

Tropical Timber Market Report

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

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Top Story

Strike threatens US furniture sector

The US furniture industry is worried about the possibility that 29 ports on the West Coast will shut down because of a labour dispute.

US manufacturers and retailers depend on furniture and parts imported from Asia. The dramatic effect of a port closure may lead to US manufacturers and retailers to rethink their supply chains.

About 55% of all US imports enter the country through the West Coast ports.

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Report from Central/West Africa

Quiet trading conditions undermining producer optimism

With Chinese New Year falling on 19 February producers report the activity of buyers has slowed and markets are quiet. With so much of the trade being conducted with Asian countries the impact of the lunar holiday is very noticeable.

In such quiet trading conditions prices are not moving and there are few ongoing contract negotiations. Producers are not expecting much buyer interest in at least until mid-March, possibly even into April when importers and merchants assess their stock levels and determine requirements for the second and third quarters of the year.

Producers are optimistic that the log trade will continue brisk at favourable prices as countries supplying tropical species are unlikely to be able to increase the supply for export.

The exceptions to this are possibly the Democratic Republic of the Congo and the Republic of the Congo (Brazzaville) where analysts suggest there is a possibility for increased volumes coming onto the market.

Despite the cooling of the economy in China this has not affected the demand for logs there and Indian mills appear to be diversifying their sourcing and increasing tropical log imports from countries other than those in SE Asia.

Douala Port still with problems

Having optimistically reported a marked improvement in Douala Port operations, recent comments from exporters suggest there are some 150-200,000 cubic metres of logs, mainly for China, awaiting shipment. Reports also say there are long delays in the shipment of containerised sawnwood.

Higher production in CAR

Prices for sipo and sapele remain weak and demand for sipo has fallen with only limited buying for European markets. There are reports of a resumption of sawn sapele exports from the Central African Republic but this comes at a time when market demand and prices for these timbers are weakening.

Okoume prices are also weaker, apparently due to over stocking of logs and sawnwood in China. Currently the few buyers that are still active in the market show little interest in okoume.

Middle East buyers benefitting from slow demand in China

Demand in Middle East markets is stable and buyers have been quick to see the changing market sentiment and are beginning to lower the prices offered for new contracts and are even prepared withdraw if their lower offers are not accepted.

Some producers are now less than optimistic on market prospects into the second quarter because prices are easing in the face of subdued demand.

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	260	260	180	
Azobe & Ekki	235	235	160	
Belli	330	330	-	
Bibolo/Dibétou	150	145		
Iroko	330	290	260	
Okoume (60% CI, 40% CE, 20% CS) (China only)	320	320	220	
Moabi	335	305	225	
Movingui	210	210	160	
Niove	160	160	-	
Okan	290	285	-	
Padouk	300	275	210	
Sapele	360	360	270	
Sipo/Utile	380	380	255	
Tali	320	320	-	

Sawnwood Export Prices

West African sawnwood, FOB		€ per m ³
Ayous FAS GMS		390
Bilinga FAS GMS		520
Okoumé FAS GMS		455↓
Merchantable		275
Std/Btr GMS		350
Sipo FAS GMS		660↓
FAS fixed sizes		650↓
FAS scantlings		660↓
Padouk FAS GMS		820
FAS scantlings		870
Strips		500
Sapele FAS Spanish sizes		650↓
FAS scantlings		670↓
Iroko FAS GMS		620
Scantlings		695
Strips		440
Khaya FAS GMS		450
FAS fixed		470
Moabi FAS GMS		610
Scantlings		6150
Movingui FAS GMS		420

Report from Ghana

Ghana ratifies ECOWAS/EU EPA

After months of deliberations Ghana has decided to support the decision of the regional block, ECOWAS, to sign an Economic Partnership Agreement (EPA) with the European Union. In December last year ECOWAS negotiated the pact with the EU. At that time Ghana indicated it would support the position of the regional block on the EPAs but Nigeria had reservations.

The EPA allows signatory members of ECOWAS quota free market access to the European markets.

Some African Trade ministers LM are reported to have resisted ratifying the EPA which they say would impact negatively on the efforts towards industrialisation and job creation in ECOWAS member countries.

Some Ghanaian manufacturers have expressed concern that the agreement will result in the collapse of local industries because of the influx of goods from Europe. However, Trade and Industry Minister, Dr. Ekwow Spio-Garbrah, argued that the agreement presents an opportunity for Ghanaian firms.

The EPA replaces the existing non-reciprocal preferential trade regime that governs trade relations between the ACP and the EU.

Business outlook to improve with arrival of power generators

The Minister of Trade and Industry, Dr. Ekow Spio-Garbrah, has reiterated the government's commitment to improving the Ghanaian business climate and economy through promotion of investment and private sector development.

The Minister said government is moving to resolve the power problem and the lack of long-term low interest credits for businesses. He cited the revision of the Ghana Investment Promotion Centre (GIPC) and the Export Trade Agricultural and Investment Development Fund (EDAIF) Acts, which will help reduce the cost of doing business.

He said despite challenges, Ghana's economy had maintained a commendable growth in recent years and recognize the risks to businesses from the current energy crisis in the country.

It will be recalled, the country has been experiencing power loading shedding since last year, which seriously affects businesses. According to recent news the power shortfall could be partially overcome when power generating barges arrive in the country.

Boule Export prices

	Euro per m ³
Black Ofram	287
Black Ofram Kiln dry	395
Niangon	492
Niangon Kiln dry	555

Export Rotary Veneer Prices

Rotary Veneer, FOB	€ per m ³	
	CORE (1-1.9mm)	FACE (>2mm)
Ceiba	325	359
Chenchen	320	355
Ogea	328	356
Essa	318	399
Ofram	315	350

Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afromosia	1.19	0.63
Asanfina	1.40	0.76
Avodire	1.15	0.29
Chenchen	1.10	0.80
Mahogany	1.30	1.10
Makore	1.30	0.59
Odum	1.76	0.90

Export Sawnwood Prices

Ghana Sawnwood, FOB	€ per m ³	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up		
Afromosia	860	945
Asanfina	492	564
Ceiba	260	350
Dahoma	320	397
Edinam (mixed redwood)	392	552
Emeri	435	528
African mahogany (Ivorensis)	555	650
Makore	573	675
Niangon	591	644
Odum	610	660
Sapele	610	704
Wawa 1C & Select	300	348

Export Plywood Prices

Plywood, FOB	€ per m ³		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	420	600	641
6mm	400	575	622
9mm	382	450	510
12mm	374	440	450
15mm	339	399	407
18mm	313	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	14.00	15.70	18.80
Odum	10.00	12.10	11.70
Hyedua	14.00	14.93	18.45
Afromosia	15.50	18.65	18.55

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

Report from Malaysia

Above average rainfall slows harvesting operations

The monsoon rains continue relentlessly throughout Malaysia but the areas which were under water in January are now free of floods. However, most parts of the country report persistent rains which are hampering logging operations.

The Malaysian Meteorological Department released December 2014 rainfall data showing Peninsular Malaysia recorded from 16 to 27 days of rain; Sabah from 17 to 26 days and Sarawak from 14 to 27 days, all far above average. Rainfall is more significant to the timber industry in both Sabah and Sarawak as most of the country's logging takes place in these two states.

In Sabah, West and North Divisions of Sabah experienced rainfall some 60% above average. In contrast, the East Division rainfall was 40% below average. In Sarawak, logging is concentrated in the Central Region and the rainfall there was higher than average.

Foreign workers resist increase in visa fee

The timber industry, like many other industries in Malaysia, is very dependent on foreign workers. Two countries, Indonesia and Nepal, are threatening to stop workers going to Malaysia following the decision in Malaysia to increase visa fees.

For Indonesians intending to work in Malaysia the visa fee increase to RM230 (approx. US\$64) was imposed last month after Malaysian authorities outsourced the visa processing service to a private company.

The Indonesian Asosiasi Perusahaan Jasa Tenaga Kerja Indonesia (APJATI), which represents over 500 employment agencies, is lobbying the country's Human Resources and Foreign ministries calling for an immediate halt to the sending of workers to Malaysia.

Indonesian workers comprise about 70% of the estimated 2.8 million foreign workers in Malaysia. These people are employed mainly in the construction, plantation and manufacturing sectors. The second largest group of foreign workers in Malaysia are Nepalese, numbering an estimated 450,000, most of which work for security service providers.

The domestic media (Star newspaper), has reported that the steep increase in visa fees caught Malaysian employers by surprise and they expect companies to be badly affected by the increase.

2014 Log production up 6%

Statistics compiled by Sarawak Timber Association (STA) show total log production for 2014 was 8,715,097 cu.m. a 6% increase over the previous year. The breakdown shows 8,506,967 cu.m were hill species and 208,131 cu.m were swamp species. By comparison in 2013 hill logs totalled 7,973,932 cu.m, and swamp logs 237,147 cu.m.

Production Volume by Species. (cu.m)

Species	2014	2013
Bindang	155,927	180,157
Meranti	3,092,174	2,946,463
Kapur	303,041	295,388
Keruing	246,312	248,709
Sepetir	24,642	25,697
Sel Batu	211,271	208,117
Nyato	139,556	133,741
Other Hill Species	4,334,044	3,935,660
Ramin	1,000	1,522
Jongkong	1,192	1,003
Sepetir	1,316	3,436
Alan	5,649	10,290
Kapur	18,270	22,272
Keruing	3,781	4,033
Meranti	64,436	78,346
Other Swamp Species	112,488	116,244

Production of Logs by Regions

Regions	Volume (cu.m) 2014	% of total 2014	Volume (cu.m) 2013
Kuching	82,811	0.9	62,981
Sibu	3,509,883	40.3	3,238,728
Bintulu	2,989,510	34.3	2,978,636
Miri	2,132,893	24.5	1,930,735

ADB calls for diversification of economy

Indonesia's GDP grew by 5% in 2014, compared to 5.6% the previous year marking its weakest annual growth since the global financial crisis.

Indonesia is a major exporter of raw material and prices for commodities such as oil, coal, minerals palm oil and rubber continue to fall. The country has also seen foreign investment decline which has spurred efforts on ways to attract more foreign investment.

A series of investor-friendly reforms are in the pipeline such as one-stop service for providing ministry licenses, establish mechanism to speed up securing land for infrastructure projects.

The Asian Development Bank has recommended that Indonesia needed to transform its economy from current growth model which relies heavily on commodities to a high-end technologies, skills, and services economy.

"Building up knowledge-oriented sectors and processes is crucial for continued high growth and strengthening Indonesia's position in Asean towards and beyond 2015," said Bindu N. Lohani, ADB Vice-President for Knowledge Management and Sustainable Development.

For more see: <http://www.establishmentpost.com/asian-development-bank-indonesian-economy-needs-knowledge-based-activities-sustainable-growth/#ixzz3RUICiOcb>

No more mining permits in East Kalimantan forests

The governor of East Kalimantan, Awang Farouk Ishak has said the province has stopped granting permits for mining and plantations in forest areas to ensure the long term protection for the forest. However the provincial administration will allow infrastructure projects such as power lines and roads.

The governor said he was confident this limit on mining concessions would not negatively affect economic growth in the province.

Bamboo-based industry development

Dr. Ir. Bambang Tri Hartono, Head of Research and Development, Center for Forest Productivity Improvement has said the establishment of bamboo plantations must be considered if the bamboo-based industry is to expand and develop.

He offered strategies to improve the supply of raw materials to the bamboo-based industries, namely: assessing new types of bamboo; development of bamboo plantation; government incentives for bamboo growers and assessing the current availability of bamboos.

These suggestions were made during a workshop organised by the Ministry of Environment and Forestry and ITTO and supported by the Ministry of Industry, GIZ

of Germany and the National Bamboo and Bamboo Application Center. During the event a Bamboo Database was launched containing information on utilization and trade.

BP REDD+ absorbed by Forestry Ministry

It has been announced that the National Council on Climate Change (known as BP REDD+) will be absorbed into the new Ministry of the Environment and Forestry (MoEF) as part of a massive government restructuring.

The BP REDD+ was the first ever ministry dedicated to implementing REDD+ and its disbandment has generated concern. Heru Prasetyo, a former head of the BP REDD+, said this could be a major setback for government accountability in Indonesia. There is also the issue of how the funding agreement with Norway will be affected.

For more see: <http://news.mongabay.com/2015/0211-lbell-indonesia-bp-redd.html#ixzz3RUFnDZSL>

Domestic Log Prices

Indonesia logs, domestic prices	US\$ per m ³
Plywood logs	
core logs	210-230
Sawlogs (Meranti)	135-150
Falcata logs	120-140
Rubberwood	115-1135
Pine	120-135
Mahoni (plantation mahogany)	130-145

Domestic Ex-mill Sawwood Prices

Indonesia, construction material, domestic	US\$ per m ³
Kampar (Ex-mill)	
AD 3x12-15x400cm	500-600
KD	-
AD 3x20x400cm	590-630
KD	-
Keruing (Ex-mill)	
AD 3x12-15x400cm	520-710
AD 2x20x400cm	490-520
AD 3x30x400cm	415-440

Export Plywood Prices

Indonesia ply MR BB/CC, export FOB	US\$ per m ³
2.7mm	500-550
3mm	570-620
6mm	-

Domestic Plywood Prices

MR Plywood (Jakarta), domestic	US\$ per m ³
9mm	420-450
12mm	390-420
15mm	340-360

Export and Domestic Other Panel Prices

Indonesia, Other Panels, FOB	US\$ per m ³
<i>Particleboard</i>	
Export 9-18mm	710-735
Domestic 9mm	700-750
12-15mm	650-700
18mm	590-620
<i>MDF</i>	
Export 12-18mm	590-620
Domestic 12-18mm	430-530

Timber exports to US to reach 300 cubic tons

Barber Cho, Joint Secretary of the Timber Merchants Association said that by the end of this fiscal year 25 containers with 300 cubic tons of teak and other hardwoods are expected to be dispatched to the United States.

While buyers in the US purchase less than those in the EU prices paid by US importers are attractive but US importers are very demanding on quality and dimensions.

Cho also stated that the US recently granted a special one-year waiver for US companies to trade with the Myanmar Timber Enterprise (MTE). The waiver took effect in July 2014.

Analysts point out that currently only a handful of the country's 1500 private producers can meet the standards required by Europe and American buyers.

MTE special open tender 23 January 2015

Prices secured during the 23 January Open Tender of 814 H.tons of sawn teak are reported below.

Boards

(0.5ins 2ins. x 6ins. & wider x 6' & longer)
 First quality US\$4,868
 Second quality US\$3,333 to 4,688

Flitches

(2.5ins. & up x 6ins. & wider x 6' & longer)
 Special quality- US\$5,008

Squares

(10ins. & up x 19ins. & up x 10' & up)
 Market quality- US\$2,151
 Market quality rejects US\$1,211 to US\$1,281

Sales of teak logs 26 January Yangon Depots

Grade	Hoppus tons	Avg. US\$/h.ton
G4	8	4266
G5	9	2503
G6	16	1260
G7	100	1066

Trade deficit and inflation

Myanmar's trade deficit is forecast to stretch to almost US\$4 billion by the end of next financial year according to the Minister National Planning and Economic Development. Inflation is also set to average about 6.8 percent in the 2015-16 fiscal year.

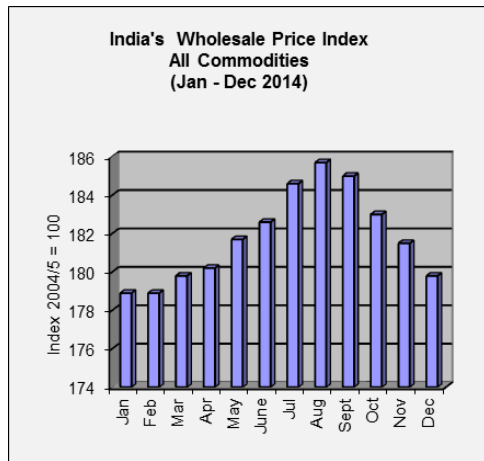
The Minister warned inflation could rise to around 8 by the end of the fiscal year.

Wood product price index drops

The Office of the Economic Adviser (OEA) to the Indian government provides trends in the Wholesale Price Index (WPI).

The official Wholesale Price Index for ‘All Commodities’ (Base: 2004-05 = 100) for December 2014 fell to 179.8 from 181.8 for the previous month. The annual rate of inflation, based on the monthly WPI, remained at 0.11% (provisional) for December 2014.

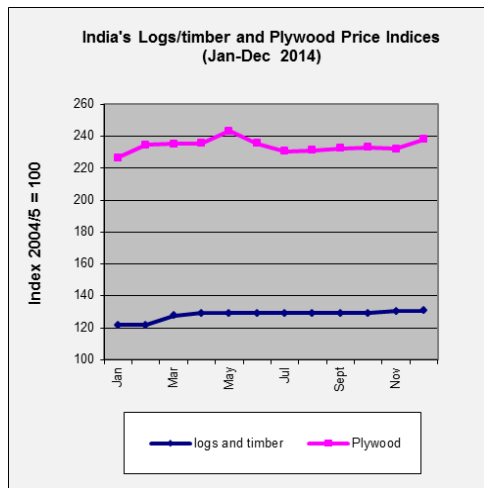
For more see: http://eaindustry.nic.in/display_data.asp



Data source: Office of the Economic Adviser to the Indian government

Timber and plywood wholesale price indices

The OEA also reports Wholesale Price Indices for a variety of wood products. The Wholesale Price Indices for Logs/timber and Plywood are shown below.



Data source: Office of the Economic Adviser to the Indian government

The December price index for the 'logs and timber' product group remained virtually unchanged but the price index for plywood rose 6 points on the back of firming demand and rising transaction costs for imports and rising mill worker wages.

See http://eaindustry.nic.in/display_data.asp

India's economic performance is forecast to end the fiscal year posting a strong performance driven by expanded investment in manufacturing and construction.

Official estimates of GDP, which are based on a new methodology, are likely to show GDP grew 7.4 percent in 2014-15. The new data signal acceleration in growth which is put down to the business friendly policies of the new government.

Traders boycotting e-auctions

Forest depots in the Valsad Circle (Valsad district, Gujarat state) held a series of auctions in January and early February 2015.

These sales were conducted using the controversial e-auction system which is still being objected to by many traders who refused to participate in the auctions. Those who refused to attend the sales are seeking clarity on e-payments, e-orders and e-delivery instructions.

Observers at the sale report the logs were freshly felled and of good quality. The main buyers were state owned mills who purchased around 15,000 cubic metres. Prices secured at this auction are shown below.

Teak logs	Per cubic foot
A quality for ship building	Rs.2250-2400
B quality for ship building	Rs.2000- 2200
A for sawing	Rs.2100-2200
B or sawing	Rs.2000-2100
A Long length logs	Rs. 1850-1950
B Long length logs	Rs 1700-1800
Long length, Medium Quality	Rs 1400-1650
Short Length, Medium Quality	Rs 1100-1200
Short Length, Average Quality	Rs 800-1000

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

Good quality non-teak hardwood logs, 3 to 4 metres long with girths of 91cms or more of haldu (*Adina cordifolia*), laurel (*Terminalia tomentosa*), kalam (*Mitragyna parviflora*) and *Pterocarpus marsupium* attracted prices in the range of Rs.750-950 per cubic foot.

Medium quality logs attracted prices of between Rs5-600 per cubic foot while the lower quality logs were sold at between Rs.3-450 per cubic foot.

Firm demand for teak at Central Indian depot sales

Over 20,000 cubic metres of teak logs were sold at Timarni, Khirakia, Ashapur, Narmada nagar, Betul and other depots of Central India at the beginning of the year.

Buyers report the quality of logs was very good and because sawmills needed to replenish stocks demand was firm as reflected in the higher than average prices.

Girth	Rs. /cu.ft.
4-5m length	
91 cm and up	1700-1850
76-90 cm	1425-1525
61-75 cm	1300-1400
46-60 cm	1100-1250
3-4m length	
91 cm and up	1400-1500
76-90 cm	1200-1325
61-75 cm	1100-1200
46-60 cm	850-950

Variations depend on quality

Vietnam the latest teak supplier

The flow of plantation teak imports is good and demand is firm. Prices for the better quality supplies are rising and supplies have begun arriving from Vietnam. These logs are landing at US\$1,349 per cubic metre C&F.

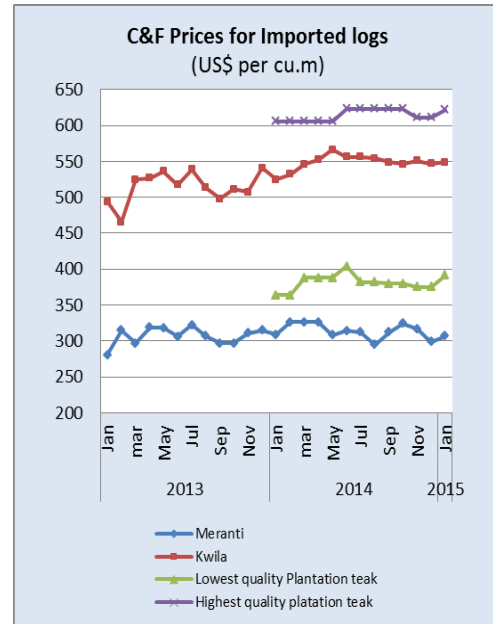
There are reports of natural forest teak logs arriving from UAE analysts suggest these are logs purchased from Myanmar prior to the log export ban.

Current C&F prices for plantation teak

	US\$ per cu.m C&F
Belize logs	350-400
Benin logs	367-680
Benin sawn	530-872
Brazil logs	402-797
Brazil squares	390-680
Cameroon logs	365-510
Colombia logs	388-650
Congo logs	380-710
Costa Rica logs	414-840
Côte d'Ivoire logs	303-720
Ecuador squares	315-540
El-Salvador logs	377-712
Ghana logs	286-650
Guatemala logs	404-550
Guyana logs	300-450
Kenya logs	350-600
Laos logs	300-605
Liberia logs	350-460
Malaysian teak logs	363-525
Nicaragua logs	350-596
Nigeria squares	316-450
Panama logs	319-750
PNG logs	400-575
Sudan logs	479-820
Tanzania teak, sawn	307-885

Thailand logs	460-700
Togo logs	230-715
Trinidad and Tobago logs	420-680
Uganda logs	408-860
Uganda Teak sawn	680-900

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



Prices for domestically milled sawnwood from imported logs

Current ex-mill prices for air dried sawnwood are shown below.

Sawnwood	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

Price variations depend mainly on length and cross section

With the further relaxation in rules covering sawn teak and other hardwood exports in Myanmar the flow of raw materials to Indian mills has improved.

Analysts report more companies are planning to establish sawmills and veneer mills in Myanmar.

Prices for domestically milled Myanmar teak

Sawnwood (Ex-mill)	Rs. per cu.ft
Myanmar Teak (AD)	
Export Grade F.E.Q.	8000-18500
Teak A grade	6000-7050
Teak B grade	4250-4500
Plantation Teak FAS grade	3500-3700

Price variations depend mainly on length and cross section

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

Demand for American timbers remains slow.

Sawnwood, (Ex-warehouse) (KD)	Rs per cu.ft
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

Construction activity boosting demand for plywood

At the State and Central Government level various projects have been initiated which are helping revive the plywood market.

Supplies of logs for domestic plywood manufacture are reported as satisfactory but transaction costs and mill worker wages have been rising such that producers have increased plywood wholesale prices.

Prices for WBP Marine grade plywood from domestic mills

Plywood,	Rs. per sq.ft
Ex-warehouse, (MR Quality)	
4mm	40.00
6mm	53.50
9mm	67.75
12mm	84.00
15mm	111.00
18mm	117.00

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.20.40	Rs.30.20
6mm	Rs.31.00	Rs.38.85
9mm	Rs.39.00	Rs.47.00
12mm	Rs.46.40	Rs.57.00
15mm	Rs.57.00	RS.69.50
19mm	RS.66.00	Rs.78.00
5mm Flexible ply	Rs.41.25	

Dehliwood opens its doors

On the first day of Delhiwood, the timber sector fair, around 2,500 visitors viewed the over 300 exhibits and enjoyed live demonstrations of operations of log peelers, panel saws, hot presses, edge banders and other state of the art machines.

This show attracts furniture and panel manufacturers as well as sawmillers and the accessory industries. The Delhiwood fair takes place every two years and this year’s fair marks the 5th show. For more see: <http://www.delhiwood.com/>

Report from Brazil

Mato Grosso industries secure repeal of logging restriction

Timber companies in Mato Grosso have successfully lobbied for the repeal of a recent regulation (Ministry of Environment ordinance Portaria 443/2014) prohibiting the transport and processing of some high value timbers.

Nine timber associations met in the first week of February with the state governor of Mato Grosso to press their case for a repeal of the ordinance enacted in December 2014.

This regulation prohibited logging, transport, storage, management, processing and commercialisation of six species; itaúba (*Mezilaurus itauba*), garapeira (*Apuleia leiocarpa*), jatobá (*Hymenaea courbaril*), cerejeira (*Amburana cearensis*), jequitibá (*Cariniana sp.*) and cedar (*Cedrela sp.*).

The associations emphasised this regulation seriously undermined the viability of the timber sector in the state.

According to the Center for Timber Producers and Exporters of the state of Mato Grosso (CIPEM), logging operations in the state follow the prescribed forest management plans approved by SEMA and ordinance released in late 2014 caught them by surprise.

2014 Bento Gonçalves furniture exports declined

The Bento Gonçalves furniture cluster in Rio Grande do Sul state exported furniture worth US\$48.8 million in 2014, a 13.4% decline compared to 2013 according to the Ministry of Development, Industry and Foreign Trade.

This was the largest decline in furniture exports since the 2009 global financial crisis when the export earnings fell 35%. Demand fell in 33 of the 57 countries that imported furniture from the cluster.

The decline in furniture exports was put down to a loss of competitiveness in the Brazilian furniture industry due to rising production costs, high taxes, excessive bureaucracy and infrastructure problems.

Bento Gonçalves furniture exports fell in many countries such as Colombia (-14.7%), Peru (-25.8%), Chile (-22.5%), Cuba (-35.6%), Argentina (-58.7%) and Venezuela (-51.8%). On the otherhand countries such as Algeria, Angola, Zambia, Panama, Mexico, Saudi Arabia and the United Arab Emirates increased their furniture imports from the cluster.

Adapt to volatile trading environment to ensure company viability

The Brazilian Association of Mechanically Processed Timber (ABIMCI), has raised concerns on the weakening domestic economy which is being aggravated by volatility in exchange rates.

The result of this volatility is rising production and export transaction costs. ABIMCI notes log costs are rising as are other raw material inputs and port costs. In addition high interest rates and taxes and electricity and transport charges are undermining profit margins in the sector. The result is that fewer companies are expanding their international and even domestic marketing.

Further undermining confidence are the demands of buyers wood products. Brazilian exporters of pine plywood, sawnwood, flooring, mouldings and doors are being pressured by overseas buyers to lower their US dollar denominated FOB prices because the US dollar has appreciated against the real.

ABIMCI asserts that timber producers need to understand these two scenarios in their international trade negotiations. Understanding the market and building appropriate pricing structures is critical to maintaining company viability.

Domestic Sawnwood Prices

	US\$ per m ³
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	877
Jatoba	473
Massaranduba	406
Muiracatiara	451
Angelim Vermelho	388
Mixed red and white	243
Eucalyptus (AD)	237
Pine (AD)	167
Pine (KD)	184

Domestic Log Prices

	US\$ per m ³
Brazilian logs, mill yard, domestic	
Ipê	177
Jatoba	102
Massaranduba	107
Muiracatiara	112
Angelim Vermelho	102
Mixed redwood and white woods	90

Domestic Plywood Prices (excl. taxes)

	US\$ per m ³
Parica	
4mm WBP	680
10mm WBP	547
15mm WBP	475
4mm MR	614
10mm MR	461
15mm MR	436

Domestic prices include taxes and may be subject to discounts.

Prices For Other Panel Products

	US\$ per m ³
<i>Domestic ex-mill Prices</i>	
15mm MDP Particleboard	292
15mm MDF	421

Export Sawnwood Prices

	US\$ per m ³
Sawnwood, Belem/Paranagua Ports, FOB	
Ipe	1305
Jatoba	1003
Massaranduba	755
Muiracatiara	721
Pine (KD)	230

Export Plywood Prices

	US\$ per m ³
Pine Plywood EU market, FOB	
9mm C/CC (WBP)	360
12mm C/CC (WBP)	332
15mm C/CC (WBP)	328
18mm C/CC (WBP)	317

Export Prices For Added Value Products

		US\$ per m ³
FOB Belem/Paranagua Ports		
Decking Boards	Ipê	2,337
	Jatoba	1,525

Report from Peru

Government and indigenous organizations reach agreement on forest law

According to the Ministry Agriculture and Irrigation (MINAGRI) seven organizations representing 52 indigenous peoples have reached a consensus on the new forestry and wildlife law, Regulations of Law No. 29763.

After five days of meetings, representatives of indigenous groups and the National Forest and Wildlife Service (SERFOR) signed a document detailing the rights and restrictions agreed.

The consultation process was hosted by the Ministry of Environment, the Ministry of Foreign Trade and Tourism, the Ministry of Production (Produce) and the Presidency of the Council of Ministers (PCM).

Also participating were the Agency for Supervision of Forest Resources and Wildlife and Regional Governments, through the Interregional Amazon Council.

Export Sawnwood Prices

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

Peru Sawnwood, FOB Callao Port (cont.)	US\$ per m ³
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	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 Sawnwood, 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 Sawnwood Prices

Peru sawnwood, domestic	US\$ per m ³
Mahogany	-
Virola	170-195
Spanish Cedar	296-355
Marupa (simarouba)	142-154

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 (excl. taxes)

Iquitos mills	US\$ per m3
122 x 244 x 4mm	508
122 x 244 x 6mm	513
122 x 244 x 8mm	522
122 x 244 x 12mm	523
Pucallpa mills	
122 x 244 x 4mm	503
122 x 244 x 6mm	511
122 x 244 x 8mm	513

Domestic Prices for Other Panel Products

Peru, Domestic Particleboard	US\$ per m ³
1.83m x 2.44m x 4mm	282
1.83m x 2.44m x 6mm	230
1.83m x 2.44m x 12mm	204

Export Prices for Added Value Products

Peru, FOB strips for parquet	US\$ per m ³
Cabreuva/estoraque KD12% S4S, Asian market	1296-138
Cumaru KD, S4S	Swedish market 922-1058
	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

Investment creates thousands of jobs in forestry sector

The timber industry in Guyana continues to be robust and will contribute further to growth with investment in value added processing. In support of this the Forest products Development and Marketing Corporation continues to play a major role in investigating overseas markets.

In a related development it has been estimated that investment in the forestry sector during 2014 amounted to approximately GYD \$3.5 billion which boosted employment in the sector to around 23,000. Wood product exports from Guyana last year generated an estimated US\$54 million, a 37% increase over the previous year.

Deforestation under control

Guyana has completed its 4th annual assessment of deforestation and forest degradation under the and interim results show a decline in the rate of deforestation from 2012, to 2013.

The report says a total of just 12,702 hectares was lost in 2013 signalling that the efforts towards sustainable forest management, while at the same increasing the economic and financial earnings for the country, are being achieved.

Export prices

Logs, FOB Georgetown	US\$ price per m ³		
	Std	Fair	Small
Greenheart	150-215	130-210	200
Purpleheart	290-330	260	-
Mora	150-160	140	130

Export Sawnwood Prices

Sawnwood, FOB Georgetown	US\$ price. per m ³	
EU and US markets	Undressed	Dressed
Greenheart		
Prime	-	-
Standard	-	650-848
Select	590-993	-
Sound	-	-
Merchantable	-	-
Purpleheart		
Prime	-	-
Standard	-	975-1102
Select	650-975	-
Sound	575	-
Merchantable	600	-
Mora		
Prime	-	-
Select	500	-
Sound	-	-
Merchantable	500	-

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	No export
	Utility	5.5mm	No export
		12mm	No export

Report from Japan

Jump in machinery orders reflects improving business confidence

Private-sector machinery orders, excluding volatile those for ships and those from electric power companies, rose a seasonally adjusted 8.3% in December, a modest increase over the previous 12 months. The trend in machinery orders is an indicator of capital spending which reflects how enterprises view mid-term business prospects.

For 2014 total machinery orders rose by 8.9% year-on-year however, going forward, machinery orders are forecast to fall 2.5% in the first quarter 2105 with orders from the private sector slated to drop even sharper.

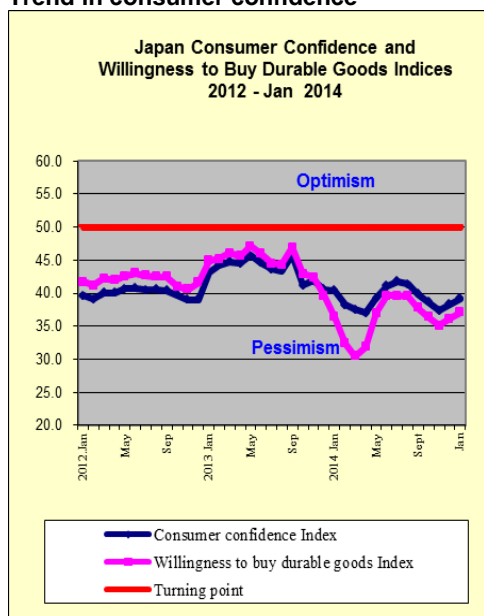
Falling gas prices but no improvement in consumer sentiment

The consumer confidence index for January released by Japan’s Cabinet Office showed a reading of 39.1, slightly up from December. An index below 50 indicates that households believe economic conditions are worsening rather than improving.

See: www.esri.cao.go.jp/en/stat/shouhi/shouhi-e.html

Consumers in Japan are still reeling from the impact of last year’s consumption tax rise and even falling petrol prices, which has put more money into the pockets of consumers, is not having any effect on spending. In related news company bankruptcies fell in January but many small companies quietly close shop rather than declare themselves bankrupt.

Trend in consumer confidence

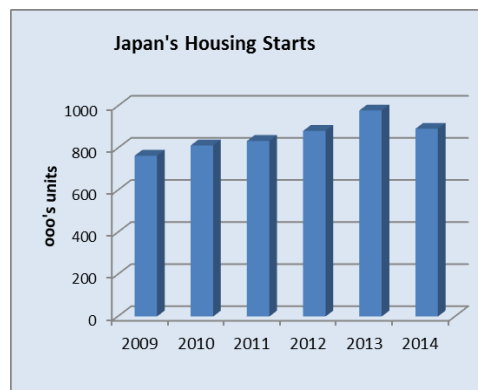


Source: Cabinet Office, Japan

Housing starts

Housing starts from 2009 to 2014 are shown below. 2014 housing starts fell almost 9% year-on-year being supported by government economic stimulus measures. In the last quarter of 2013 and into January 2014 the number of completed home rose as home buyers rushed to complete building prior to the consumption tax increase.

Included in the most recent stimulus package from the government are measures to encourage prospective home buyers such as the re-introduction of the housing eco point system which provides subsidies for energy efficient homes and a lowering of mortgage interest rates.



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

There has been a major shift in Japan away from life time, stable employment to contract work and the ranks of part-time workers have swelled in recent years. While this change has released employers from the burden of providing housing and many of the other benefits offered to full time employees it has increased the number of families which cannot afford to buy a home.

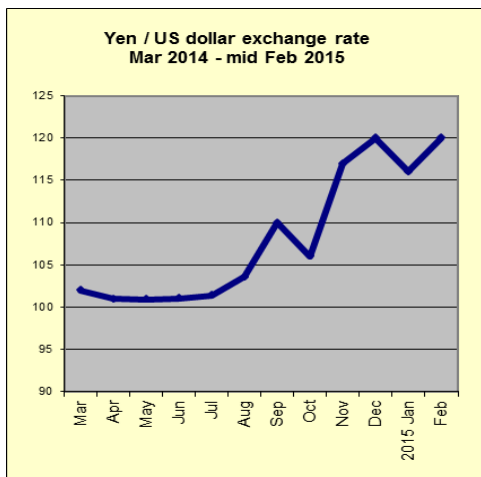
In the period after the second war trends in the housing market were driven by investments by the large companies as they needed accommodation for employees until they could save enough to buy their own home.

However, in today’s world saving for a home is only a dream for most young workers and recent data shows that around a third of Japanese households have no financial assets, a figure that will continue to grow as the wealth gap expands.

Yen volatility huge challenge for importers

Volatility in exchange rates moved to new highs recently as across the world Central Banks introduced monetary easing policies. Moves by Switzerland, Canada, Singapore and Australia to weaken their currencies surprised markets and the extent of swings in the yen-US dollar have become more exaggerated since mid-2014.

Since the new government took office in Japan the yen has fallen over 30% against the US dollar and, while the fall has raised the cost of imports it is the exchange rate fluctuations that now pose the biggest headache for importers.

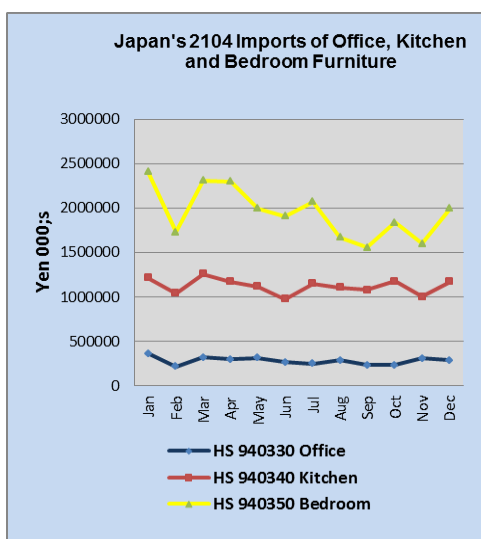


Japan's furniture imports

Bedroom furniture imports by Japan exceed those of all other household furniture imports and are more than four times those of office furniture imports. The latest data from the Ministry of Finance (December 2104) provides a glimpse of trends in imports during 2014.

Both office and kitchen furniture imports were largely flat throughout the year. There was an increase in furniture sales at the beginning of the year as consumers moved to beat the introduction of a higher consumption tax but after March retailers were well aware that sales were likely to fall so imports dropped.

The impact of the tax increase was expected to fade within a few months and it was thought that furniture sales would recover. This did not occur and while imports of kitchen and office furniture just managed to hold onto levels seen at the beginning of the year there was a sharp drop in imports of bedroom furniture from April to October.



Data source: Ministry of Finance, Japan

Trade news from the Japan Lumber Reports (JLR)

The Japan Lumber Reports (JLR), a subscription trade journal published every two weeks in English, is generously allowing the ITTO Tropical Timber Market Report to extract and reproduce news on the Japanese market exactly as it appears in the JLR.

For the JLR report please see:

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

Emergency economic stimulus package

The government announced emergency economic stimulus measures on December 27 with total amount of 3.5 trillion yen, which is titled 'expansion of smooth circulation to the province'.

The measures include measures for housing such as restoration of housing eco point system, which gives coupons for the houses with energy saving measures and lowering mortgage interest of 'flat 35', which fixes mortgage interest rate for long term.

Also measures of demand expansion of wood, constructing strong forest industry, absorption of carbon dioxide by forest. Also low interest loan to deal with increasing materials cost for small business. Since economic recovery is not even by the areas, the government plans to spread result of Abenomics all over Japan particularly stagnant provincial regions.

Imported wood products demand projection for 2015

The Japan Lumber Importers Association and relating divisions came up with demand forecast of major import wood products for 2015.

Total volume of logs and other wood products is 10,310,000 cbms, which is the same volume of 2009 when the demand dropped by the Lehman shock and is 3.7% less than 2014. The reasons are that housing starts of this year will be less than 2014 and climbing cost of imported products by weak yen about 120 yen for the dollar.

General view is that demand for building materials would decrease so that import would be curtailed. log volumes are expected to stay unchanged but lumber volume would drop compared to 2014 because the import of lumber in the first half of 2014 was heavy in an anticipation of active demand before the consumption tax increase. This is why decrease of North American, European and Russian lumber is rather large.

South Sea (tropical) logs

Sarawak log prices are firming due to tighter control of illegal logging by the government. By stronger pressure from environmental groups, the Chief Minister of Sarawak declared stamping out of corruption of wood industry with severe penalty so log supply from designated district is largely reduced.

The government tightens observation even by helicopters. Log supply from unreliable sources is dropping sharply so plywood mills and lumber mills, which do not have its own licensed timberland, have hard time to secure logs. On top of this, rain fall has been increasing, which reduces log supply.

The log importers report that log production is down by 30 to 50% of normal time. Sarawak log prices are US\$280-295 per cbm FOB on yellow meranti regular, US\$245-260 on small meranti and US\$230 on super small. They are all firming.

In this situation, logs for India are also decreasing so Indian log buyers have started sending ships to PNG and Solomon Islands. They have started buying in those areas sporadically after Myanmar banned log export since April last year but now with tight log supply in Sarawak, they have to keep sending ships to the areas regularly but rain fall is heavy in PNG and Solomon so the log supply has been tight there also.

Since China is slowing its purchase by the Chinese New Year holidays, log prices are bit softer but for Japan market, weak yen wipes out small FOB drop.

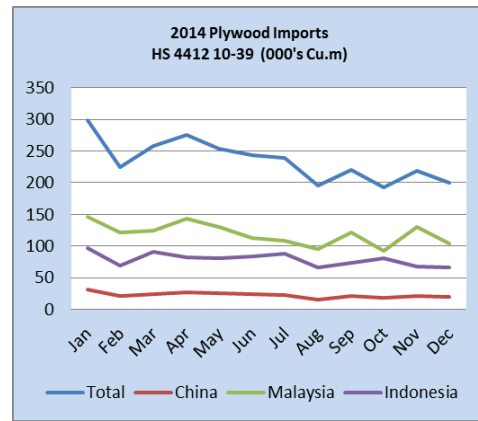
Plywood

Domestic softwood plywood market is holding without any change. In December, plywood deliveries had difficulty by shortage of delivery trucks as trucks were taken for deliveries of year end gifts.

Since the manufacturers announced price hike in late November for December deliveries, orders increased so much that the manufacturers failed to perform in time and some of orders did not arrive even in late December. The manufacturers proposed another price increase in middle of December again as they thought late November orders should have been delivered by then but distribution got worse in December, which confused the market.

Trucks become plenty available after New Year holidays. Present market prices in Tokyo are 800 yen per sheet delivered on 12 mm 3x6, no change from December.

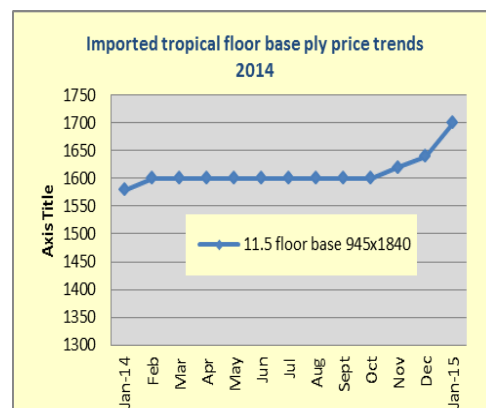
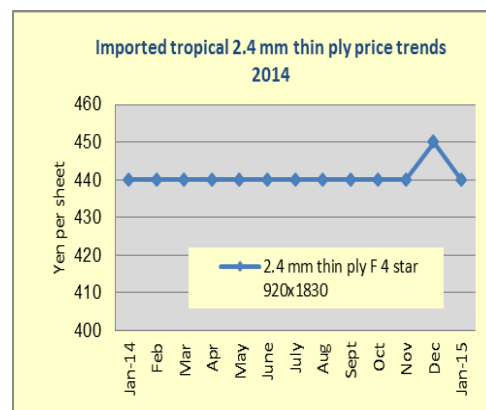
Last November softwood plywood production was 213,800 cbms, 6.8% less than November 2013 and 2.8% less than October. The shipment was 205,900 cbms, 15.8% less and 7.1% less. The inventory was 220,900 cbms, 8,000 cbms more than October.

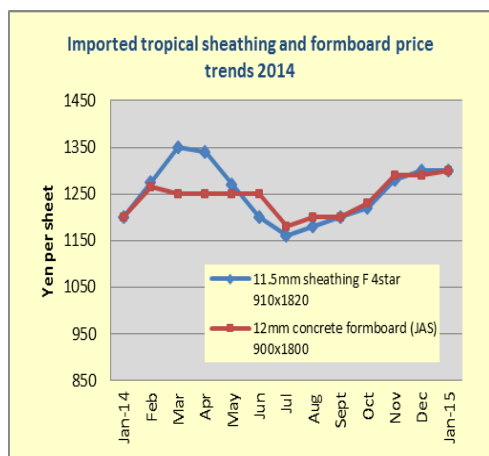


Data source: Ministry of Finance, Japan

Market of imported plywood also remains flat. December shipment was the same as October and November. Although futures will be higher in cost, there is no speculative demand. The importers remain passive so far but there is change in producing regions.

In Sarawak, Malaysia, log production sharply drops by heavy rain and harvest control on illegal logging by the government so that plywood manufacturers in Malaysia suffer log shortage. Malaysian plywood mills try to restrain taking large orders in fear of future log shortage. The export prices of JAS 3x6 concrete forming panel are about US\$555 per cbm C&F and JAS 3x6 concrete forming for coating are about US\$620.

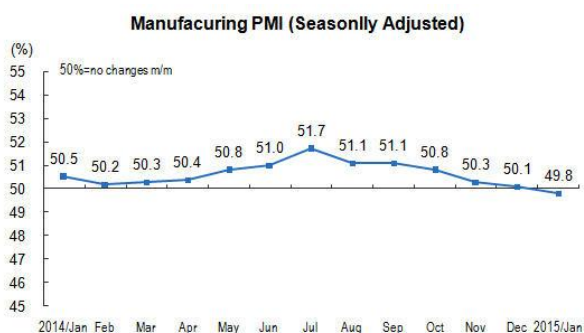




Report from China

Slowing domestic consumption to impact timber imports

In January China's manufacturing purchasing managers index (PMI) which tends to reflect sentiment amongst only the larger enterprises was 49.8, slightly lower than the previous month. According to the latest data from the National Bureau of Statistics manufacturing activity in January shrank for the first time in 2 years.



Source: National Bureau of Statistics, China

The PMI of large-sized enterprises was 50.3, down 1.1 points month-on-month but was sustained above the negative threshold; that of medium and small-sized enterprises was 49.9 and 46.4 respectively, up slightly month-on-month but still well into negative sentiment territory.

Among the five sub-indices comprising the PMI, the production, new orders index and supplier delivery time indices were higher than the negative threshold, while the employed person index and main raw materials inventory indices were lower. Several analysts have said they did not consider the January readings surprising given seasonal factors and global economic trends

For more see: http://www.stats.gov.cn/english/PressRelease/201502/t20150202_677815.html

Lower commodity prices have been a blessing for many importing countries but China's domestic energy and mineral firms are suffering falling revenues and are cutting back on investments which are having a sharp knock-on effect on domestic consumption. This, along with the cooling housing market, is signaling tough times are ahead for tropical timber exporters.

Rising risk of manufacturers transferring out of China

Concern has been raised that many foreign companies might relocate out of China undermining employment opportunities. China's Ministry of Commerce has refuted reports that foreign firms were moving capital out of China but has said some foreign companies have voiced concern on rising labour costs, weakening domestic demand and problems meeting domestic regulations.

Worker wages are now a major issue in China. In 2001 average wages for workers in the manufacturing sector were between yuan 5-600 per month, much lower than in Southeast Asian countries for example. However, currently wages in China's manufacturing industries have increased to yuan 3-4,000 and other benefits including social insurance and housing benefits can account for 40%-50% of total wages, a very heavy burden on enterprises.

Today, not only are the wages in China higher than in most Southeast Asian countries, but also the social security payments are considerably higher.

It has been reported that China had 45 million workers employed in foreign enterprises in 2010. If workers employed in upstream and downstream enterprises are included the number of workers depending on foreign company employment could be as high as 100 million.

For more see: http://usa.chinadaily.com.cn/business/2015-01/30/content_19445557.htm

Enterprise grading standard to be launched

A grading standard for wood products, the national trade standard SB/T 11127-2015, has been developed by the Ministry of Commerce and will come into force as of 1 September 2015. The standard aims to help to strengthen marketing management and promote an upgrading of the structure of the industry as well as an improvement in the quality of products.

Five product grades will be introduced derived from an assessment of the operating capability of enterprises, assets and liabilities, facilities, product quality and service, marketing management, sales service capability, the qualification of personnel and the level of company and product information services.

Sino-Russian traders struggle with ruble depreciation

The ruble has depreciated sharply against the US dollar in the past two months and this is impacting trade between China and Russia. It has been reported that US\$ based prices for Russian softwood have fallen around 30%.

At present in the Manzhouli area on the border with Russia trade by large Chinese importers is conducted in US dollars while small enterprises conduct business in rubles. This difference in means of settlement is resulting in two price levels for the same product.

It is reported that in the Chinese domestic market prices for softwood purchased in dollars are higher than prices for the same product purchased in ruble.

Chinese enterprises buying imported Russian softwoods complain prices for softwoods imported through US dollars settlement can be as much as yuan 300 per cubic metre higher than those where the imported settled in ruble.

SFA to promote diversification to no-timber forest sectors

The State Forestry Administration (SFA) has reported that China’s foreign trade in wood products increased 9.5% in 2014 US\$138 billion. The total output value of the timber sector expanded 11% to RMB5.26 trillion of which output from bamboo processing, manufacturing and planting exceeded RMB1 trillion.

The SFA has indicated that emphasis would now be given to diversification to forest tourism and forest leisure, flower and seedling industry, emerging industry such as biomass energy, bio-pharmaceutical and development of the wood oil industry such as oil tea and walnut.

High labour costs hinder furniture exports in Henan

The value of furniture and parts exports from manufacturers in Henan province in 2014 fell 37% to RMB1.75 billion. Analysts blame rising labour costs for undermining competitiveness. Lower labour costs were the foundation of the competitive advantages of manufacturers in Henan province but competitiveness has been eroded by rising costs.

The wages for workers in the furniture industry in Henan province were around RMB6,000 to RMB7,000 per month in 2014, up RMB1000 to RMB1500 per month from 2012.

Guangdong producers number one furniture exporters

According to the Guangdong Furniture Association, total sales (domestic and international) from the province’s furniture industry in 2014 totalled RMB363 billion, a year-on-year increase of 7% with output from the province accounting for around 30% of the national total. The value of Guangdong furniture exports rose 13% in 2014 to US\$19.7 billion, or about 34% of the national total.

According to the Guangdong Furniture Association, between 2015 and 2019 the annual increase in furniture exports will be around 7% such that by 2019 furniture exports from the prince could reach US\$27.6 billion.

3F show launches new pavilion to promote exports

The organisers of the 33rd *International Famous Furniture Fair* (3F in short), which runs from 16 to 20 March ,2015 in Dongguan, have launched an Export

Pavilion to meet the growing demands of furniture manufacturers and buyers.

"The launching of Export Pavilion is a natural step reflecting market conditions" said Mr. Jacky Fang, manager of the 3F show. He further said "3F is a furniture trade show organised by a furniture association which cares about the healthy development of the entire furniture industry in China. As international markets demand is but the Chinese domestic furniture market is cooling, launching the Export Pavilion is our way to turn the attention of furniture producers to export market again."

For more see:

<http://www.3f.net.cn/e/readnews.asp?newsid=526&typeid=1t.cn/e/readnews.asp?newsid=526&typeid=1>

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

Report from Europe

Strong trade support for EUTR

The latest issue of the European Timber Trade Federation (ETTF) newsletter suggests firm industry support for the EU Timber Regulation (EUTR), although not without criticism of some aspects of implementation. It also reports on a range of initiatives linking the public, corporate, and NGO sectors to improve the effectiveness and efficiency of the regulation.

A prominent supporter of the EUTR, according to ETTF, is Vandecasteele Houtimport, a leading player in the European timber importing trade.

The company's Belgian site covers 16ha and carries 120,000cu.m of stock, comprising 180 species, from

European, American, Brazilian, Asian and African hardwoods, to softwoods and clears. From here, Vandecasteele distributes wood throughout Europe.

“EUTR is important, not just for protecting the forest, but protecting our legitimate EU timber trade too,” said Vandecasteele Export Manager Geneviève Standaert in an interview with the ETTF.

“The forest and the timber from it are our business. We don't want to see its future threatened by illegal logging, or the illegal trade undercutting our markets. We also don't want illegal timber in our supply chains, for moral reasons and the reputational damage it does to businesses and timber.

The EUTR defends our reputation. It helps level the playing field with the illegal trade and, hopefully, will eventually help eradicate illegal wood completely.”

Ms Standaert says working with others to meet the requirements of the EUTR has also strengthened its connections with its suppliers worldwide.

Impact of EUTR on procurement quite limited

From Vandecasteele's perspective, the immediate effects of EUTR on procurement were quite limited. Ms. Standaert suggests this is because much of the work was already carried out as part of the company's long term commitment to responsible procurement. 70% of timber procured by the company is FSC, PEFC, or third party legally verified.

Adapting to the EUTR mainly involved fine-tuning of existing legality assurance systems – although because of the number of species and sources handled by Vandecasteele, that in itself took time.

A laborious, but key part of the process, which Vandecasteele started in 2012, was translating Due Diligence System (DDS) documents for suppliers into numerous languages. “We also undertook extensive staff training, appointed a dedicated due diligence manager and developed specialist software, centralising all EUTR data,” said Ms Standaert.

However, according to Ms Standaert, EUTR has impacted on internal distribution within the EU. “EUTR is a big undertaking for smaller companies too,” said Ms Standaert. “They may not have our volumes, but have fewer resources to cope. In fact some have switched from direct import to buying from larger importers' as a result.

That benefits companies like us, but ultimately reduces market diversity, which is not so good for consumers, suppliers and potentially the forest, given it's more sustainable to use a wider range of species and sources.”

Need for collaboration with suppliers

Vandecasteele has been conscious of the challenge EUTR presents for suppliers and the need to avoid demanding 100% instant compliance.

“The EUTR requires a collaborative effort and dropping suppliers is counter-productive to tackling illegality and preserving the forest,” said Ms Standaert. “If we’re no longer trading partners, we lose any influence. Suppliers may sell to less demanding markets, or even convert forest to other commercial uses, and there are big powerful companies ready to plant soy and palm oil instead”.

Obstacles to efficient operation of EUTR

In her interview with ETTF, Ms Standaert mentioned several obstacles to more efficient operation of EUTR that still need to be resolved. There needs to be greater pan-EU standardisation of due diligence documentation to assist suppliers and greater coordination on proof of legality with other illegal timber market regulations.

There’s also a need for the European Commission to accelerate appointment of EUTR Monitoring Organisations (MOs), the bodies authorised to create and manage due diligences systems for operators. There are now just only four. “More MOs would benefit smaller operators especially,” said Ms. Standaert.

Vandecasteele also wants greater trade and government impetus behind the EU’s Forest Law Enforcement Governance and Trade Voluntary Partnership Agreement (FLEGT VPA) initiative. “We need those first VPA signatories at the FLEGT-licensing stage and to increase awareness of the initiative in the industry and marketplace,” said Ms Standaert. “It would be a big benefit to both buyers and suppliers.”

Support for VPA process and EUTR echoed by other big players

Many of Ms Standaert’s comments were echoed by other big players in the EU timber importing industry interviewed for the ETTF newsletter.

Paul–Emmanuel Huet, Social and Environmental Manager Rougier, France said: “We welcomed the EUTR as a measure to effectively fight against unfair illegal competition and combat imports of illegal timber in Europe. We had our own internal due diligence system prior to the EUTR, but had to make some updates in terms of procedure to show we had all the necessary controls in place.

Consequently the impact on our supplier base was insignificant. In terms of improving EUTR implementation we’d like to see greater significance given to private third party certification in due diligence, and Europe to take an official position on the set of documents from each producer country which has to be considered by importers for due diligence.”

Tom Van Loon, Group Environmental Manager Danzer, Germany, commented that: “we already had ISO 14001 certified procurement to verify legality and environmental impact from Africa, but since EUTR we expanded these procurement procedures to all sources, and added a new level of systematically auditing non-certified, high risk area suppliers.

The EUTR is creating a level playing field, but we need more focus on third party verification and certification systems, and less on documentation, which may not be reliable in high risk countries.”

Chris Sutton, Managing Director James Latham, UK, observed that “EUTR helped formalize what our industry should already have been doing. We had to tighten some procedures, but already followed the UK Timber Trade Federation Responsible Purchasing Policy, and had a computer system that could deal with necessary supplier information.

We had to play hardball with a few suppliers on paperwork, but worked with them, visiting them worldwide, and as a result only lost one or two. EUTR has been a benefit. We just hope all EU countries now enforce it as effectively as the most rigorous do already.”

According to Ad Wesselink, Managing Director Wijma Kampen, Netherlands: “A central listing of current documents proving legality would strengthen EUTR. But critically we’d like stronger programmes to support supplier country take up of Forest Law Enforcement Governance and Trade Voluntary Partnership Agreements (FLEGT VPAs), which ultimately lead to them issuing FLEGT licenses providing legality assurance and allowing timber access to the EU without further EUTR due diligence.

Overall EUTR and FLEGT are critical to restoring the image and market share of tropical timber, a great resource.”

Good response to EUTR in Germany

Further evidence that overseas suppliers and European timber importers seem to be responding well to the EUTR comes from the latest enforcement data of the German EUTR Competent Authority, one of the most active to date.

According to an article in the Germany based timber trade journal EUWID, drawing on comments by Thorsten Hinrichs, senior government official at the Federal Ministry for Food and Agriculture (BLE), between January and December 2014 the BLE investigated 140 companies affected by the EUTR to check on how effectively it was being implemented.

In the course of the investigations, only three cases of serious violations based on clearly insufficient compliance with due diligence requirements of EUTR were ascertained. Proceedings concerning these three cases are still under way.

The likely outcome is, however, that a penalty will be imposed which, under the terms of the German EUTR implementing act, can amount to as much as €50,000. In addition, seven minor violations were identified by BLE, each of which merited an official warning.

Selection of companies for investigation was partly based on information received by third parties. For example, the World Wide Fund for Nature (WWF) bought timber products from market players, had the types of timber analysed and informed BLE about any false declarations.

According to EUWID, during on-the-spot investigations, companies have to present due diligence systems and explain them to the BLE investigators. In addition, ten deliveries are selected and scrutinised. Timber samples are also analysed by the Heinrich von Thünen Institute in Hamburg.

The implementation of the EUTR in Germany, according to Hinrichs, has got off to a good start despite a certain amount of uncertainty on the part of many market players.

Joint ITTO-ETTF project to streamline EUTR implementation

A key project to facilitate more cost effective implementation of the EUTR, now being developed by ETTF with ITTO support, is to establish an on-line platform to constantly update EU importers on supplier country laws which timber must comply with to meet due diligence requirements.

The first US\$100,000 of the required US\$150,000 was pledged by Netherlands and Japanese donors at the International Tropical Timber Council meeting in Yokohama in November, following a presentation on the project by ETTF Secretary General André de Boer.

According to the ETTF newsletter, Mr de Boer is confident of securing the rest of the funding early in 2015, including a contribution from the Sustainable Tropical Timber Coalition which is now actively promoting tropical wood in the European market. Under the EUTR, timber must be legal under the laws of the country of origin. But currently companies are on their own when it comes to researching this legislation.

According to Mr de Boer, the project “would effectively establish a one-stop shop for EUTR applicable producer country legislation and documentation”.

“A central data resource would not diminish individual due diligence responsibilities, but make their task more straightforward and raise standards,” said Mr de Boer. “Ultimately if all companies, and EUTR Competent Authorities (CAs), referred to the same current information it would also ensure more uniform implementation of the Regulation and enhance its effectiveness against illegal timber.”

Mr de Boer also noted how the platform would benefit suppliers. “Under EUTR, EU ‘operators’ must have access to documentary evidence of legality and they are currently doing this individually.

This is leading to suppliers being asked for all kinds of information and feeling overwhelmed by a tsunami of requests”.

A one-stop online EUTR legality information database would help streamline information flow and reduce the burden on suppliers.

Major review of FLEGT Action Plan and EUTR underway

The ETTF newsletter reports that the European Commission is undertaking a major review of the EUTR and Forest Law Enforcement Governance and Trade Action Plan (FLEGT AP) during 2015.

According to Bernard Crabbé of the EC Directorate General for Development and Cooperation (DEVCO), quoted by ETTF, the review will be as wide-ranging and consultative as possible.

“The Commission wants a balanced mix of stakeholders consulted, including governments, private sector and civil society,” said Mr Crabbé.

Consultants appointed for the EUTR Statutory Review have now started collating implementation and enforcement data. Online stakeholder consultation will also take place early in 2015 and EU member states will additionally submit EUTR biennial reports in April. The Commission will subsequently submit its EUTR report to the EU Council and Parliament by December 3 2015. It will review the functioning and effectiveness of EUTR and the report will be made publically available. Any reforms to EUTR required will follow in 2016.

The review of the wider FLEGT AP, including the FLEGT Voluntary Partnership Agreement (VPA) initiative to help producer countries implement forestry and timber legality assurance systems, began with a November 2014 meeting between consultants and the EC Steering Committee.

Wider consultation starts February this year, including surveys of private sector and civil society FLEGT engagement in member states and VPA signatory countries, bilateral meetings and a “multi stakeholder workshop” during Brussels FLEGT Week from 16-19 March. A “web-based tool” will allow further stakeholder input. The FLEGT review team will also visit VPA signatory and other producer countries, China and member states. The process completes in October. For review updates: <http://ec.europa.eu> and www.euflegt.efi.int/eu-flegt-evaluation

According to the ETTF newsletter, the European trade see scope for the reviews to drive improvement in implementation, operation and greater clarity in both the EUTR and the FLEGT VPA process. The ETTF itself is currently talking with other bodies, including the European Confederation of Woodworking Industries (CEIBois) and Association Technique des Bois Tropicaux (ATIBT) to establish joint positions to put to review panels.

“Among our points is the need for more guidance on the scope of EUTR applicable producer country timber and forestry legislation,” said Secretary General André de

Boer. "Ensuring more equal enforcement across member states is also essential."

The latter view was echoed by Anand Punja, Head of Sustainability at the UK Timber Trade Federation (TTF). "It is quality of enforcement that is of interest as there's a perception it is higher in parts of Europe than others," he said. "This puts companies in certain countries at a competitive disadvantage."

Mr de Boer also said the EUTR Review should address the role certification could play in 'operator' importers' due diligence illegality risk assessment and mitigation. "There's a view that certification schemes which fully address its proof of legality criteria should get a semi-green lane through the EUTR," he said. However Mr. de Boer cautioned the EUTR reviewers that "if there was any pressure to raise its bar from legality to sustainability, the industry will oppose it".

ETTF members also want the EUTR exemption for wooden seating to be removed so that it is covered in line with all other forms of wooden furniture.

Report from North America

Strike threatens US furniture production

The US furniture industry is worried about the possibility that 29 ports on the West Coast will shut down because of a labour dispute.

Both manufacturers and retailers depend on furniture and parts imported from Asia. About 55% of all US imports enter the country through the West Coast ports.

The Pacific Maritime Association, representing the West Coast port operators, has been negotiating a labour contract with the International Longshore and Warehouse Union since May 2014.

Work slowed at some ports in early February, which prompted many importers and retailers to start sourcing products through Vancouver, Canada or East Coast ports that are not affected by the dispute.

Some manufacturers and retailers are also building extra inventory to carry them through the potential port shutdown period. Importing through Canada or the East Coast increases cost, but the only alternative for many manufacturers is to stop production.

A closure of the West Coast ports would not only affect furniture manufacturers and other production but the entire US economy. A shutdown would cost the economy an estimated US\$2.1 billion per day, based on a consultant report.

The dramatic effect of a port closure may lead to US manufacturers and retailers to rethink their supply chains. In some product categories the lower production cost in Asia may not make up for increased supply chain risks when shipping is disrupted.

Furniture market update

Furniture orders in the US were 12% higher in October 2014 compared to October 2013. Orders were slightly lower than in September, according to the latest Smith Leonhard industry survey.

Year-to-October furniture shipments were 6% higher than in the first ten months of 2013. Over 70% percent of companies reported higher year-to-date shipments in October 2014.

Furniture retail sales increased by 5% in November 2014 following a decline in October. Furniture sales were unchanged from November 2013, according to US Census data.

Most furniture companies are optimistic about market conditions in 2015. The latest economic data and consumer confidence are positive. Interest rates and mortgage rates are still very low, which helps retail and the housing market.

The housing market is growing slowly but solidly. The potential closure of the West Coast ports is currently the main risk for the furniture industry.

Unemployment down, GDP growth up

The US Department of Commerce has again revised upwards its estimate of GDP growth in the third quarter of 2014 saying the economy grew by 5%, instead of the previously estimated 3.9%.

Lower oil prices are expected to boost the US economy in 2015. Consumer and most businesses benefit from lower oil prices, and GDP growth should be higher in 2015 than in 2014.

The stronger dollar compared to the euro could slow US growth. The Federal Reserve was expected to raise interest rates, but Europe's economic stimulus program will likely slow inflation in the US.

Unemployment was 5.6% in December last year, down from 5.8% in November. Job gains occurred in the professional and business services, construction and manufacturing sectors.

The majority of manufacturing industries reported growth in December. However, growth in new orders and production slowed from November, according to the Institute for Supply Management. The US furniture industry increased production in December, but manufacturers of wood products reported a decline.

US consumers are confident in economy

Consumer confidence in the US reached its highest level in December 2014 since 2007, prior to the financial crisis and US recession. Improving employment, higher wages and lower oil prices contribute to positive outlook, according to the Thomson Reuters/University of Michigan consumer sentiment index.

Consumers were optimistic about the US economy, both in the short and medium term. Most households expect significant increases in their income. Based on the data, Thomson Reuters/University of Michigan expects a 3% increase in consumer spending in 2015.

Housing starts down in November

Housing starts decreased slightly in November. Single-family housing starts were down 5.4% to a seasonally adjusted annual rate of 677,000 units. Multifamily construction increased 6.7% to 351,000 units. Total starts were just over 1 million in November at a seasonally adjusted annual rate.

The number of building permits fell by 5.2% to 1.035 million units in November at a seasonally adjusted annual rate. The strongest growth in building permits was in the Northeast region.

Non-residential construction unchanged

Private spending on non-residential construction was unchanged from October to November 2014 (at seasonally adjusted annual rate). However, both October and September expenditures were significantly revised upwards by the US Census Bureau.

Architectural firms reported a slowdown in business in November. Commercial, industrial and institutional construction weakened. Looking ahead to 2015, companies are still concerned about the slow pace in the construction market.

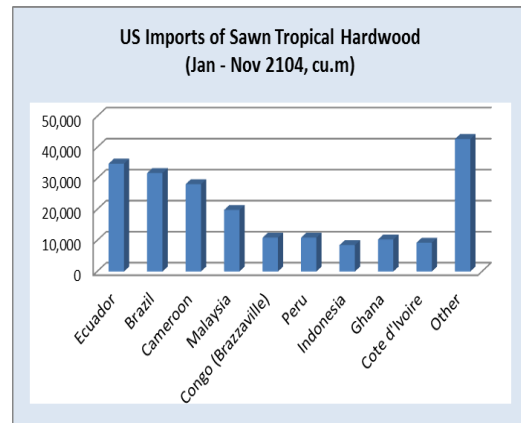
Lower US hardwood sawnwood imports

US imports of hardwood sawnwood fell by 38% to 58,817 cu.m. in November. The decrease was entirely in temperate imports, while tropical sawnwood imports grew slightly from October to 21,697cu.m. Year-to-date tropical imports were up 6% from November 2013.

Sawnwood imports of most tropical species grew from the previous month with the exception of balsa, ipe and mahogany. Balsa imports from Ecuador declined to 3,968 cu.m. in November (-11%).

Ipe sawnwood imports were 2,978 cu.m. (-9%), but year-to-date imports were by a quarter higher than in November 2013.

The US imported 1,094 cu.m. of mahogany sawnwood in November, slightly more year-to-date than in 2013.



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

Imports of sapelli continued to grow. Month-over-month imports grew by 30% to 5,037 cu.m. in November. Year-to-date sapelli imports were up 22%.

Brazilian shipments to the US increased in November despite lower volumes of ipe sawnwood. The growth was due to higher imports of jatoba, virola and other tropical sawnwood.

Imports from Cameroon declined both month-to-month and compared to the same time last year. November imports were 2,480 cu.m., 29% lower than in October and 13% below year-to-date imports in November 2013. Despite higher overall US imports of sapelli sawnwood, sapelli imports from Cameroon fell. Acajou d’Afrique shipments from Cameroon were up in November (724 cu.m.).

Sawnwood imports from Malaysia recovered following low October shipments. Keruing accounted for the majority (2,021 cu.m.) of total imports of 2,582 cu.m. from Malaysia.

Sawnwood imports from Indonesia grew slightly in November, while Peru’s shipments remain significantly lower in 2014 compared to 2013.

Cameroon leads tropical sawnwood shipments to Canada

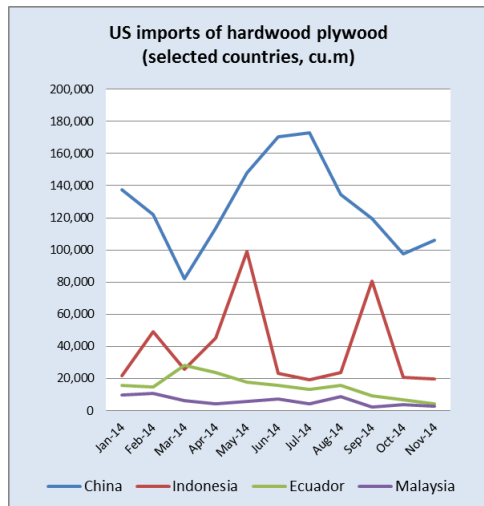
The value of Canadian tropical sawn hardwood imports declined slightly in November to US\$1.8 million. Year-to-date imports were 14% higher than at the same time in 2013. Canadian imports from Brazil were up from October (\$113,932), but year-to-date imports are down a quarter from November 2013.

Sawnwood imports from Africa remained high compared to 2013. With the exception of balsa imports from Ecuador, Africa is the largest source of tropical imports. Imports from Congo (Brazzaville) reached a record US\$375,864 in November. Cameroon, Congo (Zaire) and Ghana also shipped significantly more sawnwood to Canada than in 2013.

Sapelli imports increased to US\$724,896 in November, up 53% year-to-date from 2013. Virola, imbuia and balsa (combined) imports were unchanged from the previous month, but also more than 50% higher on a year-to date basis.

Higher plywood imports from China

US imports of hardwood plywood increased by 11% from the previous month to 203,817 cu.m. in November 2014. Year-to-date imports were 2% lower than at the same time last year .The strongest decline in 2014 imports to date was from Ecuador, Malaysia and Indonesia. Imports from Canada also fell compared to last year.



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

Russia and China are the only countries that grew hardwood plywood shipments to the US in 2014. The US anti-dumping investigation ended in November 2013.

More hardwood mouldings from Malaysia

Hardwood moulding imports declined by 8% in November to US\$16.3 million. Year-to-date imports were 9% higher than in November 2013. Malaysia was the only major supplier country to ship more moulding (+1%) to the US than last month. China remained the largest supplier of hardwood moulding, but imports from China decreased by 13% to \$5.1 million in November. Brazil’s shipments were worth US\$4.7 million, down 11% from October.

Growth in hardwood flooring from Malaysia and China

2014 imports of both hardwood flooring and assembled flooring panels were significantly higher than in the previous year.

Assembled flooring panel imports were worth US\$10.7 million in November. Year-to-date imports were 12% higher than at the same time in 2013. Imports from China, Indonesia and Brazil declined in November, while Canada increased exports to the US.

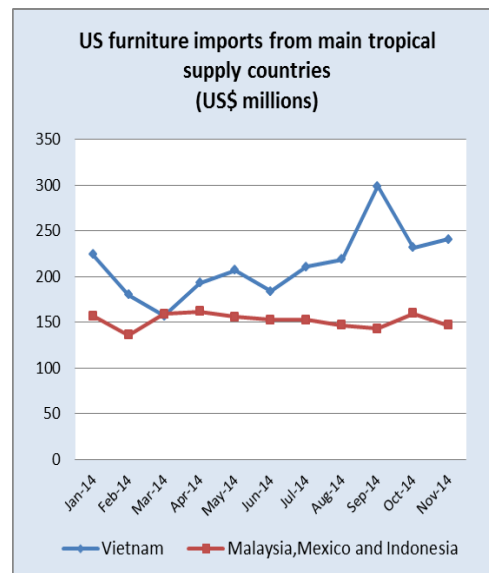
Hardwood flooring imports grew slightly in November to \$3.4 million. Indonesia remained the largest supplier in 2014, but year-to-date imports from Indonesia were 41% lower than in November 2013.

Malaysia’s hardwood flooring shipments to the US were worth US\$833,453 in November. Imports of hardwood flooring from China increased by 27% in November to US\$771,337. Year-to-date imports from China were 42% higher than at the same time in 2013.

Furniture imports stable, but shift in market shares

Wooden furniture imports were unchanged from October to November 2014. Total imports were worth US\$1.28 billion in November. Year-to-date imports were 8% higher than at the same time in 2013.

While overall import levels were unchanged, the import share of several major suppliers declined in November. China, Canada, Malaysia and Mexico all exported less furniture to the US in November.



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

Imports from Vietnam and Indonesia increased, as well as imports from Europe. Brazil and several European countries significantly grew their shipments to the US in November: Italy, France, Germany, Denmark and Lithuania. Imports from Poland declined in November.

China’s share in total US wooden furniture imports was 46.4% in November, down from 47.5% in October. Vietnam’s import share grew from 18.1% in October to 18.8% in November.

Furniture imports from China were worth US\$594.2 million, down 3% from October. Vietnam’s wooden furniture shipments to the US increased by 4% to \$240.8 million. The US imported \$101.6 million worth of furniture from Canada in November.

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.*

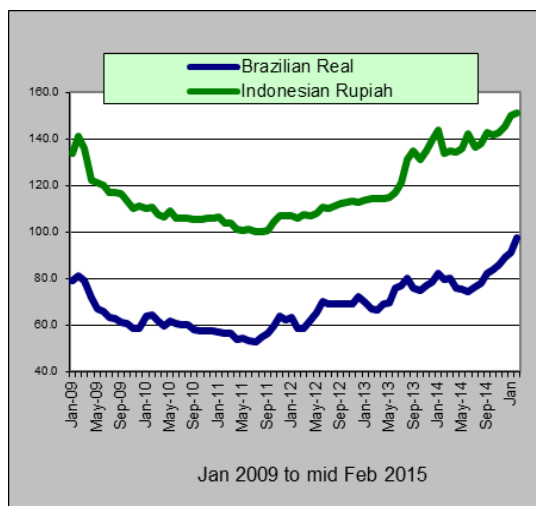
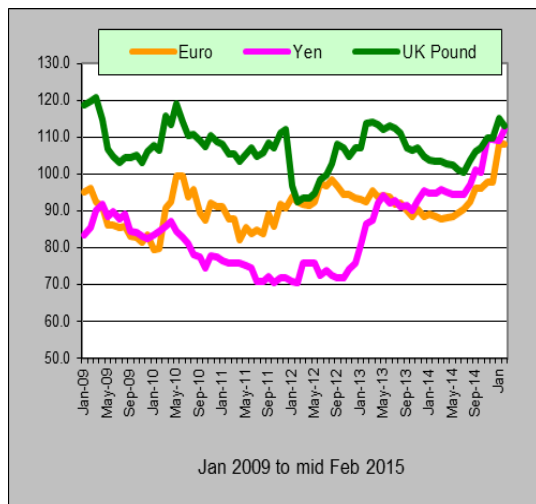
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

US Dollar Exchange Rates

As of 12th February 2015

Brazil	Real	2.8694
CFA countries	CFA Franc	579.78
China	Yuan	6.2427
EU	Euro	0.8823
India	Rupee	62.386
Indonesia	Rupiah	12,850
Japan	Yen	120.43
Malaysia	Ringgit	3.5992
Peru	New Sol	3.083
UK	Pound	0.6562
South Korea	Won	1108.25

Exchange rate index (Dec 2003=100)

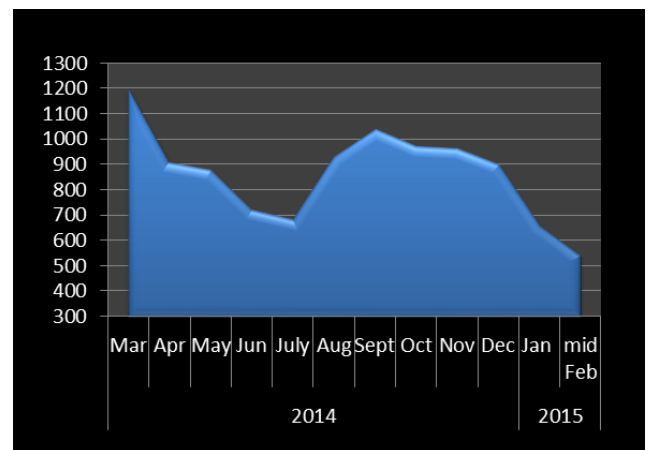


Abbreviations and Equivalences

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 Stand Board
PHND	Pin hole no defect
QS	Qualite Superieure
SQ,SSQ	Sawmill Quality, Select Sawmill Quality

Ocean Freight Index

Baltic Supramax Index
March 2014 – mid February 2015

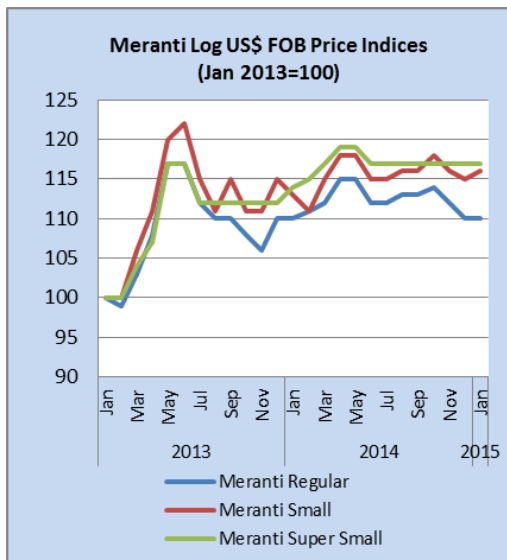


Data source: Open Financial Data Project

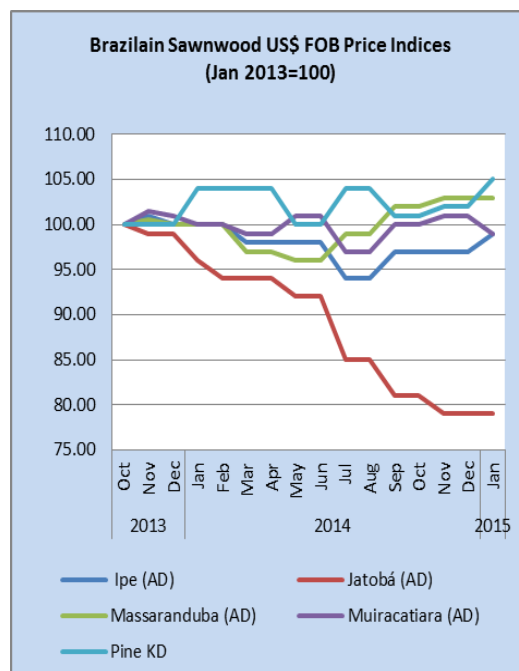
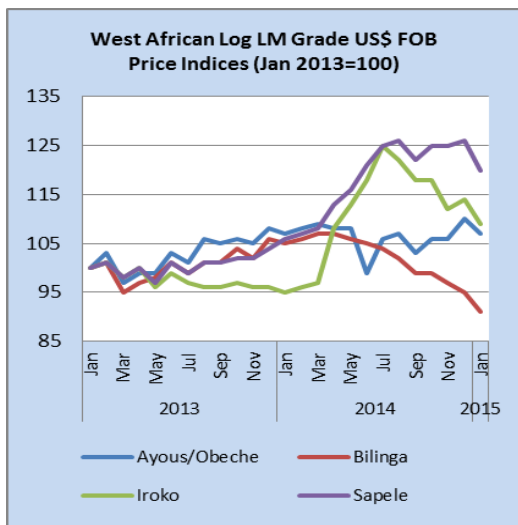
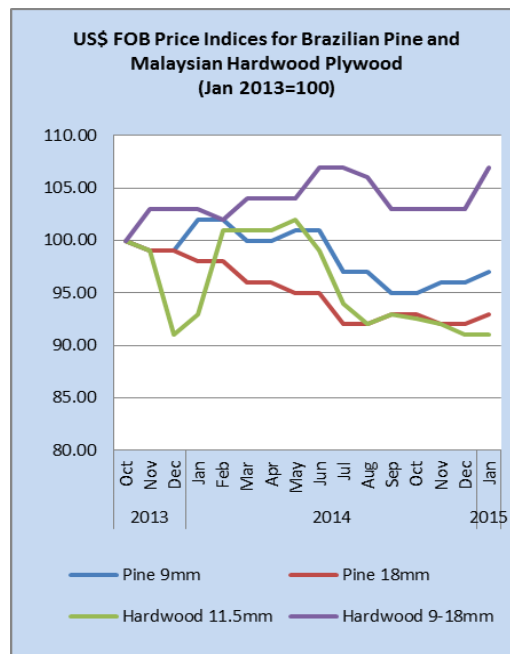
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

Price indices for selected products

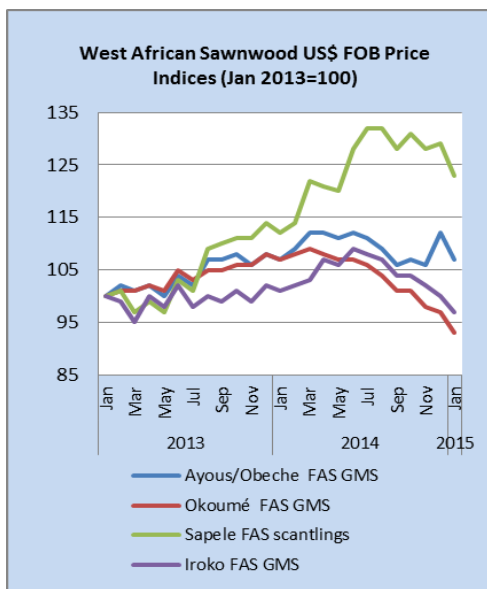
The following indices are based on US dollar FOB prices.



Note: Sarawak logs for the Japanese market



Note: Jatoba mainly for the Chinese market



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