

Tropical Timber Market Report

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Top Story

LCA provides foundation for new tropical wood promotion campaign

A group of Netherlands Timber Trade Association (NTTA) members is planning to use the findings of two recent Life Cycle Assessment (LCA) projects as the basis of a campaign to promote greater use of sustainable tropical timber.

The campaign will target civil engineers, and focus on both sustainable tropical timber’s environmental benefits, in relation to climate change mitigation, renewability and low environmental impacts and its technical, design and low maintenance attributes.

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Central and West Africa

Markets take a breather

Producers report a few minor price changes for recent sawnwood shipments but log prices have stabilised after the recent bout of weakness for a few species.

Analysts report a pause in the general upward trend in prices and volumes that buoyed the markets through until the end of September. Producers are hoping that the current slowdown in forward orders for China is only a temporary phase as importers and merchants re-balance landed stocks.

The anti-dumping duties the US has imposed on plywood imports from China have resulted in a drastic decline in plywood imports which will impact China's demand for logs. While this would affect Asia/Pacific log suppliers more than African exporters, some African shippers are already noticing a slight slowdown in orders for okoume logs.

Kevazingo in the news again – exports likely to continue

The latest news from Gabon is that the government has decided not impose the 6 month moratorium on felling, processing and export of kevazingo. It appears that the government plans to consult with the larger millers to select those which may be authorised to process and export this valuable timber which is in very high demand in China.

Kevazingo is CITES listed and inspections and monitoring are to be strengthened to ensure exports are compliant with the CITES regulations.

Rains are still affecting production in Cameroon and Gabon is also now experiencing rains in the north of the country and the south will some be affected.

Generally slow demand all round

The markets in the Middle East continue to be firm and active but producers report that European demand is still dull with no sign from buyers of any sudden increase in orders.

US demand for tropical timbers from Africa is low and seems unlikely to improve even though house starts continue to rise.

For South Africa, prospects for new business appear bleak as the government is not in a position to stimulate demand in the private sector or to release funds for planned infrastructure projects. The forthcoming elections may help to stabilise the situation but, in the meantime, timber trading both domestically and imports is reported at very low levels.

Viewing the fourth quarter market prospects it appears that the subdued market activity will prevail where importers are cautious and exporters ready themselves for stable prices but marginally lower forward sales.

Log export prices

West African logs Asian market	FOB Euro per cu.m		
	LM	B	BC/C
Acajou/ Khaya/N'Gollon	215↓	215↓	160
Ayous/Obeche/Wawa	245	240	190
Azobe & Ekki	230	230	160
Belli	250	250	-
Bibolo/Dibétou	180	170	-
Bilinga	230	230	-
Iroko	325	300	265
Okoume (60% CI, 40% CE, 20% CS) (China only)	245↑	240	190
Moabi	330	300	235
Movingui	210	200	160
Niove	175	160	-
Okan	230	205	-
Padouk	300	275	210
Sapele	260↓	260↓	220
Sipo/Utile	290	270	200↓
Tali	330	320	-

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	425↓
Bilinga FAS GMS	530
Okoumé FAS GMS	430
Merchantable	320↑
Std/Btr GMS	350
Sipo FAS GMS	540
FAS fixed sizes	560↑
FAS scantlings	560
Padouk FAS GMS	880↑
FAS scantlings	1000↑
Strips	645
Sapele FAS Spanish sizes	505
FAS scantlings	510
Iroko FAS GMS	630
Scantlings	710
Strips	410
Khaya FAS GMS	450↓
FAS fixed	470
Moabi FAS GMS	620
Scantlings	630
Movingui FAS GMS	430

Ghana

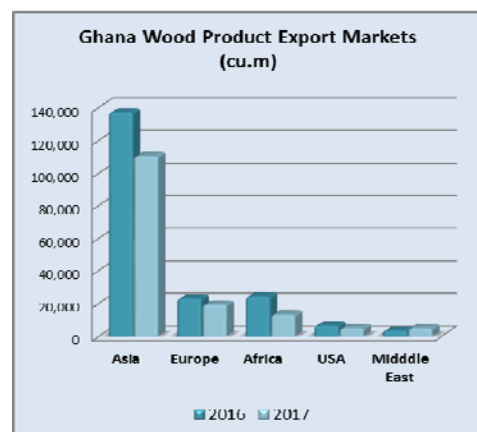
First half export round-up

Ghana earned euro 82.9 million from the export of 152,652 cu.m of wood products in the first half of 2017. This represented an 25% decline in export earnings and a 21% decline in export volumes compared to the first half of 2016.

June exports totalled 35,700 cu.m, down almost 6% year on year. June primary product exports, comprising poles and billets, earned euro 3,779,262 from 12,462 cu.m, representing 8% of total wood product export volumes in the first half of the year.

June exports of secondary wood products comprising sawnwood, plywood, boules, veneer and kindling formed the bulk of wood product exports and earned euro 76,301,287 from a volume of 134,140 cu.m.

In Ghana, tertiary wood products are defined as processed mouldings, flooring, dowels and furniture parts and June export earnings totaled euro 2,814,038.



Data source: Ghana Forestry Commission, TIDD

State finances get a boost as oil production ramped up

A report from the Bank of Ghana shows that oil revenues more than doubled between the second half of 2016 and the first half of this year as production was increased. Output levels have risen steadily since the start of a new well in August 2016.

The rises in output and revenue have allowed the government to expand contributions to the Petroleum Holding Fund, the Ghana Stabilisation Fund and the Ghana Heritage Fund which serves as a savings pool for future generations.

For more see: <http://www.oxfordbusinessgroup.com/economic-news-updates?country=54035>

Private sector confidence at new high

The Association of Ghana Industries (AGI) newsletter for the second quarter of this year points to rising business confidence. The AGI business barometer for the second quarter of 2017 jumped to the highest since 2012 reflecting a significant change in confidence.

Behind the rise was the easing of the tax burden on businesses which lowered the cost of doing business. Also the drop in interest rates help push the index higher.

Expectations of Government's One-District-One-Factory initiative aided by US\$1.5 billion Chinese financing also boosted expectations in the private sector.

For more see:
http://agighana.org/uploaded_files/document/1ecb3d37056e8d2b38c57cac38086646.pdf

Boule Export prices

	Euro per m ³
Black Ofram	400
Black Ofram Kiln dry	482
Niangon	530↓
Niangon Kiln dry	620

Export Rotary Veneer Prices

Rotary Veneer, FOB	Euro per m ³	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	315↑	400
Chenchen	425	468
Ogea	467	604
Essa	439	500
Ofram	350	406

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

Export Sliced Veneer

Sliced face veneer	FOB Euro per m ³
Arormosia	-
Asanfinia	815↓
Avodire	897
Chenchen	951↑
Mahogany	915↓
Makore	783↓
Odum	917

Export Plywood Prices

Plywood, FOB	Euro per m ³		
BB/CC	Ceiba	Ofram	Asanfinia
4mm	355↓	586	641
6mm	550	535	626
9mm	407	474	560
12mm	470	463	480
15mm	450	356	430
18mm	417	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
Asanfinia	492	564
Ceiba	209	280
Dahoma	380	494↑
Edinam (mixed redwood)	520	580
Emeri	380	510
African mahogany (Ivorenensis)	870	1033↑
Makore	685	730
Niangon	620	650
Odum	755	936↑
Sapele	700	857↑
Wawa 1C & Select	370	441↑

South Africa

Business will remain quiet until housing market recovers

Consumer confidence is at an all-time low in South Africa as near zero economic growth, high unemployment and political uncertainty weighs on sentiment. Against this backdrop it is not surprising that the housing market is severely depressed.

Recently released data shows the extent of the problem; year on year, approved plans for homes over 80 sq.m are down 27%. There has been a sharp drop (26%) in approvals for apartments and an over 50% decline in approvals for other residential buildings.

On top of this, approvals for non-residential buildings as well as for renovations are both down from a year earlier. The collapse of the housing market is impacting the timber and hardware sectors.

Meranti windows face tough competition in low-medium income home segment

It is no surprise that domestic pine mills are seeing stock levels rise beyond anything they have experienced and sales prices are coming under pressure. The woodbased panel market is suffering the same as the sawnwood market and there has been a fair amount of discounting as producers try and rebalance stocks.

In contrast, demand for American hardwoods has been surprisingly steady with good demand for white oak and ash. There has also been some demand for walnut. Also, traders report good business in European timbers especially spruce and larch including engineered beams.

Of concern is the falling demand for meranti due to the drop in housing activity. Meranti windows are mainly for the high end of the housing market where construction has slowed. While the slowdown in building has affected the lower end of the market to a lesser degree, demand in this segment is for aluminum windows not meranti.

The perennial problem of supply continuity for African timbers continues. Until this can be addressed South African importers remain reluctant to commit if they cannot be assured of a consistent supply.

Timber products to reduce the environmental impact of buildings

“South Africa was the first African country to develop a ‘green’ building rating system and today has a number of rated green building projects” according to authors of a new life-cycle study.

A recent investigation reported in the South African Journal of Science compares the environmental impact of different roof truss systems in South Africa. More than 70% of all sawnwood in South Africa is used in buildings, especially in roof structures where light steel is a competitor.

Using a simplified life-cycle assessment approach a team compared several roof truss systems used in low to medium-income homes in South Africa. The results show that the two timber systems had overall the lowest environmental impact.

See: <http://www.sajs.co.za/potential-south-african-timber-products-reduce-environmental-impact-buildings/philip-l-crafford-melanie-blumentritt-c-brand-wessels>

Malaysia

Restrictions on foreign workers lifted

The Malaysian media has reported that Deputy Home Minister, Nur Jazlan Mohamed, has said a decision has been taken on allowing export oriented manufacturers to employ more foreign workers. However, the press coverage is contradictory with some saying the government policy on restricting foreign workers has been lifted while others say a change in the regulation is being considered.

The rationale for change is based on a World Bank report which it is claimed says a 10% net increase in low-skilled foreign workers would raise real gross domestic product by 1.1% as the wages for these workers keep overall wages down which, in turn, lowers prices and production costs and boosts exports.

For more see:
<https://www.themalaysianinsight.com/s/18051/>

In related news the World Bank has revised up Malaysia's gross domestic product growth forecast for this year to 5.2% from the 4.9% in June.

Faris Hadad-Zervos of the World Bank said the Bank expected growth in Malaysia to trend higher as long as the economy remains open and as long as global economic growth continues.

Clean Air Regulations to impact new companies

Malaysia's Environmental Quality (Clean Air) Regulations 2014 or CAR 2014 sets out to control emissions of air pollutants from various industrial operations and timber industries are included in CAR 2014 depending on the operations and processes it adopts as well as the type and amount of pollutants it produces.

Existing factories were given a five-year grace period (until June 2019) to comply but new enterprises and new installations in existing factories must comply with CAR 2014 immediately.

Analysts report the timber industry will face many challenges in complying with this regulation. To help address this the Malaysian Timber Council has organised a seminar to enable stakeholders to better understand CAR 2014 and sharing industry best practices.

Idea for a pulp mill in Sarawak raised once again

After leading a Sarawak delegation to visit a factory at Kunda in Estonia, Deputy Chief Minister, Awang Tengah Ali Hasan, said Sarawak has the potential to develop a mechanical pulp mill to utilise forest plantations.

The idea for a pulp mill in Sarawak has been raised over the past several years but this latest visit to a chemi-thermomechanical pulpmill has rekindled interest in Sarawak.

Aim to end illegal logging by 2020

The Sarawak Forest Department hopes to eliminate illegal logging by 2020, said its Deputy Director, Jack Liam. However, he said this was a challenging task due to the state's vastness and the fact that the perpetrators were getting very smart in avoid detection.

The Forest Department was collaborating with other government agencies especially the Marine Police, General Operations Force (GOF), Sarawak Forestry Corporation (SFC) as well as the Malaysian Maritime Enforcement Agency (MMEA) to achieve its target.

Until the end of September, 9,093 cubic metres of logs with an estimated royalty value of RM591,370 had been seized along with assets including a ship, trucks, excavators and tractors.

Sabah exports

The Sabah Department of Statistics released data which showed export of timber products dropped by 3.7% in first half of 2017 as compared to the same period last year. This year the value first half exports was RM785,474,320 compared to RM815,920,456 last year.

Export value, Ringgit

	2017	2016
Sawnwood	193,069,558	159,168,850
Plywood	470,168,390	535,113,001
Veneer	58,383,021	58,256,332
Moulded timber	24,581,257	20,957,387
Laminated board	39,272,320	42,424,886

Export volume, cu.m

	2017	2016
Sawnwood	93,781	84,469
Plywood	265,057	287,286
Veneer	35,750	32,921
Moulded timber	4,778	4,643
Laminated board	17,492	20,353

August plywood prices

Plywood traders based in Sarawak reported the following export prices:

FB (11.5 mm)	US\$ 600 FOB
CP (3' x 6')	US\$ 500 C&F
UCP	US\$ 570 C&F
Standard 4x8 panels	
Middle East (12mm)	US\$ 400 FOB
S. Korea (9mm and up)	US\$ 420-425 FOB
Taiwan P.o.C (9mm & up)	US\$ 420 FOB
Hong Kong	US\$ 430 FOB

Indonesia

SVLK implementation needs to take account of realities faced by small craftsmen

Furniture makers in Jepara, Central Java recently met to discuss the constraints faced by small and medium enterprises in implementing the SVLK timber legality verification system.

The meeting was facilitated by the Center for International Forestry Research (CIFOR) and the Head of the Sub Directorate of Wood Legality Verification Information in the Ministry of Environment and Forestry, Mariana Lubis, was present.

The chairman of the Jepara Wood Crafts Association, Margono, pointed out the many problems faced by furniture craftsmen. The main problems identified were access to investment capital, the availability and cost of raw materials, inadequate human resources, the lack of marketing know-how and SVLK enforcement. Margono said most of these problems have been around for a long time but compliance with the SVLK is a new and troublesome issue.

He said the application of SVLK for furniture craftsmen is complex. First, most SMEs do not have the management capacity to handle the new requirements. Secondly, compliance is a major expense for SMEs. Another problem is that enterprises see no direct benefit in becoming V-legal.

In response, Mariana Lubis said SVLK compliance is the only path to access to the EU markets but she acknowledged SMEs face serious problems with implementation of the SVLK and that implementation needs to take account of the real conditions faced by small craftsmen.

In related news President Joko Widodo has called on the various ministries and agencies to modernise the handicraft industry from upstream to downstream so that the sector can expand.

He said efforts need to be made to address raw material supply, manufacturing technology as well as finishing and packaging to marketing.

Talks started on rattan export regulations

The government and the private sector are discussing the recent changes to the rattan export restrictions and will begin by analysing supply and demand. Recent changes in the rules on rattan exports allows the export of semi-processed rattan.

The ministry is discussing the issue with the private sector in the Indonesian Rattan Businessmen Association (Apri) and the Indonesian Furniture and Craft Association (Himki).

To advance the discussion Apri is calculating the supply and Himki the demand. According to Enggartiaso Lukita of the Ministry of Trade, the final data will be compiled by PT Perusahaan Perdagangan Indonesia (PPI), the only Indonesian state-owned trading house. If a surplus is found then PPI alone can export rattan in semi-processed form. Others wishing to export must fully process the rattan into final products.

In related news, the Director of Forest and Plantation Products Industry in the Ministry of Industry, Edy Sutopo, has said manufacturers of rattan products need to pay more attention to creating designs which have appeal in international markets. He said his impression is that manufacturers launch new designs without first researching what designs are in demand.

He said designers tend to speculate rather investigate with buyers what is suitable for a particular market.

Indonesia's competitiveness rises

This year Indonesia's global competitiveness according to the World Economic Forum Global Competitiveness Index 2017-2018 improved to 36th position out of 137 countries. This was up five ranks compared to the previous assessment.

Airlangga Hartarto, the Minister of Industry said Indonesia's improving global competitiveness is good for investment flows but more must be done in terms of strengthening innovation in the industrial sector.

Social forestry should improve livelihoods

The Minister of Environment and Forestry, Siti Nurbaya, has encouraged managers of social forestry programmes to strengthen the family economies of the people involved through the creation of new business opportunities at the grass roots level. She said social forestry is not just about access to the forests but also about improving incomes.

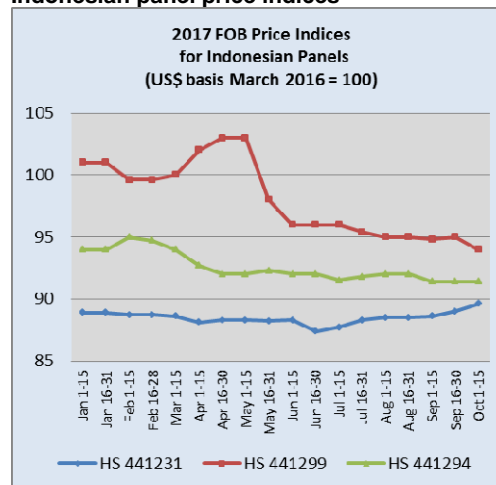
Jakarta exhibition showcases latest technologies

The International Furniture Components Exhibition (IFMAC) and Woodworking Machinery Exhibition (WOODMAC) themed "Global Technologies to Boost Indonesia's Furniture Industry" was held recently in Jakarta.

Speaking during the event, Abdul Sobur, Vice Chairman of HIMKI said to improve the competitiveness of Indonesian furniture industry companies must embrace the latest production technologies appropriate to their needs to accelerate efficiency. He applauded the arrangement of the IFMAC/WOODMAC event as this supports the domestic industry to advance productivity and competitiveness.

Indonesia's wood furniture and handicraft industry currently supports a direct work force of around 500,000 as well an estimated 2 million indirect workers in subcontractors and service providers.

Indonesian panel price indices



Myanmar

Is high value sawn teak for international markets an 'added value' product? – the debate continues

As of September total foreign investment in energy, agriculture, livestock and fishery, manufacturing, transport and communication, hotel and tourism, real estate, industrial development and other services sectors has reached just over US\$4 billion (5.4 trillion kyat).

The oil and gas sector has seen the biggest foreign investments while the construction sector the lowest.

However, Myanmar Forest Products Merchants Federation (MFPMF) Deputy Chairman, U Thein Win, questioned the value to the economy of foreign investment in the timber sector since most companies concentrate on non-finished products but consume huge quantities of raw material.

In response, analysts challenge this negative opinion and point out that Myanmar's main timber export, sawn teak, is a high value product with high international demand and as such is a value-added product.

The price of top quality and large section sawn teak in international markets is very high and earnings for the country from teak sawnwood exports, cubic metre for cubic metre, are higher than from exports of teak furniture.

On the other hand, the reverse is true for non-teak timber where furniture manufacturing is a better option. However, to take advantage of the opportunities for furniture production from non-teak hardwoods efforts need to be directed to improving supportive infrastructure and ensuring the availability of supplies of non-teak logs at stable prices to raise the competitiveness of domestic products.

One executive from a furniture manufacturer said the industry would expand faster if the Forestry Department was more flexible in application of regulations and noted that illegal felling and smuggling remains a major challenge for the Forestry Department.

Earnings from timber just a fraction of total exports

Between April and September this year Myanmar exported US\$6.469 billion of which agricultural products accounted for most at US\$1.435 billion. Timber exports were just US\$107 million.

Myanmar's trade deficit for the first six months of the 2017-18 fiscal year has widened to US\$2.2 billion compared to US\$1.8 billion during the same period in the previous financial year according to the Ministry of Commerce.

MTE to open sanctuary for retired working elephants

According to Dr Zaw Min Oo of the Myanmar Timber Enterprise (MTE) an Elephant hospital/sanctuary for retired, sick and injured elephants will be established in a forest area of about 2,500 hectares close to Oaktwin Township, Taungoo District.

A retired MTE General Manager said that it is very expensive for MTE to care for aging and sick elephants adding that there are many who criticised MTE for the slow progress of reform but that few have offered to assist MTE in such a task.

The new project is being supported by the US based Asian Elephant Support (AES) a non-profit foundation dedicated to the care and conservation of Asian elephants in their range countries and the people whose lives are intertwined with this magnificent animal.

Minimum wage hike discussed

The National Minimum Wage Committee has tentatively suggested Myanmar's new minimum wage should be reset to somewhere between 4,000 and 4,800 kyats (US\$2.93 to \$3.53) for an eight-hour working day. The current rate is 3600 Kyats.

After consultations with representatives of workers and employers the new rate will be proposed to parliament for approval.

September teak tender prices

Grade	H.tons	Average US\$/H.ton
SG-1	-	-
SG-2	64.2	4,400
SG-4	52.2	3,360
SG-5	90.3	2,760
SG-6	72.1	2,350
SG-7	239.7	1,605

India

Indian real estate in 2017 and beyond – new report from CREDAI

CREDAI, in association with its partner CBRE, has released a report “Indian Real Estate in 2017 and Beyond”. The report covers the major policy related disruptions resulting from government policy changes which have challenged the traditional way the real estate sector operates.

According to the report new regulations will increase the share of the ‘organised’ segment of the real estate sector which will help improve the ease of doing business in the country.

The report anticipates major changes in regulation, finance, the customer base and technology which should have positive impact and create a new operating environment in the sector.

The report also provides insights into changing customer preferences in office, retail, residential and warehousing space. For instance, the traditional thinking on office spaces are being disrupted by a younger generation of workers. Many young office workers in India feel the quality of ‘office design’ impacts their productivity to a large extent.

The press release from CREDAI says “The real estate sector in India is one of the key contributors and mainstays for India’s development as a nation. Real estate in India continues to be in a dynamic phase and the pace at which the four cornerstones – Regulation, Finance, Customers and Technology are evolving, a more than incremental transformation in the sector is expected in the coming years.

In this report we have dwelled on how a strong foundation for this change has already been laid with a conducive operating environment, the future growth of the sector will be determined by many other factors”.

See: <https://credai.org/press-releases/credai---cbre-released-a-joint-report-indian-real-estate-in-2017-and-beyond-at-the-credai17thnatcon-2017-london>

In related news, Jim Yong Kim, the World Bank President has said the Indian economy is experiencing temporary disruptions as the new Goods and Service Tax (GST) is rolled out but will get back on track soon.

In the first quarter there was a sharp deceleration in growth but as companies adjust the overall impact of the changes in tax will have a positive effect on the economy.

Teak auction in Western India

Auctions at various forest depots in the North and South Dangs Divisions have been concluded. Approximately 9,000 cubic metres of mainly teak logs were on offer. Other hardwoods sold included mainly Adina cordifolia, Gmelina arborea, Pterocarpus marsupium, Acacia catechu and Mitragyna parviflora.

Since imported teak logs are mostly of small girth, buyers attending the domestic auctions are interested in purchasing larger sized logs.

Another advantage from buying domestic teak is that the logs are sold with the bark and much of the sapwood removed whereas for imported plantation teak logs the sap is intact.

Prices at the recent sales are shown below.

Quality	Rs. Per cu.ft
Grade A ship building	3400-3800
Grade B ship building	3200-3300
Grade A large girth	3000-3100
Grade B large girth	2700-2900
Grade A long	2400-2600
Grade B long	2200-2300
Grade A 15ft & up	1900-2100
Grade B 15ft & up	1650-1800
Grade A 12ft & up	1500-1600
Grade B 12ft & up	1400-1500
Grade A 8-10ft.	1100-1200
Grade B 8-10ft	1100-1200
Small girth low quality	1000-1100

Top quality non-teak hardwood logs 3-4m long having girths 91cms & up of haldu (*Adina cordifolia*), laurel (*Terminalia tomentosa*), kalam (*Mitragyna parviflora*) and *Pterocarpus marsupium* attracted prices in the range of Rs.800-1000per cu.ft. Medium quality hardwood logs were sold at between Rs.600-700 and low grade logs sold for Rs.300-400 per cu.ft.

Imported plantation teak

Demand for imported logs remains steady despite some weakness in the rupee exchange rate against the US dollar. Against this background C&F prices are unlikely to change in the short-term.

Pressure for revision of the GST on wood and wood products continues. The next meeting of GST Council is set for 24 of October when it is anticipated the issue will be considered.

Current prices for imported plantation teak continue to be in the range previously reported.

	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 girth

Locally sawn hardwood prices

Exmill prices for hardwoods are unchanged but are subject to an 18% GST.

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	3200-3500
Balau	2000-2100
Resak	1350-1550
Kapur	1750-1850
Kempas	1250-1400
Red Meranti	1100-1200
Radiata pine AD	600-700
Whitewood	650-750

Price range depends mainly on length and cross-section of sawn pieces

Myanmar teak prices

There were no changes in prices over the past two weeks. Wholesalers report that business is slow as buyers consider the prices are high.

Sawnwood (Ex-yard)	Rs. per cu.ft
Myanmar Teak (AD)	
Export Grade F.E.Q.	9000-16000
Teak A grade	7500-8500
Teak B grade	5250-5750
Plantation Teak FAS grade	4000-4500

Price range depends mainly on lengths and cross-section.

Prices for imported sawnwood

Prices for imported sawnwood (KD 12%) remain unchanged.

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	1200-1250
Western Red Cedar	1850-2000
Douglas Fir	1550-1750

Price range depends mainly on lengths and cross-section.

Pressure for plywood price increase eases as local taxes eliminated

Plywood manufacturers complain that rising transportation costs and rising costs for raw materials such as logs, veneers, and resins means that they need to raise prices by around 5% to maintain profitability.

However, manufacturers have benefitted from the elimination of some state taxes as well as many of the octroy taxes (a local tax collected on products brought into a district for consumption) such that the pressure for an increase in price has eased.

Plywood prices continue as previously reported.

Prices for WBP marine grade manufactured by domestic mills

Plywood Ex-warehouse	Rs. per sq.ft
4mm	52
6mm	69
9mm	87
12mm	107
15mm	143
18mm	150

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	25.5	38
6mm	38.5	49
9mm	49	59
12mm	59	71
15mm	72	86
19mm	82	97
5mm Flexible ply	51	

Brazil

Hint of a recovery in domestic construction sector

Expectation of an economic recovery in 2018 with GDP forecast at 2% is good news for the Brazilian construction sector and the timber industry. Prospects have also brightened as investment in housing is set to expand as the Federal Government will launch a programme which aims at delivering 6 million new homes.

According to the Technical Division of the Civil Construction Industry Union in Paraná State (SINDUSCON-PR) while prospects are looking good for it to become a reality for the industry it will be necessary for the country to promote structural reforms.

Among the risk factors behind a resumption of civil construction looms the issue of long-term financing and the housing policy of the government.

But, as pointed out by SINDUSCON, one of the major challenges to be overcome in the construction sector is the hesitance of consumers when it comes to wooden frame homes. This must be addressed through active promotion.

The Brazilian Association of Mechanically-Processed Timber Industry (ABIMCI) has pointed out that acceptance of a construction system using wooden frames will generate demand for wood products and through this the industry can contribute more to addressing the housing shortage. But, for this to happen the wooden frame system needs to be recognized so home financing opportunities are available.

Production and export of forest products in early 2017

Production and exports by the planted forest sector in the first eight months of 2017 were positive. Compared to the same period of last year pulp exports grew 4.9%, wood panel exports were up 30% and paper pulp exports expanded almost 1%.

For the woodbased panel industry the good news was that domestic demand picked up, rising 1% year on year.

Between January to August 2017 revenues from all exports totalled US\$5.5 billion (+ 9.6%) of which US\$191 million was derived from the export of wood panels. Woodbased panel exports amounted to 840,000 cu.m, between January and August of this year. During the same period, domestic sales of wood panels amounted to 4.2 million cu.m.

Wood panel and laminate flooring output

In 2016, Brazilian production of reconstituted woodbased panels dropped 2.4% compared to 2015, ending the year at 7.3 million cu.m. Production of MDF/HDF and HB fell 8.8% and 8.9%, respectively while production of MD particleboard increased 9%.

Part of the decline in sales of MDF/HDF and HB panels was the result of reduced household spending on mainly furniture, a major segment of woodbased panel market in Brazil.

In 2016 sales in the furniture sector fell 12% leading to a decline in sales of reconstituted wood panels in the domestic market. In order to compensate for sales reduction in the domestic market, the industry directed production to international markets and exports topped 1.1 million cu.m 64% higher than in 2015.

Meanwhile, laminate flooring production totalled 11.8 million sq.m in 2016 which represented a 7% reduction compared to 2015.

Domestic Log Prices

	US\$ per m ³
Brazilian logs, mill yard, domestic	
Ipê	217
Jatoba	120
Massaranduba	121
Muiracatiara	123
Angelim Vermelho	117
Mixed redwood and white woods	102

Source: STCP Data Bank

Domestic Sawnwood Prices

	US\$ per m ³
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	952
Jatoba	478
Massaranduba	447
Muiracatiara	444
Angelim Vermelho	399
Mixed red and white	266
Eucalyptus (AD)	222
Pine (AD)	160
Pine (KD)	182

Source: STCP Data Bank

Domestic Plywood Prices (excl. taxes)

	US\$ per m ³
Parica	
4mm WBP	604
10mm WBP	484
15mm WBP	421
4mm MR	501
10mm MR	372
15mm MR	345

Prices do not include taxes. Source: STCP Data Bank

Prices For Other Panel Products

	US\$ per m ³
Domestic ex-mill Prices	
15mm MDParticleboard	257
15mm MDF	316

Source: STCP Data Bank

Export Sawnwood Prices

	US\$ per m ³
Sawnwood, Belem/Paranagua Ports, FOB	
Ipe	1429
Jatoba	890
Massaranduba	777
Muiracatiara	750
Pine (KD)	183

FOB Belém/PA; Paranaguá/PR; Navegantes/SC and Itajaí/SC Ports. High quality wood (no cracks / without knots) / Measuring 2,50 m in length; 15 cm wide; and 30 mm thick.

Source: STCP Data Bank

Export Plywood Prices

	US\$ per m ³
Pine Plywood EU market, FOB	
9mm C/CC (WBP)	284
12mm C/CC (WBP)	268
15mm C/CC (WBP)	253
18mm C/CC (WBP)	255

Source: STCP Data Bank

Export Prices For Added Value Products

	US\$ per m ³
FOB Belem/Paranagua Ports	
Decking Boards Ipê	2,514
Jatoba	1,467

Source: STCP Data Bank

Peru

Two million hectares of concessions to be reallocated

According to the National Forestry and Wildlife Authority (Serfor), of the 7.5 million hectares of timber forest concessions allocated in Peru, only around 4.3 million hectares are operational.

Some 3.2 million hectares of concessions have been returned to the State. Of those that were returned at least 2 million hectares in Loreto and Ucayali could be reallocated before the end of this year according to Serfor.

Serfor executive Director John Leigh Vetter has indicated that concessions in Ucayali would be ready for reallocation by the end of October while those in Loreto are in the process of review.

In the case of Madre de Dios, where concessions have also been returned to the State, reallocation will follow the new abbreviated granting procedure through which a Regional Government Commission will prequalify bidders based on their technical and financial capacity following the Serfor guidelines.

Law on promoting forest plantations ready for Congress

Serfor has announced that the law on the Promotion of Forest Plantations, a legislative initiative promoted by the Ministry of Agriculture (Minagri), is to be presented to Congress in the second half of October.

This law aims to boost private investment in establishment of forest plantations for the production of wood and non-wood products. The law provides for economic and financial incentives as well as tax incentives and the easing of import duties on machinery and equipment. This new initiative is totally different from the Forestry and Wildlife Law that regulates this activity.

Traceability as a tool to raise competitiveness and improve image of timber industry

A recent workshop on 'Traceability as a Tool for Management and Responsible Timber Trade', organised by Serfor attracted experts and entrepreneurs from six countries.

The aim of the workshop was to share experiences on the traceability process which consists of tracking timber from its origin, through transport and processing for export in order to improve the management of the forest industry and raise competitiveness and access in international markets.

The Serfor Executive Director said this initiative seeks to contribute to a common vision between the State and the private sector. The aim is to develop transparent mechanisms to guarantee the legal origin of timber and its products, to improve the competitiveness of companies, enhance the image of the country in international markets and improve the welfare of the people of Peru.

Experts from governmental institutions, international organisations and private companies from the United States, Chile, Guatemala, Mexico, Colombia and Bolivia discussed the forest regulations, the traceability of timber from natural and plantation forests and the importance of domestic processing and trade.

The seminar was supported by international institutions such as the World Resources Institute, German GIZ Cooperation and national institutions such as the Association of Exporters (ADEX), WWF and local businesses.

Export Sawnwood Prices

	US\$ per m ³
Peru Sawnwood, FOB Callao Port	
Mahogany S&B KD 16%, 1-2" random lengths (US market)	1570-1655
Spanish Cedar KD select North American market	958-977
Mexican market	946-965
Pumaquiro 25-50mm AD Mexican market	545-598

Peru Sawnwood, FOB Callao Port (cont.)	US\$ per m ³
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	523-599
Grade 2, Mexican market	461-482
Cumaru 4" thick, 6'-11' length KD	
Central American market	887-933
Asian market	934-981
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	645-672
Marupa 1", 6-13 length KD	
Asian market	493-562

Domestic Sawnwood Prices

Peru sawnwood, domestic	US\$ per m ³
Mahogany	-
Virola	244-262↑
Spanish Cedar	332-374
Marupa (simarouba)	191-204

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	449-495
B/C 9mm	379-399
B/C 12mm	350-360
C/C 4mm	389-425
Lupuna plywood B/C 4mm Central Am.	466-487

Domestic Plywood Prices (excl. taxes)

Iquitos mills	US\$ per m ³
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	1304-1391 ▲
Cumarú KD, S4S	
Swedish market	962-1095
Asian market	1059-1089
Cumarú 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

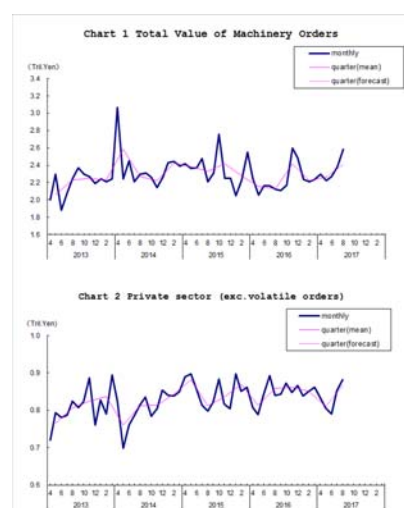
Japan

Business confidence at 10 year high

The Bank of Japan survey of business confidence, the basis of its Tankan Survey Report has risen to its highest level in around 10 years. The results of the survey reflect how companies perceive prospects in the medium term.

The September survey marks the fourth in a row showing companies intend to increase capital spending.

The optimistic survey highlights the improvement in Japan's economic prospects underpinned by strong exports and investments linked to the Tokyo 2020 Olympics.



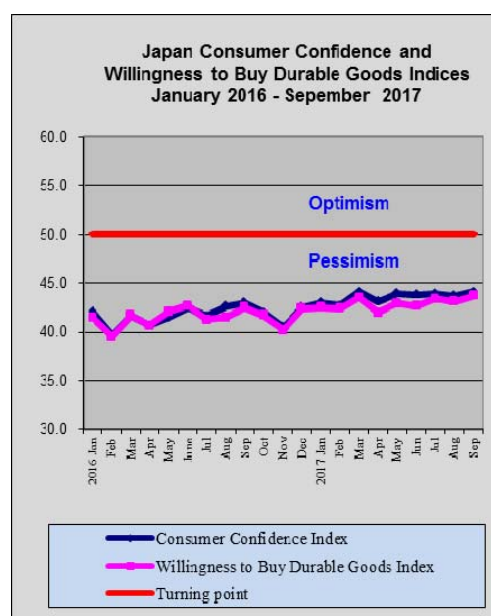
Data source: Cabinet Office, Japan

Faster growth driven by global demand forecast

Along with the good news on corporate capital spending the latest consumer confidence survey also delivered positive news. The consumer sentiment index rose in August, the latest for which data is available. The index for overall livelihood also rose as did the income growth index.

Of particular interest to wood product manufacturers was the rise in the index assessing willingness to buy durable goods.

In assessing recent economic trends the International Monetary Fund has forecast Japan's economy will grow 1.5% this year, a figure slightly higher than forecasts three months ago. This is because the global economic recovery is moving at a faster pace than predicted driven by a strong recovery in Europe, China, the United States and emerging Asia.



Data source: Cabinet Office, Japan

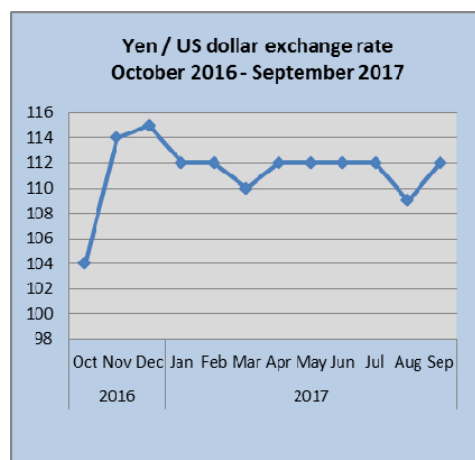
Yen exchange could be impacted by election result

The uncertainty surrounding the outcome of Japan's general election set for October 22 is impacting currency markets.

In past elections the policies of the main political parties were such that continuity was almost certain but in this election things could be different.

A new party, Hope, led by the Tokyo Governor Yuriko Koike, looks set to at least chip away some of the power of the coalition that, except for a brief spell, has ruled Japan for decades.

Under the current government the yen has been held in check which has boosted exports, but if the new party gains enough support to trim the ruling party's majority then the basis for the yen's weakness may change.



Experts see need for 1 million temporary homes after mega-quake

Next month the government's Central Disaster Management Council will issue new guidelines for alerting people of the expected Nankai Trough earthquake that could claim hundreds of thousands of lives and destroy thousands of buildings along a 700 km stretch of Japan's southern and eastern coast including Tokyo.

A panel of experts has said that in the event of a Nankai Trough earthquake up to 840,000 temporary housing units would be required. Securing emergency accommodation would be a major challenge in the event of a catastrophic Nankai Trough quake.



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

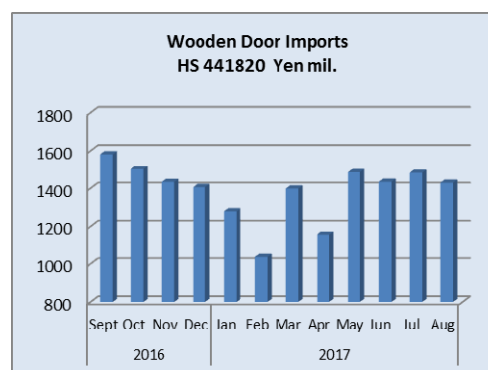
Import round up

Doors

The value of Japan's July imports of wooden doors (HS 441820) was little changed from the previous month and data for August shows a 10% decline year on year with a month on month fall of 18%.

In August the three main shippers, China, the Philippines and Indonesia accounted for 86% of all imports of wooden

doors with China alone accounting for 56% of Japan's total wooden door imports.

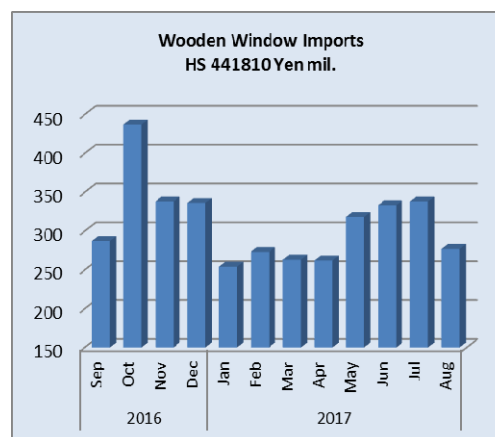


Data source: Ministry of Finance, Japan

Windows

The steady decline in year on year imports of wooden windows into Japan continued into August. Year on year August 2017 imports of HS441810 were down 27% and compared to a month earlier August imports were down 18%.

As has been the trend over the year 3 countries dominate Japan's imports of wooden windows, China (36%), the Philippines (23%) and the US (30%). This leaves little market share for other shippers mainly in Europe.



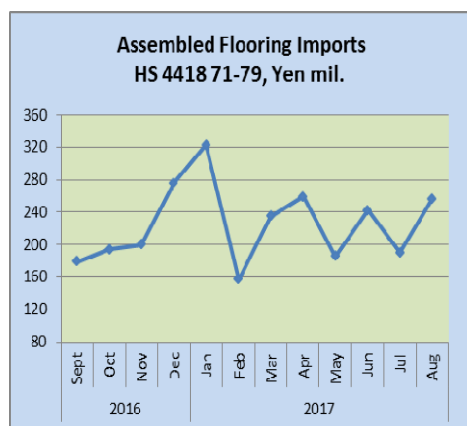
Data source: Ministry of Finance, Japan

Assembled flooring

Once more the volatility in imports of assembled wooden flooring (HS441871-79) observed this year continued into August. Year on year, August imports were up over 60% and compared to levels in July there was a 35% surge in August imports.

The bulk of Japan's imports of assembled flooring fall within HS 441875 which, in August, represented over 70% of imports.

Other major categories include HS 441879 (25%) shipped mainly from China and Indonesia. Imports of HS 441873 and 79 are small (around 2% of August imports).



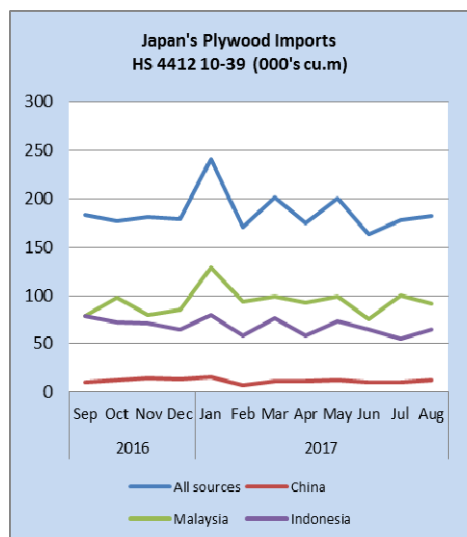
Data source: Ministry of Finance, Japan

Plywood

Japan's August imports of plywood rose 11% year on year but compared to a month earlier August import volumes were flat.

Over the past 12 months shippers in Malaysia, mainly Sarawak have provided the largest volume of plywood to Japan. The second ranked shipper is Indonesia followed by China. The three account for most of Japan's imported plywood.

Shipments from Malaysia are mostly of HS 441231 (97%) with small quantities of HS 4412 33 and 34. Shipments from Indonesia follow a similar pattern with 87% being S 441231 but more HS 441234 is shipped (12%). In contrast plywood shipments from China are more varied with HS 441231 accounting for 48%, HS441233 (31%), HS 4412 34 (8%) and HS441239 (12%).



Data source: Ministry of Finance, Japan

Main sources of Japan's plywood imports (000's cu.m)

		China	Malaysia	Indonesia
2016	Jan	16	101	75
	Feb	10	81.5	70.8
	Mar	8	84	64
	Apr	12	85	72
	May	12	95	62
	Jun	11.6	95.6	66
	Jul	10.7	92.8	71.3
	Aug	11.9	82.3	52.8
	Sep	10.3	79.9	79.3
	Oct	12.9	98.3	72
	Nov	14.9	80	71
	Dec	13.7	85	65
2017	Jan	16	130	80
	Feb	7.5	93.3	59
	Mar	11.5	99	76.5
	Apr	11.2	92.6	58
	May	12.9	99.2	73.8
	Jun	11	74.8	65
	Jul	10.6	100	54.8
	Aug	12.3	91.8	64.5

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>

Tight supply of South Sea (Tropical) plywood

Shipments of ordered plywood of South Sea hardwood have been largely delayed by log supply shortage.

Even after the rainy season was over, weather has not improved in producing regions of Indonesia and Malaysia, which hampers hauling of harvested logs to coast where plywood mills are. Plywood mills operate with very little log inventories. Also quality logs are hard to come by now.

To produce thin plywood and floor base plywood, log quality is important but the mills are not able to have enough quality logs, which delayed production of ordered volume. Delay of shipments is about three to four months now and port inventories are way down in Japan while the demand continues strong.

Because of supply shortage, the export prices are climbing. Indonesian 2.4 mm thin plywood (second class/F4 star) prices are US\$800-820 per cbm C&F.

With supply shortage of imported plywood, demand of thin plywood has been shifting to other materials such as MDF and this move seems to accelerate.

Floor base plywood demand has been shifting to domestic softwood plywood. Delayed shipments will continue as the producing regions will be in rainy season again after late October. Reduced supply volume and higher export prices will continue.

Wood demand in 2016

Total demand for wood in 2016 was 78,077,000 cbms, 3.9% more than 2015. Housing starts were 6.4% more than 2015, which stimulated wood demand for lumber and plywood then with start-up of new biomass power generation plants, demand of wood for fuel was additional.

The degree of self-sufficiency in wood increased by 1.6 points to 34.8% but for lumber, imports were more so that the degree dropped by 0.7 points. The degree of wood for fuel increased by 6.0 points with increased domestic supply.

Domestic wood production for total demand was 27,141,000 cbms, 8.9% more than imports were 50,936,000 cbms, 1.4% more. Majority of domestic increase was wood for fuel, which took 58.9% while wood for lumber and plywood increased only by 2.6%. Domestic wood for fuel was 4,458,000 cbms, which is more than 3,876,000 cbms for plywood and it is getting close to 5,266,000 cbms for pulp and wood chip.

Since there are more start-ups of biomass power generation facilities in 2017, demand for wood for fuel would be the second largest behind wood for lumber.

Domestic wood demand for plywood continues increasing close to 4,000,000 cbms in 2017 since demand of domestic plywood to replace floor base of South Sea hardwood plywood.

Plywood

Demand for softwood plywood is brisk mainly by large precutting plants while wholesale channels are getting quiet after they have built up enough inventories. Medium and small precutting plants maintain regular purchase volume in fear of supply shortage they experienced a year ago.

August softwood plywood production was high at 254,700 cbms, 10.8% more than August last year and 2.6% less than July despite fewer working days with the Bon holidays.

The shipment in August was 249,900 cbms, 4.6% more and 4.7% less. The inventories were 110,100 cbms, 7,300 cbms more than July.

Besides main product of structural plywood, plywood mills now need to produce floor base panels for domestic building manufacturers.

Trading firms are not able to respond to spotty orders since volume allocation by plywood manufacturers is unchanged. They are now trying to correct price gap between direct buyers of precutting plans and wholesalers.

After plywood manufacturers increased the sales prices in September, they are pushing the prices up step by step.

Imported 12 mm 2x6 coated concrete forming panel supply is tight. The suppliers suffer log supply shortage to manufacture veneer. Importers have enough inventory of 3x6 but 2x6 inventory is down with busy shipment.

Plywood conference by three countries

Plywood manufacturers and dealers from Indonesia, Malaysia and Japan had conference at Jakarta, Indonesia to exchange market information and trend of plywood market.

The most recent issues are restriction of log harvest and demand structure.

In Indonesia and Malaysia, harvest of natural growth timber has reduced by various restrictions while production of planted timber is increasing. In Indonesia, 40% of total harvest is now planted timber and in Sarawak, Malaysia, share of planted timber in total harvest will be more than 50% in five years.

In Sarawak, Malaysia, log production in the first half of this year was 3,746,000 cbms out of which 2,937,000 cbms were naturally grown timber and 808,000 cbms were planted timber, 21% in total harvest. Total year harvest of planted timber this year will be 1,600,000 cbms, 300,000 cbms more than 2016.

Raw materials of various products are shifting from virgin timber to planted timber.

In Indonesia, utilization of recyclable resources is progressing and various products have been developed by cooperation with the Japanese building materials manufacturers.

To the question by Indonesia of present status of plywood manufacturing in Japan with domestic wood resources, the Japan Plywood Manufacturers Association answered that the government has set target of six million cbms of domestic logs for plywood manufacturing by 2025 and eight million cbms for biomass power generation but it is uncertain if this target is materialized.

It is the fact that domestic plywood is now more than imported plywood in Japan but imported plywood is absolutely necessary product for Japan but in coming years, the market would not accept any product without traceability or forest certificate.

Increasing consumption of CLT

Meeting by the governmental offices to promote use of CLT was held recently and it reported that consumption of CLT in 2017 would be about 20,000 cbms, four times more than 2016 but gap between producing capacity of about 60,000 cbms and actual consumption remains so further promotion to use CLT is necessary.

In 2016, use of CLT was only 5,000 cbms to the production of 50,000 cbms so the demand was only one tenth of the production then in 2017, the production increases to 60,000 cbms and the consumption increases to 20,000 cbms.

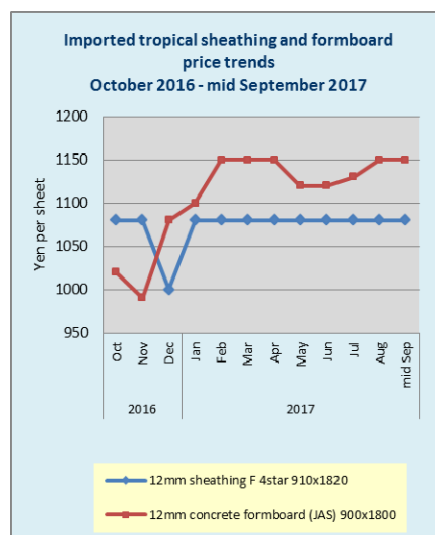
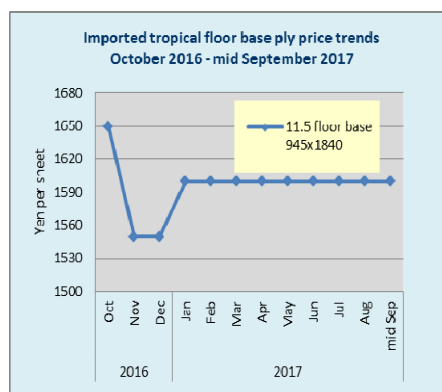
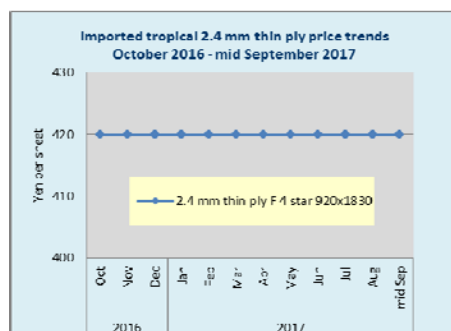
To promote use of CLT, the central and local governments give subsidy so majority of CLT construction is based on the subsidy. The government plans to increase the production of CLT to 100,000 cbms by 2020 so further demand promotion is immediate issue.

In 2017, total construction by CLT is 112, which exceeds total CLT construction of 93 in the past so speed of increase is remarkable but not enough to catch up the production.

Since there are many buildings with subsidy, type of buildings is public hall and community center by local governments. Others are office, public housing, companies' dormitory, stores and warehouse.

By the government's road map to stimulate use of CLT, each local government has to build at least one CLT building by 2018.

Imported plywood wholesale prices

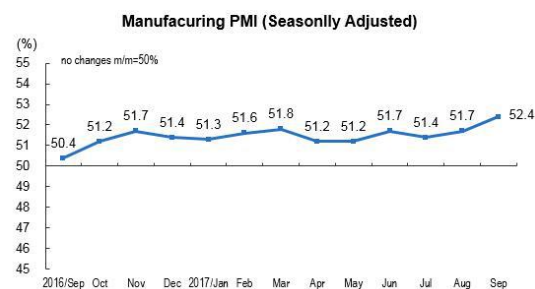


China

14th consecutive rise in Manufacturing PMI

A press release from China's National Bureau of Statistics (NBS) shows that the manufacturing purchasing managers index (PMI) for September marked the 14th consecutive month of expansion and the highest reading since April 2012.

The NBS says the manufacturing sector maintained a stable performance and good growth momentum. Factories increased output to take advantage of firm domestic demand and high prices driven by a building boom.



Source: National Bureau of Statistics, China

The impressive performance of China's manufacturers comes despite moves by the government to close low tech and high polluting industries. Some analysts comment that news of major cuts in capacity can be misleading since overall output is still rising.

See:

http://www.stats.gov.cn/english/PressRelease/201710/t20171009_1540457.html

Transformation of wood based panel sector continues

China has been accelerating transformation of wood-based panel industry and elimination of outdated production capacity. According to the China National Forest Products Industry Association (CNFPIA) thousands of plywood mills have been required to cease production of which around half are under-going modernisation.

Number of plywood mills impacted by province

Province	Original number of factories	Production halted	Forecast closures
Hebei	820	560	560
He'nan	420	120	120
Shandong	5800	2736	2630
Jiangsu	1020	350	300
Zhejiang	960	810	810
Anhui	210	110	100
Fujian	850	680	685
Guangdong	220	130	130
Guangxi	1400	100	100

It has been reported that enterprises in the main wood-based panel production bases such as Shandong Linyi and Heze cities, Jiangsu Pizhou cities which can satisfy environmental regulations and have an important role in maintaining jobs will be allowed to resume production.

Linyi city is home to the largest wood-based panel production plants and annual output exceeded 45 million cubic metres in 2016 accounting for over 50% of the national wood-based panel output. Some 40% of the production from this area is exported.

Analysts report there are issue to be addressed such as upgrading technologies, improving management and development of corporate social responsibility. Recently, significant success has been seen in volatile organic compound control in the enterprises in Linyi city.

Guangdong province the first largest furniture output

According to a 2017 report 'China's Wood Furniture Output' published by the China Business and Industry Academy, in the first half of 2017 China's wooden furniture production exceeded 13 million pieces. The top 10 producer regions are Guangdong, Zhejiang, Shandong, Fujian, Jiangxi, Sichuan, Jiangsu, Liaoning, He'nan provinces and Beijing capital.

Of the national total, 21% of the furniture output originated from manufacturers located in Guangdong Province, the top ranked Province in terms of production.

Furniture manufacturing has a long history in the Shunde District, Foshan City in Guangdong Province. There are more than 5,000 furniture manufacturers and around 10,000 outlets providing furniture accessories.

The total value of furniture output in Shunde District last year was RMB10.13 billion of which RMB8.06 billion was exported. Exports from Shunde District accounted for about 6.5% of all furniture exports from Guangdong Province.

New Zealand and China to expand timber trade

Recently a Memorandum of understanding was signed between the New Zealand Wood Products Manufacturing Association (WPMA) and the China Timber and Wood Products Distribution Association (CTWPDA) aimed at promoting timber trade and technology cooperation.

In the first half of 2017, China imported 6.2 million cubic metres of logs from New Zealand valued at US\$802 million, a year on year increase of 10% in volume and 21% in value. Over the same period China imported 192,100 cubic meters of sawnwood from New Zealand valued at US\$49.35 million, year on year increase of 14% in volume and 16% in value.

DNA timber identification by Chinese Academy of Forestry

The Timber Industry Institute, Chinese Academy of Forestry (CAF) has been commissioned by a domestic inspection and certification institution to identify a consignment of imported timber intercepted by China's Customs officials.

The wood identification team at the CAF used DNA sampling to identify the species and found it was *Pterocarpus erinaceus* a timber native to the Sahelian region in West Africa. This was the first time the CAF had used DNA appraisal and marks an advance in wood identification for the CAF.

DNA identification technology provides for a more accurate basis for China's CITES management and enforcement.

Guangzhou Yuzhu International Timber Market Wholesale Prices

Logs		yuan/cu.m
Merbau	dia. 100 cm+	4-6000
Bangkirai	dia. 100 cm+	3200-4600
Kapur	dia. 80 cm+	2700-3000
Ulin	All grades	6500
Lauan	dia. 60 cm+	-
Kempas	dia. 60 cm+	2000-3000
Teak	dia. 30-60 cm	8500-8600
Greenheart	dia. 40 cm+	2300-2400
Purpleheart	dia. 60 cm+	3000-4500
Pau rosa	dia. 60 cm+	2800-30000
Ipe	dia. 40 cm+	3200-3400
yuan per tonne		
Cocobolo	All grades	28000-40000

Sawnwood

	Sawnwood	yuan/cu.m
Makore	Grade A	9800-11800
Zebrano	Grade A	9500-12500
Walnut	Grade A	9500-15000
Sapelli	Grade A	5000-7500
Okoume	Grade A	3700-4700
Padauk	Grade A	15000-18000
Mahogany	Grade A	6500-7500

Sawnwood		yuan/tonne
Ulin	all grades	9000-10000
Merbau	special grade	7500-9500
Lauan	special grade	4300-4700
Kapur	special grade	5000-6000
Teak	special grade	14000-22000

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	9000-10000
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	9000-9500
Ash	No knot	5600-6300
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	120-290
Red sandalwood	800-1800
Siam rosewood	90-300
Burma padauk	14-20
Rengas	12
Mai dou lai	6000-8000
Neang noun	23-36
Burma tulipwood	18-28
Cocobolo	35-120
Morado	10-15
Ebony	28-40
Trebol	3.6-8
African sandalwood	11-14

Europe

European flooring market continues to recover

The European 'real-wood' flooring industry continues to experience moderate growth, benefiting from encouraging economic developments, especially in construction activity.

Compared to the same period last year, provisional results for the first half of 2017 point to a continuation of the positive parquet consumption trends observed in 2016 and during the first quarter of 2017.

These are the main conclusions of the market discussion of the Board of Directors of the European Federation of the Parquet Industry (FEP) when they met in September 2017.

The promising developments reported by FEP members were registered in all countries where FEP members are present, with no single country reporting a decline in consumption. The following conclusions on the market for real wood flooring were drawn for each country:

Austrian sales increased 2% during the first half of 2017 compared to the same period last year despite intense competition from alternative flooring types. Belgian consumption increased 2.5% in the first three months of 2017.

Denmark's market is growing at an annual rate of around 1%-2% in line with growth in construction activity.

Sales have been stable in Finland this year, an improvement after several years of decline. French demand grew by an estimated 3% in the first half of 2017.

In Germany sales increased by 2% in first half of 2017 reflecting good performance of the construction sector and despite shortages of craftsmen and harsh competition with other flooring solutions. Sales in Italy increased 1.5% in the first half of 2017 on the back of positive economic developments in the country.

Sales in the Netherlands continue to improve, rising an estimated 7% in the first half of 2017 due to good performance of the housing sector, but affordability of wood raw material and availability of some species is problematic. Parquet consumption in Switzerland was flat in the first half of 2017, a situation is expected to remain unchanged in the second half of the year.

Expanded production of sliced flooring deck layers

In other news from the European flooring sector, hardwood specialist Danzer re-opened its location in Souvans, France on 7 September following a 13 million euro investment in the site which began in May 2016.

According to Danzer CEO Hans-Joachim Danzer, “in recent years, the global demand for engineered hardwood flooring has increased steadily – a trend that will continue. We have installed a new energy-saving boiler, our proprietary high-precision Danzer VS4000 veneer slicer and adequate drying kilns.

Previous to the conversion, Souvans was exclusively producing veneer – now it is also a specialized production site for flooring deck layers. Annual production volume of 20,000 m3 is planned for Souvans in the future, serving customers all over Europe.”

Preceding the construction, the Danzer Supervisory Board approved a 15 million Euro investment plan for the thick-cut veneer expansion for the factories of Souvans, Melnik (Czech Republic) and Darlington (USA) in 2015. Prior to this, only the plant in Melnik produced thick-cut veneers.

Rougier corporate revenues rise in Gabon and France

Rougier, the Paris-based group which operates seven factories in Cameroon, Congo and Gabon, reports that corporate revenues for the first half of 2017 were €76.0 million, down 3% year-on-year.

The Rougier Afrique International branch generated euro 61.1 million of revenues, down 4% from the first half of 2016.

This change primarily reflects volatile demand on several international markets and shipping delays at Douala Port in Cameroon which had an adverse impact on operating margins in Cameroon and Congo.

Group profitability in Gabon continued to pick up, benefiting from the good level of forest production, improvements in sawmill productivity and the launch of the contract with GSEZ (Gabon Special Economic Zone) for log supplies.

Revenues for the French import-distribution branch were also up 6% from the previous year to €17.7 million, continuing an upward trend which began in 2016.

The Group is focusing its actions in Africa on improving its industrial and logistics performances, as well as creating value through its more profitable timber species.

In the second half of the year, the release of the first euro 5 million tranche from the euro 15 million loan set up with Proparco will enable Rougier to start up operations in the Central African Republic in the fourth quarter and give it the means to ensure its development in the Congo Basin.

FLEGT IMM completes first cycle of market surveys

The FLEGT Independent Market Monitoring (IMM) programme has undertaken its first cycle of market surveys, following the project's relaunch by ITTO in April.

Correspondents in seven key EU consumer markets – Belgium, France, Germany, Italy, the Netherlands, Spain, and the UK – as well as in Indonesia and Ghana, have gauged industry and government agency views on the start of Indonesian FLEGT licensing, the FLEGT-VPA initiative and the scope and ease of doing business with VPA partner countries. They also asked interviewees about EUTR enforcement and implementation.

An encouraging finding is that the start of FLEGT-licensing in Indonesia revived trade interest in FLEGT. “FLEGT-licensed timber going from distant promise to physical reality restored faith”, one importer told IMM. That it is Indonesia doing the licensing also changed mind-sets. If such a large, complex country could do it, said respondents, others could too.

A previous IMM pilot survey in Germany, Spain and the UK in 2015 had found more widespread frustration and “FLEGT-fatigue”, as repeated forecasts about the start of licensing came to nothing.

IMM will publish a summary of its survey findings, as well as comprehensive background information on VPA partner countries and EU trade with them, on a new website soon and a quarterly newsletter starts publication later this year. In the meantime, IMM information can be found at www.itto.int/imm.

IMM is a multi-year programme funded by the European Commission and managed by ITTO. It monitors the timber trade and market impact of FLEGT Voluntary Partnership

Agreements (VPAs) using a range of indicators. Besides analysing and contributing to work on improving trade flow data, monitoring is based on a range of surveys in EU countries and FLEGT-licensing and selected VPA-implementing countries.

Activities in 2017 have included updating analysis of VPA partner trade flows and preparation of the EU, Indonesian and Ghanaian market scoping studies. Indonesia, as the first FLEGT-licensing country, received particular attention.

Next steps include the launch of the IMM website and newsletter. Work planned for 2018 includes an IMM-hosted FLEGT Market Opportunities Roadshow. To subscribe to the IMM newsletter, please email subject line "Newsletter" to sarah@flegtimm.eu

International Hardwood Conference

Hosted by Italy's Fedecomlegno Federation in association with the ETTF and European Organisation of Sawmillers, an International Hardwood Conference will take place 15 to 17 November and it expects delegates from 20 countries worldwide. The core theme will be maximising the hardwood resource, both in terms of sustainable yield and realising its potential in new applications.

Expert speakers will provide market trend analysis. "It's no longer enough for a hardwood conference to talk just about logs, sawn goods volume and prices," said Fedecomlegno Director Stefano Dezzutto.

"Today you must address market tendencies, legality, sustainability and other environmental aspects, international standards, innovative technology and new applications. Our goal is a line-up of qualified speakers addressing a range of themes to envelop the whole hardwood supply chain. The fact we have registrations worldwide is an encouraging signal we've got it right."

The IHC takes place in Venice's Hilton Molina Stucky hotel and the Gala Dinner will be in the historic Palazzo Zeno. For more information and to register <http://ihc2017.info/en/welcome/>

Certified wood accounts for most of Dutch timber imports

The headline statistic in the 'Sustainably produced wood on the Dutch market' study from sustainability, forestry and forest products institute Probos, is that the market share of FSC and PEFC certified timber increased from just 13.3% in 2005 to 83.3% in 2015.

This is the fifth analysis of the sector undertaken by Probos, covering the primary wood products and paper and cardboard markets in the Netherlands. It also breaks down market share figures for sawnwood, temperate and tropical hardwoods, sheet materials, packaging paper, cardboard, graphic paper, newsprint and sanitary paper.

The report indicates that share of certified wood on the Dutch market increased across all product groups,

although the rate of increase has slowed in recent years. Share of softwood increased from 76% in 2009 to 96% in 2012 before rising to 98% in 2016.

The share of panel products increased from 61% in 2009, to 89% in 2014 before rising to 92% in 2016. Share of hardwoods increased from 24% in 2009 to 55% in 2013 and 61% in 2016.

The share of certified in tropical sawn hardwood supply to the Netherlands increased from 56.5% in 2013 to 63.2% in 2015. Almost half of the certified tropical sawn supply is under the Malaysian Timber Certification Scheme (MTCS) which is PEFC-recognised and was endorsed as fully compliant with the sustainability criteria of the Dutch government from January this year. The rest of the volume is mainly FSC certified from Cameroon, Gabon, and Indonesia.

The report notes that the most rapid rate of proportional increase in certified supply in recent years is in temperate sawn hardwood, from 20.7% in 2013 to 33.7% in 2015, but this is against the background of a sharp decline in Dutch imports of temperate hardwood.

Probos suggest that temperate hardwoods are lagging other product groups because much is lower grade used in the packaging industry in the Netherlands, very little of which is certified.

Probos do not mention an alternative explanation, which is that a relatively high proportion of temperate hardwood derives from small non-industrial owners in both Europe and North America, which are less likely to be certified than the large state and industry-owned forests that supply a majority of softwood and panel products.

The share of total Dutch consumption of timber and wood-based panels taken by timber certified under the schemes was 40.9% for FSC and 33.1% for PEFC in 2015. The relative share of FSC and PEFC on the market was little changed from 2013.

Spanish trade association legality risk assessment of Brazil

According to the European Timber Trade Federation (ETTF), the Spanish Timber Trade Association AEIM has produced a preliminary risk assessment report on sourcing from Brazil to support member's implementation of the EU Timber Regulation (EUTR).

The risk assessment, which was presented to the association's latest board of directors meeting, was commissioned from a 'committee of experts'. It lists and analyses official documentation that must accompany Brazilian sawn timber products to satisfy AEIM's compulsory EUTR-aligned due diligence system.

The report breaks Brazil into three areas; Pará, Matto Grosso and 'other states'. Legality risk assessment documentation is covered along the supply chain, from forest to export.

Brazil is rated ‘very high risk’ on AEIM’s illegality risk assessment website www.maderalegal.info and the report is therefore seen as a key trading tool.

Brazil is Spain’s second biggest tropical timber supplier after Cameroon, on which AEIM commissioned a similar risk assessment and due diligence report last year. In 2016, Spain imported 10,312 m³ of Brazilian sawn lumber, worth €6.1m.

While addressing illegality risk, the AEIM report also highlights efforts being made by the Brazilian Environment Institute (IBAMA) to tackle illegal trade, and the development of Brazil’s National Control System for Forest Products Origin (SINAFLO), its timber supply chain tracking database. The final AEIM report will be available soon.

In a separate report, AEIM note that a recent survey of members revealed that only 4% of all tropical timber imported into Spain is certified. AEIM is committed to raising this percentage to 12% by 2020.

LCA provides foundation for new tropical wood promotion campaign

According to the European Timber Trade Federation (ETTF), a 12-strong group of Netherlands Timber Trade Association (NTTA) members is planning to use the findings of two recent Life Cycle Assessment (LCA) projects as the basis of a campaign to promote greater use of sustainable tropical timber.

The campaign will target civil engineers and focus on both sustainable tropical timber’s environmental benefits in relation to climate change mitigation, renewability and low environmental impacts as well as its technical, design and maintenance attributes.

The campaign draws on a 2016 LCA study, backed by the EU Sustainable Tropical Timber Coalition (STTC), on the use of tropical timber for pile planking. It was commissioned from EY Climate Change and Sustainability Services by the NTTA’s Centrum Hout operation with support from FSC Netherlands.

This study put three sustainable tropical species through LCA, alongside planking in plastic. Timber scored significantly better both in overall impact and carbon performance.

Earlier, the Dutch government commissioned a similar comparative study for pedestrian bridges, measuring the LCA performance of tropical timber versus concrete, steel and reinforced composites. Again, tropical wood came out on top.

The promotion campaign will involve meetings for engineers, and distribution of literature, including fact sheets already prepared on sustainable tropical timber and environmental impact, CO₂ reduction and the bio-based and the circular economy.

The pile planking study has also generated literature on total cost of ownership of the product through its life, and a design and calculation guide. There is also an online facility to calculate embodied and lifetime in-use carbon performance of a particular timber application.

North America

Tropical sawnwood 30% of total sawn hardwood imports

US imports of temperate and tropical sawn hardwood grew slightly in August to 72,278 cu.m., but the value of imports declined. Tropical sawnwood imports accounted for 21,381 cu.m. or 30% of total sawn hardwood imports in August.

Tropical imports increased 14% from July, while the value of tropical sawnwood imported was almost unchanged at US\$21.7 million. Year-to-date tropical imports were up 5% compared to August 2016.

The month-over-month increase was mainly in imports of balsa, keruing, jatoba and acajou d’Afrique. Balsa imports grew 24% to 6,252 cu.m. in August. Keruing imports were 2,234 cu.m., up 19% from July.

Imports of ipe sawnwood were slightly down in August (2,412 cu.m.), but at US\$5.1 million ipe was still the leading species imported by value.

Malaysian exports to the US increased by one third in August. The US imported from Malaysia in August 2,073 cu.m. of keruing worth US\$1.7 million. Meranti and teak imports from Malaysia were also up in August.

	2016 Year to July	2017 Year to July	% change
Total US Imports	155,855	163,136	5%
Ecuador	34,354	48,077	40%
Brazil	32,136	31,730	-1%
Cameroon	15,499	19,702	27%
Malaysia	16,300	11,947	-27%
Rep. of Congo	9,108	8,555	-6%
Peru	1,318	395	-70%
Indonesia	8,296	9,471	14%
Ghana	5,187	5,652	9%
Cote d'Ivoire	1,663	1,696	2%
Other	31,994	25,911	-19%

Data source: US Census Bureau, Foreign Trade Statistics

Canadian meranti imports up in August

The value of Canadian imports of tropical sawnwood increased in August, but year-to-date imports remain lower than in August last year. The value of tropical imports was US\$1.5 million, up 9% from July.

Imports of most species declined in August with the exception of red meranti. Red meranti imports doubled from July to US\$58,266, but year-to-date meranti imports are lower than in August 2016.

Virola, imbuia and balsa imports (combined) accounted for the majority of imports in August at US\$461,189, up 61% year-to-date from the same time last year. Almost all virola, imbuia and balsa sawnwood was imported via the US.

Sapelli sawnwood imports were worth US\$337,755 in August, down 2% from July, but sapelli imports from Cameroon grew in August to US\$191,888.

Plans to replace plywood in recreational vehicles and boats

A new company hopes to replace plywood in recreational vehicles (RVs), boats, buses and trucks with reinforced fibreglass and thermoplastic panels.

TekModo manufactures composite panels designed to replace plywood in roofs, floors and external walls. A different type of panel takes the place of lauan plywood in sidewalls of RVs and commercial buses.

The company is also developing non-wood concrete forming panels intended to replace plywood in concrete forming. TekModo's production plant is in Indiana where most North American RVs are manufactured.

New CLT plant for Washington State

A new factory for mass timber products is set to open in 2018 in Spokane Valley, Washington, according to a press release by construction technology company Kattera. Cross-laminated timber (CLT) and glulam will be produced at the new plant, which Kattera uses in its modular prefabrication of commercial and residential buildings.

The company already manufactures building components at an existing factory in Arizona, including walls, rooms, doors and cabinetry. The new plant in Washington will increase the production of CLT in the US and allow for higher use of timber in construction.

CLT is used in tall residential buildings and non-residential construction as an alternative to concrete, masonry and steel. Developed in Europe CLT is gaining traction in the US and Canada to reduce construction cost and time, and improve the environmental footprint of buildings.

A US CLT Handbook was developed in 2013 to facilitate the adoption of CLT.

A free electronic copy of the handbook is available at: <https://www.rethinkwood.com/mass-timber-webform/cross-laminated-timber-clt-handbook>

The American Hardwood Export Council has been promoting CLT made from hardwoods. Temporary structures were created from American tulipwood CLT for the London Design Festival in recent years. This year tulipwood CLT was used for the first time in a permanent building, a health care facility in England.

US cabinet market outlook: more custom and frameless cabinets

US demand for cabinets is forecast to grow 5.7% annually to 2021, according to a Freedonia market study released in September (Cabinets Markets in the US, 10th Edition). Remodeling of existing kitchens is the most significant driver of demand. In 2016 the US cabinet sales were worth over US\$16 billion.

Semi-custom and custom kitchen cabinets are expected to grow at a higher rate than stock kitchen cabinets. Traditional face-frame cabinets are most common in the US, but the more modern look of frameless cabinets has become popular in the last decade.

Frameless cabinets are also used more frequently in multi-family housing because of their lower cost.

Features such as charging stations for electronic devices and LED lighting are predicted to become common in stock cabinets in the next five years.

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.

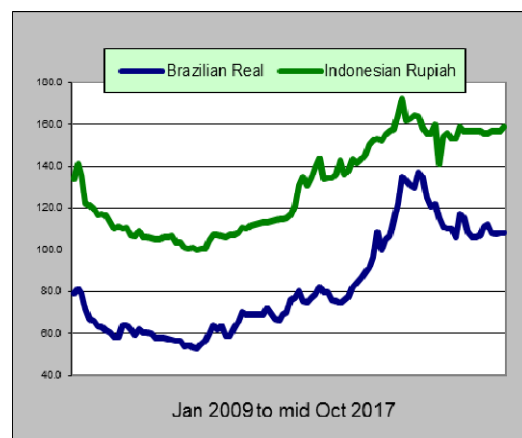
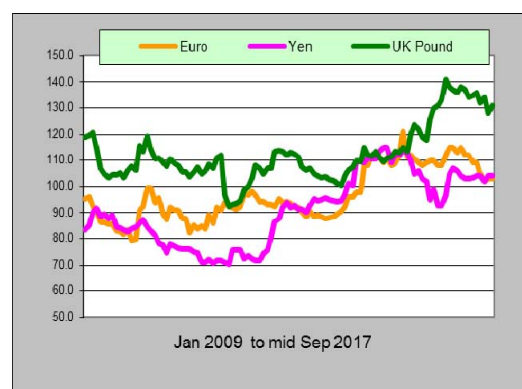
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

Dollar Exchange Rates

As of 10 October 2017

Brazil	Real	3.1801
CFA countries	CFA Franc	555.43
China	Yuan	6.5715
EU	Euro	0.8469
India	Rupee	65.235
Indonesia	Rupiah	13513
Japan	Yen	112.45
Malaysia	Ringgit	4.2198
Peru	New Sol	3.2645
UK	Pound	0.7573
South Korea	Won	1135.31

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

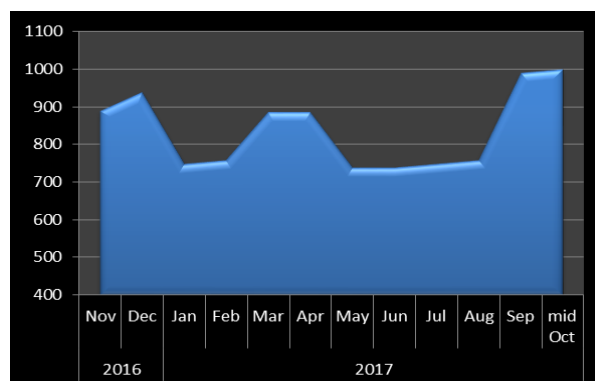


Abbreviations and Equivalences

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
MT	Metric tonne
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
November 2016 – mid October 2017

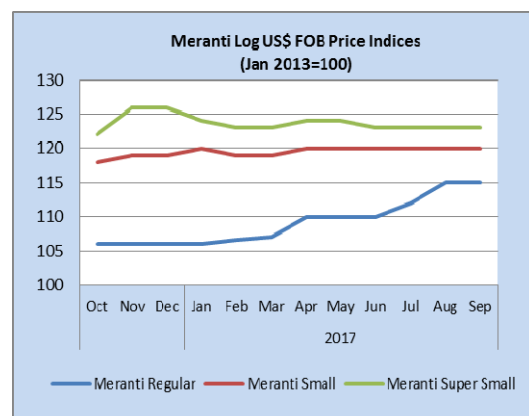


Data source: Open Financial Data Project

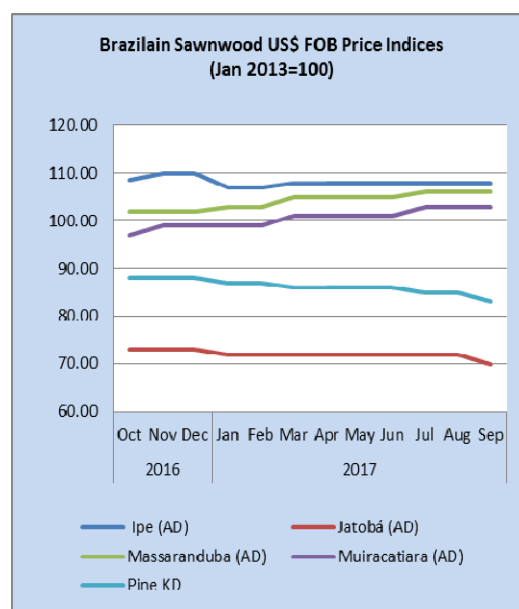
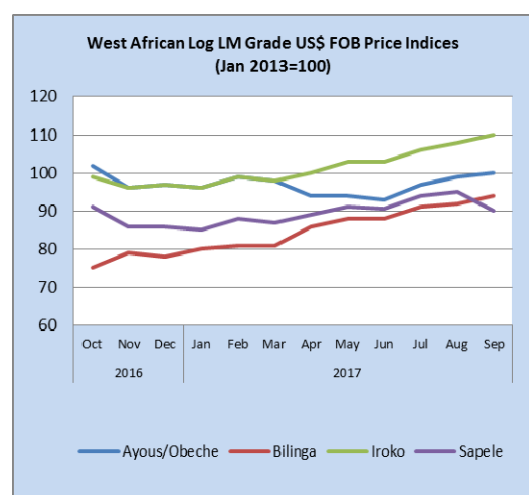
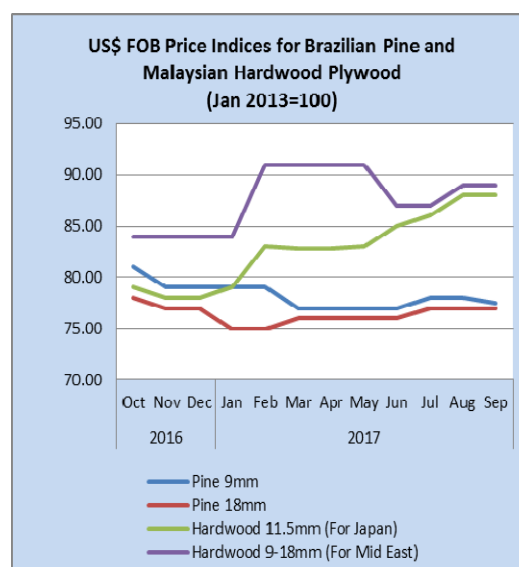
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

Price indices for selected products

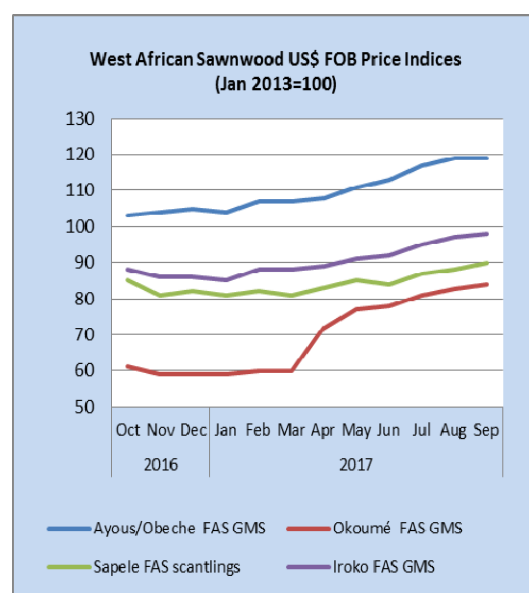
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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