Tropical Timber Market Report

Volume 21 Number 8, 16th –30th April 2017

Contents

Top Story

EU slaps antidumping duty on Chinese plywood

The European Commission has imposed anti-dumping duties on imports of okoumé plywood originating in China.

This decision is the result of an investigation following a complaint from the European Timber Trade which asserted that Chinese plywood is being sold in EU member states at an unfairly low price.

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Headlines

Central and West Africa

Producer sentiment is positive on back of renewed buyer interest

The positive trend in demand for some selected species continued throughout April and this was reflected in some moderate price increases.

The current demand is largely driven by the steady business with buyers for the Chinese market. Okoume prices have begun to move higher and given current buyer interest producers anticipate further modest price increases.

Interest in belli and bomanga (Brachystegia mildbraedii) is growing and prices are now very firm.

For a description of bomanga see ITTO's website: http://www.tropicaltimber.info/specie/bomanga-brachystegia-mildbraedii/

It has been reported that some regions experienced heavy rains which hampered logging operations and this seems to be particularly affecting production of sawn sapele.

Analysts say overall demand is stable and West and Central African producers appear confident the firming and slightly upward trend in prices and volumes purchased will hold for the next few months.

A slight improvement in European demand for sawn padouk has resulted in a price increase. If European buyers return more confidently to the market then prospects for the first half year would be looking good.

Attempts at illegal export of kevazingo uncovered

In Gabon allegations concerning attempts to illegally export large dimension kevazingo sawn squares have been slapped on some shippers. Reports say the Customs authorities discovered and confiscated the contents of several containers in which the Kevazingo was declared as other species.

Cameroon to restore deforested land

The international media are reporting that Cameroon plans to restore 12 million hectares of deforested land to address dwindling forest resources as well as part of the government's contribution to climate change mitigation.

This restoration plan flowed from the 'Bonn Challenge' initiative on forest restoration launched by the International Union for Conservation of Nature.

For more see:
http://www.voanews.com/a/cameroon-reforestation-efforts-forest-loss-continues/3797941.html

Log export prices

West African logs	FOB Euro per cu.m		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	240	240	160
Ayous/Obeche/Wawa	240	240	190
Azobe & Ekki	230	230	160
Belli	250	250	-
Bibolo/Dibétou	180	170	-
Bilinga	230	230	-
Iroko	325	300	265
Okoume (60% CI, 40% CE, 20% CS) (China only)	235	225	185⬆
Moabi	330	300	235
Movingui	210	210	160
Niove	175	160	-
Okan	225	200	-
Padouk	300	280	230
Sapele	290	280	220
Sipo/Utile	310	290	255
Tali	330	320	-

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	420
Bilinga FAS GMS	530
Okoumé FAS GMS	400⬆
Merchantable	300⬆
Std/Btr GMS	340⬆
Sipo FAS GMS	535
FAS fixed sizes	555
FAS scantlings	560
Padouk FAS GMS	850⬆
FAS scantlings	920
Strips	645
Sapele FAS Spanish sizes	505
FAS scantlings	510
Iroko FAS GMS	620
Scantlings	710
Strips	410
Khaya FAS GMS	450
FAS fixed	470
Moabi FAS GMS	620
Scantlings	630
Movingui FAS GMS	430

Ghana

Enhanced business climate to attract overseas investors

The government is committed to making the private sector the engine of growth and will actively pursue private-public partnerships and is also introducing measures that would improve the ease of doing business. The government has planned a 'Planting for Food and Jobs' programme and will implement a 'one district one factory' industrialisation initiative.

It has been reported that the Canadian government is supporting the government with C$125 million over five years, while the World Bank has pledged US$50 million this year and the Korean government has pledged around US$9 million to support the government as it moves to restructure the economy and government finances.

The current reforms and the drive to revitalise the business sector are sending positive signals to the international community and has already attracted the attention of foreign investors.

Planting for Food and Jobs programme

The national Agriculture Development Bank (ADB) has pledged GHc450 million to support the government's 'Planting for Food and Jobs' programme recently launched by President Nana Akufo-Addo.

This programme is designed to increase agricultural production, ensure a sustainable supply of food and create about 750,000 direct and indirect jobs for farmers and the youth. At present forest plantations are not included in the 'create jobs' element of the programme.

Mr. Asiedu said his Bank fully endorsed this initiative called on other financial institutions to allocate funds for agricultural development.

In a related development, the government has earmarked GHc100 million under a 'Stimulus package' aimed at reviving distressed companies, including the manufacturing sector, that struggled during the past four years under the power crisis leading to layoffs and shutdowns.

The Association of Ghana Industries (AGI) is in consultation with government in an effort to prepare proposals to ensure the implementation of a strong mechanism on job and economic growth.

Promoting investment in Ghana

The Minister for Business Development, Awal Ibrahim, recently received the Acting Chair of the Kenyan Community in Ghana and revealed that Kenyans had ventured into several areas of business in Ghana because of the potential the country presents.

In related news, a government delegation, including the Minister of Finance and led by the Vice President Dr, Bawumia, recently led an investment promotion road show to London, Boston and Washington DC to engage institutional investors.

Boule Export prices

	Euro per m^3
Black Ofram	390
Black Ofram Kiln dry	482
Niangon	530
Niangon Kiln dry	560

Export Rotary Veneer Prices

Rotary Veneer, FOB	Euro per m^3	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	300	400
Chenchen	368	624
Ogea	525	604
Essa	509	533↓
Ofram	350	406

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

Export Sliced Veneer

Note, veneer prices are now reported in cubic metres

Sliced face veneer	FOB Euro per m^3
Arormosia	-
Asanfina	967
Avodire	897
Chenchen	597
Mahogany	994
Makore	698
Odum	1,583

Export Plywood Prices

Plywood, FOB	Euro per m^3		
BB/CC	Ceiba	Ofram	Asanfina
4mm	415	610	641
6mm	527	535	626
9mm	407	474	560
12mm	470↑	463	480
15mm	450↑	420	430
18mm	417↑	417	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	Euro per m^3	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	492	564
Ceiba	297	320↑
Dahoma	382	425-
Edinam (mixed redwood)	520	599
Emeri	380	560
African mahogany (Ivorensis)	870↓	931
Makore	680↓	730↑
Niangon	557↑	610↑
Odum	755	980↑
Sapele	765	800↑
Wawa 1C & Select	380	410↓

South Africa

Concentration of holidays quietens business

Analysts report the South African market has been very quiet over the past weeks mainly due to the long weekends and the workers marches. The Easter weekend meant that businesses closed and there were marches on the 12th and again on the 19th April and there was a public holiday on the 27th April and another holiday is due 1st May.

Many people have taken advantage of the slack time to travel. Some factories take advantage of this slack time to shut down for maintenance. As could be expected, the holidays and demonstrations put a big brake on business.

Importers face a challenge in pricing stocks

The other major concern for business prospects is the risk of further ratings downgrades and what effect this will have on the exchange rate and financial flows. Over the past weeks the Rand has been surprisingly strong which, analysts suggest, reflects the recent government reshuffle.

The firm Rand has made pricing imported stocks very difficult and some importers are scaling back on purchases to see where the exchange rate heads.

Construction companies eager for awarding of government contracts

The government has still not moved to award infrastructure and building contracts. Part of the problem is politics; the ruling party lost control of four urban areas such that there is a tussle between the two parties over budgets and priorities.

Fears over property market direction undermines pine pricing

The pine and even the meanti market continues to be soft with a high level of discounting being reported as millers and stockists try to sustain cash flows. The main consumers of pine, roof truss manufacturers, are ordering only what they need on a weekly basis as some are worried the property market will weaken further. The negative sentiment has impacted demand for panels.

As was the case at the beginning of April, American hardwoods are still moving as the upper end of the market is immune from the negative sentiment held by main stream consumers but companies in this sector say it is difficult to increase prices with all the uncertainties in the market.

High pine sawlog prices undermine export potential

South Africa has adequate softwood resources and would be well placed to export to regional markets however, exports have never seriously taken off because of the high price of pine raw materials.

Sawlog prices from the South African Forestry Company Ltd. (SAFCOL), the government forestry enterprises, are very high. SAFCOL controls over 60% of the pine resources which gives them the power to dominate price structures.

Some years ago SAFCOL switched to import parity pricing on logs which analysts say was difficult to understand as the import of pine logs would make no sense. Never-the-less this system of pricing still stands.

Port efficiency an issue for importers

South Africa has eight commercial seaports:
Richards Bay, Durban, East London, Ngqura, Port Elizabeth, Mossel Bay, Cape Town and Saldanha. The main ports handling wood products are Cape Town, Port Elizabeth and Durban.

Importers say Durban Port is very expensive and very slow and there have been instances where ships have refused to wait and gone to discharge somewhere else.

One importer's experience was with vessels from South America which were delayed to the point that they left and dropped the cargo in Singapore. Analysts say Port Elizabeth is much more efficient and cheaper but not every line calls there.

Malaysia

Malaysia exhibits unique pavilion for American Institute of Architects

For the first time the Malaysian Timber Council (MTC) participated in the American Institute of Architects (AIA) Conference at the Orange County Convention Centre in Orlando, Florida, from 27 - 29 April 2017 according to a press release from the MTC.

The event was organised to enable exhibitors to showcase the latest in architecture, interior design and the construction industry.

The United States is an important market for Malaysia. Malaysian exports of wood products to the US were worth RM3.3 billion last year up 6.5% compared to 2015. The top three export products were wooden furniture (RM2.6 billion), plywood (RM204.5 million) and builders' joinery and carpentry (RM106.9 million).

The press release from MTC says "In an effort to boost trade between the two countries and to raise awareness of the qualities of Malaysian timbers, the Malaysian Timber Council called on renowned architect Eleena Jamil to design a structure that showcased the strength and beauty of the wood."

To achieve this a rectangular booth, called the 'Meranti Pavilion' was built. This is a lattice-like structure designed with a repeating motif of overlapping squares and protruding rectangular sections in a three-dimensional arrangement, the pavilion can be assembled within four hours by two people.

The pavilion was built by Supreme Fame Sdn Bhd in collaboration with Supreme Tropical Furniture Sdn Bhd and is made of four types of Dark Red Meranti, namely Meranti Bukit, Meranti Nemesu, Meranti Seraya and Meranti Tembaga.

MTC Bangalore office to open in June

Datuk Datu Nasrun Datu Mansur, Plantation Industries and Commodities Deputy Minister, has said wood product exports are set to increase around 5% this year from the RM21.86 billion in 2016. This he said will be possible as demand from India is growing. Last year Malaysia's exports of sawnwood, plywood and MDF increased significantly.

To better service the Indian market the Malaysian Timber Council (MTC) will open an office in the south Indian city of Bangalore in June this year.

The domestic timber industry is a major contributor to the nation's export earnings said Mansur, accounting for about 18% of total export earnings by the commodities sector and almost 3% of Malaysia's total export earnings in 2016.

Sabah becomes first State to have Environment Policy

Sabah became the first state in Malaysia to have its own policy on the environment. The policy outlines strategies and action plans based on five thematic aspects of the environment, namely land, air, water, biodiversity and social dimension.

To ensure effective implementation of the policy, the State government, through the Ministry of Tourism, Culture and Environment, has just completed an action plan based on thematic aspects of the policy. The action plan for the Sabah State Policy on the Environment will be implemented for 15 years from 2018.

For more see:
www.thestar.com.my/metro/community/2017/04/19/sabah-launches-environmental-policy-new-strategy-attempts-to-strike-a-balance-between-conservation-a/

Malaysian Furniture Council fears re-instatement of export license requirement

A letter members from the executive of the Malaysian Furniture Council (MFC) has informed that the Malaysian Timber Export Board appears to be considering re-introducing the requirement for export license for wooden furniture.

The MFC reminded members that wooden furniture is classified under Order 2012, Customs Prohibition of Export Second Schedule (Conditional Prohibition except under an Export License) of the Customs Prohibition of Exports regulation.

This requirement was suspended in 2013 but the MFC is of the opinion that it may be re-instated. The MFC says it plans to petition the Minister of Plantation Industries and Commodities asking that it not be re-introduced.

For more see: http://www.mfc.my/media-center/2015-01-29-03-53-10.html?layout=edit&id=265

Indonesia

First direct timber shipment from Jayapura

For the first time ever a shipment of timber destined for China has been shipped from Jayapura, the capital of Papua. Papua is the largest and easternmost province of Indonesia and has borders with Papua New Guinea to the east and West Papua province to the west. (Papua was formerly called Irian Jaya).

Until now, shipments from Papua had go through Makassar in South Sulawesi, the nearest international port. The central government has been urging the state-owned port operator to up-grade facilities as vessels at the port must be 'geared' as there are limited port cranes.

Papua Governor, Lukas Enembe, said as the port becomes better equipped and better known the Province will be able to attract investors to take advantage of the abundant natural resources in the Province.

Exports to Europe topped Pr. 5.2 trillion

Indonesia's wood product exports to Europe have increased significantly. Laksmi Dhewanti, a Ministery of Environment and Forestry staffer, reported that between November 2016 and March this year some 365,000 tons of wood products have been shipped to Europe earning over US$400 million.

Laksmi said that the success in the European market was primarily due to the enforcement of the national timber legality verification system.

Marketing Service Agency to assist SMEs

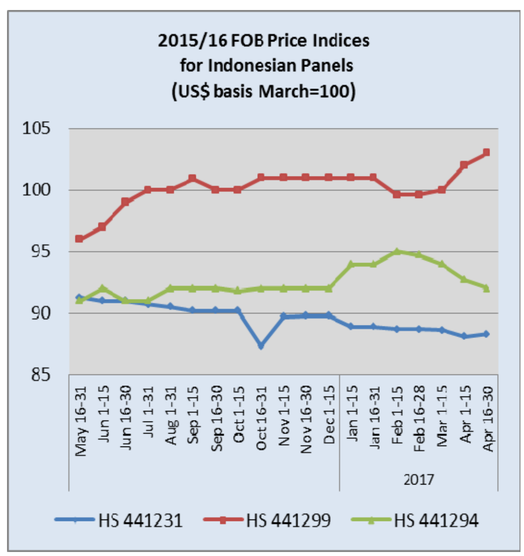
Indonesia's Minister of Cooperatives and Small and Medium Enterprises, Puspayoga, visited the Aji Tambak Industrial Area, West Semarang, Central Java to witness shipments of furniture products including tables, cupboards and chairs destined for buyers in the Netherlands and Japan.

Puspayoga said his ministry will continue to support the efforts of SMEs to penetrate new markets through the ministry's Marketing Service Agency which helps companies export markets in the US, Germany, France, Kuwait, and Saudi Arabia.

Export to the UK expected to increase

Of all European countries with which Indonesia trades processed wood products the UK market is the largest.The Head of the Trade Research and Development Agency in the Ministry of Trade, Kasan Muhri, said the UK's exit from the European Union could lead to changes in trade policies in the UK which must be carefully monitored.

Data from the Ministry of Trade shows that Indonesia's timber exports to the EU between 2011-2016 rose 6%. The UK market is important for Indonesia, said Kasan, as it accounts for around a quarter of total export earnings from wood products.



Data Source: License Information Unit in http://silk.dephut.go.id/

Myanmar

No export of products milled from conflict or conservation area logs

Myanmar's Ministry of Natural Resources and Environmental Conservation (MONREC) has issued an ordinance dated on 7th April 2017 banning the export of wood products manufactured from logs sourced from conversion forests and conflict areas. This ordinance is intended to reinforce the Myanmar Timber Legality Assurance System.

Seized logs just a fraction of what is thought to have been smuggled

For fiscal 2016-17, the Forestry Department confiscated over 50,000 tons of illegal timber, including 14,000 tons of teak. Analysts point out that this represents just a fraction of the volume thought to have been smuggled out of the country.

The government also arrested over 8,000 people alleged to have been involved in illegal timber harvesting and trade and they also seized 2,599 vehicles and machines. Analysts in Myanmar say the volume of confiscated teak is almost same as the annual allowable cut for 2017-18 which is extremely alarming.

The government is addressing forest conservation and is determined to control the harvest at no more than the sustainable yield. This can only be achieved through sound forest governance.

Industry asks for simpler system for log sales

In April the Myanma Timber Enterprise (MTE) did not sell logs for processing for export but the Local Marketing and Milling Department of MTE did sell a huge quantity of both teak and other hardwoods. However, products milled from these logs sold in local currency cannot be exported.

The MTE has attracted criticism for its two tier sale systems. The MTE has two departments- the Export Marketing and Milling Department and the Local Marketing and Milling Department. The former sells top quality logs priced in US dollars while the latter sells lower quality logs and domestic mills can pay in Kyats.

The price of low quality teak logs is between 1,000,000 and 1,500,000 Kyats per hoppus ton (about US$750-1100 /H.ton).

Prices for teak logs from the Export Marketing and Milling Department (exports allowed) start at around US$2,000 per hoppus ton. The private sector is urging the government to tell MTE to sell logs in one simple system - preferable in Myanmar Kyats.

Millers in search of logs to fill gap until new harvest is available

As logs from the 2017-18 harvesting season will only be available at the beginning of 2018 millers are now trying to secure teak logs from the few traders who have stocks.

Depending the quality of the log, the price for SG7 teak logs (one of the lower grades) is currently between US$1,700-US$2,000 per H. ton. Manufacturers are saying that such prices, on top of domestic taxes/duties and the cost of satisfying buyer demands for verification of legality, is putting company viability at risk.

India

RBI ready to act if inflation rises beyond target

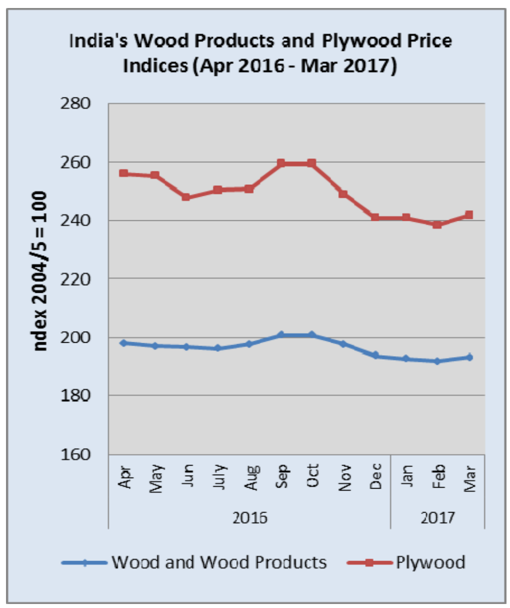
The official Wholesale Price Index for All Commodities (Base: 2004-05=100) for March, 2017 declined by 0.1 percent to 185.3 (provisional) from 185.5 (provisional) for the previous month. Annualised inflation, based on the monthly WPI, stood at 5.70% for March.

The Reserve Bank of India (RBI) has made it known it is carefully monitoring inflationary pressures as the economy strengthens. The RBI Governor, Urjit Patel, said the outlook for inflation is for a progressive rise which will be addressed by the Bank.

Several issues have been behind the firming inflation such as rising production costs, which will be passed on to consumers, the pay rise for government workers and the introduction of the harmonised Goods and Services tax in July, the impact of which is difficult to judge.

Timber and plywood 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: Ministry of Commerce and Industry, India

Wood product legality verification

Wooden crafts items exported from India will soon have barcodes which can be used to determine details of the timber used and its origin.

Rakesh Kumar, Executive Director of India's Export Promotion Council for Crafts, said the Council will be responsible for barcoding all wood products meant for export which will ensure overseas buyers can meet due diligence requirements. This barcode system will be additional to current VRIKSH (tree) certificate issued by Indian authorities.

The Export Promotion Council website says in regard to VRIKSH "it is a Timber Legality Assessment and Verification Standard – India intended for entities who want to accurately track and make claims about the legal origin and transport of their products."

See:http://economictimes.indiatimes.com/articleshow/57647710.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

http://vrikshindia.in/external_file/standards.pdf

http://vrikshindia.in/external_file/FAQs.pdf

http://epch.in/vriksh/standards1.pdf

Exports of Indian Wood Products

CAPEXIL (Chemical and Allied Products Export Council) has released figures on Indian exports for the period April to December 2016. The figures show that, compared to the same period a year earlier, exports increased except for sandalwood chips and sawnwood. Wooden furniture exports rose around 8% and plywood exports increased almost 6.5%

India's wood product export performance continues to progress but the recent decision on restricting trade in Dalbergia will dent exports. Efforts are continuing in India to resolve this issue as the authorities maintain India has large quantities of well managed Dalbergia and that this resource should not be subject to the CITES restriction.

Indian export performance (US$ mil. April-December)

	2015-16	2016-17
Plywood	571.87	609.75
Cork products	1.52	1.69
Hardboard	9.93	14.04
Other articles of wood	195.68	209.7
Other panel products	19.12	21.17
Sandalwood chips	1.96	0.94
Sawnwood	20.88	13.49
Tea chest panels	0.01	0.02
Veneer	10.28	12.12
Wooden furniture	312.49	336.58

Source: MOC&I, Govt. of India

C&F prices for imported plantation teak

The Indian rupee continues to maintain its strength against major currencies which is helping importers reduce the landed costs of timber imports.

Prices for imported plantation teak remain unchanged from two weeks earlier.

Prices for imported plantation teak

	US$ per cu.m C&F
Angola logs	389-574
Belize logs	350-400
Benin logs	290-714
Benin sawn	530-872
Brazil logs	344-540
Brazil squares	333-556
Cameroon logs	405-616
Colombia logs	478-743
Congo D. R. logs	450-761
Costa Rica logs	357-780
Côte d'Ivoire logs	289-756
Ecuador squares	333-454
El-Salvador logs	320-732
Ghana logs	294-452
Guatemala logs	324-646
Guyana logs	300-450
Kenya logs	515-876
Laos logs	300-605
Liberia logs	265-460
Malaysian logs	225-516
Mexican logs	295-808
Nicaragua logs	402-505
Nigeria squares	434-517
Panama logs	335-475
PNG logs	443-575
Sudan logs	358-556
Tanzania teak, sawn	307-613
Thailand logs	511-700
Togo logs	334-590
Trinidad and Tobago logs	603-753
Uganda logs	411-623
Uganda Teak sawn	680-900

Price range depends mainly on length and girth

Over the last couple of months, the Indian Rupee has gained against the American dollar. In early February 2017, the exchange rate was Rs67.50 to the dollar but it is now around Rs65.

The main reason cited for the Rupee's strength is the interest of foreign institutional investors to buy into the Indian stock market. In the first quarter of this year foreign investors pumped over Rs40 billion into the Indian stock markets.

Sawnwood prices

Prices for sawnwood milled from imported logs remain unchanged as shown below.

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	3200-3500
Balau	2000-2100
Resak	1350-1550
Kapur	1750-1850
Kempas	1250-1400
Red Meranti	1000-1100
Radiata pine AD	700-800
Whitewood	800-900

Price range depends mainly on length and cross section

Myanmar teak exmill prices

Sawnwood (Ex-mill)	Rs. per cu.ft
Myanmar Teak (AD)	
Export Grade F.E.Q.	8000-15000
Teak A grade	6500-7500
Teak B grade	5000-5500
Plantation Teak FAS grade	4000-4500

Price range depends mainly on length and cross section

Prices for imported sawnwood

Sawnwood, (Ex-warehouse) (KD)	Rs per cu.ft.
Beech	1350-1450
Sycamore	1500-1650
Red oak	1600-1750
White Oak	2200-2250
American Walnut	4250-4500
Hemlock clear grade	1200-1400
Hemlock AB grade	1250-1300
Western Red Cedar	1850-2000
Douglas Fir	1550-1750

Price variations depend mainly on length and cross section

SME plymills prepare for impact of GST on competiveness

Millers report supplies of logs and veneers are improving. Mills in Northern India are ramping up production and the latest from the mills in the south of the country is that they are expanding production of decorative plywood and concrete shuttering grades.

Developments in the southern mills are related to the upcoming introduction of the Goods and Services Tax (GST).

With application of the GST all factories will have to pay similar electricity charges and taxes including the central government excise.

At present, small factories (as defined by the authorities) benefit from some exemptions in the case of central government excise and this offers them an advantage over the large commercial mills. This advantage will mostly be removed when the standardised GST comes into force.

In response to this change, small mills are adjusting production. For example, instead of making plain plywood they are considering production of marine quality plywood or concrete shuttering plywood.

Some are considering production of decorative plywood. This move into higher value-added plywood should allow them to generate more revenue and remain competitive with the bigger mills.

Prices for WBP marine grade manufactured by domestic mills

Plywood Ex-warehouse	Rs. per sq.ft
4mm	44.5
6mm	58.75
9mm	75.5
12mm	91
15mm	122
18mm	128.5

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.22.50	Rs.33.25
6mm	Rs.34.00	Rs.42.80
9mm	Rs.42.80	Rs.52.00
12mm	Rs.52.50	Rs.62.75
15mm	Rs.63.75	Rs.76.50
19mm	Rs.72.50	Rs.85.50
5mm Flexible ply	Rs.45.00	

Brazil

Huge interest rate cut – good news for businesses

The National Consumer Price Index (IPCA) eased by 0.25% in March after registering a 0.33% change in February. In the first three months of 2017 the IPCA increased 0.96%, the lowest rate of increase in a first quarter of the year since the beginning of the Brazilian currency reform 'Plano Real' in 1994.

The Monetary Policy Committee (Copom) of the Central Bank of Brazil recently cut the interest rate by 1% the biggest cut since 2009.

New legislation could impact Amazon forest

If Brazilian legislators approve the Provisional Measure MP 758/16 of December 2016 that changes the use limitations for protected areas such as the Jamanxim National Park and the Tapajós Environmental Protection Area. An area of around 1 million hectares could be at risk according to Braziian newspaper Valor Economico.

MP 758/16 aims to re-designate 862,000 hectares of forest in the Jamanxim National Park to allow railroad expansion to transport of soybeans from Mato Grosso to other states. Valor Economico reports that other proposed amendments could weaken protection of the Amazon; for example parts of the Jamanxim National Park could be re-designated as environmental protection areas (APAs). APAs are the most flexible type of conservation units in Brazil since they permit agriculture and mining in the areas. An amendment that re-designates around 170,000 hectares of the National Forest of Itaituba into an APA was recently approved.

Spokespersons from the Chico Mendes Institute for Biodiversity Conservation said they foresee an increase in deforestation in the Amazon If these decisions are implemented.

For more see:
http://www.valor.com.br/brasil/4937182/mudanca-em-mp-pode-liberar-venda-de-11-milhao-de-hectares-de-florestas-no-para

Laminated wood flooring now an option in federal housing

New Federal government regulations included in its's housing programme, "Minha Casa, Minha Vida", aims to expand options for beneficiaries of the programme.

The "Minha Casa, Minha Vida" plan aims to deliver 610,000 new home units during 2017.

For the first time home owners will be given the option to select laminate wood flooring amongst other floor coverings. According to the Brazilian Tree Industry Association(IBA), this is great news for manufacturers.

Builders are required to use construction materials produced in accordance with technical standards and, in particular, produced by companies certified by the Brazilian Program for Quality and Productivity of Housing (PBQP-H) to which laminate flooring producers comply.

Laminate flooring in Brazil is made from various tropical wood, such as angelim pedra (Hymenolobium petraeum), copaíba (Copaifera landesdorffi), jatobá (Hymenaea courbaril), muiracatiara (Astronium lecointei).

Export update

In March 2017 Brazilian exports of wood-based products (except pulp and paper) increased 12,2% in value compared to March 2016, from US$ 202 million to US$ 226.6 million.

The value of pine sawnwood exports increased 18% between March 2016 (US$ 33.1 million) and March 2017 (US$ 39.2 million). In terms of volume, exports increased 12.5% over the same period, from 171,900 cu.m to 193,400 cu.m.

Tropical sawnwood exports fell 4% from 36,100 cu.m in March 2016 to 34,600 cu.m in March 2017 and the value of exports dropped around 8.5% from US$ 16.7 million to US$ 15.3 million, over the same period.

The value of pine plywood exports increased 18% in March 2017 year on year, from US$ 36.5 million to US$ 43.1 million. In terms of volume exports increased 12% over the same period, from 142,600 cu.m to 159,300 cu.m.

As for tropical plywood, exports increased significantly in volume and in value, from 11,300 cu.m (US$ 4.5 million) in March 2016 to 13,900 cu.m (US$ 5.4 million) in March 2017.

For the first time in months exports of wooden furniture rose from US$ 37.5 million in March 2016 to US$ 41.8 million in March 2017, an 11.5% increase.

Export corridor, a partnership with Bolivia

The opening of an export corridor capable of furthering integration of Bolivia into the global market was one of the topics discussed between representatives of the State government of Rondônia and an visiting Bolivian Minister.

The options for increased trade cooperation between Bolivia and the Rondônia State government were discussed in particular the transportation and shipment of timber and forest products such as nuts from Bolivia to the port of Porto Velho (Rondônia, State capital) was one of the topics addressed.

The Bolivian minister, who also visited the port of Porto Velho, was impressed with the port infrastructure which encouraged his determination to seize the opportunity and cement an arrangement for shipping via Brazil.

According to the Rondonia State government, the port of Porto Velho is strategically placed to export Brazilian, Bolivian and also Peruvian products.

Plantation teak exports to the US

The State of Rondônia, one of the main timber producers in the Amazon region, is counting on forests to guarantee and boost the state's sustainable economic development.

In May last year a law that regulates forest plantations for commercial use was passed and the State Secretariat for Environmental Development (SEDAM) also addressed the bureaucratic burden on companies seeking export approval. The shift to plantation resources for wood product manufacture began around 5 years ago in Rondônia. Since then exports, especially of teak, to Asia have grown steadily.

The resources in Rondônia have caught the attention of companies in the United States and teak shipments have begun.

Exporting to the United States is an important milestone for producers in Rondônia as the US market is very demanding and manufacturers in Rondônia have been successful in satisfying the requirements of this sophisticated market.

Domestic Log Prices

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	212⬆
Jatoba	118⬆
Massaranduba	121⬆
Miiracatiara	122⬆
Angelim Vermelho	117⬆
Mixed redwood and white woods	99⬆

Source: STCP Data Bank

Domestic Sawnwood Prices

Brazil sawnwood, domestic (Green ex-mill)	US$ per m^3
Ipé	944⬆
Jatoba	478⬆
Massaranduba	442⬆
Muiracatiara	446⬆
Angelim Vermelho	393⬆
Mixed red and white	260⬆
Eucalyptus (AD)	223⬆
Pine (AD)	160⬆
Pine (KD)	183⬆

Source: STCP Data Bank

Domestic Plywood Prices (excl. taxes)

Parica	US$ per m^3
4mm WBP	598⬆
10mm WBP	459⬆
15mm WBP	409⬆
4mm MR	517⬆
10mm MR	385⬆
15mm MR	356⬆

Prices do not include taxes. Source: STCP Data Bank

Prices For Other Panel Products

Domestic ex-mill Prices	US$ per m^3
15mm MDParticleboard	264⬆
15mm MDF	341⬆

Source: STCP Data Bank

Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US$ per m^3
Ipe	1429
Jatoba	920
Massaranduba	771
Muiracatiara	737
Pine (KD)	189

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)	284
12mm C/CC (WBP)	261
15mm C/CC (WBP)	255
18mm C/CC (WBP)	256

Source: STCP Data Bank

Export Prices For Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Decking Boards	Ipê	2,564
	Jatoba	1,467

Source: STCP Data Bank

Peru

Furniture entrepreneurs participated in fair in China

Twelve Peruvian businessmen engaged in furniture manufacturing from various cities in the country visited the Interzum Guangzhou trade fair in China.

The entrepreneurs had the opportunity to appreciate the latest trends, technology and innovations in the furniture industry and witness production methods in Chinese factories.

Interzum Guangzhou showcased almost 1,400 exhibitors from 38 countries and regions, including mainland China, Hong Kong, Taiwan P.o.C, Finland, Germany, Italy, Japan, Korea, Malaysia, the United Arab Emirates, the United States and Turkey. This show, along with the China International Furniture Fair attracted over 83,000 visitors, an increase of about 14% on 2016.

Training on tracking software tool

Current regulations in Peru require any person who transports or markets a forest product must be able to prove its legal origin and demonstrate that the product comes from a forest under effective management.

This is a new requirement and it will take time for systems to be put in place to ensure timber marketed domestically and internationally is verifiable legal.

To strengthen the technical capacity of enterprises to demonstrate traceability, the German International Cooperation Agency (GIZ), in cooperation with CITEforestal Pucallpa, organised a course on the use and the benefits of the DataBOSQUE software.

Formerly known as SimaFOR, this software is a management tool for forestry companies that provides for demonstrating traceability.

The training was directed to forest managers and professionals who are currently working in forestry companies in Madre de Dios, Tingo María, Iquitos and Ucayali. Fifteen forest professionals were trained as trainers for the wider application of this tool.

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'-13' KD	
Grade 1, Mexican market	505-594 ↑
Grade 2, Mexican market	455-479 ↑
Cumaru 4" thick, 6'-11' length KD	
Central American market	879-925
Asian market	934-981
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	631-666
Marupa 1", 6-13 length KD Mexican market	486-549 ↑

Domestic Sawnwood Prices

Peru sawnwood, domestic	US$ per m^3
Mahogany	-
Virola	237-255 ↑
Spanish Cedar	316-368
Marupa (simarouba)	185-198 ↑

Export Veneer Prices

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

Export Plywood Prices

Peru plywood, FOB Callao (Mexican Market)		US$ per m^3
Copaiba, 2 faces sanded, B/C, 8mm		342-371
Virola, 2 faces sanded, B/C, 5.2mm		466-489
Cedar fissilis, 2 faces sanded.5.5mm		759-770
Lupuna, treated, 2 faces sanded, 5.2mm		389-412
Lupuna plywood	B/C 15mm	421-451
	B/C 9mm	366-385
	B/C 12mm	350-360
	C/C 4mm	389-425
Lupuna plywood B/C 4mm Central Am.		370-393

Domestic Plywood Prices (excl. taxes)

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

Domestic Prices for Other Panel Products

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

Export Prices for Added Value Products

Peru, FOB strips for parquet		US$ per m^3
Cabreuva/estoraque KD12% S4S, Asian market		1296-1380
Cumaru KD, S4S	Swedish market	962-1095
	Asian market	1058-1098
Cumaru decking, AD, S4S E4S, US market		1188-1222
Pumaquiro KD Gr. 1, C&B, Mexican market		479-554
Quinilla KD, S4S 2x10x62cm, Asian market		493-519
2x13x75cm, Asian market		732-815

Japan

Prospects for Japan's economy looking brighter

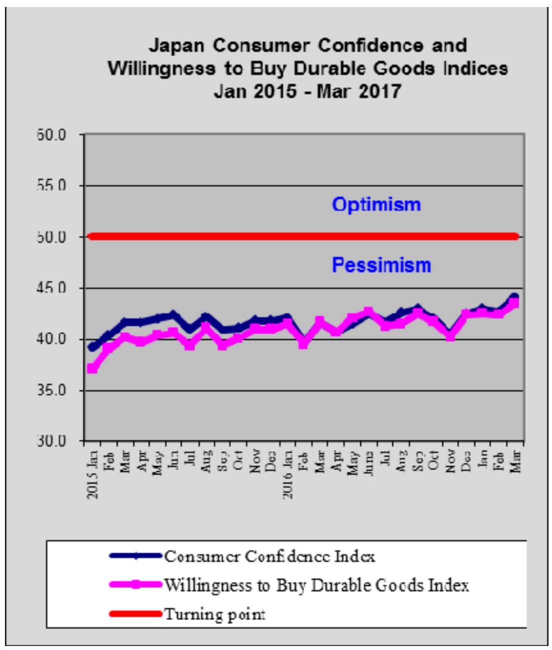
With the March economic numbers released it seems the Japanese economy posted the best quarterly performance in three years. New business investment and hiring continued at a steady rate in March building on the trend in the first two months of the year.

Against this background, at its latest meeting the Bank of Japan (BoJ) raised its economic forecasts and did not offer any hint of further stimulus.

The BoJ forecast for GDP for fiscal 2016/17 was lifted to 1.6 from the 1.5 projected in January but the BoJ was less optimistic on the consumer price index which it thought could weaken further. In the first quarter 2017 the manufacturing sector was the main driver of growth with the service sector growth providing an additional boost.

The good news continued with the IMF raising its forecast for Japan's GDP growth for this year. The latest World Economic Outlook report says the Japanese economy is expected to expand 1.2% in 2017, significantly higher than the 0.8% previously forecast. But the IMF cautions "in spite of the rebounding output and the tightening labour market, consumer prices and wages have stayed almost flat."

As Japan's economy heads into the second quarter prospect seem to have improved. However, all the good news could be undone if the US succeeds in weakening the dollar against the yen as this would hit Japan's export growth.



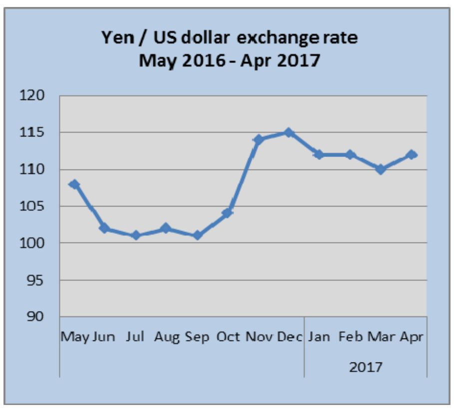
Data source: Cabinet Office, Japan

Yen had a turbulent April

The yen had a turbulent April, first strengthening and then swinging weaker again. The roller-coaster ride was driven first by the run-off election between Emmanuel Macron and Marine Le Pen in France which boosted the euro and took from the yen. During this period the yen moved as firm as 108 to the US dollar but was driven back to 110 as news of the likelihood of a Macon win emerged.

The other issues that eventually pushed the yen back to 112 to the dollar was the decision from Washington that the US will not abandon the North American Free Trade Agreement and the decision of the BoJ to continue its current monetary policy.

Analysts are now beginning to say that the yen could be losing its status as the number one safe-haven currency. Geopolitical issues, especially because of the situation in North Korea, along with the action of the BoJ to continue its negative interest rate policy when many other countries are lifting interest rates, is undermining the yen safe haven status.



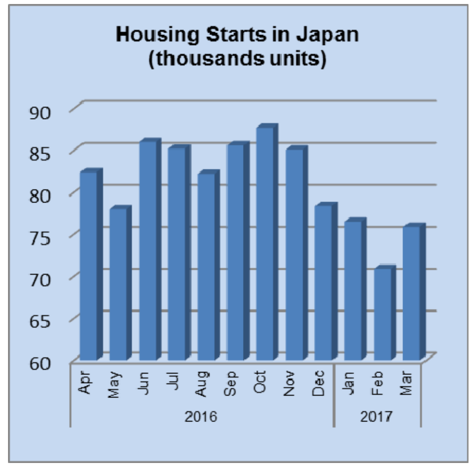
Housing starts reverse direction – 4 month downtrend broken

Data compiled by Japan’s Ministry of Land, Infrastructure, Transport and Tourism show that March housing starts were only slightly up on levels in February. However the slight rise in March starts broke the downward trend that started in November last year.

March housing starts were up around 7% on February which, if maintained would result in annualised housing starts to rise to 984,000.

The Ministry data reports construction companies as saying orders increased in March but at a slower pace than in March one year earlier. Construction companies in Japan are now preparing for the change in the population in Japan. By 2025 around 6 million baby-boomers in Japan will be 75 years old or older which has led construction companies to begin assessing opportunities in providing housing for the ageing population.

A report by the Cabinet Office in Japan says Japan’s population peaked at about 128 million in 2010 and is expected to be about 52 million in 2100.

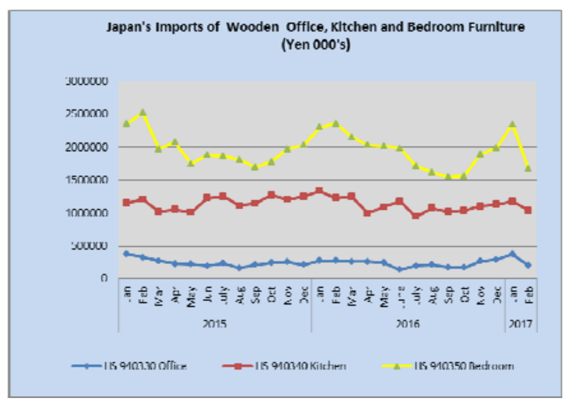


Data source: Ministry of Land, Infrastructure, Transport and Tourism

Japan’s wooden furniture imports

The value of Japan’s wooden office furniture imports in February 2017 was down 27% year on year and down a massive 45% month on month. This downward trend was mirrored by kitchen furniture imports which fell 15% year on year and 12% month on month.

The low value of February wooden furniture imports was driven even lower by the steep drop in wooden bedroom furniture. Year on year February wooden bedroom furniture imports dropped 29% and month on month February imports were down 27%.



Data source: Ministry of Finance, Japan

Office furniture imports (HS 940330)

In February, as was the case for the past 12 months China provided most of the wooden office furniture into Japan. At 48% of total wooden furniture imports China was the number one shipper followed by Italy (20%) Taiwan P.o.C (7%) and for the first time shippers in the UK contributed 5%.

February arrivals of wooden office furniture from the EU rose to 38% of total imports of this category, up from the 16% in February 2016. The surge in imports from the EU was largely down to the jump in deliveries from Italy.

Year on year, Japan's February wooden office furniture imports were down 27% and month on month the decline was even more dramatic (-45%).

Office furniture imports

	Imports Feb 2017 Unit 1,000 Yen
S. Korea	-
China	97756
Taiwan P.o.C	15133
Thailand	2998
Malaysia	2211
Philippines	1114
Indonesia	5997
Sweden	-
Denmark	3605
UK	10242
Belgium	517
France	2130
Germany	5955
Portugal	4693
Italy	40286
Poland	7349
Lithuania	833
Slovakia	2670
USA	1087
Total	204576

Data source: Ministry of Finance, Japan

Kitchen furniture imports (HS 940340)

The value of Japan's February imports of wooden kitchen furniture dropped 15% year on year and by 12% month on month.

Vietnam was the major source of Japan's wooden kitchen furniture at 36% of total imports of this category but shipments from Vietnam dropped 23% in February compared to the level in January.

The second ranked supplier was the Philippines (28%) followed by China (12.5%). In February, both the Philippines and China saw shipments decline (-6% and -24% respectively)

Kitchen furniture imports

	Imports Feb 2017 Unit 1,000 Yen
China	129825
Taiwan P.o.C	-
Vietnam	377784
Thailand	41433
Malaysia	39288
Philippines	287940
Indonesia	107204
UK	1151
Germany	31400
Spain	480
Italy	13650
Canada	1805
USA	4493
Total	1036453

Data source: Ministry of Finance, Japan

Bedroom furniture imports (HS 940350)

Wooden bedroom furniture import data from Japan's Ministry of Finance shows there was a massive correction in the value of imports in February compared to a month earlier.

Bedroom furniture imports

	Imports Feb 2017 Unit 1,000 Yen
China	816664
Taiwan P.o.C	22491
Vietnam	616565
Thailand	96831
Malaysia	53865
Philippines	273
Indonesia	11236
Cambodia	-
Denmark	2296
U KING	453
FRANCE	1774
PORTUGL	2069
Italy	4400
Poland	20336
Russia	2495
Romania	6349
Estonia	857
Latvia	-
Lithuania	9118
Bosnia and Herzegovina	-
USA	1566
Total	1669638

Data source: Ministry of Finance, Japan

Japan's wooden bedroom furniture imports grew steadily for the three months from October last year and peaked in January this year. The 27% drop in the value of imports in February this year comes on top of a 29% decline in year on year imports.

China and Vietnam are the main shippers of wooden bedroom furniture to Japan with China accounting for 48% and Vietnam 36% of February imports. The other two main suppliers were Thailand (6%) and Malaysia (3%). Shipments of wooden bedroom furniture from EU member states are insignificant at between 1-2% per month.

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

Hardwood resources in Japan

The Forestry Agency made investigation of hardwood resources in the national forests and demand trend. Total stock of hardwood in the national forests is 554,000 cbm. The largest species is beech with 97,000,000 cbm then oak with 5,800,000 cbms and birch with 5,200,000 cbms. In these, resource volume, which can be actually usable, is about 30-40%.

By the area, Hokkaido has oak, ash, maple and katsura. The North East has beech and horse chestnut. Kyushu has oak and chinquapin.

By use, 95% of hardwood is consumed for wood chip. There are many furniture manufacturers and wood working plants, where quality hardwood is easily available. Log distribution channel .is necessary for making sliced wood veneer and wood working while sawn board is necessary for furniture, which recovery ratio is 30% and music instrument, which recovery ratio is only 10%.

Hardwood stock in privately owned forests is overwhelmingly heavy in Hokkaido and the North East. There are spotty hardwood forests in other areas but they are way further in the forests so harvest and supply is difficult.

Wood supply and demand projection

The Forestry Agency held a meeting to forecast wood supply and demand for the second and third quarter of this year. Forecast of new housing starts in 2017 by think tanks is 4.4% less than 2016 but the forecast of wood demand would be the same as last year.

At the meeting in last December, an average housing starts in 2016 by eleven think tanks figured 971,000 units then forecast for 2017 is 935,000 units then at the meeting in March, the forecast is revised downward to 962,000 units in 2016 and 920,000 units in 2017.

Also by the Japan Federation of Housing Organizations, the survey made in last January reported that total orders received by members of house builder have decreased by three straight quarters and decline seems to continue. Despite decline of housing starts, the supply seems to remain unchanged from last year.

By sources, European lumber would decrease by about 10% by dropping housing starts. Meantime, radiata pine log supply for the second quarter would increase by 27.5% in the second quarter and by 68.1% for the third quarter.

The reason is demand for domestic radiate pine lumber products would increase after the Chilean lumber supply would decline due to extensive forest fires in Chile in January. Lumber supply for the second quarter would increase by 25%.

Meantime demand for the second and third quarter would be slow so both logs and lumber would be less than the same period of last year.

Domestic log supply for lumber in the second quarter would be less than last year. Domestic logs for plywood would be down by 6.3% in the second quarter then 2.7% more in the third quarter in an anticipation of increased production of floor base and concrete forming.

Demand for plywood and laminated lumber is almost flat from last year. Demand of concrete forming panels for preparation of the 2020 Tokyo Olympic Games would start in the third quarter. Demand of imported thin and medium thick and structural panels would decline.

Demand of concrete forming panels would increase as more condos and concrete building would be built.

Log supply from North America may be 10% more than the demand. Lumber supply would stay unchanged from last year.

Russian log supply and demand would decline in the second quarter and lumber supply would decline in both second and third quarter.

South Sea log supply in the second and third quarter would increase for lumber.

South Sea (tropical) logs

Weather in Sarawak, Malaysia has been gradually recovering from rainy season and Sabah's weather is better than Sarawak so weather factor is getting normal but in Sarawak, log procurement is difficult due to illegal harvest control by the Sarawak state government.

India, which had been inactive for log purchase, returned to the market as log inventories are decreasing in India and has started active buying but it cannot buy enough logs in Sarawak so it goes to Sabah and other sources like PNG and Solomon Island so export log prices stay up high. With insufficient log supply, Japanese importers have hard time to make up shipping plan.

In Japan, there are a limited number of South Sea (tropical) log users and it does not pay to bring logs in with hard effort due to high log prices so there is no aggressive purchase of South Sea logs any more. Some South Sea plywood manufacturing mills in Japan reduce the production and import plywood from South Sea countries to become wholesaler.

Sarawak meranti regular log prices for Japan are US$275-280 per cbm FOB. Further increase is likely because higher transportation cost in producing regions.

In Sabah, supply of keruing and kapur has been declining due to decrease of resources so the prices for these species continue climbing. In PNG and Solomon Islands, log purchase by China and India is active so Japan has no room to get in.

China

Supply and consumption of wood products 2015

According to the 2016 China Forestry Development Report, total timber supply (domestic resources and imports) in 2015 rose 2.3% to 552 million cubic metres (RWE).

Of the domestic timber supply, 13% was for commercial processing, 7% farm use and fuelwood, and 27% for fibreboard and particleboard. Timber imports accounted for a further 53% of the total timber supply which include logs, sawnwood, veneer, wood-based panel, wooden furniture, wood pulp, wood chips, paper and paper products, waste paper, as well as other wood products. The Forestry Development Report also says China's timber consumption rose.

Domestic timber resources are mainly consumed in construction 30%, 1.7% in the coal industry, 29% in paper making, 12% in wooden furniture, 3.5% in the transport sector and 5.5% timber consumption for farmer use and fuelwood with the balance being for other purposes.

Timber exports account for around 18% of timber supply and comprised mainly wooden furniture, wood-based panels, wooden doors, window and flooring, paper and paper products.

Forest products trade of growing importantance

According to statistics from China Customs, the value of the country's commodity trade in 2016 fell 0.9% to US$3.685 trillion. Of the total, the value of exports dropped 2% to US$2.097 trillion while the value of commodity imports rose 0.6% to US$1.587 trillion.
The proportion of forest products trade to the total commodity trade in 2016 was 3.86%, a year on year increase of 0.22%. The proportion of forest products exports to the total commodity exports came to 3.72%, a year on year increase of 0.27%.

The proportion of forest products imports to total commodity imports amounted to 4.04%, a year on year increase of 0.15% percentage points.

Value of wood products trade

The total value of China's wood products trade in 2016 fell 1.28% to US$142.2 billion. Of the total, the value of forest products exports dropped 0.72% to US$78.12 billion, the value of forest products imports declined 1.95% to US$64.09 billion.

Value of wood products trade from 2011 to 2016

Source: China Forestry Development Report

Softwood log imports volumes

The main imported softwood log species in 2016 were radiata pine (14.09 million cu.m, 41%), spruce and fir (5.55 million cu.m, 16%), Korean pine and Scots pine (4.64 million cu.m, 14%), larch (2.41 million cu.m, 7%) and Douglas fir (1.87 million cu.m, 6%).

The volume of Douglas fir, spruce and fir, radiata pine, Korean pine and Scots pine imports rose 17%, 16%, 15%, and 3%, but larch imports fell 5% year on year. The above-mentioned species accounted for 84% of total softwood log imports.

Main hardwood log imports

The main imported hardwood log species in 2016 were okoume (852,000 cu.m, 5.79%), oak (849,000 cu.m, 5.77%), redwood (800,000 cu.m, 5.4%), beech (600 000 cu.m, 4%), North America hardwood (430,000 cu.m, 3%) and Merbau (250,000 cu.m, 2%).

The volumes of North America hardwoods, merbau, okoume and redwood rose 38%, 36%, 33%, and 7% respectively, but beech and oak imports fell 16% and 5% year on year respectively.

Monthly change in China's log imports

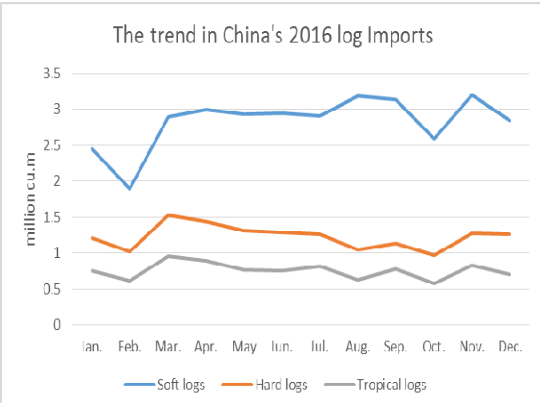
China's timber importers reduced log inventories around the 2016 Chinese New Year celebrations in February and at the time of the National Day Holiday in October 2016. As will be seen in the graphic below there was a fall in log deliveries in February and October.

The average monthly volume of softwood log imports in 2016 rose 13% to 283 million per cubic metres.

The average monthly volume of hardwood log imports rose 2% to 123 million cubic metres per cubic metres.

Softwood log imports were largest at 3.2 million cu.m in November and lowest in February at 1.9 million cu.m. A similar trend can be seen between hard log imports and tropical log imports.

Hardwood log imports and tropical log imports were largest at 1.53 million cu.m and 0.96 million cu.m respectively in March and lowest at 970, 000 cu.m and 580, 000 cu.m respectively in October 2016.



Source: China Forestry Development Report

Guangzhou Yuzhu International Timber Market Wholesale Prices

	Logs	yuan/cu.m
Merbau	dia. 100 cm+	4-6000
Bangkirai	dia. 100 cm+	3200-4200
Kapur	dia. 80 cm+	2700-3000
Ulin	All grades	-
Lauan	dia. 60 cm+	-
Kempas	dia. 60 cm+	2200-3000
Teak	dia. 30-60 cm	8500-11500
	Logs	**yuan/cu.m**
Greenheart	dia. 40 cm+	-
Purpleheart	dia. 60 cm+	3000-4500
Pau rosa	dia. 60 cm+	2000-2500
Ipe	dia. 40 cm+	3200-3600
yuan per tonne		
Cocobolo	All grades	27000-40000

Sawnwood

	Sawnwood	yuan/cu.m
Makore	Grade A	9800-11800
Zebrano	Grade A	9500-12500
Walnut	Grade A	9500-18000
Sapelli	Grade A	7000-7500
Okoume	Grade A	4300-4700
Padauk	Grade A	16500-18000
Mahogany	Grade A	7000-7500

Sawnwood		yuan/tonne
Ulin	all grades	9000-10000
Merbau	special grade	8600-9500
Lauan	special grade	5300-4500
Kapur	special grade	5000-6000
Teak	special grade	14000-20000

Zhangjiagang Timber Market Wholesale Prices

Logs, All grades	Yuan/tonne
Sapelli	3000-4000
Kevazingo	8000-32000
Padouk de afric	2400-3100
okoume	1400-1800
Okan	2400-2800
Dibetou	2200-2500
Afrormosia	5500-6500
Wenge	4700-5500
Zingana	3400-4800
Acajou de afica	3000-3500
Ovengkol	3850-4300
Paorosa	5900-6600
Merbau	3500-5800
Lauan	1800-2020
Kapur	2020-2500
Keruing	1700-2200
Geronggang	1600
kauri	1700-1850
Amoora	1900-2080
Calophyllum	2150-2350
Red ganarium	1300-1400

Sawnwood		yuan/cu.m
Cherry	FAS 2 inch	9000-1000
Black walnut	FAS	15000-18000
Maple	FAS	8200-10000
White oak	FAS	7500-13000
Red oak	FAS	6500-8300
Finnish pine	Grade A	2600-2900
Maple	Grade A	9000-9500
Beech	No knot	5200
Ash	No knot	5700-6300
Basswood	No knot	2800-3300
Oak	No knot	5300-5700
Scots pine	No knot	2100

Shanghai Furen Forest Products Market Wholesale Prices

Logs All grades	000's yuan/tonne
Bois de rose	130-250
Red sandalwood	800-1800
Siam rosewood	80-300
Burma padauk	14-20
Rengas	8-10
Mai dou lai	6000-8000
Neang noun	23-36
Burma tulipwood	20-28
Cocobolo	28-120
Morado	10-15
Ebony	12-40
Trebol	3.6-8
African sandalwood	11-14

Europe

EU trade with Indonesia in the spotlight following FLEGT licensing

Indonesia issued the first ever FLEGT licenses in mid-November last year with high expectations that these would boost the value and share of Indonesia's wood exports to the EU.

This is a reasonable expectation, given the very significant commitment and investment by Indonesia, supported through the FLEGT Voluntary Partnership Agreement with the EU, and the mandatory requirement that all timber and timber products exported from Indonesia to the EU must now be licensed.

The fact that EU importers no longer need to undertake a potentially expensive due diligence assessment to demonstrate EUTR conformance for any timber product of Indonesian origin should give a significant edge in the EU's highly competitive market.

Nor has Indonesia stopped short at imposing a requirement for exports to the EU. The SVLK certification system on which FLEGT licensing is based (and which was first introduced in 2010) is now mandatory for nearly all wood produced and traded in the country and applies to industrial plantations (HTI), natural forest concessions (HPH) and community plantation forests (HTR).

Anecdotal evidence indicates that Indonesia's SVLK certificates and FLEGT licenses have been well received and are at least benefitting some Indonesian suppliers. For example, the Jakarta Post reported on 17 March that "many exhibitors at the recent Indonesian International Furniture Exhibition (IFEX) said the SVLK helped them increase exports, especially to the EU".

The news report quotes one Indonesian furniture exporter as suggesting that "with the SVLK, buyers from the EU are more confident about us and we can even sell directly to them without using traders, and so we enjoy high profit margins and a market under our own brand". The increase in profit margin in this instance was reported to be up to 40% compared to 10% previously.

There is similar anecdotal evidence from European importers. In an interview published on the Global Timber Forum website in February this year, a representative of one of Europe's largest importers of Indonesian plywood said that "arrivals from Indonesia have increased over the last few weeks as importers and traders are stocking up on FLEGT licensed material".

He noted that the FLEGT license has given European importers more confidence to engage in active promotion to increase sales of Indonesian plywood and to make more product available in the market. He added that Indonesia will have an increasing advantage over time as EU Competent Authorities are getting stricter and there are more checks on operators.

These early anecdotal reports are encouraging, but they refer to isolated cases and the underlying question of the extent to which FLEGT licensing contributes to real increases in export share and value remains uncertain.

Relaunch of IMM programme to monitor impact of FLEGT licensing

This is a question which will be a key focus of the FLEGT Independent Market Monitoring (IMM) programme which prepared baseline market research during the period March 2014 to 2016, and which was relaunched on 1 April 2017. IMM is a multi-year project supervised by ITTO and financed by the EU to support implementation of VPAs between the EU and timber supplying countries.

The task of assessing the impact of FLEGT Licensing on Indonesian trade with the EU and other markets is complicated by the changing profile of timber product exports from Indonesia. In Europe, the trade has traditionally viewed Indonesia primarily as a source of tropical hardwood plywood and decking.

While these products are still significant, Indonesia has evolved a very diverse wood manufacturing sector and supplies the EU with increasingly wide range of more added value wood products such as furniture, doors and other joinery.

In 2016, the value of EU imports of joinery products from Indonesia was close to €75 million and wood furniture around €300 million. This compares to EU imports of around €70 million of decking and other mouldings and €75 million of plywood from Indonesia.

Last year the EU also imported pulp and paper products from Indonesia with a total value of €225 million. Although this is only a very small proportion of both EU and Indonesian trade in pulp and paper, the industry is so large that this value is comparable to that of wood products.

If all these products are considered and Brazil is excluded (since most Brazilian wood product exports now derive from outside the tropical region), Indonesia is the largest tropical supplier of forest products to the EU by a significant margin.

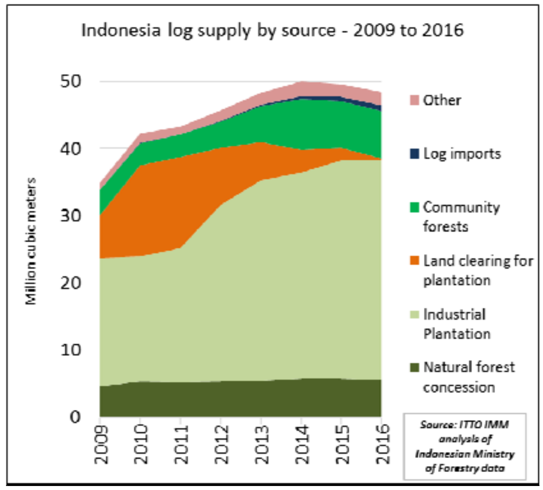
Total EU forest product imports from Indonesia were just over €1 billion in 2016, up 3% on the previous year. This compares to EU imports of €816 million from Vietnam and €550 million from Malaysia (both of which unlike Indonesia exported less to the EU in 2016). Last year Indonesia accounted for 24.4% of EU imports wood products from the tropics (by value), up from 23.8% the previous year.

Changing profile of Indonesia's wood product supply

The changing profile of Indonesia in product supply is closely tied to the changing structure of the resource.

This is evident from data published by the Indonesian Ministry of Forestry on the source of log supply which shows that industrial plantations are becoming increasingly important while the share of supply from natural forests is falling.

Production from sustainably managed concessions in natural forest is now stable, but there has been a sharp decline in forest conversion operations (Chart below).



Last year Indonesia produced 47.5 million m3 of logs of which 69% derived from industrial plantations (HTI), 15% from community forests (HTR), 12% from natural forest concessions (HPH), less than 1% from land clearing, and 4% from a variety of other sources.

This compares to 2009 when log production was 34.8 million m3 of which 55% was from industrial plantations (HTI), 11% from community forests (HTR), 13% from natural forest concessions (HPH), 18% from land clearing operations, and 3% from a variety of other sources.

Another complexity in monitoring market impacts of FLEGT licensing is that the EU only takes a relatively small share of Indonesia's total timber product exports. The priority attached to the EU in market development, and the size of flows to the EU, are therefore heavily dependent on events in other parts of the world.

Data from the Environment and Forestry Ministry show that total forest product exports through Indonesia's legality licensing system were 17.46 million tons with a value of USD9.27 billion in 2016. Of these exports the EU accounted for only 4.7% of tonnage and 9.4% of value.

The large majority of Indonesian forest product exports are destined for other Asian markets (86% of tonnage and 71% of value) while exports to North America are also significant (4.3% of tonnage and 10.7%) of value.

While the EU has a low share of Indonesia's total forest product exports, the data is influenced by the small proportion of Indonesian pulp and paper destined for the EU.

In the EU, Indonesia faces very stiff competition from Brazil in the market for chemical pulp (which derives from fast-growing plantations of eucalyptus and other hardwood species) and from domestic European producers in supply of finished paper products. The majority of Indonesia's pulp and paper product exports are destined for China and other Asian markets.

The EU is relatively more important in Indonesian exports of some wood products, most notably furniture. Of Indonesia's total wood furniture exports of 435,000 tonnes with a value of USD1.34 billion in 2015, 127,000 tonnes (29%) with a value of USD319 million (24%) were destined for the EU.

A preliminary review of prospects for Indonesian wood products in the EU market due to FLEGT licensing was provided in a previous ITTO MIS report (16-30 Sept 2017).

This suggested that FLEGT licensing offers an immediate opportunity for Indonesian suppliers to retake share in those sectors – such as decking, plywood and flooring - where Indonesian products are familiar to EU importers and already favoured for their strong technical performance, but where demand has been dampened by concerns over the legality of wood supply.

It also suggested that, in isolation, FLEGT licensing is less likely to generate immediate benefits in those high value sectors like furniture and joinery where the specific technical and environmental features of Indonesian wood products have been less significant barriers to competitiveness than wider issues such as labour costs, red tape, logistics, processing efficiency, innovation, and marketing.

In these sectors, increasing share is only likely to be achieved if FLEGT licensing is combined with market development initiatives to improve the international competitiveness of Indonesian wood manufacturers across a wider range of issues.

However, the long-term benefits of investment in these initiatives, alongside FLEGT licensing, would be considerable given the sheer size of markets for consumer products like furniture, the relatively high proportion of Indonesian furniture exports already destined for the EU, and the greater potential to add value to wood fibre.

Near real-time monitoring of FLEGT licensed trade

The ITTO FLEGT IMM has been gearing up to test these various assumptions, as nearly as possible on a real-time basis.

To provide a taste of the kind of analysis being undertaken, the following three charts show the evolution of EU imports from Indonesia, on a monthly basis, in the 7-year period running up to, and immediately following, the issue of the first FLEGT licenses in November 2016.

These charts establish the baseline against which the impact of FLEGT licensing on Indonesia's trade with the EU trade will be assessed.

Because EU imports from Indonesia tend to be highly seasonal (furniture imports rise sharply in the run-up to Christmas and January sales, while decking importers build stock in the winter months in preparation for the spring and summer surge in demand), the charts show 12-month rolling average data to remove short-term variability and highlight long term trends.

Tonnage data is provided here rather than value data to remove variations due to very volatile exchange rates during the period – notably the 20% fall in the value of the euro (and linked currencies like the Polish zloty and Swedish krona) against the U.S. dollar between 2014 and 2015, and a 30% decline in the value of the British pound between mid-2014 and the end of 2016 (with a particularly steep plunge after the Brexit vote in May 2016)

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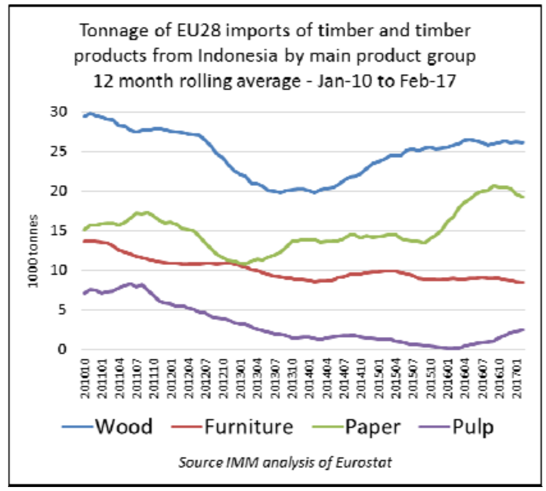


The chart above shows that while pulp and paper have recently become more important in the mix of products imported into the EU from Indonesia, imports of wood products (i.e. those listed in Chapter 44 of the internationally harmonised HS system of product codes) are still the largest component.

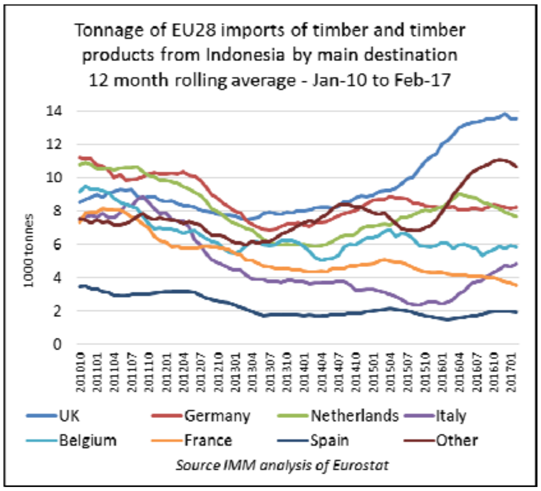
The data shows that after a period of recovery in 2014 and 2015, EU imports of Chapter 44 wood products from Indonesia stabilised at the higher level in 2016 (averaging around 25000 tonnes per month).

While it is sStill very early days there was no immediate discernible uptick in total EU imports of these products between December 2016 and February 2017 after the first licenses were issued.

EU imports of wood furniture from Indonesia were declining between 2010 and 2013 and then in 2014 showed slight and short-lived signs of recovery. In 2015 and 2016, the decline in imports resumed and continued through to February 2017.

Trends in pulp and paper imports from Indonesia have followed a very different path. The EU was importing small volumes of Indonesian chemical wood pulp before 2013, but these volumes fell to negligible levels in 2014 and 2015, presumably in the face of very stiff competition from Brazil. However, there were signs of a revival in EU imports of Indonesian wood pulp from the middle 2016, although the volumes involved are still very restricted.

EU paper product imports from Indonesia, while still limited, also recorded a significant uptick in 2016, averaging below 15,000 tonnes per month at the start of the year rising to over 20,000 tonnes at the end of 2016. EU paper imports from Indonesia dipped a little at the start of this year.



The chart above shows how EU imports of Indonesian forest products has varied in different EU member states over the last seven years.

Following a surge in imports between 2014 and 2016, the UK has emerged as by far the largest single importer in the EU – which highlights the significance of imminent Brexit negotiations on the future direction of policy in relation to FLEGT licensing.

The recent surge in UK imports from Indonesia has been distributed across a range of product groups including paper, plywood, and wooden doors and furniture.

Another notable trend in the Chart is the recent sharp rise in imports by Italy and a range of "other" EU countries not previously significant importers of Indonesian forest products.

Italy has emerged as the leading destination for EU imports of Indonesian wood pulp in the last two years, and is also importing a small but rising volume of Indonesian paper products. The "other" EU countries now importing more from Indonesia are also mainly trading in Indonesian paper products and all are in South-Eastern Europe – Slovenia, Romania, Hungary, and Greece.

The chart left focuses in on trends in EU imports of HS Chapter 44 wood products from Indonesia. It shows that EU imports of Indonesian joinery products (mainly doors), mouldings (mainly external decking) and plywood all increased in 2014 and 2015, before stabilising and converging at around the same level of 6000 tonnes per month throughout 2016.

Of these products, only plywood registered an uptick in early 2017 lending some early statistical support to anecdotal evidence of EU importers stocking up immediately following issue of the first licenses.

Notable trends in other product groups are the progressive rise in EU imports of charcoal from Indonesia – a product which incidentally is excluded from both the FLEGT licensing requirements in Indonesia and the due diligence requirements of the EUTR – and the continued slide EU imports of Indonesian wood flooring to negligible levels.

In coming months, IMM will look closely at the evolution of all these trade flows, comparing the flows with those of competing products, while also monitoring underlying economic conditions, and factors such as exchange and freight rates with an important bearing on relative competitiveness.

The statistical analysis of trade data will be supported by a network of IMM correspondents which are currently being recruited to liaise with relevant authorities and keep track of important developments on the supply side in Indonesia and other VPA Partner countries They will undertake market assessment interviews with traders and other interests in seven EU countries which together account for over 90% of all imports of wood products from VPA partner countries into the EU (Belgium, France, Germany, Italy, Netherlands, Spain and the UK).

ETTF forecasts stability in European tropical wood trade in 2017

The European Timber Trade Federation's latest newsletter includes a commentary on the tropical hardwood trade in Europe by Armand Stockmans, Director of Belgium-based Somex Wood Import.

Stockmans suggests there will be no seismic trends this year, although there are concerns beyond trading factors, such as the extent to which FLEGT-licensed timber will impact demand for certified sustainable timber.

According to Stockmans, while 2016 ended with a slowdown, and individual markets are showing a range of trends, overall indicators point to general stability.

France, for instance, remains difficult. Prices and volumes are low and turnover decreasing.

However, the Netherlands is picking up with timber and construction sectors ahead nearly 9.5% in the last three months. Initial 2016 growth in Belgium petered out in the second half. But currently the situation looks stable. Meanwhile, Spain is in better mood and consumption is increasing.

The supply side looks reasonably calm, says Stockmans, with availability and price trending static or down for some species, but up for others. Asian demand is picking up again in Africa and some species like Tali and Azobe logs are difficult to get.

However, Sipo prices are level and Iroko is rising, but slowly. FSC Ayous is scarce and demand is strong. But Padouk availability has improved, thanks to lower demand from China and India. In fact shortage turned into a surplus, although, with strong Belgian consumption and Asian buyers returning, this could evaporate.

Stockmans observed that sapele prices are up again too; 5% generally, and 10% for fixed sizes. The basis of this though is the positive Dutch market, which is moving increasingly to finger-jointed product in sapele and meranti.

After increases in heavier variants Nemesu and Bukit, Meranti prices have plateaued at a higher level. Suppliers of Brazilian decking also upped prices, which buyers, mainly in France, refused to pay. Once existing stock is exhausted, however, Stockmans expects that these increases will feed through.

Stockmans also notes demand increases for finger-jointed laminates in all European countries – presenting an opening for using lesser known species.

Stockmans believes that the arrival of the first FLEGT-licensed timber from Indonesia is positive overall but also suggested that availability of FLEGT-licensed timber could lead buyers and suppliers settling for legally assured only and not progressing to FSC or PEFC-certified material.

Stockmans observes that "in Africa we're already hearing 'Our FLEGT VPA will soon be implemented, we don't need to do anything until then' - to minimise these risks, while welcoming FLEGT-licensing, the trade should emphasise that our goal is legality and sustainability."

The ETTF newsletter is available at:
http://www.ettf.info/sites/ettf/files/ETTF%20Newsletter%20Winter-Spring%202017.pdf

EU slaps antidumping duty on Chinese plywood

In an official release dated 5 April 2017 the European Commission has imposed an anti-dumping duty on EU imports of okoumé plywood (CN 4412311010) originating in China.

The product is defined as follows: plywood consisting solely of sheets of wood, each ply not exceeding 6 mm thickness, with at least one outer ply of okoumé not coated by a permanent film of other materials, originating in the PRC, currently falling within CN code ex 4412 31 10 (TARIC code 4412 31 10 10)

The decision comes after the European Timber Trade Federation lodged a complaint asking for an investigation on pricing of plywood from China.

Representatives of more than 25% of the total EU producers of okoumé plywood complained that Chinese plywood is being sold at a very low price.

For the full details see: http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1493369751449&uri=CELEX:32017R0648

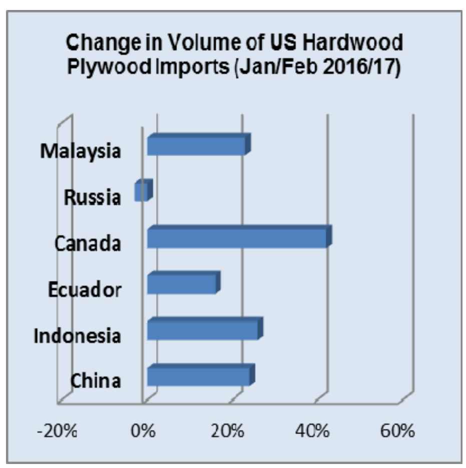
North America

Plywood imports from Malaysia triple from 2016

Hardwood plywood imports declined in February after two consecutive months of growth. February imports decreased 9% to 313,168 cu.m. worth US$168.7 million. However, year-to-date plywood imports were 24% higher than in February 2016. Year-to-date imports from Malaysia almost tripled compared to the same time last year.

The US imported 192,057 cu.m. of hardwood plywood from China in February, followed by Indonesia with 34,598 cu.m. Cambodia has become a significant source of US hardwood plywood imports. In February Cambodia shipped 4,457 cu.m. of plywood to the US.

The unit value of imported plywood was highest in February for plywood from Indonesia and Malaysia, and lowest for imports from Russia.



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

Decline in tropical veneer imports

Tropical hardwood veneer imports decreased in February for the second consecutive month. Imports were worth $1.5 million, down 43% from January.

Veneer imports from China and Ghana grew in February despite the overall decline. The largest drop was in imports of spliced and other veneer from Italy.

Imports from Italy were only worth US$180,111 in Italy, compared to US$437,644 from China. Indonesia exported US$99,418 worth of meranti veneer to the US in February.

	Jan and Feb 2016-17
Italy	-90%
China	-91%
Ghana	-95%
Cote d'Ivoire	-90%
Cameroon	-84%
India	-99%
Other	-99%

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

China expands share of hardwood moulding imports

Hardwood moulding imports decreased 16% in February to US$14.0 million. Year-to-date imports were also down from February 2016.

The largest month-over-month decline was in imports from Brazil, which fell by almost half to US$2.2 million. Imports from Malaysia declined to under $1 million.

Moulding imports from China increased 11% in February to US$6.5 million. China's share in total US hardwood moulding imports year-to-date was 40%.

More hardwood flooring from Indonesia in early 2017

Hardwood flooring imports increased 11% from the previous month and were worth US$4.3 million in February. Imports of assembled flooring panels (including engineered hardwood flooring) were US$9.2 million. Year-to-date imports of both types of wood flooring were significantly up from February last year.

Hardwood flooring imports from Indonesia grew substantially in February to US$792,066. Year-to-date imports from Indonesia were 30% higher than in February 2016. Hardwood flooring imports from China were US$1.26 million in February, up 43% year-to-date from February 2016.

Imports of assembled flooring panels declined from the previous month to US$9.2 million in February, but year-to-date imports were up from last year. China and Canada accounted together for over 60% of all imports of wood flooring panels.

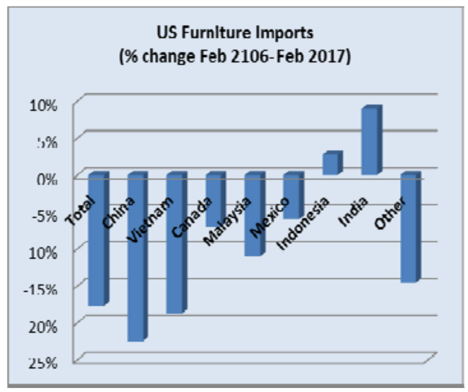
Year-to-date flooring panel imports from Indonesia were one third higher than at the same time last year. Vietnam surpassed Thailand in flooring panel shipments to the US in 2017 with over US$1 million exported year-to-date.

Sharp drop in furniture imports from China and Vietnam

The value of wooden furniture imports declined to US$1.30 billion in February, but year-to-date imports were 3% higher than in February 2016.

The month-over-month decline was mainly in imports from the US' two largest suppliers China (-22%) and Vietnam (-19%).

However, year-to-date imports from China and Vietnam remained higher than in February last year. Wooden furniture imports from Malaysia decreased 11% from January toUS $52.5 million.



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

Indonesia grew furniture exports to the US market by 3% in February to US$47.2 million. The strongest growth year-to-date compared to 2016 was in imports from Mexico.

Imports of all types of wooden furniture were down in February with the largest decline in upholstered seating furniture.

Furniture manufacturing output picks up

The US economy grew in March and economic activity in the manufacturing expanded, according to the latest survey by the Institute for Supply Management.

Furniture manufacturing reported higher output in March, following three months of decline. All industries reported higher activity compared to February, including wood product manufacturing.

Consumer sentiment rose in April and was 10% higher than in April 2016, according to the University of Michigan consumer confidence index. Views were positive about current economic conditions, but Democrat and Republican voters had very different views on economic expectations.

Many households expect fundamental changes in the economy, which may result in variable spending and different trends by market and product.

Housing market strong despite March decline in starts

Housing starts decreased 7% in March to a seasonally adjusted annual rate of 1,288,000, according to the US Department of Housing and Urban Development and the Commerce Department. Starts were 9% above the March 2016 rate. Both single-family and multi-family construction declined in March.

The number of building permits issues, which indicates future building activity, increased 4% in March from the previous month at a seasonally adjusted annual rate. Multi-family permits grew, while single-family authorizations declined.

Builders' confidence in the market for new single-family homes declined slightly in April but remained high. The National Home Builder Association considered confidence in March unusually high. The builder sentiment in April reflects strong demand from home buyers but also cost challenges for builders.

Sales of existing homes sales increased in March to the highest rate in over ten years, according to the National Association of Realtors. Demand exceeded the supply of homes on the market and the median price for existing homes was 7% higher than in March last year.

Low mortgage rates contribute to the growth in home sales, although rates are higher than a year ago. In April mortgage rates declined, despite the March hike in interest rates by the Federal Reserve.

US imposes countervailing duties on Canadian softwood

The US Commerce Department announced preliminary countervailing duties on Canadian sawn and laminated softwood effective May 1. The duties range from 3% to 24% on five large producers and close to 20% for all other Canadian sawmills and manufacturers.

The Canadian dollar declined after the announcement and large job losses in forestry are expected. Small independently owned mills and manufacturers are particularly vulnerable because they have fewer financing resources for the duties. Shares in publicly traded Canadian softwood producers rose because the countervailing duties were lower than some analysts expected.

The National Association of Home Builders in the US denounced the countervailing duty decision as it would increase costs for businesses and home buyers.

Since the previous Softwood Lumber Agreement between the US and Canada expired in 2015, Canada has been looking to increase exports to other markets. Chinese and Canadian officials met in late April to discuss a potential free trade agreement between the two countries.

Canadian government and forestry leaders are also promoting the use of softwood in home construction and other markets in China.

President Trump announced the US will renegotiate the North American Free Trade Agreement (NAFTA) with Canada and Mexico. Previously the president had pledged to pull out of the agreement.

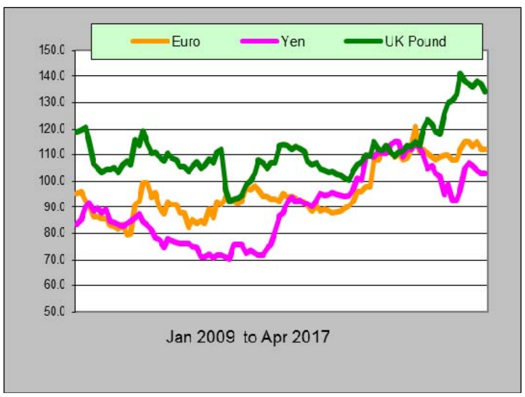
While softwood is not part of NAFTA, furniture trade between the three countries has greatly increased under NAFTA. US furniture companies invested in Mexico and Mexican exports of wooden furniture to the US increased nearly 50% in the last ten years, compared to a 17% growth in total US imports of wooden furniture.

Dollar Exchange Rates

As of 25 April 2017

Brazil	Real	3.1476
CFA countries	CFA Franc	602.84
China	Yuan	6.8882
EU	Euro	0.9151
India	Rupee	64.2683
Indonesia	Rupiah	13303
Japan	Yen	111.1
Malaysia	Ringgit	4.3715
Peru	New Sol	3.2455
UK	Pound	0.7788
South Korea	Won	1128.24

Exchange rate indices (US$, Dec 2003=100)

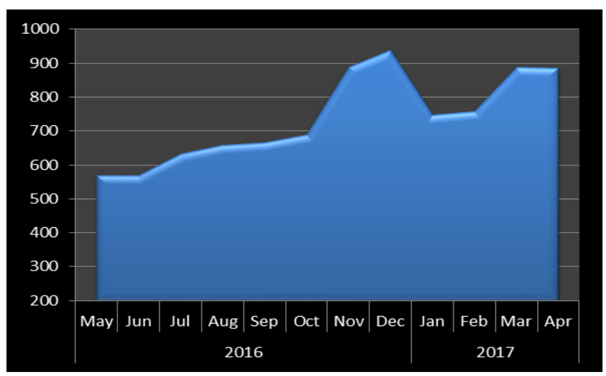


Abbreviations and Equivalences

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

Ocean Freight Index

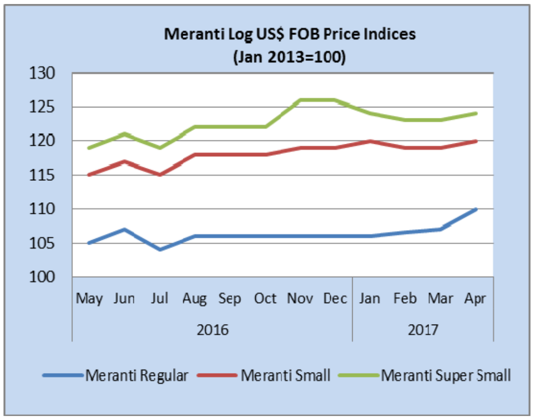
Baltic Supramax Index
May 2016 – April 2017



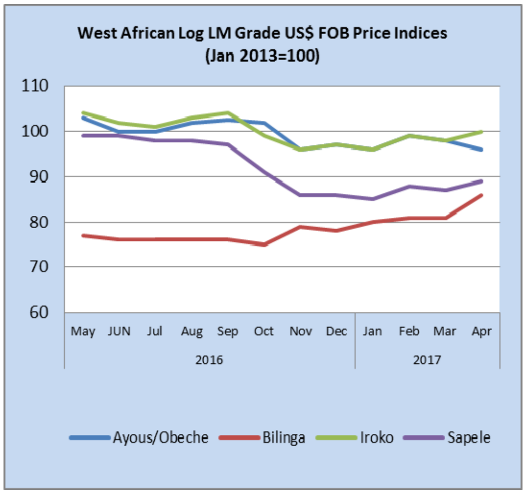
Data source: Open Financial Data Project

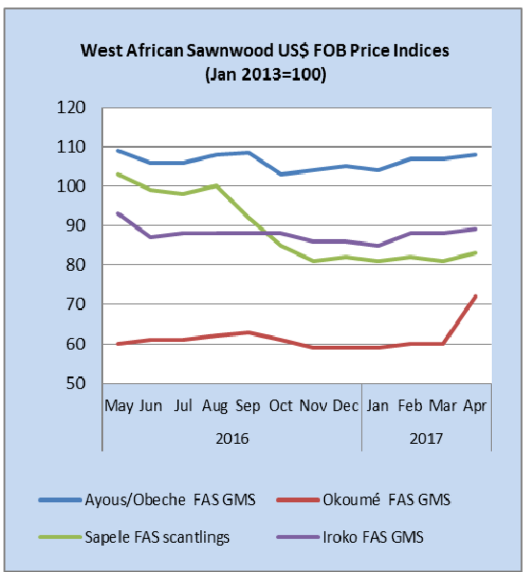
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

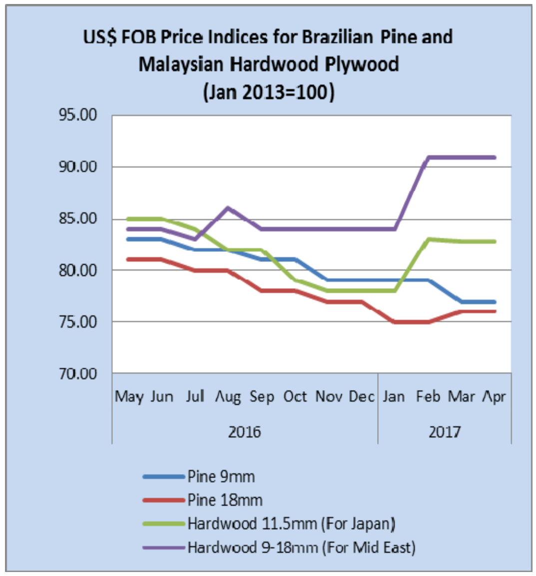
Price indices for selected products
The following indices are based on US dollar FOB prices

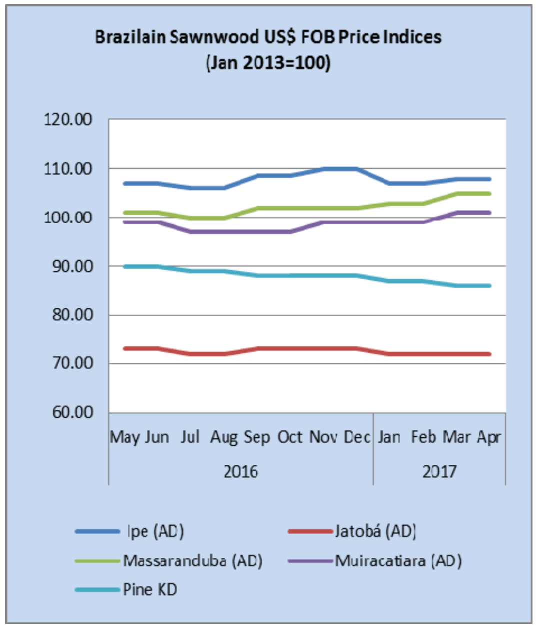


Note: Sarawak logs for the Japanese market









Note: Jatobá is mainly for the Chinese market.

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