# BUSINESS TRENDS (ABROAD)

## Indonesia

Analysts of the Indonesian Government recently reported that the country's wood product exports are likely to increase this year. According to the analysts, the rise in exports is driven mainly by expanding demand in China and other Asian economies, notably South Korea.

The first two months of 2010 registered sales for wood exports at just over USD $18 billion and estimates of the following months are in the region of USD $8-9 billion. Exports to China stood at USD $2 billion for the first few months of 2010, an increase of 130 percent compared to the same time period in 2009. Exports to South Korea were reportedly doubled.

In other news, a different logging method is being tested by the Indonesian timber industry. 'Mono-cable' logging, not typically used in tropical logging operations, has been promoted as an "environmentally friendly" alternative to the traditional crawler tractors. According to the Indonesian timber industry, the mono-cable system is said to cause less damage to the remaining standing trees and less soil disturbance than the heavy tractors commonly used to harvest tropical logs.

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## Britain

According to recent published reports, production of British-grown timber is beginning to come back. Despite a series of "fairly steep" price increases, British material is still £20-30/m3 cheaper than imported. Data also shows that each time the gap between the two narrows, the imported price rises again, enabling British prices to move forward again.

The report said the low stock position arising from the increased demand and the log supply difficulties of the first quarter mean British mills are able to push price rises through without much need to compromise, but there is some nervousness that there is only so far that production can be pushed before round wood supply becomes an issue.

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## Guyana

Log prices have remained stable in Guyana in recent months. Derived primarily from exports to Asia-Pacific markets earnings for rough sawn Select Greenheart were favorable according to sources. Some reached as high as USD $1,140 per cubic meter, while prices for sawn Purpleheart declined slightly and sawn Mora prices remained unchanged.

A record high for the year, dressed Greenheart prices moved up to USD $1,414. Prices for rough sawn timber along with those of dressed Purpleheart dropped. Washiba (Ipe) from Guyana continues to be in demand and is attracting price levels of USD $1,200 for rough sawn lumber and USD $1,500 for dressed lumber.

Plywood prices have also moved up slightly. Both BB/CC and utility qualities of Baromalli have increased and splitwood prices moved positively to attain levels of USD $1,387 per cubic meter in the period under review.

Recent data provided by the IHB Fordaq Network suggests that outdoor garden furniture, doors and windows continue to be in demand in the Caribbean island markets and exports of these added value products are helping improve export earnings.

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## Malaysia

A number of factors have contributed to changes in Malaysian plywood prices, sources say. A recent jump in demand of iron ore in China is said to be the main factor driving up plywood prices. Plywood and Steel products compete in many enduses and plywood has suddenly become more competitive analysts suggest. These factors are expected to affect price structures in other sectors of the Malaysian timber industry as well.

According to plywood traders, construction plywood prices could increase by as much as 20 percent in the coming months and eventually this will lift the prices of other wood products. Additionally news that plywood stocks in Japan have been run down and are now being replenished is encouraging the plywood producers in Malaysia and Indonesia.

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## Central/West, Africa

Exporters in West Africa recently reported that business with Asian and Indian buyers continues to be brisk. These two markets are apparently interested in mainly logs. However, recent increases in inquiries for sawnwood for the Asian markets seen earlier in the year have not translated into firm orders.

European interest in West African wood products is reportedly subdued. Price increases for specific species and sizes of both log and lumber secured by exporters in recent weeks are now firmly established. According to analysts, a sustained upward movement in demand will be required before prices move any higher.

Reports say the fear of destabilization of the log trade as a result of the decision by Gabon to ban log exports has subsided, helped by the higher volumes being made available by Cameroon following the relaxation of restrictions on log exports. Congo Brazzaville exporters have also been hard pressed by Asian buyers to maximize log export volumes to make up for the shortfall from Gabon.

Gabon's efforts to transport and ship all logs cut before the impending log ban announcement is running into difficulties. Transportation and hauling of logs to the port is taking longer than expected and difficulties have been reported in handling and loading the logs onto available vessels. Sources say logs that are being shipped now are at least four months old, past their best condition by normal trade standards.

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## Ghana

In recent months, six special export permits were issued solely for Takoradi shipments including 67 cubic meters of Okoumé kiln-dried laminated mouldings, 31 cubic meters of Odum kiln-dried decking strips and 90 cubic meters of sliced veneer of various species. These products were shipped by Machined Wood Ltd. and Africa and Auson Veneer (Ghana) Ltd. to their clients in Italy and France.

Recent data shows the laminated mouldings were manufactured from Okoumé sawn timber imported from Gabon while the sliced veneers were imported from Cameroon for re-export. The Ghana Timber Industry grants special permits to sawmillers who intend to ship smaller quantities of some selected wood products to their clients as samples for testing. Despite the fact that such items are not considered to have any commercial value it is mandatory for the exporters to secure free/special permits before shipping.

Shipments of timber stumps, wood handicrafts and woodcarvings were issued export duty free permits. These shipments were also made through the port of Takoradi. The shippers were John Bitar Ltd. and Peewood Craft and Art to buyers in the United Kingdom, the United States and Spain.

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## Sweden

The Swedish government is reaching the target for formal protection of forest of high nature conservation value. State-owned company, Sveaskog is setting aside 80,000 hectares of land for use in long-term protection of valuable nature owned by private landowners and companies. The cornerstone of the Alliance government's policy, biodiversity has given priority to protection of valuable nature. According to the IHB Fordaq Network, priority has been given to the interim target of long-term protection of valuable forests, which comes under the environmental quality objective Sustainable Forests.

The policy specifies that 900,000 hectares of productive forestland of high nature conservation value is to be exempted from forestry by the end of 2010. Out of this number, 500,000 hectares are to be set aside by forest owners and 400,000 hectares by various forms of long-term state protection, such as nature reserves, biotope protection and nature conservation agreements.

Increased appropriations for work on biodiversity from SEK 6 billion to SEK 7.5 billion under the Alliance have been put into place by the government. Increased dialogue and participation in voluntary protection schemes have been developed as supplementary methods.

The Swedish Environmental Protection

Continued on page 20

# import/export timber products' stock exchange

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# import/export timber products' stock exchange

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2 x 40' Cherry 14"+

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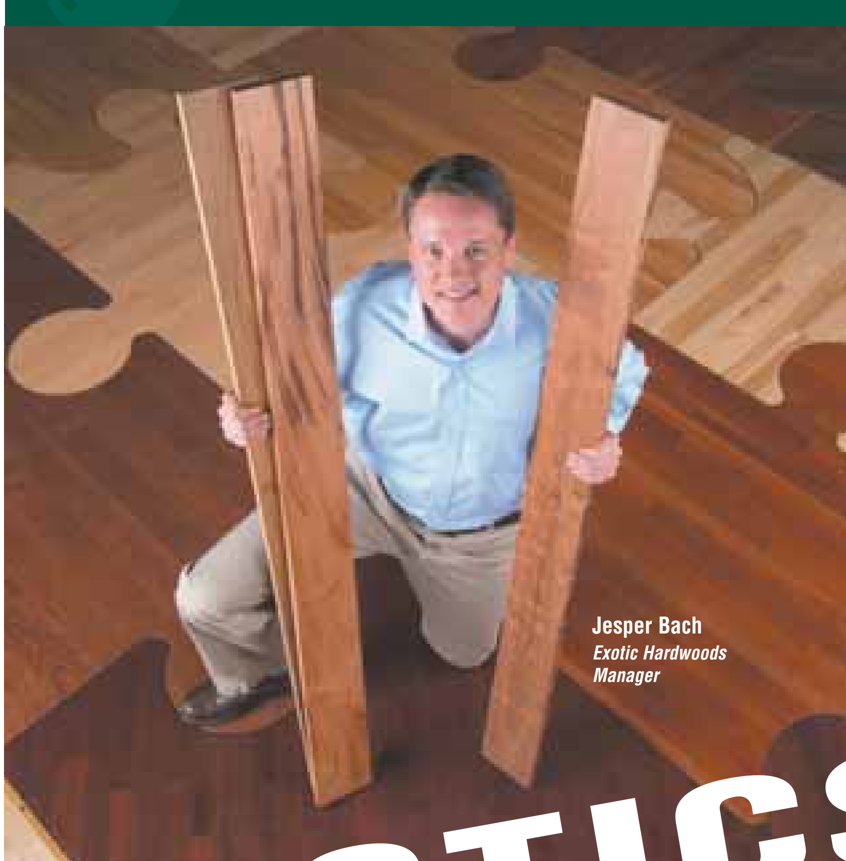


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# BUSINESS TRENDS (ABROAD)

Continued from page 17

Agency and the county administrative boards concerned will conduct exchanges of land and protect forests identified as having high natural value. The land currently being protected has not previously had long-term protection. This means a total of 191,000 hectares of state-owned land has now been used for forest protection.

In related news Sveaskog's profits recently grew by 24 percent to SKr924m. A company spokesperson said this was achieved despite a 17 percent net sales decrease equivalent to SKr1.2bn. Reduction in operating expenses through an efficiency improvement program is said to be the principal reason for the improved earnings.

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## Chile

The Chilean forest products industry is recovering gradually from its recent earthquake that stopped production at dozens of lumber and panel plants.

At press time, six of Arauco's sawmills have resumed production. Two of Araco's four plywood lines have also resumed production along with an MDF line.

Activity has also returned to the ports that suffered significant damage. Despite the progress, most estimates indicate a return to a normal flow of exports is at least weeks, if not months away, according to reports. A repair timeline for heavily damaged roads and bridges is uncertain.

The homes of hundreds of industry workers were destroyed or damaged in the quake. Along with other logistical problems this has impeded industry efforts to resume normal operations.

USD markets for Pine and MDF finished finger joint mouldings, blanks and sanded plywood were impacted by the disruption of Chilean imports. Prices of Radiata and Taeda Pine blanks increased from $1,035 and $1,005, to $1,260 and $1,190.

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## Germany

German exports of Beech logs are on the rise according to recent activity data. In the first quarter of 2010, 69,270 cubic meters were exported, 9.5 percent more compared to the same time period a year earlier. Export value dropped by 15.6 percent. The calculated price over all destinations deduced from the statistics, was €92 per cubic meter, improved marginally to €98 per cubic meter in recent months. Strong markdowns for deliveries to China, 49.6 percent to €105 per cbm were reported by The German Federal Statistical Office. Deliveries to Japan were down 22.5 percent at €118 per cbm; Vietnam, 21.3 percent to €118 per cbm; Italy down 40 percent to €75 per cbm; and India at 65.7 percent to €73 per cbm.

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# BUSINESS TRENDS (CANADA)

## ONTARIO TRENDS

The spring break-up caused little disruption to hardwood supplies in the province this year. There were no significant weather events to prolong the ground thaw process, as have occurred in the past. Reports identified adequate log decks at most large mill operations to sustain their operations throughout the spring and early summer. Other mills with marginal log supplies were able to muddle through without losing much production time. Buyers were prepared for the usual drop in green lumber receipts during this transitional period for logging. There were few significant declines in incoming green lumber, with none being attributed to shortfalls solely to spring break-up. With mild end of winter conditions green lumber output has only marginally met the market's needs; this strongly indicates mill operations in Canada, overall, are still contracted.

Market interest in Ash production is described as solid. The strain on supplies is keeping pressure on prices in upward movement.

Supplies for Basswood are tight, and there are spot shortages of specific items. Prices are firm to moderately higher in recent activity.

It is evident that the quantities of Hard Maple lumber and dimension products heading overseas are much less than those consumed by the U.S. market when construction was at peak. However, export volumes are up. Alternative appearance species from other parts of the world are not readily available. Exports coupled with ongoing domestic activity are enough to make a difference to Hard Maple business, with prices ranging from firm to slightly higher in mid- to late-spring.

Like Hard Maple, Soft Maple volume moving in markets is low by historic standards. Demand is, however, closely matched with developing production, thus keeping supplies tight for most items and causing occasional shortages in certain areas.

Buyers are concerned by the speed and amount prices have increased which could easily decline rapidly should supplies meet or exceed demand. The risk applies to everyone purchasing timber, logs and lumber. Everyone is being cautious; purchasing is part of every business function, with timing often being the most critical component for purchasing and selling.

A new study from the Forest Products Sector Council (FPSC-CSPF) entitled Challenges and Impacts: Labour Market Transition Programs for Laid-Off Forest Products Workers in Canada, highlights the challenges laid-off forest workers face in forest-dependent communities across Canada. The report is an important first step in recognizing the impact of the crisis and in focussing actions to assist transitioning forestry workers. In the last five years the Canadian forest products sector faced unprecedented challenges due to declining demand for wood and paper products, global competition and the recession.

The report notes that in the past five years, approximately 100,000 jobs were lost and while many have moved on to other employment or retirement, nearly 40,000 remain unemployed. How the matter will be dealt with collectively will affect the health of the industry, worker and communities in years to come.

Governments, at all levels, have developed a range of labour market programs and initiatives in response to the economic slowdown. The recent Speech from the Throne and Budget 2010 contain several measures – including an expansion of Work Sharing programs, the Career Transition Assistance Initiative and the extension of Employment Insurance benefit periods – that expand the reach of programming available to employers, unions and laid-off workers.

The research suggests that workers, unions and employers are often not aware of the extent of the programming that may be available. The Council will be examining options to respond to this challenge and to improve on the situation. FPSC-CSPF will be looking for ways to provide information and insight to help laid-off forest workers and employers deal more effectively with layoffs.

While the difficulties of the last few years have been significant, the sector is looking forward to a more promising future. Demand for traditional Canadian lumber and forest products will improve, concludes the study.

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## QUEBEC TRENDS

According to some lumber producers, lumber prices recently surged to their highest levels in three years, buoyed by tight supply and better demand. Industry executives project that wood will enjoy a boom as experienced by other commodities such as oil, copper and coal, for certain parts of the country.

This spring, the benchmark futures for lumber spiked to $315 (U.S.) on the Chicago Mercantile Exchange, the highest in nearly three years. The advance, sparked by an improvement in the low statistics on the number of new-housing in the U.S., reveals that lumber has risen almost 30 percent this year, among the best of any commodity. The steady gains have been made on the basis of extremely tight sup-

Continued on page 21

## BUSINESS TRENDS (CANADA)

Continued from page 20

plies, with lumber yards at many dealers near empty and the amount of new product coming out of the forests down from a year ago.

Despite the slight improvement, other contacts are maintaining a controlled approach to purchasing. They are continuing their cautious optimism with regards to the improvements in the forestry sector.

According to CMHC's First Quarter 2010 Housing Market Outlook, housing starts will rise to 171,250 units in 2010 and to 175,150 units in 2011. A spillover of demand from the resale to the new home market will be a key factor this year. MLS resales will be about 486,700 units for 2010, up from 464,730 units in 2009. As far as 2011 is concerned, there will be approximately 469,950 units sold. As new listings catch up to sales and more balanced market conditions return, the average MLS price is expected to edge lower reaching $339,126 by the fourth quarter of 2010. A modest increase in prices is forecasted for 2011.

New home construction in Ontario moved lower to 50,370 units in 2009. However, 2010 will see a strong improvement to 60,700 units as the economy recovers from last year's downturn. Both single and multiple starts will be a factor in the overall improvement in 2010 and later in 2011.

As 2010 progresses, nearly all provinces will experience growth in starts, with Western Canada leading the way. Measures recently announced for government-backed mortgage insurance will moderate housing starts activity. Buyers will have to save for a larger down payment to offset higher qualifying mortgage rates. Some may buy smaller, less expensive, new homes. Other buyers who invest in new rental housing of up to four units will also have to save larger down payments. These measures are only a few of the many factors that will affect the new housing market.

There are other risks to the outlook besides the economic uncertainty. On the downside, should the U.S. economy recovery be slower than expected, it could result in higher unemployment in Canada. In addition there could be rising mortgage rates. These factors could lead to lower housing demand. On the upside, if conditions continue to improve in financial markets, it could lead to lower risk premiums, which could keep mortgage rates lower than expected. The result would be a stronger demand for housing. Stronger than expected economic response to fiscal and monetary stimulus packages could also boost employment growth and lead to stronger housing demand.

There are several key factors that could affect residential construction. Mortgage rates: which are expected to gradually rise over 2010 and 2011, but will remain very low in a historical context. Employment: 2010 should see economic conditions improve — this will help employment turn back up in 2010 and 2011. In 2010 and 2011 income growth will strengthen, in line with economic activity. The low birth rate is the major factor in the slowing of growth in the natural population (births minus deaths). This will lessen the demand for additional housing stock in the medium and longer term. Sales on the existing home market rebounded in 2009, which caused markets to move from buyers' to sellers' conditions. The limited number of new listings has led demand to spill over into the new home market. Increased competition from the condo market and modest rental construction will be partly offset by strong rental demand due to high immigration. As a result, vacancy rates across Canada's metropolitan centres will remain relatively stable this year and next. The measures announced for government-backed insurance will moderate housing activity.

A recovering economy, favourable borrowing conditions and strong migratory flows will fuel Quebec's housing markets this year and next. Sales of existing homes will stay above the 80,000 mark this year and more than 43,000 new homes will be started in the province.

In the latter stages of 2009, the impact of improving global and national economic environments was apparent in Quebec's economy. Both household spending and private investment started to grow again, while exports reacted positively to increased global demand. Whereas a share of the growth in 2010 will stem from various fiscal measures, 2011 will see the private sector contributing to provincial growth.

The Quebec economy is forecasted to grow by just over 2.1 percent in 2010 and by 3.0 percent in 2011.

A variety of demographic factors will also sustain the province's housing markets in the coming years. Growing net migration to the province will continue to have a positive impact on the rental and resale markets. In addition, population aging and the recently higher birth rate will likely prompt households to adjust their housing needs.

Starts of single detached homes will benefit from the improved economic and financial environment and from the reduced supply on the resale market. A portion of the rising demand will be towards cheaper alternatives such as existing homes, semi-detached houses and town homes. About 18,350 single detached starts are expected in 2010 and 17,350 in 2011.

In other news, logging in environmentally sensitive areas has been restricted as part of an agreement with environmental groups. Representing about 75 percent of Canada's woodlands including forests in seven of the ten provinces, logging has been temporarily suspended in the Canadian Boreal Forest. Consisting of mostly Spruce, Fir and Pine trees and some Maple, Birch and Oak trees, the boreal forest is home to approximately 140,000 species of plants, animals and microorganisms. Twenty-one members of the forestry organization recently agreed to suspend logging in the region for three years so a plan can be developed to preserve the woodlands.

The exchange from environmentalists is a pledge to suspend international "Do Not Buy" anti-logging campaigns against Canadian lumber. "This agreement is a light of hope for a battered industry," said Dave Coles, president of the Communications, Energy and Paper workers Union. "It is time now to make environmental leadership a value-added advantage for Canadian forest products."

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## BUSINESS TRENDS (U.S.A.)

### LAKE STATES

Market conditions in the Lake States are mixed. Some hardwood lumber suppliers in the region report improved sales activity by as much as 25 percent. Others fear supply shortage will result in an over supply for the months ahead.

"Comparing last year's first quarter to this year's, we're up considerably over the past year," a contact in Michigan remarked. "Business has been steady as well. We were averaging around 12 to 14 loads a week of lumber last year at this time and we've been right around 20 to 21 loads this quarter."

When asked about the factors involved in the improved market conditions, the hardwood supplier said, "Prices are better and of course Grade lumber has gone up quite a bit and that has been a great help to us. We cut quite a bit of Red Oak, so that's been really good for us."

He went on to say that supply shortages were at least, to some extent, part of the reason for the sales improvement. "For one thing, the pipeline has been empty. It has been a long lull here, and a deep valley, and I think that we're going to slowly keep climbing out of it. I don't think it's entirely supply related. I believe we are going to see some steady improvement. It may not be great gains, but from looking at my records here of what we're doing I see a steady firmness of the industrial end of the market as well as the green end."

Supplying mostly Red Oak, Hard and Soft Maple, Beech, Aspen and Cherry, the source said Red Oak and Hard and Soft Maple are the two best moving species. "We're gaining a lot of interest from Canada for No. 3 and better grade Red Oak. They're also looking around for Aspen and industrial lumber too so that helps us with our industrial lumber because we do sell quite a bit of Aspen," he explained.

As for log supply he commented, "The log situation is pretty good here. However, a lot of those around us are having supply issues." He did mention that if his production increased, supply could become a problem. "We cut about 200 cords a day in a shift and we keep about 4,000 cords in the yard. We have two mills and right now we run our large mill every other week and

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our small mill on the off week so that our crew gets 40 hours. We are about ready to step up production but we're a bit hesitant to do that just yet because it will require hiring a few more people."

He also said his hardwood log prices were up. "It's getting kind of stiff. Stumpage prices are steadily increasing. People around us are paying prices that if someone had told me last year they were bidding that on a timber sale I wouldn't have believed them. I think people are looking ahead a year or so and looking for good things to come."

The hardwood supplier said he is having difficulty with transportation. "We're having a hard time finding enough trucks to haul our stuff. We own a couple of trucks here but we don't haul all of our lumber, we contract a lot out of state. We're strong in the Toledo, Ohio, area and northern Indiana and it's tough getting trucks. It's really tough getting trucks to go to Wisconsin right now. I've upped my surcharges a few times but I can't take them up anymore. I just don't think the equipment is out there right now, but it will be. It always happens just like a sawmill—prices go up, we open up the barn doors and fire it up again, and it's the same thing with the trucks. There are a lot of trucks that are sitting on the side of the road, not being used right now and they're going to get back on the road. A lot of fleets have trucks just sitting right now, so there is room, it's just a matter of getting drivers and putting them back on the highway."

Marketing mostly to wholesalers and distributors the source said his customers' markets are picking up. "Of course we've lost Wolf River Lumber and we used to ship them a lot of lumber, but the smaller guys are picking up the slack," he said.

Going forward the contact said he looks for slow but steady improvements. "The attitude from everyone around us is positive and upbeat. We're looking for 2010 to gain modest improvements overall."

A hardwood supplier in Ohio said, "The market is extremely volatile right now due to supply shortages and prices are going up daily." He attributed the cause of the shortages to seasonal issues and a decrease in production over the last 18 months.

A supplier of all Appalachian hardwoods, the source said that Red and White Oak, Ash and Walnut were very difficult to find right now. "Compared to 90 days ago our inventory levels are drastically lower and prices are up. We're not getting involved in the auctioning off of logs that's going on right now to a great extent because we don't believe the prices we're getting right now are going to hold long."

Marketing hardwood lumber domestically and overseas, the supplier said he is experiencing transportation issues. "Ocean freight is going up on a regular basis and the shortage of containers is a terrible problem. Finding space on what containers are available is also a terrible problem. The uncertainty in the marketplace is what concerns me the most. We don't know how much of what's going on in the marketplace right now is generated because of lack of supply and how much is being generated due to increased demand.

"We also have a dimension shop and we're not that busy; all of my customers are not that busy but every wholesaler out there is calling looking for lumber right now. Where is it all going? It's a precarious market right now, all it would take would be for a few sawmills to start double shifting again because prices are up and we'll be oversupplied again in a heartbeat," he said.

Looking at the months ahead the source said, "I think the demand for lumber may go up a little bit, but not nearly as much as the supply will go up over the next six months. So I anticipate an over supply throughout the next six months and I hope I'm wrong."

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### NORTHEAST

Sources in the Northeast account for continued improvement in hardwood lumber market conditions. Sales activity increases of approximately 30 percent were reported in several areas. Most, however, believe the improvement is related strictly to supply shortages.

In Pennsylvania a hardwood supplier noted a 30 percent increase in activity from the previous six months. "This is strictly a supply-driven market. A lot of manufacturers have gone out of business and since then there has been a lot of pressure on the manufacturers that remain," he explained.

Supplying Red and White Oak, Hard and Soft Maple, Cherry and Ash, the contact said Red Oak and Ash are moving well. When asked about items that are hard to find, he said, "I'm not really having trouble finding the product, but I have trouble paying the prices that are on it."

Compared to the previous three months, the contact said his inventory levels are down 20 to 30 percent. He also mentioned that he did not anticipate any improvement in inventory in the coming three months.

As for transportation issues the hardwood supplier stated, "Fuel prices are going up and freight costs will follow. Shipping availability is very tight and difficult right now and that includes both trucks and containers."

The Forest Stewardship Council (FSC) certified supplier said with supplies being tight and people in need of the product, he believes demand for certified Hardwoods has been "put on the back burner."

The contact said according to his manufacturing and distribution customers business is still off. "On the manufacturing end of things, they're having a difficult time finding the product. New customer calls and inquiries are up 20 to 30 percent. The reason for that is customers that were not dealing with us in the past are now having difficulty locating the product they need, so they've expanded their resource network.

"Funding is probably one of our biggest issues right now," he continued. "In accounts receivable what was a discount of 10 days went to a customer of 30 days and the 30 day customers are now 60 days. So money is very tight still. I think a lot of people are using other people's money to sustain their business right now."

In the next six months the contact expects more closures. "I think we'll see more closures. Availability of product will probably loosen up but I don't think we're out of the woods yet. I still think we have at least another year before we start seeing light at the end of the tunnel," he concluded.

Another hardwood supplier source in the Northeast said sales activity is up by 30 percent. "We're still in an under supply situation and I think that's something that has been persistent from six months ago. When we started seeing a supply shortage six months ago, I think everyone thought that would rectify itself fairly quickly and here we are six or seven months into the shortage and it's getting worse," he explained.

The Hard and Soft Maple, Red and White Oak, Hickory, and Basswood supplier said Red and White Oak and Ash are moving extremely well in all grades. "All the species we carry are basically moving real well except for upper grade Hard Maple and Cherry. The market is strong for everything else right now."

As for his particular area, the source said he hasn't been affected by the supply shortages. "We've been fortunate here in north central Pennsylvania as we've had ideal logging situations all year long. We had less snow this past winter than normal. It all seemed to stay south of us. On the other hand our issue is we're trying to lower our log inventory going into the hotter temperatures. We have a very strong log deck so as far as our raw material, things are going extremely well right now."

In other news, according to a recent report from Smith Leonard and accounting and consultant firm, regional existing home sales in the Northeast rose 2.4 percent to an annual pace of 840,000 in recent months and are 12 percent above a year ago. The median price in the Northeast was $254,700, up 7.5 percent from the same time period last year.

The National Association of Realtors (NAR) reported that these modest gains are offset by softer sales in the South as well as the West. NAR's chief economist, Lawrence Yun noted, "Although sales have been higher than year-ago levels for eight straight months and home prices are much more stable compared to the past few years, the housing recovery is fragile at the moment." Total housing inventory rose 9.5 percent to 3.59 million existing homes available for sale, which represents an 8.6-month supply at the current sales pace, up from a 7.8-months supply in the previous month. NAR also reported that raw unsold inventory is 5.5 percent below a year ago.

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## SOUTHEAST

According to sources in the Southeast region, the hardwood lumber market, while improving, is mostly driven by supply shortages. A hardwood supplier in Georgia attributes the shortages to sawmill closures. "We are getting a lot of phone activity but it is mainly due to the closures that have happened all around us," he explained.

The contact added that while market conditions are improving, the demand side is not factoring into the equation yet. "I believe log supply and the availability of lumber has affected the market. I also think the Chinese component as far as the flooring has pulled some kiln-dried No. 2 Common lumber off the market that we would normally have access to. I don't think we've seen any true demand just yet," he said.

Handling Red and White Oak and Poplar, he said Red and White Oak is moving better. However he did note, "We are heavier to the Oaks than Poplar by the percentage of what we cut so that has a lot to do with what we sell."

As for supply issues the source said kiln-dried No. 2 Common Red Oak has been in short supply. He also said that his inventory levels have improved. "I would say that our inventory levels are much better on our green yard."

Transportation is an issue that concerns this hardwood supplier as he mentioned a shortage of trucks. "We're moving into the fruit and vegetable produce season and we can see it on the supply side with increased freight rates and availability of trucks."

The contact, which also operates a flooring plant, markets products to moulding and millwork manufacturers as well as flooring distributors. He said his customers' markets are moving and in short supply. "My customers are moving; they need more supply too. I believe a lot of their product is ending up in the foreclosure market. We couldn't figure out where all the unfinished flooring was going at first. A lot of people are taking advantage of foreclosed houses and installing new flooring," he explained.

For the coming six months the source said, "If we have some good weather log supply will increase. We believe that prices will stabilize, especially on the green side. If we overwhelm the supply then they will go down. Historically this industry has taken what a water hose will cover and put a firehouse on it. We hope that over supply doesn't kill what little market that is there this time."

A Mississippi hardwood supplier said sales activity had increased marginally, but inquiries are plentiful. "We're at that time of year where we usually get booming," he explained. "People are still a little cautious right now, they want to spend the money—but they want to get the best price possible and it seems the attitude is quantity over quality."

The Hard and Soft Maple, Red and White Oak and Poplar supplier said he hasn't experienced a log supply shortage unlike others around him. "We don't buy a lot of gate wood, we have our own timber tracts," he explained. He did note that the unusual amount of winter weather in the Southeast hindered logging. "We received more snow over the winter than we have seen in at least five years. It made logging conditions very difficult, but we're beginning to catch up now."

Marketing to distributors, cabinet and architectural moulding and millwork manufacturers, the source mentioned that his clients say business is just starting to pick up. "Some of the cabinet people are starting to keep an order file like they used to and most of the distributors are beginning to pick back up," he said.

As for the next six months, the contact believes conditions will continue to improve; however he expects no major increase until 2011. "I think we will continue to see some gradual improvement. Those improvements will be spotty though," he explained.

The Associated General Contractors Virginia division recently released an analysis on construction spending that suggests new construction in the Southeast is declining further. The analysis showed a decline in most categories of private residential and nonresidential construction, as well as public construction.

"Most of the economy seems to be improving, but construction is falling into an even deeper hole," the associations chief economist Ken Simonson noted. "Bad weather may account for a small part of the downturn, but most of the contraction reflects ongoing lack of demand, tight credit conditions and shrinking state and local budgets."

Simonson said that new single-family construction spending remained essentially flat, dipping by 0.1 percent. Existing single- and multi-family construction improvements were down 4.3 percent for the month but 4.3 percent higher than a year earlier, he said. "These numbers suggest that single-family construction will rebound in 2010, even as multi-family continues to sink."

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## WEST COAST

On the West Coast, hardwood lumber suppliers are buzzing about considerable improvements in business activity. According to some, fear of over supply due to current shortages remains in the forefront and transportation availability is becoming a larger concern.

A source in California who offers most domestic species but primarily Red and White Oak, said pricing continues to increase. "We've been paying more for Red and White Oak logs; we're definitely seeing that trend over the last six months. I would say everything else has slightly risen but nothing of concern. The main species that has substantial jumps in pricing is Red and White Oak," he explained.

"One of the issues that has been well documented is available space on steamships," continued the supplier. "We're exporting into China and it's increasingly difficult to get bookings. You're looking at 4 to 6 weeks to get a booking right now. We have some sawing coming up for items that have orders out to be shipped and the earliest I can get them on a vessel is a month out. If that pattern persists, which it probably will, I'll still be playing catch up trying to get orders shipped out that I sawed probably 60 days prior, just trying to get it on a ship."

He also mentioned an increase in sales activity of about 25 percent. "Orders are coming in and business is steady." Seasonal activity, along with supply shortages warrant the increase, he said. "The supply shortage is largely responsible for the improvement but there is some seasonal demand in there as well."

When asked about the months to come, the Hardwood supplier said, "We're expecting an overall improvement of about 30 percent from 2009 if we remain steady. The biggest concern though, is that the supply shortages will result in over supply on the market. Speaking for our operation, we are being very cautious about what we're producing," he said. "We're keeping a tight ship and paying a lot of attention to the numbers right now, in an effort not to contribute to an oversupply. We hope everyone else is going in the same direction."

An Oregon hardwood supplier noted that while business conditions have improved, transportation issues have caused a "kink" in possible increased sales. "Our regular customers are filing out orders about a month ahead and we've had several new inquiries," he said. "Trucking availability is really slowing us down right now. We can't get the product shipped out in the time frame the customer requires and in some cases we lose the order."

As for log supply the contact said, "It's definitely tightening up, but we were able to keep our inventory levels at above average during the winter, so we're not feeling it yet. If the transportation issues loosen up, and we can move what we've got, I'm sure the shortages will catch up to us."

The source, which markets to wholesalers and distributors, said his customers' markets are improving as well. "Most of them are seeing decent increases and the attitude is very positive. No one in this industry is looking for 'leaps and bounds' in 2010, but we expect it to be better than 2009 overall by about 20 to 25 percent."

In hardwood flooring news a publishing company based in California, National Flooring Trends (NFT), recently reported increased sales in both the residential and commercial segments of the wood category. The data, acquired from participants in the 2010 NFT Hardwood Market Study, reported 53 percent of respondents expect residential sales to increase in 2010 and commercial sales are expected to remain

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the same or increase from 2009 levels by 81 percent of respondents.

According to the survey, which included 124 floor covering dealers and contractors, Red Oak is the best-selling wood species at 45 percent, followed by Hickory, 13 percent; White Oak, 11 percent; Brazilian Cherry, 10 percent; Maple, 9 percent; Brazilian Walnut at 3 percent each; Pecan at 2 percent; and others at 4 percent. The most popular widths among buyers is predominately 3-to 5-inches.

Participants also noted that 63 percent of imported products tend to have more quality issues than domestic at 37 percent. Those surveyed recommended wood products from manufacturers and distributors in ranked order by: price; quality of products offered; product availability; style of products offered; and sales representatives' knowledge and support.

Many of the respondents report sourcing significantly less of their hardwood flooring from general flooring distributors and slightly more direct from a domestic manufacturer.

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## NEWSWIRES

**Shinglehouse, Pennsylvania**—RAM Forest Products Inc., headquartered here, recently became chain-of-custody certified by the Forest Stewardship Council (FSC).

Vice President Mike Tarbell said the recent certification would enable RAM to offer FSC material and insure the firm's customers that RAM is utilizing proper forestry techniques. "We are very proud to now offer a portion of our production as FSC certified material. This certification enables us to supply a niche market which we were formerly unable to service. It also serves to reinforce the fact that RAM Forest Products uses approved forestry principles in the harvesting of this precious natural resource."

Mike Tarbell

The hardwood sawmill, which offers Ash, Red Oak, Hard and Soft Maple and Cherry has a 25 million board foot capacity annually; two headsaws; four re-saws; an optimizing edger; a 90-bay bin sorter; and 1 million board feet of dry kiln capacity.

For more information or for quotations on FSC material please contact Mike Tarbell at 814-697-7185 or ramsales@frontiernet.net

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**United Kingdom**—According to sources, recent trade service visits to timber importers, merchants and timber product manufacturers here are providing market information and opportunities for U.S. softwood species in the United Kingdom market. The companies involved, such as International Timber and Oregon-Canadian Europe Ltd sell Douglas Fir, Western Hemlock and Western Red Cedar.

In other news, Jeld-Wen UK is the United Kingdom division of Jeld-Wen Inc. based in the U.S., with responsibility for their own timber needs. In 2000 Jeld-Wen bought out John Carr Ltd., a large wood window and door manufacturer. At their various sites in the United Kingdom, they produce a complete range of timber window and doors. According to Jeld-Wen's timber purchasing manager, 2009 was a very difficult year with little or no house building taking place in the UK, and demand for their products dropped significantly. However, based on the number of orders placed during the first few months of 2010 from building companies the timber market appears to be improving.

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**British Columbia**—Recently formed here, the Wood Enterprise Coalition is backed by C$1.75m in seed funding, which will help the province achieve the objectives of its timber promotion initiative, Wood First.

A partnership between WoodWORKS! BC, FP Innovations and the BC Wood Specialties Group, the Wood Enterprise Coalition's goal is to support the value added forest products sector through promotion, training, education, product development and innovation.

"British Columbia is home to a number of organizations and businesses that work hard to promote the use of innovative wood products," said forests and range minister Pat Bell. "The Wood Enterprise Coalition was created to focus these efforts. By reducing overlap and leveraging each other's strengths and expertise, we can do more to promote the use of wood in commercial and institutional construction."

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**Shanghai, China**—American Softwoods (AMSO), the international marketing brand of APA-The Engineered Wood Association, recently announced that it has opened an office here. APA, Softwood Export Council and the Southern Pine Council have contracted with WG Consulting, a firm composed of former AFPA China office employees, to provide representation for the U.S. softwood industry.

Craig Larsen

As in the past, the AMSO-China office will provide support for trade shows, missions, seminars, and technical representation as required by the three member organizations of AMSO.

For more information contact WG Consulting Limited at +86.21.6448.4401 or info@AMSO-China.org.

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**Finland**—The Finnish Forest Industries Federation recently welcomed plans for more nuclear power in Finland as safeguarding the nation's supply of forestry raw materials.

Allowing forest industries to develop diverse processing operations, this additional power will increase the use of forest energy, the federation said.

According to a source, Finnish forest companies will require as much electricity by 2020 as they consumed before the recession fuelled by the increase in value-added products and new products.

"As more wood is processed, the amount of forest biomass going into energy use will also increase," said a spokesperson. "The most cost-effective way to promote Finnish renewable energy production is to look after the development of the forest industry's manufacturing operations."

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**Sweden**—An energy company has recently made an offer for the troubled Swedish sawmiller and forestry company Rörvik Timber.

With 10 sites in southern Sweden, Rörvik went into administration a year ago and after refinancing its debts launched a rights issue that closed recently substantially oversubscribed.

Meerwind AB acquired 11 percent at first and then another 42 percent of Rörvik from a Swedish investment company before launching the full bid. Meerwind is part of a business that owns the U.S.-based Gunvor Group, an independent energy trader.

The Rörvik board is considering the cash offer, but noted that the offer price per share is lower than the closing price.

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**Atlanta, Georgia**—The Southern Forest Products Association (SFPA) has set the date and venue for the 31st Forest Products Machinery & Equipment Exposition. The 2011 Expo will be held July 21-22 at the Georgia World Congress Center here.

"If you're a company or firm that provides machinery, equipment, technology or services to the forest products industry, Expo 2011 offers a perfect opportunity to connect or reconnect with wood product manufacturers," said Expo Director Eric Gee. "Our national economy appears to be in recovery now, and by the time the Expo rolls around next summer, the forest products industry could be much more active than it

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# NEWSWIRES

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has been for the past couple of years."

Expo exhibitors have traditionally included many of the biggest names in the business displaying everything from sawmill machinery to materials handling equipment; and the show draws key representatives from the nation's largest wood products manufacturers.

"With many predicting the South will lead the industry's recovery, Atlanta's location in the heart of the Southern wood basket makes it the ideal setting for what we hope will be a winning event for both exhibitors and attendees," Gee said.

For more information, visit www.sfpa.org or contact Gee at 504-443-4464 or by email at egee@sfpa.org.

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**Chile—**Experts are suggesting the recovery from Chile's recent earthquake, at least for their forest products industry, won't take long. "I believe the world will be surprised at how quickly Chileans tackle the clean-up and rebuilding of their country," Bob Flynn, director of RISI's international timber said. "I've been following Chile's forest industry for 20 years now, and if there is one word that summarizes the Chilean foresters and forest industry executives I have known, it is "competent."

Flynn went on to say there was much speculation among wood chip exporters at a recent conference as to how much of an impact the earthquake would have on the international chip markets in 2010. "You have to understand that Chile was the second largest supplier of hardwood chips to the international markets in 2009, and was the leading supplier of plantation-grown hardwood chips," he said.

"The epicenter of the earthquake was just west of the city of Talca, in Region VII, and the two closest woodchip loading ports, at San Vicente and Coronel, were rumored to be seriously damaged." In 2009, 41 percent of Chile's hardwood chip exports were loaded in Coronel and 13 percent in San Vicente.

The damage to Chile's port infrastructure and transport sector was devastating. According to Flynn, three of the terminals at the port of Talcahuano, near Concepcion, collapsed and were totally submerged. "Most of us at the conference were stunned to learn that one company, Comaco S.A., had already loaded a full woodchip carrier at San Vicente International Terminal following the earthquake, and the vessel had set sail towards Japan as our conference began!

"Certainly the Chileans I spoke with at the conference were already seeing that the rebuilding of their country will help give their new government a chance to spur their economy, create many new jobs, and make their country even stronger than before," he remarked. "It will be interesting to watch this story unfold."

For more information or to make a contribution to Chile's rebuilding efforts, visit www.habitat.org.

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**India—**Volumes of Teak and other hardwoods offered at auctions in Central India and in the log depots in Gujarat continue to attract active buying. According to sources, sales are swift and prices are tending to remain firm.

Exports from India rose 35 percent in recent months to just over USD16 billion, the fourth consecutive rise after 13 months of decline. Imports also rose, reaching 66 percent (US $25 billion) from the same time period a year ago.

Considerable foreign investments have been attracted by the rapidly growing economy, along with other positive economic fundamentals, which has taken Indian Rupee to a 19-month high against the U.S. dollar. The exchange rate, at one point, reached Rs.44.44 to a U.S. dollar.

In other news, The Advanced Woodworking Training Center (AWTC) has been established in India and reports indicate that the benefits from improved training opportunities are already felt in the industry. The Indian and Italian governments and the Italian Woodworking Machine and Tool Manufacturers Association own the AWTC.

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**Myanmar—**Myanmar Timber Enterprise (MTE), based here, recently announced its relocation is underway. MTE has been at its current location for 55 years.

The MTE office will now be located at the former office of the Director-General of the Forest Department in Gyogon, Yangon. The Forestry Department occupied a new administrative capital in Naypyitaw some time ago.

MTE's old riverside office with log storage ponds and a log yard will remain a fond memory of many old timers who remember State Timber Board (precurser to the present MTE), according to sources.

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**Brazil—**The University of Santa Catarina, located here, conducted research regarding the potential use of Paricá (Schizolobium amazonicum), a timber used less frequently. Traditionally Paricá has been traded in small quantities as the timber is found in the natural forest. Timber from plantation grown Paricá has different properties than those harvested in the forest.

The research determined that further studies on plantation grown Paricá are needed to determine the properties of timber from trees harvested at various ages. The research will determine if Paricá is suitable for producing laminated products for building and construction purposes.

In related news, wood product sales in Mato Grosso have been steadily growing over the past few years. During the years 2006 through 2009 the market was worth just over R$ 4 billion and continues to expand. The State Secretary of Environment (SEMA) said exports from those years were valued at approximately R$ 1.4 billion.

The SEMA reported Sinop traded a total of R$ 933.4 million over the time period. Over 70 percent of this trade was destined for the domestic market, and the balance was exported. Trading at about R$ 569 million, Aripuanã came in at R$ 340 million on the local market with the remainder going to export. In nearly four years Juina traded R$ 444.8 million. Opposite from the trade of Sinop and Aripuanã, the bulk of the trade in Juina was to international markets (R$ 227.2 million). Less than half of the trade was in domestic markets.

According to recent reports from forest sector analysts, the wood product manufacturing sector is underperforming and certain sectors of the industry would benefit from government trade incentives. Statistics indicate that output in the timer sector is gradually recovering from the effects of the global financial crisis. However, the Paraná Industry Federation (FIEP) pointed out that not all industry sectors are recovering at the same pace.

As a consequence of the global market collapse, the solid wood industries have suffered steep declines in sales. Relying heavily on demand from the North American housing market, the timber industry exported a quarter of its production. In spite of the gloomy picture, there are signs of recovery in the manufacturing sector and more companies have moved into the Telemaco Borba Industrial District, according to the Jaguariaíva Timber Industry Association.

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**Malaysia—**The Malaysian Timber Council (MTC) announced its plans to create a "timber hub" with the Global WoodMart in Kuala Lumpur in October.

MTC chief executive officer Cheah Kam Huan said the trade exhibition is aimed at the global timber industry and would cover softwoods, and temperate and tropical hardwoods from the raw material through to finished products.

Global suppliers including The American Hardwood Export Council will exhibit, and visits to factories and forests can be arranged. "It is an opportunity to meet suppliers from around the world in one place," Kam Huan said.

Scheduled for October 19-20, the event is the first of its kind in Southeast Asia and Kam Huan said the aim was to make it a biennial international event. For more information visit www.globalmart.my.

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## IWPA -
Continued from page 3

vately owned and FSC managed forests in Brazil, Cikel is working with communities in the U.S. to advance sustainable building. One such program, the Studio 804 graduate design-build program at the University of Kansas, School of Architecture and Urban Planning, taught young architects the value of sustainable living and received a LEED Platinum rating by the US Green Building Council.

The convention was a success. It celebrated the businesses that weathered the economic storm. It celebrated the producer exporters who excelled in making their products compliant with high regulatory and legal standards. Finally, it celebrated the association itself which grew in membership and influence.

The general sense of enthusiasm and level of participation demonstrates that the imported wood products industry remains highly valued in the United States by manufacturers and consumers. It also showcased the essential role of imports in supporting jobs and economic opportunity in the United States and around the world.

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# CORRECTION

In the April/May issue of *The Import/Export Wood Purchasing News*, the location of a facility tour conducted during the recent Canadian Hardwood Bureau meeting was misidentified. The tour was conducted at Goodfellow Inc. in Delson, Que. Goodfellow is a wholesaler and distributor of wood and wood byproducts. The firm has wood treating facilities as well as a broad range of softwoods, including Pine and Western Red Cedar, domestic and exotic hardwoods.

For more information about Goodfellow Inc., visit their website at www.goodfellowinc.com.

**Patrick Goodfellow, of Goodfellow Inc., was incorrectly identified in the April/May issue of the *Import/Export Wood Purchasing News*. Goodfellow led Canadian Hardwood Bureau (CHB) members on a tour of his company's facilities in Delson, Que., during the recent CHB meeting.**

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# OBITUARY

**Floyd Curran Keith**

**Roanoke, Virginia**—Floyd Curran Keith died on April 18, 2010, at home.

Keith was born in Birmingham, Ala. on January 29, 1944, and lived in various Southern cities before his family settled in Chattanooga, Tenn., in 1956. He graduated from Central High School in Chattanooga and attended University of Tennessee at Chattanooga.

Keith is preceded in death by his parents, Clarence M. Keith and Sarah Brown Keith and his sister, Njoni Robin Keith. He is survived by his wife of 47 years, Gayle Forester Keith; daughter, Kim Keith (Watts) Holt and her children, Michael, Jacob and Jordan Watts; son-in-law Keith Holt and his children, Tyler and Erin Holt; daughter-in-law, Liza M. Keith of Kingsport, Tenn., and her children, Kristina and Bryan Keith; sister, Ede White of Murfreesboro, Tenn.; sisters and brothers-in-law, Henry and Dixie Saeger of Chattanooga and James and Joy Leport of Memphis; also several nieces and nephews.

Keith began his adult working life as a news reporter and columnist for *The Chattanooga News-Free Press* and *The Chattanooga Times*. He worked briefly for the Memphis *Commercial Appeal* before accepting a position with *National Hardwood Magazine* (NHM) as a writer, photographer and sales representative.

During his years with this magazine he traveled throughout the Eastern U.S. and Canada. On leaving NHM, Keith joined the staff of Baillie Lumber Company, Hamburg, N.Y. In 2001 he opened Keith Hardwoods, Inc., a hardwood lumber brokerage firm, which closed in 2009. He was a founding partner in The K Group, LLC, and co-owner of Roanoke Rehabilitation & Wellness, Inc.

Throughout his life, Keith was actively involved in sports, both as a participant and a spectator. He coached Dixie Youth and Little League baseball and recreational league football for boys. He played high school football and earned a scholarship to University of Tennessee at Martin.

Keith was a member of the Management Team for Journey Church. He was a past member of a local Kiwanis Club where he held the office of president for two terms. Keith was a member of the Appalachian Lumberman's Club and Hidden Valley Country Club.

In lieu of flowers, Keith and his family suggest that contributions be made to the Journey Church Building fund at 3574 Read Mountain Road, Roanoke, Va. 24019.

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# IMPORT/EXPORT CALENDAR

**June**

**15th AHEC Southeast Asia & Greater China Convention**, Chengdu, China. Contact: 852-2724-0228 or info@ahec-china.org. June 18.

**Forest Products Society, 64th International Convention**, Madison, Wis. Contact: 608-231-1361. June 20-22.

**July**

**Furnitex**, Melbourne Exhibition Centre, Melbourne, Australia. Contact www.furnitex.com.au. July 15-18.

**Appalachian Hardwood Manufacturers Inc., Summer Family Conference**, The Greenbrier, White Sulphur Springs, W. Va. Contact 336-885-8315. July 25-27.

**August**

**Tecno Mueble, Expo Guadalajara**, Guadalajara, Mexico. Contact: www.tecnomueble.com.mx. Aug. 18-21.

**IWF 2010**, Georgia World Congress Center, Atlanta, Ga. Contact: 404-693-8333. Aug. 25-28.

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# Classified Opportunities

Classified advertising accepted only for: Positions Available, Positions Wanted, Business Opportunities, Machinery For Sale, Machinery Wanted, Wanted To Buy, Services Offered.
Classified Rates: Display classified $45.00 per column inch, fractions of an inch will be charged as full inch. Line Ads are $8.00 per line.
All classified Ads must be received by the 16th of the preceding month. Example: Ads for August/September 2010 issue must be in by July 15th.
Also please specify number of times Ad is to run. **All Ads to be inserted on prepaid basis only.**

**ATTENTION: OVERSEAS LUMBER BUYERS**

American, NHLA graduate, current working contacts with domestic sawmills/dimension plants, looking for work with an overseas company who is tired of paying for high-priced lumber/logs from the U.S. We will set up a small office and you/we will buy direct from the sawmills.

**CONTACT:**
**Blind Box No. 141**
**C/O The Import/Export Wood Purchasing News**
**P.O. Box 34908**
**Memphis, Tn 38134**

**"Be A Part of One of Canada's 50 Best Managed Companies"**
Sales Representatives

Weston Premium Woods is a 60 year old hardwood lumber distributor who is adding to our existing sales team. Offering outstanding earning potential and career growth for the right individual.
You should:

- Have experience buying and selling lumber products
- Be highly motivated with a strong work ethic
- Be able to work independently as well as in a team environment
- Be entrepreneurial, results oriented and resilient
- Be able to develop long lasting customer and supplier relationships
- Have an existing customer base with a proven track record
- Be confident in selling through price objections

**If this is you please contact:**
**Nico Poulos, npoulos@westonpremiumwoods.com or at 866-385-7778**

## WANTED

Chinese Agent to represent Graf Brothers Flooring & Lumber – logs, flooring and lumber.

**Graf Brothers, P.O. Box 458, South Shore, Ky 41175**
**Phone: 606-032-3117 Fax: 606-932-3156 email: info@grafbro.com**

## Sales Representative Needed

International lumber company is looking for a Sales Representative living in the Gulf region of the USA. Must have a minimum of 5 years experience in imported hardwood lumber and plywood sales. Must be willing to travel. Candidate would be responsible for increasing market share, generating and maintaining new accounts. Must have excellent communication and computer skills. Excellent career opportunity and compensation package for qualified individual. Please send resume:

**C/O: Blind Box 143**
**Import Export Wood Purchasing News.**
**P.O. Box 34908 • Memphis, Tn 38184-0908**

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