

TROPICAL TIMBERS

an independent publication providing market information

Forest Certification

Malaysia chases FSC label

Malaysia is investing heavily in the development of a forest certification scheme which should eventually enable Forest Stewardship Council (FSC) labelling of a high proportion of forest products. Progress in developing a Malaysian forest certification scheme was set out in a paper presented by the CEO of Malaysia's National Timber Certification Council (NTCC) at the WWF 1995 Plus Group Annual Conference in June this year. During 1999, NTCC has been working on the further development of its national certification standard, referred to under the acronym "MC&I". The standard was originally drafted by a government committee to be compatible with ITTO's Criteria and Indicators for sustainable forest management. Consultations with a wider range of interests are being carried out during 1999 to fine-tune the standard. The MC&I are also being modified in the light of recent amendments to the ITTO Criteria and Indicators. A national-level consultation on the development of the MC&I is scheduled for 18-21 October.

NTCC work during 1999 includes a programme, under a joint Malaysia-Netherlands pilot study, to independently assess forest management in five more states of Peninsular Malaysia against the MC&I. This programme extends work carried out between 1996 and 1998 to evaluate three of Peninsular Malaysia's 11 states against the national standard. Around 15,000 m³ of wood from these three states, assessed and labelled as "Declaration" timber by the certification company SGS, was successfully marketed in Holland through the Keur Hout trademark scheme last year.

Other NTCC work during 1999 includes identification and appointment of local assessor organisations; development of certification programme for rubber plantations; and training programmes for timber and assessor companies. Efforts to ensure compatibility with FSC are continuing. The FSC Director, Tim Synnott, met with NTCC representatives in early September

as a follow-up to the agreement reached in March 1999 to promote cooperation between the two schemes. Since the agreement was reached, FSC have obtained funding from the WWF-World Bank Alliance for the specific purpose of enhancing collaboration between FSC, NTCC Malaysia and the Indonesian national certification programme (Lembaga Ekolabel Indonesia - LEI).

FSC and NTCC have agreed that a comparative review of the FSC Principles and MC&I should be carried out. The work would be undertaken jointly by an FSC and NTCC consultant and the final report would be submitted within four weeks. The review would be used as input to Malaysia's national-level consultation in October. FSC would be represented at this meeting. In the meantime, all FSC accredited certifiers operating in Malaysia would be asked to contact NTCC Malaysia during pre-assessment studies for certification and to use the MC&I during assessments.

WWF UK and WWF Malaysia are to provide funding for a Malaysian trade workshop on FSC certification. This is likely to take place on 8-9 March 2000 in conjunction with the Malaysian International Furniture Fair (MIFF) in Kuala Lumpur. The Workshop may be merged with an NTCC Forum planned as part of their consultation process.

At the WWF 1995 Plus Group Conference in June, the CEO of NTCC stressed the value of FSC working co-operatively with national certification programmes. He noted that "*even if Malaysian companies decide not to wait for the NTCC scheme and instead get their products certified under some existing scheme, the volume of timber products available to the market would not be substantial, given the fact that Malaysian timber companies, with few exceptions are generally medium to small sized operations. It is only through a national and integrated scheme that substantial volumes of certified wood products can be supplied to the markets concerned*".

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Volume of major timber products from Malaysia - m3 - Source ATIBT/MTC

	Peninsular			Sabah			Sarawak			All Malaysia		
	1997	1998	% Change	1997	1998	% Change	1997	1998	% Change	1997	1998	% Change
Logs	0	0	0	355116	577063	62.5	6234143	5006017	-19.7	6591594	5583080	-15.3
Sawn	893050	828750	-7.2	865593	801539	-7.4	1249232	1073090	-14.1	3007096	2703379	-10.1
Plywood	285593	261889	-8.3	1536569	1261523	-17.9	1914763	2104325	9.9	3826263	3631124	-5.1
Veneer	1601	10734	570.5	171417	181873	6.1	573362	537814	-6.2	746852	730421	-2.2

Malaysia

China and Europe soak up exports

Full year export data for Malaysia during 1998 highlights 3 factors: the negative impact of the Asian crises on log markets; the continuing buoyancy of China's market in the midst of regional collapse; and the increased penetration of Malaysian sawnwood into European and Middle Eastern markets.

Most Malaysian log exports derive from Sarawak. Peninsular Malaysia has banned log exports. Although permitting log exports, Sabah has a large domestic wood processing capacity and forest resources are restricted. Over the long term, Malaysian log exports have fallen dramatically from 20.4 million m3 in 1990 to only 5.6 million m3 in 1998. The Asian crises contributed to a further drop in log exports last year. Log exports fell by 15% between 1997 and 1998. Particularly significant was the collapse of the Japanese market which accounts for 50% of Malaysia's log exports. By contrast, China's imports increased by 72%.

Malaysian sawnwood exports have also been falling during the 1990s. 1998 was no exception. Sawnwood exports have declined from 5.3 million m3 in 1990 to only 2.7 million m3 in 1998. Between 1997 and 1998, total sawnwood

exports declined by 10%. However last year's exports to the European Union and Middle East bucked the trend. Sawnwood exports to the EU and Middle East increased by 16% and 50% respectively during 1998. Holland, by far the largest market for Malaysian sawnwood, increased its purchases by nearly 20%. UK imports of Malaysian wood showed a 22% increase. The most notable gains in the Middle East were in Yemen and Saudi Arabia. These trends reflect the highly competitive position of Malaysian redwood following devaluation of the ringgit at the end of 1997.

Malaysia's plywood capacity has been increasing during the 1990s. Plywood exports rose from 1 million m3 in 1990 to 3.6 million m3 in 1998. However exports during 1998 were down on the previous year due to economic problems in Asia. Sabah was most affected by the fall in plywood exports. With international prices for plywood so weak last year, Sabah mills were unable to match prices offered for logs on international markets (notably in China). As a result a high proportion of Sabah's logs were exported, while domestic plywood production decreased.

Tropical Forestry Low impact logging proves profitable

The Tropical Forest Foundation has released a study which demonstrates the potential of reduced impact logging (RIL) techniques in the Eastern Amazon. The study, undertaken in association with USAID and the US Forest Service, provides strong evidence that sustainable forest management in the region is not only technically achievable, but also economically viable.

The study focused on comparing the costs and benefits of a RIL operation against a conventional logging (CL) operation in the Brazilian state of Para. Data was gathered at operational rather than experimental sites. The following conclusions are a compelling case for an extension of RIL operations in the area:

1. RIL's "up front" planning costs were nearly double those of CL.
2. However these costs were more than compensated by RIL productivity gains of 39% and a 78% reduction in waste.
3. Overall average total cost of RIL was 12% less than CL.
4. Net revenue for typical RIL operation was 19% greater.
5. For each harvested, the area of ground disturbed by the operation of heavy machinery was 37% less for the RIL operation.
6. Less than 10% of skid trails had mineral soil disturbed on the RIL operation compared with 100% disturbance under CL.
7. Increased soil disturbance implies regeneration may be delayed on CL sites
8. RIL reduced the number of fatally damaged commercially valuable trees in the residual stand by over 50%.

The Foundation emphasise that these results apply to the Eastern Amazon only, and that costs and benefits may vary substantially from country to country.

TFF comment that further uptake of RIL is currently constrained in the Amazon by the shortage of workers trained in RIL techniques. In an effort to overcome this, TFF's programme trains several hundred technicians every year. However this is a drop in the ocean for an industry that employs half a million people.

Further information may be obtained from Keister Evans at the US office of the Tropical Forest Foundation Tel: (703) 518 8834, Fax: (703) 518 8974, email tff@igc.apc.org

Volume of Log and Sawn Exports from Malaysia - m3 - Source ATIBT/MTC

	Peninsular Malaysia 1998	Sabah 1998	Sarawak 1998	All Malaysia 1998	% Chnge 1997/98
Logs by destination					
Bangladesh	0	0	1786	1786	-48.6
China	0	139830	601048	740878	72.3
Germany	0	5	0	5	100
Hong Kong	0	19347	370585	389932	-25.4
India	0	21124	718515	739639	8.2
Indonesia	0	156231	984	157215	-10
Japan	0	144066	2081215	2225281	-21.8
Pakistan	0	0	14645	14645	-21.1
South Korea	0	57471	177198	234669	-36.7
Taiwan	0	30868	939039	969907	-22.5
Thailand	0	6535	89590	96125	-53.9
Others	0	1586	11442	13028	
Total	0	577063	5006017	5583080	-15.3
Sawn by principal destination					
Belgium	66562	16465	2100	85127	13.2
France	4449	25901	6435	36785	30.9
Germany	27452	1901	5694	35047	-9.2
Italy	22915	173	13150	36238	6.7
Holland	175221	85581	7362	268164	19.8
UK	30216	31498	4055	65769	21.7
Others	2522	774	176	3472	
Total EU	329337	162293	38972	530602	16.3
Bahrain	5652	255	7273	13180	17.1
Kuwait	545	5773	2262	8580	-5.8
Lebanon	1851	0	743	2594	56.6
Yemen	23541	18197	63206	104944	161.2
Qatar	1603	0	2329	3932	23.2
Saudi Arabia	10331	20653	18613	49597	18.2
Turkey	57	0	2345	2402	100
U.A.E	60446	505	27722	88673	34
Others	438	0	305	743	
Total West Asia	104464	45383	124798	274645	50
Australia	13593	10113	8060	31766	26.3
Others	221	0	17	238	
Total Oceania	13814	10113	8077	32004	26.3
Canada	130	0	13	143	-58.4
Mexico	0	0	0	0	-100
USA	7503	1164	6673	15340	-30
Total America	7633	1164	6686	15483	-30.5

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

	July	Aug	Sept		July	Aug	Sept
Ex Cameroon Fr.F/m3 FOB Douala LM				Ex Cote d'Ivoire Fr.F/m3			
N°GOLLON				Fr.F/£	9.80	9.97	10.15
70cm+20% 60/69	1450	1450	na	FOB Abidjan FAS			
BOSSE 60cm+	1550	1550	na	6"+ avg 9"-10"			
AYOUS 70cm+	1000	1000	na	6"+ avg 10"-11"			
BIBOLO 60cm+	1350	1350	na	1"-2"			
SAPELE				IROKO	3350	3375	3375
80cm+20% 70/79	1550	1550	na	MAHOGANY	2750	2750	2750
SIPO				FRAMIRE	2000	2000	2000
80cm+20% 70/79	1950	1950	na	SAMBA No.1 C&S	1525	1525	1525
IROKO				AZOBE dim. stock	2200/	2200/	2200/
80cm+20% 70/79	1650	1650	na		2800	2800	2800
				OPEPE dim. stock	1950/	1950/	1950
					2550	2550	2550

Ex Gabon Fr.F/m3 FOB Owendo LM	July	Aug	Sept
ACAJOU			
70cm+20% 60/69	1300	1300	1350
DIBETOU 60cm+	1175	1175	1175
DOUKA			
70cm+15% 60/69	1150	1150	1150
SIPO			
70-79cm 10%/60/69	1700	1700	1700
80-99cm	1900	1900	1900

Sawn Timber

Ex Ghana DM/m3 FOB Takoradi	July	Aug	Sept
FAS (includes notional agent's commission of 5%)			
6"+ avg 9" C/£	4126	4184	4475
6"+ avg 9" DM/£	2.92	2.97	3.03
A.MAHOGANY AD	740	740	740
A.MAHOGANY KD	895	895	895
EMERI AD	760	760	760
UTILE KD	1150	1450	1450
ODUM AD	925	1090	1090
ODUM KD	1085	1250	1250
SAPELE KD	900	1070	1070
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	450	450
WAWA KD	500	520	520
MAKORE AD	790	790	790
MAKORE KD	960	960	960

Ex Douala - Cameroon, CAR, Congo (Brazzaville)	July	Aug	Sept
Fr.F/m3 FOB FAS width 6"+, length 6'+			
SAPELE	2700	2750	2800
SIPO	3850	3850	3900
BIBOLO	2800	2800	2800
N°GOLLON	3200	3200	3200
AFRORMOSIA	3800	3800	3800
IROKO	3375	3375	3375

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

Ex Zaire Fr.F/m3 FOB	July	Aug	Sept
FAS width 6"+, length 6'+			
SAPELE	2800	2800	na
SIPO	3700	3700	na
MAHOGANY	2500	2500	na
AFRORMOSIA	3800	3800	na
IROKO	3400	3400	na

Ex Malaysia US\$/ton, C&F UK port	July	Aug	Sept
M\$/£	6.04	6.03	6.29
US/£	1.59	1.59	1.66
M\$/US\$	3.80	3.80	3.80

DARK RED MERANTI (KILN DRIED)

Select & better GMS	July	Aug	Sept
width 6"+ avg 7"/8"			
length 8'+ avg 12'/14'			
1-2" KD	895	900	920
2.5" KD	920	950	950
3" KD	990	990	990

KERUING

Standard & Better GMS	July	Aug	Sept
1"-3"			
width: random or fixed			
length 16'+	550	550	550
KAPUR			
Standard & Better GMS			
1"-3" plnd			
width 6"+ avg 7"-8"			
length 16'+	555	555	555

TEAK (Official price list basis)

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

Ex Brazil US\$/m3 C&F	July	Aug	Sept
FAS US\$/£	1.59	1.59	1.66
6"+ avg 9-10"			
6"+ avg 10-11"			
MAHOGANY (Swietenia)			
1"-2" AD	1150	1150	1175
2.5"-3" AD	1160	1160	1185
1"-2" KD	1220	1220	1245
2.5"-3" KD	1240	1250	1275

VIROLA

1" KD No.1 C&B	July	Aug	Sept
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

- Meranti supplies loosen up.....
-but rains anticipated soon
- Asian markets stronger, but still patchy
- Sapele prices increase as supplies tighten
- Mahogany price increase anticipated
- US exports forecast at near record levels
- Beech prices boosted by Chinese demand

Asian Hardwoods

Race against time

Unusual weather patterns, coupled with regulatory changes and political turmoil have meant that overall production has been low throughout Asia during 1999.

Last year's monsoon began very late, but then lingered on for much of the first half of 1999. Both Malaysia and Indonesia have been restructuring forest concession and regulatory systems. Indonesia has been dealing with presidential elections, rioting, and cessionist movements in East Timor and other provinces. Meranti and Seraya prices are showing signs of stabilising after their rapid rise. There is now supply in the system as the rains have abated. Mills are racing against time to deal with the large backlog of orders. The next monsoon is due to start again within weeks.

Recent price rises for Meranti/Seraya have led to some importers, notably in Holland, to switch to Sapele. However this trend has been constrained by difficulties of sourcing the African species. As a result European demand for sawnwood of Meranti from Peninsular Malaysia and Dark red seraya from Sabah has remained stable. In the UK, Meranti stock levels are relatively low and demand for the species is fair. With contracts agreed earlier at lower prices only just arriving, importers remain wary of higher prices on the forward market.

European demand for white seraya from Sabah has been slow because buyers have been unwilling to match prices paid by Japanese importers.

European demand for Yellow balau, a species popular for decking, is said to be firm. Supplies are tight and prices are rising. Fully machined material shipped in July/August fetched around US\$605/m3. Forward prices for shipment at the end of 1999 stand at around US\$685/m3.

The meranti window scantlings market, which is supplied by manufacturers in Indonesia and Sabah, has been difficult of late. Prices have been weak due to intense competition from softwood species and low demand in Germany, the main European market for the product. Indonesian producers have been disconcerted by currency fluctuations and reluctant to supply at low prices. In Sabah, logs have been diverted from scantling production to plywood mills. The market has improved slightly over recent weeks as German demand is increasing and suppliers have forced through some price increases.

Asian Hardwoods *Cont.*

The Far Eastern log market is characterised by a steady increase in prices as supply has remained tight and importers gain in confidence. Papua New Guinea log supplies are tight and are being affected by the recent re-imposition of log export taxes. Industry sources in PNG claim the taxes are leading to serious disruption, suggesting that after current stocks are sold and other commitments satisfied, at least 12 operations will close and production may be reduced by 50%. A number of corporations have already closed logging camps in protest.

In Sarawak, log supplies are improving but stocks remain comparatively low. China, the strongest Asian log market during 1999, has moved to buy more logs from Sarawak after PNG and Sabah prices moved up.

The Solomon Islands are seeking to exploit the tight supply situation on export log markets by pushing prices higher.

Indonesia's forest reforms are affecting log supply in the Far East. Over 1 million hectares of concessions were confiscated in July. At least 9 companies have been accused of obtaining felling licenses unfairly or misusing state reforestation funds. Under new guidelines to tackle corruption, maximum concession holdings are being restricted to 100,000 hectares per province and 400,000 hectares throughout Indonesia. In line with IMF requirements to impose higher royalties on log extraction, the Indonesian government has increased the forest products provision fee on certain species of logs from 6% to 10%. Meranti logs and mixed species originating from Irian Jaya, East Nusa Tenggara, Bali and East Timor will now be subject to the 10% rate. Logs of Sonokeling, Ramin, Ulin, Cendana, Ebony, Teak, Bakau and Pine will also be subject to the new rate. The fine for felling without a license was also increased under the

same regulation. These measures will tend to reduce log production in Indonesia.

On the demand side, economic conditions are improving throughout much of Asia, but timber markets are still patchy. Japanese logs and lumber imports were up 18% during the first half of 1999 compared with the same period the previous year. However hardwood log imports were static due to increased use of softwoods for ply manufacture. The gap between rising FOB prices for tropical logs and the ability of importers to pay is widening in Japan. Demand for tropical logs is therefore subdued. Furthermore, there are fears that the strong yen will dampen Japan's fragile economic recovery. In South Korea, overall industrial activity is picking up, but the timber sector is being slow to respond and remains sluggish.

China has been a major source of demand during 1999. Excessive imports during the first half of the year, often of products of lower quality than required, led to temporary glut and price instability. Nevertheless, expectations are that underlying demand in China will continue strong in the second half of 1999. Chinese importers are likely to increase scrutiny of quality and take steps to improve stock control.

Japan imports - Jan-Jun 99 - 000s m3					
	Total	%	Total	%	
	Volume	Chng	Consumption	Chng	
North American					
Logs	2,391	+14.5	2,474	+2.5	
Lumber	2,229	+19.8	2,266	+8.9	
Russian					
Logs	3,151	+37.9	2,734	+11.8	
Lumber	226	+41.7	226	+41.7	
Southsea					
Logs	1,775	+6.6	1,767	-10.4	
Lumber	410	+4.4	410	+4.4	

Pacific Rim Wood Market Report

African Hardwoods

Supplies limited by heavy rain

Sapele sawnwood prices have risen slightly, now standing at around 2800 FFr/m3 FOB for material shipping dry from Douala, with some reports of higher prices. Sapele is now difficult to obtain. Ghana and the Ivory Coast have been hit by heavy rains and production is described by one agent as "at a stand still". Production from both countries is, in any case, limited by tightening controls and limited forest resources.

Supplies from Cameroon, Central African Republic and Congo (Brazzaville) shipped through Douala are now booked through until the end of the year.

To date, price increases for Sapele have been subdued by slow demand and competition within the major European markets for the species. However with supplies so tight, Asian redwood prices increasing, and growing European demand, expectations are that Sapele prices should hit 3000 FFr/m3 by the end of the year. Tight supplies are also impacting on Iroko prices, which have firmed slightly during September. Demand for the species is slow in the

UK, although those importers buying the species have been willing to pay the higher prices. Underlying Irish demand for Iroko is still good, but buying has slowed over recent weeks following the arrival of 3 shipments all at once.

The status of the Cameroon log export ban officially imposed on 1 July remains uncertain. According to a Cameroon State radio announcement, the ban was suspended under the terms of a presidential decree signed on 31 August. The decree apparently stipulates that 70% of the country's wood products should be transformed locally over the next five years and that the remaining 30% may be exported. However the announcement has had no effect on the ground. Recent reports (end September) from agents indicate that Cameroon logs are still unavailable for shipment.

Asian demand for African logs, notably from Gabon, is re-emerging. For example, Korean plywood mills are expecting their first shipment of 4000 m3 at end September. Between January and July 1999, South Korea imported only 1,461 m3 of African logs.

The direction of Ghana's hardwood trade is

South American Hardwoods Unabated US demand

Demand for Brazilian mahogany in the United States continues firm, but supplies are now restricted by tighter controls over concessions, export quotas, and limited finance for logging. Further price increases are anticipated. There remains a low level of demand in the UK, but supplies for this market are very limited. One shipment of the species is due to arrive in the UK within the next 6 weeks.

The trade between Brazil and Asian markets of lower quality hardwoods has resumed, but there are reports of supply difficulties. The Asian market tends to be serviced by smaller suppliers, many of whom were forced to close during the economic crises in Brazil earlier in the year. Many now lack financing to restart operations. Overall volumes are therefore likely to be small compared with previous years.

Agents are expecting that the general upward trend in Asian and African redwood prices will stimulate renewed interest in Brazilian cedar. At present cedar prices are uncompetitive in relation to Asian Meranti, but current trends suggest the situation may change in the next 2 to 3 months.

Serious recession and currency fluctuations led to a highly volatile domestic market in Brazil during early 1999. The situation has now **stabilised to some extent**. Real prices are less volatile but demand remains very sluggish.

The 3rd International Machinery and Timber Products Fair is due to be held in Belem between 26 and 30 October. Around 120 machinery producers and timber companies will be exhibiting. The Fair is being held in association with the IV Plywood and Tropical Timber International Congress.

changing, a reflection of adjustments in the species now being offered. Volumes of quality redwood which are of interest to the UK, have declined. The UK continues to buy quantities of the lighter species wawa. Wawa is also being sold to South Africa. Prices are said to be steady. Ghana is finding markets for lighter species and lower quality wood in the Gulf and North Africa, particularly Morocco. These latter markets will accept mill run, a variety of unsorted low grade material. Markets for Ghanaian khaya in the United States remain firm.

Ghana's efforts to restructure forestry practices along sustainable lines continue. The African Development Bank, Global Environment Facility, and aid agencies from Denmark, Japan and Holland have together granted Ghana US\$90 million to finance the country's Natural Resource Management Programme. Ghana is also focusing on enforcing the section of the new Timber Resource Management Act which outlaws the selling and buying of wood harvested by unregistered chainsaw operators. These operators have in the past been responsible for illegal felling operations, particularly in off-reserve areas.

North American Hardwoods

Exports second only to 1997 record

The US hardwood trade continues to thrive. Domestic demand remains very strong, while export markets are improving. Price trends for US hardwoods are almost universally upward. Domestic demand was active during the summer holiday period, and enquiries are reported to be picking up again in the autumn. Consumer confidence is at record levels and shows few signs of diminishing despite the Federal Reserves efforts to cool things down with recent interest rate rises.

On the export side, *Hardwood Review Export* enumerate three reasons for hardwood traders to be optimistic. First, world economies are getting stronger. Second, the dollar has weakened slightly against the euro and the yen, implying US hardwoods will be cheaper in export markets. Third, resource constraints are increasing in many other areas of the world, notably Africa and Asia. During the first half of 1999, US hardwood exports hit US\$678.2 million, 7.7% up on 1998 levels. Based on this analysis, *Hardwood Review Export* predicts that exports will reach US\$1.4 billion by the end of the year, second only to the record levels of 1997.

In the first half of 1999, US hardwood exports to Europe have been relatively subdued. Sales to the four largest markets - Italy, the UK, Spain and Germany - all declined over 1997 levels. Although partly offset by increased imports by Portugal and the Netherlands, overall exports to the EU-15 fell by 6%. However, prospects for the second half of 1999 look brighter as the euro has strengthened, and the economies of Germany, Italy, UK and France are improving. In the Far East, demand for US hardwood lumber remained strong in China and Hong Kong during the first half of 1999. Demand in Japan is also picking up, with US exports up 11% during the first half of 1999 compared with the same period in 1999.

Overall production in the US has been high, but has often failed to keep pace with demand. Green lumber inventories have been declining and are now lower than usual for the time of

year. Most analysts are predicting shortages during the winter months.

US production over the summer has been troubled by environmental problems. The Indiana bat, listed under the Endangered Species Act, was discovered in North Carolina, leading to the suspension of logging over a wide area. The same bat species led to a halt to logging in May this year in the Allegheny National Forest (ANF) severely restricting cherry supplies.

In the latter case, it now seems that a more pragmatic solution is being sought. On September 23, it was announced that logging would be allowed on one timber sale in the northern part of the ANF. The US Forest Service and Fish and Wildlife Service are working on a plan to allow multiple use of the forest linking timber production with protection. All timber projects in the area are being reviewed to ensure they meet the requirements of the plan.

The move to allow logging in Allegheny should impact on the cherry market which has been labouring under tight supplies for some time. Availability of the larger sizes and better quality material has become particularly restricted. This, coupled with active North American demand, and growing interest in the species from European buyers, has led to rising prices.

A similar situation prevails in the Hard maple market. Strong US demand and increased interest from East Asian and European buyers has meant that many producers are oversold. As with cherry, lack of availability is particularly affecting better quality material and thicker sizes. Demand for Ash, which has been weak for several years, is showing signs of life. European and East Asian buyers are showing more interest in the species. Price increases are being further boosted as most mills have cut back on production of the species.

Enquiries from the major Southern European markets for white oak were a little slow over the summer, but there is optimism about future prospects. The thinner sizes have been difficult to sell, but thicker sizes are moving easily and are in short supply, pushing prices upwards.

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

	July	Aug	Sept
\$/£	1.59	1.59	1.66
RED OAK			
1"	1740	1760	1760
1.25"	1920	1930	1930
1.5"	2065	2075	2350
2"	2400	2400	2650
WHITE OAK			
1"	1545	1580	1625
1.25"	1745	1780	1780
1.5"	2125	2100	2300
2"	2625	2600	2850
ASH			
1"	1150	1175	1250
2"	1550	1575	1675
TULIPWOOD			
1"	1075	1075	1125
1.25"	1085	1090	1140
1.5"	1135	1145	1200
2"	1155	1165	1215
CHERRY			
1"	3105	3275	3450
1.25"	3160	3350	3550
1.5"	3370	3525	3700
2"	3500	3675	3900
HARD MAPLE			
1"	2270	2350	2500
1.25"	2250	2450	2550
1.5"	2600	2625	2750
2"	2800	2775	2850

Asian buyers have been showing greater interest in lower grades of white oak.

Red oak shipments have been fair, with European demand reported as poor but improving. Domestic demand for the species has been good. Production of the thicker sizes of red oak has been limited and supplies are restricted.

Supplies of FAS Tulipwood are tight. Sales to Asia have improved, and there are also indications of stronger demand from Europe, particularly the major Italian buyers. Domestic demand for Tulipwood is also firm.

UK stocks of North American hardwood are reported to be relatively low for the time of year. With continuing strong demand in the US, growing European and Asian demand, and production shortfalls over the winter, supply problems may emerge later in 1999.

European Hardwoods

Chinese boost demand

Prices of European beech this year are expected to reach higher levels than last year. Beech contracts in the German Lander of Hesse and Rhineland-Palatinate have been signed at high prices, and owners in Baden Wurtemberg are hoping to achieve equivalent levels. The first auction sales in Briey in France also yielded higher prices than last year. German hardwood sawmillers are expecting price increases of 5 to 6% for sawn beech on export markets.

A major factor encouraging higher beech prices has been continuing interest from Chinese buyers. Following complaints over quality in the first half of 1999, and a glut of low grade ma-

terial in China, Chinese buyers are now concentrating on the purchase of FAS grade material. Chinese importers are also intent on reducing the number of intermediaries in Europe and in Hong Kong. Greater volumes are entering China direct through Shanghai. To guarantee quality, the Chinese are buying from European mills rather than from forest owners.

French mills are confident about prospects in the 2nd half of 1999. Demand for oak staves in France is very firm, while the building and furniture industries are looking more healthy. French sawmills have full order books. Some cut short vacations to keep up with demand. The French furniture sector is seeing a revival

in demand for rustic oak.

By contrast, Germany still suffers from weak furniture sales. Markets for lower grade material are particularly weak, creating a bottleneck for supply of higher grades to China. With Germany's market so weak, Danish manufacturers are only buying in limited quantities. Elsewhere in Europe, the Italian market for beech remains weak, while demand for European hardwoods in Spain was relatively quiet over the summer.

Of other European hardwoods, demand for maple and cherry is lively. Demand for alder, important in Germany, is slowing down. Log and sawn prices for most species are stable.

UK HARDWOOD IMPORTS

Developments on previous month

Tropical sawn imports during May were well down on the previous month (7861 m3 compared to 11956 m3). Imports from Malaysia were significantly lower.

Log imports from the Cameroon increased during May (2430m3 compared to 1791 m3 in April). Importers may have been stocking up in anticipation of Cameroon's July ban on log exports. Imports of temperate log and sawn remained flat between May and April. May saw a big jump in plywood imports both from Brazil (29938m3 compares to 12020m3 in April) and Indonesia (23077m3 compares to 18740m3).

Developments on previous year

Overall tropical logs and sawn imports to May 1999 are flat compared to 1998 levels. This year has seen a slight increase in sawnwood imports from Malaysia and Cameroon. Sawnwood imports from Ghana and the Ivory Coast are marginally down on last year. Congo (Brazzaville) has emerged as a minor supplier of tropical sawnwood to the UK.

On the temperate side, there is some evidence of a shift away from North American to East European sawn hardwoods. This may be explained by the relative strength of the US dollar and US demand which has pushed up North American prices in relation to East Eu-

ropean. UK imports of oak from Estonia seem to be of growing significance (but note that customs data for Eastern European countries is notoriously unreliable).

Tropical plywood imports this year have been significantly greater than last year (+135%). Indonesia, Brazil, and Malaysia have all benefited. A large proportion of Brazil's plywood exports to

the UK will consist of softwood ply (elliotti pine) which is gaining market share from US southern yellow pine ply. Plywood imports from the US are well down on last year.

Imports of most hardwoods from within the EC have remained flat this year compared to last. One exception is Finnish birch plywood. UK imports during 1999 are 80% up on last year.

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

	May 99	May 98	Cum 99	Cum 98
BRAZIL			21	22
CAMEROON	36	20	76	31
CONGO		25	25	141
GHANA	392	346	1397	1402
INDIA			4	
INDONESIA			32	124
IVORY COAST			30	32
MALAYSIA			22	68
SINGAPORE			35	32
THAILAND	10		62	174
ZAIRE		237	247	764
TROPICAL	438	628	1951	2790
AUSTRALIA				2
BULGARIA			31	
CANADA	138	50	543	438
CHINA			41	
CROATIA			31	
ESTONIA			836	
HUNGARY			92	32
LATVIA	215	324	639	401
LITHUANIA			47	
RUSSIA		67	220	198
S. AFRICA	251	84	911	836
SLOVENIA	47	29	185	183
SWITZERLAND	10	164	87	278
USA	981	920	3937	5257
TEMPERATE	1642	1638	7600	7625
TOTAL	2080	2266	9551	10415

SLEEPERS FROM OUTSIDE THE EU
(cubic metres)

	May 99	May 98	Cum 99	Cum 98
AUSTRALIA	948	270	3891	3054
GUYANA	146		571	
NIGERIA	37		154	
RUSSIA				50
SLOVAKIA	80	4	196	4
OTHER			22	51
TOTAL	1211	274	4834	3159

	LOGS				SAWN				TOTAL			
	May 99	May 98	Cum 99	Cum 98	May 99	May 98	Cum 99	Cum 98	May 99	May 98	Cum 99	Cum 98
BOLIVIA								447				447
BRAZIL					1881	1305	6657	5962	1881	1305	6657	5962
BURMA			30		27		146	77	27		146	107
CAMEROON	2430	2722	12519	13321	733	1296	7953	6911	3163	4018	20472	20232
CONGO	27		292	239			1182		27		1474	239
GABON	428	483	1522	2283			167	74	428	483	1689	2357
GAMBIA							275				275	
GHANA					1612	2121	9737	11437	1612	2121	9737	11437
GUINEA					127		556		127		556	
GUYANA			15		136	3184	436	4546	136	3184	451	4546
INDONESIA				34	585	74	2464	1304	585	74	2464	1338
IVORY COAST					495	742	5177	6448	495	742	5177	6448
MALAYSIA	438	305	1682	534	2032	5231	25584	22010	2470	5536	27266	22544
NIGERIA		126	410	395	31		88	148	31	126	498	543
PAPUA N.G.				87	31	59	251	102	31	59	251	189
PERU			50				137	22			187	22
PHILIPPINES					23	57	116	348	23	57	116	348
SINGAPORE	95		95	80	99	15	709	789	194	15	804	869
TANZANIA			14	10	15		212	90	15		226	100
THAILAND							30	188			30	188
ZAIRE						276		276		276		276
OTHER				448	34	10	279	110	34	10	279	558
TROPICAL	3418	3636	16599	17461	7861	14370	62156	61289	11279	18006	78755	78750
ARGENTINA			42						42		42	
AUSTRALIA			35	46			31	284			66	330
CANADA	205	173	1121	940	1695	1272	10912	5738	1900	1445	12033	6678
CANADA Beech				7	65		82	98	65		82	105
CANADA Birch		120	67	217						120	67	217
CANADA Oak	24		24		611	531	2019	2393	635	531	2043	2393
CANADA Poplar						7	30	100		7	30	100
CANADA Walnut					30	155	113	267	30	155	113	267
CHILE							32	167			32	167
CHINA						15	243	45		15	243	45
ESTONIA					498	1439	3668	7229	498	1439	3668	7229
ESTONIA Birch									494		3838	
LATVIA	177	52	1642	978					177	52	1642	978
LATVIA Oak					9		119		9		119	
LATVIA Poplar						101	893	199		101	893	199
LIECHSTN.					180		180		180		180	
LITHUANIA	29		29	173			49	168	29		78	341
LITHUANIA Birch				34								34
LITHUANIA Oak					45		89		45		89	
NORWAY			84	172	52	179	52	263	52	179	136	435
NORWAY Beech							45				45	
POLAND		25	58	220	13	19	28	49	13	44	86	269
POLAND Beech						11	102	37		11	102	37
POLAND Birch		74	24	358						74	24	358
POLAND Oak							23				23	
ROMANIA	101	47	431	205	85	27	163	389	186	74	594	594
RUSSIA			93	1161		208	1870	839		208	1963	2000
RUSSIA Beech								55			55	
RUSSIA Birch	250	35	802	436					250	35	802	436
RUSSIA Oak				103	82	20	532	129	82	20	532	232
RUSSIA Poplar	146		165				57		146		222	
S. AFRICA	11	62	34	74	42	35	92	161	53	97	126	235
S. AFRICA Beech						23	22	57		23	22	57
S. AFRICA Oak								22			22	
S. AFRICA Poplar								24			24	
SLOVAKIA			22				15	52		15	52	212
SLOVAKIA Oak							6	178		6	178	
UKRAINE												179
USA	1185	1305	6584	6171	2632	4722	14067	21319	3817	6027	20651	27490
USA Beech					13	49	66	107	13	49	66	107
USA Birch												82
USA Oak					3972	5015	19769	27534	3972	5015	19769	27534
USA Poplar				39	858	769	3612	3248	858	769	3612	3287
USA Walnut					39	33	370	525	39	33	370	525
OTHER	66		135	15			181	138	66		316	153
TEMPERATE	2734	3332	15142	18578	10917	13244	59701	64745	13651	16576	74843	83323
AFRICA	2929	3393	14824	16743	3055	4470	25482	25545	5984	7863	40306	42288
ASIA	533	305	1777	765	2831	5454	29764	24896	3364	5759	31541	25661
AUS/PAC			44	46			53	300			97	346
E. EUROPE	838	1637	5967	9212	646	202	5492	1358	1484	1839	11459	10570
N. AMERICA	1414	1598	7878	7374	9915	12553	51040	61340	11329	14151	58918	68714
RUSSIA	396	35	1060	1700	82	228	2459	1023	478	263	3519	2723
S. AMERICA	42		107	27	2017	4528	7290	11194	2059	4528	7397	11221
W. EUROPE			84	172	232	179	277	378	232	179	361	550
TOTAL	6152	6968	31741	36039	18778	27614	121857	126034	24930	34582	153598	162073

UK HARDWOOD IMPORTS

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

	LOGS				SAWN				TOTAL				
	May 99	May 98	Cum 99	Cum 98	May 99	May 98	Cum 99	Cum 98	May 99	May 98	Cum 99	Cum 98	
	BELGIUM	116		203	44	233	297	846	2551	349	297	1049	2595
BELGIUM	Beech				58	35	414	259	58	35	414	259	
DENMARK			52				319	379			371	379	
DENMARK	Beech		1	158	192	111	1594	809	192	111	1595	967	
FINLAND		328	795	2440	627	444	3643	1577	627	772	4438	4017	
FRANCE	190	340	694	469	41	236	870	1845	231	576	1564	2314	
FRANCE	Beech	84	32	103	19	155	432	417	19	239	464	520	
FRANCE	Oak		143		770	417	2929	2511	770	417	3072	2511	
GERMANY	189	174	1335	398	431	339	2494	2771	620	513	3829	3169	
GERMANY	Beech			20	2496	2280	13313	11765	2496	2280	13313	11765	
GERMANY	Oak				405	88	847	501	405	88	847	501	
IRELAND	49	8	127	42	110	216	800	461	159	224	927	503	
NETHLD			175	34	1125	1440	6594	4832	1125	1440	6769	4866	
NETHLD	Oak				80	58	307	263	80	58	307	263	
SPAIN		1	29	1	186	228	881	805	186	229	910	806	
SWEDEN	580	1833	2354	4935	1807	2086	8568	11055	2387	3919	10922	15990	
SWEDEN	Beech			21			110	35			110	56	
OTHER				14	33	48	97	249	33	48	97	263	
EU TOTAL		1124	2768	5940	8679	8613	8478	45058	43085	9737	11246	50998	51764

VENEERS FROM INSIDE THE EU Note 3
(cubic metres)

	May 99	May 98	Cum 99	Cum 98
BELGIUM	142	198	751	877
DENMARK	43	44	296	340
FINLAND	7	29	139	133
FRANCE	109	157	558	760
GERMANY	267	377	1612	1459
IRELAND			21	310
ITALY	36	9	247	108
NETHERLANDS	16	11	109	126
OTHER	18		45	69
EU TOTAL	638	825	3778	4182

SLEEPERS FROM INSIDE THE EU Note 3
(cubic metres)

	May 99	May 98	Cum 99	Cum 98
FRANCE		227	513	1624
GERMANY	17	806	2100	1260
NETHERLANDS	254	56	691	111
SPAIN				610
OTHER	61	80	355	132
EU TOTAL	332	1169	3659	3737

BLOCKBOARD AND PLYWOOD FROM OUTSIDE THE EU
(cubic metres)

	BLOCKBOARD				PLYWOOD			
	May 99	May 98	Cum 99	Cum 98	May 99	May 98	Cum 99	Cum 98
BANGLADESH					430		430	
BRAZIL	42	208	673	1039	29938	9296	81117	47313
BURMA					2569		2590	
GHANA							143	252
GUYANA					316	1373	4269	2817
INDONESIA	654	814	4447	7420	23077	3599	124196	46590
MALAYSIA	354		1797	218	5593	11872	59426	42535
SINGAPORE			2			32	220	91
SOUTH KOREA					3491	875	52787	2078
THAILAND					3837	31	7017	31
OTHER			45		198	51	347	110
TROPICAL	1050	1022	6964	8677	69449	27129	332542	141817
CANADA					4187	4836	31016	34980
CHILE					851	585	10490	1598
CHINA	50	46	50	110	977	478	4182	1663
ESTONIA					471	583	3145	3125
ISRAEL					95	113	644	694
LATVIA		38		38	3908	1858	15527	14142
LITHUANIA			81	54	1785	977	5462	5224
MALTA							1007	
MOROCCO					65	36	278	388
NORWAY		27	273	62	300	210	1386	1243
POLAND		60	10	111	162	118	735	1087
RUSSIA					5578	8270	31571	38103
SLOVENIA						33	272	197
SWITZERLAND						6	1	398
USA		3	351	467	4691	20368	179841	
OTHER					40	5	168	393
TEMPERATE	50	174	414	778	18851	22801	126252	283076
AFRICA			45		97	36	694	640
ASIA	1058	860	6296	7748	40235	17058	251677	93848
AUSTR/PACIFIC								
E. EUROPE		98	91	243	6331	3569	25198	24104
N. AMERICA		3		351	4654	9527	51384	214821
RUSSIA					5578	8270	31571	38103
S. AMERICA	42	208	673	1039	31105	11254	95876	51736
W. EUROPE		27	273	74	300	216	2394	1641
TOTAL	1100	1196	7378	9455	88300	49930	458794	424893

NOTES

- 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.
- Logs and sawn data for "other" species derived from Estonia (Total cum 1999 volume 26999 m³) and Latvia (total cum 1999 volume 55130 m³) are omitted from this table as these volumes are assumed to contain large quantities of softwood.
- 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".

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

	BLOCKBOARD				PLYWOOD				
	May 99	May 98	Cum 99	Cum 98	May 99	May 98	Cum 99	Cum 98	
BELGIUM			11	58	31	999	1057	4427	3216
DENMARK				35	233	119	58	266	500
FINLAND	160	230	1281	1853	5874	4895	43291	24174	
FRANCE	39		64		964	1221	8062	12453	
GERMANY	215		1283		373	884	2600	4390	
IRELAND	2	6	4	15	198	41	742	1269	
ITALY	138		473	218	969	829	4998	4156	
NETHERLANDS				531	9	7	190	632	
SPAIN					543	328	2366	1770	
SWEDEN					716	778	2529	2906	
OTHER							41	29	
EU TOTAL	554	247	3198	3090	10764	10098	69512	55495	

United Kingdom

Prospects improving

The UK economy is looking healthy. Usually pulling in opposite directions, both unemployment and inflation are at record lows. Inflation fell to 1.1% in August, unemployment stood at only 4.2%, the lowest level since February 1980. According to Halifax, overall house prices rose by over 9% in the year to August. Retailers reported that sales rose sharply in August. In anticipation that a tight labour market coupled with rising house prices and consumer spending will lead to inflation, the Bank of England pushed up interest rates from 5 to 5.25%. Sterling rose sharply in response.

While economic fundamentals are good, reports from the UK hardwood importing trade during September are not universally positive. Several contacts noted that, contrary to the usual pattern, sales were fairly busy during the summer months but tailed off in September. Concerns remain that many importers are selling short to gain market share.

Nevertheless prospects for the Autumn should be good. Some of the major wood product manufacturers are reporting full order books, well up on last year, although intense competition is putting pressure on prices. Smaller manufacturers of quality products for niche markets are also reporting order books up on last year. Builders merchants are reporting a turnaround in fortunes and new-build forecasts are more encouraging. Activity in the high quality apartment, hotel and office sectors, particularly in the south of England, is said to be hotting up.

Over recent years the UK Builders Merchants sector has gone through a period of major consolidation. Primarily due to the acquisitions of Meyer International, the sector is now dominated by 3 large groups. Meyer accounts for 16% of sales to the sector, Travis Perkins for 11%, and Wolseley for 11%. Most recently, Meyer bought its rival, the Graham group, for £270 million. The purchase combines Meyer's 547 branch network with Graham's 169 branches. Wickes, a major DIY and Builders Merchant which has performed poorly over recent years, is staging a comeback following heavy investment in store refurbishment and redevelopment of its distribution network.

Major news from the joinery sector is Rugby Group's decision to sell its UK and Australian joinery businesses to Oregon based timber and door giant Jeld Wen for nearly £90 million.

Plywood

Prices undermined by weak rupiah

Political unrest in Indonesia is impacting on the hardwood ply market. The value of the rupiah has descended from 7000 against the US dollar at end July to 7975 at end September. This in turn led to a decrease in the dollar price of Indonesian plywood. As prices have fallen, confidence amongst importers, who are naturally wary of buying on a falling market, has declined. Depending on supplier, prices for Indonesian hardwood ply are being quoted in the range Indo96 less 16 to 20. With Indonesian prices so low, Malaysian shippers are uncompetitive and offering little for sale. Volumes of Brazilian hardwood ply on offer are also limited.

The falling prices partly reflect a loosening up on the supply side in Indonesia as drier weather has freed up log extraction. Furthermore demand in major European markets - the UK and Germany - has been slow over the summer. The US hasn't picked up as much as expected in September, while demand in both Japan and China has eased.

Forecasting the future of the plywood market is extremely difficult. On the supply side, unrest and reform in Indonesia is creating considerable uncertainty. The recent decision to allow UN peace keepers into East Timor has averted some of the the worst fears of political collapse. Nevertheless there are concerns that the crises in East Timor, together with the riots and cessionist movements in other parts of Indonesia, will continue to disrupt administration, hindering production and supply. Furthermore, the Indonesian government still has much work to do to sort out economic problems including weakness in the banking system and high corporate debt. The future direction of exchange rates is heavily dependent on successful resolution of these issues. IMF inspired reform of the Indonesian concession and forest royalties system will have an equally profound impact on log supplies and the competitiveness of Indonesian plywood mills.

The picture on the demand side is also mixed. Most analysts agree that the overall economic picture in the Far East and Pacific Rim is better than this time last year. However, for the plywood sector, there are still significant weak-

nesses. The Japan Lumber Importers Association recently forecast that Japan would import around 2 million m3 of plywood during the second half of 1999 compared with 2.6 million m3 in the first half. The forecast reflects high stocks in Japan, coupled with fears that housing starts will slow later in 1999 and that the strong yen will dampen economic growth.

In South Korea, plywood imports were slow over the summer and the timber sector remains sluggish. Plywood imports fell from 67,179 m3 in June to only 48,111 m3 in July. However, economic indicators are showing improved industrial activity and there are hopes that this should filter through to the timber sector later in the year.

Prospects in China seem more promising. Most analysts are forecasting increased buying during the 3rd quarter of 1999. Prices for imported plywood are rising while stocks have shortened. European markets for imported hardwood ply have been intensely competitive due to slow economic growth in the UK and Germany and intense competition from other products, notably OSB. Although starting from a low base, the UK market for OSB is said to be growing at a rate of 20% to 30% per year. The German market has been hit by slow activity in the construction and furniture sectors. The outlook now looks a little more promising. In the UK, importers have been busy ridding themselves of high stocks before the cheaper supplies arrive and stocks are now reported to be at more reasonable levels. Economic conditions in both the UK and Germany are looking more favourable.

Overall expectations are that the recent fall in plywood prices should be a temporary blip. Supply side trends suggest that cheap supplies from Indonesia will be available only for a short time. The Far Eastern logging season started late and is due to end within the next few weeks. Furthermore, reform of the Indonesian concession system has impeded logging this year. ITTO's Market News Service recently reported that 5 Indonesian plywood mills had ceased operations as a result of limited log supply. Given the uncertainty, importers may be wise to spread their risk and not rely too heavily on Indonesian suppliers.

Chinese move into Russian forestry

According to "Asian Pulse", the Russian Ministry of Foreign Trade and Economic Cooperation has given permission to Harbin International Corp. of northeast China's Heilongjiang Province to expand its timber business in Russia. Representatives of the Chinese firm will soon travel to Khabarovsk in Russia's Far East to cut 3 million m3 of timber. The total investment is estimated at around US\$6 million. The majority of workers and equipment will be obtained in Russia. All timber harvested will be exported to China.

Russia's forestry authorities are reported to have approved the project because it reduces the possibility of an infection of insect pests in the wake of disastrous forest fires last year. The company is the first to get permission for such work since regulations were introduced strengthening the administration of Sino-Russian exploitation and utility of forest resources on 26 April this year. The premiers of China and Russia signed a contract concerning timber imports and exports at a meeting in February.

WTO and wood tariffs

Opposition is mounting within the United States to the proposed WTO Agreement to eliminate global tariffs on wood and paper products. The proposal, which originated from the APEC group of countries, is due to be discussed by WTO at a meeting in Seattle during November. A bipartisan group of 48 members of the US House of Representatives has sent a letter to the White House calling on the US to withdraw from negotiations until a full environmental impact study has been undertaken. The group argue that the withdrawal of wood tariffs would contribute to unsustainable logging. They also suggest that such an agreement would violate US own environmental laws. For example, it may conflict with a 1990 Federal Law which prohibits the export of unprocessed logs from Federal and most State forest land.

The elimination of wood tariffs is currently supported by the APEC governments, including the US, and industry associations in the US and Europe. The American Forest and Paper Association note that the elimination of tariffs would generate an additional 3-4% international trade each year. It would also reduce trade distortions which can undermine the market value of wood raw material.

Chinese demand

ITTO's Market News Service is predicting continued strong growth in China's timber markets during the second half of 1999. Four trends are identified:

1. China's economic stimulus measures and heavy investments in infra-structure should create demand and raise prices for the major construction woods (primarily Korean pine, white pine, and larch).
2. Demand for timber for rural housing and furniture is expected to increase as living standards in China continue to improve
3. Demand for higher quality hardwoods for interior decoration and furniture is expected to be high in the large cities and coastal development zone (notably imported beech, oak, cherry, teak and maple)
4. Log supplies from Northern China are expected to continue to decline as forest protection measures are implemented. There are currently large stocks of domestic logs, but these are of generally smaller diameter.

South American Fires

The winter dry season in Amazonia has brought with it a spate of forest fires. There are reports of extensive fires in western Brazil, Peru, Bolivia, and Paraguay. IBAMA has said that the fires are primarily caused by small farmers and large agro-industrial companies converting land for development. Some of the worst fires have been in Bolivia. The Bolivian government has declared Guarayos and Moxos provinces "national disaster areas". High winds have allowed fires to spread quickly across 100,000 hectares.

Brazilian Wood Exports By Amazonian State - 000s US\$ FOB - Source ATIBT/AIMEX

States	Sawn timber			Veneer			Flooring			Others			All products		
	1998	1997	1996	1998	1997	1996	1998	1997	1996	1998	1997	1996	1998	1997	1996
Acre	262	88	2381					21					0	0	0
Amapa									7				37863	27264	56933
Amazonas	1751	2138	765	11252	16803	13178	889	232		12209	19044	14369	26101	38217	28312
Maranhao	9	168	1566							1759	2082	2552	1768	2250	4118
Mato Grosso	18787	12999	13864	3483	5683	3362	590	1282	243	6155	17306	13209	29015	37270	30678
Para	165176	199282	174931	14357	26825	26145	10672	8390	6683	64738	96043	93101	254943	330540	300860
Rondonia	17912	12153	9366	9307	9225	5307	223	597	381	2006	6963	7616	29448	28938	22670
Roraima	895	456	225							56	132	591	1098	682	865
Tocantins					89					20	75	64	20	164	64
All Amazonia	204792	227286	203099	38399	58629	47993	12521	10612	7364	124806	168908	188434	380518	465435	446890
Other States	205118	183714	141647	25505	38142	26103	33793	39185	29067	481939	491395	465977	746355	752436	662794
Total Brazil	409910	411000	344746	63904	96771	74096	46314	49797	36431	606745	660303	654411	1126873	1217871	1109684

Brazil

Amazonian timber exports tumble

Timber exports from the state of Para have declined significantly since 1995. Although attention has focused on Brazilian mahogany exports, the trend affects the full range of species.

Para is by far the largest source for Brazilian tropical wood exports. In 1998, the state accounted for 67% of all wood products exported from Amazonia. Para has a large concentration of sawmills in and around Belem on the Atlantic coast, at Santorem in the Amazon interior, and in Maraba in the southern part of the state. It has extensive forests of all types, including upland forests (from where Brazilian mahogany is sourced), seasonally flooded forest (the source of virola), and semi humid forest on the southern fringes of the Amazon.

Smaller volumes of wood are exported from the states of Mato Grosso and Rondonia lying along Amazonia's southern rim. Timber exploitation in these two states is closely related to colonisation and conversion. A very wide variety of species of generally secondary character are exploited

Production in the more isolated western and northern Amazon states of Amazonas, Acre and Roraima, is very limited.

The overall volume of sawnwood exports from the Amazon region fell from 566,077m³ in 1997 to only 308089m³ in 1998. To some extent this reflects the strength of the real prior to devaluation in early 1999 which tended to make Brazilian suppliers uncompetitive on international markets. This was probably a major factor in the decline of exports of Tauari, Curopixa, Pau Amerelo, Cedar and Jatoba. The major market for the first 3 of these species is France. Spain is the major market for Jatoba,

while much of the cedar is exported to the UK. Asian economic problems meant Brazil lost a significant market for many lesser known species in the Philippines and Thailand during 1998. Other longer term trends have affected exports of Brazilian mahogany and virola. Strict controls on timber extraction and export quotas have been imposed on both species.

Since ITTO data indicates that tropical log production in Brazil has remained steady since 1995 (at between 25 and 26 million m³), it is likely that an increasing proportion of Amazonian production has been sold domestically.

Most analysts believe that the prospects for Brazilian tropical exports are better this year. The devaluation of the real has improved Brazilian suppliers competitive position. Serious recession in Brazil will also encourage Brazilian exporters to expand their export markets. On the other hand, many Brazilian suppliers are still suffering from financial difficulties. Debts and interest rates are high. Smaller suppliers that have serviced the Asian market in the past are having particular difficulties financing operations. Furthermore government controls on the exploitation and export of certain species, notably mahogany and virola, are increasing. It seems unlikely that Amazonian exports will ever recover to the levels of previous years.

Considering the vast area of the Amazon (around 285 million hectares), annual log production levels of 25 million m³ seem modest (less than 0.1m³ per hectare). Development of logging in the Amazon is highly problematic. Log supplies are highly seasonal. Mills dependent on logs supplied by road suffer shortages during the prolonged wet season. Those dependent on river transport suffer during the summer months. Environmental regulations governing timber ex-

traction are increasing. It is difficult to maintain a stable work force in the region. The sheer diversity of the forest means that there is very low stocking of valuable tree species. Many areas are extremely remote. At least 100 million hectares are set aside as indigenous reserves.

Despite the difficulties, large multinational operations have moved into the Amazon since 1996. This is contributing to consolidation within the sector. There are over 800 timber companies present in Para and Amazonas, but only ten account for more than 40% of the region's exports. Foreign companies with interests in the Amazon now include: the Malaysian companies WTK Group and Jaya Tiasa; the US companies Kiani and Janus International; the Japanese company Eidai; and the Chinese companies China International Forestry Corporation and Tianjin Fortune Timber. The rate of increase in foreign investment in the region led the Brazilian government to set up the External Commission on Foreign Logging Companies in the Amazon. In January 1998, the Amazonas State government put a hold on additional Chinese and Malaysian investment.

While investment has increased in the Amazon, Brazil as a whole is coming to rely more heavily on plantations outside the region. Forest products exports from outside Amazonia now account for 66% of the Brazilian total, up from 60% only 2 years ago. There are reports of plantation producers in the south, formerly concentrating on pulp and paper manufacture, moving into solid wood products. Aracruz is planning to market solid eucalyptus from plantations under the brand name "Lyptus". By creating a distinctive brand the company hopes to move out of the commodity market and link the product with a range of services.

Brazilian ports

Despite improvements in productivity following privatisation, Brazilian ports have remained nearly 3 times more expensive than those of neighbouring countries. To reduce shippers costs, Brazil has announced that the size of longshore shipping gangs at four ports will no longer be determined by trade unions. An independent body called OGMO will perform this function instead. The ports affected are Suape and Recife in the North East, and Rio Grande do Sul and Porto Alegre in the South. Similar changes have already been made at two northern ports, Salvador and Fortaleza, and are planned at Rio de Janeiro.

Exports from Para State By Species - m³ - Source ATIBT/Credi, Eldorado Ltd

Species	1991	1992	1993	1994	1995	1996	1997	1998
Tauari	22116	30253	29022	72664	69752	46006	84089	60793
Jatoba	35307	43887	39375	51015	63378	64018	46418	30590
Mogno	93444	104160	94588	70368	62872	42070	45541	16720
Corupixa	6410	22311	38327	71749	50640	19909	34068	18004
Angelim Verm	9401	8328	14341	17583	43310	30626	16385	13107
Quaruba	1322	9539	19468	30491	31378	43763	15305	5159
Cedro	8265	17656	33407	34634	26377	12466	10694	8156
Massaranduba	970	1270	6611	12743	24125	24185	23636	7550
Pau Amerelo	17886	16303	12870	12911	19677	14026	12997	11628
Tatajuba	4242	5974	12006	20723	18583	10654	11653	8736
Virola	21331	28234	14897	21635	16256	13994	5907	4640
Others	126002	180702	160720	378078	428952	444956	259384	123006
Total	346696	468617	475632	794594	855300	766673	566077	308089

Gabon

Log exports hit by Asian crises and tax

Gabon was hit hard by the Asian crises in 1998. Over 90% of Gabon's timber production is exported as logs. Efforts are now being made to shift to value added exports.

Gabon has been heavily dependent on okoume and ozigo log exports. Both species have traditionally been exported for plywood manufacture to European markets, notably France. In 1997, log production expanded rapidly with the arrival of a new category of logging companies, mainly Asian (primarily Malaysian). While continuing to exploit the high value species, these companies also logged lesser known species outside the okoume forest range. Between 1996 and 1997 there was a significant increase in exports of lesser known species primarily for sale in China, the Philippines, Thailand, and India.

In 1998, due to Gabon's increased exposure to the Asian markets, and its heavy dependence on logs, the industry was hit hard by the Asian crises. Exports to most East Asian destinations plummeted. Producers suffered severe cash flow problems. SNBG, the parastatal company which retains a monopoly over the export of okoume and ozigo logs, effectively became bankrupt and was unable to pay the loggers. Production was severely curtailed. The situation forced SNBG to temporarily suspend its monopoly and to halt purchases of ozigo in June and July 1998. It also meant that fewer logs were available for traditional markets.

Availability to traditional markets has also been restricted during 1999. French imports of okoume from Gabon were down 40% during the first 4 months of 1999. The main reason is an increase in log export taxes in a move designed to encourage further domestic processing.

Gabon's long term policy is to progressively

Species	1996	1997	1998	% Chng 1997/98
Okoume	1728801	1900743	1038923	-45
Ozigo	115428	135794	48068	-65
S/total	1844229	2036537	1086991	-47
Padouk	39551	57291	86859	52
Kevazingo	42489	55501	83390	50
Bahia	19416	29286	57587	97
Bilinga	26052	45394	50460	11
Moabi	31448	35242	39724	13
Agba	16931	20300	39117	93
Iroko	14658	17849	32214	80
Tali	5937	19041	21649	14
Movingui	17813	20832	19634	-6
Douka	11081	14631	18127	24
Igaganga	26904	46442	18793	-60
Sapeli	6597	5141	16026	212
Niangon	15997	14359	14888	4
Izombe	3663	9955	14287	44
Beli	5478	11687	13908	19
Ovengkol	9741	9593	12691	32
Awoura	152	644	11446	1677
Azobe	5836	6665	11456	72
Acajou	6709	8012	10801	35
Others	138116	255118	112577	
S/total	444569	682983	685634	0
TOTAL	2288798	2719520	1772625	-35

reduce log exports, but not to impose a complete ban. The government's official target has been to achieve 50% processing by the year 2000 and 90% by the year 2005. This is to be achieved with increased tariffs for all exports in excess of quotas, and the strengthening of training and research in value added processing. Some companies have taken the initiative to develop feasibility studies for new projects for industrialisation in Gabon. All logging companies holding industrial permits are now engaged in the development of secondary processing. There is strong involvement of foreign companies in Gabon's timber sector, with foreign concessionaires (mostly French) supplying 58% of timber sales to SNBG.

Destination	1997			1998			% Change 97/98
	Okoume/ Ozigo	Other Species	Total	Okoume/ Ozigo	Other Species	Total	
China	949499	66294	1015793	437291	19632	456923	-55
France	343051	121165	464216	309925	125859	435784	-6
Japan	102581	25260	127841	7885	6881	14766	-88
Turkey	91276	37973	129249	48498	31490	79988	-38
Philippines	107407	10846	118253	8723		8723	-93
Israel	104751	385	105136	53456	504	53960	-49
Greece	52396	26616	79012	40975	22447	63422	-20
Morocco	99881	9514	109395	85355	3209	88564	-19
Hong Kong	57403	94229	151632	15696	107126	122822	-19
Portugal	8705	61879	70584	4146	109953	114099	62
India	8245	71465	79710		51380	51380	-36
Taiwan		20361	20361		22232	22232	9
Italy	4546	43087	47633	10292	73020	83312	75
Thailand	9943	3513	13456			0	-100
Algeria	9429	1902	11331	6380	4602	10982	-3
Holland	21527	1162	22689	24140	5142	29282	29
Germany	5554	10559	16113	6223	13468	19691	22
Spain	2215	18765	20980	5660	32878	38538	84
Malaysia	3293	6700	9993	2956	49	3005	-70
Korea	19767	13226	32993	6174	201	6375	-81
Tunisia	4408	4151	8559	3429	6124	9553	12
Mexico	8873	152	9025	4834	481	5315	-41
Others	21788	33940	55728	4953	48956	53909	
Total	2036538	683162	2719700	1086991	685634	1772625	-35

GSP News

The United States General System of Preferences Scheme (GSP) was again allowed to expire in July. GSP allows an array of imports, including timber products and furniture, from the world's poorest countries to enter the United States duty free. This is the fifth time in the past 6 years that the popular programme, exploited by 140 developing countries, has been allowed to lapse. Under current arrangements, Congress has to approve GSP on a year by year basis. On each of the previous occasions, Congress agreed to reauthorise the GSP system and back-date implementation to ensure that companies were not left out of pocket. This year however, industry is concerned that GSP will have difficulty meeting strict congressional budget rules and that discussion will be delayed with the crush of other pending legislation. If so reauthorisation could be delayed until next year.

The trend to allow US GSP to lapse so frequently has undermined the schemes credibility amongst US importers. As a result there is a strong push underway in Washington to persuade Congress to provide extended authorisation for GSP and thereby insulate the scheme from the annual budget debate.

OT Africa Line

The Bollore Group has signed a contract with the aim of acquiring OT Africa Line, the UK shipping line, and its landside network in Africa. The object of this move is to reinforce the Group's position in the Europe-Africa trade. The OTAL organisation will remain independent of Delmas, another Bollore Group shipping subsidiary. However, potential economies in matters of common interest such as ships and containers will be researched and evaluated. The contract will become final when agreement is given by the various national competition authorities.

FSC Shipments

Edinburgh based Just World Trading reports that the first FSC certified wood products supplied by Kolombangara Forest Products Ltd in the Solomon Islands disembarked for shipment to the United Kingdom on 31 August and should arrive in 3 to 5 weeks. The shipment consists of Eucalyptus deglupta (Kamarere) and Gmelina arborea. KFP has 15,000 hectares of planted forests in the Solomon Islands. Over recent years the company has sought to shift its emphasis from plantation log exports to Asia, to higher value sawnwood markets. It is particularly interested in accessing European markets for certified wood.

Another shipload of FSC certified wood is due to arrive from Latin America in about a month's time. The load contains a variety of species including Santa Maria and Jatoba. More information: John Canning, Just World Trading, Tel +44 (0) 131 663 7478, Fax: +44 (0) 131 663 7433

Equatorial Guinea exports slashed

Equatorial Guinea saw its log exports fall by 44% during 1998 compared to the previous year. A single Asian group accounts for over half the national timber production. Exports are almost entirely in log form and are dominated by okoume. Sawnwood exports are negligible. Rotary veneer exports, mainly illomba and okoume, are more substantial. A large proportion of logs are destined for Asian markets, notably China and Japan. Exports to both countries declined markedly during 1998. Spain and Germany both increased their purchases of logs during 1998. Early 1999 data suggests that log production could reach 800,000 to 900,000 m³ during 1999. ATIBT note that this is well in excess of the annual sustainable yield. The official logging quota fixed by forestry legislation introduced in 1997 is only 440,000m³. Equatorial Guinea, which is sandwiched between Cameroon and Gabon, has a largely rural population and extensive forests (covering around 60% of its land area).

Equatorial Guinea exports - m3			
Source: ATIBT/CUREF			
	Vol (m3)	Vol (m3)	% Change
	1997	1998	97/98
Logs by species			
Okoume	570801	316052	-45
Tali	13788	14737	7
Azobe	11632	7754	-33
Obeche	19011	7535	-60
Padouk	3820	5950	56
Iroko	2646	4248	61
Llomba	8188	3806	-54
Eyong	1894	3622	91
Okan	6556	3301	-50
Onzabili	3802	1512	-60
Andoung	7318	1479	-80
Acajou	1471	1169	-21
Sapeli	1035	1115	8
Douka	1651	1031	-38
Movingui	1501	992	-34
Others	21151	7539	-64
Total	676265	381842	-44
Logs by destination			
China	363708	196739	-46
Spain	43550	45746	5
Japan	132577	26212	-80
Germany	14572	20420	40
Portugal	18608	16475	-11
Morocco	3000	15075	403
Israel	0	10316	-
Syria	9000	9000	0
Turkey	0	8546	-
France	5129	5931	16
Malaysia	6028	5302	-12
Korea	9243	5287	-43
Taiwan	8988	3523	-61
Thailand	13886	3183	-77
Italy	4856	1178	-76
Holland	2301	1109	-52
Indonesia	26004	0	-100
Others	14815	7800	-47
Total	676265	381842	-44
Sawnwood by species			
Okoume	63	479	660
Dibetou	41	102	149
Others	113	244	216
Total	217	825	280
Rotary Veneer by species			
Illomba	10654	11890	12
Okoume	6682	7315	9
Other	253	102	-60
Total	17589	19307	10
Sawnwood and Rotary Veneer by destination			
Spain	14037	15932	14
USA	1908	1656	-13
France	555	1509	172
Portugal	1010	852	-16
Others	297	182	-39
Total	17807	20131	13

Cameroon

Log exports decline 30%

Cameroon's log exports fell 30% in 1998, with a major decline in sales to China, Japan, the Philipinnes and India. Italian imports of Cameroon logs fell substantially, partly in response to economic slowdown and problems in the mouldings and furniture sector. Italy also shifted to purchasing logs from Gabon during 1998, due to more competitive pricing. Thriving economic conditions and increasing investments in the furniture sector, led to increased buying by Spain and Portugal. These various trends are reflected in the species data. Exports of species commonly bought in Europe (e.g. Sapele, Iroko and Moabi) increased, while those of species sold to Asia (e.g. obeche and limba), declined. Italy bought less ayous because of the crises in the country's moulding sector.

It is worth noting that log exports of species officially banned from export in July this year account for over 300,000m³. It will be a major challenge to process these logs domestically. The Cameroon government has taken some steps to encourage further processing, but it remains to be seen how successful these measures will be. The government is offering fiscal incentives for value added industries and is upgrading training facilities in the sector. Timber concessions are now exclusively granted to companies that have invested in processing capacity and the export of finished products. In 1996, Cameroon had 71 processing mills. At the beginning of 1999, 11 more had been established and 12 were in the pipeline. When all units are operating, total capacity should be in the region of 1.7 million m³/per year, still well below current log production levels of 2.9 million m³. Large French producers based in Cameroon are currently lobbying hard to have the ban eased.

Cameroon exports - m3			
Source: ATIBT/SGS			
Species	1997	1998	% chg 97/98
Ayous/obeche	569788	474849	-17
Frake/limba	221130	57994	-74
Sapele	175750	221848	26
Tali	136559	66967	-51
Azobe/bongossi	106648	85553	-20
Naga/ekop naga	95289	4288	-96
Iroko	74267	87393	18
Aiele/abel	55832	8124	-85
Movingui	53408	49602	-7
Eyong	40548	23319	-42
Sipo	35407	39830	12
Fromager/ceiba	34401	12257	-64
Moabi	33439	34647	4
Bilinga	31327	21101	-33
Onzabili/angongui	30731	5697	-81
Padouk	30680	23261	-24
Bibilo/dibetou	22260	18015	-19
Gombe/ekop gombe	18266	1638	-91
Afromosia/Assammela	14953	16105	8
Others	208359	159091	-24
Total	2016042	1411579	-30

Cameroon exports - m3				
Source: ATIBT/SGS				
Destination	1996	1997	1998	% chg 97/98
ITALY	238754	297051	230687	-22
CHINA	55967	276402	184535	-33
FRANCE	172385	211890	207347	-2
PHILIPPINES	75107	202029	50455	-75
JAPAN	101711	200618	16858	-92
INDIA	10011	139632	46667	-67
SPAIN	89763	129320	152276	18
PORTUGAL	82210	94212	146845	56
TURKEY	37139	66236	54283	-18
GERMANY	36502	62729	72018	15
HONG KONG	20816	62193	88248	42
NETH'LANDS	51542	61860	53499	-14
TAIWAN	72069	57326	27100	-53
THAILAND	132292	35381	394	-99
OTHER	89753	119163	80367	-33
TOTAL	1266021	2016042	1411579	-30

Congo (Brazzaville) increases value added

Exporting wood from Congo (Brazzaville) over recent years has been a complicated business. In 1997, exports were severely disrupted by a civil war. All wood shipments from the country's only major port at Pointe Noire ground to a halt. In December 1998, exports were again disrupted by a conflict in the southern part of the country. With or without civil war, over the last two years the railway system to Pointe Noire has proved very unreliable. The result has been a shift in exports from Pointe Noire to Douala in Cameroon, despite the need for lengthy overland transport. Further uncertainty has been created by government policy on log exports. Since 1995, the government has been considering changing the 1974 Forest Code to include a ban on log exports. The government has held a series of meetings to discuss the measure, the most recent in December 1998. To date no ban has been implemented. However the government requires 60% of logs to be processed locally and only 40% exported. As a result, sawntimber and veneer exports are on the increase, rising 55% and 16% respectively during 1998.

Congo (Brazzaville) exports - m3			
Source - ATIBT/Congo Timber			
	1997	1998	% Change 97/98
Via Pointe-Noire			
Logs	194758	139242	-29
Sawntimber	13109	13197	1
Veneer	41666	48258	16
Plywood	2613	1106	-58
Via Douala			
Logs	62691	133727	113
Sawntimber	24821	45567	84
Veneer	0	0	-
Plywood	0	0	-
Total Congo			
Logs	257449	272969	6
Sawntimber	37930	58764	55
Veneer	41666	48258	16
Plywood	2613	1106	-58

BRE Timber Day

Timber Day, featuring TF2000, the tallest timber frame building of its kind in the world, is being held at BRE's Large Test Facility at Cardington in Bedfordshire on 20 October 1999. More information: Colin Grant, BRE's CTTC, tel (01923) 664668, email grantc@bre.co.uk

Tropical plantations Teak attracts investment

A recent report in the *Financial Times* examines the opportunities for investment in tropical hardwood plantations. The article focuses on teak plantations in Panama. Plantation establishment has grown steadily in Panama since the introduction, in 1992, of an incentive law giving tax exemptions to forestry schemes. Many investors have been tempted into the business and there are now more than 30,000 ha of plantations in the country, nearly half in teak. Teak is the favoured species because it grows quickly, is pest resistant, and produces valued timber.

A major problem in encouraging private landowners to invest in plantation establishment in Panama, as elsewhere, is the long time horizon before maturity. Teak trees are first cut commercially at about 7 years old, and the bulk of profits only come at final harvest after 20 or 25-years. To overcome this hurdle, many private landowners have opted to sell a portion of their plantations to larger commercial investors. Typically an investor buys the future income stream from a specified plot in return for a payment to the landowner and annual management fee, which brings in cash flow.

Calculating rates of return on investment in teak plantations is difficult. According to Dr Julio Centeno, a Venezuelan forestry expert, if teak forests are managed correctly, with first-class land and high-quality seeds, it is possible to obtain a maximum accumulated production over 20 years of 20 m³/ha/year. However, he also stresses that there are plantations producing little more than 3 m³/ha/year.

High quality teak can fetch about US\$4345/m³ on international markets. This compares with the relatively small cost of planting and maintaining a teak forest for 20 years, which Centeno estimates at about US\$5,000 per ha. While the returns from plantation investment can be sound, Centeno emphasises the need to avoid excess optimism. In some cases investors have been disillusioned, because companies made exaggerated claims about likely returns. In one case highlighted by Centeno, an insurance company sold thousands of Dutch investors stakes in a Costa Rica-based scheme. According to Centeno, the actual yields investors could expect were less than 40% of the claims made for the plantation.

SHARE PRICES FOR SOME U.K. COMPANIES

	52 Week High	52 Week Low	28 May	22 June	27 July	31 Aug	1 Oct
J. Latham	201.5	141.5	173.5	181.5	178.5	186.5	181.5
Meyer International	487.5	244	461.5	431.0	418.5	450.0	406.0
Travis Perkins	758.0	350	665.0	709.0	755.0	758.5	649.0
Barratt Devs.	397.5	155.5	321.5	375.0	343.5	324.0	268.5
John Laing	396.5	230.5	320.0	319.5	335.0	339.0	329.5
Alfred McAlpine	253.5	106.5	218.0	211.5	221.0	253.5	233.5
J. Mowlem	154.5	90.0	144.0	145.0	136.0	140.5	120.0
George Wimpey	182.5	90.5	159.0	157.5	153.0	152.0	126.5
Cornwell Parker	155.0	52.5	101.5	110.0	96.5	92.5	78.5

EXCHANGE RATES FOR ONE POUND STERLING

		29 June	27 July	30 August	30 Sept
Australia	Aus.\$	2.4090	2.4682	2.5144	2.5257
Bangladesh	Taka	76.6204	78.6135	78.5789	81.9498
Belgium	Belgian Fr.	61.6482	60.2859	61.2947	62.4244
Belize	B\$	3.1596	3.1763	3.1749	3.3111
Bolivia	Boliviano	9.0839	9.2113	9.3184	9.7678
Botswana	Pula	7.3241	7.3833	7.3324	7.5407
Brazil	Real	2.7868	2.8841	3.1091	3.2275
Fr. Africa*	CFA Fr.	1002.45	980.30	996.70	1015.07
Chile	Peso	818.258	817.659	820.553	880.504
China	Yuan	13.0785	13.1451	13.1395	13.7043
Denmark	Danish Krone	11.3556	11.1248	11.2954	11.5008
Europe	Euro	1.5283	1.4945	1.5195	1.5475
France	Franc	10.0245	9.8030	9.9670	10.1507
Germany	D-mark	2.9890	2.9229	2.9718	3.02660
Ghana	Cedi	4030.08	4126.03	4183.73	4474.96
Guyana	Guyanese \$	273.305	274.750	274.629	286.410
Hong Kong	HK\$	12.2563	12.3265	12.3264	12.8604
India	Rupee	68.5081	68.7828	69.0422	72.1613
Indonesia	Rupiah	10553.07	11117.06	12302.75	13203.02
Irish Republic	Punt	1.2036	1.1770	1.1967	1.2188
Italy	Lira	2959.05	2893.66	2942.07	2996.30
Japan	Yen	191.116	184.885	176.413	173.9735
Kenya	K. Shilling	115.21	117.44	119.38	126.65
Korea South	Won	1828.22	1910.54	1879.86	2012.32
Malaysia	Ringgit	6.0033	6.0350	6.0323	6.2911
Myanmar	Kyat	9.8764	9.9287	9.9243	10.3500
Netherlands	Guilder	3.3678	3.2934	3.3485	3.4102
Nigeria	Naira	159.063	160.133	156.682	157.774
Philippines	Peso	59.9535	60.8262	63.1012	67.712
Portugal	Escudo	306.381	299.61	304.62	310.238
Singapore	Singapore \$	2.6901	2.6793	2.6792	2.8034
South Africa	Rand	9.5366	9.7293	9.6668	9.9557
Spain	Peseta	254.275	248.66	252.816	257.475
Taiwan	\$	51.0197	51.2417	50.5563	52.6258
Tanzania	Shilling	1145.36	1278.47	1261.23	1317.57
Thailand	Baht	58.2236	59.1983	60.8391	67.2567
Uganda	New Shilling	2294.66	2318.70	2329.59	2508.16
U.S.A	US \$	1.5798	1.5882	1.5875	1.6556
Venezuala	Bolivar	956.577	973.695	983.584	1038.866
Vietnam	Dong	22005.04	22153.11	22163.98	23168.594
Zimbabwe	\$	59.9535	60.9057	60.7201	63.2421

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

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