

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

CREDAI – nothing in Indian budget for real estate sector

The business community in India has generally welcomed the latest Indian budget as it focusses on improving infrastructure which will have a lasting impact on growth prospects.

However, the Confederation of Real Estate Developers' Associations of India (CREDAI) has expressed disappointment saying there is little in the budget for the real estate sector and the increase in service tax will increase the cost of buying a home.

See page 6

Report from Central/West Africa

Market prices close to a turning point

Producers note the quiet market conditions and general absence of buyers but say this has not led to an across the board weakening of prices although the downward pressure on prices for sipo and sapele sawnwood continues.

What has come as a surprise is the sudden and substantial slowing of demand for okoume logs and sawnwood. In particular, millers in Gabon complain of the poor demand for okoume in China and Middle East countries which has caused prices to fall and stocks to rise. Buyers have indicated that their landed stocks are too high and it will be some time before they will be back into the market.

Recently, prices for okan have see-sawed up and down but this timber is, once again, out of favour and prices are lower.

Log export quotas vigorously enforced

In Cameroon the government is said to be planning tighter control of log exports. Details of any changes will be reported as they emerge. In related news, the forest authorities in the Republic of Congo (Brazzaville) are closely monitoring producers to ensure log exports do not exceed the quota of 15% log export to 85% domestic processing of logs.

Okoume and redwood prices to remain under pressure

There is no clear indication of how prices and demand will develop into the second quarter but analysts anticipate continued weakness in demand for okoume and the premium red species. When buyers return in strength it is certain that producers will face tough prices negotiations.

Regional demand - the opportunity for African timber industry

A new US\$1.4 million ITTO project funded by the Government of Japan aims to promote expanded production and export of added value wood products for regional markets. African countries wood products valued about US\$4 billion annually but less than 10% originate within Africa despite the efforts of regional governments to promote intra-African trade.

The rapid growth in the economies and consequently timber demand in many African countries presents an enormous opportunity for the African timber industries.

For more see http://www.itto.int/news_releases/id=4291

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)	300↓	300↓	200↓
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	400↑
Bilinga FAS GMS	520
Okoumé FAS GMS	435↓
Merchantable	225↓
Std/Btr GMS	310↓
Sipo FAS GMS	640↓
FAS fixed sizes	640↓
FAS scantlings	660
Padouk FAS GMS	820
FAS scantlings	870
Strips	500
Sapele FAS Spanish sizes	620↓
FAS scantlings	610↓
Iroko FAS GMS	620
Scantlings	635
Strips	440
Khaya FAS GMS	450
FAS fixed	470
Moabi FAS GMS	610
Scantlings	615
Movingui FAS GMS	420

Report from Ghana

Illegal chainsaw milling to be eliminated

A forum on the Forest Law Enforcement Governance and Trade (FLEGT) and VPA processes was held in Sefwi-Wiawso in the Western Region to inform timber producing communities of related forestry management practices.

The forum, organised by the Working Group on Forest Certification Ghana with sponsorship from the EU, targeted those who have committed to Social Responsibility Agreements (SRA), timber firms, the Forestry Commission and District Assembly personnel.

Mrs. Doreen Asumang-Yeboah, Coordinator of the National Forestry Forum-Ghana, said all participants are responsible for the successful implementation of the Ghana-European Union Voluntary Partnership Agreement (VPA).

She informed participants that to ensure all legal requirements under the Agreement were complied with it will be necessary to eliminate illegal chain sawmilling operations in the country.

Mrs. Asumang-Yeboah reminded participants that timber will only be considered legal when its source, timber rights allocation, harvesting operations, transportation, processing, trade and fiscal obligations meet national regulations.

Industries continue to suffer from power crisis

The country's power crisis continues to have a major toll on the economy. The effect of the crisis has compelled major industries, including timber manufacturing companies, to make tough decisions to avert the collapse of their businesses.

Companies are now faced with huge bills for generating power from mobile generators but point out this cannot be sustained for long. With no available power from the national grid industries are desperate for a solution and many are experimenting with alternative power generation systems such as solar energy.

Analysts point out that GDP growth will be affected if a solution is not found quickly. According to a press release from the Ghana Statistical Service (GSS), the protracted energy crisis, lower commodity prices, rising inflation and lower government expenditure took a major toll on the country's economy in 2014.

Encouraging studies on indigenous timber species

Scientists have been urged to intensify research into Ghana's indigenous tree species so effective regeneration methods can be developed.

This call was made by Ms Barbara Serwaah Asamoah, Deputy Minister of Lands and Natural Resources at the opening of a one week international conference organised by FORIG with support from the International Tropical Timber Organization (ITTO) and the Thünen Institute of Forest Genetics in Germany.

The conference was held to share findings from a collaborative research study funded by ITTO to improve the sustainability of indigenous mahogany in Ghana's forest reserves.

Boule Export prices

	Euro per m ³
Black Ofram	298↑
Black Ofram Kiln dry	395
Niangon	501
Niangon Kiln dry	532

Export Rotary Veneer Prices

Rotary Veneer, FOB	€ per m ³	
	CORE (1-1.9mm)	FACE (>2mm)
Ceiba	333↑	359
Chenchen	320	355
Ogea	352	356
Essa	325	371
Ofram	323↑	350

Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afromosia	1.19	0.84
Asanfina	1.40	0.80
Avodire	1.15	0.29
Chenchen	1.10	0.80
Mahogany	1.30	0.67
Makore	1.30	0.39
Odum	1.76	0.75

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	240	287
Dahoma	323	360
Edinam (mixed redwood)	525	650
Emeri	435	550
African mahogany (Ivorensis)	555	825
Makore	573	680
Niangon	591	580
Odum	660	779
Sapele	610	779
Wawa 1C & Select	300	348

Export Plywood Prices

Plywood, FOB	€ per m ³		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	453↑	510↓	641
6mm	400	535	622
9mm	382	460	510
12mm	360	460	450
15mm	339	399	407
18mm	316	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

Year of the Goat off to a slow start

The Malaysian timber industry is slowly getting back to business after the long Chinese New Year break, however trading is reportedly slower than usual.

The ringgit:US dollar exchange rate has fallen to a twelve month low as the dollar has strengthened on speculation that the US Federal Reserve appears ready to raise interest rates. The weaker ringgit has helped exports and Malaysia registered a trade surplus of RM9.01 billion (approx. US\$ 2.44 billion) in January this year, a 42% increase compared with the corresponding month last year. This is the 207th consecutive monthly trade surplus.

Exports for January remained high at RM63.6 billion (approx. US\$17.2 billion) while imports fell by 5.3% to RM54.59 billion (approx. US\$14.8 billion) from a year ago.

Growth in exports was recorded to major markets such as ASEAN (1.8%), European Union (3.7%), the US (18%) and India (14.7 %). Exports also increased to Taiwan P.o.C, Norway, Kenya and South Africa. On the other hand, exports to Japan and China have been falling.

Designing with Malaysian sepetir

The Malaysian International Furniture Fair (MIFF) was held in the first week of March in Kuala Lumpur. This year MIFF featured over 508 exhibitors from 15 countries.

A new event “Designing with Malaysian Hardwoods” took centre stage in a first-time collaboration between the Malaysian Timber Council and MIFF. Called “Collection Number One”, the design featured contemporary living and bedroom sets made of Sepetir, a light golden brown tropical hardwood.

In addition, a series of industry seminars highlighted current trends and brought attendees face-to-face with international industry experts. Among the speakers were Italian industry consultant Enrico G. Cleva who shared his views on new trends in furniture design while Roberta Mutti and Franz Rivoira focused on products and lifestyle.

A two-member panel from the US Consumer Product Safety Commission made a presentation on the requirements for furniture sold in the US.

Universiti Putra Malaysia Professor Dr. Jegatheswaran Ratnasingam, suggested Malaysian furniture exports may not significantly increase from last year but the value of the country’s exports would increase due to the weakening ringgit.

Strong demand for Sarawak logs in India

The general sentiment in Sarawak is that log prices are expected to trend higher due to reduced availability.

The domestic press (Star newspaper), quoted Jaya Tiasa Holdings senior manager Woung Lik Chiong as saying log prices for the Indian market, the largest buyer of Sarawak logs, had surged by between US\$20 and US\$25 per cu m over a 12-month period.

India, which accounted for more than two-thirds of Sarawak’s export volume, was a stable market, said Woung.

All out ‘war’ on illegal felling

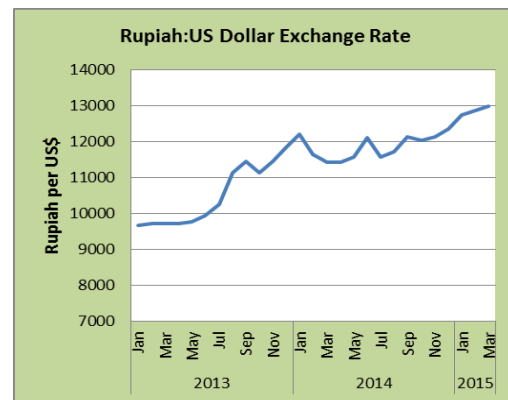
Sarawak timber came under the spotlight last year when authorities seized over 80,000 cu m of suspected illegal logs. This was more than a six-fold increase in seizures compared to 2013. In the first two months of this year, some 16,000 cu.m illegally harvested logs had been seized.

To underscore the seriousness of efforts to address illegal logging Sarawak’s Chief Minister cancelled or declined renewals of about half of the 150 Occupation Tickets (OTs) that allow holders to extract timber when preparing land for plantation projects.

Weaker rupiah good for exporters
The Indonesia rupiah recently fell sharply against the US dollar on fears Indonesia’s trade with China, its biggest trading partner, will decline as China settles for a slower and more structured growth model.

In mid-March the rupiah fell to 13,222 to the US dollar, the weakest level since August 1998.

The weaker rupiah has an upside in that it supports exports but with only the US economy showing firm signs of recovery there are risks to Indonesia’s export growth potential.



The Indonesian Central Bank governor said the Bank is comfortable with the weaker rupiah as this, along with the recent interest rate cut, will help drive the economy forward.

Agus Martowardojo, the Central Bank Governor, has said he expects further depreciation of the rupiah as interest rates in the US are likely to rise sometime in the near future. In February this year Bank Indonesia cut interest rates for the first time in three years as inflationary pressures eased and deflation returned in February.

SMEs struggle to compete in international markets

In a meeting with the Industry Minister Saleh Husin, Ms. Soewarni, chairwoman of the Indonesian Sawmill and Wood Working Association (ISWA), called on the government to review the procedures required for small and medium enterprises to secure SVLK conformity self-declarations (DKP).

These declarations include four-digit commodity identification codes for the products, type and timber volume and sources of timber to ensure their legality.

Soewarni also called for the quick cancellation of the 10 percent value-added tax (PPN) on forest products imposed since the middle of last year as this is undermining competitiveness in the industry.

In related news the chairman of the Indonesian Furniture and Handicraft Association has told government officials that the timber legality verification system is having a

negative effect on the competitiveness of SMFEs which found the approximate US\$7,000 cost to secure certification too high.

According to the association several furniture producers in East Java have been forced to close factories as they can no longer compete in international markets with producers in Vietnam and China.

Cloud Seeding to bring fires under control

The Agency for Assessment and Application of Technology (BPPT) plans to attempt cloud seeding in Riau in an effort to control forest fires. The Minister for Environment and Forestry, Siti Nurbaya, said the government has declared a state of emergency in Riau and has called for a coordinated effort to bring the fires under control.

Reports suggest that from January the Siak Kecil Biosphere Nature Reserve in Bukit Batu has been affected as has Rupa Island. Data from the Fire Department show that there were more than 100 forest fires in the first two and a half months of the year.

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

The following timber was sold by tender on 23 February 2015 and on 9 March 2015 at the Yangon depot by the Myanmar Timber Enterprise (MTE). Average prices for logs are expressed in hoppus tons.

Grade	Tons	Avg US\$/ton
SG-2	7	4667
SG-4	74	4074
SG-5	36	2888
SG-6	36	1719
SG-7	85	1476

Observers say that most of the teak logs recently sold were those which remained up-shipped when the log export ban came into force last year and as such they were of poor quality and this was reflected in the prices secured.

Teak harvest to fall below 100,000 tons

Analysts have expressed concern that MTE will be unable to meet its harvest target of 60,000 hoppus tons of teak logs for this fiscal year.

As the end of the fiscal year approaches it seems likely this will be the first time in decades for the teak harvest to be below 100,000 tons. The lower than expected teak log harvest is likely to impact price trends in the coming months.

Ex-site open tender prices

At the 9 March open tender sale at Chindwin (Sagaing)/Bago and Pathein (only for the timber Taung Thayet) the following prices were secured.

Species	Grade	H. tons	Avg Price US\$/H. ton
Kanyin	First	1045	\$602
Kanyin	Second	1004	\$447
In	First	191	\$409
In	Second	194	\$308
Thayet	Second	17	\$315
Taung Thayet	Second	218	\$190

Most of the Kanyin logs were from the Upper Chindwin River area in Homalin and Mawlike (Sagaing Division), North West Myanmar.

Only about 600 tons were from the Sittang River Rafting Agency and Bago North Area. Kanyin is *Dipterocarpus* spp; and In is *Dipterocarpus tuberculatus*. Kanyin is also called Myanmar Gurjan. Thayet or Taw Thayet is *Mangifera caloneura*. Taung Thayet is *Swintonia floribunda*.

Kanyin logs are purchased for peeling veneer and In logs are for cutting into sawn timber. Gurjan is sought for making container flooring.

Foreign investment rules relaxed

The domestic newspaper, Eleven Media, has reported that, according to Directorate of Investment and Company Administration (DICA), foreign investment in Myanmar is expected to total just under US\$7 billion for the current fiscal year.

The Myanmar government is trying to attract investment into its most labour-intensive sectors. Foreign investors are now allowed to rent either privately owned or state-owned land, they are also permitted to operate without local partners and the process of fund repatriation has been simplified.

Report from India

CREDAI – nothing in budget for real estate sector

The 2015-16 Indian budgets has been applauded as it attempts to address stagnated growth, the bloated public sector and weak private investment. The main thrust will be investment in infrastructure, stimulating capital investment, devolution of finances to the States and a range of initiatives for Indian’s poor.

The business community has generally welcomed the budget saying an immediate investment in improving infrastructure will boost the economy in the short term and will have a lasting impact on long term growth prospects.

A summary of the main points of the budget can be found at: <http://indiabudget.nic.in/ub2015-16/bag/bag11.pdf>

Despite overall positive view of the budget the real estate sector has expressed disappointment. In the March newsletter from the Confederation of Real Estate Developers’ Associations of India (CREDAI) an article asks “What Does the Union Budget 2015-16 mean for the Real Estate Sector”.

The article goes on to say “There is nothing in the budget to give impetus to the sector although the sector provides much needed employment. Yet, the only provisions in the budget for the sector are pass through tax for investments in the Real Estate Investment Trusts (REITs).

To top it all, contrary to our demands the service tax on affordable housing has been increased from 12.36 per cent to 14 per cent, adding to the cost of houses.”

CREDAI Chairman Lalit Jain, says the increase in service tax could lead to an increase in home prices by as much as half a percent and “the only comfort to be derived from real estate drawing a blank is that there are no provisions adverse to the real estate sector”.

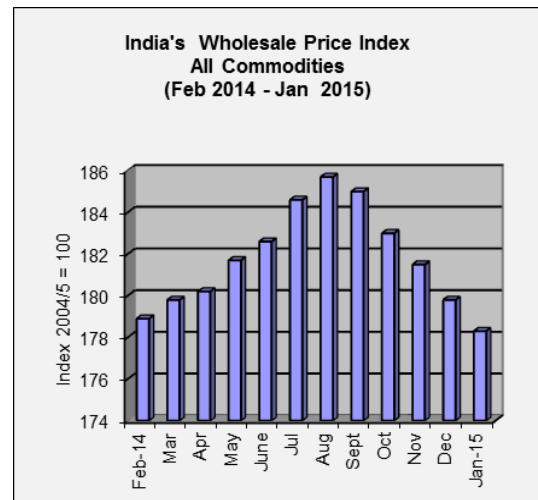
For more see: <http://credai.org/sites/default/files/Issue-24-Real-Estate-at-Glance-02-03-2015.pdf>

Welcome decline in inflation

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 January fell almost 1% to 178.3 from 179.8 for the previous month. The annual rate of inflation, based on the monthly WPI, fell 0.4% in January 2015.

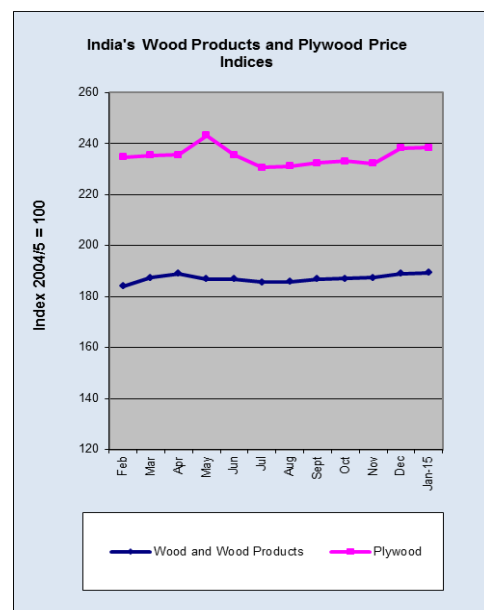
For more see: <http://eaindustry.nic.in/cmonthly.pdf>



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 Wood products and Plywood are shown below.



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

The January price index for wood and wood products rose slightly part of the rise may be explained by the increase in Sarawak log prices.

Similarly the price index for plywood rose reflecting the price increases achieved by plywood manufacturers.

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

E-Auction of teak in Western India

The disagreement over the e-auction means of sale is still unresolved. A large volume of logs are ready for sale so it is in the interest of the Forest Department and buyers to find an amicable solution so sales can proceed

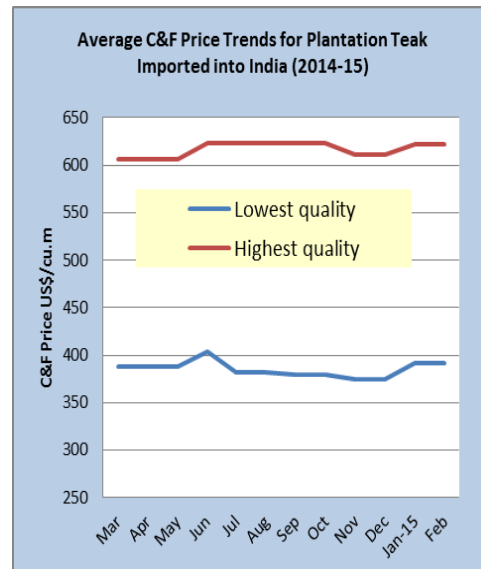
Current C&F prices for plantation teak

Traders report a steady flow of 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.

In addition to the plantation teak arrivals, natural forest teak logs from Vietnam continue to arrive and prices are unchanged at US\$1349 per cubic metre.



Average prices for logs from Brazil, Guatemala, Cameroon, Ghana, Thailand and PNG

Increased imports of logs from Sarawak

Since Myanmar implemented the log export ban Indian traders have increased purchases from other sources. Currently, Sarawak is the main supplier of non-teak hardwoods to India. India's year on year log imports from Sarawak increased by just over 13 % between January and September last year.

Prices for domestically milled sawnwood from imported logs

Current exmill prices for air dried sawnwood are shown below. As reported previously, prices have not changed over the past two weeks.

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

Prices for imported teak sawnwood

The volumes of sawn teak imports from Myanmar are rising but analysts comment that the quality of the sawnwood being shipped should be improved to meet the demands of the market.

The rise in arrivals of sawn teak from Myanmar is reflected in a slight easing of teak sawnwood prices.

Sawnwood (Ex-mill)	Rs. per cu.ft
Myanmar Teak (AD)	
Export Grade F.E.Q.	8000-16000
Teak A grade	6000-7000
Teak B grade	4000-4250
Plantation Teak FAS grade	3250-3500

Price variations depend mainly on length and cross section

Imported 12% KD sawnwood prices

The prices below are per cu.ft ex-warehouse.

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

Acceptance of poplar a lifeline to plywood industry

When Myanmar stopped exporting gurjan logs Indian plywood manufacturers began experimenting with other species and some positive results are emerging. Despite the preference of end-users for plywood with red face veneers, poplar logs are emerging as a source of veneer for plywood manufacture.

In India poplar plywood is rapidly gaining acceptance which has eased the problem of obtaining veneers faced by plywood manufacturers and is also benefitting end-users as poplar plywood is cheaper than panels previously made with gurjan.

However, plywood manufacturers have been forced to raise prices mainly due to rising wage bills which is pushing up production costs. It is fortunate that the market is accepting poplar faced plywood otherwise the price increases would have been higher.

Prices for WBP Marine grade plywood from domestic mills

Plywood, Ex-warehouse, (MR Quality)	Rs. per sq.ft
4mm	41.00
6mm	54.50
9mm	69.10
12mm	85.60
15mm	113.20
18mm	119.30

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.20.80	Rs.30.80
6mm	Rs.31.60	Rs.39.60
9mm	Rs.39.80	Rs.48.00
12mm	Rs.47.30	Rs.58.10
15mm	Rs.58.10	RS.71.00
19mm	RS.67.30	Rs.79.50
5mm Flexible ply	Rs.42.00	

Bamboo development in NE India

India has one of the largest reserves of bamboo in the world and 70% of this natural resource is found in the North Eastern part of the country. The North East Centre for Technology and Research is promoting bamboo for various uses such as laminated beams, door and window frames, chairs, and sofa sets, coffee tables as also flooring.

North Eastern states of India are priority areas for development. Reforestation activities are continuing and processing bamboo is being encouraged.

Report from Brazil

Mato Grosso do Sul calls for review of land acquisition policy

During the recent State Forestry Congress the governor of Mato Grosso do Sul called on the Attorney-General to examine the restriction on the sale of land to foreigners. Under the existing law, land acquisition by foreigners and Brazilian companies controlled by foreigners is restricted and this is limiting investment inflows.

Most business groups wishing to invest in forestry can only do so through participation in Brazilian companies. A change policy is likely to result in greater investments which will benefit the state economy according to the governor .

It has been reported that in Mato Grosso do Sul there are some 9 million hectares of degraded land suitable for forest plantations.

The area of planted forests in Mato Grosso do Sul has expanded from around 90,000 hectares in 2003 to 800,000 today. The aim was to achieve 1 million hectares by 2020 but this target will be reached ahead of plan.

Prospects for the furniture sector

According to the Brazilian Market Intelligence Institute (IEMI), prospects for the furniture sector in 2015 are bright despite the disappointments of 2014.

IEMI estimates a 1.4% growth in revenues for manufacturers and a 10% growth in revenue to furniture retailers.

2014 was the first year for a decline in furniture output since IEMI started to compile data on the sector and the main reasons behind the fall were weak domestic demand and a tightening of domestic availability of credit.

IEMI was created to attend to the growing demand of industries for statistics related to the market for different sectors.

Initiative in support of exporters

The Ministry of Development, Industry and Foreign Trade (MDIC) and APEX Brazil, (the Brazilian Agency for Export and Investment Promotion) met with representatives of the Brazilian Furniture Industry Association (ABIMÓVEL) as well as representatives from around 80 other national Industry associations. The purpose of the meeting was to outline the government's plan to support exporters.

The aim is to revive Brazil's foreign trade especially manufactured goods exports through partnerships between private and public agencies. The focus will be on trade promotion, market access, exports financing, trade facilitation, taxation and transparency and private sector participation.

ABIMÓVEL presented data on the furniture industry during the meeting and identified where action is required such as:

- a review of the Export Financing Program (PROEX);
- elimination of exports taxes, particularly the tax on circulation of goods and services (ICMS);
- guarantees to attract private capital for long-term financing;
- revision of rules that restrict back-to-back operations;
- trade agreements and negotiations with Colombia, Peru, Chile and an effective agenda for MERCOSUR;
- addressing the negative impact from the end of General System of Preferences (SGP) and the importance of establishing an agenda of negotiations with the United States;
- reviewing double taxation agreements;
- assessment of logistics costs that undermine the competitiveness of exporters;
- the need to establish a foreign trade policy.

Domestic Sawnwood Prices

	US\$ per m ³
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	835
Jatoba	451
Massaranduba	387
Muiracatiara	430
Angelim Vermelho	369
Mixed red and white	231
Eucalyptus (AD)	225
Pine (AD)	159
Pine (KD)	176

Domestic Log Prices

	US\$ per m ³
Brazilian logs, mill yard, domestic	
Ipê	169
Jatoba	98
Massaranduba	102
Muiracatiara	107
Angelim Vermelho	98
Mixed redwood and white woods	86

Domestic Plywood Prices (excl. taxes)

	US\$ per m ³
Parica	
4mm WBP	648
10mm WBP	521
15mm WBP	453
4mm MR	584
10mm MR	440
15mm MR	416

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	278
15mm MDF	416

Export Sawnwood Prices

	US\$ per m ³
Sawnwood, Belem/Paranagua Ports, FOB	
Ipê	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

GPS locators for Amazon basin vessels

Authorities in Peru are considering requiring all boats plying the Amazon basin to install GPS devices so they can be tracked. This is part of the plan by the Commission for the Fight Against Illegal Logging aimed at stopping transport of illegally harvested logs and sawnwood produced from such logs.

This proposal is being discussed with the National Forest and Wildlife Service to devise new regulations requiring the installation of GPS locators on river craft.

Currently, GPS locators are installed on Peru's fishing boats to monitor their movements and track if they enter areas in the Pacific Ocean where fishing is banned.

Improved exports of non-traditional products

Peru's exports (excluding minerals) grew 4% in 2014 compared 2013 and earned US\$10.5 bil. according to the Center for Foreign Trade in the Lima Chamber of Commerce.

The Center noted that "over the past five years (2010-14) the average growth in exports of non-traditional products was 10% and that the performance in 2014 was a disappointment".

Peru has trade agreements with many countries or blocks but just seven of these accounted for over 80% of all export shipments of value-added products in 2014.

The main markets were the USA (US\$2.8 billion); the European Union (US\$2.3 billion) and the Andean Community of Nations.

Exports to Chile, Mercosur countries and China totalled US\$2.2 billion or around 20% of total exports. Imports by the USA and EU increased in 2014 but it was imports by Colombia and Bolivia that recorded the highest rate of expansion.

Peru - levels of entrepreneurship down in 2014

The Institute of Economics and Business Development, within the Lima Chamber of Commerce has reported that according to the Global Entrepreneurship Monitor (GEM) Peru is the fifth largest economy in Latin America and in 2014 achieved a high level of entrepreneurship.

In the GEM 2014 report Peru's entrepreneurial activity rating at 28.8% was higher than that of Bolivia (27.4%) and Chile (26.6%) but below that of Ecuador (32.6%), the leader in the region.

However, compared to previous years labour productivity in Peru declined in six of the eight sectors used to determine the overall productivity rating. The most dramatic declines were recorded in fishing (-16.6%), electricity, gas and water (-15.4%) and construction (-8.2%), while positive results were obtained in trade (2%) and services (4.9%), says the Chamber.

See: <http://www.camaralima.org.pe/principal/noticias/3>

Export Sawwood Prices

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

	US\$ per m ³
Peru Sawwood, FOB Callao Port (cont.)	
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	623-653
Marupa (simarouba) 1", 6-11 length Asian market	456-506

	US\$ per m ³
Peru Sawwood, FOB Iquitos	
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

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

Export Veneer Prices

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

Export Plywood Prices

	US\$ per m ³
Peru plywood, FOB Callao (Mexican Market)	
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)

	US\$ per m ³
Iquitos mills	
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

	US\$ per m ³
Peru, Domestic Particleboard	
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

	US\$ per m ³
Peru, FOB strips for parquet	
Cabreuva/estoraque KD12% S4S, Asian market	1296-138
Cumaru KD, S4S	
Swedish market	922-1058
Asian market	1181-1198
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

Challenges in shipping from Georgetown Port

The main port in Guyana is Port Georgetown situated on the north coast of Guyana along the East Bank of the Demerara River. The port is run by a Maritime Administration Department operating under the Maritime Act.

Draft limitations have always been a problem in Georgetown along with the 3-4 metre tide range. The access channel to the port is always under threat from heavy silting and this is a challenge for the authorities as regular dredging is necessary.

Export prices

There were exports of greenheart, purpleheart and mora logs in the period reported.

Logs, FOB Georgetown	US\$ price per m ³		
	Std	Fair	Small
Greenheart	150	130	-
Purpleheart	215	170	-
Mora	130	115	110

Export Sawwood Prices

Sawwood, FOB Georgetown		US\$ price. per m ³	
EU and US markets		Undressed	Dressed
Greenheart	Prime	-	-
	Standard	-	740-1060
	Select	575-1000	-
	Sound	-	-
	Merchantable	-	-
Purpleheart	Prime	-	-
	Standard	-	975-1168
	Select	975	-
	Sound	700	-
	Merchantable	-	-
Mora	Prime	-	-
	Select	500	-
	Sound	-	-
	Merchantable	500	-

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

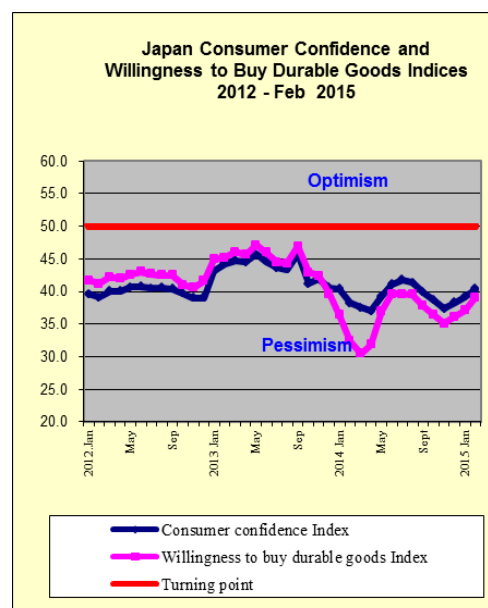
Export plywood prices

Plywood, FOB Georgetown Port			US\$ Avg unit val. per m ³
Baromalli	BB/CC	5.5mm	No export
		12mm	467-578
	Utility	5.5mm	No export
		12mm	No export

Report from Japan

Consumer confidence improves

The February consumer confidence survey shows that Japanese families are more confident on future prospects as demonstrated by the rise in the consumer confidence index, the third consecutive monthly rise. In commenting on the February data the Cabinet office said the recovery in confidence seems to be sustained.



Source: Cabinet Office, Japan

The categories of the consumer perceptions in the February survey indicate that the Overall Livelihood index rose to 38.3 (up 2.5 from the previous month); the index on prospects for income growth rose to 38.9; the employment index jumped to 46.1 while the index on willingness to buy durable goods rose 2 points to 39.4. However, all indices are below 50, the threshold for consumer optimism.

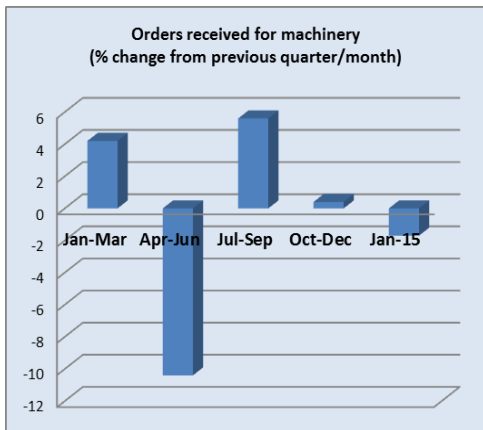
In related news, the coincident index that gauges economic activity climbed to 113.0 in January from 110.6 a month earlier. The January figure was the highest since early 2014. Projections for the coincident index see it increasing steadily.

Coincident indicators are a compilation of data on employment, earnings, average hours worked in manufacturing and unemployment trends.

Machinery order trends signal falling capital spending

Orders for Japanese machinery fell 1.7% in January compared to a month earlier in a sign that capital spending remains subdued.

Machinery orders are regarded as a leading indicator of capital expenditure, but are also known for their volatility so data for a single month should be treated with caution.



Source: Cabinet Office, Japan

Encouraging family and business relocation

The government is drawing up policies to achieve a measure of de-urbanisation of major cities and is considering tax incentives to companies that relocate to more rural prefectures. Part of the package will include subsidised medical and education fees for those living in rural areas.

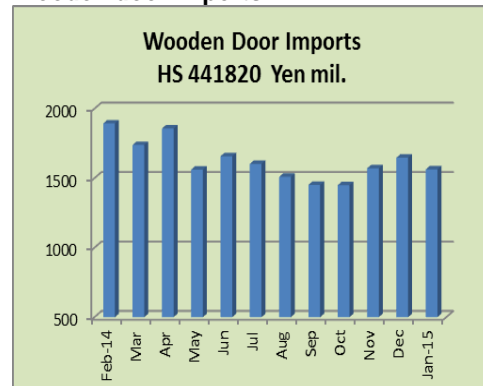
The government also plans to create a national database of vacant homes to aid people who want to move out of urban areas. This would help prefectural governments solve their “abandoned house” problem.

The Ministry of Lands has reported there are over 8 million vacant homes in Japan of which around 40% are described as “abandoned,” and unfit for habitation.

The Internal Affairs and Communications Ministry plans to open consultation offices to advise anyone thinking of moving to a less populated area.

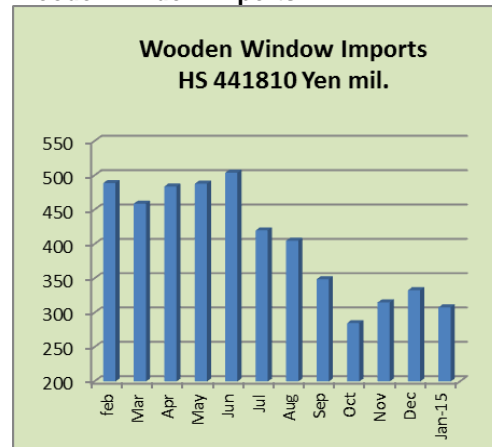
Import round-up

Wooden door imports



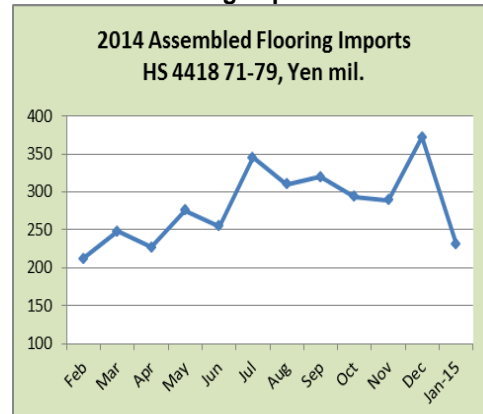
Data source: Ministry of Finance, Japan

Wooden window imports

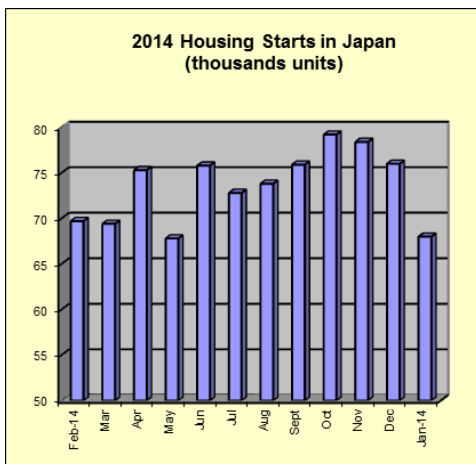


Data source: Ministry of Finance, Japan

Assembled flooring imports

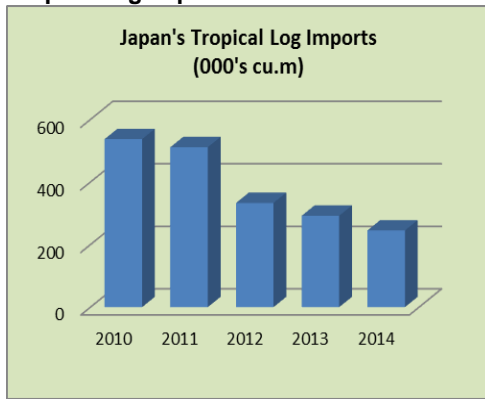


Data source: Ministry of Finance, Japan



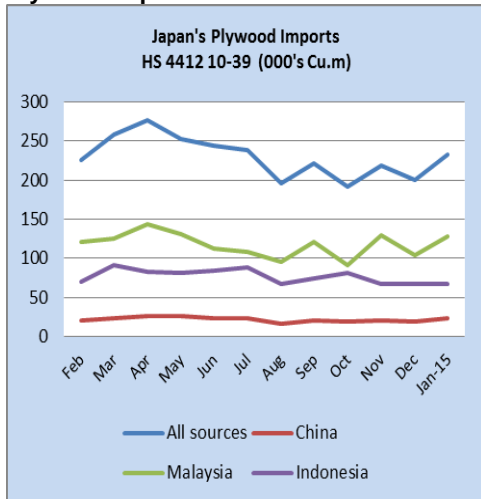
Source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Tropical log imports



Data source: JLR

Plywood Imports



Data source: Ministry of Finance, Japan

Trade news from the Japan Lumber Reports (JLR)

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

For the JLR report please see:

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

South Sea (Tropical) logs

Rainfall increased since last month both in Sabah and Sarawak, which causes flood in low land and hinders timber harvesting and transportation of logs. At the same time, by strong pressure by environmental groups, the government stepped up supervision on illegal logging and uncovering of corruption in the wood industry. Actually government inspectors measure log diameter piece by piece at log yard to judge if it is conform to the license.

By the tightening supervision, volume of purchase log in the province sharply dropped so the main supply is now by log suppliers and plywood mills, which have their own licensed timberland.

Plywood mills, which reply on purchase logs at open market, suffer serious log shortage. In this situation, export

log supply is dropping and the suppliers are very bullish. Log buyers for India and China pay high log prices to fill up their vessels so that export log prices are rising.

Low grade meranti prices for India are US \$270-275 per cbm FOB, US\$10-15 higher than January. Meranti regular prices for Japan market are about US\$280-290 per cbm FOB.

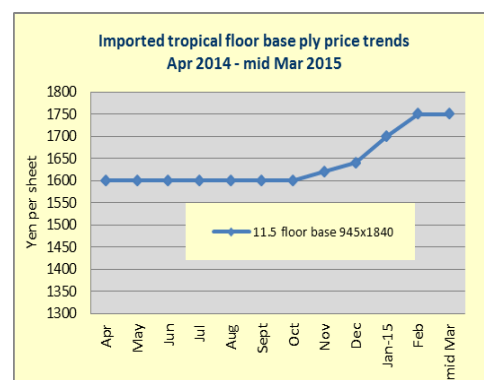
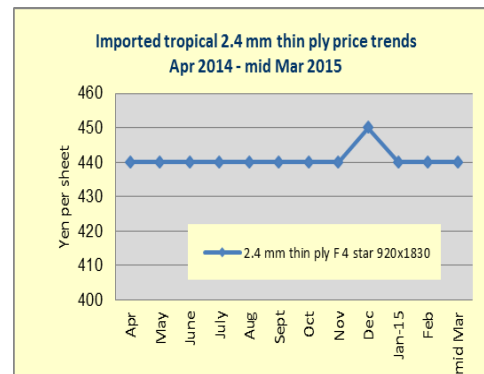
Plywood supply in 2014

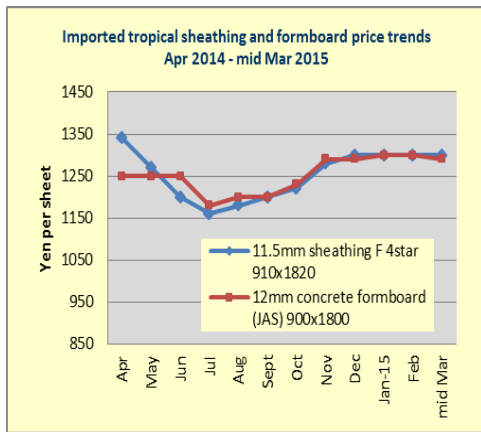
Total supply of plywood in 2014 including imports was 6,297,400 cbms, 2.6% less than 2013 but the supply has been over six million cbms for four straight years. Domestic plywood production was 2,806,200 cbms, 0.4% less than 2013. In this, softwood plywood was 2,617,100 cbms, 0.4% less. Monthly average was 218 M cbms.

The shipment of softwood plywood was 2,523,400 cbms, 5.6% less with monthly average of 212 M cbms, 12,400 cbms less than 2013. Total imported plywood in 2014 was 3,491,100 cbms, 4.2% less with monthly average of 292 M cbms, 12,800 cbms less than 2013.

Malaysian supply was 1,462,500 cbms, 8.8% less with monthly average of 121,800 cbms, 11,800 cbms less than 2013. Indonesian supply was 1,026,300 cbms, 2.8% less and Chinese supply was 778,200 cbms, 1.0% less.

In imports, main item from Malaysia, 12 mm concrete forming panel decreased largely while Indonesian supply, whose items are mainly floor base and standard plywood did not decline much.





Forest products imported by China in 2014

Despite dropping economic growth, China imported logs and lumber actively last year. According to 'China Wood', log import in 2014 was 51,410,000 cbms, 13.6% more than 2013 and lumber import was 25,642,000 cbms, 6.7% more. This is the highest import ever recorded.

Although economic growth is revised down to 7%, demand of wood for construction, furniture, wood works and engineering works continues busy while supply of domestic natural resources is severely restricted so it has to import all the sources in the world.

Log import shows some change. Bordering Russia had been overwhelmingly major supply sources but in 2014, New Zealand's radiate pine became the top supply source so Russia and New Zealand are now two major sources. Reason of increase of radiate pine is price advantage over Russian logs.

Also New Zealand government and forestry groups have been promoting marketing of radiate pine logs with technical guidance, which finally paid off. There are increasing inquiries on North American Douglas fir, hemlock and SPF so this will become the third major source.

China also import cedar logs from Japan. The volume is small yet with 310,000 cbms ranked 19th among other sources but if Japanese cedar is approved for construction material, the volume should increase rapidly.

Supply of temperate hardwood from the North East of China has sharply dropping so that import of hardwood from North America and Europe has been increasing. In log import, softwood was 35,840 M cbms and tropical and temperate hardwood was 15,560,000 cbms.

Softwood lumber import was almost 17,630,000 cbms. Plywood export volume is 13,340,000 cbms, 30% more than 2013

Establishing Japan brand of forest products for export

The Japan Wood Products Export Association will be one of the agricultural, forest and marine products exporting groups to establish Japan brand promoted by the Ministry of Agriculture, Forestry and Fisheries.

The Ministry is promoting to expand export of Japanese food, agricultural, marine and forest products.

The Association is one of six exporting groups by items and will use support by the Ministry of Agriculture, Forestry and Fisheries, The Forestry Agency and JETRO to establish cooperation system among logs and lumber producing regions, investigation and market research for forest products export, advertisement of post and beam construction and cooperate revision of the Chinese wood building design standard.

Six items are marine products, rice, rice processed products, flower and trees, beef, tea and forest products.

Certified Forest Products Promotion Council established

Twenty prefectures, cities and villages, which have forest certified by FSC (Forest Stewardship Council), FSC is internationally acknowledged forest certification organization, established FSC Certified Products Promotion Council and the first activity started in January.

The chairman of the Council, M.Yokouchi, the governor of Yamanashi prefecture and vice chairman, Y. Suzuki, the Mayor of city of Hamamatsu visited the Forestry Agency and the organizing committee of the Tokyo Olympic Games and handed a letter requesting to use FSC certified domestic wood products positively for athlete quarters and the Olympic related facilities and also FSC certified paper and other products for related goods, posters and brochures.

The organizations, which received the request, commented that it is important to use the products made by sustainable resources and it is necessary to consider scheme such as internationally acknowledged FSC certification.

Mr. Suzuki stated that the Olympic Game in 2020 is golden opportunity to increase recognition of FSC certification and promote use of certified products

Green purchase law--concrete forming panel (formboard)

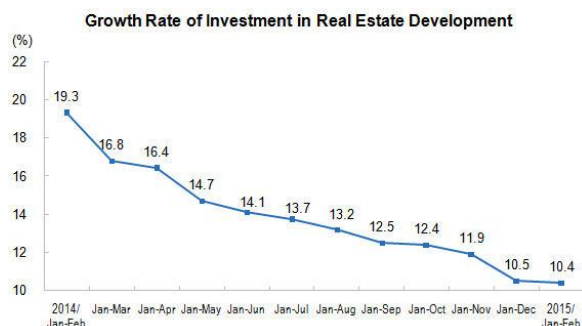
Concrete forming plywood is added as one of the specific procurement items by green purchase law since it conforms to the idea of green purchase law as it is made out of legality certified wood and of thinning and is repeatedly used, which contributes to reduce environmental load.

This should promote using concrete forming panels for public works by the government and local authorities. Reasons of addition are that concrete forming panels are procured and used by contractors for executing public works then they are used over and over again. These match the basic idea of the law.

It is now necessary to have some markings to confirm if the materials are legal and made out of thinning so authorized number and name of authorized organization are printed on the surface of plywood.

Land purchases for real estate development fall sharply

Investment in real estate development in the first two months of 2015 increased just over 10 percent year-on-year but February investment levels continued the downward trend. Investment in residential buildings was up by 9.1 percent year on year but looking ahead a correction is expected as the area of land purchased by real estate developers fell over 30% in January



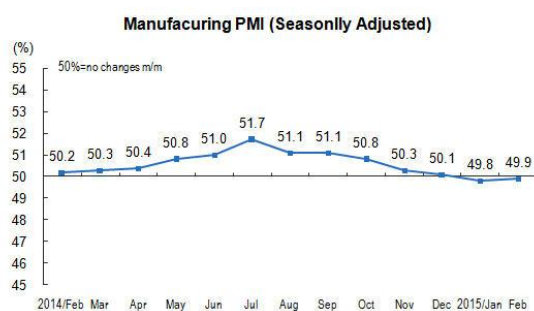
Source: Bureau of Statistics, China

See:

http://www.stats.gov.cn/english/PressRelease/201503/t20150311_692843.html

PMI edged up in February

In February China's manufacturing purchasing managers index (PMI) was 49.9% percent, 0.1 percentage point higher over the previous month but still in negative territory. A PMI reading above 50 indicates an expansion in factory output while a reading below that indicates contraction.



Source: Bureau of Statistics, China

The PMI of large-sized enterprises was 50.4 up slightly month on month while that of medium-sized was 49.4 percent, down half a point and that of small-sized enterprises was 48.1 an improvement month-on-month but below the positive threshold.

Analysts point out that figures for January and February are often volatile because of the effects of the Lunar New Year holidays.

See:

http://www.stats.gov.cn/english/PressRelease/201503/t20150302_688098.html

Strategy for timber reserves unfolds

The State Forestry Administration (SFA) has reported that it will begin work on establishing strategic forest reserves this year. The aim is to establish an additional 14 million hectares of national forests by 2020.

The concept of strategic forest reserves was piloted in 15 provinces but will now be expanded nationally. The central government will provide a RMB300 per mu subsidy for 'common forests' and RMB500 per mu subsidy for 'rare forests'. (10 mu = approx. 0.7 ha.)

'Common' forests include fast growing tree species such as poplar and eucalyptus for example while 'rare' forests include high value redwood species for example.

There is a strong demand in China for large diameter logs and at present these are sourced from the domestic natural forests or imports but with the logging restrictions in China's natural forests and with overseas suppliers scaling back harvests in natural forests, especially in the tropics, there will be a huge gap in between Chinese demand for timber and supply.

The SFA notes that 86 countries have introduced policies to restrict or prohibit export of high value and rare timbers which are in demand in China and it is this that has prompted the SFA to consider the establishment of strategic forests.

Right to approve timber production withdrawn from some regions

A decision by the State Council on administrative approvals has withdrawn the right to approve timber production licenses from the administrations in Northeast China and Inner Mongolia Autonomous Region.

In another development the SFA has decentralised the approval processes for the issuance of timber transport license and timber processing projects in state forest to provincial authorities.

New pollution emission standards in furniture manufacturing

A volatile organic compound emission standard for furniture manufacturers in Jiangsu Province is being formulated and when implemented enterprises will be punished if their emissions exceed the maximum upper limit in the standard.

In addition, coatings used by furniture manufacturers now fall under the emission standard. The new emission standard coming into force this year specifies that furniture manufacturers should use only water-based coatings with a low VOC content.

National wood processing and trade demonstration zone

The state-owned Assets Supervision and Administration Commission in Dalian City, Liaoning Province has announced that a national wood processing and trade demonstration zone will be built at Changqing Island Port.

The construction of a timber fumigation plant was approved in November 2014 making Changxing Island Port the first in Northern China and only the third port in China to have a timber fumigation capacity.

There are more than 4,500 timber processing enterprises in Liaoning Province and around 6 million cubic metres of timber is consumed annually. The new imported timber processing and trade demonstration zone will be built to meet the needs of the industries in the area.

The area of the timber processing and trade demonstration zone will be 2.5 million square metres, is expected to cost RMB3.9 billion and will feature logistics, production, processing and distribution. On completion it is estimated that the total trade value will be more than RMB10 billion and around 15,000 employees will be required generating huge economic and social benefits.

Correction

In the 16-28 February report we have been advised that the text should read:

Commercial logging in natural forests is to be phased out

- *the final stage will be the cessation of commercial harvesting in all natural forests will be by the end of 2016.*

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
Afromosia	5500-6500
Wenge	4500-5000
Zingana	4200-5500
Acajou de africa	3100-3600
Ovengkol	3850-4300
Pao rosa	5950-6600

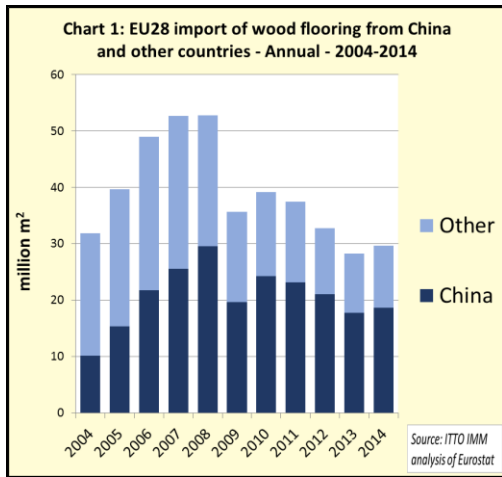
Logs, all grades	yuan/tonne
Merbau	3500-5800
Lauan	1600-2400
Kapur	2020-2500
Keruing	1700-2200
Geronggang	1600
kauri	1700-1850

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

European wood flooring imports slow to recover

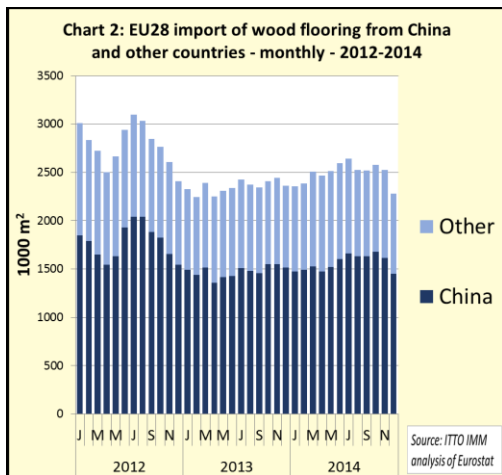
Imports of wood flooring into the European Union increased 4.9% to 29.7 million sq.m last year after declining steadily between 2010 and 2013. In 2014, wood-flooring deliveries from China, the single largest supplier, increased by 4.9% to 18.6 million sq.m.

China accounted for 63% of total EU imports in 2014, exactly the same proportion as the previous year (Chart 1).



In spite of the recent growth, imports in 2014 were still well below the record levels achieved between 2005 and 2008. There has been no significant recovery from the slump during the financial crisis when imports plummeted from 52.8 million sq.m in 2008 to just 35.6 million sq.m in 2009.

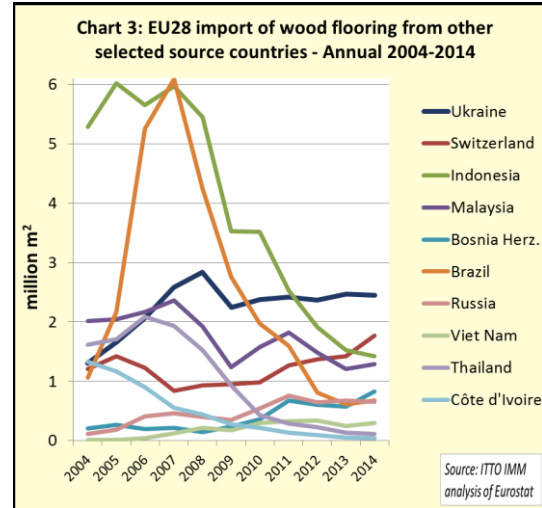
While European wood flooring imports were up for the whole of 2014, they slowed towards the end of 2014, particularly from China (Chart 2).



Over the long term, EU imports of wood flooring from China have been more stable than from other countries (Chart 3). Of major tropical supplying countries, imports from Brazil, Indonesia, Thailand and Ivory Coast have fallen considerably in the last 5 years.

Last year imports from Brazil recovered slightly (+9.2% to 678,000 sq.m), while imports continued to decline from Indonesia (-6.6% to 1.4 million sq.m) and Thailand (-17% to 111,000 sq.m). Imports from Ivory Coast fell a further 15% in 2014 and are now negligible.

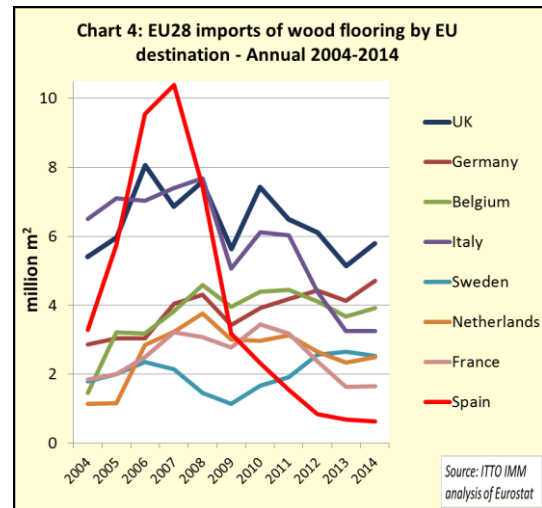
In contrast, EU imports from Malaysia have been rising in the last five years and increased again in 2014 (+6.5% to 1.3 million sq.m). Imports also increased by 20% from Vietnam in 2014, but from a small base.



Of temperate countries, EU imports from Switzerland and Bosnia-Herzegovina have been rising in recent years, and this trend continued in 2014. Imports from Switzerland were up 25% at 1.8 million sq.m, while imports Bosnia-Herzegovina increased 44% to 0.8 million sq.m respectively.

On the other hand, imports from the Ukraine were down by 0.8% to 2.4 million sq.m. Imports from Russia fell 2.6% to 680,000 sq.m.

Trends in wood flooring imports by individual EU Member States varied widely depending on economic conditions (Chart 4).



Imports from outside of the EU into the UK, where there was a robust recovery in construction sector activity last year, recorded double-digit growth of 13% to 5.79 million sq.m in 2014. Imports into Germany also increased strongly, by 14% to 4.72 million sq.m, while imports into Belgium rose 7% to 3.92 million sq.m.

Imports into the Netherlands recovered to some degree in 2014 from the previous year's low, increasing 7% to 2.49 million sq.m. Imports into France also increased slightly in 2014, up 0.6% at 1.64 million sq.m. Imports into Italy were unchanged in 2014 at 3.25 million sq.m.

On the other hand, deliveries of wood flooring from outside the EU into Spain, which as recently as 2007 was the largest EU destination, fell again by 8% to just 630,000 sq.m in 2014. This compares to Spanish imports of over 10 million sq.m of wood flooring from outside the EU in 2007.

Although construction activity is just beginning to pick up again in Spain, consumers are extremely cost conscious and are showing strong preference for cheaper laminate and other non-wood alternatives to real wood products.

Deliveries from wood flooring from outside the EU into Sweden also declined last year, by 5% to 2.53 million sq.m. However the decline was mainly due to a sharp fall in Swedish imports from Ukraine. Sweden's imports from China increased in 2014.

Wood flooring consumption falls again

While total EU wood flooring imports increased in 2014, the European Wood Flooring Federation (FEP) reports that consumption probably declined last year in many European countries.

According to an FEP estimate published by the international parquet federation Global Flooring Alliance (GFA), European wood flooring consumption fell 3.8% in 2014, after slipping 2.6% the year before. Consumption was 82.7 million sq.m in 2013 and is believed to have been around 80 million sq.m in 2014.

Considering the various European countries, the negative trend identified by FEP in France and Italy in its September market review has apparently continued through the final quarter of the year.

Wood flooring consumption in Germany and Austria was also slightly down from 2013 levels, after Germany had shown a positive trend in the early months of 2014. Swiss consumption was static last year, whereas Sweden and Hungary showed slight increases.

When it comes to wood species, the FEP sees a continuing dominance of oak in the overall sales mix, while the share of exotic woods has declined further. Wider boards and "natural look" flooring remains very popular, according to the FEP.

Looking forward, the FEP expects "a stabilisation in the European parquet business during 2015.

Much oak on display at Domotex

The lasting trend towards oak flooring was also apparent at the Domotex flooring show in Germany during January. The show attracted 1,323 exhibitors from 63 countries, covering all sectors of the flooring industry. With a total of around 40,000, visitor numbers were slightly higher this year than at the comparable Domotex in 2013.

According to the American Hardwood Export Council (AHEC), oak accounted for around 80-90% of most Domotex wood flooring exhibitors' product sales. During its visit to the show, AHEC also found that the "rustic oak look is still very much in fashion, and European oak is the preferred supply". American white oak would primarily be used in the architectural sector. AHEC also witnessed a trend towards dark "smoked" oak.

In terms of product specifications AHEC noted that Europe seemed to continue to move more towards using engineered flooring instead of solid wood flooring.

Exhibitors also told AHEC that European wood flooring sales were not improving much, as Europe's economy, especially in the Eurozone, remained very fragile. To compensate, many European flooring manufacturers are now seeking to expand export sales outside Europe.

Domotex organiser Deutsche Messe reported similar trends for wood and laminate flooring noting the emphasis on rough-sawn, brushed and used-look surfaces. In laminate flooring grey or blends of grey and beige – "greige" – surfaces are expected to remain the top sellers, while dark laminate floorings were less popular with buyers. Some companies also displayed a new generation of waterproof laminate flooring at Domotex.

European laminate flooring sales stagnate

European producers of laminate flooring sold 465 million sq.m worldwide in 2014, compared to 463 million sq.m the year before, according to statistics compiled by the European Producers of Laminate Flooring (EPLF) and published by GFA. This is a rise of just 0.4% over 2013 (Table 1).

Global sales of laminate flooring by EPLF Members

million sq.m	Year					% chng 2013-14
	2010	2011	2012	2013	2014	
W. Europe & Turkey	302.0	299.4	297.7	290.0	280.0	-3.4
E. Europe	109.0	103.5	98.9	103.0	110.0	6.8
North America	41.0	26.8	23.4	28.0	30.0	7.1
Latin America	16.0	15.7	16.8	17.0	17.0	0.0
Asia	10.0	10.6	11.6	13.0	15.0	15.4
Other	8.7	11.9	11.2	12.0	13.0	8.3
Total	486.7	467.9	459.6	463.0	465.0	0.4

Data source: EPLF

The regional markets showed contrasting trends in 2014, according to EPLF. Within Europe, Western European sales were slightly down compared to the previous year, whereas sales in Eastern Europe experienced an upturn.

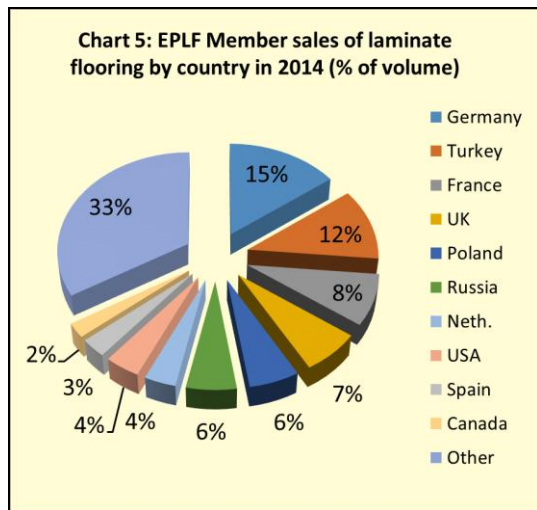
Sales in the core Western European markets (including Turkey) declined by around 3.4% to 280 million sq.m in 2014. Germany, the single-largest market for European laminated flooring, experienced renewed decline of around 4% to 69 million sq.m. EPLF believes that this was due to a loss of market share to LVT floors.

Sales in Turkey were affected by the economic slow-down combined with raw material shortages and temporary production shutdowns for maintenance purposes. Overall, sales in Turkey plummeted 18% to 54 million sq.m.

Sales in France remained stable at 39 million sq.m during 2014 in spite of the economic difficulties and rather lacklustre building sector. The same is true for Spain, where 14 million sq.m of laminate flooring were sold in 2014, the same as the previous year.

This seems to confirm reports from the wood flooring sector that there is a growing preference for cheaper laminates over real wood floors in those markets particularly hard hit by the economic downturn.

Sales of laminate flooring in the UK increased by 10% to 32 million sq.m in 2014 on the back of a growing housing sector and comparatively strong consumer confidence.



Rise in European laminate flooring exports

Total laminate flooring sales in Eastern Europe increased by 7% to 110 million sq.m in 2014. Sales in Russia grew by almost 13% to 27 million sq.m. in spite of the political situation and adverse exchange rate trend.

This growth in the Russian market actually increased towards the end of 2014.

The rise in sales meant that the Russian market for European laminate flooring was as large as the Polish market, which also 27 million sq.m last year, an increase of 8%.

Sales in Romania and Hungary were also higher than the year before, while sales in the Ukraine fell by 11%.

Most overseas markets for European laminate flooring improved in 2014, with North America “showing significant improvement” and Asia “even greater growth”, according to EPLF. Turnover in North America had started to rise as early as 2013 and this trend continued through last year.

The market was particularly buoyant in the USA, where EPLF members boosted their sales by almost 19% to 19 million sq.m. Sales in Canada were stable at 11 million sq.m last year.

In the Asia-Pacific region, European producers achieved sales growth of 15% to 15 million sq.m. Even stronger growth of 25% to 5 million sq.m was witnessed in China, where EPLF members supply primarily the high value sector. In South America, EPLF members are reporting stable sales of 17 million sq.m in 2014.

* The market information above has been generously provided by the Chinese Forest Products Index Mechanism (FPI)

Correction

Our previous report said: *“the Swiss group Precious Woods Holding AG announced that its business was in jeopardy”.*

The company has advised that, while there was a concern raised in their half-year report, a media release on 9 January, 2015 reported the successful refinancing and progress in their business.

See: http://www.preciouswoods.com/domains/preciouswoods_com/data/free_docs/Media_Release_09_01_15_WDL_en_final.pdf

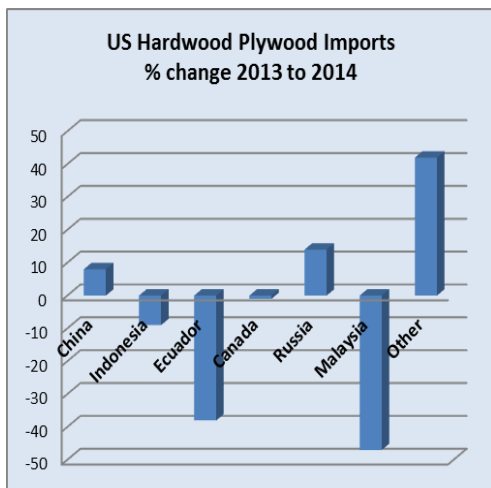
Report from North America

US imports of almost all wood products increased significantly in 2014 compared to the previous year. Only hardwood plywood imports declined, despite an upswing in US demand for cabinets.

Decline in hardwood plywood imports but China’s import share up

2014 imports of hardwood plywood were slightly lower than in 2013. The US imported a total of 2.91 million cu.m. of hardwood plywood in 2014, 1% down from the previous year.

Imports declined despite a stronger US economy in 2014 and the removal of antidumping duties on Chinese plywood in November 2013.



Data source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics

Hardwood plywood imports from China grew by 8% from 2013, when the special import duties were in effect much of the year. The US imported 1.52 million cu.m. of hardwood plywood from China in 2014. China's share in total imports grew from 48% in 2013 to 52% in 2014. The second-largest source of imports was Indonesia at 448,180 cu.m. Imports from Indonesia were lower than in 2013, and its import share declined from 17% to 15%.

The strongest growth in hardwood plywood imports in 2014 was from Russia. Imports grew by 14% from the previous year to 291,592 cu.m. Russia's import share increased by one percentage point to 10% in 2014.

Hardwood plywood imports from other main sources of supply went down in 2014. Canadian shipments declined by 1% to 180,637 cu.m. Imports from Ecuador fell by almost 40% from 2013 171,080 cu.m.

Plywood imports from Malaysia were almost half of 2013 volumes at 73,265 cu.m.

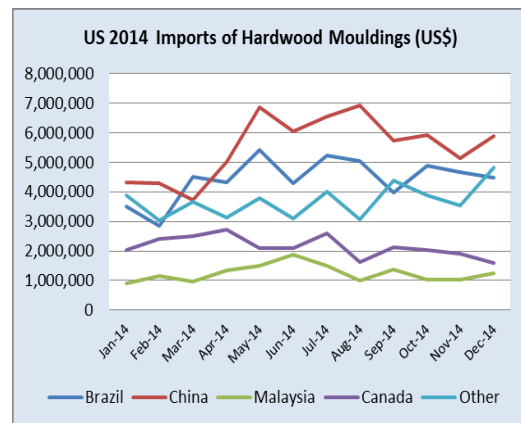
Imports from all other countries were 222,290 cu.m. in 2014, up 33% from the previous year.

China surpasses Brazil as largest source of hardwood mouldings

The total value of hardwood mouldings imports into the US in 2014 increased by 11% from the previous year. Hardwood moulding imports were worth \$204.6 million in 2014.

China surpassed Brazil in 2013 to become the largest import source of hardwood mouldings. China maintained this position in 2014 with \$66.5 million shipped to the US market; imports from China increased by 2% from the previous year.

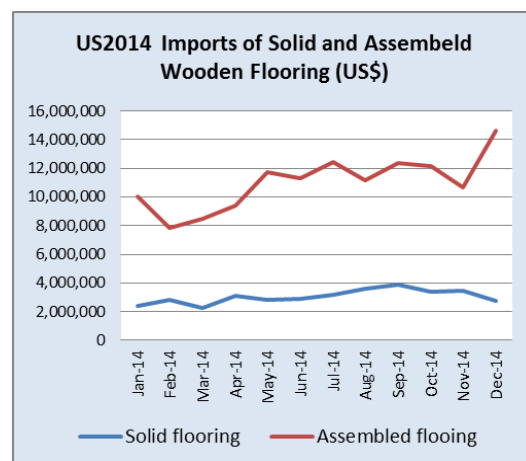
Hardwood moulding imports from Brazil grew by 14% to \$53.2 million in 2014; imports from Malaysia increased by 20%.



Data source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics

More hardwood flooring from China in 2014

US imports of wood flooring grew significantly in 2014.



Data source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics

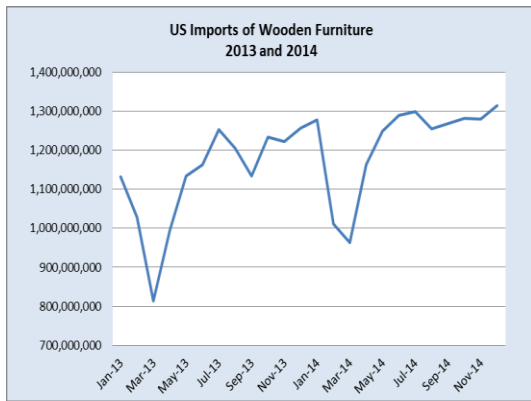
Imports of assembled wood flooring panels were worth \$132.3 million, up 16% from 2013. Assembled wood flooring imports from China were practically unchanged from the previous year at \$67.4 million.

US imports of hardwood flooring from Canada increased by 20% to \$29.0 million in 2014. Indonesia exported \$7.6 million worth of assembled flooring panels to the US in 2014, up 72% from the previous year.

Total hardwood flooring imports were \$36.5 million in 2014, up 12% from 2013. Indonesia was no longer the largest supplier of hardwood flooring at \$6.9 million, down from \$11.3 million in 2013.

Malaysia increased hardwood flooring shipments by 16% to \$8.1 million. China became the US' second-largest supplier of hardwood flooring at \$7.4 million (+37%).

US Furniture imports



Data source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics

Vietnam and Mexico increase furniture import share

Following a 7% growth in 2013, US wooden furniture imports increased by 8% in 2014. Wooden furniture imports were worth \$14.65 billion in 2014. Imports from all major suppliers increased. The largest growth was in imports from Vietnam and Mexico.

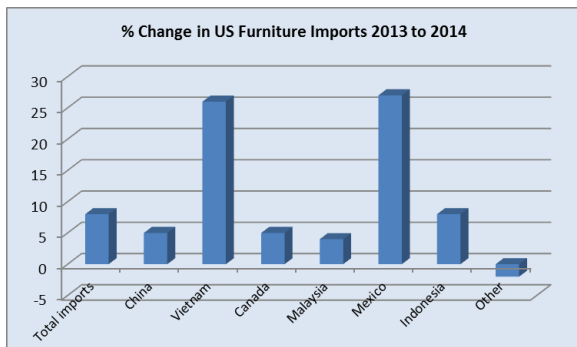
Furniture imports from China grew by 5% in 2014 to \$6.99 billion. China's share in total US furniture imports fell by one percentage point to 48%.

Imports from Vietnam gained significantly in 2014. They were worth \$2.52 billion, up 26% from 2013. As a result, Vietnam's import share grew from 15% in 2013 to 17% in 2014.

Canada's import share remained unchanged in 2014, with imports at \$1.20 billion (+5%). Wooden furniture imports from Mexico were worth \$0.66 billion (+27%). Mexico's share in total furniture imports increased one percentage point to 5%.

Malaysian furniture shipments were up 4% in 2014 (\$0.56 billion). Imports from Indonesia increased by 8% to also \$0.56 billion. Both countries' imports share was unchanged at 4%.

Wooden furniture imports from other countries were down in 2014, despite higher shipments from Europe last summer.



Data source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics

Uptick in December furniture retail sales

Furniture retail sales in the US increased by 1% between November to December according to US Census Bureau data. While the month-on-month growth is small, sales were 11% higher than in December 2013.

Unemployment down, GDP growth up

The US economy grew by an estimated 2.6% (annual rate) in the 4th quarter of 2014. GDP growth slowed from the 5% annual rate in the 3rd quarter. The slowdown was due to higher imports, lower federal government spending, lower exports and less investment in non-residential buildings and assets than in the 3rd quarter.

Unemployment was practically unchanged at 5.7% in January. The number of long-term unemployed and those who work part-time involuntarily were also unchanged from December. Employment increased in retailing, construction and manufacturing.

Economic activity in the manufacturing sector expanded in January. However, growth in new orders and production slowed from December, according to the Institute for Supply Management. Inventories of raw materials were higher, while raw material prices declined from December.

Both wood products manufacturing and furniture manufacturing reported increased production in January. Demand is strong going into 2015, and production should increase with the labour dispute at the West Coast ports resolved.

Consumer spending forecast to increase 3.3% in 2015

In January consumer confidence in the US economy improved by 5% from the previous month.

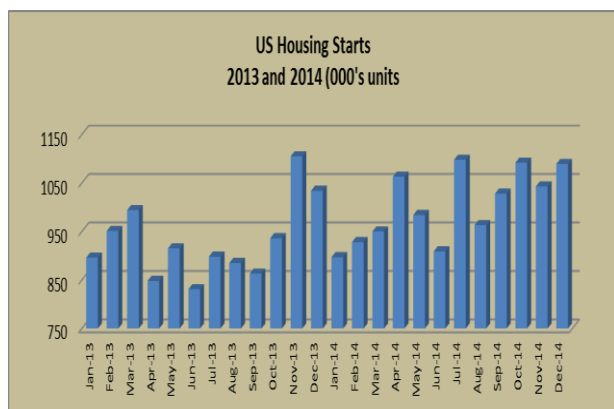
The latest consumer survey by Thomson Reuters/University of Michigan recorded the highest confidence level since January 2004. Compared to a year ago confidence in the economy improved by 21%.

Consumers believe the outlook for the US economy is better than any time in the last ten years. Income gains are expected to be modest in 2015, but personal expenditures will grow at 3.3% this year.

2014 housing starts surpass 1 million

For the first time since 2007 annual housing starts were over 1 million. Housing starts increased by 4.4% in December to an annual seasonally adjusted rate of 1.089 million units.

Single-family housing starts grew by 7.2% in December. Multifamily construction declined by 1%. The Midwest was the only region with lower housing starts in December.



Data source: US Census Bureau, CMHC

The trade agreement would cover 40% of the world economy, including the US, Canada and Mexico in North America, and Japan, Vietnam, Malaysia and Singapore.

Economists at the International Builders' Show in Las Vegas predict significant growth in the housing market in 2015. The National Association of Home Builders forecasts housing starts to grow by 6.7% from 2014. Construction of single-family homes is expected to increase by 26% in 2015.

The number of building permits for single-family homes increased in December, while multi-family permits declined.

Oil prices affect Canadian economy

Canadian housing starts decreased by 7% to just under 180,000 in December at a seasonally adjusted annual rate. Both multi-family and single-family home starts declined.

Home construction is expected to slow further in 2015. The lower oil prices have a negative effect on housing demand in oil-producing regions. However, regions with manufacturing industries benefit from the lower Canadian dollar, low interest rates and low oil prices. Especially Ontario will likely see an upturn in economic activity and construction.

Non-residential construction unchanged

Investment in non-residential construction was unchanged in December from the previous month, at a seasonally adjusted annual rate. Construction spending grew from June to October but has not improved since then, according to US Census Bureau data.

Trends in private and public construction differed only slightly. The American Institute of Architects reported improving business conditions for the end of 2014. The strongest improvement was in institutional buildings. The Northeast was the only region where business conditions worsened.

Trans Pacific Partnership trade deal nears completion

US trade officials urged the US Congress to support the government's plan for the Trans Pacific Partnership trade deal. The 12-nation trade deal may be completed in March, according to statements by trade officials.

Then the deal will be submitted to Congress for a yes-or-no vote. Some business groups, unions and other groups are lobbying against the trade deal.

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.*

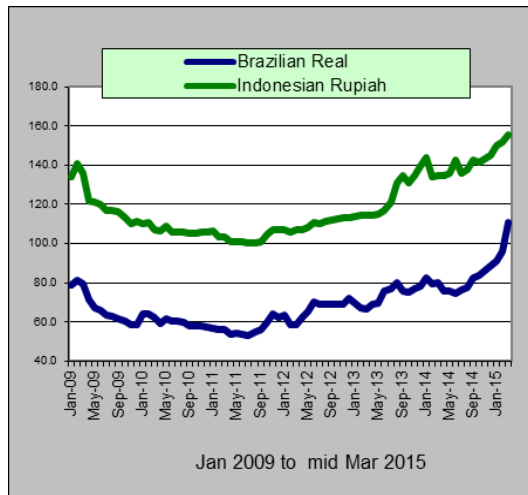
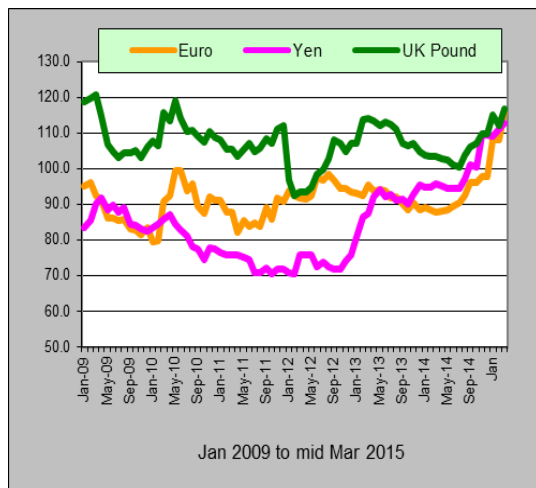
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

US Dollar Exchange Rates

As of 12th March 2015

Brazil	Real	3.2498
CFA countries	CFA Franc	620.47
China	Yuan	6.2596
EU	Euro	0.9527
India	Rupee	63.0814
Indonesia	Rupiah	13220
Japan	Yen	121.42
Malaysia	Ringgit	3.0972
Peru	New Sol	3.0972
UK	Pound	0.6783
South Korea	Won	1138.12

Exchange rate index (Dec 2003=100)

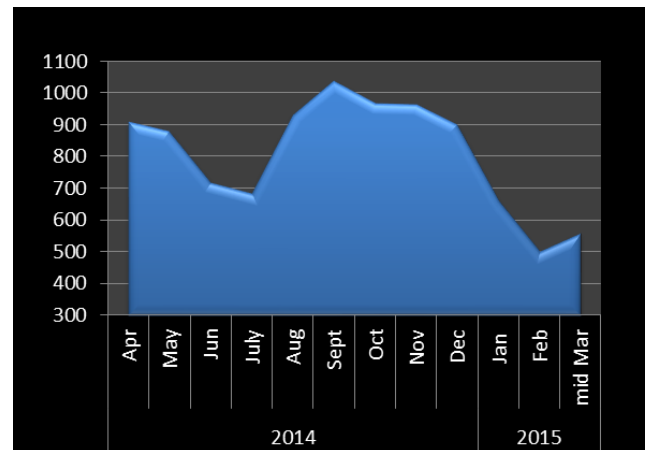


Abbreviations and Equivalences

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
April 2014 – mid March 2015

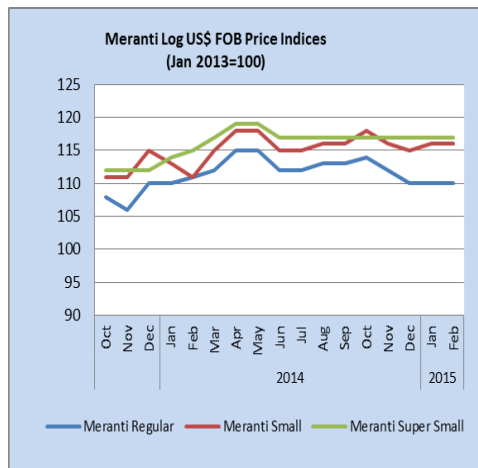


Data source: Open Financial Data Project

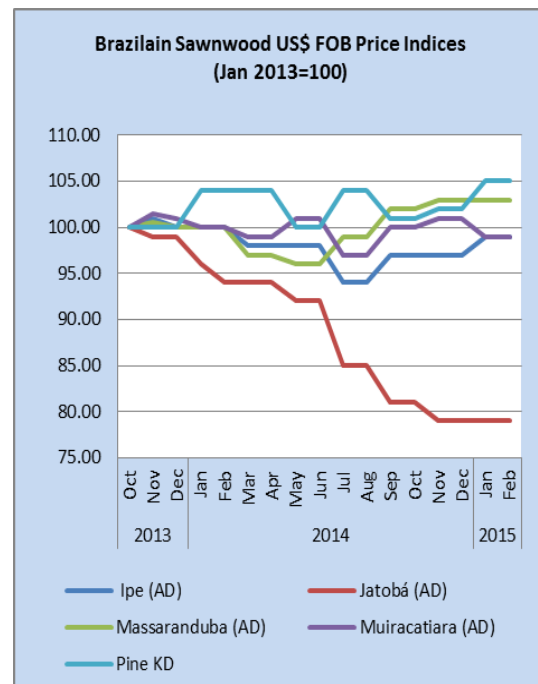
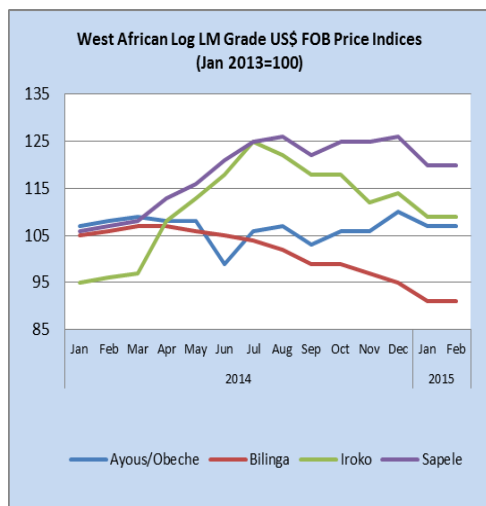
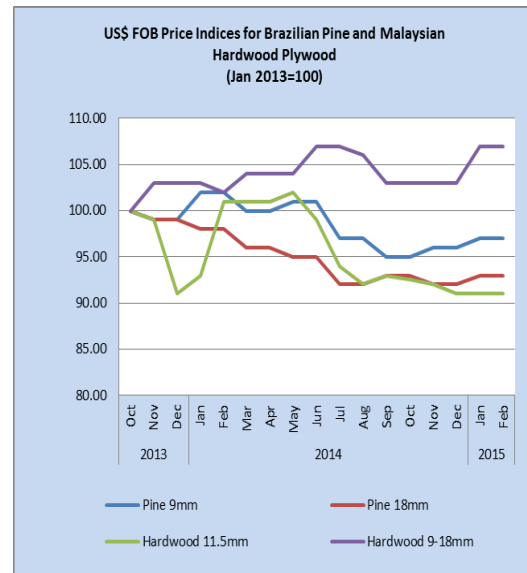
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

Price indices for selected products

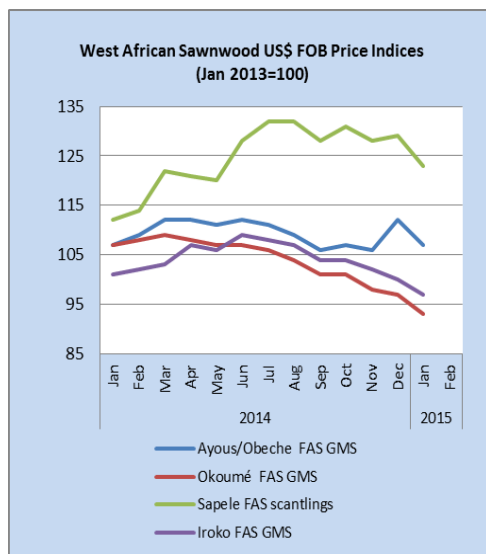
The following indices are based on US dollar FOB prices.



Note: Sarawak logs for the Japanese market



Note: Jatoba mainly for the Chinese market



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