

Tropical Timber Market Report

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Top stories

Transforming Rio Grande do Sul furniture sector

A programme launched in mid-October aims to transform the Rio Grande do Sul furniture supply chain making the sector more innovative, competitive and sustainable.

The programme is designed to benefit the sector as a whole. “We are here to transform what already exists with better approaches and a good business environment” said the Furniture Sector Transformation Center president.

See page 9

Central and West Africa

China–US trade dispute having an impact

The China–US trade dispute continues to have negative impacts on African timber exports. US importers are hesitant to ship inventory due to uncertainty over the levels and timing of tariffs affecting cargoes already en route.

In separate news, the US government notified the US Congress on 31 October that Cameroon would lose its eligibility status under the African Growth and Opportunity Act (AGOA) in 2020 because of a failure “to address concerns regarding persistent human rights violations being committed by Cameroonian security forces,” according to a report in *Foreign Policy*.

Monitoring system earns money for Cameroon government

Reports of illegal logging made through the ISO 9001-2015 certified Standard External Independent Observation System (SNOIE) helped the Cameroonian Ministry of Forests and Wildlife generate a surplus of XAF 72.5 million of forest revenues in the period 2016–2019, according to a report in *Business in Cameroon*.

The funds were generated by fines imposed on illegal forest operators and through the proceeds of public auctions of confiscated timber. The reported forest irregularities were observed in or near Logbii, Bandevouri, Ngoum, Ina, Manja, Wassaba, Oue and Bifa’a.

See:

<https://www.businessincameroon.com/public-management/0611-9658-cameroon-generated-xaf72-5-mln-of-forest-revenue-surplus-in-2016-2019-thanks-to-reports-through-the-certified-snoie-scheme>

Gabon to scrutinise concessions, improve logging practices

Gabon’s Forest Minister Lee White is organising a team to assess the legality of all the country’s concessions suspecting many administrative errors having occurred in the past.

In an article in *Project Syndicate* in October co-authored with National Climate Council chair Tanguy Gahouma, Minister White also reported that, in the next 12 months, the government will work with concession managers to make improvements to harvesting practices. The government will then conduct a follow-up study to measure the effect of the changes.

Under a recent ten-year agreement, Norway will pay Gabon a floor price of US\$10 per certified tonne of carbon for reducing greenhouse-gas emissions caused by deforestation and degradation, as well as for absorption of CO₂ by natural forests.

See: <https://www.project-syndicate.org/commentary/gabon-forestry-stewardship-climate-change-by-lee-white-and-tanguy-gahouma-2019-10>

Log export prices

West African logs Asian market	FOB Euro per cu.m		
	LM	B	BC/C
Acajou/ Khaya/N’Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & ekki	275	275	175
Belli	270↓	270↓	-
Bibolo/Dibétou	215	215	-
Bilinga	275	275	-
Iroko	340↑	320	250
Okoume (60% CI, 40% CE, 20% CS) (China only)	220	220	200
Moabi	365	355	285
Movingui	210	210	-
Niove	160	160	-
Okan	200↓	200	-
Padouk	300	280	230
Sapele	290	290	265
Sipo/Utile	300	300	250↓
Tali	330	330	-

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	540
Padouk FAS GMS	640↓
FAS scantlings	675
Strips	350↓
Sapele FAS Spanish sizes	450↓
FAS scantlings	500↓
Iroko FAS GMS	600↓
Scantlings	660↓
Strips	350↓
Khaya FAS GMS	480
FAS fixed	540
Moabi FAS GMS	620
Scantlings	640
Movingui FAS GMS	420

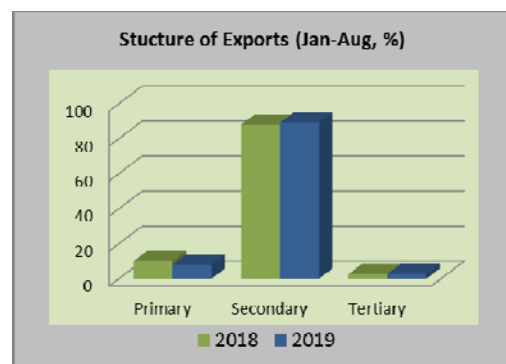
Ghana

Export up-date

Ghana recorded an export volume of 208,553 cu.m of wood products in the period January–August 2019, valued at EUR 106 million, according to the Timber Industry Development Division (TIDD).

This represented decreases of almost 20% in volume and 9% in value compared with same period in 2018. Products for which exports increased significantly in the 8-month period include kiln-dried boules (up by over 300%), plywood (+92%), overland sliced veneer (+250%) and overland plywood (+12%).

The figure below shows that the share of total wood product exports held by secondary and tertiary products increased marginally in the first eight months of 2019 compared with the same period of 2018.



Data source: TIDD

Exports comprised EUR 6.19 million for primary wood products (billets); EUR 96 million for secondary wood products (sawnwood, plywood, veneer, boules and kindling); and EUR 3.82 million for tertiary wood products (mouldings, dowels and doors).

The leading export species were teak, wawa, ceiba, denya and mahogany, shipped to India, China, Germany, Belgium and the US. The wood export volume to the ECOWAS market increased to 19,189 cu.m in 2019, up by nearly 18% (from 16,293 cu.m) in 2018.

President commissions 1D1F timber company

A timber company that processes various timber species has been commissioned under the One-District-One-Factory (1D1F) projects initiative. Miro Forestry Ghana Ltd, located on the Afram Plains of Ghana's Ashanti Region, is one of 181 projects selected by the Ministry of Trade and Industry under the government's flagship industrialisation programme of the economy to make Ghana the manufacturing hub of Africa.

The factory, which has about 8,500 hectares of eucalypt, gmelina and *Acacia mangium* plantations, plans to increase its plantation area to 15,000 hectares to ensure a sustainable supply of raw materials. Final finished products from the factory include rotary veneer and small-diameter broom poles, with a plywood mill to be added by the end of 2020.

The President encouraged the company's management to establish a presence in the ECOWAS market and the African Continental Free Trade Area (AfCFTA), which will be fully operational from July 2020.

See: <http://www.presidency.gov.gh/index.php/briefing-room/news-style-2/1359-president-akufo-addo-commissions-timber-processing-factory-1d1f-in-sekvere-afra-plains>

Ghana secures loan for natural forests and agroforestry

Ghana's Parliament has approved additional financing of US\$7 mil. for the 'Enhancing Natural Forest and Agroforest Landscape' project (FIP-ENFAL). The loan agreement is between the Government of Ghana and the International Development Association of the World Bank Group, acting as implementing entity for the Forest Investment Programme under the Strategic Climate Fund.

The purpose of the loan is to support government's efforts to improve forest and tree management practices by cocoa farmers, CREMA [Community Resource Management Area] communities and forest reserve managers to reduce forest loss and degradation in selected landscapes; and to demonstrate rehabilitation of mined-out sites in selected landscapes in Ghana's High Forest Zone.

See:

<https://www.ghanaweb.com/GhanaHomePage/business/Government-borrows-US-7M-to-enhance-natural-Forrest-797383>

Boule export prices

	Euro per m ³
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	530↓
Niangon Kiln dry	670↑

Export rotary veneer prices

	Euro per m ³	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	362↓	445
Chenchen	416↓	542
Ogea	521↑	590
Essa	587↑	691
Ofram	350	435

Export sliced veneer

Sliced face veneer	FOB Euro per m ³
Asanfina	888↓
Avodire	721
Chenchen	1,363↑
Mahogany	1,170↑
Makore	966↓
Odum	1,437↓

Export plywood prices

Plywood, FOB	Euro per m ³		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	334↓	580	641
6mm	412	535	604
9mm	377	446	560
12mm	510	450	480
15mm	450	400	430
18mm	450	441	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 FAS 25-100mm x 150mm up x 2.4m up	Euro per m ³	
	Air-dried	Kiln-dried
Afromosia	860	925
Asanfina	465	564
Ceiba	404	600
Dahoma	417	577
Edinam (mixed redwood)	520	597
Emeri	465	557
African mahogany (Ivorenensis)	930	908
Makore	740	836↑
Niangon	620	660↑
Odum	649	917
Sapele	720↑	839↓
Wawa 1C & Select	420	449↓

Malaysia

New regional trade deal gets closer

The Malaysian business community is excited over recent positive developments in regional trade. Although India pulled out at the last minute, 15 other countries—the ten member countries of the Association of Southeast Asian Nations (ASEAN) plus China, Japan, the Republic of Korea, Australia and New Zealand—agreed in Bangkok on plans for what could become the world's biggest trade agreement, the Regional Comprehensive Economic Partnership (RCEP). Countries aim to sign the agreement next year to start freeing up trade between members.

Few details have been released, but the agreement will progressively lower tariffs across many areas. Its backers say that, just as importantly, the agreement will let companies export the same product anywhere within the bloc without having to meet separate requirements and complete separate paperwork for each country.

The 15 participating countries make up nearly one-third of the world's people (it would have been nearly half with India) and nearly one-third of global domestic product. India can join later, if it wishes.

Departmental restructuring underway in Sarawak

The Sarawak Forest Department is undergoing a restructuring. According to Director Hamden Mohammad, the restructuring will more clearly define the roles and responsibilities of the Forest Department and the Sarawak Forestry Corporation (SFC) in managing forest resources and conserving Sarawak's biodiversity.

“As agreed, the Forest Department will regulate all forest areas in Sarawak in the aspect of management and operations, while SFC will manage the national parks and wildlife protection,” said Director Hamden.

In other news, talks are underway with Singapore for Sarawak to produce semi-finished furniture for companies based in Singapore..

“We are thinking of a dedicated furniture park for Singapore companies in Sarawak, so that you can get the raw materials that you need to produce good furniture. We can perhaps increase export of our furniture,” said Sarawak Chief Minister Abang Johari Tun Openg.

Exports in first eight months of 2019

The Statistics Department has released export data for the first eight months of 2019. Sarawak's log exports totalled 937,006 cu.m in January–August (down from 986,997 cu.m in the same period in 2018) at a value of MYR 501,982,000 (down from MYR 537,005,423).

The Republic of Korea has purchased no logs from Sarawak to date this year. Indonesia is now the largest importer of Sarawakian logs.

The total value of Sabah's timber product exports was MYR 749,900,129, down by 25% compared with the same period in 2018 (MYR 1,008,048,127).

Sarawak log exports, Jan–Aug, 2018 and 2019, by destination		
Jan–Aug (cu.m)	2019	2018
China	12,778	6,731
India	373,635	401,631
Indonesia	462,034	481,559
Japan	24,197	17,826
Republic of Korea	---	1,253
Taiwan Province of China	51,648	55,777
Viet Nam	12,714	21,236

It will be seen from the above that Indonesia is the major market for sarawak's log exports.

Wood product exports from Sabah, Jan–Aug, 2018 and 2019			
	2019	2018	% change
Sawnwood	77,642	97,660	-20.5
MDF	7,273	10,568	-31.2
Veneer	20,913	44,174	-52.7
Plywood	254,946	349,170	-30.9

Indonesia

Log production predicted to grow by 15% next year

The Association of Indonesian Forest Concessionaires (APHI) estimates that log production will grow by 10–15% next year, both from industrial plantations (HTI) and natural forests, according to a report in *Bisnis*. APHI Executive Director Purwadi Soeprihanto said that the production of logs from natural forests this year is predicted at 5.4 million m³ and HTI production is estimated to be stable at 40 million m³.

See: <https://ekonomi.bisnis.com/read/20191105/99/1166881/produksi-kayu-bulat-diprediksi-tumbuh-hingga-15-persen>

Chinese investors relocate furniture factories to Java

According to a report in TEMPO, Indonesia's Investment Coordinating Board (BKPM) has indicated that 59 Chinese investors in wood and furniture businesses will relocate factories to Central Java.

The reasons given for the relocation include Indonesia's stable investment climate and the simple licensing process in Central Java.

See: <https://en.tempo.co/read/1268924/59-chinese-investors-relocating-furniture-factories-to-java>

Plywood, bamboo, rattan listed in US GSP programme

The US Trade Representative (USTR) has indicated that laminated bamboo plywood (HS 44121005), thin plywood measuring less than 66 mm (HS 44123141155), and rattan for hand-made souvenirs (HS 46021223) are eligible for cuts in Generalized System of Preferences tariffs on exports to the US.

US says trade preference talks to conclude soon

US Commerce Secretary Wilbur Ross said recently that a US review of a trade preference facility for Indonesia would conclude soon, and he predicted “far more investment” by US companies in Indonesia as a result, according to a report in TEMPO.

The USTR has been reviewing Indonesia’s eligibility for the GSP facility for more than a year due to concerns about market access for US goods, services and investment.

By retaining GSP and opening up more market access in both directions, Indonesia and the US aim to more than double their trade in the next five years to US\$ 60 billion (up from US\$ 28.6 billion in 2019), according to Indonesian Chief Economic Affairs Minister Airlangga Hartarto. “We want to open access for our furniture and textiles and we have programmes to import more cotton and wheat from the US,” he was reported as saying.

See:

<https://en.tempo.co/read/1269174/u-s-says-talks-on-indonesia-trade-preference-to-conclude-soon>

Association urges streamlined regulations

The Indonesian Furniture and Crafts Industry Association (HIMKI) has urged the government to immediately fix regulations that hamper the export of Indonesian furniture and handicraft products.

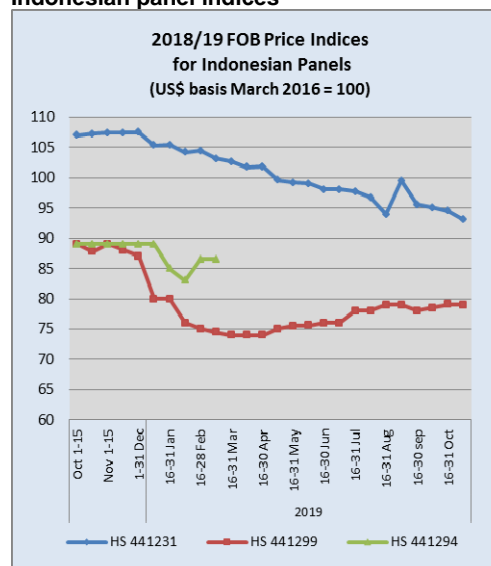
HIMKI Secretary General Abdul Sobur identified the Timber Legality Verification System (SVLK) as a particular obstacle, saying that it should not be required once the timber reached downstream industries such as furniture manufacture, if the upstream supply has already been verified as legal. Mr Sobur said that reducing regulations on exports was key to reducing Indonesia’s trade balance deficit.

See: www.industry.co.id/read/57089/ekspor-furnitur-dan-kerajinan-loyo-himki-desak-pemerintah-benahi-regulasi

Furniture exports down

The export performance of Indonesian furniture and handicraft industry products has stagnated in recent years, according to a report in *Bisnis*. The export value of industrial products made from wood and rattan was US\$ 1.49 billion in 2018, down from US\$ 1.63 billion in 2017. The Director of the Forest and Plantation Products Industry of the Ministry of Industry (Kemenperin), Edy Sutopo, blamed this partly on logistics and a lack of attractive designs.

Indonesian panel indices



Data source: License Information Unit. <http://silk.dephut.go.id/>

Myanmar

Myanmar grapples with FLEGT

The Workshop to Formulate the Road Map on FLEGT was conducted in Nay Pyi Taw in early November involving the national and subnational members of the Multistakeholder Group and representatives of the EU and the European Forest Institute (EFI), according to the Forest Department.

Moreover, an EU representative was in Myanmar in early November amid uncertainty about the status of negotiations on the voluntary partnership agreement (VPA) between the EU and Myanmar. Myanmar’s Forest Law Enforcement, Governance and Trade (FLEGT) process with the EU began in 2015.

One exporter said that timber businesses were under pressure from two fronts: increasing difficulty in accessing the EU market, and declining harvest volumes. The exporter said the private sector was in a weak position to tackle market access issues.

According to a source close to EU importers, the European Timber Trade Federation recently sent an expert from NepCon (a non-profit organization working to support better land management and business practices) to review legality issues in Myanmar.

The expert reportedly met with officials from several institutions, including the Forest Department, the Myanmar Timber Enterprise and the Myanmar Forest Certification Committee.

Business gets a little easier

Myanmar has moved up in the World Bank's Ease of Doing Business ranking, from 171 in 2018, according to U Thant Sin Lwin, Director-General of the Directorate of Investment and Company Administration (DICA), as reported by state media.

The World Bank report found that Myanmar showed substantial improvements in five areas of doing business—1) starting a business; 2) dealing with construction permits; 3) registering property; 4) protecting minority investors; and 5) enforcing contracts.

Myanmar launched an online company registry platform, merging several procedures and reducing the need for in-person interactions. It also enacted the Myanmar Companies Law, which stipulates the duties of directors and changes in shareholdings.

Myanmar expects to attract more investment as manufacturers seeking to relocate production from China to skirt US tariffs encounter capacity constraints in Vietnam, according to a report in Bloomberg.

With labour wages rising in Thailand, some Thai enterprises are discussing moving their businesses to Myanmar, according to U Thant Sin Lwin. These businesses are engaged in manufacturing LEDs, auto parts and accessories, among other things. Globally, the ongoing China-US trade dispute saw combined FDI to the CLMV countries (Cambodia, Lao PDR, Myanmar and Vietnam) rise by 4% in 2018, to US\$ 23 billion.

More foreign banks to operate in Myanmar

The Central Bank of Myanmar (CBM) will issue two types of licences—foreign bank branch licences and subsidiary licences—in the upcoming third round of licensing from 1 January 2020, according to a statement, as part of an initiative to open up the domestic banking market to foreign banks.

Nine foreign banks got the green light in 2014 and four in 2016, in which they are allowed to conduct onshore wholesale banking business. Branch licensees are allowed to establish one place of business only, and a minimum paid-in capital of US\$ 75 million is required for operation.

See: <https://elevenmyanmar.com/news/cbm-to-issue-two-types-of-licenses-for-foreign-banks>

India

Low demand, high taxes plague Kutch timber industry

Asia's biggest notified Imported Timber Conversion Zone, in the district of Kutch (in Gujarat in western India), is struggling, according to a report in *The Times of India*.

A reduction in demand has forced several sawmills to cut production, and the high Goods and Services Tax (GST) and a depreciation of the rupee have eroded their margins. GST is applicable to any goods or services imported into or exported from India.

The rate of the GST on timber imports is currently 18%. The Kandla Timber Association has requested a reduction in the rate of the IGST to 5%.

The upfront payment of GST and other expenses is a high imposition on the industry, which may take up to 8 months to manufacture and sell the finished products using the imported timber (and thereby recoup GST outlays).

Nearly 70% of India's timber imports go through ports in Kandla and Mundra. India's largest timber cluster lies within 15 km of Deendayal Port, previously known as Kandla Port, stretching between Gandhidham and Anjar.

The Deendayal Port Trust's plan to develop a furniture park in the region has hit a roadblock, with industry players reluctant to take up plots on lease due to high rent.

See:

http://timesofindia.indiatimes.com/articleshow/71872354.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Amazon expands furniture range

Amazon India has expanded its range in the furniture category to over 160,000 products, especially from small and medium-sized businesses, ahead of the festive season, according to a report by *Press Trust India*.

Amazon, which has pumped billions of dollars into its Indian operations in the last few years, said its furniture business has grown by over 120% in the last year. Around 25% of furniture buyers use finance schemes, such as no-cost equated monthly instalments (EMI).

More than 65% of Amazon's sales are from customers beyond the big urban conglomerates in cities such as Nasik, Raipur, Vellore, Udupi, Kota, Kollam and Palakkad. Online marketing is also enabling small and medium-sized businesses in artisan hubs to sell their products to a nationwide customer base.

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

Real estate industry under pressure

A slump in the residential property market means that many builders are struggling to repay loans to shadow lenders (housing finance firms outside the regular banking sector, also known as non-banking financial companies—NBFCs).

Indian financial authorities, including the central bank and government, have said that the banking sector's bad loans are on the decline for the first time in four but the number of property developers falling into bankruptcy has doubled in the past nine months, piling pressure on shadow lenders.

See: http://economictimes.indiatimes.com/articleshow/71563262.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Imported plantation teak

C&F prices for imported teak at Indian ports from various sources continue within the same range as given in previous issues (and as shown in the table below).

	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

Note: Price range depends mainly on length and girth.

sawn hardwood prices

Demand and imports are stable, and prices are in the range below, as previously reported.

Sawnwood ex-mill	Rs per cu.ft.
Merbau	4,100-4,250
Balau	2,600-2,750
Resak	1,800-2,000
Kapur	2,250-2,400
Kempas	1,550-1,750
Red meranti	1,500-1,650
Radiata pine	850-950
Whitewood	850-950

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

Myanmar teak prices

General financial conditions continue to improve in this market, and prices have been steady.

Sawnwood (ex-yard)	Rs. per cu.ft
Teak AD export grade F.E.Q.	15,000-22,000
Teak A grade	9,500-11,000
Teak B grade	7,500-9,000
Plantation teak FAS grade	5,500-7,000

Note: Price range depends mainly on lengths and cross-sections.

Sawn hardwood prices

Prices are unchanged from the previous edition except for hemlock, which has declined significantly (by up to Rs 900 per cubic ft), with lower-quality products now being imported to meet smaller-dimension requirements, mostly for furniture.

Sawnwood (ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,700-1,850
Sycamore	1,800-2,000
Red oak	2,000-2,200
White oak	2,500-2,600
American walnut	5,000-5,500
Hemlock STD grade	1,300-1,600
Western red cedar	2,300-2,450
Douglas fir	1,800-2,000

Note: Price range depends mainly on lengths and cross-sections.

Plywood

Chinese plywood arrivals continue to increase as a result of the reduced volumes going to the US market due to the trade dispute between China and the US. Prices are unchanged from the previous edition.

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood (ex-warehouse)	Rs. per sq.ft
4mm	74.00
6mm	98.00
9mm	123.00
12mm	153.00
15mm	200.00
18mm	215.00

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	37.50	53.50
6mm	55.50	70.50
mm	70.50	86.50
12mm	87.00	102.00
15mm	102.00	123.00
19mm	119.00	141.00
5mm Flexible ply	75.00	

Vietnam

Exports, imports still growing

Vietnam exported wood and wood products valued at US\$ 995 million in October 2019, bringing the total export value in the first ten months of 2019 to US\$ 8.52 billion, up by 17.8% compared with the same period in 2018.

Combined, the US, China, Japan and the Republic of Korea accounted for 80.6% of the total export value in the first ten months of 2019. Viet Nam's exports of wood and wood products to the US grew by 11.5% over the period, to US\$ 2.09 billion.

Vietnam imported more than US\$2 billion of wood and wood products in the first 9 months of 2019. China is the single biggest supplier, accounting for 22.9% of the total value (US\$430 million), up by 41.4% compared with the same period in 2018.

The second-largest supplier was the US, with a total import value of US\$258 million, up by 12.4% compared with the same period in 2018.

There was also a marked increase of imports from the Russian Federation from a relatively low base.

Vietnam's imports of wood products, Jan–Sep 2019

Supplier	(US\$)
China	429,521,240
USA	258,248,744
Thailand	80,764,164
Chile	61,158,279
Congo	57,544,087
Germany	55,637,027
Brazil	54,089,776
France	52,208,728
New Zealand	49,084,866
Malaysia	48,366,690
Lao PDR	35,546,037
Cambodia	30,984,500
Canada	21,341,897
Russian Federation	21,227,192
Italy	18,125,300
Indonesia	17,369,048
Korea	13,260,086
Finland	12,934,489
Australia	8,234,783
Argentina	7,660,018
Sweden	6,713,367
South Africa	5,849,289
Japan	5,834,204
Taiwan Province of China	3,835,603
Myanmar	686,833

Data source: General Department of Customs, Vietnam

US investigates imported Vietnamese plywood

The import tariff on Vietnamese plywood in the US market is in range of 0–8%; meanwhile, the anti-dumping duty on Chinese plywood is 183.36% and the anti-subsidy tariffs for imported Chinese plywood are 22.98–194.90%. The US Department of Commerce conducted an anti-evasion tax investigation in September 2018 against Chinese plywood products with an external veneer made from pine.

According to the Chairman of Binh Duong Furniture Association, Mr Dien Quang Hiep, "Previously, China was always the biggest competitor of Vietnam in exporting plywood into the US. Now, as impacts of the US-China trade war, the US importers have to replace Chinese partners by others like Viet Nam. That is why Vietnam should take this advantage as a priority importing market of the US in future."

As reported in the previous edition, the Vietnamese timber sector is concerned that the increasing gap in the trade of wood and wood products between Vietnam and the US will increase the risk of anti-dumping and anti-subsidy investigations, with potentially serious impacts on the Vietnam wood processing industry. This risk is becoming a reality due to possible practices involving Vietnamese and Chinese plywood manufacturers.

The US Customs and Border Protection has conducted an investigation into Vietnamese plywood imports.

See: <https://customsnews.vn/vietnamese-goods-most-sued-by-the-us-for-trade-remedies-12516.html>

Mato Grosso reduces forest regulation red tape

The state deputies of Mato Grosso approved a draft bill on 23 October 2019 that brings state legislation into line with the Brazilian Forest Code, classifying wood consumers according to the size of the undertaking. Thus, individuals or companies considered large consumers are required to submit sustainable supply plans (SSPs) indicating how they will meet demand for raw materials and woodfuel. Those consuming less than 49,500 cu.m of roundwood per year do not need to submit SSPs.

The Center for Timber Producers and Exporters of Mato Grosso State (CIPEM) expressed the view that the change will reduce red tape in the sector. The previous proposal required the preparation of SSPs by those consuming more than 12,000 cu.m of roundwood per year. The bill also requires that individuals and companies consuming more than 24,000 stere metres per year of charcoal are required to maintain or establish forests, directly or in partnership with third parties, to ensure the sustainability of operations through their SSPs.

Transforming Rio Grande do Sul furniture sector

The aim of a programme launched in mid-October in Bento Gonçalves in the Brazilian state of Rio Grande do Sul is to transform the Rio Grande do Sul furniture chain, encompassing industry, commerce and services, to make it more innovative, competitive and sustainable, according to a report in *Remade*.

The “Connect: Furniture sector in Transformation” programme has been created by the Furniture Sector Transformation Center, led by the Brazilian Support Service for Micro and Small Businesses (Sebrae-RS), with support from the Furniture Industry Association of Rio Grande do Sul (Movergs), the Bento Gonçalves Furniture Industry Union (Sindmóveis), the Senai Institute of Wood and Furniture Technology and the Brazilian Furniture Industry Association (Abimóvel).

The programme is designed to benefit the sector as a whole. “We are here to transform what already exists with better approaches and a good business environment. We need to break some paradigms, think big even though we are small. So we need everyone to get involved,” said the Furniture Sector Transformation Center president.

Mato Grosso forest sector seeks more access to EU

About 20 forest-sector actors in Mato Grosso attended a workshop convened by the Center for Timber Producers and Exporters of Mato Grosso State (CIPEM) in Cuiabá in October 2019 on the prospects for increasing trade with the EU.

The workshop was the result of a partnership between CIPEM and the Netherlands-based Sustainable Trade Initiative (IDH), signed in April 2019.

At the event, IDH presented data on the forest sector as well as export scenarios and trade rules for supplying major buyers in the EU.

According to IDH, Brazil has the capacity to trade around 40% of all wood consumed in the world, given its approach to sustainable forest management and the fact that the country has the planet’s largest areas of rainforest—yet it produces only 10%. IDH indicated that the State Secretariat of the Environment (SEMA)’s Forest Products Trade and Transport System (SISFLORA) is aligned with EU requirements.

Sustainability a requirement for export

The Brazilian Furniture Industry Association (Abimóvel) says that entrepreneurs are becoming more aware that sustainability leads to more effective resource management, enabling them to be more competitive in Brazil and in new market niches and to better align with major consumer trends.

Many companies are changing their processes to suit these market conditions. In partnership with the Brazilian Trade and Investment Promotion Agency (Apex-Brazil), Abimóvel has conducted studies that are now underpinning initiatives to improve the ways in which companies deal with sustainability, such as the Furniture Sector Sustainability Program (SIMB). SIMB has emerged as a tool to help Brazilian companies comply with international requirements and align with new consumption trends.

Domestic log prices

	US\$ per m ³
Brazilian logs, mill yard, domestic	
Ipê	200
Jatoba	109
Massaranduba	102
Muiracatiara	106
Angelim Vermelho	101
Mixed redwood and white woods	86

Source: STCP Data Bank

Domestic sawnwood prices

	US\$ per m ³
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	811
Jatoba	424
Massaranduba	407
Muiracatiara	371
Angelim Vermelho	360
Mixed red and white	237
Eucalyptus (AD)	183
Pine (AD)	131
Pine (KD)	154

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

	US\$ per m ³
Parica	
4mm WBP	511
10mm WBP	407
15mm WBP	332
4mm MR	398
10mm MR	289
15mm MR	263

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

	US\$ per m ³
Domestic ex-mill prices	
15mm MDParticleboard	204
15mm MDF	242

Source: STCP Data Bank

Export sawnwood prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per m ³
Ipe	1,423
Jatoba	866
Massaranduba	841
Muiracatiara	858
Pine (KD)	178

Note: 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)	277
12mm C/CC (WBP)	262
15mm C/CC (WBP)	244
18mm C/CC (WBP)	239

Source: STCP Data Bank

Export prices for added value products

FOB Belem/Paranagua ports	US\$ per m ³
Decking Boards Ipê	2,828
Jatoba	1,450

Source: STCP Data Bank

Peru

Peru's first forest transparency portal launched

Peru's first forest transparency portal was launched in October in the Loreto Region. The portal provides information on how the Loreto forest authority is managing the region's forest and wildlife resources, thereby contributing to transparency.

The portal is an initiative of the Loreto regional government through its Forest Development and Wildlife Management Department, with technical support from USAID FOREST, the US Forest Service, and DAR, an NGO.

The portal provides information in eight categories: 1) regulatory and planning instruments; 2) inventory of forest resources; 3) geographic information; 4) national forest management; 5) forest and wildlife registries; 6) access modalities; 7) forest and wildlife monitoring and control; and 8) forest supervision. It integrates various national and regional information systems developed by forestry authorities, as well as information from other sources.

See: <http://transparenciagerfor.regionloreto.gob.pe>

SERFOR announces traceability system

The National Forest and Wildlife Service (SERFOR) recently published a document called "Traceability of Timber Forest Resources" in the official newspaper *El Peruano*, outlining its plan for a mechanism to track wood and wood products from extraction in the forest to commercialization.

The purpose of the mechanism is to guarantee legal origin and promote sustainable forest management and competitiveness.

The mechanism will have three main stages: registration and verification; tracking through primary processing; and a methodology for ensuring legality in secondary processing.

Mexican fire expert advises Peru

Mexican Oscar Rodríguez, a forest fire management expert, has visited Peru to provide advice on training personnel in forest firefighting. The visit was supported by USAID FOREST and the US Forest Service.

Rodríguez has broad experience in forest fire control and training in several Latin American countries. The visit is part of efforts to develop a standardized curriculum and improvement of the qualification system so that forest firefighters trained in Peru will attain the same standard as those of their peers in other countries in the region. This will also better enable Peruvian institutions to work together to address forest fires.

Peru charges illegal loggers in Amazon deaths

Authorities in Peru have charged five men in the timber industry with the 2014 murders of four indigenous activists who had battled illegal logging in the Amazon. Two timber executives and three loggers have been charged with the shooting deaths of the activists, said prosecutor Otoniel Jara, who works in the Ucayali region. Environmentalists say the case is unprecedented in Peru.

See:

<https://www.japantimes.co.jp/news/2019/11/01/world/crime-legal-world/peru-charges-loggers-over-amazon-deaths/#.XcijuSMzbIU>

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per m ³
Pumaquiro 25-50mm AD Mexican market	637-651
Virola 1-2" thick, length 6'-12' KD Grade 1, Mexican market	534-599
Grade 2, Mexican market	489-502
Cumarú 4" thick, 6'-11' length KD Central American market	966-984
Asian market	1009-1052
Ishpingo (oak) 2" thick, 6'-8' length Spanish market	547-568
Dominican Republic	671-681
Marupa 1", 6-11 length KD Asian market	551-591

Domestic sawnwood prices

Peru sawnwood, domestic	US\$ per m ³
Mahogany	-
Virola	269-280
Spanish Cedar	342-355
Marupa (simarouba)	228-238

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	349-379
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	396-419▲
Lupuna plywood	
B/C 15mm	449-495
B/C 9mm	379-399
B/C 12mm	350-360
B/C 8mm	466-487
C/C 4mm	389-425
Lupuna plywood B/C 4mm Central Am.	386-398▲

Domestic plywood prices (excl. taxes)

Iquitos mills	US\$ per m ³
122 x 244 x 4mm	512▲
122 x 244 x 6mm	519▲
122 x 244 x 8mm	522
122 x 244 x 12mm	528▲
Pucallpa mills	
122 x 244 x 4mm	503
122 x 244 x 6mm	511
122 x 244 x 8mm	516
122 x 244 x 8mm	521▲

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	1327-1398
Cumaru KD, S4S	
Swedish market	979-1098
Asian market	1089-1119
Cumaru decking, AD, S4S E4S, US market	1199-1235
Pumaquiro KD Gr. 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market	544-577
2x13x75cm, Asian market	756-822

Japan

Hopes for growth pinned on domestic consumption

The Cabinet Office's gross domestic product (GDP) figures show annualized 0.2% growth in the third quarter of 2019, far short of expectations. There could have been a decline if it was not for the surge in personal spending ahead of the October increase in consumption tax. The third quarter slowdown is in contrast to the 1.8% expansion in the second quarter.

Before the tax increase, consumers rushed to buy home appliances and daily necessities. Consumer spending accounts for more than half of Japan's GDP, and any slowing of consumption would cast doubt on the Bank of Japan's optimism that robust domestic demand will offset the impact of the global economic slowdown.

The disappointing news was that exports fell by nearly 1%, mainly because of a slowdown in machinery shipments to China.

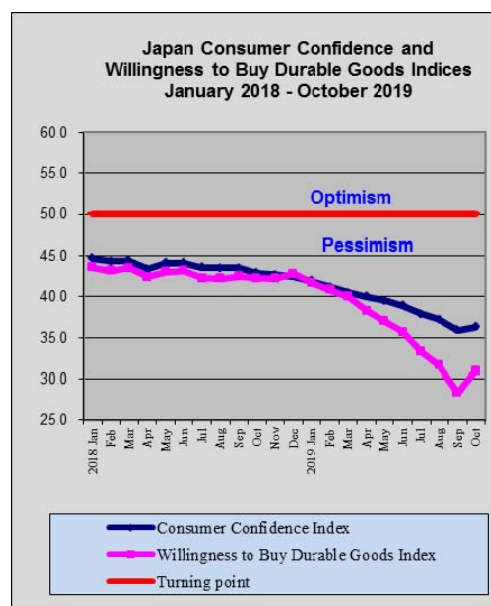
Big spending on infrastructure to feature in supplementary budget

To speed recovery in areas hit by recent natural disasters and to cope with other risks to the economy, such as the China—US trade row and the UK's exit from the EU, the government will earmark funds in a supplementary budget for fiscal 2019, which ends in March 2020.

This will be the first such financial package in three years, and spending on reconstruction work will address damaged roads, bridges, river embankments, homes and farming facilities. The local timber trade is already anticipating huge demand for wood products, and this could lead to a rise in plywood imports, which have fallen sharply this year.

Economy steady after tax hike, but companies holding back on investment

According to a Reuters poll, most Japanese companies say the impact of the latest rise in consumption tax has not resulted in a steep downturn in consumer consumption, which was very pronounced when the tax was raised five years ago.



Data source: Cabinet Office, Japan

The consensus amongst economists is that the Japanese economy looks likely to avoid a drop in private consumption thanks to the measures introduced by the government to soften the impact of the tax.

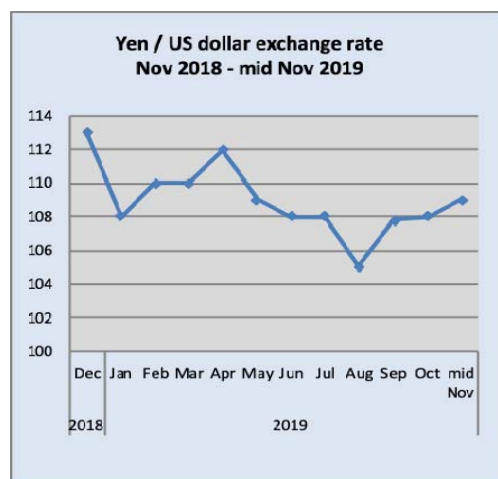
Despite the positive signs, the majority of Japanese companies remain cautious about investing, saying there is little chance of big pay increases next year.

Is Bank of Japan about to change course? Risk of stronger yen worries exporters

At a recent meeting with the media, the Governor of the Bank of Japan (BoJ) welcomed the government's plan for a supplementary budget, saying that a mix of fiscal and monetary stimulus could help the country attain its inflation target.

Analysts were quick to pick up on these statements as seeming to imply that monetary policy alone is not working. From the beginning, many analysts doubted that the 2% inflation target was attainable, a view also held by some Japanese bankers and academics.

What comes next is a major question. If the BoJ changes course, it could have a huge impact, say analysts. For example, it could lead to a surge in the yen on a wave of “safe haven” buying, which would jeopardize the performance of exporters and undermine growth.



Sporty wood-cellulose car at Tokyo motor show

Visitors to the Tokyo Motor Show 2019 had the opportunity to see how eco-conscious designers tackle the motor industry. With funding from the Ministry of the Environment, a team from the University of Kyoto built a sporty “nano cellulose vehicle” (NCV) with the aim of reducing the weight of cars to achieve better fuel efficiency and thus a reduction of CO₂ emissions.

The nanofibres used were from cellulose extracted from trees through pulping and fibrillation; they were mixed into a resin for moulding.

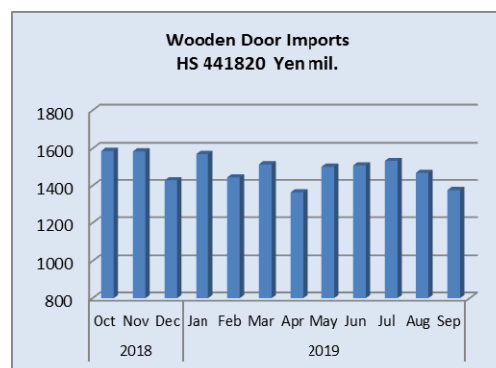
See: https://www.city-cost.com/blogs/City-Cost/GOPxL-living_sustainablelife_tokyo

Import update

Wooden door imports

The value of Japan’s imports of wooden doors (HS441820) dipped in August and dropped further in September this year by around 6%. Compared with a year earlier, September imports were flat.

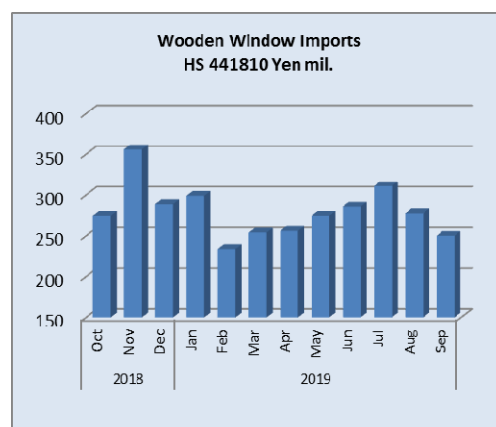
As in previous months, the top two shippers, China and the Philippines, accounted for more than 80% of arrivals. The other small but significant shippers in September were Indonesia and Malaysia.



Data source: Ministry of Finance, Japan

Wooden window imports

The value of wooden window (HS441810) imports dropped in September by 10%, month-on-month, but imports were flat to September, year-on-year. The top shippers in September were China (60% of imports) and Indonesia (19%).



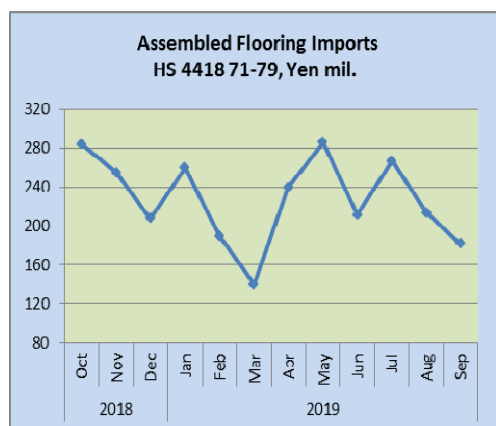
Data source: Ministry of Finance, Japan

Assembled wooden flooring imports

The value of Japan’s assembled wooden flooring imports traditionally see-saw between peaks and dips. The dip in imports in August and September, however, has not been observed before.

Wooden flooring imports (HS441871-79) in September 2019 were down by 22%, year-on-year, and by 15%, month-on-month.

The bulk of August’s assembled wooden flooring imports were of HS441875; the main shippers in September were China and Indonesia.

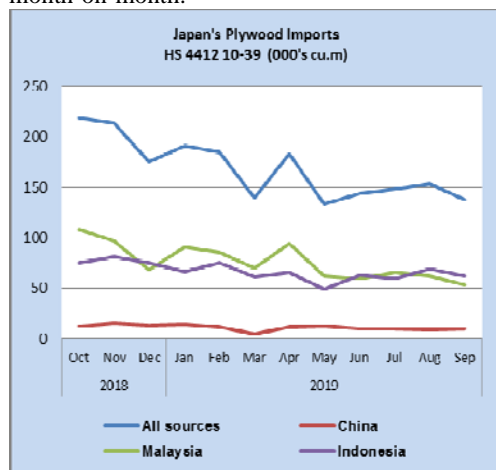


Data source: Ministry of Finance, Japan

Plywood imports

As in previous months, HS 441231 dominated Japan's plywood imports. It accounted for over 80% of all plywood imports by volume in September, most of which was shipped by suppliers in Malaysia and Indonesia.

Year-on-year September plywood arrivals from Malaysia were down a further 23%. Imports from Malaysia in January this year were over 90,000 cu.m but by September had fall to just 50,000 cu.m. Shipments from Indonesia are holding up better—flat, year-on-year, and down only 10%, month-on-month.



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
	Feb	11.1	85.3	75
	Mar	4.4	70.1	61.2
	Apr	11.4	94.2	65.9
	May	12.4	61.8	48.9
	Jun	9.3	59.6	62.8
	Jul	9.8	65.1	59
	Aug	12.1	61.8	68.9
	Sep	10	53	62

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>

Log supply drops by typhoon damages

Typhoons hit Tokyo and North one after another since last September and the Ministry of Agriculture, Forestry and Fisheries reported total damage as of October 29 is estimated about 126.8 billion yen out of which damages on forestry is 38.7 billion yen. Many farm products were damaged right before harvest then heavy rains ruined logging road system by land-slides and flood.

Disruption of road system hampers hauling of harvested logs so that log supply is getting declining. This is time for sawmills to buy and accumulate fresh fall cut logs to replace summer cut logs with heavy moisture content so mills' log inventory is low so without such incident, log prices should be firming seasonally but logs are not available as sawmills want so that log prices are climbing.

Lumber market of structural materials of post and beam for housing has not changed much and stays almost flat while there are increasing demand for materials such as furring strip, low priced board and batten for repair works of typhoon damaged houses.

Since logging road repair takes time, log supply will continue tight so the log prices will stay up high. Because of unchanged slow lumber market and climbing log prices, some sawmills consider to curtail production.

Wood demand projection meeting

The Forestry Agency held the second wood demand projection meeting in late September. Forecast of new housing starts by 13 think tanks for 2020 is average of 870,000 units while the forecast for 2019 is 893,000 units. Only four think tanks forecasted over 900,000 units and the lowest forecast is 810,000 units.

Reason of pessimistic forecast is slowdown of world economy and Japanese economy will be influenced. The forecast is revised downward from previous forecast so that import of logs, lumber and plywood is also revised downward for the fourth quarter of 2019. The first quarter forecast of imported logs and lumber would decrease compared to the same quarter this year.

By declining demand, import of logs and lumber would continue decrease next year. Domestic log demand for lumber would decrease but for plywood the demand would increase.

Radiata pine logs and lumber from New Zealand and Chile would decrease because of depressed crating lumber market affected by trade friction between China and the U.S.A.

Domestic plywood supply will increase by new plywood mills coming on stream so the first quarter 2020 would increase but imported plywood supply would stay unchanged from 2019. On structural laminated lumber supply, domestic supply would decrease for the fourth and first quarter but supply of imported lumber would increase due to lower prices.

Plywood

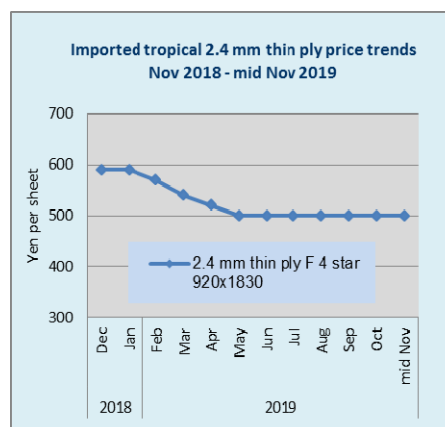
Domestic softwood plywood business continues active while imported South Sea hardwood plywood business is stagnating.

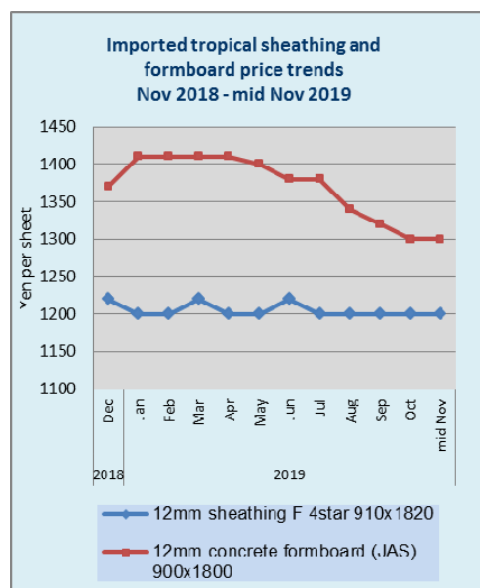
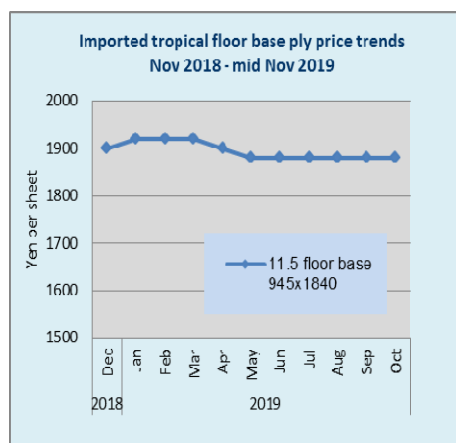
Shipment of domestic softwood plywood to precutting plants are very busy so that the inventories by manufacturing mills are low. The manufacturers' production is full now and any additional production is difficult because of tighter working rules, which makes overtime and weekend operations difficult.

In early August, one plywood mill's long panel production line stopped by mechanical trouble so other mills increased long panel production, which reduced production of 12 mm structural panels so the inventory of standard panel became tight. In fall, trucks are hard to get because it is harvest season and many trucks are taken to transport farm products like rice so deliveries are delayed by a week to ten days but precutting plants runs without much problem so far.

Series of typhoon hit Eastern Japan in last two months, which damaged many houses by flood and landslide so orders are increasing for plywood for repair works. With labor shortage for rehabilitation works, such demand would continue long period of time.

Movement of South Sea hardwood plywood is stagnating with small orders particularly for concrete forming panel but after typhoons' damages, there are more orders for temporary shelter materials so the prices seem to be hitting the bottom and if this move continues, the prices may go up.





Impact of TPP and EPA

TPP (Trans Pacific Partnership) agreement became effective in December 2018 and EPA (Economic Partnership Agreement) with EU countries did in February 2019. By these agreements, import duty on Canadian SPF lumber is reduced from 4.8% to 2.4% and that on OSB is reduced from 5-6% to 2.5% -3% and after 16 years, both will be abolished to zero %.

On EU's SPF lumber with 4.8% duty, structural laminated lumber with 3.9% and OSB and particleboard with 5.0-6.0%, duty rate will be reduced by 0.3-0.8% every year for seven years and will become zero after 16 years.

Malaysia, one of participating country, has not completed procedures but after it is done, tropical logs and hardwood plywood duty of 6-10% will be reduced to 3-5% and be zero after 16 years. The Japanese government allocated large amount of budget to protect domestic wood industry since reduction of import duty will make foreign products more competitive and become threat to domestic wood industry and would cause shrinkage of domestic wood demand.

In 2015, 29 billion yen of budget was spent for strengthening lumber and plywood industry. In 2016, 33 billion yen and in 2017, 40 billion yen then in 2018, 39.2 billion yen were allocated. This budget was spent to subsidize building of lumber, plywood and laminated lumber plants with necessary machines and introduction of harvesting machines for forest unions and log suppliers, which feed necessary logs to processing plants and also preparation of logging road system.

During 2009 and 2014, total of 373.4 billion yen were allocated to subsidize renewing sawmill facilities and enlarging production capacity and this ensured supply capacity and stable quality of domestic wood products.

Also this promoted shifting of raw materials from imported wood to domestic wood. Also with help of the subsidy, new large lumber mills and plywood mills were built in prefectures, which did not have such production facilities before.

Producing mills actually moved into where there is little competition of log procurement. This move also helps spread out producing facilities in many areas and this guarantees stable supply when natural disasters like typhoon, flood and earthquake hit certain area, which damage producing facilities in the areas.

Actually there have been such disasters every year recently but by increasing supply capacity outside damaged areas, it guaranteed stable supply of domestic wood products.

By constant enforcement of domestic wood industry in last several years, self-sufficiency rate has been improving. Actually it is result of decrease of imported logs and lumber in 2017 and 2018 while domestic wood products increased.

Before import duty reduction starts by these agreements, Canadian SPF lumber and European structural laminated lumber are more competitive by drop of supply prices due to depressed own markets and this stopped the move of shifting to domestic wood like SPF lumber. On plywood, structural panel is now mainly all domestic but floor base is mainly relying on tropical hardwood plywood yet.

SPF lumber

Import duty is reduced from 4.8% to 2.4% after TPP became effective since December 31, 2018. At the first quarter price negotiations, duty reduction was not much issue since the export prices of J grade has been dropping largely from the peak prices of US\$ 700 per MBM C&F in the third quarter in 2018. The market prices have been nosediving much larger than duty reduction.

The first quarter prices in 2019 were down to US\$560 then price drop continued after the first quarter by US\$50 and US\$30 and the third quarter prices were US\$490-500, 30% drop from the peak. Therefore, the focus is difference between domestic lumber prices in the North America and J grade prices.

Regardless of import duty, Canadian SPF lumber prices would change by other factors. By anti-dumping duty and countervailing duty on softwood lumber exported to the U.S.A. since 2017, break even prices of Canadian sawmill moved up then log prices climbed by tight supply as annual allowable cut in B.C. is largely reduced after extensive mountain beetle damaged lodge pole pine timber harvest was done.

With these factors, J grade prices would be higher in future together with another climbing factor of higher ocean freight by switching to use low sulfur oil by law since 2020.

European lumber

Between EU and Japan, after EPA became effective, import duty of 10 items of wood products will be reduced step by step and totally abolished in 2025. Present rate is 2.9% on laminated lumber, 3.6% on lumber and 4.5% on wooden board. Compared to before EPA, reduction of duty is 1.0% on laminated lumber, 1.2% on lumber and 1.5% on wooden board.

Gradual reduction is to alleviate excessive impact to the market by immediate abolishment. This is the second year after the agreement became effective but there is no impact to the market because suppliers' prices dropped by slump of worldwide market and the exchange rate moved from 130 yen plus in 2017 and 2018 to 118-119 yen per Euro now.

This reduces the yen cost. When the agreement started, reduction of import duty reduces imported cost so it makes European products more competitive but now the prices for the fourth quarter on lamina are Euro 220 per cbm C&F and on redwood laminated beam and whitewood laminated post, the prices are down to less than Euro 400.

These price level is unprofitable for the supplying mills and some Scandinavian mills plant to curtail the production.

Duty reduction helps compete European lumber to domestic cedar laminated lumber. Present cedar laminated post prices are 1,750 yen per piece delivered and whitewood laminated post prices are down to about 1,800 yen so they compete to get more market share now.

Plywood and wooden board

Import duty reduction by TPP and EPA does not give much impact on competition between domestic products and imported products. Rate of duty reduction varies by items but the maximum reduction is 5%. On Malaysian hardwood plywood, export prices has been climbing by tight log supply while the market in Japan of imported plywood shows no sign of recovery so duty reduction is no help.

In short, gap between high export prices and stagnant market prices in Japan continues and duty reduction is not large enough to fill the gap.

Also duty reduction rate on Canadian and European OSB is small and when housing starts in Japan is weak particularly on rental units, there is no incentive to use OSB by small duty reduction.

Domestic plywood and imported plywood have been having different market so even if duty reduction helps increase supply of imported plywood, there will be very little influence on domestic plywood market. After the supply of South Sea hardwood plywood became unstable, floor manufacturers in

Japan are switching to use domestic plywood.

Chinese wood buyers' inspection tour

The Japan Wood Products Export Promotion Council recently held business meeting with four Chinese wood products buyers and inspection tour of Japanese wood industry.

The visitors visited Chugoku Lumber and Miyasako Lumber in Hiroshima prefecture and Meiken Lamwood, Yamashita Lumber and Innosho Woods in Okayama prefecture. The business meeting was held in Okayama city together with export promotion seminar.

The Council arranged one week tour for the visitors for touring various wood products manufacturers, which are anxious to export the products to China and exchanged information.

At the Japanese wood products export promotion seminar, four Chinese buyers individually made lecture about Chinese wood products market. Log import by China for the first half of 2019 was about 30,000,000 cbms, 2.5% less than the same period of last year but softwood logs and lumber import increased from 2018.

Imported softwood logs and lumber are used for furniture and interior furnishing. Demand for furniture, children's desk and furniture like desk and drawer and casket on every important occasion of life like wedding, child birth and funeral and such demand is closely forecasted. Some buyer plans to specialise Japanese cypress products as cypress is Chinese favorite species. Another commented that Japanese cedar prices are competitive and with expanding Chinese logistics, cedar pallet has better chance in China.

In China, non-residential wooden buildings like hotels and library draws much attention recently so that there is more chance to use wood in China in future. Four Japanese companies participated business meeting. The group visited Okayama Prefectural College's alumni hall, which is built with 3 and 4 meter 120 mm cypress square.

China

National pollution permits needed for wood industries

Nine industrial sectors—farm and sideline food-processing sectors; wine, beverage and refined tea manufacturing sectors; furniture manufacturing sectors; and water production and supply sectors—must obtain national sewage discharge permits by the end of 2019, and companies within these sectors must obtain certificates.

A failure to obtain permits within the timeframe will mean that discharges will be regarded as pollution without permits.

The following wood products enterprises need to obtain national pollution emission permits:

- wood-based panel manufacturing plants with an annual output of over 200,000 cu.m; and
- sawnwood, woodchip processing, furniture manufacturing, bamboo, rattan, palm and grass products with a chemical treatment process or a painting process in an oil paint (containing diluent agent) of 10 tonnes or more.

Read:

http://www.yuzhuwood.com/news/details_ff8080816df179af016e1a5be0e01211.htm

https://www.wood365.cn/Industry/IndustryInfo_262825.html

Many timber processing plants in Guangdong cease production

Many timber processing plants in Guangdong Province have stopped or limited their production recently due to local environment protection policy and supervision and this will likely lead to a sharp rise in the price of construction timber in the domestic market.

November is the peak season for Guangdong wood processing enterprises and reduced production will cause delays in deliveries to construction projects. Timber processors are being encouraged to move to Huizhou (also in Guangdong Province), but many have not yet done so.

Efforts are being made to meet the shortfall from Belt and Road Initiative countries, but this is only a stopgap measure. Local analysts are telling traders they should exercise caution in signing contracts in Guangdong province to avoid large increases in production costs. At the same time, customers should place orders early to ensure adequate supplies.

Panel output in Guangdong province declined in the first three-quarters of 2019: plywood by 4% to 2.05 million cu.m, mid- and high-density fiberboard by 0.5% to 3.09 million cu m, and particle board by 17%, to 1.59 million cu m over the same period last year.

Pizhou, the plywood capital

Pizhou City in Jiangsu Province is the country's main distribution centre of plywood, and it is known as the "hometown of Chinese panels".

The city hosts about 2000 panel enterprises, and its annual plywood production capacity is 20 million cu m.

Guangzhou Yuzhu International Timber Market Wholesale Prices

	Logs	Yuan/Cu.m
Merbau	dia. 100 cm+	4000-6000
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

	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
Afromosia	5500-6500
Wenge	4700-5500
Zingana	3400-4800
Acajou de africa	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

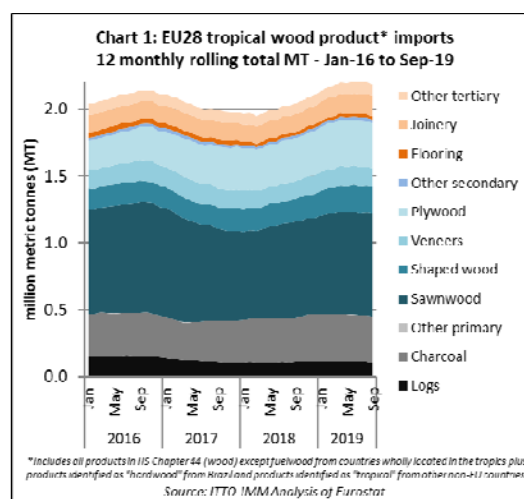
Sawnwood		yuan/cu.m
Cherry	FAS 2 inch	9000-10000
Black walnut	FAS	15000-18000
Maple	FAS	8200-10000
White oak	FAS	7500-13000
Red oak	FAS	6500-8300
Finnish pine	Grade A	2600-2900
Maple	Grade A	9000-9500
Beech	No knot	9000-9500
Ash	No knot	5600-6300
Basswood	No knot	2800-3300
Oak	No knot	5300-5700
Scots pine	No knot	2100

Europe

Pace of growth in EU tropical timber imports slows in the third quarter

The EU's trade in tropical wood products was more buoyant in the first nine months of 2019 than the same period in 2018. However, the rise in imports, which began in the second quarter of 2018, has levelled off since June this year.

Chart 1 shows twelve monthly rolling total imports (to iron out seasonal fluctuations) into the EU of all tropical wood products listed in HS Chapter 44 (excluding fuelwood, wood waste and chips). It shows that the 12-month rolling total dipped to 1.95 million metric tonnes (MT) in March 2018, then increased to a peak of 2.21 million MT in June 2019 before slipping back slightly to 2.19 million MT in September 2019.



The slowing pace of growth in European tropical wood imports coincides with mounting signs of weakness in the wider economy. In its new Regional Economic Outlook for Europe, issued on 6th November, the IMF points out that growth has slowed this year. Although that's mainly due to weaker global trade (thanks to the US-China tariffs), and a slowdown in manufacturing this year, there are signs that the weakness is spreading.

According to the IMF, "for most of the region, the slowdown remains externally driven. However, some signs of softer domestic demand have started to appear, especially in investment. Services and domestic consumption have been buoyant so far, but their resilience is tightly linked to labor market conditions, which, despite some easing, remain robust. Expansionary fiscal policy in many countries and looser financial conditions have also supported domestic demand".

IMF forecasts that Europe's growth will decline from 2.3% in 2018 to 1.4% in 2019. A modest and precarious recovery is forecast for 2020, with growth reaching 1.8%, as global trade is expected to pick up and some economies recover from past stresses.

IMF notes that this projection masks significant differences between “advanced” (i.e. mainly Western) and “emerging” (mainly Eastern) Europe and that “growth in advanced Europe has been revised down by 0.1 percentage point to 1.3 percent in 2019, while growth in emerging Europe has been revised up by 0.5 percentage point to 1.8 percent”.

In total, the EU imported 1.66 million MT of tropical wood products in the first nine months of 2019, 5.3% more than the same period in 2018. The total value of EU imports of tropical wood products in the January to September 2019 period was €1.80 billion, 9% more than the same period in 2018.

So far this year, there have been gains in EU imports of tropical sawnwood, charcoal, plywood, mouldings, and joinery products. These have been only partly offset by a decline in imports of tropical logs, veneers, and flooring.

7% rise in EU imports of tropical sawnwood

EU imports of tropical sawn wood increased 7% to 582,500 MT in the first nine months of 2019 compared to the same period in 2018. Import value increased 3% to €57.9 million.

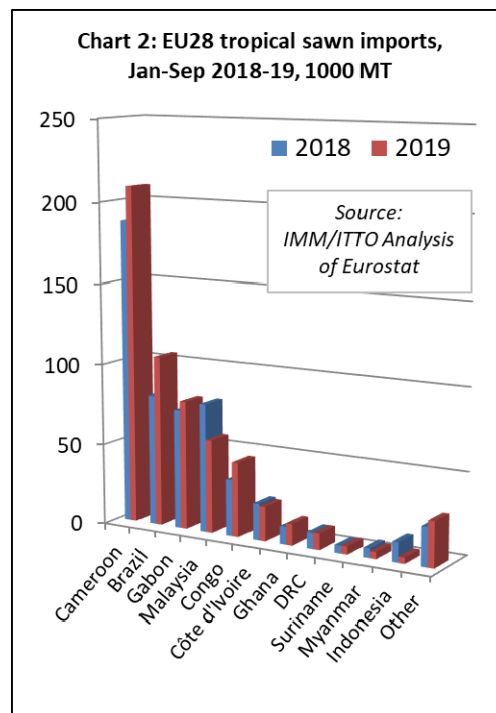
This aligns with market commentary earlier in the year, with sawn hardwood importers reporting generally steady, in some cases strong trading in 2019 including in tropical timber, despite some slowdown in economic activity and increased downside concerns about the medium-term outlook.

Imports from Cameroon, particularly slow in 2018, increased 11% to 209,000 MT during the first nine months of 2019. Imports also increased sharply from several other countries including Brazil (up 30% to 105,100 MT), Gabon (up 8% to 79,600 MT), Congo (up 32% to 45,800 MT), and Ghana (up 20% to 13,300 MT).

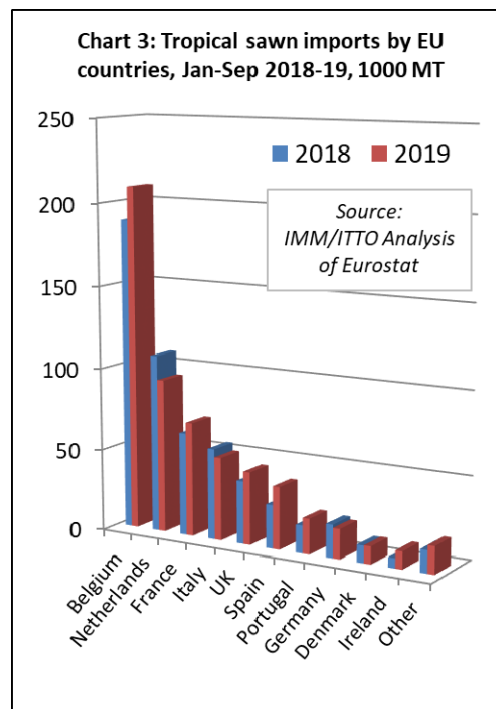
After a strong start to the year, imports from DRC were 10,100 MT in the first nine months of 2019, only 1% more than the same period in 2018. These gains offset a 28% decline in imports from Malaysia, to 57,500 MT, and a 6% decline from Côte d'Ivoire to 20,900 MT (Chart 2).

The decline in EU imports from Malaysia this year was attributed by some importers to a decline in the availability of PEFC certified product following the suspension of MTCS certification in Johor and Kedar states in May this year which led to the total certified area in Malaysia to fall by around 25%.

According to MTCS, both states are now working to regain their MTCS certificates. At present, MTCS-certified forest areas consist of 4.2 million hectares of natural forests and 109,025 hectares of forest plantation.



The trend towards increased concentration of tropical sawn wood imports into the EU by way of Belgium has continued this year. In the first half of 2019 compared to the same period in 2018, imports into Belgium increased 11% to 209,200 MT. (Chart 3)



However, direct imports of sawnwood from tropical countries also increased in some EU countries in the first nine months of 2019. Imports increased in France (up 11% to 69,400 MT), the UK (up 16% to 44,200 MT), Spain (up

38% to 43,700 MT), Portugal (up 28% to 21,400 MT), and Ireland (up 78% to 10,800 MT).

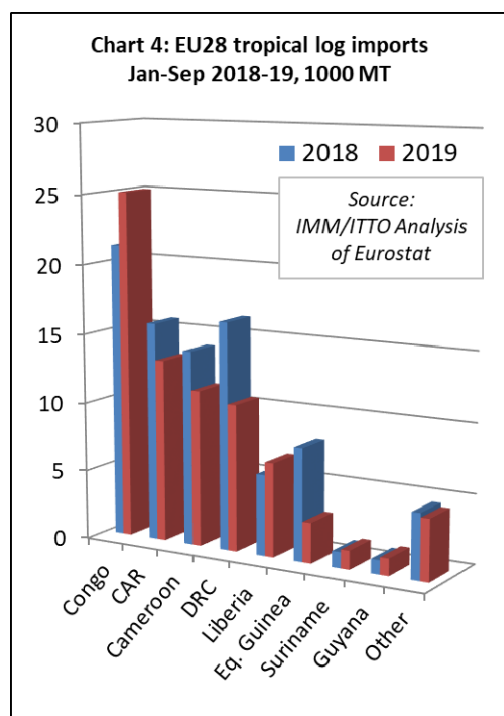
These gains offset declining imports in the Netherlands (-13% to 93,600 MT), Italy (-9% to 50,500 MT) and Germany (-9% to 18,200 MT).

EU imports of tropical logs slow in third quarter

After recovering ground in 2018 and stabilising in the first half of 2019, EU imports of tropical logs slowed in the third quarter of 2019. Imports of 76,700 MT during the first nine of the year were 13% less than the same period in 2018. Import value fell 14% to €37.3 million during the period.

In the first nine months of 2019, EU imports of tropical logs increased by 18% to 25,100 MT from Congo, the leading supplier, by 16% from Liberia to 6,700 MT, by 17% from Suriname to 1300 MT, and by 20% from Guyana to 1,200 MT.

However, these gains were offset by falling imports from the Central African Republic (-17% to 13,200 MT), DRC (-35% to 10,600 MT), Cameroon (-20% to 11,300 MT), and Equatorial Guinea (-64% to 2,900 MT) (Chart 4).



After a more buoyant second quarter, imports of tropical logs slowed into France and Belgium in the third quarter of 2019. By the end of the first nine months, France had imported 28,900 MT of tropical logs, 13% less than the same period in 2018, while imports into Belgium were down 23%, at 18,300 MT. Imports were also down 21% to 11,700 MT in Portugal during this period.

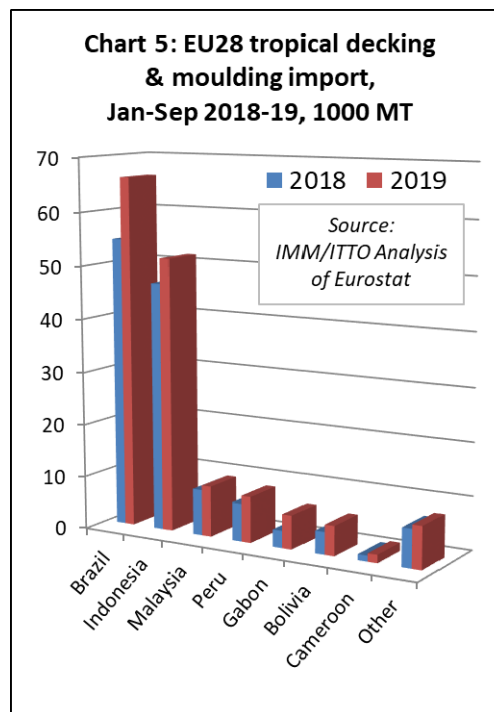
Rising log imports in some smaller markets, including Italy (+3% to 7,900 MT), the Netherlands (+18% to 2,100 MT) and Spain (+11% to 2,100 MT) were insufficient to offset falling imports in France, Belgium and Portugal.

EU imports of tropical decking buoyant this year

EU imports of tropical mouldings (which include both interior mouldings and exterior decking products) increased sharply, by 19%, to 157,600 MT in the first nine months of 2019. Import value increased 26% to €239 million.

EU imports of tropical mouldings increased from all the leading suppliers of this commodity in the first nine months of 2019 including Brazil (+21% to 66,300 MT), Indonesia (+10% to 51,600 MT), Peru (+20% to 8,600 MT), Malaysia (+11% to 9,500 MT), Gabon (+95% to 6,400 MT) and Bolivia (+33% to 5,600 MT) (Chart 5).

In the first nine months of 2019, imports of tropical mouldings increased in France (+36% to 49,500 MT), Netherlands (+39% to 26,600 MT), the UK (+26% to 9,400 MT), Italy (+18% to 6,800 MT) and Denmark (+18% to 3,800 MT). However, imports weakened in Germany, down 6% to 28,300 MT, and Belgium, down 3% to 22,400 MT.



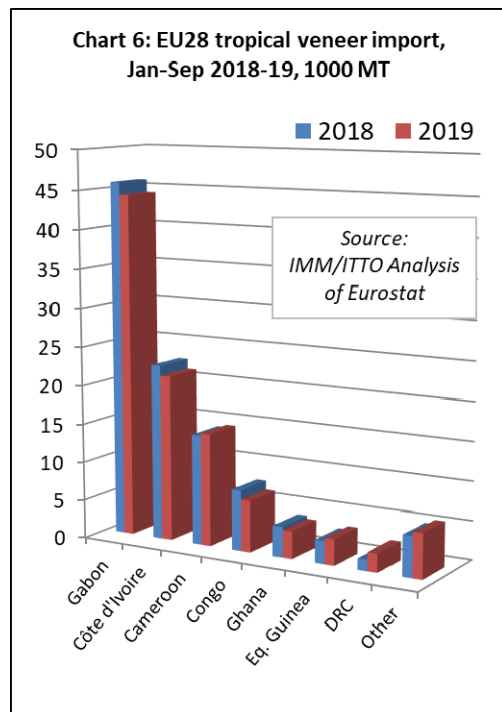
EU imports of tropical veneer down 6%

Following a similar trajectory to sawn hardwood imports, EU imports of tropical veneer slowed in the third quarter of 2019 after a strong performance in the first six months of the year. Imports, which were up 10% on the previous year in the first half of 2019, declined 2% to 102,000 MT in the nine months to September. Import value decreased 1% to €31.7 million during this period.

The EU imported 44,200 MT of veneer from Gabon in the first nine months of 2019, 4% less than in the same period in 2018. Imports also declined from Cote d'Ivoire (-6% to 21,400 MT), Republic of Congo (-15% to 6,600 MT), and Ghana (-10% to 3,600 MT).

However, imports from Cameroon stayed just ahead of last year's level, at 14,500 MT two percent more than the same period in 2018. There was also a significant increase in imports from DRC, by 69% to 2,400 MT, in the first half of 2019 (Chart 6).

In the first half of 2019, tropical veneer imports increased by 1% in France to 36,600 MT, by 6% in Italy to 26,500 MT, by 2% in Greece to 8,200 MT, and by 11% in Romania to 4,500 MT. However, imports fell by 13% in Spain, to 15,700 MT.



Large Chinese suppliers increasingly dominant in UK tropical plywood imports

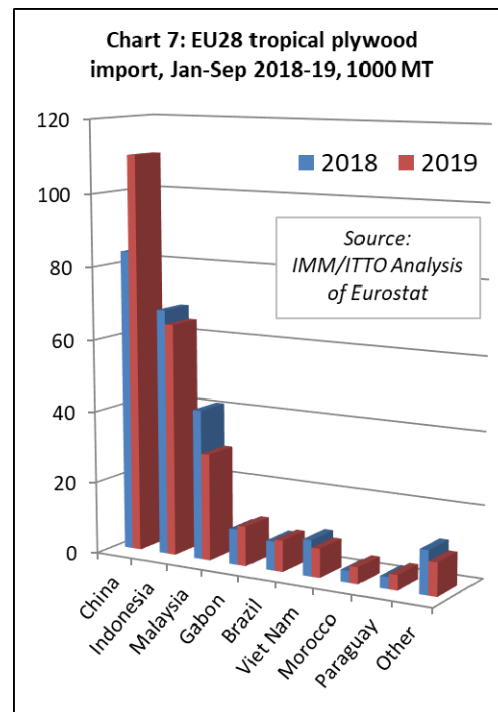
EU imports of tropical plywood products were 250,100 MT in the first nine months of 2019, 4% more than the same period last year. Import value increased 7% to €21.5 million.

A large and growing proportion of the plywood faced with tropical hardwood imported into the EU is manufactured in China. The EU imported 110,000 MT of this product from China in the first nine months of 2019, 32% more than during the same period in 2018. When linked with news that numerous smaller mills in China have closed in recent years due to new emissions controls, and anecdotal reports from European buyers of a greater focus on quality and species content due to EUTR and CE Marking requirements, the strong implication is that the trade is becoming more concentrated amongst a few large consolidated suppliers in China.

Although direct imports of plywood have increased from a few tropical countries this year, the total volume was down 12% at 122,300 MT in the first nine months of 2019. Imports increased from Gabon by 12% to 11,100 MT, from Brazil by 8% to 8,700 MT, and from Morocco by 41% to 4,600 MT.

However, these gains were not enough offset declining plywood imports from the two largest tropical suppliers, Indonesia and Malaysia, this year. Imports from Indonesia declined 6% to 64,500 MT and fell 29% from Malaysia to 29,700 MT.

A brief surge in imports from Vietnam earlier in the year also faltered in the third quarter so that total imports were down 20% at 8,100 by the end of the nine months to September 2019. (Chart 7).



EU imports of tropical hardwood plywood during 2019 are being strongly influenced by market issues elsewhere in the world, notably the US-China trade dispute which has led to a dramatic decline in Chinese hardwood plywood exports to the United States and increasing diversion of Chinese product to the EU, mainly destined for the UK.

In the first nine months of 2019, UK imports of tropical plywood products increased 19% to 140,300 MT, despite widespread reports of overstocking and declining plywood consumption in the country.

UK imports of tropical hardwood plywood from China increased 72% to 78,800 MT in the first nine months of 2019, while UK imports from Malaysia fell 29%, to 25,100 MT, and were down 7% from Indonesia to 26,900 MT.

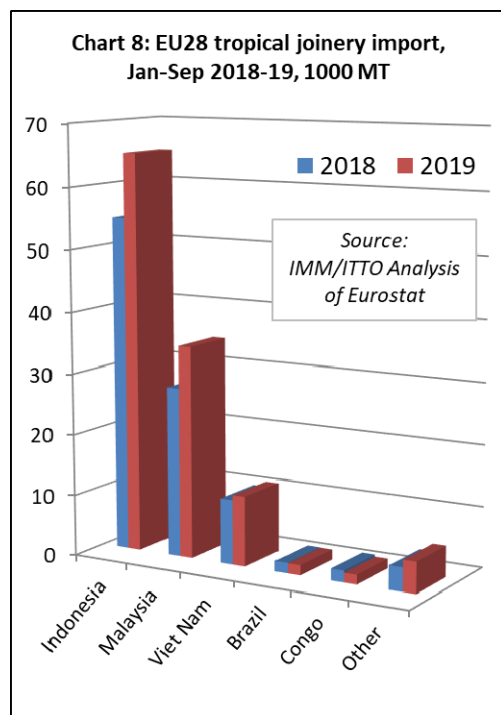
In contrast to the UK, tropical plywood imports declined into all other major EU markets in the first nine months of 2019, including Belgium (-21% to 26,300 MT), Netherlands (-11% to 24,200 MT), Germany (-7% to 18,600 MT), France (-3% to 14,700 MT) and Italy (-4% to 12,300 MT).

A small increase in imports into Greece, by 4% to 2,300 MT, did little to mitigate this downward trend.

Indonesia and Vietnam boost share of EU tropical joinery imports

EU imports of tropical joinery products, mainly doors (from Indonesia), and laminated window scantlings and kitchen tops (from Indonesia, Malaysia and Vietnam), increased 19% to 119,700 MT in the first nine months of 2019. Import values also increased rising 26% to €244.1 million.

EU imports in the first half of 2019 increased from all three of the countries that dominate international trade in tropical joinery products including Indonesia (+19% to 65,100 MT), Malaysia (+25% to 34,700 MT), and Vietnam(+8% to 11,500 MT) (Chart 8).

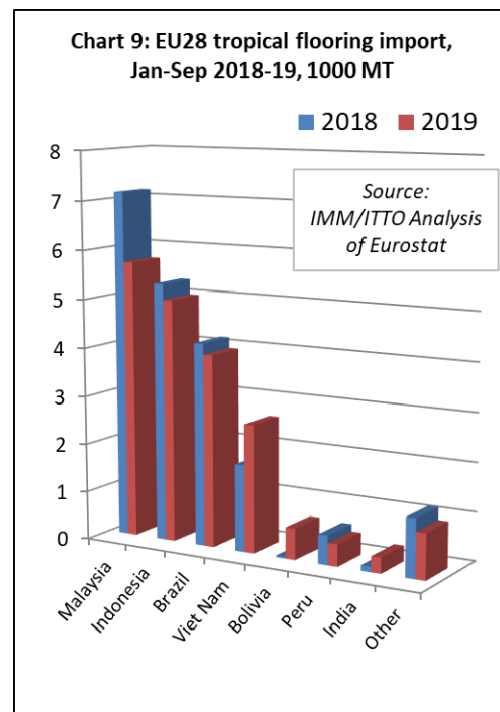


In the first half of 2019, imports of tropical joinery products increased by 9% to 48,200 in the UK, by 75% to 37,300 MT in the Netherlands, and by 1% to 14,400 MT in Belgium. There were also significant gains in two smaller markets for tropical joinery products, Ireland increasing 97% to 2,500 MT and Poland up 50% to 1,300 MT. These gains offset a 22% fall in France to 8,100 MT, and a 14% fall in Germany to 5,500 MT.

Another fall in EU imports of tropical flooring

EU imports of flooring products from tropical countries fell a further 4% to 19,700 MT in the first nine months of 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 wood flooring was more stable, at €45.7 million in the nine month period, only slightly less than €45.8 million in the same period last year.

This year, falling imports from traditionally the leading suppliers – Malaysia (-20% to 5,700 MT), Indonesia (-6% to 5,000 MT), and Brazil (-5% to 4,000 MT) – has been partially offset by rising imports from Vietnam(+47% to 2,600 MT), Bolivia (from near zero to 600 MT), and India (+187% to 300 MT) (Chart 9).



In the first nine months of 2019, tropical wood flooring imports recovered a bit of ground in France (+25% to 5,400 MT), UK (+54% to 2,200 MT), and the Netherlands (+11% to 1,700 MT).

However, imports fell in most other significant European markets including Belgium (-3% to 2,500 MT), Italy (-16% to 1,600 MT), Denmark (-38% to 1,500 MT), Germany (-17% to 1,400 MT), and Spain (-1% to 1,400 MT).

Some Indonesian lauan and meranti plywood now eligible for duty-free entry to US

The Office of the US Trade Representative has re-designated certain lauan and meranti plywood from Indonesia (HTS 4412.31.45) as eligible for duty-free entry under the Generalized System of Preferences (GSP) program. Lauan plywood is a critical input for US manufacturers in the recreational vehicle (RV) industry.

“Duty-free entry of this unique international product is a win-win for RV manufacturers and the IWPA members that supply them,” said Cindy Squires, International Wood Products Association (IWPA) Executive Director.

US importers and users have been paying an estimated US\$ 1 million per month in additional duties since this product was removed from the GSP program in 2016. The re-designation became effective on 1 November 2019.

See:

- <https://www.iwpawood.org/news/475896/USTR-Redesignates-Lauan-Plywood-as-Duty-Free-Under-GSP.htm>,
- <https://www.govinfo.gov/content/pkg/FR-2019-10-31/pdf/2019-24008.pdf>

Mislabelling still a problem for the US timber industry

Forensic testing suggests that the mislabelling of consumer goods containing wood in the US remains a problem across industries, including furniture, flooring, musical instruments and sporting goods, according to a study reported in MarketWatch. The study, undertaken by the World Wildlife Fund, the World Resources Institute and the US Forest Service, found that 62% of sampled consumer goods containing wood—mostly imports—included labelling errors.

Researchers examined 73 commercial wood products sold by major US retailers, comparing them with the US Forest Service’s reference specimens. The US is the world’s largest importer of wood and wooden furniture by value, at US\$ 51.5 billion in 2017, representing 22% of all global imports.

See:

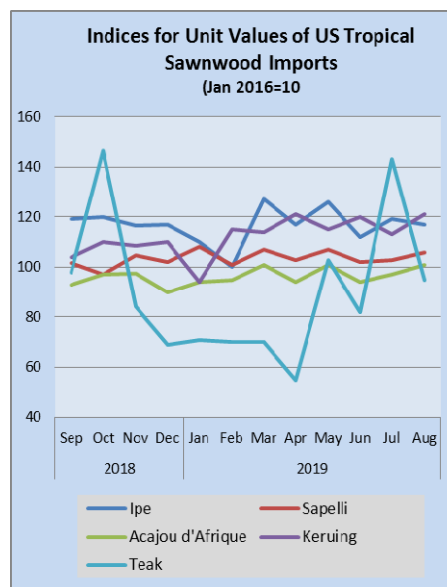
- https://www.marketwatch.com/story/odds-are-strong-your-hardwood-floor-was-harvested-illegally-2019-11-04?reflink=MW_GoogleNews

Sawn tropical hardwood imports rebound

US imports of sawn tropical hardwood grew by 17% in September following a weak August. Imports rose to 18,714 cubic metres in September, 9% higher than September 2018. Imports are ahead of 2018 by 18%, year-on-year.

Imports from Ecuador recovered after a poor August, rising by 66%; nevertheless, they are 9% down on 2018 totals, year-on-year. Imports from most trade partners are up by more than 10% so far this year.

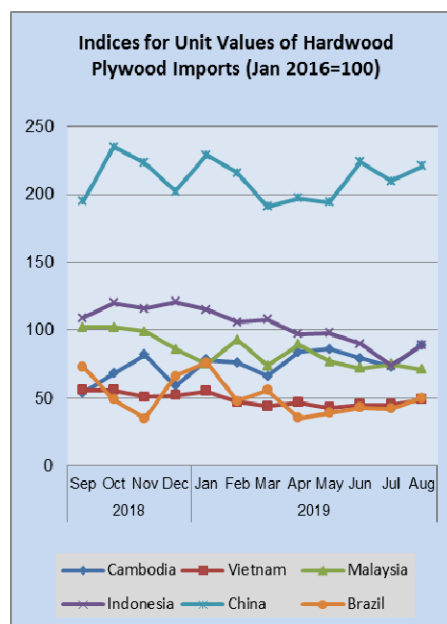
Imports of both balsa and sapelli increased in volume in September. US sapelli imports are up by nearly one-third, year-on-year, but balsa imports are 9% below 2018 totals, year-on-year. Unit values for most hardwoods have remained fairly steady since spring, although teak prices have been more volatile.



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

Hardwood plywood imports steady but down significantly

US imports of hardwood plywood are well below that of last year. Import volume fell by 2% in September and is 10% behind 2018, year-on-year.



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

Imports from the Russian Federation and Malaysia were down by more than 20% in September and are lagging overall, year-on-year. Imports from Vietnam continue to grow, rising by 15% in September and ahead by 81%, year-on-year. Imports from China were down by 8% and are now less than half of what they were in 2018, year-on-year.

Tropical veneer imports drop again

Imports of tropical hardwood veneer fell by 42% in August as imports fell off drastically from Italy, the top foreign supplier to the US. September is historically slow for veneer imports from Italy, but a 97% plunge in September resulted in the worst month in more than three years.

Imports from China were the strongest they have been in 16 months, more than doubling August numbers (which had doubled July's totals)—nevertheless, imports from China still trail 2018 by 52%, year-on-year. Total US imports of hardwood veneer are down by 21%, year-on-year.

Flooring imports recover after slow summer

US imports of hardwood flooring grew by 33% in September, having declined for each of the previous three months. Imports from Malaysia, Vietnam and Indonesia were all up sharply for the month. Imports overall are up by 7%, year-on-year.

Imports of assembled flooring panels were up 9% in September but were slightly behind totals for September of last year. Imports from Vietnam were up by 39% in September and are outpacing 2018 totals by 118%, year-on-year.

US imports of hardwood moulding were flat in September and remain 25% down compared with 2018, year-on-year.

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

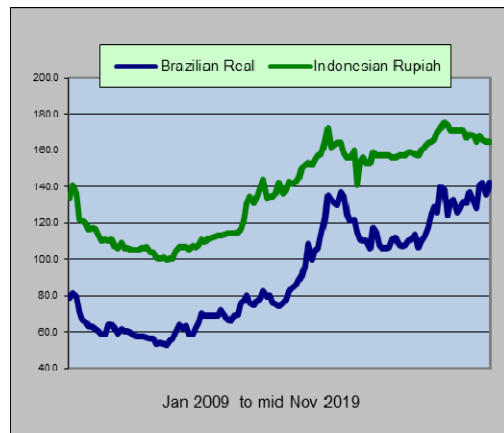
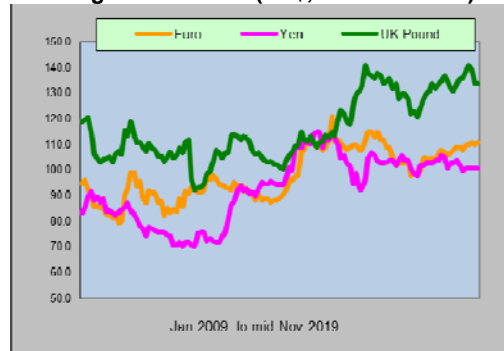
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

Dollar Exchange Rates

As of 10th November 2019

Brazil	Real	3.9992
CFA countries	CFA Franc	591.22
China	Yuan	7.0658
EU	Euro	0.90
India	Rupee	70.89
Indonesia	Rupiah	14025
Japan	Yen	108.88
Malaysia	Ringgit	4.1831
Peru	New Sol	3.38
UK	Pound	0.7771
South Korea	Won	1167.55

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

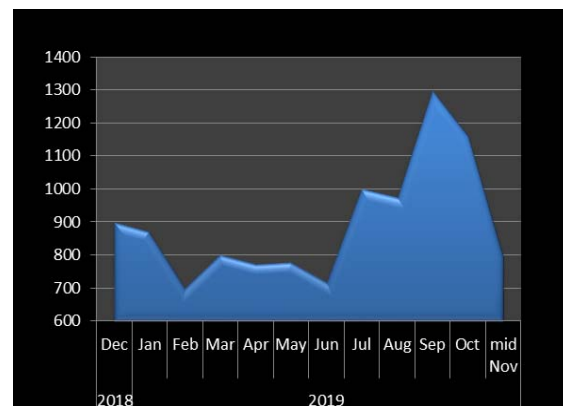


Abbreviations and Equivalences

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

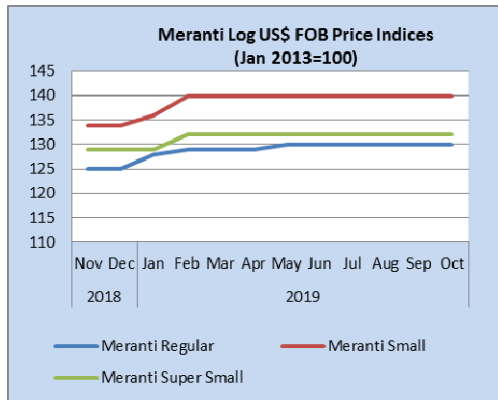
Baltic Supramax Index
November 2018 – mid November 2019



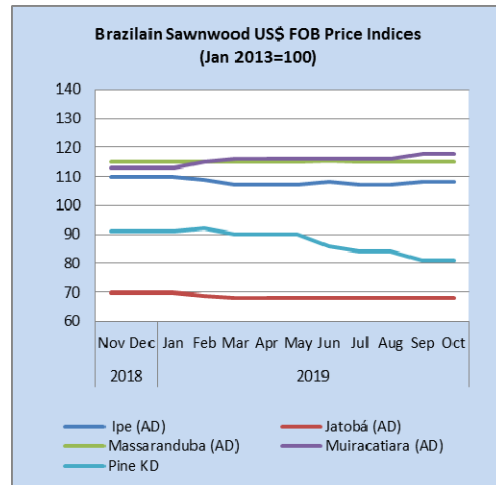
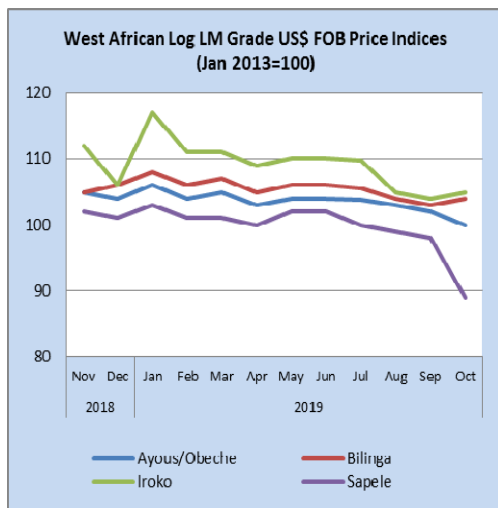
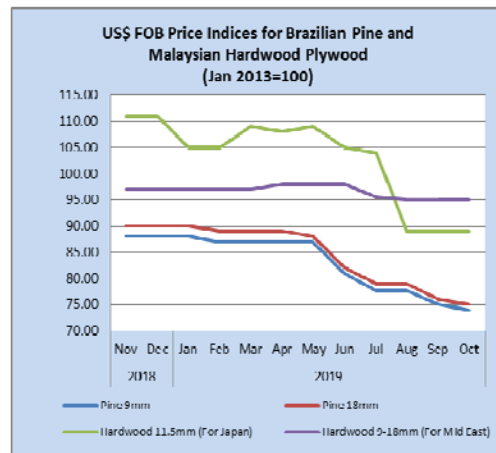
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

Price indices for selected products

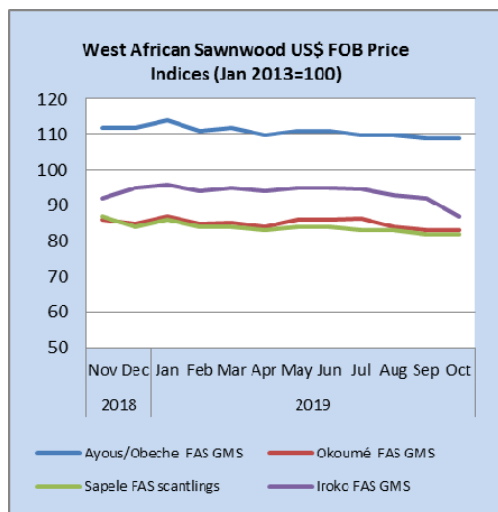
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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