

Tropical Timber Market Report

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

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Top Story

Mahogany exports to resume

A story filed by Madeira Total says mahogany harvesting in certified forests has begun and the first batch of mahogany will be transported for processing for export this month.

This resumption of mahogany product exports from Brazil is a victory for those who believe that industries based on timber produced responsibly contribute to the generation of employment in the Amazon.

When contacted a spokesperson from IBAMA said they have carefully monitored all administrative procedures, approved the management plan and that they have been following progress so are prepared to issue a CITES permit.

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Central and West Africa

African and Malaysian timbers battle for market share

West and Central African producers say they will continue to hold down production to match the low global demand and will concentrate on the steady business with importers in the EU.

The main battle for market share is in the Middle East countries where African producers face tough competition from Malaysian exporters who are making an all-out effort to win a larger share of the market in the region.

The other market where the battle rages is South Africa. Importers there tend to favour meranti over okoume but, in the current economic climate in South Africa, price is an all deciding factor.

Success in North America

Cameroon has been successful in building regular trade for sawnwood with the USA and at least one other producer in the region has begun marketing some high priced specialty species into US.

Exporters say the US import regulations and procedures are possibly more stringent than the EUTR but the market potential is very large. Canada imports very little tropical timber but the market in Canada offers potential.

Stock 'top-ups' dominate buying trends

As previously reported, there is some demand from buyers for the Chinese market for logs of specific species such as belli and okan however, the volumes being sought are small. Interest in okoume has not revived and prices are still under downward pressure.

For the period reported there have been some minor price increases for logs and sawnwood.

Business with China remains quiet as importers and merchants are more concerned with reducing existing log and sawnwood stocks to levels proportionate to the level of trade anticipated for the first half of the year.

For the time being most buying is for small volumes for stock 'top up' of selected species with no signs of mainstream bulk purchases.

Log Export Prices

West African logs, FOB	€ per m ³		
<u>Asian market</u>	LM	B	BC/C
Acajou/ Khaya/N'Gollon	235↑	235↑	160
Ayous/Obeche/Wawa	260	260	200
Azobe & Ekki	230	230	160
Belli	250+	245	-
Bibolo/Dibétou	180	170	
Iroko	330	290	260
Okoume (60% CI, 40% CE, 20% CS) (China only)	200	200	160
Moabi	330	300	235
Movingui	210	210	160
Niove	160	210	160
Okan	160	160	-
Padouk	210	210	-
Sapele	315↑	315↑	230
Sipo/Utile	340	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	930
FAS scantlings	1020
Strips	680
Sapele FAS Spanish sizes	610
FAS scantlings	620
Iroko FAS GMS	625↑
Scantlings	700↑
Strips	440
Khaya FAS GMS	450
FAS fixed	460
Moabi FAS GMS	610
Scantlings	630
Movingui FAS GMS	420

Ghana

Sharp drop in sawnwood contract approvals

In the fourth quarter of 2015 the Timber Industry Development Division (TIDD) processed and approved export shipment contracts covering 120,642 cubic metres. This was an almost 30% decline on the 172,124 cubic metres approved for shipment in the third quarter.

Secondary wood products (mainly sawnwood) topped the list of approved contracts in the fourth quarter followed by primary products and tertiary products as shown below.

Product	Q3 2015 cu.m	Q4 2015 cu.m	% Change
Primary	7,004	13,525	93.09
Secondary	162,060	105,067	-35.17
Tertiary	3,060	2,050	-33.01
Total	172,124	120,642	-29.9

Source: TIDD

Primary product shipment comprised mainly teak roundwood and fourth quarter shipments at 13,525 cu.m were 93% higher than in third quarter 2015.

In the fourth quarter there was a sharp drop in shipments of secondary products. This fall in approved contract volumes was mainly due to a big drop in contracts for sawnwood. However, export contracts for sliced veneer improved (+42%) to 5,090 cu.m compared to the third quarter.

Export contract volume approvals for shipment of tertiary products fell by 33% in the fourth quarter and this was put down to the difficulty mills had in securing sawnwood for further processing rather than weak demand.

Plywood dominates exports to regional markets

West African regional markets continued to be the major outlet for Ghana's plywood. Out of the total volume of 19,563 cu.m of plywood contracts approved, 98% in terms of volume were for exports to regional markets.

Most contracts for tertiary products, including sliced veneer and kiln dried sawnwood, were for European markets while shipments of air dry sawnwood, especially sawn rosewood and sawnwood of other high density species such as apa, ekki and denya, were for the Chinese market.

The United States market continued as the major destination for mahogany and cedrella sawnwood as well as for rotary veneer. Markets in the Middle East and Egypt emerged as a major destinations for backing grade veneer.

India continued to be the sole market for teak and gmelina roundwood and sawnwood.

February prices

Prices for wood products remained unchanged as of 30 January.

Boule Export prices

	Euro per m ³
Black Ofram	380
Black Ofram Kiln dry	446 ↓
Niangon	475 ↑
Niangon Kiln dry	490

Export Rotary Veneer Prices

Rotary Veneer, FOB	€ per m ³	
	CORE (1-1.9mm)	FACE (>2mm)
Ceiba	314	433
Chenchen	462	555
Ogea	474	537
Essa	511	561
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	3.10	0.92
Makore	1.80	0.80
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	407	450	613
12mm	369	463	475 ↑
15mm	450	436	400
18mm	353	358 ↓	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	368 ↑
Dahoma	467	504 ↓
Edinam (mixed redwood)	537	580
Emeri	477	515
African mahogany (Ivorensis)	633	1025
Makore	660	830 ↑
Niangon	687	873
Odum	660	900
Sapele	610	791
Wawa 1C & Select	400	416 ↑

Export Added Value Product Prices

Parquet flooring 1st grade	FOB € per sq.m		
	10x60mm	10x65-75mm	14x70mm
Apa	12.00 ↑	14.47	17.00
Odum	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

Weak ringgit - an advantage when utilising domestic raw materials

When speaking to the domestic press, United Business Media (UBM) managing director M. Gandhi said Malaysian furniture exporters will benefit when the Trans-Pacific Partnership Agreement (TPP) is ratified as this will remove many hurdles to exports to the US, currently one of the biggest buyers of Malaysian furniture.

In commenting on the impact of the depreciation of the ringgit against the US dollar, Gandhi pointed out that this

is an advantage to exporters of wooden furniture as most of the raw material inputs are locally produced and only some accessories are imported such that the locally made furniture has a high ringgit content while earnings are in US dollars.

Alibaba and UBM join forces to create new trading platform

In related news, Alibaba's B2B business unit, including Alibaba.com and 1688.com a leading platform for online wholesale trade of the Alibaba Group, and UBM plc one of the leading trade exhibition organisers, have announced an alliance to unite the online and offline buying experience.

The UBM-Alibaba.com collaboration will be tested at MIFF 2016, the first UBM trade event in which the Alibaba.com Trade Assurance Programme will be introduced to test how Malaysian exporters can move marketing beyond trade exhibitions.

The media release from UBM says "Initially, the Trade Assurance Programme was available only to China businesses but will now be offered to Malaysian manufacturers. Under the programme, Alibaba will guarantee the quality of Malaysian products and guarantee delivery times. In the case of complaints Alibaba will compensate the purchaser. This would be especially helpful for first-time buyers and will serve to introduce more buyers to the Malaysian furniture market."

See: <http://media.ubm.com/news?item=136865>

Heart of Borneo project gets implementation framework

A total of 12 timber licensees within Sarawak's 'Heart of Borneo' areas are now progressing towards forest certification and are set to achieve this by 2017. The Director of the state Forestry Department, Sapuan Ahmad, said it is the policy of the state to ensure forest areas are sustainably managed to international standards recognised globally.

Ahmad explained that the state government has developed a project implementation framework to secure of the objectives of the Heart of Borneo project. The framework has five elements: sustainable forest management, ecotourism, sustainable agriculture, community-based/rural poverty eradication and conservation of biodiversity.

The area under the Heart of Borneo extends over approximately 20 million hectares of contiguous tropical forests between Malaysia, Indonesia and Brunei with 2 million falling within Sarawak and a further 6 million within Sabah.

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\$ 417/cu.m C&F
 Taiwan (9mm and up) US\$ 395/cu.m FOB
 Hong Kong US\$ 415 FOB/cu.m
 Middle East US\$380/cu.m FOB/cu.m

Sabah sawnwood trade data

The Statistics Department in Sabah has released 2015 sawnwood export data(including shipments to Peninsular Malaysia). The volume exported in 2015 was less than in 2014.

In 2015, the value of sawnwood exports was RM 368,884,569 (approx. US\$ 87.37 million) compared to RMM 393,589,378 (approx. US\$ 93.23 million) in 2014. The table below shows the top ten destinations for Sabah sawnwood.

	2015 cu.m	2014 cu.m
China	52,829	55,254
Taiwan	33,309	40,669
Thailand	30,006	42,740
Japan	17,057	23,045
Philippines	15,862	25,154
South Africa	13,647	19,952
Peninsular Malaysia	4,712	6,703
Netherlands	4,553	8,362
Korea, Rep. Of	4,056	2,482
Belgium	2,820	3,240
Total	196,751	258,816

Source: Statistics Department, Sabah

Malaysian companies to participate in 'Indiawood 2016'

In a press release the Malaysian Timber Council (MTC) has announced that Malaysian companies will be assisted to participate in Indiawood 2016, a major woodworking and wood products fair. The MTC says India has been amongst the top three major export markets for Malaysia's timber products since 2008, accounting for over RM1.5 billion in annual exports for the last three consecutive years.

MTC is providing an opportunity for four Malaysian timber companies to join over 650 exhibitors from all over the world to exhibit their designs and products at the upcoming IndiaWood 2016. The four selected Malaysian companies who will exhibit their products are Sri Ledang Sdn Bhd, Desa KL Enterprise Sdn Bhd, Stanford-Dor Marketing (M) Sdn Bhd, and Besgrade Products Sdn Bhd.

MTC writes "the fair is expected to attract over 40,000 visitors from the entire furniture and woodworking sectors of India, South East and South Asian countries, including

Nepal, Sri Lanka, Bangladesh, Middle East, Myanmar, Bhutan, Thailand, Indonesia and the Philippines.”

For more see: <http://mtc.com.my/wp-content/uploads/2016/02/PR-Pre-IndiaWood-2016.pdf>

Indonesia

Reform of forestry revenue system to eliminate corruption

A plan prepared by the Corruption Eradication Commission (KPK) and government institutions including the Ministries of Finance and Environment and Forestry as well as the Supreme Audit Agency recommends the government reform the non-tax state revenue system in the forestry sector.

This proposal follows from a KPK study published in October last year which found that the state lost millions of dollars through either accidental or deliberate under calculation of fees from forestry operations. The KPK put the losses to the state at around rupiah 87 trillion between 2003 and 2014.

NGO succeeds in pursuit of access to forestry information

The Ministry of Environment and Forestry has been ordered to release documents demanded by Forest Watch Indonesia (FWI). This follows a drawn out legal battle, the core of which was open access to information.

The Central Information Commission (CIC) of the forestry ministry was taken to court by FWI for refusing to release documents which the CIC considered confidential documents. The courts handed a victory to FWI but the CIC filed an appeal with the Jakarta State Administrative Court (PTUN) which was rejected.

Indonesian SVLK certified furniture Sold out in Sweden

SVLK certified furniture suppliers exhibiting at the recent Furniture and Light Fair held 9-13 February in Stockholm were well received.

One of the Indonesian exhibitors, CV Nuansa Kayu Bekas secured orders from five companies: from around the world. Buyers from Russia (Belsi Home), Denmark (Kilroy Indbo A / S, Bakkehuset, Torben Schreibers) and Israel (Pront Decor) placed substantial orders

For more see <http://bisniskeuangan.kompas.com/read/2016/02/18/102210626/Furnitur.Indonesia.Bersertifikat.SVLK.Ludes.di.Swedia>

Bank Indonesia cuts interest rates to spur growth

In a press release Bank Indonesia (BI) announced that its board agreed to lower the interest rate to 7% and to adjust the Deposit Facility and Lending Facility rates.

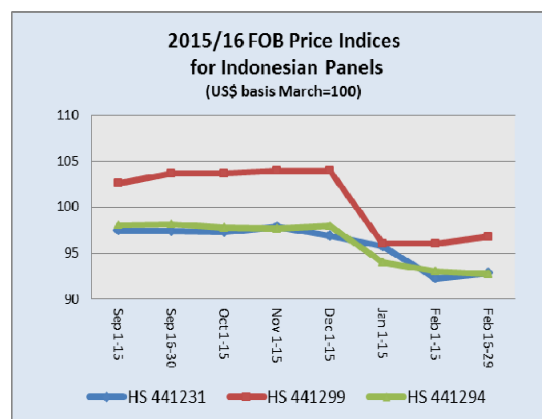
These changes, say BI, are “consistent with greater room to ease monetary policy on the back of solid macroeconomic stability, especially in terms of less

intense inflationary pressures in 2016 as well as less uncertain global financial markets.

The dual policy of lowering the BI Rate and primary reserve requirement is expected to strengthen efforts to boost the ongoing economic growth. In addition, the BI will continue to strengthen coordination with the Government to control inflation, bolster growth and accelerate structural reforms thereby supporting sustainable economic growth moving forward, while maintaining macroeconomic stability”.

Several other countries are also following the strategy of monetary easing, which generally comes in the form of an interest rate cut, to boost growth and the Indonesian President has been calling for an easing of rates to spur growth.

See: http://www.bi.go.id/en/ruang-media/siaran-pers/Pages/sp_181416.aspx



Myanmar

New body to oversee natural resources

The 15-member Amyotha Hluttaw (Government Lower House) has instituted a Natural Resources and Environmental Conservation Committee to prepare policies to guide the natural resource management. The forestry and timber sectors are keen to see how the new administration intends to develop the sectors.

The domestic media have reported that the new committee will be headed by U Kyaw Thiha and U Sa Khin Zaw Lin will act as secretary, both are members of parliament.

C&I for natural and plantation forests to developed

Dr. Thaug Naing Oo, Director of Forestry Research has warned that Myanmar could be facing serious insect infestations in its teak plantations.

Since 2006 private plantations, mainly teak, have been established and currently these extend over 100,000 hectares. The Myanmar Forest Certification Committee is recommending these forest be certified and has invited public consultation on the appropriate criteria and

indicators for natural and plantation Forests. The first such meeting will take place on 4 March.

Timber exports drop to 6th place as impact of export ban bites

Export earnings during fiscal 2014-15 have been released. The oil and gas sector are in top position with earnings of around US\$5.178 billion.

Forestry sector export earnings fell in the year for which data has been reported mainly because of the log export ban.

Other important sectors include agricultural US\$2.923 billion, mining US\$1.469 billion, industrial products US\$ 1.369 billion, marine and fishery products US\$420 million and in 6th place forest products US\$98 million.

Low quality teak logs sold

On 24 February the Myanma Timber Enterprise sold around 4,200 hoppus tons of low quality teak logs. Prices ranged from Kyats 800,000 to 12,000,000 depending on dimensions and the area from which the logs were sourced. There were no sales of higher grade teak logs.

Sawing Grade Teak logs Open Tender 03/15-16 Yangon Depots 26 Jun 2015

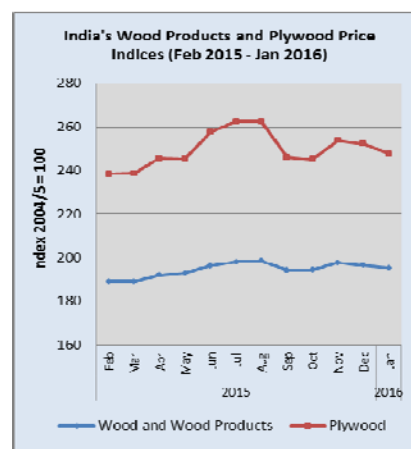
Tender, teak logs Yangon depot 29 February

Grade	H.tons	Avg US\$/H.ton
SG-1	9	5,219
SG-2	17	no bids
SG-4	59	3,362
SG-5	73	2,430

India

Inflation rate trends down

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



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

The official Wholesale Price Index for All Commodities (Base: 2004-05 = 100) for January fell 1% to 175.7 from 177.4 in December. The year on year annual rate of inflation, based on monthly WPI, stood at -0.9% (provisional) as of January 2016 compared to -0.73% in December.

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

Timber and plywood price indices climb

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

Government targets 81,000 homes for urban poor

The Ministry of Housing and Urban Poverty Alleviation (HUPA) has approved funding for construction of 81,757 homes for the so-called economically-weaker-sections (EWS) of society.

Seven 7 states will benefit from this plan which is estimated to cost around Rs.41 billion. Of this, the Ministry will provide around Rs. 12 billion based on Rs.150,000 per home to be built for the benefit of urban poor under the Prime Minister's "Housing for All" mission in urban areas. West Bengal will build 27,830 homes, Telangana 22,817, Bihar-13,315, Mizoram 8,922, Rajasthan 6,052 Jharkhand 2,337 and Uttarakhand 484.

An inter-ministerial Central Sanctioning and Monitoring Committee chaired by Dr.Nandita Chatterjee, the Secretary of (HUPA), approved the proposals after detailed discussions with the 7 states and after satisfying itself on the availability of land for the proposed projects.

To-date the government has approved funding for over 5 million homes for the poor. The government is targeting assisting construction of 20 million houses for urban poor.

Export of Plywood and wood products

Exports of many of India's wood products fell year on year in 2015, the exception being wooden furniture and Other articles of wood.

	2014 Apr - Nov	2015 Apr - Nov	% Change
Wooden furniture	263.04	292.7	11
Other articles of wood	154.29	177.59	15
Sawnwood	20.94	19.37	-7.5
Plywood and other panels	19.45	16.44	-15
Veneer	10.3	8.81	-14
Hardboard	9.97	8.57	-14
Sandalwood chips	2.63	1.87	-29
Cork and cork products	1.35	1.37	1.5
Tea chest ply-panels	0	0.1	

While 2015 exports of some wood products beat expectations the prospects for 2016 are not good. January exports of all products fell almost 14% from a year earlier

according to data from the Ministry of Commerce and Industry.

In the face of declining exports the government is expected to announce incentives in the upcoming budget. The Indian Prime Minister is pushing a 'Make in India' drive focused on raising export earnings.

Imported plantation teak prices

The level of domestic demand is currently matching import deliveries.

	US\$ per cu.m C&F
Angola logs	459-574
Belize logs	350-400
Benin logs	290-614
Benin sawn	530-872
Brazil logs	321-665
Brazil squares	370-556
Cameroon logs	405- 616
Colombia logs	426-775
Congo D. R. logs	450-761
Costa Rica logs	320-780
Côte d'Ivoire logs	298-756
Ecuador squares	254-564
El-Salvador logs	399-732
Ghana logs	276-434
Guatemala logs	360-451
Guyana logs	300-450
Kenya logs	515-876
Laos logs	300-605
Liberia logs	265-460
Malaysian logs	225-516
Mexican logs	515
Nicaragua logs	402-505
Nigeria squares	321-405
Panama logs	368-430
PNG logs	443-575
Sudan logs	488-857
Tanzania teak, sawn	307-613
Thailand logs	511-700
Togo logs	354-590
Trinidad and Tobago logs	557-680
Uganda logs	411-576
Uganda Teak sawn	680-900

The reported rise in C&F prices reflect changes in average log dimensions and are not indicative of either supply or demand changes.

The continued weakness of the rupee against the US dollar is resulting in higher landed costs and this is being passed on as higher wholesale prices in the domestic market.

Prices for locally sawn hardwoods

Price rises have been reported in response to the depreciation of the rupee against the US dollar.

Sawnwood Ex-mill	Rs per cu.ft
Merbau	2100-2250
Balau	1750-1850
Resak	1200-1400
Kapur	1750-1850
Kempas	1200-1300
Red Meranti	1200-1350
Radiata pine AD	750-850
Whitewood	750-850

Price variations depend mainly on length and cross section

Myanmar teak flitches resawn in India

There has been no change in pricing over the past two weeks. Imports of large sized flitches from Myanmar are helping sustain domestic stocks of teak.

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

Price variations depend mainly on length and cross section

Prices for imported sawnwood

The minor price changes are the result of the depreciation of rupee.

Sawnwood, (Ex-warehouse) (KD)	Rs per ft ³
Beech	1250-1350
Sycamore	1500-1650
Red oak	1500-1650
White Oak	2100-2150
American Walnut	3600-3700
Hemlock clear grade	1300-1400
Hemlock AB grade	1250-1300
Western Red Cedar	1650-1850
Douglas Fir	1350-1450

Price variations depend mainly on length and cross section

Plywood

While prices for imported plywood have been rising due to exchange rate movements prices for locally manufactured plywood remain unchanged.

Prices for WBP Marine grade plywood from domestic mills

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

Domestic ex-warehouse prices for locally manufactured MR plywood

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

Brazil

Mahogany exports to resume

Mahogany (*Swietenia macrophylla*), one of high value hardwood species in the Amazon is back on the market. A timber company in Acre state will be the first to have secured FSC forest certification covering mahogany harvesting.

Excessive harvesting of mahogany in Brazil led the Brazilian Institute for Environment and Renewable Natural Resources (IBAMA) to prohibit any harvesting or sale mahogany product in the country. In 2002, mahogany was listed in appendix II of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

In a report filed by Madeira Total this month it is stated that mahogany harvesting in the certified forests has started in the States of Acre and Amazonas and the first batch of mahogany logs will be transported for processing for export this month.

The resumption of mahogany product exports from Brazil is a victory for those who believe that industries based on timber produced responsibly contribute to the generation of employment in the Amazon.

When contacted a spokesperson from IBAMA said they have carefully monitored all administrative procedures and approved the management plan and that they have been following progress and are prepared to issue a CITES permit.

BVRio launches timber legality verification system

The BVRio Environmental Stock Exchange has launched a new and more robust version of its Timber Legality Verification System. This online system was developed to provide immediate feedback to buyers and traders on the legality of Brazilian tropical timber.

Launched in December 2011, BVRio initially focused on establishing partnerships with a wide range of stakeholders from government, NGOs and industry and to identify and prioritise sectors on which to focus its efforts. Recently, BVRio has focused on promoting trading of “responsible commodities”, i.e. legal and/or sustainably produced forest and agricultural products.

The use of the basic version of the on-line system is free. Users need only to scan the bar code of the ‘forest origin’ document issued by IBAMA and instantly receive a basic report on the status of legality of the timber. The user can get the details of each selected item, including the status of documentation, any infractions and fines, irregularities related to volume, species and where the logging took place.

The exact location of the forest area where the timber originated and the route the timber followed is shown on maps. Each batch of timber can be checked for the chain of custody, estimating the probability of risks related to social and environmental violations.

This application is being promoted for buyers in Europe and in the United States, where they have to ensure compliance with the EU Timber Regulation and the US Lacey Act.

Plywood exports a success but average prices dip

In January 2016, Brazilian exports of wood-based products (except pulp and paper) declined 6.6% in value compared to January 2015, from US\$187.5 million to US\$175.2 million.

However, pine sawnwood exports increased 13.5% between January 2015 (US\$17.8 million) and January 2016 (US\$20.2 million). In terms of volume, exports increased 33.5% year on year in January from 76,400 cu.m to 102,000 cu.m.

Tropical sawnwood export volumes in January 2016 fell almost 11%, from 27,900 cu.m in January 2015 to 24,900 cu.m in January this year. There was an even sharper fall

in the value of exports (-21%) from US\$15.3 million in January last year to US\$12.1 million this year.

Pine plywood exports followed the downward trend falling 16.4% from US\$31.8 million to US\$26.6 million in January 2016 in comparison with figure of January 2015,

However, there was a steep rise in the volume of exports which increased by almost 21%, from 85,300 cu.m in January last year to 102,900 cu.m this year.

Tropical plywood, export volumes increased 13% from 5,500 cu.m in January 2015 to 6,200 cu.m in January this year while the value of exports fell 21.4% from US\$2.8 million to US\$2.2 million year on year.

As for wooden furniture, the exported value fell from US\$ 26.4 million in January 2015 to US\$ 23.6 million in January 2016, a 10.6% fall in the total exports of the product during the period.

Mato Grosso sets out plan to eliminate deforestation

The Center for Timber Producers and Exporters of the state of Mato Grosso (CIPEM) has proposed measures to achieve zero deforestation by 2020 in the state.

CIPEM says the most effective way to stop deforestation is to expand the area of sustainably managed forests and limit harvesting to low impact systems.

After the COP 21 conference in Paris attended by representatives of the state of Mato Grosso a decision was taken to expand actions in support of reducing global warming. The State aims to end all illegal deforestation in Mato Grosso by 2020 and recover 2.9 million hectares of degraded forests and create permanent protected areas.

Forest concession fees transferred to municipalities

The Forestry Development Institute and Biodiversity (IDEFLOR-BIO) will transfer concession funds held in the Forestry Development State Fund (FUNDEFLO) to the municipalities of Santarém, Monte Alegre, Juruti, Aveiro and Santarém, in Pará state (Amazon region). Some R\$2 million has been earned from companies that successfully bid for forest concessions in the various municipalities.

The resources to be transferred represent around 30% of the amount collected in 2015. Each municipality is charged with using the funds for sustainable development projects.

The Municipal 'Councils of the Environment' along with FUNDEFLO, are responsible for monitoring the application of these resources. The amount will be used for environmental and forest control by the State Secretariat of the Environment (SEMA), such as licensing procedures and monitoring activities.

Domestic Sawnwood Prices

	US\$ per m ³
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	660↓
Jatoba	329↓
Massaranduba	299↓
Muiracatiara	311↓
Angelim Vermelho	275↓
Mixed red and white	174↓
Eucalyptus (AD)	161↓
Pine (AD)	116↓
Pine (KD)	131↓

Source: STCP Data Bank

Domestic Plywood Prices (excl. taxes)

	US\$ per m ³
Parica	
4mm WBP	454↓
10mm WBP	359↓
15mm WBP	313↓
4mm MR	407↓
10mm MR	302↓
15mm MR	281↓

Prices do not include taxes

Source: STCP Data Bank

Domestic Log Prices

	US\$ per m ³
Brazilian logs, mill yard, domestic	
Ipê	136↓
Jatoba	76↓
Massaranduba	80↓
Muiracatiara	83↓
Angelim Vermelho	76↓
Mixed redwood and white woods	66↓

Source: STCP Data Bank

Prices For Other Panel Products

	US\$ per m ³
Domestic ex-mill Prices	
15mm MDParticleboard	197↓
15mm MDF	276↓

Source: STCP Data Bank

Export Sawnwood Prices

	US\$ per m ³
Sawnwood, Belem/Paranagua Ports, FOB	
Ipe	1451
Jatoba	973
Massaranduba	772
Muiracatiara	765
Pine (KD)	209

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

	US\$ per m ³
Pine Plywood EU market, FOB	
9mm C/CC (WBP)	323
12mm C/CC (WBP)	293
15mm C/CC (WBP)	291
18mm C/CC (WBP)	288

Source: STCP Data Bank

Export Prices For Added Value Products

	US\$ per m ³
FOB Belem/Paranagua Ports	
Decking Boards Ipê	2,608
Jatoba	1,613

Source: STCP Data Bank

Peru

Forestry sector to add extra 1 - 1.5% to GDP

Juan Manuel Benites, Peru's Minister of Agriculture and Irrigation (Minagri), has said the forestry sector could contribute as much as 1 – 1.5% more to GDP as the sector has enormous potential which can be released through the development of new markets.

He said further that enactment of Forestry and Wildlife law and related regulations will free the forestry sector for rapid growth and creation of thousands of jobs.

It is anticipated that export earnings from the forestry and timber sectors will increase from the current US\$150 million to US\$300 million by 2017. Investments in new capacity are expected to reduce dependence on imports of some wood products by as much as 50%.

Agrobanco forecasts forestry credits to rise

It has been estimated that from now to early 2018 the Agricultural Bank (Agrobanco) will be providing US\$55 million in credits to the private forestry sector.

Enrique Díaz Ortega, Agrobanco President, said investments are anticipated in forestry operations, agroforestry and forest plantations. Agrobanco already supports one agroforestry investment and a plantation project and has identified other possible ventures worthy of support. Agrobanco sees other opportunities as there are around 10.5 million hectares ready for reforestation of which at least 2 million hectares are served by adequate infrastructure.

Easier loans for forestry sector

The Minister of Production, Piero Ghezzi, has reported that some US\$140 million in loans will be available to boost the forestry sector output under the National Productive Diversification Plan.

The Minister believes this will attract over US\$10 billion in investment and financing because the country has 8 million hectares of forests to utilise and around 2-3 million hectares for reforestation.

The Development Finance Corporation (COFIDE) is expected to provide a major portion of the loan capital along with Agrobanco.

Export Sawwood Prices

	US\$ per m ³
Peru Sawwood, FOB Callao Port	
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

	US\$ per m ³
Peru Sawwood, FOB Callao Port (cont.)	
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	855-879▲
Asian market	889-932▼
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	623-653
Marupa (simarouba) 1", 6-13 length Asian market	405-449

Domestic Sawwood Prices

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

Export Veneer Prices

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

Export Plywood Prices

	US\$ per m ³
Peru plywood, FOB Callao (Mexican Market)	
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)

	US\$ per m ³
Iquitos mills	
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

	US\$ per m ³
Peru, Domestic Particleboard	
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

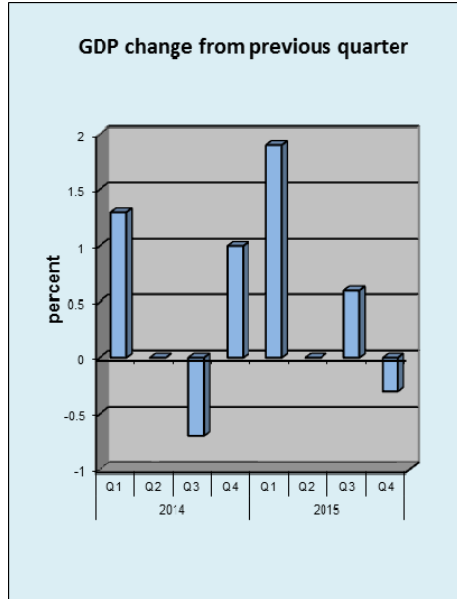
	US\$ per m ³
Peru, FOB strips for parquet	
Cabreuva/estoraque KD12% S4S, Asian market	1296-138
Cumaru KD, S4S	
Swedish market	950-1094
Asian market	1033-1069
Cumaru decking, AD, S4S E4S, US market	1188-1222
Pumaquiro KD Gr. 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market	493-519
2x13x75cm, Asian market	732-815

Japan

GDP data challenges government and central bank

GDP in Japan fell 0.4% in the final quarter of 2015, dragged down by weak private consumption and the slow housing market. The last quarter 2015 data were worse than expected and pose a major challenge to the government and the central bank. Figures show that domestic consumption fell, as did public investment.

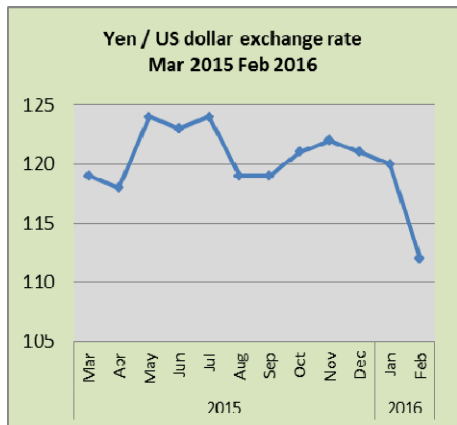
While residential investment fell private non-residential investment was shown to have grown which helped soften the negative GDP data.



Source: Cabinet Office, Japan

Flat-lined oil price steadies Yen/dollar exchange rate

The yen has gained around 7% against the dollar since January this year as investors have been pouring money into Japan as a safe haven. The risk of Britain's exit from the EU along with wider global issues have driven a flood of money to Japan which is threatening progress in the government's daring strategies to pull Japan out of deflation.

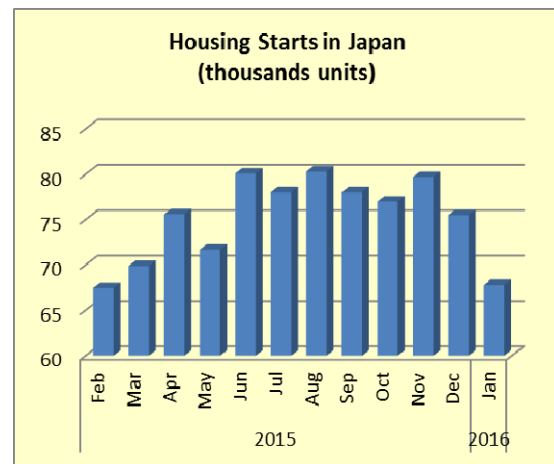


At one point the yen was around 111 to the dollar but has since weakened slightly as oil prices appear to have leveled out. A strong yen hurts the competitiveness of Japanese exporters and if the rate hovers at the 110 level it is likely the Bank of Japan will act to try and drive down the yen.

Negative interest rates stimulate mortgage enquiries

Perhaps the brightest note after Japan's central bank drove interest rates below zero is that it has spurred an interest in the remortgaging of homes. Many analysts are forecasting that enquiries for new home mortgages will rise which would boost the housing market.

But, say financial planners, housing loan interest rates are already very low and it is unlikely the banks would be prepared to sacrifice profits by offering even lower rates to home buyers.



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

2015 Import round up

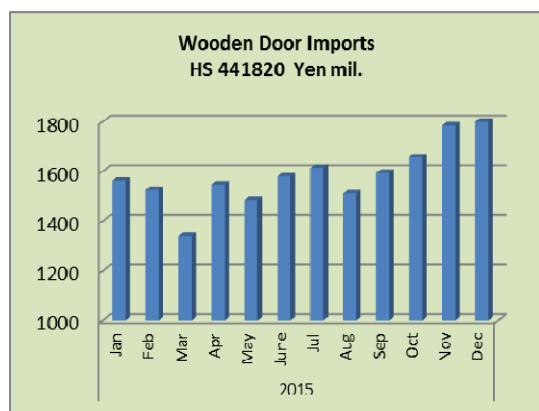
Doors

2015 saw a 4% decline in imports of wooden doors marking the third straight annual fall in imports.

Throughout 2015 China was the largest wooden door supplier to Japan securing 63% of all imports beating out the Philippines (14%), Indonesia (8%) and Malaysia (6.5%).

These top four suppliers of wooden doors accounted for over 90% of all wooden door imports. Suppliers in SE Asia accounted for 29% of Japan's wooden door imports.

Even though housing starts have been flat the value of wooden door imports has been increasing especially from mid-2015 suggesting imports are capturing a greater share of the wooden door market.



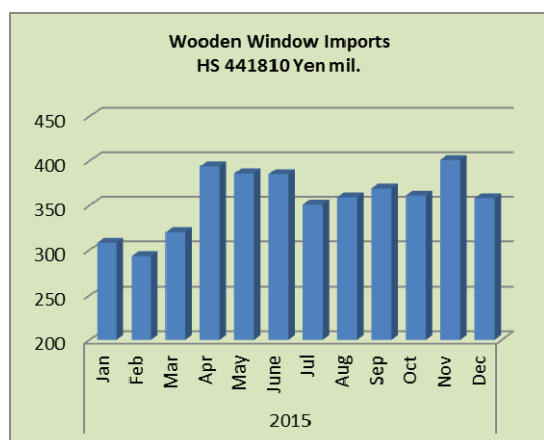
Data source: Ministry of Finance, Japan

Windows

As is the case for doors, wooden window frame imports have trended down for the past three years. In 2015 wooden window frame imports were down almost 15% year on year.

The top four suppliers of wooden window frames in 2015 were, in order of rank, China, Philippines, USA and Sweden accounting for 26%, 28%, 23% and 6% respectively. The sources of supply of wooden window frames is more diverse than for either wooden doors or assembled wooden flooring.

Suppliers in the EU accounted for around 10% of 2015 imports of wooden window frames by Japan and the S.E. Asian suppliers accounted for 31% of wooden window frame imports.



Data source: Ministry of Finance, Japan

Assembled flooring

Japan's assembled wooden flooring imports fall under 3 categories: HS441871, Assembled Flooring Panels for mosaic flooring, HS 441872, Other Multilayered Assembled Flooring Panels and HS 44179, Assembled Flooring not falling in HS 441871 or HS441872.

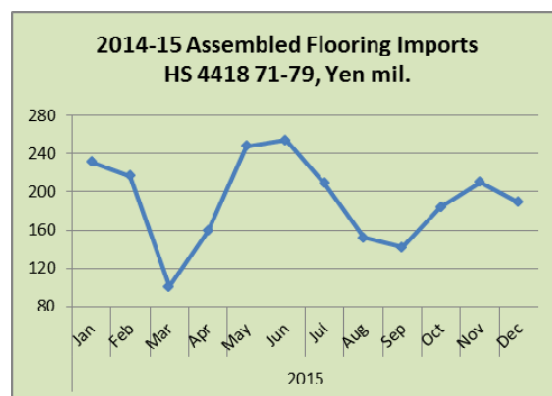
Some 68% of Japan's assembled wooden flooring in 2015 was recorded as HS441872 the balance being HS 441879 (30%) and HS 441871 (2%).

Of imports of HS441872, 74% came from China, 6% from Sweden and 3% from Malaysia. Suppliers in SE Asia accounted for 8.5% of 2015 imports while suppliers in the EU accounted for 15%.

Of imports of HS441879, Indonesia was the largest supplier in 2015 (29%) closely followed by China (27%), Thailand (22%) and Vietnam (15%). The top four suppliers accounted for 93% of imports of HS 441879.

Imports of HS 441871 are small and the main suppliers in 2015 were Thailand, Indonesia and Italy.

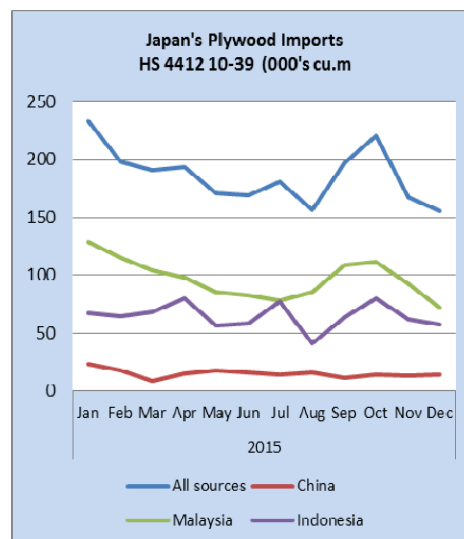
2015 imports of all three categories of assembled wooden flooring (HS 441871-79) were down 34% from a year earlier. Imports in 2014 were high, climbing 22% on 2013 levels but 2014 imports are an anomaly as the value of annual imports has settled back to a general downward trend.



Data source: Ministry of Finance, Japan

Plywood

Compared to 2014 plywood imports in 2015 fell 21% . The top three supply countries, China, Malaysia and Indonesia account for the bulk (95%) of Japan's plywood imports in 2015, a picture that has been repeated for the past decade.



Data source: Ministry of Finance, Japan

Malaysian suppliers secured the greatest proportion of Japan's 2015 demand for imported plywood at 54% followed by Indonesia (35%) with smaller volumes coming from China (8%).

Main sources of Japan's plywood imports

		000's cu.m		
		China	Malaysia	Indonesia
2014	Jan	31	146	97
	Feb	21	121	70
	Mar	24	125	91
	Apr	27	144	83
	May	26	131	81
	Jun	24	113	84
	Jul	23	109	88
	Aug	16	95	67
	Sep	21	121	74
	Oct	19	92	81
	Nov	21	130	68
	Dec	20	104	67
2015	Jan	23	128	67
	Feb	18	115	65
	Mar	8.5	104.4	68.3
	Apr	15.5	98.2	80.1
	May	17.4	85.2	57
	Jun	15.6	82.4	58.4
	Jul	14.5	78.6	77.5
	Aug	16	85.6	41
	Sep	11.5	109.3	64.2
	Oct	14	112	80
	Nov	13.5	92.4	61.9
	Dec	13.8	71.8	57.6

Data source: Ministry of Finance, Japan

Trade news from the Japan Lumber Reports (JLR)

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

For the JLR report please see:
<http://www.n-mokuzai.com/modules/general/index.php?id=7>

2015 plywood supply

Total plywood supply in 2015 was 5,656,100 cbms, 10.2% less than 2014. This is the first time that total volume dropped below the level of six million cbms after five years since 2010.

Specifically, imported plywood was the lowest in six years since 2009 with 2,885,700 cbms, 17.3% less than 2014.

Meantime, domestic plywood production was slightly down from previous year with 2,770,300 cbms, 1.3% less than 2014. Accordingly, share of imported plywood dropped down to 51%.

Domestic production dropped in 2009 and 2011 but since then it has held steady pace so sharp drop of imported plywood was the reason of drop of total supply in 2015.

There is no clear reason why demand for imported plywood declined this much. General explanation is that the source of tropical hardwood logs has been declining then severe control on illegal harvest in

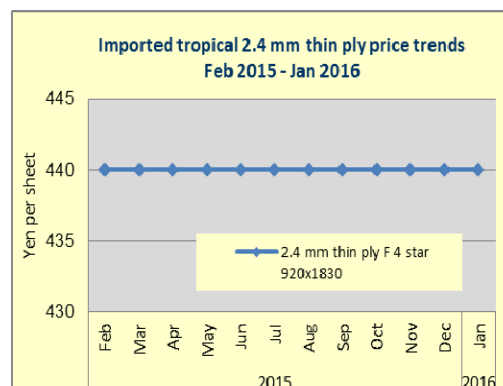
Sarawak, Malaysia further reduced log harvest then resultant high export prices become chronic so the users in Japan have been shifting to domestic softwood plywood.

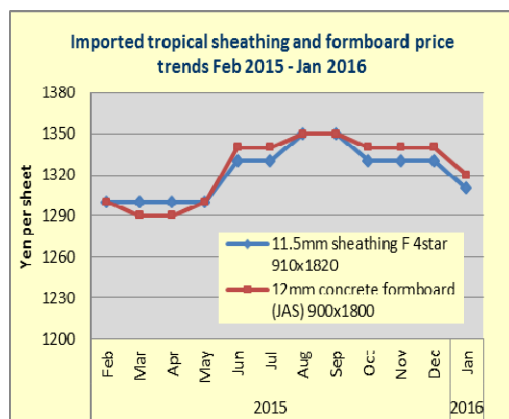
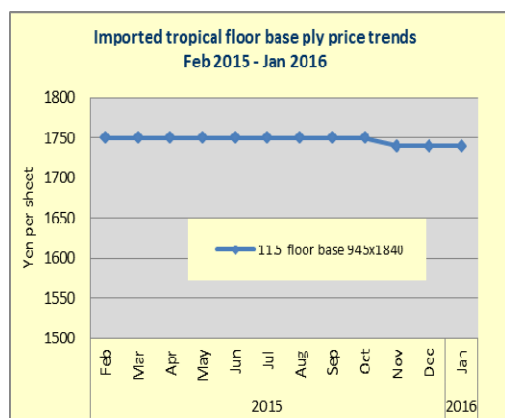
However, it is hard to explain when imported plywood volume decreased by 17% and domestic plywood shipment increased only by 6%.

The volume from Malaysia was the lowest since 1996. Indonesian volume dropped below one million cbms, first time that the volume dropped below one million cbms in five years since 2010 then the volume from China also recorded the lowest in five years.

Domestic softwood plywood production was 1.1% less than 2014 but the shipment was up by 6.7%. In the first half of the year, the demand was slow so that the production exceeded the shipment and the inventory swelled up to 260,000 cbms then in the second half of the year, the demand picked up so that the production could not catch up the shipment so the inventory had been decreasing month after month.

It is totally different pattern in the first half and second half. With very active demand in the second half, many items were short in supply and the mills' inventory was minimal.





South Sea (Tropical) logs

Malaysia is in rainy season now and before Chinese New Year starts, log suppliers are not so anxious to operate logging activities thus late January log supply was low.

Bearish log market until last December stopped in January so it is leveling off now. Actually besides foul weather, low log prices discourage log suppliers so that log production dropped considerably.

The Japanese log importers want to buy quality logs but with limited supply, they have to take what's available as local suppliers' log inventories are extremely low. Some importers say that a ship is coming in three days but there are not enough logs.

To fill up a ship, they have to make three ports loading so it is risky attempt now without enough logs on hand before a ship comes in. The worst case is that a ship has to wait until logs become available at loading port.

Since January this year, in Sarawak as a part of controlling illegal harvest, harvest quota becomes monthly base as compared to quarterly allocation or yearly quota and any harvest volume exceeding monthly quota is not allowed to carry over to next month so log suppliers probably harvest 90 to 95 % of quota volume so log supply is likely to decline more by this system.

Present FOB prices for export logs are US\$265-275 per cbm on meranti regular, US\$245 on meranti small and US\$230 on super small. They are weakly holding.

Japan's log export rise

In 2015, log export was 691,830 cbms, 32.7% more than 2014 and this was the record high number. Lumber export was 61,621 cbms, 10.3% less.

Total forest products export in 2015 was 26,300 million yen, 24.8% more. This exceeded the amount the Ministry of Agriculture, Forestry and Fisheries drew up as a target by 2020 ahead of time.

Log export was the main business in forest products. Destinations are China, Korea and Taiwan and China took more than 50% share. For China, share of Japan is about 1.5% with ranking of 15th. If the price is right, it is possible to increase log export to China but there is competition in Japan with biomass power generation business, which consumes sizable low grade logs so log exporters have difficult time to accumulate export logs.

Also exchange rate is important factor so when the yen gets stronger, it will be tough to offer attractive dollar prices. Log export for Korea also increased largely as demand for Japanese cypress is strong for interior finishing and furniture.

Lumber export for Korea and Taiwan increased but it decreased some in total export. Plywood export in 2015 expanded rapidly with the volume of 67,049 cbms, 143.7% more than 2014, getting close to lumber export volume.

Import of structural laminated lumber in 2015

Import of structural laminated lumber decreased for two straight years but since 2013, the volume has been over 700,000 cbms every year so that the market in Japan seems to be established. Meantime, the prices declined because of sluggish market in 2015. Particularly in 2015, laminated beam prices were in slump so that the prices dropped by 6,000 yen per cbm compared to 2014.

Total import of structural laminated lumber was 705,000 cbms, 3.1% less than 2014.

The market in 2015 was slow because recovery from demand drop after consumption tax hike in 2014. Users like precutting companies restrained from future purchase in fear of price drop and shifted to purchase from domestic manufacturers, which have much shorter lead time of delivery.

On supply side, medium size import dropped after closure of Sorenau plant in Austria of Stora Enso while Radauti plant of H.Schweighofer in Rumania started, which increased the supply from Rumania.

Six stories 2x4 experimental house built

The Japan 2x4 Home Builders Association held study tour to a 2x4 six stories experimental unit being built at Tsukuba on February 4 and 5.

This is a first six stories wooden building. More than 400 visitors attended the observation tour. The Association has acquired the Minister's certificate in December last year on partition wall and floor for two hours fire proof, which is necessary to build wooden six stories building. It plans to obtain the certificate on exterior wall and party wall for apartment in 2017. Once this is obtained, conditions will be fully prepared for six stories wooden unit.

The experimental unit has building area of 39.85 square meters and floor space of 206, 09 square meters with height of 17.309 meters. It will be completed in March this year. The Association got subsidy from the Ministry of Land, Infrastructure and Transport.

The Association and National Building Research Institute will conduct technical research for next ten years.

In case of six stories building, exterior wall and partition wall of first and second floor need to have wall strength factor of fourteen times. In this unit, strength is secured by double sided structural 12 mm plywood nailed in 50 mm pitch.

Floor of each floor has different material to compare. CLT for second floor, stressed skin panel (box shape LVL) for third floor, LVL for fourth floor, I joist for fifth floor and paralleled chord truss for six floor. With these materials, usability and sound performance will be tested.

Mid ply wall is used for partition on third and fourth floor. CLT (120 mm thick) is used for floor and entrance eaves (2 meter overhang design).

Declining MDF inventories

MDF manufacturers in Japan have been running full with maximum capacity. Since last October, the shipments started climbing for large building materials manufacturers so the MDF manufacturers' inventory continued decreasing despite full operation.

However, sales to other channels like wholesalers and condominiums are flat so the orders to overseas manufacturers, which are anxious to expand the market share, are limited.

Actually the shipments to large building materials manufacturers increased since last December and active shipments seem to continue through the first quarter this year.

Building materials manufacturers intend to establish steady supply source of MDF before the consumption tax increase in April of 2017 so they place orders with larger volume.

Two of three domestic MDF manufacturers supplies MDF for its own building materials products so the volume for open market is limited so there is only one manufacturer to cope with increasing demand.

Daiken makes new products with MDF

Daiken Corporation (Osaka) will market new MDF product. One is Techwood-A (ace), which has twice as much strength as other similar products. Another is super light type, which has less than half of specific gravity.

Both have much more strength, water proof and processing performance other MDF do not have. So it could be used for not only flooring but wall and ceiling.

Daiken's MDF manufacturing base is two plants in Malaysia and the products have brand name of techwood so a new product is named techwood-A. Then another base is in New Zealand and a new light MDF is product of Custom Wood, which brand name of New Zealand MDF.

Techwood-A has much higher strength and water proof performance. Strength of normal MDF has 33-35N/square mm but ace has more than 50N. This strength performance is achieved by raw material of acacia. Now strength is as strong as plywood and bending stress is better than plywood since MDF has not fiber direction like plywood.

Daiken is looking at future market of wall and ceiling with combination of MDF and sheet, which are now used for more than 60% of floor base. Smooth surface of MDF makes it possible to composite with much fancy decorative sheet.

Main material for wall and ceiling is plaster board with cloth overlay but Techwood-A has enough strength without using sheathing plywood like floor base.

Weakness of MDF is strength and water-proofness but now they are close to plywood then smooth surface is advantage for interior design,

Super light type is made with radiata pine in New Zealand. Specific gravity of common MDF is 0.7-0.8 but the most low specific gravity of super light type is 0.35 with thickness of 9 mm. Weight of 9 mm with specific gravity of 0.8 is almost the same as 4 mm with specific gravity of 0.8. Light specific gravity means softer so it is much easy to process.

Sumitomo Forestry starts business in India

Sumitomo Forestry (Tokyo) sets up a subsidiary company in India to start wood and building materials business in India. It is Sumitomo Forestry India Private Limited (SF India).

SF India markets Japanese made building materials and housing interior materials and will provide Japanese technology, business style and services.

It also tries to contribute improvement of housing and living environment of India through business it develops

including Spacewood Finishers, which has capital and business alliance with Sumitomo Forestry.

SF India has two full time directors and two part-time directors, who handle import and export of wood and building materials, distribution of building materials in India and manage relating companies in India.

China

Sharp decline in log imports in 2015

Official data from China Customs shows a sharp drop in log imports in 2015. China's log imports in 2015 totalled 44.55 million cubic metres valued at US\$8 billion, a year on year decline of 13% in volume and 32% in value. The average price for imported logs was US\$181 per cubic metre.

Of total log imports, softwood log imports fell 16% to 30.06 million cubic metres, accounting for 67% of the national total. The average price for imported softwood logs was US\$122 per cubic metre, down 20%. The rate of decline for softwood log imports was larger than that for hardwood log imports.

Hardwood log imports fell 6% to 14.49 million cubic metres and made up 33% of the national total.

The average price for imported hardwood logs was US\$303 per cubic metre, down 27%.

Of total hardwood log imports, tropical log imports were 8.9 million cubic metres valued at US\$2.8 billion, down 10% in volume and 32% in value and accounted for 20% of the national total.

While not reflected in the official data, estimates put the 2014 volume of logs arriving from Myanmar, despite the log export ban in Myanmar, at between 800-900,000 cubic metres. In 2015 analysts estimate that this had fallen to just over 350,000 cubic metres. Log imports from Myanmar are not included in the analysis below.

The average price for imported tropical logs was US\$319 per cubic metre, a year on year decrease of 25%.

China's log imports in 2015

	2015 mil. cu.m	% change 2014-15	2015 US\$ bil.
Total log imports	44.55	-13	8000
Softwood logs	30.06	-16	3700
All hardwood logs	14.49	-6	4400
of which tropical	8.9	-10	2800

Source: China Customs

Average log prices

	2015 Av. Price US\$/cu.m	% change 2014-15
Average price	181	-22
Softwood logs	122	-20
All hardwood logs	303	-27
of which tropical	319	-25

Source: China Customs

New Zealand and Russia main sources of logs

New Zealand was the main log supplier to China in 2015 accounting for 24% of the national total. Imports from New Zealand totalled 10.77 million cubic metres, a year on year decline of 8%.

The second ranked supplier of logs was Russia at 10.61 million cubic metres, accounting for just over 23% of the national total. In 2015 a year on year decline of 7% was recorded in log imports from Russia.

The decline in average prices for imported logs from New Zealand (-21%) was larger than that from Russia (-11%).

Top 10 countries shipping logs to China

	2015 imports cu.m mil.	% change 2014-15
New Zealand	10.77	-8
Russia	10.61	-7
USA	4.12	-32
PNG	3.16	-4
Australia	2.83	21
Canada	2.36	-22
Solomon Is.	2.22	1
Ukraine	0.96	-42
Eq. Guinea	0.66	32
France	0.65	-11

Source: China Customs

Average log prices from top 10 suppliers

	Av price US\$/cu.m	% change 2014-15
New Zealand	113	-21
Russia	121	-11
USA	200	-10
PNG	209	-14
Australia	101	-23
Canada	157	-20
Solomon Is.	198	-8
Ukraine	128	-7
Eq. Guinea	272	-24
France	203	-4

Source: China Customs

Softwoods

Main softwood log sources, 2015



Average softwood log prices, 2015

	Av price US\$/cu.m	% change 2014-15
New Zealand	113	-21
Russia	114	-13
USA	164	-18
Australia	98	-25
Canada	154	-20
Ukraine	115	-13
Japan	123	-10
Belarus	110	-12
France	121	-24
North Korea	118	-1

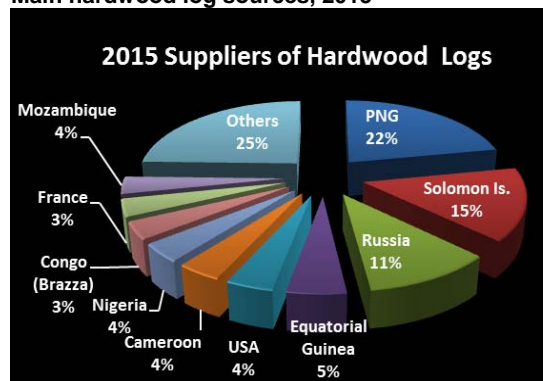
Softwood log sources, 2015

	2015 imports cu.m mil.	% change 2014-15
New Zealand	10.72	-8
Russia	8.99	-10
USA	3.54	-36
Australia	2.48	16
Canada	2.34	-23
Ukraine	0.84	-46
Japan	0.43	42
Belarus	0.18	25
France	0.12	-59
North Korea	0.12	35

Source: China Customs

Hardwoods

Main hardwood log sources, 2015



Average hardwood log prices, 2015

	Av price US\$/cu.m	% change 2014-15
PNG	209	-14
Solomon Is.	198	-8
Russia	157	-9
Equatorial Guinea	272	-24
USA	422	-7
Cameroon	336	-14
Nigeria	627	-9
Congo (Brazzaville)	337	-20
France	222	-10
Mozambique	550	0

Source: China Customs

Hardwood log sources, 2015

	2015 imports cu.m	% change 2014-15
PNG	3,162,900	-4
Solomon Is.	2,221,900	1
Russia	1628800	19
Equatorial Guinea	657800	32
USA	584100	5
Cameroon	549200	14
Nigeria	546000	8
Congo (Brazzaville)	526100	-8
France	525500	23
Mozambique	522000	-15

Source: China Customs

Sources of tropical logs

Tropical log imports in 2015 totalled 8.9 million cubic metres accounting for 20% of the national total and were valued at US\$2.8 billion reflecting a 10% decline in volume and a 32% decline in value.

The average price for imported tropical logs was US\$319 per cubic metre, a year on year drop of 25%.

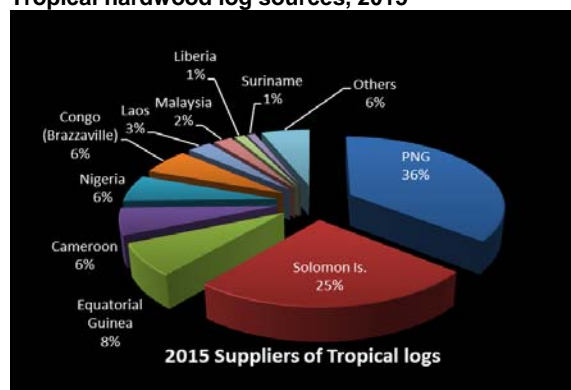
China imported tropical logs mainly from Papua New Guinea (36%), Solomon Islands (25%), Equatorial Guinea (7.4%), Cameroon (6.2%), Nigeria(6.1%) and Congo Brazzaville(5.9%).

Just 10 countries supplied 96% of China's tropical log requirements in 2015.

Log imports from Equatorial Guinea grew 32% in 2015 and imports from Cameroon expanded 14% over the same period.

Countries from which tropical log imports declined included Malaysia (-47%) and Laos (-43%). The main point for tropical log imports in 2015 was Nanjing Port which accounted for 84% of all tropical log imports.

Tropical hardwood log sources, 2015



Average tropical hardwood log prices, 2015

	Av price US\$/cu.m	% change 2014-15
PNG	209	-14
Solomon Is.	198	-8
Equatorial Guinea	272	-24
Cameroon	336	-14
Nigeria	627	-9
Congo (Brazzaville)	337	-20
Laos	1292	-24
Malaysia	329	-3
Liberia	271	-13
Suriname	318	-10

Source: China Customs

Top tropical hardwood log sources, 2015

	2015 imports cu.m	% change 2014-15
PNG	3162900	-4
Solomon Is.	2221900	1
Equatorial Guinea	657800	32
Cameroon	549200	14
Nigeria	546000	8
Congo (Brazzaville)	526100	-8
Laos	261200	-43
Malaysia	200000	-47
Liberia	119400	17
Suriname	90800	-14

Source: China Customs

Monthly change in China's log imports

China's timber importers reduced log inventories immediately after the Chinese New Year celebrations in early 2015. As will be seen in the graphic below there was a steady fall in log imports until the beginning of the fourth quarter of the year.

China's log imports were at the highest in March mainly because of large shipments of softwood logs. At its lowest point softwood log imports dropped to about 2 million cubic metres. A similar trend can be seen in respect of hardwood log imports.



Among the softwood timbers imported radiata pine imports were largest. For hardwood logs, okoume imports were the highest. Okoume imports were at their lowest in February at 21,500 cubic but rose steadily to peak at 98,800 cubic metres in July and then fell back.

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

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 afric	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
Merbau	3500-5800
Luan	1600-2400
Kapur	2020-2500
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

EUTR - progress yes, but still a long way to go

The European Commission released the results of the first review of the EU Timber Regulation (EUTR) on 19 February.

The review covers the period from March 2013 to March 2015 and is based on Member States' reports on the application of the EUTR, an open public consultation, targeted stakeholder surveys and an evaluation report produced by an external consultant. It analyses the EUTR for relevance, effectiveness, efficiency, coherence and EU-added value.

The overall conclusion of the analysis was that the EUTR "has the potential to achieve its objectives". However, various shortcomings were identified as well, especially the slow pace of implementation in many member states and the unequal levels of enforcement and penalties.

EUTR contributes to raising awareness of illegal logging

One of the primary achievements of the EUTR, according to the review, was its raising awareness of the problem of illegal logging and also creating an incentive for producer countries to develop systems to demonstrate compliance with EUTR requirements.

Six producer countries have started implementing a bilateral agreement (Voluntary Partnership Agreement) with the EU in this context and nine other countries are negotiating similar agreements.

Moreover, the EUTR is encouraging non-EU consumer countries – such as Australia, Japan and Korea - to adopt or consider similar regulatory measures. And other non-EU European countries, such as Norway, Iceland, and Lichtenstein, are currently implementing the EUTR as well.

Within the EU, there is evidence that the EUTR "has encouraged more responsible sourcing policies and, therefore, demonstrated its potential to change operators' market behaviour". Communication campaigns carried out by both the Commission and member states played an important role in this context.

Legal action against four EU member states

Delays in national implementation of the EUTR, both in designating Competent Authorities and drawing up national legislation and penalties as well as in checks on operators have been identified as major shortcomings during the reporting period. All of these factors have hampered the creation of a "level playing field" for all operators.

Several Member states started implementing the EUTR "only late in the reporting period", according to the report, that is almost two years after the Regulation entered into application.

Against this background, the Commission started bilateral dialogue with eight member states, as a result of which several countries "were brought to compliance". However, the Commission says it has started legal action due to non-compliance against Hungary, Greece, Romania and Spain.

Spain had not appointed a competent authority during the period under report. Moreover, all four affected countries are still in the process of working out sanctions for EUTR breaches.

Authorities understaffed and underfunded

The Commission also noted that the amount of financial and human resources dedicated to EUTR implementation by the Member states varies considerably. The numbers of staff assigned to the EUTR in the individual member states varies from 1 to 200, for example.

In many cases, resources appear "disproportionately low compared to the number of operators in those countries, leaving the deterrent effect of the enforcement activities rather limited".

The Commission also found that only a fraction of operators had been subject to checks by CAs; and several member states had not yet started carrying out checks at all.

Where financial resources are concerned, the Commission noted that some member states have not allocated any additional financial resources at all for the implementation and enforcement of the EUTR.

Unequal penalties, variations in speed of appointing Competent Authorities, and lack of staff and money for EUTR enforcement have prevented the creation of a level playing field throughout the EU.

Cooperation and communications more favourably assessed

Both the Commission and member states carried out awareness raising campaigns before the EUTR entered into application. On the part of the Commission, a Guidance Document was developed to help "align the interpretation of key provisions of the regulation".

Moreover, the Commission and member states cooperated in the form of expert meetings on implementation and enforcement.

The Commission also set up an electronic communication platform for information exchange between member states.

At the same time, the Commission conceded that guidance for small and medium-sized enterprises (SMEs) – both by the Commission and member states – was rather limited.

SMEs are finding EUTR compliance difficult

On private sector compliance during the first two years of application, the EC found that SMEs were struggling more than larger companies to fulfil EUTR obligations. According to the review, SMEs consider EUTR compliance “a challenge, due to difficulties in understanding the technical requirements of the due diligence system (DDS), lack of staff with adequate knowledge and experiences necessary for exercising the DDS and/or limited financial resources”.

In order to carry out more cost-effective due diligence, the Commission recommends that operators make more use of voluntary third-party verified schemes in the risk-assessment and risk-mitigation process.

It also conceded that the “role of third-party verified schemes in the implementation of the legislation could be further clarified in the Guidance Document” and found that “the main timber certification schemes have adapted their standards to reflect the scope of the legality definition embedded in the Regulation and have emerged as a practical option that can be used by EU operators”.

Private sector compliance “uneven and insufficient”

The analysis of private sector compliance also revealed that “operators have not consistently implemented due diligence requirements” during the reporting period. However, the situation is gradually improving.

One of the main points of criticism identified by Competent Authorities during checks was that there was often a lack of understanding of all elements needed for the due diligence system, so “while many operators had some type of DDS, they did not always meet the EUTR requirements”.

Enlisting the help of a Monitoring Organisation (MO), which provide compliant DDS may be helpful in many of these cases. However, the review found that operators’ interest in MO services has so far been very low. This was partly attributed to the fact that MOs are obliged to alert the Competent Authorities in cases of major EUTR infringements.

Enlarging the product scope under consideration

The product scope of the EUTR – or existing “loopholes” – has been a subject of frequent criticism by media and NGOs. As a result, it was part of the recent stakeholder consultation.

The outcome of the consultation was mixed, according to the Commission; while many stakeholders do not consider the current product scope optimal and wanted to include

products like wooden seats, print media, musical instruments and wooden coffins, others believed the scope should not be expanded before the EUTR was fully implemented.

Especially in the case of print media, the Commission concluded that the “variety and complexity of printed good would need to be taken into account when considering enlarging the current product scope”.

Commission calls upon member states to step up efforts

As a result of the findings of the review, the Commission main concern was that member states need to put more effort into implementing and enforcing the EUTR. Human and financial resources, in particular, should be increased to raise the number and quality of checks on operators.

Moreover, there should be additional efforts to inform operators, especially SMEs, about their obligations and cost-effective possibilities of carrying out due diligence.

The Commission says it will continue to provide guidance and facilitate communication between member states, with the ultimate aim to achieve uniform implementation and enforcement of the Regulation. The Commission says it may also consider expanding the product scope. On the other hand, it sees no occasion for changing the substantive provisions of the EUTR, as “the evaluation did not identify a clear need for changes in the core elements of the legislation”.

Industry echoes call for EUTR enforcement

During a meeting with the EU Environment Commission in November last year representatives of the EU timber industry and NGOs joined forces and called for the EUTR to be more stringently enforced.

This meeting followed a statement organised by WWF last September, which was signed by more than 65 companies and seven industry associations.

This statement urged the Commission to expand the scope of the Regulation, claiming that less than 50% of the EU’s wood product imports are currently covered. It also called for uniform implementation and enforcement of the EUTR in all Member States.

Norway prepares for EUTR enforcement

Outside the EU, Norway is making progress in implementing the EUTR, according to a report in the ETTF Newsletter. A Norwegian importer was quoted saying that Norwegian companies were informed in December they had one year to get their DDS in place.

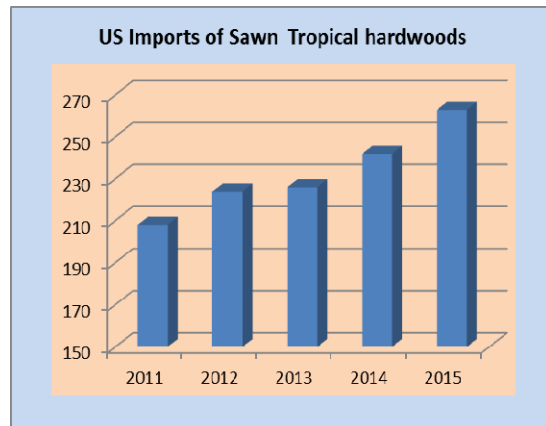
Norway’s approach to implementing and enforcing the EUTR will be very similar to Sweden’s, according to the article. Norway will apply the EUTR to both join in efforts against illegal timber trade and also to facilitate trade with EU countries, by operating to similar standards.

North America

US imports of tropical sawnwood rise further in 2015

The volume of sawn tropical hardwood imports increased 9% in 2015 to 263,022 cu.m. valued at US\$289.9 million. The share of tropical sawnwood in total US hardwood imports was 23% in 2015, unchanged from the previous year.

In 2013 the tropical share was 27%, but the volume of tropical imports was lower than in 2015.



Source: US Department of Commerce, US Census Bureau, Foreign Trade Statistic

Imports of most species grew in 2015 with the exception of balsa, virola and cedro. Balsa remained the most significant imported species at 53,290 cu.m. but the volume was 6% below 2014.

2015 imports of tropical species

	2015 imports Cu.m	% change on 2014
Balsa	53,290	-6%
Sapelli	41,392	7%
Acajou d'Afrique	25,791	24%
Keruing	21,578	10%
Ipe	32,251	10%
Mahogany	20,251	14%
Virola	8,847	-9%
Meranti	9,675	11%
Cedro	8,576	-15%
Jatoba	3,595	12%
Teak	9,470	83%
Iroko	783	121%
Padauk	611	9%
Aningre	569	129%
Other tropical	26,343	23%
Total	263,022	9%

Source: US Department of Commerce, US Census Bureau, Foreign Trade Statistic

Imports of sapelli sawnwood grew 7% in 2015 to 41,392 cu.m., following a 23% increase in 2014. In third place was ipe at 32,251 cu.m., up 10% from 2014.

Imports of acajou d'Afrique sawnwood declined in 2014, but in 2015 imports increased 24% to 25,791 cu.m.

Imports of keruing were 21,578 cu.m. in 2015, up 10% from 2014. Mahogany imports grew 14% to 20,251 cu.m.

Amongst the fastest rates of increase in 2015 imports iroko, aningre and teak sawnwood stand out. Teak imports grew 83% to 9,470 cu.m. Much of the growth was in teak imports from India which supplied 4,614 cu.m. to the US.

Imports from Africa grew faster in 2015 than shipments from Latin America and Asia. Imports from Cameroon and Congo (Brazzaville) increased significantly in 2015, but Ghana and Cote d'Ivoire shipped less than in 2014.

Ecuador and Brazil remained the largest suppliers to the US market, despite lower balsa imports.

Imports from Brazil were 42,167 cu.m. in 2015, up 8%.

Sawnwood imports from Malaysia and Indonesia increased by 9% and 15%, respectively, from 2014 due to higher shipments of keruing and meranti.

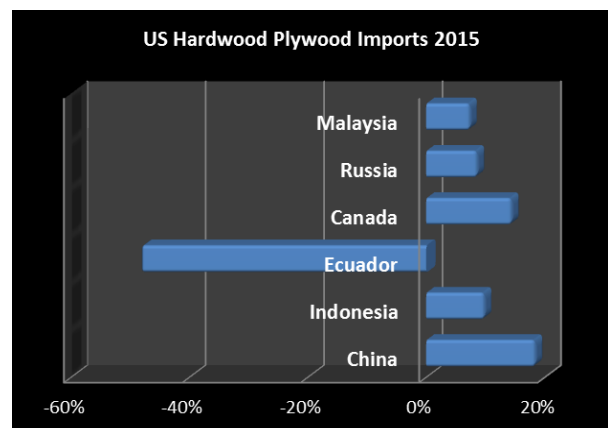
China increases hardwood plywood market share in 2015

US imports of hardwood plywood increased 12% in 2015 compared to the previous year. A total of 3.25 million cu.m. of hardwood plywood were imported in 2015. The antidumping duties on Chinese plywood were removed in November 2013, but imports did not recover until 2015.

China exported 1.80 million cu.m. of plywood to the US in 2015. Its share in total US plywood imports grew from 52% in 2014 to 55% in 2015.

All other major sources of hardwood plywood increased shipments to the US in 2015, with the exception of Ecuador. Imports from Ecuador fell by almost half to 88,342 cu.m.

Indonesia remained the second-largest source of imports in 2015 at 491,965 cu.m., up 10% from the previous year. Imports from Malaysia grew 7% from 2014 to 78,627 cu.m.



Source: US Department of Commerce, US Census Bureau, Foreign Trade Statistic

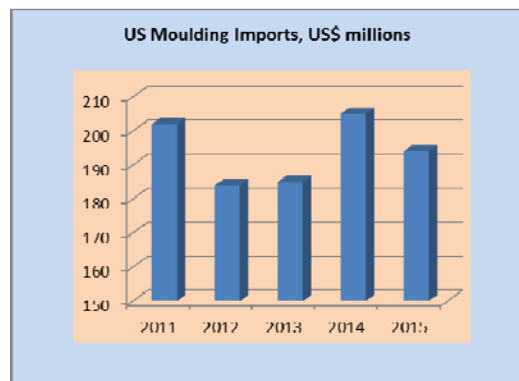
Imports of hardwood plywood from countries other than Malaysia and Indonesia increased by 21% in 2015. Of the others, Europe was the most significant supplier led by Spain, Italy and Latvia (with Latvia producing mainly birch plywood).

The US imported 38,908 cu.m. of plywood from Uruguay in 2015, 25,400 cu.m. from Panama, and 25,017 cu.m. from Brazil.

Decline in hardwood moulding imports

The value of hardwood moulding imports into the US declined 5% in 2015 from the previous year, despite the growth in home construction. Hardwood moulding imports were worth US\$194.2 million, down from US\$204.6 million in 2014.

Imports from all major suppliers decreased. China remained the largest source of imports at US\$65.3 million. Imports from Brazil were worth US\$48.4 million, down 9% from 2014. Imports from Malaysia declined 10% to US\$13.4 million.



Source: US Department of Commerce, US Census Bureau, Foreign Trade Statistic

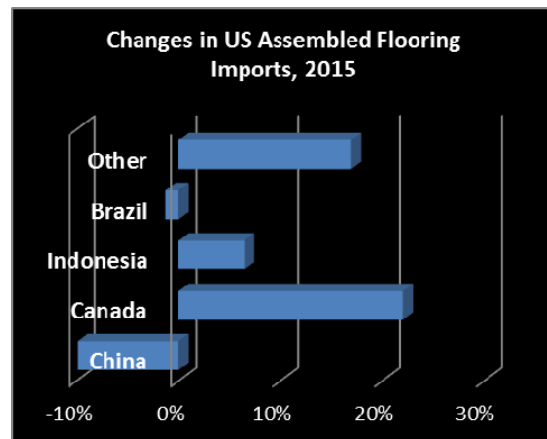
30% growth in hardwood flooring imports in 2015

US imports of wood flooring increased again in 2015, following a year of significant growth in 2014.

Hardwood flooring imports were worth US\$47.4 million in 2015, up 30% from 2014. Imports from all countries increased, but the strongest growth was in Canadian shipments where manufacturers benefited from the weak Canadian dollar.

Indonesia and Malaysia were the largest sources of imports at US\$10.7 million and US\$10.1 million, respectively. Hardwood flooring imports from Indonesia grew by over half from 2014. Imports from China were worth US\$8.7 million, up 19% from the previous year.

Imports of assembled wood flooring panels were worth US\$136.5 million, up 3% from 2014. The strongest growth was in imports from Canada, while assembled wood flooring imports from China fell 10% in 2015 to US\$60.7 million. Indonesia exported US\$8.1 million worth of assembled flooring panels to the US in 2015, up 6% from the previous year.

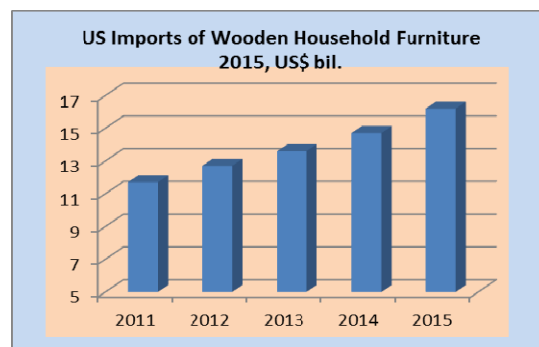


Source: US Department of Commerce, US Census Bureau, Foreign Trade Statistic

Strong increase in wooden furniture imports from Malaysia and Vietnam

US furniture imports grew faster in 2015 than in the two previous years. Wooden furniture imports were worth US\$16.23 billion in 2015. Imports from all major suppliers increased.

China's share in total imports decreased slightly to 47.3%, while Vietnam's share grew to 18.5%. Malaysia's share in total imports increased from 3.8% in 2014 to 4.1% last year.



Source: US Department of Commerce, US Census Bureau, Foreign Trade Statistic

The strongest growth was in imports from Malaysia and Vietnam. Imports from Malaysia were worth US\$673.3 million in 2015 (+20%). Vietnam exported close to US\$3 billion worth of wooden furniture (+19%). Imports from China increased 10% to US\$7.67 billion in 2015.

Furniture imports from Mexico have grown in recent years. In 2015, the US imported US\$760.3 of wooden furniture from Mexico, representing almost 5% of total imports.

Imports from Indonesia were worth US\$587.6 million, up 5% from 2014.

Wooden furniture imports from Europe did not grow as strongly in 2015 as imports from Asia, Canada and Mexico.

GDP growth 0.7% in final quarter of 2015

Real GDP grew just 0.7% in the fourth quarter of 2015, according to the first estimate released by the Bureau of Economic Analysis. In the third quarter, GDP increased 2.0%.

Stronger residential construction and consumer consumption made positive contributions towards the GDP, but investment in non-residential construction declined in the fourth quarter.

Unemployment was almost unchanged in January 2016 at 4.9%. The Federal Reserve raised target interest rates by a quarter point in December, but may leave the rate unchanged in March because of global economic risks and the slowdown in the Chinese economy.

Wood product and furniture manufacturing activity improves

Economic activity in the manufacturing sector contracted in January for the fourth consecutive month despite overall growth in the economy, according to the Institute for Supply Management. Based on the Institute's survey, imports have grown while US exports slowed.

However, the wood products sector and furniture manufacturing reported growth in January. Wood products was the industry with the second-highest growth last month.

2015 housing starts up 11%

An estimated 1,111,200 housing units were started in 2015. This is 11% above the 2014 figure of just over 1 million units.

Single-family housing starts declined in December to 768,000, while the multi-family market remained strong.

The number of building permits were at a seasonally adjusted rate of 1.232 million in December, down 4% from the previous month. Permits for single-family homes increased, but multi-family construction permits declined in December.

Share of first time home buyers increasing

Sales of existing homes increased across the country in December. Total sales grew 15% at a seasonally adjusted annual rate. Transactions that were delayed in November contributed to the higher sales in December, according to the National Association of Realtors. Buyers also were motivated by the prospect of higher mortgage rates in the New Year.

A positive sign was the higher share of first time buyers in December. Their share increased from 30% in November to 32% in December. On average in 2015 30% of all sales were by first time buyers, lower than any other time in almost 30 years.

The National Association of Realtors expects more first time buyers in 2016 because of the positive employment figures.

Office and commercial construction activity rebounds

Spending in non-residential construction was unchanged in December from the previous month at a seasonally adjusted rate, but overall levels remain below expenditures during the summer according to US Census Bureau data.

Private office and commercial construction was a notable exception. Both building categories had higher spending levels in fall and winter than earlier in 2015.

The American Institute of Architects reported a softening of business conditions in the commercial and industrial towards the end of 2015. Conditions were stronger in the South and West than in the Northeast.

Canadian housing construction slipping

Canadian housing starts fell 18% in December at a seasonally adjusted annual rate. The decrease was in multi-family construction in the major cities, while single-family construction was unchanged from November.

Overall the housing market remained strong in 2015 despite low oil prices and a contraction in GDP in two quarters. Low mortgage rates and relatively low unemployment supported the housing market, except in Alberta where job losses related to the oil industry were high.

The Canadian Housing and Mortgage Corporation expect a modest decline in home construction in 2016 and 2017, but given the uncertainty in the global economic outlook housing starts could also strengthen from 2015.

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.

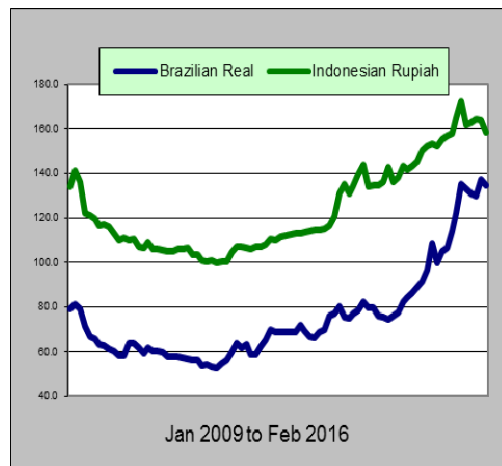
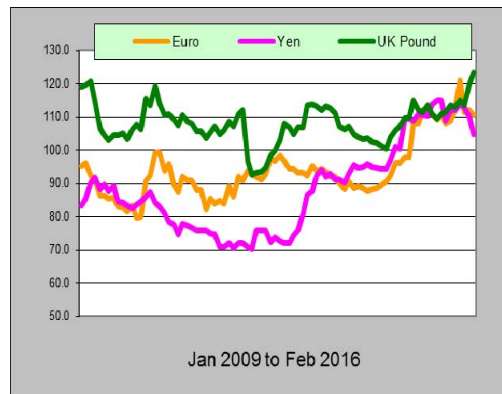
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

US Dollar Exchange Rates

As of 25 February 2016

Brazil	Real	3.9558
CFA countries	CFA Franc	594.86
China	Yuan	6.5385
EU	Euro	0.9076
India	Rupee	68.768
Indonesia	Rupiah	13440
Japan	Yen	112.99
Malaysia	Ringgit	4.2058
Peru	New Sol	3.528
UK	Pound	0.7162
South Korea	Won	1235.38

Exchange rate indices (Dec 2003=100)

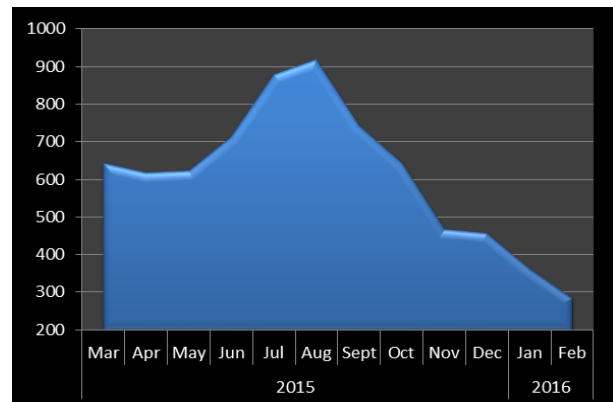


Abbreviations and Equivalences

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 Strand Board
PHND	Pin hole no defect
QS	Qualite Superieure
SQ,SSQ	Sawmill Quality, Select Sawmill Quality

Ocean Freight Index

Baltic Supramax Index
March 2015 – February 2016

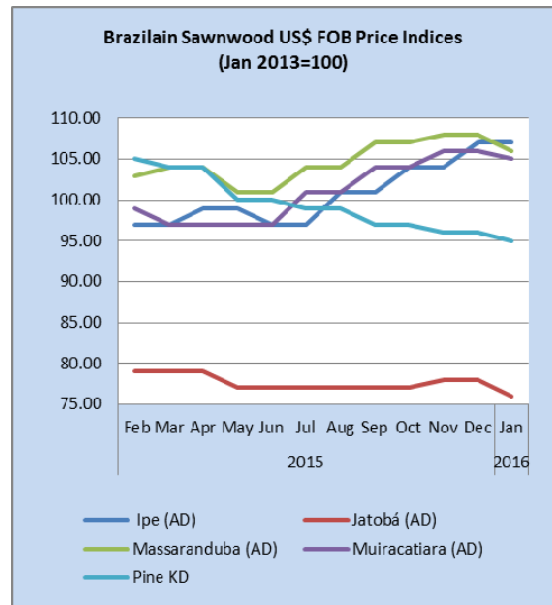
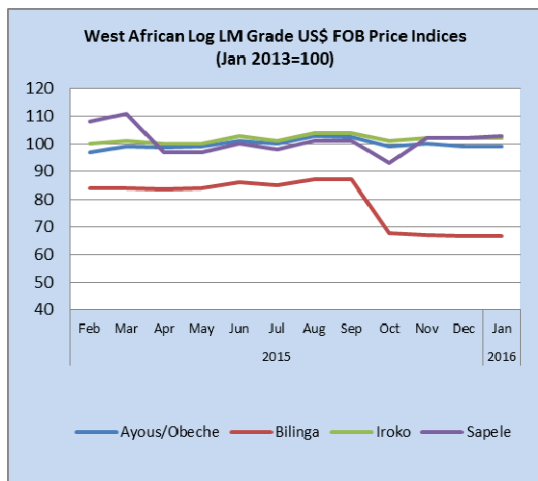
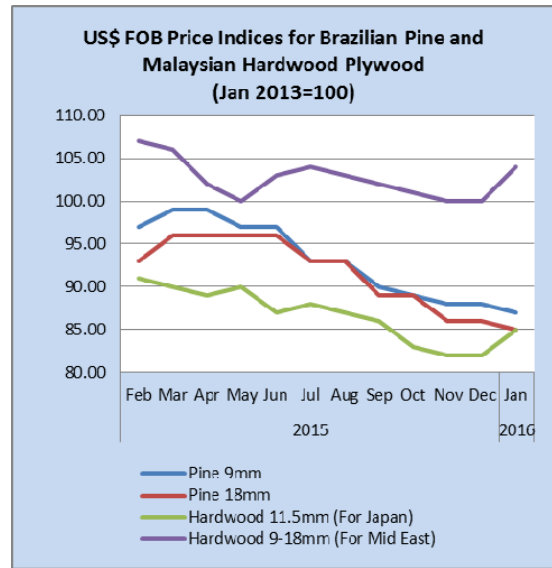
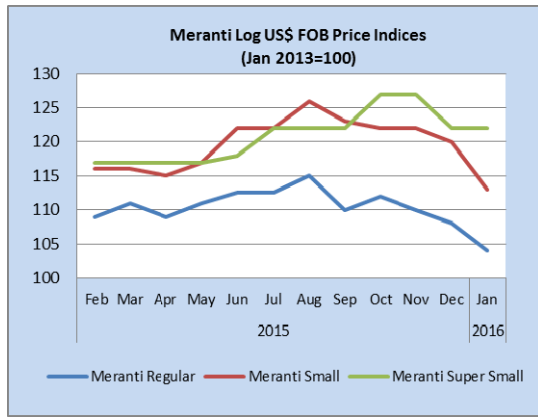


Data source: Open Financial Data Project

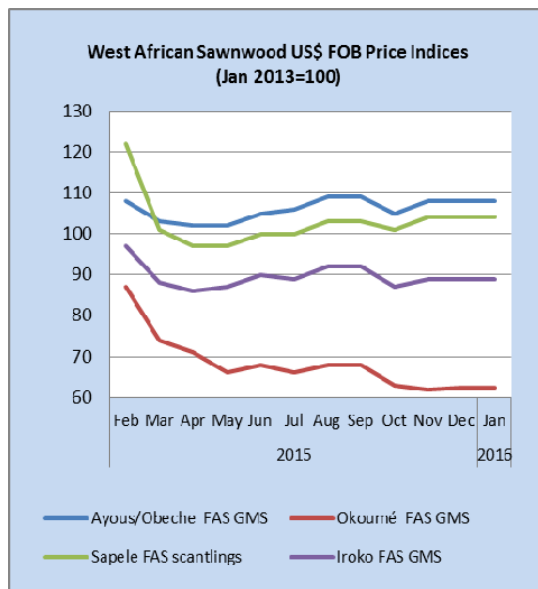
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

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.

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