

TROPICAL TIMBERS

an independent publication providing market information

volume 13

number 9

monthly

September 1998

Malaysia's currency gamble

On 1st September, Malaysia's Prime Minister, Mahathir Mohamad, imposed stringent currency controls to pull the ringgit out of international financial market. The move reflects Dr Mohamad's belief that strict controls on currency holdings by Malaysians and foreigners are the only way he can regain control over Malaysia's deteriorating economy. The measures, which effectively give the authorities absolute control of the economy, represent a major reversal of policy. Malaysia had been implementing austerity measures and a tight monetary policy in an effort to reassure foreign investors, prevent capital flight, and control the

pushed aside in a desperate effort to provide a short term boost to the economy.

Dr Mahathir announced a wide range of measures designed to force the repatriation of billions of ringgit kept offshore. Ringgit circulating outside the country must be repatriated by 1 October or they will have no value. All import and export trade after that date must be conducted in foreign currency. Travellers may only enter or leave with up to M\$1000 (£144) cash in local currency, and foreigners selling shares cannot repatriate their funds for one year. Residents cannot take more than M\$10000 worth of foreign currency out of the country, and they require prior approval to make payments to non residents to invest abroad more than the equivalent of M\$10000 in foreign currency. The currency has been pegged at M\$3.8 to the US dollar, after trading at over M\$4.0 before the controls were introduced.

The introduction of exchange controls will allow money to be poured into the Malaysian economy, which shrank by 5% in the first half of the year, without risking a fall in the exchange rate. The authorities are now in a position to cut interest rates without worrying about funds flowing offshore. Banks, which had been labouring under the weight of bad debt, have been encouraged to revive lending and generate growth as the repatriation of ringgit leads to an increase in bank deposits. Government spending within the construction sector is also set to increase in an attempt to stimulate the economy. The full implications of the changes for the timber trade remain to be seen. The immediate short term impact for many UK hardwood traders was an extra administrative burden, and in certain cases financial losses, caused by the translation of outstanding ringgit invoices for sawnwood into US\$. Business was disrupted for a two week period as traders considered the implications for pricing Malaysian products. Trading has now settled with ringgit prices for sawnwood simply converted into US\$ at the new rate of exchange.

The new rate of exchange may impact on the

Continued top of page 2 - column 1

Slow steps towards forest agreement

World governments deliberated over the future of international forest policy at the second session of the United Nations Intergovernmental Forum of Forests (IFF-2) held in Geneva at the end of August. Delegates discussed a huge range of issues during the 2 week session, including international policy towards forest products trade and the environment, certification and labelling, international financing for sustainable forest management, and the future supply and demand for forest products. Underlying discussions on all these issues was the continuing struggle over an International Forest Convention.

Governments have been deliberating over the possible implementation of a legally binding forest convention since the UNCED "Earth Summit" in Rio in 1992. Since that meeting Governments have been able to hammer out agreements on bio-diversity and climate change, but a consensus on forests has proved elusive. At the time of UNCED, there was strong resistance to a Forest Convention from many governments in all areas of the world. Many

Continued bottom of page 2 - column 1

PENINSULAR MALAYSIA SAWN WOOD EXPORTS, JANUARY-APRIL			
Destination	1997	1998	%Chng
HONG KONG	4.3		219.8
JAPAN	17.6	13.7	-22.1
PHILIPPINES	3.1	0.3	-89.7
SINGAPORE	45.8	29.9	-34.7
SOUTH KOREA	2.8	0.2	-91.7
TAIWAN	4.5	5.6	24.3
THAILAND	126.5	41.5	-67.2
OTHERS	0.2	0.5	121.2
EAST ASIA	204.8	105.4	-48.5
UAE	11.5	13.3	16.4
SAUDIA ARABIA	1.7	3.2	93.3
OTHERS	5.6	3.9	-29.8
CENTRAL ASIA	18.7	20.5	9.5
BELGIUM	18.0	19.5	8.1
GERMANY	10.0	0.4	-96.2
ITALY	4.7	5.3	12.6
NETHERLANDS	50.6	50.9	0.7
UK	6.3	7.1	12.4
OTHERS	1.7	9.9	486.4
W. EUROPE	91.2	93.1	2.0
UNITED STATES	3.4	2.8	-20.0
SOUTH AFRICA	4.0	2.4	-40.9
OTHERS	4.8	7.9	64.2
TOTAL	327.1	232.0	-29.1

Source: Malaysian Timber Industry Board

exchange rate. They had also concentrated on trade liberalisation and harboured ambitions to become a regional financial centre. However, continuing economic stagnation after months of austerity has meant these ambitions have been

STATISTICS IN THIS ISSUE	
U.K. IMPORTS	
logs, sawn, plywood, veneers sleepers, blockboard	
Outside E.C.	
	May & June 1998
Intra E.C.	
	April & May 1998
PENINSULAR MALAYSIA EXPORTS	
Sawn by destination	
	January-April 1997 & 1998
US EXPORTS TO EU	
Sawn by destination, principal species	
	Half year 1997 & 1998
THE NETHERLANDS IMPORTS	
Logs, sawn & plywood	
	Year 1996 & 1997

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

Enquiries: The Editor, Tropical Timbers,
19 Raikeswood Drive, Skipton,
North Yorkshire BD23 1NA
Tel/Fax: (44) (0) 1756 796992

Malaysia's currency gamble *continued from page 1*

ability of Malaysian exporters to compete on price. This applies more to plywood than to sawnwood, the price of Meranti/Seraya being so low that the 10% increase implied by the new rate is unlikely to have a significant impact on demand. In contrast, Malaysian plywood manufacturers are already fighting a losing battle to compete with Indonesian plywood, and the new rate will weaken their position further. On the other hand, the boost in government spending on property and construction should increase domestic timber demand, while lower interest rates and moves to stimulate bank lending will reduce the cost of borrowing and increase the availability of credit to the industry. Malaysian timber exports are already suffering from the loss of regional markets in Asia, while markets outside the region have been slow to pick up despite the low prices on offer. European importers badly burnt by rapid price rises for Asian timbers in the early 1990s, who have now developed close links with African and Brazilian suppliers, have been cautious over transferring back to Meranti. Malaysia's export earnings

from timber products are expected to be reduced to \$M13.2 billion from M\$14.72 billion last year. Malaysian furniture manufacturers have benefited more from their improved competitive position, performing well during the first 6 months of 1998. Export earnings in furniture reached M\$1.97 compared with M\$1.44 billion for the corresponding period last year. More fundamental will be the long term impact of Dr Mahathir "experiment" on the Malaysian economy, and on the economies of other countries in the region that are keeping a close eye on the results. The immediate impact of the currency controls were encouraging. The Malaysian stock market rose by 22% as Malaysians bought shares in anticipation of an influx of billions of ringgit held offshore. Officials were quick to hail the "restoration of confidence". In the longer term there is greater uncertainty. The measures will almost inevitably deter future direct foreign investment, as investors will be unwilling to become embroiled in a market that is so heavily controlled. Many analysts also doubt Malaysia's ability to enforce

the myriad restrictions on currency movements of everyone from traders and investors to travellers. Some suspect it will be difficult to convince banks to resume generous lending while the economy remains in recession. There are concerns that the products churned out by companies flush with new credit will have difficulty finding a market. Exports are down because of the Asian crises, while locals worried about their jobs will think twice about shopping sprees even with fresh consumer credit. Analysts suggest that the experiment will only work if Malaysia takes advantage of the breathing space to push through reforms. That means fixing the banks, which are swamped with bad loans, and letting inefficient and uncompetitive companies fold. Malaysia is taking solace from a growing trend amongst international analysts to recommend currency controls in times of emergency to reflate economies. However, most recommend that these controls should be temporary and crafted to minimise disruption on day to day business.

Slow progress towards forest agreement *continued from page 1*

developing world countries were worried about the costs of a legally binding commitment to sustainable forestry practices. Some developed world countries, notably the United States, argued that a convention would duplicate existing international processes, constrain international forest products trade, and overly centralise control over forest resources within UN institutions. Countries couldn't agree on the contents of a Convention, some suggesting it should focus on the environmental role of forests, and others on trade liberalisation and the economic role of forests.

More recently however, support for an International Convention has grown. Long term supporters, notably the European Union and Canada, have been busy convincing other countries of the advantages of a convention. Major tropical suppliers, including Malaysia and Indonesia, now support the idea. Russia has made positive noises. They argue that while a number of organisations exist to address certain aspects of forests (including ITTO and FAO), there is no global intergovernmental framework with the primary aim of promoting the sustainable management of all types of forest. This hampers co-ordination of international activity in relation to forests and means the sector doesn't always receive the priority it deserves. Delegates at the IFF -2 meeting used the metaphor of too many cooks in the kitchen, noting that a "head chef" is needed in the form of a global forest convention, to clear the overlaps and fill the gaps that currently exist in the international forest policy framework.

Despite growing recognition of the advantages of a convention, real progress was slow at the IFF-2 meeting. The meeting was characterised by national delegates restating well established

positions. The US, with the backing of Brazil, continued to block moves towards a Convention. Supporters in the EU and Canada were backed by a number of developing countries including Argentina, Gabon and Costa Rica. China and some other developing countries remained sceptical about costs. However, these countries seemed encouraged by references made at IFF-2 to the possible introduction of an international forest fund alongside a forest convention. During discussions on "trade and environment" governments were able to agree on broad statements of policy, but not on how to act. All agreed that environmental trade measures, including certification and tropical timber bans, should not be used as a form of disguised protectionism. But efforts by the G77 Group of countries to commit developed world governments to tackling tropical timber boycotts at local government level were blocked by the US and EU.

Most countries could accept that forest certification is "among many potential tools" to promote sustainability. Others emphasised the problems. Brazil, for example, stressed that certification could act as a potential obstacle to market access, while Korea noted that the costs of certification would fall particularly heavily on small and medium sized companies. Canada, having progressed a long way with their own national certification scheme, want other countries to be judged on a level playing field. Canada called for action to ensure certification standards are "comparable" and "equivalent". Other countries, notably the G77 and China, were against comparability and favoured an approach to certification based on "mutual recognition" of national standards. The United States was against government action to develop an

international certification framework.

The direction of international forest policy after the IFF mandate expires in 2000 is uncertain. Reports from IFF-2 suggest that there is growing momentum to continue an IFF-type forum after 2000. Some fear that this represents the "least common denominator" to which everyone can agree, rather than a desire for more positive action on forests. The more optimistic note that the IFF still has over a year to run and that numerous initiatives are due to be launched before the next IFF meeting in May 1999. Supporters of a Convention attach particular importance to a joint Canada/Costa Rica initiative aimed at further promoting an international consensus on its possible contents. As part of the initiative, Costa Rica is holding an expert meeting on the subject from 9 to 12 March 1999.

Note: The Intergovernmental Panel on Forests (IPF) was established by the United Nations in 1995 to pursue consensus and co-ordinate action to support the sustainable management of forests. The IPF produced a final report which was considered by the United Nations General Assembly in June 1997. It contained approximately 140 proposals for co-ordinated international action on forests. However the IPF failed to agree on a few major issues such as financial assistance to tropical countries and trade related matters, or whether to move towards global forest convention. The General Assembly therefore decided to continue the international forest policy dialogue with the creation of the Inter-governmental Forum on Forests. The IFF was also charged with identifying, by 2000, the possible elements of a Global Forestry Convention. Two more meetings of the IFF are scheduled for next year.

INDICATIVE PRICES

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

Logs

	July	Aug	Sept
Ex Cameroon Fr.F/m3 FOB Douala LM			
N°GOLLON			
70cm+20% 60/69	1350	1350	1350
BOSSE 60cm+	1550	1550	1550
AYOUS 70cm+	1000	1000	1000
BIBOLO 60cm+	1400	1375	1375
SAPELE			
80cm+20% 70/79	1650	1650	1650
SIPO			
80cm+20% 70/79	1900	1900	1900
IROKO			
80cm+20% 70/79	1650	1650	1650
Ex Cote d'Ivoire Fr.F/m3			
Fr.F/£	9.89	9.77	9.60
FOB Abidjan FAS			
6"+ avg 9"-10"			
6"+ avg 10"-11"			
1"-2"			
IROKO	3300	3350	3375
SIPO	3400	3400	3400
MAHOGANY	2800	2800	2800
FRAMIRE	2050	2000	2000
SAMBA No.1 C&S	1550	1550	1575
AZOBE dim. stock	2000/	2000/	2100/
	2600	2600	2700
OPEPE dim. stock	1850/	1850/	1850/
	2450	2450	2450

	July	Aug	Sept
Ex Gabon Fr.F/m3 FOB Owendo LM			
ACAJOU			
70cm+20% 60/69	1200	1175	1175
DIBETOU 60cm+	1200	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

	July	Aug	Sept
Ex Ghana DM/m3 FOB Takoradi			
FAS (includes notional agent's commission of 5%)			
6"+ avg 9" C/£	3857	3813	3968
6"+ avg 9" DM/£	2.95	2.91	2.86
A.MAHOGANY AD	975	975	995
A.MAHOGANY KD	1115	1115	1135
EMERI AD	760	760	760
UTILE KD	1340	1340	1365
ODUM AD	995	995	1030
ODUM KD	1205	1205	1240
SAPELE KD	1155	1155	1155
EDINAM AD	860	860	860
EDINAM KD	1020	1020	1020
WALNUT AD	705	705	705
NIANGON AD	895	895	895
DANTA AD	680	680	680
DANTA KD	945	945	945
WAWA AD	505	505	505
WAWA KD	565	565	565
MAKORE AD	790	790	790
MAKORE KD	1100	1100	1100

	July	Aug	Sept
Ex Cameroon Fr.F/m3 FOB			
FAS width 6"+, length 6'+			
SAPELE	3075	3075	3050
SIPO	3475	3450	3500
BIBILO	2850	2850	2800
N°GOLLON	3150	3150	3200
AFRORMOSIA	3600	3600	3550
IROKO	3400	3400	3400

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

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

	July	Aug	Sept
Ex Malaysia US\$/ton, C&F UK port			
MS/£	6.84	6.80	6.48
US/£	1.66	1.62	1.71
MS/US\$	4.12	4.19	3.80
DARK RED SERAYA/MERANTI			
Select & better GMS			
width 6"+ avg 7"/8"			
length 8'+ avg 12'/14'			
1-2" KD	630	655	720
2.5" KD	655	680	745
3" KD	685	690	765

	July	Aug	Sept
KERUING			
Standard & Better GMS			
1"-3"			
width: random or fixed			
length 16'+	420	420	460
KAPUR			
Standard & Better GMS			
1"-3" plnd			
width 6"+ avg 7"-8"			
length 16'+	435	435	475

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

	July	Aug	Sept
Ex Brazil US\$/m3 C&F			
FAS US\$/£	1.66	1.62	1.71
6"+ avg 9-10"			
6"+ avg 10-11"			
MAHOGANY (Swietenia)			
1"-2" AD	1160	1130	1100
2.5"-3" AD	1180	1150	1120
1"-2" KD	1250	1220	1190
2.5"-3" KD	1270	1240	1210

	July	Aug	Sept
VIROLA			
1" KD No.1 C&B			
boards	400	400	400
strips	370	370	370
CEDRO			
1"-1.5" KD	730	730	700
2" KD	760	760	700
2.5"-3" KD	790	790	750

Hardwood Markets

The UK market has been quiet over the summer holiday period. Early indications are that the pace of activity has not picked up significantly during September. There is a feeling that too many people are chasing too little business at too low a price. Customers are clearly concerned about the prospects for the UK economy. The evidence of various economic indices suggests that there has been a downturn in the UK economy. The economic turmoil in other parts of the world, coupled with high interest rates and a strong pound, is hitting many sectors hard and has contributed to a general mood of fragility. As ever, the construction sector has been one of the first to feel the effects of declining confidence. Official figures released in early September showed that the sector's output had dropped 3% in the second quarter, hit by a fall in new industrial building. Markets elsewhere in Europe, also very quiet during August, have been slow to pick up. Many importers seem to be adopting a "wait and see" attitude to the UK and European economies. It's probably too early to draw general conclusions on the longer term prospects for the trade so soon after the holiday season, and October may provide a better indicator of future business.

Asian Hardwoods

The market for Malaysian hardwoods went through a period of uncertainty early in the month following Malaysia's announcement on 1 September of stringent regulations designed to restrict trading in the ringgit. No transactions were to be allowed outside Malaysia in ringgit after 1 October 1998. All exports and import transactions from that date would have to be made in foreign currency. Following a period of uncertainty, the Malaysian authorities established a fixed exchange rate of M\$3.80 to the US dollar. In effect the regulations meant that all outstanding contracts in Malaysian ringgit, not shipped and invoiced from Malaysia before the end of September, would have to be converted into another currency based on the official rate of conversion. All ringgits bought forward would have to be converted by the end of the month. All future timber export transactions will be negotiated in US\$.

In the immediate aftermath of the announcement there was a slowdown in business as the trade digested the changes and considered the implications for pricing. The picture was complicated by continuing fluctuations in ringgit exchange values even after the Malaysian authorities announced the fixed rate on 2 September. The need to convert contracts previously agreed in ringgits into US\$ caused administrative difficulties, and financial losses, for agents and importers alike.

The supply of logs in the Far East has tightened, partly as a result of intense rains which have come early this year due to the La Nina weather event. The monsoon, usually expected between October and April, this year began in August. Limited demand for logs, low pricing, and the

inability of mills to offload the lower grades and less valued species in domestic and other Asian markets have discouraged logging. There is very little wood available for early shipment, and agents are indicating a 2 month lead time for new orders. However, at current relatively low levels of demand it seems unlikely that UK importers will be concerned by supply shortages. Nevertheless, shortage of supply in the Far East has served to put a floor under prices for DRM/Seraya. The Malaysian currency controls have also effectively led to a 10% increase in the price of DRM and Seraya to importers. The price of the species is so low that these increases are unlikely to have any significant on demand in relation to Sapele. Freight rates increases from the Far East of US\$300 per 40 foot container from 1st October will lead to further increases in C&F prices.

There are reports of tiny volumes of sawnwood being exported by Indonesia. Most commentators believe that this is unlikely to grow into a substantial trade given the size of Indonesia's domestic manufacturing sector.

African Hardwoods

Despite relatively low levels of demand for most African timbers and intense competition, prices for African hardwoods have remained fairly steady over the last four weeks, a reflection of the relatively tight supply situation. Supplies are usually short at this time of year near the end of the rainy season.

The Sapele market is regarded as being broadly in balance, with the direction of future price movements becoming clearer once uncertainty surrounding DRM prices is resolved. Iroko supply is tight, while there is continuing strong demand from Irish importers. Utile is also proving difficult to obtain. The main market for Makore in Spain has been quiet of late, although stocks are low and importers may be nearing the point where they need to buy.

In Ghana the rains are lighter now but other factors are restricting supply. Particularly significant has been the recent overhaul of the country's regulatory system to ensure implementation of sustainable practices in accordance with ITTO Objective 2000. Measures have included the introduction new laws governing the allocation of concessions, stricter measures to prevent illegal logging, and a determined effort to ensure national log extraction does not exceed the nation's Annual Allowable Cut now restricted to 1 million m³ per annum.

ITTO's Market News Service notes that Ghanaian sawmillers and manufacturers are contemplating importing logs from Gabon and the Cameroon to overcome supply difficulties. Other commentators are sceptical of the accuracy of these reports, emphasising the logistical problems of a regional log trade in West Africa.

In the Democratic Republic of Congo, formerly Zaire, President Laurence Kabila proclaimed victory on the western and coastal front on 1st September and said that the focus of the month-old conflict had shifted to the East. Troops and

aircraft provided by Mr Kabila's allies, Angola and Zimbabwe, stopped the 6000 strong rebel force in the west at the gates of the capital, Kinshasa, in late August. Life began to return to normal in Kinshasa as soldiers lifted road blocks and checkpoints. The conflict in eastern Congo seems set to continue. Nevertheless the situation has stabilised sufficiently that a restart of the Danzer sawmill 30 miles from Kinshasa is anticipated in weeks rather than months.

South American Hardwoods

Brazilian mahogany is trickling into the UK in small volumes. Few importers are buying and the market is so slow that agents are having difficulty identifying the price level. The picture is confused by importers off-loading landed stocks at relatively low prices.

The Brazilian tropical hardwood industry is going through an extremely difficult period. Markets in Europe have come under increasing pressure from low priced Asian timbers, markets in the Far East that were buying Lesser Known Species have collapsed, while Brazil's large domestic market is being hit by the country's current economic difficulties. High interest rates, now at a massive 49%, will act as a brake on domestic demand and will increase operating costs. Considerable restructuring within the industry seems inevitable. Shippers are now relying heavily on the continuing strength of demand in the US.

North American Hardwoods

So far, 1998 has been a boom year for the US economy, despite the shocks dealt by declining export markets in Japan and other parts of Asia. While US hardwood exporters have seen a significant fall in hardwood exports to Asia, strong demand within the US has served to offset these losses and domestic markets have absorbed much of the lumber produced. A reasonably buoyant European market has further insulated US producers from the effects of the Asian crises. However, signs of uncertainty over the prospects for US hardwood markets are beginning to emerge. This month's issue of Hardwood Review Export reports on a growing sentiment within the US that the effects of recessions and falling stock values in other parts of the world will soon be felt within the United States. It is suggested that if US consumers continue to see a fall in the value of investments, their confidence in the US economy will be eroded. This in turn could dampen demand for hardwoods by US manufacturers, making more lumber available and driving prices down. The strength of the US\$ is also making US hardwoods relatively expensive in Canada and Japan, two of the industry's major export markets, further constraining demand. US shippers are looking to Europe in the hope that increased demand here during the autumn will serve to offset losses elsewhere.

UK demand and prices for red and white oak remain firm. US domestic demand for Red oak continues to be firm, contributing to relatively high prices. However summer is the prime drying season for Red oak and volumes of the

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

	July	Aug	Sept
\$/£	1.66	1.62	1.71
RED OAK			
1"	1850	1850	1850
1.25"	1950	1950	1950
1.5"	2030	2030	2030
2"	2280	2280	2280
WHITE OAK			
1"	1675	1675	1675
1.25"	1730	1730	1730
1.5"	2100	2100	2100
2"	2670	2670	2670
ASH			
1"	1230	1230	1230
2"	1560	1560	1560
TULIPWOOD			
1"	1080	1080	1080
1.25"	1100	1100	1100
1.5"	1160	1160	1160
2"	1250	1250	1250
CHERRY			
1"	3350	3350	3350
1.25"	3350	3350	3350
1.5"	3400	3400	3400
2"	3550	3550	3550
HARD MAPLE			
1"	1975	1975	2080
1.25"	2170	2170	2265
1.5"	2275	2275	2275
2"	2390	2390	2420

species will come onto the US market over the coming months preventing further price increases. White oak prices are relatively low reflecting limited US domestic demand and relatively sluggish export sales of the species. There continues to be strong demand for Cherry both in the UK and in US domestic markets, although prices now seem to have reached their peak. US buyers are reportedly substituting Hard Maple and Tulipwood for the species due to their ready availability.

Demand for Tulipwood in the UK has been relatively strong, but this market is still treated as a commodity market in the UK with importers only interested in price, and little concerned by source or quality. Intense competition has led to low prices for the species.

Maple prices have been falling for some time as the US has lost export markets for the species in the Far East and there has been intense competition with beech in European markets. However there are early signs that the species may now be in shorter supply as most of the winter cut stock has been processed. Some agents are speculating that this factor, coupled with the possibility of increased demand in Germany and Austria during the Autumn, may serve to put a floor on prices.

Demand for Ash, while weak in other countries, is still reasonable in the UK where importers are reaping the benefits of continuing low prices for the species.

Plywood markets “nervous”

Having drifted to extremely low levels of around INDO96 less 30 and lower during late August and early September, plywood prices have improved marginally to stand at around INDO96 less 29/30. UK importers are evidently nervous about the economic outlook and are cautious about committing to purchases. There are however early signs that demand has begun to pick up with the end of the summer lull. Shipments from the Far East, particularly Indonesia, continue to be hampered by lack of containers in the region. One agent noted that orders placed in the UK now are unlikely to arrive before January.

Opinions differ over the future of the supply/demand equation and consequent effect on prices. It seems clear that log supply is becoming increasingly restricted in the Far East as extraction has been hit heavily by the intense rains, while loggers have been discouraged by low prices and the inability of mills to off load lower grades and lower value species in stagnant domestic and regional markets. Operating conditions for Asian plywood mills continue to be extremely difficult due to high interest rates, lack of credit and the high costs of imported materials needed for manufacturing. These factors imply restricted plywood supply in the Far East, which some agents believe may lead to strengthening prices towards the end of the year. Others point to the chronic levels of demand in the Far East, particularly from Japan and Korea, which imply that significant shortages, and therefore price increases, are unlikely. Nevertheless, supply constraints should at least prevent further weakening of price.

Uncertainty is increased by currency fluctuations and Malaysia's recent political intervention to control trade in the ringgit. Fixing the exchange rate at M\$3.80 to the US dollar, a fall from more than M\$4.00 before the measures were announced, means an immediate reduction in the ringgit value of exported plywood to the

Malaysian mills. This further weakens the competitive position of Malaysian mills already fighting a losing battle to compete with Indonesian plywood. On the other hand the measures should serve, at least in the short term, to boost the domestic economy, stimulate growth in Malaysia's construction sector, lower interest rates and ease the credit crunch which has hampered the industry.

One of the few bright spots on Asia's economic horizon continues to be China. The Chinese government has been encouraging plywood imports as a priority since domestic plywood supplies cannot meet the demand in mainland China. China is also seeking to boost investment in residential housing construction in an effort to help reach the targeted 8% growth this year. The government has doubled its housing construction investment targets for the year, and investment in commercial building increased 22% to 78 billion yuan in the period January to July. China's domestic plywood industry is having difficulty competing at price levels currently quoted by Indonesian and Malaysian mills. According to recently released statistics from the government of the Hong Kong Special Zone, the transit of Indonesian and Malaysian plywood from Hong Kong to mainland China increased to 200,000 m³ during the first quarter of 1998, a rise of 75% over the same period last year.

Brazilian hardwood ply remains uncompetitive due to the Far Eastern currency devaluation and continues to be more or less excluded from the market. President Cardoso has demonstrated his determination to maintain the foreign exchange value of the *real*, despite the massive flight of capital from Brazil earlier in the month, by pushing interest rates up to 49%. Despite the crises, Cardoso is still favoured to win the October elections, so a policy change seems unlikely. This suggests there is unlikely to be a significant change in the competitive position of Brazilian plywood.

DIY Merger

Castorama of France and Kingfisher's B&Q are merging their home improvement businesses in a joint venture to create the world's third largest do-it-yourself retailer with annual sales of around £4.5 billion. London's Financial Times speculates that this could be the start of a pan-European consolidation process. The deal gives the group by far the leading position in Europe's DIY sector. Castorama had sales last year of Ffr21 billion and B&Q of £1.7 billion. They are the market leaders in two of Europe's biggest DIY markets. Castorama accounts for around a third of the French market and B&Q about 40% of the UK market. France and the UK together account for more than 35% of annual overall European sales in the DIY sector.

The DIY sector has until now been fragmented and locally based. Traditional wisdom has been that international expansion is too difficult in an industry that is still sourced locally and that serves different cultural tastes. The three most important DIY markets, Germany, France and the UK together account for over 80% of the total European DIY market. Germany is by far the largest market representing almost 50% of total DIY sales and claiming 12 of Europe's top 25 DIY retailers.

All European markets have to date been comprehensively dominated by their own domestic players. However the merger between B&Q and Castorama represents a growing realisation that at some stage DIY retailers won't be able to squeeze any more out of their home markets. Merging across national boundaries has its challenges. In spite of the superficial similarities between many products sold across Europe, national differences in standards and taste, for example in timber sizes, makes bulk buying difficult. However the Castorama Finance Director is convinced that “shortly several groups will emerge and we are glad to be driving that change”.

The merger also raises questions over the future of B&Q's environmental policy. B&Q has been the leading proponent amongst DIY retailers in the UK of FSC certified timber, setting ambitious purchasing targets for independent certification amongst suppliers. It is conceivable that this may be extended to Castorama's operations in France. By their own estimate B&Q sell over 250,000 m³ of timber products including both solid timber and a wide range of products. The vast majority of products are from the United Kingdom and Scandinavia.

Fears of global downturn dent UK economic outlook

The prospects for the UK economy are as difficult to predict as ever. In August there was growing confidence that the UK economy was headed for a “soft landing” of weak but continued growth during 1999. However, in the last few weeks business confidence has been dented by the economic and political turmoil that has engulfed Russia and which is spreading to Brazil and other South American countries. Growing fears of a “global downturn” were reinforced by the US Federal Reserve Chairman's announcement that the international situation could slow the US economy. Analyst forecasts for the UK economy reflect the deteriorating world

economic outlook. In July, the Treasury's average of independent forecasts was 1.7% growth next year. By late September, the average forecast had fallen to 1.2%.

Even optimists believe there is a significant risk that the economy will be technically in recession next year (that there will be negative growth in two successive quarters). But they see this as just part of the process of cooling down an overheated economy. Pessimists note rising unemployment, high wage gains, and the Bank of England's failure to cut interest rates fast enough.

Much hinges on consumer spending. If lack of confidence leads to a serious fall in

spending, a soft landing could be turned into a recession. Low unemployment and a continuing rise in real incomes suggest that consumer spending should remain resilient. On the other hand, doom and gloom stories in the media about the general economic situation may dent consumer confidence. But such local considerations could easily be overshadowed by a turn for the worse on world markets. Share prices in the UK's construction sector have fallen dramatically as talk of a recession has grown louder and awakened memories of the sector's severe problems in 1990/1. A major worry is the housebuilders' vulnerability to any downturn in consumer spending.

UK Imports

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

From countries outside the E.C.

UK IMPORTS SAWN TROPICAL

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

m3	May. 1998	June 1998	Cum. 1998
BOLIVIA			447
BRAZIL	1305	1550	7512
BURMA			77
IVORY COAST	742	1644	8092
CAMEROON	1296	2157	9068
COSTA RICA			13
ECUADOR	7		7
GABON		54	128
GHANA	2121	1693	13130
GUYANA	3184	347	4893
HONDURAS		28	28
INDONESIA	74	282	1586
INDIA	3	1	34
MEXICO			11
MALAYSIA	5231	5759	27769
NIGERIA			148
PERU			22
PAPUA N.G.	59	63	165
PHILIPPINES	57	23	371
SOL. ISLANDS			16
SINGAPORE	15	69	858
THAILAND			188
TRIN. & TOB.			30
TANZANIA		58	148
ZAIRE	276		276
TOTAL	14370	13728	75017

UK IMPORTS SLEEPERS

Treated & Untreated

Classifications: 440610.00.0, 440690.00.0

m3	May. 1998	June 1998	Cum. 1998
AUSTRALIA	270	783	3837
CZECH REP.			33
POLAND			18
RUSSIA			50
SLOVAKIA	4		4
TOTAL	274	783	3942

UK IMPORTS LOGS TROPICAL

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

m3	May. 1998	June 1998	Cum. 1998
BURMA			30
CONGO			239
CAMEROON	2722	4962	18283
ECUADOR			27
GABON	483	614	2897
EQ. GUINEA			157
INDONESIA		56	90
LIBERIA			240
MALAYSIA	305	897	1431
MOZAMBIQUE			24
NIGERIA	126	14	409
PAPUA N.G.			87
SINGAPORE		50	130
TANZANIA			10
TOTAL	3636	6593	24054

UK IMPORTS LOGS

TEMPERATE HARDWOOD

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

m3	May. 1998	June 1998	Cum. 1998
BEECH			
CANADA			7
ROMANIA	47	68	273
SERB. & MONT.		30	30
BIRCH			
CANADA	120	107	324
ESTONIA	1439	1299	8528
LITHUANIA			34
LATVIA	52	355	1333
POLAND	74	23	381
RUSSIA	35		436
OAK			
CZECH REP.			1
RUSSIA			103
POPLAR			
USA			39
OTHER			
AUSTRALIA		1	47
CANADA	173	30	970
CZECH REP.			14
ESTONIA*	2608	2698	17775
LITHUANIA			173
LATVIA*	1696	5844	30765
NORWAY			172
POLAND	25	20	240
RUSSIA			1161
USA	1305	957	7128
S. AFRICA	62		74
TOTAL	7636	11432	70008

*May contain softwood

UK IMPORTS SAWN TEMPERATE

Classifications: 440791.90.0, 440792.90.0, 440799.91.0, 440799.93.0, 440799.98.0

m3	May. 1998	June 1998	Cum. 1998
BEECH			
CANADA			98
POLAND	11		37
ROMANIA	27	53	442
RUSSIA			55
SLOVAKIA		21	45
SERB. & MONT.	23	23	80
USA	49		107
OAK			
CANADA	531	590	2983
CZECH REP.			8
ESTONIA		377	377
HONDURAS			28
LITHUANIA		140	140
RUSSIA	20	22	151
SLOVAKIA	15	4	216
SERB. & MONT.			22
UKRAINE	6		178
USA	5015	4939	32473
POPLAR			
CANADA	7	30	130
LATVIA	101		199
RUSSIA		56	56
USA	769	802	4050
WALNUT			
CANADA	155	53	320
USA	33	173	698
OTHER			
AUSTRALIA		16	300
CANADA	1272	1059	6797
CHILE	32		167
CHINA	15	30	75
ESTONIA*	1312	1358	7482
LITHUANIA			168
LATVIA*	6397	9918	41188
NORWAY	179	411	674
POLAND	19		49
RUSSIA	208	129	968
USA	4722	3178	24497
S. AFRICA	35	90	251
TOTAL	20953	23472	125509

*May contain softwood

UK IMPORTS BLOCKBOARD,

LAMINBOARD, BATTENBOARD

Classifications: 441222.91.0, 441229.20.0, 441292.91.0, 441299.20.0

m3	May. 1998	June 1998	Cum. 1998
BRAZIL	208	106	1145
CHINA	46		110
CZECH REP.			40
INDONESIA	814	1298	8718
LATVIA	38		38
LITHUANIA		75	129
MALAYSIA		75	293
NORWAY	27	30	92
POLAND	60	10	121
SWITZERLAND			12
USA	3		351
TOTAL	1196	1594	11049

UK IMPORTS PLYWOOD & OTHER LAMINATED BOARD			
Classifications: 441213.11.0, 441213.19.0, 441213.90.0, 441214.00.0, 441219.00.0, 441222.99.0, 441229.80.0, 441292.99.0, 441299.80.0			
m3	May 1998	June 1998	Cum. 1998
ARGENTINA			8
BELARUS			329
BRAZIL	9296	13143	60456
CANADA	4836	2794	37774
CHILE	585		1598
CHINA	478	572	2235
ESTONIA	583	272	3397
GHANA			252
GUYANA	1373	481	3298
HONG KONG			1
INDIA		3	3
INDONESIA	3599	25035	71625
ISRAEL	113	153	847
JAPAN	7		49
LATVIA	1858	3358	17500
LITHUANIA	977	1651	6875
MALAYSIA	11872	19917	62452
MOROCCO	36	133	521
NORWAY	210	218	1461
PHILIPPINES	51	46	155
POLAND	118	152	1239
ROMANIA		11	11
RUSSIA	8270	10667	48770
SINGAPORE	32		91
SLOVENIA	33	37	234
SOUTH KOREA	875	1788	3866
SPAIN		65	65
SWITZERLAND	6		398
TAIWAN			7
THAILAND	31		31
USA	4691	6818	186659
TOTAL	49930	87314	512207

UK IMPORTS VENEERS			
Classifications: 440831.11.0, 440831.21.0, 440831.25.0, 440831.30.0, 440839.11.0, 440839.21.0, 440839.25.0, 440839.31.0, 440839.35.0, 440839.51.0, 440839.61.0, 440839.65.0, 440839.81.0, 440839.89.0, 440839.91.0, 440839.99.0, 440889.81.0, 440890.89.0			
m3	May 1998	June 1998	Cum. 1998
AUSTRALIA			2
BRAZIL		11	33
CAMEROON	20	17	48
CANADA	50	5	443
CHINA		28	28
CONGO	25		141
ESTONIA		30	30
GHANA	346	207	1609
HUNGARY		33	65
INDONESIA		89	213
IVORY COAST		94	126
LATVIA	324	177	578
MALAYSIA		25	93
RUSSIA	67	119	317
S. AFRICA	84	271	1107
SINGAPORE			32
SLOVENIA	29	32	215
SWITZERLAND	164	10	288
THAILAND		64	238
USA	920	847	6104
ZAIRE	237	138	902
TOTAL	2266	2197	12612

Based on Abacus Data Services

UK imports from within the E.C.

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

INTRA E.C. UK IMPORTS HARDWOOD LOGS			
Classifications: 440341.00.0, 440349.10.0, 440349.20.0, 440349.30.0, 440349.40.0, 440349.50.0, 440349.60.0, 440349.70.0, 440349.90.0, 440399.99.0			
m3	Apr. 1998	May 1998	Cum. 1998
BEECH			
GERMANY			20
DENMARK	10		158
FRANCE	19	84	103
SWEDEN			21
BIRCH			
FINLAND			14
OTHER			
BELGIUM			44
GERMANY	82	174	C486
FINLAND	1152	328	2440
FRANCE	38	340	469
IRELAND		8	42
NETHERLANDS			34
SPAIN		1	1
SWEDEN	1241	1833	4935
TOTAL	2542	2768	8679

INTRA E.C. UK IMPORTS PLYWOOD			
Classifications: 441213.11.0, 441213.19.0, 441213.90.0, 441214.00.0, 441219.00.0, 441222.99.0, 441229.80.0, 441292.99.0, 441299.80.0			
m3	Apr. 1998	May 1998	Cum. 1998
AUSTRIA			29
BELGIUM	831	1057	C3388
DENMARK	97	58	500
FINLAND	5821	4895	C24398
FRANCE	2796	1221	12453
GERMANY	834	884	C4465
IRELAND	445	41	C1344
ITALY	691	829	4156
NETHERLANDS	102	7	632
SPAIN	129	328	1770
SWEDEN	564	778	C2952
TOTAL	12310	10098	55495

INTRA E.C. UK IMPORTS BLOCKBOARD, LAMINBOARD, BATTENBOARD			
Classifications: 441222.91.0, 441229.20.0, 441292.91.0, 441299.20.0			
m3	Apr. 1998	May 1998	Cum. 1998
BELGIUM		11	C69
DENMARK	85		233
FINLAND	530	230	C1923
IRELAND	1	6	15
ITALY	87		218
NETHERLANDS			C603
SWEDEN			209
TOTAL	703	247	3090

INTRA E.C. UK IMPORTS SAWN HARDWOOD			
Classifications: 440724.90.0, 440725.60.0, 440725.80.0, 440726.70.0, 440726.80.0, 440729.61.0, 440729.69.0, 440729.99.0, 440799.98.0			
m3	Apr. 1998	May 1998	Cum. 1998
BEECH			
BELGIUM	66	35	259
GERMANY	2052	2280	11765
DENMARK	202	111	809
FINLAND	66		66
FRANCE	86	155	417
ITALY	28		37
NETHERLANDS		46	46
SWEDEN	35		35
OAK			
GERMANY	53	88	501
FINLAND	97		97
FRANCE	643	417	2511
IRELAND			1
NETHERLANDS	61	58	263
WALNUT			
FRANCE		2	2
OTHER			
BELGIUM	278	297	2551
GERMANY	694	339	2771
DENMARK	55		379
SPAIN	122	228	805
FINLAND	329	444	1577
FRANCE	293	236	1845
IRELAND	81	216	461
NETHERLANDS	1418	1440	4832
SWEDEN	2257	2086	C11410
TOTAL	8916	8478	43085

INTRA E.C. UK IMPORTS VENEERS			
Classifications: 440831.11.0, 440831.21.0, 440831.25.0, 440831.30.0, 440839.11.0, 440839.21.0, 440839.25.0, 440839.31.0, 440839.35.0, 440839.51.0, 440839.61.0, 440839.65.0, 440839.81.0, 440839.89.0, 440839.91.0, 440839.99.0, 440889.81.0, 440890.89.0			
m3	Apr. 1998	May 1998	Cum. 1998
BELGIUM	61	198	877
DENMARK	46	44	340
FINLAND	31	29	133
FRANCE	139	157	C828
GERMANY	446	377	C1507
IRELAND	302		310
ITALY	38	9	108
NETHERLANDS	35	11	126
PORTUGAL	1		4
SPAIN			42
SWEDEN			23
TOTAL	1099	825	4182

INTRA E.C. UK IMPORTS SLEEPERS TREATED & UNTREATED			
Classifications: 440610.00.0, 440690.00.0			
m3	Apr. 1998	May 1998	Cum. 1998
FRANCE	266	227	2584
GERMANY	454	806	1260
IRELAND		80	80
NETHERLANDS	55	56	111
SPAIN			692
SWEDEN			52
TOTAL	775	1169	3737

Based on Abacus Data Services

Congo's war

In early September, President Kabila with the help of his Zimbabwean and Angolan allies defeated the one month old rebellion in the west of the Democratic Republic of Congo (formerly Zaire). But war in the vast eastern forest regions appears to be escalating. Four rounds of international talks in the region have failed to produce a cease fire. Diplomats fear that the national and ethnic conflict could engulf large parts of central Africa. Rwanda's Tutsi dominated government has backed the rebels as it suspects that those who carried out Rwanda's genocide in 1994 are regrouping in eastern Congo, helped by President Kabila. It is unlikely that the mixed rebel force of Rwandan and Congolese Tutsis in eastern Congo will be willing to concede without a fight. Diplomats suggest Kabila is calculating on the exiled Hutus in eastern Congo taking the war into Rwanda and that he is arming them with this aim in mind.

Meetings

GLOBAL CONCERNS FOR FOREST UTILIZATION - SUSTAINABLE USE AND MANAGEMENT: 5-8 October 1998, Miyazaki, Japan. For more information contact: Kiyoshi Yukutake, Miyazaki University, Faculty of Agriculture & Forest Economics, 1-1 Gakuen Kibanadai Nishi Miyazaki 889-21 Japan; tel: +81-985-582 811; fax: +81-985-582 884; Internet: <http://www.miyazaki-u.ac.jp/FORESEA>.

INTERNATIONAL BOREAL FORESTS MANAGEMENT CONFERENCE: 5-10 October 1998, Tartu, Estonia. An international conference on managing the world's boreal forests. For more information contact: Taimo Puura, Estonian Green Movement, P.O. Box 318, Tartu, EE2400, Estonia; tel: +372 7 422 598; fax: +372 7 422 084; e-mail: forest@erl.tartu.ee; Internet: <http://www.online.ee/~roheline>.

FOREST ECOSYSTEM AND LAND USE IN MOUNTAIN AREAS: 12-17 October 1998, Seoul. For more information contact: Don Lee, Seoul National University, College of Agriculture and Life Sciences, Department of Forest Resources, 103 Seodoondong, Suwon 441-744 Republic of Korea; tel: +82-331-2902327; fax: +82-331-2931797; e-mail: leedk@agri.snu.ac.kr.

INTERNATIONAL CONFERENCE ON TROPICAL FORESTS AND CLIMATE CHANGE: 19-22 October 1998, Manila, the Philippines. For more information contact: the Conference Secretariat, Environmental Forestry Program, UPLB College of Forestry, 4031 College, Laguna, the Philippines; tel: +63-49-536-2342; fax: +63-49-536-2341; e-mail: Rdl@mudspring.uplb.edu.ph.

ENVIRONMENTAL FOREST SCIENCE CONFERENCE: 19-23 October 1998, Kyoto, Japan. For more information contact: IUFRO8, Kyoto University, Uji, Kyoto 611, Japan; tel: +81-774-384110/384111, fax: +81-774-384300/325597; e-mail: iufro8-sec@bio.mie-u.ac.jp or L-NEWS@landslide.dpri.kyoto-u.ac.jp; Internet: <http://www.bio.mie-u.ac.jp/iufro8/bulletin2.html>.

25TH SESSION OF THE INTERNATIONAL TROPICAL TIMBER COUNCIL: 3-9 November 1998, Yokohama, Japan. For more information contact: International Organizations Center, 5th Floor, Pacifico-Yokohama, 1-1-1, Minato-Mirai, Nishi-ku, Yokohama, 220 Japan; tel: +81-45-223-1111; fax: +81-45-223-1110; e-mail: itto@mail.itto-unet.ocn.ne.jp; Internet:

UK imports more from US

Half year figures show that the volume of American hardwood logs, lumber and veneer imported into the UK has increased by 13% over the same period last year. The UK imported 70,313 m³ of US hardwoods

m ³	1998	1997	% Chng
AUSTRIA	1192	810	47.2
BELGIUM	42563	47250	-9.9
DENMARK	9974	8855	12.6
FINLAND	3130	4720	-33.7
FRANCE	23951	24953	-4.0
GERMANY	65664	89917	-27.0
GREECE	6164	5645	9.2
HOLLAND	15470	20154	-23.2
IRELAND	7158	6415	11.6
ITALY	100477	107067	-6.2
PORTUGAL	13297	10198	30.4
SPAIN	87687	83369	5.2
SWEDEN	9974	7909	26.1
UK	70313	62008	13.4
TOTAL	456984	479270	-4.6

during the first 6 months of 1998, compared with 62,000 m³ last year. US hardwood imports into Europe as a whole have been maintained close to last year's levels. Total shipments to Europe from January-June amounted to 457,000 m³, down 4.6% on last year's figure of 479,000 m³. The total value amounted to \$419 million. Ten years ago in 1988 the full year value amounted to \$417 million. For the United States Europe is predominantly a white oak market, but other species have become well established since 1988. Europe imported 199,000 m³ of white oak sawn timber during the first half of 1998.

	m ³
WHITE OAK	199,000
ALDER	70,000
TULIPWOOD	44,000
RED OAK	32,000
CHERRY	30,000
MAPLE	26,000
ASH	18,000

Expoforest98

An exhibition focusing on modern technologies in the wood products sector is to be held November 4 to 8, 1998 Parque Castello Branco, Curitiba Parana, Brazil. The program also includes technical conferences and seminars. The exhibition combines the Forest Industry Machinery and Equipment International Fair, the Environment Control Technology Fair, and the Wood Business International Show. More: <http://www.cedefor.org.br/expo98.html>

Population growth

A report from the United Nations Population Fund issued early September warns that the global population explosion is not over. World population could grow as rapidly in the next 50 years as in the past 50.

Past high fertility rates mean that more young people than ever are now entering their reproductive years. World population is currently growing at 80 million a year. UN projections indicate that world population will rise to 6 billion in mid 1999, between 7.7 billion and 11.1 billion by 2050, with 9.4 billion considered most likely. In 1950 the total number of people in the world was 2.5 billion. Developing countries alone are now home to 2 billion people under the age of 20.

The population of East Asia is expected to stabilise after about 2020. In other areas of the world there will be continued growth, notably in sub-Saharan Africa where population could more than double from under 700 million now to over 1.7 billion in 2050.

FAO Market review

The "Forest products annual market review, 1997-1998", one of six annual issues of the "UNECE and FAO Timber Bulletin" is available for the first time on the internet at: <http://www.unece.org/trade/timber>. The "Review" contains 2 special chapters on the "Certified forest products marketplace" and the "Effects of the Asian crisis on ECE region forest products markets" as well as the traditional coverage of the markets for roundwood, sawnwood, panels and pulp and paper. The ECE (Economic Commission for Europe) region covers Europe, North America and the Commonwealth of Independent States. The "Review" is published and will be available in English, French and Russian by contacting: info.timber@unece.org.

Fire in Mato Grosso

There are reports of a major forest fire the central Brazilian state of Mato Grosso. The fire has already burnt around 3,200 square kilometres of pastures and forests and is now threatening the Xingu National Park. Brazil's Environment Institute has put a new rapid response plan into action for the first time, sending 30 firemen on an airforce plane to the region. The plan was drawn up after the forest fires that hit Brazil's northern border earlier in the year. This year has seen a 69% increase in fires during the traditional slash and burn months from June to August. The Brazilian government has released nearly US\$13 million for a new programme to prevent, detect, and fight fires across the country.

Asian crises: an alternative view

With all the doom and gloom stories surrounding the Asian crises, and its effects on the international timber trade, it is refreshing to find a more optimistic view. Such a view was presented by Elizabeth Baldwin of Maruhon Inc in the July/August issue IHPA's newsletter. Maruhon Inc is a Japanese building products trading company heavily involved in the Asian market, and has been busy trying to cope with daily changes in the industry's condition. The article notes that "it is important to look at the psychological and emotional condition of the region as well as the black and white (and red) of financial reports." The author's analysis on this basis, while mixed, provides grounds for optimism.

Business in Japan is described as "lacking in confidence and the will to get better". The greatest problem for Japan's industry has been a drop in middle range home starts. Although cheap homes are still being built, these tend to use a great deal of PVC, veneer and steel frame construction, none of which helps the solid wood industry. Imports are unlikely to increase in the future because no-one wants to hold inventory. Importers are relying on Just-in-time purchases. More positive are the government's moves to drop interest rates and experiment with tax cuts, and falling land prices that may stimulate demand. "If Japan could recover its energy and enthusiasm the housing market is largely solid." Other countries in the region demonstrate "the will to get better". For example, the determination shown by South Korea is extraordinary. "The country is coming together like never before, and offering personal sacrifices for the greater good". South Korea does not have significant forest resources and the country is essentially a processing nation. A weak currency and weak demand means that imports will be extremely limited for some time but "creative and strong companies with good relations in Korea may find opportunities. For example a foreign company might finance the import of raw material and guarantee the purchase of the furniture and a door, receiving a good quality competitive product".

Malaysia is showing signs of recovery "at least psychologically". Malaysia's problems have stemmed from its inability to compete on price with Indonesia and the weakness of the ringgit. Malaysia is strong in value added wood

products, but manufacturing often requires imported raw material such as European glue or American oak. A weak currency has meant the wood industry is facing increased internal costs, while the product's sale value has dropped. The Malaysian industry "is in for a tough time".

Indonesian businessmen are "determined" but "frustrated" and do not see the situation settling for some time. The wood industry is effectively bankrupt and this has encouraged foreign investors looking for bargains. There has been an increase in investment from Singaporean and European companies who have bought concessions and factories. But this is not helping short term growth. On the other hand, the elimination of government monopolies should improve information flow and allow more competitive pricing. Buyers should beware that "the instability problems are very very real. It would be wise not to make time-critical deals". However "the country has a tremendous future potential: great resources, great experience in wood, a huge labour force...It is a great opportunity for buyers to sample products and species below cost and make connections".

Thailand, like Korea, is very dependent on imported parts such as US hardwood veneer, Chinese hardwood cut stock, and Vietnamese and Laotian logs and lumber. A weak currency has made it difficult for manufacturers to bring in the needed materials. Some suppliers are therefore moving to cheaper woods and changing their focus to lower value items. However, the quality of workmanship is still very high and prices competitive.

China is of central importance to the region. Devaluation of the yuan would undermine the competitiveness of China's neighbours and lead to a flood of cheap Chinese products into the Asian market. China however has so far resisted pressure for devaluation as "a strong Asia is in China's best interests right now. Eager to grow, develop and network, Chinese businessmen continue to support compatriots in Asia and look to the US and Europe for new business opportunities".

Opportunities for both importers and exporters are considerable. "There is excellent production available, with standards as high as anywhere in the world, if care is taken in following up regularly on the actual production."

China to shift logging to plantations

A report from Reuters, notes mounting official concern in China over excessive logging which has apparently worsened flooding along the Yangtze and Yellow rivers. In response the State Forestry Administration has drawn up a 19.5 billion yuan (\$2.3 billion) plan to stop logging in the regions affected and to start large-scale reforestation. The implementation of the forest-conservation project will apparently lead to the loss of one million existing jobs in the forest industry before the year 2000. The plan aims to ensure that many

of those laid off will find new jobs in reforestation and forest conservation. The plan, to start this year, calls for a halt to logging by 65 lumber companies and a cut in timber production of 10 million cubic metres (353 million cubic feet) by 70 other companies. The plan aims to shift logging away from natural forests to plantations by 2010. China's forests cover 87.26 million hectares (215.6 million acres), or nine percent of its territory. If logging is maintained at current rates, China's natural forests would be depleted in 10 years.

Indonesian unrest

Indonesia's rupiah, which has been recovering over recent months, was hit in early September as investors took fright over a revival of riots and student protests. Riots have been provoked by unemployment and high food prices.

By early September, the rupiah had edged to Rp 10,500 to the US dollar, a major recovery from a low of Rp16,000 in June. The IMF has been making encouraging statements about the progress made by Indonesia to restructure its foreign debts and reform its banking system and has recently announced it was releasing nearly one billion dollars in the latest stage of an eleven billion dollar loan to Indonesia. Mr Habibie has defied sceptics by gaining support both among the local elite and the IMF.

But in mid September the rupiah dipped, falling to a low of Rp12,500 to the US dollar, before recovering to current levels of around Rp10,850. The fall in part reflected a rally in the dollar, but was also a response to reports that thousands of people had looted food warehouses in West Kalimantan, while students clashed with police in Surabaya, the country's second city.

Riots have been an uncomfortably common part of Indonesian life over recent months. Senior police officials report that there have been 69 riots in Indonesia between May and August. Unrest has been targeted at the ethnic Chinese, resented for their perceived wealth. To reduce the risk of disturbance, the police have enforced curfews. President Habibie has tried to cool feelings by providing cheap rice to the growing ranks of poor. The food minister has voiced fears of famine before the rice harvest in January. The market price of rice has trebled in the last year. The price of a kilogram is now close to a factory worker's daily wage.

Asian paper industry

The total Asia-Pacific paper and paper board market is expected to shrink during the year by around 1 million tonnes, the first decrease since 1981. According to Jaako Poyry, exchange rate fluctuations have significantly altered the flow of trade and market structure. Improved cost-competitiveness and aggressive pricing has allowed exporting companies to increase their sales and operating margins. However domestic oriented companies are suffering from weak domestic demand. The Asian crises is expected to trigger significant restructuring and consolidation in the Asian pulp and paper sector. The smallest and most inefficient mills are expected to be shut down, while viable production units will be merged into stronger financial entities. Bankruptcies have already increased, especially in Korea. Indonesian and Korean companies are actively searching for Western partners. This suggests that a major consequence of industrial restructuring in the wake of the crises will be increasing internationalisation of the Asian paper sector (Source New Zealand Pine International).

US oldest certification scheme updated

The American Tree Farm System, the oldest and largest forest certification programme in the United States, has adopted new standards and guidelines to meet modern demands for sustainable forest management. To be certified under the scheme, land owners must now comply with tough new requirements for biodiversity conservation, prudent use of chemicals, and protection of special places. This is in addition to existing requirements for environmental protection and renewable production.

The Tree Farm System was first introduced in 1941 to promote a strong forest stewardship ethic among non-industrial forest land owners in the United States. Approximately 57% of all US productive forest land is owned by 9.3 million non-industrial private landowners. They produce more than half the nation's wood supply. The 70,000 plus members of the Tree Farm system together own more than 10 million hectares of non industrial private forest land. The system is administered by the American Forest Foundation, a non profit organisation. Certification in the American Tree Farm System is a voluntary process. To qualify as a member of the System, a landowner must have at least four contiguous hectares of forest land, and be actively following a written forest management plan. The plan must address how the landowner will provide for wildlife, recreation, water and soil conservation while maintaining a renewable supply of forest products. After their land is inspected and certified by one of the 9,000 professional foresters who volunteer their time to the Tree Farm program, landowners earn the right to display the Tree Farm sign. Tree farms are re-inspected every five years to ensure that landowners continue to meet the system's rigorous forestry certification criteria.

The American Tree Farm System has been strengthened by its links with the forest industry's Sustainable Forestry Initiative (SFI). The SFI commits member companies of the American Forest and Paper Association (AF&PA) to sustainable forestry practices on their own forest lands, and to extending these practices to non industrial forest lands. The SFI Executive Committee has passed a resolution encouraging stronger participation in the Tree Farm System by member companies as a tool for promoting sustainable practices on non industrial lands.

Dutch imports of timber products

Dutch import figures need to be treated with caution as there is considerable regional movement and transshipment of timber within and between Holland and its neighbours, notably Germany, France and Belgium. Timber may, for example, be landed in Antwerp before being transferred to Holland. Similarly, timber imported into Amsterdam may be transferred to other European countries. The table below provides an indication of the volume of tropical hardwood entering Holland from other Western European countries.

NETHERLANDS TROPICAL HARDWOOD IMPORTS FROM WESTERN EUROPE						
000s	Logs		Sawn		Plywood	
	96	97	96	97	96	97
Bel/Lux	0.5	1.2	16.2	23.9	32.0	60.1
Germany	2.6	3.8	3.5	6.0	3.7	5.6
France		0.1	1.4	0.2	58.6	48.6
W.Europe	3.7	5.8	21.4	30.5	103.0	122.8

Overall volumes of hardwood and plywood imports into the Netherlands during 1997 were little changed from 1996. Total log imports declined by 6.6%, while sawn

and plywood imports remained almost static. Holland continues to import significant quantities of tropical logs from Africa, notably Cameroon and Gabon, total direct imports amounting to 87,600 m³ in 1997. Imports of temperate hardwood logs from other European countries, particularly Germany and Belgium are also significant. Dutch direct imports of sawn tropical hardwood from Africa and South America increased by around 10% and 16% respectively between 1996 and 1997. Imports from Asia declined marginally by 5.7%. The apparent trend away from Asia is likely to have been reversed during 1998 owing to low prices now being asked for Asian timbers.

Direct imports of American sawnwood declined during 1997 by 16% to 34,100m³. Half yearly figures presented elsewhere in this issue, suggest that this trend has continued during 1998.

Indonesian plywood imports into Holland show a fall, but this is compensated by a considerable increase in tropical plywood imports from Belgium - implying that this reflects changing internal delivery arrangements rather than an alteration in underlying demand.

000s m ³	NETHERLANDS IMPORTS 1996 & 1997								
	LOGS			SAWN			PLYWOOD		
	1996	1997	%Chng	1996	1997	%Chng	1996	1997	%Chng
CAMEROON	65.6	56.6	-13.7	34.8	43.1	23.9	0.1	0.2	205.6
CONGO (BRAZ)		0.1		0.1	0.1	5.8	0.1	0.2	
COTE D'IVOIRE	1.2	0.5	-60.3	23.0	22.3	-3.2			
GABON	17.1	28.3	65.9	0.1	0.5	428.9	1.1	3.3	200.7
GHANA	0.2		-94.2	10.4	12.7	22.6			
EQ. GUINEA	3.5	1.0	-71.1						
NIGERIA				1.3	0.7	-43.1			
DEM. REP. CONGO	1.6	1.0	-37.6	3.0	1.7	-44.4			
OTHERS		0.1		0.7			2.5	6.8	174.0
AFRICA	89.2	87.6	-1.8	73.3	81.0	10.6	3.7	10.4	177.2
MYANMAR	0.4	0.1	-74.3	0.5	0.7	47.5			
INDONESIA				0.8	1.4	81.8	55.7	12.9	-76.9
MALAYSIA				176.9	162.7	-8.0	2.5	1.7	-32.2
SINGAPORE	0.1	0.2	82.9	7.5	10.6	41.1	0.9	0.3	-69.9
OTHERS	0.5	0.1	-77.5	1.0	0.7		5.8	5.4	
ASIA	0.9	0.4	-58.5	186.6	176.1	-5.7	65.0	20.3	-68.8
BRAZIL				25.2	29.0	15.2	6.6	10.6	61.4
GUYANA	0.9			0.4	0.2	-38.4			
SURINAM	1.4	2.8	96.5	2.0	2.3	14.8			
OTHERS				0.2	0.7				
SOUTH AMERICA	2.3	2.8	17.4	27.7	32.2	16.1	6.6	10.6	61.3
BELGIUM/LUX	59.0	45.9	-22.3	33.9	39.2	15.5	48.4	84.6	74.8
GERMANY	38.0	41.9	10.5	34.1	29.3	-14.3	10.2	14.7	43.4
FRANCE	2.8	2.1	-23.4	23.2	22.4	-3.3	67.0	60.9	-9.1
FINLAND							96.0	107.2	11.7
OTHERS	3.2	1.2		1.8	2.2		26.6	26.5	
W. EUROPE	103.0	91.1	-11.6	93.0	93.0	0.0	248.3	293.9	18.4
POLAND				4.1	4.8	15.9	1.1	1.4	29.6
HUNGARY	0.2			3.2	3.6	13.8			
LATVIA				0.3	0.2	-33.0	4.2	6.6	55.7
LITHUANIA	0.3			2.1	3.1	46.3	2.6	3.9	49.5
RUSSIA				0.2	0.6	134.7	15.5	12.5	-19.3
OTHERS	0.2	0.7		7.5	9.8		4.2	6.4	
E. EUROPE	0.7	0.8	18.8	17.5	22.1	26.1	27.6	30.8	11.5
CANADA	0.1	0.1	-10.9	21.3	23.2	8.8	12.2	9.5	-22.4
USA	0.6	1.1	70.4	40.7	34.1	-16.1	128.8	122.2	-5.1
NORTH AMERICA	0.7	1.2	63.1	62.0	57.3	-7.5	141.0	131.7	-6.6
AUS/PACIFIC				2.8	1.7	-38.6			
TOTAL	196.9	183.8	-6.6	463.0	463.5	0.1	492.2	497.7	1.1

Source: VVNH

Australian carbon deal paves way to forest investment

The introduction of a carbon credit system in Australia points the way to the development of a new source of investment in forestry.

Australia sees the sequestering of carbon through commercial plantation forestry as a central plank of its response to its international obligations to combat global warming. The implications for forestry investment will be significant and the strategy will give impetus to the Commonwealth Government's declared strategy of trebling Australia's plantation

estate by 2020. The use of plantations as "carbon sinks" will see the development of a system of tradable carbon credits. Work is still being carried out to ensure carbon credits are properly valued and can be traded successfully. The first deal however has already been struck. The Government of New South Wales signed the Australia's first carbon credit deal in June. The deal involves the purchase of carbon credits by power generator Pacific Power and the establishment of a eucalypt plantation by

Delta Electricity, to offset emissions from coal fired power stations. Preliminary estimates are valuing carbon sequestration at between \$10 and \$20 per tonne of carbon. Plantation owners could realise an annual value increment of around \$110 per hectare from carbon alone. A number of Australian companies are considering entering the plantation forestry business, to achieve greenhouse gas emission requirements and commercial forestry objectives. (Source New Zealand Pine).

Europe's forest owners move to certification

Forest owner associations from five European countries, including Finland, Germany, Austria, France, Norway are involved in a series of discussions with the aim of developing a European framework for timber certification which reflects their needs. The initiative does not involve the European Commission at this stage. However, depending upon progress, the project may result in a proposal to the European Commission for a Pan European Certification Framework. The target is to agree most of the details of a certification framework by the end of this year. This is an ambitious target and meetings are going on "almost on a weekly basis" in an effort to meet it. News of the scheme represents something of a U-turn for many of Europe's forest owners. Up until now French, German and Austrian forest owners have staunchly resisted any form of third party auditing for their forestry practices beyond existing regulation. It is intended that the certification scheme will be based on the Helsinki criteria for sustainable forest management in Europe. Certification and monitoring will take place on a regional level as forest certification of single forest holdings is regarded as too costly for the 12 million forest owners living in the EU. The certification scheme is being developed by a working group with representatives from the 5 leading countries. The working group is being chaired by Martin Strittmatter, executive director of the German Forestry Board. There will also be a steering group with invited representatives of interest groups from other European countries.

Brazil continued from back page

the election to gain a solid mandate to push through painful reforms.

The economic woes engulfing Brazil's domestic economy will add to the difficulties of Brazil's tropical timber industry. The industry has already lost overseas markets in Asia, which were absorbing increasingly large quantities of lower grade Brazilian timbers before the crises. The flow of timber from Brazil to Asia has ground to a halt. Added to this, weak Asian currencies have meant that Brazilian hardwood prices have become increasingly uncompetitive on international markets. A thriving US market for Brazilian mahogany has provided a fragile prop for Brazil's tropical hardwood industry. With a population of over 150 million, Brazil has a sizeable domestic market. But this too is coming under pressure. High interest rates and economic turmoil will severely dampen demand and reduce prices. Added to this, the domestic demand for tropical sawn timber is facing growing competition from eucalyptus produced in southern and central Brazil. According to ITTO's Market News Service, in some market niches, notably low grade sawnwood used in construction and packaging, substitution for tropical sawnwood by eucalyptus is quite significant. Brazilian plywood is also being increasingly substituted in domestic markets by MDF and particleboard. Prices for these materials have dropped substantially and producers have marketed their products aggressively. This pressure is set to intensify with the recent announcement by MASISA, a large producer of wood panels in Chile, to open a new particleboard and MDF plant in Brazil. Brazil's tropical timber industry has pulled

through difficult periods in the past. But this time, with their competitors in Asia finding themselves in a similar predicament, there seems little room to manoeuvre and options for developing new markets seem limited.

The threat to Brazil's economy has implications going well beyond national borders. If the country's financial system goes under, the shock waves will be considerable. Brazil's economy is twice that of Russia and accounts for nearly half of Latin America's entire economic output. American banks have a heavy involvement in Latin America and if Brazil fails, there would be an immediate impact on the US economy. To counter this threat, President Cardoso has called on the IMF to set up a "contingency fund" backed by leading industrial nations to help replenish the country's foreign reserves and boost confidence in the financial sector.

The environmental impact of the crises may also be considerable. A crippled timber industry, linked to an economic crises, may well increase the threat to Amazonia's forest. National priorities may move away from sustainable forest management, the financial resources devoted to forest protection and regulation may be curtailed, while thousands of local people employed in the industry may find themselves out of work. Practically all new investments in the timber industry planned for the Amazon region have been postponed. In contrast, investments in agricultural projects are moving ahead. Soya plantations in the Amazon region are booming due to good international prices. This may provide a viable alternative for unemployed loggers, but it hardly improves the prospects for the Amazonian forest.

Comment on WWF's endangered species campaign

The World Wide Fund of Nature launched an Endangered Species Campaign at the end of August, neatly timed to coincide with the Intergovernmental Forum on Forests (IFF) meeting in Geneva. The Campaign was linked to the publication of a report by the World Conservation Monitoring Centre (WCMC). This report claims that 8,753 of the world's 80,000 to 100,000 tree species are under threat. During an interview on UK national radio, a WWF spokesman stated that the timber trade was the principal threat to over 1000 of these species. This statement seems to conflict with a report in the August edition of the WWF/World Conservation Union magazine *Arborvitae*, which notes that "felling is the greatest threat overall to these species, listed in 1290 cases". The article concludes that "it is a pity the [felling] category is so broad and there is no way of knowing the reasons for extraction; much work is still required to evaluate the direct threats from the timber trade for example".

The launch of an Endangered Species campaign timed to coincide with an IFF meeting, mirrors WWF's promotional tactics of two years ago. In March 1996, the WWF chose the occasion of the first meeting of the UN's International Panel on Forests as a platform for a news release on Endangered Species. This claimed that 50,000 species (of all types) were becoming extinct each year due to human activity. "Commercial logging"

was portrayed as a major threat to forest species.

The following commentary by Dr Patrick Moore, in a paper presented during the World of Wood Exhibition in February 1998, is worth noting. Dr Moore is a former Director of Greenpeace who, now disillusioned with the environmental movement, works with the Forest Alliance of British Columbia. *"Since [WWF's 1996] announcement, I have asked on numerous occasions for the name of a single species that has been rendered extinct due to forestry, particularly in my home country, Canada. Not one Latin name has been provided. It is widely known that human activity has been responsible for the extinction of many species down through history. These extinctions have been caused by hunting, the conversion of forest and grassland to farming and human settlement, and the introduction of exotic diseases and predators. Today the main cause of species extinction is deforestation, over 90% of which is caused by agriculture and urban development. Why is WWF telling the public that logging is the main cause of species extinction?"*

Analysis of the WCMC internet site, launched to coincide with publication of their report, suggests there is little solid evidence to back WWF claims. The site identifies only 40 "threatened" species in trade, of which 11 are familiar hardwoods (Iroko, Jelutong, Padauk, Ovangkol, Chengal, Afzelia,

Cedro, Jelutong, Merbau, Opepe, Maubi). WCMC has developed a complex system to classify the degree of threat to individual species. Tree species listed as "threatened" are under pressure only in certain forest regions. In other areas, the species may be thriving. Some are also grown in commercial plantations. WCMC acknowledge that information on the distribution of many tree species in their "natural" habitat is very sketchy. The internet site lists existing government controls to prevent further over-exploitation. WCMC also provide, inadvertently, evidence of the positive conservation benefits of species having commercial value.

To take one example, Iroko is included on the list despite being "abundant, especially in Côte d'Ivoire, Cameroon, Congo, Gabon and Zaire". However, WCMC identify it as "threatened" in Ghana, where the strict controls that have already been implemented to control extraction are well documented. WCMC also state that "Iroko is commonly found growing around villages and old farms as it is left to grow there because of its commercial value", illustrating that commercial logging provides an incentive to manage the species. The web site is at <http://www.wcmc.org.uk/trees/>. The site provides access to the Tree Conservation Database, which holds information on threatened tree species and others of conservation concern.

Brazil's crises

Brazil is struggling to pull itself out of a financial crisis that threatens to engulf Latin America and further undermine the global economy. Capital has fled the country as international confidence in the country's economy and its currency, the real, has collapsed. More than \$25 billion has left the country since August, at a rate which has sometimes exceeded US\$ 2 billion a day. Share prices are 40% lower than they were last spring. A vicious circle has been created, whereby Brazil's economic problems have prompted further fears that the real is overvalued, encouraging more investors to bail out. The crisis is a major blow to President Cardoso's campaign for re-election on 4 October. It also threatens President Cardoso's policy of pegging the value of the real to the US\$. The crises will add to the difficulties of Brazil's tropical timber industry, already suffering from the loss of markets in the Far East and its inability to compete with low priced Asian timbers.

For several years, President Cardoso's financial policy has contributed to economic stability in Brazil. Inflation has been brought down from a peak of 3000% to levels of around 4%, encouraging economic growth. Although the President has been able to implement major social and educational reforms, Brazil's economic reputation has been tarnished by the government's lack of success in pushing through budget cuts and reforming the tax and pension system. As a result, Brazil's budget deficit is running at more than 7% of the country's output. This factor, coupled with investors' nervousness in the wake of the Asian and Russian currency crises, has prompted the mass exodus of capital from the country.

The Brazilian government has responded by raising interest rates to nearly 50% to encourage investors to keep money in the country. This can only be a temporary solution as it adds billions of dollars a month to the government's interest payments. A long term solution would require severe cuts in government spending coupled with an increase in taxes. But such measures before an election are politically unacceptable. The President's main opponent in the election, Luiz Inacie Lula de Silva of the Workers Party, advocates rigid currency controls and the repatriation of profits by multinationals. The real would be devalued, which would improve the competitive position of the tropical timber industry and other export sectors. But it would also discourage foreign investment and fuel inflation. Mr Cardoso is still well ahead in the polls, but he needs to win in the first round of

Continued on page 11

SHARE PRICES FOR SOME U.K. COMPANIES

	52 Week High	52 Week Low	26-May	20-Jun	30July	21 Aug	25 Sept
J. Latham	203.5	151.5	201	201.5	171.5	161.5	151.5
Meyer International	445.5	244	430	382	299.5	274	255.5
Travis Perkins	628.5	379	605	549	468.5	444	412.5
Barratt Devs.	341	155.5	326	287	237	208.5	169.5
John Laing	397.5	309.5	361	394.5	383.5	358.5	361.5
Alfred McAlpine	181.5	106.5	168	161.5	133.5	123.5	111
J. Mowlem	150	77.5	125	149.5	140.5	114	107.5
George Wimpey	143.5	91.5	131	126	103	109	92
Cornwell Parker	182.5	103.5	152	151	120	113.5	103.5

EXCHANGE RATES FOR ONE POUND STERLING

		23 June	24 July	14 August	29 Sept
Australia	Aus.\$	2.7495	2.6697	2.7300	2.8561
Bangladesh	Taka	77.4369	78.1296	76.4363	80.3763
Belgium	Belgian Fr.	61.8942	60.8614	60.1429	59.0791
Belize	B\$	3.3450	3.3176	3.2457	3.4130
Bolivia	Boliviano	9.2232	9.2064	9.0068	9.5052
Botswana	Pula	6.919	7.6710	7.5492	7.5854
Brazil	Real	1.9313	1.9336	1.9010	2.0215
Fr. Africa*	CFA Fr.	1005.98	989.480	977.360	960.180
Chile	Peso	761.85	771.093	764.362	795.826
China	Yuan	13.86	13.7342	13.4371	14.1268
Denmark	Danish Krone	11.4307	11.2470	11.1033	10.8884
France	Franc	10.0609	9.8948	9.7736	9.6018
Germany	D-mark	3.0011	2.9507	2.9161	2.8635
Ghana	Cedi	3851.12	3856.72	3813.71	3967.62
Guyana	Guyanese \$	241.62	252.635	247.160	251.3673
Hong Kong	HK\$	12.9527	12.8528	12.5768	13.2220
India	Rupee	71.4576	70.5405	69.9530	72.4921
Indonesia	Rupiah	23943.92	23389.1	20894.3	18344.9
Irish Republic	Punt	1.1917	1.1740	1.1625	1.1440
Italy	Lira	2956.56	2910.95	2876.42	2831.55
Japan	Yen	230.939	233.609	236.206	228.688
Kenya	K. Shilling	99.46	98.2010	97.0465	102.4754
Korea South	Won	2329.79	2066.45	2149.47	2340.47
Malaysia	Ringgit	6.6194	6.8426	6.8083	6.4847
Myanmar	Kyat	10.47	10.3703	10.1456	10.6685
Netherlands	Guilder	3.3824	3.3263	3.2883	3.2290
Nigeria	Naira	143.93	142.922	140.620	147.442
Philippines	Peso	69.3252	69.8356	70.1072	74.8301
Portugal	Escudo	307.406	301.653	298.353	293.663
Singapore	Singapore \$	2.7646	2.8370	2.8360	2.8588
South Africa	Rand	9.2155	10.2597	10.2321	9.9451
Spain	Peseta	254.596	250.537	247.387	243.244
Taiwan	\$	57.4304	57.0138	56.3226	58.8530
Tanzania	Shilling	1091.03	1096.72	1067.84	1127.31
Thailand	Baht	69.2416	67.8449	67.7946	66.5109
Uganda	New Shilling	2042.28	2028.71	1983.12	2192.8515
U.S.A	US \$	1.6725	1.6588	1.6229	1.7065
Venezuala	Bolivar	909.23	930.587	926.242	980.8112
Vietnam	Dong	21735.22	21551.1	22568.2	23727.2
Zimbabwe	\$	30.01	30.8123	35.2972	56.8267

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

SUBSCRIPTIONS

Subscribers outside UK £110 p.a. (airmail monthly),
within UK £98 p.a. Payable in advance by cheque drawn
on a bank in the UK, made out to "Tropical Timbers"
and sent to: 19 Raikeswood Drive, Skipton, North
Yorkshire BD23 1NA, UK

Contents may be reproduced by agreement with
the Editor and acknowledgement of source.