



World Timber Price Quarterly

A Quarterly Update of
Global Timber Prices

Pacific Rim Softwood Log Market Outlook

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A comprehensive analysis and outlook on the state of the Pacific Rim Softwood Log Market

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International timber markets were mixed in the third quarter of 2007. The deteriorating construction markets undermined sawtimber markets in North America, while European sawlog markets registered gains and remained well above the levels of a year ago. In Asian markets, the price of Russian larch continued to move higher, bolstered by the export log duty that was implemented in the beginning of the quarter. Elsewhere in Asian sawlog markets, however, prices weakened, with radiata pine prices challenged by high shipping costs and Japanese domestic markets hurt by a sudden decline in housing starts. In contrast to sawlog markets, global pulpwood and chip markets were generally higher during the third quarter, with the European markets experiencing the largest gains.

In this issue of the World Timber Price Quarterly, we have made revisions to our price coverage to better reflect the international timber markets. In Latin America, the export of pulp logs has virtually disappeared and the markets are now concentrated on woodchip trade. Accordingly, we have added a series representing the price of hardwood chips from Uruguay delivered to Spain and are no longer reporting the price of Latin American pulplog exports. We have also included the price of pine sawlogs in Brazil to improve our coverage of domestic Latin American markets.

The major sources of hardwood chip imports to Japan have also changed, and to more accurately represent the hardwood chip trade in Japan, we have dropped coverage of hardwood chips from China and added the price of hardwood chip imports from South Africa and Vietnam. To expand our coverage of global chip markets, we now include the FOB export price of Australian hardwood chip exports, US West Coast Douglas fir chips, and SPF chips from British Columbia.

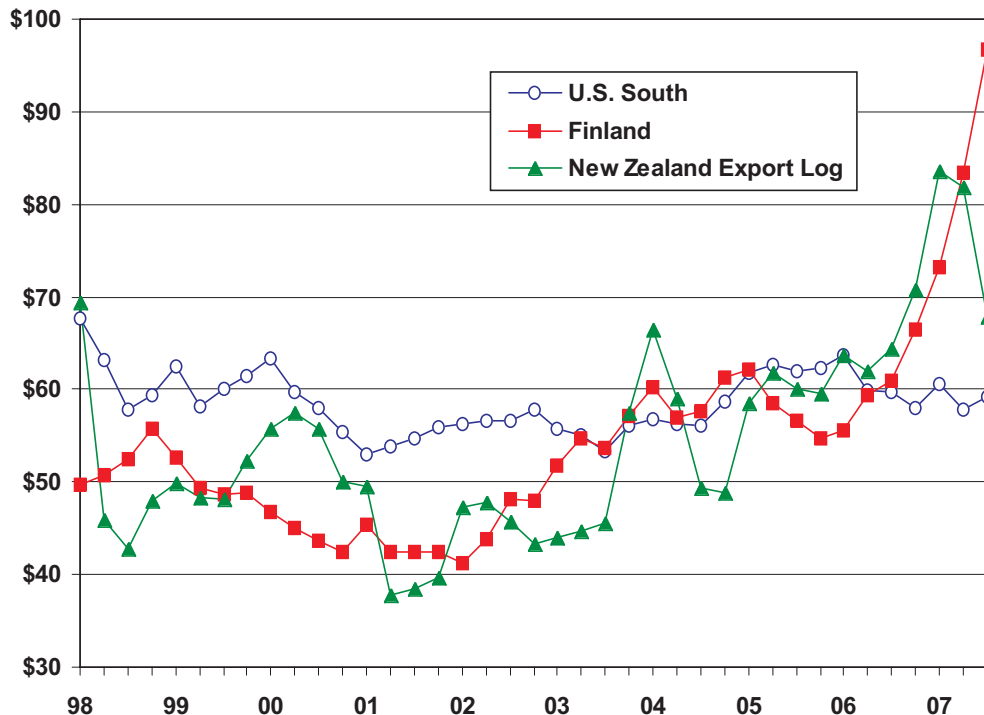
Sawlog Prices

In the third quarter of 2007, North American sawtimber markets remained challenged by the precipitous drop in US housing starts (US housing starts fell 11% to 1.3 million units (SAAR) in the third quarter) and the corresponding slowdown in solid wood product markets. In the West Coast, the price of Douglas Fir sawlogs returned the gains of the previous quarter, and dropped 3% to \$94 per cubic meter, while the price of Hemlock logs remained flat. The effects of the slowdown in US construction markets is also showing in Canadian markets, with sawtimber prices dropping 3-4% priced in Canadian currency. However, Canadian sawlog prices moved higher on a US dollar basis as a result of the strengthening Canadian dollar. In the US South markets, log prices did register small gains, edging 2% higher. Wet weather in the western part of the region tightened supply conditions and allowed the moderate increase in prices.

Sawlog prices in Sweden remained relatively stable through the third quarter of 2007, but are still 13-18% higher (up 21-28% in US dollars) than one year ago. In Finland, sawlog prices continued moving higher, up 14-16% in euros for pine and spruce sawlogs in the third quarter.

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Figure 1
Pine Sawlog Prices
 US\$ per Cubic Meter



Prices in Finland have jumped 44-47% for softwood sawlogs in the past year, due to decreased shipments from Russia and increasing competition for domestic logs. Currency changes have aggravated the trends, so that, in US dollar terms, prices for softwood sawlogs in Finland were 55-59% higher than in the third quarter of 2006.

In Asia, prices for sawlogs were mixed. In Japan, prices for domestic sugi and hinoki edged lower, even as demand for these species is generally increasing as a percentage of softwood log consumption in that country. Demand for all sawlogs in Japan weakened in the third quarter, following introduction of the new Buildings Standards Law in July. Housing starts plunged by 37% in Japan in the third quarter, compared with the same period in 2006. This may have also influenced the relatively weak performance of Malaysian export logs in the third quarter.

Radiata pine log prices dropped in the third quarter in both Korea and China, in part as a reaction to heavy buying in the first half of the year. Russia increased its log export duty on July 1 to 20% of log value or a minimum of Euro 10 per cubic meter for softwood, pushing up prices for softwood logs in China by 5%. Prices for Russian larch also moved higher in Japan, but it is important to remember that prices for Russian logs had been moving higher for several years prior to this latest increase in the log export tax. Higher prices for Russian logs are a function of higher production costs, and Japanese imports of Russian logs have already begun dropping rapidly (down 26% in the third quarter of 2007 compared to the same period in 2006).¹

¹ For an in-depth analysis of the impact of Russia's log export tax on softwood log markets in north Asia, see RISI's November 2007 study *Pacific Rim Softwood Log Market Outlook*, www.risiinfo.com/pacificrim.

The FOB price for radiata pine fell even further, dropping 17% in the third quarter, but was still 5% ahead of 2006 levels in US dollar terms. New Zealand exporters have been hard hit by both significantly higher ocean freight rates in 2007 and a strengthening currency. High ocean freight rates keep export volumes weak in the fourth quarter of 2007, as well.

Pulpwood & Chip Prices

Woodfiber markets in the US South begin to show signs of firming during the third quarter of 2007. Residual chip inventories have been compromised as a result of the slowdown in lumber and plywood production. Hardwood fiber experienced the largest increases, with pulpwood prices increasing 2% to \$29 per cubic meter and hardwood chips increasing 11% to \$26 per cubic meter. Softwood pricing was more moderate, with softwood pulpwood prices remaining near their second quarter levels and chips increasing only 3% to \$26 per cubic meter.

Softwood pulpwood prices continued moving higher in Sweden and Finland in the third quarter, climbing 2-4% in Sweden over the previous quarter, and 10% in Finland in US dollar terms. Birch prices also increased 9-10%. Compared with a year earlier, both softwood and birch domestic pulpwood prices were up by 17% to 43%. But imports provided no relief: in Finland prices for birch pulpwood imported from Russia were up 39% in the third quarter over the previous quarter, and were 79% higher than a year earlier. Prices for birch imported from the Baltics were also up sharply. Prices for imported woodchips have also moved higher: in Sweden, softwood chip prices for imports from Latvia jumped 47% in the third quarter, while hardwood prices climbed 17%.

In Iberia, prices for eucalyptus pulplogs exported from Portugal to Spain have increased steadily, and in the third quarter, were 26% higher than a year earlier. Eucalyptus pulpwood supply in Portugal is more

Figure 2
Softwood Pulpwood Prices
 US\$ per Cubic Meter

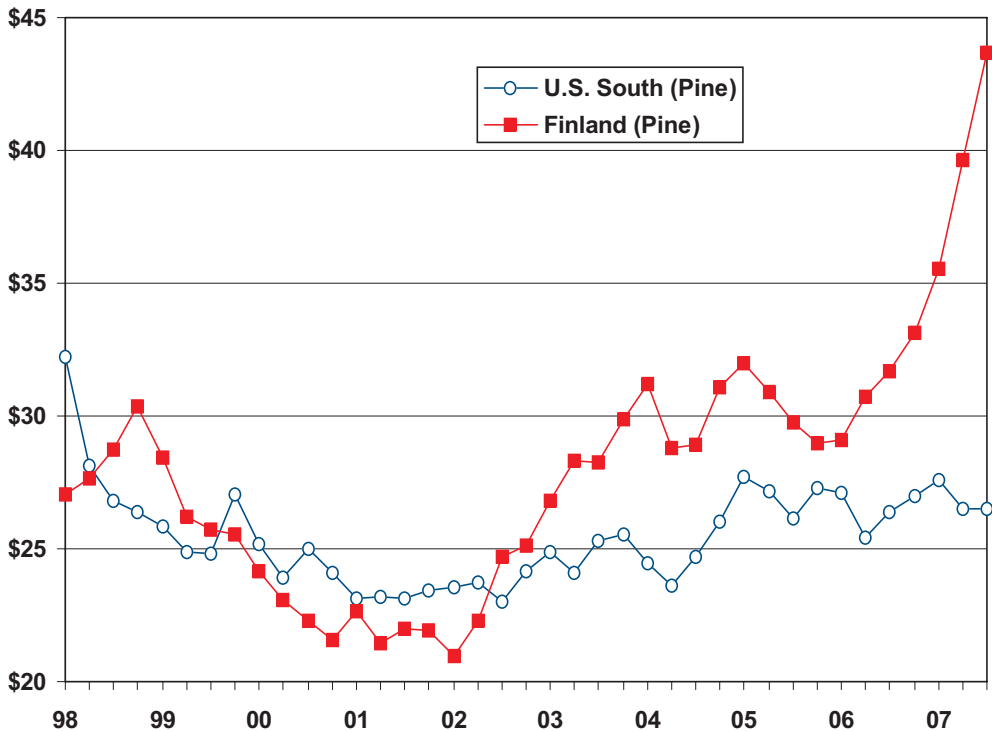
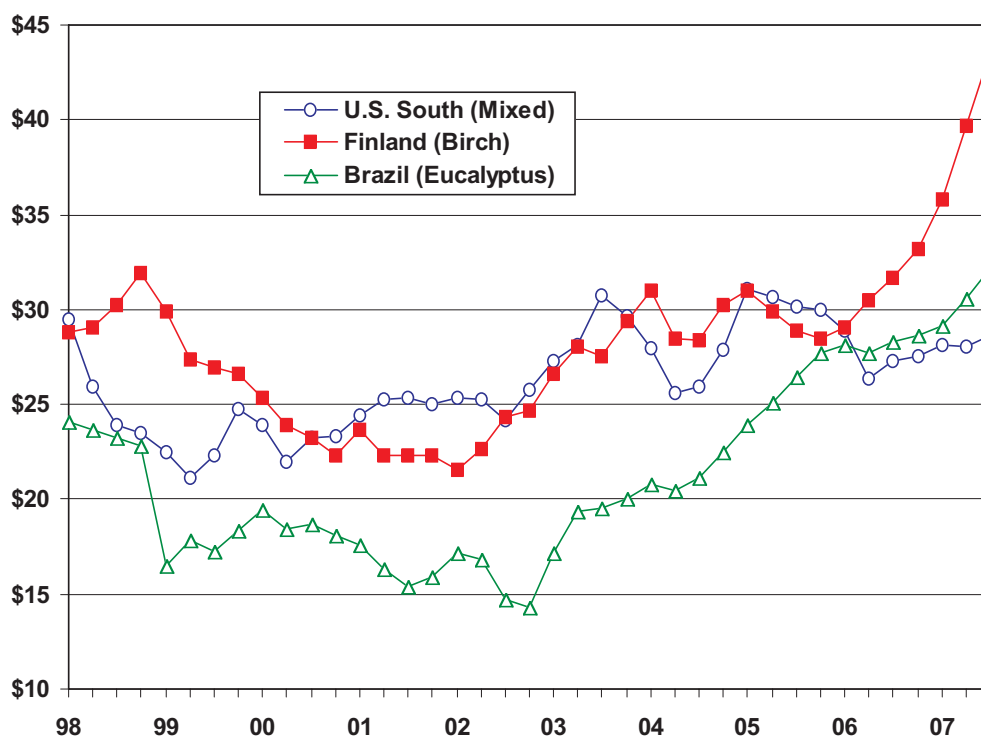


Figure 3
Hardwood Pulpwood Prices
US\$ per Cubic Meter



constrained than in the last several years, and some companies have begun importing pulpwood from Uruguay. Imports are set to expand in 2008, including shipments from other supplying countries.² In Brazil, prices for eucalyptus pulpwood have remained remarkably steady in local currency, but have increased slightly in US dollars.

In the third quarter of 2007, hardwood chip prices for Japan remained unchanged, as most prices are set once for the year. Our tables will show some minor variation from quarter to quarter due primarily to changes in species mix from any given country, e.g., between *Eucalyptus globulus* and *E. nitens* exports from Chile. In the case of Australia, market prices are set in Australian dollars for several different grades of eucalyptus. Thus, prices in our tables will vary from quarter to quarter depending on both the grade/species mix of woodchips actually shipped, as well as changes in the US/Australian dollar exchange rate. Hardwood chip suppliers began negotiations for 2008 chip prices in December, with virtually all suppliers requesting increases of between AS\$15-30 per BDMT (although no prices had been settled as of early January 2008).

In contrast, softwood chip prices entered an interesting situation in third quarter 2007—Doug fir prices declined by US\$10 per BDU to \$157.50 per BDU, while SPF prices remained unchanged at \$150 per BDU, and Australian exporters could not agree on a price settlement for the second half. The negotiations for Australian radiata pine prices actually continued until shortly before Christmas. At that time, two major suppliers agreed on an FOB price of \$159.50 per BDU, which will be applied retroactively to all shipments in second half 2007 and will be continued through the end of 2008.

² See RISI's annual report, *International Pulpwood Resource and Trade Review*, available in early February 2008.

Table 1
Sawlog Prices
 US\$ per Cubic Meter

	Annual		Quarterly					% Change	
	2005	2006	2006:3	2006:4	2007:1	2007:2	2007:3	Prev Qtr	Year Ago
NORTH AMERICA									
Canada									
Douglas Fir	84	94	98	92	90	88	90	2%	-8%
Hemlock	40	45	44	48	51	57	58	1%	33%
U.S. South									
Mixed Hardwood	35	34	33	34	34	35	35	-2%	5%
Oak	48	44	43	44	47	50	49	-3%	14%
Pine	62	60	60	58	61	58	59	2%	-1%
U.S. West									
West Coast Douglas Fir #2	100	99	101	91	90	95	91	-5%	-10%
West Coast White Woods #2	69	69	70	66	64	70	71	0%	1%
Douglas Fir Export Log, FAS	186	196	198	193	178	173	167	-4%	-15%
WESTERN EUROPE (1)									
Sweden									
Pine	42	53	52	62	63	64	66	3%	26%
Spruce	39	51	52	60	62	64	63	-1%	21%
Finland									
Pine	58	60	61	66	73	83	97	16%	59%
Spruce	59	62	63	67	73	83	98	19%	55%
Birch	54	56	57	59	61	67	71	6%	24%
Austria									
Pine (2)	68	70	71	72	82	84	86	2%	21%
Spruce (2)	100	102	104	105	114	118	120	2%	16%
Beech (2)	99	101	102	104	108	111	113	2%	11%
Germany									
Pine (2)	54	56	57	57	65	67	68	2%	21%
Spruce (2)	76	77	78	79	86	88	90	2%	16%
Beech (2)	133	135	137	139	145	149	152	2%	11%

Prices delivered to the mill unless stated otherwise

Historical prices maybe revised from previously published publications to reflect revisions in data sources. Revisions are typically less than 5%.

Assumed 1 MBF = 7.0 CM For U.S. South; 1 MBF = 6.3 CM For U.S. West

FAS = Free along side, port of origin

(1) Delivered at roadside

(2) Only available on an annual basis, current year is an estimate

Table 1 (Continued)
Sawlog Prices
US\$ per Cubic Meter

	Annual		Quarterly					% Change	
	2005	2006	2006:3	2006:4	2007:1	2007:2	2007:3	Prev Qtr	Year Ago
ASIA									
Japan									
Hinoki (1)	232	225	229	233	224	210	213	2%	-7%
Sugi (1)	113	109	108	111	111	109	108	-1%	1%
Sarawak, Malaysia									
Meranti Export Log, FOB	133	151	163	168	168	173	162	-6%	0%
China (2)									
Russian Softwood Log, CIF	74	86	86	91	94	100	104	5%	21%
Radiata Pine Import Log, CIF	100	104	105	113	119	126	119	-6%	13%
Korea									
Radiata Pine Import Log, CIF	95	96	97	107	118	126	121	-4%	25%
OCEANIA									
New Zealand									
Radiata Pine Export Log, FOB	60	65	64	71	84	82	68	-17%	5%
Papau New Guinea									
Taun/Calo Export Log, FOB	137	167	179	190	190	180	178	-1%	0%
CIS									
Russia									
Larch Export Log (1)	121	140	140	145	167	173	187	8%	34%
LATIN AMERICA									
Brazil									
Pine Sawlog Price (3)	63	71	71	71	71	75	79	5%	12%

Historical prices maybe revised from previously published publications to reflect revisions in data sources. Revisions are typically less than 5%.

Prices delivered to the mill unless stated otherwise

FOB = Free on board, port of origin

CIF = Customs, insurance, and freight

(1) Wholesale price in Japan, on truck at shop

(2) Excludes shipments to Hong Kong and Taiwan

(3) Delivered to Concentration Yard

Table 2
Sawlog Prices in Local Currency

	Annual		Quarterly					% Change	
	2005	2006	2006:3	2006:4	2007:1	2007:2	2007:3	Prev Qtr	Year Ago
NORTH AMERICA									
Canada (\$CN/CM)									
Douglas Fir	102	107	109	105	105	97	94	-3%	-14%
Hemlock	48	51	49	54	59	63	60	-4%	24%
U.S. South (\$US/CM)									
Mixed Hardwood	35	34	33	34	34	35	35	-2%	5%
Oak	48	44	43	44	47	50	49	-3%	14%
Pine	62	60	60	58	61	58	59	2%	-1%
U.S. West (\$US/CM)									
West Coast Douglas Fir #2	100	99	101	91	90	95	91	-5%	-10%
West Coast White Woods #2	69	69	70	66	64	70	71	0%	1%
Douglas Fir Export Log, FAS	186	196	198	193	178	173	167	-4%	-15%
WESTERN EUROPE (1)									
Sweden (SEK/CM)									
Pine	311	390	376	439	445	438	442	1%	18%
Spruce	292	376	377	424	435	439	425	-3%	13%
Finland (Euro/CM)									
Pine	47	48	48	51	56	62	70	14%	47%
Spruce	48	49	50	52	56	61	71	16%	44%
Birch	44	44	45	46	47	50	52	4%	15%
Austria (Euro/CM)									
Pine (2)	55	56	56	56	62	62	62	0%	12%
Spruce (2)	81	81	81	81	87	87	87	0%	7%
Beech (2)	80	80	80	80	82	82	82	0%	2%
Germany (Euro/CM)									
Pine (2)	44	45	45	45	50	50	50	0%	12%
Spruce (2)	61	61	61	61	66	66	66	0%	7%
Beech (2)	107	108	108	108	111	111	111	0%	2%

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Prices delivered to the mill unless stated otherwise

Assumed 1 MBF = 7.0 CM For U.S. South; 1 MBF = 6.3 CM For U.S. West

FAS = Free along side, port of origin

(1) Delivered at roadside

(2) Only available on an annual basis, current year is an estimate

Table 2 (Continued)
Sawlog Prices in Local Currency

	Annual		Quarterly					% Change	
	2005	2006	2006:3	2006:4	2007:1	2007:2	2007:3	Prev Qtr	Year Ago
ASIA									
Japan (Yen/CM)									
Hinoki (1)	25,500	26,183	26,600	27,433	26,800	25,400	25,133	-1%	-6%
Sugi (1)	12,425	12,667	12,533	13,100	13,200	13,167	12,767	-3%	2%
Sarawak, Malaysia (Ringgit/CM)									
Meranti Export Log, FOB	504	553	598	608	587	594	562	-5%	-6%
China (Yuan/CM) (2)									
Russian Softwood Log, CIF	610	685	686	717	730	767	789	3%	15%
Radiata Pine Import Log, CIF	823	828	839	889	926	968	896	-7%	7%
Korea (Won/CM)									
Radiata Pine Import Log, CIF	97,371	91,851	92,932	99,942	110,559	116,984	112,548	-4%	21%
OCEANIA									
New Zealand (\$NZ/CM)									
Radiata Pine Export Log, FOB	85	100	101	105	120	110	91	-17%	-10%
Papau New Guinea (Kina/CM)									
Taun/Calo Export Log, FOB	425	511	541	576	576	544	539	-1%	0%
CIS									
Russia (Rouble/CM)									
Larch Export Log (1)	3,436	3,819	3,758	3,854	4,392	4,482	4,784	7%	27%
Latin America									
Brazil (Reals/CM)									
Pine Sawlog Price (3)	154	154	154	152	149	149	152	2%	-2%

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Prices delivered to the mill unless stated otherwise

FOB = Free on board, port of origin

CIF = Customs, insurance, and freight

(1) Wholesale price in Japan, on truck at shop

(2) Excludes shipments to Hong Kong and Taiwan

(3) Delivered to Concentration Yard

Table 3
Pulpwood Prices
 US\$ per Cubic Meter

	Annual		Quarterly					% Change	
	2005	2006	2006:3	2006:4	2007:1	2007:2	2007:3	Prev Qtr	Year Ago
NORTH AMERICA									
United States									
Southern Softwood	27	26	26	27	28	26	27	0%	1%
Southern Hardwood	30	27	27	28	28	28	29	2%	5%
WESTERN EUROPE (1)									
Sweden									
Pine	25	28	29	34	35	37	38	4%	35%
Spruce	26	28	27	34	37	38	39	2%	43%
Birch	31	33	34	34	35	36	39	9%	17%
Finland									
Pine	30	31	32	33	36	40	44	10%	38%
Spruce	37	39	40	40	42	44	49	10%	23%
Birch	30	31	32	33	36	40	44	10%	38%
Austria									
Pine (2)	33	34	34	35	39	40	41	2%	19%
Spruce (2)	36	37	37	38	39	40	41	2%	11%
Beech (2)	38	39	40	40	43	44	45	2%	13%
Germany									
Pine (2)	29	29	30	30	34	35	35	2%	19%
Spruce (2)	30	30	31	31	33	33	34	2%	11%
Beech (2)	31	32	32	33	35	36	37	2%	13%
Portugal									
Eucalyptus Export Log, CIF-Spain	67	70	72	69	73	81	90	11%	26%

Historical prices maybe revised from previously published publications to reflect revisions in data sources. Revisions are typically less than 5%.

Prices delivered to the mill unless stated otherwise

Assumed 1 MBF = 7.0 CM and 1 Cord = 2.41 CM

CIF = Customs, insurance and freight; CIF export logs priced at destination

(1) Delivered at roadside

(2) Available on an annual basis only, current year is an estimate

Table 3 (Continued)
Pulpwood Prices
 US\$ per Cubic Meter

	Annual		Quarterly					% Change	
	2005	2006	2006:3	2006:4	2007:1	2007:2	2007:3	Prev Qtr	Year Ago
ASIA									
Japan									
Hardwood (1)	70	66	66	65	64	64	66	3%	0%
LATIN AMERICA									
Brazil									
Eucalyptus	26	28	28	29	29	31	32	5%	14%
CIS									
Birch, CIF-Finland									
Russia	41	43	45	43	46	58	81	39%	81%
Estonia	65	66	62	70	73	87	106	22%	71%
Latvia	65	58	56	66	92	100	127	27%	127%

Historical prices maybe revised from previously published publications to reflect revisions in data sources. Revisions are typically less than 5%.

Prices delivered to the mill unless stated otherwise

Assumed 1 MBF = 7.0 CM and 1 Cord = 2.41 CM

CIF = Customs, insurance and freight; CIF export logs priced at destination

FOB = Free on board, port of origin

(1) Wholesale price in Japan, on truck at shop

NA = Prices not available due to low export volumes.

Table 4
Pulpwood Prices in Local Currency

	Annual		Quarterly					% Change	
	2005	2006	2006:3	2006:4	2007:1	2007:2	2007:3	Prev Qtr	Year Ago
NORTH AMERICA									
United States (US\$/CM)									
Southern Softwood	27	26	26	27	28	26	27	0%	1%
Southern Hardwood	30	27	27	28	28	28	29	2%	5%
WESTERN EUROPE (1)									
Sweden (SEK/CM)									
Pine	190	206	207	241	246	253	259	2%	25%
Spruce	194	205	198	241	258	264	264	0%	33%
Birch	229	245	245	243	242	249	266	7%	9%
Finland (Euro/CM)									
Pine	24	25	25	26	27	29	32	8%	28%
Spruce	30	31	31	31	32	33	35	7%	14%
Birch	24	25	25	26	27	29	32	8%	27%
Austria (Euro/CM)									
Pine (2)	27	27	27	27	30	30	30	0%	10%
Spruce (2)	29	29	29	29	30	30	30	0%	3%
Beech (2)	31	31	31	31	33	33	33	0%	5%
Germany (Euro/CM)									
Pine (2)	23	23	23	23	26	26	26	0%	10%
Spruce (2)	24	24	24	24	25	25	25	0%	3%
Beech (2)	25	25	25	25	27	27	27	0%	5%
Portugal (Euro/CM)									
Eucalyptus Export Log, CIF-Spain	54	56	56	54	55	60	65	9%	16%

Historical prices maybe revised from previously published publications to reflect revisions in data sources. Revisions are typically less than 5%.

Prices delivered to the mill unless stated otherwise

Assumed 1 MBF = 7.0 CM and 1 Cord = 2.41 CM

CIF = Customs, insurance and freight; CIF export logs priced at destination

(1) Delivered at roadside

(2) Available on an annual basis only, current year is an estimate

Table 4 (Continued)
Pulpwood Prices in Local Currency

	Annual		Quarterly					% Change	
	2005	2006	2006:3	2006:4	2007:1	2007:2	2007:3	Prev Qtr	Year Ago
ASIA									
Japan (Yen/CM)									
Hardwood (1)	7,658	7,650	7,700	7,700	7,667	7,767	7,800	0%	1%
LATIN AMERICA									
Brazil (Reals/CM)									
Eucalyptus	63	61	61	62	61	61	62	2%	0%
CIS									
Birch, CIF-Finland									
Russia (Rouble/CM)	1,172	1,173	1,198	1,147	1,218	1,506	2,070	37%	73%
Estonia (Kroon/CM)	820	817	761	847	871	1,010	1,209	20%	59%
Latvia (Lats/CM)	36	33	31	36	49	52	65	24%	110%

Historical prices maybe revised from previously published publications to reflect revisions in data sources. Revisions are typically less than 5%.

Prices delivered to the mill unless stated otherwise

Assumed 1 MBF = 7.0 CM and 1 Cord = 2.41 CM

CIF = Customs, insurance and freight; CIF export logs priced at destination

FOB = Free on board, port of origin

(1) Wholesale price in Japan, on truck at shop

NA = Prices not available due to low export volumes.

Table 5
Chip Prices
US\$ per Green Tonne

	Annual		Quarterly					% Change	
	2005	2006	2006:3	2006:4	2007:1	2007:2	2007:3	Prev Qtr	Year Ago
EXPORT CHIPS									
NORTH AMERICA									
United States									
Western Softwood, FAS (1)	46	51	53	57	66	59	58	-2%	8%
Western Softwood, FOB (2)	59	65	64	78	91	91	86	-6%	34%
Canada									
Western SPF, FOB (2)	59	55	55	55	76	82	82	0%	47%
WESTERN EUROPE									
Germany									
Softwood, FOB	41	52	54	62	64	62	66	8%	22%
Hardwood, FOB	185	102	107	134	134	166	194	16%	82%
Sweden									
Softwood, FOB	44	49	48	50	57	60	66	11%	38%
Spain									
Hardwood, CIF-Uruguay	104	111	99	108	103	96	103	7%	4%
LATIN AMERICA									
Chile									
Eucalyptus, FOB	53	57	54	57	62	66	63	-4%	17%
OCEANIA									
Australia									
Hardwood, FOB	124	123	123	125	125	141	146	4%	18%
CIS									
Latvia									
Softwood, CIF-Sweden	50	59	64	66	66	72	105	47%	66%
Hardwood, CIF-Sweden	35	38	40	46	42	45	53	17%	32%
DOMESTIC CHIPS									
NORTH AMERICA									
United States									
Southern Softwood (3)	25	26	26	26	27	26	26	3%	3%
Southern Hardwood (3)	24	24	25	24	24	23	26	11%	5%

Historical prices maybe revised from previously published publications to reflect revisions in data sources. Revisions are typically less than 5%.

CIF = Customs, insurance and freight at destination

FAS = Free along side, port of origin

FOB = Free on board, port of origin

(1) FAS prices based on trade data from US Department of Commerce

(2) FOB prices based on reported contract prices, assuming 50% moisture content

(3) Delivered to the mill

Table 6
Chip Prices in Local Currency

	Annual		Quarterly				% Change		
	2005	2006	2006:3	2006:4	2007:1	2007:2	2007:3	Prev Qtr	Year Ago
EXPORT CHIPS									
NORTH AMERICA									
United States (US\$/GMT)									
Western Softwood, FAS (1)	46	51	53	57	66	59	58	-2%	8%
Western Softwood, FOB (2)	59	65	64	78	91	91	86	-6%	34%
Canada (C\$/GMT)									
Western SPF, FOB (2)	72	62	62	63	89	90	85	-5%	37%
WESTERN EUROPE									
Germany (Euro/GMT)									
Softwood, FOB	33	41	43	48	49	46	48	5%	13%
Hardwood, FOB	149	81	84	104	102	123	141	14%	68%
Sweden (SEK/GMT)									
Softwood, FOB	327	358	347	351	399	409	444	8%	28%
Spain (Euro/GMT)									
Hardwood, CIF-Uruguay	84	88	78	84	79	72	75	5%	-4%
LATIN AMERICA									
Chile (Peso/GMT)									
Eucalyptus, FOB	29,943	30,090	28,944	29,941	33,410	34,565	32,733	-5%	13%
OCEANIA									
Australia (A\$/GMT)									
Hardwood, FOB	163	163	163	163	160	169	172	2%	6%
CIS									
Latvia (Lats/GMT)									
Softwood, CIF-Sweden	28	33	35	36	35	37	54	45%	54%
Hardwood, CIF-Sweden	20	21	22	25	23	24	27	15%	23%
DOMESTIC CHIPS									
NORTH AMERICA									
United States (US\$/GMT)									
Southern Softwood (3)	25	26	26	26	27	26	26	3%	3%
Southern Hardwood (3)	24	24	25	24	24	23	26	11%	5%

Historical prices maybe revised from previously published publications to reflect revisions in data sources. Revisions are typically less than 5%.

CIF = Customs, insurance and freight at destination

FAS = Free along side, port of origin

FOB = Free on board, port of origin

(1) FAS prices based on trade data from US Department of Commerce

(2) FOB prices based on reported contract prices, assuming 50% moisture content

(3) Delivered to the mill

Table 7
Japan Chip Prices
US\$ per Green Tonne

	Annual		Quarterly					% Change	
	2005	2006	2006:3	2006:4	2007:1	2007:2	2007:3	Prev Qtr	Year Ago
SOFTWOOD									
DOMESTIC	50	47	47	47	47	47	48	3%	1%
IMPORTS									
Weighted Average	68	71	71	73	79	86	92	7%	30%
Australia	68	73	72	71	72	82	91	11%	27%
Canada	68	66	66	66	78	85	91	7%	38%
New Zealand	68	70	71	70	72	81	89	10%	25%
Russia	61	59	59	60	61	65	74	13%	24%
United States	68	72	71	81	93	98	95	-3%	34%
HARDWOOD									
DOMESTIC	66	63	63	62	61	61	62	3%	-1%
IMPORTS									
Weighted Average	74	78	79	79	80	82	86	4%	9%
Australia	77	80	80	81	81	87	89	2%	11%
Chile	76	80	82	81	83	82	89	8%	8%
Brazil	78	81	84	81	84	82	86	5%	3%
South Africa	74	78	79	80	80	81	85	5%	8%
Vietnam	68	71	70	73	73	76	78	3%	12%

Historical prices maybe revised from previously published publications to reflect revisions in data sources. Revisions are typically less than 5%.

Domestic prices delivered to the mill.

Import prices free along side at Japan dock.

Assumes price of 1 dry tonne equals 2 green tonnes.

Table 8
Japan Chip Prices in Yen
 Yen per Green Tonne

	Annual		Quarterly					% Change	
	2005	2006	2006:3	2006:4	2007:1	2007:2	2007:3	Prev Qtr	Year Ago
SOFTWOOD									
DOMESTIC	5,521	5,521	5,512	5,547	5,618	5,618	5,618	0%	2%
IMPORTS									
Weighted Average	7,493	8,294	8,216	8,590	9,394	10,374	10,853	5%	32%
Australia	7,475	8,435	8,395	8,367	8,641	9,926	10,756	8%	28%
Canada	7,478	7,685	7,654	7,768	9,337	10,230	10,692	5%	40%
New Zealand	7,483	8,094	8,241	8,274	8,558	9,777	10,466	7%	27%
Russia	6,678	6,877	6,915	7,052	7,242	7,893	8,685	10%	26%
United States	7,524	8,419	8,210	9,550	11,064	11,828	11,177	-6%	36%
HARDWOOD									
DOMESTIC	7,296	7,310	7,310	7,310	7,310	7,310	7,310	0%	0%
IMPORTS									
Weighted Average	8,122	9,045	9,162	9,316	9,540	9,954	10,122	2%	10%
Australia	8,452	9,290	9,359	9,524	9,684	10,547	10,535	0%	13%
Chile	8,354	9,277	9,574	9,536	9,883	9,869	10,431	6%	9%
Brazil	8,616	9,392	9,742	9,548	10,005	9,963	10,176	2%	4%
South Africa	8,088	9,091	9,159	9,444	9,538	9,761	10,024	3%	9%
Vietnam	7,457	8,223	8,132	8,566	8,725	9,157	9,199	0%	13%

Historical prices maybe revised from previously published publications to reflect revisions in data sources. Revisions are typically less than 5%.

Domestic prices delivered to the mill.

Import prices free along side at Japan dock.

Assumes price of 1 dry tonne equals 2 green tonnes.

Table 9
Exchange Rates

	Annual		Quarterly				
	2005	2006	2006:3	2006:4	2007:1	2007:2	2007:3
Argentina (Peso/\$US)	2.90	3.06	3.07	3.06	3.08	3.06	3.09
Australia (A\$\$/\$US)	1.31	1.33	1.32	1.30	1.27	1.20	1.18
Brazil (Reals/\$US)	2.43	2.17	2.17	2.15	2.11	1.98	1.92
Canada (\$US/\$CN)	0.83	0.88	0.89	0.88	0.85	0.91	0.96
Chile (Peso/\$US)	560	530	539	529	540	527	520
China (Yuan/\$US)	8.19	7.97	7.97	7.86	7.76	7.68	7.56
Estonia (Kroon/\$US)	12.59	12.46	12.27	12.13	11.94	11.61	11.41
European Union (\$US/Euro)	1.24	1.25	1.27	1.29	1.31	1.35	1.38
Japan (Yen/\$US)	110	116	116	118	119	121	118
Latvia (LATS/\$US)	0.56	0.56	0.55	0.55	0.54	0.52	0.51
Malaysia (Ringgit/\$US)	3.79	3.67	3.67	3.62	3.50	3.43	3.46
New Zealand (\$US/\$NZ)	0.70	0.65	0.64	0.67	0.70	0.74	0.74
Papau New Guinea (Kina/\$US)	3.11	3.06	3.03	3.03	3.03	3.03	3.03
Russia (Rouble/\$US)	28.29	27.19	26.81	26.59	26.31	25.86	25.56
South Korea (Won/\$US)	1,024	954	955	938	939	929	927
Sweden (SEK/\$US)	7.47	7.37	7.25	7.08	7.01	6.87	6.74
Uruguay (Peso/\$US)	24.48	24.07	23.95	24.14	24.34	24.02	23.99

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