

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.

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Top Story

Get the message out says trade group

Perceptions of tropical timber have improved immensely in recent years according to speakers at the International Tropical Timber Council's Annual Market Discussion held during the 51st session of the International Tropical Timber Council.

The Trade Advisory Group said the time was now right to raise the profile of tropical timber as the sector had demonstrated that it can verify the legal credentials of its products; now it needed to get that message out to the professionals, the architects, engineers and designers who specify and use wood.

Presentations and the Trade Statement can be found at: http://www.itto.int/news_releases/id=4587

The end of year ITTO Market Report will be distributed on the 21st December.

Central and West Africa

Low prices attract buyers to less popular timbers

Except for a few low volume 'spot' sales, buyers for China remain out of the market and there is no indication as to when major log buyers for this market will return. In response to the weak demand, West and Central African exporters have maintained solidarity by holding firm on prices and at the same time are trimming back production volumes.

Prices for okoume logs have fallen again and producers have come to accept that a recovery in export volumes and FOB prices is unlikely in the medium term. Interest in Beli has waned and prices are under pressure say producers. The general view is that most buyers seem to be looking for a wider range of the less popular species taking advantage of the lower prices. This is good news for exporters but volumes ordered tend to be small.

FOB prices for sawnwood are underpinned by the steady sales into EU markets but remain unchanged from the beginning of November. Sapele prices for EU markets are currently stable but producers are concerned that there will be growing competition from meranti as Malaysian exporters take advantage of the weaker ringgit to squeeze out sapele.

As mentioned in previous reports this redwood/meranti competition also extends to markets in the Middle East. Analysts are concerned that this is a risk to market price stability at a time when overall purchase volumes are low and not likely to be stimulated by price cuts.

Supply side news

On the supply side, forest authorities in Congo Brazzaville are very strictly enforcing the log export quota system under which log export volumes are determined by the volume of sawnwood sales. Producers in Congo Brazzaville are finding the sawnwood market hard going in the current market slowdown.

On 1 January 2016 Cameroon will fully implement restrictions on prime species log exports. This has been welcomed by domestic sawmillers which have struggled to source enough high grade logs for their growing and successful sawnwood export markets.

Crackdown on illegal Kevazingo felling

The newly appointed Minister for Forests in Gabon, is reported to have initiated a crackdown due to allegations of corruption by officials in some areas of the country related to illegal logging and export of kevazingo.

International media reports say some officials have been taken into custody and that an investigation is underway into the felling and trade in Kevazingo, more commonly known in international markets as Bubinga, a rare hardwood sought after in Asia.

For more see: <http://news.yahoo.com/top-gabon-civil-servants-probed-over-hardwood-traffic-160802474.html>

Log Export Prices

West African logs, FOB		€ per m ³	
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	230	230	160
Ayous/Obeche/Wawa	260	260	180
Azobe & Ekki	230	230	160
Belli	250	250	-
Bibolo/Dibétou	150	145	-
Iroko	330	290	260
Okoume (60% CI, 40% CE, 20% CS)	200↓	200↓	160
(China only)	335	-	-
Moabi	210	305	225
Movingui	160	210	160
Niove	250	160	-
Okan	220	210	-
Padouk	345	285	225
Sapele	305	305	220
Sipo/Utile	-	340	265
Tali	-	320	-

Sawnwood Export Prices

West African sawnwood, FOB		€ per m ³
Ayous	FAS GMS	410
Bilinga	FAS GMS	500
Okoumé	FAS GMS	350
	Merchantable	225
	Std/Btr GMS	270
Sipo	FAS GMS	610
	FAS fixed sizes	610
	FAS scantlings	640
Padouk	FAS GMS	1010
	FAS scantlings	1000
	Strips	680
Sapele	FAS Spanish sizes	610
	FAS scantlings	620
Iroko	FAS GMS	610
	Scantlings	690
	Strips	440
Khaya	FAS GMS	450
	FAS fixed	460
Moabi	FAS GMS	610
	Scantlings	630
Movingui	FAS GMS	420

Ghana

Forestry features in 2016 budget

The Minister of Finance, Mr. Seth Terker, has presented the 2016 budget to parliament. The targets for 2016 focus on the following:

- real GDP (including oil) growth of 5.4%;
- non-oil real GDP growth of 5.2%;
- an end year inflation target of 10.1%;
- an overall budget deficit equivalent to 5.3% of GDP; and
- achieving international reserves of not less than 3 months of imports

The major highlights for the forestry and timber sectors are as follows:

- The new Public Wood Procurement Policy and the revised Forestry Development Master Plan will be implemented along-side the Forest and Wildlife Policy of 2012.

- The Forestry Commission (FC) will continue with policy and legislative reforms in the forestry sector.
- The FC will in 2016, continue with the maintenance and management of all forest plantations (2314 ha established in 2015), under a Public-Private Partnership (PPP).
- The FC will continue the promotion of the utilisation of lesser used timber species and the development of the bamboo and rattan industry.
- The FC will be well resourced to intensify law enforcement and deployment of additional more Rapid Response Teams (RRTs) across the country to stem illegal activities, especially chainsaw operations.
- A Consolidated Wildlife Bill, which is expected to make wildlife laws and management more effective and efficient across the country, has been approved by Cabinet.
- Implementation of the Voluntary Partnership Agreement (VPA) with the EU will continue. Over 90 percent of the wood tracking system has been completed and rolled out to ensure that only legally produced timber is exported to the EU market from Ghana, will continue.
- The single eco-tourism facility project located in the country's capital will continue in 2016.

The 2016 budget avoids imposing new taxes but rather focusses on tightening tax policies by streamlining exemptions and avoiding revenue leakages.

Lack of business confidence holds back investment in manufacturing

In another development the Monetary Policy Committee (MPC) of the Bank of Ghana, after its 67th annual meeting, increased its policy rate to 26%, up from the previous 25%.

According to the Statistical Service, Ghana's producer price inflation fell to 2.8% in October from a revised 4.8% in September, continuing a downward trend. The fall reflects apparent progress in stabilising the economy.

Ghana is following an International Monetary Fund aid programme to resolve problems that include consumer inflation persistently above target.

The Association of Ghana Industries (AGI) and manufacturing companies have expressed concern on the current state of the manufacturing industries and urged government to focus on raising confidence in the private sector to encourage higher investment.

Boule Export prices

	Euro per m ³
Black Ofram	313
Black Ofram Kiln dry	395
Niangon	500
Niangon Kiln dry	570

Export Rotary Veneer Prices

Rotary Veneer, FOB	€ per m ³	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	373	400
Chenchen	330	355
Ogea	450	400
Essa	325	380
Ofram	350	350

NB: Thickness below 1mm attract a Premium of 5%

Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	0.84
Asanfinia	1.40	0.63
Avodire	1.15	0.34
Chenchen	1.10	0.65
Mahogany	1.30	0.82
Makore	1.60	1.10
Odum	1.76	1.00

Export Plywood Prices

Plywood, FOB	€ per m ³		
BB/CC	Ceiba	Ofram	Asanfinia
4mm	482	510	641
6mm	400	535	615
9mm	393	460	510
12mm	347	463	450
15mm	450	415	374
18mm	352	362	370

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

Export Sawnwood Prices

Ghana Sawnwood, FOB	€ per m ³	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfinia	492	564
Ceiba	240	292
Dahoma	444	504
Edinam (mixed redwood)	525	580
Emeri	450	580
African mahogany (Ivorensis)	630	989
Makore	700	874
Niangon	516	580
Odum	660	829
Sapele	642	768
Wawa 1C & Select	300	400

Export Added Value Product Prices

Parquet flooring 1st grade	FOB € per sq.m		
	10x60mm	10x65-75mm	14x70mm
Apa	12.00	14.47	17.00
Odum	7.80	10.18	11.00
Hyedua	13.67	18.22	17.82
Afrormosia	13.72	13.93	17.82

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

Malaysia

Winners from weaker ringgit

Malaysian exporters, especially furniture makers, are benefitting from the continuing weak ringgit. At the current rate of over RM 4.25 to the US dollar the ringgit has weakened around 27% in the year.

This year furniture exports are already up around 20%. Sales in June were up 18%, they were up 20% in July and almost 15% in August compared to the same months last year. In terms of value, June exports were worth RM 755.9 million, RM 791 million in July and RM 835.6 million in August. The USA was the biggest export market with January to July exports worth RM 1.34 billion.

Plywood exports have also been big winners as sales in the first eight months totalled RM 3.4 billion, well up on the RM 2.9 billion for the whole of 2014.

Standard for forest management up for review

The Malaysian Criteria and Indicators for Forest Management Certification MC&I (Natural Forest), the standard used for forest management certification of the natural forest under the Malaysian Timber Certification Scheme (MTCS) since July 2012, is now due for a review.

According to the MTCS a technical document 'Rules on Standard Setting Process for Development of Timber Certification Standards', the forest management standard is to be reviewed at least every five years.

The review of the MC&I (Natural Forest) is scheduled for conclusion in 2017 as it is anticipated that review process would take 22 months.

MTCC has indicated that the upcoming review of the MC&I(Natural Forest) will consider merging and incorporating this with the MC&I Forest Plantation.

Heart of Borneo initiative gets Federal funding

The Natural Resources and Environment Minister, Wan Junaidi Tuanku Jaafar, has said the Malaysian Federal Government is committed to the Heart of Borneo (HoB) initiative and will continue to support Sabah and Sarawak in the implementation of various projects and activities under this initiative.

The Minister said HoB initiative is important for the national image and will directly contribute to improved forest management. The Federal government has reportedly allocated about RM34.46 million for HoB support.

New era in Sarawak/NGO relationships

The state government is enhancing collaboration with non-governmental organisation's that share the same agenda of conserving the state's rich forest resources to ensure not only systematic management and conservation but also one that is sustainable while upholding the state's good reputation internationally.

The chief minister also stressed the need for Sarawak to intensify measures to ensure effective management and conservation of forest resources as part of the global efforts to counter global warming and degradation of the environment.

Intensifying enforcement of forest laws and regulations to stamp out illegal harvesting is a major objective in the State. In this regard, the State Forestry Department has achieved success since strengthening enforcement and collaborating with other agencies.

Reduced import duties in S. Korea a boost to plywood manufacturers

Plywood exports from Sarawak to South Korea increased significantly after South Korea cut in anti-dumping duties by more than half to 3.08% from 6.43%. One company, Jaya Tiasa, saw an 11% rise in sales to South Korea, its main market, over the twelve months to June this year.

The Korean Trade Commission (KTC) imposed anti-dumping duties ranging from 5.12% to 38.1% on Malaysian plywood for three years from February 2011.

Duties were placed on exports from 8 Sarawak plywood manufacturers and one from Sabah after the Korean Wood Panel Association argued these companies were selling below cost and thus undermining South Korean producers of plywood. Following a three-month review the South Korean authorities decided to extend the duties but at a reduced rates from the middle of last year.

Plywood export prices

Plywood traders in Sarawak reported export prices:

Floor base FB (11.5mm) US\$ 570/cu.m FOB

Concrete formboard panels CP (3' x 6')

US\$ 520/cu.m FOB

Coated formboard panels UCP (3' x 6') US\$ 600/cu.m FOB

Standard panels

S Korea (9mm and up) US\$ 400 – 410/cu.m FOB

Taiwan (9mm and up) US\$ 410/cu.m FOB

Hong Kong US\$ 420 FOB/cu.m

Indonesia

Furniture exporters – No to relaxing SVLK requirements

Wood product exporters in Indonesia have voiced concern over the decision of the Ministry of trade to allow export of a range of downstream wood products without SVLK certification. This, say exporters, will undermine the advances made in overseas markets.

The latest information from the Ministry of Environment and Forestry shows that wood product exports to the end of October were worth over US\$10 billion well up on the US\$ 6 billion for the whole of 2014.

Putera Parthama, DG Sustainable Production and Forest Management, said the increase in exports was due as much to the implementation of reforms in the forestry sector as to an improved global economy.

However, he did acknowledge that the SVLK issue is of concern to SMEs in the timber sector.

Many manufacturers and exporters say any relaxation of the requirements for SVLK certification will undermine their marketing efforts and set back Indonesian wood product export growth.

The Indonesian Ministry of Trade recently revised Regulation No. 97/2014 on industrial forest products which requires all timber exporters to obtain SVLK certification and issued Regulation No. 89/2015 as a deregulation measure.

The head of the EU office in Jakarta, Vincent Guérend, has expressed dismay at the rolling back of the SVLK regulation and has requested the government to stick to the agreement reached on the VPA.

For more see:

<http://www.thejakartapost.com/news/2015/11/18/furniture-exporters-deem-svlk-relaxation-a-setback.html> and

<http://m.thejakartapost.com/news/2015/11/17/timber-certification-urgent-issue-global-market.html>

Manufacturing competitiveness to get a boost

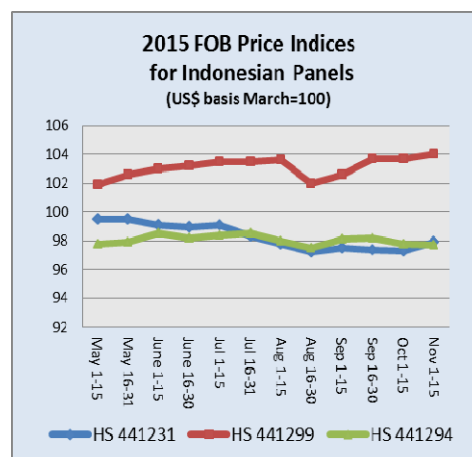
Coordination between Bank Indonesia and regional governments is expected to boost the competitiveness of the manufacturing and tourism sectors. The government is promoting manufacturing to support economic resilience and strong, sustainable and inclusive growth.

Manufacturers in Indonesia face many challenges arising from the slide in commodity prices and weak global demand. Economic growth in Indonesia can no longer depend on exports of primary products says the Bank of Indonesia in a press release on its initiative to boost manufacturing.

Indonesia's manufacturing industry, a leading and labor-intensive sector, is in decline and now contributes less to GDP than in the past.

The Bank press release says the focus for the manufacturing sector will be on "strategies to enhance competitiveness in the face of growing global competition, specifically policy to strengthen industry structure, market access and work force quality."

For more see: http://www.bi.go.id/en/ruang-media/siaran-pers/Pages/sp_178315.aspx



Myanmar

Border trade up by US\$500 million

According to the Ministry of Commerce there has been a sharp rise in the value of cross-border trade. The trade in logs and sawnwood across the border with China fell when China implemented a ban on timber imports from Myanmar but in other areas trade has grown.

Overall, up to November, a 14% rise in cross-border trade has been recorded. Total trade in all products at the 15 border stations up to November stood at around US\$4 billion and the busiest border crossing was Muse on the Myanmar/China border.

Companies risk having operating licenses withdrawn

The Asian Development Bank (ADB) is assisting the government to establish an electronic company register. This is seen as the best way to identify which of the some almost half million companies with registration certificates are actually still in operation. The ADB and the government estimate the number of active companies to be in the region of 25-30,000.

All companies registered in Myanmar have been approached for information on their operations but few have responded and analysts report that failure to respond to this request could result in registration certificates being withdrawn.

Myanmar's Directorate of Investment and Company Administration (DICA) published a request for information via state media in September but the response has been slow. The DICA has published a list of companies that face de-listing.

Foreign companies urge continuation of current economic policies

It has been reported that foreign companies operating in Myanmar have urged the new administration to keep in place the existing economic policies. The reforms introduced by the previous government resulted in a steady inflow of investment especially in the oil and gas exploration sectors.

Analysts suggest that continued US sanctions and the risk that the new government will take a different direction on foreign investment has resulted in potential investors adopting a 'wait and see' attitude.

Special open tender sales for November

The Local Marketing Department of Myanmar Timber Enterprise (LMD/MTE) conducted a Special Open Tender (SOT) at the end of October and the prices secured are reported below.

Log volumes are expressed in hoppus tons (H.tons) while the volume for 'conversions' and sawn teak (including hewn timbers) are shown in cubic tons (C.tons). Average prices below are shown in Myanmar Kyats (MMK thousands per ton).

Sales by the LMD/MTE are popular amongst local timber buyers and the sales attract many buyers.

Sales at the Sagaing Division, Chindwin Area

Area/Depot	Species	MMK(000) per ton
No.39 Sawmill	Kanyin logs	735
No.39 Sawmill	In-Kanyin logs	455
Palin	In-Kanyin logs	460
Sin Min	Tamalan (hewn)	500
Sin Min	Pyinkadoe logs	540
Sin Min	Kanyin logs	465
Sin Min	In logs	455
Sithu	Kanyin logs	730
Sithu	Kanyin logs	729

Source: MTE Local Marketing Department

Note: Logs attracting prices in Myanmar Kyats (MMK) of 700,000 or more per ton were reported as being fresh cut, of large girth and of good form. Kanyin (Dipterocarpus spp) logs are better known as gurjan in India and keruing in Malaysia and Indonesia.

India

Inflation rate trends down

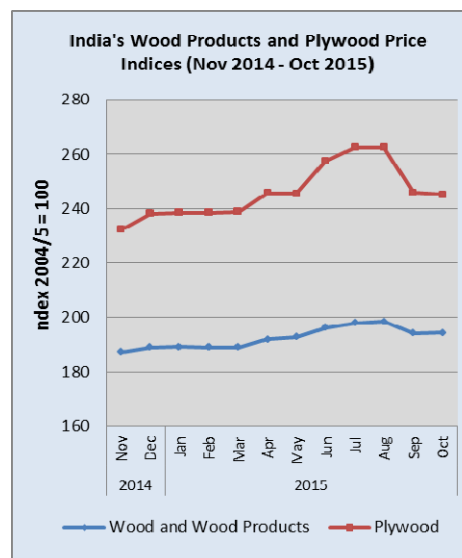
The Office of the Economic Adviser (OEA) to the Indian government provides trends in the Wholesale Price Index (WPI).

The official Wholesale Price Index for all commodities (Base: 2004-05 = 100) for October rose 0.1% to 176.7 from 176.6 in September. The year-on-year annual rate of inflation, based on monthly WPI, stood at -3.81% (provisional) for October 2015 compared to -4.54% for September.

For more see: <http://eaindustry.nic.in/cmonthly.pdf>

Timber and plywood price indices climb

The OEA also reports Wholesale Price Indices for a variety of wood products. The Wholesale Price Indices for Wood products and Plywood are shown below.



Data source: Office of the Economic Adviser to the Indian government

State land allocated for affordable housing

The Maharashtra Housing and Area Development Authority (Mhada) plans to build 100,000 affordable homes in two phases on state land.

It has been reported that 450 hectares of land with good rail and road connections has been identified in the Mumbai Metropolitan Region. This planned building project is separate from the central government's plan for 1.1 million affordable homes.

The focus of work will be in Ratnagiri, Raigad and some parts of Thane districts and the aim is to build houses for low income families. Speaking on this plan state officials recommended that the central government should consider encouraging private developers to participate in implementation.

Teak auction prices firm

Auctions at forest depots in the South Dangs Division have been concluded. Around 17,000 cubic metres of teak and other hardwoods were offered for sale.

Participants in the auction commented that the quality of the logs was good and most of the logs sold briskly. Only a few lots remained unsold as the buyers felt that the reserve prices for these lots were too high.

Average prices recorded at the most recent auction are as follows:

Teak logs	Per cubic foot
A for sawing	Rs.2200-2300
B or sawing	Rs2100-2200
A Long length logs	Rs. 1900-2000
B Long length logs	Rs 1600-1800
Long length, Medium Quality	Rs 1600-1800
Short Length, Medium Quality	Rs 1200-1500
Short Length, small logs	Rs1000-1200

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

Good quality non-teak hardwood logs 3-4 metre long having girths 91cms and up of haldu (*Adina cordifolia*), laurel (*Terminalia tomentosa*), kalam (*Mitragyna parviflora*) and *Pterocarpus marsupium* attracted prices in the range of Rs. 800-900 per cubic foot. Medium quality logs went for between Rs.300-350 per cubic foot.

Wood product exports beat target

The Indian government set an export target of US\$325 billion for the current financial year to March 2016 but recent reports suggest there will be a shortfall of around US\$25 billion. October 2015 marked the 11th straight decline this is worse than during the recent global downturn.

In an effort to boost exports the government will introduce an interest rate subsidy for exporters.

However, average monthly exports of wood products in the first five months of the current fiscal year are higher than the average for 2014-15.

Wood product exports (US\$ millions)

Exports	F Y 2013-14	F Y 2014-15	2015-2016 (Apr-Aug)
Cork and cork products	2.21	2.03	0.91
Hardboard	13.25	14.96	5.07
Other wood articles	234.95	231.42	110.5
Plywood and other panels	24	29.18	10.02
Sandalwood chips	2.51	3.94	1.09
Sawnwood	27.41	31.41	12.99
Tea chest panels	0.01	0	0.01
Veneer	13.3	15.45	5.7
Wooden furniture	399.43	394.56	177.98
Total	717.07	722.95	324.27

Data Source: Export Import Data Bank

Prices for imported plantation teak, C&F Indian ports

Prices are unchanged from the end of September.

	US\$ per cu.m C&F
Angola logs	459-574
Belize logs	350-400
Benin logs	304-628
Benin sawn	530-872
Brazil logs	370-596
Brazil squares	370-556
Cameroon logs	405-538
Colombia logs	262-811
Congo D. R. logs	451-500
Costa Rica logs	320-780
Côte d'Ivoire logs	277-552
Ecuador squares	330-564
El-Salvador logs	381-934
Ghana logs	273-500
Guatemala logs	360-646
Guyana logs	300-450
Kenya logs	515-600
Laos logs	300-605
Liberia logs	265-460
Malaysian logs	225-516
Nicaragua logs	402-505
Nigeria squares	286-388
Panama logs	381-430
PNG logs	443-575
Sudan logs	468-620
Tanzania teak, sawn	307-613
Thailand logs	511-700
Togo logs	354-542
Trinidad and Tobago logs	557-680
Uganda logs	411-542
Uganda Teak sawn	680-900

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

Prices for locally sawn hardwoods

Despite the otherwise gloomy prospects in the sawnwood market some price increases have been reported.

Sawnwood	Rs
Ex-mill	per cu.ft
Merbau	1600-1750
Balau	1500-1600
Resak	1200-1400
Kapur	1350-1450
Kempas	1200-1300
Red Meranti	1100-1250
Radiata pine AD	625-750
Whitewood	625-750

Price variations depend mainly on length and cross section

Myanmar teak logs sawn in India

No price movements have been reported

Sawnwood (Ex-mill)	Rs. per cu.ft
Myanmar Teak (AD)	
Export Grade F.E.Q.	8000-14000
Teak A grade	5500-6500
Teak B grade	4500-5000
Plantation Teak FAS grade	3500-4000

Price variations depend mainly on length and cross section

Prices for imported sawnwood

Sawnwood, (Ex-warehouse) (KD)	Rs per ft ³
Beech	1400-1450
Sycamore	1400-1450
Red oak	1500-1650
White Oak	1600-1800
American Walnut	2400-3000
Hemlock clear grade	1300-1400
Hemlock AB grade	1200-1300
Western Red Cedar	1600-1650
Douglas Fir	1250-1350

Price variations depend mainly on length and cross section

Domestic plywood prices

Prices for WBP Marine grade plywood from domestic mills.

Plywood,	Rs. per sq.ft
Ex-warehouse,(MR Quality)	
4mm	39.5
6mm	52.5
9mm	66.5
12mm	82
15mm	109
18mm	114.5

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.20.00	Rs.29.60
6mm	Rs.30.30	Rs.38.00
9mm	Rs.38.20	Rs.46.00
12mm	Rs.45.40	Rs.55.80
15mm	Rs.55.80	Rs.68.00
19mm	Rs.64.60	Rs.76.30
5mm Flexible ply	Rs.40.00	

Brazil

Inflation continues upwards

Inflation, as measured by the National Consumer Price Index (IPCA,) closed October up 0.82% on September, As a result the cumulative rate for the year to October was 8.52% which, on an annualised basis, is well above the government's forecast. The Monetary Policy Committee of the Central Bank of Brazil kept the Selic rate (Sistema Especial de Liquidação e Custódia) at 14.25%.

Innovative alternative plywood raw material

The Brazilian Association of Mechanically-Processed Timber Industry (ABIMCI) has published promotional material on paricá (*Schizolobium amazonicum*) plywood.

The objective is to inform end-users and consumers on new timber products from the timber industry. The promotional material distributed by ABIMCI describes products that are available and their suitability for various markets.

The Amazon species paricá is grown in plantations and can be harvested in 5-7 years.

Paricá plantations currently extend over approximately 90,000 ha distributed in the states of Pará, Maranhão and Tocantins in the Amazon region.

In the southern region companies producing paricá plywood are mainly located in Paraná state, including Imbituva, União da Vitória and Bituruna municipalities. Paricá plywood is, says ABIMCI, an innovative alternative product for many applications.

Rapid timber identification to control trade in illegal timbers

The Brazilian Forest Service's Forest Products Laboratory has launched a course on rapid anatomical identification of Brazilian timbers. The first participants were inspectors from the Brasília Environmental Institute (IBRAM). The aim is to provide training on rapid identification using key timber characteristics for use in the field under commercial conditions.

By applying the "Electronic Key Timber Identification" programme inspectors can check if timber inspected is that described in the Document of Forest Origin (DOF) issued by the Brazilian Institute for Environment and Renewable Natural Resources (IBAMA). Since June this year, the control of DOFs was taken over by state environmental agencies, including IBRAM.

The web-based Electronic Key Timber Identification programme contains a list of 157 species commercial timbers, such as ipe (*Tabebuia* sp.), cumaru (*Dipteryx odorata*), mahogany (*Swietenia macrophylla*), and tauari (*Couratari oblongifolia*). For identification, appearance, color, veining and porous structure of each timber species and other characteristics are analyzed.

Export round-up

The value of Brazil's October exports of wood-based products (except pulp and paper) fell almost 24% year-on-year from US\$ 276.0 million to US\$ 210.0 million.

Pine sawnwood export earnings dropped 12% in the twelve months to October 2015 (US\$25.7 mil. to US\$ 22.9 mil.) but the volume of pine sawnwood exports increased 24% in the same period, from 98,400 cu.m to 121,900 cu.m as unit prices declined.

Tropical sawnwood exports also fell (-5.6%) in volume, from 33,800 cu.m in October 2014 to 31,900 cu.m in October 2015. This decline was mirrored by the fall in export earnings over the same period (from US\$ 18.8 million to US\$ 15.1 million) a 19% drop.

The depressing performance continued with a 29% drop in pine plywood exports in October 2015 compared with a year earlier (from US\$ 42.5 million to US\$ 30.2 million). The volume of exports also dropped but by only 2.8%, from 112,600 cu.m to 109,400 cu.m.

Good news, but only for tropical plywood

Tropical plywood exports were the only bright spot in an otherwise depressing picture increasing 63% in volume (4,600 cu.m in October 2014 to 7,500 cu.m in October this year). The value of these exports rose by around a third to US\$3.6 mil. from US\$ 2.7 million in October 2014.

Brazil's wooden furniture exports fell from US\$ 50.6 million in October 2014 to US\$ 36.7 million in October this year, an almost 28% fall.

ABIMCI and TTF to promote certified plywood

ABIMCI and the UK Timber Trade Federation (TTF) have signed a cooperation agreement to promote Brazilian certified wood products in the UK, a major market for plywood.

International cooperation of this type strengthens the role ABIMCI can play in international marketing of Brazilian wood based panels. Brazil is among the main suppliers of plywood to international markets but according to ABIMCI small and medium sized companies in Brazil need to work on meeting international standards.

On its part the TTF stressed the importance of its growing partnership with ABIMCI and the appreciation of Brazilian certified products in Europe.

Domestic Sawnwood Prices

Brazil sawnwood, domestic (Green ex-mill)	US\$ per m ³
Ipé	662▲
Jatoba	337▲
Massaranduba	306▲
Muiracatiara	318▲
Angelim Vermelho	282▲
Mixed red and white	178▲
Eucalyptus (AD)	166▲
Pine (AD)	120
Pine (KD)	134

Source: STCP Data Bank

Domestic Plywood Prices (excl. taxes)

Paricá	US\$ per m ³
4mm WBP	465▲
10mm WBP	371↓
15mm WBP	323↓
4mm MR	418↓
10mm MR	311↓
15mm MR	290↓

Prices do not include taxes

Source: STCP Data Bank

Domestic Log Prices

Brazilian logs, mill yard, domestic	US\$ per m ³
Ipé	136▲
Jatoba	76▲
Massaranduba	80▲
Muiracatiara	84▲
Angelim Vermelho	77▲
Mixed redwood and white woods	67▲

Source: STCP Data Bank

Prices For Other Panel Products

Domestic ex-mill Prices	US\$ per m ³
15mm MDParticleboard	206▲
15mm MDF	288↓

Source: STCP Data Bank

Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per m ³
Ipe	1438▲
Jatoba	992▲
Massaranduba	791▲
Muiracatiara	774▲
Pine (KD)	212▼

FOB Belém/PA; Paranaguá/PR; Navegantes/SC and Itajaí/SC Ports.

High quality wood (no cracks / without knots) / Measuring 2,50 m in length; 15 cm wide; and 30 mm thick.

Source: STCP Data Bank

Export Plywood Prices

Pine Plywood EU market, FOB	US\$ per m ³
9mm C/CC (WBP)	337▲
12mm C/CC (WBP)	298▼
15mm C/CC (WBP)	294▼
18mm C/CC (WBP)	290▼

Source: STCP Data Bank

Export Prices For Added Value Products

FOB Belem/Paranagua Ports	US\$ per m ³
Decking Boards Ipê	2,575▲
Jatoba	1,609▲

Source: STCP Data Bank

Peru

Peruvian wood arouses interest among European buyers. Eight major European timber importers recently toured Peru seeking to establish links with entrepreneurs able to supply certified wood products.

The companies included Kloeferholz (with 21 outlets in Germany), Hornbach (serving the DIY megastores segment), IBI International, one of the main suppliers to the construction sector in Europe and Dreitailler.

The buyer group visited processing plants in Iquitos, Pucallpa, Puerto Maldonado and Lima.

This trade promotion effort was led by MINCETUR in cooperation with Promperú and the Office of the Commercial Office of Peru (OCEX) in Hamburg and the German Cooperation Agency (GTZ), through its programme 'ProAmbiente'.

Export Sawnwood Prices

Peru Sawnwood, FOB Callao Port	US\$ per m ³
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 ³
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	457-532
Grade 2, Mexican market	388-423
Cumaru 4" thick, 6'-11' length KD	
Central American market	841-865
Asian market	1036-1078
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 ³
Spanish Cedar AD Select Mexican market	911-931
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	451-514
Grade 2, Mexican market	355-391
Grade 3, Mexican market	161-176
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	394-444

Domestic Sawnwood Prices

Peru sawnwood, domestic	US\$ per m ³
Mahogany	-
Virola	186-217
Spanish Cedar	305-364
Marupa (simarouba)	158-174

Export Veneer Prices

Veneer FOB Callao port	US\$ per m ³
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 ³
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	389-412
Lupuna plywood B/C 15mm	421-451
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 m3
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 ³
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 ³
Cabreuva/estoraque KD12% S4S, Asian market	1296-138
Cumaru KD, S4S	
Swedish market	950-1094
Asian market	1036-1078
Cumaru decking, AD, S4S E4S, US market	1188-1222
Pumaquiro KD Gr. 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market	493-519
2x13x75cm, Asian market	732-815

Report from Guyana

Iwokrama's model forestry project

The Iwokrama International Centre for Rain Forest Conservation, according to a press release, has begun the second phase of its model forestry operation. The Centre was established in 1996 by the Government of Guyana with the support of the Commonwealth Secretariat and is charged with managing a unique reserve of 371,000 hectares of rainforest.

Recent work involved zoning resulting in the establishment of a Wilderness Preserve and a Sustainable Utilisation Area (SUA).

The SUA was delineated as the area where the centre's development work on experimental timber model and other business strategies including tourism and training will be conducted.

A 60 year cutting cycle which will yield a maximum of 1,800 ha per year for selective harvesting. None of the logs harvested will be exported; only high grade sawnwood and other added value products will be produced.

The Centre expects to maintain its working partnership with representatives from Amerindian communities within the area. See: <http://www.iwokrama.org/>

Export prices

There were no exports of greenheart or mora logs but purpleheart logs were exported.

Logs, FOB Georgetown		US\$ price per m ³		
		Std	Fair	Small
Greenheart		190	180	-
Purpleheart		230-260	220-230	230
Mora		-	-	-

Export Sawnwood Prices

Sawnwood, FOB Georgetown		US\$ price. per m ³	
		Undressed	Dressed
Greenheart	Prime	-	-
	Standard	-	750-1145
	Select	763-1510	-
	Sound	-	-
	Merchantable	891	-
Purpleheart	Prime	-	-
	Standard	-	800-1102
	Select	1,080-1,150	-
	Sound	-	-
	Merchantable	-	-
Mora	Prime	-	-
	Select	594-678	-
	Sound	-	-
	Merchantable	-	-

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 ³
Baromalli	BB/CC	5.5mm	No export
		12mm	450-802
	Utility	5.5mm	No export
		12mm	No export

Japan

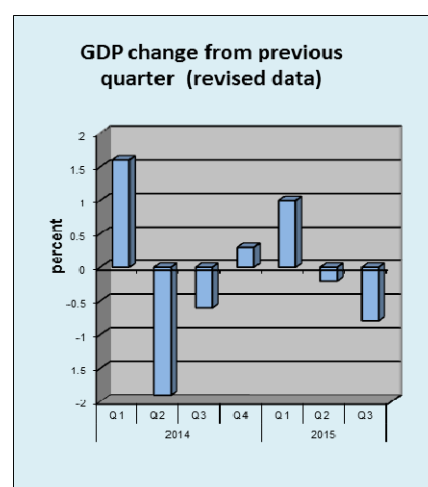
Technical recession as Q3 GDP growth drops

In the July-September quarter, Japan's GDP fell almost 1% from the previous quarter marking the second consecutive drop pushing the country into a technical recession. The second quarter drop in GDP was not anticipated and the further decline in the third quarter is a set-back for the government and Bank of Japan.

This second fall in GDP growth underlines the weakness of consumer spending and capital investment the result of uncertainty over the direction of the global economy and subdued household spending, both of which comprise major elements in calculating GDP figures.

See:

<http://www.esri.cao.go.jp/en/sna/data/sokuhou/files/2015/qe153/gdemenuea.html>



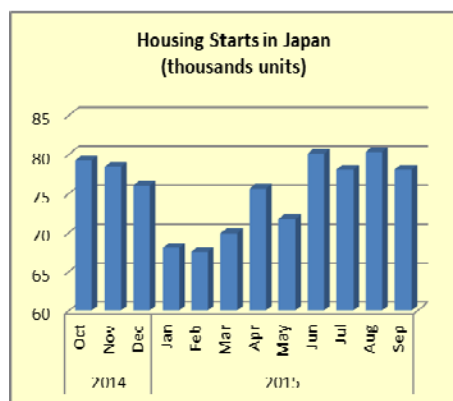
Source: Cabinet Office, Japan

Government supported building plan a boost for construction sector

The government has outlined plans for measures to boost the construction sector including support for building nursing care and children's nursery facilities.

On the basis of recent projections of the numbers of elderly that will soon be requiring care facilities the plan is to build, by 2018, enough new nursing homes to accommodate half a million people.

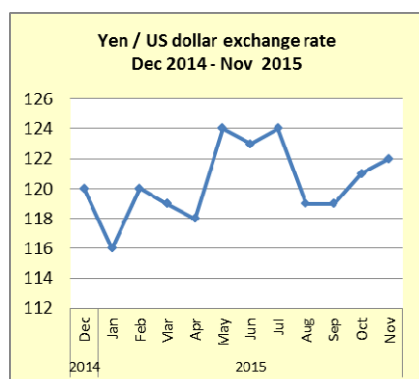
The advantage of this plan, says government, is that it will also boost GDP growth in two ways directly through construction activity and also by allowing more mothers to return to work.



Source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

November Paris attack – yen sought as short term refuge

The yen/US dollar exchange rate moved in a narrow band during November. The dollar weakened slightly after the Paris terrorist attacks lifting the yen to just over 122 at one point. As is usually the case in times of crisis money flowed into yen away from dollars.



Large Japanese contingent at Lagos Trade Fair

The Lagos International Trade Fair is an annual event and this year Japanese companies were well represented. In addition to those from Japan the November 6 to 15 fair attracted exhibitors from China, Ghana, Egypt, India, EU member states, Indonesia and Ethiopia.

A wide range of products were promoted such as food, general merchandise, electrical home appliances, automobiles, furniture and building materials.

Japan's external trade organization (JETRO) had the largest pavilion which hosted 26 Japanese companies who attracted 37,300 visitors, up 30% from the previous year. JETRO noted that it was the quality of Japanese products that drew the greatest interest.

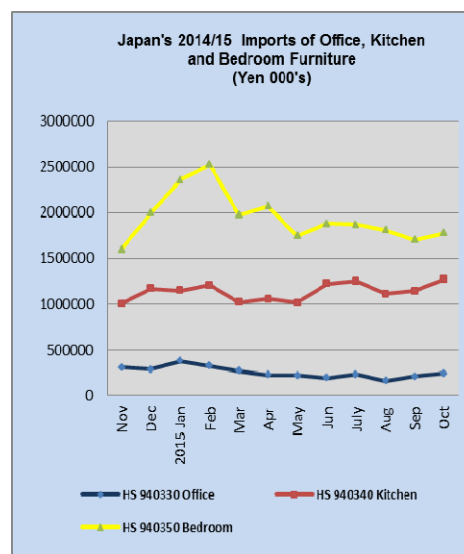
For more see:

https://www.jetro.go.jp/en/jetro/topics/2015/1511_topics3.html

Japan's wooden furniture imports

Japan's imports of office, kitchen and bedroom furniture continued the rebound recorded since August. Even office furniture imports, which had been falling for most of this year, have picked up for two months in a row.

The rising trend in kitchen furniture imports over the past two months is encouraging and even bedroom furniture imports rose slightly in October.



Data source: Ministry of Finance, Japan

Office furniture imports (HS 940330)

Year-on-year October 2015 office furniture imports rose around 5% and compared to the previous month October imports were up a healthy 17%.

The top three suppliers remain China, Portugal and Italy and these three accounted for almost 75% of all office furniture imports in October. In terms of suppliers from the EU both Lithuania and Poland saw a rise in office furniture imports by Japan.

Month-on-month, China's office furniture exports to Japan fell 10% while the other two major suppliers, Portugal and Italy saw a rise in demand (+50% and +36% respectively).

Despite the overall rise in October office furniture imports, the big loser was China. The bulk of the expansion in October imports was because EU suppliers delivered more.

Office furniture imports

	Imports, Oct 2015 Unit 1,000 Yen
S. Korea	-
China	120283
Taiwan P.o.C	16406
Vietnam	225
Thailand	2668
Singapore	252
Malaysia	5339
Indonesia	3779
India	-
Lebanon	-
Sweden	-
Denmark	4368
UK	-
Netherlands	-
Belgium	402
France	-
Germany	2644
Switzerland	457
Portugal	35657
Italy	25659
Poland	10257
Austria	-
Hungary	-
Serbia	-
Turkey	-
Lithuania	9195
Czech Rep.	-
Slovakia	6837
Canada	-
USA	2438
Total	246866

Data source: Ministry of Finance, Japan

Kitchen furniture imports (HS 940340)

October saw a fall in the number of major shippers of kitchen furniture to Japan. Year-on-year October imports of kitchen furniture rose 8% and this was mirrored by a similar month-on-month rise.

Vietnam, Philippines and China are secure once more as the top three suppliers and Vietnam leads the pack by a huge margin alone accounting for almost 43% of all Japan's kitchen furniture imports in October.

The top three suppliers accounted for 81% of all kitchen furniture imports in October and if shipments from Indonesia are included the over 90% of imports are accounted for.

In October Vietnam saw shipments rise 35% but the rise in shipments from the Philippines was a more modest 5%. October shipments from China remained much the same as in September.

Kitchen furniture imports

	Imports, Oct 2015 Unit 1,000 Yen
China	153842
Taiwan P.o.C	245
Vietnam	552657
Thailand	9195
Malaysia	12023
Philippines	324814
Indonesia	146941
India	-
Sweden	-
Denmark	-
UK	713
France	-
Germany	43299
Spain	-
Italy	9142
Poland	-
Austria	-
Romania	3772
Estonia	-
Canada	6200
USA	10389
Total	1273232

Data source: Ministry of Finance, Japan

Bedroom furniture imports (HS 940350)

Suppliers in China have dominated Japan's imports of bedroom furniture for the entire year and in October accounted for over 50% of all wooden bedroom furniture imports.

Bedroom furniture imports

	Imports, Oct 2015 Unit 1,000 Yen
S. Korea	-
China	992911
Taiwan P.o.C	16200
Mongolia	-
Vietnam	527846
Thailand	103308
Singapore	-
Malaysia	47603
Philippines	537
Indonesia	16183

Sweden	-
Denmark	9032
UK	-
Belgium	-
France	-
Germany	-
Switzerland	-
Spain	242
Italy	5946
Finland	-
Poland	28711
Austria	510
Hungary	-
Romania	9429
Turkey	-
Estonia	-
Latvia	-
Lithuania	6267
Croatia	-
Bosnia/Herzegovina	-
Slovakia	-
Canada	-
USA	13623
Total	1778348

Data source: Ministry of Finance, Japan

Year-on-year October 2015 bedroom furniture imports were down almost 3.5% but compared to September levels a slight increase was recorded.

In October the top two suppliers remained China and Vietnam but shipments from Thailand squeezed out Malaysia and Thailand joined China and Vietnam in supplying over 90% of Japan's October bedroom furniture imports. October saw a decline in the number of shippers of bedroom furniture.

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:

South Sea (tropical) log market

There is some change in supply side picture. The largest log buyer in Sarawak, India is shifting to Solomon Islands and PNG for log purchase. Quality of logs India buys are low grade with large hole on the butt so India does not have to stay in Sarawak, where log prices had been climbing steadily. India suffers depreciation of the currency so that they need to seek lower cost sources.

If the prices are lower and the volume is available, it does not have to be Sarawak logs. By this move, Sarawak log suppliers are becoming rather bearish and the offer prices for Japan are bit lowering.

Sarawak log suppliers need to secure the profit before rainy season arrives but they lost support to push the prices up by absence of Indian buyers.

However, log quality for Japan is different from that for India so availability of quality logs is limited. Therefore, degree of price reduction is slight. Since the yen is weakening, arrived yen cost remain almost unchanged even with US\$5-10 FOB price discount.

Present Sarawak meranti regular FOB prices are US\$280-285 per cbm, US\$5 less than October. Meranti small prices are US\$260 and super small are US\$245. They are both about US\$5 down from October.

Rubber wood LVL from Indonesia

Samko Timber Limited (Jakarta, Indonesia) has developed 'Heveatec', which is LVL made of planted rubber wood. Samko plans to market the product in Japan.

Rubber log is peeled by lathe to make 1.7 mm thick veneer then low molecular phenol resin is impregnated and veneers are pressed with glue under high temperature to make LVL. Orthogonal sheet is inserted in third layer to make better dimensional stability.

Since resin is impregnated to conducted vessel, it gives high durability and strong resistance to beetle damage.

Basic sizes are thickness of 20,25,30 mm, width of 145 mm and length of 2,100, 3,200 and 4,200 mm.

The product is mainly used for exterior structures. Traditionally natural wood like Western red cedar, ipe, ulin and selanangan batu have been used for exterior structures.

Planted rubber trees are cut down after 25 to 30 years when trees no longer yield latex.

Cut down trees are normally used as fuel but using aged rubber trees for LVL is effective utilization.

There are two manufacturing plants in Indonesia of SGS at Jakarta, which manufactures plywood and LVL with 100% planted species like falcate and rubber wood and of PSUT at Jambi, which also manufactures plywood and LVL with rubber wood and MLH.

Production of both plants is 10,000 cbms a month each. Majority of the products are marketed in Indonesia. Total monthly production of 'Heveatec' is about 1,500 cbms. Markets are Australia, Taiwan, Malaysia and Japan. Samko is recruiting dealers in Japan to make nationwide network.

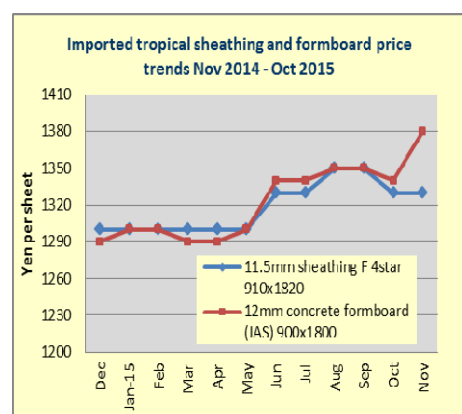
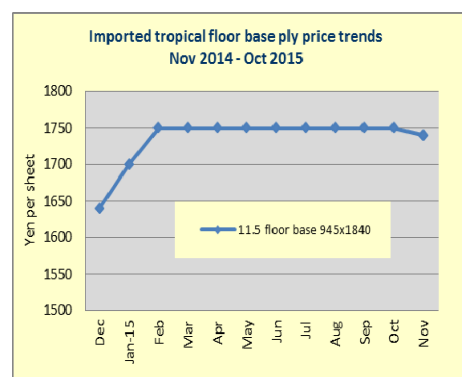
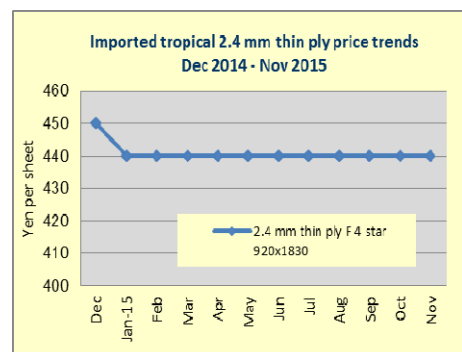
Plywood conference by three countries

37th plywood conference by Taiwan, Korea and Japan was held in Yilan, Taiwan in late October.

Main topics are cascade utilization of wood for environmental conservation.

It is confirmed that keeping in mind of abnormal weather resulted by progressing global warming trend, carbon fixation by using wood should contribute prevention of warming trend. It is also confirmed that information exchange regarding environmental conservation with stable utilization of energy in recent trend of using energy of recyclable resources from fossil fuel.

Others are using legally approved wood for manufacturing and watching panel demand in growing markets like China, India and Middle East.



Three story wooden school building

City of Uozu, Toyama prefecture decided to build three stories school building. Revision of the Building Standards Act in June this year makes it easier to build wooden school building.

It becomes possible to build three stories wooden school building of semi-quasi one hour fire proof structure with certain measures of fire spread prevention. School buildings have been concrete for many years due to fire hazard but with improvement of wooden materials for fire hazard and development of new devices, wooden school buildings are now safe from fire hazard.

The Ministry of Education, Culture, Sports, Service and Technology is actually promoting to build wooden schools and this will be a model case of wooden school for other local government.

The Toyama prefecture will select designer and architect by public advertisement and there are already seven proposals. After examination of applications, candidates are selected. Then there will be three meetings by working group by local residents and specialist to firm up concept of the school.

Estimated size of the school is about 4,400 square meters of floor space of three stories building.

Local wood is used to appeal charm of wood with consideration of environmental protection.

Design will be decided in 2016 and construction will start in 2017 to complete in April 2019.

Six story 2x4 experimental building

The Japan 2x4 Home Builders Association decided to build a full scale three stories 2x4 experimental unit.

This is leading project to promote 2x4 construction, which contributes utilization of wood, which is renewable resource. The experimental unit is built at the National Building Research Institute. It is subsidized by the Ministry of Land, Infrastructure, Transport and Tourism.

Past record of 2x4 building is four stories high and conditions to build six stories building are much higher structural strength for first and second floor with higher fire proof performance, higher wind pressure resistance, water tightness, earthquake resistance.

The project is to develop leading technique of earthquake and fire resistance and verify workability, durability and habitability then promote higher wooden buildings by public exhibition of the building.

JFTA gets ISO IEC17065 certificate

The Japan Forest Technology Association (JFTA) acquired certification on ISO IEC17065 from the Japan Accreditation Board (JAB) on October 27.

With this certification, JFTA is qualified to become international approval organization such as PEFC and FSC so that it will work on mutual recognition with SGEC

(Sustainable Green Ecosystem Council), the original system of Japan. The certification can be obtained by examination of the organization belonged to IAF (International Accreditation Forum Inc.).

Certification service has started since July 2014 by JAB, a member of IAF. JFTA commented that by the certification, once on-going mutual certification between SGEC and PEFC is acknowledged, certified object by SGEC is considered as certified object by PEFC

China

India slaps duties on imported MDF

Based on the findings of the Directorate General of Anti Dumping and Allied Duties (DGAD), the Indian Ministry of Finance has announced anti-dumping duties for imported fibreboard.

The Indian government introduced these measures to protect the domestic industry from low priced shipments from China, Malaysia, Sri Lanka and Thailand. An application for protective duties was lodged by domestic fibreboard manufacturers. The DGAD determined that domestic producers were suffering due to the dumped imports of plain medium density fibre board.

The Chinese authorities have reported that India now imposes anti-dumping duties on Chinese MDF. The Chinese website reports that the anti-dumping duties on Chinese MDF will be USD46.09 per cubic metre for products falling within tariff code 44110000.

In addition, the rate of Indian anti-dumping duties on Malaysian MDF is US\$36.1 per cubic metre, Thailand US\$45.27 per cubic metre and the rate for MDF from Sri Lanka's ranges from US\$11.83 to US\$26.49 per cubic metre.

The Ministry of Commerce and Industry conducted anti-dumping investigations on Chinese, Malaysian, Thailand's and Sri Lanka's MDF in February 2015 and made a final determination in August this year.

For more see:

<http://trb.mofcom.gov.cn/article/zuixindt/201511/20151101155073.shtml>

or

<http://www.cacs.gov.cn/cacs/newcommon/details.aspx?navid=B11&articleid=133741>

Average import prices on the way down

According to China Customs, in the first three quarters of 2015 China's log imports fell 14% to 34.21 million cubic metres while sawnwood imports rose slightly (+4%) to 19.9 million cubic metres.

Plywood imports dropped 10% to 117,200 cubic metres, fiberboard imports dropped 7% to 161,600 cubic metres. However, both OSB and particleboard imports increased 3% and 6% to 115,700 cubic metres and 333,800 cubic metres respectively.

Average prices for imported logs, sawnwood, OSB, particleboard and plywood fell 21%, 9%, 20%, 4% and 2% respectively. Average prices for imported fiberboard and wood chips were maintained at the same level as during last year.

Increase in log imports through Alataw Pass railhead

Log imports passing through the Alataw Pass railhead rose more than 60% to 18, 000 tonnes in October 2015. The Alataw Pass is in China's Xinjiang Uygur Autonomous Region on the China-Kazakhstan border. The Alataw Pass is the only railway and highway port in China's northwestern region.

The main reason cited for sudden increase was that log stocks had fallen sharply. The imported timber, mainly fir, spruce, scots pine and birch is from Russia and most is sold for milling in the Xinjiang area.

Interest in imported furniture wanes

In order to boost domestic sales imported furniture traders have recently reduced prices by as much as 30%. However, even with such big discounts domestic sales did not pick up. Analysts report that the enthusiasm of consumers for imported furniture has fallen and efforts at promotion are not delivering results.

It now seems consumers in China are more price conscious and are returning to purchasing domestically manufactured furniture which is cheaper than imports even with the heavy price discounts offered on imported products.

Home furnishing pavilion at High Point

It has been reported that Guangdong furniture makers and enterprises in North Carolina will jointly build a home furnishing pavilion in High Point County. This new undertaking will be implemented by the newly formed China Home Furnishing Oversea Exposition Union. This project is the first for the new Union.

The home furnishing pavilion will be opened in October 2016 and will offer locations for rent to the 30 to 50 Chinese home furnishing manufacturers expected to exhibit at the pavilion.

The Framework Agreement between the Chinese and American partners outlines areas of cooperation in promotion, production, R&D, technology, personnel exchange, marketing, brand development and exhibitions.

China enters custom furniture age

The sales of imported furniture fell this year and local analysts put this down to changing life styles rather than the economic slowdown.

There are many more home owners now in China and most houses and apartments tend to be small or medium sized and are owned by those born in the 1980s and 1990s.

These young home-owners demand functionality as well as artistic and personalised furniture. Because of this there is a growing trend to custom tailored furniture and innovative furniture makers now offer whole house furniture customisation.

For more see:

<http://china-trade-research.hktdc.com/business-news/article/China-Consumer-Market/China-s-furniture-market/ccm/en/1/1X000000/1X002L63.htm>

Guangzhou Yuzhu International Timber Market Wholesale Prices

Logs		yuan/cu.m
Merbau	dia. 100 cm+	4-6000
Bangkirai	dia. 100 cm+	3200-4200
Kapur	dia. 80 cm+	2700-3000
Ulin	All grades	-
Lauan	dia. 60 cm+	-
Kempas	dia. 60 cm+	2200-3000
Teak	dia. 30-60 cm	8500-11500

Logs		yuan/cu.m
Greenheart	dia. 40 cm+	-
Purpleheart	dia. 60 cm+	3000-4500
Pau rosa	dia. 60 cm+	2000-2500
Ipe	dia. 40 cm+	3200-3600
yuan per tonne		
Cocobolo	All grades	27000-40000

Logs		yuan/cu.m
Wenge	All grades	-
Okoume	All grades	-
Okan	All grades	3000-3500
African blackwood	All grades	-
African rosewood	All grades	-
Bubinga	dia. 80 cm+	-

Sawnwood

	Sawnwood	yuan/cu.m
Makore	Grade A	7000
Zebrano	Grade A	9500-12500
Walnut	Grade A	9500-18000
Sapelli	Grade A	7000-7500
Okoume	Grade A	4300-4700
Padauk	Grade A	16500-18000
Mahogany	Grade A	7000-7500

Sawnwood		yuan/tonne
Ulin	all grades	9000-10000
Merbau	special grade	8600-9500
Lauan	special grade	4300-4500
Kapur	special grade	5000-6000
Teak	special grade	14000-20000

Sawnwood		yuan/cu.m
Cherry	FAS 2 inch	9000-11000
Black walnut	FAS 2 inch	15000-18000
Maple	FAS	8000-10000
White oak	FAS	7500-13000
Red oak	FAS	6000-8000
Finnish pine	Grade a	2600-2900

Sawnwood		yuan/cu.m
Maple	Grade A	9000-9500
Beech	Special Grade	5200
Ash	no knot	5700-6300
Basswood	no knot	2800-3300
Oak	no knot	5300-5700
Scots pine	no knot	2100

Shanghai Furen Forest Products Market Wholesale Prices

Logs

Logs All grades	000's yuan/tonne
Bois de rose	130-250
Red sandalwood	800-1800
Siam rosewood	80-300
Burma padauk	13-18
Rengas	8-10
Mai dou lai	6000-8000
Neang noun	23-36
Burma tulipwood	20-28
Cocobolo	28-120
Morado	10-15
Ebony	12-40
Trebol	3.6-8
African sandalwood	11-14

Zhangjiagang Timber Market Wholesale Prices

Logs, all grades	yuan/tonne
Sapelli	2800-3800
Kevazingo	8000-32000
Padouk de africa	2400-3100
okoume	1400-1800
Okan	2490-2850
Dibetou	2200-2500
Afrormosia	5500-6500
Wenge	4700-5500
Zingana	3400-5800
Acajou de africa	3000-3500
Ovengkol	3850-4300
Pao rosa	5900-6600
Logs, all grades	yuan/tonne
Merbau	3500-5800
Lauan	1600-2400
Kapur	2020-2500
Keruing	1700-2200
Geronggang	1600
kauri	1700-1850

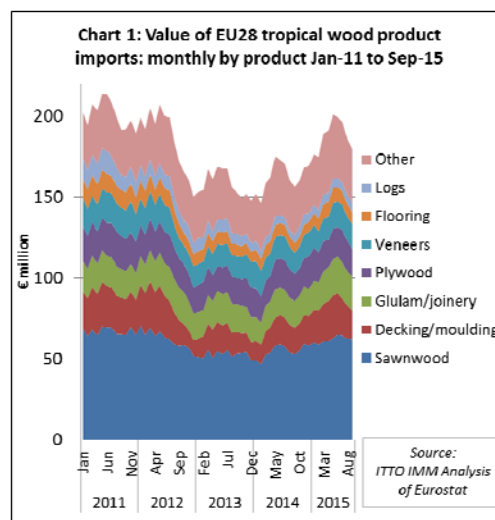
Logs, all grades	yuan/tonne
Amoora	1900-2080
Calophyllum	2150-2350
Red ganarium	1300-1400
Gray Canarium	1100-1200
Red-brown terminalia	1680-1750
Basswood	1200-1400
Sureni toona	1500-1650
Bunya	1400-1550
Walnut	2900-3350

Europe

European tropical wood imports up 16% on previous year

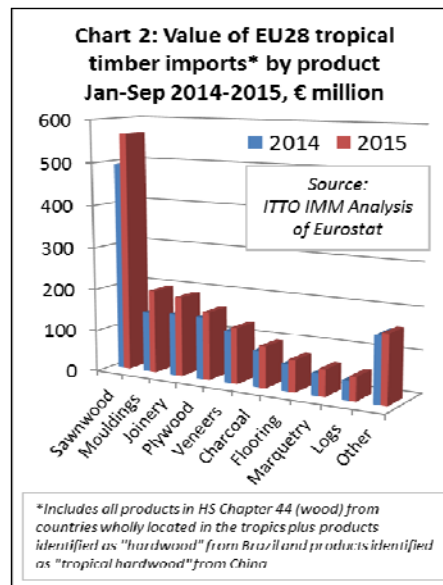
EU imports of tropical timber products increased sharply between September 2014 and April 2015 but slowed again in the four months to end September 2015 (Chart 1).

Nevertheless, the value of EU imports of tropical timber across all product groups in the first 9 months of 2015 was, at €1.703 billion, 16% greater than the same period the previous year. So far EU imports of tropical timber in 2015 have been close to levels last seen in 2012.



EU imports of all tropical wood products have increased this year. With the exception of plywood (+8.6%), veneers (+7.5%) and "other" (+4.3%), all tropical product groups showed double-digit import growth. Mouldings (+36.4%) and joinery (+28.2%) experienced the highest growth rates.

Imports of sawntwood, the most important tropical product group in terms of import value, rose by 14.2% to €565.1 million. Imports of tropical logs (+24.1%) have also continued their upward trend this year after several years of steep decline (Chart 2).



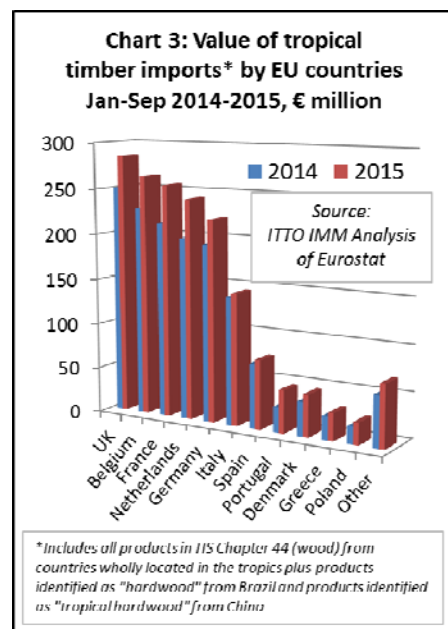
Some of the increase in the euro value of tropical wood imports is due to the relative weakness of the European currency this year which has led to price inflation for European importers.

However, this has been partly offset by producers lowering their sales prices and by a steep fall in freight rates as the year progressed.

Further analysis of the data also shows that the quantity of EU tropical wood imports has increased across nearly all product groups.

Increased imports into all major EU markets

A closer look at the individual EU countries reveals that tropical timber deliveries to all important markets have increased this year, in most instances by a significant margin. Spain (+7.9% to €76.2 million) and Italy (+3.1% to €144.4 million) were the only major markets to show single-figure growth rates (Chart 3).



The UK has remained the most important tropical timber market in Europe this year, with growth of 13.7% in imports to €285.1 million across all product groups during the first nine months. There was also substantial growth in imports into Belgium (+15.6% to €263.9 million), France (+19.4% to €255.1 million), and the Netherlands (+21.3% to €241.9 million).

Deliveries of tropical wood to the German market increased 13.8% to €221.1 million in the first nine months of 2015. However, reports from German importers are slightly less positive.

While some importers specialising in African timber report satisfactory business this year, those focused on Asian timber describe the market as difficult. The same is true for tropical plywood from South-East Asia, which is under intense competitive pressure from European and Russian poplar and birch products.

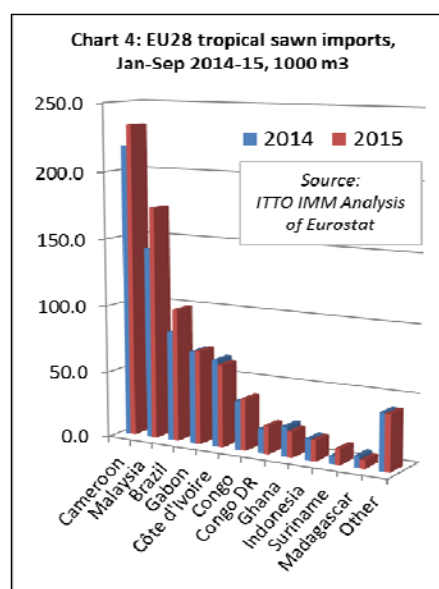
The German timber trade federation GD Holz reports that wood product sales in Germany have more or less stagnated in the first nine months of this year. Moreover, garden wood assortments, including decking, experienced decline by around 5%.

The same is true for sawn timber. For building products and joinery, on the other hand, GD Holz reports growth of around 5%.

Sharp increase in EU sawn imports from Malaysia and Brazil

EU imports of tropical sawn timber increased by 9% to 793,100 m3 in the first nine months of 2015. Imports from Cameroon, the largest supplier, increased 7% to 233,000 m3. Import growth was even more rapid from Malaysia (+22% to 173,800m3), Brazil (+21% to 99,500m3), and the Democratic Republic of the Congo (+14% to 21,000m3).

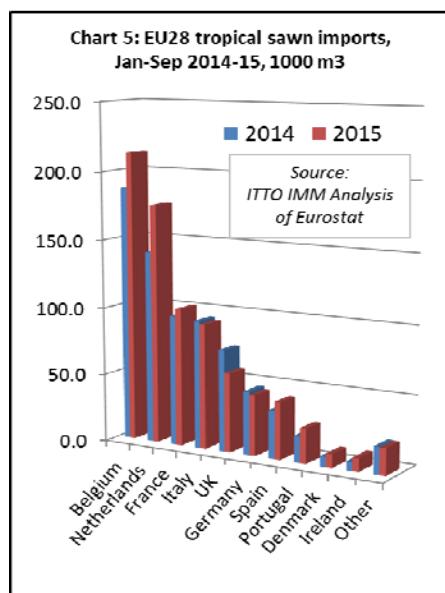
Imports from Gabon (+1% to 70,400m3) and Congo (+6% to 38,500m3) recorded below-average growth rates. Meanwhile, imports from Ghana (-15% to 19,100m3) and Ivory Coast (-5% to 62,200m3) have declined this year (Chart 4).



Market recovery in Benelux and France

The rise in tropical sawn wood deliveries to Europe was primarily due to higher imports into the Netherlands (+25% to 176,100m3), Belgium (+14% to 213,300m3) and, to a lesser extent, France (+6% to 101,400m3).

By contrast, imports into the UK, which increased sharply in 2014, declined 22% to 58,100m3 in the first nine months of 2015. Tropical sawn wood imports into Germany (-5% to 44,400m3) and Italy (-2% to 92,000m3) have also declined this year (Chart 5).



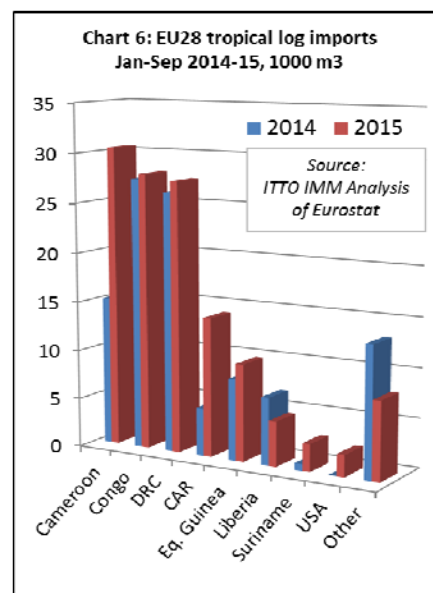
In their latest statistical report (covering the first 8 months of 2015) the UK Timber Trade Federation (TTF) reports “all regions of the world except Central and South America have exported less to the UK in 2015 to date. Only a tripling of volumes from Guyana (from a relatively low base) has provided regional growth in 2015”.

Hardwood deliveries to the UK from Asia declined 17% while imports from Africa were down 28% in the first 8 months of 2015. Despite the sharp uptick in imports from Guyana, UK hardwood imports from South and Central America were no more than 8,000m3 in the first 8 months of 2015.

Tropical log imports up 24%

Following nearly a decade of continuous decline, EU imports of tropical logs have recovered a little ground this year. Imports increased 24% to 127,338m3 in the first nine months of 2015. Much of this import growth was concentrated in the first five months and the pace of imports slowed between June and September.

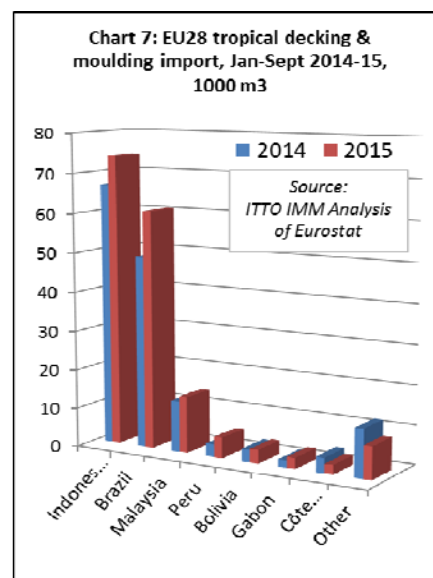
EU tropical log imports from Cameroon doubled to 30,464m3 and deliveries from the Central African Republic almost tripled to 14,122m3 in the first nine months of 2015. Imports from Suriname also tripled from a low base to 2,776m3. However imports from Liberia declined 33% to 4,570m3 (Chart 6).



Rising EU decking imports from Indonesia, Brazil and Malaysia

EU imports of tropical mouldings (which includes both interior mouldings and exterior decking products) were 171,218 m3 in the first nine months of 2015, 12% more than the same period in 2014.

Imports increased from all the major supply countries including Indonesia (+10% to 74,059m3), Brazil (+24% to 60,672m3) and Malaysia (+10% to 14,307m3). Deliveries from several other countries, including Peru, Bolivia and Gabon, also increased from a low base. However imports from Ivory Coast were much lower than last year (Chart 7).



Forecast for slow economic recovery

The EU continues to recover only gradually from the financial and economic crisis. The European Commission's Autumn Economic forecast, published on 5 November, notes that the economic recovery in the EU is now in its third year and that "it should continue at a modest pace next year despite more challenging conditions in the global economy".

The European economy continues to benefit from low oil prices, accommodative monetary policy and the relatively weak external value of the euro, which is helping boost competitiveness, according to the EC.

Looking forward, the EC forecasts GDP growth to rise from 1.9% this year to 2.0% in 2016 and 2.1% in 2017. In making this assessment, the EC comments that "the impact of the positive factors is fading, while new challenges are appearing, such as the slowdown in emerging market economies and global trade, and persisting geopolitical tensions.

Backed by other factors, such as better employment performance supporting real disposable income, easier credit conditions, progress in financial deleveraging and higher investment, the pace of growth is expected to resist the challenges in 2016 and 2017. In some countries, the positive impact of structural reforms will also contribute to supporting growth further".

Recent reports from IFU, an economic research institute based in Germany, are slightly less optimistic. IFU's index of the economic climate in the euro area dropped by two percentage points in the fourth quarter of 2015. IFU note that "while assessments of the current economic situation brightened slightly, the six-month economic outlook continued to cloud over. The euro area economy continued its recovery at a subdued pace".

Regarding the current economic situation, experts surveyed by IFO in Greece, Finland, France, Italy, Spain, Austria, Portugal, and Cyprus continued to assess the situation negatively. In most other euro countries the situation was described as satisfactory. IFU's six-month economic outlook remains positive overall but was scaled back in several countries, especially in France, Spain and Portugal.

North America

China's plywood import share expands

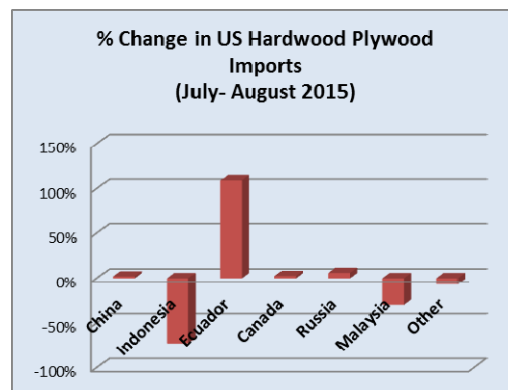
US imports of hardwood plywood fell 17% from July to August. A total of 262,180 cu.m. were imported. Year-to-date imports were still 6% higher than in August last year.

China increased its import share to 58% of total hardwood plywood imports (149,326 cu.m.). Year-to-date imports were up 13% from August 2014.

Plywood imports from Indonesia declined in August (24,239 cu.m.) but year-to-date imports remain higher than in 2014.

Malaysian plywood shipments to the US fell 30% month-over-month to 5,443 cu.m. Year-to-date imports from Malaysia were 8% below August 2014 levels.

Uruguay has become a significant supplier of hardwood plywood to the US market. Year-to-date, the US imported 30,705 cu.m. from Uruguay in August, compared to 53,321 cu.m. from Malaysia.



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

August moulding imports below 2014 levels

Year-to-date hardwood moulding imports were 4% lower than at the same time last year, despite higher August imports (US\$19.5 million).

China was the only country to significantly increase moulding shipments to the US in 2015. August imports from China were worth US\$7.6 million, up 15% from July.

Moulding imports from Brazil increased by one third from July to US\$5.5 million. Imports from Malaysia declined 2% in August to US\$1.1 million.

Year to August % change in US hardwood moulding imports

Total imports	-4%
Brazil	-7%
China	3%
Malaysia	-9%
Canada	-21%
Other	2%

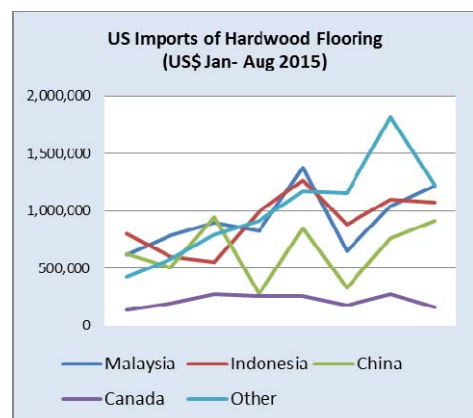
Data source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics

Malaysia and Indonesia dominate hardwood flooring imports

Year-to-date imports of wood flooring (hardwood and assembled panels) increased in August compared to the same time last year.

Monthly imports of hardwood flooring declined slightly to US\$4.6 million in August, but year-to-date imports remain up by almost one third from 2014.

All major suppliers benefitted from higher US demand, but Malaysia and Indonesia showed the strongest growth in year-to-date shipments to the US market. Malaysia was the largest supplier of hardwood flooring in August at US\$1.2 million, up 16% from July.



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

Imports of assembled flooring panels increased 3% month-over-month in August to US\$12.9 million. China accounted for about half (US\$6.4 million) of all imports in August.

Indonesia and Brazil each shipped just over US\$0.5 million worth of assembled flooring panels to the US in August. Year-to-date imports from both countries increased significantly from last year.

Decline in furniture imports from China in August

The value of wooden furniture imported in August was unchanged from the previous month at US\$1.44 billion. Year-to-date imports were 11% higher than in August 2014.

US August wooden furniture imports

	US\$ millions	July-Aug % change
China	679	-1
Vietnam	279	8
Canada	120	5
Malaysia	58	-1
Mexico	67	4
Indonesia	44	-17

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

The share of various suppliers shifted slightly in August. US wood furniture imports from China declined by 1% to US\$678.8 million or 47% of total imports.

Vietnam's import share continued to grow. In August Vietnam exported US\$279.0 million of furniture the US, accounting for 19% of total furniture imports.

Furniture imports from Malaysia and Indonesia fell in August, but year-to-date imports were above 2014 levels.

Malaysia in particular increased exports to the US compared to last year (+24%). Its share in total year-to-date imports grew from 3.8% to 4.2%.

Miscellaneous wooden furniture accounted for most imports (US\$494,040), followed by upholstered seating (US\$391,545) and bedroom furniture (US\$298,965).

Federal Reserve expected to raise interest rates

The Federal Reserve is expected to raise interest rates in December, following the release of positive economic indicators in October. Job growth was higher than expected, and unemployment fell to 5%, the lowest since 2008. Only the manufacturing sector showed no increase in employment. Wage growth was higher than any other time since the US recession. Some analysts already speculate there could be a second rate hike in March 2016.

GDP growth was 1.5% in the third quarter of 2015, according to the Department of Commerce's advance estimate. In the second quarter real GDP increased 3.9%. Personal spending increased in the third quarter, as well as construction, exports and imports.

Manufacturing output expanded in October despite lower employment in manufacturing, according to the Institute for Supply Management. Furniture manufacturing companies reported growth in production, while output declined in the wood products sector in October.

Consumer and builder confidence highest in a decade

Consumer confidence rebounded in October, according to the University of Michigan consumer sentiment index. The gain was mainly among households with lower incomes, while high income households were concerned about financial markets.

The average level of the consumer sentiment index thus far in 2015 was higher than any other year since 2004.

Builder confidence in the market for newly built, single-family homes also grew in October. Confidence was the highest since the end of the housing boom in 2005, according to the National Association of Home Builders.

The main driver of the housing market recovery has been the consistent growth in employment. The only downside of an otherwise positive development is the strong growth in service sector jobs, which usually pay lower wages than manufacturing jobs.

Despite good demand for new homes, builders are concerned about the supply side: the cost and availability of labour and building lots, and the cost of building materials.

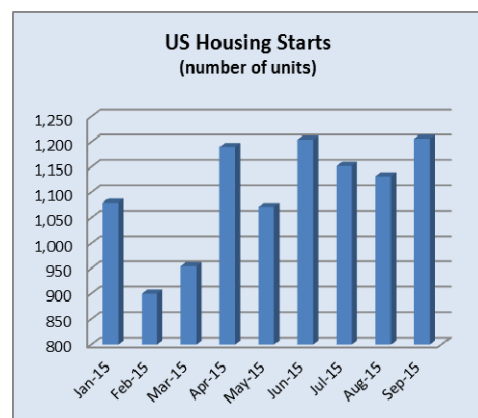
Housing starts over 1.2 million in September

Housing starts jumped in September to a seasonally adjusted annual rate of over 1.2 million. Starts had been over 1.1 million since June, according to US Census Bureau data.

The growth was mainly in multi-family construction, but single-family homes also increased slightly. In September single-family homes accounted for 61% of total starts, down from 65% to 67% earlier this year. Multi-family starts increased 18% from August to September.

The National Home Builders Association expects a similar pace of construction for the rest of 2015.

The number of building permits were at a seasonally adjusted rate of 1.1 million in September, down 5% from August. Much of the decline was in multi-family permits.



Source: US Census Bureau

Higher home sales across the country

Sales of existing homes rebounded in September following August's decline. Sales increased across the country, according to the National Association of Realtors.

Home prices increased as well, but in some markets affordability improved. Low mortgage rates continue to support the housing market.

The number of homes on the market declined in September, increasing inventory shortages. The share of first-time buyers remains relatively low at less than one third because of high home prices. Most home buyers were current owners who sell their homes in these favourable market conditions.

Consumer and business confidence down in Canada

Canadian housing starts grew to 231,304 in September at a seasonally adjusted annual rate. It was the highest rate of new construction since 2012. Low mortgage rates have supported the housing market, despite a contraction due to low oil prices.

Both single and multi-family construction increased in September. Single-family homes accounted for just 25% of total starts in September, compared to over 60% in the US.

Foreign buyers might play a large role in the housing market of Canada's urban centres, but reliable data on overseas home owners is lacking. According to the central bank, the lack of data makes it more difficult to understand risks to the financial system and housing market.

For 2016 the Canadian Housing and Mortgage Corporation expects little change from this year. Housing demand will decline in oil-producing provinces, but construction is forecast to increase in British Columbia and Ontario where manufacturing benefits from the lower Canadian dollar.

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

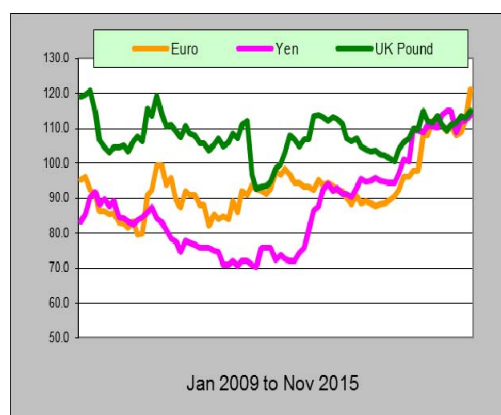
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

US Dollar Exchange Rates

As of 25th November 2015

Brazil	Real	3.8458
CFA countries	CFA Franc	619.65
China	Yuan	6.3964
EU	Euro	0.9440
India	Rupee	66.859
Indonesia	Rupiah	13819
Japan	Yen	122.16
Malaysia	Ringgit	4.27
Peru	New Sol	3.3685
UK	Pound	0.6652
South Korea	Won	1156.64

Exchange rate indices (Dec 2003=100)

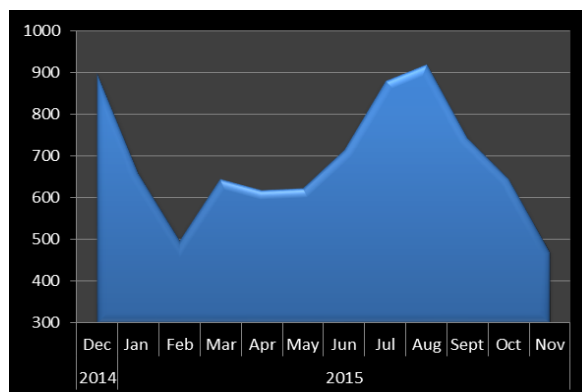


Abbreviations and Equivalences

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
Dec 2014 – Nov 2015

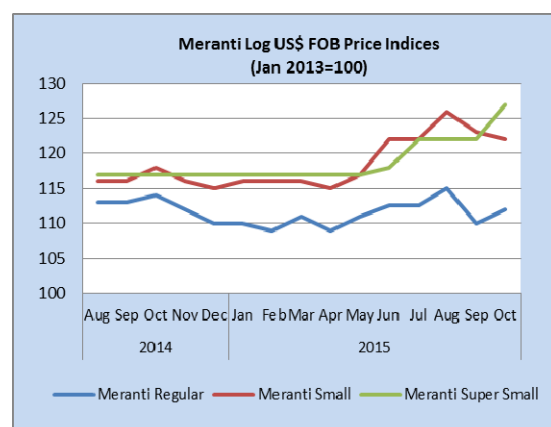


Data source: Open Financial Data Project

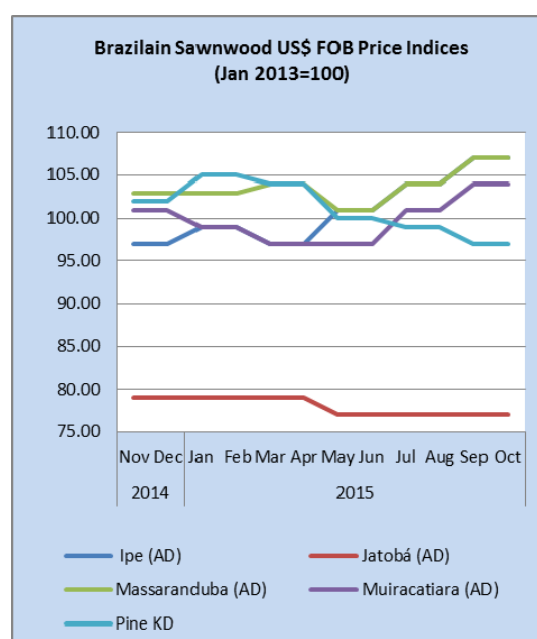
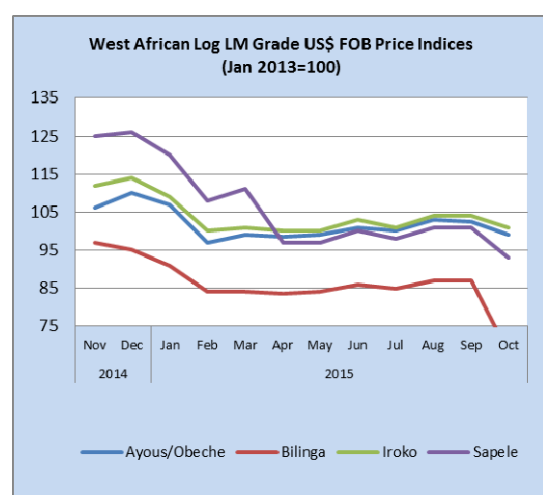
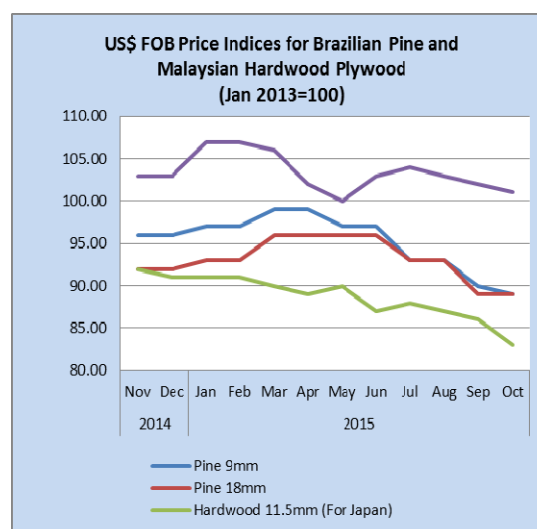
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

Price indices for selected products

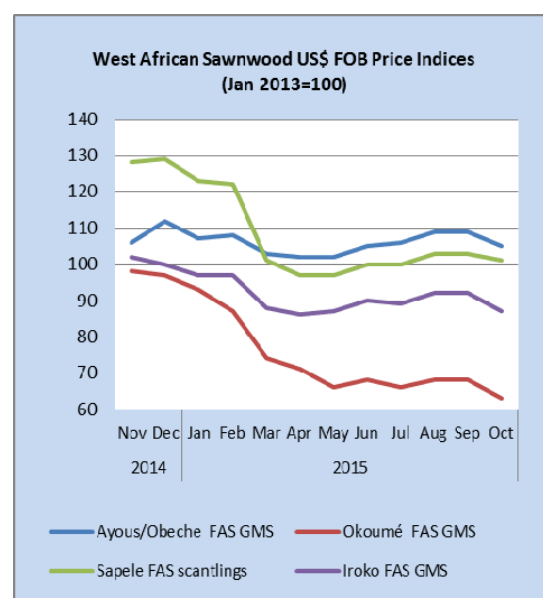
The following indices are based on US dollar FOB prices.



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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