

Tropical Timber Market Report

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Top Story

Paraná State develops Reverse Logistics Plan

The wood and furniture sector of Paraná State has developed a Reverse Logistics Plan (RLP) to define all operations related to the reuse of products and materials

This RLP provides an overview of the timber sector in the State which comprises some 5,000 companies that generate 85,000 jobs. The Plan details the main residues generated and how some of this can be utilised. The plan also provides timelines for action by companies.

ABIMCI presented the Paraná RLP during the 11th Council Meeting of the Brazilian National Confederation of Industry (CNI) and said that the Paraná Plan can be an example for the rest of the country.

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Little prospect of growth in EU market

Producers report that demand from European buyers remains very quiet with not a hint of the usual autumn up-tick in purchases.

Overall, exporters in West Africa are not at all optimistic on prospects for any growth in demand in EU markets. Current demand in northern Europe is heavily concentrated on ayous, sipo and sapele sawnwood.

The slow response of some EU members to enforcement of the EUTR is attracting the attention of green activists who seem set to put pressure on authorities to ensure stricter adherence to the regulation. News such as this further dampens the enthusiasm of both producers and importers who believed the EUTR would unwind the negative attitudes to tropical timber in the EU.

Trade with Middle East countries is strong and okoume sawnwood continues to be the favourite such that demand is supporting okoume prices at moderately high levels. The price conscious Middle East buyers are beginning to show some interest in a mix of heavier density species, say analysts.

Regional round-up

Infrastructure developments in Congo Brazzaville, focused on improving roads and ports in order to facilitate exports of timber and other products, are forging ahead. There is particular emphasis on opening access to the more remote northern areas.

In Gabon reports say that, because of financial constraints, the government has halted work on many development projects. This news has further dampened prospects for a speedy solution to the refunding of the TVA to timber exporters and means they continue to suffer cash flow problems.

Reports continue to stress ongoing problems at Douala Port where there has been little progress in clearing the stocks of logs awaiting shipment. The logistics of identifying and sorting the logs is a challenge, made especially complex because there is a need to re-grade and reject logs that have deteriorated while in the log park.

Producers content to see calm market conditions continue

Over the past month traded volumes have settled at reasonable levels and, although there are occasional rumours of a possible downturn in demand in China, producers are not experiencing any slackening of demand from buyers for the Chinese market.

The calm and steady market conditions are set to remain into the fourth quarter with prices for logs and sawnwood firm but unlikely to rise further. Producers appear confident of stability in demand through the coming months and are carefully matching production to the current demand.

World Bank assess economic impact of Ebola

The Ebola epidemic is already seriously disrupting trade in the three most affected countries and, if not contained, could have a major impact on trade and economic growth across West Africa.

The World Bank has released an assessment of the possible economic impact of the epidemic saying: "With the latest death toll from Ebola now at 3,439 in the three worst-affected countries of Guinea, Liberia, and Sierra Leone if the epidemic was to significantly infect people in neighboring countries, some of which have much larger economies, the two-year regional financial impact could reach US\$32.6 billion by the end of 2015".

The new World Bank Group report notes, "as it is far from certain that the epidemic will be fully contained by December 2014 and in light of the considerable uncertainty about its future trajectory, two alternative scenarios are used to estimate the medium-term (2015) impact of the epidemic, extending to the end of calendar year 2015."

According to the World Bank Group's new analysis, the economic impacts of Ebola are already very serious in the core three countries – particularly Liberia and Sierra Leone – and could become catastrophic if containment fails.

For the full report see:

<http://www.worldbank.org/en/news/press-release/2014/10/08/ebola-new-world-bank-group-study-forecasts-billions-in-economic-loss-if-epidemic-lasts-longer-spreads-in-west-africa>

Log Export Prices

West African logs, FOB	€ per m ³		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	230	230	160
Ayous/Obeche/Wawa	235↑	235↑	155↑
Azobe & Ekki	235	230	150
Belli	300	295	-
Bibolo/Dibétou	150	145	-
Iroko	330	290	260
Okoume (60% CI, 40% CE, 20% CS) (China only)	340	340	260
Moabi	330	300	220
Movingui	210	210	160
Niove	160	155	-
Okan	290	285	-
Padouk	300	275	210
Sapele	350↑	350↑	250↑
Sipo/Utile	375↑	375↑	250
Tali	320	320	-

Sawnwood Export Prices

West African sawnwood, FOB		€ per m ³
Ayous	FAS GMS	360↑
Bilinga	FAS GMS	520
Okoumé	FAS GMS	480
	Merchantable	275
	Std/Btr GMS	350
Sipo	FAS GMS	660
	FAS fixed sizes	660
	FAS scantlings	670
Padouk	FAS GMS	820
	FAS scantlings	870
	Strips	500
Sapele	FAS Spanish sizes	675↑
	FAS scantlings	670
Iroko	FAS GMS	620
	Scantlings	695
	Strips	440
Khaya	FAS GMS	450
	FAS fixed	470
Moabi	FAS GMS	580
	Scantlings	560
Movingui	FAS GMS	420

Report from Ghana

Minister inaugurates new Forestry Commission Board

The Minister of Lands and Natural Resources, Mr. Nii Osah Mills, has inaugurated an 11-member Forestry Commission Board. The board is headed by a Forestry Consultant, Edward Prah. The Minister tasked the board with:

- Providing strategic direction for the regulation of the use of forest and wildlife resources.
- Addressing the conservation and management of the resources as well as coordination of policies related to the forest and wildlife resources.
- Focusing attention on delays in the conversion of all leases to Timber Utilisation Contracts (TUCs), which is critical for implementation of the Voluntary Partnership Agreement (VPA) and to efforts to halt the over-exploitation of rosewood from ecologically fragile savanna ecosystem.
- Overseeing the smooth implementation of the New Forest and Wildlife Policy-2012. This has shifted the focus from over-reliance on revenues from timber production to biodiversity conservation, ecotourism development and watershed management and protection.
- Helping tackle issues of deforestation and forest degradation that are impacting biodiversity, extinction of prime timber species, drying of water bodies and climate change effects.

On the issue of deforestation and forest degradation, the Minister said: “There is a need to urgently restore the rapidly declining values and functions of the forest to ensure a continuous flow of benefits to all segments of society now and in the future”.

Mr Prah, the Board Chairman, assured the Minister that the board will work within the boundaries assigned them and pledged the full cooperation of members to cordial, effective, transparent but decisive working relations with the management of the Commission.

Mr. Samuel Afari Dartey, Chief Executive Officer of Forestry Commission is also on the Board.

Environment Minister calls for action to stem environmental degradation

The first national conference, to commemorate ‘100 Years of Forestry Practice and 50 Years of Forestry Research in Ghana’, was recently held in Kumasi.

Organised by the Council for Scientific and Industrial Research (CSIR) Forestry Commission, College of Agriculture and Natural Resources of the Kwame Nkrumah University for Science and Technology and Tropenbos International, the 2-days conference was attended by industry stakeholders.

Speaking to the press, Dr Alfred Sugri Tia, a Deputy Minister of Environment, Science, Technology and Innovation (MESTI), tasked the agencies in the forestry sector with addressing issues concerning policy, accountability and monitoring of systems to stem environmental degradation.

Association of Ghana Industries seeks government support

The Association of Ghana Industries (AGI) has assured its members of continued pressure on government to provide much needed incentives to produce goods and services for the domestic market.

This was made known by the Vice Chairman of the Western Region of AGI, Mr. Ato Pamford, at its first Industry and Technology (Indutech) Fair in Takoradi on the theme “Empowering existing and emerging industries for sustainable development”.

In his opening address, Major Dr. Mustapha Ahmed, the Acting Minister of Trade and Industry assured participants that the government will continue to support and work with the private sector through bodies such as the AGI in their endeavour to spur economic growth.

Boule Export prices

	Euro per m ³
Black Ofram	245
Black Ofram Kiln dry	415
Niangon	469
Niangon Kiln dry	550

Export Rotary Veneer Prices

Rotary Veneer, FOB	€ per m ³	
	CORE (1-1.9 mm)	FACE (2mm)
Ceiba	265	346
Chenchen	320	366
Ogea	326	350
Essa	318	364
Ofram	333	350

Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	0.48
Asanfina	1.40	0.59
Avodire	1.60	0.75
Chenchen	1.10	0.40
Mahogany	1.30	1.07
Makore	1.30	0.53
Odum	1.76	0.99

Export Sawnwood Prices

Ghana Sawnwood, FOB	€ per m ³	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up		
Afrormosia	860	945
Asanfina	485	564
Ceiba	260	310
Dahoma	297	365
Edinam (mixed redwood)	457	465
Emeri	370	550
African mahogany (Ivorenensis)	593	720
Makore	580	618
Niangon	595	710
Odum	610	750
Sapele	567	640
Wawa 1C & Select	275	340

Export Plywood Prices

Plywood, FOB	€ per m ³		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	420	600	641
6mm	400	575	622
9mm	382	423	510
12mm	374	440	450
15mm	350	380	386
18mm	300	357	370

Grade AB/BB would attract a premium of 10%, B/BB 5%, C/CC 5% and CC/CC 10%.

Export Added Value Product Prices

Parquet flooring 1st	FOB € per sq.m		
	10x60mm	10x65-75mm	14x70mm
Apa	13.70	15.70	18.80
Odum	10.80	12.20	12.52
Hyedua	14.67	14.93	18.45
Afrormosia	14.00	18.65	18.55

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

Report from Malaysia

New tax and withdrawal of fuel subsidy to impact industry

The 2015 Malaysian budget was recently released with the main thrusts being balancing economic development and the well-being of the people and implementation of high impact, low cost and efficient projects.

Malaysia's GDP is projected to grow by 5.0 – 6.0% in 2015 compared to this year's growth of 5.5 – 6.0%. The government intends to bring the fiscal deficit down to 3.0% of GDP from this year's 3.5%.

A significant move was the introduction of a Goods and Service Tax (GST) which will come into force 1 April 2015 at a rate of 6%. A wide range of items, considered essential, will be exempted from the GST.

Analysts say the timber industry will need some time to study the budget before an assessment can be made of its implications on the timber sector.

There are some aspects in the budget which will certainly have a negative impact such as the GST and the elimination of petroleum subsidies. In contrast, incentives to develop small and medium enterprises and incentives in support of automation to reduce the dependence on foreign labour could have a positive impact.

Sarawak exporters optimistic on growth in exports

Major timber companies in Sarawak are optimistic that demand for wood products such as plywood, which has enjoyed firm prices in recent months, will continue to expand.

The Star newspaper quoted a spokesperson for Subur Tiasa, a major producer in Sarawak, as saying: "Timber prices are not expected to experience any downside volatility following the log export ban imposed by Myanmar in April and in view of the increased demand from timber consuming countries."

Timber exporters are confident that demand will strengthen in response to an anticipated upturn in construction activities in major markets such as Japan and some EU member states. International demand for Sarawak logs has grown since Myanmar banned log exports.

Plywood exporters in Sarawak reported following prices:

FB (11.5 mm)	US\$ 625 FOB
CP (3' x 6')	US\$ 530 FOB
UCP (3' x 6')	US\$ 610 FOB
Middle East (9-18mm)	US\$ 465 FOB
Korea (8.5-17.5 mm)	US\$ 470 FOB
Taiwan P.o.C (8.6-17.5 mm)	US\$ 465 FOB
Hong Kong	US\$ 475 FOB

No more concession licenses

The fight against illegal logging in Sarawak further intensified when the chief minister, Adenan Satem, decided not to issue any more timber concessions until satisfied timber smuggling was brought to a halt.

It has been reported that the government seized illegal timber valued at around RM2.95mil (approx. US\$ 896,000) in the first nine months of this year, a 400% increase year on year.

The Chief Minister surprised many by announcing the arming of 50 Forestry Department enforcers to combat illegal logging.

PEFC endorses Indonesia's certification system

The Programme for the Endorsement of Forest Certification (PEFC) has endorsed the Indonesian Forestry Certification Co-operation (IFCC) which, says a PEFC press release “signifies a turning point for Indonesia, a country which is still struggling with combating high deforestation rates,”

Ben Gunneberg, Secretary General of PEFC International said: “Forest certification represents an important mechanism to verify and promote sustainable forest management, thus safeguarding the environmental, social and economic benefits that forests provide.

This is especially important in a country like Indonesia given the significance of its forest resources both in terms of protecting its invaluable biodiversity and its contribution to the livelihoods of the millions of people that depend on forest resources to make a living.”

For the press release see: <http://www.pefc.org/news-a-media/general-sfm-news/1672-indonesian-forests-to-benefit-from-pefc-certification>

Holding company for state forestry enterprises

Indonesia's State-Owned Enterprises Minister, Dahlan Iskan, has announced the creation of a holding company for all state horticulture and forestry state enterprises, a move which it is hoped will improve efficiency and competitiveness.

The way ahead is to create a uniform policy framework for the various enterprises and strengthen the work ethic but this will not be easy because of the diverse nature of operations and management of the different enterprises.

The new holding company will incorporate PT Plantation Nusantara (PTPN) I to PTPN XIV and its parent company PTPN III.

The holding company also includes state forestry enterprises Inhutani I to V and the parent company PT Perhutani.

The total assets of the forestry state-owned enterprises and state-owned forestry plantation enterprises now brought into the holding company amount to Rp 72.6 trillion (plantation assets (Rp 69 trillion and forestry assets US\$ 3.6 trillion).

Indigenous people say forest management failing them

Indigenous people in Indonesia are looking to the new government to review the management of customary forests.

Chalid Muhammad, chairman of the Management Board of the Association for Community and Ecologically-based Law Reform (Perkumpulan HuMa), has said some of the regulations applied to forestry concession holders resulted in the denial of customary rights.

HuMa Program Coordinator Nurul Firmansyah added that the indigenous people were ready to become involved in managing forests, but there needs to be a legal basis for their involvement.

Companies using fire to clear bush face lawsuits

The Environment Ministry has filed lawsuits against seven agroforestry companies in Riau suspected of starting forest fires in Sumatra in 2013. Himsar Sirait, the law enforcement deputy in the ministry said that the results of the investigation of the fires are now with the Attorney General.

The ministry is also investigating two palm oil companies and an industrial forest company suspected of starting fires earlier this year.

Domestic Log Prices

Indonesia logs, domestic prices	US\$ per m ³
Plywood logs	
core logs	210-230
Sawlogs (Meranti)	200-240
Falcata logs	150-190
Rubberwood	95-120
Pine	120-140
Mahoni (plantation mahogany)	130-150

Domestic Ex-mill Sawwood Prices

Indonesia, construction material, domestic	US\$ per m ³
Kampar (Ex-mill)	
AD 3x12-15x400cm	510-620
KD	-
AD 3x20x400cm	590-630
KD	-
Keruing (Ex-mill)	
AD 3x12-15x400cm	550-720
AD 2x20x400cm	490-520
AD 3x30x400cm	415-440

Export Plywood Prices

Indonesia ply MR BB/CC, export FOB	US\$ per m ³
2.7mm	650-680
3mm	670-700
6mm	-

Domestic Plywood Prices

MR Plywood (Jakarta), domestic	US\$ per m ³
9mm	370-420
12mm	350-400
15mm	320-350

Export and Domestic Other Panel Prices

Indonesia, Other Panels, FOB	US\$ per m ³	
<i>Particleboard</i>	Export 9-18mm	720-750
	Domestic 9mm	900-990
	12-15mm	650-670
	18mm	520-600
<i>MDF</i>	Export 12-18mm	700-750
	Domestic 12-18mm	430-530

Report from Myanmar

Results of 29 September tender

Analysts say the convenient location for the sale of logs on the 29 September (Yangon area) played a big part in the better prices that were received.

Observers report that only part of the stock of logs which could not be shipped before the log export ban were sold at the recent sale.

A substantial volume of logs still remain and as these have not been paid for then ownership reverts to the Myanmar Timber Enterprise. Analysts say the remaining logs are of poor quality as buyers shipped the better grade logs before the log export ban.

The monsoon has ended in Myanmar but log harvesting cannot begin for several months when forest roads become passable once again. Until fresh logs come from the forest millers will have to rely on the poor quality unshipped logs.

The next open tenders are expected to be on 24 and 27 October.

Prices for sawing grade teak logs ex-Yangon (US\$/hoppus ton)

Grade	Hoppus tons	Avg price/H. ton
SG-2	8	4111
SG-4	53	3190
SG-5	47	3077
SG-6	18	2222
SG-7	77	1687

Severe penalties for illegal logging

The domestic press in Myanmar has quoted Director P.S. Myo of the Forest Department as saying serious action will be taken to address illegal logging. Promulgation of new Forest Laws will include prison sentences for illegal logging.

If the long jail terms are eventually included in the new legislation observers anticipate this will deter most of the culprits.

Trade surges but deficit widens

Total trade so far in the current financial year has risen by more than 30 per cent over the same period last year according to the latest data from the Ministry of Commerce. From April 1 to September 26, the total value of trade was US\$13.45 billion, with exports at US\$5.37 billion and imports at US\$8.07 billion.

In the same period of last year total trade was US\$10.08 billion, comprising US\$4.66 billion in exports and US\$5.41 billion in imports.

Meeting of Myanmar Timber Merchants Association

At the end of September the Myanmar Timber Merchants Association (MTMA) met to discuss expansion of international trade.

The meeting was attended by delegates from the European Union, International Wood Products Association, the Australian Timber Importers Federation, Forest Department officers and officials from the MTE.

In his opening address, Barber Cho, Joint Secretary-General of the MTMA, mentioned the urgency in dealing with illegal logging and cross sectorial issues. Cho went on to explain the impact of deforestation and illegal logging and possible remedies to negate their adverse effects on the timber trade.

The delegations from the EU, USA and Australia wished to fully understand the current supply chain of wood products in Myanmar so as to be able to render assistance and cooperation.

Cho proposed establishing a means for ensuring the legal origin of wood products while the authorities work to define legality in preparation for Myanmar's Timber Legality Assurance Scheme (TLAS).

Report from India

Filling the gurjan void – an opportunity for log exporters

Plywood manufacturers in India are facing huge difficulties in securing logs to maintain production. Recently log imports from Sarawak have increased and this has eased the situation but the steadily rising prices for Sarawak logs are undermining the profitability of Indian plymills.

Plywood manufacturers in India are accustomed to using tropical hardwoods for face and core veneers and, until the log export ban by Myanmar, relied heavily on imports of gurjan. Temperate hardwood logs such as beech and poplar have found a market in India as has eucalyptus from South America.

Other sources of hardwood raw materials being tapped by Indian plymills include Papua New Guinea, Solomon Islands, Vietnam, Cambodia, Liberia and Cameroon.

Average landed prices for logs from PNG and Solomon Islands were US\$300-320 per cu.m. Okoume logs were landed at US\$470-480 per cu.m but, despite the higher price, the yield of veneer from okoume logs is high and compensates for the higher price.

The Federation of Plywood and Panel Industries has said survival of the industry is at risk as log supplies become harder to secure and more expensive to import.

The Federation estimates that the 1,000 or more plywood manufacturers in India generated around Rs.800 billion in revenue during the 2013-14 financial year despite the domestic housing sector slowdown.

In response to the log supply problem some of the bigger companies have established manufacturing facilities in Myanmar and Malaysia and more companies are preparing to do likewise. Other companies wishing to continue production in India are exploring sources from overseas plantations.

Within India the area under plantations is increasing. Species such as poplar, eucalyptus, casuarinas, Melia dubia and various acacias are being planted to meet the ever increasing demand from local wood based industries.

Plantation teak prices

The Indian rupee weakened slightly in mid-October to Rs.61.43 to the US dollar which impacted the landed costs of imported timbers. However, the range of teak prices has remained unchanged.

Current C&F prices for plantation teak

	US\$ per cu.m C&F
Belize logs	350-400
Benin logs	320-680
Benin sawn	400-800
Brazil logs	390-750
Brazil squares	360-680
Cameroon logs	390-510
Colombia logs	320-650
Congo logs	450-710
Costa Rica logs	360-840
Côte d'Ivoire logs	330-720
Ecuador squares	300-540
El-Salvador logs	340-695
Ghana logs	370-650
Guatemala logs	270-550
Guyana logs	300-450
Kenya logs	350-600
Laos logs	300-605
Liberia logs	350-460
Malaysian teak logs	350-525
Nicaragua logs	370-535
Nigeria squares	340-450
Panama logs	275-660
PNG logs	400-575
Sudan logs	450-700
Tanzania teak, sawn	350-885
Thailand logs	460-700
Togo logs	230-715
Trinidad and Tobago logs	420-680
Uganda logs	440-860
Uganda Teak sawn	680-900

Variations are based on quality, length of logs and the average girth.

Exmill prices for sawnwood

Sawnwood Ex-mill	Rs per cu.ft
Merbau	1550-1650
Balau	1700-1900
Resak	1200-1400
Kapur	1250-1300
Kempas	1100-1200
Red Meranti	925-975
Radiata pine AD	550-650
Whitewood	600-650

Variations are based on quality, length and average girth of logs

Teak stockists holding out for higher prices

Indian mills with Myanmar teak stocks are trying to push up prices but wholesalers say there is not much scope for price increases as endusers are strongly rejecting the prices being quoted by sawmills.

Sawnwood (Ex-mill)	Rs. per ft ³
Myanmar Teak (AD)	
Export Grade F.E.Q.	7500-17500
Plantation Teak A grade	5700-6200
Plantation Teak B grade	4200-4700
Plantation Teak FAS grade	3400-3700

Price variations depend mainly on length and cross section

Imported 12% KD sawn wood prices per cu.ft ex-warehouse

Sawnwood, (Ex-warehouse) (KD)	Rs per ft ³
Beech	1300-1350
Sycamore	1300-1400
Red oak	1500-1650
White Oak	1600-1800
American Walnut	2300-2400
Hemlock clear grade	1300-1400
Hemlock AB grade	1100-1200
Western Red Cedar	1600-1650
Douglas Fir	1200-1300

Price variations depend mainly on length and cross section

Plywood price increases inevitable

The yield of veneer from good quality imported peeler logs is balancing the higher log cost so, at present, plywood prices remain unchanged.

However, analysts say plywood prices in the domestic market must eventually rise because of the combined effect of higher log costs and increasing demand, especially in the housing sector.

Indian housing market to get boost from new investment

Hines, an international real estate firm has launched Hines India Residential to invest in residential developments in key urban centres such as the National Capital Region, the Mumbai Metropolitan Region, Bangalore and Pune. The housing programme planned will involve more than US\$250 million.

The press release from Hines says: “Hines has been present in the India real estate market since 2006 where the firm manages approximately US\$455 million of property assets.”

For more

see: <http://www.hines.com/press/releases/9292014.aspx>

In related news, Tama Home Co., Ltd. of Japan has announced a joint venture with India’s Developer Group Private Ltd. See page 13 for more.

Prices for WBP marine grade plywood from domestic mills

Plywood,	Rs. per sq.ft
Ex-warehouse, (MR Quality)	
4 mm	37.00
6 mm	50.00
9mm	63.50
12 mm	78.40
15 mm	104.00
18 mm	109.70

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.19.50	Rs.28.70
6mm	Rs.29.90	Rs.37.00
9mm	Rs.37.50	Rs.44.60
12mm	Rs.44.60	Rs.54.30
15mm	Rs.55.00	RS.66.30
19mm	RS.63.30	Rs.74.20
5mm Flexible ply	Rs.39.00	

Report from Brazil

Bolivian importers visit furniture cluster in southern Brazil

The Bento Gonçalves Furniture Industry Union (SINDMÓVEIS) hosted a meeting between importers from Bolivia and companies of the Bento Gonçalves furniture cluster.

The initiative provided the opportunity for Bolivian importers to visit furniture manufacturing plants in the Bento Gonçalves region and was supported by the APEX-Brazil Project.

Bolivia has a sound economy and is expected to generate the second highest pace of GDP growth in Latin America in 2014. In recent years Bolivian imports of Brazilian furniture have been increasing such that in the first half of 2014, Bolivia was the sixth largest export market for Brazilian furniture.

According to SINDMÓVEIS, furniture companies in Bento Gonçalves have little experience of exporting furniture to the Bolivian market so the objective of the APEX-Brazil Project is to strengthen the relationship between furniture producers and major importers in Bolivia.

The recent event was the second organised by SINDMÓVEIS. In 2013, SINDMÓVEIS hosted importers from Africa to open the way to new export markets.

Timber industry benefits from changed export tax regime

The government has brought forward the implementation of support for exporters in the form of tax credits for exports. Originally the Special Regime for Return of Tax Values for Exporting Companies (REINTEGRA) was due to begin in January 2015. Exporters will receive 3% credit on export revenues, up significantly from the previous 0.3%.

According to ABIMCI, bringing forward the start of REINTEGRA should stimulate growth in wood product exports.

In related news, the government announced a R\$200 million contribution to the Export Financing Program (PROEX) for the timber industry and suspension of taxes on imported raw materials or components used in manufacturing products for export.

ABIMCI expects that the trade in the last quarter of the year will improve due to government support and because of the economic recovery in the United States.

Paraná State develops Reverse Logistics Plan

The wood and furniture sector of Paraná State has developed a Reverse Logistics Plan (RLP). Reverse logistics defines all operations related to the reuse of products and materials. It is the process of planning, implementing and controlling the efficient cost effective flow of raw materials.

The Paraná timber sector represents the majority of Brazilian wood products exports and the development of this plan was supported by FIEP (the Paraná State Industries Federation), ABIMCI (Brazilian Association of Mechanically-Processed Timber Industry) and 15 wood and furniture sector associations.

The RLP provides an overview of the timber sector in the State which comprises some 5,000 companies that generate 85,000 jobs. The Plan details the main residues generated and how some of this can be utilised. The plan also provides timelines for action by companies.

The next step includes building a partnership with SENAI (the National Service of Industrial Learning) to develop manpower training plans. In addition, work will focus on three elements: shared responsibility, from where funding for recycling can be generated and interaction with other industrial sectors.

ABIMCI presented the Paraná Reverse Logistics Plan during the 11th Thematic Council Meeting of Environment and Sustainability of South-Southeast Region of the Brazilian National Confederation of Industry (CNI) in September and said that the Paraná Plan can be an example to the rest of the country.

According to ABIMCI, they are ready to coordinate RLPs at the national level since 16 states are represented among its members but emphasised the joint involvement of the private and public sectors will be necessary for any plan to succeed since the issues of residue recycling and disposal requires the shared responsibility of all involved in the production chain.

Successful Australian cedar plantations in São Paulo State

A partnership between the companies “Bela Vista Florestal” and “Apoio Florestal”, in Campo Belo (Minas Gerais State) and Avaré (São Paulo State) municipalities will invest in forest plantation of Australian cedar (*Toona ciliata*). The partnership will involve technology transfer, seedlings supply and technical assistance to rural producers.

According to Bela Vista, the mid-west region of São Paulo state provides favorable climatic and soil conditions for forest plantations and to take advantage of this they are developing superior clones. According to Apoio Florestal, clones developed by Bela Vista should produce excellent quality timber.

Clones of Australian cedar have been developed over the past 15 years through a partnership between Bela Vista Florestal and UFA (Federal University of Lavras).

Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per m ³
Ipe	1279
Jatoba	1029
Massaranduba	741
Miiracatiara	731
Pine (KD)	223

Export Plywood Prices

Pine Plywood EU market, FOB	US\$ per m ³
9mm C/CC (WBP)	353
12mm C/CC (WBP)	328
15mm C/CC (WBP)	318
18mm C/CC (WBP)	314

Export Prices For Added Value Products

FOB Belem/Paranagua Ports	US\$ per m ³
Decking Boards Ipê	2,320
Jatoba	1,520

Domestic Log Prices

Brazilian logs, mill yard, domestic	US\$ per m ³
Ipê	192
Jatoba	113
Massaranduba	121
Miiracatiara	126
Angelim Vermelho	116
Mixed redwood and white woods	105

Domestic Sawnwood Prices

Brazil sawnwood, domestic (Green ex-mill)	US\$ per m ³
Ipê	945
Jatoba	537
Massaranduba	449
Muiracatiara	496
Angelim Vermelho	432
Mixed red and white	268
Eucalyptus (AD)	259
Pine (AD)	192
Pine (KD)	210

Domestic Plywood Prices (excl. taxes)

Parica	US\$ per m ³
4mm WBP	795
10mm WBP	648
15mm WBP	554
4mm MR	716
10mm MR	539
15mm MR	509

Domestic prices include taxes and may be subject to discounts.

Prices For Other Panel Products

Domestic ex-mill Prices	US\$ per m ³
15mm MDParticleboard	332
15mm MDF	481

Report from Peru

One billion target for exports

A presidential decree approving the development of 4 million hectares of private plantations could support a trade in wood products of around US\$1 billion in the medium term.

Peru's Minister of Agriculture and Irrigation, Juan Manuel Benites has said the passing of this presidential decree is a major step forward in creating a sustainable forestry sector that supports the creation one direct job for every three hectares established.

The minister said that not only will this change increase the contribution of the forestry sector to GDP but also opens the door to opportunities for investment in forest plantations by pension funds and mining companies.

FENAFOR begins October 23

In the upcoming 5th FENAFOR fair a wide range of products and services for the woodworking and furniture industries will be promoted.

The current fair will be held in the facilities of the Universidad Agraria La Molina, Lima, Peru. In the 2012 event 45% of exhibitors were from abroad, mostly from

Germany, Argentina, Brazil, Colombia, Chile, Spain, Italy and USA.

This year the organisers have expanded the capacity to accommodate the active participation of more Peruvian companies specialised in manufacturing machinery, equipment and supplies for wood processing and furniture manufacturing.

Acimall, the Italian woodworking machinery and tools' manufacturers association, will participate for the second year to present the latest Italian technology.

The Forest Products Association of Ucayali will participate to promote the use of wood from managed forests and will focus on wood in construction.

Semi-finished wood products and finished products will be exhibited to provide a broad vision of the possibilities of wood as a raw material and as one of the best materials to be used for construction and interior decoration.

Export Sawwood Prices

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

Peru Sawwood, FOB Callao Port (cont.)	US\$ per m ³
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	439-508
Grade 2, Mexican market	388-423
Cumaru 4" thick, 6'-11' length KD	
Central American market	841-865
Asian market	871-916
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	606-631
Marupa (simarouba) 1", 6-11 length Asian market	444-495

Peru Sawwood, FOB Iquitos	US\$ per m ³
Spanish Cedar AD Select Mexican market	911-931
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	433-474
Grade 2, Mexican market	342-381
Grade 3, Mexican market	161-176
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	369-426

Domestic Sawwood Prices

Peru sawwood, domestic	US\$ per m ³
Mahogany	-
Virola	1562-184
Spanish Cedar	296-355
Marupa (simarouba)	123-129

Export Veneer Prices

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

Export Plywood Prices

Peru plywood, FOB Callao (Mexican Market)	US\$ per m ³
Copaiba, 2 faces sanded, B/C, 15mm	328-365
Virola, 2 faces sanded, B/C, 5.2mm	466-489
Cedar fissilis, 2 faces sanded.5.5mm	759-770
Lupuna, treated, 2 faces sanded, 5.2mm	373-399
Lupuna plywood	
B/C 15mm	413-441
B/C 9mm	366-385
B/C 12mm	350-360
C/C 4mm	389-425
Lupuna plywood B/C 4mm Central Am.	370-393

Domestic Plywood Prices

Domestic Plywood Prices (excl. taxes)

Parica	US\$ per m ³
4mm WBP	795
10mm WBP	648
15mm WBP	554
4mm MR	716
10mm MR	539
15mm MR	509

Domestic prices include taxes and may be subject to discounts.

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	1287-1388
Cumaru KD, S4S	
Swedish market	915-1043
Asian market	1224-1254
Cumaru decking, AD, S4S E4S, US market	1187-1278
Pumaquiro KD # 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market	493-519
2x13x75cm, Asian market	732-815

Report from Guyana

Wood-pellet manufacturing plant for Guyana

Pinnacle Green Resources Ltd. (Guyana) plans to begin cultivation of an energy plantation on 5,000 acres of land in the Pomeroon Region 2, Guyana. Pinnacle, which has its headquarters in Singapore, is hoping to cultivate *Leucaena leucocephala* which is already present in Guyana and known as Jumbie Bean.

The company has signed a Memorandum of Understanding with Guyana Office for Investment (GOINVEST) for the lease of the land. Additionally, in the period before harvesting the leucaena, the company plans to establish another facility utilising the bio mass available in Guyana to produce electricity.

Significant quantities of sawdust and other off cut materials are currently available and these, along with other agricultural residues and by-products will be used as fuel for the gasification plant.

The plantation investment is expected to produce 200 tons of wood pellets per day which would be exported to Europe. The European Biomass Association estimates that wood-pellet consumption in Europe will reach 50 million tons per year by 2020.

Export Log Prices

There were no exports of greenheart or mora logs in the period reviewed. Other species were exported including wamara.

Logs, FOB Georgetown	US\$ price per m ³		
	Std	Fair	Small
Greenheart	-	-	-
Purpleheart	200-235	-	-
Mora	-	-	-

Export Sawwood Prices

Sawwood, FOB Georgetown		US\$ price. per m ³	
EU and US markets		Undressed	Dressed
Greenheart	Prime	1,060	-
	Standard	-	679-1,081
	Select	575-890	-
	Sound	500	-
	Merchantable	630	-
Purpleheart	Prime	-	-
	Standard	-	937-1,600
	Select	890-1100	-
	Sound	-	-
	Merchantable	-	-
Mora	Prime	-	-
	Select	500-594	-
	Sound	-	-
	Merchantable	-	-

In the case of no price indication, there is no reported export during the period under review.

Export Plywood Prices

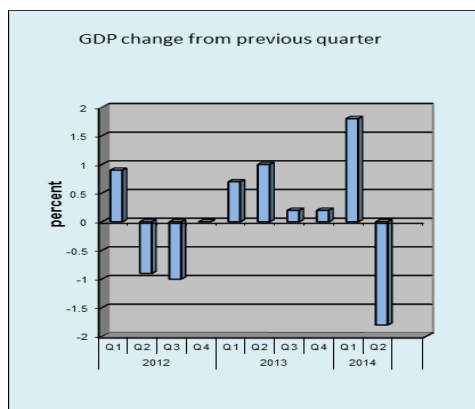
Plywood, FOB Georgetown Port			US\$ Avg unit val. per m ³
Baromalli	BB/CC	5.5mm	No export
		12mm	450-584
	Utility	5.5mm	No export
		12mm	No export

Report from Japan

BoJ puts on a brave face

The tone of the Bank of Japan’s (BoJ) latest statement on the economic prospects was not as optimistic as over past months. While acknowledging the slow recovery of consumer spending after the tax increase was a surprise the level of monetary easing was not expanded.

The statement from the BoJ highlights weak housing growth and stalled industrial production as responsible for the sharp contraction of GDP in the second quarter.



Source: Ministry of Finance, Japan

Despite the somber economic news the BoJ governor talked up prospects saying within the remainder of the year factory output and consumer spending would grow.

See: https://www.boj.or.jp/en/mopo/gp_2014/gp1410a.pdf

Coincident Index drops

Japan’s Cabinet Office gauges the current state of the economy through a survey of trends in employment, real earnings, average weekly hours worked in manufacturing and the unemployment rate. This data is combined to produce a ‘Coincident Index’. The coincident index for August fell to 108.5 from 109.9 in July.

For a description of items assessed for determining the coincident index in Japan see: <http://www.esri.cao.go.jp/en/stat/di/111107components.html>

The Index was in positive territory from January to March but weakened significantly after the consumption tax increase in April. The assessment of the Index from the Cabinet Office is shown below.

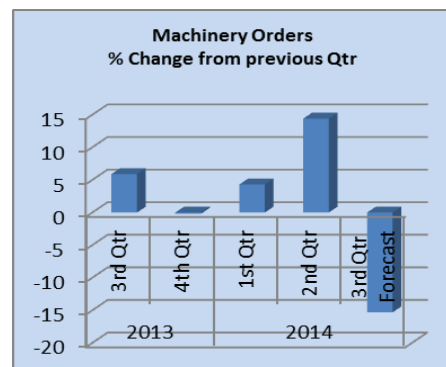
Government assessments of economy from Coincident Index

January, 2014	Improving
February, 2014	Improving
March, 2014	Improving
April, 2014	Weakening
May, 2014	Weakening
June, 2014	Weakening
July, 2014	Weakening
August, 2014	Signalling a possible turning point

Machinery Orders

The level of machinery orders in Japan, an indicator private sector sentiment on capital spending, rose in August, marking the third monthly increase.

However, the quarterly data from Japan’s Cabinet Office as well as the third quarter forecast from the government are more revealing.



Source: Cabinet Office, Japan

The forecast is for core machinery orders to fall dramatically in the third quarter of this year as companies wait to assess the government's stance on a further consumption tax increase scheduled for early 2015 which is sure to hit consumer spending once more.

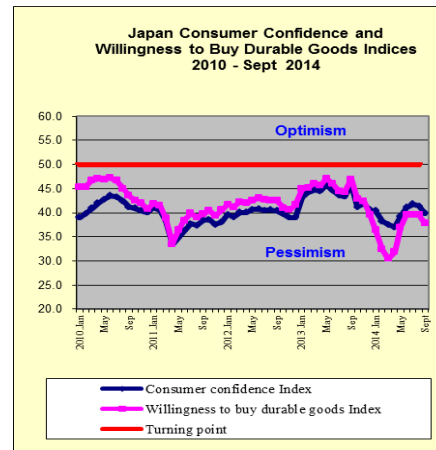
See: <http://www.esri.cao.go.jp/en/stat/juchu/1408juchue.html>

Weak yen drives up small company bankruptcies'

The yen bounced back slightly from the low of 110 to the US dollar, marking the biggest gain since February. The yen was given a boost after the governor of the Bank of Japan said the Bank will closely monitor the exchange rate, a hint that action may be forthcoming to halt the yen's slide.

The Prime Minister has voiced concern that the weak yen is hurting small businesses. Over the past months there has been a rise in bankruptcies amongst small companies which suffer when the cost of imported raw materials and when energy costs rise without a corresponding increase in their sales prices.

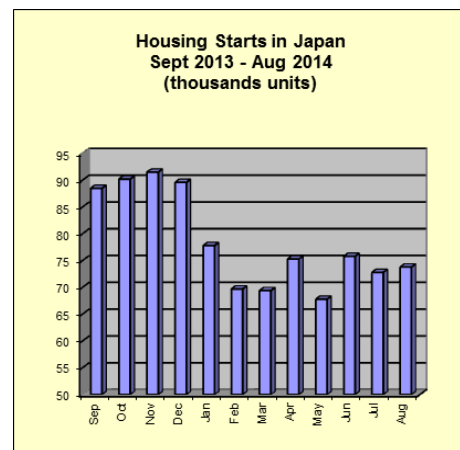
There is a heated debate at present in Japan on whether the weaker yen is good or bad for the economy. Certainly, exporters benefit but small companies which rely on imported materials are badly affected as are low income households.



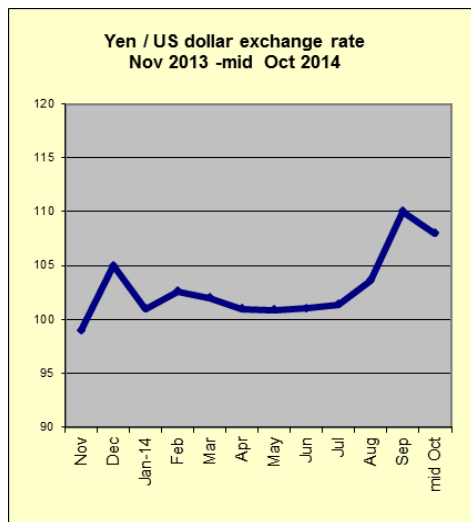
Source: Cabinet Office, Japan

Surprising rise in holiday season housing starts

August is traditionally the month where housing starts are low simply because it is the month for company holidays. Given that in August around 10 days are lost to holidays, it is a surprise to see August housing starts rise to 73,700. An increase in August starts is an indicator of just how low starts have been over the previous 6 months.



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



Consumer confidence

The Cabinet office assessment of consumer confidence fell for a second month in September. Most analysts had forecast an improvement.

The overall livelihood index fell to 37.1, the sharpest fall amongst the various indices. The index measuring willingness to buy durable goods fell to 37.8 and the index measuring employment and income growth also fell.

All indices below 50 signal underlying consumer pessimism for the short-term.

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 extract and reproduce news on the Japanese market.

The JLR requires that ITTO reproduces newsworthy text exactly as it appears in their publication.

For the JLR report please see:

<http://www.n-mokuzai.com/modules/general/index.php?id=7>

Impact of weakening yen

The yen has been rapidly weakening in recent weeks, reaching almost 110 yen per dollar. The reason is expectation of strong dollar by coming higher interest rate in the U.S.A.

Weak yen pushes cost of imported products. Wood products market has been suffering from declining demand after the consumption tax increased since last April and this is additional negative news for sluggish housing market.

Buyers of wood products are not so concerned to the exchange rate with weak demand so any item, which has not production or import curtailment, is facing dropping market prices then came weak yen.

Therefore, import curtailment is inevitable with weak yen and sluggish demand. For instance, in imported South Sea hardwood plywood market, current prices of JAS 3x6 concrete forming panel are about 1,200 yen per sheet delivered but the suppliers' export prices are about US\$565 per cbm C&F, which costs about more than 1,350 yen per sheet so 150 yen per sheet price increase is necessary but users have ample inventories through October so sharp price hike is unlikely.

North American Douglas fir log export prices rebounded in September after six months. DF sawmills in Japan need to reduce purchase volume and the mills cannot afford to reduce sales prices of Douglas fir lumber in Japan.

Imported Douglas fir lumber export prices are US\$465-470 per cbm C&F on KD 105 mm square, which costs about 51,000 yen per cbm FOB truck port yard but the market prices are less than the import cost. It is hard for the suppliers to give 5% export price reduction to cover depreciation of the yen.

Tama Home goes to India

Tama Home Co., Ltd. (Tokyo) announced that it will establish a joint venture company in India. It will invest Developer Group Private Limited (DG), a developer in India. DG has the head office in Singapore and does real estate development in India through its 100% subsidiary company in India.

In India, five million units of detached house and there are total of 280 million units already built. Housing market in India has been rapidly expanding so Tama Home thinks India is promising market including renovation business so it decided to start business in India.

Tama Home will actively participate building of detached units DG's subsidiary company has been doing.

Tama Home will work together with DG for the business Tama Home has been doing in India like condominium development of about 1,000 units in Chennai.

July plywood supply

Total plywood supply in July was 520,900 cbms, 6.9% less than July last year and 3.8% less than June.

Production curtailment by domestic plywood mills is the reason of the decrease. Import plywood continued declining under 300,000 cbms for two straight months.

Total imported plywood volume in July was 291,000 cbms, 6.9% less and 1.0% less. Monthly average import for the first seven months was 310,000 cbms, 2.3% less than the same period of last year.

Malaysian supply has declined for three straight months. July volume was 112,300 cbms, 13.8% and 3.8% less. Average for the first seven months was 130,500 cbms, 10.3% less than the same period of last year.

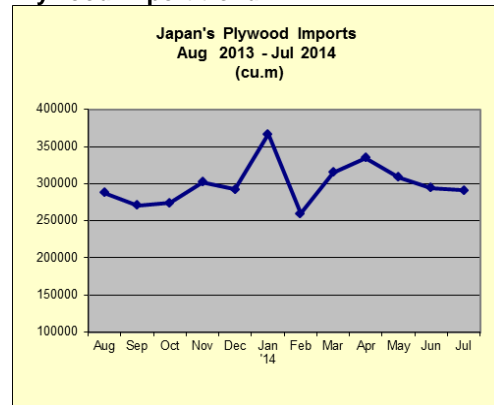
Indonesian supply in July was 93,500 cbms, 1.7% less and 3.9% more, two straight months' increase.

Some importers estimate August arrivals would be down to about 260 M cbms then September would recover to nearly 300,000 cbms again.

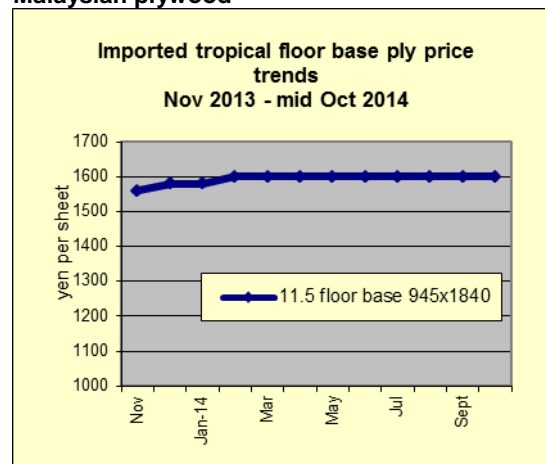
July production of domestic plywood was 229,800 cbms, 6.9% less than July last year and 7.1% less than June, out of which softwood plywood was 213,300 cbms, 7.7% less and 7.9% less. Monthly average production for the first seven months was 223,200 cbms, 4.3% more than the same period of last year due to active market in the first and second quarters.

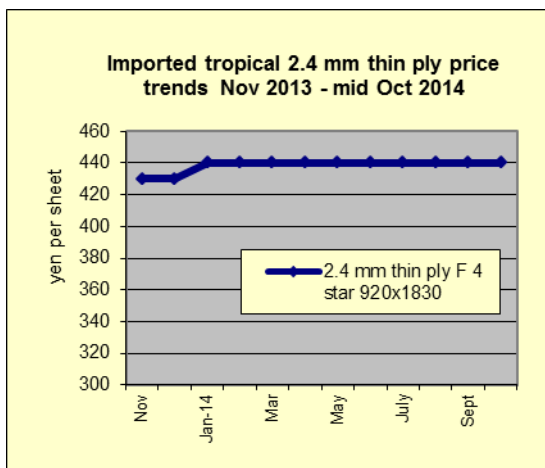
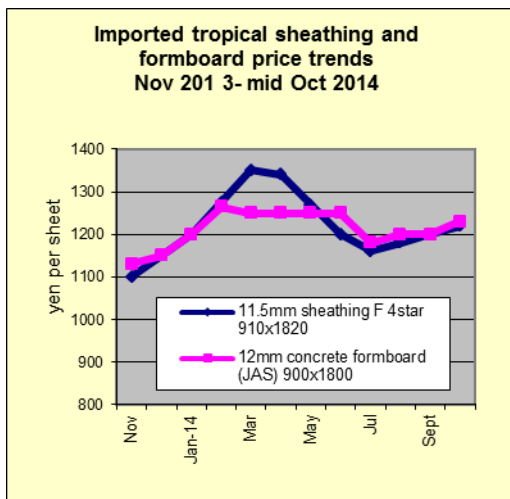
Average monthly production in 2013 was 218,900 cbms then assuming 10% less for shrinking market this year, monthly production should be 197,000 cbms.

Plywood import trend



Price trends for Japanese imports of Indonesian and Malaysian plywood





Ishii Trading markets Vietnamese plywood

Ishii Trading Co., Ltd. (Osaka) has started marketing Vietnamese plywood for engineering works construction materials. The brand name is 'Platform veneer'.

The first shipment of 10,000 sheets arrived in early August. Initial target of sales is 20,000 sheets a month mainly in Tokyo market then eventual target is 50,000 sheets a month. Ishii Trading was established in 1958 and has been handling traditional Japanese furniture and paulownia for wood working. Now it handles housing materials such as plywood, lumber, MDF, particleboard, LVL and laminated lumber.

Vietnamese plywood is made out of both natural species such as keruing plantation timbers

To reduce the cost, it mainly uses core veneer so that the cost is about 10% lower than normal imported plywood used for earth retaining board.

Size of the plywood is 11 mm thick, 900 mm wide with length of 1,800 mm. Ishii thinks that the demand of engineering works materials should be firm through 2020 as the Olympic Games will be held in Tokyo in 2020.

Radiata pine logs and lumber

There is some change in New Zealand log export prices. Radiata pine log prices for China peaked at US\$163 per

cbm C&F in last spring then China reduced the purchase so that the export prices plunged down to US\$120 in July.

New Zealand log suppliers reduced the supply so the prices started firming since last August and now the prices are US\$15 higher than the bottom prices. Log inventory in China is reported about 4,300,000 cbms, which is excessive to the demand but China started buying again after the prices dropped so much and the supply get tight. The most recent prices for China are US\$135-137 per cbm C&F.

A sort log prices for Japan were US\$155-158 per cbm C&F for late July and early August shipment, US\$5 lower than June shipment.

The prices for late August shipment are unchanged from July shipment but September prices are likely to go up after China prices rebounded.

South Sea(tropical) imported hardwood

The plywood market is firming particularly after the yen's rapid depreciation. Future FOB prices contracted in early September are considerably higher. Steep increase of export prices is likely to reduce the contract volume so future arrivals would decline.

Therefore, the dealers are now trying to raise the sales prices gradually since their holding inventories are now valuable.

Supply side has been increasing the export prices by US\$10 per cbm every month since last July by high log cost and current prices are about US\$565 per cbm C&F on JAS 3x6 concrete forming panel. Once supply region gets into rainy season, further increase is likely.

Increasing log exports from Kyushu

Total log export of domestic species by Japan in 2013 was 264,000 cbms, 133% more than 2012. Main source of log export is Southern Kyushu. It is reported that the total log export from the Southern

Kyushu in the first half of this year already surpassed the volume exported in the same period of last year so total year export is likely to double of 2013. Recent trend of weak yen is obviously helping expansion of log export.

In Miyazaki prefecture, log export in 2013 was about 46,000 cbms then in the first half of this year, the same volume was exported.

Forest Unions in Kagoshima and Miyazaki prefecture formed log export strategic council. Port of Shibushi, Kagoshima prefecture shipped out 24 M cbms in 2013, 3.7 times more than 2012.

In Ohita prefecture, prefectural log export for the first half of this year exceeded 20,000 cbms, which is last year's total export.

In Kumamoto prefecture, total value of forest product export in 2013 was more than double of 2012. Export log prices vary by log length, diameter and quality but generally, they are 7,000-9,000 yen per cbm delivered at loading ports.

Destinations are China, Taiwan and Korea. The volume for Taiwan and Korea has been steady but the volume for China is sharply increasing

Report from China

Value of China's furniture exports fall

According to the latest statistics from China Customs, the value of China's furniture exports has declined year-on-year for two consecutive quarters. The value of China's furniture and parts exports fell 8.1% to US\$11.31 billion in the first quarter and fell 7.6% in the second quarter.

The main reason cited for the decline is the weakening of demand in the USA and European Union. These two markets account for around 50% of the China's total furniture exports. In the first quarter of 2014, the value of China's furniture exports to the USA fell 0.9% to US\$3.45 billion (now 31% of the national total) while exports to the EU fell marginally to US\$2.44 billion (now 22% of the national total).

Another factor squeezing Chinese furniture exports has been the transfer of business by US importers to suppliers in Vietnam where export prices are very competitive compared to China which suffers from rising labour, energy and transaction costs.

According to local experts raising per capita productivity in China will help restore competitiveness. But to sustain the export markets which are so important since domestic demand is fading due to China's demographics it will be necessary for Chinese companies to change their business models from a focus on made to order to one of branding and buyer loyalty.

Plywood exports January to August 2014

The international demand for Chinese plywood has improved since the beginning of 2014 according to the latest statistics from China Custom. In the period January to August 2014 China's plywood exports rose 15% to 7.81 million cubic metres, up around one million cubic metres from the same period of 2013.

The USA remains the main destination for China's plywood exports growing 28% to 1 million cubic metres or 13% of the national total up to August. China's plywood exports to Japan rose 2% to 563,200 cubic metres, exports to the UK rose 0.7% to 446,300 cubic metres and exports to UAE 465,200 cubic metres.

In addition, China's plywood exports to Hong Kong amounted to 132,600 cubic metres, to Thailand 211,300 cubic metres, Vietnam 161,800 cubic metres, to Saudi Arabia 365,400 cubic metres, to Canada 125,600 cubic

metres, to Russia 113,300 cubic metres and to Chile 49,700 cubic metres.

Manufacturers in Shandong and Jiangsu provinces produce around 75% of the national plywood output for export. Plywood exports of Shandong Province rose 18% to 3.76 million cubic metres between January to August (48% of the national total) while plywood exports from Jiangsu Province rose 16% to 2.20 million cubic metres (28% of the national total).

Stocks of NZ logs at very high level

Stocks of imported logs at the main Chinese ports are reported as high and stocks of logs from New Zealand are especially high, say analysts.

China's Custom has reported that between January and August this year log imports rose 22% to 35.38 million cubic metres. The top 5 countries in terms of log supply were; New Zealand (8.06 million cubic metres, up 12%), Russia (7.70 million cubic metres, 11%), the USA (4.41 million cubic metres, 31%), Papua New Guinea (2.24 million cubic metres, 23%) and Canada (2.04 million cubic metres, 18%).

China's log imports from Myanmar totalled 713,800 cubic metres up until the log export ban in Myanmar came into force. Africa is the largest supplier source country for China log imports during January to August 2014

Between January and August this year log imports through Guangdong ports rose 41% to 2.28 million cubic metres valued at RMB7.51 billion. The average landed price for imported logs was RMB3297, up 28% on the same period last year.

Log imports from African suppliers passing through Guangdong ports grew 37% to 652,000 cubic metres in the eight months to August and accounted for 29% of all logs through Guangdong ports.

Log imports from Mozambique rose 25% to 20,000 cubic metres, accounting for 9% of the total handled by the port. Imports from ASEAN countries increased 3 times to 511,000 cubic metres while log imports from the EU fell 1% to 371,000 cubic metres.

The main reason cited for the increase in log imports through Guangdong was the higher demand from Chinese furniture makers in the region. Log imports have been rising partly as domestic logs are becoming more expensive.

Cooperation between Italian and Chinese furniture makers

Federlegno Arredo Eventi and BolognaFiere have recently introduced the 'Club, Made in Italy' which will promote the Italian wood furnishings industry to Chinese manufacturers.

As a result of an agreement signed earlier this year the two entities will create a joint venture in China called 'IDI - Italia casa prestigiosa' to extend the promotion of Italian products and launch an Italian Furniture Fair in China at the end of 2016.

Italy is already a strategic commercial partner for Chinese furniture makers. The latest data available shows that Italian products are highly competitive in the Chinese market more so than similar goods from Germany.

According to the data processed by the Federlegno Arredo Eventi ISTAT-based Study Centre, exports to China by Italian furnishing companies increased of 25% between January-April this year confirming the interest by Chinese consumers in Italian products.

The 'Club Made in Italy' project recognise that the value of China's furniture output in 2014 could be as high as RMB2.4 trillion and that the potential domestic demand for Italian goods is huge. The introduction of Italian furniture to China will awaken Chinese manufactures to the advantages of developing brands and innovative designs.

Precious timber centre created in Dongyang City

It has been reported that RMB3 billion has been invested in a 'precious' timber centre in Dongyang City of Zhejiang Province with planned area of 6-800,000 square metres. This facility will integrate timber marketing with business facilities and storage management.

There are more than 3,000 redwood furniture enterprises in Dongyang City which is the most important redwood production base and is largest classical furniture production zone in China.

At present 80-100000 square metres of redwood furniture boutiques have been built.

The precious timber center will not only provide timber loading and unloading, transportation, warehousing, storage, processing for traders, but also provide effective and convenient financial services combining with major banks. The centre will promote improvement in raw material processing, drying and industry logistics.

Guangzhou Yuzhu International Timber Market Wholesale Prices

Logs

	Logs	yuan/cu.m
Merbau	dia. 100 cm+	5200-5400
Bangkirai	dia. 100 cm+	5300-5500
Kapur	dia. 80 cm+	2800-3000
Ulin	All grades	6500
Lauan	dia. 60 cm+	2000-2200
Kempas	dia. 60 cm+	2000-2100
Teak	dia. 30-60 cm	8000-12000

	Logs	yuan/cu.m
Greenheart	dia. 40 cm+	2300-2450
Purpleheart	dia. 60 cm+	3100-3300
Pau rosa	dia. 60 cm+	4700-4800
Ipe	dia. 40 cm+	4000-4800
yuan per tonne		
Cocobolo	All grades	53000-58000

	Logs	yuan/cu.m
Wenge	All grades	4300-5200
Okoume	All grades	2200-2500
Okan	All grades	3700-3800
African blackwood	All grades	8000-15000
African rosewood	All grades	5000-6500
Bubinga	dia. 80 cm+	13000-15000

	Logs	yuan/cu.m
Ash	dia. 35 cm+	4200-4300
Basswood	dia. 36 cm+	3500-3800
Elm	dia. 36	2800-3600
Catalpa	dia. 36	2800-4200
Oak	dia. 36 cm+	4000-5500
Scots pine	dia. 36 cm+	2000-2200
Larch	dia. 36 cm+	1550-1900
Maple	dia. 36 cm+	2700-3050
Poplar	dia. 36 cm+	1650-1950
Red oak	dia. 30 cm+	2500-2600

Sawnwood

	Sawnwood	yuan/cu.m
Makore	Grade A	7300
Zebrano	Grade A	12000-15000
Walnut	Grade A	9500-10000
Sapelli	Grade A	7500-7900
Okoume	Grade A	4200-4500
Padauk	Grade A	14500-17000
Mahogany	Grade A	6500-7000
yuan/tonne		
Ebony	Special grade	16000

	Sawnwood	yuan/cu.m
Ulin	All grade	9000-10000
Merbau	Special grade	8600-9500
Lauan	Special grade	4600-4800
Kapur	Special grade	5500-6000
Teak	Grade A	9600
Teak	Special grade	14000-20000

	sawnwood	yuan/cu.m
Cherry	FAS 2 inch	10000-12800
Black walnut	FAS 2 inch	14000-16000
Maple	FAS	7500-10000
White oak	FAS	8000-11000
Red oak	FAS	6800-9000
Finnish pine	Grade A	3000

	Sawnwood	yuan/cu.m
Maple	Grade A	10000-10500
Beech	Special grade	5300
Ash	no knot	5000-5800
Basswood	no knot	2700-3500
Oak	no knot	4000-5500
Scots pine	no knot	2800

Shanghai Furen Forest Products Market Wholesale Prices

Logs

Logs All grades	000's yuan/tonne
Bois de rose	250-300
Red sandalwood	1600-2000
Siam rosewood	100-550
Burma padauk	27-45
Rengas	8-15
Mai dou lai	6000-8000
Neang noun	32-65
Burma tulipwood	28-60
Cocobolo	43-180
Morado	10 - 15
Ebony	15-40
Trebol	7-8
African sandalwood	18-32

Sawnwood

	Sawnwood	yuan/cu.m
Okoume	Grade A	4500-4700
Sapelli	Grade A	7600-7900
Zebrano	Grade A	8000-9000
Bubinga	Grade A	13500-15800
Mahogany	Grade A	6000-7000
Wawa	FAS	3700-3900
Ayous	FAS	4000-4200

	Sawnwood	yuan/cu.m
Lauan	Grade A	3700-3900
Merbau	All grade	8000-10000
Teak	All grade	11500-36000

	Sawnwood	yuan/cu.m
Beech	Grade A	4200-4800
Ash	Grade A	5500-6500
Elm	Grade A	4900-5300
Red oak	2 inch FAS	8000-8600
White oak	2 inch FAS	7500-8500
Maple	2 inch FAS	9800-10500
Cherry	2 inch	9500-10500
Black walnut	2 inch	15000-17000

Zhangjiagang Timber Market Wholesale Prices

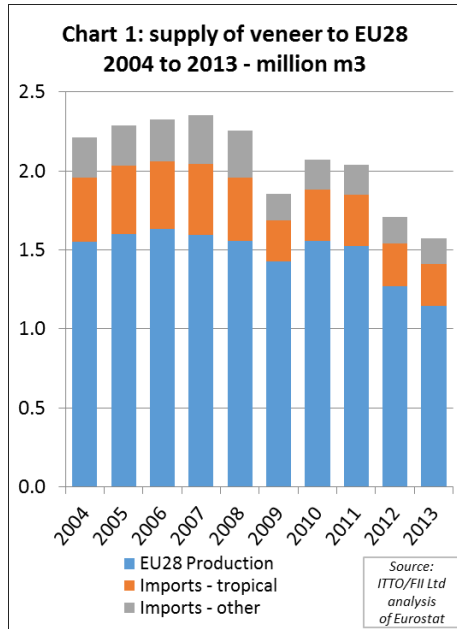
Logs, all grades	yuan/tonne
Sapelli	4500-5700
Kevazingo	8700-34000
Padouk de africa	3000-3800
okoume	2100-2600
Okan	3490-3650
Dibetou	2200-2500
Afrormosia	5500-6500
Wenge	4500-5000
Zingana	4200-5500
Acajou de africa	3100-3600
Ovengkol	3850-4300
Pao rosa	5950-6600

Logs, all grades	yuan/tonne
Merbau	3500-5800
Lauan	1600-2400
Kapur	2020-2500
Keruing	1700-2200
Geronggang	1600
kauri	1700-1850

Logs, all grades	yuan/tonne
Amoora	1900-2080
Calophyllum	2150-2350
Red ganarium	1300-1400
Gray Canarium	1100-1200
Red-brown terminalia	1680-1750
Basswood	1200-1400
Sureni toona	1500-1650
Bunya	1400-1550
Walnut	2900-3350

EU veneer market hits bottom

The latest Eurostat data shows that the EU market for veneers has suffered severely in recent years. The supply of veneers to the EU fell 33% between 2007 and 2013 due to the combined effects of economic crises, the decline of domestic plywood manufacturing capacity and competitive pressure from a wide variety of substitute wood and non-wood materials (Chart 1).



While EU imports of tropical hardwood veneer fell only 1% last year to 266,000 m3, this level was more than 40% less than in 2007. EU imports of veneers from temperate regions declined 5.2% in 2013 to 163,000 m3 in 2013 but were down 46% compared to 2007.

In 2013, EU veneer production fell a further 10% to 1.14 million m3 in 2013 and was 28% less than in 2007. At 104,000 m3, production in Germany during 2013 was 13% down on the previous year and only one quarter of the level in 2007.

Italy produced 202,000 m3 of veneer in 2013, 26% less than the previous year and only around half of the level of 5 years before.

These losses have been only partly offset by rising veneer production in Estonia and Lithuania, which turned out 96000 m3 and 86000 m3 respectively in 2013. Both countries produced only a relatively small quantity of veneer five years previously.

EU tropical hardwood veneer imports up 8%

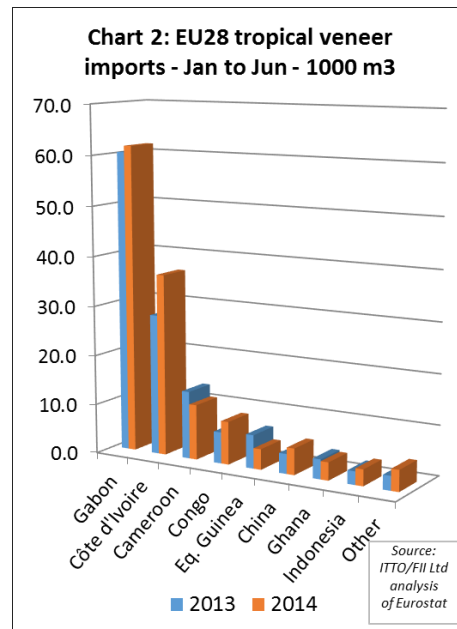
However, the EU veneer market has shown signs of recovery this year. EU imports of tropical hardwood veneer were 138,400 m3 in the first six months of 2014, 8% more than the same period last year (Chart 2).

This year there has been particularly strong growth in EU veneer imports from Ivory Coast (+29% to 36,500 m3) and the Congo Republic (+37% to 8,600 m3).

EU imports of tropical hardwood veneer from the Gabon, still the largest single supplier, were up 2.1% at 61,700 m3 in the first six months of 2014.

This is despite the temporary imposition of a 7% import duty on EU veneer imports from Gabon on 1 January 2014 following a change in the country's GSP status.

The rise is indicative of slightly better demand for okoume plywood in Europe during 2014 driven by improved construction activity, particularly in Netherlands, Belgium and Spain, and by rising boat-building in Italy.



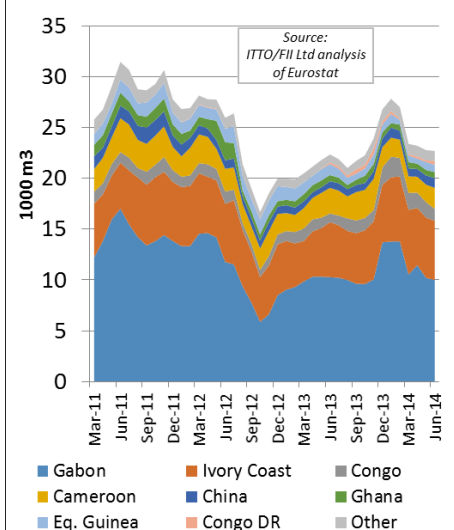
The EU suspended the GSP tariff specifically for okoume veneer from Gabon on 24 June 2014 and backdated the measure to 1 January 2014.

Removal of the tariff came after concerns were raised by okoume plywood manufacturers based in France, mainly in the Poitou-Charentes region, that it would lead to the collapse of the French industry with potential loss of 1,500 jobs.

The 0% tariff on okoume veneer from Gabon is now expected to apply at least until the next GSP review on 31 December 2018.

EU imports of tropical veneer were particularly high in the first 2 months of 2014, with a large spike in imports from Gabon during that period (Chart 3). In the second quarter of the year, imports slowed from Gabon but continued at a relatively high level from Ivory Coast.

Chart 3: EU28 imports of tropical veneer - monthly rolling average - Mar 2011-Jun 2014



Imports of tropical hardwood veneer into France fell 1.6% to 52,800 m3 in the first half of 2014 and Italian imports fell 6.8% to 27,200 m3 during this period.

However imports into Spain increased for the first time since the start of the economic crises, rising nearly 30% to 21,600 m3. Tropical hardwood veneer imports also increased into Germany (+8% to 9500 m3), Belgium (+60% to 9300 m3), and Romania (+83% to 5000 m3) in the first six months of 2014.

EU imports of temperate hardwood veneer were also rising in the first 6 months of 2014, at 86,300 m3 up 9% on the same period in 2014. After several very slow years, European imports of American hardwood veneers have been rising this year, particularly into Germany, Spain, Italy and Portugal. These gains have offset falling exports to several smaller markets for American hardwood veneer including the UK and France.

Better demand for European veneer products

The German trade journal EUWID reports slightly improved demand for veneer produced in Europe during the second quarter of 2014. Central European veneer mills were reporting rising orders for interior remodelling projects, notably in export markets in the Middle East, United States and India.

There was also improved demand for large volume commodity grades used by the European furniture and board industries. This was partly due to decreased availability of veneer from the Ukraine during 2014 owing both to the difficult political climate and concerns about the quality of legality assurances in the light of the EU Timber Regulation (EUTR).

EUWID notes that orders to process tropical timber in European mills are continuing to decline in the face of falling imports of tropical hardwood logs into the EU.

The EU imported only 68,000 m3 of tropical hardwood logs in the first six months of 2014, 35% less than the same period of 2013. Orders for beech veneer are also declining as the wood is still out of fashion and the market remains firmly focused on oak.

EC emphasises commitment to enforce EU Timber Regulation

In an article in the European Timber Trade Federation (ETTF) newsletter, the EU Environment Commissioner Janez Potocnik re-emphasised the Europe's strong commitment to the EUTR and determination to ensure effective enforcement across the continent.

Mr Potocnik observes that while EUTR has been fully applicable since March 2013, a scoreboard recently published by the European Commission, shows significant outstanding compliance gaps.

While all but one Member State have designated competent authorities to coordinate enforcement of the Regulation, nine Member States have as of yet not adopted rules on applicable penalties for infringement. And 11 are not ready to check whether operators and monitoring organisations fulfil their obligations.

While Mr Potocnik recognises “the political, budgetary and organisational difficulties EU Member States face in implementing new legislation”, he also suggests that “they have had sufficient time to prepare for full implementation of the EUTR and the Commission has provided ample support through information and coordination meetings to take stock of progress, discuss implementation challenges, and share best practice”.

Consequently, Mr Potocnik says the Commission will intensify efforts to ensure uniform, stringent application throughout the EU. “We have already identified concrete implementation challenges and weaknesses and are working on a reinforced compliance strategy”.

The Commission intends to follow a dual approach. This would combine compliance promotion – through active support to Member States encountering implementation difficulties – and pursuing infringements through legal procedures”.

The EC intends to ensure that guidance documents are regularly updated and to strengthen bilateral dialogues with countries and communication between Competent Authorities on enforcement-related issues.

The EC has started requesting information from Member States about their EUTR implementation. National authorities concerned have 10 weeks to reply to the Commission's enquiry.

In latest news, the French parliament finally passed enacting regulations for the EUTR on September 11; 18 months after the EUTR became law at EU level.

The French regulations lay out sanctions and fines for non-compliance, including failure to exercise due diligence. France's Competent Authority, the Agriculture Department, says its' first EUTR checks of 'operator' companies are expected toward the year-end.

ITTC to consider proposal for producer legislation database

Under the EUTR, companies which first place timber on the EU market ('operators') must ensure the material is compliant with the laws of the country of origin.

There is considerable concern in the EU timber trade that this can involve a significant administrative and research burden, particularly for small to medium sized businesses. Many may not have the resources or knowledge to do it effectively and subsequently risk breaching the EUTR.

Heads of European Timber Trade Federations from UK, Netherlands, Germany, Italy and France discussed the issue at the ETTF summer meeting in Brussels and called for some form of central legality guidance that could be continuously updated by relevant stakeholders in Europe and its supplier countries.

ETTF secretary general André de Boer explored the issue further in an article in the UK's TTF magazine. "It would be more efficient and cost effective if this information could be found in one place," he said. "If we had a constantly updated online data resource, Europe's EUTR Competent Authorities could also make use of it, and ensure all stakeholders based their risk analysis on the same information. It would be good for the industry and reinforce the capabilities of the EUTR to eradicate illegal timber."

Mr de Boer subsequently held talks with ITTO on moving the ETTF proposal forward. It has now been incorporated into ITTO's proposed 2015-16 Biennial Work Programme which will be discussed at the fiftieth International Tropical Timber Council session in November.

"The ITTO's Trade Advisory Group (TAG) was already developing a related proposal for web-based country profiles to contain relevant producer country forest sector and timber trade information," said ITTO Assistant Director of Trade and Industry Steve Johnson.

He added that the ITTO had been receiving increasing requests for such [legality] information, and "hoped the TAG proposal would find donor support".

UK and Dutch imports overwhelmingly legal and sustainable

The UK Timber Trade Federation's latest annual report on 'Responsible Sourcing of Timber in the UK' shows that 92% of members' timber purchases in 2013 were negligible or managed risk of illegality.

The remaining 8.4% is assessed risk, of which 7.3% is low risk, 0.8% is medium and 0.3% is high. The proportion of purchases of FSC or PEFC certified rose to 90.7%.

Meanwhile in the Netherlands, head of the Netherlands Timber Trade Association, Paul van den Heuvel, has announced that the latest biannual reports from members, independently audited by Probos, showed that 86% of the 1.9 million m3 of timber they imported and traded in 2013 was "demonstrably sustainable", that is from forest certified under the PEFC or FSC schemes.

It had previously set a goal of 85% by 2015. By material and product 96% of the 1,005,222 m3 of softwood imported into the Netherlands was certified sustainable; 83% of the 591,771 m3 of plywood and 55% of the 285,199 m3 of hardwood.

Commenting in the latest ETTF Newsletter, Mr van den Heuvel said that his members, who account for 70% of Dutch timber imports, would continue to drive up their proportion of sustainable timber. They would also push for the wider Netherlands market to make sustainable the norm through their alliance with buyers, specifiers, government and other stakeholders in the country's Green Deal initiative.

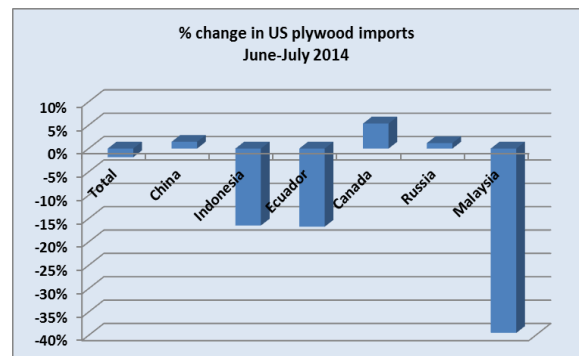
This is an industry-wide project for 'stimulating sustainable forest management and certified timber' that to date has 27 signatories, including government departments, business associations from along the supply chain, and trade unions.

Mr van den Heuvel also said that a few years ago, the NTTA asked the Dutch government to consider a lower VAT rate on sustainably produced timber to stimulate an increase in specification and consumption. Mr van den Heuvel noted that "with an effective Green Goods Agreement and lower VAT rate there would be no reason for importers and consumers not to choose sustainably produced (tropical) timber. At the time the VAT cut was rejected, but we continue to push for it and so should all involved in the sector."

Report from North America

China's plywood market share rises

US imports of hardwood plywood declined again in July. Imports were 265,480 cu.m, down 2% from June. Year-to-date imports were still 9% higher than in July 2013.



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

Hardwood plywood imports from China increased slightly (+1%) to 172,757 cu.m. Year-to-date imports from China were 17% higher than at the same time in 2013.

Hardwood plywood imports from Indonesia, Ecuador and Malaysia declined in July. Indonesia shipped 19,437 cu.m (-16%), Ecuador 13,182 cu.m (-17%) and Malaysia 4,417 cu.m (-39%).

July moulding imports highest since 2011

At US\$19.8 million, July imports of hardwood moulding were higher than any time since 2011. Imports increased by 14% from the previous month and year-to-date imports were 8% higher than in July 2013.

Hardwood moulding imports from China, Brazil and Canada rose in July, while Malaysia shipped less. Moulding imports from China were worth US\$6.5 million, up 8% from June.

Higher hardwood flooring imports from Vietnam and EU

Imports of hardwood flooring increased by 10% to US\$3.1 million in July. China was the largest source of imports in July at US\$723,508 (+24%). However, much of the growth in overall US imports of hardwood flooring came from Vietnam and Europe.

Hardwood flooring imports from Indonesia fell by 67% from June to US\$241,920. Malaysian shipments were worth US\$560,209 (-13%).

Assembled flooring panel imports were US\$12.5 million in July, up 10% from June. Imports from China jumped by 41% to US\$7.0 million, while imports from Canada declined. Indonesian exports of assembled flooring increased by 28% in July to US\$ 874,141.

2014 US imports of assembled flooring panels (US\$)

	June	July	% change
Total	11,299,518	12,461,699	10%
China	4,972,961	6,997,215	41%
Canada	2,841,627	2,004,653	-29%
Indonesia	684,254	874,141	28%
Brazil	362,030	399,556	10%
Other	2,438,646	2,186,134	-10%

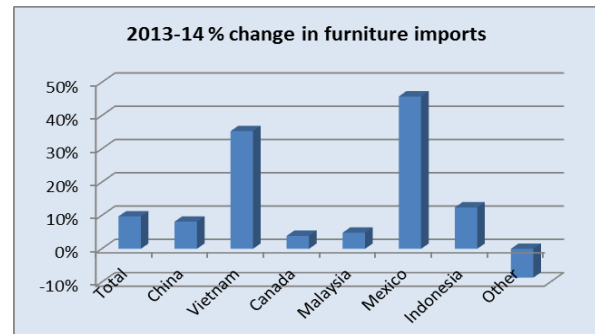
Source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics

NAFTA countries and Vietnam expand furniture shipments to US

Wooden furniture imports grew slightly (+1%) in July. Total July imports were worth US\$1.30 billion. Year-to-date imports were 10% higher than in 2013.

Imports from Vietnam, Canada and Malaysia increased in July, while China’s furniture shipments fell by 5% to US\$625.8 million.

Furniture imports from Vietnam were US\$211.4 million in July, up 15%. Mexican exports to the US were worth US\$57.1 million, almost unchanged from June.



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

China’s import share declined by 0.2 percentage points in July to 48.5%, based on the average in the last twelve months. The import shares of Vietnam and the NAFTA partners (Canada and Mexico) increased by 0.1 percentage points to 16.5% and 12.7%, respectively.

2014 US imports of wooden furniture (US\$)

	June	July
Total	1,289,722,054	1,299,099,275
China	656,752,683	625,825,777
Vietnam	183,627,233	211,403,364
Canada	103,770,345	108,461,483
Malaysia	4,951,515	49,822,653
Mexico	56,455,968	57,080,208
Indonesia	47,081,983	46,318,289
Other	237,082,327	200,187,501

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

Several other, smaller suppliers increased their wooden furniture exports to the US in July. Imports from Europe (Italy and Poland), India and Thailand increased substantially in July.

Furniture retail sales trends positive

The outlook for the 2014 furniture market remains positive, despite the slow growth in furniture retail sales. GDP growth has picked up as expected by analysts. On the down side, unemployment remains relatively high and consumer confidence is still not very strong.

However, the growth in housing starts and home sales should support demand for furniture in the second half of 2014.

Furniture sales (excluding home furnishing) grew by 6% in July to US\$4.4 billion, according to US

Furniture sales 1% higher than in July 2013.

New furniture orders grew by 5% in the first half of 2014 compared to the same period last year. Smith Leonard’s furniture survey found that about 60% of companies had higher orders in the first half of 2014.

Year-to-date furniture shipments were 4% higher in the first half of 2014 compared to 2013. Almost 70% percent of companies reported higher year-to-date shipments in June.

Inventory levels at distributors and manufacturers increased more than orders and shipments.

June furniture inventories increased by 9% from the previous month. The higher inventories may be due to summer holiday shutdowns, or because furniture retail sales appear to lag manufacturing and imports.

Growth in domestic furniture and wood product manufacturing

Economic growth in the second quarter of 2014 was revised upward to 4.2% in the second estimate by the US Department of Commerce. In the first quarter, real GDP decreased by 2.1%.

The manufacturing sector grew again in August, according to the Institute for Supply Management. Both furniture and wood product manufacturing reported growth in August. Labour availability is a challenge for some furniture producers.

Federal Reserve ends financial asset purchasing

The unemployment rate changed little in August and was 6.1%, according to the US Department of Labor. The number of long-term unemployed declined. Long-term unemployed (jobless for 27 weeks or more) accounted for 31% of all unemployed in August.

The US Federal Reserve will soon end its buying of financial assets, which has been part of the economic stimulus program since 2008. The second part of the economic stimulus are low interest rates. The Federal Reserve will probably keep interest rates low into 2015 because the labour market indicates that the economy is still fragile.

Growing gap between upper and lower income households

Consumer confidence in the US economy improved in August, according to the Thomson Reuters/University of Michigan consumer sentiment index. Most households reported that their financial situation improved.

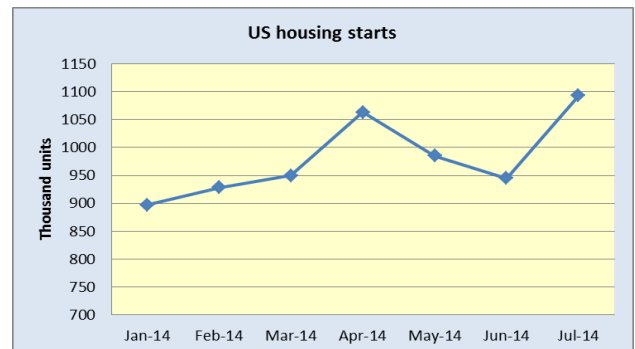
However, the gap between upper income and lower income households is widening. Upper income households reported higher incomes and wealth due to higher stock and asset prices.

Most other Americans reported no net gain in income and only a small growth in wealth. Stock prices and house prices have increased, but there is little growth in wages, which is ultimately needed for a full recovery of the US economy.

Consumers are not very optimistic about their personal financial outlook. They expect incomes to increase less in the year ahead compared to the past year.

Home builders more confident except in US South

Builders' confidence in the market for newly built single-family homes increased by two points in August to 55 on the National Association of Home Builders/Wells Fargo Housing Market Index. This is the highest confidence level since January.



Source: US Census Bureau, CMHC

Builders' confidence grew in all four regions of the country. The strongest growth was in the Midwest. The South continues to be the weakest market.

Housing starts surpass 1 million in July

The latest US Census Bureau data release for new residential construction is more optimistic than in the previous months. June housing starts were revised upward to 945,000 (seasonally adjusted rate). In July, housing starts increased by 16% to over 1 million. July starts were 22% higher than in July last year.

Single-family housing starts increased by 8% in July, while construction of multi-family units jumped 29%. The growth in construction was highest in the Northeast.

The number of building permits also increased in July, mainly due to higher multi-family permits. The total number of permits was 1.052 million units at a seasonally adjusted annual rate. The number of building permits issued is an indicator of future building activity.

Sales of distressed homes down

Sales of existing homes were at their highest this year in July. However, sales were lower than in July 2013, according to the National Association of Realtors.

The share of distressed homes sold fell to below 10% for the first time since the housing market crisis. Distressed homes are foreclosures and short sales, typically because the home owner is not able to pay the mortgage.

Growth in non-residential construction

Both private and public expenditures on non-residential construction increased in July from the previous month. Private construction spending grew by 2.1%, while public spending on office, commercial, health care and educational construction increased by 1.6%

The American Institute of Architects reports gains in non-residential design work in all regions of the country. Institutional construction is finally improving.

Commercial and industrial projects have gained since the start of 2014.

Legislation proposed to ban most toxic flame-retardants in furniture

A US senator has introduced a bill that would ban the most toxic flame-retardants from being used in upholstered furniture and children's products.

Studies have linked the flame-retardants with health problems in children and firefighters. The legislation would ban the ten most toxic flame-retardants at the federal level.

California changed its flame-retardant regulation for upholstered furniture in 2013. However, manufacturers may still use flame-retardants to achieve the new California standard. It is possible to fulfil the new standard without flame-retardants, but the regulation leaves it to the manufacturers to let customers know whether or not flame-retardants are used in furniture.

Retroactive import duty rates for bedroom furniture from China

The US Department of Commerce has announced final anti-dumping duty rates for 2012 imports of bedroom furniture from China. Importers had already paid cash deposits to US customs, but the Department of Commerce carried out a review of the rates.

The duty rates range from 0% to 216%, depending on the manufacturer. Several Chinese manufacturers had their duty rate reduced based on revised calculations and new financial statements from the companies. A new exporter to the US, Dongguan Chengcheng Group, received a 0% rate.

Furniture producers who did not submit information to the Department of Commerce that shows they qualify for a reduced rate, received a rate of 216%.

The list of companies with the 216% rate is available here (under footnote 5): <http://www.gpo.gov/fdsys/pkg/FR-2014-09-02/pdf/2014-20827.pdf>

Disclaimer: *Though efforts have been made to keep prices near to accurate, these are published as a guide only. ITTO does not take responsibility for the accuracy of this information.*

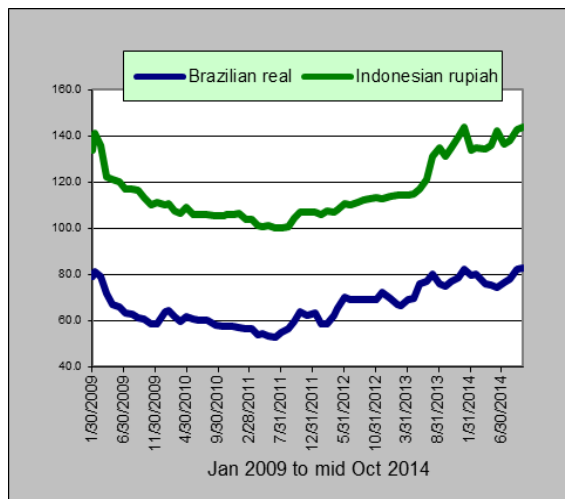
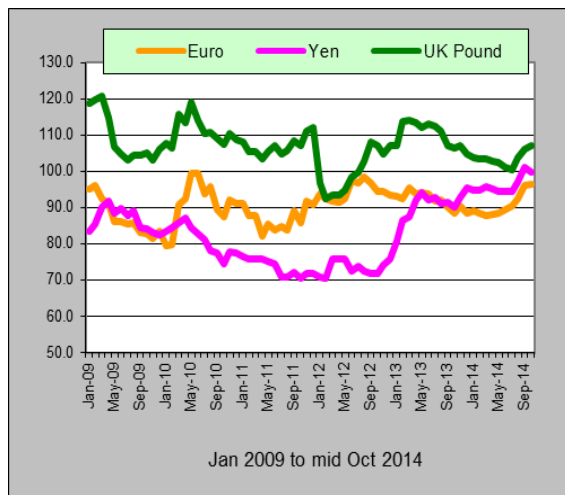
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

US Dollar Exchange Rates

As of 10th October 2014

Brazil	Real	2.4292
CFA countries	CFA Franc	519.04
China	Yuan	6.1299
EU	Euro	0.7918
India	Rupee	61.26
Indonesia	Rupiah	12,219
Japan	Yen	107.65
Malaysia	Ringgit	3.2692
Peru	New Sol	2.9074
UK	Pound	0.6220
South Korea	Won	1074.05

Exchange rate index (Dec 2003=100)

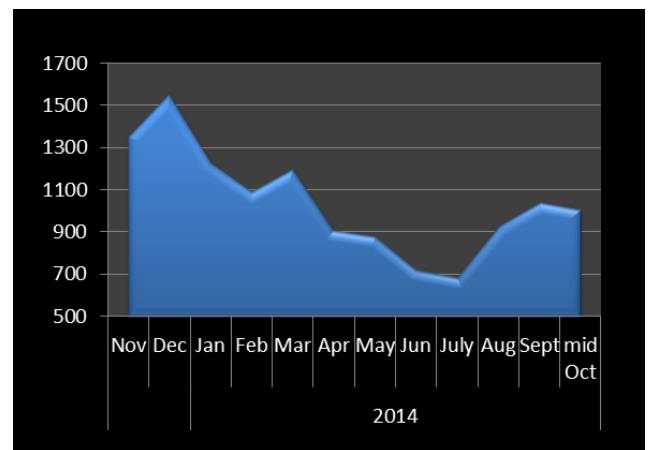


Abbreviations and Equivalences

Arrows	Price has moved up or down
BB/CC etc	quality of face and back veneer
BF, MBF	Board foot, 1000 board foot
Boule	bundled boards from a single log
TEU	20 foot container equivalent
CIF, CNF	Cost insurance and freight
C&F	Cost and freight
cu.m cbm	cubic metre
FAS	First and second grade of sawnwood
FOB	Free-on board
Genban	Sawnwood for structural use in house building
GMS	General Market Specification
GSP	Guiding Selling Price
Hoppus ton	1.8 cubic metre
KD, AD	Kiln dried, air dried
Koku	0.28 cubic metre or 120 BF
LM	Loyale Merchant, a grade of log parcel
MR, WBP	Moisture resistant, Water and boil proof
OSB	Oriented Strand Board
PHND	Pin hole no defect
QS	Qualite Superieure
SQ,SSQ	Sawmill Quality, Select Sawmill Quality

Ocean Freight Index

Baltic Supramax Index
November 2013 – September 2014



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. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

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