

Tropical Timber Market Report

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Top Story

Japanese SMEs increasingly looking to international markets as domestic demand wanes

The Japan External Trade Organization (JETRO) conducted a survey of domestic firms engaged in exports of agricultural, forestry, fishery and food products.

Most respondents reported placing more emphasis on exports but face challenges in trade with China the US, South Korea, the EU and Taiwan P.o.C. largely because of a lack of information regarding consumer trends and on the business background of prospective importers.

See page 10

Report from Central/West Africa

Sentiment improves as buyers slowly return

Producers report a slow but steady improvement in demand that has lifted sentiment and brought some stability back to the trade.

With the exception of the continued weakness in prices for sapele and okoume, prices for other timbers which had eased in recent weeks are now holding firm such that it appears the downward trend in prices has come to a halt.

While demand for sawnwood has improved slightly log prices remain largely unchanged except for the weakness in okoume. Analysts report this is likely to continue until buyers for the Chinese market resume purchases at levels seen at the end of 2014.

News is emerging of a limited resumption of log and sawnwood exports of sapele and sipo from the Central African Republic. While volumes are not big this has been welcomed as a sign that the trading environment in the country is becoming more stable.

Log export quotas to be strictly enforced

Authorities in Cameroon have announced that log export quotas will be fully and stringently applied which has been welcomed by millers in the country which suffer from an inadequate supply of the major species.

In related news, authorities in Congo Brazzaville are also strictly enforcing their log export quotas. Producers in Congo Brazzaville are cutting back on production of okoume and switching production to the redwood species for which demand at present is better.

Smooth flow of production undermined in Gabon

In Gabon a number of strikes by public sector employees and the resignation of Director General of the Forest Ministry has created uncertainty. The timber trade is calling for an urgent replacement of the DG in order to maintain stability in this important sector of the economy.

The mood in the trade in Gabon is currently very despondent as the industry has to contend with labour disputes in other sectors which are affecting the smooth flow of production and the industry is still waiting for the tax refunds due from government.

Looking ahead

Overall, with the modest improvement in demand, producers are now feeling more confident that market conditions have stabilised providing a footing for a recovery in demand. Indian companies are actively seeking new sources of raw material supplies but few West African producers have taken up the challenge of the Indian market where Malaysia log exporters have a firm footing.

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	230	230	160
Belli	330	330	-
Bibolo/Dibétou	150	145	
Iroko	330	290	260
Okoume (60% CI, 40% CE, 20% CS) (China only)	240↓	240↓	160↓
Moabi	335	305	225
Movingui	210	210	160
Niove	160	160	-
Okan	250↓	250↓	-
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	500↓
Okoumé FAS GMS	400↓
Merchantable	225
Std/Btr GMS	300↓
Sipo FAS GMS	610↓
FAS fixed sizes	610↓
FAS scantlings	660
Padouk FAS GMS	840↑
FAS scantlings	900↑
Strips	500
Sapele FAS Spanish sizes	600↓
FAS scantlings	600↓
Iroko FAS GMS	610↓
Scantlings	645↑
Strips	440
Khaya FAS GMS	450
FAS fixed	470
Moabi FAS GMS	610
Scantlings	615
Movingui FAS GMS	420

Report from Ghana

Rapid Response Unit secure more resources

The Rapid Response Unit of the Ghana Forestry Commission (GFC) continues its fight against illegal timber activities. The Unit was set up few years ago to track and trace illegal activities in the forest and in the wood product manufacturing sector.

Over the years the Unit has succeeded in arresting, impounding and confiscating illegally harvested or manufactured timber mainly from illegal chainsaw operations.

To improve the performance the GFC recently presented the Rapid Response Unit with six extra vehicles purchased directly from the Commission's internally generated funds.

The Coordinator of the Rapid Response Unit, Mr Luri Kanton Bahian, said the Unit has chalked up many achievements including securing almost 400 ha. of illegal farmland in forest reserves and seizing more than 133 vehicles used for various illegal activities.

Utility tariffs increased

The Public Utilities Regulatory Commission (PURC) announced electricity and water tariff increases of 2.63% and 1.06% respectively, effective 1 April 2015. The PURC said the increase aims at preserving the existing load sharing schedule by assisting electricity distribution companies maintain their network. This, says the PURC is essential to avoid an immediate collapse of the distribution network.

Recently the Electricity Corporation of Ghana was able to extend power delivery beyond the planned load shedding programme because of a special purchasing arrangement with suppliers in neighbouring Cote D'Ivoire. But according to the Association of Ghana Industries (AGI), manufacturing industries including timber companies continue to lose money in spite of the short term relief.

Boule Export prices

	Euro per m ³
Black Ofram	298
Black Ofram Kiln dry	395
Niangon	490
Niangon Kiln dry	501

Export Rotary Veneer Prices

Rotary Veneer, FOB	€ per m ³	
	CORE (1-1.9mm)	FACE (>2mm)
Ceiba	317	400▲
Chenchen	320	355
Ogea	450▲	400▲
Essa	325	371
Ofram	323	350

Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	0.84
Asanfina	1.40	0.56▲
Avodire	1.15	0.29
Chenchen	1.10	0.51
Mahogany	1.30	1.03▲
Makore	2.15▲	0.85▲
Odum	1.76	1.20▲

Export Sawnwood Prices

Ghana Sawnwood, FOB	€ per m ³	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up		
Afrormosia	860	945
Asanfina	492	564
Ceiba	240	270▼
Dahoma	360▼	450▼
Edinam (mixed redwood)	525	680▼
Emeri	450	520▼
African mahogany (Ivorenensis)	555	700▼
Makore	573	700▲
Niangon	560	580
Odum	660	800▲
Sapele	610	790▲
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
Afrormosia	15.50	18.65	18.55

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

Report from Malaysia

Ringgit depreciation a plus for timber exporters

The depreciation of the ringgit is having a positive impact on timber exports according to the Director-General of Malaysian Timber Industry Board (MTIB), Dr Jalaludin Harun. Last year Malaysia was the eighth largest furniture exporter in the world he said.

Jalaludin reported that 2014 wood product exports rose by 5% to RM20.5 billion (approx. US\$ 5.54 billion) up from RM19.5 billion in 2013. Exports of furniture contributed just over a third of the total value of exports followed by plywood (25%).

It has been forecast that the value of Malaysia's wood product exports by 2020 could reach RM53 billion (approx. US\$ 14.3 billion).

Innovative training delivers positive results

A presentation ceremony has been held in Kuching for 20 graduates who achieved a post graduate diploma in applied science awarded by Lincoln University in New Zealand. This graduation ceremony was a highpoint for the Sarawak Timber Association (STA) and its members.

The STA recognised many years ago that sustainable forest management requires skills that were not readily available amongst local companies. To fill this gap the STA, in collaboration with Lincoln University in New Zealand, designed an innovative on-the-job training programme for industries in Sarawak called the Diploma in Applied Science (Sustainable Tropical Forest Management).

This course of study is delivered and examined just as any other diploma offered by Lincoln University in order to maintain the robust training that is needed by STA member companies.

The postgraduate diploma involves twelve subjects covering the three broad areas of sustainability: economics, environment and social responsibility.

The programme is delivered in intensive one-week courses offered over a period of 24 months thus allowing managers and senior staff to continue working full-time while studying part-time.

Further information can be obtained from Associate Professor Dr Hugh Bigsby at Lincoln University, New Zealand, email hugh.bigsby@lincoln.ac.nz.

Sabah exports fall

The Department of Statistics in Sabah has released export data for the first two months of 2015. The total value of timber and timber product exports in the first two months of this year fell 10% compared to the same period last year from around RM244 million in 2014 to RM 220 million this year.

Value (RM), January and February 2015

	2015	2014	% change
Plywood	132,251,393	154,460,966	-15
Sawnwood	58,719,359	53,011,149	11
Veneer	13,092,977	16,692,513	-22
Mouldings	5,830,654	6,964,496	-17
Laminated board	9,891,588	12,684,623	-22
Total	219,785,971	243,813,747	-10

Source: Statistics Dept. Sabah

Volume (cu.m), January and February 2015

	2015	2014	% change
Plywood	75,704	93,326	-19
Sawnwood	38,784	35,480	9
Veneer	9,797	11,584	-16
Mouldings	1,425	2,207	-36
Laminated board	5,815	7,534	-23

Source: Statistics Dept. Sabah

Report from Indonesia

Opportunities for furniture exports as Rupiah weakens

Chairman of the Association of Indonesian Furniture and Handicraft Yogyakarta, Timbul Raharjo, said since the rupiah weakened there has been increased interest from international buyers especially in India and Turkey in Indonesian products.

He estimated that the increase in overseas demand will continue and that manufacturers will benefit despite there being some instances where imported raw material costs have driven up production costs.

200 furniture enterprises targeted for TLAS

As of April this year of the 3,200 wood product manufacturers in Klaten district in Central Java, only nine had secured a Timber Legality Assurance System (TLAS) certificates.

This disappointing figure drove the government of Klaten district to target 200 entrepreneurs and assist them in securing TLAS certification by year end.

Head of the Industry and Cooperatives SMEs Division in Klaten, Sugeng Haryanto, said securing TLAS certification is very important for furniture producers and an all-out effort will be made to expand the number of SMEs that can meet TLAS requirements.

In related news the Ministry of Environment and Forestry is forecasting a 20% rise in exports of wood products this year as the TLAS is providing opportunities to expand and diversify markets.

Indonesia to host forest investment summit

Indonesia will host a forest investment summit 27-28 April themed "Tropical Landscape Summit: A Global Investment Opportunity". The aim of the summit is to provide a platform for promoting the nation's strategic vision for green investment while also allowing the government to acquire input from stakeholders regarding this framework and its further evolution.

Around 500 national and international business executives are expected to attend the gathering which will be opened by the Indonesian President. The event will be hosted by the Indonesian government in collaboration with the UN Office for REDD+ Coordination in Indonesia (UNORCID).

See: <http://www.republika.co.id/berita/en/jakarta-region-others/15/04/01/nm3wu1-indonesia-to-host-conference-on-green-investment>

Domestic Log Prices

	US\$ per m ³
Indonesia logs, domestic prices	
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 Sawnwood Prices

	US\$ per m ³
Indonesia, construction material, domestic	
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	700-750
	Domestic	12-15mm	650-700
		18mm	590-620
<i>MDF</i>	Export 12-18mm	590-620	
	Domestic 12-18mm	430-530	

Report from Myanmar

More illegally felled timber seized

The online news agency Nation Multimedia based in Thailand has reported the Myanmar Forest Department recently located more than 4,000 illegally harvested logs in Waingmaw Township, Kachin State. These add to the more than 1,000 tonnes of timber were seized in Momeik and Mabane townships in northern Shan State. Nearly 40,000 tonnes of hardwoods were seized last year says Nation Multimedia.

See more at:

<http://www.nationmultimedia.com/aec/Tonnes-of-illegal-timber-seized-30257786.html>

Yangon Lifestyle Furniture Fair

A furniture fair organized by the Thousand Islands Business Group was held at Tatmadaw Hall in Yangon from 26 to 30 March. The fair attracted 31 companies displaying 164 stalls.

Traditional furniture produced from rattan, bamboo and wood were displayed along with imported furniture.

This was the 11th Yangon Lifestyle furniture fair since its initial launch in 2010 and the theme of the fair was sustained operation of local wood industries to create jobs.

Myanmar's trade deficit hits nearly \$5 billion in 2014-15

The state run English daily newspaper 'The Global New Light of Myanmar' reported that according to Ministry of Commerce figures, Myanmar's trade deficit in fiscal 2014-15 was US\$4.9 billion on a total trade volume of more than US\$27.77 billion.

Myanmar exports mainly agricultural produce, animal by-products, marine products, wood products and minerals. To tackle the trade deficit the government is planning to implement the National Export Strategy which focuses on seven sectors - rice; peas and pulses; fishery products; textiles; timber and forestry products; rubber and tourism.

Foreign investment just under US\$7 billion in 2014-2015

From April 2014 to the end of January 2015, foreign investment in Myanmar amounted to almost US\$7 billion. The total foreign investment in the 2013-2014 fiscal year was US\$4.107 billion. Most foreign investment in Myanmar went into the energy sector. The smallest amount went into the construction sector.

End of year tender results

The last tender of fiscal 2014-15 by the Export Department of Myanmar Timber Enterprise (MTE) was held between 13-16 March.

MTE has reported sales during the year generated MMK 54 billion. Average prices for the year are shown below.

	Avg price MMK (million)
Teak logs	0.5
Sawn-teak	1.1
Hardwood logs	0.3
Sawn hardwood	1.4

It has also been reported that teak logs, posts and teak 'conversions' (mainly hewn teak) sold by the MTE Local Department were of lower grade than those sold to domestic millers by the MTE Export Department which disposed of export quality logs which were not shipped before the export ban.

With increasing demand from the construction sector prices of sawn hardwoods are rising. The sawn hardwoods in demand include tamalan, padauk and sagawa (Champaca).

Report from India

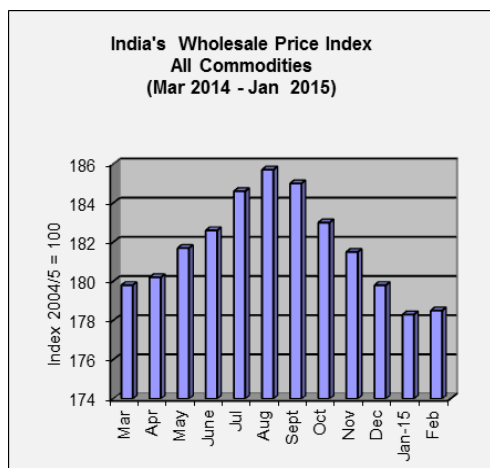
Welcome decline in inflation

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 the month of February, 2015 declined by 1.4 percent to 175.8 (provisional) from 178.3 (provisional) for the previous month.

The annual rate of inflation, based on monthly WPI, stood at -2.06% (provisional) for the month of February, 2015 compared to February, 2014 and -0.39% compared to January.

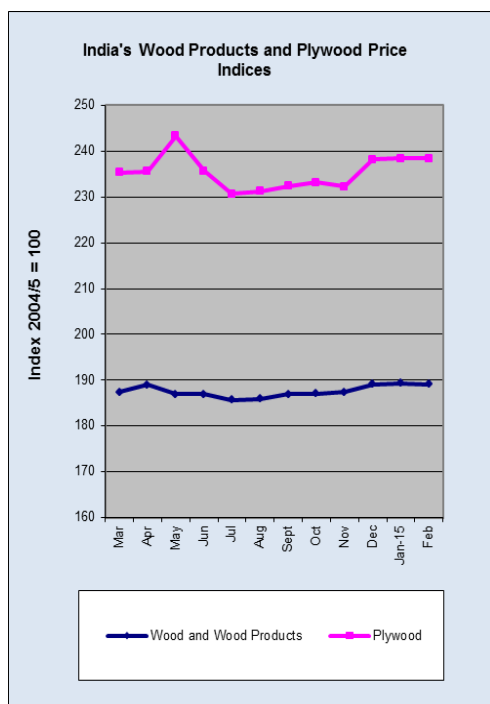
For more see: <http://eaindustry.nic.in/cmonthly.pdf>



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 February price index for wood and wood products remained unchanged from January as did the index for plywood.

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

Forest Act amended

The Ministry of Law and Justice has approved an amendment to the Environment and Forestry Ministry's 2009 regulation that made it mandatory for the consent of village councils to be secured before for a change in forest land use can be effected.

Under the new rules the FRA will not be applicable for projects such as roads, railway lines, transmission lines, canals and pipelines in forest areas as they will improve the infrastructure and lead to overall development of rural areas.

Auction sales in Western Indian depots

At long last an agreement has been reached between timber traders and the Forest Department in Gujarat on the issue of e-auctions. From 6 April the regular auction schedule commenced starting in Waghai North depots. Sales will continue until 28 April in Valsad and from 29 April in depots in Surat.

Around 21,000 cubic metres of hardwood logs were offered for sale comprising 70% teak and 30% of other hardwoods.

As a result of the log export ban in Myanmar demand for domestic natural forest teak has grown and this is driving up prices.

Teak sales in Central Indian forest depots

Auction sales have been concluded at Timarni, khirakia, Narmada Nagar, Ashapur and other depots of Central India and prices were higher than previously achieved reflecting the good quality of the logs and the firmer demand. The latest auction prices for natural forest teak logs are shown below.

4-5 metre length	Rs per Cu.ft
91 cms & up girth	1900-2000
76 to 90 cms girth	1700-1800
61 to 75 cms girth	1600-1700
46 to 60 cms girth	1400-1450
3-4 metre length	
91 cms & up girth	1500-1550
76 to 90 cms girth	1450-1500
61 to 75 cms girth	1300-1400
46 to 60 cms girth	1200-1300
2-3 metre length	
91cms & up girth	1250-1300
76 to 90 cms girth	1100-1200
61 to 75 cms girth	900-1000
46 to 60 cms girth	850-900

Century-ply installs processing plant in Laos

Century Plyboards (India) Ltd has set up a plywood veneer production plant in Laos to produce for the Indian market. This is the company's second unit overseas, the first being in Myanmar. The plant, with three peelers and four driers, can process around 150 cubic metres of logs per day.

Located in the Bolikhamsai province, home to Nam Theun 2 Dam, the country's largest hydroelectric project, the new facility is a joint and trial production has already begun in readiness for commercial production in May.

In related news Century Plyboards will establish a particleboard unit near Chennai.

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	320-775
Benin sawn	530-872
Brazil logs	402-797
Brazil squares	370-680
Cameroon logs	365-510
Colombia logs	415-650
Congo logs	408-710
Costa Rica logs	414-840
Côte d'Ivoire logs	435-720
Ecuador squares	357-884
El-Salvador logs	377-712
Ghana logs	300-650
Guatemala logs	369-550
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	340-450
Panama logs	276-750
PNG logs	400-575
Sudan logs	455-820
Tanzania teak, sawn	307-885
Thailand logs	460-700
Togo logs	320-845
Trinidad and Tobago logs	420-680
Uganda logs	433-860
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 exmill prices for air dried sawnwood are shown below. Overall supply and demand are well balanced but there have been some minor price changes.

Sawnwood Ex-mill	Rs per cu.ft
Merbau	1550-1650
Balau	1600-1800
Resak	1200-1400
Kapur	1250-1300
Kempas	1100-1200
Red Meranti	900-950
Radiata pine AD	600-725
Whitewood	600-700

Price variations depend mainly on length and cross section

Myanmar teak arrivals

The volume of sawn teak imports from Myanmar is increasing and some price movements have been reported.

Sawnwood (Ex-mill)	Rs. per cu.ft
Myanmar Teak (AD)	
Export Grade F.E.Q.	8000-14000
Teak A grade	5500-6500
Teak B grade	4000-4250
Plantation Teak FAS grade	3000-3250

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 ft ³
Beech	1300-1350
Sycamore	1300-1400
Red oak	1500-1650
White Oak	1600-1800
American Walnut	2300-2400
Hemlock clear grade	1300-1400
Hemlock AB grade	1100-1200
Western Red Cedar	1600-1650
Douglas Fir	1200-1300

Price variations depend mainly on length and cross section

Plywood price discounts likely in the face of dull housing demand

Efforts to revive and revitalise the housing market are not yet bearing fruit. Demand for new homes in the major cities in India is now very slow and developers are faced with rising housing inventory and the pace of stock accumulation is growing as buyers cannot afford to pay the prices currently being asked.

The big question on the minds of the plywood manufacturers is how long it will take to clear the current stock of new homes and when the impact of policies on housing by the new government will begin to kick in.

The slow housing market has significantly depressed the wood product manufacturing sector in India and now, instead of anticipating an upward revision of plywood prices, millers have started to offer discount to maintain order books.

Prices for WBP Marine grade plywood from domestic mills

Plywood,	Rs. per sq.ft
Ex-warehouse, (MR Quality)	
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	

Report from Brazil

Pernambuco state furniture makers capture the headlines

Brazilian furniture manufacturers are clustered throughout Brazil but the main one is the Bento Gonçalves cluster in the state of Rio Grande do Sul (Southern region).

However, a cluster in Pernambuco state (Northeast region) has been attracting attention partly because MOVEXPO, the National Furniture Fair for the north and northeast regions, will be held from 19 May this year.

MOVEXPO is being organised by the Union of Furniture Industries of Pernambuco (SINDIMÓVEIS) to highlight the importance of the furniture makers in the regions.

Pernambuco has 200 furniture manufacturing companies and in 2014 it was estimated that revenues were over R\$ 840 million.

The Pombos furniture cluster is well-known in Pernambuco, companies established there have signaled their intention to invest about R\$ 41 million in expansion creating an additional 1,500 jobs over the next three years. In addition to being a significant furniture producing region, the Northeast of Brazil is an important domestic market.

The organisers of MOVEXPO have indicated the upcoming fair would promote new products and show new trends and technologies for the furniture sector.

FIMMA creates opportunities for the furniture sector

The 12th FIMMA Brazil Fair (International Fair of Machines, Raw Materials and Accessories for the Furniture Industry) ran from 16-20 March in Bento Gonçalves (Rio Grande do Sul state).

About 600 Brazilian companies and international companies from 40 countries attended the fair to exhibit their products ranging from machinery (34%), accessories (29%), raw materials (20%), information technology (10%) and tools (7%).

Approximately 33,000 visitors from Brazil and abroad attended the event where an estimated, which accounted for US\$297.9 million in business transactions. Twenty overseas importers attended through the 'Buyer Project' promoted by APEX Brazil.

The 'Buyer Project' has allowed the establishment of new partnerships through 440 rounds of business negotiations among 60 Brazilian companies and 20 importers from South Africa, Argentina, Bolivia, Colombia, Chile, USA, Mexico, Peru, Guatemala and Turkey.

Sharp decline in Brazil's international furniture exports

Brazil's furniture exports fell 14% year on year in January 2015 according to the Foreign Trade Secretariat (SECEX) of the Ministry of Development, Industry and Foreign Trade (MDIC).

Exports from Rio Grande do Sul state, the leading furniture exporter in the country fell 15% over the same period.

Brazil exported furniture worth around US\$38 million in January this year well down on the US\$44 million registered from January 2014. A sharp decline in export demand was recorded for Angola (-60%), the Netherlands (-53%) and Uruguay (-7%).

Exports from Rio Grande do Sul declined from US\$13.7 million in January 2014 to US\$11.6 million in January 2015 as a result of falling demand in Colombia (-77%), France (-65%), Argentina (65%), Mexico (60%) and Chile (-49%).

Unique study on forest regeneration reported

The Brazilian Agricultural Research Corporation (EMBRAPA) is conducting a survey in the Tapajós National Forest, Pará state (Amazon region) to assess the forest regeneration process after 35 years of the initial EMBRAPA intervention.

The first results indicate that the forest structure was restored but with a different mix of species compared to that prior to harvesting. The initial results show the age and volume structure was restored offering an opportunity for a second cutting cycle.

EMBRAPA says this assessment is unique in Brazil's tropical forest being the first monitoring of the second cutting cycle in the country and the first output from the Tropical Managed Forest Observatory (TmFO), an international organization that monitors and compares impacts of logging in the Amazon. EMBRAPA will publish the results of study in first half of 2015.

Domestic Sawnwood Prices

	US\$ per m ³
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	849
Jatoba	454
Massaranduba	391
Muiracatiara	428
Angelim Vermelho	370
Mixed red and white	231
Eucalyptus (AD)	227
Pine (AD)	159
Pine (KD)	178

Domestic Log Prices

	US\$ per m ³
Brazilian logs, mill yard, domestic	
Ipê	170
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	646
10mm WBP	519
15mm WBP	451
4mm MR	584
10mm MR	439
15mm MR	415

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 MDParticleboard	277
15mm MDF	400

Export Sawnwood Prices

	US\$ per m ³
Sawnwood, Belem/Paranagua Ports, FOB	
Ipe	1319
Jatoba	1005
Massaranduba	756
Muiracatiara	708
Pine (KD)	228

Export Plywood Prices

	US\$ per m ³
Pine Plywood EU market, FOB	
9mm C/CC (WBP)	368
12mm C/CC (WBP)	339
15mm C/CC (WBP)	338
18mm C/CC (WBP)	325

Export Prices For Added Value Products

	US\$ per m ³
FOB Belem/Paranagua Ports	
Decking Boards Ipê	2,362
Jatoba	1,545

Report from Peru

Peru's exports hit by tariffs in Ecuador

The Lima Chamber of Commerce of Lima, through its Foreign Trade Centre (CCEX) has reported that Peru's exports to the Andean Community of Nations amounted to US\$2.74 billion dollars in 2014, representing a growth of 14% year on year. According to CCEX exports of non-traditional products grew by 6% over the previous year.

The main market in the Andean Block was Colombia which, at US\$800 million, accounted for around 40% of total exports to the Andean Community, an increase of 10% year on year. The second important market was Ecuador which accounted for a market share of 35%, a modest 1% increase year on year. Ecuador has imposed a range of tariffs on imported goods which is dampening Peru's exports.

For more see:

<http://www.camaralima.org.pe/principal/noticias/noticia/exportaciones-peruanas-a-la-can-sumaron-2741-millones-de-dolares-en-2014/313>

Export Sawnwood Prices

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

	US\$ per m ³
Peru Sawnwood, FOB Callao Port (cont.)	
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	457-532▲
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 Sawnwood, FOB Iquitos	
Spanish Cedar AD Select Mexican market	911-931
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	442-514▲
Grade 2, Mexican market	392-429▲
Grade 3, Mexican market	161-176
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	369-426

Domestic Sawnwood Prices

	US\$ per m ³
Peru sawnwood, domestic	
Mahogany	-
Virola	173-198▲
Spanish Cedar	299-362▲
Marupa (simarouba)	151-168▲

Export Veneer Prices

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

Export Plywood Prices

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

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	1296-138
Cabreuva/estoraque KD12% S4S, Asian market	
Cumaru KD, S4S Swedish market	922-1058
Asian market	1123-1142
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 Japan

Weaker yen and low energy import costs improve trade balance

The Ministry of Finance has reported that the February current account surplus was the highest in almost four years but much of the improvement stemmed from the conversion to yen of companies overseas income but was also helped by falling import costs due to lower oil prices.

Analysts expect the current account to remain in surplus as long as the yen remains weak and oil and natural gas prices do not rise.

Medium and small Japanese firms look to international markets

In January the Japan External Trade Organization (JETRO) conducted a survey of domestic Japanese firms engaged in exports of agricultural, forestry, fishery and food products.

The survey assessed attitudes towards exports of agricultural, forestry, fishery and food products, challenges and issues, competitors in export destinations and future strategies.

The following summarises the main points in the JETRO report.

Attitude to exports

- 82% of respondents are placing more emphasis on exports due in part to shrinking domestic demand.
- 56% intend to increase exports over the next three years. Food makers noted the rise in popularity of Japanese foods overseas.

Challenges and issues

Amongst export destinations in which Japanese firms face challenges are China followed by the US, South Korea, the EU then Taiwan P.o.C.

Specific issues identified include difficulties in understanding local regulations and rules particularly in the US, China and the EU.

- 51% of firms reported a lack of information regarding consumer trends in export markets.
- 50% indicated that they were not able to gather sufficient information on local buyers including credit ratings and other commercial data. Exporters reported high logistic and overall transaction cost.

Competitors in export destinations

Chinese and S. Korean firms are major competitors in all markets. Regarding the strengths of competitors, price was ranked first followed by efficiency in distribution and sales.

Future strategies

Regarding specific measures to expand exports, strengthening of the sales functions (personnel, bases, and promotion) and strengthening product development were commonly cited.

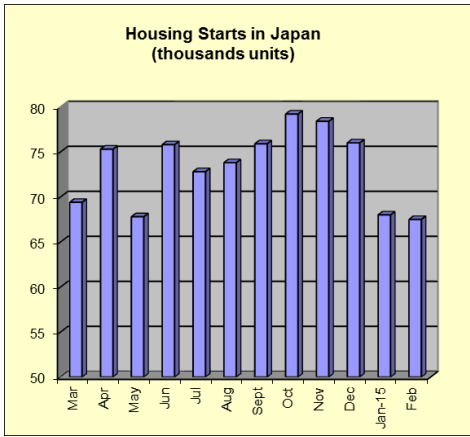
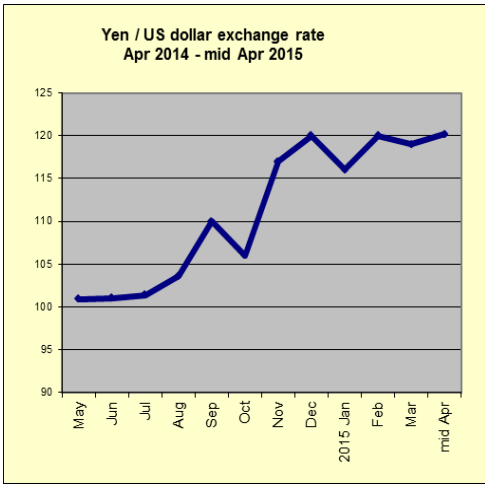
For the full details see:

<https://www.jetro.go.jp/en/news/2015/20150409737-news>

Yen down on expectations of rate rise in US

The yen fell slightly to 120.20 to the US dollar in mid April as the dollar continued to gain strength on expectations the US Federal reserve will soon begin to raise interest rates.

In related news the Bank of Japan (BOJ) steered clear of any additional monetary easing at its last meeting. After the meeting the BOJ Governor voiced optimism that the dampening effect of last years' tax increase has dissipated.



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

Widely divergent land price trends to be addressed

The Ministry of Land Infrastructure and Tourism reports that land prices in Tokyo Osaka and Nagoya, the three major cities, rose 0.4% in February following the 0.5% rise in the same month a year earlier. Commercial land values also rose (plus 1.8%) after the 1.6% in February 2014.

Interest rates on housing loans are currently very low and this has helped drive up land prices. However, nationwide land prices continue to fall highlighting the persistent deflation.

The difference in land price trends between the large cities and the rest of Japan is a challenge for the government and the risk is that current efforts to boost the economy are not addressing issue outside of the export manufacturing sectors.

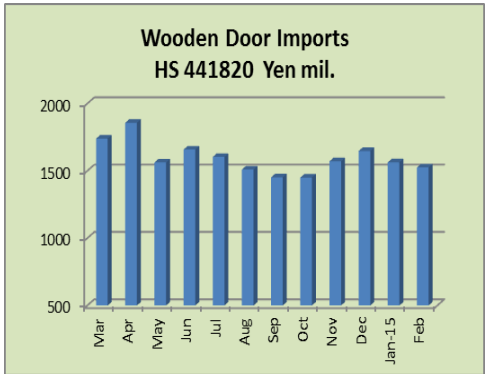
Those with investments in land or the stock market are benefitting from current fiscal policies but the average low and middle income family are having to cut back on expenditure prices of imported goods rise because of the weaker yen.

The weak yen is also hitting small sized companies, especially those which depend on imported raw materials.

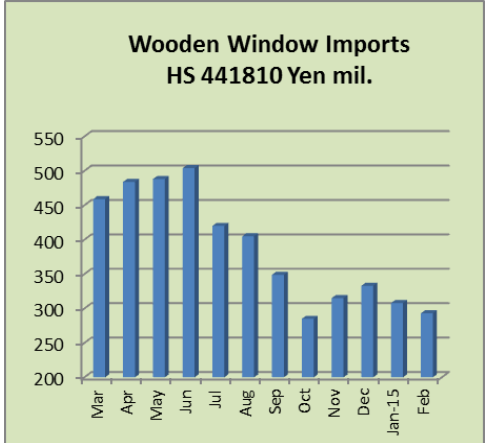
For more see: <http://tochi.mlit.go.jp/english/land-prices/land-value-look-report>

Import round up

February 2105 wooden door imports were down 19% year on year and compared to levels in the previous month imports fell 2.5%

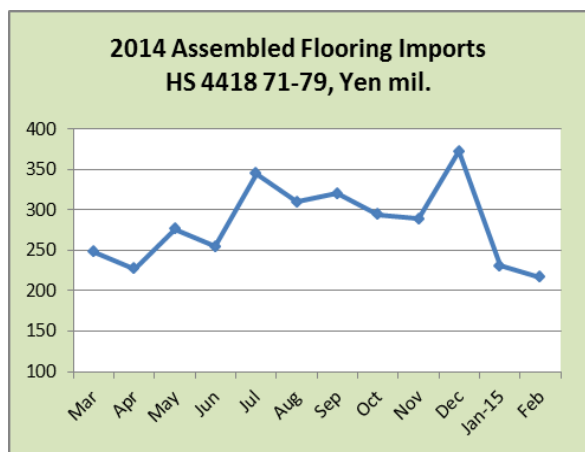


Data source: Ministry of Finance, Japan



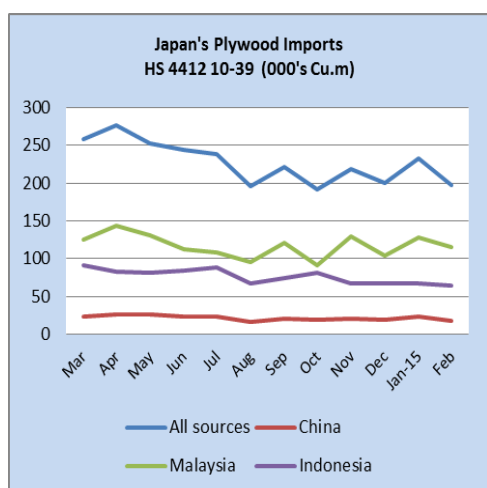
Data source: Ministry of Finance, Japan

Wooden window imports in February 2015 fell by a massive 40% year on year and were down 5% from January.



Data source: Ministry of Finance, Japan

February 2015 assembled flooring imports into Japan rose 2.4% year on year however they fell 6% compared to levels in January this year.



Data source: Ministry of Finance, Japan

Malaysia is the largest supplier of plywood to Japan but February imports fell 5% year on year and by 10% compared to import levels in January.

China's exports of plywood to Japan also fell year on year, dropping 14%. Compared to the level of imports in January this year February imports fell 2%.

A similar trend was seen with imports from Indonesia where year on year February 2015 imports fell 7% and compared the January this year, February imports were down 3%.

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>

Full liberalization of electricity market

Revised Electricity Business Act was approved by the cabinet meeting on March 3. The main revision is separation of generation and transmission of electricity. This means transmission system major electric companies have monopolized for years is now open for newly participating business, which is scheduled to start in April, 2020.

This is revolutionary change and this is the final target of reform of electricity system the government is aiming. This should support reduction of electricity price and diversification of the services of power companies.

It is already decided that electricity retail sales is liberalized since April 2016. With the revision of this time, each household is allowed to select supply source of electricity so that renewable natural energy like solar and biomass power generation should draw more attention.

Accounts of large electricity consumers like industrial plants have already been liberated but it is not certain if the cost is lower than before since the contract is made individually. For common household, there has not been any choice but to buy electricity from the electric company in residential area but now consumers have option to select what type of energy power each company is using to generate electricity.

Liberalization does not always guarantee lower electricity cost since other countries experienced higher electricity cost after banning nuclear generation because of maintenance cost of transmission system and higher cost of recyclable materials but significance is that consumers' mind decide what kind of electric business is formed in future. It's consumers' choice if electricity is generated by nuclear power or biomass energy, which is renewable energy and should help vitalize forest resources.

Sumitomo Forestry increases export of domestic logs

Sumitomo Forestry (Tokyo. Akira Ichikawa, the president) announced to increase forest products export business as a part of overseas business expansion plans. This year's target volume is about 80,000 cbms, about four times more than 2014.

Up until last year, the main item of export was logs. About 80% of the market is China then 13% for Korea, 6% for Taiwan P.O.C and 1% for Vietnam.

China has variety of demand and the price is priority matter. Any buyer, which designates species is exporter of finished products to foreign markets. Sumitomo Forestry Forest Service is in charge of log procurement in Japan then Sumitomo Forestry will handle shipment and marketing.

Species are 70% cedar, 20% cypress and 10% larch and fir. Main supply source is Kyushu with about 60% then 7-8% from Hokkaido.

In Japan, demand for low grade materials for biomass generation will increase so to increase procurement may not be easy but there is a possibility of large expansion of the demand if the price is right for huge softwood market in China

South Sea (tropical) logs

firming as all the log yards are almost empty after rainy season. In Sarawak, Malaysia, weather has been improving gradually since late February. Control on illegal logging is severe and in tight supply market, Indian buyers kept paying high prices for logs to fill up their ships so FOB prices had kept going up week after week in February but after meranti regular FOB prices shot up to \$300 per cbm, India finally stopped buying at high prices.

In late February, meranti regular log prices for Japan market were \$280-295, small meranti were \$245-260 and super small meranti were \$230. FOB prices for late March shipment will probably be up again in tight supply and competition with other countries. Local plywood mills are running out of log inventory and they compete grabbing low cost small logs. In late February, many plants had to shut down because of log shortage.

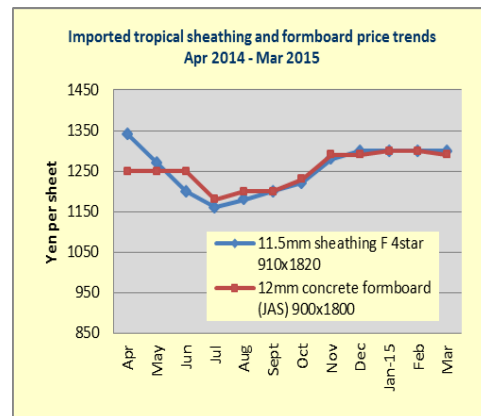
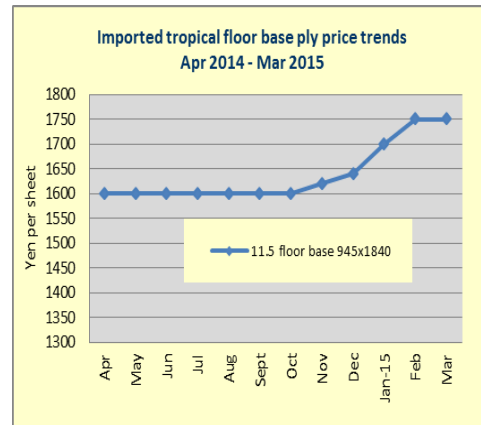
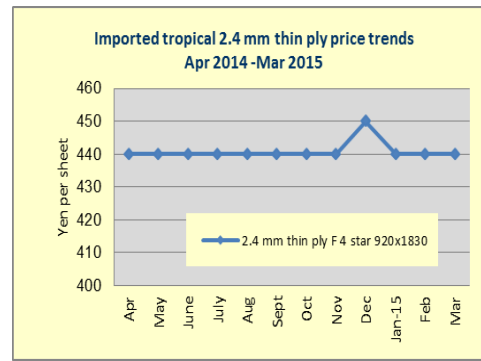
In PNG and Solomon Islands, weather continues unstable and cyclone hit in middle of March. Chinese purchase has been slowing as its log inventories in China are rather heavy but India is buying aggressively to replace Sarawak logs. So prices remain high, particularly the logs for Japan, which are selective in quality.

AI Ply's price hike

AI Ply, marketing company of Seihoku group, announced to increase the sales prices as of April 1. In Tokyo market, 12 mm 3x6 structural softwood plywood prices in middle of February dipped below 800 yen per sheet delivered so the plywood manufacturers' business turned unprofitable. Then in early March, the prices further dropped.

Major wholesalers held exhibition and spot sale fairs, which move rather large volume at one time so it could be turning point to firm up the market but this time, it turned adversely and the prices further dropped to 760-780 yen. This triggered price war among wholesalers and trading firms, which need to close their books at the end of March and inventory clean-up is their priority matter.

AI Ply thinks that this should be time to bottom the prices and after closing books, the market should turn round so it decided not to accept any more low offers after April 1. Plywood manufacturers in the group have been curtailing the production by 15% compared to last June then during the Golden Holidays in early May, the plants will stop running for a week or ten days to reduce the inventory.



Domestic production of laminated lumber

Japan Laminated Lumber Manufacturers Association disclosed domestic production of laminated lumber in 2014. Total is 1,555,000 cbms, 5.6% less than 2013. In structural materials, production of medium and small sized lumber declined because of demand drop by increase of consumption tax but large sized lumber increased.

Production of interior finishing lumber stopped declining since 2011 on both solid wood and veneer overlay lumber then in 2014, solid wood decorative lumber increased.

The demand expands as construction of large buildings increased and decorative lumber is heavily used.

Structural lumber recorded the third largest production behind 2006 and 2013. The production did not drop as much as 2014's housing starts, which dropped by 9%.

However, imported volume in 2014 dropped by 4.4% with 728,000 cbms so total of both imports and domestic production was in proportion to drop of housing starts.

Large sized lumber is used for large buildings, which increased in number then imported products lost competitiveness by weak yen.

Also for medium and large buildings, use of domestic species is encouraged, which pushed the domestic large size lumber production up. Percentage of lamina is 63.3% of European softwood and 24.3% of domestic softwood. A balance is North American softwood. It looks like share of 60% of European, 30% of domestic and 10% of North American is fixed.

Report from China

China halts timber imports from 3 countries

On 8 April China's National Endangered Species Office issued a directive suspending imports of CITES listed timber species (*Pericopsis elata*) and (*Dalbergia cochinchinensis*) from the Democratic Republic of Congo (DRC) and Laos.

The Office reminded timber importers not import CITES listed timber from the two countries until the restriction is lifted.

This restriction follows a directive from CITES Secretariat recommending all signatory countries to suspend trade in CITES-listed species from the DRC, the Lao People's Democratic Republic and Nigeria until further notice due to the failure of these three countries to submit a National Ivory Action Plan.

For more see:

<http://www.cites.gov.cn/ShowIndex/ShowNews.aspx?id=189&sort=t2>

and

[http://www.fws.gov/le/pdf/3-19-2015-Elephant-NIAP-Trade-Restrictions%20\(1\).pdf](http://www.fws.gov/le/pdf/3-19-2015-Elephant-NIAP-Trade-Restrictions%20(1).pdf)

National timber tracking system implemented

The China Timber and Wood Products Distribution Association (CTWPDA) has announced that a National tracking, inspection and labelling system for wood products has been officially launched and that certificates of compliance have been issued to some enterprises using the system.

The CTWPDA says the purpose of the new system is to guide the management integrity of domestic enterprises, to build a unified traceability system, expand brand awareness for the participating enterprises, help eliminate counterfeit products and protect the rights and interests of legitimate operators and consumers.

The National Wood Products Traceable Information Management System has been jointly established by the China Timber and Wood Products Distribution

Association and domestic research institutions. Details of the tracking certificates which have been issued to the participating enterprises can be found on the CTWPDA website which at present is only in Chinese.

The National Wood Products Traceable Information Management System covers wood-based panels, flooring, wooden doors, furniture, engineered wood, treated logs and redwood products.

See: <http://www.cnwood.org>, National CXBZ Inquiry System <http://www.cxbz.org/> and <http://321.chinaso.com/chaxun>

CPWPDA suggests tax cut on flooring

The CTWPDA has submitted a recommendation for a reduction in taxes on flooring manufacturers to the Ministry of Commerce, the National Development and Reform Commission and the State Administration of Taxation.

The CTWPDA suggests policies need to be formulated to encourage timber utilisation in the flooring industry and that these policies should include a tax cut on solid wood flooring and wood composite flooring. The CTWPDA also called for elimination of taxes on wood composite flooring and solid finger-joint flooring manufactured from residues and non-log raw materials such as wood waste as well as plantation timbers.

A similar recommendation was submitted in 2012 and in 2013. The CTWPDA argues that a change in tax structure will assist the wood flooring sector to become more dynamic and could accelerate the adjustment of the structure of the sector, promote economic development, assist enterprises cope with unfavorable unstable market demand and achieve further development of the flooring industry.

Trends in China's wood-based panel industry

In recent years there has been a marked slowdown in the pace of growth in China's wood-based panel industry. The output of wood-based panels in 2014 rose 11% to 300 million cubic metres but the pace of growth was well below the 20% level a year earlier.

Statistics suggest there are more than 10,000 wood-based panel enterprises in China employing around 3 million.

Private enterprises dominate the wood based panel sector providing employment to approx. 2.3 million workers. Most plants are small with an annual capacity of no more than 10,000 cubic metres of output.

There are around 1,200 fibreboard production lines with more than 300,000 employees and around 1,400 particleboard plants. The pace of growth of particleboard output was the fastest in 2014.

Distribution of wood-based panel enterprises

There are 8 provinces where production of wood based panels exceeds 10 million cubic metres annually. Six provinces: Shandong (64.22 million cu.m), Jiangsu (44.64

million cu.m), Guangxi (29.70 million cu.m), Anhui (18.42 million cu.m), Henan (15.81 million cu.m) and Hebei (14.95 million cu.m) account for approximately 73% of national wood based panel production.

Foreign trade in China’s wood-based panels

Imports

China’s 2014 plywood imports totalled 180,000 cubic metres valued at US\$132 million, up 15% in volume and 28% in value. The average price for imported plywood was US\$741 per cubic metre.

In both volume and value China’s fibreboard imports rose dramatically in 2014. China’s fibreboard imports amounted to 220,000 cubic metres valued at US\$110 million, up 223% in volume and 132% in value. The average price for imported fibreboard was US\$500 per cubic meter.

China’s 2014 particleboard imports totalled 580,000 cubic metres valued at US\$142 million, down 1.5% in volume but up 11% in value. The average price for imported particleboard was US\$243 per cubic metre.

Exports

China’s plywood exports in 2014 totalled 13.22 million cubic metres valued at US\$5.814 billion, up 29% in volume and 16% in value. The average price for exported plywood was US\$410 per cubic meter.

China’s 2104 fibreboard exports amounted to 3.41 million cubic metres valued at US\$1.631 billion, up 46% in volume and 38% in value and the average price for exported fibreboard was US\$479 per cubic metre.

China’s particleboard exports totalled 380, 000 cubic metres valued at US\$139 million, up 45% in volume and up 57% in value. The average price for exported particleboard was US\$366 per cubic metre.

The future for China’s wood-based panel industry

According to the plan set out for China’s forest products industry in the thirteenth 5 year plan the sector be transformed and upgraded with a new environmental outlook and will enter a new phase of development.

The sector will be directed towards:

- Expanding the raw material base and gradually realising the integration of forestry and panel production.
- Accelerating the pace of technological progress, gradually elimination of outdated production methods, optimising the product range with a focus on demand for structural panels.
- Accelerating consolidation in the industry and elimination of closure of enterprises.
- Establishing specialised industry clusters to improve efficiency and reduce costs.

- Improving the quality of wood-based panels through adopting advanced technology, new materials and new equipment.
- Strengthening social responsibility.
- Building brand awareness.
and
- Expanding utilisation of urban wood waste and recycling.

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

More positive attitudes to tropical timber in Europe

The first quarter of 2015 has been a busy time for EU policy initiatives linked to tropical forest and market development programs for tropical timber. There seems now not only to be a new urgency surrounding these initiatives but also a growing pragmatism with potentially positive implications for the tropical timber industry.

Specifically, there is a growing realisation that the EU can achieve very little by demanding that tropical timber products meet unrealistic standards of forest certification.

In order to avoid becoming irrelevant in issues surrounding tropical forests, the focus appears to be heading towards building constructive partnerships with tropical countries and on ensuring demands for “legal and sustainable” timber is balanced by positive promotion of progress.

This new and more positive attitude was in evidence at two high profile and well attended meetings focused on tropical forestry issues hosted in the EU during the first quarter of 2015.

In February, the second annual conference of the Sustainable Tropical Timber Coalition (STTC) in Valencia, Spain, attracted 70 delegates, a large proportion of which were from the trade and industry.

In March, FLEGT Week was held in Brussels, an event which attracted over 300 invited delegates representing a wide spectrum of interests including private sector,

governments and civil society from about 40 timber producing and consuming countries.

Again, and unlike previous years, there was significant participation from trade and industry, the African contingent being particularly well represented.

Two other European-based trade associations also deserve credit for promoting this more positive and pragmatic approach to tropical timber issues in the EU.

The European Timber Trade Federation (ETTF) is becoming more active and vocal in its support for tropical timbers – well illustrated by the quarterly ETTF newsletter now being published quarterly and freely available (see <http://www.ettf.info/spring-ettf-newsletter-out-now> for the latest copy).

The Association Technique Internationale des Bois Tropicaux (ATIBT) based in Paris is also busy transforming itself into an international organisation with a stronger focus on accelerating recovery in the tropical timber sector in Europe and wider international market place. The ATIBT’s latest newsletter (currently in French only) is available from www.atibt.com.

Practical experience of EUTR and VPAs

While these organisations are playing a role, perhaps a more important reason for the EU’s “new pragmatism” in tropical timber issues is practical experience of implementing the EU Timber Regulation (EUTR) and the FLEGT Voluntary Partnership Agreements (VPAs).

This seems now to be raising awareness amongst European policy makers of the real challenges of forest governance reform in tropical timber countries, the considerable efforts being undertaken to overcome these, and the sheer complexities of the tropical timber trade.

The quality of information on Europe’s role in the tropical timber industry is also improving. This information is being acquired through a variety of projects now underway aimed at reviewing the impact of the EU’s FLEGT Action Plan which is a decade old this year. One such project – the FLEGT Independent Market Monitor (IMM) – has been operational now for 12 months and is being run by the ITTO.

Also underway are the first formal biennial assessment of the EUTR and the formal 10-year Review of the FLEGT Action Plan which looks more broadly at the full range of EU forest governance measures, of which the VPAs are probably the most significant.

An important output from these various monitoring processes has been to highlight the dramatic fall in the EU’s share of global tropical timber trade over the last decade. The IMM’s Baseline Report, soon to be published by ITTO, shows that the EU’s share of global tropical timber trade fell from 24% to 12% between 2004 and 2013.

During the same period, China's value share rose from 15% to 28% while India's increased from 4% to 7%. These figures, which consider only international trade, under-estimate the extent of the shift in trade as there has also been considerable growth in many tropical countries' domestic consumption in the last decade.

FLEGT's major influence on the supply side

While trade data highlights the diminishing role of the EU on the demand side, it also demonstrates just how influential the FLEGT process is proving to be on the supply side.

Data from the IMM Baseline Report, widely quoted during FLEGT Week, shows that in 2013 the 15 countries implementing or negotiating VPAs accounted for 75% of the value of global tropical timber trade and 80% of the EU's tropical timber imports.

At FLEGT Week, the EC noted that "the level of ambition and influence of the VPA process is even more extensive than envisaged when the FLEGT Action plan was launched a decade ago". All six countries now implementing Timber Legality Assurance Systems (TLAS) in line with VPA commitments are extending these procedures to all exports, not just those destined for the EU, and also, in most cases, to domestic markets.

A strong commitment to participation, transparency and legislative reforms is also the norm in VPA processes. Civil society monitoring, governance reforms and legislative clarity are other key outcomes.

There were positive reports during FLEGT Week of the progress to finalise TLAS in line with VPA requirements in both Indonesia and Ghana. Dr Agus Sarsito of the Indonesian Department of Forestry told the audience that Indonesia's SVLK system is already working well and delivering national licenses. It just needs the EU to confirm that these align with their expectations for FLEGT licenses.

Raphael Yeboah of the Ghanaian Forestry Commission noted that the TLAS in Ghana is nearing completion and FLEGT licences are "almost there". Both countries' now expect FLEGT licences to be issued either later this year or the first half of 2016.

Challenges of VPA implementation

Recognition of the scope of the FLEGT process and the progress made was tempered during FLEGT Week with concerns over the significant challenges of finalising TLAS procedures and securing market benefits. The extent of these challenges was particularly highlighted at a workshop for the private sector during FLEGT Week.

In addition to noting the sharp decline in European imports of tropical wood in the last decade, the workshop report concludes that conversion of forest land to alternative uses continues to increase in many countries under pressure of population and with low economic returns from sustainable timber production.

In place of managed selective harvesting, more timber is coming from forest conversion and monoculture plantations of fast growing lightwoods for the paper industry, panels and engineered products.

The move to value-added timber industries has also stalled in many tropical countries, particularly in Africa, as they have struggled to compete with other timber processing countries. Exports of logs and rough sawn lumber have increased from many countries relative to semi-finished and finished goods.

Low financial returns and competitiveness imply a significant obligation on policy makers to ensure that the new TLAS are both cost-effective and adequately rewarded in the market place. It is a considerable challenge to balance these demands with the equally important need to ensure systems are robust, equitable for the full range of timber suppliers, both large and small, and widely recognised and endorsed by representatives of civil society.

This balance has to be achieved in an environment where financial and technical resources are limited, existing institutions may be weak and resources to apply the law are limited.

As one participant at the FLEGT Week workshop noted, "FLEGT may be one of the smartest governance programmes, but the process is messy, unpredictable and taking longer than first thought."

Delay in VPA licensing – the challenge for the private sector

The long delays in implementation and issue of VPA licenses are a significant cause of concern for the private sector. EU importer representatives at the workshop stressed that lack of licenses is becoming a more significant obstacle to trade in tropical timber in the risk averse market environment that has developed in the EU following the economic crises and with implementation of EUTR.

In his presentation to FLEGT Week, ATIBT Director Ralph Ridder noted that, while there were many positive developments in FLEGT over the past decade, there has been a loss of momentum in some VPA processes. This has made parts of the private sector sceptical about the value of VPAs and encouraged disengagement.

Ridder emphasised that the EU must address this, specifically by providing support for positive market development of timber from VPA countries and a strong focus on delivering more cost effective approaches.

Other private sector participants at FLEGT Week emphasised the need for more stepwise approaches in VPA countries, with intermediate benefits during the long process of negotiation and implementation. Participants also said that a TLAS should be built from existing systems to maximize efficiency and minimize costs.

Linkage to existing private-sector legality verification and certification systems should be actively encouraged.

One participant went further, calling for risk-based approaches in the future, noting that auditing costs are increasing and that it would be good to contain them. A risk-based approach would mean less control in countries where there is good governance and a culture of compliance and increasing levels of control where there is a systematic lack of compliance.

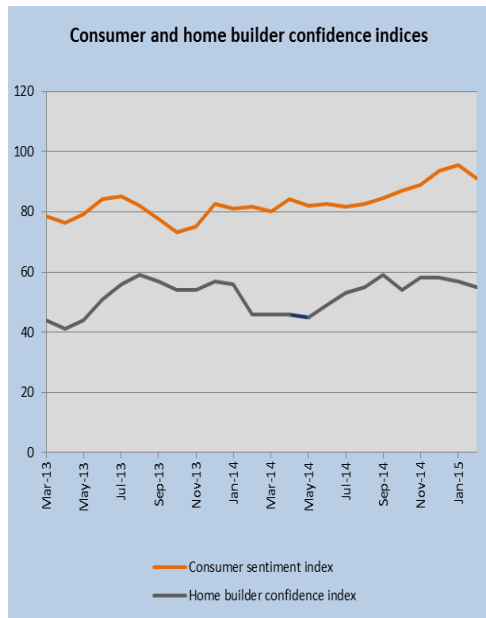
Report from North America

Consumer spending forecast to increase 3.3% in 2015

Confidence in the US economy declined among lower and middle income households in March. The main concerns were lower incomes and higher costs. High income households reported higher confidence in the economy. Overall confidence in the economy remains favourable. Personal expenditures are still expected to grow by 3.3% this year.

Winter weather affected builders' confidence

Builders' confidence in the market for newly built single-family homes declined in February. The decline was mainly due to unusually high snow levels in many parts of the country, which limited construction activity. Underlying demand for new housing remains strong, according to the National Association of Home Builders.



Data source: Thomson Reuters/University of Michigan Surveys of Consumers, National Association of Home Builders/Wells Fargo Housing Market Index

Housing starts down due to cold weather

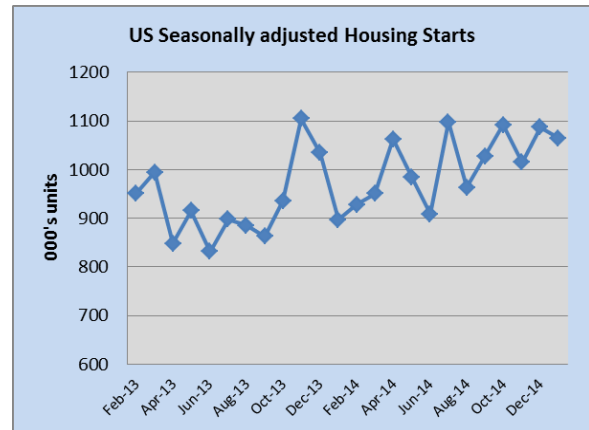
Housing starts fell by 2% to a seasonally adjusted annual rate of 1.065 million units in January, according to data from the U.S. Commerce Department. The decline was mainly due to a 22% decrease in construction in the Midwest.

Single-family housing starts fell 6.7%, while multifamily starts rose 7.5% in January.

Severe winter weather in the Midwest and other areas of the country are mainly to blame for the slowdown in construction.

The number of building permits was almost unchanged in January at 1.053 million units. Permits for single-family homes declined, while multi-family permits increased.

Existing-home sales declined in January to their lowest rate in nine months, according to the National Association of Realtors but home prices continued to rise above the pace of inflation. Low housing supply and rising prices contributed to lower sales.



Data source: US Census Bureau

Little change in non-residential construction

Investment in non-residential construction declined slightly in January, according to US Census Bureau data. Private investment decreased by 1.5% at a seasonally adjusted annual rate, while public construction fell by 3.6%.

The American Institute of Architects reported improving business conditions for companies in the institutional market (education and health care buildings).

High Canadian household debt

Canadian housing starts grew 4.5% in January to 187,000 at a seasonally adjusted annual rate. The growth was in multi-family construction, while single-family home starts declined.

Concerns are growing about the Canadian housing market and household debt. Canadian home prices are overvalued by between 10% and 60%. Household debt levels reached a new record in the 4th quarter of 2014. The ratio of household debt to income was 163%, which poses a financial risk if mortgage rates go up.

Economic activity in manufacturing sector continues to expand

Unemployment declined to 5.5% in February. Construction was among the sectors with job gains. The unemployment rate is close to what analysts consider full employment, but other indicators are less positive. Wage growth has been low and a large number of Americans are underemployed or have given up looking for a job.

The Federal Reserve has kept interest rates near zero until now. With lower unemployment and good economic growth interest rates are likely to increase for the first time since the recession. The low growth in wages and the rising US dollar remain a concern for the economic recovery.

Economic activity in the manufacturing sector continued to expand in February. However, growth in production and new orders slowed, according to the Institute for Supply Management. Furniture manufacturing reported growth in February, while the wood products sector saw no change.

Positive outlook in cabinet market

US demand for cabinets is forecast to increase 6.6% annually in the next four years. Freedonia’s latest market study on cabinets projects demand to reach \$16 billion in 2018. Cabinet demand will be driven by a strong growth in home construction. Increasing residential improvements and repairs will also support demand growth for cabinets.

The strongest growth will be in kitchen cabinets. Kitchen cabinets accounted for 81% of total demand in 2013. Current design trends include larger kitchens with more cabinets and the use of cabinets with special features, such as pull-out shelves, storage racks and LED lighting.

Stock cabinets will remain the most widespread cabinet type installed due to availability, price and ease of installation. However, Freedonia forecasts growing demand for custom cabinets beyond 2018.

Demand growth for bathroom cabinets will be based on more new homes being built and a trend towards multiple bathrooms in the house.

Office, commercial and institutional construction is expected to boost demand for cabinets in the non-residential sector as well. Specific growth markets to 2018 will be hotels, office buildings, health care facilities and retail stores. The smaller market of recreational vehicles, recreational boats and business jets is also forecast to grow following several years of low production.

Wood product imports were higher in January compared to the same time in 2014, with the important exception of wooden furniture. Total wooden furniture imports fell in January, but imports from Europe grew.

Lower furniture imports and higher share from Europe

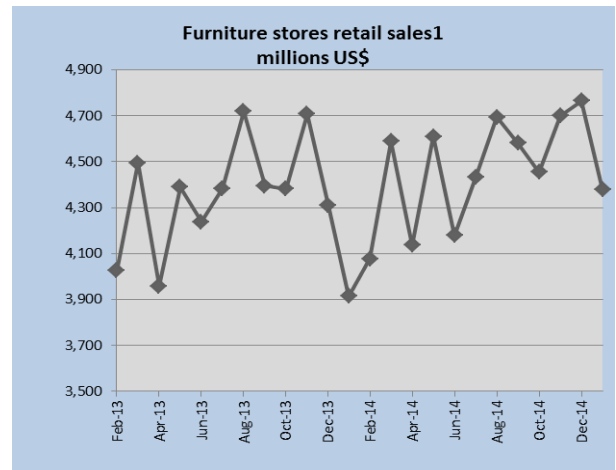
Wooden furniture imports were down in January, both on a month-over-month basis and compared to the same time in 2014. Total wooden furniture imports were worth \$1.25 billion in January, down 2% from January 2014.

Almost all major supply countries saw a decline in shipments to the US. Imports from China were worth \$618 million, down 5% from December. Vietnam’s shipments fell by 6% to \$224.9 million. Only imports from Malaysia remained unchanged at \$51.7 million.

Imports from Europe grew, helped by the low euro value. Italy, Poland, Germany and Lithuania expanded furniture exports to the US in January.

Seasonal decline in furniture retail sales

Retail sales at furniture stores in the US fell by 8% from December to January, according to US Census Bureau data. The decline was mainly seasonal and retail sales were significantly higher than in January 2014 (+12%).



¹Sales data are NOT adjusted for seasonal, holiday and trading-day differences

Data source: US Census Bureau

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

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

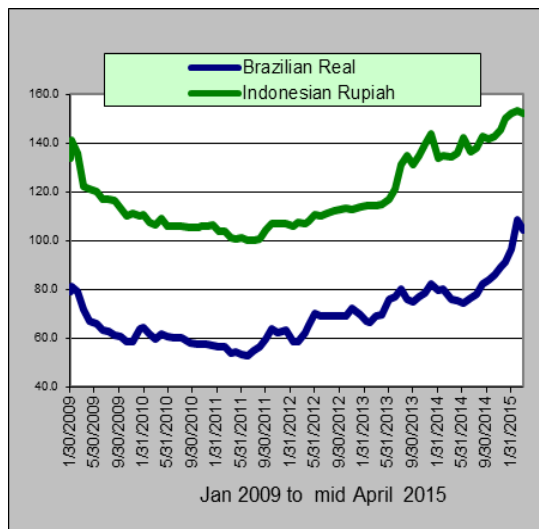
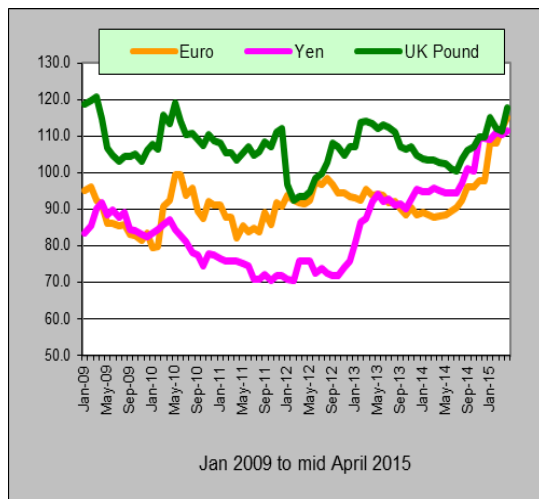
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

US Dollar Exchange Rates

As of 10th April 2015

Brazil	Real	3.0759
CFA countries	CFA Franc	620.59
China	Yuan	6.2083
EU	Euro	0.9432
India	Rupee	62.276
Indonesia	Rupiah	12919
Japan	Yen	120.20
Malaysia	Ringgit	3.6631
Peru	New Sol	3.1195
UK	Pound	0.6834
South Korea	Won	1093.96

Exchange rate index (Dec 2003=100)

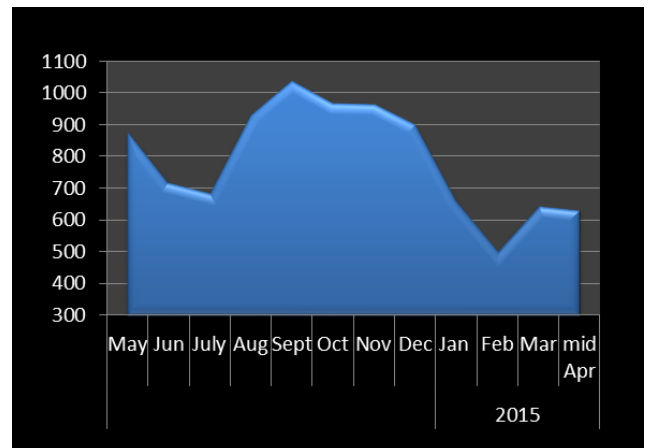


Abbreviations and Equivalences

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
May 2014 – mid April 2015

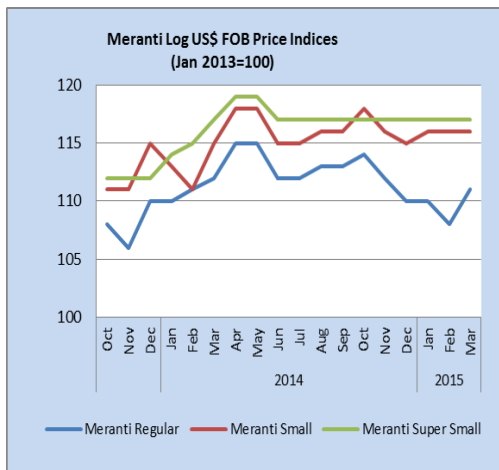


Data source: Open Financial Data Project

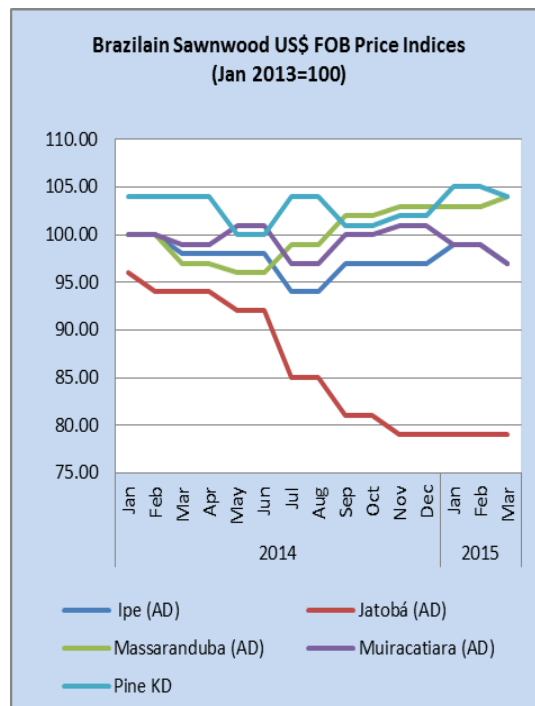
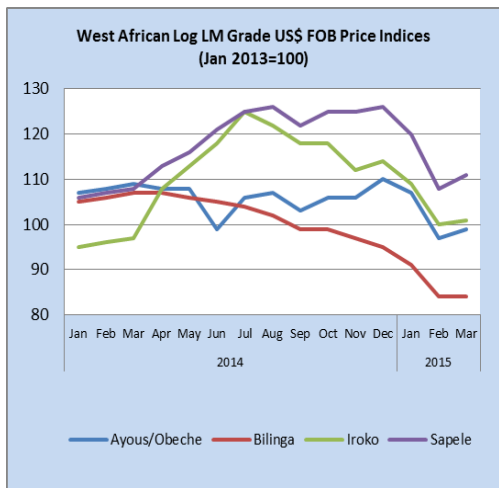
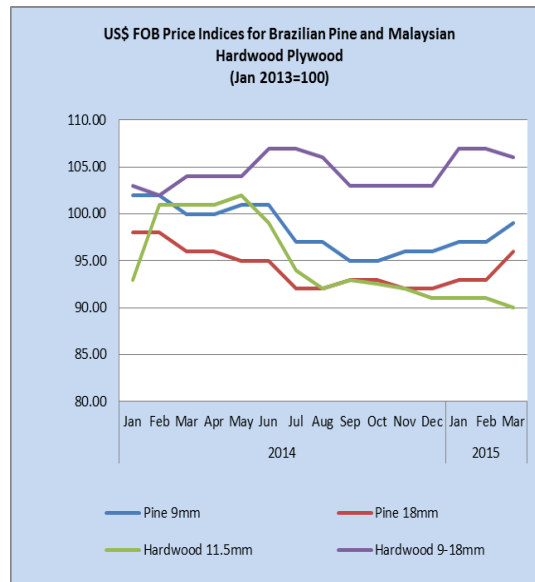
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

Price indices for selected products

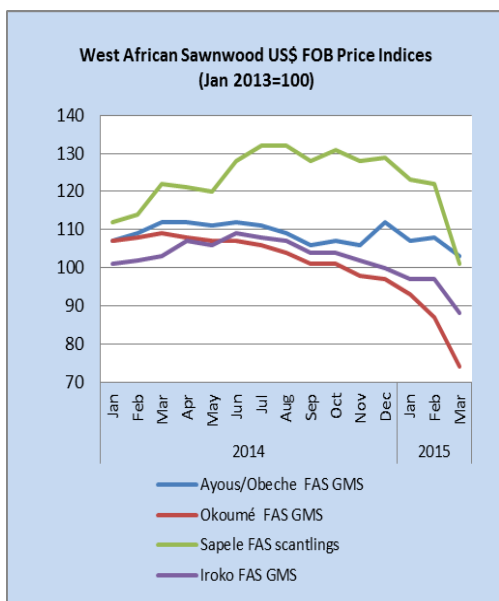
The following indices are based on US dollar FOB prices.



Note: Sarawak logs for the Japanese market



Note: Jatobá mainly for the Chinese market.



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