

# Tropical Timber Market Report

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The ITTO *Tropical Timber Market (TTM) Report*, an output of the ITTO Market Information Service (MIS), is published in English every two weeks with the aim of improving transparency in the international tropical timber market. Its contents do not necessarily reflect the views or policies of ITTO. News may be reprinted provided that the ITTO *TTM Report* is credited. A copy of the publication should be sent to [ti@itto.int](mailto:ti@itto.int).

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## Top Story

### **China to phase out commercial logging in natural forests**

The State Forestry Administration (SFA) has made public plans to phase out commercial logging in the country's natural forests.

In the first stage, commercial logging in natural forests in the key forest regions in the Northeast and Inner Mongolia will be halted.

The loss of around 50 million cubic metres of annual harvests from the natural forests in China will add to the already huge gap between demand for timber and supply.

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## Report from Central/West Africa

### Producers bracing for tough price negotiations

While it is too soon after the Lunar New Year holidays in China to assess how markets will develop during the second quarter, it seems certain that buyers will want to take advantage of the weakening price trends for some premium species observed towards the end of February. Producers are bracing for lower price offers for new contracts.

By late February some producers reported that buyers, particularly those buying for the Chinese market, were already indicating their intentions to push prices lower. With generally high stock levels in China buyers appear prepared to wait before placing new contracts.

### Chinese market important for log exporters

West and Central African producers now depend on the market in China where, recently, there have been mixed signals on the strength of the construction and housing sectors.

The Chinese market is important for log exporters but they have pointed out that the limits on harvests are becoming steadily tighter which is aggravating an already tight supply situation.

### Okoume sawnwood stocks building up

Middle East markets for sawnwood are reported as firm. It is the lower priced grades that attract most buyers in this market so buyers are quick to respond to any signs of price weakness.

Currently, some producers report poor demand for okoume sawnwood in China and the Middle East which has resulted in a build-up of log and sawnwood stocks. In an effort to move stocks some producers are said to be lowering prices.

However, the current price weakness is limited currently to the few most heavily traded species, such as sipo and sapele which have seen prices climb over the past few months. Prices for most others are stable having hardly moved over the past 12 months.

There is a general feeling amongst producers in the region that prices peaked at end 2014 and until demand picks up again in the second quarter it will be difficult to secure firmer market prices for premium species.

## Log Export Prices

West African logs, FOB	€ per m <sup>3</sup>		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	230	230	160
Ayous/Obeche/Wawa	260	260	180
Azobe & Ekki	235	235	160
Belli	330	330	-
Bibolo/Dibétou	150	145	-
Iroko	330	290	260
Okoume (60% CI, 40% CE, 20% CS) (China only)	320	320	220
Moabi	335	305	225
Movingui	210	210	160
Niove	160	160	-
Okan	290	285	-
Padouk	300	275	210
Sapele	360	360	270
Sipo/Utile	380	380	255
Tali	320	320	-

## Sawnwood Export Prices

West African sawnwood, FOB	€ per m <sup>3</sup>
Ayous FAS GMS	390
Bilinga FAS GMS	520
Okoumé FAS GMS	455
Merchantable	275
Std/Btr GMS	350
Sipo FAS GMS	660
FAS fixed sizes	650
FAS scantlings	660
Padouk FAS GMS	820
FAS scantlings	870
Strips	500
Sapele FAS Spanish sizes	650
FAS scantlings	670
Iroko FAS GMS	620
Scantlings	695
Strips	440
Khaya FAS GMS	450
FAS fixed	470
Moabi FAS GMS	610
Scantlings	6150
Movingui FAS GMS	420

## Report from Ghana

### Surge in air dry sawnwood exports as power outages limit kilning

Air dried sawnwood exports increased 35% between January and November 2014 compared to the same period in 2013. The increase in exports of air dry rather than kiln dry sawnwood can be attributed to the unavailability of power for manufacturers to operate kilns.

Ghana is currently experiencing extreme power shortages and scheduled load-shedding began last year. The on-going power crisis is affecting the manufacturing sector where some companies have lowered production rates and cut staff numbers.

According to the most recent data from the Timber Industry Development Division (TIDD) of the Forestry Commission (FC), Ghana's January to November 2014 timber export of 313,799 cubic metres of wood products earned Euro122.40 million.

Some 21 different products were exported and the following table illustrates the growth in exports for the main products.

	Jan-Nov 2013	Jan- Nov 2014	
	Vol (m3)	Vol (m3)	% change
Sawnwood (AD)	84,325	114,243	35
Sawnwood (KD)	58,158	54,571	-6
Plywood	54,870	55,606	1
Poles	36	26,463	
Billets	7,249	21,720	200
Sliced veneer	20,562	21,238	3
Others	20,453	19,958	-2
Total	245,653	313,799	28

Source:TTID, GFC

Ghana's sliced veneer exports to neighbouring countries between January and November 2014 totalled 85 cubic metres. The main markets were for veneers in Egypt, Italy, China, Spain and Germany. The major species used for the production of veneer were asanfina, ceiba and mahogany.

Plywood exports to neighbouring countries continue with buyers in Nigeria accounting for over 60% of total regional plywood sales. Nigeria is a major market in the ECOWAS block and Ghana plans to double exports.

#### New bamboo craft village

Ghana now has a new centre in the nation's capital for bamboo, cane and rattan artisans known as the Bamboo, Cane and Rattan Village to serve as a permanent home for artisans.

The facility was recently handed over by the Millennium Development Authority (MiDa), to the Ministry of Lands and Natural Resources.

The Minister for Lands and Natural Resources, Nii Osah Mills, said the centre opened at an opportune time to provide a secure work place for artisans. He said the government was committed to promoting the trade and development of bamboo and rattan products due to the enormous economic advantages generated by the sector.

In Ghana, bamboo and rattan resources constitute the two largest non-timber forest products available.

#### Trade growth requires upgraded port infrastructure

In a press release the Director-General of the Ghana Ports and Harbours Authority (GPHA), Mr. Richard Anamoo has called for a significant investment in infrastructure in both ports and inland logistics capabilities to meet the projected demands of some of the world's fastest-growing economies.

The huge growth in trade throughout West Africa and the projected future growth demanded an upgrade in infrastructure at various ports in West Africa to handle greater volumes and larger vessels.

Mr Anamoo, recently attended a three-day West African Ports and Harbours meeting in Accra which underscored the need for West African regional ports to collaborate to boost trade.

The meeting organised by the International Quality and Productivity Centre, (IQPC), in collaboration with the Ghana Ports and Harbours Authority and examined terminal handling efficiencies, how to ease port congestion, dredging efficiencies, containerisation and multimodal transport networks.

The meeting focused on operational and construction challenges affecting port expansion, development and efficiency for West African ports.

For more see: <http://ghanaports.gov.gh/news/1101/IQ-IQPC%2c-WEST-AFRICAN-PORTS-AND-HARBOURS-CONFERENCE-ENDS-WITH-A-CALL-FOR-PARTNERSHIP>

#### Takoradi Port upgrade

The Port of Takoradi is one of Ghana's main commercial ports handling 65% of the countries commodity exports such as cocoa, timber, bauxite and manganese. However, since the port was built in 1928 it had not until recently benefitted from any major refurbishment.

In 2009 work began to dredge and upgrade Takoradi harbour. Other work involved extending the breakwater, the construction of new quays and construction of additional storage. The Director of the Takoradi Port, Capt. James Owusu Koranteng, has said work on the breakwater was 95% complete.

#### Boule Export prices

	Euro per m <sup>3</sup>
Black Ofram	287
Black Ofram Kiln dry	395
Niangon	501▲
Niangon Kiln dry	532▼

#### Export Rotary Veneer Prices

Rotary Veneer, FOB	€ per m <sup>3</sup>	
	CORE (1-1.9 mm )	FACE (>2mm)
Ceiba	325	359
Chenchen	320	355
Ogea	352▲	356
Essa	325▲	371▼
Ofram	315	350

#### Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afromosia	1.19	0.84▲
Asanfina	1.40	0.80▲
Avodire	1.15	0.29
Chenchen	1.10	0.80
Mahogany	1.30	0.67▼
Makore	1.30	0.39▼
Odum	1.76	0.75▼

### Export Sawnwood Prices

Ghana Sawnwood, FOB	€ per m <sup>3</sup>	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	945
Asanfinia	492	564
Ceiba	240↓	287↓
Dahoma	323↑	360↓
Edinam (mixed redwood)	525↑	650↑
Emeri	435	550↑
African mahogany (Ivorensis)	555	825↑
Makore	573	680↑
Niangon	591	580↓
Odum	660↑	779↑
Sapele	610	779↑
Wawa 1C & Select	300	348

### Export Plywood Prices

Plywood, FOB	€ per m <sup>3</sup>		
BB/CC	Ceiba	Ofram	Asanfinia
4mm	420	600	641
6mm	400	535↓	622
9mm	382	460↑	510
12mm	360↓	460↑	450
15mm	339	399	407
18mm	316	357	370

Grade AB/BB would attract a premium of 10%, B/BB 5%, C/CC 5% and CC/CC 10%.

### Export Added Value Product Prices

Parquet flooring 1st	FOB € per sq.m		
	10x60mm	10x65-75mm	14x70mm
Apa	14.00	15.70	18.80
Odum	10.00	12.10	11.70
Hyedua	14.00	14.93	18.45
Afrormosia	15.50	18.65	18.55

Grade 2 less 5%, Grade 3 less 10%.

## Report from Malaysia

### Quiet trading during Lunar holiday period

Chinese New Year fell on 19 February and that heralded the start of the Year of the Goat (sheep or ram in some communities). This is a major festive period for the many communities in Asia who follow the lunar calendar.

Apart from the official public holidays, the timber industry in Malaysia usually takes a long break. Some logging companies break for as long as the traditional 15 days. However, some processing mills were back at work after the two day official national holiday.

Both production and trade is very slow over the Chinese New Year and there have been no market developments of note.

### Strong growth in final Qtr 2014

On the economic front industry watchers were pleasantly surprised by some good news. Malaysia's GDP rose 5.8 % year on year in the last quarter of 2014 after increasing 5.6 % in the third quarter.

Despite the fall in commodity prices GDP growth was firm driven by private consumption and investment. The sharp fall in crude oil prices, a major export from Malaysia, has forced a revision of the budget and first quarter 2015 growth may be weaker than initially estimated. Petroleum income makes up about a third of the Government's annual revenue.

Most economists remain cautious on the outlook for 2015 as they expect the slump in oil prices to have a bigger impact on exports in the near future.

Bank Negara has said private consumption is likely to moderate in 2015 especially as consumer sentiment will be dampened when the new consumption tax rate of 6 % that is introduced in April.

### Exchange rate volatility across the region

All eyes are on the ringgit/US dollar exchange rate. The Malaysian ringgit is currently at a five year low against the US dollar but could weaken further. As the strength of the ringgit is linked to oil prices more exchange rate volatility can be expected.

Across the region currencies are slipping against the dollar and many Central banks are cutting interest rates. Indonesia was the most recent among Asian countries to lower its domestic interest rate.

In January Singapore loosened its monetary policy to keep its currency low. China and India have already lowered their rates. Analysts anticipate Thailand will soon decide to lower rates.

### Healthy export growth in 2014

Malaysia's wood product exports grew 9.7% in 2014 year on year. Wooden furniture and plywood exports accounted for around 54% of total exports but plywood exports were down marginally in 2014 compared to 2013 however, wood furniture exports expanded 10% year on year.

Log exports were a massive 59% higher in 2014 compared to 2013. The 2014 export statistics from the Malaysian Timber Industry Board are shown below.

### Malaysia's export of major wood products (ringgit)

Product	2013	2014
Logs	1,869,699,956	2,973,230,432
Sawnwood	2,413,234,094	2,545,034,149
Plywood	5,322,419,393	5,199,944,311
Veneer	287,230,948	304,008,721
Mouldings	619,126,502	711,243,080
Particleboard	335,604,438	333,367,351
Fibreboard	1,027,205,817	995,038,817
Wooden frame	123,553,272	123,743,956
Builders woodwork	949,601,114	1,000,302,605
Wooden furniture	5,737,248,402	6,328,334,275
Rattan furniture	27,440,867	35,149,879
Other products	816,124,781	870,266,303
Total	19,528,489,584	21,419,663,879

Source: Malaysian Timber Industry Board

## Report from Indonesia

### Ministry of Industry – No to log exports

The Minister of Industry, Saleh Husin said the country has no policy allowing log exports because many wood-based industries, especially furniture makers, would be adversely affected.

He said that his ministry fully supported the development of the national furniture industry, especially the small and medium-sized enterprises which need help in remaining competitive in an era of free trade.

There have been suggestions that the Ministry of Environment and Forestry was considering allowing the export of specific species as prices for domestic sales by growers were not competitive with international prices. Minister Saleh has indicated he will coordinate with the Minister of Environment and Forestry on this issue.

### SMEs benefitting from EU recognition of SVLK

Indonesia's wood product exports to the EU are expected to reach US\$1 billion this year according to Indonesia's Ambassador to the EU Arif Havas Oegroseno.

The Ambassador said that recognition of Indonesia's legality verification scheme (SVLK) contributed to a sharp increase in wood product exports to the EU in 2014 where shipments rose 27% from a year earlier to US\$690 million. In particular there was a sharp increase in exports from SMEs in Jepara, Yogyakarta and Bali.

### Investment in port modernisation

The Indonesian parliament approved and passed a revised budget which cuts the deficit and increased spending on infrastructure in what has been termed "productive" spending aimed at improving the country's infrastructure.

The impact of poor infrastructure on export competitiveness has often been highlighted. In particular, criticisms of the current ports infrastructure in terms of size limitations, especially for the second-tier ports and inconsistencies in regulations have been identified as slowing vessel turnaround times.

However, the government plans to modernise the country's ports system from the national budget of US\$430 billion over five years for upgrading infrastructure. Investments will be made to expand capacity at second-tier ports as well as improvements in Jakarta and Surabaya, the main international sea-ports.

### Domestic Log Prices

	US\$ per m <sup>3</sup>
Indonesia logs, domestic prices	
Plywood logs	
core logs	210-230
Sawlogs (Meranti)	135-150
Falcata logs	120-140
Rubberwood	115-1135
Pine	120-135
Mahoni (plantation mahogany)	130-145

### Domestic Ex-mill Sawwood Prices

	US\$ per m <sup>3</sup>
Indonesia, construction material, domestic	
Kampar (Ex-mill)	
AD 3x12-15x400cm	500-600
KD	-
AD 3x20x400cm	590-630
KD	-
Keruing (Ex-mill)	
AD 3x12-15x400cm	520-710
AD 2x20x400cm	490-520
AD 3x30x400cm	415-440

### Export Plywood Prices

	US\$ per m <sup>3</sup>
Indonesia ply MR BB/CC, export FOB	
2.7mm	500-550
3mm	570-620
6mm	-

### Domestic Plywood Prices

	US\$ per m <sup>3</sup>
MR Plywood (Jakarta), domestic	
9mm	420-450
12mm	390-420
15mm	340-360

### Export and Domestic Other Panel Prices

			US\$ per m <sup>3</sup>
Indonesia, Other Panels, FOB			
Particleboard	Export	9-18mm	710-735
		9mm	700-750
	Domestic	12-15mm	650-700
		18mm	590-620
MDF	Export 12-18mm		590-620
	Domestic 12-18mm		430-530

## Report from Myanmar

### Average Prices of sawn timber

Prices for sawn teak in the Open Tender held on 20 February averaged US\$4500 per cubic ton for boards and ranged from US\$1000 to US\$2000 per cubic ton for Second Class teak scantlings. Third Class (the lowest grade) scantlings sold for between US\$500 and US\$1000 per cubic ton.

Average prices in other tender sales were reported to be MMK 0.651 million per h.ton for teak and MMK 0.372 million for other sawn hardwoods in the Mandalay Division and MMK 0.632 for teak and MMK 0.359 for hardwoods in the Yangon Division.

The following timber was sold by Myanma Timber Enterprise by special open tender on 20 February 2015. Prices for logs are expressed in hoppus tons and prices for hewn or sawn teak are expressed in cubic tons.

### In-Kanyin sawnwood, Yangon

Type	Grade	Tons	Avg US\$/ton
Squares	Export	96	635
Squares	Export Reject	8	673
Sawn Gurjan	Second	79	517

Note: Squares normally measure 10" & up x 10" & up x 6' & up or 10' & up. Sawn Kanyin are conversions of various sizes and lengths. In Kanyin is also traded under the name of Gurjan.

### Hewn-timber

Type	Grade	Tons	Avg. Price US\$/ton
Tamalan	Market	153	2005
Padauk	Market	45	1723



#### Sawing grade teak logs

Grade	Tons	Avg. Price US\$/ton	Location
SG-7	545	1106	Yangon

#### Hardwood logs, Yangon

Species	Grade	Tons	Avg. Price US\$/ton
Padauk	4 <sup>th</sup>	14	2631
Pyinkadoe	1 <sup>st</sup>	40	526
Kanyin	1 <sup>st</sup>	2097	485
Ingyin	1 <sup>st</sup>	205	280

#### Forest loss along the Ayeyarwady River

The domestic press (Eleven Media) has reported a survey conducted by “Seine Yaung So”, a Mandalay-based environmental group, on conditions along the upper Ayeyarwady River where deforestation and water pollution from gold mining sites is reportedly severe. The group says deforestation can cause flooding, landslides and soil erosion.

The survey of the Ayeyarwady River will be presented to the public as well as to experts and relevant authorities to raise awareness of the need for greater protection efforts.

#### Trade deficit widens

The Myanmar Times of 18 February reported that the trade deficit widened to MMK 2.3 trillion during the first half of this fiscal year. Exports totalled K5.632 trillion between April and September, far below the K8.018 trillion in imports.

The government’s Planning and Financial Development Joint Committee figures showed that the deficit for the first half of FY 2013-14 was K394 billion, compared to K2.386 trillion for the first half of the 2014-15.

#### Slower growth forecast by IMF

An International Monetary Fund (IMF) team led by Yongzheng Yang visited Myanmar during January 28 to February 5. The press release after the mission from the IMF says: “Real GDP growth is expected to decelerate slightly to 7.8 percent in fiscal year (FY) 2014/15 (year ending March) from 8.3 percent in FY2013/14 due to slower growth in the agricultural sector.

Inflation is expected to pick up to around 6 percent year on year (y/y) in FY2014/15 from 5.8 percent in FY2013/14. The recent kyat depreciation is primary driven by the global strengthening of the U.S. dollar and a widening external current account deficit.

The trade deficit increased to 5.5 percent of GDP in December 2014 as imports grew by 25 percent y/y for the period April-December 2014 while exports growth remained flat.”

For more see:

<http://www.imf.org/external/np/sec/pr/2015/pr1548.htm>

**Correction:** Timber exports to US to reach 300 cubic tons. Volume 19 Number 3, 2015.

Barber Cho of the MTMA has advised that “there was a misinterpretation in the report on the IWPA trading with Myanmar. It is NOT a waiver for ALL US companies to trade with Myanmar. But it is a license for only IWPA members to trade with Myanmar as long as we commit to a reform agenda.”

### Report from India

#### US\$4.5 billion investment in housing

The CREDAI newsletter of December last year reported the real estate sector attracted US\$4.5 billion in investments between January and September last year with Mumbai topping the list of recipients. Of the total investment, land and development stage transactions attracted nearly 60 per cent from domestic as well as foreign entities.

See: <http://www.credai.org/indian-realty-market-sees-45-bn-investment-during-january-september-cbre-economic-times>

#### Re-zoning Mumbai to boost housing development

In related news the VOX news site has an analysis of the negative impact of restrictions on residential housing in India and the initiative of the government to rezone parts of Mumbai.

This rezoning says Matthew Yglesias in the VOX write-up “is probably the most important urban-policy development in the world today. It should fairly dramatically increase living standards in one of the biggest cities on the planet and possibly do a great deal to drive economic growth forward throughout India.”

The VOX report says “Greater Mumbai’s governing authority is proposing a sweeping change to the permitted Floor Space Index (FSI, the ratio of a building’s total floor area to the size of the piece of land upon which it is built).

Under the plan, Mumbai is set to be divided into five zones with an FSI of 8 allowed in the very densest areas and FSIs in the 5-6 range in places well-served by mass transit. Fifty-eight percent of the city’s land area would remain below 3.5, resulting in an increase in the amount of building allowed in many areas.

Because Mumbai offers job opportunities people continue to move into the city putting a massive strain on housing development which is constrained by regulations which have not keep pace with urbanisation. The VOX report says in 2009 the Mumbai resident had an average residential space only 12% of that of Shanghai residents.”

For more see: <http://www.vox.com/2015/2/20/8072575/mumbai-fsi-reform>

### Review of obsolete environmental legislation planned

Government sponsored 'brain-storming' on amendments to laws on various aspects of environmental protection will be conducted involving the Indian Forest Service (IFS). The brain-storming sessions will be held in Bengaluru, Bhopal and Guwahati.

Prakash Javadekar, the Environment Minister said a panel had recently reviewed existing laws and suggested amendments. The laws, which were reviewed by a four-member panel headed by former cabinet secretary T S R Subramanian, are the Environment (Protection) Act, 1986, the Forest (Conservation) Act, 1980, the Wildlife (Protection) Act, 1972, the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.

The new government wants to review and remove inappropriate or obsolete content from existing laws but this is a huge task as there are over 2500 Acts on the statute book of which the Prime Minister's office has listed almost 2000 for repeal.

### Canada promotes its wood products in India

Canada's largest softwood producers joined a government-sponsored trade mission to India to promote Canadian wood products as sustainably sourced and environmentally friendly.

Products made from Western Canadian species were displayed at the DelhiWood trade show this January and February, including doors, furniture and interior paneling.

Canadian wood products are also permanently displayed in Mumbai and promoted by the government of British Columbia/Canada to Indian manufacturers, importers, interior designers and architects. Traditionally India uses mainly hardwoods but is increasingly switching to more use of softwoods.

### Auction sales at depots of Western India

Because many buyers refused to attend the most recent e-auction as the terms of trade and the transparency in dealings were considered unacceptable the sales were postponed.

Domestic natural forest teak logs are preferred over imported plantation teak as logs from domestic forests are of a greater diameter and thus the sap is proportionally smaller which results in higher recovery rates.

Teak log buyers are hopeful that their concerns on the e-auction process can be address providing for a quick resumption of sales to clear the backlog of timber in the depots.

### Teak sales at Central India forest depots.

The series of auctions in Central India continued and prices were firmer as buyers were active having refused to participate in the sales in Gujarat.

### Domestic natural forest teak log prices

	Rs per cu.ft
4-5 m length	
91 cms & up girth	1800-2000
76 to 90 cms girth	1700-1800
61 to 75 cms girth	1400-1600
46 to 60 cms girth	1200-1350
3-4 m length	
91 cms & up girth	1450-1550
76 to 90 cms girth	1300-1400
61 to 75 cms girth	1250-1350
46 to 60 cms girth	1000-1100
2-3m length	
91cms & up girth	1250- 1300
76 to 90 cms girth	1100-1200
61 to 75 cms girth	1000-1100
46 to 60 cms girth	900-1000

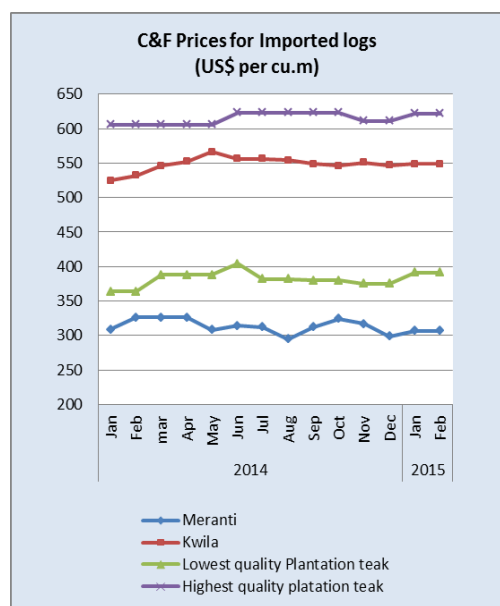
### Current C&F prices for plantation teak

C&F prices have not changed over the past two weeks

	US\$ per cu.m C&F
Belize logs	350-400
Benin logs	367-680
Benin sawn	530-872
Brazil logs	402-797
Brazil squares	390-680
Cameroon logs	365-510
Colombia logs	388-650
Congo logs	380-710
Costa Rica logs	414-840
Côte d'Ivoire logs	303-720
Ecuador squares	315-540
El-Salvador logs	377-712
Ghana logs	286-650
Guatemala logs	404-550
Guyana logs	300-450
Kenya logs	350-600
Laos logs	300-605
Liberia logs	350-460
Malaysian teak logs	363-525
Nicaragua logs	350-596
Nigeria squares	316-450
Panama logs	319-750
PNG logs	400-575
Sudan logs	479-820
Tanzania teak, sawn	307-885
Thailand logs	460-700
Togo logs	230-715

Trinidad and Tobago logs	420-680
Uganda logs	408-860
Uganda Teak sawn	680-900

Variations are based on quality, length of logs and the average girth.



#### Prices for domestically milled sawnwood from imported logs

Current exmill prices for air dried sawnwood are shown below. Prices have not changed over the past two weeks.

Sawnwood	Rs per cu.ft
Ex-mill	
Merbau	1550-1650
Balau	1700-1900
Resak	1200-1400
Kapur	1250-1300
Kempas	1100-1200
Red Meranti	925-975
Radiata pine AD	550-650
Whitewood	600-650

Price variations depend mainly on length and cross section

#### Prices for domestically milled Myanmar teak

Prices are generally stable but prices for decking have seen a correction.

Sawnwood (Ex-mill)	Rs. per cu.ft
Myanmar Teak (AD)	
Export Grade F.E.Q.	8000-16000
Teak A grade	6000-7000
Teak B grade	4250-4500
Plantation Teak FAS grade	3500-3700

Price variations depend mainly on length and cross section

#### Imported 12% KD sawn wood prices per cu.ft ex-warehouse

No price changes have been reported

Sawnwood, (Ex-warehouse) (KD)	Rs per ft <sup>3</sup>
Beech	1300-1350
Sycamore	1300-1400
Red oak	1500-1650
White Oak	1600-1800
American Walnut	2300-2400
Hemlock clear grade	1300-1400
Hemlock AB grade	1100-1200
Western Red Cedar	1600-1650
Douglas Fir	1200-1300

Price variations depend mainly on length and cross section

#### Prices for WBP Marine grade plywood from domestic mills

Plywood,	Rs. per sq.ft
Ex-warehouse, (MR Quality)	
4mm	40.00
6mm	53.50
9mm	67.75
12mm	84.00
15mm	111.00
18mm	117.00

#### Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.20.40	Rs.30.20
6mm	Rs.31.00	Rs.38.85
9mm	Rs.39.00	Rs.47.00
12mm	Rs.46.40	Rs.57.00
15mm	Rs.57.00	RS.69.50
19mm	RS.66.00	Rs.78.00
5mm Flexible ply	Rs.41.25	

#### Report from Brazil

##### Interest rates soar in the face of stubborn inflation

Brazil's Central Bank pushed interest rates higher at its latest meeting lifting the rate from 11.75% to 12.25%. This is the highest rate since August last year.

The move on interest rates comes as the Consumer Price Index (IPCA), jumped to 1.24% in January 2015, after the 0.78% increase in December 2014.



The January inflation figure is another record being the highest since February 2003 (1.57%).

The Central Bank, in its Boletim Focus, a weekly Central Bank survey of analysts from about 100 private financial institutions, says the economy is expected to contract 0.5% this year and that inflation will be above the government's projection.

However, those surveyed for the Boletim analysis still expect GDP to grow 1.5 percent in 2016. The Boletim Focus says Brazil's inflation is likely to finish 2015 at just over 7%, slightly higher than previously estimated.

For more see:

<http://www.bcb.gov.br/pec/gci/ingl/Readout/R20150220.pdf>

#### **ABIMAD fair promotes new styles and concepts**

The 19<sup>th</sup> ABIMAD fair (Associação Brasileira das Indústrias de Móveis - Brazilian Association of Furniture Industries) ran from 3-6 February attracting round 22,000 visitors (retailers and industry professionals) and recorded business deals worth an estimated R\$500 million. Attendance at this years' fair was a 10% increase compared to 2014.

The theme of the 19th ABIMAD was 'Immerse yourself in high decoration'. According to Rafael Magno, of the ABIMAD marketing department, upon entering the pavilion, visitors were greeted by many different styles and concepts for interior decoration.

The highly decorative furniture sector in Brazil is growing faster than other sectors of the economy and trading values are in the region of R\$7 billion per year.

According to ABIMAD, output from this sector is increasing to meet growing domestic demand which has been sustained even under the current tough economic conditions in the country.

#### **Reforestation project in Tocantins**

The Bank of Amazonia (BASA) approved R\$51.3 million in funding for industrial scale forest plantation development in the state of Tocantins.

The initial funding will be for the establishment of 10,000 hectares of eucalyptus plantations across 39 properties in the municipalities of Wanderlândia, Darcinópolis, Nova Olinda, Goiatins, Babaçulândia, Filadélfia and Palmeirante. The purpose is to produce pulp logs, biomass raw material and sawlogs.

#### **Location of State of Tocantins**



Source: wikipedia

The project aims to promote the economies in the region through job creation. The total investment in the plantations is projected at R\$64.2 million of which R\$12.9 will be provided by the private sector and R\$ 51.3 from BASA.

#### **January export round-up**

In January 2015, Brazilian exports of wood-based products (except pulp and paper) increased 7.6% in value compared to January 2014, from US\$ 174.2 million to US\$ 187.5 million.

Pine sawnwood exports increased significantly (28%) in value in January 2015 compared to January 2014, rising from US\$13.9 million to US\$17.8 million. In volume, exports rose 25%, from 61,000 cu.m to 76,400 cu.m over the same period.

Tropical sawnwood exports were up 22.4% in volume, from 22,800 cu.m in January 2014 to 27,900 cu.m in January 2015. In terms of value, exports increased 12.5% from US\$13.6 million to US\$15.3 million, over the same period.

Pine plywood exports also increased ring almost 17% in value in January 2015 in comparison with January 2014, from US\$27.2 million to US\$31.8 million. The volume of pine plywood exports increased 14%, from 74,900 cu.m to 85,300 cu.m, over the same period.

Surprisingly tropical plywood exports also increased in January from 2,200 cu.m in January 2014 to 5,500 cu.m this January. The value of tropical timber exports increased 100% from US\$1.4 million in January 2014 to US\$2.8 million in January 2015.

However, wooden furniture exports fell from US\$29.9 million in January 2014 to US\$26.4 million in January 2015, a 12% decline.



Source: MDIC/Secex, compiled by STCP (Feb./2015)

In previous issues it was reported that furniture exports from the Bento Gonçalves furniture cluster (one of the main clusters of Rio Grande do Sul state) have fallen. Especially badly affected was demand in Argentina (-59%) and Venezuela (-52%).

### Project 'Orchestra Brazil' in 2015

The 2015 calendar for the project 'Orchestra Brazil', a partnership between Bento Gonçalves Furniture Industry Union (SINDIMÓVEIS) and the Brazilian Agency for Export and Investment Promotion (APEX-Brazil), has been set out.

The project aims to enhance integration of furniture industries in their approach to international markets. The 2015 calendar of events includes fairs, meet buyer projects and missions in South Africa, Germany, Argentina, Bolivia, Chile, Colombia, United States, Italy, Guatemala, Mexico and Turkey.

The first activity of the year was a sponsored visit by four companies to the Kitchen and Bath Industry Show (KBIS) in Las Vegas. 'Orchestra Brazil' will be one of the supporters of the March Fimma Brazil Buyer Project (International Fair of Machines, Raw Materials and Accessories for the Furniture Industry) which will take place in Bento Gonçalves (Rio Grande do Sul State).

In 2015, 'Orchestra Brazil' introduced changes which now segment participating industries by their export capacity so that activities can be tailored to the various companies.

Companies are now classified as those new to exporting, beginner exporters, regular exporters and experienced international exporters. The categories are not related to the size of the company but to their willingness and experience in exporting.

The companies about to enter the export market will be provided with information on foreign markets. Those companies that are in the initial phase of exporting will get support to diversify their markets; companies with solid exports will focus on increasing competitiveness and companies firmly established in international markets will be supported to increase global market share.

Currently, the project has the participation of 73 industries and 50 design studios.

The priority markets for 2015 are South Africa, Guatemala, Mexico, United States, Argentina, Colombia, Peru, Turkey, Bolivia and Chile.

For more see: <http://www.sindmoveis.com.br/portal/>

### Forest sector exports in 2014

Brazilian exports of pulp, paper and timber in 2014 were valued at US\$5.29 billion, US\$ 1.93 billion and US\$ 2.73 billion, respectively according to the Secretariat of Agricultural Policy (SPA), the Ministry of Agriculture, Livestock and Food Supply (MAPA). The value of primary forest production exceeded R\$13 billion and the sector employed some 4.5 million people.

Planted forests in Brazil extend to 7.6 million hectares or approximately 1% of production forest area of the country. This sector accounts for 75% of all that is consumed by forest-based industries in the country. The gross domestic product of the sector was US\$56 billion, representing 1.2% of all wealth generated in the country.

### Domestic Sawnwood Prices

Brazil sawnwood, domestic (Green ex-mill)	US\$ per m <sup>3</sup>
Ipe	835↓
Jatoba	451↓
Massaranduba	387↓
Muiracatiara	430↓
Angelim Vermelho	369↓
Mixed red and white	231↓
Eucalyptus (AD)	225↓
Pine (AD)	159↓
Pine (KD)	176↓

### Domestic Log Prices

Brazilian logs, mill yard, domestic	US\$ per m <sup>3</sup>
Ipe	169↓
Jatoba	98↓
Massaranduba	102↓
Muiracatiara	107↓
Angelim Vermelho	98↓
Mixed redwood and white woods	86↓

### Domestic Plywood Prices (excl. taxes)

Parica	US\$ per m <sup>3</sup>
4mm WBP	648↓
10mm WBP	521↓
15mm WBP	453↓
4mm MR	584↓
10mm MR	440↓
15mm MR	416↓

Domestic prices include taxes and may be subject to discounts.

### Prices For Other Panel Products

Domestic ex-mill Prices	US\$ per m <sup>3</sup>
15mm MDP/Particleboard	278↓
15mm MDF	416↓

### Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per m <sup>3</sup>
Ipe	1305
Jatoba	1003
Massaranduba	755
Muiracatiara	721
Pine (KD)	230

### Export Plywood Prices

Pine Plywood EU market, FOB	US\$ per m <sup>3</sup>
9mm C/CC (WBP)	360
12mm C/CC (WBP)	332
15mm C/CC (WBP)	328
18mm C/CC (WBP)	317

### Export Prices For Added Value Products

FOB Belem/Paranagua Ports		US\$ per m <sup>3</sup>
Decking Boards	Ipê	2,337
	Jatoba	1,525

## Report from Peru

### Private companies invest in plantations

ICCGSA Investments expects the first harvest of bolaina (Guazuma crinita) to be made shortly from its plantations in the province of Puerto Inca.

To-date the company has established just over 1,000 hectares in cooperation with Reforestadora Amazonica S.A. This company is responsible for planting, maintaining, harvesting and converting the timber wood.

CIFOR says "Bolaina has traditionally been used in places such as Contamana as a cheap wood for construction. Demand for bolaina surged in 2007, after a strong earthquake leveled the city of Pisco, on Peru's southern coast and manufacturers bought large amounts of the wood for prefabricated houses."

### Exporters expect recovery in 2015

Noting that 2014 was an unremarkable year for the timber sector, Erik Fischer, chairman of the Wood and Wood Industry Association of Exporters (ADEX), said that 2015 may be the year in which the industry could realise the long-awaited recovery.

Currently, regional export markets are weakening. Demand in the US is improving but buyers for the Mexican market are quiet and in Europe there still considerable volatility.

### Export Sawnwood Prices

Peru Sawnwood, FOB Callao Port		US\$ per m <sup>3</sup>
Mahogany S&B KD 16%, 1-2" random lengths (US market)		1570-1655
Spanish Cedar KD select		
North American market		958-977
Mexican market		946-965
Pumaquiro 25-50mm AD Mexican market		545-598

Peru Sawnwood, FOB Callao Port (cont.)		US\$ per m <sup>3</sup>
Virola 1-2" thick, length 6'-12' KD		
Grade 1, Mexican market		439-508
Grade 2, Mexican market		388-423
Cumaru 4" thick, 6'-11' length KD		
Central American market		841-865
Asian market		871-916
Ishpingo (oak) 2" thick, 6'-8' length		
Spanish market		509-549
Dominican Republic		623-653↑
Marupa (simarouba) 1", 6-11 length Asian market		456-506↑

Peru Sawnwood, FOB Iquitos		US\$ per m <sup>3</sup>
Spanish Cedar AD Select Mexican market		911-931
Virola 1-2" thick, length 6'-13' KD		
Grade 1, Mexican market		433-474
Grade 2, Mexican market		342-381
Grade 3, Mexican market		161-176
Marupa (simarouba) 1", 6-13 length KD		
Grade 1, Mexican market		369-426

### Domestic Sawnwood Prices

Peru sawnwood, domestic		US\$ per m <sup>3</sup>
Mahogany		-
Virola		170-195
Spanish Cedar		296-355
Marupa (simarouba)		142-154

### Export Veneer Prices

Veneer FOB Callao port		US\$ per m <sup>3</sup>
Lupuna 3/Btr 2.5mm		221-249
Lupuna 2/Btr 4.2mm		234-266
Lupuna 3/Btr 1.5mm		219-228

### Export Plywood Prices

Peru plywood, FOB Callao (Mexican Market)		US\$ per m <sup>3</sup>
Copaiba, 2 faces sanded, B/C, 15mm		328-365
Virola, 2 faces sanded, B/C, 5.2mm		466-489
Cedar fissilis, 2 faces sanded.5.5mm		759-770
Lupuna, treated, 2 faces sanded, 5.2mm		373-399
Lupuna plywood B/C 15mm		413-441
B/C 9mm		366-385
B/C 12mm		350-360
C/C 4mm		389-425
Lupuna plywood B/C 4mm Central Am.		370-393

### Domestic Plywood Prices (excl. taxes)

Iquitos mills		US\$ per m <sup>3</sup>
122 x 244 x 4mm		508
122 x 244 x 6mm		513
122 x 244 x 8mm		522
122 x 244 x 12mm		523
Pucallpa mills		
122 x 244 x 4mm		503
122 x 244 x 6mm		511
122 x 244 x 8mm		513

### Domestic Prices for Other Panel Products

Peru, Domestic Particleboard		US\$ per m <sup>3</sup>
1.83m x 2.44m x 4mm		282
1.83m x 2.44m x 6mm		230
1.83m x 2.44m x 12mm		204

### Export Prices for Added Value Products

Peru, FOB strips for parquet		US\$ per m <sup>3</sup>
Cabreuva/estoraque KD12% S4S, Asian market		1296-138
Cumaru KD, S4S	Swedish market	922-1058
	Asian market	1181-1198↓
Cumaru decking, AD, S4S E4S, US market		1187-1278
Pumaquiro KD # 1, C&B, Mexican market		479-554
Quinilla KD, S4S 2x10x62cm, Asian market		493-519
2x13x75cm, Asian market		732-815

## Report from Guyana

### Focus on value-added production

A sharper focus on value-added production and dissemination of information on the implications of the Guyana EU/FLEGT agreement that is now being negotiated are among the priority areas in the forestry sector identified in the new five year (2015-2019) strategic plan formulated by Forest Products Development and Marketing Council of Guyana (FPDMC).

It is envisaged that the EU/FLEGT agreement will open up greater market opportunities for Guyana's timber products. With this in mind, the FPDMC will be embarking on a sensitisation drive which will be designed to inform stakeholders on the conditions that would have to be met in order for Guyana to be compliant with this agreement.

As such these would include methodology and legality with respect to harvesting of timber and chain of custody of forest products. Additionally stakeholders will also be informed of the need to maintain a high level of quality of timber products.

The FPDMC is set up to work with stakeholders to promote the sustainability of the country's forest products by increasing value-added and competitiveness through improved capability and enhanced trade opportunities and market access.

In related news, leaders of Guyana's Amerindian communities, while welcoming the efforts to strengthen forest management, have called for Amerindian land rights to be secured and more community involvement in the negotiations on the VPA.

### Export prices

There were no exports of greenheart or mora logs in the period reported

Logs, FOB Georgetown		US\$ price per m <sup>3</sup>		
		Std	Fair	Small
Greenheart		-	-	-
Purpleheart		215	200	200
Mora		-	-	-

### Export Sawnwood Prices

Sawnwood, FOB Georgetown		US\$ price. per m <sup>3</sup>	
EU and US markets		Undressed	Dressed
Greenheart	Prime	-	2577
	Standard	-	700-1118
	Select	590-1791	-
	Sound	912	-
	Merchantable	-	-
Purpleheart	Prime	1080-1120	-
	Standard	-	721-1163
	Select	954-1120	-
	Sound	700	-
	Merchantable	-	-
Mora	Prime	-	-
	Select	500	-
	Sound	-	-
	Merchantable	500	-

In the case of no price indication, there is no reported export during the period under review.

### Export plywood prices

Plywood, FOB Georgetown Port			US\$ Avg unit val. per m <sup>3</sup>
Baromalli	BB/CC	5.5mm	No export
		12mm	450-584
	Utility	5.5mm	No export
		12mm	No export

## Report from Japan

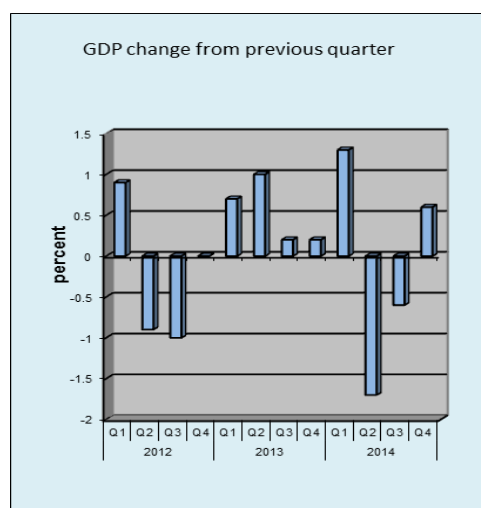
### GDP growth spurred by rising exports

With final quarter 2014 GDP returning to positive territory the Japanese economy pulled out of recession. Final quarter 2014 GDP rose 0.6%, a welcome sign but analysts were expecting a stronger rebound.

The improvement in GDP was achieved on the back of rising exports. Exports to China are growing as Chinese consumers are responding to the government's efforts to boost domestic consumption.

First quarter exports to the US, Japan's largest export market, were the best for almost five years. However, there are risks to sustained growth as the economies of China and the EU face difficulties.

Japan's GDP growth in the final quarter of 2014 was largely export driven but higher consumer spending will be the only way for the upward trend to be sustained. In a note of caution the Bank of Japan said lower energy costs if sustained will slow progress toward its inflation target of 2%.



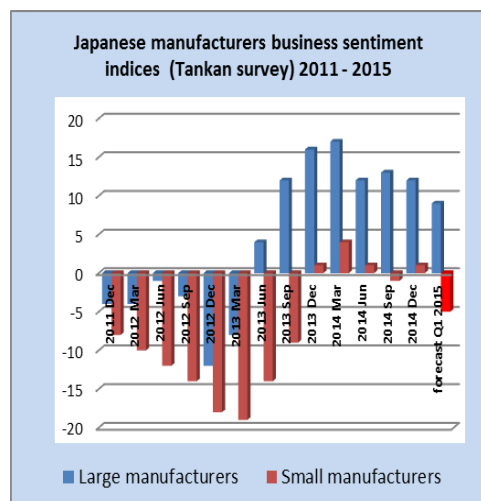
Data source: Cabinet Office, Japan

### SMEs manufacturers cheered by talk of government support

The final quarter 2014 survey of sentiment among Japan's manufacturers paints a depressing picture with sentiment amongst the large enterprises slipping by three points emphasising the pessimistic mood of manufacturers.

However smaller manufacturers were cheered by talk of government support for small enterprises which lifted the sentiment index for the small manufacturer group out of negative territory.

For the first quarter of 2105 the projection provided in the Tankan suggests a continuing downward trend in sentiment. This is not a surprise as domestic consumption remains weak.



Data source: Cabinet Office, Japan

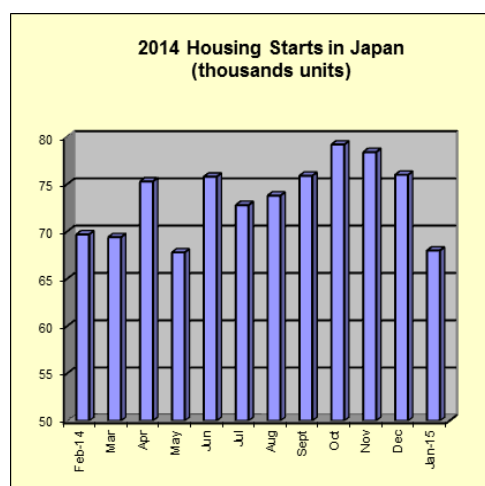
Japan's annual exports in January jumped the most since late 2013 in an encouraging sign the weak yen is finally helping the economy crawl out of recession.

#### January Housing starts affected by bad weather

January housing starts totaled 68,000 units, down from the 76,000 units in December 2014, an almost 11% drop. Year on year, January starts were 13% down.

Analysts were surprised by the sharp drop in January housing starts even taking into consideration the very bad weather in northern and western Japan which has brought construction to a halt.

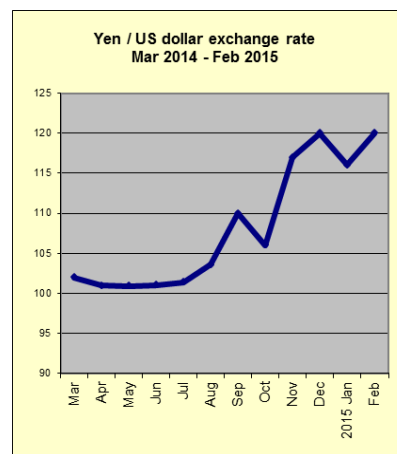
On the brighter side, construction companies in Japan reported an increase in orders during January.



Ministry of Land, Infrastructure, Transport and Tourism

#### Data suggests weaker yen boosted exports

The yen strengthened slightly towards the end of February as the Bank of Japan announced it has no immediate plans for further monetary easing.



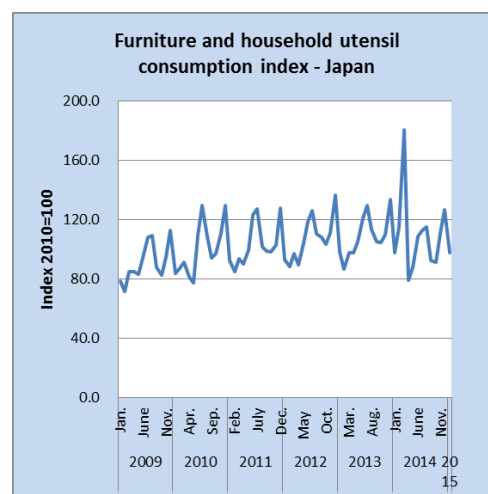
Recent data suggest that the weaker yen is boosting exports. January 2015 exports rose at the fastest rate since late 2013 and exporters are confident on prospects for the next three months despite a deteriorating global outlook.

The 17% year-on-year increase in January 2015 exports was the fifth monthly improvement driven by shipments of vehicles and electronics.

#### Furniture consumption trends

Japan's Statistics Bureau compiles an index on furniture and household item consumption and the trend is illustrated below.

Two things are readily apparent; there is a recurring increase in consumption just after companies in Japan pay the summer bonuses (June or July) to workers and the steep rise in furniture consumption just prior to the increase in consumption tax in April 2014.



Source: Statistics Bureau, Japan

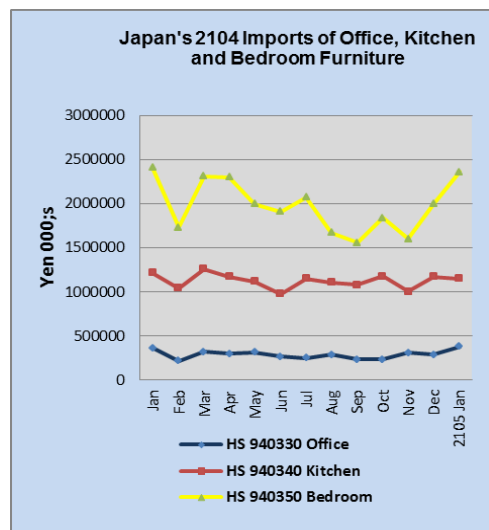
#### Japan's furniture imports

2015 got off to a good start for suppliers of bedroom furniture to Japan. January import statistics reveal a sharp rise in bedroom furniture imports compared to levels in December, building upon the gain seen at the end of 2014.



In contrast kitchen furniture imports in January 2015 were flat while office furniture imports rose marginally.

In comparison to imports in January 2014, Japan's office furniture imports in January 2015 were up around 4%. Imports of Kitchen furniture over the same period were down 5% and bedroom furniture imports were also down (2%) in January 2015 compared to the same month in 2014.



Data source: Ministry of Finance, Japan

#### Office furniture imports (HS 940330)

In January 2015 suppliers in three countries, China, Portugal, and Italy accounted for around 84% of all office furniture imports to Japan. Compared to December 2014 imports from China during January Japan's imports rose 36%, imports from Portugal fell 15% while imports from Italy doubled.

Of tropical suppliers only Malaysia, Indonesia and Vietnam supplied office furniture in January but their combined contribution to overall imports was just 4%. Suppliers in the EU, in contrast, accounted for 38% of Japan's office furniture imports.

#### Office furniture imports

Source	Imports, Jan 2015 Unit 1,000 Yen
S. Korea	2333
China	208785
Taiwan P.o.C	6335
Vietnam	3960
Malaysia	6535
Indonesia	3896
Sweden	11271
Denmark	4790
Netherlands	215
Germany	218
Portugal	70370
Italy	41555

Poland	5615
Lithuania	4615
Czech Rep.	1884
Slovakia	4472
Canada	606
USA	3793
total	381248

Data source: Ministry of Finance, Japan

#### Kitchen furniture imports (HS 940340)

In January this year Vietnam held on to the position of number one supplier of kitchen furniture to Japan. Imports from China in January 2015 were up 24% year on year but Vietnam suppliers could only manage a 6% improvement on December figures. The other two major suppliers, Philippines and Indonesia, saw imports fall close to 20%.

The top four suppliers, China, Philippines, Vietnam and Indonesia accounted for 94% of all Japan's January 2015 kitchen furniture imports. Suppliers in SE Asia; Vietnam, Thailand, Malaysia, Philippines and Indonesia accounted for 80% of Japan's January 2015 kitchen furniture imports.

#### Kitchen furniture imports

Source	Imports, Jan 2015 Unit 1,000 Yen
China	181559
Vietnam	529686
Thailand	26440
Malaysia	10236
Philippines	196344
Indonesia	153399
Denmark	288
UK	230
France	263
Germany	25890
Italy	7016
Poland	244
Austria	508
Romania	4966
Canada	6572
USA	4714
total	1148355

Data source: Ministry of Finance, Japan

#### Bedroom furniture imports (HS 940350)

Suppliers in SE Asia accounted for around 40% of Japan's bedroom furniture imports in January 2015. Of the five SE Asian countries shipping bedroom furniture to Japan the largest supplier was Vietnam.

Other suppliers were Thailand, Malaysia Philippines and Indonesia.

Despite the strong performance of SE Asian suppliers, China dominated January bedroom furniture imports by Japan where it saw its contribution to total imports climb 14% however, this rise was dwarfed by the massive 58% increase in supplies from Vietnam.

Both Thailand and Malaysia saw a decline in January 2105 shipments of bedroom furniture to Japan.

#### Bedroom furniture imports

Source	Imports, Jan 2015 Unit 1,000 Yen
China	1303954
Taiwan P.o.C	16772
Vietnam	788440
Thailand	78532
Malaysia	63512
Philippines	638
Indonesia	20826
Sweden	344
Denmark	3397
Italy	8808
Poland	43526
Austria	275
Romania	9258
Latvia	1942
Lithuania	1487
Slovakia	4442
Canada	250
USA	10992
total	2357395

Data source: Ministry of Finance, Japan

#### Trade news from the Japan Lumber Reports (JLR)

*The Japan Lumber Reports (JLR), a subscription trade journal published every two weeks in English, is generously allowing the ITTO Tropical Timber Market Report to reproduce news on the Japanese market precisely as it appears in the JLR.*

For the JLR report please see:

<http://www.n-mokuzai.com/modules/general/index.php?id=7>

#### North American log imports in 2014

Total import of North American logs in 2014 was 3,047 M cbms, 10.8% less than 2013. Log import in 2013 increased by 14% than 2012 due to rush-in import before the consumption tax hike so 2014 volume dropped compared to active import in 2013.

In the first half of 2014, demand was hot and orders increased and the supply could not catch up busy demand but in the second half, the demand sharply decreased and import volume dropped clearly.

At the beginning of last year, general forecast was reactionary drop of demand related to the increase of consumption tax should not be so much but foresight went wrong and the market struggled with heavy inventories in weak demand. Sawmills and plywood mills could not buy until their inventories decreased so the purchase volume dropped.

By unloading port, Kure and Kashima, where Chugoku Lumber has sawmills, remain top and second but the volume for Kure decreased by 20.7% from 2013 and the volume for Kashima also declined by 7.5%.

#### Ta Ann Plywood builds veneer plant

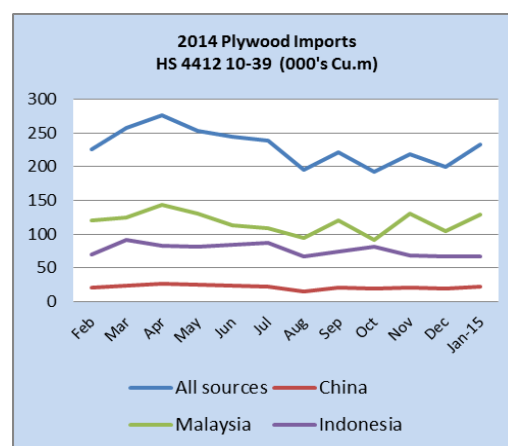
Ta Ann Plywood (Sibu, Sarawak, Malaysia, K.H.Won, president) is building veneer plant in Bintulu, which will start up the operation in June this year. It will use 3,000 cbms of acacia logs as raw material to produce 1,500 cbms of veneer. Veneer plant is built near acacia plantation and veneer is hauled to plywood plant to save transportation cost.

Total production of plywood plant will increase to about 20,000 cbms a month. Plan is to make concrete forming panel for coating and structural panel for Japan market.

#### Plywood

Domestic softwood plywood market is weakly holding. Deliveries of orders in December delayed by truck shortage but they completed in January so new orders started in late January.

The manufacturers proposed higher prices in late November and again in December but delay of deliveries confused the market and dealers were busy finishing order balances in January.



Data source: Ministry of Finance, Japan

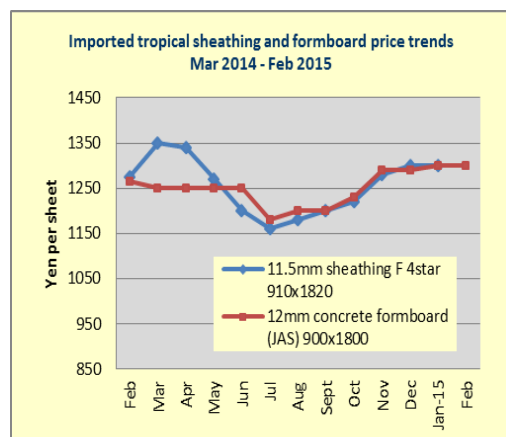
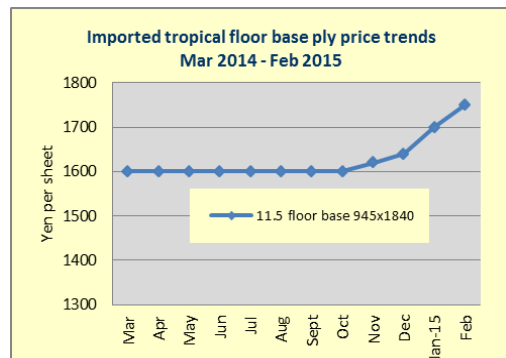
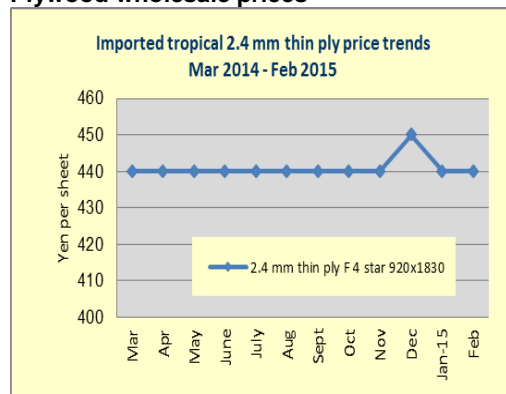
The movement is slow in the middle of winter and price quotations by precutting plants and large dealers are getting severe. Current market prices in Tokyo are 850-860 yen per sheet delivered, slightly down from last month.

Total softwood plywood production in 2014 was 2,617,100 cbms, 0.4% less than 2013 and the shipment was 2,523,400 cbms, 5.6% less. Import plywood market continues flat since last December. Since late January, higher cost cargoes started arriving but price increase is difficult by absence of demand.

Wholesalers, which have low cost inventories, do not have to increase the sales prices so much based on their cost so the market prices do not go up.

Since last October, many ships arrived at one time so that unloading works delayed and port inventories increased. In Tokyo market, prices of JAS 3x6 concrete forming for coating are 1,400-1,420 yen per sheet delivered, no change from January.

### Plywood wholesale prices



### Pace of decline in house prices eases

New home prices in China registered their fifth monthly decline in January according to the National Statistics Bureau. Compared to December 2014 prices for new homes in 64 of the 70 cities surveyed fell with rising prices only being recorded in two major cities.

See:

[http://www.stats.gov.cn/english/PressRelease/201502/t20150217\\_684850.html](http://www.stats.gov.cn/english/PressRelease/201502/t20150217_684850.html)

Compared with January 2014 prices for second-hand homes also fell in most of the cities surveyed. Analysts have pointed out that the pace of price decline has slowed signalling a measure of market stabilisation and that perhaps the worst may be over for property developers.

However, there is a massive stock of unsold homes in most major cities in China, especially in the so-called "second-tier" cities, where the pace of decline in home prices continues to accelerate.

### Commercial logging in natural forests to be phased out

President Xi Jinping has signalled that all natural forests should be protected. According to Zhao Shucong, Head of the State Forestry Administration (SFA), China will stop commercial logging in natural forests in three stages.

In the first stage commercial logging in natural forests in the state-owned forests in the Northeast and Inner Mongolia will be halted. These areas provide around 2.56 million cubic metres of logs annually. At the same time logging bans will be piloted in state-owned forest farms, collectives and individual natural forests falling outside protected forest areas.

In the second stage, commercial logging in other categories of natural forests will be phased out but logging will continue non-natural forests falling within collective and individual non-natural forest areas. The final stage will be the cessation of commercial harvesting in all natural forests by the end of 2020.

China has implemented a Natural Forest Protection Programme (NFPP) for the past 16 years but the forests in many provinces have not recovered as anticipated.

It is estimated that almost 200 million hectares of natural forests need to be protected but currently only 64% fall with the NFPP.

The loss of around 50 million cubic metres of annual harvests from the natural forests in China will add to the already huge gap between demand for timber and supply and greater reliance will fall on imports until sufficient plantation areas can be established.

For more see

[http://news.xinhuanet.com/english2010/china/2011-01/10/c\\_13684087.htm](http://news.xinhuanet.com/english2010/china/2011-01/10/c_13684087.htm)

### Distribution of furniture production

There are four major furniture production areas in China within which 13 significant production bases now exist.

The furniture production bases in Northern China are mainly in Beijing, Tianjin, Dalian, Shenyang and Harbin. Furniture production Eastern China is concentrated in Jiangsu, Shanghai and Zhejiang (Hangzhou city, Wenzhou city, Shaoxing city, Yuhuan city, Yiwu city in Zhejiang).

Some 40% of China's furniture production is concentrated in the Pearl River Delta in Southern China, generally considered the birthplace of China's modern furniture production.

Furniture production in Southwest China is concentrated in Sichuan province and Chengdu city. In addition, furniture production in Wuhan city, Fujian province and in Shandong province contributes significantly to total production.

### MDF exports increased in 2014

MDF exports from Guangdong province more than doubled to 142,800 cubic metres in 2014. The increase has been attributed to improvements in the quality of production to international standards.

MDF exports to Iran and Russia grew by almost 40% in 2014 and new markets were established in Saudi Arabia.

### Stocks of Australian logs surge

China's stocks of Australian logs on 1 January 2015 were around 74,000 cubic metres but had jumped to 92,000 cubic metres by 1 February, an almost 25% increase.

Stocks at Penglai Port, Shandong Province were the largest at 130,000 cubic metres followed by Longkou Port (also Shandong province). Stocks of Australia logs are less than 100 000 cubic metres at other ports.

### Veneer production begins at China-Russia Tomsk wood industry zone

It has been reported that a veneer plant with an annual output of 110,000 cubic metres has begun operation in the China-Russia Tomsk Wood Industry and Trade Cooperation Zone.

### Location of Tomsk Oblast in Russia



Source: wikipedia

Construction of this wood industry and trade zone started in 2010 and is the largest project undertaken within the framework of the China-Russia Forest Resources Cooperation, Development and Utilization Project approved by the Chinese and Russian governments.

The industrial zone will span some 7 square kilometers when completed and it has been estimated that annually 4.5 million cubic metres of logs will be processed. Currently 19 enterprises have constructed facilities in the zone and they produce 200,000 cubic metres of various types of wood panels. As of the end of 2014, investment in the zone totalled US\$400 million.

### Guangzhou Yuzhu International Timber Market Wholesale Prices

#### Logs

	Logs	yuan/cu.m
Merbau	dia. 100 cm+	5200-5400
Bangkirai	dia. 100 cm+	5300-5500
Kapur	dia. 80 cm+	2800-3000
Ulin	All grades	6500
Lauan	dia. 60 cm+	2000-2200
Kempas	dia. 60 cm+	2000-2100
Teak	dia. 30-60 cm	8000-12000

	Logs	yuan/cu.m
Greenheart	dia. 40 cm+	2300-2450
Purpleheart	dia. 60 cm+	3100-3300
Pau rosa	dia. 60 cm+	4700-4800
Ipe	dia. 40 cm+	4000-4800
yuan per tonne		
Cocobolo	All grades	53000-58000

	Logs	yuan/cu.m
Wenge	All grades	4300-5200
Okoume	All grades	2200-2500
Okan	All grades	3700-3800
African blackwood	All grades	8000-15000
African rosewood	All grades	5000-6500
Bubinga	dia. 80 cm+	13000-15000

	Logs	yuan/cu.m
Ash	dia. 35 cm+	4200-4300
Basswood	dia. 36 cm+	3500-3800
Elm	dia. 36	2800-3600
Catalpa	dia. 36	2800-4200
Oak	dia. 36 cm+	4000-5500
Scots pine	dia. 36 cm+	2000-2200
Larch	dia. 36 cm+	1550-1900
Maple	dia. 36 cm+	2700-3050
Poplar	dia. 36 cm+	1650-1950
Red oak	dia. 30 cm+	2500-2600

#### Sawnwood

	Sawnwood	yuan/cu.m
Makore	Grade A	7300
Zebrano	Grade A	12000-15000
Walnut	Grade A	9500-10000
Sapelli	Grade A	7500-7900
Okoume	Grade A	4200-4500
Padauk	Grade A	14500-17000
Mahogany	Grade A	6500-7000
<b>yuan/tonne</b>		
Ebony	Special grade	16000

	Sawnwood	yuan/cu.m
Ulin	All grade	9000-10000
Merbau	Special grade	8600-9500
Lauan	Special grade	4600-4800
Kapur	Special grade	5500-6000
Teak	Grade A	9600
Teak	Special grade	14000-20000

	sawnwood	yuan/cu.m
Cherry	FAS 2 inch	10000-12800
Black walnut	FAS 2 inch	14000-16000
Maple	FAS	7500-10000
White oak	FAS	8000-11000
Red oak	FAS	6800-9000
Finnish pine	Grade A	3000

	Sawnwood	yuan/cu.m
Maple	Grade A	10000-10500
Beech	Special grade	5300
Ash	no knot	5000-5800
Basswood	no knot	2700-3500
Oak	no knot	4000-5500
Scots pine	no knot	2800

#### Shanghai Furen Forest Products Market Wholesale Prices

#### Logs

Logs All grades	000's yuan/tonne
Bois de rose	250-300
Red sandalwood	1600-2000
Siam rosewood	100-550
Burma padauk	27-45
Rengas	8-15
Mai dou lai	6000-8000
Neang noun	32-65
Burma tulipwood	28-60
Cocobolo	43-180
Morado	10 - 15
Ebony	15-40
Trebol	7-8
African sandalwood	18-32

#### Sawnwood

	Sawnwood	yuan/cu.m
Okoume	Grade A	4500-4700
Sapelli	Grade A	7600-7900
Zebrano	Grade A	8000-9000
Bubinga	Grade A	13500-15800
Mahogany	Grade A	6000-7000
Wawa	FAS	3700-3900
Ayous	FAS	4000-4200

	Sawnwood	yuan/cu.m
Lauan	Grade A	3700-3900
Merbau	All grade	8000-10000
Teak	All grade	11500-36000

	Sawnwood	yuan/cu.m
Beech	Grade A	4200-4800
Ash	Grade A	5500-6500
Elm	Grade A	4900-5300
Red oak	2 inch FAS	8000-8600
White oak	2 inch FAS	7500-8500
Maple	2 inch FAS	9800-10500
Cherry	2 inch	9500-10500
Black walnut	2 inch	15000-17000



## Zhangjiagang Timber Market Wholesale Prices

Logs, all grades	yuan/tonne
Sapelli	4500-5700
Kevazingo	8700-34000
Padouk de africa	3000-3800
okoume	2100-2600
Okan	3490-3650
Dibetou	2200-2500
Afrormosia	5500-6500
Wenge	4500-5000
Zingana	4200-5500
Acajou de africa	3100-3600
Ovengkol	3850-4300
Pao rosa	5950-6600

Logs, all grades	yuan/tonne
Merbau	3500-5800
Lauan	1600-2400
Kapur	2020-2500
Keruing	1700-2200
Geronggang	1600
kauri	1700-1850

Logs, all grades	yuan/tonne
Amoora	1900-2080
Calophyllum	2150-2350
Red ganarium	1300-1400
Gray Canarium	1100-1200
Red-brown terminalia	1680-1750
Basswood	1200-1400
Sureni toona	1500-1650
Bunya	1400-1550
Walnut	2900-3350

## Report from Europe \*

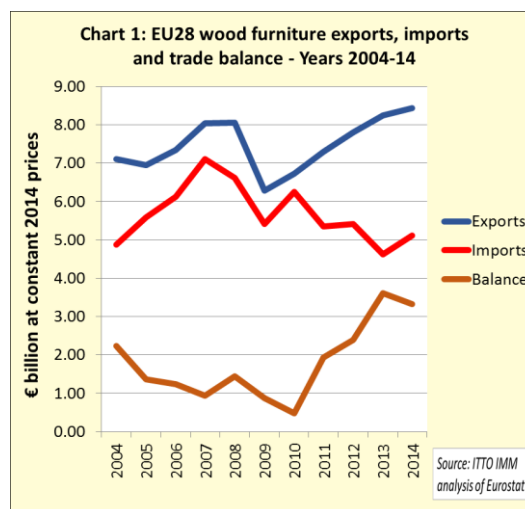
### EU trade in wood furniture rises in 2014

The sharp rise in the EU trade surplus in wooden furniture between 2010 and 2013 came to a halt last year as the pace of increase in EU exports slowed while there was an upturn in imports (Chart 1).

EU28 wooden furniture exports were valued at €8.43 billion in 2014, 2.3% more than in 2013. EU28 imports of wooden furniture were valued at €5.11 billion in 2014, 10.4% greater than the previous year.

The EU 28's trade surplus in wooden furniture fell 8.2% from €3.62 billion in 2013 to €3.32 billion in 2014.

Nevertheless, the trade surplus remains very high compared to the boom years prior to the financial crises when European manufacturers were focusing most of their attention on domestic sales and external suppliers, notably in China, were making significant inroads into the market.



Putting these figures into perspective it will be seen that EU external trade in wooden furniture is relatively small compared to total consumption, which is about €50 billion per year most of which is from domestic manufacturers.

Only about one quarter of wooden furniture consumed in the EU member states ever crosses a national boundary. Total internal trade in wooden furniture between EU countries has averaged around €15 billion per year since 2009.

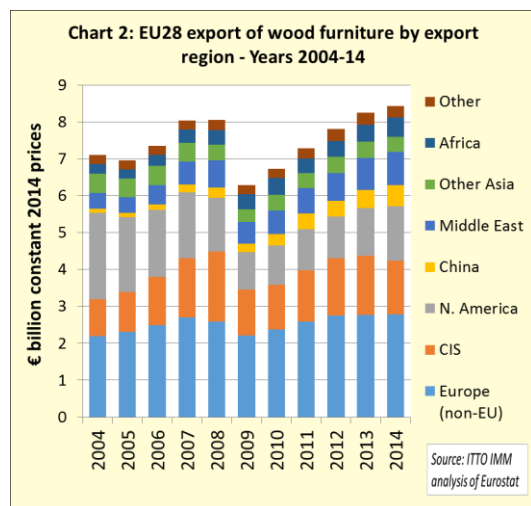
### Exports of growing importance for EU furniture manufacturers

While external trade forms only a small part of the EU furniture sector, it is becoming much more relevant to European furniture manufacturers.

During the current recession, manufacturers have become more focused on improving competitiveness relative to manufacturers in other countries, particularly China. With consumption static in domestic markets, European furniture companies are seeking to increase sales in other parts of the world.

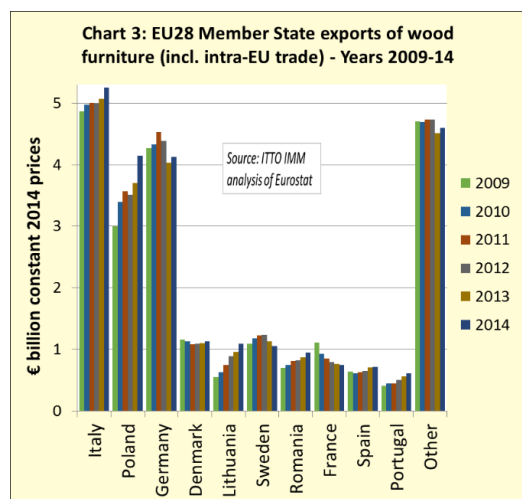
This outward looking strategy has led to a consistent rise in EU wooden furniture exports over the last five years (Chart 2). In 2014, EU28 export values increased to North America (+15% to €1.48 billion), China (+17% to €570 million), the Middle East (+3% to €900 million), and Africa (+11% to €520 million).

These gains during 2014 offset a 9% decline in exports to the CIS region to €1.46 billion. Falling exports to the CIS are due mainly to slowing sales in Russia following economic sanctions in response to the Ukraine conflict and declining international prices for Russian oil and gas which has weakened the economy and affected consumer spending.



The rise in EU exports of wooden furniture is being led by manufacturers in Italy, Poland and Germany (Chart 3). Preliminary data for 2014 indicates that exports of wooden furniture (including intra-EU trade) increased from Italy (+4% to €5.25 billion), Poland (+12% to €4.14 billion) and Germany (+2% to €4.12 billion).

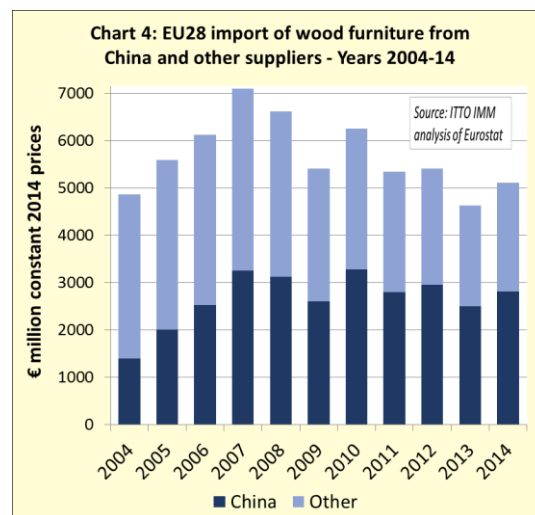
Last year, Poland overtook Germany to become Europe's second largest exporter of wooden furniture. Wooden furniture exports have also been rising rapidly from Lithuania, Romania, Spain and Portugal in the last five years. However exports from Sweden and France have declined while exports from Denmark have been stable (Chart 3).



#### EU wooden furniture imports rebounded in 2014

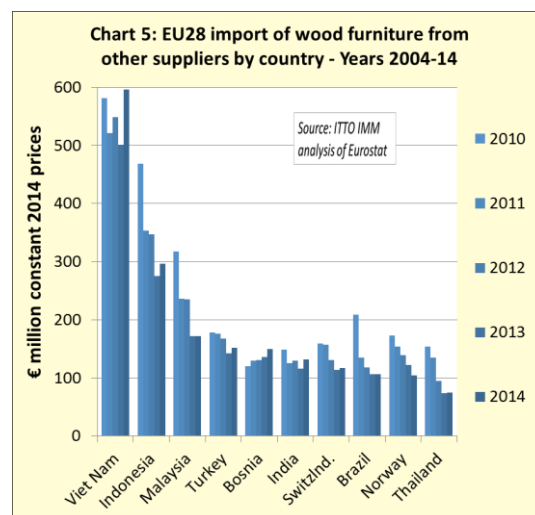
After falling 14% in 2013, the value of EU wooden furniture imports rebounded by 10% in 2014 to reach €5.12 billion (Chart 4). Imports from China fell 16% in 2013 but recovered by 14% to €2.81 billion in 2014.

EU imports from the rest of the world also rebounded in 2014, increasing 8% to €2.3 billion after a 13% decline in 2013.



EU imports of wooden furniture from Vietnam increased strongly last year, rising 19% to €596 million. This followed a 9% decline in 2013. After several years of declining sales, Indonesian wooden furniture recovered a little ground in the EU market in 2014, with imports rising 7% to €296 million.

There was also a 13% rise in imports from India to €132 million. Imports from Malaysia and Brazil remained stable between 2013 and 2014 at €172 million and €106 million respectively (Chart 5).



Analysis of economic indicators in Europe does not provide an obvious explanation for the sharp fall in EU wooden furniture imports in 2013 and rebound in 2014. Throughout this period there was slow growth and flat consumer spending in the EU. Also exchange rates did not change significantly.

However demand in the UK, which is the largest European importer of wooden furniture accounting for nearly one third of all imports from outside the EU, was recovering more strongly in 2014. There was also a particularly sharp increase in wooden furniture import penetration into Germany, France, Italy and Sweden last year.

The EU wooden furniture import trend in the last two years may have been affected by supply side issues. Some new wooden furniture manufacturing capacity has come on-stream in Eastern Europe – notably in Poland, Lithuania and Romania– and this may have depressed EU imports from other regions in 2013.

In 2014, slowing in China’s domestic market may have re-energised efforts by Chinese and other Asian manufacturers to increase sales in Europe.

Another factor is introduction of the EUTR in March 2013 which may have briefly disrupted EU imports of wooden furniture as retailers struggled to obtain necessary assurances of legal wood origin from their overseas suppliers. If so, the rebound in 2014 may be a sign that overseas suppliers have been able to satisfy these new regulatory demands.

#### **CSIL reports rise in global furniture trade to US\$128 billion**

The latest edition of World Furniture (www.worldfurnitureonline.com), the quarterly journal of the Italy-based furniture industry research association CSIL, includes a wide ranging review of recent developments in the international furniture sector.

The CSIL analysis of world furniture trade, which draws on data from the world’s 70 largest economies, indicates that total trade value was US\$128 billion in 2013, around 1% of all global trade in manufactured products. The leading furniture importers during the year were the United States, Germany, France, the UK and Canada.

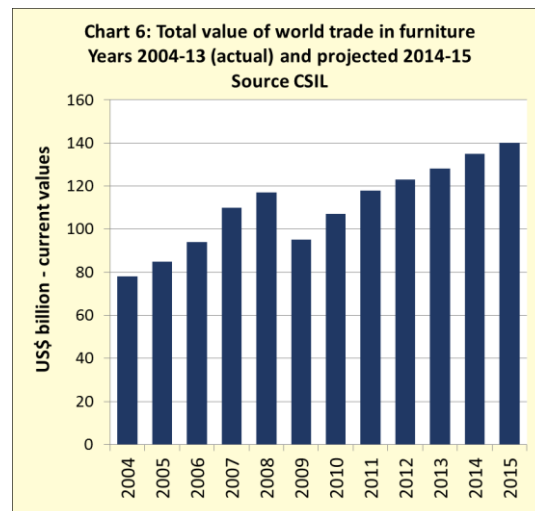
The annual trend in global furniture trade reported by CSIL is shown in Chart 6. In the period 2004 to 2008, global trade was rising driven primarily by imports into the United States, with smaller increases into the United Kingdom, France, Germany and Canada.

Trade declined during the financial crises in 2009, but there was uninterrupted growth in the 2010 to 2013 period. This was driven mainly by recovery in North America and growth in emerging markets. The European market remained relatively weak during this period, although there was some growth in imports into Germany and the UK.

CSIL estimates that growth in global trade continued into 2014 and projected a further increase to close to US\$140 billion in 2015. Import penetration for furniture (measured as the ratio between imports and consumption) is presently about 30% on a world scale.

According to CSIL, the main furniture exporting countries in 2013 were China, Italy, Germany, Poland and the United States. The relative positions of the main exporting countries changed considerably between 2004 and 2013.

China has become the world's leading exporter, overtaking Italy which is currently in second position. Between 2004 and 2013 China increased share of global furniture trade from 14% to 38%.



Another major change is the rapid emergence of Vietnam, which jumped from 15th to 6th position in the period 2004 to 2013.

CSIL highlight that a significant proportion of furniture trade is more accurately described as “intra-regional” rather than truly “international”. This is particularly true of Europe.

In the EU plus Norway, Switzerland and Iceland, 76% of trade takes place between countries within the region and only 24% is with countries in other parts of the world. In the NAFTA area (USA, Canada and Mexico), about 27% of foreign furniture trade is within the three countries and 73% is with countries outside the region.

In the Asia and Pacific region, about 39% of furniture trade is within the region.

#### **Western European furniture market recovers slowly**

The latest edition of World Furniture also provides CSIL’s update on recent trends in furniture consumption and production in Western Europe. CSIL note that the region’s furniture sector has faced significant difficulties in recent years but is now slowly recovering.

CSIL estimate that total Western European furniture market value was €71 billion at producer prices in 2013, a slight downturn compared to the previous year and below pre-crises levels.

However the market remains globally significant, accounting for one quarter of the value of world furniture consumption, 40% of world furniture import value and 30% of world furniture export value. CSIL estimate that the market grew by 0.5% in 2014 and project 1% growth in 2015.

CSIL identify the dominant markets in Western Europe as Germany, France, the UK and Italy. These four countries account for two thirds of total furniture demand in the region.

Market performances have varied widely between countries. While several markets including Spain, Italy and France, are still well below pre-recession levels, others are performing well including Norway, Switzerland and Sweden.

#### **European specifiers need to be more flexible in their choice of hardwood**

Use of verified sustainable timber could be limited by specifiers being too restrictive in choice of species and certification scheme. This was the conclusion of a seminar on sustainable timber in government projects organised by the Netherlands Green Deal initiative reported in the ETTF newsletter.

An alliance of industry, end users, retailers, NGOs and government including Tropenbos and the Royal Netherlands Timber Trade Association (NTTA) aims to make certified sustainable timber the Netherlands market norm. The seminar, under the title “Stimulating Sustainable Forestry”, took place in Tiel at the Rivierenland Water Board (Waterschap).

Delegates heard that certified sustainable timber has risen from 58% to 86% of NTTA members’ total imports since 2008. However, in hardwood certified material’s share is only 55%, so “considerable” efforts were needed to boost sales, particularly in Netherlands’ key marine products sector, said speakers. One route to market growth, it was suggested, was to give contractors greater specification freedom.

The Netherlands government’s Timber Procurement Assessment Committee (TPAC) accepts FSC, PEFC and Malaysian MTCS certification as proof of sustainability. According to Annemieke Visser Winterink of the Probos forestry foundation, specifiers should therefore opt for material verified under any of these schemes, and focus on technical capabilities rather than specific species.

“By adhering to government certification criteria and specifying physical mechanical properties rather than species, you give contractors freedom of choice,” she said. “That not only potentially increases the quality and cost effectiveness of the project, but helps broaden use of wood from sustainably managed forests.”

#### **International Hardwood Conference**

The ETTF will jointly host the 2015 International Hardwood Conference in Copenhagen on September 17 2015 with the European Sawmillers Organisation (EOS). Consequently it will broaden to encompass non-European species, including tropical, as well as European hardwoods.

#### **European hardwood trade struggles with low profitability and investment**

The Annual Review published at the turn of the year by the Germany based EUWID journal provides a wealth of information on European and North American corporate investment, divestment and bankruptcies in the forest products sector during the previous 12 months. As such it’s a rare and valuable insight into the underlying financials and direction of development of the sector as a whole.

The hardwood sector, being generally dominated by smaller fragmented firms, does not feature strongly compared to the much larger more consolidated softwood and panels industries.

However there are some interesting observations, most reinforcing the image of an industry struggling with low levels of investment and innovation and rising levels of competition.

For example: In the European import trade, the main news in 2014 identified by EUWID was the break-up of Danish Group Dalhoff Larsen and Horneman A/S (DLH) which formerly had several large stock holding operations in Western Europe and was also a leading distributor of tropical wood into Eastern Europe.

EUWID note that “furthermore, other importers of tropical wood have also experienced economic difficulties. A prominent example in this context is the Swiss group Precious Woods Holding AG which in the third quarter of the year announced that continuation of its business was in jeopardy.

In February German company B&T Wood Trading GmbH, Meerbeck, was compelled to submit an application for insolvency. Dutch company Zuid-Nederlandse Houtindustrie B.V. terminated its business activities in October”.

The rate of reduction in European sawmill capacity (both softwood and hardwood) during 2014 was much lower than in 2013. EUWID notes that “the consolidation in the European sawmill sector which in the estimation of market participants continues to be necessary has not taken place this year”.

The implication is that the domestic wood sector continues to suffer from a degree of over-capacity, always a problem for external suppliers selling into the market.

On the other hand, nor is there any news of any large new investments in the European hardwood sawmilling sector during 2014.

Similarly, there were very few new developments in European wood-based panel and surfaces sector in 2014 after a large number of transactions in 2013.

The European Luxury Vinyl Tiles (LVT) continues to expand and, according to EUWID, this is likely at the expense of other material suppliers to the flooring sector.

The main trend identified in the wood flooring sector is a continuing shift in production from Western to Eastern Europe, with reference made to new or expanding facilities in Lithuania, Romania and the Czech Republic. WPC taking greater share of European markets important for tropical wood

WPC is having a particularly significant impact in markets for exterior products in Germany, France, UK, Belgium, Netherlands and Spain. WPC products sold in Europe are mainly imported from the USA and China.

This data needs to be considered alongside the decline in EU imports of tropical hardwood decking profiles from around 747,000 cu.m in 2007 to less than 300,000 cu.m in 2013.

It's clear that the expansion in EU consumption of WPC combined with the installation of around 300,000 cu.m of capacity for thermal treatment of temperate wood in Europe, not to mention expansion of capacity for acetylation and other forms of chemical treatment, presents a significant challenge to tropical wood in European markets for exterior products.

#### **AHEC highlight continuing focus on oak and walnut in European furniture**

A recent report from the American Hardwood Export Council (AHEC) reviews hardwood furniture trends based on a visit to the annual IMM furniture show in Germany.

From observations and interviews at the show AHEC suggests that, after more than five years of poor sales and falling consumption, the market for high-end furniture in Europe is improving.

As in previous years, designs in oak and walnut were dominant. Nearly all walnut was from the United States, while most oak was European. AHEC suggest this is primarily due to the easy access to European oak by Central European manufacturers.

These manufacturers are also now able to utilise relatively low grades and short specifications which can be sourced very competitively. Increasing use of these grades has gone hand-in-hand with deliberate marketing of the "rustic" look in oak furniture. AHEC also suggest that solid wood is in vogue and there appears to be less veneer used than in the past.

AHEC note that the only tropical wood on display was in the international section and mainly in the Indonesian pavilion. Temperate species other than oak and walnut were also not much in evidence. There was some beech, mostly for chairs and table legs but not for large visual surfaces of table tops and cabinet doors.

AHEC observed that there was lack of strong environmental messages and branding at the show, surprising given that IMM Cologne is the main shop window for high end commercial furniture sold in Europe.

Most furniture manufacturers apparently have yet to embrace LCA or EPDs for active market development – although some companies are now considering this as a way to differentiate product in a highly competitive market.

\* The market information above has been generously provided by the Chinese Forest Products Index Mechanism (FPI)

### **Report from North America**

#### **Tropical sawnwood imports loose out to temperate timbers**

US imports of sawn hardwood increased by 8% in December 2014 to 63,398 cu.m. Tropical imports grew by 10% month-over-month to 23,853 cu.m.

Tropical sawnwood accounted for 23% of total US sawn hardwood imports in 2014, down from 27% in 2013. Temperate sawnwood imports grew by almost one third in 2014 from the previous year while tropical imports increased by just 7%.

The different rates of growth in temperate and tropical sawnwood imports suggest that the US economic downturn may not have been the only reason for lower tropical imports.

A recent US Forest Service study found that the 2008 Lacey Act amendment was responsible for US importers switching to sourcing from suppliers that could verify the legality of their exports.

	2014 cu.m	change
Ecuador	56,500	47%
Brazil	39,165	11%
Cameroon	27,400	-10%
Malaysia	23,940	11%
Congo (Brazzaville)	14,074	17%
Peru	7,613	-31%
Indonesia	10,481	15%
Ghana	12,772	16%
Cote d'Ivoire	8,240	-16%
Other	42,065	-10%
All sources	242,250	7%

Data source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics



### US imports of balsa, sapelli and ipe up in 2014

Imports of balsa from Ecuador showed the strongest growth in 2014. The US imported 56,644 cu.m. of balsa, up 39% from 2013.

	2014 imports cu.m	Change from previous year
Balsa	56,644	39%
Sapelli	38,625	23%
Acajou d'Afrique	20,811	-21%
Keruing	19,653	0%
Ipe	29,328	26%
Mahogany	17,778	6%
Virola	9,721	-19%
Meranti	8,721	62%
Cedro	10,074	5%
Jatoba	3,207	-32%
Teak	5,184	-47%
Iroko	355	-25%
Padauk	561	-35%
Aningre	248	-79%
Other tropical	21,340	-11%
<b>Total</b>	<b>242,250</b>	<b>7%</b>

Data source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics

Imports of sapelli sawnwood increased by 23% in 2014 to 38,625 cu.m. In third place was ipe at 29,328 cu.m., up 26% from 2013.

Acajou d'Afrique imports fell by 21% from 2013 to 20,811 cu.m. Virola imports were down by 19% in 2014. Imports of keruing were unchanged, while imports of mahogany increased by 6% in 2014.

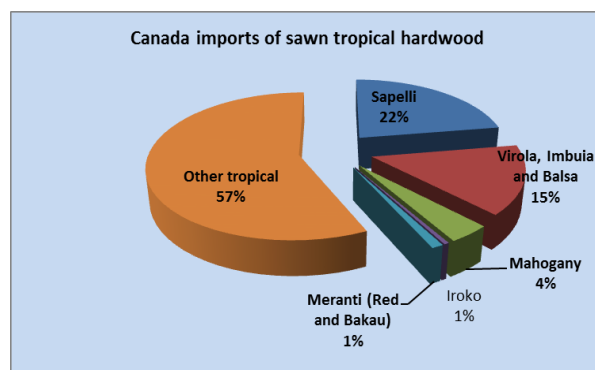
More sapelli sawnwood was sourced from Congo (Brazzaville) in 2014, while Cameroon's exports to the US declined. Imports from Brazil increased mainly due to higher ipe shipments.

Sawnwood imports from Malaysia increased by 11% in 2014 with higher shipments of keruing and meranti. Imports from most other smaller suppliers declined from the previous year.

### Higher Canadian sapelli imports from Cameroon

Canadian tropical sawn hardwood imports in 2014 increased by 6% from the previous year to US\$25.8 million.. The value of Canadian imports was 9% of total US imports of tropical sawnwood.

Sapelli imports increased by 53% to US\$5.8 million in 2014. Combined imports of virola, imbuia and balsa grew by 40%. 2014 mahogany imports were unchanged from 2013.



Source: Statistics Canada

Canadian imports from Brazil fell by one third in 2014. Cameroon narrowly surpassed Brazil's to become Canada's largest source of tropical sawnwood in 2014. Cameroon and Brazil each shipped about US\$4.8 million worth of sawn hardwood to Canada in 2014, followed by Ecuador's balsa exports of US\$3.5 million.

### US Forest Service assess Lacey Act impact

The 2008 amendment to the Lacey Act was successful in reducing US imports of illegally logged wood, according to a statistical analysis of trade data by the US Forest Service.

The study took into account other factors that might affect US imports, such as the economic downturn that coincided with the Lacey Act amendment, exchange rates and China's economic growth.

The study found that the prices of sawnwood and hardwood plywood imports into the US from suspected illegal source countries have increased. At the same time import volumes from the same countries have decreased since the enactment of the 2008 Lacey Act Amendment. Together this, says the report, indicates a decrease in export supply in these countries.

It is not clear, however, whether the Lacey Act amendment has in fact reduced illegal logging by reducing global demand for illegal wood. The US Forest Service study did not look at whether illegal wood was diverted from the US market to other export markets or to domestic consumption.

The study has been published in the Journal of Forest Policy and Economics and a report is online at: <http://www.treesearch.fs.fed.us/pubs/47185>

**Disclaimer:** *Though efforts have been made to keep prices near to accurate, these are published as a guide only. ITTO does not take responsibility for the accuracy of this information.*

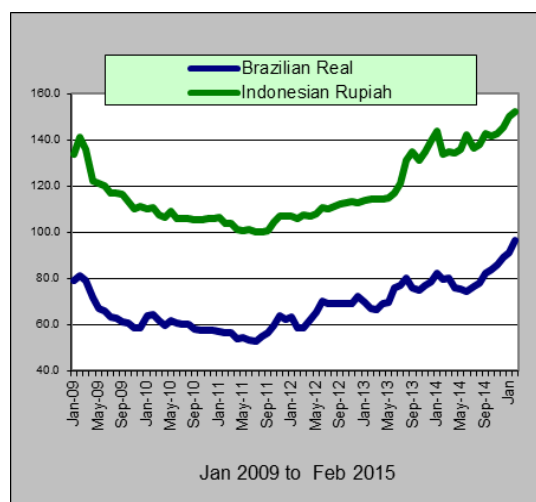
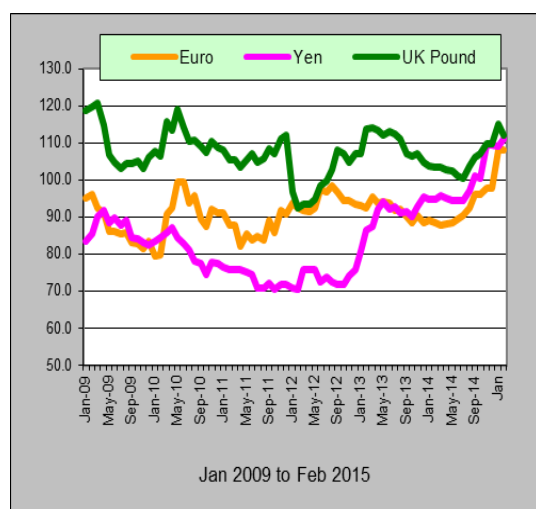
*The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.*

## US Dollar Exchange Rates

As of 25th February 2015

Brazil	Real	2.8318
CFA countries	CFA Franc	579.06
China	Yuan	6.255
EU	Euro	0.8818
India	Rupee	62.165
Indonesia	Rupiah	12,876
Japan	Yen	118.98
Malaysia	Ringgit	3.6292
Peru	New Sol	3.093
UK	Pound	0.6471
South Korea	Won	1105.83

Exchange rate index (Dec 2003=100)

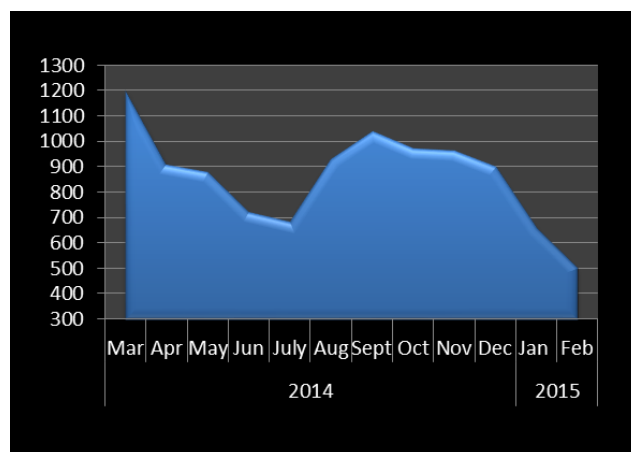


## Abbreviations and Equivalences

Arrows	Price has moved up or down
BB/CC etc	quality of face and back veneer
BF, MBF	Board foot, 1000 board foot
Boule	bundled boards from a single log
TEU	20 foot container equivalent
CIF, CNF	Cost insurance and freight
C&F	Cost and freight
cu.m cbm	cubic metre
FAS	First and second grade of sawnwood
FOB	Free-on board
Genban	Sawnwood for structural use in house building
GMS	General Market Specification
GSP	Guiding Selling Price
Hoppus ton	1.8 cubic metre
KD, AD	Kiln dried, air dried
Koku	0.28 cubic metre or 120 BF
LM	Loyale Merchant, a grade of log parcel
MR, WBP	Moisture resistant, Water and boil proof
OSB	Oriented Stand Board
PHND	Pin hole no defect
QS	Qualite Superieure
SQ,SSQ	Sawmill Quality, Select Sawmill Quality

## Ocean Freight Index

Baltic Supramax Index  
March 2014 – February 2015

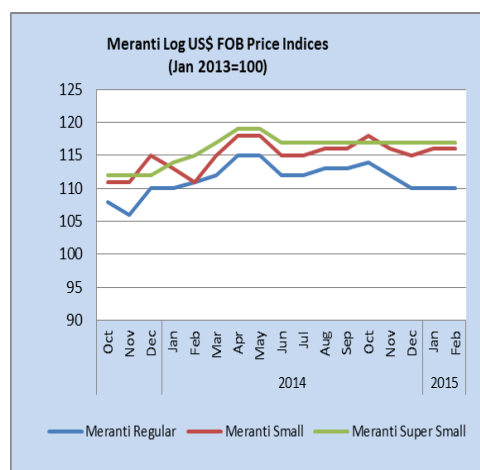


Data source: Open Financial Data Project

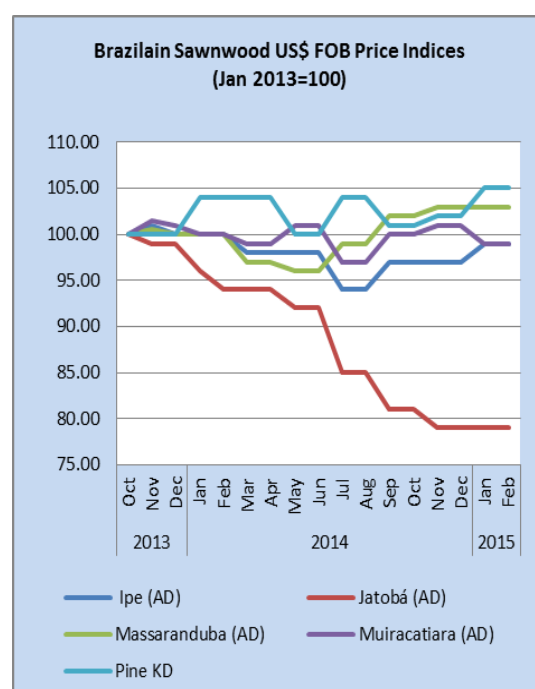
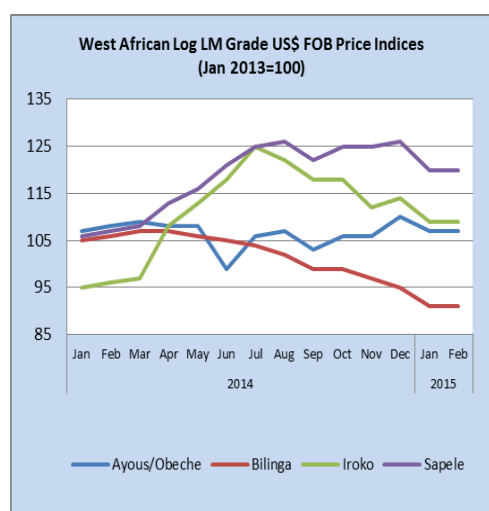
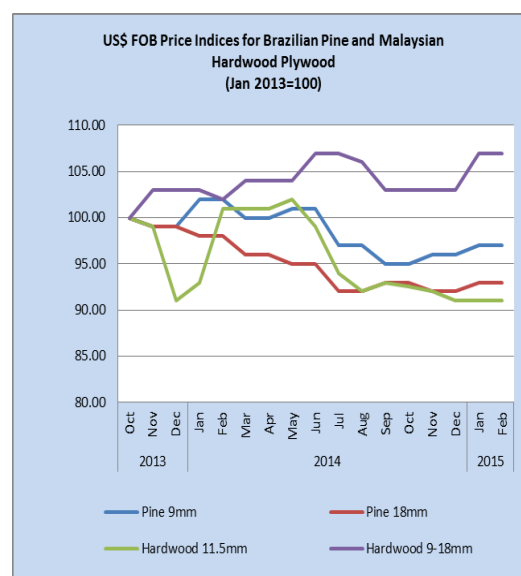
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

## Price indices for selected products

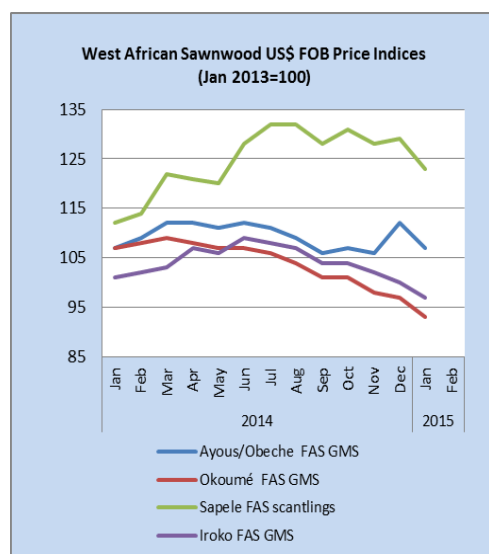
The following indices are based on US dollar FOB prices.



Note: Sarawak logs for the Japanese market



Note: Jatoba mainly for the Chinese market



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