Tropical Timber Market Report

Volume 21 Number 6, 16th –31st March 2017

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

Contents

Top Story

EU importers warned on Myanmar teak

First Sweden then Denmark and now the UK Timber Trade Federation (TTF) have warned importers they could be in contravention of the EUTR if they import teak from Myanmar. The UK TTF has gone further and called for EU wide action.

Having profited for decades from the teak trade now is not the time to penalise the timber industry and forest authority in Myanmar.

As Myanmar opens to international scrutiny, moves to stop forest devastation and tables a draft legality verification system the forest authority and industry should be encouraged and assisted. Now is the time to offer support.

See: Page 6

Headlines

Central and West Africa

Second quarter holds promise of firmer demand

Producers in Central and West Africa are satisfied that, at present, signals from the markets suggest better times ahead. The improved sentiment has worked to steady prices and producers look forward to modest increases in demand in the second quarter.

Although prices for sipo and sapele logs remain unchanged there are signs of an improvement in demand for sawn sapele encouraging producers on expectations of higher prices for the top quality logs and sawnwood for the European market.

Producers in Congo Brazzaville, Cameroon and the Central African Republic report they are still holding fairly sizeable stocks of sapele sawnwood and European importers have adequate stocks which is a challenge for producers wishing to lift prices.

Only kiln dry sawnwood exports from Gabon

The government in Gabon has approved the long discussed new regulation requiring all sawnwood to be kiln dried before export. The details of which species are included is not yet available.

It is rumoured that some species only need to be kiln dried if the buyers request this. For other species it appears that, depending on the export market, the requirement for kiln drying may be lifted. This new regulation is expected to be ratified and come into force within weeks

This move will greatly assist companies that recently invested in kilns but which are under-utilised. The government is confident there is sufficient kilning capacity available and that the trade will add further kilns as necessary to meet the new regulation.

Analysts suggest the new regulation will take into account concerns raised by the timber industry that not all species, such as those for sea defence and other hydraulic or outdoor use, need to be kiln dried.

Saw millers will be waiting to hear the reactions of their buyers and gauging if it is possible to pass on the cost of drying through price increases.

Firmer demand lifts okoume prices

Markets are a little firmer and China in particular is actively buying selected species such as belli, okan and okoume. The firmer demand has lifted prices of okoume as stocks, built up as previous orders were cancelled, are now moving.

While Middle East markets are steady producers report weakness in the South African market due to uncertainty and delays over government infrastructure projects and the ongoing strong price competition between African and Asian species.

There has been a slowdown in the Indian purchases but the government continues to insist that housing for the people is a key policy and timber exporters are confident that this market will revive demand.

Log Export

West African logs	FOB Euro per cu.m		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	240	240	160
Ayous/Obeche/Wawa	240	240	190
Azobe & Ekki	230	230	160
Belli	240	235	-
Bibolo/Dibétou	180	170	-
Bilinga	220	220	-
Iroko	325	300	265
Okoume (60% CI, 40% CE, 20% CS) (China only)	210	190	160
Moabi	330	300	235
Movingui	210	210	160
Niove	175	160	-
Okan	210	190	-
Padouk	300	280	230
Sapele	290	280	220
Sipo/Utile	310	290	255
Tali	330	320	-

Sawnwood Export Prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	420
Bilinga FAS GMS	515
Okoumé FAS GMS	340
Merchantable	310+
Std/Btr GMS	300
Sipo FAS GMS	540
FAS fixed sizes	560
FAS scantlings	560
Padouk FAS GMS	810
FAS scantlings	920
Strips	645
Sapele FAS Spanish sizes	505
FAS scantlings	510
Iroko FAS GMS	620
Scantlings	710
Strips	420
Khaya FAS GMS	450
FAS fixed	470
Moabi FAS GMS	620
Scantlings	630
Movingui FAS GMS	430

Ghana

Kiln dry boule export surge

According to Timber Industry Development Division (TIDD) report for December 2016, the year-on-year export of kiln dried boules more than doubled.

For 2016 wood product exports totalled 396,991cu.m at a value of Euro 224.98 million.

Compared to 2015 export volumes rose 8% and export values rose almost 20%.

Of the nineteen wood products exported, air-dried sawnwood, plywood, kindling, boules (KD) and curl veneers registered significant increases in volumes.

	cu.m		% Change
	2015	2016	2015-16
AD Sawnwood	152,630	246,569	62
Plywood	476	1,062	123
Kindling	797	1,336	68
Boules (KD)	98	241	145
Curls Veneer	28	50	81
Other wood prod.	213,032	147,733	-31
Total	367,061	396,992	**8.15**

Source: TIDD

	Euro '000's		% Change
	2015	2016	2015-16
AD Sawnwood	86,071	147,749	72
Plywood	266	645	142
Kindling	166	278	68
Boules (KD)	48	133	175
Curls Veneer	331	408	23
Other wood prod.	100,742	75,746	-25
Total	187,625	224,958	**19.9**

Source: TIDD

Asia continued to be the leading market for Ghana's wood products, accounting for 73% of total export volumes in 2016 compared to 59% in 2015. There were declines in exports to Europe (-4%), Regional African markets (-8%), America (-2%) and there was a slight drop in export volumes to markets in the Middle East.

Forestry Commission has new CEO

Mr. Kwadwo Owusu Afriyie has been appointed as the new Chief Executive Officer of the Forestry Commission of Ghana. Mr. Afriyie, a lawyer, replaces Mr. Samuel Afari Dartey.

One of his first actions was to inaugurate a 15-member strategic group that will lead efforts to promote investment in forest plantations as a way of ensuring sustainable production from Ghana's forests.

The formation of the group known as the 'Forest Plantation Investment Forum' (FPIF) stems from the Ghana Forest Plantation Strategy report. The group, headed by Professor Dan Ofori, is expected to promote the interest of investors by influencing the necessary policy and legal reforms that will lead in creating a more enabling environment for investments in forest plantations.

Boule Export prices

	Euro per m^3
Black Ofram	390
Black Ofram Kiln dry	482
Niangon	569
Niangon Kiln dry	530

Export Rotary Veneer Prices

Rotary Veneer, FOB	Euro per m^3	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	326↓	400
Chenchen	368	624
Ogea	525↑	604
Essa	509↑	544
Ofram	350	406

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

Export Sliced Veneer

Note, veneer prices are now reported in cubic metres

Sliced face veneer	FOB Euro per m^3
Arormosia	-
Asanfina	967
Avodire	897↑
Chenchen	597↓
Mahogany	994↑
Makore	698↓
Odum	1,583↑

Export Plywood Prices

Plywood, FOB	Euro per m^3		
BB/CC	Ceiba	Ofram	Asanfina
4mm	415	610	641
6mm	527	535	626
9mm	407	474	560
12mm	364	463	480
15mm	393	420↑	430
18mm	346↓	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
Afromosia	860	925
Asanfina	492	564
Ceiba	297	276↓
Dahoma	382↓	450↑
Edinam (mixed redwood)	520	599
Emeri	380	560↑
African mahogany (Ivorensis)	1001	931↓
Makore	685	726↓
Niangon	437	550↓
Odum	755	849↓
Sapele	782	747↓
Wawa 1C & Select	380	421↓

South Africa

Strategy for sawmill sector must address raw material resources

The latest issue of Sawmilling South Africa has a press release addressing the problems faced by the sawmilling sector because of inadequate domestic timber resources.

"We all need to ensure that we nurture the sawmilling sector as its growth has the ability to grow big corporations, create jobs and boost the economy" said the Executive Director of Sawmilling South Africa, Roy Southey when speaking at a workshop to discuss the development of a strategy for the sawmilling industry.

Southey added that the sawmilling industry can create much needed jobs which can serve to benefit rural people.

The workshop heard that declining forest resources is one major challenge that needs to be addressed by both government and the private sector. Southey contended that expansion of forestry, making better use of current resources and looking beyond the borders of South Africa could enliven investment and growth in the sawmilling sector.

Eucalyptus planting seen as a good option

Southey proposed the exploration of eucalyptus as an alternative resource to be developed pointing to the short rotation of eucalyptus plantations.

In response the Director of Forestry Based Industries at the Department of Trade and Industry, Ms. Tafadzwa Nyanzunda, said that the Department was working with the industry to develop a comprehensive wood processing strategy that would assist in the recapitalisation of the aging machinery as well as improve productivity in the sector.

Nyanzunda highlighted that the importance of the sawmilling industry to the South African economy cannot be over emphasised. Therefore, it was paramount for the industry to continue the work they had started with government of developing the strategy of the sawmilling industry.

Workshop participants agreed that resources for the industry were a challenge and emphasised there was a need for developing good working relationships forestry research institutes and an urgent need for development of a strategy to increase access to export markets as well as promotion of wood culture in the domestic market.

See:
http://www.timber.co.za/news/article/sawmilling-sectors-resource-shortages-need-urgent-attention

Malaysia

Nurturing local talent for the furniture industry

As part of its internship programme the Malaysia Timber Industry Board (MTIB), in collaboration with the training institute Politeknik Shah Alam (PSA) and the Muar Furniture Association (MFA), began a programme to encourage and nurture local talents for sustainable growth in the furniture industry.

This pioneer programme has been introduced by MTIB to help address the manpower shortage the furniture industry faces and is part of a wider national initiative involving government agencies, academic institutions, industries and civil society to address labour development in the country. The PSA students will be working at selected MFA factories for six months. After completing their internship the students may be offered jobs in the furniture industry depending on their interests and aptitude.

Export Update

The MTIB has released 2016 export data. The table below shows, for 2015 and 2016, the range of products produced and the proportion exported by manufacturers in Peninsula Malaysia, Sabah and Sarawak.

Shippers in Peninsula Malaysia dominate exports of sawnwood, mouldings, particleboard, fibreboard, builders' woodwork and furniture. On the other hand shippers in Sarawak are strong in terms of exports of logs and plywood and veneer.

2015 exports

2015	Peninsula Malaysia %	Sabah %	Saraw ak %	Total Malaysia (cu.m, Kg or RM)
Logs cu.m	0.5	11.5	88	3028064
Saw ntimber cu.m	62	10	28	2015861
Plyw ood cu.m	9	20	71	2534130
Veneer cu.m	4	25	71	228621
Mouldings cu.m	85	9	6	262721
Particleboard cu.m	84	1	11	546318
Fibreboard cu.m	83	0	17	985854
Builders w oodw ork Kg.	67	0.5	32	195607651
Wooden Furniture RM.	99	0.5	0.5	7286106024

Source is MTIB's MasKayu Vol 1, 2017.

2016 exports

2016	Peninsula Malaysia %	Sabah %	Saraw ak %	Total Malaysia (cu.m, Kg or RM)
Logs cu.m	0.1	14	85.9	2838784
Saw ntimber cu.m	64	9	27	1960306
Plyw ood cu.m	11.5	20	68.5	2506215
Veneer cu.m	6.5	31	62.5	226525
Mouldings cu.m	89	8	3	236881
Particleboard cu.m	85	1	14	576181
Fibreboard cu.m	83	0	17	1036138
Builders w oodw ork Kg.	68	0.5	31.5	195425921
Wooden Furniture RM.	99.5	0.1	0.4	7561809820

Source is MTIB's MasKayu Vol 1, 2017.

The challenge of tackling encroachments in Sabah

Illegal encroachment into forest reserves by local communities is a common problem in many tropical countries and authorities in the State of Sabah in Malaysia have been trying to move illegal settlers from a forest reserve.

The Director of Forestry in Sabah, Sam Mannan, said he could remember this forest was once in pristine condition but that between 1980-90 illegal settlements began to appear. Around 2004 the Forestry Department offered these settlers 'occupation permits' to regularise their occupation of the land and ensure no further expansion took place.

However, since this offer was conditional on there being no activities in, or use of, riparian or steep areas it was rejected by the settlers. Having exhausted all efforts the Forestry Department recently took drastic action to remove the illegal settlements.

Drones gather evidence to tackle illegal logging in Sarawak

The Sarawak Forest Department has gathered evidence to solve many illegal logging cases thanks to its use of aerial drones.

However, the Director of Forests, Sapuan Ahmad, is aware that drones could only detect such cases once the damage has been done and that efforts are needed to prevent illegal activities in the forest.

For more see:
http://www.theborneopost.com/2017/03/17/forest-departments-use-of-drones-solves-many-illegal-logging-cases/

Marketing in a borderless world

In a press release the Malaysian Timber Council has announced that, as part of its 25th anniversary celebrations, it will host an marketing seminar "Global Timber Market Outlook and Export Opportunities for Malaysian Timber Products and Furniture" on 18 April.

The aim is to update industry on the market outlook and export opportunities for Malaysian wood products in China, India, Europe, South Africa, the Philippines and the USA and to offer participants the opportunity to share ideas and experiences in trading in these markets.

For more see:
http://www.mtc.com.my/events-Seminars.php?id=100

Mid-March plywood export prices

Plywood traders in Sarawak reported February FOB export prices as:

Floor base FB (11.5mm)	US$565-575/cu.m
Formboard panels CP (3'x 6')	US$430/cu.m
Coated panels UCP (3'x 6')	US$500/cu.m
Standard panels	
S. Korea (9mm and up)	US$400/cu.m
Hong Kong	US$490-495/cu.m.
Middle East	US$405-410/cu.m

Indonesia

Review VPA/FLEGT says furniture and craft association Chairman

The Indonesian Furniture and Craft Association (HIMKI) Chairman has urged the government to conduct a review of the VPA/FLEGT Agreement with the EU because, he says, it is undermining the efforts of association members to increase exports.

To back this up he said exports by members of the association had dropped 15-20% since the Agreement was ratified.

The main problem he pointed out was that most of the members of the association are SMEs and they cannot cope with the numerous procedures and requirements to satisfy the SVLK and the demands from overseas buyers. This has given a competitive advantage to exporters in neighbouring countries which do not have timber legality verification systems like Indonesia.

In related news, Muhammad Hidjrah Saputra a board member of HIMKI DPD Cirebon, has suggested that legality verification of upstream producers should be sufficient and asks why downstream manufacturers also have to be certified if they utilise timber from certified millers. He said the current system is adding unnecessary costs and hindering export competitiveness.

See: http://merahputih.com/post/read/pengusaha-mebel-minta-pemerintah-cabut-svlk

SVLK increases the competitiveness of Indonesian furniture

In sharp contrast to the statements from the Furniture and Craft Association, the Director of Processing and Marketing in the Ministry of Environment and Forests, Rufi'ie, has said the national timber legality verification system (SVLK) is a tool to increase the competitiveness of Indonesian furniture and craft in the EU market. He said the SVLK serves as the basis for demonstrating Indonesian furniture and handicraft producers are meeting the demands of the international market for verified legal and sustainable wood products.

Rufi'ie quoted data from the ministry's SVLK information systems that show the export value of furniture and craft products with V-legal (SVLK certified) documents increased from US$635 million in 2015 to US$916 in 2016. However, analysts point out it is difficult to determine how much of this increase is because of the SVLK and how much is the result of an improved global economic outlook.

See:
http://www.thejakartapost.com/news/2017/03/14/businesspeople-credit-svlk-for-improved-sales.html

Minister proposes tax relief for furniture exporters

Airlangga Hartarto, the Minister for Industry, has indicated his ministry will approach the Ministry of Finance to try and secure tax relief for furniture exporters. This he revealed when speaking at the opening of the Indonesia International Furniture Expo (IFEX).

The Minister expects timber exports will increase to US$5 billion by 2020 because of firm demand for Indonesian products in the United States, Japan and Western Europe. He added that expansion of the furniture and craft sector is vital for job creation as it is a labour intensive sector.

http://www.thejakartapost.com/news/2017/03/14/businesspeople-credit-svlk-for-improved-sales.html

Forest land to be re-designated

Two Presidential Decrees related to agrarian reform are being prepared in relation to redefining areas classified as forests but occupied by communities.

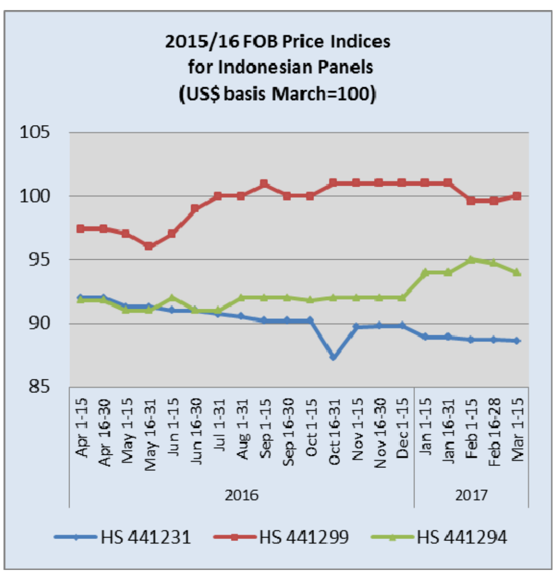
It is understood that a legal basis for certifying that land in forest areas that has been occupied by residents will be provided. In the future, under the new legislation, the status of the occupied land will be excluded from the area considered forest area.

One problem that has emerged is that a large part of the forest land in question is covered by commercial plantation and managed by private corporations. A decision on how to handle this issue is now being considered.

In related news, the Indonesian President has confirmed support for acknowledging customary forests in order to promote and protect the rights of indigenous people in the country. This was announced by the Minister of Environment and Forestry, Siti Nurbaya Bakar, during the opening of the fifth congress of the Indigenous People's Alliance. To-date the President has issued decrees acknowledging the customary forests of nine indigenous communities.

Opportunities in energy plantations

The Ministry of Environment and Forests is reviewing its policy on the development of energy plantations for the production of biofuel and biomass energy. Species being considered include eucalyptus, albizia, calophyllum, acacia, calliandra, and aleurites. The chairman of the Association of Indonesian Forest Concessionaires (APHI) has reported that many association members were ready to develop energy plantations.



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

Myanmar

Danish authorities warn teak importers

A press release from NepCon, a Danish non-profit organisation, says the Danish Competent Authority asked seven local companies to strengthen their due diligence systems if they wish to continue to market Myanmar teak in the EU.

This, once again, raises questions on whether it is currently possible for importers of timber from Myanmar to satisfy the EU Timber Regulation.

NepCon says Danish authorities audited some companies that had imported teak from Myanmar after being alerted to allegations by the Environmental Investigation Agency. The Danish authorities concluded that the system in place in all seven companies was not robust enough to demonstrate a negligible risk of illegality.

The problem, says NepCon, is that the authorities in Myanmar are not allowing importers in the EU access to information on the origin of the timber and that they do not have systems in place to adequately assess the risk that illegal timber is entering the supply chain.

This allegation has been raised before but during the February 2017 timber legality assessment system 'Gap Assessment Workshop' involving the EU and various stakeholders, representatives of the Myanma Timber Enterprise (MTE) denied this saying they had not been approached for information, adding that the Forestry Department is the final authority to be approached.

Competent Authorities in Belgium, Italy, Netherlands, Spain and the UK are also investigating possible breaches of the EU Timber Regulation as a result of the import of teak from Myanmar. These cases were also brought to them by the Environmental Investigation Agency.

In an apparent reaction to the Danish ruling, the Myanmar Ministry of Natural Resources and Environmental Conservation released a statement in which they acknowledged the challenges in tracing timber back to the forest because, at present, their system is primarily designed for the recording statistics.

For more see: http://www.nepcon.org/denmark-myanmar

UK TTF warns members do not import Myanmar teak

In response to the actions taken in Sweden and Denmark against importers of Myanmar teak, David Hopkins, Managing Director of the UK Timber Trade Federation, writes in the March TTF Newsletter "If the EUTR is to be successfully implemented then there must be a level playing field in Europe. This means we should respect the decisions made in Sweden and Denmark and accept them across the continent."

The TTF says “Since the authorities in Myanmar are, as yet, unable to offer sufficient evidence of legality TTF members should cease to trade in teak sourced from Myanmar.”

See http://www.ttf.co.uk/article/the-legality-of-teak-from-myanmar-519.aspx

Draft regulations on traceability tabled for discussion

The Secretary of the Myanmar Forest Certification Committee (MFCC), Barber Cho, pointed out that by coincidence and some days prior to the Danish ruling, the authorities in Myanmar had prepared a draft statement on tracking proposals.

Cho has revealed that the MFCC submitted recommendations to the government on strengthening traceability through independent third party verification, independent monitoring and the creation of a Focal Group for Communication to deal with enquiries from international traders.

Cho reports that the government has agreed in principle to the MTCC recommendations and that now the details of the system will be worked out as quickly as possible. But he says there are serious challenges as exporters need quick solutions to maintain their businesses while civil society groups seek wider reforms which will require careful consideration and debate.

March teak tender prices

Grade	H.tons	Average US$/H.ton
SG-1	-	-
SG-2	-	-
SG-4	30.7	3,237
SG-5	39.8	2,532
SG-6	26.9	1,975
SG-7	37.64	1,957

Sample price range for sawn teak (February, 2017)

Type of Product	Specification	Price US$/cu.m
Flitches	24 Square inch and up	4400-4650
Board	Av. width 8 inch Av. length 10 ft.	5000-5250
Board	Av. width 8 inch Av. length 8 ft.	4100-4500
Scantling	Width 4 and 5 inch Av. length 7.5 ft.	3400-3800

Note, Flitch prices vary depending on defect,
For boards the colour and area from which the logs were harvested affects the price.

India

India's new tax system to be launched in July

The long awaited implementation of the goods and services tax (GST) which will standardise tax levels across the nation is expected to come into force in July if the government succeeds with the final pieces of legislation, however, many are questioning if companies are ready.

A recently reported survey conducted by Edelweiss analysts suggests that most large companies have management systems in place.

The problem is that many of the thousands of small stockists and traders have been deterred by the costs involved in complying with the new system. As mentioned in earlier reports, many of the small scale plywood stockists and traders operate below the current tax radar and survive on razor thin profit margins.

In related news, exporters have been reassured that they would continue to benefit from duty refunds even after the new tax system is introduced. The GST Council has included a provision in the legislation enabling duty drawback on the value of products manufactured locally for export.

See: https://www.edelresearch.com/home.aspx

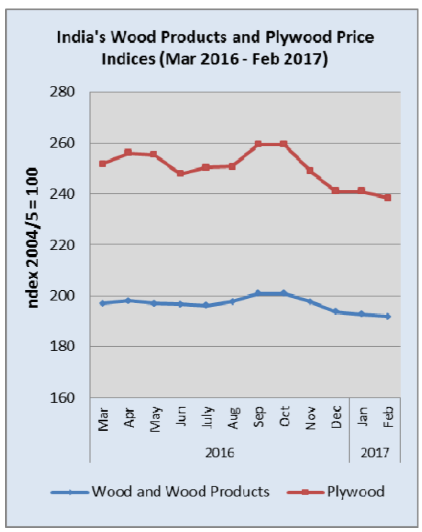
Inflation at 30 month high

India’s February consumer price inflation (CPI) rose 3.65% from the reported 3.17% in January mainly because food prices have started to rise.

Data from the Office of the Economic Adviser in the Ministry of Commerce and Industry says inflation jumped to a 30 month high of 6.55% in February from 5.25% in January.

Timber and plywood price indices slide at year end

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.



Central India teak auction

The latest auctions were held at Forestry Depots in Timarni, Khilrkya, Ashapur and Narmada Nagar in Madhya Pradesh. Analysts say teak these from areas come mostly in 2 to 5 metre lengths and mostly of a girth 120 cm. and below. The logs from these areas tend to be cylindrical and straight and the wood is of a golden colour with black stripes.

Around 3,000 cubic metres of teak logs were sold and additional stocks have arrived so new auctions will be scheduled. The buyers at the latest auction were mostly from local mills with some having travelled from Gujarat and Maharashtra.

Prices at the latest sale are shown below.

	Girth cm.	Rs./cu.ft.
4-5 m Length	91+	1900
	76-90	1700-1800
	61-75	1500-1600
	46-60	1400-1500
3-4 m Length	91+	1600+
	76-90	1500-1600
	61-75	1400-1500
	46-60	1300-1400
2-3m Length	91+	1200-1300
	76-90	1100-1200
	61-75	1000-1100
	46-60	900-1000

Farm forests encouraged to boost industrial raw material supply

The Northern India, Haryana State Forest Department has decided to issue new licenses for wood-based industries and will do so using a newly developed ‘e-citizen service’. The aim is to encourage farm forestry to help implement the Haryana Forest Policy.

The State Forestry Department has over 18,000 hectares of plantations and thousands of seedlings have been distributed or sold to farmers.

Imports of plantation teak slow on quality concerns

Analysts report that the pace of imports of plantation teak have slowed due to the declining quality of imported logs which are derived mainly from plantation thinnings.

Because of this millers have turned to domestic sources in order to satisfy both domestic and international demand. Traders lament the poor quality of currently available logs saying now would be a good time to raise import levels because the rupee has strengthened making land costs cheaper.

Progress on the phytosanitary issue is still under consideration by Indian authorities who are coordinating with authorities in exporting countries.

When an alternative to methyl bromide treatment is approved this will offer importers with more options for sourcing logs.

It is reported that consumer demand is steady and C&F prices for imported teak are holding firm.

	US$ per cu.m C&F
Angola logs	389-574
Belize logs	350-400
Benin logs	290-714
Benin sawn	530-872
Brazil logs	344-540
Brazil squares	333-556
Cameroon logs	405-616
Colombia logs	478-743
Congo D. R. logs	450-761
Costa Rica logs	357-780
Côte d'Ivoire logs	289-756
Ecuador squares	333-454
El-Salvador logs	320-732
Ghana logs	294-452
Guatemala logs	324-646
Guyana logs	300-450
Kenya logs	515-876
Laos logs	300-605
Liberia logs	265-460
Malaysian logs	225-516
Mexican logs	295-808
Nicaragua logs	402-505
Nigeria squares	434-517
Panama logs	335-475
PNG logs	443-575
Sudan logs	358-556
Tanzania teak, sawn	307-613
Thailand logs	511-700
Togo logs	334-590
Trinidad and Tobago logs	603-753
Uganda logs	411-623
Uganda Teak sawn	680-900

Price range depends mainly on length and cross section

Sawnwood prices

Prices for sawnwood milled from imported logs remain unchanged as shown below.

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	3200-3500
Balau	2000-2100
Resak	1350-1550
Kapur	1750-1850
Kempas	1250-1400
Red Meranti	1000-1100
Radiata pine AD	700-800
Whitewood	800-900

Price range depends mainly on length and cross section

Prices for Myanmar teak

Current prices remain as reported two weeks ago but traders anticipate a price rise when Myanmar's export duty comes into force.

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 range depends mainly on length and cross section

Prices for imported sawnwood

Sawnwood, (Ex-warehouse) (KD)	Rs per cu.ft.
Beech	1350-1450
Sycamore	1500-1650
Red oak	1600-1750
White Oak	2200-2250
American Walnut	4250-4500
Hemlock clear grade	1200-1400
Hemlock AB grade	1250-1250
Western Red Cedar	1850-2000
Douglas Fir	1550-1750

Price variations depend mainly on length and cross section

Still no opportunity to lift plywood prices

Plywood manufacturers continue to struggle with declining margins as production costs rise. The only opportunity manufacturers will have to lift prices in the short term will be when the goods and services tax is introduced as this will likely eliminate many of the 'informal' manufacturers thus creating a shortage of plywood in the market.

Prices for WBP marine grade manufactured by domestic mills

Plywood Ex-warehouse	Rs. per sq.ft
4mm	44.5
6mm	58.75
9mm	75.5
12mm	91
15mm	122
18mm	128.5

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.22.50	Rs.33.25
6mm	Rs.34.00	Rs.42.80
9mm	Rs.42.80	Rs.52.00
12mm	Rs.52.50	Rs.62.75
15mm	Rs.63.75	Rs.76.50
19mm	Rs.72.50	Rs.85.50
5mm Flexible ply	Rs.45.00	

Brazil

Export update

In February 2017 Brazilian exports of wood products (except pulp and paper) increased 8.3% in value compared to February 2016, from US$177.7 million to US$192.3 million.

The value of pine sawnwood exports increased 12.4% between February 2016 (US$27.4 million) and February 2017 (US$30.8 million) and in terms of volume, exports increased 8.4% over the same period, from 140,900 cu.m to 152,700 cu.m.

Tropical sawnwood exports also rose (13.5%) from 27,400 cu.m in February 2016 to 31,100 cu.m in February 2017 and with export values rising just over 16% (US$11.8 million to US$13.7 million over the same period) some price increases have been achieved.

February 2017 pine plywood exports increased 6.7% in value year on year, from US$34.4 million to US$36.7 million but the corresponding increase in the volume of exports was only around 4.0% over the same period (132,800 cu.m to 138,100 cu.m).

As for tropical plywood, exports decreased significantly in volume and in value, from 11,000 cu.m (US$4.3 million) in February 2016 to 9,800 cu.m (US$3.6 million) in February 2017.

In a turn-around from recent growth, Brazil's wooden furniture exports declined from US$34 million in February 2016 to just US$33 million in February this year.

Exporters on the alert as the currency appreciates and production costs rise

The Brazilian currency has appreciated sharply against the US dollar over the past 12 months which is raising alarm bells amongst wood product exporters.

According to the Brazilian Association of Mechanically Processed Timber Industry (ABIMCI) the Brazilian currency was down almost 23% on the US dollar as of February 2016 but has since strengthened steadily. Against a back-drop of rising production costs and the appreciating currency Brazilian exporters are bracing for tough times ahead.

Pine plywood manufacturers exported 1,730,470 cu.m in 2016, the highest volume in the past 10 years. This represented a 16% increase compared to the volume shipped in 2015.

According to ABIMCI exports expanded as domestic demand fell due to paralysis in the economy. While welcoming the expanded demand in the US and EU the plywood industry will be generating more profits when the domestic market also comes back to life.

Paranaguá container terminal breaks record for timber shipments

The Paranaguá Container Terminal (TCP), in Paraná State saw timber exports at 2,311 containers in December 2015 beat all past records.

According to TCP, growth in wood products handling at the port was the result of the surge in exports as manufacturers turned to exports in the face of weak domestic demand. The weaker currency and enhanced services at the port delivered startling growth in the cargo handled.

Port services were improved through investment in equipment and modernisation of the terminal with the support of more than 20 timber carriers in the State which offered competitive services.

For 2017, analysts expect the growth in export shipments to moderate due to the appreciation of the Real and the expected improvement in domestic consumption.

Strengthening forest economics in Rondônia

Forest concessions for sustainable utilisation was the theme discussed at a forestry seminar hosted by the Federation of Rondônia State Industries (FIERO), in partnership with the National Confederation of Industry (CNI), State Secretariat for Environmental Development (SEDAM), Brazilian Institute of Environment and Renewable Resources (IBAMA) and Ministry of Agriculture, Livestock and Supply (MAPA-RO).

The Jamari National Forest, located in the municipalities of Itapuã do Oeste, Cujubim and Candeias do Jamari, was cited as a successful example of sustainable use of natural resources in the area. According to FIERO it is desirable to conduct an inventory of the region's forest reserves to identify the economic potential that can be sustainably utilised for timber as well as resins, fibres and essences used in the pharmaceutical and cosmetic industries.

A past FIERO survey has shown that the State´s forest economy supports more than 30,000 jobs and contributes substantially to the State's GDP.

Domestic Log Prices

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	211⬆
Jatoba	117⬆
Massaranduba	119⬆
Miiracatiara	121⬆
Angelim Vermelho	116⬆
Mixed redwood and white woods	98⬆

Source: STCP Data Bank

Domestic Sawnwood Prices

Brazil sawnwood, domestic (Green ex-mill)	US$ per m^3
Ipé	936⬆
Jatoba	474⬆
Massaranduba	438⬆
Muiracatiara	437⬆
Angelim Vermelho	390⬆
Mixed red and white	257⬆
Eucalyptus (AD)	221⬆
Pine (AD)	159⬆
Pine (KD)	181⬆

Source: STCP Data Bank

Domestic Plywood Prices (excl. taxes)

Parica	US$ per m^3
4mm WBP	592⬆
10mm WBP	455⬆
15mm WBP	405⬆
4mm MR	513⬆
10mm MR	381⬆
15mm MR	353⬆

Prices do not include taxes. Source: STCP Data Bank

Prices For Other Panel Products

Domestic ex-mill Prices	US$ per m^3
15mm MDParticleboard	261⬆
15mm MDF	338⬆

Source: STCP Data Bank

Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US$ per m^3
Ipe	1429⬆
Jatoba	920⬆
Massaranduba	771⬆
Muiracatiara	737⬆
Pine (KD)	189⬇

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)	284⬆
12mm C/CC (WBP)	261⬆
15mm C/CC (WBP)	255⬆
18mm C/CC (WBP)	256⬆

Source: STCP Data Bank

Export Prices For Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Decking Boards	Ipê	2,564⬆
	Jatoba	1,467

Source: STCP Data Bank

Peru

Plan to reforest 3 million hectares by 2020

The Minister of Agriculture and Irrigation (Minagri), José Manuel Hernández, announced that by 2020 the National Forestry and Wildlife Service (Serfor), with the support of other bodies in the Ministry such as Agrorural (Programa de Desarrollo Productivo Agrario Rural) and INIA (Instituto Nacional de Innovación Agraria), aims to reforestation of 3.2 million hectares of degraded land.

The Minister said reforestation of degraded soils is one of the foundations of the government's agrarian policy.

Several regional pilot programmes are underway in Amazonas, Apurímac, San Martín and Piura. Forest plantations are being established on degraded areas in Áncash, Huánuco, Junín, Pasco and Ucayal.

It has been pointed out that in order to achieve the 3.2 million hectare goal private capital must beattracted.

Tracking will improve competitiveness

The National Forest and Wildlife Service (Serfor) has rolled out its proposals for a system to monitor timber flows that can form the basis of a means for verifying the legal origin of wood products. The National Forestry and Wildlife Information System of Peru (SNIFFS) has been tested in the Loreto-Ucayali-Huánuco-Lima Amazon corridor.

The Deputy Minister of Agricultural Policies in the Ministry of Agriculture and Irrigation, Benjamín Quijandría, said the new system provides for traceability and verification of the legal along the supply chain and should give a boost to exports.

Reactivating timber export trade

At the third meeting of the Executive Board for Forest Development the discussion focused on promoting the forestry sector and exports of Peruvian wood products, the main challenges for the sector. Recent development of a tracking system for wood product flows was seen as a major step to improve export opportunities.

A further issue raised by the private sector was the method by which regional governments process and assess management plans as there is a concern that plans are not being prepared in accordance with regulations.

Another point raised at the third session of the Executive Board for Forest Development was how to standardise measurement of standing and harvested logs which currently varies from region to region.

Promoting sustainable supply chains for Zero Deforestation

The Executive Director of the Forest and Wildlife Service (SERFOR) of the Ministry of Agriculture and Irrigation recently opened an international seminar themed "Managing the Risks of Deforestation, Promoting Sustainable Supply Chains in Latin America to China and Europe".

This seminar was jointly sponsored by the University of ESAN, the Peruvian Eco-development Society, Driving Sustainable Economies and the Norwegian Agency for Development.

This event was attended by experts from Brazil, the United States and Peru to exchange experiences of promotion and articulation between suppliers and corporations buying commodities in order to add value to supply chains.

The seminar brought together representatives of industry, exporter associations, local communities, NGOs and international cooperation agencies in order to exchange ideas on zero deforestation, zero carbon emission as well as social and environmental projects. This activity was in part fulfilment of the national commitments in relation to climate change agreed with Germany and Norway.

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'-13' KD	
Grade 1, Mexican market	475-529
Grade 2, Mexican market	365-402
Cumaru 4" thick, 6'-11' length KD	
Central American market	879-925
Asian market	919-973
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	631-666⬆
Marupa 1", 6-13 length KD Mexican market	435-466

Domestic Sawnwood Prices

Peru sawnwood, domestic	US$ per m^3
Mahogany	-
Virola	237-255⬆
Spanish Cedar	316-368
Marupa (simarouba)	179-196

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, 8mm	342-371
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	962-1095
	Asian market	1058-1098
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

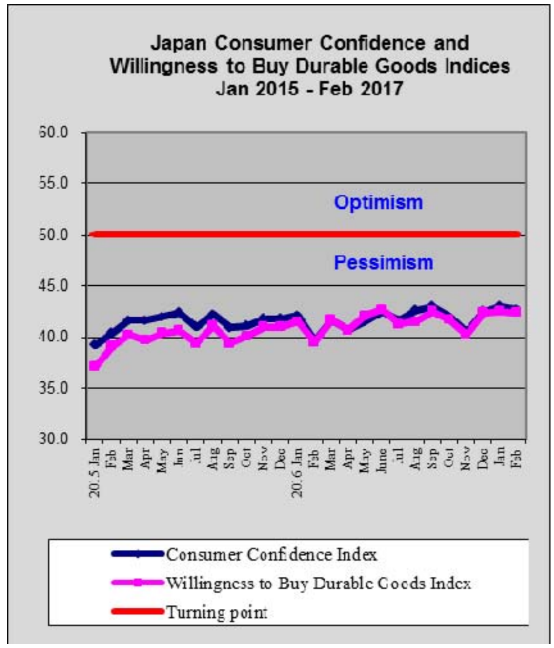
Japan

Weak consumer spending and stronger yen unsettles Bank of Japan

Bank of Japan Governor, Haruhiko Kuroda, has indicated that while business conditions and prices are improving in Japan there are downside risks as overall economic activity, especially consumer spending, is not yet firm enough to lift inflation to the 2% target the Bank has set itself. Because of this he said it is too early to be considering easing monetary stimulus.

Retail sales were unchanged from a month earlier according to the February survey which indicated consumers cut back on durable goods purchases after employers offered the lowest spring wage increases in four years.

However, manufacturers appeared more confident in a March poll but the recent strengthening of the yen will surely hurt sentiment if it does not pull back from recent highs against the US dollar.



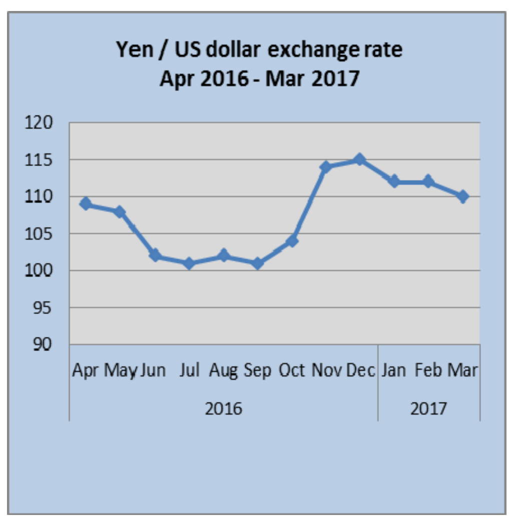
Data source: Cabinet Office, Japan

Another period of stronger yen forecast

The Japanese yen/dollar exchange rate has rolled back to the same level as in March 2016, around 110 to the dollar. In recent months the yen weakened considerably boosting the stock market which is dominated by exporters and providing some glimmer of hope to the Bank of Japan as it seeks to deliver on its 2% annual inflation target.

The set-backs that the new US administration has faced in delivering on campaign promises has undermined confidence that the Republican led government US monetary and fiscal policies would drive the dollar higher.

Another factor driving the yen stronger has been comments from the US Federal Reserve that it is now inclined to slow the pace of interest rate rises which favor a weak yen.

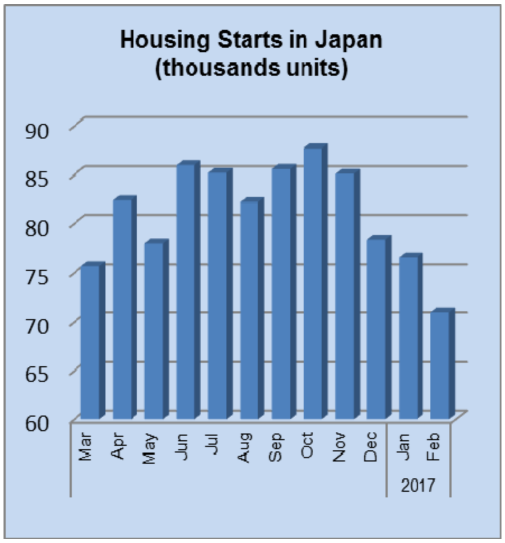


February housing starts mark forth monthly decline

The results of the Ministry of Land, Infrastructure, Transport and Tourism assessment of February housing show a decline in starts, marking the fourth straight monthly decline.

February housing starts dropped just over 8% compared to January and year on year February starts were down almost 3%.

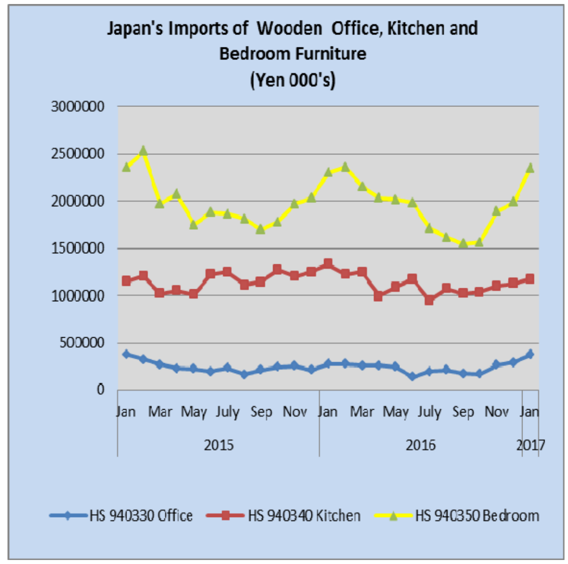
With the latest figures the annualised housing start forecast dropped to 940,000 from the 1.0 million determined in January. On the other hand, construction companies report orders grew in February and were much firmer than in February last year.



Data source: Ministry of Land, Infrastructure, Transport and Tourism

Japan's wooden furniture imports

2017 got off to a good start for exporters of wooden office and bedroom furniture to Japan. The value of wooden office furniture imports to Japan in January 2017 were up 34% year on year and up 27% month on month and the value of wooden bedroom furniture imports jumped 18% year on year. The value of imports in January 2016 was lifted by the weaker yen (120/US$) compared to the stronger yen in January this year.



Data source: Ministry of Finance, Japan

Office furniture imports (HS 940330)

The value of Japan's wooden office furniture imports has been rising for three consecutive months from November last year. January 2017 shipments from China grew substantially lifting China's contribution to total wooden office furniture imports to just over 70%. The other suppliers were Italy (7%) Taiwan P.o.C (5%) and Poland (5%).

In January this year most shippers saw increase in the value of imports by Japan.

Office furniture imports

	Imports Jan 2017 Unit 1,000 Yen
S. Korea	6842
China	264388
Taiwan P.o.C	19449
Thailand	2408
Malaysia	3296
Indonesia	7859
Sweden	3437
Denmark	1183
UK	349
France	1521
Germany	3656
Portugal	2428
Italy	25404
Poland	18585
Slovakia	3687
USA	8579
Total	373071

Data source: Ministry of Finance, Japan

Kitchen furniture imports (HS 940340)

In contrast to the rise in imports of wooden office and bedroom furniture, Japan's January imports of wooden kitchen furniture dropped year on year (-11.5%) but compared to a month earlier imports rose slightly.

Despite the year on year fall in the value of wooden kitchen furniture there has been a steady increase in the value of imports from September 2016.

In January 2017 the top suppliers were Vietnam (42%), the Philippines (26%) and China (15%) and if shipments from Indonesia are included then almost 70% of imports for the month are accounted for.

The big winners in January 2017 were China and Vietnam followed by Indonesia and the Philippines both of which saw an increase in shipments of around 7%.

Kitchen furniture imports

	Imports Jan 2017 Unit 1,000 Yen
China	172098
Taiwan P.o.C	1228
Vietnam	491743
Thailand	32746
Malaysia	23463
Philippines	306007
Indonesia	104934
U KING	1132
Germany	28745
Italy	7784
Canada	5451
USA	2680
Total	1178011

Data source: Ministry of Finance, Japan

Bedroom furniture imports (HS 940350)

Japan's imports of wooden bedroom furniture exhibit a distinctive cyclical pattern, In 2015 and 2016 imports peaked in December/January only to begin to tail off mid-year. January 2017 imports of wooden bedroom furniture appear to be following the same trend as there has been a steady rise in imports since September 2016.

Year on year, the value of Japan's wooden bedroom furniture imports remain flat but January 2017 imports are well up from a month earlier. Japan's January 2017 imports of wooden bedroom furniture were dominated by two suppliers China and Vietnam with China accounting for 60% and Vietnam supplying another 30%.

With 90% of imports accounted for other suppliers had a hard time in January with only Thailand, Malaysia, Indonesia and Taiwan P.o.C making it into the top 20 suppliers.

Bedroom furniture imports

	Imports Jan 2017 Unit 1,000 Yen
China	1409676
Taiwan P.o.C	18692
Vietnam	740961
Thailand	71840
Malaysia	61254
Indonesia	20551
Cambodia	284
Denmark	734
Italy	3611
Poland	13221
Russia	1816
Estonia	2234
Latvia	1170
Lithuania	1046
Bosnia and Herzegovina	809
USA	966
Total	2348865

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

South Sea (Tropical) log imports in 2016

South Sea log import in 2016 was 193,192 cbms, 20.6% less than 2015.By source, 101,284 cbms from Sabah, Malaysia 2.6% more than 2015. 53,780 cbms from Sarawak,Malaysia, 40.1% less than 2015. 33,058 cbms from PNG,8.2% less. 5,070 cbms from Solomon Islands, 73.1% less.

Weather in Sarawak, Malaysia was unstable all through the year so log production was slow. Then the government of Sarawak reduced quota of log export, which resulted in considerable drop of export volume.

Log production was smooth in Sabah with favorable weather so that both Japan and India increased purchase in Sabah to make up for log shortage in Sarawak. Japan failed to buy enough logs pushed by aggressive purchase by India. Also log prices stayed up high, which discouraged purchase by Japan.

There are only few plants consuming South Sea logs steadily but the mills have been having hard time to pass higher cost onto sales prices particularly when the yen got weaker. Import of South Sea lumber in 2016 was 494,872 cbms, 2.6% less than 2015. In this, lumber was 225,864 cbms, 4.2% less and free board was 269,018 cbms, 1.3% less.

Log export prices in February continue firm in Sabah and Sarawak, Malaysia. Log harvest stopped temporarily during Chinese New Year holidays in February.

Log importers are arranging ships for late February and early March loading but it is hard to have enough quality logs like regular meranti and to fill up ships, it is necessary to load small and super small meranti logs.

Plywood mills in Japan want regular logs even with higher prices as recovery is better. Log suppliers' offer prices remain unchanged for March shipment.

Main buyer, India is quiet with reduced volume so the suppliers cannot be bullish.Sarawak meranti regular prices are US$275-280 per cbm FOB.

In Sarawak, since January this year, log harvest quota changed from yearly to monthly so if log harvest volume is more than regulated quota, logs are not allowed to haul out and not allowed to carry over to next month so log suppliers produce only 90% of quota. This reduces available volume inevitably

Revision of JAS

Revised draft of the Japan Agricultural Standard (JAS) is submit to the Diet, which is now being held with the purpose of promoting export of Japanese agricultural and marine products. After discussion at the Upper House and Lower House, it will enter into force within a year.

The main purpose is to use JAS for promotion of Japanese agricultural and marine products at overseas market. Point is to make changes of various standards much easier.

Present JAS rules only quality of the products. After the revision, it sets partial standard on manufacturing, management, method of measuring and analysis.

In manufacturing standard of wood, if new manufacturing or technique in drying, fire proofing and anti-fungus are established to make product as value added product, standardization of such new technique appeal to differentiate the product from other products.

In management standard, it appeals maintaining quality of wood product if management standard is established to handle product under cover to prevent rain in every step of inventory or transportation.

Regarding standard on measuring and analysis, if objective visual standard can be made to judge luster of wood, number of dead knots and size of large knots, it would be a method of appealing beauty of solid wood by JAS.

In proposing a new standard by producer or producing region, precise standard to apply without change needs to be made but under revised rule, new standard can be proposed in rather imperfect shape.

Also in JAS mark, additional writing such as guaranteed quality or guaranteed of freshness can be printed.

In overseas market, it is common to call 'certification', which proves fitting standard such as ISO and the Forest Certification system by third party so revision includes changing from JAS approved to JAS certified.

Production of composite flooring in 2016

Production of composite flooring in 2016 was 67,825,000 square metres, 4.4% more than 2015. Active housing starts supported increased production. Market of composite flooring has changed largely in 2016.

Floor base is shifting from South Sea hardwood plywood to domestic cedar plywood. Sheet type with resin based materials for surface decoration also largely increased.

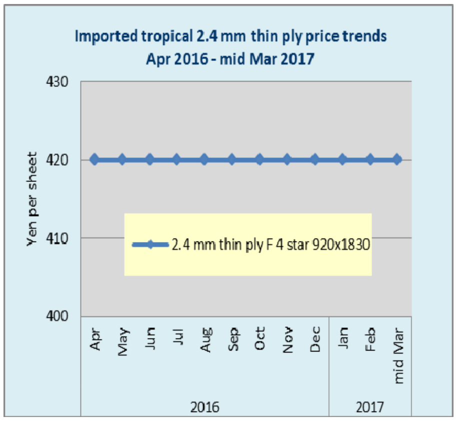
In 2016 production, floor base with South Sea hardwood plywood including composite with MDF was 44,573,000 square meter, 12.9% less than 2015. In total production share of imported hardwood plywood is still high with 66% but compared to 2015's 78.7%, 12.7 points dropped in 2016.

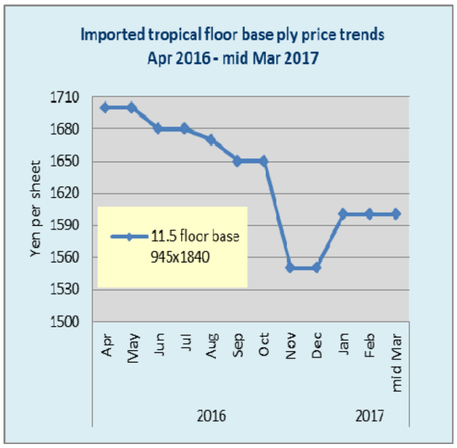
Meantime, domestic floor base (domestic plywood and combination of plywood and MDF) was 11,781 M square metres, 101.3%. Share of domestic base is 17.4% but from 2015's 9%, 8.4 points increased in 2016.

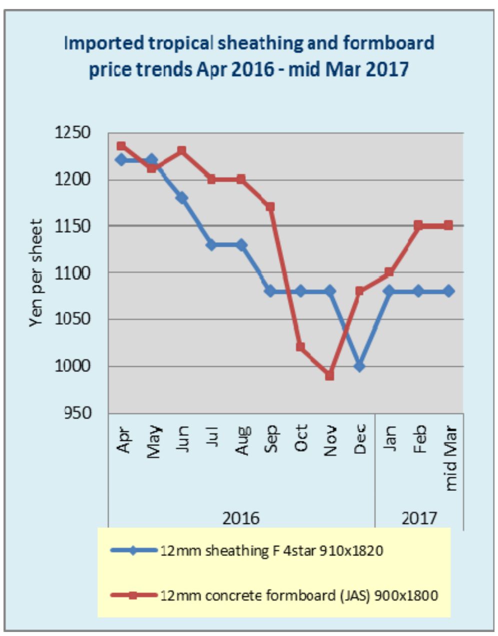
Domestic base with cedar, cypress and fir plywood combined with thin MDF to make surface smooth has been increasing largely in last one and two years because imported plywood prices have been high and exchange fluctuation influences yen cost but domestic products are nothing to do with exchange rate then the government encourages use of domestic wood with point system and consumers' concern to environmental protection promote use of domestic wood
products.

About 80% of composite flooring is used for floor heating floor: By technical improvement, domestic wood base can be used for floor heating floor so share of domestic floor base will continue increasing while South Sea hardwood plywood cost seems to keep climbing due to tight log supply.

Production of particleboard base type increased to 5,501,000 square metres in 2016, 164.5% more. It is ecological product and cost performance is good. For surface coating, use of sliced wood veneer decrease and there are more use of resin based materials like olefinic resin.







China

CORRECTION

Our correspondent in China has advised that she provided incorrect statistics used for the overview of China's 2016 imports reported in our report, Volume 21 Number 5, 1st – 15th March 2017. She extends her sincere apologies for this error as does ITTO. The following provides an assessment of China's 2016 imports based on more reliable data.

Softwood dominate log imports in 2016

China's log imports in 2016 totalled 48.73 million cubic metres valued at US$8.082 billion, a year on year increase of 9% in volume and 0.3% in value. The average price for imported logs was US$166 per cubic metre, a year on year decline of 8%.

Of total log imports, 2016 softwood log imports rose 13% to 34 million cubic metres, accounting for 70% of the national total. The average price for imported softwood logs was US$121 per cubic metre, down slightly on levels in 2015.

Hardwood log imports

Hardwood log imports grew 1.6% to 14.73 million cubic metres (30% of the national total log imports). The average price for imported hardwood logs in 2016 was US$270 per cubic metre, down 11% on 2015.

Of total hardwood log imports, tropical log imports were 9.1 million cubic metres valued at US$2.435 billion.

China's log import in 2016

Volume	2016 mil. cu.m	% change 2015-16
Total log imports	48.73	9
Softwood logs	34	13
All hardwood logs	14.73	1.6
Tropical Logs	9.1	2

Source: China Customs

Value	2016 US$ mil.	% change 2015-16
Total log imports	8082	0.3
Softwood logs	4111	12
All hardwood logs	3971	-10
Tropical Logs	2435	-15

Source: China Customs

Average log prices, 2016

	Average CIF Price US$/cu.m	% change 2015-16
Average log price	166	-8
Softwood logs	121	-0.6
All hardwood logs	270	-11
Tropical logs	267	-16

Data source: China Customs

New Zealand and Russia main sources of logs

New Zealand was the main log supplier to China in 2016 accounting for 25% of total log imports. Imports from New Zealand totalled 12.03 million cubic metres in 2016 a year on year increase of 12%.

The second ranked supplier of logs was Russia at 11.16 million cubic metres, accounting for about 23% of the national total. In 2016 a year on year increase of 5% was recorded for log imports from Russia.

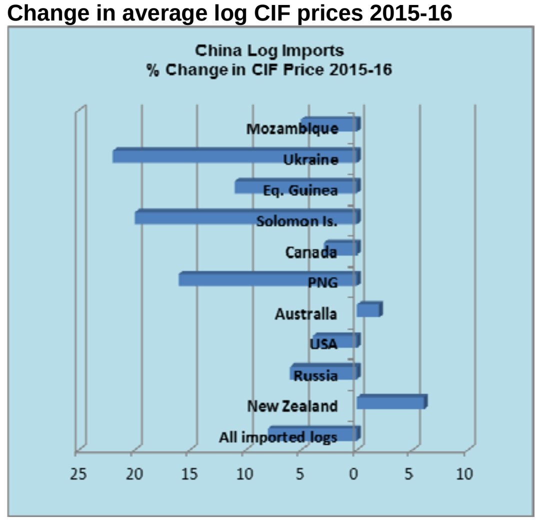
Average prices for imported logs from New Zealand rose 6%, but average prices for imported logs from Russia declined 6% in 2016.

Main countries shipping logs to China

	2016 log imports mil. cu.m	% Change 2015-16
Total log imports	48.73	9
New Zealand	12.03	12
Russia	11.16	5
USA	5.3	29
Australia	3.63	28
PNG	3.24	3
Canada	2.84	20
Solomon Is.	2.3	3
Eq. Guinea	1.08	65
Ukraine	0.92	-3
Mozambique	0.56	6

Source: China Customs

Change in average log CIF prices 2015-16



Data source: China Customs

Tropical hardwood log imports

Tropical log imports in 2016 totalled 9.1 million cubic metres up 2% year on year and accounted for 19% of the national total. The value of tropical log imports in 2016 was US$2.435 billion reflecting a 15% decline.

Before its log export ban Myanmar was a major source of tropical logs for China. However, China's log imports from Myanmar in 2016 fell to just 132,700 cubic metres valued at US$170.98 million. The average price for imported logs from Myanmar surged in 2016 to US$1,289 per cubic metre.

The average price for imported tropical logs in 2016 was US$267 per cubic metre, a year on year drop of 16%.

China imported tropical logs mainly from Papua New Guinea (36%), Solomon Islands (25%), Equatorial Guinea (12%), Cameroon (6%), Congo Brazzaville (5%) and Nigeria (3%). Just 10 countries supplied 94% of China's tropical log requirements in 2016.

Tropical hardwood log sources, 2016

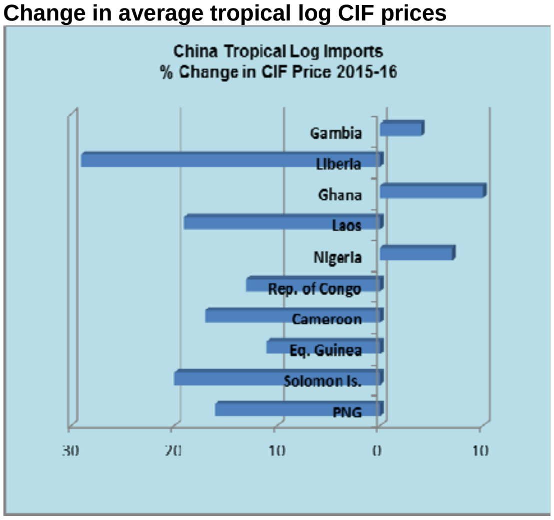
	2016 tropical log imports. mil. cu.m	%change 2015-16
PNG	3.24	3
Solomon Is.	2.3	3
Eq. Guinea	1.08	65
Cameroon	0.5	-10
Rep. of Congo	0.49	-6
Nigeria	0.31	-43
Laos	0.16	-38
Ghana	0.15	121
Liberia	0.14	21
Gambia	0.13	56

Source: China Customs

Log imports from Ghana and Equatorial Guinea surged 121% and 65% in 2016 respectively. Countries from which tropical log imports declined greatly included Nigeria (-43%) and Laos (-38%).

The main port for tropical log imports in 2016 was Nanjing Port which accounted for 87% of all tropical log imports.

Change in average tropical log CIF prices



Data source: China Customs

Main softwood log sources, 2016

	Softwood logs mil. cu.m	% Change 2015-16
New Zealand	11.97	12
Russia	9.25	3
USA	4.45	26
Australia	3.27	32
Canada	2.78	19
Ukraine	0.92	9
Japan	0.49	13
France	0.14	16
Belarus	0.12	-31
Estonia	0.1	90

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	9800-11800
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	5300-4500
Kapur	special grade	5000-6000
Teak	special grade	14000-20000

Zhangjiagang Timber Market Wholesale Prices

Logs, All grades	Yuan/tonne
Sapelli	3000-4000
Kevazingo	8000-32000
Padouk de afric	2400-3100
okoume	1400-1800
Okan	2400-2800
Dibetou	2200-2500
Afrormosia	5500-6500
Wenge	4700-5500
Zingana	3400-4800
Acajou de afica	3000-3500
Ovengkol	3850-4300
Paorosa	5900-6600
Merbau	3500-5800
Lauan	1800-2020
Kapur	2020-2500
Keruing	1700-2200
Geronggang	1600
kauri	1700-1850
Amoora	1900-2080
Calophyllum	2150-2350
Red ganarium	1300-1400

Sawnwood		yuan/cu.m
Cherry	FAS 2 inch	9000-1000
Black walnut	FAS	15000-18000
Maple	FAS	8200-10000
White oak	FAS	7500-13000
Red oak	FAS	6500-8300
Finnish pine	Grade A	2600-2900
Maple	Grade A	9000-9500
Beech	No knot	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	14-20⬆
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

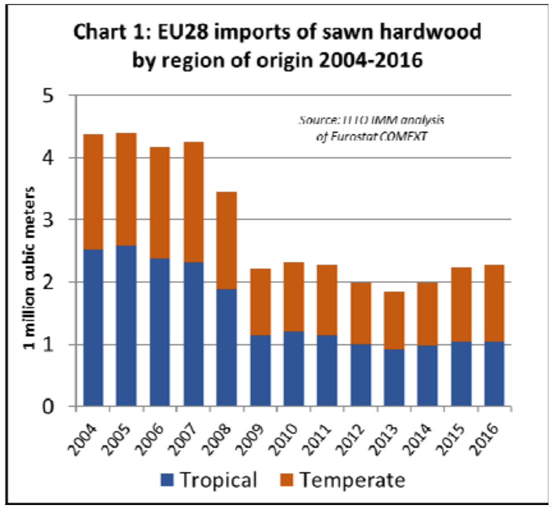
Europe

EU tropical sawn hardwood imports remain static in 2016

In 2016, EU imports of tropical sawn hardwood were 1.04 million m3, unchanged from the previous year. The value of EU imports increased by 2% to Euro775 million.

The average unit value of tropical sawn hardwood imports into the EU in 2016 was Euro747 per cubic meter, up from Euro730 per cubic meter the previous year.

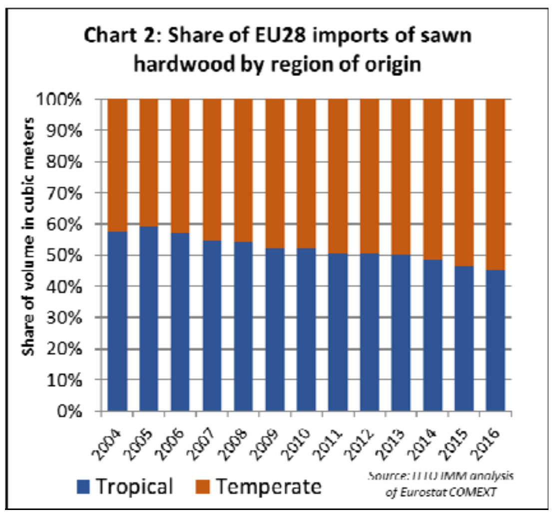
The volume of EU imports of tropical sawn timber remains stalled at historically very low levels. Import volume in 2016 was 12% higher than the all-time low of 930,000 m3 recorded in 2013 but remains 40% below the levels prevailing before the global financial (Chart 1).



Source: FII ITTO Analysis of Eurostat

The share of tropical in total EU sawn hardwood imports declined from 46.5% in 2015 to 45.6% in 2016, continuing a long term downward trend (Chart 2).

In 2016, EU imports of temperate sawn hardwood increased 3% to 1.24 million m3. This was mainly due to a 13% increase in EU imports of sawn oak from Ukraine in response to tighter controls on log exports from that country and extreme weakness of the Ukrainian currency.

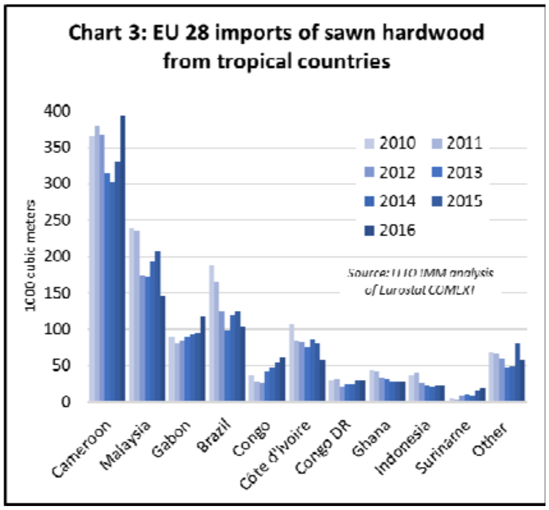


Source: FII ITTO Analysis of Eurostat

Rising dependence in EU on tropical sawnwood from Cameroon

The most notable trend in the supply of tropical sawn timber to the EU in 2016 was the rising dependence on imports from Cameroon.

EU imports from Cameroon increased 19% to 395,000 m3 in 2016, growing particularly rapidly into Belgium but with robust increases also into Italy, France, Spain, the UK and the Netherlands (Chart 3).



Source: FII ITTO Analysis of Eurostat

There was a significant increase in EU imports of sawn tropical wood from two other central African countries during 2016. Imports were up 22% to 117,000 m3 from Gabon and 13% to 62,000 m3 from the Congo Republic. Imports from both countries mainly enter the EU by way of Belgium.

However last year there was a particularly large increase in UK imports from Congo Republic, from 6500 m3 in 2015 to 14000 m3 in 2016.

A combination of factors contributed to rising EU imports from Cameroon, Gabon and Congo Republic during 2016 including the relative weakness of the euro against the dollar (which tends to favour African countries where currencies are linked to the euro); continuing efforts to add value prior to export in central Africa; and recent progress to implement forest certification in the Congo region.

In contrast to imports from central Africa, EU imports of sawn hardwood from West Africa were low and declining in 2016. Imports were down 30% to 57,000 m3 from Cote d'Ivoire and 2% to 27,000 m3 from Ghana, a reflection of the limited availability of hardwoods favoured in the European market.

Eurostat import data indicates a big decline in EU imports of Malaysian sawn timber in 2016, with nearly all the fall recorded as occurring into the Netherlands. Unfortunately, Dutch sawn hardwood import data has been unreliable in recent years, indicating a very significant upturn in import volume from Malaysia in 2015 followed by a crash in 2016.

Malaysian trade statistics, which appear to be more accurate, confirm that there was a rise in sawn hardwood exports to the Netherlands in 2015 followed by a decline in 2016, but the level of volatility is much less than suggested by Eurostat.

During 2016, Malaysian sawn hardwood imports were relatively low and flat into the other main EU markets for this commodity, including the UK, Germany, France and Belgium. This is due both to the continuing weakness of the euro against the dollar and the reorientation of Malaysian exporters away from European markets for sawn lumber in favour of emerging markets and value-added products such as LVL, doors and other joinery products.

Eurostat data suggests that EU sawn hardwood imports from Brazil fell 16% to only 104,000 m3 in 2016, only just above the all-time low of 99,000 m3 recorded in 2013. Imports from Brazil fell into both the Netherlands and France in 2016, a trend only partly offset by a slight rise in imports into Belgium.

As for Malaysia, the Eurostat data is questionable (particularly for Dutch imports) and contradict Brazilian trade statistics which indicate a slight rise in exports of sawn hardwood to the Netherlands and several other EU countries in 2016.

Despite these discrepancies, it is clear that Brazilian sawn hardwood exports into the EU are now very low by historical standards and that a large proportion of the relatively limited volume of this commodity that Brazil makes available to international markets is now destined for other countries.

Global Trade Atlas data indicates that Brazil exported 284,000 m3 of sawn hardwood in 2016, of which 39,000 m3 went to China, 39,000 m3 to India, 31,000 m3 to Vietnam and 28,000 m3 to the US.

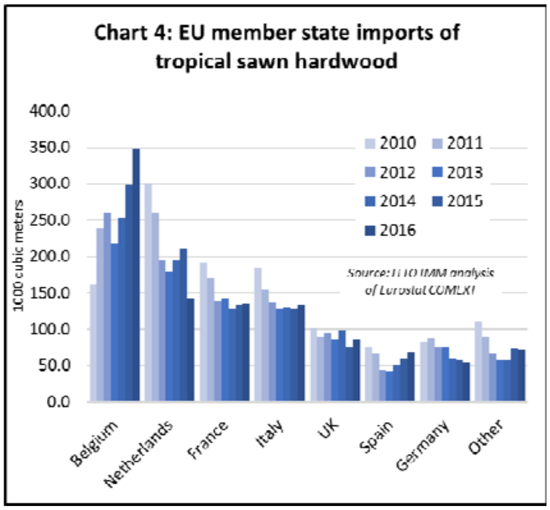
Brazilian exports of sawn hardwood to all EU countries were 94,000 m3 in 2016, up from 81,000 m3 in 2015, but well below levels before the financial crises which were typically in excess of 500,000 m3 per year.

EU tropical wood imports increasingly shipped through Belgium

On the demand side, the most notable trend in EU tropical sawn hardwood imports during 2016 was increasing concentration of trade through Belgium (Chart 4). This trend is much more indicative of changes in distribution channels for tropical wood within the EU than of variations in regional demand.

For reasons probably associated with differences in transit times or local costs, EU tropical wood importers currently prefer the Belgian port of Antwerp over the Dutch and French ports. The wood entering by way of Belgium is being distributed throughout North Western Europe.

The focus on Belgium is also linked to the rising dependence on tropical sawn wood from Central Africa where kiln drying facilities are limited. Much of the African wood shipped into Belgium arrives green and will be kiln dried there, or in Netherlands or northern France, before being distributed into other parts of Europe.



Source: FII ITTO Analysis of Eurostat

Spain's tropical wood market recovers some ground

Hardwood consumption in Spain has recovered some ground, but growth remains slow and hardwood products are coming under renewed pressure from substitutes, including other wood non-wood products.

More positively for tropical wood, tightening supply and rising prices for European oak and American white oak, is encouraging some importers to focus again on tropical wood.

These were some of the messages that came out of the General Assembly of the Spanish timber trade association AEIM held in Madrid on 10 March. The Assembly was attended by 78 representatives of timber companies including distributors, manufacturers and agents from across Spain, the highest level of attendance ever recorded.

Overall the view was that supply and demand in the tropical hardwood market in Spain is reasonably well balanced, with sufficient supply to match demand which is still limited but rising slowly.

The main tropical species imported into Spain are ayous for interior mouldings and iroko for window frames, with small volumes of other species such as sapele, tali, cumaru, and jatoba for various niche applications.

Spain imported around 68,000 m3 of tropical sawn hardwood in 2016, a gain of 14% compared to the previous year. Imports from Cameroon, by far the leading supplier, increased sharply, by 24% to 45,000 m3 in 2016.

There was also a 4% increase in imports from Brazil to 8500 m3 and a 54% increase in imports from Gabon to 3500 m3. These gains offset a 23% fall in imports from Cote d'Ivoire to 3200 m3 and 60% decrease in imports from Congo Republic to only 1100 m3.

At the AEIM General Assembly concerns were expressed over the increasing problems to source European oak, a situation which has arisen due to restricted harvesting and strong demand for logs from other sectors, notably the barrel stave market, and for overseas export, particularly to China and Vietnam. Prices for American white oak have also been rising on the back of improved domestic US demand and export demand in the Far East.

Spanish importers are struggling to pass on higher white oak prices to consumers. As a result importers have been running down existing stocks and seeking cheaper alternatives. Some are buying in more American red oak, which is currently about 20% cheaper than white oak. Some are also now sourcing more ayous and other African timbers.

As for other wood products, Spanish timber traders at the AEIM General Assembly commented that consumption of structural products, such as laminated beams, and of treated wood for exteriors is now increasing in Spain.

The economic situation in Spain is improving but still uncertain. The headline economic figures are encouraging but the financial crisis and the current political and economic uncertainty in the Eurozone is affecting consumer confidence. Unemployment is still high and consumers are reluctant to spend on what they see as luxury items such as hardwood furniture, kitchens and flooring.

The use of hardwood is restricted to the higher value end of the market although the boom in tourism is still fuelling strong demand for hotel and restaurant renovation especially in coastal regions.

There also appears to be a move at the lower, more cost sensitive, end of the market away from solid hardwood towards cheaper substitutes such as veneer boards or non-wood materials like vinyls and ceramics, some of which imitate the look of wood.

CLT - a new high volume market for structural hardwoods

While much of the discussion at the TTF Conference focused on constraints and suggested that market prospects for hardwoods in the UK will remain restricted, the TTF Conference ended on a more optimistic note. A representative of one of the UK's largest engineering firms highlighted the considerable market potential for hardwood Cross Laminated Lumber (CLT).

Use of CLT, which is extremely strong and stable and can be engineered to extremely high tolerances, is allowing timber to be used for the first time for high-density high-rise construction.

The world's tallest timber building - completed in 2016 in Vancouver, Canada - has 18 storeys made possible by the use of CLT. Another project just launched in Amsterdam will involve construction of a 21-storey building in CLT.

CLT production capacity in Europe has risen dramatically in Europe in recent years and now amounts to close to 1 million cu.m per year, concentrated in Germany and

Austria. While production to date has been almost exclusively in softwoods (mainly Spruce), there is growing interest in using hardwoods.

AHEC has been playing a leading role to develop potential for hardwood CLT in Europe and elsewhere. It has been involved in two high profile demonstration projects – the Endless Stair and the Smile – in which leading architects were commissioned to construct large installations as prominent features at the London Design Fair. Both installations demonstrated CLT manufactured using American tulipwood.

These demonstration projects encouraged construction of the first permanent structure in hardwood CLT, a "Maggie's Centre" building recently completed in Oldham in the north of England.

These various CLT projects have shown that use of hardwood for CLT is more expensive than softwood on a per cubic meter basis, but that the extra cost can be offset by the much higher strength achieved by hardwoods.

This allows smaller volumes to be specified, saving on the cost of purchasing and transporting materials.

Use of hardwood CLT also allows the creation of less bulky and more attractive structures, particularly as architects are increasingly keen to leave the structural CLT elements exposed for display in the finished building.

While at present only temperate hardwoods are being considered for use in CLT, a representative of one large hardwood manufacturer at the TTF Conference suggested there may well be opportunities for tropical hardwood in this sector, given the high strength to weight ratio of many tropical species, and their durability (implying particular advantages for CLT elements exposed to the weather).

While there is potential for use of tropical wood CLT in Europe, it was also noted that some of biggest opportunities may well be in tropical countries where there is rapid growth in demand for more efficient and sustainable high-density construction systems.

The TTF Conference also highlighted that there is much work to be done to exploit the opportunity. The sustainability argument is important but in this sector, as in others, it was emphasised by the representative of one leading UK engineering firm, "there is not a single UK developer who will pay any more for sustainability".

He noted that for commercial building "the advantage of wood is speed" and that CLT buildings are "the flat-packed furniture of the construction sector".

It was also emphasised that using any wood for structural applications is a very different proposition from use in joinery – if a building collapses people may be killed and the developer is liable.

Any hardwood producer wanting to participate in the CLT market will have to perform structural testing and make available structural strength data. This testing is too expensive and time-consuming to be carried out for individual projects.

Therefore, it must be carried out well in advance and the data made readily available. It was also noted that CLT manufacturers, while utilising lower grades of sawn timber, will require wood to be kiln dried and supplied in standard widths and lengths rather than in random sizes.

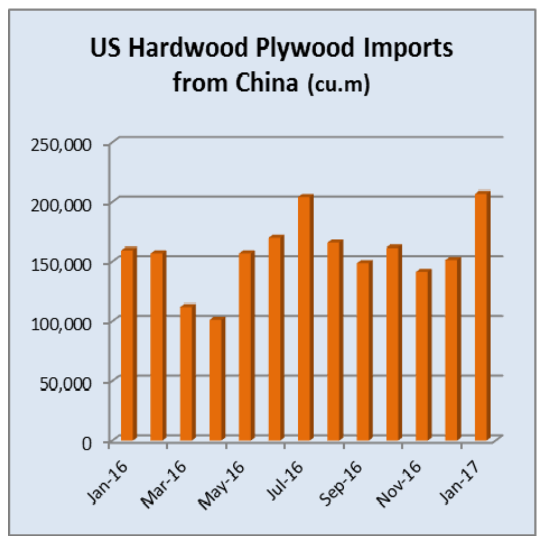
North America

More hardwood plywood from China, Indonesia, Malaysia

The volume of hardwood plywood imports grew one third in January from the previous month and at US$155.4 million imports were 28% higher than in January 2016.

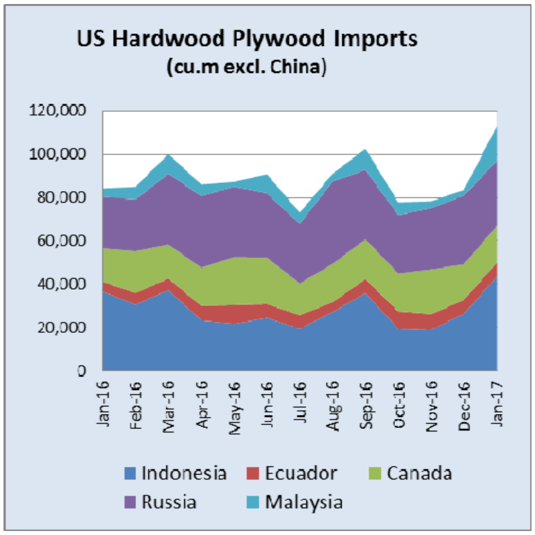
Much of the growth was in plywood imports from China, Indonesia and Malaysia. Imports from China were 206,870 cu.m. in January and accounted for 60% to total hardwood plywood imports.

Indonesia's shipments to the US were 43,442 cu.m. in January, up 18% from the same time last year. Hardwood plywood imports from Malaysia more than tripled from January 2016 to 15,829 cu.m.



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

Among smaller suppliers Cambodia and Vietnam continued to grow plywood shipment to the US market. Both countries exported over 3,000 cu.m. each to the US in January.



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

Tropical veneer imports down except from Cameroon

Tropical hardwood veneer imports declined 6% in January to US$2.7 million. Imports from all major suppliers decreased except Cameroon. Italy remained the by far largest supplier of tropical veneer to the US, followed by China, Cote d'Ivoire and Cameroon.

China the leading supplier of hardwood mouldings

Hardwood moulding imports were worth US$16.7 million in January, unchanged from January 2016. However, China surpassed Brazil as the largest source of US imports. Imports from China were US$5.8 million and from Brazil US$4.3 million.

Malaysian shipments were almost unchanged from January 2016 at US$1.1 million. Imports from Indonesia increased to US$707,197 in January.

China's 35% share of hardwood flooring imports

January 2017 hardwood flooring imports gained 42% year on year and were worth US$3.8 million in January. Imports of assembled flooring panels (including engineered hardwood flooring) were US$14.3 million, 61% higher than in January 2016.

China's share in hardwood flooring imports has increased substantially. Imports from China were worth US$1.35 million and accounted for 35% of total monthly hardwood flooring imports in January. Indonesia was the largest source of imports in 2016, but in January Indonesian shipments to the US were worth only US$494,931.

Hardwood flooring imports from Malaysia were also down compared to January 2016. Imports from Europe surpassed US$0.5 million in January.

Imports of assembled flooring panels decreased 11% month-over-month on January, but imports from Brazil and Thailand were up. China remained the largest source of imports in January at US$6.0 million, followed by Canada and Indonesia. Assembled flooring imports from all leading suppliers were higher than in January 2016.

Wooden furniture imports remain at record high levels

The value of wooden furniture imported in January was almost unchanged from the previous month at US$1.58 billion. Imports were 13% higher than in January 2016. Furniture imports from China declined 2% month-over-month to US$768 million in January, but imports were 12% higher than at the same time last year.

The strongest growth was in wooden furniture imports from Vietnam, which increased 10% from December to US$339 million. Imports from Vietnam were 24% higher than in January 2016. Furniture imports from Canada, Mexico and India were also up compared to January 2016.

Malaysian furniture exports to the US were US$58.9 million in January, unchanged from December and slightly down from January last year. Imports from Indonesia were slightly down in January at US$45.9 million.

Imports of non-upholstered wooden seats grew for the third consecutive month in January. Upholstered seating imports declined 3% from December. Imports of wooden kitchen and bedroom furniture were up in January, while office furniture imports declined.

US producers want earlier action on plywood imports from China

The Coalition for Fair Trade of Hardwood Plywood has filed "critical circumstances" petitions with the Department of Commerce according to the Hardwood Plywood and Veneer Association. The purpose is to stop an increase in Chinese hardwood plywood shipments to the US before antidumping and countervailing duty orders are imposed.

Duties are due to be determined April 17 for countervailing duties and June 16 for antidumping duties. If the petitions are successful, antidumping and countervailing duties will be imposed 90 days earlier than currently scheduled. If critical circumstances are found, Chinese hardwood plywood imported as early as January 17 will be subject to countervailing duties, and plywood imported as early as March 16 will be subject to antidumping duties.

The previous Department of Commerce investigation ended with the removal of all anti-dumping and countervailing duties on hardwood plywood from China.

Vietnamese furniture manufacturing facility to open in US

The Vietnamese furniture producer Vinh Long has announced a US$15 million investment in a new furniture plant in Arkansas. It will be the first Vietnamese-owned manufacturing plant in the US according to the company. Vinh Long plans to produce particleboard furniture for Ikea and other retail customers in North America.

The state of Arkansas will provide an incentive package to the company after it has hired the planned 75 employees for the manufacturing facility. Vinh Long cites sustainable supply of raw materials and local support as reasons for the investment.

Furniture manufacturing down for third consecutive month

Real gross domestic product (GDP) increased at an annual rate of 2.1 percent in the fourth quarter of 2016 according to the second estimate released by the US Department of Commerce. In the third quarter, real GDP increased 3.5 percent.

.

The unemployment rate changed little in February. The rate was 4.7%, down from 4.8% in January according to the US Bureau of Labor Statistics. Employment grew in construction and manufacturing.

Economic activity in the manufacturing sector expanded in February and the overall economy grew as well, according to the Institute of Supply Management. New orders, production, inventories and employment increased industry-wide.

The only industry that reported contraction in February was furniture and related products. It was the third consecutive month of lower activity in furniture manufacturing. Wood product manufacturers reported growth in February.

Consumer confidence was high in early March and significantly up from March 2016, according to the University of Michigan consumer confidence index. Households were more optimistic about current economic conditions than any other time since 2000, mainly due to better personal finances.

Consumers were divided about future economic prospects. Republican voters expect strong economic growth, while Democrats anticipate a deep recession, which may discourage their discretionary spending.

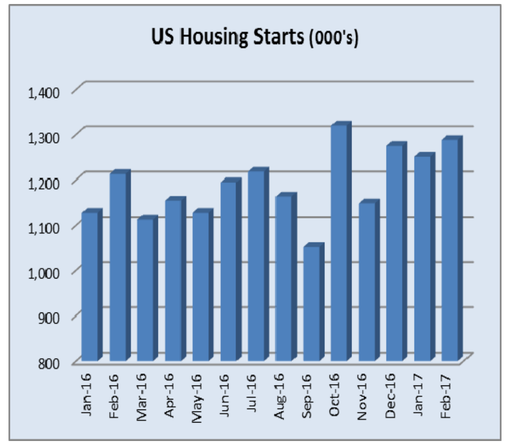
Housing construction up in February

Housing starts increased 3% in February to a seasonally adjusted annual rate of 1,288,000, according to the US Department of Housing and Urban Development and the Commerce Department. Single-family home construction grew over 6% and accounted for 68% of total starts.

The number of building permits issues, which indicates future building activity, decreased 6% in February from the previous month at a seasonally adjusted annual rate. Multi-family permits fell, while single-family authorizations increased 3%.

In February builders' confidence in the market for new single-family homes jumped to its highest level since June 2005, according to the National Home Builder Association.

The association's chairman cited President Trump's recent executive order to repeal or revise the "Waters of the United States Rule" for protecting waterways that can affect permitting of construction.



Source: US Census Bureau

Sales of existing homes sales declined in January, according to the National Association of Realtors. February's sales were still 4% higher than a year ago. The median price of existing homes increased for the 60th consecutive month. The median home price was 8% higher than a year ago.

Lacey Act and composite wood products

Like other imported wood products, particleboard and MDF fall under the US Lacey Act to prevent trade in illegally logged timber. The United States Department of Agriculture describe the procedure of declaring composite products where identifying the species may be difficult.

If species identification is difficult while using due care, a Special Use Designation (SUD) can be used. So-called 'Special Composite SUD' is allowed for products that are made from more than one plant species, processed into small fibres and bonded together. This includes MDF, HDF, OSB, particleboard, paper, paperboard and cardboard.

The SUD cannot be used to declare plywood. Plywood has to be declared by wood species, unless it has a composite core. The outer plies still need to be filed normally.

The requirements for composite wood products are available in the Frequently Asked Questions section of the Lacey Act webpage:

https://www.aphis.usda.gov/plant_health/lacey_act/downloads/Lacey-Act-Program-faq-11-23-2016.pdf

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.

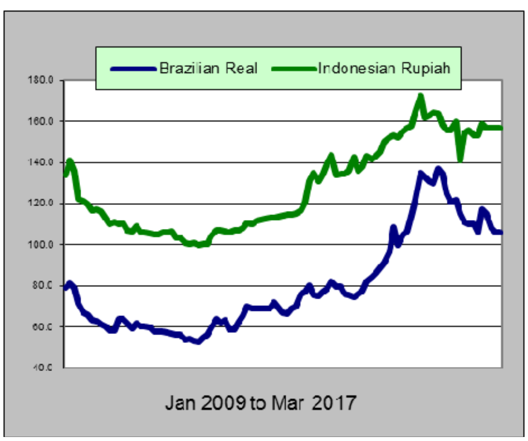
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

Dollar Exchange Rates

As of 27 March 2017

Brazil	Real	3.1263
CFA countries	CFA Franc	613.56
China	Yuan	6.8729
EU	Euro	0.9205
India	Rupee	65.07
Indonesia	Rupiah	13310
Japan	Yen	110.66
Malaysia	Ringgit	4.4120
Peru	New Sol	3.25
UK	Pound	0.7963
South Korea	Won	1111.31

Exchange rate indices (US$, Dec 2003=100)

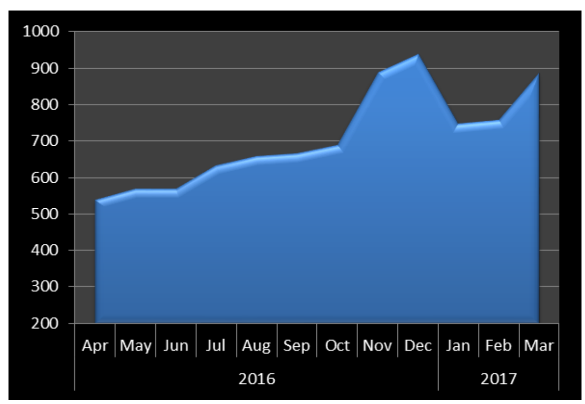


Abbreviations and Equivalences

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
April 2016 – March 2017

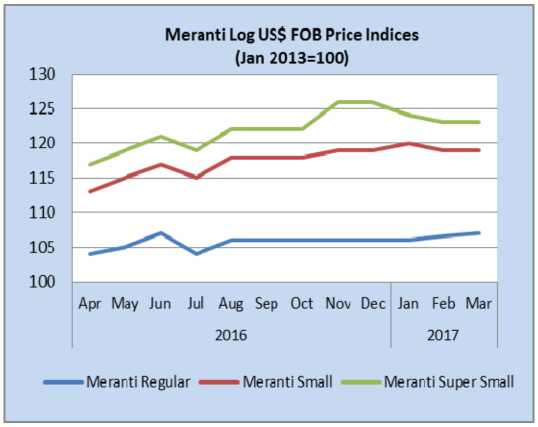


Data source: Open Financial Data Project

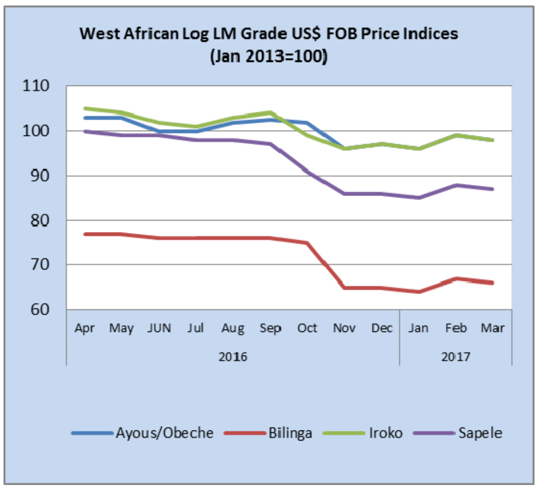
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

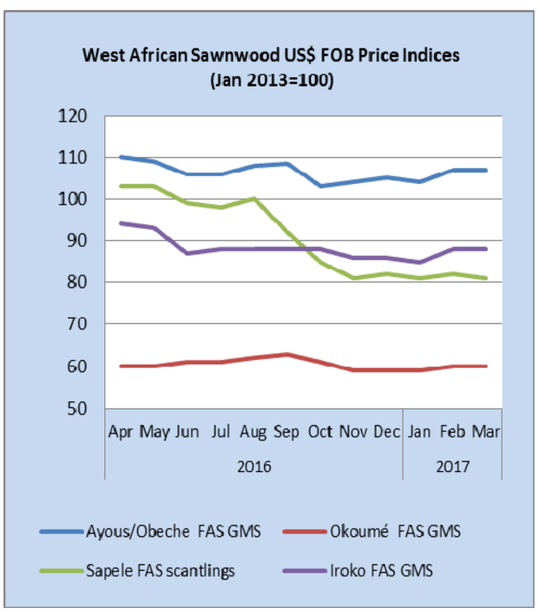
Price indices for selected products

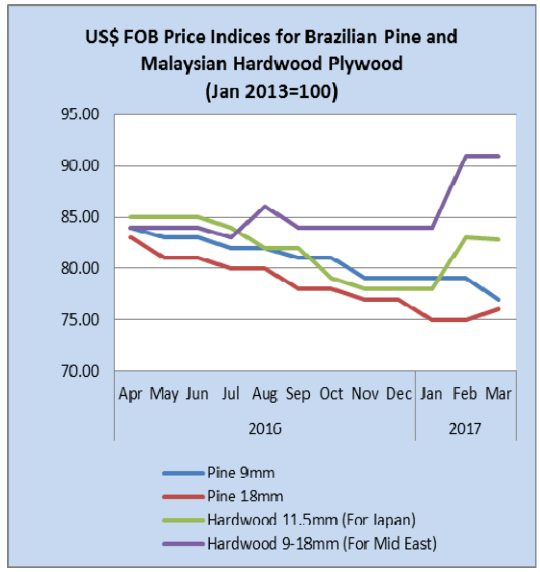
The following indices are based on US dollar FOB prices

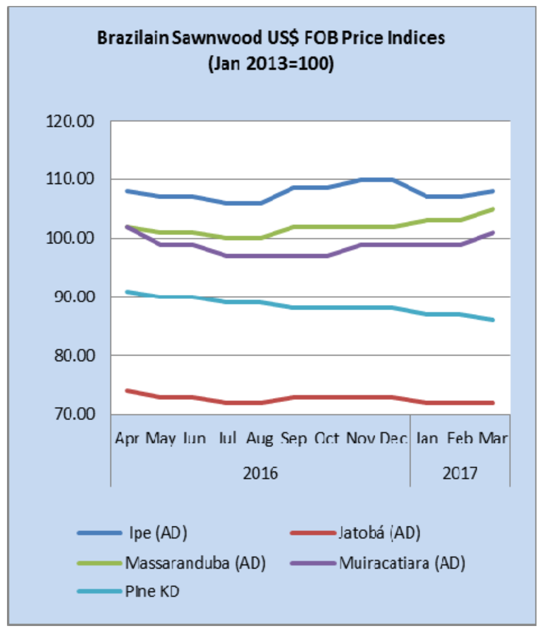


Note: Sarawak logs for the Japanese market









Note: Jatobá is mainly for the Chinese market.

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

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