

Tropical Timber Market Report

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Top Story

CLT creates new opportunities for hardwoods

Cross-laminated lumber (CLT) offers new opportunities to extend the use of hardwood in high-end structural applications. CLT panels consist of several layers of sawnwood stacked and glued crosswise.

The result is a light but very strong panel product that can be made off-site and erected quickly to form structural walls, floors and ceilings. CLT is used in a wide range of applications in single-family houses, multi-storey towers, public buildings and specialty construction.

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Report from Central/West Africa

Buyers for China remain on the side-lines

West African producers report that buyers for the Chinese market are still on the side-lines so mills are scaling back log harvesting as well as mill production in an attempt to maintain prices at current levels.

There are some reports of buyers seeking sawn okoume but the prices being offered are much lower than previous contracts. Some mills are accepting the reduced offer prices but only for small volumes.

Stock levels in Middle East falling

Construction and building activity remains buoyant in most of the main Middle East markets which is sustaining demand from builders in the region. Importers in the Middle East rely on an extensive and efficient regional distribution network to supply customers and reports suggest the flow of wood products is good such that stocks are being absorbed.

As stock levels in the Middle East fall producers in West and Central Africa anticipate a rise in orders despite the continuing cautious attitude of buyers given the recent supply of low cost meranti.

EU markets underpinning price stability

Producers report that demand in European markets is firm and prices are stable and that this is assisting them in maintaining price levels in other markets.

Demand for okoume logs and sawnwood for the Chinese market is slow and prices have not recovered. FOB prices for okan and sapele are also under pressure as demand slows but for most of the other timbers prices are stable.

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	250	250	-
Bibolo/Dibétou	150	145	-
Iroko	330	290	260
Okoume (60% CI, 40% CE, 20% CS)	220	220	160
(China only)	335	-	-
Moabi	210	305	225
Movingui	160	210	160
Niove	250	160	-
Okan	220	210	-
Padouk	345	285	225
Sapele	305↓	305↓	220
Sipo/Utile	-	340	265
Tali	-	320	-

Sawnwood Export Prices

West African sawnwood, FOB		€ per m ³
Ayous	FAS GMS	410
Bilinga	FAS GMS	500
Okoumé	FAS GMS	370
	Merchantable	225
	Std/Btr GMS	270
Sipo	FAS GMS	610
	FAS fixed sizes	610
	FAS scantlings	640
Padouk	FAS GMS	930
	FAS scantlings	1000↑
	Strips	680
Sapele	FAS Spanish sizes	610
	FAS scantlings	620
Iroko	FAS GMS	610
	Scantlings	690
	Strips	440
Khaya	FAS GMS	450
	FAS fixed	460
Moabi	FAS GMS	610
	Scantlings	630
Movingui	FAS GMS	420

Report from Ghana

Forestry Commission embarks on plantation plan

The Forest Services Division of the Forestry Commission (FC) has embarked on yet another massive reforestation programme.

To be known as 'Push to Promote Reforestation', the FC is offering financial support and other incentives to spur private initiatives in plantation development specifically targeting farmers and private investors

Those opting into the scheme would receive financial assistance and other material rewards. The amount of cash offered would depend on area to be planted and beneficiaries will receive payments biannually as long as the plantations are tended.

Mr. Ebenezer Agyakwa, Customer Relation Officer of the Forest Services Division said the Division is working with the EU on this programme within the 'Carbon Credit' initiative.

Inflow of foreign currency not all good news says AGI

Over the past two weeks the cedi has appreciated against the US dollar by around 1%, being driven up by prospects of US\$1.8 billion loan set to be released by the Cocoa Syndicate. The upward trend in the value of the cedi was also spurred by the successfully completion of the fourth Eurobond issue.

While the strengthening of the cedi has been touted as good news for local manufacturing companies the Association of Ghana Industries (AGI) along with other business players, have raised concerns over the continued increase in the value of loans being taken on by the government.

The AGI says government borrowing is not a long term solution to the country's financial ills and that creating a favourable business environment, cutting waste and

scrutinising government expenditure would be better ways for the government to boost growth.

However, the Ministry of Finance is optimistic the increase government reserves will stabilise the cedi exchange rate and will lead to economic expansion.

Boule Export prices

	Euro per m ³
Black Ofram	345
Black Ofram Kiln dry	437
Niangon	490
Niangon Kiln dry	520

Export Rotary Veneer Prices

Rotary Veneer, FOB	€ per m ³	
	CORE (1-1.9mm)	FACE (>2mm)
Ceiba	335	400
Chenchen	462	565
Ogea	493	535
Essa	325	530
Ofram	350	406

NB: Thickness below 1mm attract a Premium of 5%

Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afromosia	1.19	0.91
Asanfina	1.40	0.35
Avodire	3.00	0.34
Chenchen	1.10	0.50
Mahogany	2.40	1.00
Makore	0.89	0.60
Odum	1.33	1.00

Export Plywood Prices

Plywood, FOB	€ per m ³		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	482	510	641
6mm	464+	535	615
9mm	393	460	544
12mm	369	463	450
15mm	410	422	382
18mm	368+	362	370

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

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	925
Asanfina	492	564
Ceiba	240	280
Dahoma	448	529
Edinam (mixed redwood)	536	625
Emeri	495	520
African mahogany (Ivorenensis)	650	1049
Makore	700	757
Niangon	567	420
Odum	660	950
Sapele	642	820+
Wawa 1C & Select	390	380

Export Added Value Product Prices

Parquet flooring 1st grade	FOB € per sq.m		
	10x60mm	10x65-75mm	14x70mm
Apa	12.00	14.47	17.00
Odum	7.80	10.18	11.00
Hyedua	13.67	18.22	17.82
Afromosia	13.72	13.93	17.82

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

Malaysian manufacturing boost from TPP

Malaysia along with another 11 Asia Pacific countries: Australia, Brunei Darussalam, Chile, Japan, Peru, Singapore, the United States, Vietnam, Mexico, Canada and New Zealand has agreed the Trans-Pacific Partnership Agreement (TTP).

Malaysia secured some concessions during the negotiations due to uniqueness of its economy especially in relation to the governments affirmative action programme.

Supporters of the TTP say conditions will be such that Malaysia's economy will grow faster as the manufacturing sector will secure advantages in TPP member country markets and there could be growth in foreign investment.

As a result of the agreement the ringgit secured its biggest single-day improvement against the US\$ rising almost 4%.

Critics of the TPP object to the advantages given to state owned companies under the agreement and also claim some personal rights will be infringed under the agreement. Analysts have suggested that it could take years for all TPP member countries to ratify the agreement.

Harwood Timber to physically inspect Sarawak log shipments

Harwood Timber, a state government owned company, signed a memorandum of understanding with the Sarawak Forestry Corporation (SFC) on a forest plantation and forest landscape restoration project involving indigenous tree species.

This agreement between the two entities also provides the framework for Harwood Timber and SFC to promote the greening process for degraded landscapes across the state.

In 1994, Harwood Timber was appointed by the state government as the sole agency under the Forests Ordinance to administer and monitor the movement of logs in Sarawak.

Under an amended Forest Ordinance 2015 Harwood Timber was re-appointment and charged with physically inspecting log shipments and verifying the legality of the timber along the supply chain in Sarawak. Harwood will continue to issue clearance certificates for logs destined for domestic processing or export.

Harwood Timber's new role is expected to strengthen the reputation of the Sarawak timber industry.

Sarawak produced 5,232,621 cu.m of logs from January to August this year compared to 5,449,911 cu.m in the same period last year.

Report from Indonesia

Indonesian importers face due diligence

Indonesia's Ministry of Environment and Forestry has issued a regulation 'Management P.7/PHPL-SET/2015' on procedures to be followed by Indonesian wood product importers.

Indonesian importers of wood products are required to exercise due diligence under the conditions of the VPA with the EU to ensure the legality and traceability of wood products coming into the country.

Importers are expected to know where to find the relevant information and are expected to update themselves on the requirements set out in the regulation. All information will be made available on Inatrade, the website operated by the Ministry of Trade.

No log exports

The Trade Ministry is currently revising a number of import and export regulations but has indicated the ban on the export of logs will remain in place. Nurlaila Nur Muhammad, the Ministry of Trade Director of Agriculture and Forestry Exports said while the export of pulp will be allowed there will be no change in the log export ban.

SVLK requirements to be relaxed

The government has agreed to relax regulations on legality verification for some specific wood products in order to ease the burden of legality certification on manufacturers.

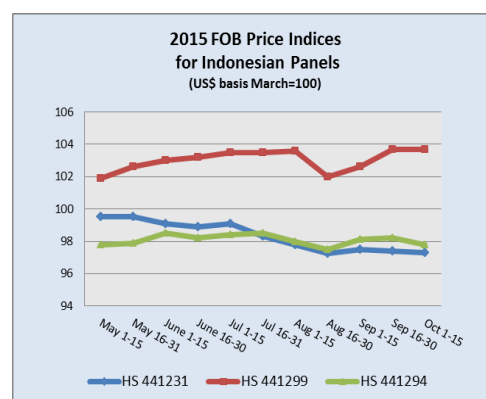
Nurlaila Nur Muhammad from the Ministry of Trade said timber associations had welcomed the decision to simplify procedures for the export of ironwood and revoke requirements for timber legality verification system (SVLK) certification on 15 added value wood products including furniture.

The planned relaxation of the SVLK requirement has raised concerns in the EU and representatives of the Multi-stakeholder Forestry Program (MFP). The MFP is asking for clarification on the matter. The Environment and Forestry Ministry objected to the planned revision as it risks undermining efforts to stamp out the trade in illegally sourced timber.

Raising the quality of exports

The EU has initiated a programme to raise the quality of Indonesian exports. Speaking recently the EU Ambassador to Indonesia, Vincent Guerend, said "the EU hopes that through its Trade Support Programme the quality of Indonesian goods will be raised and that this will lead to increased exports to the EU.

The EU/Indonesia Trade Support Programme in its second stage will focus on five sectors that find exporting to the EU difficult: agri-foods, fisheries, electronics, wooden furniture and natural cosmetics.



Report from Myanmar

Action plan for VPA

A domestic newspaper, Daily Eleven reported on 1 October that Dr.Sein Win of the Myanmar Forest Products Merchants Federation (MFPMF) announced that arrangements are underway to negotiate a FLEGT-VPA with the EU.

Win stressed that a successful negotiation will involve considerable effort on the part of government agencies and the private sector. Government agencies must ensure sound forest management and enforcement of Myanmar's forest laws and supervise production and trading. The private sector must maintain transparency in its dealings and abide by national laws.

A memorandum of understanding, including an action plan for implementation of the VPA, has been signed between the MFPMF and Global Timber. See: <http://email.23ccc.com/t/ViewEmailArchive/y/A00EA3BCD086CA61/C67FD2F38AC4859C/>

Forecasts decline in growth

A recent World Bank report forecasts that Myanmar's GDP for the 2015-16 fiscal year is likely to be below target due in part to recent flooding and a slowdown in investment.

According to the "East Asia and Pacific Economic Update" from the Bank, Myanmar's economy grew at 8.5% in the 2014-15 fiscal year but is forecast to be only 6.5% in the next fiscal year".

Myanmar among least competitive economies

According to the latest rankings of the World Economic Forum (WEF), Myanmar remains among the 10 least competitive countries in which to do business.

The Annual Global Competitiveness Index for 2015-16 published by the WEF ranked Myanmar amongst the most challenging in which to do business.

The WEF report stressed that Myanmar needs to address technological readiness, financial market development and business sophistication. It was also noted that labour market efficiency needs to be improved.

A press release from WEF in relation to Asian economies says “Among emerging and developing Asian economies, the competitiveness trends are mostly positive, despite the many challenges and profound intra-regional disparities.

While China and most of the South-East Asian countries perform well, several South Asian countries and Mongolia (104th) continue to lag behind.

The five largest members of the Association of Southeast Asian Nations (ASEAN) all rank in the top half of the overall GCI rankings – Malaysia (18th, up two), Thailand (32nd, down one), Indonesia (37th, down three), the Philippines (47th, up five) and Vietnam (56th, up 12).”

For more see: <http://reports.weforum.org/global-competitiveness-report-2015-2016/economies/#economy=MMR>

September market prices

The following timber was sold by Myanma Timber Enterprise by tender on 28 September 2015. Log volumes are expressed in hoppus tons (H.tons).

Prices secured for Sawing Grade teak logs. Open Tender Yangon Depots 28 Sept. 2015

Grade	H. tons	Avg. US\$/ton
SG-1	24	5509
SG-2	26	4778
SG-4	82	3766
SG-5	60	2547

Report from India

Policy changes could stimulate private sector development of affordable housing

The Confederation of Real Estate Developers’ Associations of India (CREDAI) has released a new report ‘Housing for all: Reforms can make it happen sooner’. This identifies the policy changes that, if adopted, would lead to greater involvement of the private sector in building affordable housing.

The opening statement in the report says “In India housing and indeed all affordable housing has been the exclusive preserve of public sector entities such as Housing Boards or Development Authorities.

Private sector real estate developers have been historically precluded from affordable housing both structurally and at the level of policy.

One major trend that can be witnessed at least since the global liquidity crisis of 2008 - 2009 in India is that private sector developers are willing to assume risks and put their entrepreneurial talent at stake on the affordable housing segment.”

For more see: <http://www.credai.org/sites/default/files/Credai-Housing-for-all.pdf>

Punjab has surplus of logs

In order to boost private farm forests the Central Empowered Committee (CEC) has decided to issue licenses to over 5,600 previously unregistered wood-based industries in the state of Punjab. These industries include 5,290 sawmills, 139 veneer mills, 203 plywood factories and 19 other units.

The reason behind this decision is that Punjab has a surplus of wood raw material as 3.2 million cubic metres of logs are available annually while the annual consumption of mills in the State is only 2.8 million cubic metres.

As many as 360 wood processing plants in Punjab that were established after 30 October 2002 were forced to close after the Supreme Court of India decreed that no state or Union Territory could permit any unlicensed wood processing industry to operate without prior permission from the Central Empowered Committee.

According to Mr.Tikshan Sood, Punjab Minister for Forest and Wildlife Preservation, the surplus 400,000 cubic metres of wood is sufficient to supply a large number of small mills and this would lead to the creation of many direct and indirect jobs in the State.

The State government is also studying the possibilities of setting up plywood factories at the behest of the Punjab Forest Corporation.

If the State proceeds with the plan to allow more wood processing plants this will motivate more farmers to plant trees, especially fast growing poplar and eucalyptus.

In related news, the Government of Haryana State has also been approached by owners of mills that were forced to close on the orders of Supreme Court of India.

The farmers in the State have joined this appeal as registering all mills will increase demand for timber and will encourage more planting which will raise rural incomes.

Wide range of prices for peeler logs – poplar replaces gurjan

At present prices for peeler logs vary widely across India. In Bengal Bihar and Jharkhand peeler log prices are high as most mills use semul (Bombax spp.), kadamba (Anthocephalus kadamba), siris (Albizia spp) and other expensive timbers.

On the other hand, in Southern India most peeler logs are plantation grown rubberwood which is very competitively priced giving mills using such raw materials a competitive advantage.

The relative newcomer to the plywood industry is poplar and this is now a favorite because of its low price. The use of poplar for face veneers for plywood has helped replace imported Myanmar gurjan.

Expansion of fibreboard capacity

With pre-laminated particleboard and MDF becoming increasingly profitable new capacity is being added. Reports suggest that in 2014 capacity in the wood based panel sector expanded at around 700 cubic metre per day.

India has extensive sugar plantations and generates a huge quantity of bagasse suitable for the panel industry. Three new panel mills have been commissioned this year and one more is soon to begin production in in Chennai.

Wood Plastic Combination boards are also becoming popular as they are considered strong, waterproof and easy to work and finish. Such products, which are new to the Indian market, make use of a wide variety of wood and agri-residues which help reduce dependence on imports.

Prices for imported plantation teak, C&F Indian ports

Prices are unchanged from the end of September

	US\$ per cu.m C&F
Angola logs	459-574
Belize logs	350-400
Benin logs	285-775
Benin sawn	530-872
Brazil logs	375-724
Brazil squares	370-680
Cameroon logs	401-510
Colombia logs	262-796
Congo logs	451-710
Costa Rica logs	320-780
Côte d'Ivoire logs	277-552
Ecuador squares	313-858
El-Salvador logs	345-934
Ghana logs	255-757
Guatemala logs	360-655
Guyana logs	300-450
Kenya logs	515-600
Laos logs	300-605
Liberia logs	265-460
Malaysian teak logs	323-516
Nicaragua logs	350-596
Nigeria squares	367-418
Panama logs	253-630
PNG logs	443-575
Sudan logs	448-521

Tanzania teak, sawn	307-885
Thailand logs	511-700
Togo logs	280-542
Trinidad and Tobago logs	557-680
Uganda logs	411-511
Uganda Teak sawn	680-900

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

Prices for locally sawn hardwoods

Despite the continuing weak market demand prices have not fallen. The rupee has been trading in a slightly narrower band than in past months but importers are still having to absorb exchange rates losses.

Sawnwood Ex-mill	Rs per cu.ft
Merbau	1500-1650
Balau	1500-1600
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

Millers of Myanmar teak unable to lift prices

There has been no change in price levels for domestically milled Myanmar teak.

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	4500-5000
Plantation Teak FAS grade	3500-4000

Price variations depend mainly on length and cross section

Prices for imported sawnwood

Importers in India are appealing for more active promotion on the part of suppliers and say this may help lift demand.

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 market update

The market for plywood remains very subdued and as the rupee weakens production costs rise with no opportunity for this changes to be passed on to end-users.

Prices for WBP Marine grade plywood from domestic mills

Plywood,	Rs. per sq.ft
Ex-warehouse,(MR Quality)	
4mm	39.50
6mm	52.50
9mm	66.50
12mm	82.00
15mm	109.00
18mm	114.50

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.20.00	Rs.29.60
6mm	Rs.30.30	Rs.38.00
9mm	Rs.38.20	Rs.46.00
12mm	Rs.45.40	Rs.55.80
15mm	Rs.55.80	RS.68.00
19mm	RS.64.60	Rs.76.30
5mm Flexible ply	Rs.40.00	

Report from Brazil

Exports the alternative to falling domestic sales

The current economic conditions in Brazil are not conducive to domestic sales and this is affecting decisions in the private forestry and wood processing sectors.

According to the Brazilian Association of Mechanically-Processed Timber Industry (ABIMCI), because of strengthening demand in the US, coupled with the appreciation of the US currency, Brazilian wood product manufacturers are focusing on exports but this comes with a sting-in-the-tail in the form of lower dollar prices.

In addition to the lower dollar prices, the appreciation of US dollar has impacted production costs since many of the inputs such as power and fuel costs have risen.

The current sense of economic uncertainty in Brazil has also resulted in it becoming more difficult for companies to access credit and when credit is available interest rates are very high, raising the risks to the commercial viability of wood product manufacturers.

Agreement on sustainable forest management in the Mamirauá Reserve

A forest management agreement has been agreed between the Sawmillers Association and Furniture Manufacturers in Uarini municipality and the Community Association Santa Luzia do Horizonte in the Mamirauá Sustainable Development Reserve in the state of Amazonas.

The goal is to ensure sustainable forest management and trade in legal timber between the two parties and secure sustainable and legal supplies of some 168,000 cubic metres of logs.

This agreement represents a new phase in forest management in the Mamirauá Reserve and is being promoted as a promising arrangement between loggers and the community. This initiative will open the way for good forest management that is transparent and carefully monitored.

Santa Catarina furniture industry increases exports

The firming US dollar is helping furniture industry in Santa Catarina State to increase exports.

In the first eight months of 2014 they exported furniture worth R\$46 million but by August this year exports had already reached R\$54 million. For manufacturers in São Bento do Sul municipality 50% of exports go to the US with another 40% destined for Europe.

The furniture manufacturers in Santa Catarina work mainly with solid wood and have focused on efficiency and productivity gains to compete in international markets. The result of this has been positive but the price declines in dollar terms are of considerable concern.

Domestic Sawnwood Prices

	US\$ per m ³
Brazil sawnwood, domestic (Green ex-mill)	744
Ipé	385
Jatoba	346
Massaranduba	365
Muiracatiara	323
Angelim Vermelho	204
Mixed red and white	
Eucalyptus (AD)	191
Pine (AD)	138
Pine (KD)	154

Source: STCP Data Bank

Domestic Plywood Prices (excl. taxes)

	US\$ per m ³
Parica	535
4mm WBP	428
10mm WBP	375
15mm WBP	483
4mm MR	360
10mm MR	336
15mm MR	

Prices do not include taxes

Source: STCP Data Bank

Domestic Log Prices

	US\$ per m ³
Brazilian logs, mill yard, domestic	
Ipê	152
Jatoba	86
Massaranduba	90
Muiracatiara	99
Angelim Vermelho	87
Mixed redwood and white woods	76

Source: STCP Data Bank

Prices For Other Panel Products

Domestic ex-mill Prices	US\$ per m ³
15mm MDP Particleboard	235
15mm MDF	333

Source: STCP Data Bank

Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per m ³
Ipê	1423
Jatoba	982
Massaranduba	783
Muiracatiara	762
Pine (KD)	214

FOB Belém/PA; Paranaguá/PR; Navegantes/SC and Itajaí/SC Ports.

High quality wood (no cracks / without knots) / Measuring 2,50 m in length; 15 cm wide; and 30 mm thick.

Source: STCP Data Bank

Export Plywood Prices

Pine Plywood EU market, FOB	US\$ per m ³
9mm C/CC (WBP)	333
12mm C/CC (WBP)	307
15mm C/CC (WBP)	306
18mm C/CC (WBP)	300

Source: STCP Data Bank

Export Prices For Added Value Products

FOB Belem/Paranagua Ports	US\$ per m ³
Decking Boards Ipê	2,515
Jatoba	1,606

Source: STCP Data Bank

Report from Peru

Forestry law given 'teeth' with new regulations

The Peruvian Government has enacted regulations that will allow enforcement of the Forestry and Wildlife Law No. 29763.

This new regulatory framework strengthens the institutional framework of the forestry sector through the National System of Forestry and Wildlife (SINAFOR), whose governing body is SERFOR which part of MINAGRI. SERFOR will coordinate, cooperate and collaborate with other institutions involved in management.

Four regulations were approved, the Forest Management Regulations; Regulation for the Management of Wildlife; Regulation for Forest and Wildlife Management in native communities and the Regulations for the Management of forest plantations and agroforestry systems.

Workshops begin to promote forest plantations

Representatives of rural communities, businesses, regional and local authorities, students and private owners interested in adding value to their land participated in the first "Workshop for socialisation and dissemination of the National Program for Promotion of Forest Plantations" hosted by National Forest and Wildlife Service.

Forestry sector exports to grow to US\$300 million

The recently enacted regulations for the Forestry and Wildlife Law will stimulate growth in the forestry sector and could result in exports of forest products worth US\$300 million by 2017. In addition expansion of the sector will lead to the creation of thousands of jobs according to the Minister of Agriculture and Irrigation, Juan Manuel Benites.

He noted that it took four years of negotiations with stakeholders to conclude the new law which for the first time recognizes the important role of communities in forest management.

Export Sawnwood Prices

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

Peru Sawnwood, FOB Callao Port (cont.)	US\$ per m ³
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	457-532
Grade 2, Mexican market	388-423
Cumaru 4" thick, 6'-11' length KD	
Central American market	841-865
Asian market	1036-1078
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

Peru Sawnwood, FOB Iquitos	US\$ per m ³
Spanish Cedar AD Select Mexican market	911-931
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	451-514
Grade 2, Mexican market	355-391
Grade 3, Mexican market	161-176
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	394-444

Domestic Sawnwood Prices

Peru sawnwood, domestic	US\$ per m ³
Mahogany	-
Virola	186-217
Spanish Cedar	305-364
Marupa (simarouba)	158-174

Export Veneer Prices

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

Export Plywood Prices

Product	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	389-412
Lupuna, treated, 2 faces sanded, 5.2mm	421-451
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)

Product	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

Product	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

Product	US\$ per m ³
Peru, FOB strips for parquet	1296-138
Cabreuva/estoraque KD12% S4S, Asian market	
Cumaru KD, S4S Swedish market	950-1094
Asian market	1036-1078
Cumaru decking, AD, S4S E4S, US market	1188-1222
Pumaqui KD Gr. 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market	493-519
2x13x75cm, Asian market	732-815

Report from Guyana

Advice on added value production

In an effort to improve on the quality of furniture and other value added timber products in Guyana the Forest Products Development and Marketing Council arranged for a Canadian expert from the Canadian Executive Service Organization to meet with industry and offer practical advice.

Prior to the plant clinics a seminar was held for representatives of government Agencies and other stakeholders at which the emphasis was on best practices in furniture manufacturing including tool maintenance, wood drying and preservation, tool sharpening and factory layout.

The seminar was followed by a number of plant visits where the expert identified with plant operators areas that could be improved. Practical demonstrations were given on a number of key techniques and procedures involved in furniture manufacturing.

Export prices

There were no exports of greenheart or mora logs but purpleheart logs were exported.

Logs, FOB Georgetown	US\$ price per m ³		
	Std	Fair	Small
Greenheart	-	-	-
Purpleheart	230-250	250	250
Mora	-	-	-

Export Sawnwood Prices

Sawnwood, FOB Georgetown		US\$ price. per m ³	
		Undressed	Dressed
EU and US markets	Greenheart Prime	700	600-2,176
	Standard	-	-
	Select	675-910	600-996
	Sound	-	-
	Merchantable	700	-
Purpleheart	Prime	-	-
	Standard	-	650-1,272
	Select	1,802-1,990	-
	Sound	-	-
	Merchantable	-	-
Mora	Prime	-	-
	Select	575	-
	Sound	-	-
	Merchantable	-	-

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

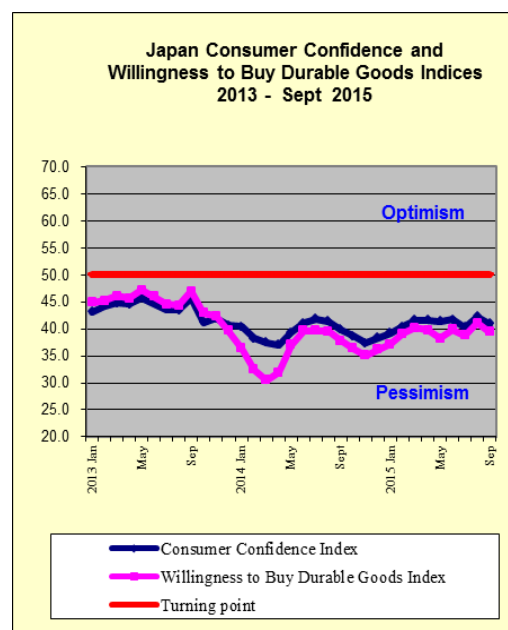
Export plywood prices

Plywood, FOB Georgetown Port		US\$ Avg unit val. per m ³	
Baromalli	BB/CC	5.5mm	12mm
		5.5mm	No export
		12mm	450-467
	Utility	5.5mm	No export
		12mm	No export

Report from Japan

Fall in consumer confidence raises risk to economy

The latest Consumer Confidence survey results have been released by Japan's Cabinet Office.



Source: Cabinet Office, Japan

The latest survey shows consumer confidence in September weakened more than forecast. The overall consumer confidence index fell to 40.6 in September from 41.7 in August.

This survey was conducted on September 15th, 2015 and covered 8,400 households.

The overall livelihood index in September stood at 38.8, down from the previous month; the income growth index stood at 39.4, also down from a month earlier.

The downward trend continued with the employment index (44.9. down 1.4 points) and the willingness to buy durable goods index (39.1. down 1.2 points month on month).

TPP implementation a challenge for Japan’s agri and timber sectors

The Japanese government has said it will introduce new measures to support the country’s agricultural sector which will be affected by the TPP the trade agreement which lowers tariffs in the 12 signatories countries. Japan is set to eliminate import tariffs on over 800 agricultural and wood products.

On the TPP the Japan Lumber Reports writes:

“Broad agreement has been reached by 12 participating countries on Trans-Pacific Partnership (TPP). On lumber and plywood, it is agreed that Japan can set up safeguard and duty abolishment period in 16 years for the countries from which import amount is large or growth of import is remarkable. Such countries are Malaysia, New Zealand, Canada, Chile and Vietnam. Also it is agreed to control trade of illegal harvested wood.

On main items from Canada and Malaysia, Japan can maintain safeguard even after the tariff is abolished. There is no previous case in the world of setting safeguard on forest products which are not agricultural products.

In case of Malaysian plywood, import duty rate will be reduced from 6-10% to 3-5% in 16 years after the agreement is ratified but if the volume reaches to a certain level, the duty rate is automatically raised to the rate before the ratification (1,044,000 cbms at the time of ratification then 20,900 cbms increase every year and 31,300 cbms increase every year after 16 years).

For Canadian SPF lumber the import duty will be reduced from 4.8% to 2.4% until 16 years after the ratification but if the import volume reaches a certain level, the previous duty rate before the ratification is applied (1,573,000 cbms at the time of ratification then 31,500 cbms increase every year and 31,500 cbms increase after 16 years).

Duty on OSB, which substitutes plywood and lumber, will be abolished step by step.

Meantime, on export of logs and lumber from Japan, main destination of Taiwan, Korea and China do not participate in the TPP.

The Japanese government announced in March 2015 ‘Uniform calculation of economic effect in case import duty is abolished’. In this, production value of forest products will decline by about 49 billion yen by reduction of duty and domestic products would be replaced by the imports and resolution was made that utmost consideration is necessary for import of plywood and lumber.”

Tokyo property attracting overseas investors

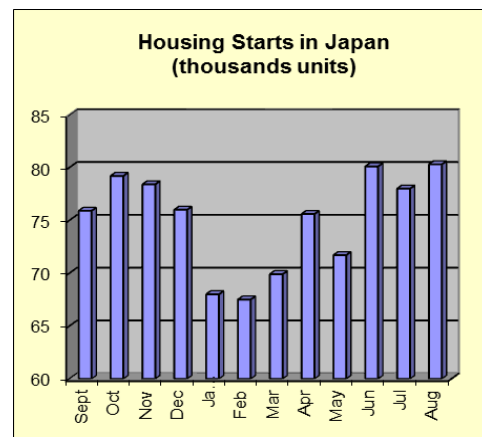
Land prices in central Tokyo increased by just over 2% in the first seven months of this year, a faster rate than reported for the same period last year according to a report from Japan’s Ministry of Land, Infrastructure, Transport and Tourism

However, residential land prices in Tokyo are still less than 60% of what they were during Japan’s property bubble in the late 1980s.

See: <http://tochi.mlit.go.jp/english/land-prices/land-market-value-publication>

Property prices in Tokyo have been rising since the government and Bank of Japan introduced measures to tackle deflation. The relatively low house prices in Tokyo compared to Hong Kong and even Shanghai for example are attracting Chinese buyers looking for bargains while the yen exchange rate remains favourable.

The recent downturn in stock values in China is prompting investors to put money into ‘bricks and mortar’ as a safe haven.



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

Yen remains under pressure

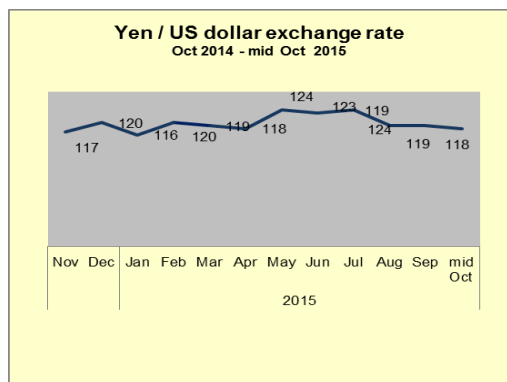
Expectations that the Bank of Japan (BoJ) could expand the scope of its monetary easing policy sometime this month put a downward pressure on the yen/dollar exchange rate reversing the modest advance of the yen early in the month.

At its latest meeting the BoJ maintained its policy but kept open the avenue for further stimulus to try and reverse the downward trend in growth.

In related news, Cabinet Office data for August machinery orders show a decline of 5.7% from July in contrast to the forecast rise. The drop in orders in August was the third consecutive monthly decline and it was as long as 6 years ago that the situation was worse.

Two factors have been quoted as being the cause of the fall in machinery orders, slow growth in China and weakening domestic demand.

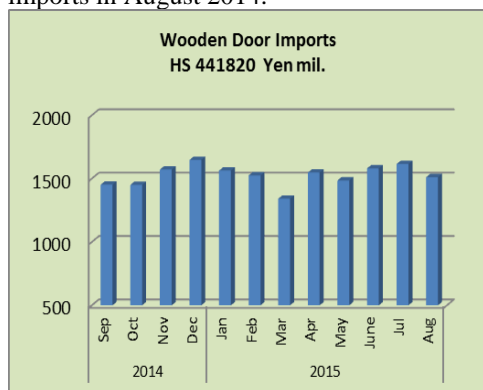
In a separate report the Bank of Japan (BoJ) said that it is now seeing an excess of manufacturing capacity with the difference between available resources and their utilisation fell below zero. This heralds a period of deflation which is a major set-back for the BoJ as it tries to generate an inflationary pressure in the economy.



Import round up

Doors

August 2015 imports of wooden doors were down on levels reported for July but were similar to the value of imports in August 2014.



Data source: Ministry of Finance, Japan

August is a holiday month in Japan and construction companies close for almost two weeks. In the first 8 months of 2015 wooden door imports fell 11.5% compared to the same period in 2014.

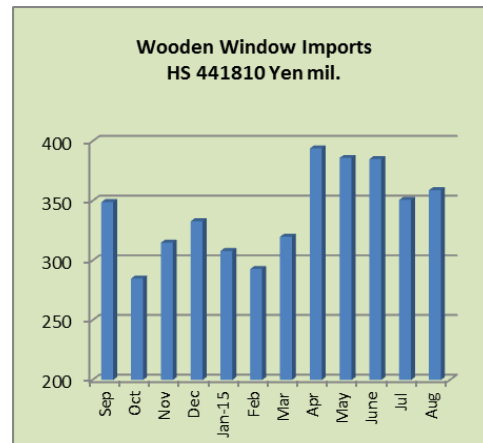
China and the Philippines continue as the top wooden door suppliers accounting for just over 75% of Japan's August imports of this product.

Windows

In the 8 months to August 2015 wooden window imports were down 25% year on year. August 2015 imports were

slightly up on July but down sharply compared to the value of imports in August 2014.

China continues as the number one supplier followed by the Philippines and the US. The top three suppliers accounted for over 80% of all wooden window imports in August.

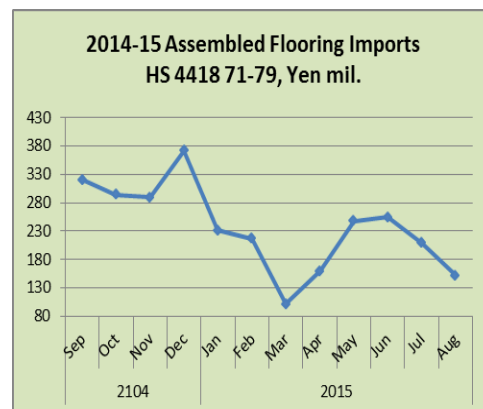


Data source: Ministry of Finance, Japan

Assembled flooring

Japan's imports of assembled wooden flooring continued the downward trend that began in July. August 2015 imports of assembled wooden flooring were down 40% from the peak in June and were down 27% from July.

In the 8 months to August 2015 assembled wooden flooring imports were down 28% compared to the same period in 2014.

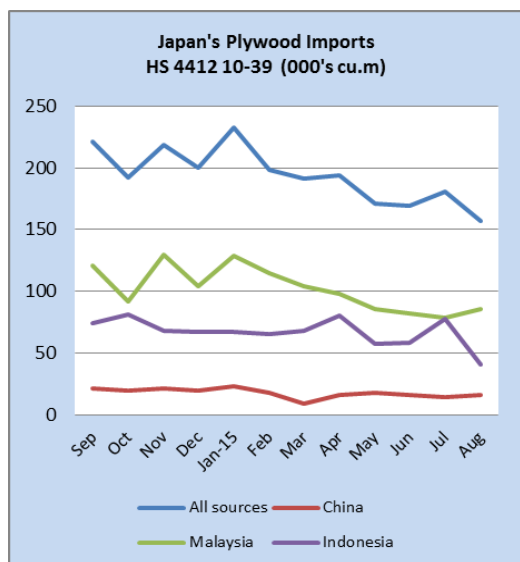


Data source: Ministry of Finance, Japan

Plywood

Japan's August plywood imports were down 13% from a month earlier continuing the downward trend that began in April this year. In the 8 months to August this year plywood imports from all sources were down 28% compared to the same period in 2014.

Over the 8 months since January 2015 the three main suppliers: Malaysia, Indonesia and China have all seen plywood demand in Japan wither. Over the first 8 months plywood imports from Malaysia have fallen 10%, by 22% for Indonesia and by 33% for China.



Data source: Ministry of Finance, Japan

Main sources of Japan's plywood imports

		000's cu.m		
		China	Malaysia	Indonesia
2014	Jan	31	146	97
	Feb	21	121	70
	Mar	24	125	91
	Apr	27	144	83
	May	26	131	81
	Jun	24	113	84
	Jul	23	109	88
	Aug	16	95	67
	Sep	21	121	74
	Oct	19	92	81
	Nov	21	130	68
	Dec	20	104	67
2015	Jan	23	128	67
	Feb	18	115	65
	Mar	8.5	104.4	68.3
	Apr	15.5	98.2	80.1
	May	17.4	85.2	57
	Jun	15.6	82.4	58.4
	Jul	14.5	78.6	77.5
	Aug	16	85.6	41

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>

Improved wood self-sufficiency rate

The Forestry Agency disclosed supply and demand of wood in 2014. Total demand of wood including wood chip for biomass fuel, wood for charcoal, wood for export is 75,814,000 cbms for which domestic production is 23,662,000 cbms so a degree of self-sufficiency is 31.2%.

This is the first time that the degree recovered over 30% in 26 years since 1988. The domestic demand declined because of decrease of new housing starts but wood for biomass fuel and wood export increased largely.

Plywood

Domestic softwood plywood market is firmly holding in Tokyo market but demand and supply vary by the area. Since late August, orders from wholesale channels slowed down but deliveries for large house builders and precutting plants are increasing.

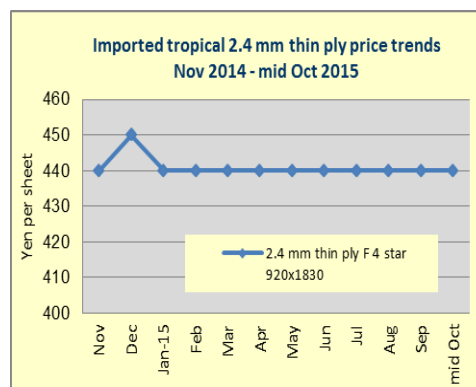
Therefore, August shipment was 222,400 cbms, 15.1% more than August last year while the production was 198,500 cbms, 0.5% less so that the inventories dropped down to 159,600 cbms, 23,000 cbms less than July inventory.

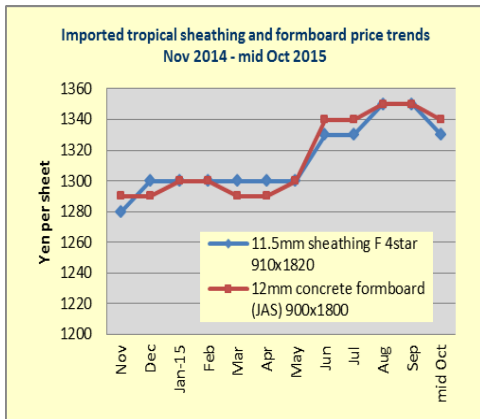
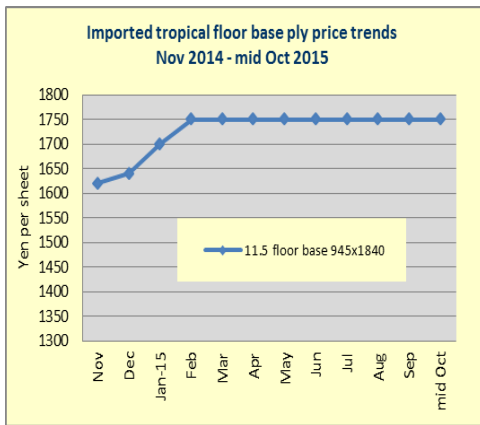
However, many think large volume of manufacturers' inventory shifted from manufacturers hand to distribution channels so the market is calming from panic buying.

Many manufacturers still suffer delay of delivery and shortage of some items. In Hokkaido with fair weather, speculative demand showed up for fall demand pickup so there is shortage of softwood plywood supply.

The market in August and September was dull as sales volume dropped by 20-30%. Trading firms and wholesalers disposed of some of their inventories before book closing for the month of September but the sales were so slow and the volume was very limited.

August arrivals were 205,200 cbms, 17% less than August last year and 11.9% less than July, which was record low since September 2011. September arrivals are as low as August but there is no shortage feeling in the market.





Report from China

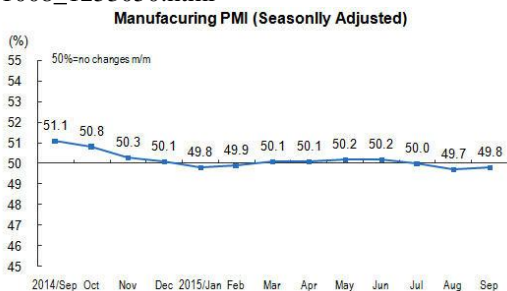
Continued contraction in manufacturing output

China's National Bureau of Statistics has released details of the September manufacturing purchasing managers index (PMI). The overall index stood at 49.8, a slight increase month on month but well down from a year ago.

The September PMI for large-sized enterprises was 51.1, up 1.2 points month-on-month and managed to rise above the negative threshold. However, the PMI for medium and small size companies remained in negative territory where it has been since the beginning of the year.

For details see:

http://www.stats.gov.cn/english/PressRelease/201510/t20151008_1253050.html



Source: National Bureau of Statistics

New national quarantine treatment zone for imported timber

Recently, Caofeidian Port in Hebei province began operations of its new quarantine and sanitary treatment zone for imported timber. This becomes the fourth national and the first Northern China treatment zone for imported timber.

Caofeidian Port is built on reclaimed land in Bohai Bay located in the city of Tangshan, Hebei Province.

The treatment zone covers an area of more than 23 hectares, contains the first national sealed fumigation building and a fibre recycling unit.

The sanitary treatment zone is also equipped with automatic fumigation treatment control and detection equipment capable of handling 3 million cubic metres of timber annually. It is forecast that Caofeidian Port will become one of the largest international wood products trading centres in the Asia Pacific region.

For more port details see:

http://www.marinetraffic.com/ais/details/ports/3421/China_port:CAOFEIDIAN

Fibreboard capacity to rise to 55 million cubic metres

27 fiberboard plants were built in China in 2014 adding around 4.4 million cubic metres of new annual capacity. At the end of 2014 China had 768 fibreboard plants with an annual capacity of 51.8 million cubic metres.

However, around 200 plants have been closed eliminating some 7million cubic metres of production capacity. On the other hand, new MDF plants continue to be built and it is forecast that by the end of this year production capacity will rise to 55 million cubice metres.

'Long March to Quality' a product quality campaign

China is a major wood products manufacturer and exporter. It has been reported that in 2014 there were more than 50,000 wood product manufacturing and trading enterprises in China employing around 10 million workers and generating an output of RMB1 trillion.

The consumption of timber by these enterprises exceeds 520 million cubic metres and the value of exports reached US\$75.9 billion in 2014. However, the sector suffers from a poor image due to quality scandals.

To address this problem a new campaign the 'Long March to Quality' aims to help enterprises improve the quality of their wood products and protect the rights of consumers.

At the launch of the campaign a press conference heard that an investigation will be conducted to assess the status of wood-based panel and flooring enterprise to identify leading enterprises and reputable brands as well as exposing disreputable enterprises.

In advance of the campaign an investigation will be undertaken by an expert group including the media which

will make unannounced visits to enterprises and wholesale markets for wood-based panels and flooring.

The survey report will be presented at the Second World Wood-Based Panel Congress. At the same time the survey report will be submitted to General Administration of Quality Supervision, Inspection and Quarantine, the State Administration of industry and commerce, China Consumer Association and other relevant parties.

Eucalyptus veneer production

The production of eucalyptus veneer in China takes place in Guangxi (31%), Guangdong (21%), Fujian (14%), Yunnan (12%), Hainan (9%) with 13% being produced in other areas.

The main producers are Guangxi Nanning City Zousifang Wood Ltd, Co., Guangxi Changjiang Wood Ltd, Co., Guangxi Linfeng Plywood Mill under the China Forestry Group, Guangdong Lianjiang City Zhenyuan Wood Ltd, Co., Hainan Fulaisi Forestry Company.

The annual output of eucalyptus veneer by these companies amounts to about 1.2 million cubic metres with exports going to 50 international markets.

Exported veneer has an average water content of 15% and the veneer is shipped in a range of thickness from 1.7-2.8mm. The most common specifications are: length 1270mm, width 840mm, thickness 1.7mm.

New complex for consumer sales of imported home furnishings

China's first mall dedicated to imported building materials and home furnishing, the CIMEN & BOSION International Free Trade Plaza, will open in the Fujian Xiamen Free Trade Zone. The mall will offer a very wide range of international home interior products.

It is expected that the 76,000 sq.m shopping complex will be completed by 2016 at a cost of RMB110 million. Many international brand home furnishing suppliers have signalled an interest in renting space in the complex.

This investment is a major undertaking for the Fujian free trade zone which expects consumers to benefit from the reduced cost of imported items.

Guangzhou Yuzhu International Timber Market Wholesale Prices

Logs

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

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

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

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

Sawnwood

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

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

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

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

Shanghai Furen Forest Products Market Wholesale Prices

Logs

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

Sawnwood

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

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

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

Zhangjiagang Timber Market Wholesale Prices

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

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

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

EU economy yet to show any signs of acceleration

Europe’s economy has regained a certain level of stability since the height of the financial crisis, but growth remains slow and there is no sign of acceleration.

The EU28 group of nations recorded only 0.4% GDP growth in the second quarter of 2015, down from 0.5% in the first quarter and falling short of most forecasts.

The pace of growth is particularly slow in the euro-zone currency area which has yet to recoup output lost in the aftermath of the financial crisis.

A particular concern is that growth remains stagnant at a time when the region is benefiting from massive stimulus on three fronts: a weaker euro exchange rate that typically boosts exports, lower oil prices that raise disposable incomes, and a bond-buying programme of more than €1 trillion (US\$1.12 trillion) launched by the European Central Bank in March this year.

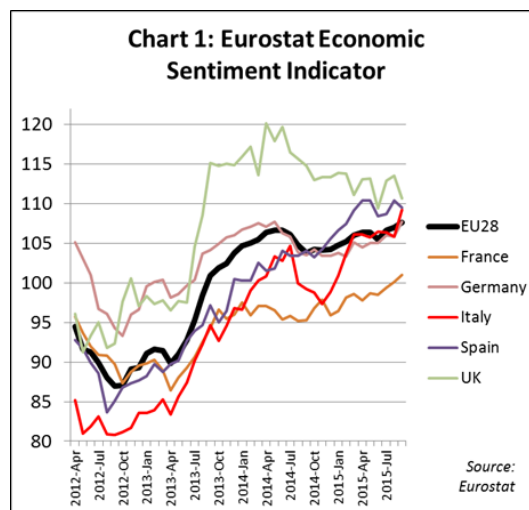
The second quarter slowdown in EU growth is largely due to France which recorded zero growth during the three month period after 0.7% growth in the first quarter. Although French exports are rising these have been insufficient to offset a continuing fall in domestic household consumption.

The French government is stepping up efforts to boost private sector demand, having just announced an additional €11bn in tax cuts for companies and households over the next three years on top of €30bn in tax breaks already promised through the government’s so-called responsibility pact with business. However the government will have to cut public spending by €50 billion between 2015 and 2017 to fund the tax breaks.

Germany’s quarterly growth rate quickened to 0.4% in the second quarter from 0.3% in the first quarter of 2015. The main driver of growth in Germany this year has been a rise in exports as foreign trade received a boost from the weaker euro. Elsewhere in the euro-zone, the Italian, Dutch and Austrian economies all grew in the second quarter of 2015, but just barely.

Once again there was better news from Spain where the recovery has continued to gather pace with 1% growth in GDP in the second quarter of 2015 following 0.9% in the first.

Outside the euro-zone, the UK economy continues to perform relatively well with GDP growth of 0.7% in the second quarter of 2015, up from 0.4% in the first quarter of the year.



Trends in GDP growth are mirrored in Eurostat’s Economic Confidence Indicator (ECI), a forward-looking index that measures perceptions and expectations in five surveyed sectors (industry, services, retail trade, construction and consumers) in all EU Member States (Chart 1).

After a period of strong recovery in economic sentiment in 2013 and the first half of 2014, the ECI for the EU as a whole dipped during winter 2014/2015 and has recovered only slowly since then.

The dip was mainly due to a sharp fall in sentiment in Italy at a time when the UK and Germany were also sliding from the heights achieved in mid-2014. Sentiment has been recovering slowly in France and rapidly in Spain over the same period.

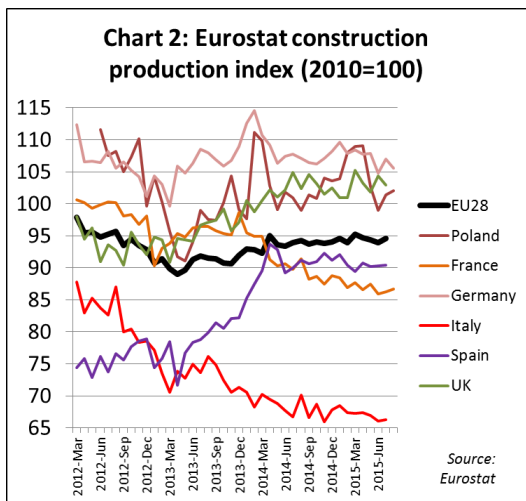
The good news is that overall EU-wide sentiment has remained above 100 throughout this period – indicating above average economic sentiment. This is despite widely publicised financial problems in Greece leading to some renewed concern about the long-term stability of the euro.

European construction activity stalls

Europe-wide, the construction industry continues to disappoint. Although overall European construction activity hit bottom in March 2013, it increased only slowly until April 2014 and has been static at 5% below the 2010 level since then.

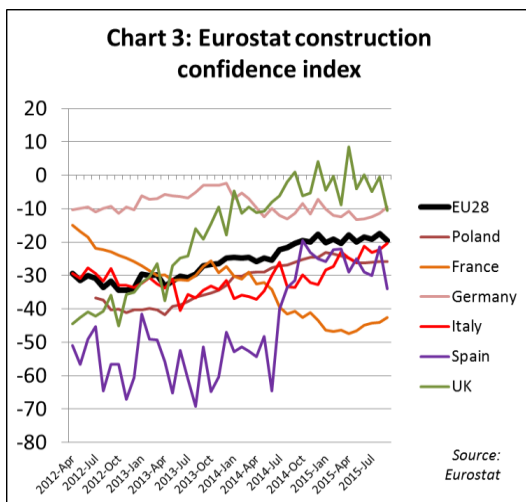
Construction activity in France has been sliding in recent months, while Italy still remains extremely depressed.

More positively, the gains made in UK and Spanish construction activity in 2014 have been maintained in 2015 while activity in Germany remains stable at a high level (Chart 2).



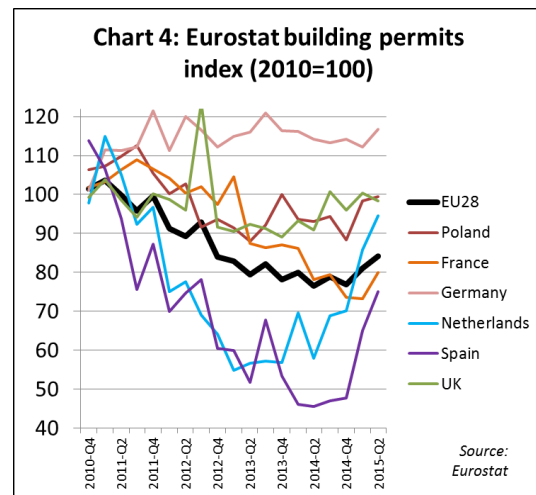
The Eurostat Construction Confidence Index in the EU remains stagnant and deep in negative territory, indicating that many in the industry still expect market conditions to deteriorate rather than to improve in the next three months. Confidence in France dipped sharply during the summer this year.

However confidence is higher in the UK and Germany than elsewhere in Europe. Confidence in Italy, while still low, has been improving this year (Chart 3).



More positively, the latest EU-wide data for building permits shows that across Europe these recorded two consecutive quarters of growth in the first half of 2015, the first time this has occurred for at least 5 years.

Building permits have increased this year in most main EU markets, growing particularly rapidly in Spain and the Netherlands (Chart 4).



The growth in building permits, a forward looking indicator, is reflected in forecasts which generally remain optimistic about the prospects for sustained recovery in European construction over the medium to long term.

A report by Building Radar, an independent research agency, forecasts that EU-wide construction activity will increase by 2% per annum between 2015 and 2017, and then by around 3% per annum between 2018 and 2020.

New build growth is expected to rise to around 7.6% in 2020 while growth in renovation and maintenance will rise more slowly to around 4.5% by 2020.

At these growth rates, the total value of EU construction would increase from €1305 billion in 2014 to €1502 billion in 2020.

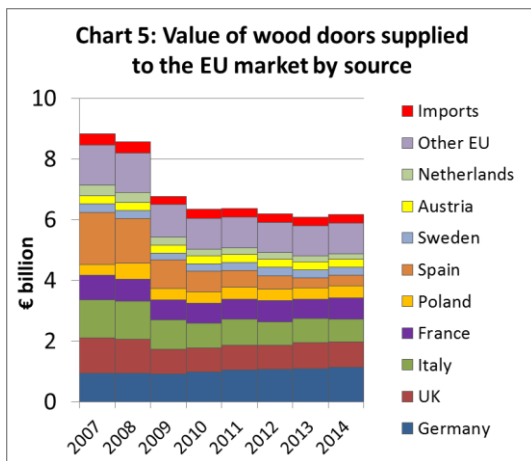
Although the value of EU construction in 2020 would still be below the peak level just prior to the financial crises (in excess €1600 billion in 2007 at constant prices), the sector remains vast and generates a huge level of activity.

European wood joinery production stabilised in 2014

According to newly-published Eurostat data, the total value of EU production of wooden doors and windows increased slightly in 2014 after a period of decline. EU imports of both commodities also rebounded from the low levels recorded the previous year. However domestic producers maintained their hugely dominant position in these market segments.

EU wooden door production was €6.18 billion in 2014, up 1.6% compared to the previous year (Chart 5). Wooden door production increased in Germany (+2.6% to €1370 mil.), France (+9.2% to €698 mil.), Poland (+5.4% to €398 mil.) and Spain (+6.7% to €349 mil.).

However this was offset by a fall in production in Italy (-4.3% to €750 mil.) and in Sweden (-2.8% to €267 mil.). Production in the UK remained stable at €844 mil.

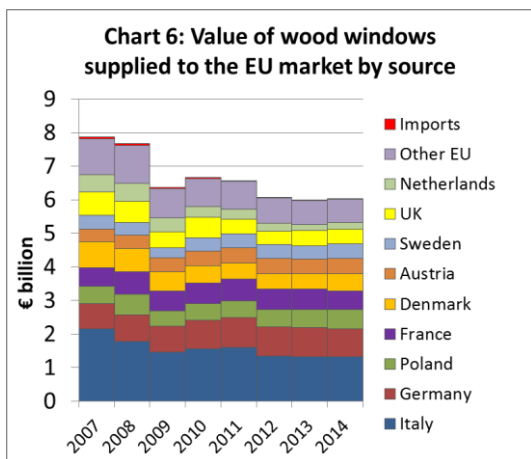


Source: ITTO IMM analysis of Eurostat

EU wood window production increased 0.5% from €6.00 billion in 2013 to €6.03 billion in 2014 (Chart 6). During 2014 production remained stable at €1.32 billion in Italy, the largest wood window manufacturing country.

Production fell during 2014 in Germany (-3.1% to €840m), France (-10.7% to €546m), and the UK (-6.1% to €425m).

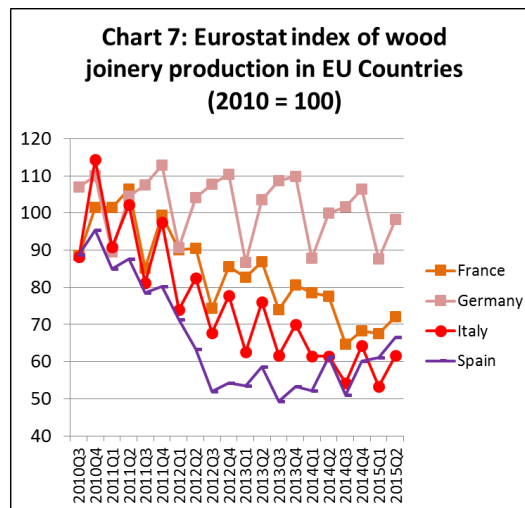
However these losses were offset by rising production in Poland (+4.9% to €574m), Denmark (+14.1% to €505m), Austria (+4.2% to €469m), Sweden (+13.1 to €437m) and the Netherlands (+10.7% to €206m).



Source: ITTO IMM analysis of Eurostat

The Eurostat index of joinery production in EU countries (which excludes flooring but includes doors, windows and glulam and covers only a few countries) shows that production stabilised at a low level in Italy and France in the first half of 2015 after 5 years of continuous decline.

Production in Spain has recovered slightly this year but is still 30% down on the 2010 level. Production in Germany, while varying on a seasonal basis, has been relatively stable overall during the last 5 years (Chart 7).

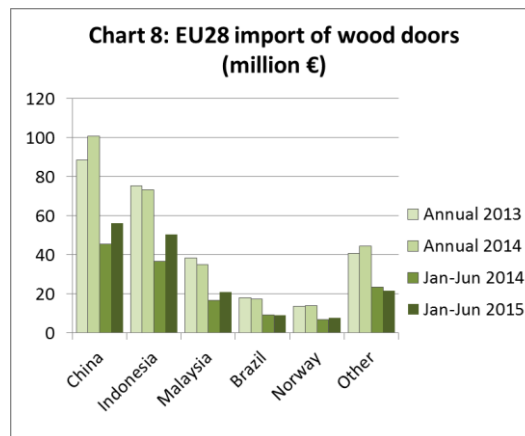


Source: ITTO IMM analysis of Eurostat

EU wood door imports rise 20% in 2015

Imports of wood doors into the EU were valued at €168m in the first 6 months of 2015, 20% more than the same period last year (Chart 8). Imports from China increased 24% to €56.4m, while imports from Indonesia increased 37% to €50.5m and imports from Malaysia were up 26% to €21.1m.

Imports of wood doors from Brazil remained stable at €9.3m during the period. Imports accounted for around 4.6% of the total supply of EU wooden door consumption in 2015, up slightly from 4.5% in 2013 but down from 5% in 2010.



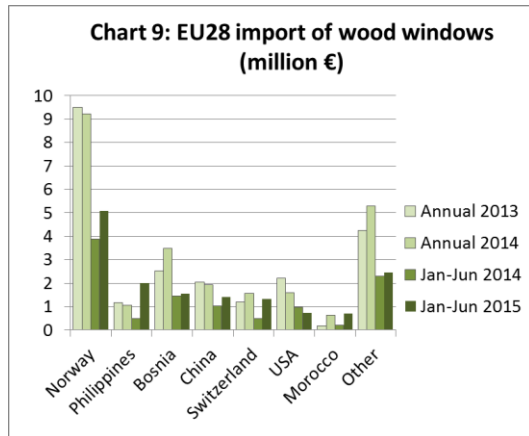
Source: ITTO IMM analysis of Eurostat

Negligible EU imports of wood windows

The EU market for wood windows is very heavily dominated by domestic producers. In 2014, imports accounted for only 0.4% of the total value of EU wooden window consumption, the same as the previous year but down from 0.8% in 2007. EU imports of wood windows in the first six months of 2015 were valued at €15.3m, 42% more than the same period in 2014.

Most wood windows imported into the EU derive from other European countries, including Norway, Bosnia and Switzerland. Imports from all these countries increased in the first half of 2015.

However, the largest increase in imports was from the Philippines which surged to €2m in the first half of 2015, more than three times the value of the same period in 2014 (Chart 9).

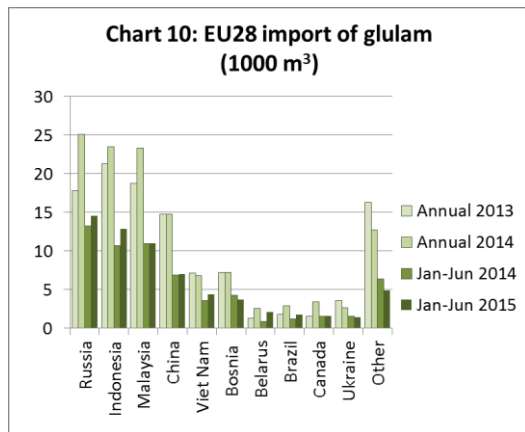


Source: ITTO IMM analysis of Eurostat

EU glulam imports continue to rise in 2015

The EU imported 65,300m³ of glulam products in the first half of 2015, 6% more than the same period in 2014. Imports from Russia increased 10% to 14,600 m³ during the period (Chart 10). There was also a 20% increase in imports from Indonesia to 12,900 m³.

Imports from Malaysia and China were stable in the first six months of 2015, at 11,000 m³ and 7000 m³ respectively.



Source: ITTO IMM analysis of Eurostat

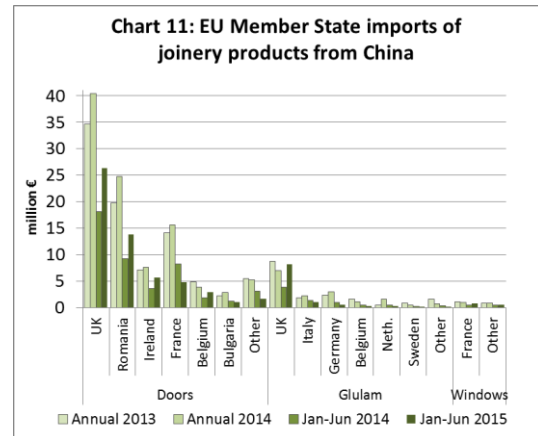
Imports of glulam account for around 5% of total EU consumption of this commodity. Much of the imported glulam consists of laminated veneer lumber for window manufacturing. Glulam imports from Russia and China are primarily pine and larch. Imports from Malaysia and Indonesia consist of meranti.

EU imports of joinery products from China rise 26%

EU28 imports of joinery products (excluding flooring) from China had a value of €68.5 million in the first 6 months of 2015, 26% more than the same period the previous year. Chart 14 summarises EU imports of joinery products from China by product group and EU Member State.

Doors make up the bulk of EU joinery trade with China, with total value of €100.7 million in 2014. The UK and Romania are the main European markets for China's wooden doors and imports by both countries have been rising in the last three years.

Imports of wood doors from China are also rising in Ireland and Belgium this year. However imports by France have declined this year after rising in 2014.



Source: ITTO IMM analysis of Eurostat

EU imports of glulam products from China were €10.7m in the first 6 months of 2015, 36% more than the same period in 2015. The UK is the only EU country importing significant quantities of glulam products from China.

UK imports of Chinese glulam fell 18% last year but have rebounded strongly in 2015, reaching €8.2 million in the first 6 months, more than during the whole of 2014.

EU imports of finished wood windows from China increased 35% in the first 6 months of 2015, but were still negligible with a value of only €1.4m, mainly destined for France.

CLT development creates new opportunities for hardwoods

The latest UNECE Forest Products Annual Market Review highlights the rapid growth in the market for cross-laminated lumber (CLT) and the new opportunities the product creates for wood, including hardwood, to compete in high-end structural applications.

Although the first CLT production facilities were constructed in the DACH countries (Germany, Austria and Switzerland) in 1994, the full potential is only now being realised following a long period of technical and market development.

CLT first entered the building market during the 2005 to 2010 period, transforming from a small-scale niche product into large-scale industrial production.

CLT panels consist of several layers of structural lumber boards stacked crosswise (typically at 90 degrees) and glued together on their wide faces and, sometimes, on the narrow faces as well.

In special configurations, consecutive layers may be placed in the same direction to obtain specific structural characteristics. CLT products are usually fabricated with three to seven layers, but with additional layers in some cases.

Thickness of individual lumber pieces typically varies from 16 mm to 51 mm and width varies from 60 mm to 240 mm. Boards are finger-jointed using structural adhesive. Lumber is visually-graded or machine stress-rated and is kiln dried. Panel sizes vary by manufacturer; typical widths are 0.6m, 1.2m, and 3 m, while length can be up to 18m and thickness up to 508 mm.

The dimensions and lay-up of CLT production are now internationally standardized and recognised, and production techniques are optimized in modern manufacturing facilities. CLT is designed to maximise yield, utilise lower grades of lumber, and it can be made in a high volume of very large sections.

The result is a light but very strong panel product that can be made off-site and erected quickly to form structural walls, floors and ceilings. CLT is used in a wide range of applications in single-family houses, multi-storey towers, public buildings and specialty construction.

CLT offers new opportunities for wood to compete in large-scale structural applications dominated for many years by concrete and steel. In addition to delivering comparable technical performance, CLT panels can readily out-perform these alternatives on environmental issues. Wood's renewability, low embodied energy, and potential as a carbon store during use are all considerable benefits.

Global production of CLT was about 625000 cu.m in 2014, and this figure is forecast to increase to about 700000 m³ in 2015. About 90% (560,000 cu.m) of global cross-laminated timber (CLT) was produced in Europe in 2014, and this is forecast to increase to 630,000 cu.m in 2015. The DACH countries have continued to be the driving force in CLT development, not only as the originators of CLT products but also as the leading CLT producers. Austria has seven CLT production facilities, Germany three and Switzerland two.

Minor production sites exist in Finland, Italy, Norway, Spain and Sweden, and more CLT factories are under construction in Finland, France, Sweden and the UK. The central European CLT industry is strongly export oriented, supplying other parts of Europe as well as overseas markets.

The use of CLT is making possible the construction of tall wooden buildings. The current record-holder is a 14-storey residential high-rise in Bergen, Norway, and an 18-storey wooden building is planned in Vancouver, Canada. Earthquake-prone countries such as Japan have shown keen interest in increasing the use of CLT, and Japan has published a roadmap to pave the way for CLT in the Japanese building market.

To date commercial production of CLT has been dominated by softwood, notably Norway spruce and Sitka spruce, for reasons of price and wood consistency. However the American Hardwood Export Council (AHEC) is also now promoting development of hardwood CLT, noting that some hardwood species are under-utilised and readily available at competitive prices while also offering up to twice the inherent strength of softwoods.

This last factor presents an opportunity to significantly reduce the amount of fibre, or mass, required to achieve the same strength performance. Hardwood species also provide opportunities to improve the appearance of CLT panels.

AHEC is particularly promoting the potential for CLT in tulipwood (*Liriodendron tulipifera*), an abundant U.S. hardwood species. Other temperate hardwood species with potential include poplar and birch.

The potential for tropical hardwood CLT has yet to be seriously explored, but there may be specific opportunities for some faster growing plantation species or the pioneer species found in large quantities in secondary tropical forests.

Eucalyptus is generally considered too difficult to machine to be a viable option for CLT, but recently progress is being made in Australia to develop a related product under the brand name "Cross Laminated Strand Timber" by Melbourne-based Lignor.

The international CLT product and design standards, and open-source software packages such as the CLTdesigner have supported the international trade of CLT. Standardization in Europe comprises product standard EN 16351 (currently a draft version, with legal validity envisaged by the end of 2015) and design standard EN 1995-1-1 (currently in revision).

For a review of the CLT market see UNECE Forest Products Annual Market Review 2014-15:
<http://www.unece.org/fileadmin/DAM/timber/publications/2015-FPAMR.pdf>

Report from North America

Industry welcomes Trans-Pacific Partnership agreement

After years of negotiation a comprehensive trade agreement was reached in October among 12 Pacific region countries, including the US and Canada. The forest industry welcomed the deal.

This trade agreement is expected to improve access for North American producers to growing markets in the Asia-Pacific. Canada's forest industry in particular depends on exports, but US producers also hope to diversify markets and expand exports.

Significant tariffs on forest products still exist in several Pacific markets. In Japan, duties are up to 10% on wood and other forest products. Vietnam applies tariffs of up to 31%, Malaysia up to 40%, Australia and New Zealand of up to 5% and Brunei up to 20%.

Plywood imports from Indonesia up

Plywood and wooden door imports declined in July from the previous month while imports of other wood products and furniture increased.

US imports of hardwood plywood were down 17% in July compared to the previous month. A total of 317,408 cu.m. was imported with just under half coming from China (149,326 cu.m.). Imports from China fell 35% from June, but year-to-July imports were 13% higher than at the same period in 2014.

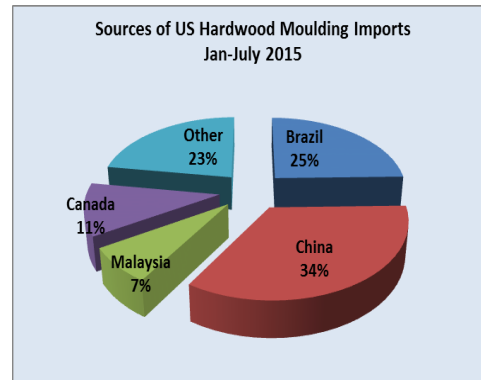
Plywood imports from Indonesia increased for a second month in a row to 89,395 cu.m. in July. Year-to-date imports from Indonesia were 9% higher than in July 2014.

Plywood shipments from Ecuador to the US grew in July but year-to-July imports remain far lower than in 2014. Imports from Malaysia, Russia and Canada declined in July.

China expands hardwood moulding import share

Hardwood moulding imports recovered in July, but they remained below 2014 levels. July imports were worth US\$18.1 million, up 12% from the previous month.

The largest increase was in imports from China (US\$6.7 million). Year-to-July imports from China were up 2% compared to July 2014. Hardwood moulding imports from Brazil increased by 8% in July to US\$4.2 million. Year-to-July imports from all major suppliers, except China, are lower than in July last year.



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

Indonesia and Malaysia largest suppliers of hardwood flooring

Hardwood flooring imports increased significantly in July. July imports were worth US\$5.0 million, a year-to-July increase of 29%.

The greatest monthly gain was in imports from China (US\$761,565). Indonesia and Malaysia remain the largest suppliers at over US\$1 million worth of shipments each. Year-to-July imports from Indonesia and Malaysia increased 74% and 48%, respectively, compared to the same time last year.

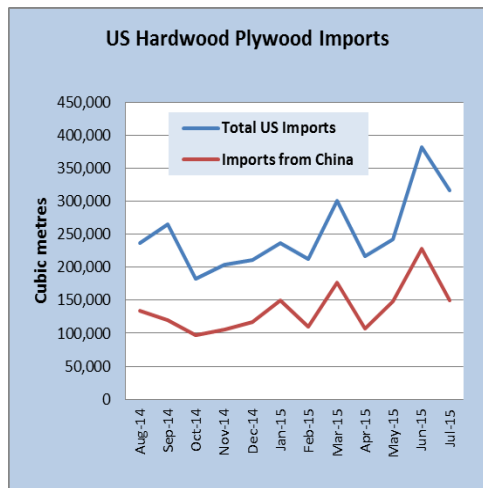
Imports of assembled flooring panels increased 5% month-on-month in July to US\$12.5 million. Imports from China grew 10% to US\$5.0 million, but year-to-July imports were unchanged from 2014. Canada, Indonesia and Brazil expanded their share in US imports from last year.

Steady growth in wooden furniture imports from Vietnam, India

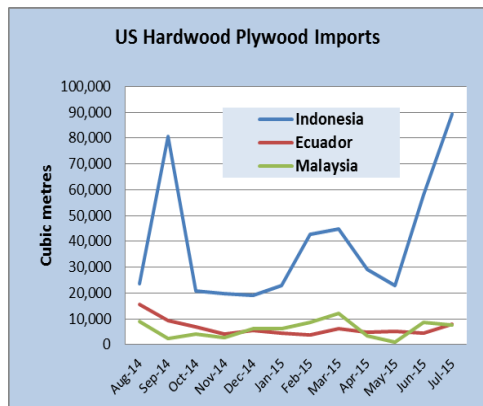
Wooden furniture imports increased again in July. Total imports were worth US\$1.44 billion, up 1% from June. Year-to-July imports were 11% higher than in July 2014.

The growth in imports was in wooden seats (not upholstered), kitchen furniture and other wooden furniture. Imports of upholstered wooden seating declined in July. Bedroom furniture imports were steady.

Furniture imports from China were steady from the previous month at US\$685.6 million. Imports from Vietnam grew 4% to US\$259.0 million in July. Indonesian shipments were also up at US\$52.9 million.



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

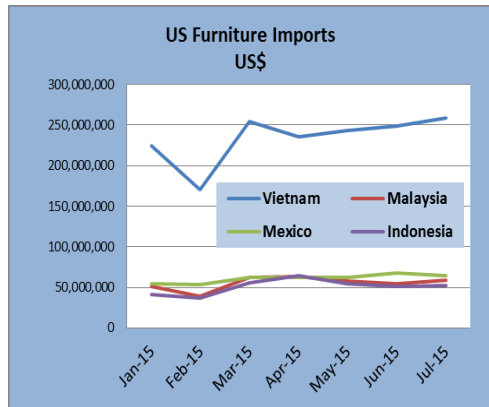


Data source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics

Furniture imports from Canada and Mexico increased earlier this year but in July imports from both countries declined.

India is becoming an increasingly important furniture supplier to the US. Imports from India were worth US\$19.2 million in July.

Vietnam and Malaysia saw the strongest growth in year-to-July shipments to the US compared to July 2014. In the first 7 months Vietnam's share in US wooden furniture imports grew from 16% in 2014 to 18% in 2015.

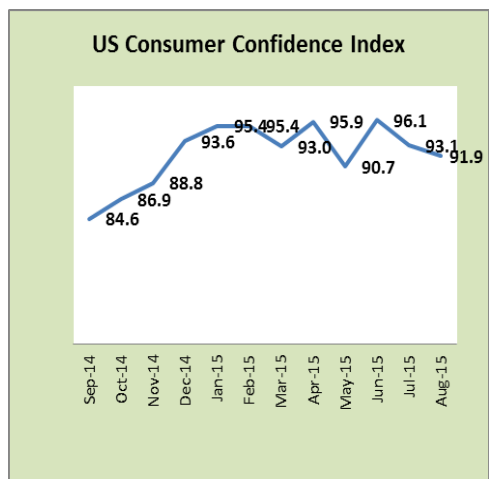


Data source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics

Housing market recovery continues despite lower consumer confidence

US consumer sentiment declined again in August. While the US economy was regarded as overall robust, Americans worried about a weakened Chinese and global economy. Lower commodity prices were also viewed as a negative economic indicator. Consumers believed that these global trends can influence the US job market and financial markets.

Builder confidence in the market for newly built, single-family homes rose by one point in August according to the National Association of Home Builders. The recovery in the housing market continues, despite lower consumer confidence.



Source: Thomson Reuters/University of Michigan Surveys of Consumers

Single-family starts up 10% in July

Housing starts declined 4% in July from the previous month according to US Census Bureau data. However, the decline was in the more volatile multi-family market. Single-family home construction increased 10% in July. The seasonally adjusted annual rate of residential construction was 1,161,000 in July.

Combined single- and multifamily starts grew 20% in the Midwest and 8% in the South. Housing starts decreased in the Northeast and West. After several months of gains, the number of building permits fell 16% in July. Much of the decline was in multi-family permits.

Higher home sales across the country

Sales of existing homes increased by 2% from June to July according to the National Association of Realtors. Sales in July were at the highest pace since 2007. All major regions experienced sales gains in June.

Lower unemployment and the prospect of higher mortgage rates in the future supported the increase in home sales. The share of first-time buyers fell, however, because of rising home prices.

Consumer and business confidence down in Canada

Canadian housing starts decreased by 4% in July at a seasonally adjusted annual rate. Single-family starts were stable from the previous month, while multi-family construction decreased. Inventory of unsold multi-family units declined from June, but it is 10% higher compared to the level one year ago.

Canada's central bank kept its key interest rate unchanged. Earlier this year it reduced the rate twice when Canada's economy contracted.

A low Canadian dollar and stronger demand from the US market is helping the economy. In August the Canadian dollar fell to its lowest since 2004.

A survey of Canadian corporate executives showed that they are more negative about the economic outlook than any time since the recession seven years ago. More than half think the economy will decline in 2016. Consumer confidence also declined in September.

Federal Reserve leaves key interest rates unchanged

The US Federal Reserve left interest rates near zero, despite earlier expectations of an interest rate rise in September.

However, Federal Reserve chair Janet Yellen expects interest rates to gradually rise starting before the end of 2015. Weakness in the global economy are not significant enough to change the central bank's plan to raise interest rates.

GDP growth was an estimated 3.7% in the second quarter of 2015, according to the Department of Commerce's second estimate. GDP growth was revised up from the previously estimated 2.3%.

Higher personal consumption, government spending residential and non-residential construction contributed to the GDP growth.

Manufacturing output expanded in August, according to the Institute for Supply Management. Furniture manufacturing companies reported continued production growth. In the wood products sector output was unchanged from July.

Demand for countertops to rise 4.1% per year

A recently released market study by Freedonia forecasts demand for countertops in the US to grow 4.1% per year through to 2019. Demand is expected to reach US\$29 billion in 2019, or 74 million square metres.

The largest source of demand will be new home construction, followed by renovation and repairs of existing homes. The trend to larger kitchens and bathrooms with more countertop surface will support demand growth.

80% of the demand growth will come from the residential market. The remaining 20% will mainly be in kitchens and bathrooms of offices, commercial and institutional buildings.

The ongoing recovery in non-residential construction will therefore boost demand for countertops through 2019.

Laminate countertops with wood composite cores have the largest market share. However, their market share fell from 55% in 2004 to 48% in 2014. The trend is likely to continue, but laminates will remain the most popular countertop material over the next five years.

The fastest growing materials in countertop will be non-wood: natural and engineered stone, polymers and niche materials (including solid wood).

The Freedonia study “Countertops” (Industry Study 3301) was published in August 2015.

British Columbia invests in promotion of wood use

The government of British Columbia, Canada, is investing US\$2.2 million in its Wood First programme. The programme promotes the domestic use of wood from British Columbia as well as exports.

The funding goes towards research, product development, marketing and skills training. Industry associations, universities and research institutes will receive the funding to carry out the programme. The forest industry will contribute additional funds.

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

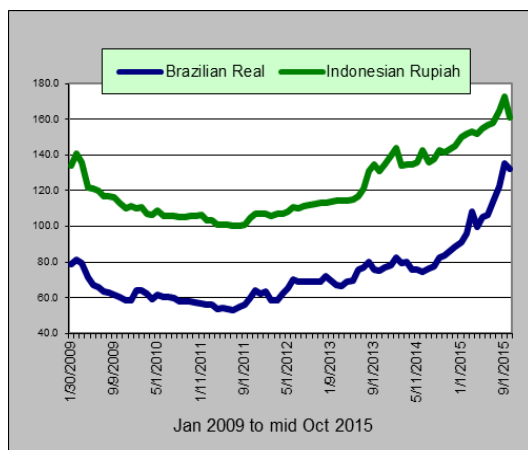
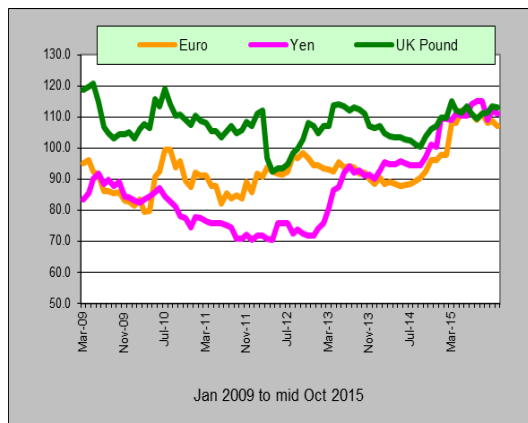
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

US Dollar Exchange Rates

As of 10th October 2015

Brazil	Real	3.8937
CFA countries	CFA Franc	576.72
China	Yuan	6.3428
EU	Euro	0.8788
India	Rupee	65.0983
Indonesia	Rupiah	13662
Japan	Yen	119.74
Malaysia	Ringgit	4.2165
Peru	New Sol	3.2416
UK	Pound	0.6558
South Korea	Won	1150.29

Exchange rate indices (Dec 2003=100)

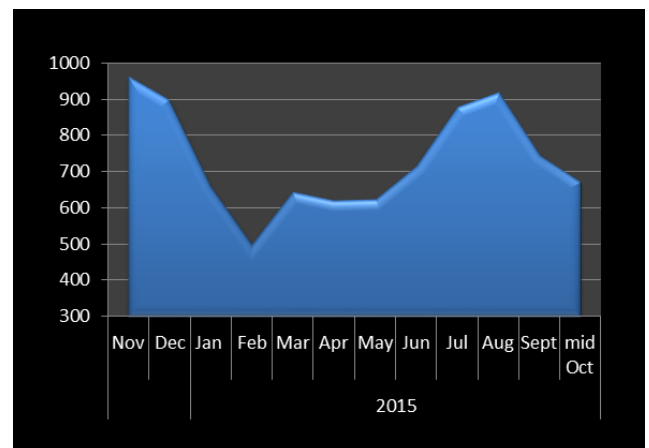


Abbreviations and Equivalences

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
Nov 2014 – mid Oct 2015

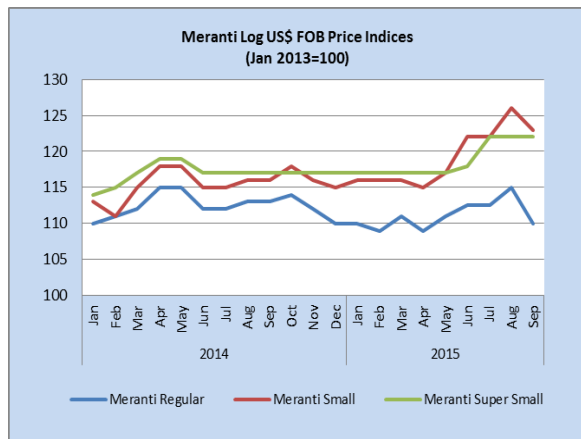


Data source: Open Financial Data Project

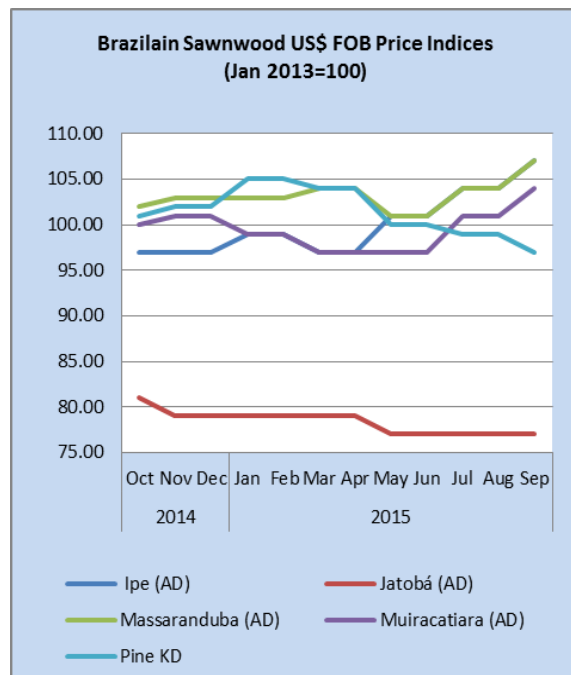
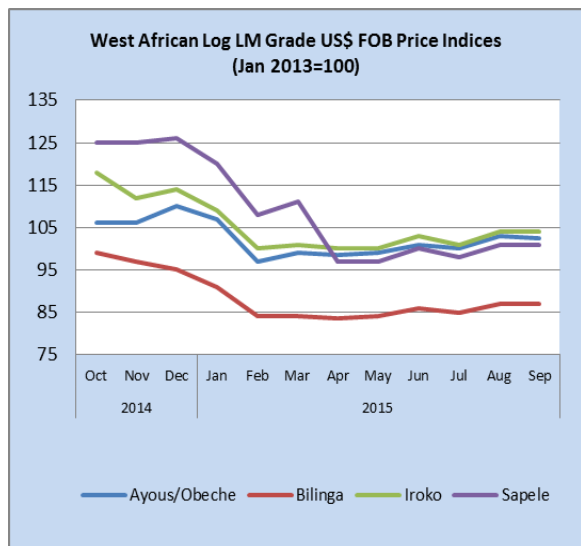
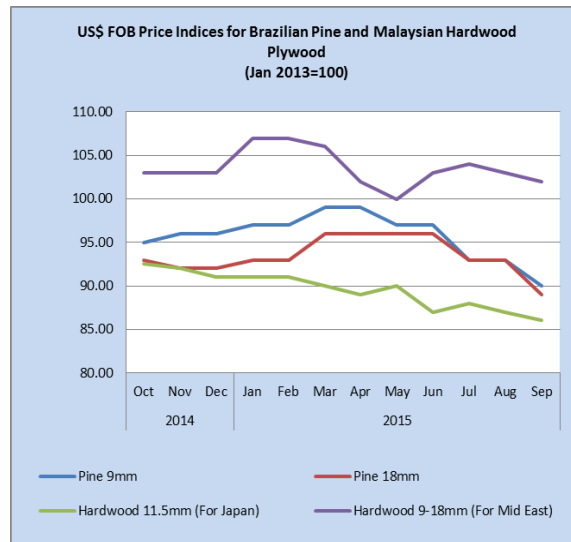
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

Price indices for selected products

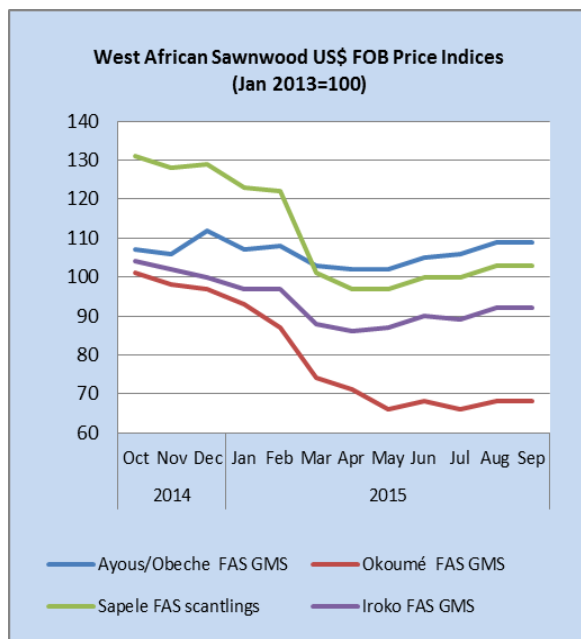
The following indices are based on US dollar FOB prices.



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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