Tropical Timber Market Report

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Headlines

Top Story

2018 a record year for the Brazilian planted forest sector

According to the Brazilian Tree Industry (Ibá) 2018 was a record year for the planted forest sector in Brazil and the trade balance advanced 28% due to an increase in exports of pulp, woodbased panels and paper.

Woodbased panel exports rose 4% in 2018 with some 1.3 million cubic metres being exported.

Plantations have surged in Mato Grosso and already the 2030 target of 1 million hectares has been surpassed. With a looming surplus utilisation is now the major the challenge.

See page 8

Central and West Africa

Suspected Kevazingo smuggling - arrests made

Customs Officers in Gabon recently discovered a large volume of Kevazingo hidden in containers. This find came as the so-called 'Operation Praesido', supported by the World Customs Organisation, investigates the trade in endangered plant and animal species listed in the CITES Convention.

The media in Gabon has reported that during inspections in late February a team of Customs and Forestry officers discovered a large volume of kevazingo in containers ready for shipment on the site of a Chinese company.

Several people have been arrested according to media reports. In addition several people from administration have been held for questioning. This disrupted the processing of export documents as exporters cannot get documents approved and signed. Delays in shipments has meant that exporters warehouses are quickly filling.

This, coming after the recent problems caused by a draught, further disruption at the port (a container fell into the ocean and could not be traced) as well as the disruption at Customs due to a labour dispute is severely testing the resolve of producers.

For more see:
https://newscentral.ng/30-containers-of-kevazingo-seized-in-gabon/

https://www.afp.com/en/news/826/gabon-seizes-haul-sacred-wood-ngo-doc-1ea2ge1

https://www.gabonactu.com/tag/operation-praesidio/

Slowing Chinese growth impacting exports

Producers report that the economic slowdown in China is having a direct impact on their businesses as order levels have dropped dramatically. Analysts point out that Congo and Gabon are especially affected because orders for okoume, one of China's main imports from the region, have fallen sharply.

The consensus in the industry in the region that business with China would pick-up after the Chinese New Year holidays in early February but this just did not happen. In-fact, it is reported that many of the Chinese companies in the region did not restart operations after the New Year break.

In the current depressed and unstable market situation few changes in FOB prices have been reported. On everyone's mind is the pace of mill 'moth-balling' and the subsequent job losses.

Log export prices

West African logs	FOB Euro per cu.m		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & Ekki	275	275	175
Belli	300	300	-
Bibolo/Dibétou	215	215	-
Bilinga	275	275	-
Iroko	350	350	250
Okoume (60% CI, 40% CE, 20% CS) (China only)	220	220	200
Moabi	365	365	-
Movingui	210	210	-
Niove	160	160	-
Okan	220	220	-
Padouk	340⬇	290⬇	245
Sapele	310⬇	310⬇	265
Sipo/Utile	325	300	265
Tali	370	370	-

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	440
Bilinga FAS GMS	540
Okoumé FAS GMS	460
Merchantable	310
Std/Btr GMS	340
Sipo FAS GMS	520
FAS fixed sizes	560
FAS scantlings	560
Padouk FAS GMS	850
FAS scantlings	900
Strips	650
Sapele FAS Spanish sizes	500
FAS scantlings	520
Iroko FAS GMS	640
Scantlings	720
Strips	400
Khaya FAS GMS	480
FAS fixed	540
Moabi FAS GMS	620
Scantlings	640
Movingui FAS GMS	420

Ghana

Legal supplies for domestic market to be tackled

The Timber Industry Development Division (TIDD) of the Forestry Commission (FC) and the Food Agriculture Organisation (FAO) have signed a Memorandum of Understanding (MOU) to support the Ghana's Forest Law Enforcement Governance and Trade (FLEGT) implementation specifically for the domestic timber trade.

FAO has made available funds to support a project 'Enhancing Stakeholder interest in the Domestic timber trade network (DOTTNET) process to meet domestic demand in Ghana'.

The DOTTNET was adopted by the FC as part of an initiative to bring all stakeholders in the domestic timber supply chain together to promote a legal timber trade platform ensuring the traceability of timber sources.

See: http://www.fcghana.org/news.php?news=135

UK to increase investments in Ghana

Ghana's Vice President, Mahamudu Bawumia, recently led a delegation to attend a UK-Ghana Business Council meeting in London. The aim was to explore strategies and opportunities to enhance trade and investment between the two countries.

The UK's Minister of State for Africa, Harriet Baldwin, who was also the head of government and business officials, pledged her government's commitment to increase UK investments in Ghana.

Ghana's fast growing economy

Ghana, which is currently considered the eleventh largest economy in Africa, is expected to become the fourth fastest-growing economy in this year, according to the International Monetary Fund (IMF).

Ghana is expected to achieve 7.6% GDP growth in 2019 up from the projected 6.3% in 2018. The IMF report says "Ghana is an economic powerhouse in West Africa with a GDP approximately US$51 billion".

Boule Export prices

	Euro per m^3
Black Ofram	330
Black Ofram Kiln dry	430
Niangon	573
Niangon Kiln dry	670⬇

Export Rotary Veneer Prices

Rotary Veneer, FOB	Euro per m^3	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	350⬆	371
Chenchen	425	479
Ogea	473	590
Essa	517	711
Ofram	350	435

Export Sliced Veneer

Sliced face veneer	FOB Euro per m^3
Asanfina	1,025
Avodire	2,833
Chenchen	660
Mahogany	1,220
Makore	1,240
Odum	1,708

Export Plywood Prices

Plywood, FOB	Euro per m^3		
BB/CC	Ceiba	Ofram	Asanfina
4mm	328⬇	640	641
6mm	412	535	604
9mm	373	446	560
12mm	529	463	480
15mm	450	380	430
18mm	423	422	383

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	490	564
Ceiba	405	564
Dahoma	424	492
Edinam (mixed redwood)	520	619
Emeri	475	564
African mahogany (Ivorensis)	1045	1000
Makore	775	874
Niangon	620⬆	730⬆
Odum	832	940
Sapele	700	850
Wawa 1C & Select	450	430

Malaysia

MIFF Malaysia - 600 exhibitors from 14 countries

The 2019 MIFF (Malaysian International Furniture Fair) marked the 25th time the show has been arranged cementing its position as major business to business hub for suppliers and manufacturers in South-East Asia. According to fair organiser, UBM Malaysia, international buyer participation was up around 10% from the previous fair with a strong showing from North America, Africa and Eastern Europe.

MIFF 2019 was the first UBM Malaysia event to host a pavilion for the group's corporate social responsibility initiative 'Kind Malaysia' to match businesses with projects undertaken by humanitarian non-governmental organisations.

The organisers report that there were 600 exhibitors from 14 countries including China, Indonesia, South Korea, the United States, Turkey, Portugal, New Zealand and Romania.

In April last year Muar, a historical town and the capital of Muar District, Johor State, was named the Furniture City of Malaysia. Despite its small size Muar is an furniture industry giant accounting for 70% of Malaysia's furniture exports. In MIFF 2019 200 companies from Muar exhibited largely due to the close association between the MIFF organisers and the Muar Furniture Association.

In related news, the Malaysian Timber Council has a press release announcing the Malaysian Wood Expo 2019, jointly organised by the Malaysian Timber Council and Panels & Furniture Asia to be held 19 – 21 November 2019 in Kuala Lumpur.

MTC in its press release says "The Malaysian Wood Expo 2019 (MWE 2019) is a show that is not-to-be-missed! Jointly organised by the Malaysian Timber Council (MTC) and the publisher of wood magazines, Panels & Furniture Group, MWE 2019 will be the first true coming together of top exhibitors in this part of the world.

Some of the finest international wood-based manufacturers and exporters as well as woodworking machinery suppliers and buyers are expected at the expo. MWE 2019 is also an avenue to tap into the unlimited opportunities that some of the fastest-growing Southeast Asian economies have got to offer."

Sarawak plantation development

The decision by the Sarawak government to sign a memorandum of understanding (MoU) with Edge Global Norway As. has caught everyone's attention and attracted media attention.

Under the terms of the MoU, the parties will undertake ecosystem mapping, baseline emission studies, carbon stock assessments and soil condition analysis in order to determine the optimum methodologies for the restoration, conservation or enhancement of project areas.

Plywood prices

Traders based in Sarawak reported the following export prices:

FB (11.5 mm)	US$745 C&F
CP (3' x 6')	US$540–560 C&F
UCP (3' x 6')	US$640–660 C&F
Standard 4x8 panels	
Middle East	US$430–440 FoB
South Korea	
(9mm and above)	US$435–440 C&F
Taiwan P.o.C	
(9mm and above)	US$450 C&F
Hong Kong	US$540 FoB

Indonesia

Eliminating illegal logging in Maluku and Papua

Director General of Law Enforcement in the Ministry of Environment and Forestry (KLHK), Rasio Ridho Sani, has said the ministry is strongly committed to eliminate illegal logging that continues in Indonesia. He particularly mentioned that efforts are underway to eliminate illegal logging activities in Maluku and Papua taking advantage of high-tech monitoring and committed human resource capacity.

President demands legal protection for forest communities

The Indonesian President has reminded his administration that the government has a clear policy on land use in forest areas that calls for providing legal protection for communities that depend on using land in forest areas.

The President urged ministers to speed up data collection, inventories and verification of land use in forest areas. He emphasised that a simple, easy to understand, system to record and protect land use in forest areas is required.

Strengthened cooperation in SFM

The Research and Development Agency of the Ministry of Environment and Forestry (BLI KLHK) and the Center for International Forestry Research (CIFOR) have agreed a new phase of cooperation and this was confirmed through a memorandum of understanding (MOU). This MOU extends the joint work on the development of Indonesia's national carbon accounting system, smoke-free sustainable livelihood projects, sustainable wetland adaptation and mitigation programmes and improving governance, policies and institutional arrangements for REDD and global comparative studies on REDD +.

Private sector utilises output from social forestry groups

Bambang Supriyanto, Director General of Social Forestry and Environmental Partnership (PSKL) of the Ministry of Environment and Forestry, said that much of the output from social forestry is being absorbed by various companies.

The State-owned enterprises that utilise social forestry production are Perhutani, Bulog (Logistic Agency), Perindo (Indonesian Fisheries) and RNI (Rajawali Nusantara Indonesia). In addition several private companies were mentioned including PT GarudaFood, Carrefour, Nestle and IDH Sustainable Trade Initiative.

Younger generation understand benefits from green purchasing

FSC Marketing and Communication Manager, Indra Setia Dewi, has said that the younger generation, especially millennials, are more conscious of what they buy or use as they understand purchasing behaviour can contribute to environmental sustainability. However, she said more needs to be done to raise people's awareness of sustainability issues and as a start the recognition of certified sustainable product labelling needs further promotion.

Wood products have clear export potential

Based on studies conducted by the University Network for Indonesian Export Development (UNIED) on the main export commodities it is processed cocoa and wood products that have the greatest export potential. This, according to the authors of the study, is due to their high competitiveness and large market potential.

Wood products are considered one of Indonesia's leading exports and these products perform well in Asian markets. UNIED noted that Indonesia has strong competitive position with wood charcoal, unprocessed wood and plywood.

UNIED says Indonesia's timber and furniture exports are forecast to grow in 2019 with exports (especially plywood) to Japan being one of the drivers. Exports of wood and processed wood products are expected to grow 12% in 2019 and exports of wood furniture are projected to grow by around 10% this year.

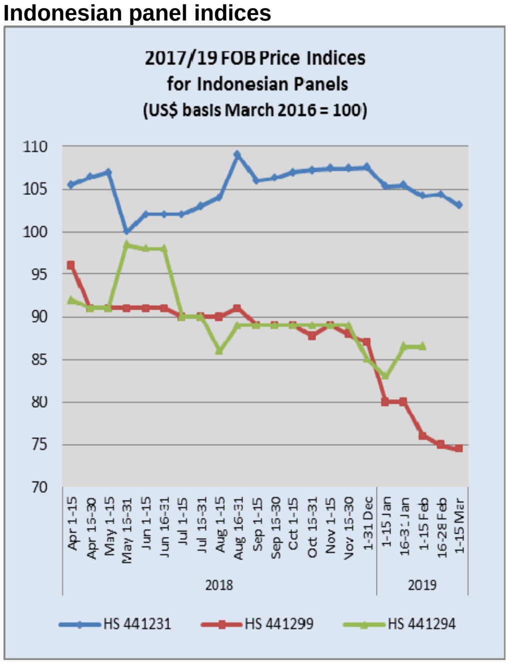
In related news and in contrast to the forecasts made by UNIED, the Secretary General of the Association of Indonesian Furniture and Handicraft Industry (HIMKI), Abdul Sobur, said that 2019 furniture exports are estimated to only grow 5-6% year-on-year as there are many obstacles, one of which is the Timber Verification and Legality System (SVLK) which is applied to downstream products. This, said Sobur, makes it difficult for exporters to be competitive in international markets.

He claimed, overseas buyers do not ask for SVLK documents for downstream products such as furniture. According to him documentation is only requested for wood raw material. Sobur estimated that if the SVLK requirements for downstream products were removed furniture exports would rise.

Wood product exports to Australia to rise due to EPA
The Indonesian manufacturing industry will have a greater opportunities to increase exports to Australia following the signing of Indonesia-Australia Comprehensive Economic Partnership Agreement (EPA) according to the Minister of Industry, Airlangga Hartarto.

Indonesian Trade Minister Enggartiasto Lukita and Australian Minister of Trade, Tourism and Investment, Simon Birmingham, signed the agreement in the presence of Indonesian Vice President, Jusuf Kalla. Indonesia`s exports to Australia will likely increase as Australia has committed to eliminate import duties. Among the Indonesian products whose exports could rise are wooden furniture.

Indonesian panel indices



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

Myanmar

Cooperative efforts to eliminate illegal logging
In early March a workshop approved by the Republic of the Union of Myanmar Ministry of Foreign Affairs and supported by the Natural Resources Division of the US Department of Justice was held in Myanmar aimed at strengthening government efforts on combating illegal timber harvesting and subsequent trade in illegal products.

It is understood that representatives from the US Department of Homeland Security, Immigration and Customs Enforcement, the US Fish and Wildlife Service, INTERPOL and the UN Office of Drugs and Crime participated along with representatives from domestic law enforcement agencies such as the Forest Department, Myanmar Police Force, Custom Department and Attorney Generals Department as well as NGOs, CSOs and academics.

A representative from the Myanmar Forest Certification Committee explained the latest developments in establishing and operating the Myanmar Timber Legality Assurance System. According to participants the impression gained was that the US administration is debating the possibility of creating a mechanism similar to the EU timber regulation to complement the Lacey Act since the basis of the EUTR and Lacey Act is different.

Efforts by the government to eliminate illegal logging continue. Between October 2018 and January 2019 5,112 tons of illegal timber (including 2,842 tons of teak was seized.

See: http://www.myanmarforestcertification.org/u-s-government-sponsored-workshop-to-combat-timber-trafficking-in-yangon-myanmar/?doing_wp_cron=1552523881.7496030330657958984375

Myanmar Multi-Stake Holder Group continues work on VPA preparations
Although the UK Department for International Development (DFID) has suspended funding for VPA negotiations, the Myanmar Multi-Stake Holder Group is continuing activities although the lack of UK support has slowed the momentum of discussions. There is no clear indication from either side how the VPA negotiations can be restarted.

Peace Park – protecting ethnic community rights
In December 2018, indigenous Karen communities, the Salween Peace Park Committee, and the Karen Environmental and Social Action Network (KESAN) officially launched the Salween Peace Park in the Mutraw District of Myanmar's Kayin State. The Salween Peace Park encompasses 5,485 square kilometers of the Salween River Basin including more than 340 villages, 139 demarcated Kaw, 27 community forests, four forest reserves and three wildlife sanctuaries.

https://frontiermyanmar.net/en/salween-peace-park-federalism-from-below

February tender prices

Teak logs

Grade	H.tons	Average US$/H.ton
SG-1	-	-
SG-2	5.8	5,174
SG-4	42	4,095
SG-5	160	3,225
SG-6	355	2,675
SG-7	612	2,060

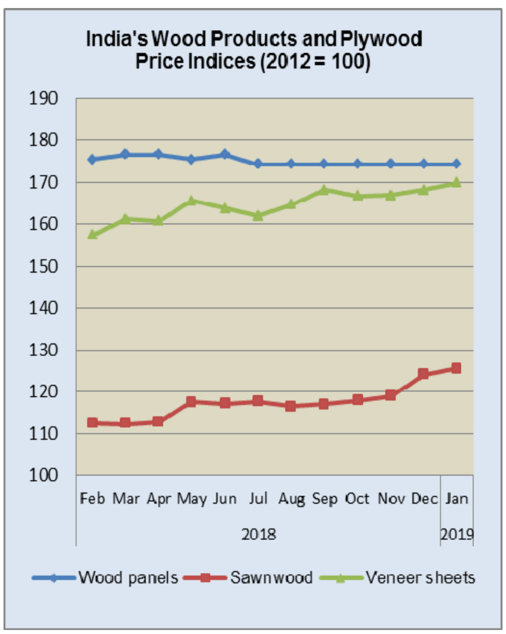
Prices for other hardwood logs

Species	Quality	H.ton	US$ Average/H. ton
Kanyin	1st	2,185	738
Kanyin	2nd	2,547	620
Pyinkado	2nd	1,925	708
In	2nd	-	-

India

Panel product price index dips slightly

India's official wholesale price index for all commodities (Base: 2011-12=100) for January 2019, released by the Office of the Economic Adviser to the government, fell to 119.2 from 120.1 for the previous month.



Data source: Ministry of Commerce and Industry, India

The index for manufactured wood and cork products fell slightly mainly due to lower prices of plywood veneers and other panels. However, prices for sawnwood and blockboard inched higher in January.

The annual rate of inflation based on monthly WPI in January 2019 stood at 2.76% compared to 3.84% for December 2018.

The press release from the Ministry of Commerce and Industry can be found at: http://eaindustry.nic.in/cmonthly.pdf

No more GSP in US for Indian furniture exporters

The US has said it intends to end India's GSP (Generalized System of Preferences) facility. The GSP is one of the oldest trade preference initiatives aimed at promoting economic growth in developing countries through duty-free entry for designated exports.

This move by the US would impact India's export competitiveness for a range of products including furniture.

Commenting on the US move the President of the Federation of Indian Export Organisations pointed out that, currently, Indian exporters enjoy tariff preference on about a third of the full range of products and that the tariff advantage averages around 4%.

For more see:
//economictimes.indiatimes.com/articleshow/68298617.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Plantation teak prices

The steady US dollar/rupee exchange rate is a blessing for importers and analysts report that trade circles are suggesting that the rupee may be strengthening which would be an added bonus.

Import volumes of plantation teak continue on a regular basis and despite some weakness in the construction sector this has not led importers to reduce the volumes they are bringing into the country, if anything there has been an improvement in shipments from South American and African sources.

C&F prices for plantation teak landed at Indian ports are within the same range as shown in the previous report.

Plantation teak prices

	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.

Locally sawn hardwood prices

Prices for imported sawn hardwoods remain unchanged.

Sawnwood Ex-mill	**Rs per cu.ft.**
Merbau	4,000-4,200
Balau	2,500-2,700
Resak	1,750-1,950
Kapur	2,200-2,400
Kempas	1,550-1,750
Red meranti	1,450-1,550
Radiata pine	850-950
Whitewood	850-950

Price range depends mainly on length and cross-section of sawn pieces.

Myanmar teak prices

Analysts report that traders are frustrated that they cannot secure as much Myanmar teak as before. Delayed shipments and bureaucratic obstacles appear to be the main issues in Myanmar.

Prices for Myanmar teak continue as previously reported.

Sawnwood (Ex-yard)	Rs. per cu.ft
Myanmar Teak (AD)	
Export Grade F.E.Q.	14,000-20,000
Teak A grade	9,000-10,000
Teak B grade	7,000-8,000
Plantation Teak FAS grade	4,000-6,000

Price range depends mainly on lengths and cross-sections.

Sawn hardwood prices

Sawn temperate hardwoods are gaining acceptance in India and efforts by exporters to provide information on available species and recommended end-uses are helping. Some countries have opened advisory offices in India which has helped simulate demand. Indicative prices for some imported timbers are shown below.

Sawnwood, (Ex-warehouse) (KD)	Rs per cu.ft.
Beech	1,650-1,800
Sycamore	1,800-2,000
Red Oak	1,900-2,000
White Oak	2,500-2,600
American Walnut	5,000-5,500
Hemlock STD grade	1,500-1,600
Western Red Cedar	2,200-2,400
Douglas Fir	1,800-2,000

Price range depends mainly on lengths and cross-sections.

Plywood

Appeals by plywood manufacturers and traders for a reduction in the GST (Goods and Services Tax) from 18% to 5% continue. The GST tariff plywood and laminates was revised down from 28% to 18% last November but manufacturers complain the 18% GST is too high. Current Ex-warehouse prices for domestically made plywood are illustrated below.

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	63.00
6mm	84.00
9mm	105.00
12mm	130.00
15mm	175.00
18mm	183.00

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubber wood	Hardwood
4mm	31.50	46.00
6mm	47.00	60.00
9mm	60.00	73.50
12mm	73.50	86.00
15mm	87.00	105.00
19mm	101.00	120.00
5mm Flexible ply	63.00	

Brazil

Plantation target achieved early in Mato Grosso - how to utilise it all?

At the end of 2018 it has been determined that Mato Grosso do Sul State had 1.1 million hectares of planted forests. This already surpassed the 2030 1 million ha. target.

However, according to the Planted Forest Producers and Consumers Association of Mato Grosso do Sul State (Reflore-MS), consumption of plantation timber was around 20 million cubic metres, 30% lower than targeted.

With a looming surplus, discussions have been held on installation of a third pulp mill in the State; along with the creation of a sawnwood promotion centre in the Água Clara region as well as expanding the use of wood in energy projects.

Domestic furniture sales rising

The Brazilian Furniture Industry Association (ABIMÓVEL) recently provided data on the Brazilian furniture market and the furniture industry in Rio Grande do Sul, one of the main furniture producing states in Brazil.

ABIMÓVEL says retail furniture sales increased 7.3% in December 2018 over the previous month and the average price of furniture was R$209.49 per piece. In January 2019, the average price rose slightly to R$209.74 a welcome sign of improving demand.

The Brazilian furniture industry produced 33.5 million pieces in December, a decline of 20% compared to November.

Furniture imports in December dropped to US$14.5 million, a 23% decline compared to November. However, in January 2019 imports reached US$19.4 million, an expressive growth of 34%.

2018 a record year for the planted forest sector

According to the Brazilian Tree Industry (Ibá) 2018 was a record year for the planted forest sector in Brazil and the trade balance advanced 28% due to an increase in exports of pulp, woodbased panels and paper.

The sector exported US$10.7 billion, an increase of 26% compared to 2017. There was a rise in exports of pulp (32%), wood panels (7%) and paper (8%).

The main buyer of Brazilian pulp in 2018 was China which imported US$3.5 billion, up 38% year on year. Paper sector exports to mainly Latin American expanded 13% year on year in 2018. Woodbased panel exports rose 4% in 2018, with some 1.3 million cubic metres being exported.

The main market for woodbased panels in 2018 was Europe which saw a rise of 160% year on year. However exports to markets in Asia and Oceania declined in 2018. Sales in the Brazilian domestic market expanded around 3% in 2018 compared to 2017.

Domestic Log Prices

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	212
Jatoba	118
Massaranduba	114
Miiracatiara	113
Angelim Vermelho	110
Mixed redwood and white woods	94

Source: STCP Data Bank

Domestic Sawnwood Prices

Brazil sawnwood, domestic (Green ex-mill)	US$ per m^3
Ipé	853
Jatoba	436
Massaranduba	411
Muiracatiara	397
Angelim Vermelho	372
Mixed red and white	244
Eucalyptus (AD)	196
Pine (AD)	146
Pine (KD)	170

Source: STCP Data Bank

Domestic Plywood Prices (excl. taxes)

Parica	US$ per m^3
4mm WBP	544
10mm WBP	432
15mm WBP	357
4mm MR	423
10mm MR	302
15mm MR	276

Prices do not include taxes. Source: STCP Data Bank

Prices For Other Panel Products

Domestic ex-mill Prices	US$ per m^3
15mm MDParticleboard	227
15mm MDF	258

Source: STCP Data Bank

Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US$ per m³
Ipe	1,439
Jatoba	881
Massaranduba	841
Muiracatiara	837
Pine (KD)	202

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 m³
9mm C/CC (WBP)	320
12mm C/CC (WBP)	299
15mm C/CC (WBP)	281
18mm C/CC (WBP)	278

Source: STCP Data Bank

Export Prices For Added Value Products

FOB Belem/Paranagua Ports		US$ per m³
Decking Boards	Ipê	2,750
	Jatoba	1,434

Source: STCP Data Bank

Peru

Peruvian exports of wood grew during 2018

The Association of Exporters (ADEX) has reported that 2018 exports of Peruvian wood products were valued at US$124.6 million FOB compared to the 2017 value of wood products which was US$110.8 million.

Of the US$124.6 million exported in 2018, China continued to be the main market with a 32% share but this was lower than in 2017. The United States market was the second most important market accounting for an 11% share of exports in 2018 some 17% higher than in 2017.

Mexico was the third most important market with a 10% share of exports but here the value of exports in 2018 was 26% less than in 2017.

US$3.3 million in business from Domotex 2019

The Commission for the Promotion of Exports and Tourism (PromPerú) has reported that Peruvian timber companies attracted business worth over US$3 million during Domotex 2019, a major trade show in Germany dedicated to floor coverings.

Exporters from Lima and Madre de Dios and the Ucayali Export Consortium (CEMU Ucayali) attended the fair and their participation was organised by PROMPERÚ and the Commercial Trade Office of Peru in Hamburg (OCEX). Most participating companies are FSC certified.

Proposal to extend benefits for agro-industry to forestry

The Minister of Production has indicated that the government is working on a regulatory proposal to extend the tax and other benefits provided to the agro-sector to cover the entire forestry sector.

On the same subject, Erick Fischer, Second Vice President of ADEX said that the forestry sector would benefit from the same benefits as the agro-forestry sector and that this would boost output and exports.

Export Sawnwood Prices

	US$ per m³
Peru Sawnwood, FOB Callao Port	
Mahogany S&B KD 16%, 1-2" random lengths (US market)	1570-1655
Spanish Cedar KD select	
North American market	958-977
Mexican market	946-965
Pumaquiro 25-50mm AD	
Mexican market	579-609

Peru Sawnwood, FOB Callao Port (cont.)	US$ per m³
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	534-599
Grade 2, Mexican market	489-502
Cumaru 4" thick, 6'-11' length KD	
Central American market	951-972⬆
Asian market	999-1049
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	542-561
Dominican Republic	671-681
Marupa 1", 6-11 length KD	
Asian market	551-599⬆

Domestic Sawnwood Prices

Peru sawnwood, domestic	US$ per m³
Mahogany	-
Virola	266-379
Spanish Cedar	339-379
Marupa (simarouba)	216-224

Export Veneer Prices

Veneer FOB Callao port	US$ per m³
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 m³
Copaiba, 2 faces sanded, B/C, 8mm	346-374
Virola, 2 faces sanded, B/C, 5.2mm	478-508
Cedar fissilis, 2 faces sanded.5.5mm	766-783
Lupuna, treated, 2 faces sanded, 5.2mm	389-412
Lupuna plywood	
B/C 15mm	449-495
B/C 9mm	379-399
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 m^3
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

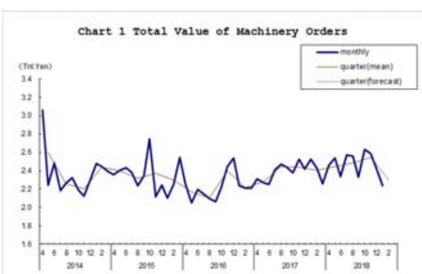
Peru, FOB strips for parquet		US$ per m^3
Cabreuva/estoraque KD12% S4S, Asian market		1304-1391
Cumaru KD, S4S	Swedish market	979-1098
	Asian market	1085-1115
Cumaru decking, AD, S4S E4S, US market		1188-1222
Pumaquiro KD Gr. 1, C&B, Mexican market		479-554
Quinilla KD, S4S 2x10x62cm, Asian market		523-545
2x13x75cm, Asian market		732-815

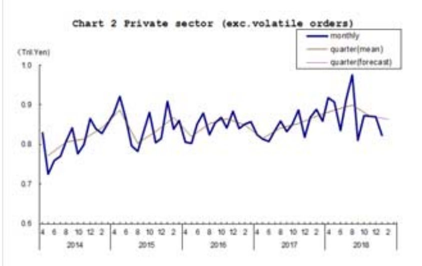
Japan

Major economic indicator dips for third month

Private-sector machinery orders fell over 5% in January from the previous month according to the latest news from the Cabinet Office. The trend in machinery orders is an indicator of capital expenditure by Japanese companies and as such reflects business prospects.

The January decline in orders was the third consecutive monthly decline.





Source: Cabinet Office, Japan

Economy into reverse once again

In a reversal of its earlier claim that the Japanese economy the country had enjoyed six years and two months of sustained growth, the longest since the end of World War II now the Cabinet Office has downgraded its assessment saying the economy has been in negative growth since the end of 2018 signalling a technical recession.

It now seems that Japan’s economic expansion may have peaked several months before January. The main reason for the abrupt change is the slowdown of the Chinese economy which is having a heavy impact on Japan and has resulted in the government downgrading its assessment of industrial output for the first time in more than three years.

Workers likely to see smaller pay rise this year

Rengo, The Japanese Trade Union Confederation and most unions have been calling for increases in base pay in negotiations with employers. Rengo demanded a further 2% increase in base which, if accepted would be the fourth consecutive year of increases but the employers are in no mood to agree it appears.

In an interview the head of the Japan Business Federation (Keidanren) said the government should avoid trying to be specific on how much companies should raise wages. Companies have increased wage hikes in each of the past three years but this has never been at a level considered necessary to drive up inflation.

Higher pay for workers has been a key part of the government’s economic growth strategy which is based on the philosophy that improved pay will lift consumption and drive prices higher but this has not proven very successful so far and with the prospects of a consumption tax rise later this year prospects for boosting consumption have dimmed.

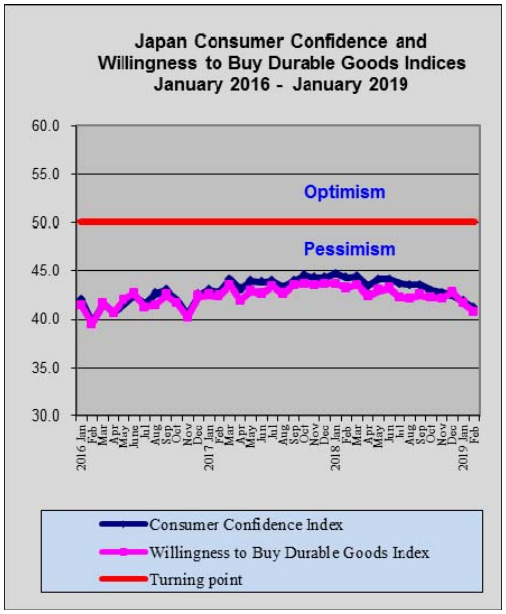
See:
https://www.japantimes.co.jp/news/2019/03/11/business/japan-inc-push-back-workers-can-expect-smaller-raises-year/#.XIYZUYYzbIU

Consumer confidence suffers triple whammy

Consumer confidence in Japan continues to weaken and the index released by the Cabinet Office shows confidence and willing ness to buy durable goods such a furniture at the lowest level since November 2016.

This underlines the sentiment of both consumers and manufactures regarding prospects for the Japanese economy at a time when tough trade talks with the US are about to begin, economic growth in China has slowed driving down imports from Japan and the likelihood that the consumption tax will be raised in October this year.

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



Data source: Cabinet Office, Japan

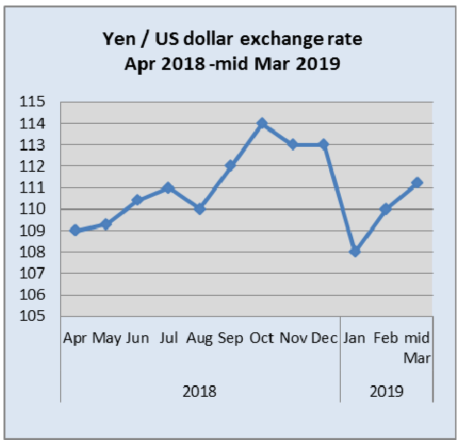
US pushes for currency clause in trade negotiations

In early March the Japanese yen strengthened against the US dollar despite the recessionary news.

This raised the alarm in the Bank of Japan (BoJ) which immediately called for additional stimulus should growth stall even further. Comments from the BoJ have complicated the build up to trade talks with the US which is asking that a currency clause be included in any trade agreement with Japan.

But the government is opposed to this claiming the correlation between the yen's exchange rate and exports has weakened significantly since the global financial crisis. But the US side is remaining firm on this having already secured such an arrangement in the trade pacts with Canada and Mexico and is said to be seeking one from China.

See:
https://www.japantimes.co.jp/news/2019/03/06/business/economy-business/japan-stresses-weak-link-strength-yen-exports-ahead-u-s-trade-talks/#.XIYYxYYzbIU



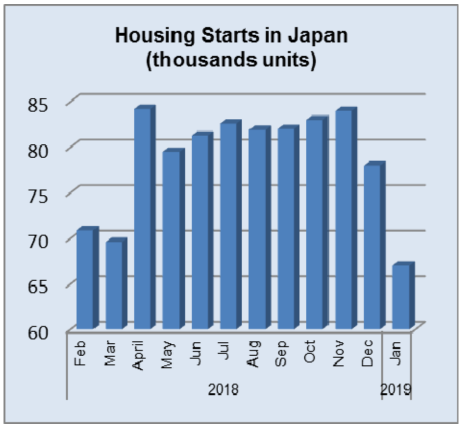
Lest we forget

March 11th 2019 marked eight years since a massive magnitude 9 earthquake struck Eastern Japan. The Japanese media reported that, as of 11 March this year, over 50,000 people still remain displaced from their homes destroyed by the tsunami triggered by the earthquake or forced to evacuate after the explosion and release of radiation when workers at the nuclear plant in the region were unable to secure the reactors during the crisis which led to a core meltdown.

The number of people killed directly or indirectly by the disaster and those missing and feared dead, is 22,131, according to the National Police Agency.

Efforts to avoid rush-to-buy before October tax increase

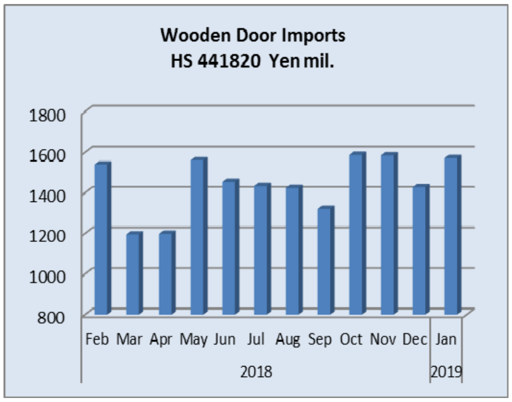
The Ministry of Land, Infrastructure and Transport will launch a scheme to reward those buying or renovating a home before the planned increase in consumption tax in October this year. More information can be found in the Japan Lumber Report extracts on page 14.



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

Wooden door imports

The value of Japan's January imports of wooden doors (HS 441820) were little changed from January 2018 but compared to December 2018 there was a 10% increase in the value of imports.



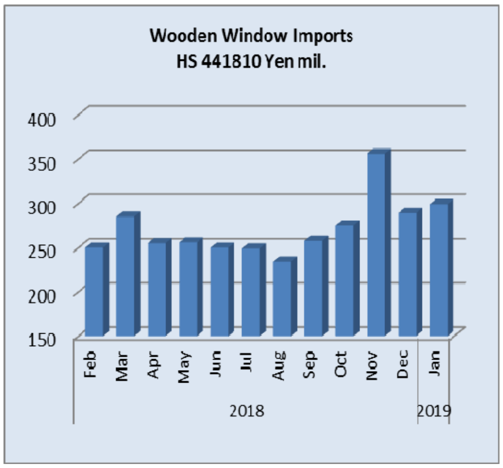
Data source: Ministry of Finance, Japan

Four supply countries accounted for around 90% of all Japan's wooden door imports, China (60%), Philippines (18%), Indonesia (7%) and Malaysia (5%).

Wooden window imports

After falling sharply in December following a surge in imports in November 2018 the value of imports steadied in January coming in at around the average for the previous year. Year on year, January 2019 wood window imports (HS441810) rose 12% but were little changed from levels in December 2018.

In January 2019 the top suppliers were China (33%), USA (19%) Sweden (17%) and the Philippines (15%) representing over 80% of the value of all shipments of wooden windows to Japan.

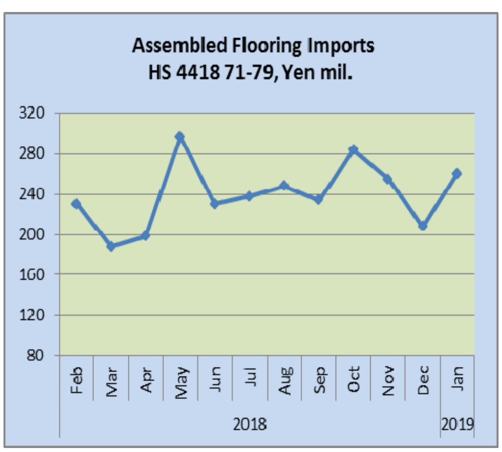


Data source: Ministry of Finance, Japan

Assembled wooden flooring imports

Year on year the value of Japan's January 2019 imports of assembled wooden flooring (HS441871-79) dipped 27% but, month on month the value of imports rose 25%.

In January 2019 three products accounted for all wooden floor imports, HS441873 (16%), HS 441875 64% and HS441879 20%. As in previous months HS441875 accounted for most of the wooden floor imports with shippers in China, Thailand and Indonesia accounting for 61%, 12% and 11% respectively



Data source: Ministry of Finance, Japan

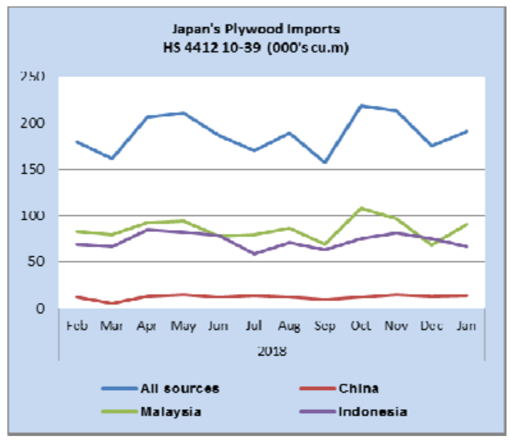
Plywood imports

As was the case in 2018, three supply countries continued to account for over 85% of Japan's imports of plywood in January 2019.Malaysia, Indonesia and China dominate plywood imports but shippers in Vietnam are steadily securing market share.

Year on year, the volume of Japan's January 2019 imports of plywood (HS441210-39 were down 9% but compared the volume of imports in December there was a steep rise in January imports due mainly to a 34% rise in shipments from Malaysia (68,000 cu.m in December 2018 to 91,200 in January 2019).

January shipments from China were little changed year on year and month on month but Indonesian shipments were down 17% compared th January 2018 and were down11% compared to a month earlier.

HS441231 is the main category of plywood imports into Japan accounting for over 80% of all arrivals in January 2019.



Data source: Ministry of Finance, Japan

Main sources of Japan's plywood imports (000's cu.m)

		China	Malaysia	Indonesia
2016	Jan	16	101	75
	Feb	10	81.5	70.8
	Mar	8	84	64
	Apr	12	85	72
	May	12	95	62
	Jun	11.6	95.6	66
	Jul	10.7	92.8	71.3
	Aug	11.9	82.3	52.8
	Sep	10.3	79.9	79.3
	Oct	12.9	98.3	72
	Nov	14.9	80	71
	Dec	13.7	85	65
2017	Jan	16	130	80
	Feb	7.5	93.3	59
	Mar	11.5	99	76.5

	Apr	11.2	92.6	58
	May	12.9	99.2	73.8
	Jun	11	74.8	65.0
	Jul	10.6	100.0	54.8
	Aug	12.3	91.8	64.5
	Sep	9.9	86.7	56.6
	Oct	12.2	86.4	63.7
	Nov	10.7	112.4	82.0
	Dec	12.0	95.2	50.0
2018	Jan	12	100.5	80.0
	Feb	12.5	83.0	69.0
	Mar	4.9	79.4	66.5
	Apr	13.4	92.4	84.4
	May	15.2	94.0	82.0
	Jun	12.4	77.5	79
	Jul	14.3	79.2	58.3
	Aug	12.4	86	70.5
	Sep	9.7	68.6	62.6
	Oct	12.3	108.2	75.6
	Nov	14.5	97.1	81.1
	Dec	13	68	74.7
2019	Jan	14	91.2	66.4

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

Import of wood products in 2018

The Japan Lumber Importers Association summed up import of wood products in 2018. All the items except for wooden board decreased for two straight years. New housing starts in 2018 declined by about 2% in 2018 so that the demand for building materials decreased.

By items, lumber import decreased by 5.1%. This is the first decline after three years. Particularly European lumber import dropped by 9.2% and Canadian lumber dropped by 6.3%.

Reason of decline of European lumber is adjustment of oversupply in 2016 and 2017. Total of 380,000 cbms of lumber decreased from both Europe and North America.

Russian lumber supply recovered and Chilean lumber supply increased by 15.6% with 330,000 cbms, the highest volume in last ten years.

Log import decreased by 1.2%.Main source of North America decreased by 2%. Reasons are users in Japan shied away from high prices and import reduction by drop out of one large Douglas fir sawmill.

Radiata pine logs increased from New Zealand. South Sea hardwood logs also increased despite log export ban by state of Sabah, Malaysia as supply source moved to PNG. Decline of Russian log import continues.

Plywood is the largest in imported finished products. The volume is steady despite log supply tightness in producing countries, which proves solid demand in Japan. MDF import was 612,000 cbms, the record high import by declining domestic supply and growing demand. Both import of OSB and particleboard increased. Import of laminated lumber was curtailed in 2018 to adjust over import in 2017.

Increasing use of domestic wood

The Wooden Home Builders Association of Japan disclosed result of the survey about use of domestic wood for wooden houses through house builders and precutting plants. The survey is made in every three years since 2005 by sending out questionnaires. This is the fifth survey.

160 member of housing companies responded, which built 62,412 units. 66 precutting companies responded, which supplied 117,023 units in 2017. Percentage of domestic wood use by house builders in 2017 was 45.4%, 13.1 points more than previous survey.

By members, more than 50% is domestic wood are sill, stud, girder, floor sheathing, wall and roof. Use of domestic wood by precutting plants is 33%, 1.5 points up. Sill and structural panel are two items with over 50% of domestic wood.

Use of domestic wood increased for post, sill, standard lumber and plywood but use for other members decreased. Remarkable change is use of laminated lumber from solid wood lumber on both house builders and precutting plants.

House builders' use of lumber is 32%, 9.6 points less than 2014 survey while laminated lumber is 63.9%, 7.9 points up. Precutting plants' use of lumber is 33.7%, 25.8 points less while laminated lumber is 63.4%, 24.8 points more.

By species, increase use of cedar and Douglas fir laminated lumber is apparent. House builders use 7.6% of cedar laminated lumber, increase of more than 1.7 times. Precutting plants use 5.3% of cedar laminated lumber, increase of more than 2.5 times. Increase use of Douglas fir laminated lumber is result of tight supply of European redwood laminated lumber in 2017.

Wood products export in 2018

Total wood export in 2018 in value was 35.069 billion yen, 7.4% more than 2017 and this is the first time that the value exceeded 35 billion yen since 1977. Log export was 1,157,438 cubic meters, 19.3% more than 2017 and the first time to hit over one million cbms.

As destination, China took 948,339 cbms, 22.2% more, this pushed total up in 2018.

As to lumber export, total was 145,995 cbms, 12.3% more. 22,703 cbms for the U.S.A., 74.6% more and 11,403 cbms for Taiwan P.o.C, 78.5% more and they are leaders of lumber export.

Log export climbed sharply for three years since 2013 then it paused in 2016 but it increased sharply in 2017 again and high pace continued in 2018. The volume for China is large factor of increase then 74,620 cbms for Taiwan P.o.C, 34.7% more and 9,087 cbms for Vietnam, 64.7% more also contributed the increase.

By species, cedar logs were 838,784 cbms, 29.4% more while cypress logs were 132,352 cbms, 6.6% less. China bought 697,731 cbms of cedar logs, 24.5% more and 83,466 cbms of cypress logs, 40.1% more.

Korea took 69,143 cbms of cedar logs, 85.9% more then 38,666 cms of cypress logs, 48.3% less. One possible reason of this decline of cypress for Korea is that logs exported to China are processed and exported to Korea.

Lumber exporst of cypress to Korea also dropped by 4.5%. Cedar lumber export to the U.S.A. continues expanding since 2016 for exterior use like fencing and decking. The U.S.A. is now the third largest lumber export destination next to China and Philippines.

Log export to Taiwan P.o.C is decreasing while lumber export is increasing.

Plywood supply in 2018

Total plywood supply in 2018 was 6,139,800 cbms, 0.4% more than 2017. Domestic plywood production was 3,216,700 cbms, 0.2% more out of which softwood plywood was 3,088,100 cbms, 0.8% more.

Imported plywood was 2,923,000 cbms, 0.7% more. Import plywood has been less than three million cbms for last four years. Share of domestic supply was 52.4% and the domestic supply surpassed the imports for three straight years.

In domestic production, structural plywood was 2,861,300 cbms, 2.2% less than 2017 while non-structural panel production exceeded over 200 M cbms for the first time.

Shipment of softwood plywood was 3,046,100 cbms, 0.3% less in which structural panel was 2,824,100 cbms, 3.1% less. Shipment of softwood plywood exceeded three million cbms for two straight years. Despite startup of new plywood mill in 2018, total production did not increase because plywood mills stopped overtime and week end operations to improve working conditions for securing young workers.

Imported plywood supply varies by source. Malaysian supply was 1,062,000 cbms, 10.8% less than 2017 while Indonesia was 977,500 cbms, 11.4% more.

Chinese supply was 642,000 cbms, 1.9% less. Indonesian supply was over 900,000 cbms after two years while Malaysian supply was less than 1,100,000 cbms. Because of high export prices by supplying countries, total volume of imported plywood will drop this year.

South Sea (tropical) logs and Lumber

Total import of South Sea logs in 2018 was 153,407 cbms, 4.5% more than 2017. Logs from Malaysia decreased after Sabah banned log export since May last year but PNG covered shortfall of Malaysia with 76,394 cbms, 64.5% more than 2017. Log prices in Japan are unchanged because log prices in PNG are lower than Malaysian log prices.

Inventory of laminated free board has been dropping so orders to supply side started increasing, not because of demand recovery but by dropping inventory in Japan. Import of Chinese red pine lumber and Indonesian mercusii pine is getting low so the suppliers prices are firm.

Next generation housing point system

The Ministry of Land, Infrastructure and Transport newly created next generation housing system to ease rush-in demand for housing before the consumption tax is raised from present 8% to 10% in October 2019. This gives merit to buy house after October. This budget is about 130 billion yen and has been approved in December 2018 so the amount is allocated in 2019 budget.

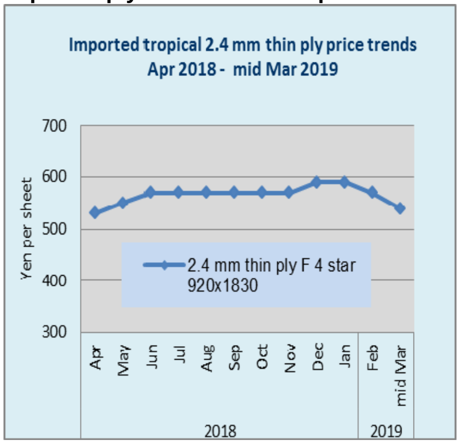
The system is to give points, which can be used to purchase home appliances when energy saving, earthquake proof, barrier free houses are built. Maximum points given is 350,000 yen for newly built house or 300,000 yen for renovation. Contract needs to be made by March 31, 2020.

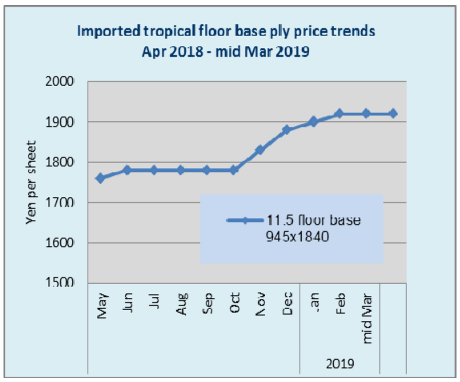
Also deduction period of housing loan tax is extended from 10 years to 13 years. Also tax free limit of gift tax is increased from 1.2 million yen to 3.0 million yen. Tax deduction on housing loan of 1% of loan balance at the end of the year is refunded. For instance loan amount is 30 million yen to buy 30 million yen house, total tax deduction amount for ten years is about 2.69 million yen. 2% tax on 30 million yen is 600,000 yen so if loan amount is large, 2% tax increase is easily offset by this measure.

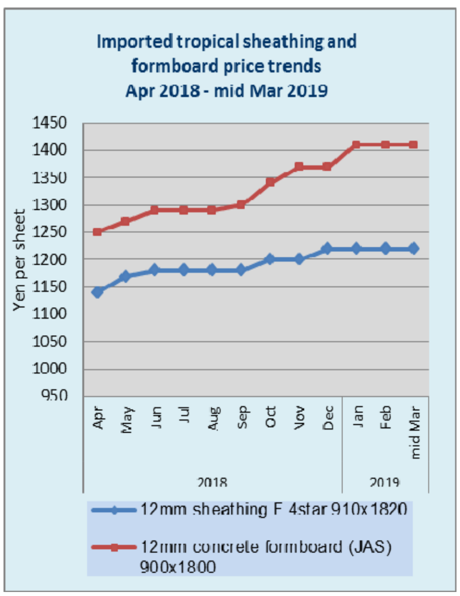
Benefit on new house purchase is increased from 100,000 yen to 400,000 yen for people with income of 7.75 million yen, which was 5.1 million yen when consumption tax rate is 8% so it is better to buy house after the tax rate is increased to 10% for people with income of less than 7.75 million yen.

Last measure when the tax rate was increased was mainly designed by the Ministry but this time, Liberal Democratic Party strongly promoted so this is politically promoted deal.

Imported plywood wholesale prices



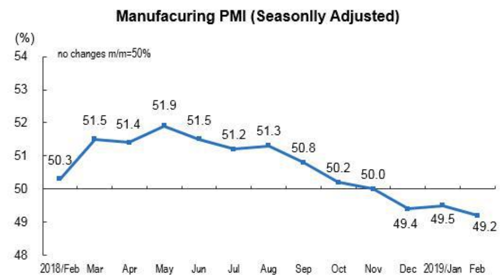




China

Manufacturing index weakens further

In February 2019 China's manufacturing purchasing managers index (PMI) was 49.2 percent, a decline from the previous month.



Source: National Bureau of Statistics, China

The official PMI of large-sized enterprises was 51.5%, a slight improvement on the previous month but for medium and small enterprises the index was below 50 signalling a worsening situation.

This is the third straight month that the PMI has fallen below 50 for the SMEs. A reading above 50 signals expansion in the sector, while one below 50 indicates contraction on a monthly basis.

At the opening of China's parliament, Li Keqiang warned the country faces "a tough struggle," forecasting slower growth of 6% - 6.5% this year, down from a target of around 6.5% in 2018

Growth in China is affected by the trade dispute with the US and to deal with the slowdown the government plans to boost spending, increase foreign firms' access to its markets and cut taxes. Li said the government would cut around 2 trillion yuan in taxes and company fees as well as reduce the VAT for the transportation and construction sectors.

See:
http://www.stats.gov.cn/english/PressRelease/201903/t20190301_1651561.html

Calls to eliminate consumption tax on wood flooring

At a seminar in Nanxun, Zhejiang Province on 26 February 2019 hosted by the China Timber and Wood Products Distribution Association (CTWPDA), representatives from the Zhejiang Flooring Association and Nanxun District Flooring Association called for the elimination of consumption tax on wooden flooring.

Many leading flooring companies took part in the seminar and their reasoning behind the call for elimination of consumption tax on wooden flooring was because the original intention behind the tax was to help save and protect natural forest resources in China but now there is a country wide ban on logging natural forest.

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This tax played a role in protecting China's natural forest resources but continued collection of the consumption tax on wood flooring has deviated from its initial intention because flooring is now made of imported wood and domestic plantation timber.

At present, the profitable operation of wood processing plants is of concern because of rising production and labour costs, high taxes and fees and declining sales. Abolishing the consumption tax on wooden flooring would boost sales and help enterprises improve international competitiveness, expand international market share and compete with foreign companies.

Up-dated China-Chile FTA
The up-dated China-Chile Free Trade Agreement (FTA) and Supplementary Agreement on Trade in Services came into effect on 1 March 2019. The first China-Chile FTA was signed in 2005 and aimed at promoting cooperation in services and investments again in November 2016 the FTA was upgraded.

China will gradually eliminate tariffs on wood products over the next three years and Chile will has abolished tariffs on textiles, clothing, home appliances and sugar products.

In all, some 98% of these products will eventually be tariff free. This FTA with Chile is the most recent after the China-ASEAN FTA and the first with a Latin American country.

Under the agreement further bilateral economic and trade cooperation will be explored to enhance the level of trade liberalisation and build a stronger strategic partnership between the two countries.

See:
http://fta.mofcom.gov.cn/article/zhengwugk/201903/39902_1.html

Consumption of sawn rubberwood
The annual consumption of sawn rubberwood in China is estimated at around 6 million cubic metres with some 80% being imported from Thailand. The imported rubberwood is sawn, treated and dried in Thailand before being shipped to China.

Secondary processing takes place in China for the production of joinery and furniture. Some finger jointing processes are completed in Thailand.

Analysts suggest that 45% of the imported rubberwood is used for furniture manufacturing with 24% for wooden doors and 26% for cabinets. Most of the balance is said to be used for flooring.

Guangzhou Yuzhu International Timber Market Wholesale Prices

	Logs	yuan/cu.m
Merbau	dia. 100 cm+	4-6000
Bangkirai	dia. 100 cm+	3200-4600
Kapur	dia. 80 cm+	2700-3000
Ulin	All grades	6500
Lauan	dia. 60 cm+	-
Kempas	dia. 60 cm+	2000-3000
Teak	dia. 30-60 cm	8500-8600
Greenheart	dia. 40 cm+	2300-2400
Purpleheart	dia. 60 cm+	3000-4500
Pau rosa	dia. 60 cm+	2800-3000
Ipe	dia. 40 cm+	3200-3400
yuan per tonne		
Cocobolo	All grades	40-70000

Sawnwood

	Sawnwood	yuan/cu.m
Makore	Grade A	9800-11800
Zebrano	Grade A	9500-12500
Walnut	Grade A	9500-15000
Sapelli	Grade A	5000-7500
Okoume	Grade A	3700-4700
Padauk	Grade A	15000-18000
Mahogany	Grade A	6500-7500

Sawnwood		yuan/tonne
Ulin	all grades	9000-10000
Merbau	special grade	7500-9500
Lauan	special grade	4300-4700
Kapur	special grade	5000-6000
Teak	special grade	14000-22000

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	3100-3600
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	9000-10000
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	9000-9500
Ash	No knot	5600-6300
Basswood	No knot	2800-3300
Oak	No knot	5300-5700
Scots pine	No knot	2100

Europe

Partial rebound in EU tropical timber imports in 2018
EU imports of tropical wood products rebounded in 2018 following a dip in 2017. The pace of tropical wood product imports increased in the second half of 2018 after a slow start to the year. (Chart 1)

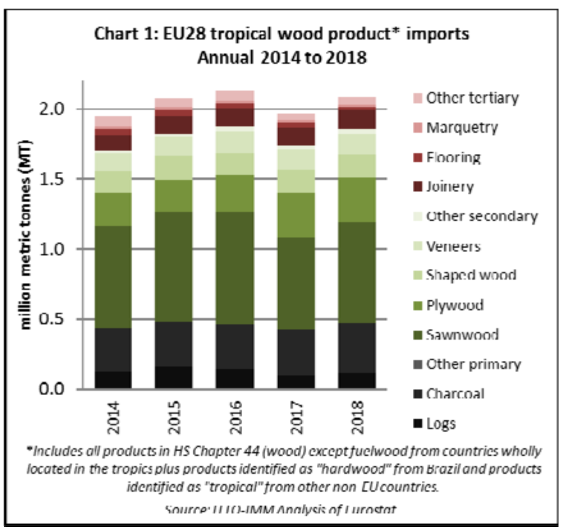


Chart 1: EU28 tropical wood product* imports Annual 2014 to 2018

*Includes all products in HS Chapter 44 (wood) except fuelwood from countries wholly located in the tropics plus products identified as "hardwood" from Brazil and products identified as "tropical" from other non EU countries.

Source: ITTO-IMM Analysis of Eurostat

In total, the EU imported 2.09 million metric tonnes (MT) of tropical products listed in HS Chapter 44 (excluding fuelwood, wood waste and chips) in 2018, 6% more than in 2017. The total value of imports was €2.23 billion in 2018, 4.4% more than the previous year

In 2018, there were gains in EU imports of tropical sawnwood, charcoal, mouldings/decking, joinery products, plywood and logs. These gains were partly offset by a decline in imports of tropical veneers, flooring, and other processed products.

8% rise in EU imports of tropical sawnwood in 2018
Despite a slow start to the year, EU imports of tropical sawnwood were 716,400 MT in 2018, 8% more than in 2017. Import value also increased, by 10% to €720 million. (Chart 2).

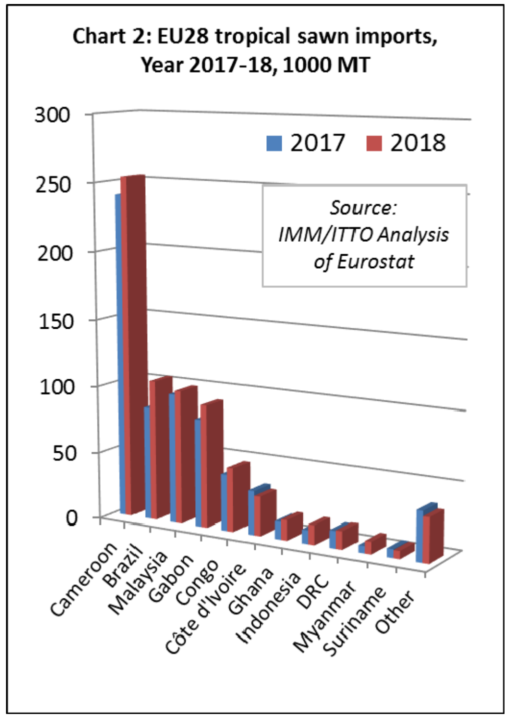


Chart 2: EU28 tropical sawn imports, Year 2017-18, 1000 MT

A significant amount of tropical sawnwood arrived into the EU from Cameroon in the second half of 2018, taking the total import from that country to 253,400 MT, 5% more than in 2017.

EU tropical sawnwood imports also increased from most other leading supply countries in 2018, including Brazil (+24% to 104,400 MT), Malaysia (+3% to 99,400 MT), Gabon (+14% to 91,200 MT), Congo (+13% to 47,400 MT), Ghana (+15% to 15,100 MT), Indonesia (+42% to 14,500 MT), DRC (+5% to 13,500 MT) and Myanmar (+72% to 9,200 MT).

These gains offset declining imports from Côte d'Ivoire (-10% to 29,400 MT) and Suriname (-8% to 5,900 MT).

The rise in imports from Indonesia, which only allows exports of S4S lumber, may be partly due to alterations in the HS codes used to record imports from Indonesia following introduction of FLEGT licensing.

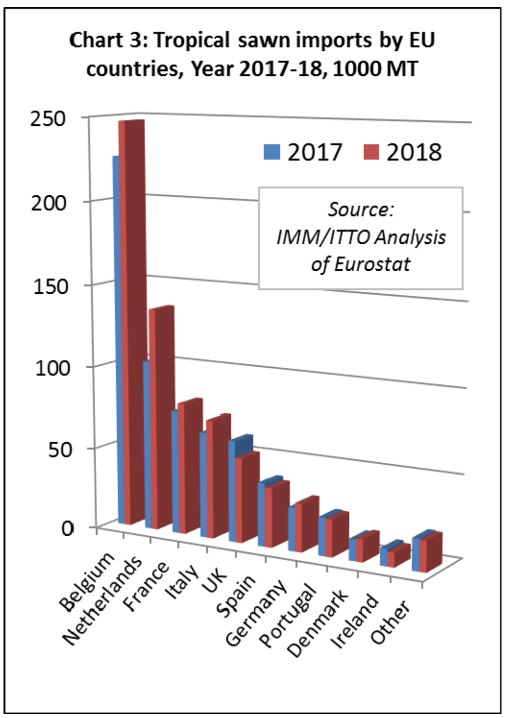
The rise in EU imports of sawnwood from Indonesia is offset by a similar decline in imports of mouldings from the country.

In 2018, tropical sawn hardwood imports increased 9% to 247,100 MT in Belgium, bolstered by strong growth in the second half of the year. Imports also increased in the Netherlands (+31% to 135,500 MT).

In 2018, around 53% of all EU tropical sawn wood imports arrived into either Belgium or the Netherlands, up from 50% the previous year, highlighting the rising role played by importers in these two countries in distribution of tropical hardwoods to the wider EU market.

Nevertheless, during 2018 direct imports of tropical sawn wood recovered some of the ground lost in previous years in France (+7% to 79,900 MT), Italy (+12% to 72,300 MT), Germany (+12% to 29,500 MT) and Denmark (+7% to 13,900 MT).

These gains offset a 16% decline to 51,800 MT in the UK, a 6% fall to 36,300 MT in Spain, a 2% decline to 22,700 MT in Portugal, and a 15% downturn to 8,900 MT in Ireland. (Chart 3).



EU imports of tropical logs rise 11% in 2018

After a sharp downturn in 2017, EU imports of tropical logs recovered some lost ground in 2018 but were still at historically very low levels. Imports of 111,700 MT in 2018 were 11% greater than the previous year.

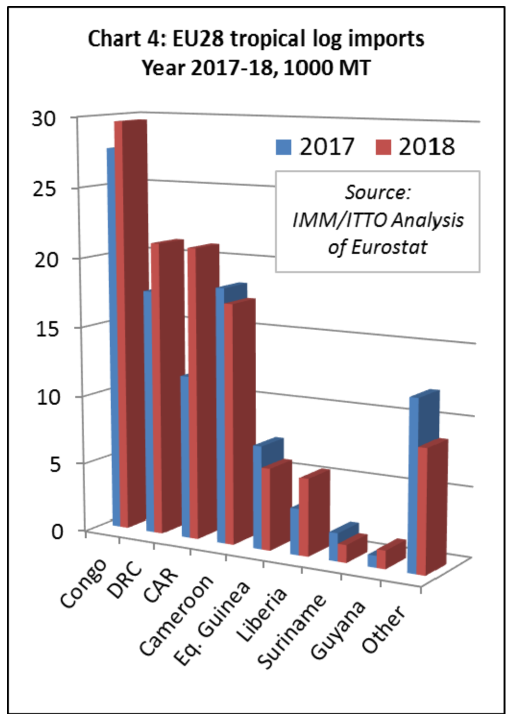
The value of tropical logs imported by the EU also increased, by 5% to €55.7 million. As for sawnwood, EU imports of tropical logs picked up pace in the second half of 2018 after a slow start to the year.

EU imports of tropical logs increased from Congo, the leading supplier, rising 7% to 29,600 MT in 2018. There was also a significant increase in EU log imports from DRC (+20% to 21,100 MT), CAR (+78% to 21,000 MT), Liberia (+69% to 5,500 MT), and Guyana (+56% to 1,300 MT).

These gains offset declining imports from Angola, from over 5,000 MT in 2017 to negligible levels in 2017, Cameroon (-6% to 17,200 MT), Equatorial Guinea (-21% to 5,900 MT) and Suriname (-37% to 1,300 MT) (Chart 4).

Most of the gain in EU imports of tropical logs in 2018 was concentrated in France (+10% to 39,800 MT) and Belgium (+40% to 30,100 MT). Imports of tropical logs were very slow in Portugal in the first half of 2018 but increased in the second half of the year.

In total, Portugal imported 19,400 MT of tropical logs in 2018, 2% more than the previous year. Italy's imports also increased, by 3% to 10,400 MT in 2018.



EU tropical decking imports picked up pace in last quarter of 2018

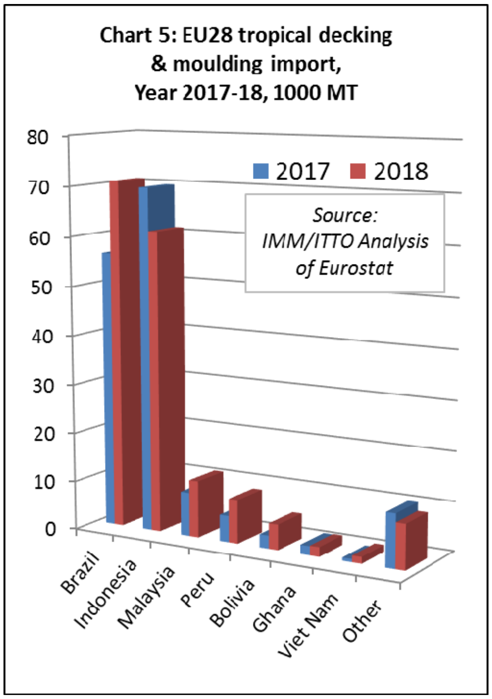
EU imports of tropical mouldings (which included both interior mouldings and exterior decking products) increased 9% to 170,100 MT in 2018, with the pace of trade picking up in the last quarter of the year. Import value increased 13% to €255.7 million.

A 26% rise in EU imports of mouldings from Brazil to 70,800 MT in 2018 offset a 12% decline in imports from Indonesia to 61,200 MT. As noted earlier, the latter decline may be partly due to alterations in the HS codes used to record imports from Indonesia since introduction of FLEGT licensing.

There was a sharp rise in EU imports of mouldings from several smaller suppliers of this commodity in 2018, including Malaysia (+30% to 11,600 MT), Peru (+66% to 8,900 MT), Bolivia (+94% to 5,200 MT), and Viet Nam (+112% to 1,300 MT). (Chart 5).

In 2018, imports of tropical mouldings increased 36% in France to 47,700 MT, 11% in Belgium to 28,800 MT, 12% in Italy to 7,100 MT and 11% in Denmark to 4,700 MT.

These gains were offset by a 7% decline in imports in the Netherlands, to 25,400 MT, and an 8% decline in the UK, to 10,500 MT. Imports were at the same level as the previous year in Germany (36,300 MT).

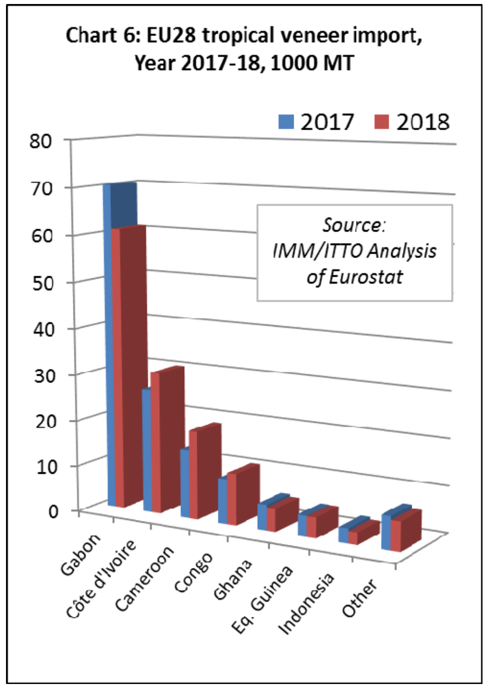


EU tropical veneer trade picked up pace in closing months of 2018

After a very slow start to the year, the pace of EU tropical veneer imports picked up dramatically in the second half of 2018, particularly from Gabon, the largest supplier.

In total, EU imports of tropical veneer fell 1.3% to 140,400 MT in 2018. Import value fell 4% to €179.7 million. Imports from Gabon were down 13% by the end of 2018, at 61,100 MT, having trailed by more than 30% after the first six months when trade was severely disrupted by the financial difficulties at Rougier.

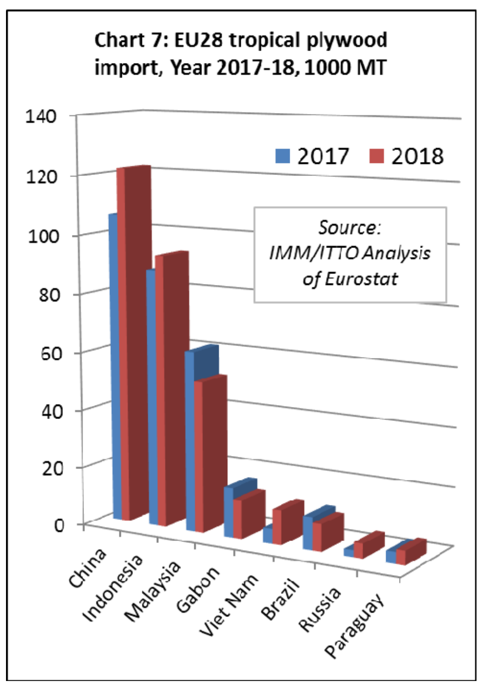
In 2018, the decline in EU veneer imports from Gabon was partly offset by rising imports from Cote d'Ivoire (+14% to 30,700 MT), Cameroon (+28% to 19,100 MT) and Congo (+ 15% to 11,100 MT). Imports fell from several smaller suppliers including Ghana (-10% to 5,000 MT), Equatorial Guinea (-2% to 4,400 MT) and Indonesia (-18% to 2,600 MT). (Chart 6).



In 2018, imports of tropical veneer in France, the largest EU market, were down 6% at 48,900 MT, and also declined 14% to 10,800 MT in Greece, and fell 13% to 5,100 MT in Germany. Imports of tropical veneer strengthened in South Western Europe in the second half of 2018, finishing the year up 2.4% in Italy at 33,100 MT and up 20% at 25,200 MT in Spain.

EU direct imports of plywood from the tropics down 5% in 2018

The EU imported 327,200 MT of tropical plywood in 2018, 2% more than in 2017. Import value increased 2% to €290.9 million in 2018 (Chart 7).



Direct EU imports of plywood from tropical countries decreased 5% to 192,100 MT in 2018. While imports from Indonesia increased 6% to 93,400 MT, imports from Malaysia fell 16% to 51,800 MT, imports from Gabon were down 22% at 13,300 MT, and imports from Brazil fell 17% to 9,300 MT.

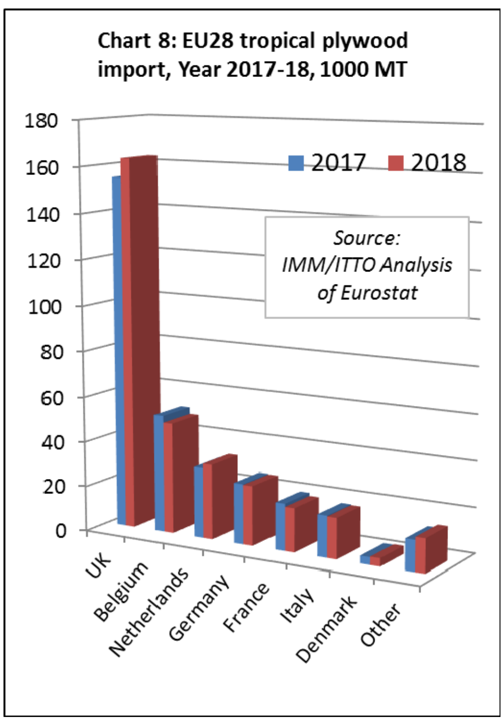
Although still only minor suppliers, during 2018 there was a significant 133% increase in EU imports of plywood from Viet Nam, to 11,900 MT, and a 22% increase from Paraguay to 4,900 MT.

The EU imported 121,900 MT of plywood faced with tropical hardwood from China in 2018, ending the year 15% up on the previous year following a surge in the last quarter.

Imports from China earlier in 2018 were disrupted to some extent by tough new national environmental controls which forced Chinese mills to interrupt production to upgrade or replace emission and waste treatment technology.

The EU also imported 13,100 MT of plywood faced with tropical hardwood from other non-tropical countries in 2018, 3% more than in 2017. Much of the gain was due to a 115% increase in imports from Russia, to 5,000 MT.

The UK imported 163,100 MT of tropical plywood in 2018, 5% more than the previous year.
The UK is the main EU destination for tropical hardwood faced plywood from China and was also importing larger volumes of Indonesian plywood in 2018. (Chart 8)



Last year, tropical plywood imports also increased in the Netherlands (+6% to 33,100 MT) and Denmark (+7% to 3,500 MT).

However, these gains were partly offset by falling tropical plywood imports in Belgium (-6% to 49,000 MT), Germany (-1% to 26,300 MT), France (-7% to 19,300 MT), and Italy (-2% to 17,900 MT).

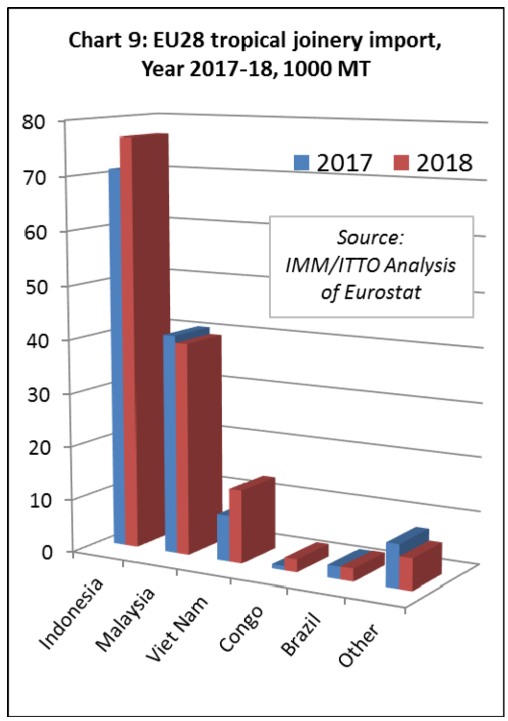
Indonesia, Vietnam and Congo boost share of EU tropical joinery imports

EU imports of tropical joinery products (excluding flooring) increased 7% to 140,800 MT in 2018. Import value increased 2% to €270 million.

This category includes a range of wood products, but mainly doors, laminated kitchen tops, and window scantlings from the tropics.

In quantity terms, imports from Indonesia, by far the EU's largest tropical supplier of joinery products, increased 8% to 76,800 MT in 2018.

There was also a 59% increase in EU imports of joinery products from Viet Nam, to 13,800 MT. Imports from Congo increased from negligible levels to 2,400 MT. These gains offset a 3% decline in imports from Malaysia to 39,600 MT. (Chart 9).



Imports of tropical joinery products in the UK, the largest European destination for this product group, notably of doors from Indonesia, increased 16% to 61,300 MT in 2018.

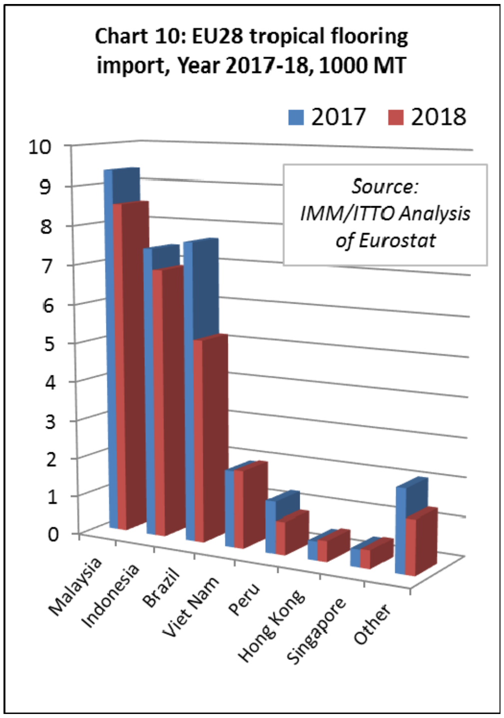
Last year, imports of tropical joinery products increased 23% to 17,700 MT in Belgium and were up 28% to 12,700 MT in France. However, imports fell 9% to 34,300 MT in the Netherlands and declined 16% to 8,600 MT in Germany.

Another fall in EU imports of tropical flooring

EU imports of flooring products from tropical countries fell a further 16% to 25,900 MT in 2018, continuing a long term decline in response to tough competition from European and Chinese manufacturers and non-wood alternatives, fashion trends favouring temperate timbers, supply constraints, and challenges of EUTR conformance.

The value of EU imports of tropical wood flooring declined 13% to €59.1 million in 2018.

Most of the downturn in 2018 was due to a 32% fall in imports of hardwood flooring products from Brazil, to 5,200 MT. However imports also fell 9% from Malaysia, to 8,500 MT, 7% from Indonesia, 6,900 MT, and 36% from Peru, to 900 MT. (Chart 10).



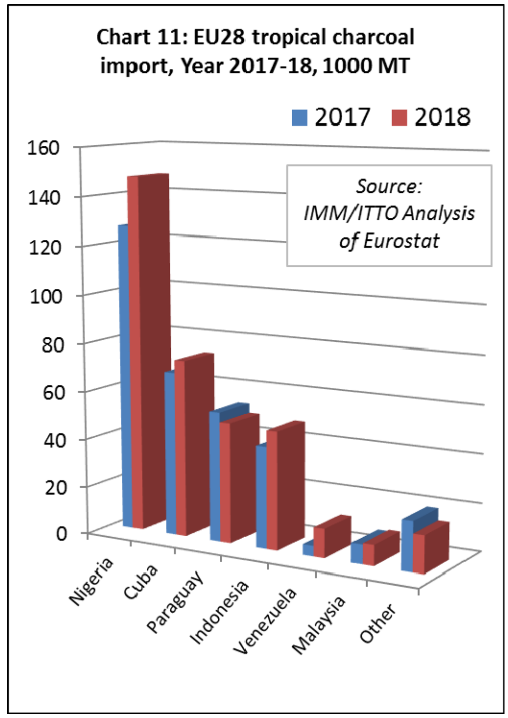
In 2018, imports fell dramatically in the two largest EU markets for tropical wood flooring, declining 36% to 5,600 MT in France and 19% to 3,300 MT in Belgium. However, this decline was partially offset by a 42% increase in imports in Denmark, to 2,700 MT, and a 21% increase in Spain, also to 2,700 MT.

But - Another rise in EU imports of tropical charcoal

EU imports of charcoal from tropical countries increased 10% to 355,900 MT in 2018. The value of imports increased 11% to €139.8 million in 2018. EU imports increased from Nigeria (+16% to 147,600 MT), Cuba (+8% to 73,600 MT), Indonesia (+16% to 48,800 MT) and Venezuela (+177% to 12,000 MT).

These gains offset a 7% decline in imports from Paraguay to 49,800 MT. (Chart 11).

A wide range of EU countries now import wood charcoal from tropical countries. The largest destinations (in descending order in 2018) are Poland (56,700 MT), Greece (49,500 MT), Germany (49,100 MT), Portugal (38,000 MT), Italy (32,100 MT), Spain (31,300 MT), UK (29,400 MT), Belgium (27,900 MT) and Netherlands (15,500 MT).



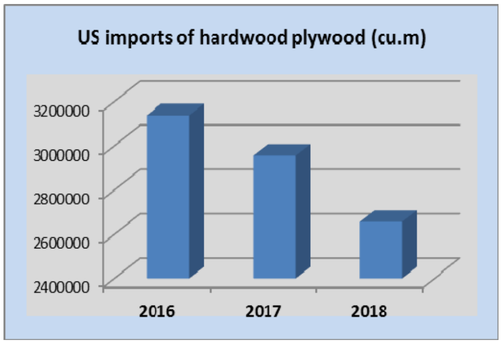
North America

US hardwood plywood imports fell in 2018

The volume of US imports of hardwood plywood declined by 5% in December, ending 2018 with a total volume for the year of 2.66 million cubic metres, down 10% from 2017.

December was the strongest month of the year for imports from China, up 62% from November. But the figures are still well below last December's as the volume of Chinese hardwood plywood coming to the US. ended the year down more than 70%.

Indonesia, Malaysia, Vietnam, and Cambodia all showed gains of more than 50% in 2018, replacing market share previously held by China. Despite the decline in the volume of imports, the value of hardwood plywood imports for 2018 ended at US$1.9 billion, which was up 10% from 2017.



Data source: US Census Bureau, Foreign Trade Statistics

Main sources of US hardwood plywood imports

	2018 Imports cu.m
China	380,917
Russia	429,186
Indonesia	589,488
Malaysia	171,207
Cambodia	153,806
Vietnam	307,205
Ecuador	100,971
Other	523,447

Data source: US Census Bureau, Foreign Trade Statistics

Sawn tropical hardwood imports fell in 2018

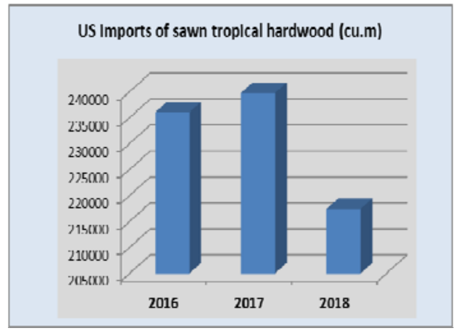
US imports of sawn tropical hardwood ended 2018 relatively flat. The total volume of imports in 2018 was down 9% from the previous year.

Imports of balsa, mahogany, virola, and acajou d'Afrique all fell by more than 20% in 2018. On the other hand, imports of Jatoba nearly doubled in 2018 while Keruing imports rose by over 30%.

Among the top US trading partners, imports from Ecuador fell 23%, imports from Cameroon were down 20% and imports from Brazil dropped 5% in 2018. In contrast, imports from Malaysia rose by 40% in 2018.

Imports of sawn tropical hardwood from Canadian followed the downward trend, falling 13% in 2018. Imports of sapelli were down 34%; virola, imbuia and balsa imports were down 26% and iroko imports fell 50%.

December imports of sawn tropical hardwood dropped 22% year on year. For the year, 2018 imports from Canada closed at a total of US$17.3 million for the year.



Data source: US Census Bureau, Foreign Trade Statistics

Main species of tropical hardwoods imported

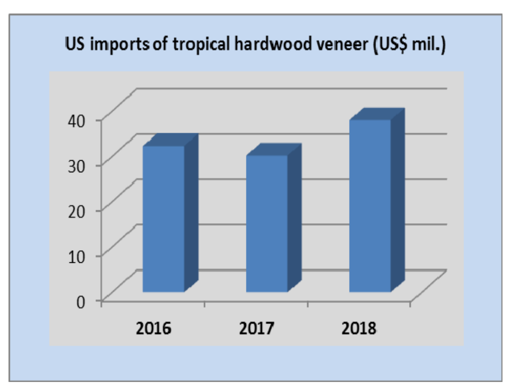
	2018 Imports cu.m
Balsa	48,857
Sapelli	28,184
Acajou d'Afrique	13,835
Keruing	22,363
Ipe	33,437
Mahogany	6,760
Virola	5,710
Meranti	10,255
Cedro	10,447
Jatoba	28,087
Teak	5,369
Iroko	419
Padauk	969
Aningre	100
Other tropical	2,609

Data source: US Census Bureau, Foreign Trade Statistics

Strong December for tropical veneer imports

US imports of tropical hardwood veneer grew by 39% in December, ending a string of monthly declines and this lifted 2018 imports well above those in 2017.

Imports of tropical veneers in 2018 expanded 26% over the previous year, with Italy, China, and India showing the greatest increases. Imports from key African countries (Ghana, Cameroon and Cote d'Ivoire) all fell in 2018.



Data source: US Census Bureau, Foreign Trade Statistics

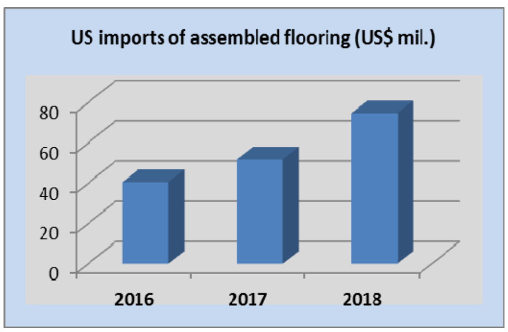
Main sources of US tropical veneer imports

	2018 Imports US$
Italy	12,071,631
China	5,217,060
Ghana	1,192,835
Cote d'Ivoire	3,349,169
Cameroon	1,222,267
India	3,028,650
Other	11,885,630

Flooring imports strong in 2018

While flat in December, US imports of hardwood flooring ended 2018 up 44% at a value of US$74.7 million. Imports from China (up 71%), Malaysia (up 79%) and Brazil (up 50%), all contributed to the rise. Imports from Indonesia fell by 20% for the year.

Imports of assembled flooring were up by 4% in December and grew by 11% in 2018. China and Indonesia saw the greatest gains while imports from Brazil fell by 71% for the year.



Data source: US Census Bureau, Foreign Trade Statistics

Main sources of US assembled flooring imports

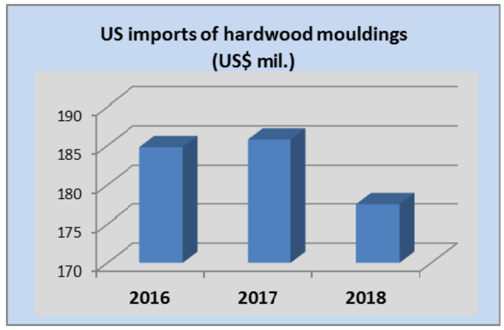
	2018 Imports of assembled flooring (US$)
China	50,479,668
Canada	38,733,413
Indonesia	15,772,648
Vietnam	10,605,623
Thailand	6,850,038
Brazil	251,865
Other	43,908,629

Data source: US Census Bureau, Foreign Trade Statistics

Moulding imports rise in December

Despite a sharp rise in December, US imports of hardwood mouldings ended the year down from 2017.Moulding imports atUS$177 million in 2018 were down 4% from the previous year.

A more than 20% drop in imports from Canada contributed to the loss. Imports from Malaysia rebounded from a weak November to end the year ahead of 2017 totals by 8%. Imports from China ended the year up by 6%.

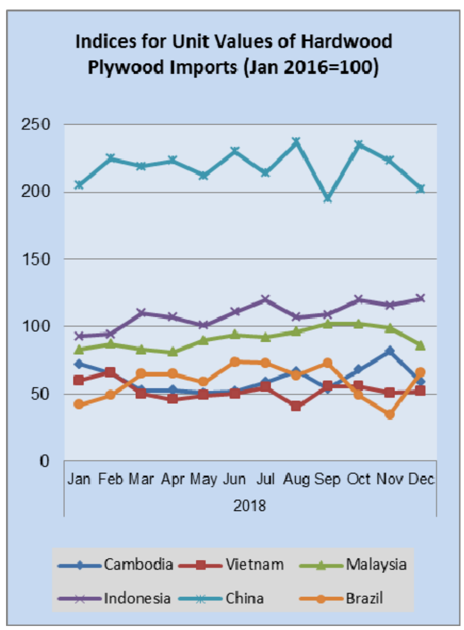


Data source: US Census Bureau, Foreign Trade Statistics

Main sources of US hardwood moulding imports

	2018 Import hardwood mouldings (US$)
Brazil	33,428,435
China	68,784,907
Malaysia	12,628,116
Canada	22,437,076
Other	40,216,765

Data source: US Census Bureau, Foreign Trade Statistics



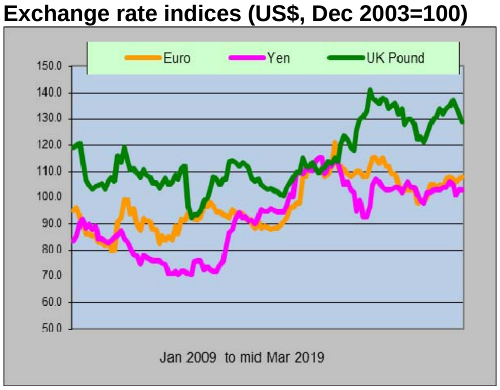
Data source: US Census Bureau, Foreign Trade Statistics
Note: Unit values are based on Customs value and exclude shipping, insurance and duties.

Dollar Exchange Rates

As of 10 March 2019

Brazil	Real	3.8001
CFA countries	CFA Franc	580.34
China	Yuan	6.7070
EU	Euro	0.8889
India	Rupee	67.678
Indonesia	Rupiah	14265
Japan	Yen	111.16
Malaysia	Ringgit	4.885
Peru	New Sol	3.34
UK	Pound	0.7498
South Korea	Won	1130.50

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

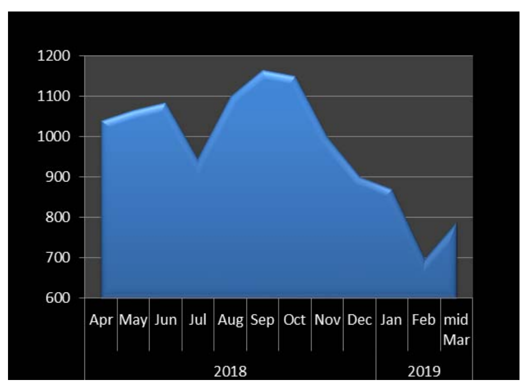


Abbreviations and Equivalences

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	Cost insurance and freight
C&F CNF	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, Weather and boil proof
MT	Metric tonne
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
April 2018 – mid March 2019

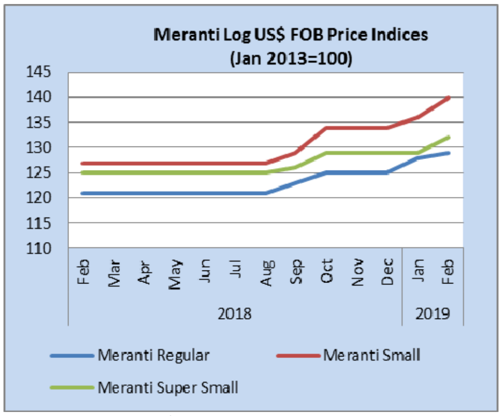


Data source: lloydslist.maritimeintelligence.informa.com

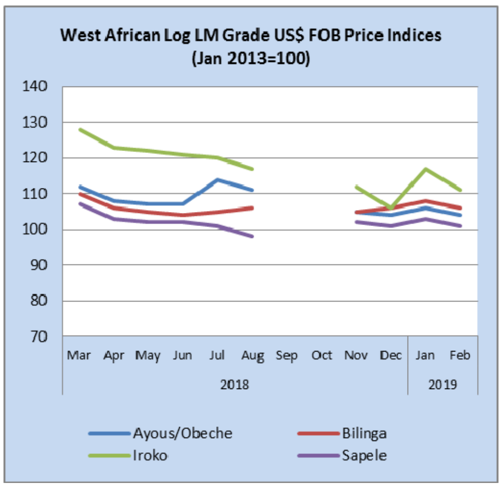
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

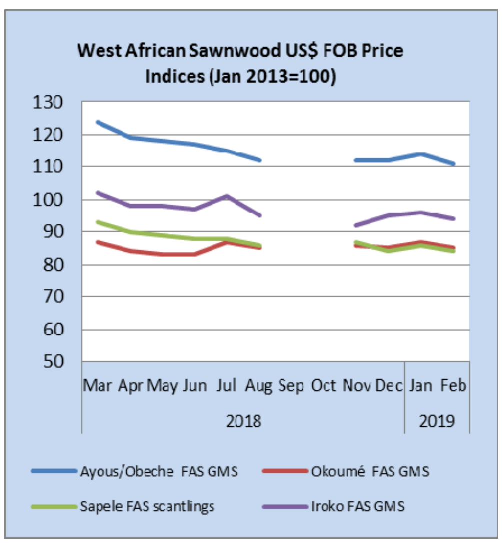
Price indices for selected products

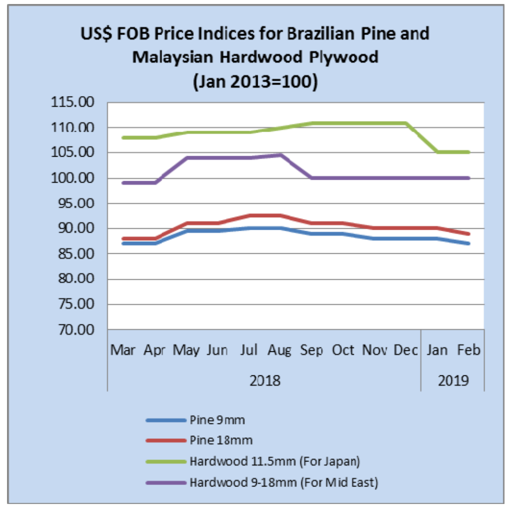
The following indices are based on US dollar FOB prices

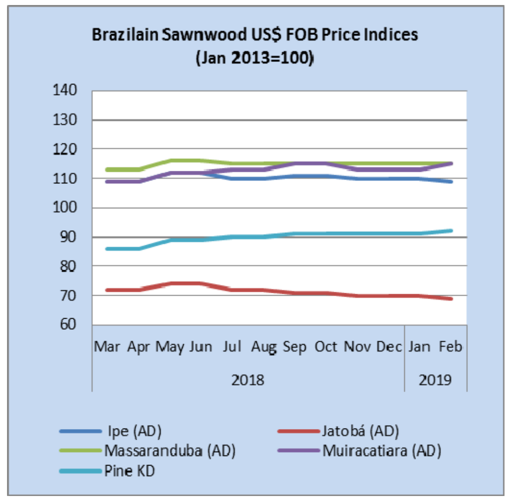


Note: Sarawak logs for the Japanese market









Note: Jatobá is mainly for the Chinese market.

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