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Euro heightens uncertainty

By the time the European business community returns to work after the New Year, a single European currency, the euro, will have been introduced in 11 EU countries: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal and Spain. The euro will touch every aspect of corporate life, not least in the timber industry, and lead to a big shake up in processes, products and services for companies both within and outside the EU 11. Irrespective of whether the other European countries (UK, Sweden, Denmark and Greece) join in the next wave, businesses in these countries will also have to adjust.

The initial arrival of the euro should, however, be only mildly disorientating. Notes and coins in national currencies will continue to circulate for another three years. Euro notes will be introduced only in 2002. Yet from 1 January, what looks like a ten-mark note will be, in reality, a denomination of the euro. Banks will offer euro accounts. Dual pricing of goods will be commonplace. The 11 countries will share a single interest rate set by the European Central Bank. European monetary union will impact on the hardwood trade through its effect on European economic growth; on foreign exchange; and on business strategy, particularly in relation to competitiveness and pricing.

European economic growth

At a time when hardwood markets are weak in many parts of the world, the hopes of exporters will be heavily dependent on economic growth in Europe. But despite the ambitious claims made for the euro, considerable uncertainty exists over its likely impact on growth in 1999. The fact that the euro is being introduced at a time of economic instability following the Asian

currency crises only heightens the uncertainty. European monetary union will bring certain economic advantages. Currency stability should benefit the euro economies. As will the promise, underwritten by the independent European Central Bank of low inflation - a particular boon for countries like Italy and Spain, that have poor past records on inflation. Businesses will save by handling one currency, not many. More importantly the euro will serve to further liberalise the single European market - a process which up until now has been slow to deliver anticipated efficiency gains. With the arrival of the euro, more consumers and companies will have to treat the euro zone as a single entity.

Currency certainty, low inflation, increased trade and more efficient markets, all promise major benefits. However, a single currency also involves big risks. Most significantly, euro member countries are giving up their right to set their own interest rates and no longer have the option of moving exchange rates against each other. This may create serious difficulties if economies within the eurozone do not behave as one.

When the euro economies are not growing in unison, a common monetary policy risks being too tight for some and too loose for others. The interest rate set by the European Central Bank may be too low to prevent runaway inflation in Ireland and Spain, and too high to stimulate growth in flagging economies like Germany. Some regions may overheat while others face long periods of stagnation. These problems will be particularly pronounced if external economic "shocks" (e.g. the Russian economic crises) hit certain regions harder than on others.

In a fully liberalised economy, these problems may be overcome with rapid transfers of labour and capital between high performing and low performing areas. However, in Europe, labour and capital markets remain relatively rigid and lack mobility. Europeans aren't keen to move either themselves in search of work, or their capital, from their home country.

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Industry tackles promotion, at last

The timber industry's record on promotion has left much to be desired, but a range of new initiatives are raising hopes that things may be getting better. To some extent, the relative weakness of promotional activities in the timber sector reflects the fragmented nature of the industry. Bringing together the resources of large numbers of relatively small companies for promotional purposes has always been an uphill struggle. The plastics, steel and aluminium industries, dominated by smaller numbers of large corporations, seem better able to concentrate larger resources into promotion. Added to this, competitive and political divisions within the timber industry have tended to encourage different sectors to carry out their own promotional activities rather than support larger over-arching initiatives. Competition within the timber sector has been intense. Companies have focused on gaining market share from other players in the sector, while major threats to the market from outside the industry have been neglected. As just one illustration of this neglect, in the UK, the Timber Trade Federation's lead-

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STATISTICS IN THIS ISSUE

U.K. IMPORTS

logs, sawn, plywood, veneers
sleepers, blockboard

Outside E.C.

August & September 1998

Intra E.C.

July & August 1998

MYANMAR EXPORTS

Teak, hardwoods, other forest products
Fiscal years 1994/95 to 1997/98

CAMEROON EXPORTS

Logs by species and destination

First quarter 1997/1998

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

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The Euro *continued from front page*

Other methods of smoothing divergent business cycles are available, including differential taxation policy by euro nations, or EU-wide fiscal transfers. But both options are politically challenging. Already the German government is talking about harmonising fiscal policy to prevent "tax competition". They are concerned that certain countries with low business taxes (like Ireland) will gain "unfair" competitive advantage over those with high taxes (like Germany). And the idea of Brussels taxing, for example, Spanish workers to pay Germany's unemployment benefit, will not be politically acceptable. In short, there is a danger that the European economic union, at least in the short to medium term, will lead to economic disruption within the Euro-11 as widely divergent economies are forced into the strait-jacket of the European Central Bank's common monetary policy. Whether or not this undermines the long term benefits of economic union, remains to be seen.

International Trade

In the short term, the euro's impact on the hardwood trade will vary with the source and direction of trade. Imports of hardwood and plywood from Asia and South America into the European Union, a trade primarily conducted in US dollars, will feel the effects only slowly. Chinese importers of beech from Central Europe are also indicating they won't accept invoices in euro. The immediate impact will be greater for the African trade, in which prices are currently quoted in French Francs or Deutsche marks. These may well now be quoted in euros. The CFA Franc used in 13 former French colonies in Africa, currently pegged to the French Franc, will be pegged to the euro. There are expectations that linking the CFA Franc to the euro will come at the price of a CFA Franc devaluation of around 25% in mid 1999. This will tend to make forest products exports from these countries more competitive. The hardwood trade with Eastern Europe is also likely to see widespread adoption of the euro.

In the longer term, some analysts believe the euro will develop rapidly to challenge the huge dominance of the dollar. Others foresee a more gradual emergence of a major international currency. The US treasury is a strong advocate of the latter view, suggesting that the dollar will remain the primary reserve currency for the foreseeable future. Their views seem well founded. The US dollar has dominated the international finance system for nearly a century. Due to its extensive use by third parties, its importance in global financial transactions far exceeds the US's 27% of world output. The dollar accounts for 56% of the world's foreign exchange reserves; 48% of export invoicing; and participates in more than four fifths of foreign exchange transactions. It is no accident that just one currency has achieved this status. As the use of a currency rises, transaction costs tend to fall, inducing even more people to use it. Once a currency becomes widely used, it is hard to

dislodge. Analysts also point out that the euro is untried, and that it will need to establish a track record before investors move into it.

Those who think the euro will develop quickly to rival the dollar, point to the sheer size of the euro area. The 11 members have a combined GDP of US\$6,300bn, against the US's US\$8,100bn. The euro area will be the world's largest importer and exporter. The introduction of a single currency into such a huge market should also lead rapidly to a fall in transaction costs, further encouraging its use.

The Euro and Exchange Rates

An area of particular uncertainty is the impact of the euro's introduction on global financial markets and exchange rates. Likely trends are dependent on a bewildering array of variables. Much will depend on the relative strength of the US and European economies in 1999; on interest rates and fiscal policies; and on the attitudes of investors and reserve banks.

The exchange rate between the dollar and the euro seems set to become the most important in the world. However it is unlikely that there will be active management of the relationship between two currencies. This is because the euro-11 area, like the US, is a relatively closed economy: external trade accounts for only 10% of GDP. Some economists believe that with the world's two major currencies concentrating exclusively on domestic goals, international exchange rate volatility may increase. There is particular concern about the impact on sterling - some analysts (such as George Soros) suggest that if the UK remains outside the euro, sterling will be more vulnerable to speculators.

Business Strategy

European monetary union has strategic implications for business, impacting on pricing, marketing, supplier relationships, and location. Over the last year, there have been a number of high profile European cross border acquisitions affecting the timber trade. Examples include; amongst producers, the Enso Timber Oy's takeover of Austrian sawmilling company Holzindustri Schweighofer; and amongst end-users, B&Q's merger with French DIY chain Castorama. The euro will reinforce the trend towards Pan-European operation. Competition will intensify, as the euro accelerates confrontation across borders between firms previously dealing only with national rivals. Firms will be under greater pressure to distinguish themselves by excellent management.

Until now, firms that do business across Europe have often tried to provide the full range of operations within a single country, even at the cost of losing economies of scale. This limits the risk of being caught out should, for example, the value of the lira you receive for your product fall compared with the value of the francs it cost to make it. With the single currency, there will be new opportunities to benefit from economies of scale by manufacturing in a single loca-

tion for the whole European market.

Pricing will be one of the most significant strategic issues influenced by the single currency. In the timber sector, the pricing implications of the euro will be much more important in the manufacturing sector than in the primary wood trade. As a bulky and expensive material to transport, pricing of wood raw material is heavily dependent on production costs and the logistics of distribution. However, for manufactured products, the combination of Europe's single market with its single currency will make it harder for producers to sustain price differentials between different European countries. Up until now, comparing prices in different countries and currencies has not been straightforward for consumers. Price transparency in a single currency is likely to have a major psychological impact on buyers, encouraging them to shop around. Most analysts believe that when consumers are able to make comparisons for themselves directly, the pressure seems likely for most prices to move downwards.

Marketing strategies may well be affected by the single currency. Without currencies to define boundaries, marketing regions will be less tied to national borders than today. These strategies are more likely to follow the logics of distribution or of culture. For example, tastes in Northern France may have more in common with French-speaking Belgium than with France's Mediterranean coast.

Internal Operations

Starting on January 1st 1999, European firms will be allowed, though not required, to keep their books and conduct their business in euros. This will create a range of practical challenges. Staff will need to be trained, software will need to be rewritten on a vast scale, legal contracts will need checking. Many big European firms intend to switch to the euro from the start of 1999. This in turn will force many smaller companies to switch, as they are urged to submit bills and take payment in euros. Recent surveys from a number of European countries however indicate that smaller firms are hopelessly ill prepared. In the UK, continuing hostility to the euro in the press and in areas of the political arena, has led to complacency based on the belief that the country may never join emu, or if it does, the country has been given sufficient breathing space to adjust.

A December 1998 survey in *TTJ Timber and Wood Products* indicates that support for EMU membership is very weak within the UK trade. The percentage of respondents who judge that UK membership would be beneficial to their own organisation fell from 15% in the last quarter, to just 2%. Only 12% judged that membership would be advantageous to the UK timber industry as a whole. But whether the UK joins or not, the trade will feel the euro's effects, irrespective of whether they have trading partners in the euro-11.

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

	Oct	Nov	Dec
Ex Cameroon Fr.F/m3 FOB Douala LM			
N°GOLLON			
70cm+20% 60/69	1350	1350	1350
BOSSE 60cm+	1550	1550	1550
AYOUS 70cm+	1000	1000	1000
BIBOLO 60cm+	1375	1375	1375
SAPELE			
80cm+20% 70/79	1650	1650	1650
SIPO			
80cm+20% 70/79	1900	1900	1900
IROKO			
80cm+20% 70/79	1650	1650	1650

	Oct	Nov	Dec
Ex Gabon Fr.F/m3 FOB Owendo LM			
ACAJOU			
70cm+20% 60/69	1175	1175	1175
DIBETOU 60cm+	1175	1175	1175
DOUKA			
70cm+15% 60/69	1150	1150	1150
SIPO			
70-79cm 10%/60/69	1700	1700	1700
80-99cm	1900	1900	1900

Sawn Timber

	Oct	Nov	Dec
Ex Ghana DM/m3 FOB Takoradi			
FAS (includes notional agent's commission of 5%)			
6"+ avg 9" C/£	3935	3906	3940
6' + avg 9' DM/£	2.77	2.83	2.79
A.MAHOGANY AD	995	995	995
A.MAHOGANY KD	1135	1135	1135
EMERI AD	760	760	760
UTILE KD	1365	1365	1365
ODUM AD	1030	1030	1030
ODUM KD	1240	1240	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	490	490
WAWA KD	565	550	550
MAKORE AD	790	790	790
MAKORE KD	1100	1100	1100

	Oct	Nov	Dec
Ex Cameroon Fr.F/m3 FOB			
FAS width 6"+, length 6'+			
SAPELE	3050	2950	2900
SIPO	3550	3500	3500
BIBILO	2850	2850	2850
N°GOLLON	3200	3200	3200
AFRORMOSIA	3550	3550	3550
IROKO	3400	3400	3400

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

	Oct	Nov	Dec
Ex Zaire Fr.F/m3 FOB			
FAS width 6"+, length 6'+			
SAPELE	na	2850	2800
SIPO	na	3400	3400
MAHOGANY	na	2950	2950
AFRORMOSIA	na	3500	3500
IROKO	na	3300	3300

	Oct	Nov	Dec
Ex Cote d'Ivoire Fr.F/m3			
Fr.F/£	9.28	9.50	9.37
FOB Abidjan FAS			
6"+ avg 9"-10"			
6'+ avg 10'-11'			
1"-2"			
IROKO	3350	3300	3300
SIPO	3500	3500	3500
MAHOGANY	2800	2750	2750
FRAMIRE	2000	2000	2000
SAMBA No.1 C&S	1550	1550	1550
AZOBE dim. stock	2100/	2100/	2100/
	2700	2700	2700
OPEPE dim. stock	1850/	1850/	1850/
	2450	2450	2450

	Oct	Nov	Dec
Ex Malaysia US\$/ton, C&F UK port			
M\$/£	6.43	6.31	6.40
US/£	1.69	1.66	1.68
M\$/US\$	3.80	3.80	3.80
(Rates given for M\$ are official rates)			
DARK RED SERAYA/MERANTI			
Select & better GMS			
width 6"+ avg 7"/8"			
length 8'+ avg 12'/14'			
1-2" KD	730	735	765
2.5" KD	755	760	790
3" KD	770	775	820

	Oct	Nov	Dec
KERUING			
Standard & Better GMS			
1"-3"			
width: random or fixed			
length 16'+	460	460	480
KAPUR			
Standard & Better GMS			
1"-3" plnd			
width 6"+ avg 7"-8"			
length 16'+	475	475	495

	Oct	Nov	Dec
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".			

	Oct	Nov	Dec
Ex Brazil US\$/m3 C&F			
FAS US\$/£	1.69	1.66	1.68
6"+ avg 9-10"			
6'+ avg 10-11'			
MAHOGANY (Swietenia)			
1"-2" AD	1100	1100	1100
2.5"-3" AD	1120	1120	1120
1"-2" KD	1190	1190	1190
2.5"-3" KD	1210	1210	1210
VIROLA			
1" KD No.1 C&B			
boards	400	400	400
strips	370	370	370
CEDRO			
1"-1.5" KD	700	720	720
2" KD	700	720	720
2.5"-3" KD	750	750	750

Hardwood Markets

At a global level, the hardwood trade maintains a precarious state of "balance", with slow demand matched by tight supply. On the demand side, the US and China are buying, although both face an uncertain future. There is evidence that the Far East has bottomed out, but demand in the major markets of Japan and Korea is very slow to pick up. In Latin America, Brazil's domestic market is weak in the face of the country's austerity measures. Demand in Europe is slow, with the exception of one or two bright spots, notably Spain and Ireland. The small but significant Russian market has collapsed, increasing pressure on European markets to absorb greater volumes of domestic hardwood and growing exports from Eastern Europe. Uncertainty surrounds the impact of the Euro on European economies after 1 January 1999. Economies in the Middle East are suffering from low oil prices.

Overall, tropical hardwood supply is tight. The major timber producing regions of the Far East have been hit by heavy rains, leading to a considerable reduction in log supply. Demand for logs (notably in China) and veneers (particularly in the US) has served to push up log prices and further constrain supplies to the Malaysian mills. In Latin America stocks are low and the country has just entered the rainy season, so new production won't be available for 4 or 5 months. Africa is just emerging from the rainy season. US production has been high during 1998, but this is matched to some extent by strong domestic demand, and production will slow over the winter months.

In the UK, agents report activity has been slow during December. With the year end and holiday season approaching, importers are holding off purchasing. There are some reports of reasonably high levels of activity amongst specialist manufacturers selling into the UK market, including moulding and door manufacturers. However competition is intense and margins low. Activity is being boosted by spending on various Millennium projects. Manufacturers concentrating on export markets are doing less well, being hit by the strength of the pound.

There is intense price competition between UK importers. The big players are intent on gaining market share and are not passing on goods at replacement prices. Just-in-time purchasing is standard practice, with importers holding off buying until stocks are very low. Buyers recognise that prices are rising, but remain unwilling to commit to forward purchases, waiting to see how supply and demand factors develop after the New Year. When gaps appear in stocks, some importers have been topping up from suppliers on the continent. Despite a further 0.5% cut in interest rates on 10 December, UK rates remain twice as high as continental rates. This means the costs of financing stock are higher for UK importers, further discouraging buyers.

Elsewhere in Europe, the economies of Germany and Austria are steadily improving. Stocks are low, and there is replacement buying. However uncertainty surrounds the likely impact of

Germany's new government. It remains to be seen whether they will follow a traditional socialist path of high taxes and public spending, or follow in New Labour footsteps and pursue a tighter monetary policy. The Dutch economy remains strong, and there is quite a lot of optimism about future prospects in the hardwood sector. Demand in Spain and Portugal is expected to be strong, although intense competition and pressure on margins are also anticipated.

Asian Hardwoods

Far Eastern sawnwood prices are firming in the face of tightening supply. Heavy rain has disrupted log supply to many mills. These difficulties are compounded for East Malaysian sawmills by logs being diverted for plywood and veneer production and for export. The apparent strength of the forest products market in China is having a significant impact on trade and prices in the region. Rapid plywood price increases have stimulated the Far Eastern log market during a period of tightening supply. Many plywood mills have also switched to veneer production. Veneers are relatively cheap to produce and good prices are being paid in USA. Many Far Eastern exporters now have much reduced stocks of sawn timber. Supplies will tighten further as production is suspended over Chinese New Year in January. Trade contacts suggest the next available shipments will be in February and March, and that supplies are unlikely to loosen up before the Spring.

Significant freight rate increases for sawnwood shipped in containers from West Malaysia are anticipated in the New Year. A statement issued by the Asia Westbound Rate Agreement covering the major shipping lines, has announced a "Rate Restoration Plan" for the first half of 1999. On 1 January, freight rates will be increased by a minimum of US\$200 and US\$400 for 20 and 40 foot containers respectively. This will be followed by a further increase on 1 April of US\$150 and US\$300 for 20 and 40 foot containers respectively. These rate increases imply an increase in DRM C&F prices to Europe by around 30US\$/ton between now and April. Break bulk shipments from East Malaysia will not be affected directly by these changes. However it seems likely that shipping lines will be looking to push up break bulk charges for sawnwood in the wake of increases in Far Eastern log and plywood prices.

Against a picture of tightening supply and rising freight rates, forward prices for DRM, Keruing, Yellow Balau and Kapur for shipment to Europe are firming significantly. Reports from Peninsular Malaysia suggest increasing demand for DRM lumber in Germany is further boosting prices. The price and demand situation in the UK is being disrupted owing to late running contracts. In some cases invoices are only being issued now for contracts agreed 3 or 4 months ago at around US\$680/ton for 2" DRM from West Malaysia. However prices for forward shipment in February/March are being of-

fered at around US\$765/ton. Despite these increases, the price differential between DRM and Sapele remains strongly in favour of the Asian species.

Tightening log supplies are having a significant impact on prices elsewhere in the Far East. White Seraya, first grade clear board, from Sabah is now being offered in Japan at US\$750-760 per Cu.m FOB, a US\$50-60 jump in about two weeks. Indonesian prices for laminated boards FOB soared by about US\$100 at the end of November and now stand at US\$850-900 per Cu.m C&F.

An interesting development in the Asia-Europe is the recent expansion of beech log and sawnwood exports from Europe to China. Recent estimates are that between 180,000 and 200,000 m3 of beech logs and more than 100,000 m3 of sawn beech have been exported from Europe to China during 1998. Much of this volume goes via Hong King and Taiwan. At present the largest log suppliers are Germany, France and Denmark.

African Hardwoods

Prices for Sapele have weakened slightly over the last month. Prices for other African species are holding steady. However current price trends may be misleading due to the current stand-off that exists between European buyers, that are holding off purchasing, and African operators preparing for the Christmas vacation. No shipper benefits from cutting prices under such conditions, and most are content to hold current prices until a clearer picture emerges of market developments in the New Year.

European agents for African shippers are fairly optimistic about the prospects for sapele in the New Year. Price rises for DRM lumber, in the wake of tightening log supplies and increasing plywood prices in the Far East, should reduce the downward pressure on sapele prices. As the gap between sapele and DRM prices narrows, the African redwood should again benefit from shorter lead times and quality advantages. On the demand side, European importers have been holding off buying now for some time, avoiding forward commitments and relying on just-in-time ordering where necessary. Stocks are low, and gaps may well appear early in 1999. Meanwhile, shippers indicate that stocks of sapele are now "ready and waiting" for the return of European buyers after the new year.

Iroko prices remain firm due both to continuing European demand, notably in Ireland, and relatively restricted levels of supply.

South American Hardwoods

ITTO's Market News Service reports that Brazil's economic stimulus package is beginning to have some effect, gradually easing the timber industry's financial strait-jacket. Although high, interest rates are falling. From their height of around 49% in September, rates have now fallen to 30%, and are expected to reach 20% by the end of 1998. Domestic sawn timber demand, and prices, have begun to creep up. The

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

	Oct	Nov	Dec
\$/£	1.69	1.66	1.68
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"	1215	1215	1215
2"	1545	1545	1545
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"	2020	2020	2030
1.25"	2265	2265	2395
1.5"	2275	2275	2475
2"	2420	2420	2610

Brazilian trade are confident that this trend will continue as rains have now hit the north of the country and only a limited number of suppliers have sufficient logs to maintain operations. Tropical log supplies in Brazil will be limited for the next 4 to 5 months.

Policy and legal issues continue to occupy Brazil's tropical trade. Discussions over proposals to replace IBAMA with a new Forest Agency are expected to be concluded by the end of December. Several hardwood producers have gone to court to push their claim for compensation for loss of business following IBAMA's recent ban on logging, transportation, processing and export of mahogany from southern Para State. The ban, which was imposed at the end of the logging season, had little impact on trade as export quotas for 1998 had already been filled.

Significant volumes of Brazilian mahogany are currently on the quay waiting for shipment at Belem. Shipment should proceed following reallocation of quotas in mid January. There is small scale, but consistent, buying of the species by UK importers. Small volumes of Cedar and Virola are also being bought at stable prices.

At their November meeting, ITTO approved a US\$ 1 million project to be undertaken by SINDIMAD (Timber Industry Association of Para State) to promote the trade in sustainable tropical timber between Brazil and selected consumer countries (including USA, UK, the Netherlands and Japan).

Demonstrating one of the dangers of modern communications, AIMEX accidentally sent an e-

mail to the National Hardwood Association implying they were considering withdrawal from the Joint Accord designed to ensure Brazilian mahogany derives from legal sources. It now appears that AIMEX have no intention of withdrawing from the Accord.

North American Hardwoods

Prices for hard maple in Europe are reported to be rising fairly sharply in response to supply constraints and strengthening demand. As the species is relatively quick to kiln, US producers have been quick to adjust production downwards to counter-act the recent protracted period of low demand for the species. Production has fallen just at a time when demand, both in Germany and the Far East, appears to be on a rising trend. In early December, *Hardwood Review Export* reported noted concerns about softening Hard Maple prices in US domestic markets due to Canadian sellers offering the species at very attractive prices.

European and UK demand and prices for cherry remain firm, although the market is less heated than earlier in the year. Cherry demand is reported to be strong in Scandinavia. The species continues to be sought after in US domestic markets, but prices are stabilising. US export markets for White Oak are very competitive but markets for lumber can still be found. Spanish demand for the species continues to be firm, and demand in 1999 is also expected to be good - although pressure on margins is expected to increase. White oak is in demand for flooring in Scandinavia. US domestic markets for the species are said to be slow as manufacturers have built up fairly high inventory levels.

Ash markets are generally weak throughout Europe, but prices now seem to have bottomed out.

Future prospects for US hardwoods in Europe are uncertain and vary between countries, much hinging on economic growth and the successful introduction of the euro. Competition in Europe will be particularly intense if the Russian and Asian crises continue to deprive exporters of alternative outlets. Strong competition from eastern European hardwoods is anticipated in many countries, including Spain, Netherlands, France, Germany, Belgium and Italy.

US hardwood demand in France is influenced by the country's own sizeable domestic production. Trade sources suggest the success of US hardwood exporters to France will increasingly depend on distribution and dimension. Although Spanish markets for US hardwoods continue to be dominated by white oak, there are reports of increasing interest in other species. The German market for US hardwoods has been quiet since the summer, especially with subdued demand for oak and ash. *Hardwood Export Review* reports that activity in the US hardwood sector has begun to slow for the holiday season. This is few concerns as it is usual at this time of year. Lumber demand from the Far East is beginning to show signs of strengthening at last. US production is about normal for this time of year with few reports of any imminent problems with log shortages.

Tightening plywood supplies, rising prices

Prices for plywood have continued to rise during the first half of December and are now being quoted at around INDO96 less 12/15, with some reports of buyers on the continent paying INDO96 less 10. Price increases have arisen in the wake of tightening supply in the Far East. Plywood production in many parts of the Far East is at a stand still as log supplies to the mills has been severely disrupted by unusually heavy rains. Some mills have been forced to close, and many others are operating irregularly.

Government decisions to allow log exports from Indonesia and East Malaysia, have further disrupted log supplies to plywood mills. Demand for both logs and plywood in China is serving to push up domestic log prices in Indonesia and Malaysia. Added to this, plywood production is being cut back as producers are finding veneer production less costly and more lucrative. US importers are paying around US\$650/m³ for top grade veneers from the Far East. The continuing strength of the rupiah, now at around 7400 to the US\$, is helping to sustain Indonesian plywood prices. Indonesian manufacturers have been pushing up US\$ prices in order to maintain levels of rupiah income.

Further supply constraints will materialise during December and January as both Malaysia and Indonesia enter the holiday period over Chinese New Year. Many operators will be uncontactable.

With rising prices in the Far East, Brazilian producers are at last in a position to struggle back into business. Prices are being quoted at around K14 less 17. Supplies in Brazil are constrained, however, by difficult trading conditions there. Hardwood logs are in short supply at a time when rains have arrived in the north of Brazil. Following a long period of inactivity, many mills lack credit to purchase logs and finance production. Brazilian banks are unwilling to offer credit to the forest products sector and interest rates are currently at around 30%. Domestic markets are weak, so mills able to begin production will concentrate on export markets.

Some agents remain sceptical about the sustainability of the recent plywood price increases. Their views are coloured by an analysis of the overall demand situation: the underlying weakness of Japanese and Korean demand; continuing uncertainty over the prospects for European and US economies; excess capacity in the European panel products sector; weak domestic markets for South American producers; and weak markets in the Middle East. Furthermore, they argue, if Japan stumbles over its reform programme, causing another devaluation of Far Eastern currencies, the price of plywood may fall again.

Weighed against this, is growing producer confidence that price increases will be sustained, even if Far Eastern exchange rates go into rapid decline again next year. Some are confidently

predicting that log shortages will ensure further price rises of 10% after the New Year. They believe a buyers market in 1998, may turn into a sellers market during early 1999.

Despite uncertainties over demand, arguments for continuing plywood price increases during 1999 seem reasonably well founded. Conditions in the Far Eastern forest products sector are now very different from late 1997. At that time, Indonesia's plywood mills faced a cash flow crises in the face of a massive collapse in demand. This came at a time when Indonesia's forest industry had an oversupply of tropical logs, in March 1998, of almost 14 million m³. Logs were available to Indonesian domestic mills at rock bottom prices. In contrast, present conditions are characterised by much restricted log supply and lower plywood production capacity in the Far East following several mill closures. Furthermore IMF inspired measures to liberalise Indonesia's log trade, linked with new bankruptcy procedures, imply that if prices aren't sustained, more Indonesian plywood producers will be forced out of business. In the longer term, rationalisation and down sizing of Indonesia's plywood industry appears inevitable given the extent of overcapacity in the sector. Total installed capacity in Indonesia's forest sector amounts to 57 million m³ of logs a year, while the country's forests are expected to yield only 31 million m³ a year over the next 5 years. The UK plywood market is characterised by intense competition. Importers are selling at below replacement cost. Most importers remain unwilling to pay the new prices, and seem intent on holding off purchases until they gain a clearer picture of market conditions in the New Year. Vessels are taking a long time to load and ship in the Far East due to lack of westbound cargos and delays are commonplace. Stocks in the UK are said to be sufficient to cope with current low levels of underlying demand, although several contacts are suggesting shortages may appear in the New Year. News of 9 vessels carrying forest products arriving into Tilbury from the Far East during December and early January has increased levels of uncertainty. Some agents are speculating these vessels may be carrying sizable volumes of plywood.

While underlying demand for plywood in the Japanese market remains slow, prices are recovering. The yen has maintained its level of around 120 yen/US\$. Japanese importers are reluctant to pay the new prices, suggesting they are not competitive under current market conditions. ITTO's Market News Service reports that one of Japan's major building materials manufactures, Okura Industrial Co., Ltd, has announced that they will close the second Marugame plywood plant next spring. After the closure, they plan to focus on products with high competitiveness in the market such as particle-board and overlaid plywood.

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

<u>m3</u>	<u>Aug</u> <u>1998</u>	<u>Sept</u> <u>1998</u>	<u>Cum.</u> <u>1998</u>
BOLIVIA	35		482
BRAZIL	578	871	9822
BURMA	70		147
CAMEROON	2678	3200	16918
CONGO			139
COSTA RICA			13
ECUADOR			18
GABON			128
GHANA	1968	2475	20636
GUYANA	20	249	5162
HONDURAS			28
INDIA		21	62
INDONESIA	521	134	2639
IVORY COAST	1174	1035	12007
MALAYSIA	6412	3916	42831
MEXICO	22		33
NIGERIA	40	53	335
PAPUA N.G.	31	143	364
PERU	35	27	111
PHILIPPINES	46	93	533
SINGAPORE	226	428	1954
SOL. ISLANDS			16
TANZANIA		65	213
THAILAND	30	20	238
TRIN. & TOB.			30
ZAIRE			322
TOTAL	13886	12730	115181

UK IMPORTS SLEEPERS

Treated & Untreated

Classifications: 440610.00.0, 440690.00.0

<u>m3</u>	<u>Aug</u> <u>1998</u>	<u>Sept</u> <u>1998</u>	<u>Cum.</u> <u>1998</u>
AUSTRALIA	390	464	5311
CZECH REP.			33
NIGERIA		36	36
POLAND			18
RUSSIA			50
SLOVAKIA			4
TOTAL	390	500	5452

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

<u>m3</u>	<u>Aug</u> <u>1998</u>	<u>Sept</u> <u>1998</u>	<u>Cum.</u> <u>1998</u>
BURMA			30
CAMEROON	3028	2971	26557
CONGO			239
ECUADOR			27
EQ. GUINEA			157
GABON	215	162	3719
INDONESIA	29		157
IVORY COAST			99
LIBERIA	105		345
MALAYSIA	247	854	2721
MOZAMBIQUE		40	64
NIGERIA	32	55	680
PAPUA N.G.			87
SINGAPORE			130
TANZANIA		8	18
TOTAL	3656	4090	35030

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

<u>m3</u>	<u>Aug</u> <u>1998</u>	<u>Sept</u> <u>1998</u>	<u>Cum.</u> <u>1998</u>
BEECH			
CANADA			7
ROMANIA	133	27	460
SERB. & MONT.			30
BIRCH			
CANADA			324
ESTONIA	307	1071	10321
LATVIA	349	838	2731
LITHUANIA			34
POLAND	72	91	617
RUSSIA	44	105	585
EUCALYPTUS			
AUSTRALIA		1	1
OAK			
CZECH REP.			1
RUSSIA			103
POPLAR			
CZECH REP.			19
USA			39
OTHER			
AUSTRALIA	4		84
CANADA	350	310	1796
CZECH REP.			14
ESTONIA*	2172	3693	25910
LATVIA*	2734	129	39708
LITHUANIA			173
NORWAY			172
POLAND	12	13	318
RUSSIA		1444	2668
S. AFRICA			99
USA	1211	1191	10948
TOTAL	7388	8913	97162

*May contain softwood

UK IMPORTS SAWN TEMPERATE

Classifications: 440791.90.0, 440792.90.0, 440799.91.0, 440799.93.0, 440799.98.0

<u>m3</u>	<u>Aug</u> <u>1998</u>	<u>Sept</u> <u>1998</u>	<u>Cum.</u> <u>1998</u>
BEECH			
CANADA	12		131
JAPAN			11
POLAND		29	66
ROMANIA	75	24	569
RUSSIA			55
SERB. & MONT.		22	117
SLOVAKIA	26		71
USA	57	43	207
OAK			
CANADA	360	490	4407
CZECH REP.			8
ESTONIA	533	397	1448
HONDURAS			28
LATVIA	86		86
LITHUANIA			196
POLAND		26	26
RUSSIA	65		216
SERB. & MONT.			22
SLOVAKIA		22	277
UKRAINE		35	291
USA	4274	4872	45807
POPLAR			
CANADA	29		302
LATVIA	367	1571	2500
LITHUANIA			39
RUSSIA			56
USA	751	633	6373
WALNUT			
CANADA	55	58	464
USA	67	66	905
OTHER			
AUSTRALIA	25		325
CANADA	1332	962	10424
CHILE			167
CHINA		107	182
ESTONIA*	672	391	9414
LATVIA*	5288	6501	59222
LITHUANIA			168
NORWAY		43	717
POLAND	49		98
RUSSIA	154	98	1521
S. AFRICA	59	60	391
USA	3545	2726	33578
TOTAL	17881	19176	180885

* May contain softwood

UK IMPORTS BLOCKBOARD, LAMINBOARD, BATTENBOARD

Classifications: 441222.91.0, 441229.20.0, 441292.91.0, 441299.20.0

<u>m3</u>	<u>Aug</u> <u>1998</u>	<u>Sept</u> <u>1998</u>	<u>Cum.</u> <u>1998</u>
BRAZIL	438	202	1926
CHINA	11		123
CZECH REP.			40
INDONESIA	975	3238	15370
LATVIA	38		76
LITHUANIA		41	170
MALAYSIA	156	33	590
NORWAY	18		110
POLAND	2		165
SINGAPORE			2
SWITZERLAND			16
USA			351
TOTAL	1638	3514	18939

Based on Abacus Data Services

**UK IMPORTS PLYWOOD & OTHER
LAMINATED BOARD**

Classifications: 441213.11.0, 441213.19.0,
441213.90.0, 441214.00.0, 441219.00.0,
441222.99.0, 441229.80.0, 441292.99.0,
441299.80.0

m3	Aug 1998	Sept 1998	Cum. 1998
ARGENTINA			8
BELARUS			329
BRAZIL	13867	13611	103290
CANADA	1436	4005	47817
CHILE	1283	1824	6961
CHINA	479	257	3703
ESTONIA	345	250	4206
GHANA	28		280
GUYANA			3298
HONG KONG		1802	1802
INDIA			3
INDONESIA	15886	27344	141795
ISRAEL	73	103	1181
JAPAN	7		56
LATVIA	3073	1824	24983
LITHUANIA	757	318	8758
MALAYSIA	16706	18890	113437
MOROCCO	64	50	712
NORWAY	318	346	2367
PHILIPPINES			155
POLAND	194	39	1592
ROMANIA			11
RUSSIA	6975	6617	74323
SINGAPORE	42	256	522
SLOVENIA	25	22	349
SOUTH KOREA	3152	1502	8558
SPAIN			65
SWITZERLAND		5	403
TAIWAN			7
THAILAND		903	1017
USA	5065	2749	200524
TOTAL	69775	82717	752512

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	Aug 1998	Sept 1998	Cum. 1998
AUSTRALIA			2
BRAZIL		5	48
CAMEROON			79
CANADA	9	156	699
CHINA			28
CONGO			141
DOM. REP		25	25
ESTONIA	30	61	121
GHANA	230	244	2462
HUNGARY			65
INDONESIA			213
IVORY COAST	42		168
LATVIA	216	162	1088
MALAYSIA	21	21	135
RUSSIA	63	34	414
S. AFRICA	220	263	1698
SINGAPORE		34	66
SLOVENIA		31	308
SWITZERLAND	2	127	468
THAILAND	19	136	426
USA	549	1012	8530
ZAIRE	126		1133
TOTAL	1527	2311	18317

**UK imports from
within the E.C.**

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

INTRA E.C. UK IMPORTS HARDWOOD LOGS			
Classifications: 440341.00.0, 440349.10.0, 440349.20.0, 440349.30.0, 440349.40.0, 440349.50.0, 440349.60.0, 440349.70.0, 440349.90.0, 440399.99.0			
m3	July 1998	Aug. 1998	Cum. 1998
BEECH			
DENMARK	106		264
FRANCE	56		222
GERMANY		64	84
SWEDEN			21
FINLAND			40
CHESTNUT			
FRANCE		2	2
OAK			
GERMANY			6
BELGIUM	230		230
DENMARK	7		7
OTHER			
BELGIUM	25	21	90
DENMARK		107	107
FINLAND		101	3738
FRANCE	27		C602
GERMANY	205	306	C1478
IRELAND		1	55
NETHERLANDS		154	275
SPAIN			1
SWEDEN			7351
TOTAL	656	756	C14573

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	July 1998	Aug. 1998	Cum. 1998
AUSTRIA			29
BELGIUM	499	743	C6330
DENMARK	78	35	697
FINLAND	8804	4376	C44857
FRANCE	832	2561	C18025
GERMANY	459	91	5615
IRELAND	96	93	C1858
ITALY	923	37	5643
NETHERLANDS	172	12	825
SPAIN	1016	90	3099
SWEDEN	348	503	C4176
TOTAL	13227	8541	C91154

INTRA E.C. UK IMPORTS BLOCKBOARD, LAMINBOARD, BATTENBOARD			
Classifications: 441222.91.0, 441229.20.0, 441292.91.0, 441299.20.0			
m3	July 1998	Aug. 1998	Cum. 1998
BELGIUM			C69
DENMARK			233
FINLAND	251	72	C3305
FRANCE			36
GERMANY	159	75	571
IRELAND			17
ITALY	1		305
NETHERLANDS			C1139
SWEDEN			373
TOTAL	411	147	C6048

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	July 1998	Aug. 1998	Cum. 1998
BEECH			
BELGIUM		100	455
DENMARK	85	93	1321
FINLAND			66
FRANCE	46		634
GERMANY	2244	2550	19131
ITALY			43
NETHERLANDS	59		105
SWEDEN			35
OAK			
FINLAND			97
FRANCE	597	81	3948
GERMANY	73	436	1225
IRELAND			96
NETHERLANDS	18	95	400
WALNUT			
FRANCE			2
IRELAND			1
OTHER			
BELGIUM	343	325	C3597
DENMARK			C421
FINLAND	253	532	3195
FRANCE	203	85	C2920
GERMANY	330	369	C6634
IRELAND	56	416	C1060
NETHERLANDS	1052	245	C7568
SPAIN	218	101	C1466
SWEDEN	2651	1542	C17852
TOTAL	8228	7066	C72273

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	July 1998	Aug. 1998	Cum. 1998
BELGIUM	144	145	1388
DENMARK	19	42	428
FINLAND	15	15	186
FRANCE	219	32	C1229
GERMANY	252	182	C2462
IRELAND		2	353
ITALY	6		208
NETHERLANDS	31	2	177
PORTUGAL		11	35
SPAIN			C48
SWEDEN		1	122
TOTAL	686	432	C6636

INTRA E.C. UK IMPORTS SLEEPERS TREATED & UNTREATED			
Classifications: 440610.00.0, 440690.00.0			
m3	July 1998	Aug. 1998	Cum. 1998
BELGIUM		18	88
DENMARK			6
FRANCE	883	484	C4318
GERMANY	1696		2959
IRELAND	40		120
ITALY		83	84
NETHERLANDS	626	3	746
SPAIN			C692
SWEDEN			70
TOTAL	3245	588	C9083

Malaysians focus on furniture

Malaysia's timber industry is increasingly focusing on processed products including furniture, mouldings, joinery, and engineered wood products. In 1990 RM265.9 million (US\$70 million) worth of furniture was exported. The figure for the first six months of this year stands at RM1.97 billion (US\$500 million), an increase of 37 per cent over the same period last year. Malaysia's trade in furniture and other secondary processed products is compensating for the drop in export earnings from primary products such as logs, sawn timber, plywood and veneer. It is clear from various recent newspaper articles that the Malaysian authorities are confident the trend is set to continue. The *New Straits Times* on 24 November reported a statement to this effect from the country's Deputy Primary Industries Minister, Datuk Hishammuddin. The Minister expressed confidence that furniture exports would reach RM4 billion (US\$1 billion) by the year 2000. However major challenges were identified, notably competition from lower cost producers in China, Vietnam, and Indonesia. Margins within the industry are also being hit by lower market prices and ever-rising costs of labour and raw materials. The Minister stressed the importance of producers paying closer attention to production costs. A key area for

Malaysian manufacturers is the need to develop original Malaysian designs and branding of products in order to increasingly penetrate upper market segments. So far local manufacturers have been turning out furniture designed by foreign buyers and distributors. According to the Minister "our future marketing strategy must be one based on higher value added items of original designs rather than selling on volume and price to buyers' specifications. [To do this] "we need to develop our design expertise and create a corps of local designers." To assist this process a Malaysian Furniture Design Centre at Menara PGRM in Cheras was opened by Dr Mahathir Mohamad at the end of November. Jointly set up by the Malaysian Timber Council and the Malaysian Furniture Industry Council, the centre will promote distinctive designs and provide space for year-round product exhibitions. The Centre also has a training school.

Malaysia is hoping to expand its influence within the international furniture trade. The country currently accounts for around one per cent of this trade, estimated at RM200 billion (US\$52 billion). Government targets are to increase furniture exports to RM7 billion (US\$ 1.8 billion) by the year 2005. As of last year, there were 3,009 furniture and woodwork factories nation-wide, of which only around 550 were exporting.

Slow progress in Indonesia

Much of the news surrounding Indonesia has been bleak, focusing on violent demonstrations, illegal activities inside and outside Jakarta, and ethnic/religious conflicts. While intense political tensions remain, there is evidence that the economic situation is improving.

Reports from the US Government's Asian Commercial Overview indicate that Indonesian society has changed considerably in the six months since Suharto's fall. The "new" Indonesia is freer (the press is unrestrained, demonstrations are commonplace, criticism of previously sacrosanct institutions - including the presidency and the military - is unrelenting). The country is also becoming more transparent, or at least increasingly conscious of the need to strive towards transparency. But at the same time, political conditions are becoming less stable. The pro-reform movement has considerable public support, while a national anti-corruption campaign is in full swing against former President Suharto and his associates. In early December, the Indonesian government announced that one of the state-owned banks it has taken over will be transformed into a government agency that will lend to Indonesian exporters. This forms a major part of recent government efforts to obtain financing to Indonesian exporters. Despite the Rupiah's massive devaluation early in 1998, Indonesian

exports were up only three percent to the end of July. This disappointing performance was due in part to exporters' inability to obtain finance for importing raw material inputs for their products. Approximately \$5.5 billion has already been provided in various programs to assist exporters, but Indonesian banks have remained reluctant to make new loans. Now, the government seems determined to intervene more directly in its efforts to get the credit flowing again.

Recent statistics for June and July 1998 indicate that overall Indonesian imports fell by one-third compared to last year. However imports of raw materials used in the production of exported goods were up 15 percent. Pulp and paper exports were up 48 percent. Overall Indonesian exports could grow more if Indonesian firms had financing to expand capacity and to import more raw materials and components, and if the companies learned how to market internationally.

More activity is anticipated in Indonesia's construction sector as a number of major infrastructure projects, most of the which were shelved in the early stages of the Southeast Asian financial crisis, have been resurrected. The Government has announced it will complete a section of a much needed toll road. Japanese firms are being sought to finance \$1.5 billion subway project and an electrified rail project from Jakarta to Surabaya. The Indonesian government will build a state-of-the-art container port in Biak, Irian Jaya next year.

Myanmar exports fall

In the 1996/97 fiscal year, the volume of teak logs exported from Myanmar amounted to 213,388 m3, while export volumes of other hardwood logs reached 195,439 m3. Recent data (see table) compiled by the Economist Intelligence Unit indicates that the value of Myanmar's teak exports declined considerably during fiscal year 1997/98, to US\$112 million compared with US\$137 million during fiscal year 1996/97.

Government policy is to reduce log exports and promote downstream processing. In 1996, MTE possessed 9 teak sawmills, 87 other hardwood mills, 5 plywood factories, 5 furniture factories and two moulding factories. However, lack of infra-structure and modern technology in the country's small scale industry means it is still more profitable to export logs. According to ITTO, around 95% by volume of Myanmar's wood exports continue to be in log form. Major export markets are Thailand and India.

Since 1993, Myanmar has banned the export of logs by the private sector. At present, under Forest Department supervision, the Myanmar Timber Enterprise (MTE) is the sole agency responsible for the extraction of both teak and other hardwood - within annual allowable cuts of 409,062 m3 and 3,236,071 m3 respectively - and for their export.

Myanmar's teak trade with Europe has declined substantially over recent years, due largely to the migration of garden furniture manufacturers to the Far East. Teak is sold at government auctions. The trade is now largely controlled by Thai and Indian buyers who are able to attend auctions on a regular basis.

MYANMAR TIMBER EXPORTS

US\$ Million	94/95	95/96	96/97	97/98
Teak	152.5	144.4	136.7	111.6
Hardwoods	17.2	23.3	20.9	24.8
Other(a)	20.7	33.3	48.1	25.3
Total	190.4	201.0	205.6	161.7

(a) Incl. plywood, veneer and other forest products

Source: EIU

Zambian deforestation

An official study reported by the *Pan African News Agency* indicates Zambia loses an average 250,000 has of forest every year through slash-and-burn agriculture, fuelwood and charcoal burning and bushfires. The study, by the forestry directorate of the Zambian ministry of environment and natural resources, cites charcoal burning to be the major culprit. Rapid population growth, lack of access to arable land outside the forests, and over dependence on fuelwood are other causes of forest destruction. Between 1975 and 1993, fires destroyed an estimated 3,200 has of industrial plantations of pine and eucalyptus trees in the northern copper mining region. At this pace, forestry experts fear the Zambian native forests, which are rich in biodiversity and to include highly priced timber species, are in danger of extinction.

Ivory Coast tackles forest problems

The Pan African News Agency reports that the forest authorities of Cote d'Ivoire are making "belated efforts" to prevent the loss of the country's remaining forests.

Forests have been lost to cash crops and subsistence agriculture, while over-exploitation for timber has led to degradation. At independence in 1960, Cote d'Ivoire had an estimated 13 million hectares of forest. Now, according to the Ministry of Agriculture, only three million hectares remain. Cote D'Ivoire has 15.8 million people, 60% of whom depend directly on agriculture.

The Bocanda region in Central Cote d'Ivoire has suffered particular decline following years of over-exploitation. Under dense forest only 38 years ago, the area is now primarily savannah woodland. Large areas cleared for cash crops are degraded and unproductive. Cash crops like cocoa and coffee, which formally thrived under the shade of forest trees, have long been replaced by fields of root crops, yam, cassava and maize. Shade trees have increasingly been removed for timber. Declining tree cover contributed to a reduction in rainfall and falling cash crop productivity. The situation has encouraged inhabitants of central and eastern Cote d'Ivoire to migrate to the west looking for new forestlands on which to plant cash crops. This has created serious conflicts over land

ownership.

The government is now taking steps to overcome these problems. A few years ago a programme was initiated under which farmers in forest regions are supplied with seedlings for replanting. In 1995, the government banned the export of all unprocessed wood. Before the decision, 300,000 metric tonnes of raw timber were shipped abroad annually - around 75% of all timber harvested. The government aims to ensure that at least 20 percent of national forest, including national parks remain untouched.

In 1994 the government linked the granting of timber concessions to replanting. It directed that only firms with sufficient finances to purchase concessions of 15,000 hectares and above for 10 years would be given operational licenses. Successful companies were also required to pay a US\$1,300 re-forestation fee.

The government has recently adopted a promotional campaign under the slogan "One Ivoirian One Tree a Year" to encourage the re-establishment of at least 20% of former forestlands. In 1996, 2,000 hectares of land were replanted under the programme, increasing to 6,500 hectares in 1997. 8,275 hectares are expected to be planted this year. A further 5,000 hectares are being planted by timber companies. Government targets are to achieve 42,275 hectares of re-forestation between 1998-2000 at a total cost of 14 billion CFA francs.

Central Africa works together on forests

The *Pan African News Agency* reports that Central African ministers of environment and natural resources have been working on the development of a Standing Conference on Dense and Humid Forest Ecosystems in Central Africa. The proposed conference's legal framework was adopted at the 5-7 October meeting of experts from six Central African countries in Brazzaville. The idea of having such a conference was initially proposed in 1996 in Brazzaville by nine central African countries - Burundi, Cameroon, Central African Republic, Republic of Congo, Democratic Republic of Congo, Gabon, Equatorial Guinea, Rwanda and Sao Tome and Principe. The legal framework aims to strengthen government cooperation to improve the protection of forests and sustainable management of resources. It is a step towards harmonisation of forestry laws in the face of increasing globalisation of trade and growing competition for the control of forests in the Congo basin. The central African region possesses around 220 million hectares of forests, the world's second largest tract of tropical forest after the Brazilian Amazon.

Brazzaville recovers

The timber industry in Congo (Brazzaville) is recovering following the disruption of the country's civil war during 1997. However, ex-

ports during 1998 have been severely disrupted by transport problems.

Timber production in 1997 declined to 300,000 m3 from around 560,000 m3 in 1996. Infrastructure within the timber sector remained largely untouched by the conflict and 1998 forecasts suggest production will approach 1996 levels. The country is a significant supplier to the French market. Between January and June 1998, exports to France amounted to around 50,000 m3, 60% of which comprised okoume logs.

During 1998, more than 100,000 m3 of timber from the north of the country, nearly 75% of the timber produced in the region, has been exported via the Cameroon port of Douala. Despite a 30% increase in cost, shippers have opted for export via Douala rather than the Congolese port of Pointe Noire due to severe financial and logistical problems affecting the country's national river transport company (TFC) and railway company (CFCO). Lack of adequate railway equipment resulted in around 50,000 m3 of wood due to be shipped from Pointe-Noire, being held up for several weeks at various stations along the national railway line. It is estimated that the national railway authority alone lost around 1.8 million FCFA due to the diversion of exports via Cameroon.

Timber is the country's second most significant export commodity after oil and accounts for 7 percent of GDP. Sixty percent of the country's 342,000 square kilometres are covered by forest.

Partial liberalisation of Gabon trade

Gabon announced a partial liberalisation of the trade in okoume and ozigo logs on 28 October. The country's forestry operators were given permission to sell 100,000 m3 of wood per month to "non traditional" markets in South East Asia. Formerly the government-controlled agency, SNBG, had held a monopoly in the sale of these logs. SNBG retains its monopoly over the trade to "traditional" markets in Europe, Turkey, Israel and North Africa. The forestry companies agreed to supply SNBG with 50,000m3 of okoume and ozigo logs per month to satisfy demand in these markets.

Prior to the meeting, forestry companies had been withholding logs from SNBG following SNBG's failure to pay for logs supplied. Following the collapse of the tropical log market, SNBG's funds have become so depleted that they are unable to purchase all the timber currently on offer. However, the forestry companies have now agreed to supply SNBG with a relatively small quantity of wood every month on condition that the Ministry of Water and Forests provides a letter of guarantee that they will be paid within 60 days. The larger forestry companies are keen to break the SNBG monopoly. Smaller operators wish to maintain SNBG, as they do not have the funds for marketing activities in export markets.

5% of Gabon's forestry production derives from the Compagnie Forestiere du Gabon, 45% derives from 6 large European companies; and 50% from around 30 smaller operators. Gabon's export earnings from the forest products sector have declined by 40% during 1998 compared with 1997.

The agreement between SNBG and the forestry operators will bring relief to the French plywood industry. In November French log importers were indicating that, if the stand-off between SNBG and the forestry companies was not quickly resolved, major supply difficulties would emerge for French plywood manufacturers in January. Many European importers and other traditional clients of SNBG have been sourcing from Equatorial Guinea in the absence of supplies from Gabon.

No end to war in the Congo

The war in eastern Congo (formerly Zaire) goes on unabated, despite a peace agreement announced in Paris at the Franco-African summit on 28 November. Following pressure from France and the UN, Congo's President Kabila agreed in principle to a cease-fire. The cease-fire was also endorsed by Congo's main ally Robert Mugabe of Zimbabwe, and their principal adversaries, the presidents of Rwanda and Uganda. However newspaper reports suggest the parties remain as polarised as ever, and the rebel forces have denounced the peace package as irrelevant and insulting.

Promotion- Continued from front page

ing promotional campaign, Think Wood, has struggled by on less than £200,000 a year. Funding for Forests Forever, the TTF's campaign initiated to handle environmental issues, amounts to little more than £175,000 a year. A failure to promote has often been matched by a failure to develop and effectively market timber's unrivalled technical attributes. The tropical hardwood sector, with some notable exceptions, has been particularly lax in this area. The trade has tended to exhibit a "this is what we've got" approach with comparatively little sustained technical promotion, and comparatively low levels of information about matters influencing purchasing decisions in specific end use markets. And it has suffered accordingly. Despite offering an unrivalled balance of properties for exterior joinery, including strength and stiffness, low thermal conductivity, ease of manufacture and repair, wood has lost out to inferior uPVC. In the UK, timber of all types has largely been displaced from the replacement window market, and is now under serious threat in the new build sector. 25 years ago, the largest British window manufacturer used 95% hardwood and 5% softwood - today they use 95% PVC-U and 5% hardwood and softwood.

The extent of the challenge now facing the industry in the face of this long term neglect of marketing is revealed by a consumer survey undertaken by the European Forestry Institute in early 1998. The survey of public attitudes in the EU's major timber markets (Germany, France, Italy and the UK) reveals that:

- managing forests as a source of timber is regarded as considerably less important than the preservation of forests for environmental purposes
- most people believe that forests are in decline even in their own country. Poor forestry is perceived to be a major contributory factor.
- an even greater number believe that tropical forests are in decline and that poor forest management is the main culprit.
- young people are particularly dissatisfied with the condition of forests.
- Scandinavian forestry is perceived to be more sustainable than forestry in central Europe, North America, Eastern Europe or in the Tropics.

The survey is not all bad news for the forest sector. While perceptions of "forestry" are poor, perceptions of wood are much more favourable. Many people recognise the real attractions of wood as a product in use. They also believe wood generally to be more "environmentally friendly" than steel, aluminium, and plastic. In the UK this also applies to tropical wood, which is seen as more environmentally than non wood substitutes. 50% of respondents to the survey, believe tropical wood to be environmentally friendly, 50% unfriendly. Not an overwhelming

response, but demonstrating the resilience of public sympathy for tropical wood in the face of intense negative environmentalist campaigns. There is, at the very least, a firm foundation on which to build further marketing efforts.

While marketing has been neglected in the past, there are signs that the industry is at last beginning to work together to take on the challenge. In the UK, the Timber Trade Federation have been holding discussions with the Forestry Commission and other interests from the UK's primary timber sector, together with various exporters associations including the Nordic Timber Council, over a joint approach to timber promotion. A working party is being set up to commission research into attitudes to timber amongst architects, merchants, DIY chains, manufacturers and consumers. The study is being co-ordinated and funded by the Forestry Commission, BSW timber and Nordic Timber Council, and is due to be completed by end of March 1999. Subject to TTF members approval, the Think Wood budget may be diverted into the joint industry promotional programme.

Elsewhere in Europe, the Italian furniture and timber sector has been running a hard hitting promotional campaign promoting *Vero Legno*, "real wood", to consumers. The campaign links newspaper advertising with the promotion of a point-of-sale *Vero Legno* brandmark on wooden products. The campaign was initiated by a handful of producers, but the consortium has since grown to more than 100 manufacturers. France and Spain are also said to have picked up the idea.

Another example from across the globe: *New Zealand Pine International* reports on a new pan-industry vehicle to represent the New Zealand forest industry in major export markets. To get the scheme off the ground, a nation wide promotional campaign "of election-like proportions" aimed at the whole industry from sole traders to multi-national corporations, was launched. The major forestry corporations, including the two biggest, Fletcher Challenge and Carter Holt Harvey (CHH), finally agreed to back the project in late October. The scheme's supporters are ultimately looking to raise NZ\$2 million to finance the new promotional company Wood New Zealand. The promotional concept involves the establishment of "centres of activity", the first centre being planned for Japan in July 1999.

While ITTO and others talk of tariffs, certification, "unfair" discrimination by public municipalities and other "technical barriers to trade", it may be that the major challenge lies elsewhere. In order to thrive, the forest sector must overcome the public's negative perceptions of forestry, and begin to effectively exploit their positive view of wood. Let's hope the new initiatives live up to their early promise.

Cameroon exports

1998 first quarter data for Cameroon demonstrates the damage to the countries exports caused by the Asian crises. Volumes of exports to Asian destinations, notably Japan, India, and Taiwan declined considerably. Thailand failed to appear in the first quarter figures. However exports of obeche, sapele and iroko, primarily destined for European markets, increased. Exports of lesser known species, which had been finding large markets in Asia, declined.

CAMEROON LOG EXPORTS BY DESTINATION(M3)		
	97 year	98 1st qtr
ITALY	297051	82381
CHINA	276402	63283
FRANCE	211890	75212
PHILIPPINES	202029	33554
JAPAN	200618	9769
INDIA	139632	14262
SPAIN	129320	45335
PORTUGAL	94212	47800
TURKEY	66236	13812
GERMANY	62729	27891
HONG KONG	62193	10004
NETH'LANDS	61860	20356
TAIWAN	57326	8451
THAILAND	35381	0
OTHER	119163	27334
TOTAL	2016042	479444

CAMEROON LOG EXPORTS BY SPECIES (M3)				
	1997	1997	1998	% chng
		1st qtr	1st qtr	
Ayous/obeche	596788	137179	162697	19
Sapele	175750	45374	57407	27
Azobe	106648	33985	31797	-6
Iroko	74267	18691	30940	66
Movingui	53408	16477	22345	36
Tali	136559	41311	21813	-47
Frake/limba	221130	52000	20280	-61
Tali	136559	41311	21813	-47
Sipo	35407	9757	12702	30
Others	479526	129431	97650	
TOTAL	2016042	525516	479444	-9

Amazonian road

The Financial Times recently reported on the development of an infrastructure project designed to overcome the natural barrier of the Amazon rainforest that has separated the Brazilian and Venezuelan economies. At the end of November, an 1,800km road link between the two countries was inaugurated by the two national presidents, Cardoso of Brazil and Caldera of Venezuela. The road links the industrial region of Ciudad Guayana in south-eastern Venezuela with Manaus in northern Brazil. Decades of protectionism and isolation now seem a thing of the past as trade is developing rapidly between the two countries. Even before the road was completed, Venezuela had begun to export commodities into Brazil's northern states. Last year Venezuela exported nearly US\$41bn of crude oil to Brazil and replaced Saudi Arabia as its number two oil supplier after Argentina.

Variety within certification markets

The WWF Buyers Groups are seen as the mainstay of consumer support for the Forest Stewardship Council. Environmentalists have relied heavily on the support of members of these groups to push their case for FSC certification in producer countries. But just how devoted are members of the Buyers Groups to FSC? A quick review of Buyers Groups in UK, Holland and Germany, and of emerging certification markets in France, suggests there may well be openings for certification schemes other than FSC.

The earliest WWF Buyers groups were established in UK, Holland, Belgium and Austria. These were followed in 1997 by groups in Germany, North America and Switzerland, and in 1998 by a group in Spain. Further groups are planned in France, Australia, Denmark, Ireland, Japan, New Zealand, Greece, Japan, Norway, Sweden and Brazil. These groups are characterised by a common commitment to support FSC. However analysis of the organisations involved, and of the small print of members' commitments, reveals that the nature and degree of support for FSC varies widely both within and between Buyers Groups.

The UK's WWF 1995+ Group has around 85 members. By its own estimate it accounts for around 20% of the UK trade in forest products. Companies are required to demonstrate that they are increasing their purchases of independently certified timber. Following a TTF complaint that the Group contravened European and UK restrictive practices law, WWF were forced to amend the terms of membership so that buyers are now required to recognise FSC schemes "or their equivalent". Companies are also free to set their own targets for purchasing and stocking FSC certified products. Two of the largest DIY retailer members of the group, B&Q and Sainsbury's Homebase, have set ambitious environmental purchasing targets and clearly prefer FSC certificates. But other members may be more willing to accept alternatives. A survey of members of the group carried out by the European Forestry Institute early in 1998 indicated that 50% of members would prefer certification under ISO. Many members of the Group stock only small quantities of FSC certified product and have set conservative purchasing targets.

The level of commitment to FSC required by members of the German "Gruppe 98" is less than in the UK. 33 companies and 3 associations are members of the Group. As in the UK, the ambitions of individual members vary considerably. Few Gruppe 98 members are following in the footsteps of Praktiker which, on joining this year, announced that only tropical timbers bearing the FSC label would be accepted. Other Gruppe 98 companies are required only to recognise FSC as a credible means of certification, to identify timber sources and to stock FSC certified products when available. Unlike Buyers Group members in the UK, German companies are not required to phase out uncertified material. In a recent interview, the Publishing Manager of Der Spiegel, Friedrich

Von Bismarck, said he preferred a European solution to forest certification rather than FSC. He also denied the idea that German publishers have committed themselves to FSC. Der Spiegel's publishing house, Springer, is an influential member of the German magazine publishers union.

The Netherlands "Heart for Wood" Campaign aims to promote certification and actively supports FSC. Membership includes 252 municipalities (out of a total of 633 in Holland), and 10 state departments. About 75% of DIY stores in the Netherlands along with 139 housing corporations and 72 project developers are members. While numbers are high, the group is split into different sub-groups with varying levels of commitment. The "Forerunners" Group consists of companies committed to promoting FSC and working on projects to deliver FSC labelled products. However members of the largest sub-group, comprising around 250 Municipalities and 250 companies, are committed only to buying FSC labelled products when they become available.

The success of the Dutch industry's Keur Hout initiative is noteworthy. Keur Hout is demonstrating that municipalities will accept independently certified products irrespective of whether they are endorsed by FSC. In fact, municipalities in Holland, as elsewhere, aren't allowed to make exclusive commitments to FSC under European Government Procurement regulations. Under these regulations, local government authorities may not discriminate against suppliers in other European countries. As most European forest owners are committed to the "Pan European Certification Scheme", now involving 15 countries, local authorities will be obliged to accept certificates under this, and other, non-FSC schemes.

The certification market in one major European country without a WWF Buyer's Group is also interesting. In France no WWF Buyers Group has yet materialised, despite a pledge from Les Trois Suisse, one of the country's largest mail order houses, to become a founder member. A recent report from the country's timber trade association, FFBTA, suggests that the DIY sector favours certification based on ISO14001. The big distributors of tropical wood in France (Lapeyre, Pinault, and Point P) and the big leaders of the DIY sector (Castorama, Leroy, Merlin and Bricomarche) have met twice to discuss a common policy on the provision of consumer information on tropical forestry. They have now formed a working group looking at the implementation of ISO14001. French retailers may well have been influenced by the French industry and government decision to develop the use of ISO14001 in domestic forests. Castorama's involvement in these discussions is particularly interesting. Castorama recently merged with B&Q, the principal commercial advocates of FSC certification in the UK.

On the basis of this brief analysis, it appears that ISO and other non-FSC certification schemes now being developed at national and Pan European levels, could gain fairly broad acceptance even amongst the members of WWF Buyers Groups - particularly if these schemes are better able to accommodate consumer concerns relating to price, quantity and quality.

Rising freight rates

The Asia Westbound Rate Agreement (AWRA) has announced significant increases in containerised freight rates during 1999. The first increase will take effect from 1 January 1998. The increases relate to Asia-Europe trade and cover 15 major lines. Effective from 1/1/99, there will be minimum increases of US\$200/400/10 per 20ft/40ft/LCL. Effective from 1/4/99, there will be further minimum increases of US\$150/300/7.5 per 20ft/40ft/LCL.

The announcement states the increases are part of "an on-going programme to restore rates to economically viable levels". It is envisaged that further increases "of the same order of magnitude" will also be applied in the second half of 1999. The freight rates reflect the "significant drop in cargo movement from Europe to Asia which has caused freight rates to become extremely depressed." As a result "member lines are increasingly having to rely on Asia to Europe revenues to support the overall service viability." It also notes that "during 1998 surges in cargo flows caused additional logistical problems. At short notice and high cost, lines had to position additional equipment and tonnage into certain locations. The 1999 peak shipping season out of Asia may display similar tendencies to 1998. Under such conditions the carriers of AWRA would introduce a temporary peak season surcharge, giving 30 days notice of its introduction and subsequent withdrawal".

The following lines are covered by AWRA: APL Co; Compagnie Maritime D'Affreurement; DSR - Senators Lines; Hapag-Lloyd; Hyundai Merchant Marine; Kawasaki Kisen Kaisha; Maersk; Malaysia International Shipping; Mitsui OSK; National Shipping Co. of Saudi Arabia; Nippon Yusen Kaisha; Orient Overseas;

Liverpool service

Henry Tyrer, agents for Pan Ocean Shipping Co Ltd, have announced a new service to the Port of Liverpool "in response to demand from Northern based importers of hardwood and sheet materials." It is envisaged that, provided the vessels are well supported by the trade, Pan Ocean will offer a regular sailing every two months for a Liverpool discharge. The service will be in addition to the two vessels per month which currently discharge at Tilbury. The first vessel will commence loading in Tawau 20 January, and will load at all the main Sabah ports.

Freight and forestry

A study by the Australian Investment House, BIS Shrapnel Forestry Group, Ocean Freight and Distribution Logistics for Forest Products 1998-2002, highlights the competitive importance of forest location and shipping costs in the supply of forest products to Asia. The report stresses that producers with forests nearest ports, and who are able to negotiate the keenest stevedoring and shipping rates, will establish a competitive edge. Port efficiency is examined in a number of countries. N. American ports achieve fast turn around times due to high loading rates. New Zealand's ports are equally efficient due to high labour productivity. Chile's labour force is less productive, but lower costs allow more people to be employed, raising loading rates.

China's beech demand

The German-based magazine *EUWID Timber* reports that central European shipments of beech logs and sawnwood into China have increased during 1998. Beech exports to China are providing a major source of income for European exporters, and are also causing concerns over log supply and grading in the countries of origin. Some European trade interests are calling for a ban on log exports. It is estimated that around 180,000 m³ to 200,000 m³ of beech logs, and around 100,000 m³ of sawn beech have been exported during 1998. Many exports go to China via Hong Kong and Taiwan. The largest suppliers are Germany, France and Denmark. Much of the wood is destined for southern China's veneering and furniture industry. China has relatively new veneer mills which convert logs to face veneers for inside finishing and doors. Sawn timber is destined primarily for the furniture industry. Chinese buyers are setting high quality standards, looking for uniform and clear grades, and have returned a substantial number of shipments for failing to meet these standards. The trade is benefitting from favourable freight rates for East bound trade from Europe. Export log prices from Germany to China are in the range US\$600 to 700/m³ CIF, while sawnwood prices amount to US\$900/m³. In the longer term, China is expected to become a relatively stable buyer and to offer new opportunities for exporters.

Brazil's green spending slashed

A report by the Environment Defence Fund (EDF), a US-based environmental group, suggests that environmental programmes in Brazil, funded through international grants, have been severely cut as part of the country's structural adjustment agreement with IMF, US Treasury and World Bank. Projected grants from G7 industrialised for environmental projects are said to have been cut by 90%, reducing the funds from \$61.1 million to \$6.4 million. The grants, under the G7 Pilot Program, were originally approved at the Rio Earth Summit. Most of the funds were earmarked for identification and demarcation of indigenous lands. In addition, Brazil's overall budget for environment was cut by 66%. According to EDF, World Bank programs for the environment were also terminated. In February of this year, the World Bank, President Cardoso and Prince Phillip jointly announced a commitment to protect 10% of the Brazilian Amazon by the year 2000. EDF claim that the \$1.5 million budgeted to this end has also been removed as part of the structural adjustment plan.

SHARE PRICES FOR SOME U.K. COMPANIES

	52 Week High	52 Week Low	21 Aug	25 Sept	26 Oct	26 Nov	15 Dec
J. Latham	203.5	141.5	161.5	151.5	146.5	143.5	141.5
Meyer International	445.5	244	274	255.5	313	349.5	360.0
Travis Perkins	628.5	379	444	412.5	435	437.5	383.5
Barratt Devs.	341	155.5	208.5	169.5	210	223.5	231.5
John Laing	397.5	287.0	358.5	361.5	339	287.0	270.0
Alfred McAlpine	181.5	106.5	123.5	111	143	131.5	132.0
J. Mowlem	150	77.5	114	107.5	93.5	97.5	94.5
George Wimpey	143.5	91.5	109	92	111.5	116.5	112.0
Cornwell Parker	182.5	66.5	113.5	103.5	97.5	78.5	66.5

EXCHANGE RATES FOR ONE POUND STERLING

		29 Sept	26 Oct	24 Nov	16 Dec
Australia	Aus.\$	2.8561	2.7279	2.5850	2.6993
Bangladesh	Taka	80.3763	82.0936	80.5828	81.6595
Belgium	Belgian Fr.	59.0791	57.1219	58.4184	57.6499
Belize	B\$	3.4130	3.3853	3.3230	3.3674
Bolivia	Boliviano	9.5052	9.4958	9.3543	9.4961
Botswana	Pula	7.5854	7.3828	7.3196	7.5648
Brazil	Real	2.0215	2.0154	1.9893	2.0287
Fr. Africa*	CFA Fr.	960.180	928.250	949.670	936.900
Chile	Peso	795.826	783.612	773.844	798.663
China	Yuan	14.1268	14.0114	13.7536	13.9374
Denmark	Danish Krone	10.8884	10.5205	10.7676	10.6346
France	Franc	9.6018	9.2825	9.4967	9.3690
Germany	D-mark	2.8635	2.7679	2.8320	2.7934
Ghana	Cedi	3967.62	3935.42	3906.19	3939.87
Guyana	Guyanese \$	251.3673	252.713	249.225	255.586
Hong Kong	HK\$	13.2220	13.1175	12.8667	13.0461
India	Rupee	72.4921	71.5822	70.4850	71.6436
Indonesia	Rupiah	18344.9	13795.2	12710.49	13090.81
Irish Republic	Punt	1.1440	1.1104	1.1392	1.1248
Italy	Lira	2831.55	2738.50	2803.86	2765.90
Japan	Yen	228.688	200.054	200.460	195.966
Kenya	K. Shilling	102.4754	101.221	98.926	105.82
Korea South	Won	2340.47	2227.95	2082.69	2039.80
Malaysia	Ringgit	6.4847	6.4321	6.3137	6.3981
Myanmar	Kyat	10.6685	10.5819	10.3872	10.5260
Netherlands	Guilder	3.2290	3.1218	3.1932	3.1482
Nigeria	Naira	147.442	146.753	142.723	145.640
Philippines	Peso	74.8301	71.1422	65.712	65.496
Portugal	Escudo	293.663	283.697	290.671	286.658
Singapore	Singapore \$	2.8588	2.7459	2.7194	2.7764
South Africa	Rand	9.9451	9.6883	9.4336	10.1485
Spain	Peseta	243.244	235.126	240.876	237.696
Taiwan	\$	58.8530	55.6941	53.9905	54.3036
Tanzania	Shilling	1127.31	1118.93	1107.56	1134.69
Thailand	Baht	66.5109	63.5167	60.1962	60.8405
Uganda	New Shilling	2192.8515	2225.83	2271.27	2294.88
U.S.A	US \$	1.7065	1.6927	1.6615	1.6837
Venezuala	Bolivar	980.8112	965.276	947.471	944.354
Vietnam	Dong	23727.2	23538.0	23073.2	23393.3
Zimbabwe	\$	56.8267	60.0892	62.0571	62.6758

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

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