Tropical Timber Market Report

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Top Story

Buyers Beware!

It has come to our attention that the proprietors of www.globalwoodmarketsinfo.com are copying material from our free Market Information Service Report and asking subscribers to their website to pay for this.

The owners of this website have cleverly hidden their identity so we have been unable to contact them on this issue.

We would advise any prospective subscriber to 'globalwoodmarkets' to first explore the wealth of market information available free of charge from ITTO as part of its mandate to promote a sustainable tropical timber trade.
See:
http://www.itto.int/market_information_service/

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Central and West Africa

Steady demand but caution when it comes to raising capacity

There were no price movements for either logs or sawnwood over the past two weeks as international demand remains steady with no moves by either buyers or exporters to disrupt this long period of stability.

Since growth in demand remains moderate producers say they are not experiencing supply side problems.

In these calm trading conditions, which followed on from the sudden fall in business through the first half of 2015, businesses are marking time to see which way demand will go before contemplating major new developments or investment to raise production capacity.

Producers content with demand from China

Trade with buyers for the Chinese markets is said to be 'ticking along steadily' but the volumes traded, mainly logs, are well below levels seen 12 months ago. A substantial recovery in the volume of sales appears a long way off. Nevertheless, traders are becoming a little more optimistic as the year progresses.

Sawnwood sales continue to be supported by demand in Europe and prices are firm but unchanged from last month.

Strategy to balance output is paying off

During the trade slowdown last year many large companies cut back production to sit-out the slump in demand and safeguard their existing investments. Some smaller producers and traders simply ceased business.

Those mills that cut back on production are now seeing this was a successful strategy for themselves but also for importers who had built up stocks too high. A reduced production from African producers helped importers clear stocks without incurring losses as prices were kept steady.

This unprecedented cooperation on the part of producers and importers stemmed from improved transparency in the trade and has seen the sector has been able to stimulate the beginnings of a recovery in volume sales while maintaining stable prices.

Market prospects into the third quarter are difficult to forecast but the consensus amongst producers appears to be one of confidence that markets are unlikely weaken and that, in the medium term, a slow but steady recovery in trading volumes will be seen.

Log Export Prices

West African logs, FOB	Euro per m^3		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	240	235	160
Ayous/Obeche/Wawa	260	260	200
Azobe & Ekki	230	230	160
Belli	230	230	-
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	305	160
Niove	160	160	
Okan	210	210	-
Padouk	315	290	230
Sapele	320	315	220
Sipo/Utile	340	330	265
Tali	310	310	

Sawnwood Export Prices

West African sawnwood, FOB		Euro per m^3
Ayous	FAS GMS	410
Bilinga	FAS GMS	500
Okoumé	FAS GMS	350
	Merchantable	225
	Std/Btr GMS	290
Sipo	FAS GMS	610
	FAS fixed sizes	610
	FAS scantlings	64
Padouk	FAS GMS	910
	FAS scantlings	1000
	Strips	680
Sapele	FAS Spanish sizes	610
	FAS scantlings	620
Iroko	FAS GMS	630
	Scantlings	700
	Strips	440
Khaya	FAS GMS	450
	FAS fixed	460
Moabi	FAS GMS	610
	Scantlings	630
Movingui	FAS GMS	420

Ghana

ECOWAS the main markets for Ghana's wood products

Ghana's exports of wood products for the 11 month period between January and November 2015, as reported by the Timber Industry Development Division (TIDD) of the Forestry Commission, increased year on year by almost 4.5% to 327,279cu.m. Wood product export earnings jumped to Euro 166.85 million, an increase of 36% compared to that for the same period in 2014.

The positive export performance was the a result of increased sales of air-dried sawnwood (20%), rotary veneer (21%) and kiln dried lumber (3%).

However, exports of some products fell including exports of plywood to non-regional markets (-78%), sawnwood to regional markets (-5%), sliced veneer to regional markets (-30%) and plywood to regional markets (-16%). Details are shown in the following tables.

Volume (cu.m)			
Product	**Jan-Nov.2014**	**Jan-Nov.2015**	**% Change**
Lumber (AD)	111,381	133,266	19.65
Lumber (KD)	54,571	56,079	2.76
Plywood	2,135	476	-77.71
Sliced Veneer	21,153	17,371	-17.88
Rotary Veneer	6,466	7,857	21.51
Lumber (Overland)	2,862	1,298	-54.65
Plywood (Overland)	53,471	45,140	-15.58
Sliced Veneer (Overland)	85	60	-29.86
Others	61,676	65,734	6.58
Total	**313,799**	**327,279**	**4.29**

Source: TIDD

Value (Eur)			
Product	**Jan-Nov 2014**	**Jan-Nov 2015**	**% Change**
Lumber (AD)	44,498,354	74,721,148	67.92
Lumber (KD)	24,946,732	33,175,542	32.99
Plywood	1,075,776	266,281	-75.25
Sliced Veneer	16,567,887	17,243,791	4.08
Rotary Veneer	2,361,837	3,652,406	54.64
Lumber (Overland)	564,215	350,866	-37.81
Plywood (Overland)	17,044,626	16,549,998	-2.9
Sliced Veneer (Overland)	82,124	97,656	18.91
Others	15,259,618	20,791,490	36.25
Total	**122,401,169**	**166,849,180**	**36.31**

Source: TIDD

For the 11 month period reported air-dried sawnwood, rotary veneer and kiln-dried sawnwood accounted for 60% of the total volume of exports with some fourteen other wood products making up the balance.

The three and only leading exporters of plywood for the period reviewed were Samartex Timber and Plywood Company Ltd, Naja David Veneer and Plywood and Bibiani Logging and Lumber Company Ltd. The main species utilised ceiba, black ofram and walnut. Regional markets accounted for a major share of exports and included Nigeria, Burkina Faso, Niger and Togo.

The overall market shares for the 11 month period in 2015 were Asia (58%), Africa (19%), Europe (14%), America (5%), Middle East (3%) with small volumes to Oceania.

Within the ECOWAS regional block Nigeria (39%), Burkina Faso(24%), Niger(20%) and Senegal(7%) were the four leading importers of Ghana's wood products in the period reviewed and accounted for 89% or 51,486 cu.m.

Ghana investment promotion agency wins award

A press release from the Ghana Investment Promotion Centre (GIPC) reports it has been adjudged the Best Investment Promotion Agency (IPA) in West and Central Africa for 2015 at the Annual Investment Meeting (AIM) Awards in Dubai.

The AIM Investment Awards, under the patronage of Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the United Arab Emirates and Ruler of Dubai, recognises investment promotion agencies for their work in attracting foreign investment projects that contribute to national economic growth and development.

The GIPC, an agency under the Office of the President, won the award for its support and facilitation for the Wangkang Ghana Ceramic Limited project, a US$94 million investment in Sekondi- Takoradi by Wangkang Ghana, Wangkang Holding Group of China.

For more see:
http://www.gipcghana.com/press-and-media/445-gipc-adjudged-best-investment-agency-in-west-central-africa.html

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	Euro per m^3	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	433↑	433
Chenchen	462	522
Ogea	474	556↑
Essa	472↓	561
Ofram	350	406

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

Export Sliced Veneer Prices

Sliced Veneer, FOB	Euro per sq. m	
	Face	Backing
Afrormosia	1.19	0.91
Asanfina	1.40	0.75
Avodire	1.60	0.34
Chenchen	1.00	0 .36
Mahogany	1.80	0.92
Makore	1.00	0.80
Odum	1.75	0.40

Export Plywood Prices

Plywood, FOB	Euro per m^3		
BB/CC	Ceiba	Ofram	Asanfina
4mm	482	510	641
6mm	487	535	615
9mm	407	450	613
12mm	369	463	475
15mm	430↓	436	422↑
18mm	353	417↑	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	Euro per m^3	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	492	564
Ceiba	276↑	368
Dahoma	380↓	455↓
Edinam (mixed redwood)	537	580
Emeri	480	520↑
African mahogany (Ivorensis)	810	981↓
Makore	660	800↓
Niangon	610↓	873
Odum	685	862↓
Sapele	610	791
Wawa 1C & Select	370	423↑

Export Added Value Product Prices

Parquet flooring 1st grade	FOB Euro per sq.m		
	10x60mm	10x65-75mm	14x70mm
Apa	12.00	14.47	17.00
Odum	9.00	11.33	13.00
Hyedua	13.00	18.22	16.30
Afrormosia	13.72	13.93	17.82

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

Malaysia

Private sector fully behind TPP

The Malaysian Timber Industry Board (MTIB) recently organised a seminar to brief the timber industry on the Trans Pacific Partnership (TPP) touching on its implementation, benefits and incentives for entrepreneurs to explore global timber markets.

TPP countries accounted for a significant (46%) share of Malaysia's total wood product exports in 2014, amounting to RM 9.36 billion.

Malaysia/TPP country trade

	Export		Import	
TPP Members	RM Billion	% of all Exports	RM Billion	% of all Imports
USA	64.4	8.4	52.3	7.7
Japan	82.6	10.8	54.7	8
Singapore	108.7	14.2	85.9	12.6
Australia	14.3	1.9	15.3	2.2
New Zealand	33	4.3	20.2	3
Canada	2.6	0.3	3	0.4
Vietnam	5.2	0.7	2.9	0.4
Mexico	5.2	0.7	1.4	0.2
Peru	0.56	0.07	0.62	0.09
Chile	2.8	0.4	0.84	0.1
Brunei	0.322	0.04	0.12	0.02
Total	319.9	41.8	237.4	34.8

Data source: MTIB

In related news, the Malaysian business sector issued a press release fully supporting TPP negotiations. A group comprising the Federation of Malaysian Manufacturers (FMM), Malaysian International Chambers of Commerce and Industry (MICCI), the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM), Malay Consultative Council (Majlis Perundingan Melayu) (MPM), SME Association of Malaysia, Malay Businessmen and Industrialist Association of Malaysia (Persatuan Pedagang Dan Pengusaha Melayu Malaysia)(PERDASAMA) and the American Malaysian Chamber of Commerce (AMCHAM) issued the following statement:

"We express our joint support for Malaysia to sign the Trans-Pacific Partnership (TPP) agreement. We are of the view that the signing of the TPP is the key to Malaysia's aspirations to enjoy sustainable growth and move into the ranks of a high income nation.

We believe that it holds immense potential for boosting exports, generating economic growth and creating employment. It also promises Malaysian companies and all TPP countries a degree of transparency and predictability in investment rules and tariff concessions.

The Cost Benefit Analysis (CBA) studies by Institute of Strategic and International Studies (ISIS) and PricewaterhouseCoopers (PwC) reaffirmed that the TPP is expected to generate more positive than negative impacts on the Malaysian economy.

Being a signatory to the TPP will mean that Malaysia will have access to an enormous free trade market of 800 million people with a combined GDP of USD27.5 trillion.

As a result of TPP, tariffs will be eliminated on 85% of Malaysia's trade with its new FTA partners – Canada, Mexico, Peru and USA. This will ultimately represent US$1.2 billion of tariff savings a year for Malaysian industries."

For more see:
http://www.fmm.org.my/Press_Releases-@-Malaysian_Business_Sector-;_TPP_to_Drive_Growth_and_Jobs_.aspx

Hiring of foreign workers approved for manufacturing and furniture sectors

Following a survey of the country's manufacturers which showed 146 companies need over 13,000 new workers this year to meet their business objectives and replace unfit or returning workers, the Federation of Malaysian Manufacturers lobbied hard to get the government to reconsider the ban on their hiring of foreign workers.

Datuk Seri Liow Tiong Lai the Transport Minister is on record as saying the Cabinet has lifted the suspension on the hiring of foreign workers for the manufacturing, construction, plantation and furniture-making industries. For other sectors decision will be made on individual merit.

The Star newspaper reported recently that a survey by the Federation of Malaysian Manufacturers showed that 84% of manufacturers were facing a labour shortage, with half of them claiming that they had not been able to fulfil existing orders.

Datuk Seri Dr. Wee Ka Siong, a minister in the Prime Minister's Department, said the foreign worker hiring system must be made more efficient and transparent.

Indonesia

Investment interest after European Visit by President

The recent visit to Europe by Indonesian President Joko Widodo has resulted in investment commitments worth over US$20 million with significant interest being expressed from companies in Germany, the UK, the Netherlands and Belgium.

Association joins forest fire fighters

Purwadi Soeprihanto, the Executive Director of APHI (Association of Indonesian Forest Concessionaires) is encouraging members to study and be prepared to use the latest firefighting technologies to aid the efforts of the authorities to combat forest fires particularly those on peatland.

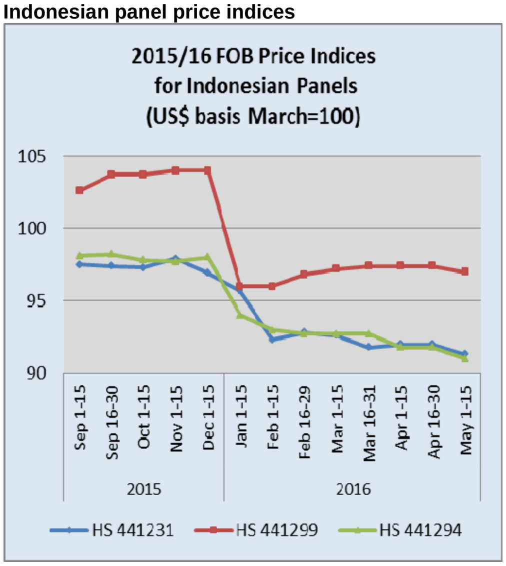
Peatland restoration roadmap

The government has prepared guidelines for peatlands restoration following last year's forest fires. The newly-established Peatlands Restoration Agency (Badan Restorasi Gambut/BRG), has taken these guidelines further by preparing a roadmap for peatland management and restoration.

Budi Satria Wardhana, Deputy Director at BRG said the roadmap will be published in about a month and aims to offer advice to local administrations and private companies on peatland management.

In related news the administration in Riau Province has signed a memorandum of understanding with Japanese researchers for establishment of a peatland development and research centre in the Meranti Islands District, chosen because this area is the focus of a BRG programme.

Indonesian panel price indices



Data source: License Information Unit in http://silk.dephut.go.id/

Myanmar

Final decision on harvesting ban – only after consulting stakeholders says Minister

The Deputy Director General of the Forestry department has confirmed that Myanmar has a forest cover of just over 44% and this was raised at a recent workshop to discuss the proposed harvesting ban or restriction.

One official from the Myanmar Timber Enterprise (MTE) was quoted as saying that the one-year suspension was effective at the end of April. However, other senior officials in a presentation at the workshop recommended a total logging ban on teak harvesting and a total ban on hardwood harvesting in certain but unspecified areas.

For the last 15 Years it was learnt that Myanmar has extracted 3,980,936 hoppus tons (HT) of teak and 17,168,667 HT of other hardwoods which it was said was far above the annual allowable cut AAC until 2012-13.

The workshop heard that the growing stock of teak has been severely depleted and has been assessed at below 5% with only an estimated 19,000mature teak trees standing. This, said officials from the forestry Department, was justification enough for the harvesting ban.

While not disputing the numbers the MTE, the sole agency undertaking harvesting, due attention to the negative impact a harvesting ban would bring. The State-owned organisation MTE has some 2,958 elephants and their upkeep costs around 9.8 Billion KYATs (about US$8.4 million) annually.

In addition, MTE employs 17,099 workers who would face redundancy if there is a total harvesting ban. Forestry Minister, Ohn Win has said a decision on the harvesting ban will be made after consulting stakeholders.

Trade representative Barber Cho told the workshop that the sector can accept a harvesting ban if the environmental situation is so severe as to affect the country but said a sudden halt to harvesting will have a dire impact in terms of employment and export earnings and urged consideration of targeting harvesting restriction.

It became clear that civil society and environmental organisations favour a total ban while the private sector favours strategic harvesting restriction to minimize negative social consequences of a total ban.

Workers march 400 km to demand their rights

Some workers from FDI Veneer an Indian company set up after the log export ban have an on-going complaint on conditions and pay and since there has been no progress despite a strike which began in February they decided to march the 400 Km to the capital Nay Pyi Taw.

Negotiations between the workers and officials from Labour Department have not resolved the workers complaints.

US sanctions eased further and business delegations arrive

The US plans to renew most of the sanctions targeting individuals and specific enterprises in Myanmar but has pledged to aim at boosting the climate for investment and trade. Over recent months sanctions have been eased considerably.

The US Treasury department has significantly eased sanctions against Myanmar by issuing general licenses that give companies and investors exemptions to sanctions that target more than 100 individuals and businesses, including some of Myanmar's biggest business figures.

US officials began lifting trade and financial sanctions against the country after military leaders launched reforms that led to a civilian government being formed in 2011, beginning its transformation after a half-century as an international pariah.

In December, the Treasury temporarily relaxed trade restrictions on the country by allowing all shipments to go through its ports and airports for six months. It is anticipated that the renewed sanctions will provide for more relaxed general license procedures s for more companies and that some individuals will be taken off the list of 'specially designated individuals'.

In related news more business delegations from the US are expected in the country as the US administration is encouraging US companies to explore opportunities in Myanmar in an effort to boost jobs.

India

Monsoon relief – a boost to growth

India's Meteorological Department has forecast this year's monsoon will deliver high rainfall which comes as a relief after two consecutive very dry monsoon periods which badly affected agricultural output which, in turn, held back economic growth.

The June to September rains are vital for farmers and when farm output drops there is an immediate drop in consumer confidence, prices rise and spending declines. India's monsoon rains have a direct bearing on GDP growth so this year things are looking better.

Prospects for a good monsoon have encouraged economists to forecast higher growth, higher than 7.5% say many.

FDI expands

According to the IMF Foreign Direct Investment (FDI) inflows into India are on the rise. It has been reported that FDI inflows have risen from US$24 billion in 2012 to US$44.2 billion in 2015 marking a seven year high.

The main sectors attracting investment in 2015 were e-commerce, computer software and hardware, construction, services and the telecom sectors.

The growth in FDI to India has been driven by domestic reforms and investors are attracted as India has one of the fastest growing economies.

Imported plantation teak prices

Prices for imported plantation teak remain as previously reported.

	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	289-756
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

Variations are based on quality, length and average girth

Log auctions at depots in Western India

Auctions have recently been concluded in Valsad Circle Depots and around 3,800 cubic metres teak and other hardwoods were sold.

The log parcels offered for sale were those unsold because of the very high minimum prices applied at earlier sales at Ambapada, Waghay, Borkat and Bhenskatri, Bhilad and Nanakonda.

Logs offered for sale come may from three sources, Departmental, that is from government forests, from Co-operative forests, that is from areas allotted to forest workers who sell through official government auctions or logs may come from private forests.

Teak logs	**Per cubic foot**
A for sawing	Rs.2500-2600
B or sawing	Rs2200-.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 1200-1550
Short Length, small logs	Rs1000-1100

Variations depend on quality, length and average girth of logs.

Good quality non-teak hard wood logs, 3 to 4 metres long, having girths of 91cms & up of haldu (Adina cordifolia), laurel (Terminalia tomentosa), kalam (Mitragyna parviflora) and Pterocarpus marsupium attracted prices in the range of Rs.700-800 per cu.ft. Medium quality logs were priced from Rs.150-350 per cu.ft.

Buyers at the latest auctions expressed surprise at the high prices which, say analysts, have been driven up because of the higher prices for imported and other hardwoods for which end-users have no ready alternative.

Prices for locally sawn hardwoods

As the US dollar/Rupee exchange rate has been reasonably stable over past weeks prices for imports have not changed.

Sawnwood Ex-mill	Rs per cu.ft
Merbau	2400-2650
Balau	1750-1950
Resak	1250-1450
Kapur	1750-1890
Kempas	1250-1350
Red Meranti	1200-1350
Radiata pine AD	850-950
Whitewood	850-950

Variations are based on quality, length and average girth

Myanmar teak flitches resawn in India

Ex-mill prices for sawn teak remain unchanged.

Sawnwood (Ex-mill)	Rs. per cu.ft
Myanmar Teak (AD)	
Export Grade F.E.Q.	8000-15000
Teak A grade	6500-7500
Teak B grade	5000-5500
Plantation Teak FAS grade	4000-4500

Price variations depend mainly on length and cross section

Prices for imported sawnwood

Prices remain unchanged from levels a month ago when slight adjustments were made reflecting exchange rate volatility.

Sawnwood, (Ex-warehouse) (KD)	Rs per ft^3
Beech	1350-1450
Sycamore	1500-1650
Red oak	1600-1750
White Oak	2100-2150
American Walnut	3800-4000
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

Core veneer supply issues

Supplies of core veneer supplies are in short supply and the recent rise in methanol and phenol prices have increased production costs which, if the market could bear it, would have resulted in panel price increases however, plywood mills suffer from dull sales and do not have the opportunity to raise prices as yet.

Prices for WBP Marine grade plywood from domestic mills

Plywood,	Rs. per sq.ft
Ex-warehouse,(MR Quality)	
4mm	41.55
6mm	55.00
9mm	70.00
12mm	86.00
15mm	114.50
18mm	120.00

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.21.00	Rs.31.00
6mm	Rs.31.80	Rs.40.00
9mm	Rs.40.00	Rs.48.50
12mm	Rs.49.00	Rs.58.50
15mm	Rs.59.50	RS.71.50
19mm	Rs.67.80	Rs.80.00
5mm Flexible ply	Rs.42.00	

Brazil

Port of Itajaí aims to improve efficiency

The Itajaí Port Authority in Santa Catarina State recently met with the local government officials, APM Terminals for Latin America (the company that operates the port) and representatives of ABIMCI (The Brazilian Association of Mechanically-Processed Timber Industry) to negotiate improvements in the operations at the port to support wood product exports.

Several companies, members of ABIMCI, attended the meeting and presented suggestions for improvement.

Among the suggestions made by the timber private sector were an expansion of the space available and the need to attract more shipping opportunities to service shipping routes to the United States, the Caribbean and northern Europe.

Other suggestions were for more competitive pricing for services such as container weighing, container positioning for inspection, cargo handling, scanner and special shipping scheduling. If these suggestions were implemented, says the private sector, then the competitiveness of timber industries in export markets would improve.

Digital platform to improve transparency in timber transactions

A meeting on enhanced ‘Tropical Timber Traceability’ was recently hosted by the Brazilian Coalition on Climate, Forests and Agriculture. The main objective was to present the study ‘Promoting legality and sustainable practices in logging and trade of timber from natural forest in Brazil’.

This study includes analysis and distribution of the tropical timber industry and proposals to eliminate illegal activities in the sector. The report offers suggestions for initiatives to promote timber traceability and proposed a platform called "Legal timber tracking" to promote the domestic and international trade in legally produced wood products.

A prototype digital platform for transparency in timber transactions was presented which would, if operationalised, make data available to any interested party.

Another initiative in the report is ‘Forest Transparency’ which would deliver indicators on forest management. It was proposed that this monitoring system could be based on an assessment logged areas from satellite images which could be crossed checked against concession documents and approvals.

Capacity building for monitoring tropical forests

Technicians from Bolivia, Colombia and Peru recently participated in an international tropical forest monitoring capacity building exercise sponsored by the National Institute for Space Research (INPE / MCTI).

Capacity building for monitoring forest conditions activities from satellite imagery is an innovative initiative developed by INPE in partnership with international organizations such as the Japan International Cooperation Agency (JICA), the UN Food and Agriculture Organization (FAO), the Development Bank of Latin America (CAF) and the Amazon Cooperation Treaty Organization (OTCA). Since 2010, INPE has trained more than 450 technicians from Latin America, Asia and Africa.

Training events were held in Belem, Para State, at the Amazon Regional Center (CRA) in collaboration with INPE, whose mission is to become a world reference point for technologies for monitoring tropical forests.

Participants were told of the "TerraClass" project, a unique system which collects information on forest cover in the Brazilian Amazon they were also exposed to INPE’s Forest fire project and the methodologies for mapping and monitoring forest fires were explained.

Timber industry strengthens cooperation with German trade

Representatives from ABIMCI recently met with the German Timber Trade Association (GD Holz) in order to consolidate the relationship between the two organisations, to prepare a cooperation agreement, to exchange information and plan the promotion of Brazilian wood products in the German market.

During the event, ABIMCI outlined the potential of the Brazilian timber sector, the availability of certified products from Brazilian manufacturers and its commitment to guarantee the legal origin of exported products with the EU Timber Regulation (EUTR) in mind.

The meeting reviewed the market situation and opportunities in Germany and determined what products and in what volumes should be directed to the German market.

Domestic Sawnwood Prices

Brazil sawnwood, domestic (Green ex-mill)	US$ per m^3
Ipé	738
Jatoba	365
Massaranduba	337
Muiracatiara	351
Angelim Vermelho	309
Mixed red and white	196
Eucalyptus (AD)	179
Pine (AD)	128
Pine (KD)	145

Source: STCP Data Bank

Domestic Plywood Prices (excl. taxes)

Parica	US$ per m^3
4mm WBP	494
10mm WBP	390
15mm WBP	339
4mm MR	443
10mm MR	329
15mm MR	303

Prices do not include taxes

Source: STCP Data Bank

Domestic Log Prices

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	156
Jatoba	87
Massaranduba	91
Miiracatiara	93
Angelim Vermelho	86
Mixed redwood and white woods	74

Source: STCP Data Bank

Prices For Other Panel Products

Domestic ex-mill Prices	US$ per m^3
15mm MDParticleboard	218
15mm MDF	295

Source: STCP Data Bank

Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US$ per m^3
Ipe	1425
Jatoba	938
Massaranduba	743
Muiracatiara	741
Pine (KD)	200

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)	313
12mm C/CC (WBP)	285
15mm C/CC (WBP)	282
18mm C/CC (WBP)	279

Source: STCP Data Bank

Export Prices For Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Decking Boards	Ipê	2,662
	Jatoba	1,567

Source: STCP Data Bank

Peru

Professionals trained to be forest 'regents'

A total of 60 professionals from various regions of the country, participated in the third Specialization Course for Regents Forestry and Wildlife organised by the Faculty of Forestry and Environment of the National University of Central Peru (UNCP) in collaboration with Foresters Chapter of the Departmental Council of Junín Engineers Association of Peru.

The Executive Director of SERFOR, Fabiola Muñoz, said the concept of 'regency' was new to the country and represents an imaginative and forward thinking approach to the way forest and wildlife resources are managed.

The so-called regents will be charged with seeing that management strives towards sustainable management of the forests and biodiversity.

Control and monitoring forest and wildlife resources

Representatives of seven public institutions and six regional governments were co-opted into a new National System for Forest and Wildlife Control and Surveillance (Instalación de la Mesa del Sistema Nacional de Control y Vigilancia Forestal y de Fauna Silvestre, SNCVFFS) which aims to implement strategies to safeguard natural resources.

See: http://www.serfor.gob.pe/eventos/instalacion-de-la-mesa-del-sistema-nacional-de-control-y-vigilancia-forestal-y-de-fauna-silvestre-sncvffs/

This new monitoring system is in support of the forestry and wildlife regulations and the professionals involved will work collaboratively with various public institutions and maintain the greatest possible transparency.

Cooperation with Asia on forestry and trade

ADINA, Peru's state owned news agency has reported that Fabiola Muñoz, the Director of the National Forestry and Wildlife Service (Serfor) met with a delegation from China's State Forestry Administration with the aim of coordinating bilateral cooperation in the forestry sector.

The meeting discussed ten areas of possible cooperation; reforestation and protection, sustainable management, conservation of biodiversity, protection of wetlands, forests and climate change, forest policies development, laws and regulations. The meeting also addressed development and trade of forest and non-wood based products.

In related news, representatives of Korea's International Cooperation Agency (KOICA) have suggested to Peru's Ministry of Commerce and Tourism (Ministerio de Comercio Exterior y Turismo, MINCETUR) that South Korea could work with Peru's SMEs to help them prepare for international trade.

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	474-561⬆
Grade 2, Mexican market	424-464⬆
Cumaru 4" thick, 6'-11' length KD	
Central American market	863-896
Asian market	911-963
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 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	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

Annual housing starts forecast at 600,000 by 2025

The Japan Center for Economic Research (JCER) has produced a medium term industry outlook. For the housing and construction sectors the outlook points to continued contraction against the backdrop of a decline in the number of households.

As the number of households declines housing construction, says JCER, will be limited to rebuilding aging infrastructure as there will no longer be a need to increase the stock of homes. In some prefectures in Japan the number of households has already started to fall. According to JCER the decline in the number of households could leave national annual housing starts at around 600,000 by 2025.

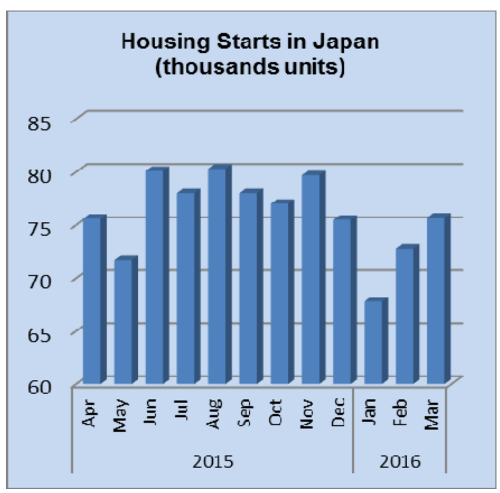
Construction activity in the non-housing sector (offices and stores) is expected to remain flat. Nonresidential construction is also susceptible to the population decline.

The sectors in which domestic production will grow are processing and assembly type manufacturing sectors, including general machinery and transport machinery and the health and nursing care and business services sectors says JCER.

Activity in the agricultural, forestry and fishing sectors will inevitably fall due to the aging of the workforce in these sectors and due to more reliance on imports as trade agreements are concluded.

Due to the population decline and aging, a decline in the domestic workforce is inevitable. Labour shortages are already emerging in the health, nursing care and construction sectors and the development of human resources plans to meet expected long-term labour demand is required.

For more see: http://www.jcer.or.jp/eng/economic/medium.html

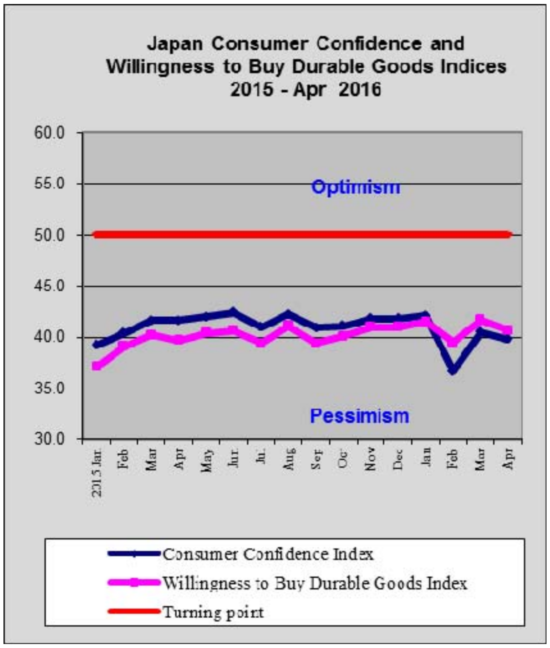


Source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Consumer confidence falls but not as much as forecast

The latest consumer confidence survey released by Japan's Cabinet Office showed that confidence weakening less than forecast in April following from the rise a month earlier.

The overall index fell to 40.8 in April from 41.7 in March while the Willingness to buy durable goods index was also down



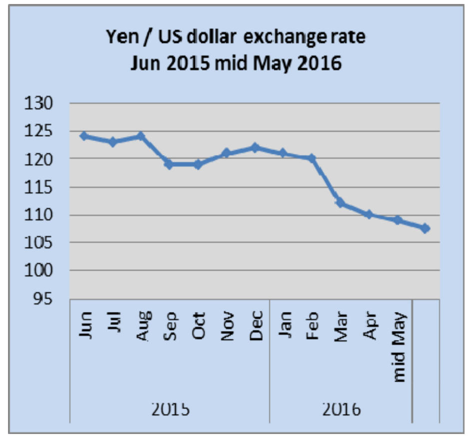
Source: Cabinet Office, Japan

Intervention possible as yen surges against the dollar

Taro Aso, Japan's Finance Minister has tried to talk down the yen/dollar exchange rate by stating he was "prepared to undertake intervention" in exchange markets if the yen continued to rises. This sparked a flurry opposition from financial leaders around the world.

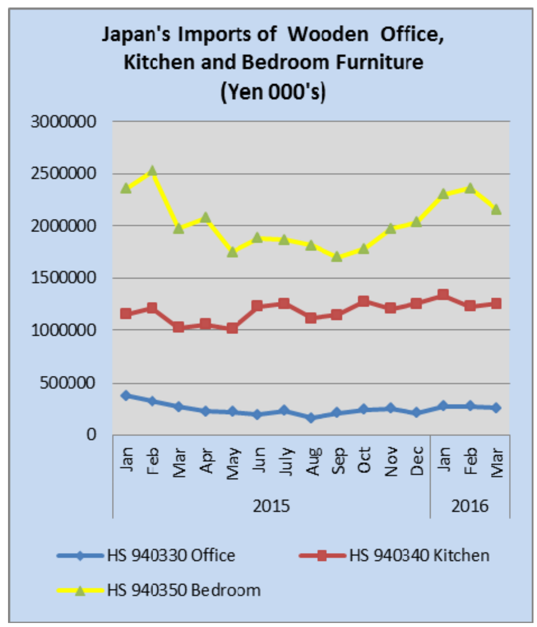
However , a former government official who was involved in market interventions in the past said US criticism of Japan's currency strategy would not prevent it from deliberately weakening the yen. A yen/dollar exchange rate above 110 is central to the Bank of Japan's inflation boosting policy.

Since the beginning of the year, the yen has risen sharply against the dollar but, for now seems to have settled at around 108 to the US dollar. Despite the statements from the Japanese government buyers continue to pour into yen pushing up against the dollar.



Japan's furniture imports

The value of Japan's imports of wooden bedroom furniture fell almost 16% in the first quarter of 2016 compared to the first quarter in 2015. In contrast, imports of kitchen furniture rose 13% in the first quarter of this year compared to the same period last year. 2016 first quarter imports of wooden office furniture were at about the same level as in the first quarter in 2015.



Data source: Ministry of Finance, Japan

Office furniture imports (HS 940330)

Compared to February, Japan's March imports of wooden office furniture were down around 6%.

China remains the main supplier of wooden office furniture to Japan accounting for just over half of all wooden office furniture imports. In March this year imports from China rose 26% while imports of wooden office furniture from Poland, one of the main suppliers, dropped a massive 60% but imports from Italy were flat.

The top three suppliers China, Poland and Italy accounted for almost 80% of Japan's March imports of office furniture. In previous months shippers in Portugal were major contributors to Japan's sources of office furniture but in March there was a significant fall in imports from Portugal.

Office furniture imports

	Imports Mar 2016 Unit 1,000 Yen
S. Korea	3111
China	179498
Taiwan P.o.C	11134
Vietnam	568
Thailand	-
Malaysia	4995
Indonesia	3090
Sweden	346
Denmark	4936
UK	1143
Netherlands	-
Belgium	290
France	541
Germany	334
Switzerland	-
Portugal	10821
Italy	13783
Poland	16338
Lithuania	936
Czech Rep.	382
Slovakia	2587
Canada	-
USA	8619
NewZeland	462
Total	263914

Data source: Ministry of Finance, Japan

Kitchen furniture imports (HS 940340)

In March this year the top four suppliers of kitchen furniture to Japan accounted for the lion's share of imports (over 90%). Vietnam alone accounted for 38% followed by the Philippines 25%, China 15% and Indonesia 11%, almost exactly as in February this year..

Year on year March 2016 imports of wooden kitchen furniture were up 22% but compared to levels in February only a slight rise was observed.

Of the four main suppliers in March Vietnam, the number one supplier saw a slight improvement in its value of exports of kitchen furniture to Japan. The big winners in March were exporters in the Philippines who saw Japan buying 15% more than in February.

Kitchen furniture imports

	Imports, Mar 2016 Unit 1,000 Yen
S. Korea	-
China	187147
Taiwan P.o.C	-
Vietnam	481248
Thailand	53408
Malaysia	18523
Philippines	316516
Indonesia	139827
India	1313
UK	618
France	-
Germany	25064
Italy	17019
Poland	-
Austria	1822
Romania	4194
Canada	5087
USA	2897
Total	1254683

Data source: Ministry of Finance, Japan

Bedroom furniture imports (HS 940350)

A correction in the growth of Japan's imports of wooden bedroom furniture has been observed. March 2016 imports were down almost 9% compared to levels in February but, year on year, March 2016 imports were higher.

The top three suppliers, China (54%), Vietnam (32%) and Thailand (around 4%) accounted for around 90% of March imports of wooden bedroom furniture. Imports from China rose slightly in March from a month earlier but both Vietnam and Thailand saw March shipments to Japan fall steeply.

Bedroom furniture imports

	Imports, Feb 2016 Unit 1,000 Yen
China	1165278
Taiwan P.o.C	9412
Vietnam	700588
Thailand	87515
Malaysia	63724
PHILPIN	824
Indonesia	32917
CAMBOD	235
Sweden	-
Denmark	2764
U KING	533
Belgium	-

France	3745
GERMANY	1416
Spain	239
Italy	11285
Poland	42607
Russia	1746
Romania	4645
Lithuania	7425
Bosnia/Herzegovina	323
Slovakia	15167
USA	4615
Australia	-
Total	2157003

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

SL World markets Malaysian OSB

SL World Co., Ltd. (Shizuoka prefecture) starts marketing Malaysian OSB for crating. It has been selling the product as trial to see how the market reacts and now it decided to sell widely. The product is produced by Pioneer OSB, which started in June last year at Alor Setor, Keda province of West Malaysia.

Main raw materials are rubber wood and MLH. Its annual production is 240,000 ton. It has continuous press of German Dieffenbacher to produce OSB with thickness of 8 to 36 mm of 4x8. So far, it has been marketing in Malaysia, Singapore, Thailand and Australia. SL World sells 8 mm thick 4x8 OSB for crating.

It will market in Tokyo regional market first then will expand the area. SL World has been marketing Vietnamese plywood and European OSB for crating. It also offers other materials like Chilean, North American and domestic crating lumber

Selco Homes aims non-residential buildings

Selco Home Co. Ltd. (Sendai, Miyagi prefecture) de4cided to concentrate on non-residential wooden buildings. It already has sales of 1.1 billion yen in this term and aims to make sales of 3 billion yen in three years.

It decided to build its own three stories wooden building in Sendai as a model unit with large size laminated lumber. Selco Home is the largest dealer of imported Canadian house and has built 820 units a year with its partners but it is inevitable to see declining trend of detached residential houses so as another growing market, it decided to concentrate in large non-residential wooden buildings.

It has completed commercial facility of about 2,000 square meters in Sendai. It has another 20 orders like medical clinic and pharmacy then participated Canadian project to restore the North East earthquake damaged area.

A sample non-residential wood building is being built. It is three stories wooden building with floor space of over 3,000 square meters. The main structural materials are Canadian large sized laminated lumber with other domestic made laminated lumber. It is quasi fire proof structure by char margin design.

The largest post is 420 mm Douglas fir to show soft woody feeling. Interior has also woody tastewith western red cedar. Locally made CLT is used for floor, wall, staircase.The first floor is used for office for renovation business and exhibition site for non-residential wooden building. Second and third floor are used as office.

It is also a successful bidder for multi-purpose rehabilitation facility at 637.2 million yen to build five wood buildings. This facility is built for lodging for people who desire to do farming from outside of the prefecture so this also generates new local employment.
It also has power generation facility as beetle damaged trees are chipped and used as biomass fuel, which gives heat for the facility.

The company says that cost of wood building is about 20% lower than concrete building so it’s worth challenging quasi fire proof large wood buildings.

First CLT production plant completed

Meiken Lamwood Corporation (Okayama prefecture), laminated lumber manufacturer, has completed construction of CLT production plant, which is the first CLT production plant in Japan.

The plant has floor space of 6,000 square meters then another 3,400 square meters for processing plant. In the first floor of the plant, there is lamina drying stacking machine then four kiln dryers are set next to stacking machine. Steam is sent from biomass power plant, which is on the other side of the road. Waste from molder is sent to power plant as fuel.

Dried lamina with length of 2,000 – 4,200 mm is sent to the second floor, where it goes through test machine of bending stress, moisture content measuring machine, surface scanner, horizontal finger jointer and six axis molder. Finished lamina of long 8-12 meter lamina are cut into short lamina, which is sent to press after adhesive sprayer.

The maximum size of CLT is 300, 3,000, 12,000 mm in thickness. Adhesive is isocyanate. The president says this is the first CLT plant in Japan but has no order yet but in three years, target is to produce
30,000 cbms a year.

Russian logs and lumber
Log harvest season in Russia is over. Log supply of red pine, whitewood and larch is limited. Then China, which had been using low grade logs for engineering works materials but now it is looking for quality logs and genban as they use for furniture and free board.

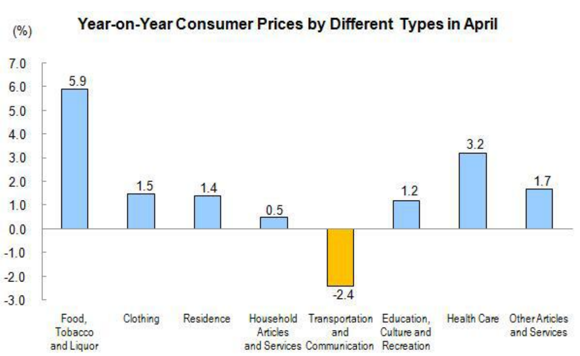
In Japan, there are inquiries of quality and standard KD red pine taruki but the inventory is low so wholesalers have hard time to secure the volume. Russian suppliers' offer prices on KD taruki 30x40 mm are unchanged at $450-465 per cbm CIF.

Russian sawmills are having trouble of getting enough logs so they need to stretch out much further area to have logs. The Russian sawmills are trying to increase the export prices but Japan side is unable to follow higher prices.

In Japan market, there are increasing arrivals of quality red pine KD taruki but the market has not recovered well enough so that wholesalers secure large volume yet. Meantime, large builders have more works so that there are increasing inquiries on standard quality taruki but it is not strong enough to push the market prices up.

China

Consumer prices rise in April
The National Bureau of Statistics consumer price index (CPI) for April rose by 2.3 percent year-on-year. Prices increased by 2.3% in urban areas and by 2.4% in other areas. Food prices (excl. liquor and tobacco) recorded the highest increase (7.4%) while non-food item prices increased just over 1%. Prices for consumer goods went up by 2.5% in April compared to April 2015 and prices for services grew by 2%.



Source: National Bureau of Statistics, China

Anti-dumping duty on Chinese wooden bedroom furniture
The U.S. Department of Commerce has made a final determination of the antidumping duty to be applied to Chinese wooden bedroom furniture imports.

The US will introduce a general duty of over 200% on Chinese wooden bedroom furniture from a number of named companies.

On 14 December 2015, the United States conducted its 10th preliminary anti-dumping review on Chinese wooden bedroom furniture imports.

The latest administrative review involves 18 Chinese manufacturers. The HS code of the products involved is HS 9403.50.9042, 9403.50.9045, 9403.50.9080, 9403.50.9041, 9403.60.8081, 9403.20.0018, 9403.90.8041, 7009.92.1000 and 7009.92.5000.

https://www.federalregister.gov/articles/2016/04/11/2016-08233/wooden-bedroom-furniture-from-the-peoples-republic-of-china-final-results-and-final-determination-of

Market for custom-made furniture
The 2016 Guangzhou Wardrobe Exhibition recently ended with a forecast that the market in China for custom made furniture could grow to RMB160 billion within 5 years. Over the past few years this market has seen annual growth of around 18%.

At present, demand for custom made furniture market is mainly from consumers in the large cities but analysts see a huge potential for custom made furniture in the middle and small sized cities as incomes grow. The continued development of the real estate market in middle and small cities will favour demand for custom made furniture.

Cooperation between Malaysia and China in furniture trade
It has been reported that Chinese government has contributed finance for the construction of the Kuala Lumpur-Singapore high-speed railway. The Malaysian Ministry of Transportation plans to focus on expanding rail and port capacity in support of development of exports to China and the rest of the world.

According to China Customs, the value of China's wooden furniture imports from Malaysia rose 12% to US$12.9 million, ranked seventh among the countries shipping furniture to China.

According to government sources Malaysia expects to export wooden furniture worth over RM10 billion in 2016. The market in China has been identified as a priority for Malaysian furniture exporters.

According to Cai Chuncai, President of the Malaysian Furniture Association, the value of Malaysian furniture exports to China in 2014 was RM103.7 million and rose to RM144.4 million in 2015, a year on year increase of 39%. China has become one of Malaysian top 10 furniture exporters, ranking fourteenth in 2014 and tenth in 2015.

Log imports soar through Qinzhou bonded zone
According to Guangxi Entry-Exit Inspection and Quanrantine Bureau, in the first quarter of 2016 log imports via the Qinzhou bonded zone of Guangxi Zhuang Autonomous Region totaled 147,300 cubic metres valued at US$17.22 million, up 470% in volume and 410% in value. Imports via Qinzhou accounted for 42% of annual log imports in 2015.

Recently species such as Brazilian eucalyptus as well as US fir, spruce and hemlock have been imported.

Rise in log and sawnwood imports but decline in wood product exports

The rapid development of China's real estate sector in the first quarter of this year has promoted the growth of domestic demand for wood products.

According to China Customs, in the first quarter of 2016 log imports were 11 million cubic metres, a year on year increase of 3%. Of the total, log imports from Russia rose 4% to 2.92 million cubic metres, ranking first, but imports from New Zealand fell 4% to 2.46 million cubic metres.

Log imports from the US increased 15% to 855,200 cubic metres, from Papua New Guinea by 28% to 911,000 cubic metres while imports from Myanmar fell 97% to just 4,500 cubic metres.

Compared to the same period in 2015 China's first quarter 2016 sawnwood imports rose 16% to 6.55 million cubic metres, mainly due to increased imports from Russia, Thailand and Canada which posted gains of 22%, 18% and 55% respectively.

While there was a general increase in imports, China's exports in the first quarter of 2016 weakened. Plywood exports fell 10% to 2.23 million cubic metres, fiberboard exports dropped 16% to 622, 700 cubic metres while particleboard exports declined 14% to 51, 500 cubic metres. The value of China's first quarter 2016 wooden furniture exports fell 0.5% to US$4.73 billion.

Pizhou City a major wood panel production centre

Wood product manufacturing in Pizhou City got underway in the early 90's but by the end of 2015 there were more than 2,600 enterprises of which 158 have annual sales of over 6 million cubic metres of plywood, 700,000 cubic metres of composite flooring, 500,000 items of furniture, 600,000 cabinets and 60,000 cubic metres of veneer.

Pizhou has become a major national centre for the production of high-quality wood-based panels accounting for around 25% of the national total.

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

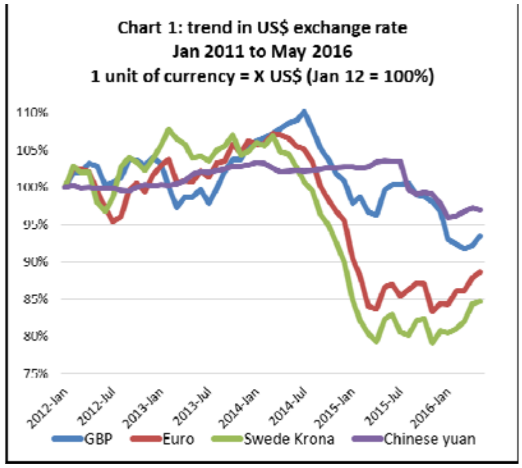
Europe

Pace of EU tropical import growth slows in 2016

The latest trade data shows that the sharp rising trend in EU import value of tropical wood products that began in the second half of 2014 levelled off in the opening months of this year. This was mainly due to slowing imports of tropical sawn wood and decking, notably from Brazil.

Recent trends in the EU import trade should be viewed against the background of the sharp fall in the value of the euro against the dollar and other international currencies between mid-2014 and early 2015. The euro has remained relatively weak since then (Chart 1).

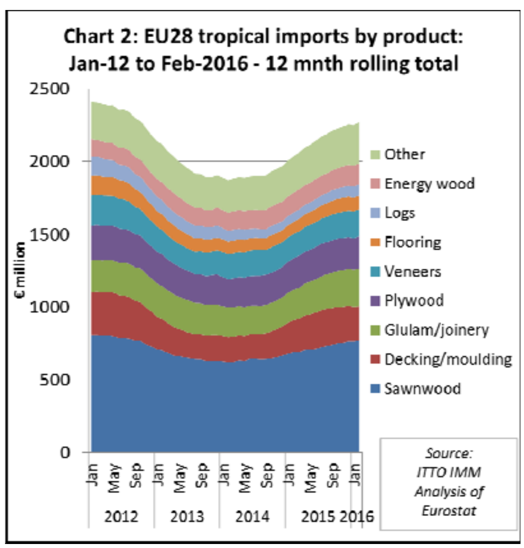
The higher value of EU imports in 2015 is due not only to better consumption in the EU but also to rising euro prices of imported products. Most exporters of wood products into the EU will only have noted a relatively minor uptick in the dollar value of sales to the region.



Charts 2 to 4 below show the monthly trend in imports of tropical wood products into the EU to February 2016 using 12 month rolling totals. This is calculated for each month as the total import of the previous 12 months.

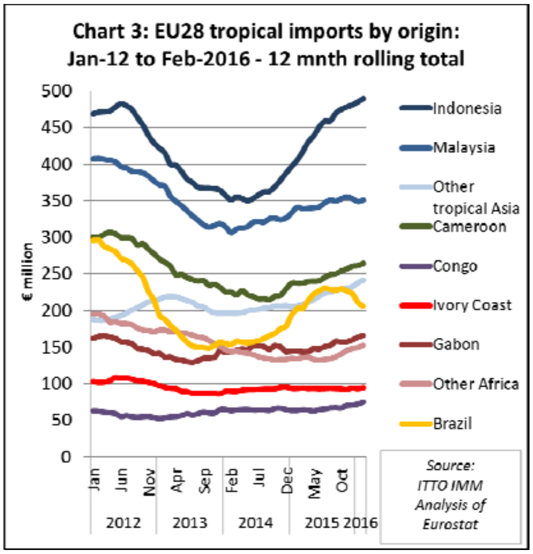
The data removes short-term fluctuations due to seasonal changes in supply and shipping schedules and provides a clear indication of the underlying trade trend.

Chart 2 shows total EU Euro import value of all wood products listed in Chapter 44 of the HS codes sourced from tropical countries. Total imports in the 12 months to February 2016 were Euro2.27 billion, which compares to only Euro1.87 billion in the same month of 2014 when the 12 monthly total hit bottom in the wake of the euro-zone crises.



The pace of the rebound in imports from that low accelerated throughout 2014 and most of 2015, particularly for sawn wood, decking/mouldings and joinery products, but has levelled off this year.

Chart 3 shows how imports from the major supply countries have developed during this period. The increase in imports from Indonesia, now the EU's largest supplier of tropical wood products by a significant margin, has been particularly notable.
Indonesia has significantly outperformed other suppliers and growth has continued into 2016.



Indonesia may be benefitting from efforts to develop and expand SVLK, recently rewarded by the announcement that the certification system is ready to become the first to deliver FLEGT licenses into the EU market. When those licenses are issued, expected later in 2016, all Indonesian wood products sold into the EU will no longer be subject to legality due diligence requirements.

The trade data suggests that even before that announcement, Indonesia has been benefitting from the added confidence associated with its domestic SVLK and the commitment to long-term market development in the EU that it implies.

The fortunes of other tropical suppliers in the EU market have been mixed. Imports from Malaysia were rising slowly throughout most of 2015, particularly benefitting from better demand in the Netherlands, but have dipped again in the opening months of 2016.

Imports from Brazil have been particularly volatile, rising sharply in the first half of 2015 on the back of improved French demand for sawn wood and decking, but falling away again equally sharply in the second half of last year. The downward trend in EU imports from Brazil has continued into 2016.

The value of EU imports from Cameroon has risen quite steeply and consistently since the low in summer 2014, but still remains well below the level of 2012 and is now little more than half that of Indonesia.

Imports from Gabon and Congo Republic have continued to rise slowly while imports from Ivory Coast have been flat at a low level.

Chart 4 shows how the value of tropical wood imports into the main EU consuming countries has developed throughout the last 4 years. The UK has been the largest EU market for tropical wood since the start of 2013 when demand fell sharply in the euro-zone countries. Imports into the UK fell less sharply and began to rise earlier than into other European countries hitting a peak in the third quarter of 2015. However UK imports have dipped again since then.

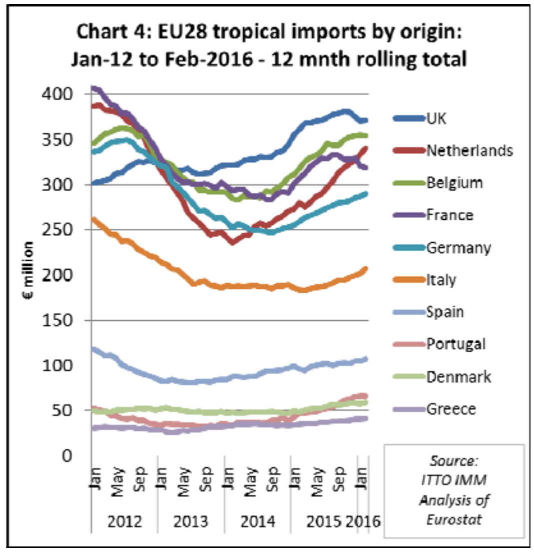


Chart 1 suggests that exchange rates may have been an important factor driving this trend. The dollar exchange rate of the British pound remained stronger than that of the euro throughout 2014 and 2015 but the rate has been sliding since the third quarter of 2015.

Belgium and the Netherlands are currently the second and third largest destinations for tropical wood imported into the EU respectively. The euro value of imports into both countries increased sharply in 2015. The pace of growth slowed into Belgium in the first two months of 2016 but remained high into the Netherlands.

Recent growth in imports is partly owing to the role of large Belgian and Dutch distributors in supply to other parts of the continent.

The long term trends towards greater just-in-time trading of smaller mixed consignments, together with EUTR which has discouraged smaller operators to buy direct, has tended to increase the role of larger distributors in Belgium and the Netherlands. Domestic consumption is also rising, particularly in the Netherlands where construction sector activity continues to recover strongly.

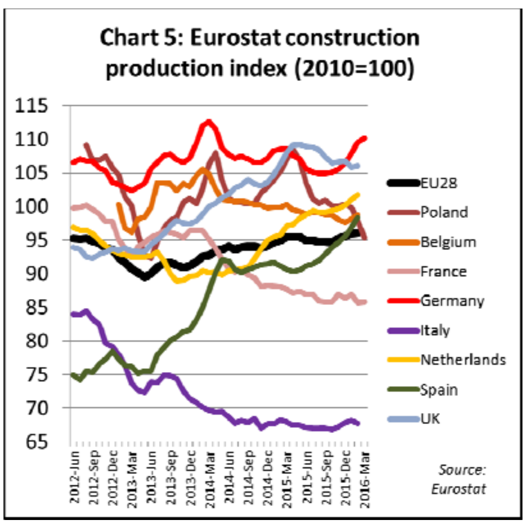
Recent trends in the French tropical wood import trade have been heavily influenced by trade with Brazil. After importing very little from Brazil in 2013 and 2014, French imports of joinery and decking timbers from the South American country increased sharply in early 2015 before falling to a low level in September last year where they have remained ever since.

French imports from African countries, led by Gabon and Cameroon, were rising slowly in the twelve months to February 2016.
Tropical wood imports into all other leading EU markets - including Germany, Italy, Spain, Portugal, Denmark and Greece - were also rising consistently in the 12 months to February 2016.

In Italy, the upward trend began later than elsewhere in Europe but picked up pace in the opening months of 2016, an encouraging trend in a traditionally large tropical timber consuming country which has suffered a particularly deep and protracted downturn.

Upturn in EU construction sector activity

The Eurostat Construction Production Index shows that EU construction sector activity turned upward in the last quarter of 2015 and the rising trend continued into the first quarter of 2016.
Strong growth in activity in Germany, Netherlands, and Spain offset weakening activity in the UK and Poland. Activity in France and Belgium remained flat during this period. Activity in Italy remains at a very low level but there were some minor gains in the last quarter of 2016 (Chart 5).



Further insight into the EU construction market is provided by the 2015 European Architectural Barometer report published by independent research agency Arch-vision in March 2016 based on a survey of 1,600 architects in eight European countries.

The order books, turnover and perceptions of European architects provide a leading indicator for construction activity. The survey indicates slow but consistent growth in European construction activity in 2015 with faster recovery expected in 2016 and 2017.

Key conclusions for each of the eight countries are as follows:

- Construction activity in Belgium has been improving slowly and consistently since the end of 2014. Architects order books and turnover were higher in 2015 than in 2014. Building permits for both residential and non-residential construction increased in 2015 after falling in 2014. The construction confidence indicator improved in the last quarter of 2015. Achi-Vision forecasts solid growth in Belgian construction activity of 2% in 2016, a rate expected to continue into 2017.

- In **France** the construction sector is still in recession but slowly improving. In the last quarter of 2015 architects order books grew for the first time since the first quarter of 2011. Architects turnover is also stabilizing. The Eurostat construction confidence and building permits indicators have improved slightly. Arch-Vision predict that construction activity in France will decline 2% in 2016 before stabilising in 2017 and recovery from 2018 onwards.

- In **Germany**, confidence amongst architects has been rising steadily over the last 4 years against a background of gradually improving order books. The level of building permits for both residential and non-residential construction was very stable throughout the years 2014 and 2015 suggesting continuing improvement. There is good demand for housing and macroeconomic forecasts are quite positive. But while construction confidence is increasing, confidence in other industry sectors and amongst consumers is lagging in Germany. Arch-Vision expects 2% growth in German construction in 2016.

- The construction market in **Italy** remains the worst performing in Europe, although it is beginning to stabilise and should start to recover in 2017. Architects order books and turnover continue to decline but the rate of fall slowed in the second half of 2015. Building permits and construction confidence indicators are declining but at a slower rate. Arch-Vision predicts a further 2% decline Italian construction activity in 2016 with the possibility of stabilisation in 2017.

- The **Netherlands** construction sector grew more rapidly than elsewhere in Europe in 2015 and growth is expected to remain at a high pace in 2016 and 2017. Dutch architects' order books and turnover are at their highest level since 2011. The Eurostat construction confidence indicator increased rapidly and continuously between the end of 2012 and end of 2015. However it stumbled a little at the end of last year on news of a decrease for in building permits for both residential and non-residential construction. Nevertheless Arch-Vision predicts that construction activity will increase 4% in 2016 and that this rate will continue or even strengthen in 2017.

- Construction activity in **Poland**, the largest Eastern European economy, remains relatively high. The Eurostat construction production index suggests some decline in construction activity in the last three quarters of 2015, a trend which continued into the first quarter of 2016. However according to Arch-Vision, architects order books and turnover have continued to rise slowly throughout this period. Arch-Vision expects Polish construction activity to expand 2% in 2016 and this rate to be maintained in 2017.

- Although still well below pre-crises levels, construction activity in **Spain** continues to recover. Architects order books and turnover were rising in the last quarter of 2015. Despite some fluctuation, residential building permits seem to be slowly recovering while permits for non-residential construction increased rapidly in 2015. The Eurostat construction confidence indicator is still in negative territory and fell at the beginning of 2016, but after big gains in 2015 is still significantly higher than two years ago. Arch-Vision predict 4% growth in Spanish construction activity in 2016, possibly rising to 5% in 2017.

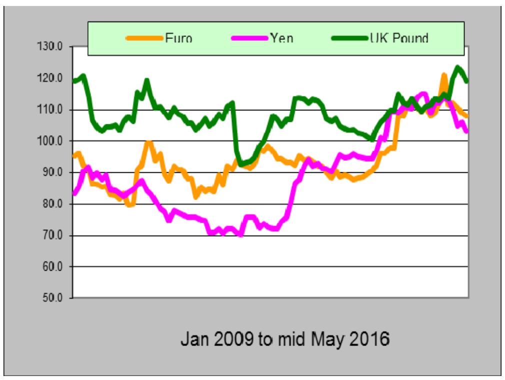
- The **UK** construction market continues to improve but the increase has become less consistent. Building permits for new residential construction were rising in 2014 and the first quarter of 2015 but weakened in the second half of the year. Confidence indicators have also been more variable in the UK. Nevertheless confidence within architectural firms was still good in the last quarter of 2015 and order books and turnover development was quite positive. The latest British Woodworking Federation quarterly report showed that while the first quarter of 2016 was a testing time for many joinery manufacturers, most were confident of rising sales in the second quarter. Arch-Vision predicts growth of the overall UK construction market of 3% in 2016.

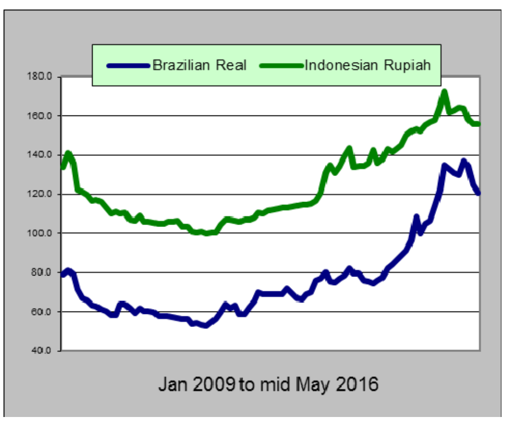
US Dollar Exchange Rates

As of 10 May 2016

Brazil	Real	3.4738
CFA countries	CFA Franc	578.04
China	Yuan	6.5171
EU	Euro	0.8794
India	Rupee	66.631
Indonesia	Rupiah	13303
Japan	Yen	109.27
Malaysia	Ringgit	4.0501
Peru	New Sol	3.3350
UK	Pound	0.6923
South Korea	Won	1170.80

Exchange rate indices (Dec 2003=100)



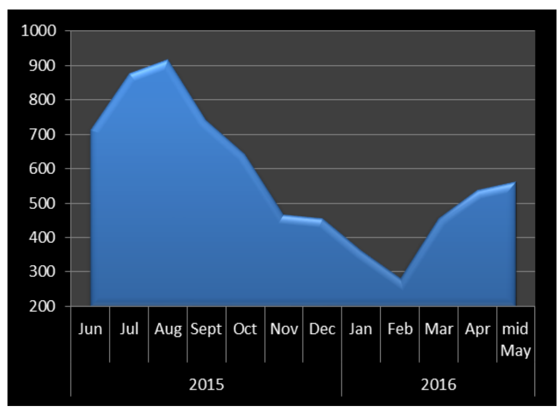


Abbreviations and Equivalences

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
June 2015 – mid May 2016

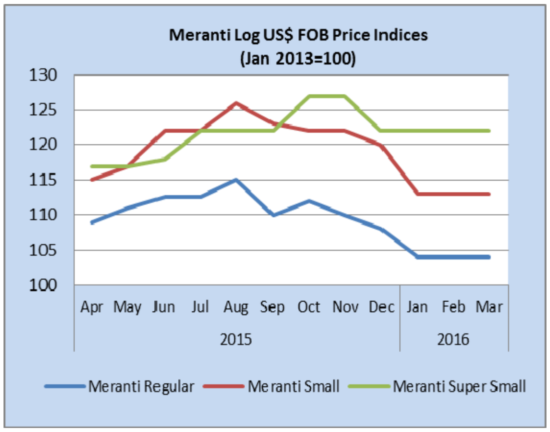


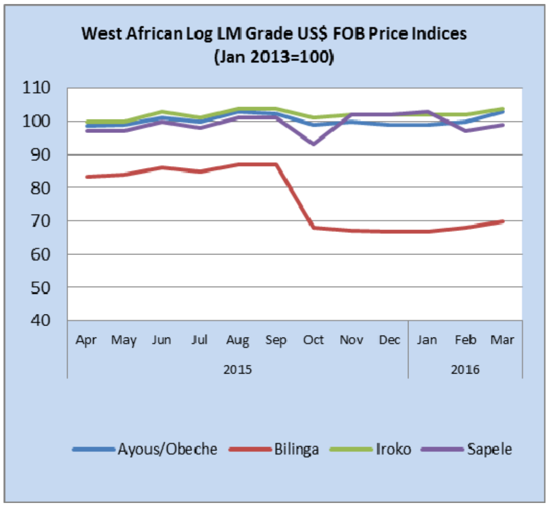
Data source: Open Financial Data Project

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

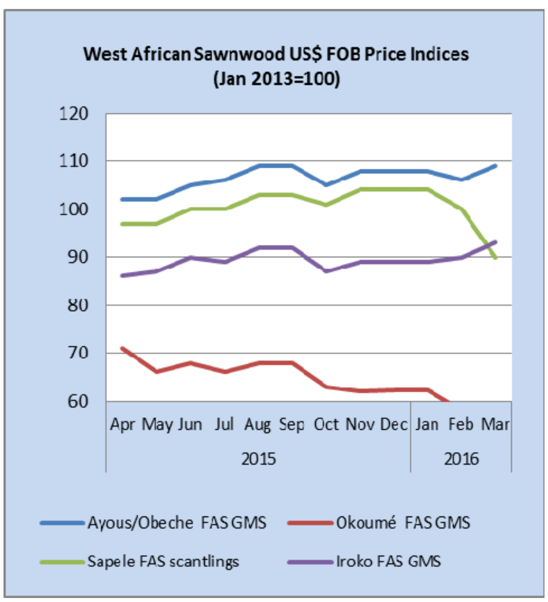
Price indices for selected products

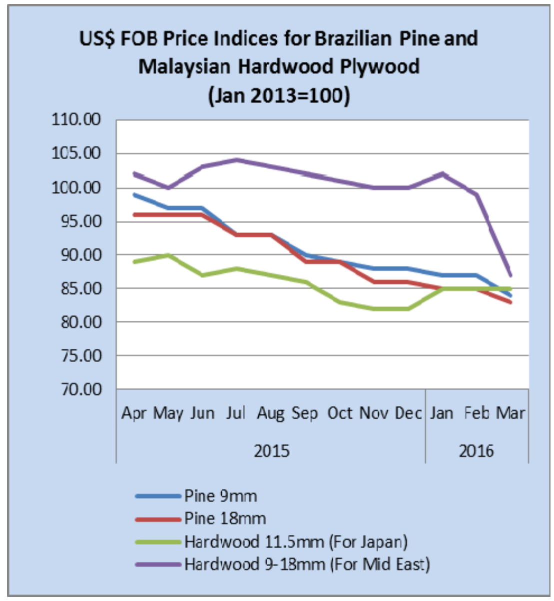
The following indices are based on US dollar FOB prices.

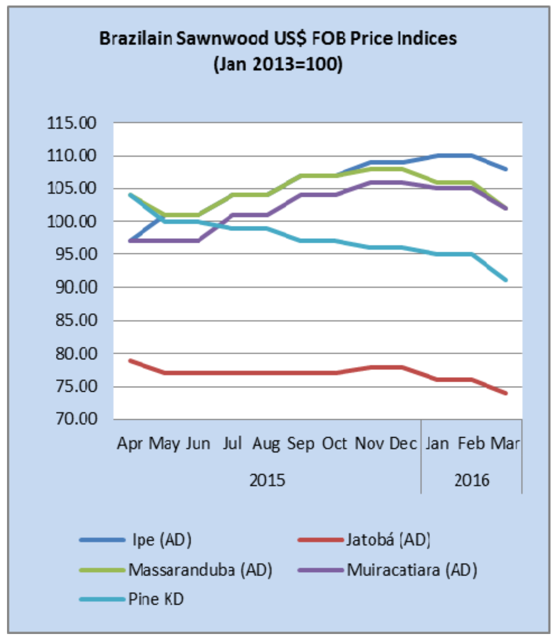




Note: Sarawak logs for the Japanese market







Note: Jatobá is mainly for the Chinese market.

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