



WORLD TEAK CONFERENCE

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Bangkok, Thailand**

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International Tropical Timber Organization
(ITTO)



Outline

1. The International Tropical Timber Organization (ITTO)
2. Review of the Timber Market Situation:
 1. Industrial Roundwood and Primary products
3. Markets' perception on Teak
4. Myanmar Teak Logs' Export Prices
5. The Indian Teak Market
6. The Chinese Timber Market
7. The US Sawn-Tropical Hardwoods
8. Teak Supply from Plantation
9. Competition from Temperate Forest
10. Conclusions



ITTO

- Intergovernmental Organization
- Established in 1983 through the treaty “International Tropical Timber Agreement”
- To promote conservation and sustainable management of tropical forests and use and trade of tropical timber from legal sources;
- More than 60 member countries:
 - 80% of the world’s tropical forest
 - 90% of the global timber trade

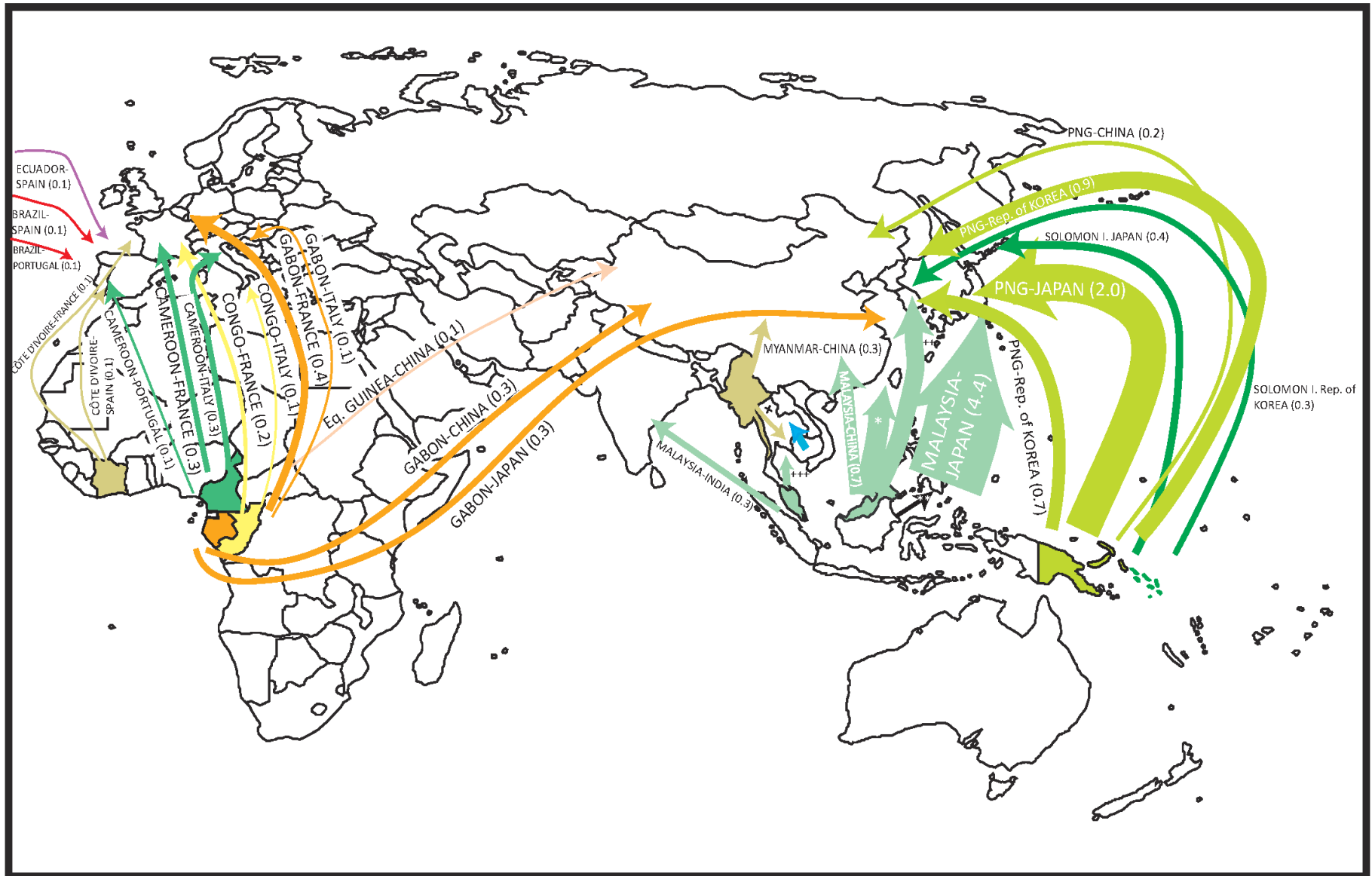




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Major Trade Flows: Tropical Industrial Roundwood 1995 (million m³)

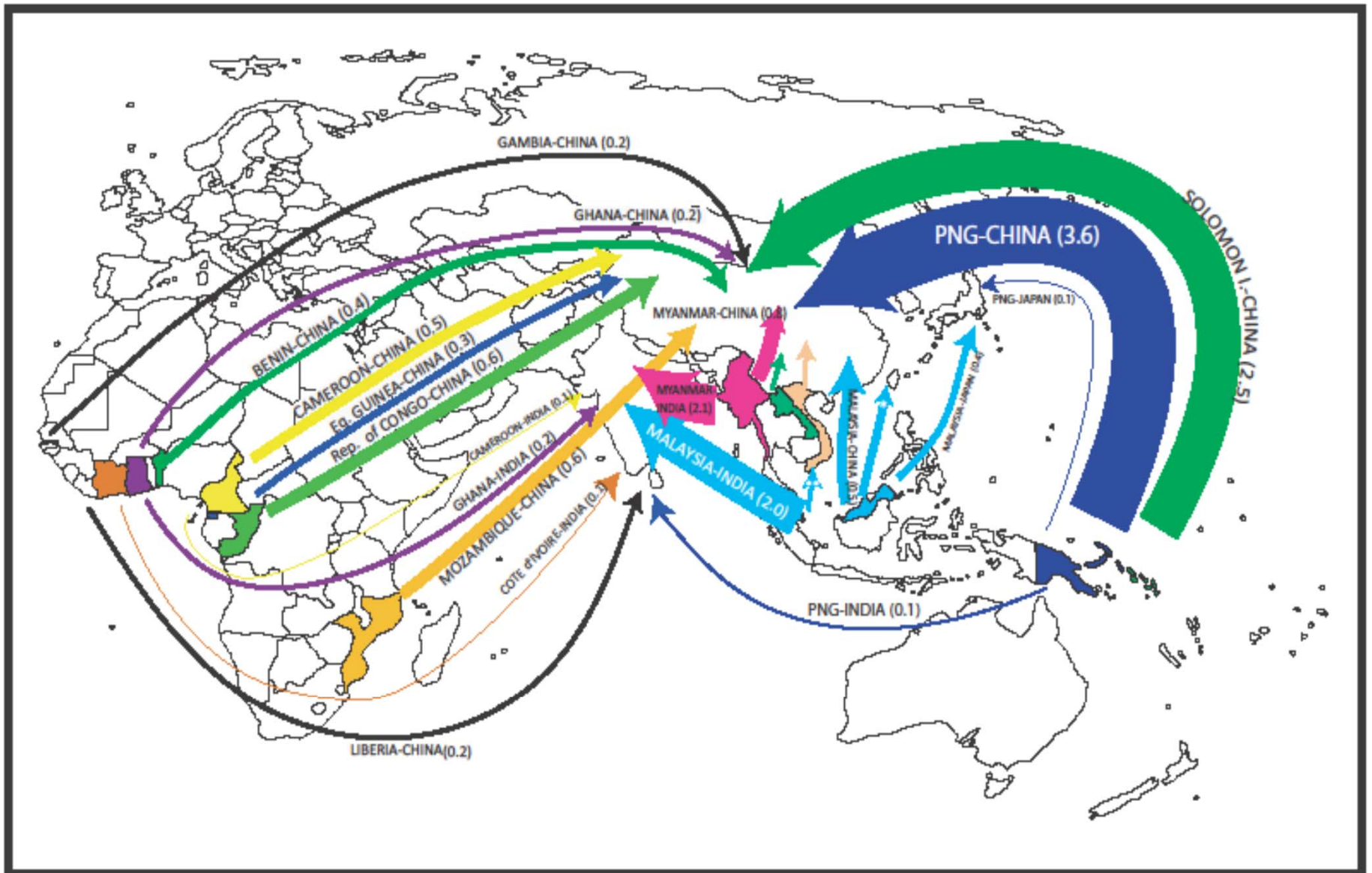


* MALAYSIA-TAIWAN POC (1.2), ** MALAYSIA-PHILIPPINES (0.2), + MYANMAR-THAILAND (0.2).

++ MALAYSIA-Rep. of KOREA (0.9), +++ MALAYSIA-THAILAND (0.4).

Sources: ITTO, COMTRADE. Major directions of trade as recorded by exporting countries.

Major importers of tropical industrial roundwood (2012, million m³).


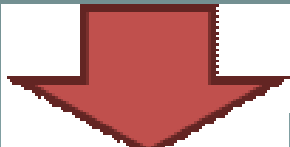


* MALAYSIA-TAIWAN POC (0.4), ** MALAYSIA-VIETNAM (0.2).

Sources: ITTO, COMTRADE.

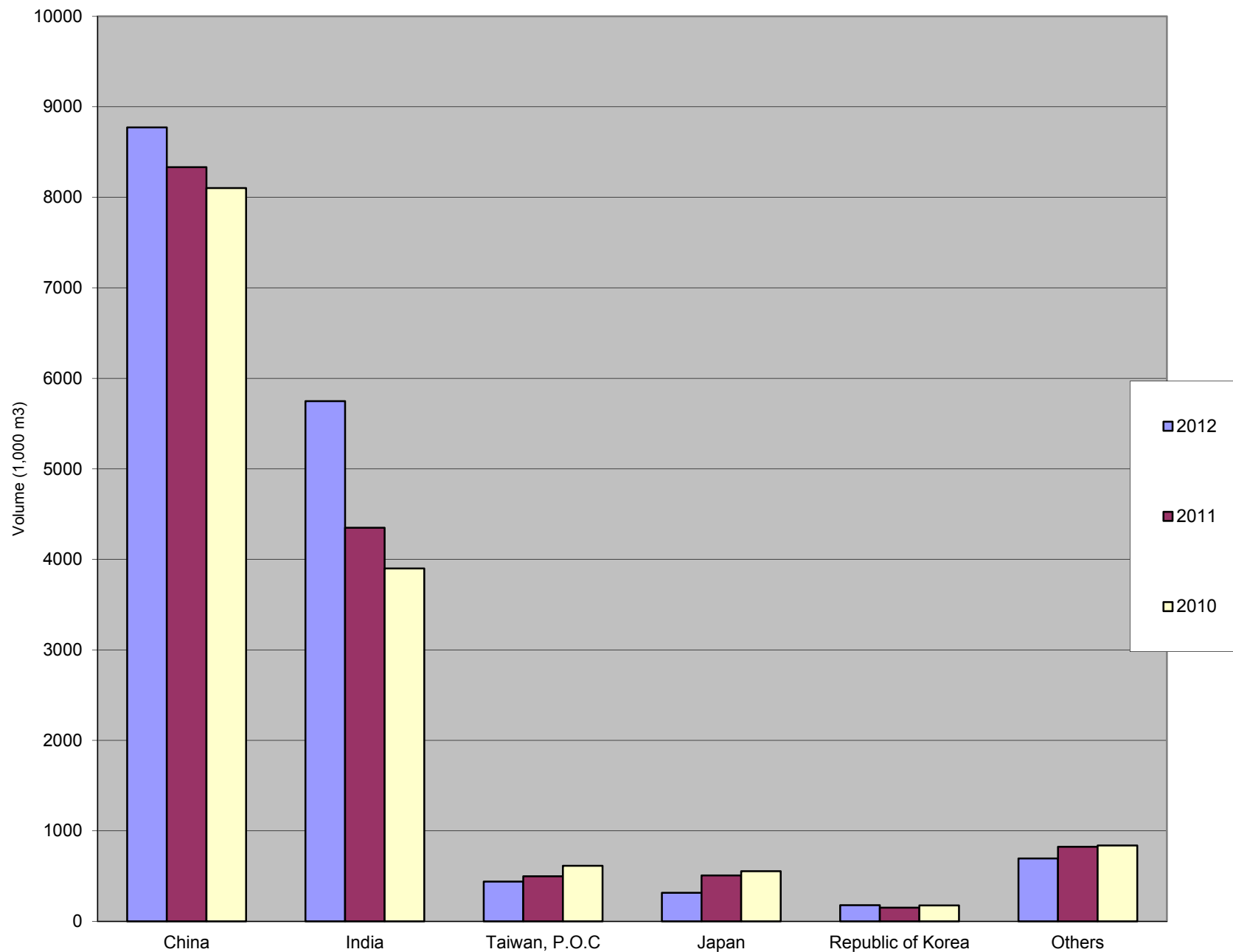


Primary wood products

			Volume (million m ³)
Production of tropical industrial roundwood (logs)	0.7%		190.5
Imports of tropical industrial roundwood (logs)	10.2%	-	16.1
<ul style="list-style-type: none"> • 58% of the production occurs in Asia Pacific • China & India, mayor importers 89% of imports) • Exports from Africa expanded by 24.9% 			
Production of tropical sawnwood	-	0.6%	44.3
Production of tropical plywood	0.08%	-	17.8
<ul style="list-style-type: none"> • China is a dominant consumer 			

Source: ITTO Statistics Database, http://www.itto.int/annual_review_output/

Major importers of tropical logs, 2010-2012





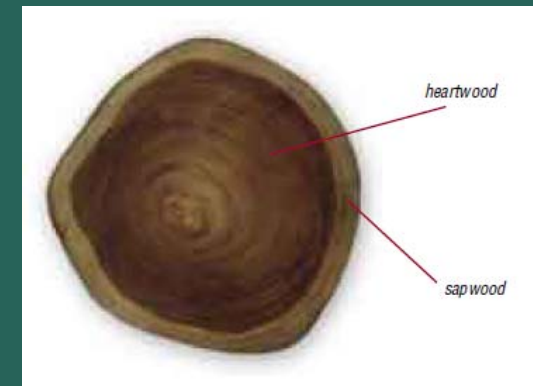
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Market's perceptions on Teak

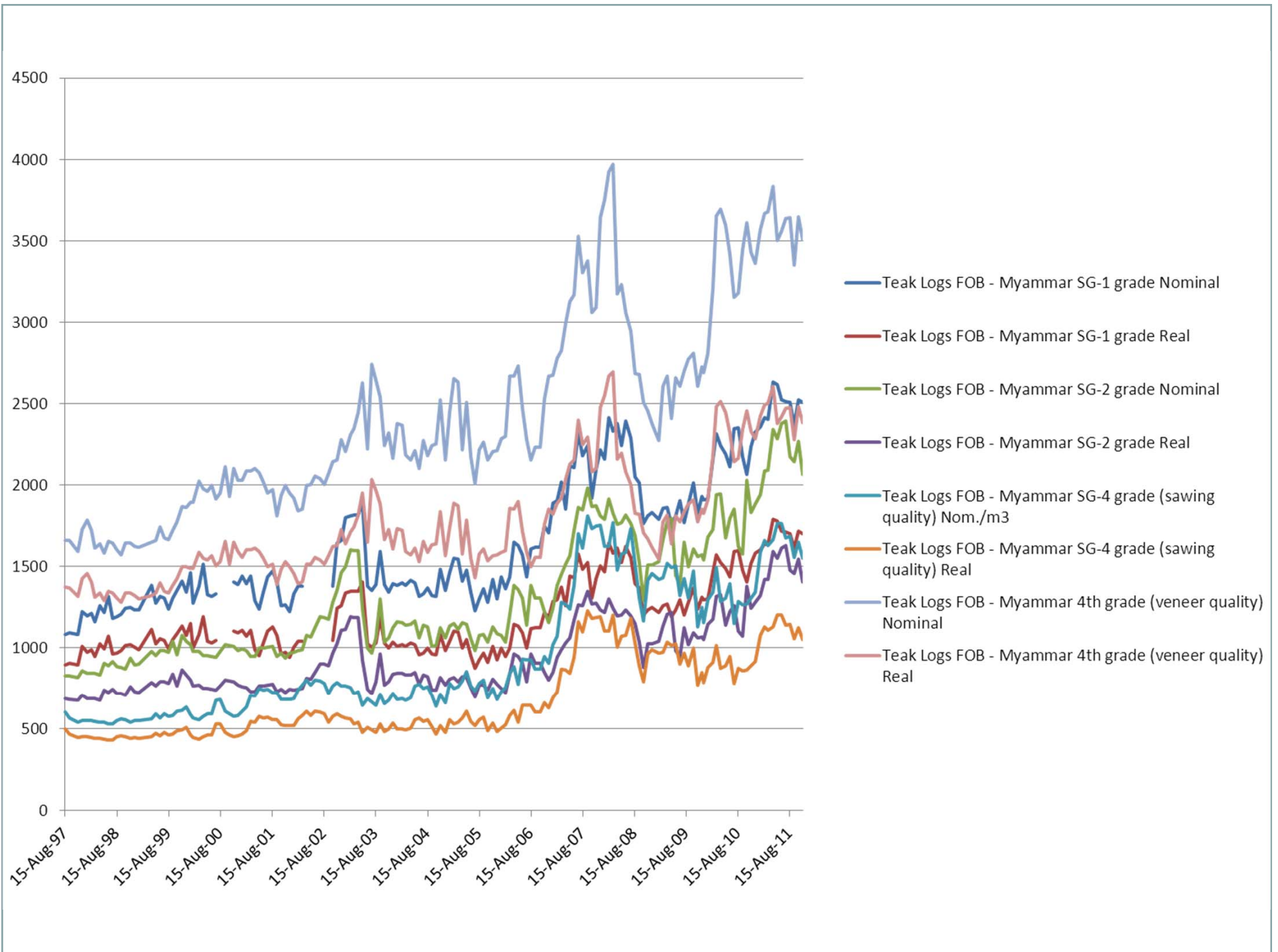
- Reputation as the “king of timbers”:
 - Highly durable
 - Good craftsmanship
 - Resistant
 - Attractive
- The main criteria for market price is:
 - Appearance
 - Durability
- Plantation teak sells at a lower price than teak from natural forest
- Teak from natural forest commands prices as high as US\$2,000/m³ (average US\$700/m³)
 - High proportion of heartwood
 - Uniform color
 - Medium texture
 - Straight grain
 - Small microfibril angle (minimal shrinkage on drying)
 - Limited availability of supply





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Myanmar Teak Logs' Export prices as of February 2013

Grade	Quantity (Tons)	€ ton
4th Quality	10	5046
SG-1	21	3312
SG-2	36	3048
SG-4	234	2502
SG-5	135	1872
SG-6	103	1615
SG-7	64	1453

- Prospect of a log export ban is driving dealers to increase stocks
- Logs for veneer are in strong demand
- Talks for cooperation with the European Timber Trade Federation are underway for ensuring Myanmar's Due Diligence (EU Timber Regulation)
- Myanmar Timber Certification Scheme was introduced in December 2012
- There is a growing domestic demand

Hoppus ton=1.8m³; All grades, except SG-3/5/6, are length 8' x girth 5' & up. SG-3/4/6 are girth 4' & up. SG-3 grade is higher than SG-4 but with lower girth and price. Prices vary due to quality and/or girth at the time of the transaction

Source:

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



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The Indian Teak Market as of February 2013

Imported Plantation Teak Prices (C&F)	US\$ / m ³
Tanzania Teak sawn	450-800
Côte d'Ivoire logs	450-850
PNG logs	450-550
El-Salvador logs	400-550
Guatemala logs	400-500
Nigeria squares	300-500
Ghana logs	350-650
Guyana logs	300-450
Benin logs	500-1000
Benin sawn	700-800
Brazil squares	400-600
Colombia logs	400-600
Togo logs	350-500
Ecuador squares	350-500
Costa Rica logs	400-650
Panama logs	350-450
Sudan logs	500-650

- India remains as the biggest market (household items)
- Scarcity of domestic teak logs, which has led to import of poor quality logs
- Establishment of timber processing zones (Kandla and Paradeep)

Prices for Myanmar Teak sawn in India	
Sawnwood (Ex-mill) Myanmar Teak (AD)	US\$ / ft ³
Export Grade F.E.Q.	82.8 – 193.3
Plantation Teak A grade	62.6 – 73.6
Plantation Teak B grade	51.5 – 57.1
Plantation Teak FAS grade	36.8 – 47.8

Source: http://www.itto.int/en/mis_download



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The Chinese Timber Market as of February 2013

Guangzhou Yuzhu International Timber Market (Logs)		
	Diameter	US\$ / m ³
Lauan	60 cm +	321 – 354
Kapur	80 cm +	499 – 515
Merbau	100 cm +	885 – 901
Teak	30-60 cm	1609 – 2092
Wenge		724 - 885
Wenzhou Timber Trading Market		
Teak (Africa)	All grades	338 - 402

Sawn-Teak		
	Guangzhou Y. US\$ / m ³	Hangzhou US\$ / m ³
Plantation Teak Grade A	1545	-
Teak Myanmar (all grades)	-	1448 - 2897

Source: http://www.itto.int/en/mis_download



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US Imports of Sawn Tropical Hardwoods as of January 2013

Source: http://www.itto.int/en/mis_download

Specie	Cubic meters	Change (%) from December 2012
Other	2674	-4
Sapelli	2,639	66
Balsa	2,561	6
Ipe	2,559	26
Virola	2,369	1103
Acajou d'Afrique	1,952	-35
Keruing	1,831	-20
Jatoba	760	109
Mahogany	578	-50
Cedar	570	57
Teak	439	64
Meranti	288	-11
Padauk	36	-57
Aningre	36	-43
Iroko	14	-98
Total	19,306	10



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Total Area of Commercial Plantations in the Tropics

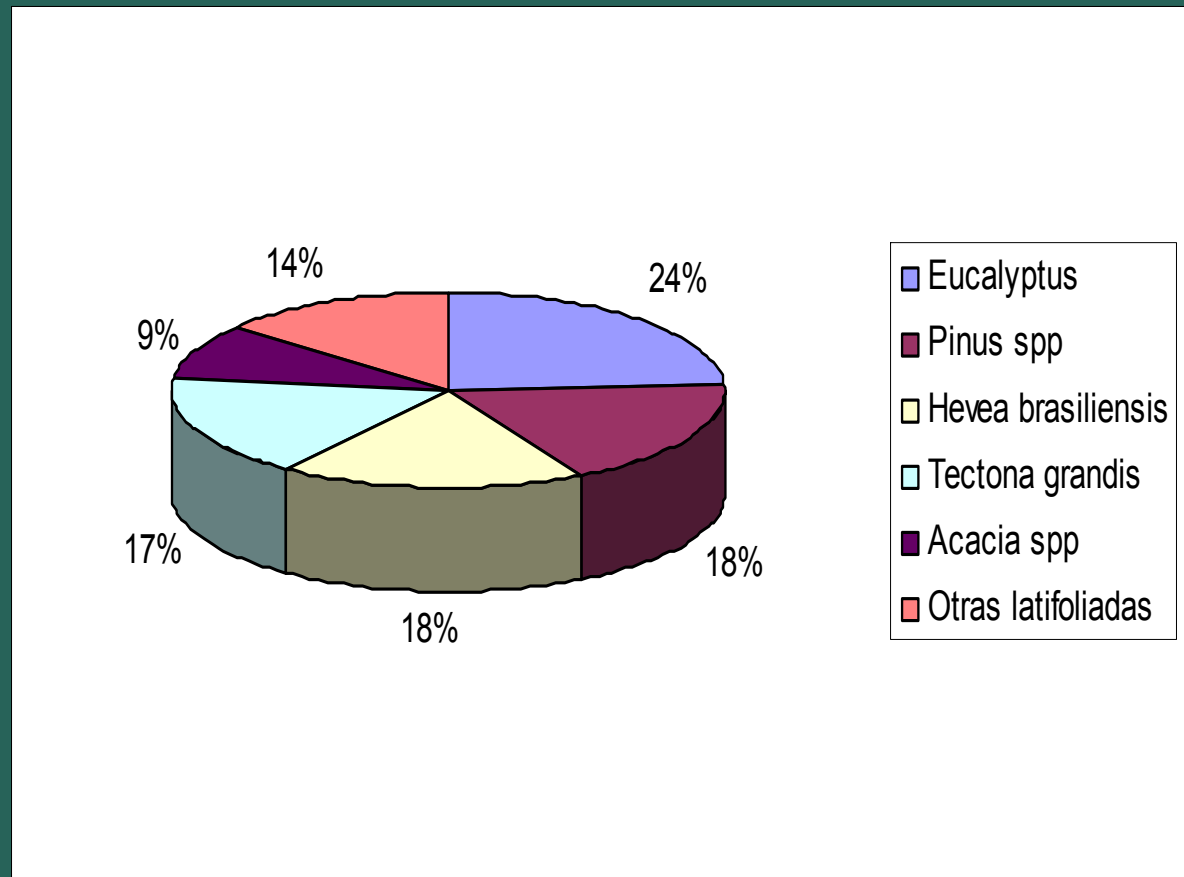


	Forest total area ('000 ha)	Plantations area ('000 ha)	(%)
Asia-Pacific	1,104,000	54,073	4.9
Africa	1,652,000	4,620	0.28
Latin America	2,250,000	8,805	0.39
TOTAL	5,006,000	67,498	1.35



Main Players and Species in Tropical Timber Plantations

- Asia:
 - India
 - Indonesia
 - Thailand
- Africa:
 - Nigeria
 - Sudan
 - Madagascar
- Latin America:
 - Brazil
 - Venezuela
 - Peru





Teak: Planted Area & Production Capacity

Source:

http://www.itto.int/technical_report/?pageID=2



Country	Commercial planted area ('000 ha)	MAI (m ³ /ha/year)	Sustainable production ('000 m ³ /year)
India	2,561	5	12,805
Indonesia	1,470	5	7,350
Thailand	836	5	4,180
Others	726	4.5	3,267
Subtotal Asia-Pacific	5,593	-	27,602
Nigeria	74	9.5	1,260
Côte d'Ivoire	66	11.3	756
Ghana	40	15.0	200
Sudan	25	4	100
Others	51	4	204
Subtotal Africa	256	-	2,353
Brazil	50	9	450
Costa Rica	30	13	390
Others	53	10	530
Subtotal Latin American & Caribbean	133	-	1,370
TOTAL	5,982	-	31,325



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Thermal Modification

- Improves Dimensional Stability
- Increases Biological Durability
- Reduces Wood EMC 40-50%
- Lowers Water Permeability
- Eliminates Cupping
- Darkens Color

Makes Your...

Oak look like,
Black Walnut or
Wenge

Hickory or Ash
look like
Ipe or Ebony

Maple or Birch
look like
Mahogany or Teak

Pine or Spruce look
like Cedar

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Conclusions

- The trade flows of timber have change:
 - China is the major consumer of tropical timber
 - India is the major consumer of Teak (logs, sawnwood, and plywood)
 - Teak is mostly consumed for household items
 - Myanmar the only exporter of natural teak is considering a ban on log exports.
 - Other non-traditional markets are emerging (The Emirates, Saudi Arabia, Egypt, Yemen)
- There are significant price differences between natural grown teak and planted teak
 - Efforts to improve planting stock and silviculture
 - Efforts to convey the message to the market
- There is competition from outside tropical forest
 - Modified timber
 - Other materials such as plastic , aluminum, steel
- Important suppliers of teak stock are moving towards imposing log export bans
- Other market issues:
 - Legality (EU Timber regulation, Lacey Act)



Thank you!!!



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ITTO Market Information Service:
http://www.itto.int/en/mis_download