Tropical Timber Market Report

Volume 20 Number 1, 1st – 15th January 2016

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.

Contents

Central/West Africa	2
Ghana	2
Malaysia	4
Indonesia	5
Myanmar	6
India	7
Brazil	8
Peru	9
Japan	11
China	15
Europe	18
North America	21
Currencies and abbreviations	25
Ocean Freight Index	25
Price Indices	26

Top Story

ETTF launches new tropical timber website

The website 'Gateway to international Timber Trade' has been launched by the European Timber Trade Federation (ETTF).

International timber traders will find here a one-stop information point for forest industry information, legal timber trade, country requirements and export trends in timber producing countries.

The objective in creating this website is to enhance and facilitate legal trade in tropical timber.

See: www.timbertradeportal.com

Headlines

	Page
Malaysian companies meet India's retailers and net orders worth RM 44 million	**4**
Indonesia plans 300,000 ha of plantations for biomass by 2019	**5**
Confusion over Myanmar's allowable cut for 2016/17	**6**
Indian States secure authority to license wood processing enterprises	**7**
Brazilian furniture export to rise in 2016	**8**
Japan Builders Network (JBN) surveys domestic use of wood	**15**
Structure of forest industry in China has changed	**16**
Wood yet to make significant inroads into market share of other materials	**19**
US national formaldehyde emission standards to be issued early this year	**21**

Central and West Africa

Little change in prices expected in the first quarter

West Africa log and sawnwood prices remained unchanged through late December and into the first half of January. Producers in the region expect little, if any, change in price structures during the first quarter of the year.

Chinese New Year is early this year beginning 8 February and, while it is unlikely that trade levels can drop any lower, there will be the usual absence of buyers in the market.

Analysts are of the opinion that, with Chinese New Year just around the corner, buyers for the Chinese market have no incentive to resume purchases ahead of the celebrations and long vacation.

Perhaps the best prospects for a resumption of buying for the Chinese market will be in the second quarter but so much depends on importers and merchants in China being able to move their current high stocks. However, there is little sign of growth in China's real estate sector which weakened significantly in late 2015.

Producers are hoping that the modest but steady expansion of demand in Europe will continue in 2016 as this has underpinned price stability, even through the volumes being purchased are not large in terms of EU total hardwood consumption.

New log export restrictions welcomed by domestic millers

Cameroon sawnwood exports performed particularly well in 2015 and new log export restrictions are aimed at reserving premium species for domestic processing. This is a relief to sawmillers who are complaining of a tight log supply for the most favoured export timbers.

High levels of logging by 'informal sector' in Gabon

Reports from Gabon suggest some officials are still being investigated over illegal exports of kevazingo/bubinga and now some concession holders have expressed concern over the high levels of logging in the 'informal sector' which will be difficult for the forest authorities to control.

COP21 - re-assessment of conservation and reforestation policies likely

The recent climate change meetings in Paris have influenced governments in the region to begin re-assessment of their conservation and reforestation policies say analysts and new domestic initiatives on climate change and forestry are anticipated in the coming months.

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	200
Azobe & Ekki	230	230	160
Belli	240	230	
Bibolo/Dibétou	180	170	
Iroko	330	290	260
Okoume (60% CI, 40% CE, 20% CS) (China only)	200	200	160
Moabi	340	310	235
Movingui	210	210	160
Niove	160	160	-
Okan	210	210	-
Padouk	315	290	230
Sapele	305	305	220
Sipo/Utile	345	330	265
Tali	305	305	-

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

Third quarter export approvals up 65 percent

During the third quarter period of 2015 the Timber Industry Development Division (TIDD) of the Ghana Forestry Commission (GFC) vetted and approved export contracts totalling 172,124 cubic metres.

Compared to second quarter contract volumes this represented an increase of over 65 percent.

The table below shows the volumes of approved contracts for the second and third quarters of 2015.

Product Category	Q2 2015 cu.m	%	Q3 2015 cu.m	%
Primary	14,531	14	7,004	4
Secondary	87,230	84	162,060	94
Tertiary	2,126	2	3,060	2
Total	**103,887**		**172,124**	

Source:TIDD, Ghana

In the third quarter of 2015 the volume of approved sawnwood contracts increased to 162,000 cubic metres, an increase of 86% over second quarter volumes. This increase was mainly due to the lifting of the export ban on rosewood sawnwood during the third quarter.

Sawn rosewood accounted for 39% of the total volume of the contracts approved in the third quarter. In addition, compared to the second quarter, there was a 37% increase in approvals for teak exports and a 12% increase approvals of other sawnwood contracts.

In the third quarter there was only a minor change in tertiary product exports approvals.

Approvals for primary product exports fell in the third quarter of 2015. The volume of contracts for gmelina log exports submitted in the third quarter fell almost 75% (2,000 cu.m) compared to the second quarter. Similarly, exporters submitted very few contracts for teak poles/billets export. Logs go mainly to the India market and in the third quarter contract volumes were down over 26%.

Contract submissions for the export of plywood to neighbouring countries (overland export) fell to 19,282 cubic metres, an almost 6% decline.

Sawnwood export contracts in the third quarter accounted for almost 80% of the total volume of contracts approved during the third quarter (136,461 cu.m), a sharp increase compared to the previous quarter.

The market structure for Ghana's wood product remained unchanged in the third quarter. The regional West African market continued to be the major destination for Ghana's plywood.

Sliced veneer and kiln dried sawnwood exports are mainly destined for European markets while air dry sawnwood, especially rosewood and other high density species such as apa, ekki and denya are for the Chinese market.

The US market continued as the major destination for mahogany/cedrela sawnwoodber and rotary veneer. The Middle East and Egyptian markets are emerging as a major destination for backing grade rotary veneer.

Manufacturers pay higher taxes and levies

Two weeks before the end of 2015 the Public Utility Regulatory Commission (PURC) announced that electricity charges would rise over 65%. In addition, it was announced that prices of fuel and petroleum products were to be raised by about 28% effective 01st Jan 2016. These increases were approved by Parliament before the Christmas break through an emergency Energy Sector Levy Bill (2015).

Manufacturers and business associations in the country have called on the government to 'save our businesses in 2016', and to implement measures to restore confidence in the business community. In the face of the power shortages in 2015 most manufacturers saw output fall.

Mid-January prices

Prices for wood products remained unchanged as of mid-January as companies are yet to resume operations after the holidays.

Boule Export prices

	Euro per m^3
Black Ofram	345
Black Ofram Kiln dry	465
Niangon	472
Niangon Kiln dry	520

Export Rotary Veneer Prices

Rotary Veneer, FOB	€ per m^3	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	400	300
Chenchen	462	565
Ogea	487	590
Essa	523	540
Ofram	350	406

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

Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	0.91
Asanfina	1.40	0.75
Avodire	1.90	0.34
Chenchen	1.10	0 .30
Mahogany	1.30	0.88
Makore	1.80	0.83
Odum	1.33	0.40

Export Plywood Prices

Plywood, FOB	€ per m^3		
BB/CC	Ceiba	Ofram	Asanfina
4mm	482	510	641
6mm	508	535	615
9mm	393	450	613
12mm	369	463	450
15mm	450	436	400
18mm	347	383	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
Asanfina	492	564
Ceiba	203	355
Dahoma	485	536
Edinam (mixed redwood)	537	612
Emeri	477	554
African mahogany (Ivorensis)	633	1089
Makore	660	750
Niangon	578	873
Odum	660	775
Sapele	815	833
Wawa 1C & Select	400	443

Export Added Value Product Prices

Parquet flooring 1st grade	FOB € per sq.m		
	10x60mm	10x65-75mm	14x70mm
Apa	11.70	14.47	17.00
Odum	9.00	10.18	11.00
Hyedua	13.67	18.22	16.30
Afrormosia	13.72	13.93	17.82

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

Malaysia

Game changer policies needed to cope with the dynamic international markets

The New Year fall in China stock markets rocked business sentiment in Malaysia and analyst anticipate that the yuan could weaken further which, in turn, would impact the Malaysian ringgit – good news for timber exporters but a negative for the overall economy.

In the first week of the New Year, the Minister of Plantation Industries and Commodities, Douglas Uggah Embas, announced that a new national commodity policy will be drafted. National newspapers reported him as saying, "what is needed is game changing policies to cope with the rapid change in science and technology." Uggah Embas said the focus of the new policy should be on environmentally sound industries in support of 'green' development.

The Trans-Pacific Partnership offers an good opportunity for Malaysian enterprises said Uggah Embas emphasising that companies and government agencies should now be working to gather market intelligence in advance of export planning.

The Minister commented "Market intelligence must always be updated with the latest information so that the country can proactively overcome non-tariff marketing issues and not act in a reactive and fire-fighting manner."

Malaysian companies meet India's retailers – net orders worth RM 44 million

The Malaysia External Trade Development Corporation (MATRADE) has issued a press release on its recently organised 'Specialised Marketing Mission' for Malaysian furniture makers to Mumbai. The mission, which involved eight Malaysia's furniture suppliers, has registered sales of RM 44 million.

The event was organised as part of MATRADE's 'quick-win' measures to boost exports of Malaysian furniture products globally especially in India. The event has also provided Malaysian companies an opportunity to meet with India's largest retailers as well as project owners in India.

India was identified as a high potential market for furniture as there is a growing middle class and an increasing expendable income which contributed to a rapid growth in India's furniture retail. In 2014, India was the eighth largest consumer of furniture and among the top five retail markets in the world.

In the first ten months of 2015, India's imports of furniture from Malaysia have grown 37.5 per cent to RM270.1 million. Malaysia was the second largest furniture exporter to India during this period after China.

This huge jump in imports was due to competitiveness of Malaysian products in India along with the increased growth of organised furniture retail.

For more see:
http://www.matrade.gov.my/en/about-matrade/media/press-releases/press-releases-2015/4450-mission-to-promote-malaysian-furniture-in-mumbai-proved-fruitful-14-december-2015

New Chief Executive Officer of the Malaysian Timber Council

Datuk D.r Abdul Rahim Haji Nik, the former Deputy Secretary General of the Ministry of Natural Resources and Environment, has been appointed Chief Executive Officer of the Malaysian Timber Council (MTC). He succeeded Datuk M Nagarajan, the former Interim.

In his new role, Datuk Dr. Abdul Rahim pledged to continue spearheading MTC's efforts in promoting the growth of the Malaysian timber trade and industry and the development of markets for Malaysian timber and furniture products globally.

For the full press release see:
http://mtc.com.my/wp-content/uploads/2015/12/New-CEO-at-MTC.pdf

16 Malaysian furniture manufacturers to exhibit at UK show

The Malaysian Timber Council (MTC) has announced it is organising the participation of 16 Malaysian furniture manufacturers at the upcoming January Furniture Show (JFS) 2016, one of the largest furniture and furnishings event in the United Kingdom.

See: http://mtc.com.my/wp-content/uploads/2016/01/MTC-Malaysia-Pavilion-at-JFS-2016.pdf

The MTC press release says "The 576-square-metre MTC Malaysia Pavilion at JFS 2016 will offer a platform for the 16 Malaysian furniture manufacturers to exhibit their latest designs and products as well as develop new business contacts and generate sales not only within the UK but also with international buyers visiting the show."

From January to October 2015, Malaysia's export of wooden furniture to the UK totalled RM302.8 million, an increase of 17%, year-on-year.

MTIB announces new timber import regulations

In a press release the Malaysian Timber Industry Board (MTIB) advises timber importers that "with effect from 1 January 2016, applications for import licenses of round logs, large square and scantling (LSS) and plywood, shall obtain legality document from producing countries.

This regulation is to fulfil the requirements of Timber Legality Assurance System (TLAS)."

Press release:
http://www.mtib.gov.my/index.php?option=com_content&view=article&id=2252%3Anew-import-regulation-under-timber-legality-assurance-system-tlas&catid=1%3Ahighlights&lang=en

The official notification says: "There are six (6) documents adopted as legality evidence, namely:

(1) The FLEGT License under Forest Law Enforcement, Governance and Trade;
(2) CITES Permit from member countries of Convention of International Trade in Endangered Species of Wild Flora and Fauna;
(3) Timber Certification such as PEFC, MTCS;
(4) Certification of Voluntary Legality Scheme;
(5) Legality Document issued by any agency / relating association recognised by Producing Countries; and
(6) Customs Declaration Form from Producing Countries.

All importers of round logs, large square and scantling (LSS) and plywood, are required to take note of this regulation. As a preemptive measure, all importers of other timber products are also advised to obtain legality evidence from respective producing countries, particularly for products which will undergo further processing, and to be re-exported to the European Union countries."

For the official circular see:
http://www.mtib.gov.my/repository/pelesenan/pekeliling%20kp_import%20legality.pdf

Log prices set to rise as supplies in Sarawak become tighter

Firm demand and a weak ringgit are likely to keep Sarawak's export log market buoyant in 2016. A spokesperson from Subur Tiasa Holdings said timber consuming countries, especially India, are a steadily growing market for tropical logs and as demand is maintained prices rises are likely especially as supplies in Sarawak are becoming tighter.

India is the key export market for Sarawak and currently accounts for some 60% of the logs exported from the State.

Plywood export prices

Plywood traders in Sarawak reported export prices:
Floor base FB (11.5mm) US$580/cu.m FOB
Concrete formboard panels CP (3' x 6') US$ 500/cu.m FOB
Coated formboard panels UCP (3' x 6') US$ 580/cu.m FOB
Standard panels
S Korea (9mm and up) US$ 395/cu.m FOB
Taiwan (9mm and up) US$ 390/cu.m FOB
Hong Kong US$ 420 FOB/cu.m

Indonesia

300,000 ha of plantations for biomass by 2019

As a contribution to energy security Indonesia has adopted a policy on bio-fuel/diesel blending. From the beginning of this year the aim is to begin using 20 percent biodiesel blending (B20 blending).

If the B20 policy can be made effective the plan is to move to a B30 target for 2020. A level of 30 percent blending is thought to be the maximum that can be achieved without major technical modifications to standard diesel engines.

The Ministry of Environment and Forestry is aiming for the establishment of 300,000 ha of forest plantations for biomass energy by 2019.

New procedures for wood product imports

The Ministry of Trade has issued an update on procedures for wood product imports. In its latest directive, Ministry of Trade 1068 / M-DAG / SD / 12/2015 December 21, 2015, provisions on the import of forestry products are set out and procedures for applications for an import license are explained.

This new regulation stems from the requirements of the EUTR which requires importers to exercise due diligence.

For more see:
http://silk.dephut.go.id/index.php/article/vnews/141

Export promotion the focus of new economic stimulus package

The government will introduce a further round of economic stimulus measures early this year focusing on export promotion.

Darmin Nasution, Minister for Economic Coordination said the government aims to encourage financing of export-based industries and that it is likely a national institution will be asked to take responsibility for promoting exports of wood products, furniture and textiles.

AEC trade pact offers opportunity for more exports of wood products

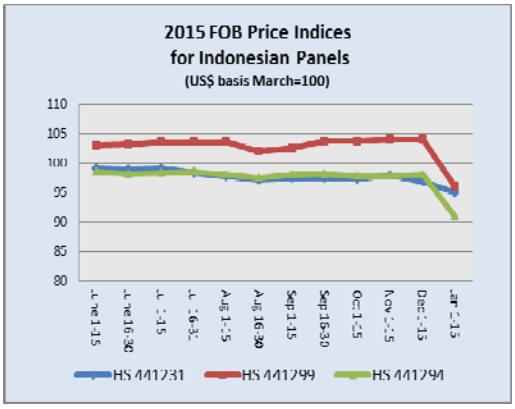
The ASEAN Economic Community (AEC)/MEA came into being on 1 January 2016 and Indonesia is a party to this new community. Members have agreed that goods and

services within member countries of ASEAN plus China, Japan and South Korea will eventually all be duty fee.

A spokesperson from the Ministry of Trade has said the ministry is optimistic Indonesia can expand exports through the new trade group.

Indonesia trade with ASEAN partners has expanded in recent years with the non-oil trade balance between January and October last year more than doubling to US$1.6 billion.

The Director General of the National Export Development Division in the Ministry of Trade, Nus Nuzulia Ishak, said because of the new trade deal there are significant opportunities for expanding exports of wood products, pulp and furniture to China, Japan and South Korea.



Myanmar

Confusion over allowable cut for 2016/17

The Myanmar newspaper "The Daily Eleven" quoted Dr. Kan Zaw, Minister for National Planning and Economic Development, as saying that authority would be granted for the extraction of 60,000 cubic tons of teak logs and 1,499,111 cubic tons of other hardwood logs in the financial year of April 2016 to March 2017.

In the 2015-16 financial year authority was granted for felling of 88,044 cubic ton of teak logs.

This statement contradicts what the Myanma Timber Enterprise (MTE) earlier announced. MTE is on record as saying just 30,000 cubic ton of teak logs will be harvested in 2016-17. The local media have noted that there is a risk of over-harvesting and this has attracted public concern in the past.

NGOs seek participation in talks on border investment with China

The NGOs, Blue Moon Fund and Global Environmental Institute have asked to be invited to participate in negotiation between Myanmar and China on the establishment of wood processing industries and plantations along the border which have been proposed under an agreement aimed at eliminating the illegal border trade.

EU FLEGT facilitator appointed

The EU has appointed Mr. Huge Speechly as FLEGT Facilitator to accelerate the preliminary negotiations on a FLEGT VPA in Myanmar. Dr. Marlene Buchy was earlier appointed as Technical Advisor to the Ministry of Forestry.

Civil society groups and the Myanmar private sector have launched a series of awareness raising seminars with the financial assistance from The Global Timber Forum.

Regions to get more say on investments

The Government has amended the Foreign Investment Law and Myanmar Investment Law to divest some authority to regional and state authorities in managing investment related to natural resource.

However, analysts say it is not yet clear if forest management will be included and if so how revenue will be shared between the Union Government and regions and states.

Government policy on forestry eagerly awaited

The private sector is waiting for new government to announce details of its policy on forestry and the timber trade.

The high level of deforestation is of great concern and is said to be linked to over-extraction of logs, much of which was illegally exported. However, as analysts point out, there are many other drivers of deforestation.

The other challenge is illegal felling for the domestic market. Recently, a Forest Officer was shot in Northern Shan State while he was trying to stop illegal log harvesting.

Teak sales yet to begin

MTE will resume monthly tender sales this month after a two month suspension. Observers say the MTE is set to offer for sale just 200 Hoppus tons (HT). This is a disappointment to the domestic industry which is experiencing a shortage of logs.

Analysts estimate that there are around 200,000 HTs of teak logs ready for sale but most are not owned by MTE. It has been reported that in order to secure these privately owned logs the domestic millers have to pay a premium to the owners over and above the list price set by MTE.

November teak prices

A total quantity of 103 cubic tons sawn teak was sold by open tender. Average prices are shown below:

	Grade	Avg US$/ton	Remarks
Boards	First & Second	5,250	2"x7"-12:" x 6' & up
Flitches	Second	5,198	3"-4" x 7"-12:" x 6' & up
Squares	Market	2,933	10"&upx10"&upx 6' & up
Posts	Market	2,086	6"/9" x 6"/9" x 10' & up
Scantlings	Second	1,522	Length 3'/5.5'
Scantlings	Second	1,322	Length 1.5'/2.5'
Scantlings	Third	670	All lengths

India

State Committees for Wood-Based Industries secure authority to license wood processing enterprises

The Supreme Court of India has empowered State Level Committees for Wood-Based Industries ("SLCs") to take decisions on licensing wood processing enterprises instead of approaching the Central Empowered Committee (CEC).

This decision was based on recommendations of the State Forest Departments. Now SLCs will take care of guidelines and procedure and can take decisions regarding the grant of licenses for the wood-based industries.

In each State and Union Territory in which a SLC has not been constituted as yet an SLC under the Chairmanship of the Principal Chief Conservator of Forests with a representative of the Ministry of Environment and Forest and Climate Change ("MoEFCC") and an officer of the State Forest Department/Industries Department will immediately be constituted.

The MoEFCC is authorised to issue appropriate guidelines in conformation with the orders and directions issued by Supreme Court along with guidelines relating to assessment of timber availability for wood-based industries and the granting of licenses including applications for additional processing equipment. of new machineries.

Auction of domestic teak in Western India

Auctions at forest depots in South Dangs were undertaken from 21 December to 5 January 2016. Approximately 11,000 cbm of teak and other hardwood logs were offered for sales. Observers say the quality of logs was good, sales brisk and a firm upwards tempo in prices was seen because imported timber is becoming more expensive due to the dollar/rupee exchange rate fluctuations.

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

Teak logs	Per cubic foot
A for sawing	Rs.2400-2500
B or sawing	Rs.2250-2300
A Long length logs	Rs.2100-2200
B Long length logs	Rs 2000-2100
Long length, Medium Quality	Rs 1600-1800
Short Length, Medium Quality	Rs 1250-1550
Short Length, Thin logs	Rs 1000-1320

Variations depend on quality, length and average girth of logs. Good quality non-teak hardwood logs, 3 to 4 meters long having girths 91cms and up of haldu (Adina cordifolia), Laurel (Terminalia tomentosa), kalam (Mitragyna parviflora) and Pterocarpus marsupium logs fetched prices in the range of Rs.800-900. Prices for medium quality logs were in the range of Rs.300-350 per c.ft.

Prices for imported plantation teak, C&F Indian ports

Plantation teak	US$ per cu.m C&F
Angola logs	459-574
Belize logs	350-400
Benin logs	282-594
Benin sawn	530-872
Brazil logs	370-665
Brazil squares	370-556
Cameroon logs	405-772
Colombia logs	426-775
Congo D. R. logs	451-500
Costa Rica logs	320-780
Côte d'Ivoire logs	418-568
Ecuador squares	318-564
El-Salvador logs	381-732
Ghana logs	352-8740
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	286-405
Panama logs	368-430
PNG logs	443-575
Sudan logs	468-520
Tanzania teak, sawn	307-613
Thailand logs	511-700
Togo logs	285-590
Trinidad and Tobago logs	557-680
Uganda logs	411-51
Uganda Teak sawn	680-900

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

The volume of larger girth logs increased recently and this has lifted the landed costs from several suppliers.

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 locally sawn hardwoods
Prices are unchanged from the end of November.

Sawnwood Ex-mill	Rs 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

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

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	Rs55.80	RS.68.00
19mm	Rs.64.60	Rs.76.30
5mm Flexible ply	Rs.40.00	

Brazil

Brazilian Coalition proposes improved transparency to tackle illegal activities
Low impact and verified legal harvesting of Brazilian native forests can strengthen the tropical timber market and through this provide opportunities for landowners and forest communities.

The Brazilian Coalition for Climate, Forestry and Agriculture has proposed that the area of forest under SFM in Brazil should be expanded tenfold from the current level to reach 30 million hectares (around 7% of the Amazon forest) by 2030.

The main challenge to convert this proposal into reality is the elimination of illegal activities in the supply chain.

The Brazilian Coalition has proposed measures such improved transparency in the forest management plan approval process and points out that strengthening the tropical forest economy depends on traceability across harvesting, transport and processing as consumers are increasingly requiring evidence of the origin of wood products. The Coalition has said traceability should be considered as a condition for public procurement.

Forest concessions in Amapá to generate R$500 million from fees and royalties
The Amapá State Forestry Institute (IEF), in partnership with other environmental organizations and rural communities, anticipates that sustainable harvesting in concession in the State of Amapá (Amazon region) over the next 30 to 40 years and could generate around R$471 million from just concession fees and royalties.

IEF calculated the potential production volume at around 115,000 cubic metres (standing timber). At a concession fee of between R$25.30 and R$41.50 per cubic metre established by the Forest Concession Bidding Announcement, production would yield up to R$4.7 million annually.

In addition royalty revenue could reach R$280 million much of which could be invested in developing areas for the benefit of forest communities.

Brazilian furniture export to rise in 2016

According to the Brazilian High-end Furniture Manufacturers Association (ABIMAD) the expectation is that furniture exports in 2016 will expand nearly 6% over 2015 levels. Although not a startling growth a growth, this should help enterprises in the sector to maintain profit levels through trade in high-end furniture.

According to ABIMAD exports to Argentina are likely to increase as the new government there tackles the economy. Argentina is an important destination for Brazilian furniture and an improvement in exports will greatly benefit Brazilian manufacturers who suffered because the economy in Argentina was weak.

In addition, recovery in the housing market in the United States is good news for Brazilian manufacturers. The US is historically a major buyer of Brazilian furniture. European countries are also on radar of furniture manufacturers and the expectation is that exports to the EU will grow in 2016.

Pulp, wood panel and paper export growth in 2015

Exports of pulp, wood panels and paper increased between January and November 2015. Pulp exports totaled 10.5 million tons, an increase of 9% over the same period in 2014.

The Brazilian wood panel sector exported 564,000 cubic metres in the January to November period in 2015 a 44% growth over the same period in the previous year.

In the first eleven months of 2015, revenue from exports of pulp, wood panels and paper totaled US$7.1 billion, a 5.3% growth over the same period of 2014.

The trade balance of the pulp, wood panel and paper sector from January to November 2015 was US$5.9 billion, an increase of 16.4% compared to the same period in 2014.

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)

Parica	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
Ipê	136
Jatoba	76
Massaranduba	80
Miiracatiara	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

Training professionals to be Forest 'Regents'

A two-week training for forestry sector specialists was held in late November 2015 with the support from national professional associations as well as experts from the Forestry Stewardship Council (FSC), the Peruvian Society for Environmental Law (SPDA) and ProAmbiente Program. The purpose was to establish a cadre of so-called 'regents' who will be responsible for the sustainable use of the national forests.

The idea of 'regents' was introduced in the new Forestry and Wildlife Law and Peruvian regulations. A total of 60 professionals, including biologists, veterinarians and

foresters from 19 regions participated in the first 'Forest Regents' training.

Fabiola Muñoz, Executive Director of SERFOR said the aim is to have body of forest managers and highly qualified wildlife specialists with enhanced knowledge so they can plan and execute forest management. The first round of training was held for 60 professionals from 19 regions of Peru, including Lima, Madre de Dios, Loreto, Cajamarca, Cusco, San Martin, Piura, Huanuco.

Raising finance the greatest hurdle in unlocking the potential in the forestry sector

At a recent meeting, Piero Ghezzi, Minister of Production took stock of achievements in implementation of the National Productive Diversification Plan (PNDP) launched in August 2014.

Forest production is expected to contribute more to GDP growth and the minister highlighted new investments that have already begun in the forestry sector which will eventually lead to increased exports.

The Minister drew attention to the changes to regulations on investment in R&D, which took effect on 1 January. He also mentioned the National Quality Institute (INACAL) which was created to strengthen infrastructure aimed at improving productivity in the private sector.

One of the greatest hurdles to unlocking the potential of the forestry sector was the difficulty investors face in raising finance.

Firm domestic demand to boost industrial output

Lima Chamber of Commerce's Institute of Economics and Business Development (IEDEP) has forecast that during the current year the mining sector is expected to expand by 7.7% thanks to copper production.

IEDEP says in a press release: "The dynamism of the mining, construction and trade sectors would be the main drivers of growth of the Peruvian economy this year projected at 3%.

For more see:
http://www.camaralima.org.pe/principal/noticias/noticia/mineria-construccion-y-comercio-impulsarian-la-economia-en-el-2016/470

Meanwhile, the expansion of the construction sector would amount to 2.5% by the progress in the implementation of the pipeline infrastructure that quantifies BCR 4400 million for the period 2015- 2017. Regarding growth industrial output is expected to expand around 4% due to a recovery in domestic demand.

On the demand side, the Institute notes that the thrust would come from three factors: first from increased private consumption of 3.9% slightly above the 3.7% of 2015; second, from the advance of public investment (4.6%) an increase of 3.9% in the budget for capital expenditure for this year and finally private investment (2.2%), provided that business confidence recovers.

IEDEP mentioned that while Peru would grow by 3% this year this is insufficient for the country to completely eradicate extreme poverty by 2021."

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	462-544
Grade 2, Mexican market	413-449
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	464-521
Grade 2, Mexican market	361-398
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

Japan

First fall in machinery orders for three months

Cabinet office data shows that in November, the latest for which numbers are available, machinery orders fell just over 14% from October. This marks te first decline in three months and draws attention, once more, to the hesitancy of companies to commit fully to capital investment.

However the 2105 November figures are up slightly on November 2014which, given the current global economic situation, should be seen as a positive development.

Better than expected consumer confidence

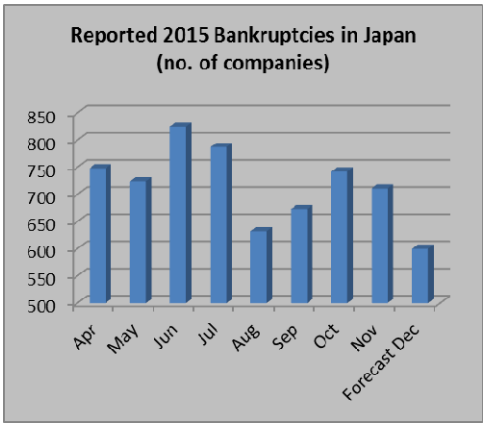
The slight improvement in Japan's consumer confidence index was a welcome sign. The December (seasonally adjusted) index came in at 42.7 up from 42.6 in November. The consensus amongst analysts was that a fall in the index was more likely.

The index for income growth strengthened as did the overall livelihood index.. The index for willingness to buy durable goods remained at the same level as in November 2015.

Bankruptcies at historic low

The availability of soft loans coupled with improving finances has resulted in a sharp fall in the number of Japanese companies going out of business in 2015.

Data from Japan's Financial Services Agency suggests that for the second consecutive year bankruptcies in Japan could be 10,000. The last time Japan saw fewer than 10,000 bankruptcies for two consecutive years was in 1989.

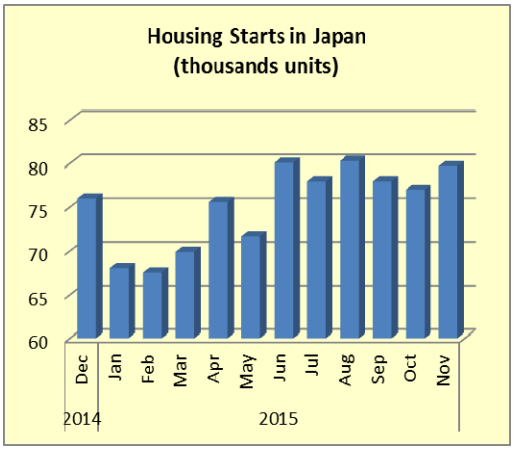


Data source: Trading Economics

November housing starts lift expectations to 900,000 for the year

Ministry of Land, Infrastructure, Transport and Tourism data show housing starts improved more than forecast in November coming in much higher than the previous month. October starts were particularly poor being 2.5% down from September.

The good November figures have lifted expectations for annual starts to close to 900,000.



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

BoJ attempts adventurous route to lift inflation

In a move that surprise analysts the Bank of Japan (BoJ) has become a major player in the domestic stock market such that asset managers are designing investment funds to suit the new role of the BoJ.

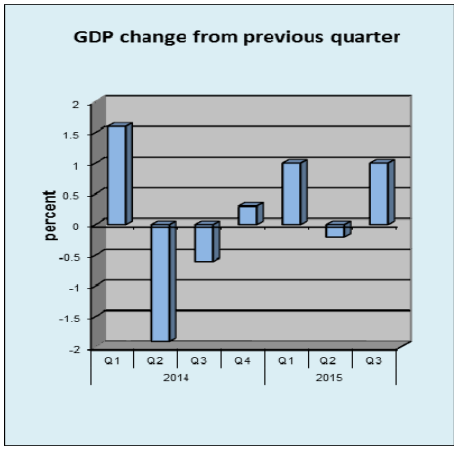
Having lost patience with the slow pace of inflation growth the BoJ Governor said the Bank would purchase equity in companies that were "proactively making investmenst in physical and human capital".

The government and BoJ have been urging companies to release some of their massive reserves for capital investment and wages. It was thought that the fiscal stimulus measures over the past three years would trigger this but this was not the case. Now the BoJ is attempting a new adventurous route.

Government more optimistic on GDP than Bank of Japan

The government is forecasting a 1.7% growth in fiscal 2016 (April 2016 to March 2017) having assumed a recovery in consumer spending, the core of the Japanese economy, and private sector investment.

However this projection is more optimistic than the October forecast 1.4% made by the BoJ.



Data source: Cabinet Office, Japan

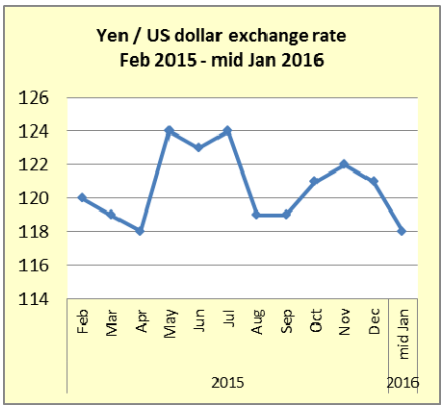
Era of easy profits from the weaker currency fading

The yen strengthened sharply against the US dollar in early January, rise by as much as 3% at one point. The weakness in the dollar/yen exchange rate was the worst since mid-2013.

The yen strength is mainly the result of movements driven by risk aversion focused on the Chinese economy and stock markets and on growing tensions in the Middle East.

Another factor pushing up the yen is the view of the markets that the BoJ has exhausted its attempts to stimulate growth through quantitative easing and this has open the door once again for the yen to be the 'safe haven'.

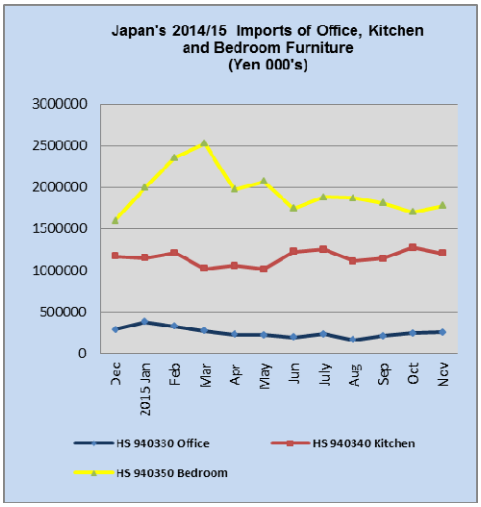
The firmer yen has hit Japanese stocks as exporters sense the era of easy profits from the weaker currency is fading.



Japan's furniture imports

Japan's imports of office and Kitchen furniture had been growing since August but the upward trend in Kitchen furniture imports came to an end in November.

Bedroom furniture imports in November picked up slightly but the improvement did little to bring levels anywhere near the monthly value of imports during the first six months of 2015.



Data source: Ministry of Finance, Japan

Office furniture imports (HS 940330)

Year on year November 2015 office furniture imports were down 18% however, November 2015 imports were up nearly 4% on levels in October.

China and Portugal dominate Japan's office furniture imports accounting for around 70% of all imports of this category of furniture. Previously Poland was the number three supplier but was replaced by Taiwan P.o.C in November. Poland was the fourth largest supplier of office furniture in November 2015.

The other significant supplier in November was Germany which saw November exports of office furniture to Japan more than double compared to a month earlier.

Office furniture imports

	Imports, Nov 2015 Unit 1,000 Yen
S. Korea	4532
China	141576
Taiwan P.o.C	11888
Vietnam	1373
Thailand	279
Singapore	-
Malaysia	2868
Indonesia	6146
India	-
Lebanon	-
Norway	927
Sweden	293
Denmark	1261
UK	-
Netherlands	-
Belgium	-
France	-
Germany	10703

Switzerland	212
Portugal	38783
Italy	11879
Poland	10803
Austria	-
Hungary	-
Serbia	-
Turkey	-
Lithuania	4544
Czech Rep.	-
Slovakia	5940
Canada	-
USA	2365
Total	256372

Data source: Ministry of Finance, Japan

Kitchen furniture imports (HS 940340)

Vietnam and Philippines, in that order, continue as the main suppliers of kitchen furniture to Japan alone accounting for around 68% of November imports.

Kitchen furniture imports

	Imports, Nov 2015 Unit 1,000 Yen
China	138157
Taiwan P.o.C	-
Vietnam	496130
Thailand	22343
Malaysia	15504
Philippines	322326
Indonesia	126612
India	-
Sweden	-
Denmark	390
UK	245
France	461
Germany	51345
Spain	485
Italy	6816
Poland	-
Austria	2235
Romania	4846
Estonia	498
Canada	5834
USA	9077
Total	1203304

Data source: Ministry of Finance, Japan

Year on year November kitchen furniture imports rose 20% but November 2015 imports were down 5.5% compared to October. While Vietnam was the number one supplier in November it saw a 10% drop in imports by Japan compared to October.

In November 2015 suppliers in SE Asia (i.e. excluding China) supplied over 80% of Japan's kitchen furniture imports.

Bedroom furniture imports (HS 940350)

	Imports, Nov 2015 Unit 1,000 Yen
S. Korea	-
China	1146879
Taiwan P.o.C	17462
Mongolia	-
Hong kong	1644
Vietnam	541644
Thailand	91103
Singapore	-
Malaysia	63349
Philippines	4856
Indonesia	16062
Sweden	-
Denmark	8373
UK	546
Belgium	-
France	6823
Germany	2068
Switzerland	-
Spain	-
Italy	13320
Finland	-
Poland	35193
Russia	3531
Austria	656
Hungary	-
Romania	-
Turkey	-
Estonia	-
Latvia	-
Lithuania	6814
Croatia	-
Bosnia/Herzegovina	226
Slovakia	8707
Canada	-
USA	5297
Total	1974553

Data source: Ministry of Finance, Japan

Japan's bedroom furniture imports rose steadily in the first quarter of 2015 but have been trending down ever since. November 2015 imports were slightly up from a month earlier but were down around 20% from the February 2015 peak.

Year on year, November 2015 bedroom furniture imports were up 23% with supplies being dominated by China (58% of all bedroom furniture imports) and Vietnam (27%). Other significant suppliers in November were Thailand and Malaysia

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

South Sea (Tropical) logs

Rainy season in Malaysia started in November. Sporadic heavy rain hit various spots in Malaysia with some flood. This hampers logging activities and log production is decreasing. Some Japanese log importer planned to send in twos ships in January before the Chinese New Year in February but because of difficulty of buying enough logs, it reduced to one ship instead of two.

Sabah is also in rainy season and log supply is dropping. India, which stayed away from Sarawak since last summer, started coming back quietly but their purchase is not active yet. It shifted to other supply regions like Solomon Islands because of extreme high prices in Sarawak and weak Rupee then Sarawak log prices dropped some in fall so they are back again but they are aware that their active move would push the prices easily up since they are the largest buyer. So their move is very careful and cautious at this time.

Log suppliers are preparing to push the prices with comeback of Indian buyers. Japanese importers comment that since India buys 60% of Sarawak logs and if they intend to buy logs to fill up ships' space, the prices easily jump up. Present Sarawak export log FOB prices are U$275 on meranti regular per cbm, U$255 on meranti small and U$240 on super small. They are all about U$5 down from November.

Imported hardwood plywood market

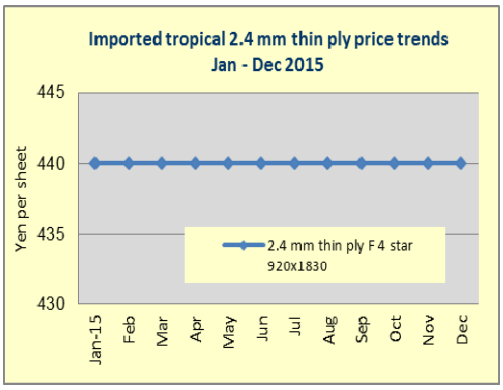
Imported hardwood concrete forming panel market is dull and slow. The movement slowed since early September so that importers and wholesalers have hard time to have enough sales, let alone securing profit.

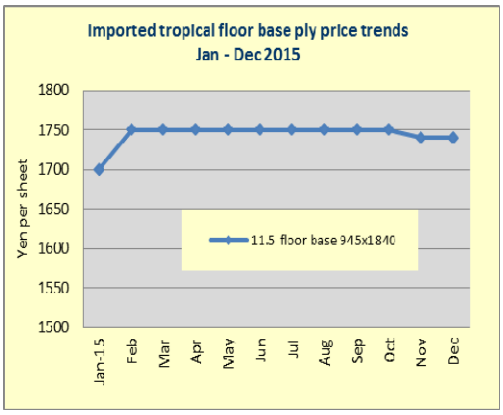
Monthly average imported volume between May and August was 217,000 cbms then September volume was 246,100 cbms and October volume increased to 271,800 cbms.

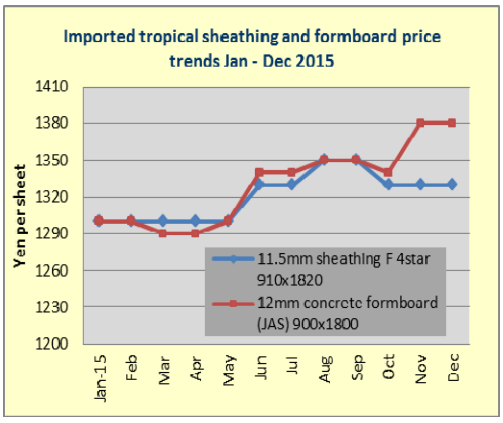
There is another negative factor to the market. Some Malaysian manufacturer shipped about 40,000 cbms of concrete forming panel for coating with brown colored water repellent spray from the end of stacked panels, which stained surface of plywood. If this is used for concrete forming, brown color stains concrete surface.

This is the first largest claim issue for imported plywood. It was found in early October and the importers immediately asked the manufacturer to stop shipping. Stain can be removed by wiping hard but it is tough job to wipe sheet by sheet. This work started since November at different ports.

It will take two to three months to clean all the stained plywood and the cost per sheet would be 200-300 yen. This plywood is not ready to market so it is dead stock for some time but the market remains quiet without any shortage feeling.







Five stories 2x4 building to be built

Mitsui Home Co., Ltd. (Tokyo), the large 2x4 house builder in Japan, announced that it would build the largest 2x4 building of five stories at Adachi ward in Tokyo with midply shear wall system developed in Canada, which is effective for earthquake jolt. This is a special nursing facility for the elderly with total
floor space of more than 9,000 square meters and total length of 81 meters.

The building is built with combination of 2x4 and midply wall system, which makes it possible to build study high rise wooden building.

Midply wall system is made with structural OSB sandwiched with 2x6. Since shearing strength is about 80% higher than standard 2x4 by double shearing, which makes buildings much studier and gives stronger earthquake resistance.

The structure is that the first floor is RC then second to fourth floor have midply wall for interior walls, which reduces length of bearing wall so that it gives more open room for common space. Mitsui uses its own original metal fasteners to tie-down firmly.

Model house completed in Dalian, China

The Japan Wood Products Export Association completed construction of Japanese style model house in Dalian, China. The house is two stories post and beam wooden unit with floor space of 214.65 square meters.

Construction materials are all Japanese domestic wood of cedar and cypress for not only structural members but also interior finishing, fixtures and furniture. The purpose is to develop demand for such products in China.

The Association commented that this unit is the same as units commonly built in Japan, which the Association proposed to the Chinese wooden structure design standard with introduction of metal fasteners and paneling. Furniture is all cypress made. This is one of the Forestry Agency's new wood demand creation projects to promote use of local wood in overseas markets.

The Chinese Wooden Construction Standards allows use of Japanese cedar, cypress and larch for structural members so the sample unit is built under advice and supervision by both Chinese and Japanese experts of wooden structures.

Japan Builders Network (JBN) surveys domestic use of wood

Domestic wood committee of the Japan Builders Network (JBN) sent out questionnaires on use of domestic wood through its members' contractors as one of subsidized businesses of the Forestry Agency. It revealed that use of domestic wood by the contractors is high.

The chairman said that members' contractors are building high performance houses same as large house builders put up or higher with solid wood. The survey was made in last October and 570 contractors replied.

By the replies, for sill, 80% is cypress, 6% hemlock, 4% cedar, 2% Douglas fir, 1% of redwood and whitewood each and 6% of others.

Sizes are 51% of 120 mm and 47% of 105 mm. For exposed post, 47% is cypress, 41% is cedar, 5% is whitewood, 2% is redwood, 1% is hemlock and Douglas fir each then 3% is others.

For hidden post, 47& is cedar, 35% is cypress, 11% of whitewood, 4% is redwood, 1% is Douglasfir and 2% of others.
There is some difference between exposed and hidden but percentage of domestic wood is high. 64% is kiln dried, 27% is air dried, 7% is laminated and 2% is green. Percentage of dried solid wood is high with very little laminated lumber.

For beam, 45% is Douglas fir, 31% is cedar, 9% is redwood, 5% is cypress, 3% is whitewood, 2% is hemlock and 5% is others.Douglas fir is predominant for beam.

Japan assists Myanmar's development

On December 3, JMHU (Japan Myanmar Association for Industry of Housing and Urban Development) and MCEA (Myanmar Construction Enterprises Association) concluded memorandum of understanding at Yangon, Myanmar for business interchange on housing and urban development then held seminar to understand each other.

At a seminar, 74 members from 32 companies from JMHU and 92 from MCEA participated.17 companies, represented JMHU's subcommittee of housing, urban development and housing materials, explained detail of the company and present activities in Asian region and Myanmar with future prospect.

MCEA started in 1996 with members of about 2,000 and explained that there are new aggressive companies to expand development of infrastructure.

The Japanese government has been assisting modernization of Myanmar by dispatching housing policy adviser to urban development department of Ministry of Construction of Myanmar then to others like Myanmar Harbor Bureau and Yangon City development committee.

China

Signs of recovery in house prices

Compared to October last year November 2015 new home prices in 70 medium and large-sized cities declined in 27 cities but remained unchanged in all others. For November 2015 the month-on-month change was positive. The November data for Chinese house prices can be found in a press release from the National Bureau of Statistics at:

http://www.stats.gov.cn/english/PressRelease/201512/t20151221_1293029.html

Prices for second-hand residential buildings fell in a minority of the cities surveyed but rose as much as 2% in some others.

The improvement in house prices came as a surprise to many but were greeted as a sign that there could be a recovery beginning in a sector whose performance mirrors the overall economy.

The housing market is a closely watch indicator for the Chinese economy as it accounts for around 15% of GDP and trends in housing impact many wood product manufacturers.

Structure of forest industry has changed

According to the State Forestry Administration, the total output value of China's forestry industry output in 2015 was RMB5.81 trillion just over 2.5 times higher than in 2010. The value of international trade in wood products trade was US$140 billion some 1.5 times higher than that in 2010.

China's forestry industry has developed significantly since 2010. Greater attention was given to environmental issues and 'green' production and trade and there were developments in the forest economy, forest tourism, and non-wood forest product development. Over the past 10 years the sector has seen a sharp rise in e-commerce and marketing.

Over the 10 years of the Twelfth Plan the structure of forest industry has gradually changed and the proportion of primary, secondary and tertiary forestry industries now reflect a mix of 33:51:16 (2015) from a proportion of 39:52:9 in 2010.

Distribution and trade in 'redwoods'

In China's national standard of 'redwood' (GB18107-2000) 5 genera, 8 categories and 33 species are recorded. Five species are distributed in China namely the native scented rosewood, black rosewood and kamagony and two species, Siamese senna and Bupadauk which have been introduced.

The distribution of 'redwoods' in China:

- Scented rosewood (Dalbergia odorifera T. Chen) Hainan
- Black rosewood (Dalbergia fusca pierre) Yunnan
- Kamagony (Diospyros philippensis Gurke) Taiwan P.o.C
- Siamese senna (Cassia siamea Lam.) Yuannan, Guangdong
- Burmacoast padauk (Pterocarpus indicus Willd) Guangdong, Guangxi, Hainan and Yunnan

Scented rosewood is endemic to China's Hainan province and is categorised as a national protected plant. It is mainly distributed in the west, southwest and south of Hainan province. Currently the introduction and cultivation of scented rosewood is going ahead in Hainan, Guangdong and Guangxi provinces.

Large-scale cultivation of scented rosewood in Hainan province has developed rapidly.

Black rosewood is also a protected plant and is mainly distributed in Xishuanbanna and Simao in Yunnan province there are also reports of scattered occurrence in Luchuan county and Yuanjiang county of Yunnan province. Kamagony is mainly distributed in Taiwan P.o.C.

Siamese senna and Burmacoast padauk has been introduced and cultivated in Yunnan, Guangdong, Guangxi, Hainan, Fujian and in Taiwan P.o.C..

Trade in 'redwoods' has declined in recent years

There are about 11,000 'redwood' processing enterprises in China with 4,000 being in Fujian province, 2,000 in Zhejiang province, 1,900 in Jiangsu province, 1,300 in Guangdong province, 1,000 enterprises in Beijing and 800 enterprises in Hebei province.

Although prices for 'redwoods' are high there is little interest in commercial platations as growth rates are very slow and rotations very long. The vast majority of China's 'redwood' is imported but the trade in 'redwoods' has declined in recent years.

According to the Chinese 'Redwood' Committee, China's 'redwood' log imports were 628,300 cubic metres valued at US$705 million from January to September 2015, a year on year decline of 57% in volume and 64% in value compared to a year earlier. The average price for imported 'redwood' logs dropped 15% in the same period.

China's sawn 'redwood' imports totalled 89,000 cubic metres in the first nine months of last year and were valued at US$161 million, a year on year drop of 51% in volume and 51% in value. However, the average price for imported sawnwood fell only slightly.

The main sources of China's 'redwoods' were Africa and Southeast Asia. In the first nine months of last year 62% or 395,400 cubic metres was imported from African countries and were worth US$D289 million, down 3% in volume and 1% in value.

The balance of 339,200 cubic metres of 'redwoods' were imported from Southeast Asian countries at a value of US$557 million, up 4% in volume and 3% in value from the same period of 2014.

Soaring 'redwood' imports through Taicang Port

According to the data from China's Customs, 'redwood' imports through Taicang Port in 2015 were 4,340 cubic metres valued at US$4.72 million, a year on year increase of over 400% in volume and 600% in value.

The number of species of imported 'redwood' entering China through Taicang Port last year grew to 10 from 3 and were mainly from South America and Southeast Asia.

The average price of imported 'redwood' through Taicang Port rose 40% to around US$1,000 per cubic metre. Middle and high grade 'redwood' dominated imports last year and the price differential between the different varieties was considerable ranging from US$520 to US$2600 per cubic metre.

Furniture manufacturers targeted for VOC emission control

The government of Dongguan city in Guangdong province has introduced policies to control air borne pollution from furniture and other manufacturers as it has recorded the highest increase in VOC emissions in the Pearl River Delta.

It is reported that VOC emissions will be gradually tightened and industries will be encouraged to relocate away from urban areas.

The local authorities have identified that furniture, shoemaking, printing, coating and chemical industries are the main contributors to VOCs and such industries will again be allowed to open in the dense urban areas. These industries are the main contributors to air pollution in the Pearl River Delta region.

Russian sawnwood imports rise

Manzhouli Customs has reported that between January and November 2015 sawnwood imports through the Port rose 18% to RMB4.66 billion, up 12% from the same period in 2014.

The increase in sawnwood imports through Manzhouli Port was mainly the result of competitive pricing of Russian export sawnwood. The 4.28 million cubic metres of sawnwood handled by the Port were mainly transported by rail with a small volume arriving by truck.

Traders at Zhangjiagang Port ready to head home for New Year celebrations

Timber traders at Zhangjiagang Port are busier than in previous years but operations in the Port have slowed as traders wind down activity in advance of the New Year in early February.

Many of the traders are expected to head back to their family homes for the New Year and analysts say business at the Port will not get back to full swing until the end of February. The slow pre-New Year business has driven down prices for imported timbers.

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 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

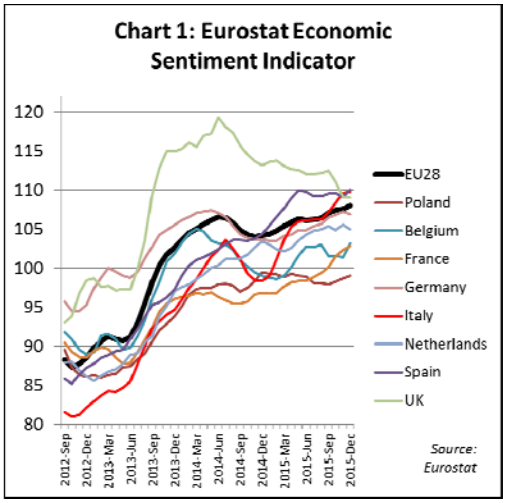
Weak growth continues in EU

Over the last 5 years, the words “flat”, “stagnant” and “slow” have frequently been used in relation to the European wood market. At the start of 2016, the situation has hardly changed. Overall growth in the European construction sector and wider economy has picked up only slowly since hitting bottom in early 2013.

The International Monetary Fund (IMF) estimates that GDP in the 28 European Union countries will grow 2% in 2016, marginally up from 1.9% in 2015. But there is mounting concern that the world economy will enter a cyclical downturn before Europe regains the ground it lost in the financial and euro crises.

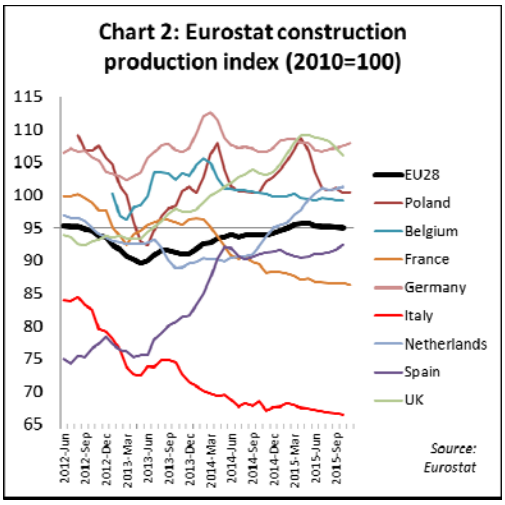
Overall there’s been some convergence in economic performance between EU Member States since mid-2015. This convergence is particularly apparent from the Eurostat Economic Sentiment Indicator (Chart 1) based on a monthly survey of perceptions and expectations in five surveyed sectors (industry, services, retail trade, construction and consumers) in all EU Member States.

Although still positive, over the last six months economic sentiment has declined in the UK, the one large EU economy that recovered relatively early from the financial crises. Meanwhile sentiment has improved sharply in several countries that were lagging, notably Italy, Spain and France.



The Eurostat Construction Production Index (Chart 2) shows that the recovery in EU construction effectively stalled after March 2015, with activity stuck at only around 95% of the level in 2010. Construction activity in France and Italy was at historically low levels in 2015 and continued to decline throughout the year.

Activity also lost ground in the UK and Poland, countries which were driving recovery in 2014 and early 2015. More encouragingly, activity remained robust in Germany, was rising in the Netherlands and at least remained stable at a higher level in Spain.

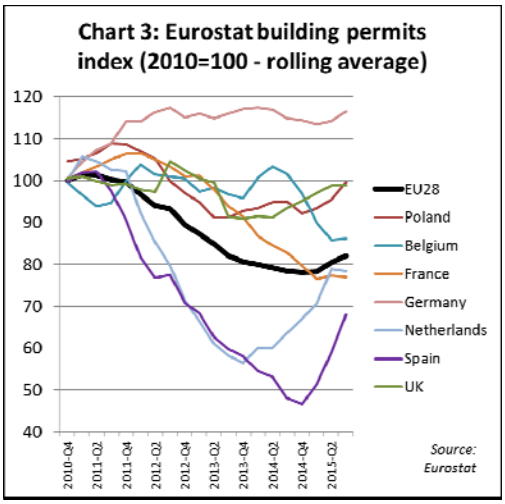


Slight uptick in building permits

The Eurostat Building Permits index (Chart 3), a forward-looking indicator, also provides some encouragement that the workload of the European construction industry will improve in the near future.

There was an uptick in the level of building permits issued across the continent in the second half of 2015. This was particularly driven by a significant increase in building permits issued in Spain and the Netherlands. T

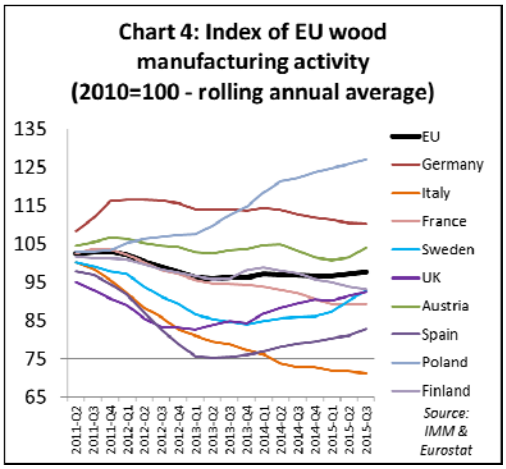
here was also a rise in building permits issued in the UK and Poland suggesting construction sector growth in those two countries will resume in 2016. Building permits remain at a high level in Germany.



Demand for wood products has benefitted only a little from Europe's slow economic recovery in the last three years. This is evident from the Eurostat index of EU wood manufacturing activity which covers the sawmilling, veneer, panels and joinery sectors but excludes wood furniture (Chart 4).

European wood manufacturing activity remained stalled at around 97% of the 2010 level between the start of 2014 and second quarter of 2015.

However there was an encouraging uptick in the third quarter of 2015, with activity increasing in Poland, Austria, UK, Sweden, and Spain. Rising activity in these countries during this period was sufficient to offset a slowdown in Germany and Italy, respectively the first second largest wood manufacturing countries in Europe.



Wood yet to make significant inroads into market share of other materials

The stasis in European wood manufacturing activity is a reflection of the slow growth in the European construction sector. It also suggests that wood has yet to make significant inroads into market share of alternative materials.

Competition between suppliers of different wood products – such as between panels and sawn wood and between temperate and tropical hardwood - also remains intense.

While total European demand for wood products has remained flat, there are on-going significant shifts in the source of demand. Markets for sawn wood and wood-based panels have been particularly hard hit by the economic downturn and stagnation of the building and furniture sectors.

The wood veneer sector has suffered profoundly from the contraction of the southern European joinery manufacturing industry and has come under intense pressure from substitute materials and new finishing techniques across the European continent.

However new opportunities are arising for value-added engineered and other forms of modified wood products, particularly in structural applications. The combination of strong technical performance and reduced overall costs of construction are the main drivers for uptake of these modern wood products.

The carbon and sustainability message is a welcome bonus for those specifiers and contractors keen to burnish their green credentials. The relatively positive outcome of the recent Climate Change conference in Paris (see below) gives some confidence that this latter issue may become a more prominent driver in the future.

Euroconstruct forecast 3% growth in construction in 2016

At their 80th conference in Budapest in December, the independent research organisation Euroconstruct projected that total construction output in Europe increased 1.6% during 2015. This compares to their more optimistic forecast of 1.9% growth made at the previous Euroconstruct Conference in June 2015.

However Euroconstruct is now more optimistic about prospects for 2016, forecasting 3% growth during the year (compared to their June forecast of only 2.4% growth). Euroconstruct also forecast growth of 2.7% in 2017 and 2% in 2018.

Euroconstruct estimate European construction output will have a value of €1412 billion in 2016, €1450 billion in 2017 and €1478 billion in 2018. This compares to a peak of €1532 billion just before the financial crises.

Euroconstruct forecast that the construction sectors of all 19 countries represented by the organisation will grow between 2016 and 2018. They note that during 2015, growth was particularly rapid in Ireland (+10.6%), Slovakia (+10.3%), Czech Republic (+7.4%), and the Netherlands (+6%).

In 2016-2018, annual construction growth is expected to exceed 7% in Poland and Ireland. However, the five largest construction markets in Europe – Germany, UK, France, Italy, and Spain - are also expected to grow more strongly and together will contribute more than two thirds of the forecast market expansion in 2016.

In recent years, much of the growth in European construction activity has been in repair, renovation and maintenance. These activities were responsible for 60% of the total residential market in 2015.

However, Euroconstruct suggest that much increased growth in construction activity in 2016-2018 will be in the residential new build sector. This will be driven by the massive influx of migrants arriving in Western European countries such as Germany, the Netherlands, and to Nordic countries of Denmark, Finland, Norway and Sweden. Using conservative assumptions, it has been calculated that in the next three years, excess demand for social housing will be at least 900,000 people, for whom the current social housing capacity is insufficient.

Euroconstruct suggest that the non-residential market will also grow in all 19 Euroconstruct countries during 2016 and that this growth will stall in only two countries – Finland and Sweden - in 2017.

Implications of Paris Agreement for forests

The UN climate summit in Paris that ended on December 12th did not deliver on all fronts, providing no guarantee that the world will avoid the worst impacts of climate change. However it did produce the most promising international climate agreement in years.

Critically, the agreement built on initial commitments of over 180 countries to reduce their carbon emissions and includes a review clause to encourage countries to increase their pledges in the near future.

As the only the economic sector to be referenced explicitly, the Paris agreement also raised the political profile of forestry and signalled that cutting emissions from deforestation and promoting sustainable forestry is now recognised globally as one the most efficient ways to address climate change.

To make Paris a lasting success, it's now important that the key agreements on issues such as financial support, the increase of emission-reduction pledges, and Reduced Emissions from Deforestation and Forest Degradation (REDD) are further developed and implemented in the months and years ahead.

The agreement is built on the commitment of signatories to deliver against "Intended Nationally Determined Contributions" (INDC) to reduce greenhouse gas emissions. By allowing countries to voluntarily declare their own commitments, discussions in Paris side-stepped the serious political conflict created in earlier negotiations which sought to allocate specific targets for emissions reductions to individual countries.

The downside of this approach is that, in aggregate, the commitments made fall well short of what the scientific community argues is needed to limit the global temperature rise to 2 degrees Celsius above pre-industrial levels, the widely recognised threshold for major economic and environmental disruption.

The upside is that the agreement achieved unprecedented levels of political support. Close to 150 world leaders were in Paris to mark the start of the talks and negotiators from 195 countries signed off on the agreement when the talks ended.

Paris was also significant for the high and positive levels of business engagement, a testament to the growing momentum behind global climate policy.

While the INDC's in aggregate fall short of what is required, some national commitments are ambitious and together they signal that measures to reduce carbon emissions will be an increasing factor in political and economic decision-making worldwide in the future.

For example the EU committed to reduce GHG emissions to 40% below 1990 levels by 2030. China indicated that it will reduce carbon intensity to 60-65% of 2005 level by 2030, increase the non-fossil fuel in national energy supply to 20%, and continue to expand forest area. The United States stated that it would reduce GHG emissions to 26-28% below 2005 level by 2025.

Many developing countries included action against deforestation in their INDCs. For example Brazil committed to "strengthening policies and measures with a

view to achieve, in the Brazilian Amazonia, zero illegal deforestation by 2030 and compensating for greenhouse gas emissions from legal suppression of vegetation by 2030."

Forestry related measures were also prominent in the text of the agreement. Article 5 encourages countries to "take action to implement and support, including through results-based payments" REDD+ activities. It also explicitly recognises "the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries."

The overarching "decision" that Annexes the Paris Agreement recognised "the importance of adequate and predictable" finance for REDD+ activities. Although the 'rules of the game' for REDD+ were already agreed – thus legitimising and 'regulating' REDD+ activities – the political signal of Article 5 is very important. It shows forest nations that this is a long-term game.

This in turn should give added confidence to continue with REDD+ strategy and readiness activities.

Several groups of nations used the opportunity offered by the Paris Conference to launch new forestry-related initiatives. African nations, with support from NGOs and the German government, launched AFR100 at the Global Landscapes Forum during the Paris meeting.

AFR100 is an initiative to restore 100 million hectares of degraded forest lands before 2030. It is led by ten African countries: the Democratic Republic of Congo, Ethiopia, Kenya, Liberia, Madagascar, Malawi, Niger, Rwanda, Togo and Uganda.

There was also a "Leaders' Statement on Forests and Climate Change" issued jointly by the governments of Australia, Brazil, Canada, Colombia, Democratic Republic of Congo, Ethiopia, France, Gabon, Germany, Indonesia, Japan, Liberia, Mexico, Norway, Peru, United Kingdom and the United States.

The Statement included a commitment to intensifying efforts to protect forests, to significantly restore degraded forest, peat and agricultural lands, and to promote low carbon rural development. It also included commitment to large-scale implementation of national REDD+ and sustainable land-use and climate change programs and, importantly, to generate and reward verified results.

Leaders from developing and developed countries also launched specific partnerships to help reduce deforestation. For instance, Brazil and Norway extended to 2020 their partnership to reduce deforestation in the Amazon Forest and Norway committed new financial support. Norway, Germany and the UK also pledged to provide US$5 billion from 2015 to 2020 for REDD+ programs.

Some private sector representatives of the private sector were also keen to lend their support. The co-chairs of the Consumer Goods Forum – M&S and Unilever – issued a statement that they will preferentially buy agri-commodities from areas that have "designed and are implementing jurisdictional forest and climate initiatives".

Building on their commitment to "deforestation-free" sourcing policies through the New York Declaration on Forests, the two companies said in future they will preferentially source from jurisdictions that demonstrate commitment and progress towards an ambitious national INDC which includes a strategy for reducing emissions from forests and other lands whilst increasing agricultural productivity and improving livelihoods.

But perhaps more significant for forest policy than these statements of intent, was a pivotal reference in the Paris Agreement to the importance of "removals by sinks of greenhouse gas emissions in the second half of the century" to rapidly reduce global emissions after they peak "as soon as possible."

There was combined with a transparency clause which makes clear that removals by sinks must be included in national emissions inventories.

The implication is that forests – a vast sink which can be increased through active management – are acknowledged to be central to the solution of global climate change.

Countries worldwide are also under an obligation to account accurately and regularly for all the carbon stored in the vegetation and soils in forests, as well as in agricultural land and protected areas and in the products of these lands (such as wood, crops, and biomass).

As this data is collected and analysed, new market opportunities should arise for sustainable timber products as it becomes increasingly clear that increased use of such products is a particularly efficient way to reduce carbon emissions.

North America

National formaldehyde emission standards to be issued early this year

In 2010 the US Environmental Protection Agency (EPA) started developing national standards for formaldehyde emissions from wood products based on the California regulation, but the standards are still not in place. Industry groups and others opposed some of the testing requirements in the draft standard. The EPA expects to issue the final regulation in spring of 2016.

Recently laminate flooring products sold by Ark Floors showed in tests formaldehyde emissions well above those allowed under California standards. Ark Floors is a smaller importer of Chinese-made flooring.

The much larger company Lumber Liquidators had previously been accused of selling flooring with high formaldehyde emissions.

The Chinese company that supplied the flooring to Ark Floors had products pulled from stores in China in 2012 over formaldehyde emissions, according to China's news agency Xinhua.

According to the US flooring manufacturers the test results for products sold by Lumber Liquidators and now Ark Floors has created apprehension among Americans about health impacts of wood flooring. Implementing a national standard for formaldehyde emissions would improve the market for producers and retailers.

Manufacturing industries report lower economic activity

Economic activity in the manufacturing sector declined in November for the first time in three years, according to the Institute for Supply Management. Production and new orders decreased based on the Institute's industry survey.

Furniture manufacturing companies reported lower output in November, while production was unchanged in the wood products sector.

Consumers confident in economy, plan purchases

Consumer confidence rose to its highest level in December since July, according to the University of Michigan consumer survey. It was also the highest December confidence since 2004.

Consumers were positive about current economic conditions and reported higher household incomes.

Many plan to buy durable household items, a positive sign for furniture and wood product manufacturers. However, heavy discounting on consumer products is widespread due to the weak Chinese economy and the strong US dollar. Consumers indicated they will base purchases on low prices and discounts.

Housing starts near normal conditions

Housing starts in November were at a seasonally adjusted annual rate of 1.2 million, up 10% from October. Starts were 17% above the November 2014 rate of 1 million.

The strongest growth remained in multi-family construction but single-family housing starts were also up in November at 768,000. This is the highest level since the financial crisis and indicates the US housing market is back to near normal conditions.

The number of building permits was at a seasonally adjusted rate of 1.3 million in November, up 11% from October. Permits for multi-family construction accounted for much of the increase in the number of permit.

The National Association of Home Builders expects a modest growth in housing starts for 2016. Home builders were positive in December about the market for newly built, single-family homes, but confidence was unchanged from November. The National Association of Home Builders reports continuing concerns about high labour and land costs.



1 At seasonally adjusted annual rate

Data source: US Census Bureau, Canada Housing and Mortgage Corporation

Drop in sales of existing homes

Sales of existing homes dropped considerably in November, according to the National Association of Realtors. All major regions in the US posted lower sales, on average -11% across the country. Sales were 4% lower than at the same time last year.

The sales drop is likely not due to low demand since homes sold faster in November than in the previous month.

The National Association of Realtors speculates that depressed home sales may be related to affordability issues and adapting to the new 'Know Before You Owe' rules (see http://www.consumerfinance.gov/know-before-you-owe/). Almost half of realtors surveyed in November reported that because of the new rules it is taking longer to close deals with buyers.

Softening business conditions affects November non-residential construction

Spending in non-residential construction slowed from the summer to November 2015 at a seasonally adjusted annual rate, according to US Census Bureau data. Most building construction declined, with the exception of office buildings and public schools. The government revised construction data from 2005 through October 2015 and reported spending was lower than previously reported for much of 2015.

The American Institute of Architects reported a softening of business conditions in November, despite the generally strong economy. Conditions in the Northeast were worse than in the rest of the country. Most firms expect higher revenues in 2016.

Canadian multi-family market remained strong

Canadian housing starts in November were up 7% from the previous month at a seasonally adjusted annual rate. The multi-family market in the major cities remained strong, but single-family construction declined 4% from October.

For 2016 the Canadian Housing and Mortgage Corporation expects lower or unchanged construction levels. Single-family starts will continue declining because of high house prices in urban centres.

The economy in oil-producing regions will still suffer from low oil prices in 2016. Housing demand has been stronger in Ontario and British Columbia where manufacturing benefited from the low Canadian dollar. Housing starts are predicted to strengthen in2016 in Quebec and Atlantic Canada.

Prices for Canadian crude oil reached a new record low in early January. More production may be shut down and new oil sands projects are being shelved. The OECD still expects the Canadian economy to pick up in early 2016 led by growing exports of non-energy products.

US interest rate rise a risk to Canadian housing market

The long-anticipated raise in interest rates was announced in mid-December by the US Federal Reserve. Rates were raised by a quarter point, the first increase since 2006.

Unemployment is at its lowest in seven years and recent economic growth surpassed expectations. November unemployment was unchanged at 5%. Construction was among the sectors with job gains. Real GDP increased 2.1% in the third quarter of 2015, according to the US Department of Commerce estimates, down from 3.9% in the second quarter.

If the US economy remains strong further gradual interest rate increases are expected. This may be bad news for the Canadian economy where household debt is at record levels. Some analysts predict a housing market collapse in Canadian cities if mortgage rates increase and housing prices decline. The Canadian government tightened mortgage down payment requirements.

October Import data

Keruing and sapelli sawnwood imports rise

US tropical sawnwood imports recovered in October 2015 from the decline in the previous month. 21,425 cu.m. of tropical species were imported in October, up 11% from September. Year-to-date imports were 14% higher than at the same time in 2014.

The strongest month-over-month growth in imports was in sapelli (3,245 cu.m.), keruing (2,169 cu.m.) and mahogany (2,787 cu.m.).

Ipe sawnwood imports fell 60% to 1,370 cu.m. in October, this was from exceptionally high imports in September. As a result overall imports from Brazil decreased by almost half in October.

Tropical hardwood imports from all other major suppliers increased in October, in particular from Malaysia (+50%) and Cameroon (+27%).

Hardwood plywood imports decline

October was the fourth consecutive month of decline in imports of hardwood plywood. A total of 245,351 cu.m. were imported, down 10% from September. Year-to-date imports were 8% higher than in October 2014.

US imports from China decreased to 118,347 cu.m. Year-to-date imports remain higher (+14%) than at the same time last year. Plywood imports from Ecuador also declined (10,572 cu.m.).

Indonesia's shipments to the US increased in October to 30,497 cu.m. but year-to-date imports were 5% lower than at the same time in 2014.

Brazil and Malaysia lost moulding market share

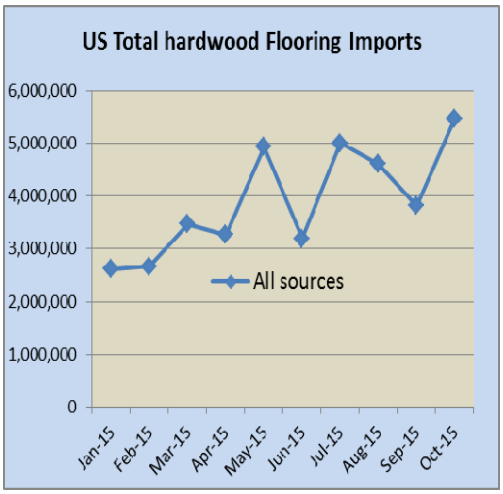
Hardwood moulding imports were worth $16.5 million in October, up 3% from the previous month. Year-to-date imports were 5% lower than in October last year.

China and Canada significantly increased moulding shipments to the US in October, while imports from Brazil and Malaysia declined.

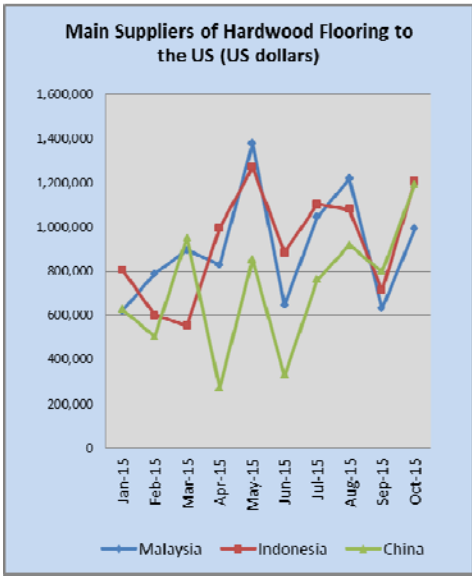
China was the only country with higher shipments year-to-date compared to 2014.

Strong growth in hardwood flooring imports

US flooring imports continue to outpace last year's level. Hardwood flooring imports increased 44% in October to $5.5 million, up 29% year-to-date from 2014. Imports from all major supplier countries grew in October. Indonesia and China were the leading suppliers at $1.2 million each in October, followed by Malaysia with just under $1 million in shipments.



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



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

Imports of assembled flooring panels decreased from September, but year-to-date imports were up 8% from the same time last year. Total assembled flooring panel imports were worth $11.4 million in October. China's share declined to under half ($5.0 million) of total imports. Year-to-date imports from Canada, Indonesia and Brazil increased compared to October 2014. Canadian growth was strongest, supported by the low Canadian dollar.

Year-to-October furniture imports 11% higher than a year earlier

The value of wooden furniture imported in October was almost unchanged from the previous month at $1.40 billion. Year-to-date imports were 11% higher than in October 2014.

China's furniture shipments were stable in October at $659.7 million (+10% year-to-date). Imports from Vietnam declined by 3% to $267 million (+21% year-to-date). Most other countries increased shipments in October with the exception of Malaysia. However, year-to-date both Vietnam and
Malaysia saw the largest gains in the US market.

Furniture imports from India continued increasing in October (+5% to $20 million). Imports from Europe declined from the higher levels seen earlier this year.

Wooden office furniture imports grew by 8% in October, followed by upholstered wooden seating at 3%. All other types of wooden furniture declined from the previous month.

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.

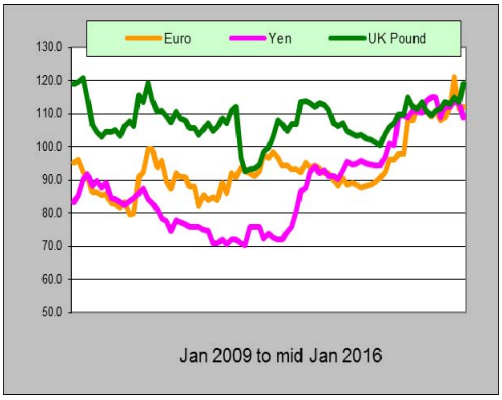
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

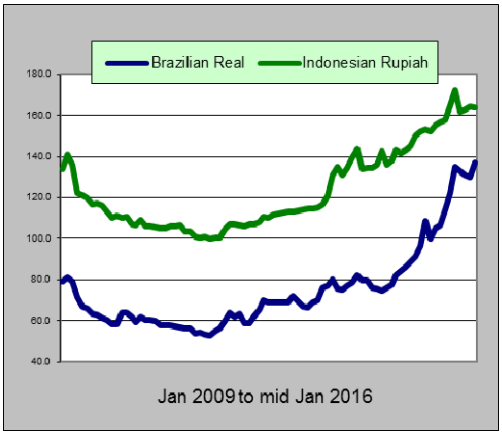
US Dollar Exchange Rates

As of 10th January 2016

Brazil	Real	4.029
CFA countries	CFA Franc	605.35
China	Yuan	6.5713
EU	Euro	0.9209
India	Rupee	66.946
Indonesia	Rupiah	13907
Japan	Yen	117.65
Malaysia	Ringgit	4.3998
Peru	New Sol	3.4264
UK	Pound	0.6922
South Korea	Won	1210.33

Exchange rate indices (Dec 2003=100)



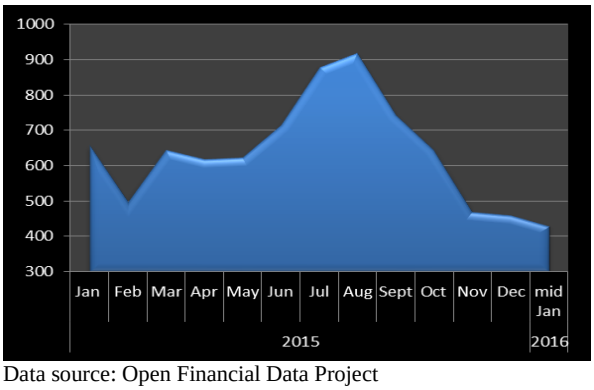


Abbreviations and Equivalences

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
Jan 2015 – mid Jan 2016

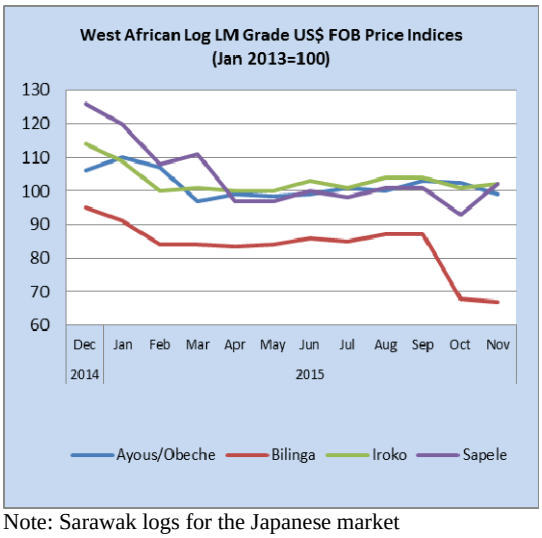


Data source: Open Financial Data Project

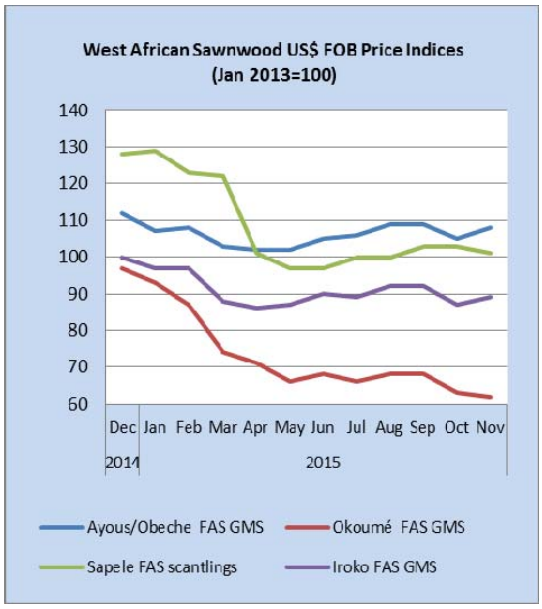
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

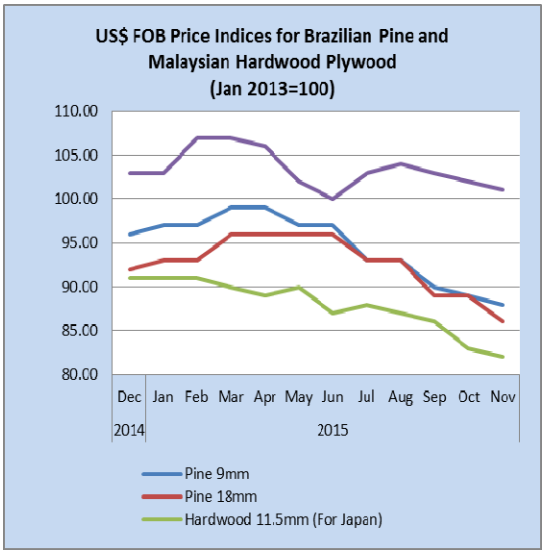
Price indices for selected products

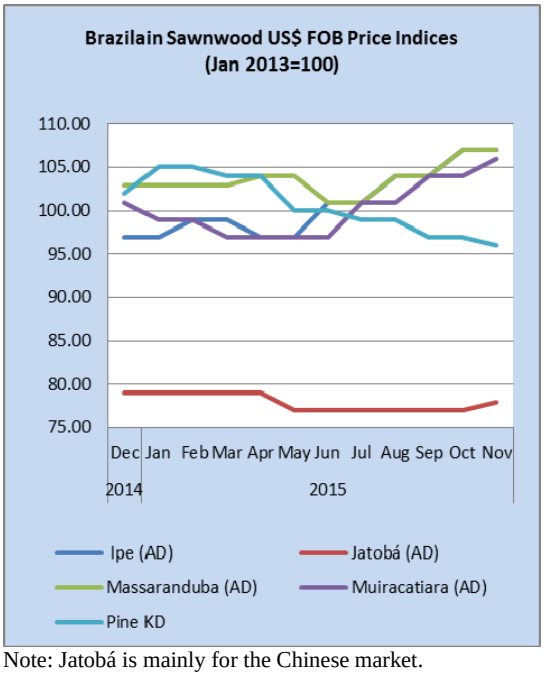
The following indices are based on US dollar FOB prices.



Note: Sarawak logs for the Japanese market







Note: Jatobá is mainly for the Chinese market.

To have a free copy of this twice-monthly ITTO Market Information Service bulletin emailed to you on the day of production, please register at:

http://www.itto.int/en/mis_registration/