African Republic	61	85	85	5 0	31	35	30	3 -14				
Congo, Dem. Rep.	59 85	60 90	70 80	17 -11	29 16	16 45	20 40	25 -11				
Cote d'Ivoire	596	613	600	-2	499	493	450	-9				
Gabon Ghana	100 520	90 575	150 590	67 3	61 239	29 246	39 290	34 18				
Others	20	24	37		4	6	1					
Africa India	2021 7000	2097 7000	2200 7000	5 0	1163 27	1262 25	1275 25	1 0				
Indonesia	5900	5570	5000	-10	400	300	300	0				
Malaysia Myanmar	7493 312	7176 329	6900 384	-4 17	3660 29	3007 21	2500 46	-17 119				
Papua New Guinea Phillipines	175 313	170 347	135 382	-21 10	17 89	17 103	17 293	0 184				
Thailand	261	274	34	-88	30	38	38	0				
Others Asia Pacific	148 21602	135 21001	140 19975	-5	77 4329	51 3562	57 3276	-8				
Bolivia	166	166	140	-16	138	133	83	-38				
Brazil Colombia	10500 568	10500 500	10000 568	-5 14	906 3	885 6	758 6	-14 0				
Ecuador	1509	1660	1663	0	34	12	13	8				
Peru Venezuela	628 228	654 225	687 225	5 0	24 4	45 2	48 1	7 -50				
Others South/Central America	63 13662	71 13776	59 13342	-3	36 1145	50 1133	38 947	-16				
Total	37285	36874	35517	-4	6637	5957	5498	-8				
Plywood	00	00	00	4	25	45	44	0				
Cameroon Cote d'Ivoire	88 43	90 61	89 66	-1 8	35 8	45 18	41 20	-9 11				
Gabon Ghana	55 40	40 65	60 71	50 9	15 19	25 20	31 30	24 50				
Others	17	20	22		2	3	3					
Africa India	243 245	276 300	308 300	12 0	79 15	111 20	125 20	13 0				
Indonesia	9575	6072	6000	-1	8000	5463	5400	-1				
Malaysia Phillipines	3697 536	4447 367	4200 300	-6 -18	3403 12	3825 14	3500 11	-8 -21				
Thailand	195	156	78	-50	0	1	0	-100				
Others Asia	81 14329	62 11404	79 10957	-4	5 11435	6 9329	23 8954	-4				
Brazil	1600	1600	1500	-6	554	550	465	-15				
Ecuador Guyana	99 98	109 67	109 60	0 -10	24 96	29 61	31 54	7 -11				
Peru Others	69 65	73 57	77 56	5	7 16	15 11	15 8	0				
South/Central America	1931	1906	1802	-5	697	666	573	-14				
Total	16503	13586	13067	-4	12211	10106	9652	-4				
Veneer Cameroon	61	61	59	-3	51	37	41	11				
Congo	50	50	60	20	27	37	45	22				
Cote d'Ivoire Ghana	222 95	222 75	275 80	24 7	115 54	155 62	155 70	0 13				
Others	13	14	12		7	9	7					
Africa Cambodia	441 29	422 192	486 75	15 -61	254 28	300 189	318 70	6 -63				
Indonesia	50	50	50	0	10	10	10	0				
Malaysia Phillipines	1245 82	1164 62	1000 75	-14 21	649 26	747 30	600 29	-20 -3				
Others	26 1432	57	56	-18	9 722	7 983	7 716	-27				
Asia/Pacific Brazil	265	1525 265	1256 240	-9	98	127	79	-38				
Ecuador Venezuela	168 85	185 85	185 85	0	74 0	0 0	0	0				
Others	17	15	14		4	6	4					
South/Central America Total	535 2408	550 2497	524 2266	-5 -9	176 1152	133 1416	83 1117	-38 -21				

Log production in producing member countries of ITTO fell by 6% during 1998 compared with the previous year.

The reduction was mainly due to the dislocation of tropical timber markets in the wake of the Asian economic crises.

In Africa, the most significant fall was in Gabon, a country heavily dependent on log exports to Asian countries. Log exports from Gabon were cut in half during 1998. Log production in other countries of the Congo basin was hit by civil unrest. By contrast, Congo (Brazzaville) and Liberia saw their log exports increase as political conditions improved.

Indonesia and Malaysia saw log production fall by 7% and 4% respectively during 1998. Contributing to this decline were: weak markets and prices; difficulties of financing operations due to weak domestic currencies, high interest rates and bank closures; particularly heavy rains; and long term constraints on supply due to new legislation to promote sustainable forestry practices. Papua New Guinea, a country particularly dependent on log exports, saw log production decline by 47% during 1998. One notable feature of the Asian export figures is the increase in log exports from Indonesia. This is a response to Indonesia's move to progressively reduce taxes on log exports beginning in 1998.

Despite a 17% fall in exports, Malaysia remained by far the world's largest exporter of tropical sawn timber during 1998. The fall in exports was due to the collapse of Malaysia's major Asian markets, notably Thailand, Japan, South Korea, the Philippines and Hong Kong. While Malaysia managed to increase her exports to a number of European countries, notably the Netherlands, these gains failed to compensate for losses in Asia.

Log production and wood exports from South America were much less affected by the Asian economic crises. South American producers are much less dependent on log exports. Brazil has a large domestic market for her logs, while international trade is oriented much more towards sawn wood exports to Europe and the USA.

The "big three" tropical plywood producers - Indonesia, Malaysia, and Brazil all experienced falling production levels in 1998 due to weakening markets and log supply problems.

African veneer production, notably in the Ivory Coast, increased during 1998. African veneer producers sell mainly to European buyers and have been insulated from the Asian crises. By contrast, Malaysia, the world's largest tropical veneer producer, was hit hard by weakening Asian markets. Brazilian veneer producers also suffered from loss of markets in the Far East, notably Korea.

Data taken from the International Tropical Timber Organisation 1998 Annual Review, now available on the Internet: www.ITTO.or.jp

Next month: ITTO Consumers

Barriers to Trade

Environmentalism and the WTO

Environmental campaigners are becoming more vocal in arguing that world trade is already too free for the planet's good. Green groups object to the growing power of the World Trade Organisation (WTO) to overide national laws to restrict imports on environmental or welfare grounds. Since 1995, the WTO has been asked to rule on several cases in which a WTO member has sought to restrict trade in a product for environmental reasons. In each case, WTO's dispute settlement panel has decided that the sanctions are in breach of international trade rules. In the most recent example, WTO ruled against a long-running EU ban on hormone treated beef (ie. most American meat).

To some extent the greens' objection to WTO stems from ambiguity in the rules governing trade and environment. One WTO rule allows countries to impose trade restrictions for environmental reasons. Article XX of GATT permits trade measures "necessary to protect human, animal or plant life or health...or relating to the conservation of exhaustible natural resources if such measures are made in conjunction with restrictions on domestic production or consumption." On the other hand, other GATT principles and the Agreement on Technical Barriers to Trade place severe restrictions on the environmental measures allowed. GATT's "National Treatment" principle requires "like products" to be treated identically. This means that, with very few exceptions, countries cannot ban imports if they do not like the way they have been produced. If they could, there would be endless opportunities for protectionist jickery-pokery.

The greens argue that if WTO rules out all trade sanctions that discriminate between more or less environmental methods of production, then what chance is there of improving performance? Free traders respond that different areas of the world may be willing or able to tolerate varying levels of pollution depending on local conditions and differing priorities of local people. Imposing the same environmental rules on every country, backed by trade sanctions, would destroy the comparative advantage of many countries, especially in the developing world.

implications for hardwood trade

These arguments clearly have direct implications for the hardwood trade. Legislation which imposes bans and boycotts on tropical timber is self evidently contrary to GATT's "National Treatment" principle. Handling the issue of forest management certification is not so clear cut. For example, under the Agreement on Technical Barriers to Trade, establishing requirements for eco-labelling is allowable as long as procedures are "transparent and non discriminatory". Requiring certification under ISO standards is generally regarded as acceptable under WTO rules. ISO's procedures

are transparent, while ISO's international scope (comprising institutions in over 100 countries) usually means that certification is a viable option for suppliers in most areas of the world.

The status of other certification systems, like the Forest Stewardship Council (FSC), is less certain. Because it's international framework is still underdeveloped, FSC may still discriminate against certain countries and producers. As things stand, there are FSC national working groups in around 20 countries. Most FSC accredited certifiers are based in Europe and North America. Furthermore, the systems of certification so far developed under FSC may discriminate against certain types of forest or forest owner. For example small non-industrial forest owners complain that FSC tends to favour large industrial owners.

To date, forest certification has not been an issue for WTO. Volumes of certified forest products traded remain small and there are still plenty of opportunities to sell non certified products. Furthermore buying companies commit to FSC certification voluntarily and are not required to do so by legislation. However, if European buyers become over-zealous in their pursuit of FSC certified wood, and as supplies begin to expand, WTO scrutiny will tend to increase. It will then be up to FSC to demonstrate that it can operate in a non discriminatory way. To achieve this, FSC's institutional framework may have to become wider and it will need to address the issue of small forest owners. It may also have to reduce the degree of centralised control over certifiers and instead recognise national accreditation bodies.

WTO and Environmentalists

Environmentalists would dearly love to see the WTO rules changed to allow importing countries to impose trade sanctions on countries they regard as environmentally irresponsible. There is, however, little enthusiasm amongst WTO members to change the rules. Efforts are being made to satisfy environmentalists in other ways. WTO is opening up it's procedures to environmentalists, allowing them, for example, to brief dispute settlement panels and attend hearings. WTO has acknowledged that all new trade agreements should be subject to environmental reviews. Renato Ruggiero, the out-going Director General of WTO, even suggested the creation of a World Environmental Organisation to counter-point the WTO.

Ultimately however, WTO's central role is to liberate trade. In handling environmental issues, it's aim will be to identify "win-win" solutions which serve to make trade freer and the planet cleaner at the same time. For example, minimum farm prices encourage farmers to produce too much, using more energy and more chemicals than they should. Such subsidies ensure that agricultural land uses appear more "profitable" than forestry uses, discouraging plantations and encouraging forest clearance. Speeding the

demise of these subsidies should please both free traders and environmentalists.

So far these arguments have failed to placate the greens. The debate looks set to hot up in the run up to the next series of WTO meetings in Seattle during November. WTO is scheduled to discuss a programme to rapidly lower wood tariffs across the board under an Accelerated Tariff Liberalisation Package. Last month, a broad coalition of environmental groups launched a campaign to derail the programme. They intend to hold a series protests before and during the WTO meetings in Seattle.

CITES Mahogany proposal

At a recent CITES Plants Committee in Darwin, Australia, representatives of the U.S. Fish and Wildlife Service announced that they have been requested to again forward a proposal to list Big-Leaf Mahogany (S. Macrophylla) on Appendix II of the Convention on International Trade in Endangered Species. (CITES). The request originates from environmental groups the Rainforest Coalition, Friends of the Earth and Defenders of Wildlife. At present the FWS are undecided on the position they should take and have asked for comments. They have also contacted CITES authorities in the range states for their views and additional information.

The Darwin meeting was also marked by the release of a lengthy report from the World Conservation Monitoring Centre. The report, "Contribution to An Evaluation of Tree Species using the New CITES Listing Criteria", considers around 250 timber species against the CITES listing criteria. The UK based WCMC concludes that many of the species "qualify" for Appendix II listing. While not adopted by the CITES Plants Committee, committee members concluded that it was a "useful, though not all-inclusive reference". The Committee agreed that the report should be distributed to CITES authorities in each member nation.

International forest industry associations have campaigned against the listing of commercial timber species under CITES on the grounds that scientific information is often either incomplete or inaccurate, and that many proposals are politically motivated rather than based on an objective appraisal of conservation needs. They also argue that the use of a Convention that targets only international trade is of little value in reducing risks to tropical timber species threatened primarily by loss of habitat through forest clearance.

While listing of species on Appendix II is technically meant only to improve monitoring, in practice it can have an impact on the direction and size of trade. At the ITTO meeting in Thailand in May, a spokesman for ATIBT noted that listing on Appendix II implies "a lot of costly red tape, and enormous paper work for producers and exporters. Ports of destination (have) to be changed as in smaller ports, customs authorities are usually not organised and authorised to fulfill the necessary formalities."

Japan Slide haltered

If you believe Japan's official figures (which isn't always wise), Japan's economy grew at an annualised rate of 7.9% during the first quarter of 1999. While this figure seems ridiculously optimistic, most doubters would admit that, for now, Japan's slide has been haltered. The first signs of growth in consumer spending are emerging while busines sentiment is improving. The Bank of Japan's most recent quarterly TANKAN survey of business executives suggests that they are more confident of a future recovery and that most expected that restructuring will have a positive effect. Judging from the performance of the yen, foreign investors too seem thoroughly enarmoured with the corporate restructuring story that Japan is peddling. The yen soared to such an extent during July that the Bank of Japan intervened in an effort to stabilise it at lower levels. The Japanese authorities worry that a strong yen would undermine export-led growth and upset the fragile recovery. There are other concerns,

	JAPAN - LOG AND LUMBER IMPORTS FIRST QUARTER								
			% chg						
000m3	1999	1998	99/97						
N.American Logs	1114	1047	+6.4						
N. American Lumber	1094	998	+9.6						
Russian Logs	1512	1088	+39.0						
Russian Lumber	98	-	-						
Southsea Logs	888	909	-2.3						
Southsea Lumber	184	-	-						

Source: Pacific Rim Market Report

including the impact of lower summer bonuses and the high levels of unemployment, both of which threaten consumer spending.

For the time being, the prospects for the timber trade look more healthy. Housing starts were up again in April by 1.1% from the same month in 1998, the second consecutive monthly rise. Wood starts were actually up 5.4% while non-wood starts declined by 2.6%. Southsea log arrivals were down by 2.3% during the first quarter of 1999 over the previous year, but increased markedly in the next two months. South Sea log arrivals in April were 46% higher than the same month the previous year. They then increased again, by 10.3% between April and May. Although the signs are encouraging, demand in Japan remains patchy. ITTO's Market News Service notes that after Japan's vacation period in May, purchases have been more limited, with importers buying only to satisfy immediate needs. Demand from plywood mills has also been slowing since May. Analysts are optimistic that rising housing starts will mean that demand picks up again in the Autumn.

African certification cont. from p 12

A similar message came across from Tom Barnes of Meyer International. A recent addition to the 1995+ Group, Meyer International now seem fully committed to the FSC concept. Their target is to ensure that 80% of timber products supplies are derived from FSC certified sources in 5 years. He suggested that, with Meyer International and increasing numbers of manufacturers and importers members of the 1995 Plus Group, "most timber entering this country will at some point pass through a member of a WWF Buyers' Group".

Richard Burbidge, Director of the "largest supplier of decorative timber to the UK's retail sector", has for long been a high profile supporter of environmental initiatives in the UK. He noted that his company buys around 2000 m3 of sapele each year. Sapele has replaced Brazilian mahogany in the company's product range primarily for environmental reasons. He stressed that, because of the demands being placed on him by his customers, "ultimately our commitment to FSC is more important than our loyalty to Cameroon." However his company would continue to source from Cameroon if suppliers demonstrated genuine commitment to the long term goal of FSC certification. It was noted that demand for FSC certified wood from retailers and manufacturers currently exceeds supply. Companies like Richard Burbidge may be willing to pay a premium for certified raw material "where it is available in reliable commercial volumes", even though they wouldn't necessarily be able to pass the extra costs to their customers.

While it is apparent that demand for FSC certified wood in the UK is on the increase, the African producers remained sceptical of the benefits of FSC certification. This scepticism reflected their awareness that market demand for FSC certified wood is not assured. Other major European markets for Central African timber, notably France, Italy and Spain, have so far shown little interest in FSC certification. Certification is yet to have any impact on Asian markets. Even where there is interest in certification, steps are being taken to encourage the adoption of forms of certification other than the FSC which may be more cost effective. France's major retailers and importers have held

discussions with African producers encouraging more extensive adoption of ISO14001.

In commenting on market demand, Roger Foteu, Technical co-ordinator of the Cameroonian national certification working group, noted that "the market for certified wood is small and the consumer is generally not willing to pay. For many companies certification is still more of a cost than a benefit". Parfait Mimbimi, President of Cameroon's National Certification Working Group, stressed that producers in Central Africa still have "major fears" of certification. Many fear that the Europeans driving the process don't understand the links between trade, environment and development. In particular, the need for countries with rapidly expanding populations and lack of finance to develop forests as a source of income. Many African producers still see certification as just another way to boycott tropical timber.

Nevertheless Central African countries have made a start with certification. Mr Mimbimi said that an expert seminar was held in February to introduce producers to the FSC principles, and members of the Working Group attended the FSC General Assembly meeting in Mexico during June. However, certification cannot work without first evolving effective national forest policies and legislation. Mr Mimbimi stressed that "ten years is a realistic timescale for widespread adoption of certification".

The seminar highlighted the gulf that continues to exist between European retailers with their talk of certification as a "communications device", and African producers struggling to develop sustainable forestry systems against a background of political and financial insecurity. But at least the debate over certification is bringing African producers and retailers face to face for the first time. And this is happening in the company of the environmental groups that have done so much to damage western markets for tropical timbers. Mutual understanding is increasing. In summing up, the WWF Belgium representative said "I beg you not to turn away from tropical timber. Nor should we demand that all timber should be FSC certified tomorrow. However it is necessary to ensure that there is progress towards sustainable forest management. We need to find a middle way."

Ghana

New system to allocate timber rights

Ghana's Minister of Lands and Forestry launched a S\$90 million Natural Resource Management Programme during July. Guidelines for the protection and sustainable management of Ghana's natural resources will be developed through the 10 year programme funded by the World Bank, the European Union and the governments of Ghana, UK, Denmark, and the Netherlands.

The Ministry of Lands and Forestry has also inaugurated a new Timber Rights Evaluation Committee under the Forestry Commission. The Committee will evaluate applications for timber rights and make recommendations to the Commission for the award of Timber Utilisation Contracts (TUC). Under Ghanaian law, applicants for TUCs must be ranked on merit through a competitive process. The Ghanaian government has been refraining from allocating new concession leases since 1992. Inauguration of the Committee opens the way for the reallocation of timber rights to significant areas of forest both on and off reserve where concessions have lapsed. The TUC system replaces a temporary system of ad hoc logging permits controlled by the Forestry Department.

Spain

Bouyant economy boosts imports

Spain's hardwood imports increased considerably during 1998. Imports of tropical logs and sawn increased by 27% and 33% respectively over the previous year. Imports of oak logs and sawn also increased by 11% and 30% respectively. Imports of beech logs increased by 30%, while imports of sawn beech saw a slight decline of 7%.

A buoyant economy and vigorous construction sector has increased demand for hardwoods. The Economist's July Poll of Forecasters suggests that Spain's economy will grow by around 3.4% during 1999. Growth in new housing is projected at around 8% this year following on from similar levels last year. Spain's entry into European Monetary Union has contributed to the boom, ensuring the lowest interest rates for many years and providing currency stability. Spain generally looks to Africa for her supplies of tropical hardwoods and sawn. Both log and sawn exports from Africa increased substantially during 1998 over the previous year. Low prices for African hardwoods in the wake

many years and providing currency stability. Spain generally looks to Africa for her supplies of tropical hardwoods and sawn. Both log and sawn exports from Africa increased substantially during 1998 over the previous year. Low prices for African hardwoods in the wake of the Asian crises coupled with strong demand both contributed to this trend. Cameroon and Equatorial Guinea have consistently been major suppliers of tropical logs to Spain during the 1990s. Ivory Coast was a major supplier of logs until 1996, but has now dropped out of the picture due to tight government controls on log exports. Spain has therefore looked to alternative countries for log supplies, notably Gabon and the CAR. Spanish importers also trialed log supplies from Liberia during 1998. Since the early 1990s, Spain's imports of

tropical sawnwood from Cameroon and Ivory Coast have increased consistently. Imports from Cameroon have risen from only 69,000 m3 in 1993 to 167,000m3 last year. Over the same time period, sawnwood imports from Ivory Coast increased from 63,000 m3 to 140,000 m3. With particularly firm demand in Spain, sawnwood imports from other African countries also increased substantially during 1998, notably from the Central African Republic and Congo. Since 1994, Spain has been buying relatively large volumes of tropical hardwoods from Brazil. Volumes increased from only 4000 m3 in 1993 to nearly 100,000 m3 in 1998. The increasing volume coincides with Brazil's efforts to market a wider range of non-mahogany species. Spain has become a large importer of Brazilian jatoba for example.

Imports of most temperate sawnwood products increased during 1998 over 1997 levels. Only sawn beech saw a slight decline, with imports from France being particularly hard hit. One reason is likely to be the price hikes for European sawn beech in response to firm demand for the species in China. The decrease in Spanish imports of sawn beech also coincides with a significant increase in imports of unprocessed beech logs.

Spanish imports of US hardwoods, mainly white oak, increased slightly during 1998 over the previous year. While significant, these gains will have been tempered by the relative strength of the US dollar and by growing competition from competitively priced European supplies both from Western and Eastern Europe.

SPAIN: TROPICAL HARDWOOD IMPORTS

		Logs			Sawn	
			% chg			% chg
	1997	1998	97/98	1997	1998	97/98
Cameroon	150,547	183,166	22	131671	167654	27
Ivory Coast	4,803	1,244	-74	122614	138157	13
Central African Republic	13,046	22,409	72	21021	34031	62
Congo	5,248	3,486	-34	10403	18477	78
Ghana	-	-	0	7944	6391	-20
Gabon	24368	39,808	63	2476	4352	76
Equatorial Guinea	50,755	52581	4	905	412	-54
Liberia	-	6,840	-	-	-	-
Nigeria	350	16	-95	-	-	-
Republic of Congo	49	221	351	2010	351	-83
Other Africa	1463	4,078	179	224	1775	692
All Africa	250,629	313,849	25	299,268	371,600	24
India	-	-	-	189	123	-35
Indonesia	-	-	-	708	4839	583
Malaysia	-	-	-	590	260	-56
China	-	-	-	161	43	-73
Philippines	433	-	-	-	-	-
Singapore	18	-	-	-	-	-
Other Asia	73	306	319	128	128	0
All Asia	524	306	-42	1776	5393	204
Brazil	-	-	-	56523	95560	69
Chile	-	-	-	1737	2812	62
Paraguay	-	-	-	909	1145	26
Ecuador	-	-	-	399	305	-24
Nicaragua	-	-	-	602	668	11
Bolivia	-	-	-	254	111	-56
Argentina	-	-	-	427	140	-67
Other America	-	-	-	2700	5385	99
All America	0	0	-	63,551	106,126	67
All Europe	7602	13395	76	3526	6069	72
Total	258,755	327,550	27	368,121	489,188	33
C FIMUD 1 1 41	771 () (1 · 1					

Source: EUWID based on AEIM, Madrid

SPAIN: TEMPERATE IMPORTS									
SELECTE	D HARD	WOODS	5						
			% Chg						
	1997	1998	97/98						
Beech Logs (m3)	121,369	157,805	30						
o.w. France	104,677	136,214	30						
Oak Logs (m3)	113,935	127,020	11						
o.w. France	98,079	101,293	3						
Beech Sawn (m3)	188,765	175,381	-7						
o.w. Germany	77,334	92,848	20						
o.w. France	62,625	56,549	-10						
o.w. Romania	3,089	5,195	68						
Oak Sawn (m3)	176,945	194,021	10						
o.w. US	141,042	143,986	2						
Total US Hardwoods	148,937	160.258	8						

VENEER & PLYWOOD IMPORTS % Chg 1997 1998 97/98 tons Veneer 41584 55252 33 o.w. Temperate 16130 19777 23 o.w. Tropical 25454 35475 39 Plywood 25574 27190 6 17488 19204 10 o.w. Temperate o.w. Tropical 8086 7986 Source: EUWID based on AEIM, Madrid

Veneer imports from both tropical and temperate regions increased considerably during 1998 over the previous year. There are reports that this is at least partly due to manufacturers switching away from solid lumber in favour of veneered panels to cut costs.

Recent reports suggest continuing strong growth in many sectors during 1999. Spain's hardwood flooring market is booming, particularly in the North (southern regions prefer marble and ceramics). The furniture sector remains buoyant despite a slowdown in European export markets due to weak growth in Germany and Italy and the Russian economic crises. Hardwood importers are reported to be cautiously optimistic that strong market conditions will prevail for at least the next 2 years.

Russia Hardwood Tax

Siberian timber producers are appealing against a hardwood export tax imposed by the Russian Federation on 4 January. They believe the 10% tax on exports of logs, lumber and mouldings of oak, ash and beech could slow down efforts to privatise the industry. The tax was imposed by the Ministry of Economy following last year's devaluation of the rouble which the Ministry claims created a windfall profit for timber businesses. The tax is imposed specifically on hardwoods because these give a higher return on international markets than comparable softwood products.

The government insists that hardwood producers can afford the new levy, pointing out that Russian producers will also benefit from cuts in import duties on timber processing machinery, together with increases on import taxes for timber products, including furniture. In an effort to reduce and control the number of companies exporting hardwood products, Russia's Federal Government introduced in February new licensing requirements for all hardwood products subject to the export tariff.

Forest certification

WWF make plea for tropical wood

A representative of the WWF made a plea to members of the UK's 1995 Plus Groups "not to turn away from

tropical timbers" during a seminar held at Richard Burbidge Ltd in Oswestry, UK on 16 June. The plea came at the end of a meeting between Central African forestry officials and members of the WWF Buyers' Group and other UK timber traders. The meeting was arranged by WWF Belgium as part of their EU-sponsored project to develop forest certification capacity in Cameroon, Gabon and the Central African Republic. The aim was to bridge the gap existing between African producers and those demanding certified products in the UK.

Much of the meeting involved members of the WWF Buyers Group seeking to persuade the Africans of the value of FSC certification. Catherine Graham, the WWF Buyers Group representative, stressed that UK demand for certification is on the increase. The Group has 90 members with a total turnover in wood products of £3 billion, representing around 20% of total UK consumption. 53 members of the Group are already trading in FSC certified products. Around 5% of the wood products traded within the group are FSC certified.

The strength of commitment to FSC by members of the Group was stressed by George White of Sainsbury's, a leading UK retailer. While recognising that "FSC is not perfect", Mr White noted that the certification scheme is providing a focus for environmental improvement in the forest products sector. Mr White acknowledged that "forestry was not a big issue for the shopper", but said there is relatively more interest amongst the young who are the "customers of the future". While Sainsbury's remained "100% committed to FSC certification", Mr White was willing to make concessions to countries that may find the process technically challenging. Sainsbury's were not expecting all their suppliers to be certified tomorrow, but were determined to work with producers that saw certification "as an opportunity rather than a threat" and who are working constructively towards the final goal of FSC certification. Mr White rejected the idea that certified forest products should be supplied for niche markets willing to pay a premium. As far as Sainsbury's were concerned, independent certification would eventually be a requirement for all their timber products supplies, irrespective of price premiums.

Continued page 10

SHARE PRICES FOR SOME U.K. COMPANIES									
	52 Week	52 Week	29 Mar	29 Apr	28 May	22 June	27 July		
	<u>High</u>	Low							
J. Latham	201.5	141.5	141.5	156.5	173.5	181.5	178.5		
Meyer International	487.5	244	399.5	449.5	461.5	431.0	418.5		
Travis Perkins	755.0	350	522.5	652.5	665.0	709.0	755.0		
Barratt Devs.	397.5	155.5	296.5	360.0	321.5	375.0	343.5		
John Laing	396.5	230.5	296.5	318.5	320.0	319.5	335.0		
Alfred McAlpine	236.5	106.5	171.0	230.0	218.0	211.5	221.0		
J. Mowlem	154.5	90.0	118.0	153.0	144.0	145.0	136.0		
George Wimpey	182.5	90.5	153.5	161.5	159.0	157.5	153.0		
Cornwell Parker	155.0	52.5	85.0	117.5	101.5	110.0	96.5		

EXCHANGE RATES FOR ONE POUND STERLING										
		<u>29 Apr</u>	28 May	<u>29 June</u>	<u>27 July</u>					
Australia	Aus.\$	2.4440	2.4508	2.4090	2.4682					
Bangladesh	Taka	78.1103	77.7165	76.6204	78.6135					
Belgium	Belgian Fr.	61.3745	61.8187	3.1596	60.2859					
Belize	B\$	3.2227	3.2048	3.1596	3.1763					
Bolivia	Boliviano	9.2169	9.1978	9.0839	9.2113					
Botswana	Pula	7.4411	7.5746	7.3241	7.3833					
Brazil	Real	2.6837	2.7802	2.7868	2.8841					
Fr. Africa*	CFA Fr.	998.0	1005.22	1002.45	980.30					
Chile	Peso	784.324	790.865	818.258	817.659					
China	Yuan	13.3410	13.2656	13.0785	13.1451					
Denmark	Danish Krone	11.3067	11.3862	11.3556	11.1248					
Europe	Euro	1.5214	1.5325	1.5283	1.4945					
France	Franc	9.98	10.0522	10.0245	9.8030					
Germany	D-mark	2.9757	2.9972	2.9890	2.9229					
Ghana	Cedi	3932.50	4014.01	4030.08	4126.03					
Guyana	Guyanese \$	273.284	256.384	273.305	274.750					
Hong Kong	HK\$	12.4883	12.4258	12.2563	12.3265					
India	Rupee	68.9699	68.7750	68.5081	68.7828					
Indonesia	Rupiah	13172.81	13039.55	10553.07	11117.06					
Irish Republic	Punt	1.1983	1.2069	1.2036	1.1770					
Italy	Lira	2945.91	2967.23	2959.05	2893.66					
Japan	Yen	191.952	193.602	191.116	184.885					
Kenya	K. Shilling	109.33	112.97	115.21	117.44					
Korea South	Won	1894.14	1900.20	1828.22	1910.54					
Malaysia	Ringgit	6.1231	6.0891	6.0033	6.0350					
Myanmar	Kyat	10.0737	10.0177	9.8764	9.9287					
Netherlands	Guilder	3.3528	3.3771	3.3678	3.2934					
Nigeria	Naira	150.983	155.457	159.063	160.133					
Philippines	Peso	61.271	60.971	59.9535	60.8262					
Portugal	Escudo	305.02	307.228	306.381	299.61					
Singapore	Singapore \$	2.7337	2.7637	2.6901	2.6793					
South Africa	Rand	9.7648	9.9950	9.5366	9.7293					
Spain	Peseta	253.145	254.977	254.275	248.66					
Taiwan	\$	52.6783	52.4706	51.0197	51.2417					
Tanzania	Shilling	1139.23	1129.69	1145.36	1278.47					
Thailand	Baht	60.2242	59.5212	58.2236	59.1983					
Uganda	New Shilling	2449.26	2299.45	2294.66	2318.70					
U.S.A	US \$	1.6114	1.6024	1.5798	1.5882					
Venezuala	Bolivar	952.316	958.836	956.577	973.695					
Vietnam	Dong	22411.46	22297.40	22005.04	22153.11					
Zimbabwe	\$	61.4892	61.1316	59.9535	60.9057					

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

SUBSCRIPTIONS

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