Tropical Timber Market Report

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Headlines

Central and West Africa

Year-end dip in FOB prices

As the end of the year approaches producers are reporting a weakening of prices for some of the most popular timbers. Over the past weeks FOB prices for sipo, sapele, padouk and tali have fallen. The suggestion is that stocks of these timbers in Europe are satisfactory and current purchases are for replacement and not in anticipation of any firming of demand.

The situation with tali is rather different. Tali is very popular among Vietnamese manufacturers but it has been reported that recently Customs in Vietnam refused to release a large volume of imported tali citing inadequate documentation to verify the legality of the shipment. Apparently these timbers have now been released and this pushed stocks of tali above average which has impacted prices being offered to West African shippers.

Export sawnwood to be kiln dried – Government Decree cited

The news from Gabon is that the government has issued a Decree stating that, from 1 January 2020 sawnwood for export must be kilned dried. This, it is reported, does not apply to timbers used for marine/waterworks. Currently it is not possible to verify this change in regulations.

Also from Gabon it has been rumoured that a trial shipment of scaled and bar tagged kevagingo will be allowed to test the monitoring process. If this is successful the industry hopes a decision will be taken on approving export quotas.

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	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	280⬇	260⬇	230
Sapele	280⬇	200⬇	250⬇
Sipo/Utile	300	300	250
Tali	300⬇	300⬇	-

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	500⬇
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	640
FAS scantlings	675
Strips	350
Sapele FAS Spanish sizes	450
FAS scantlings	480⬇
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

TIDD workshop on depots for domestic verified legal timber sales

The Timber Industry Development Division (TIDD) of the Ghana Forestry Commission held a workshop on the feasibility study of establishing legal wood depots through Public/Private Partnership approach.

The workshop which is part of a programme was supported by the FAO and its donor partners on the theme “Enhancing stakeholders interest in the Domestic Timber Trade Network (DoTTNet) process to meet the demand and supply of legal timber in the Domestic market in Ghana”.

The stakeholders were drawn from industry players: Domestic Lumber Millers Association of Ghana (DoLMAG); Domestic Lumber Trade Association; TUC holders (GTMO and GTA); Nature and Development Foundation; Tropenbos International Ghana; and Kumasi Wood Cluster Association (KWC); representative of the EU-Ghana Delegation and representatives from the Forestry Commission.

A media release from the Ghana Forestry Commission reports that the Executive Director of TIDD, Dr. Ben N. Donkor, stated that, the success of Ghana’s FLEGT/VPA is largely pivoted on a well-structured and regulated domestic market which can also be a catalyst for development and growth in the timber industry of Ghana.

In the light of this the Forestry Commission, through the Timber Industry Development Division, has adopted the Domestic Timber Trade Network (DoTTNet) process which is part of interventions and initiatives to effectively regulate and promote trade in legal timber in the domestic market.

Dr. Donkor said that, the DoTTNet process seeks to bring all players in the domestic market value chain, mainly TUC holders (loggers), small and medium scale millers and vendors onto a common platform to promote trade in legal timber while ensuring traceability of timber.

The representative of the EU in Ghana hinted that the European Union's key priority areas include deforestation issues emanating from illegal logging activities upon which establishing legal wood depots was premised.

See: http://www.fcghana.org/news.php?news=159

Unit prices crash in the 3rd Quarter

Ghana's wood product exports for the third quarter 2019 reached totaled 229,239 cu.m and were worth Euro116.08 mil. While export volumes were above those in the second quarter, compared to the same period in 2018, there was an almost 9% decline in export volumes and a 20% decline in export earnings.

As a result of the sharp drop in third quarter earnings the average unit price dropped from Euro 573/cu.m in 2018 to Euro 506/cu.m 2019. The tables below show the wood product export volume and values figures for the third quarters of 2018/2019.

Cu.m	2018 3rd Qtr	2019 3rd Qtr	Y-O-Y % Change
Sawnwood (AD)	156,698	137,870	-12.02
Sawnwood (KD)	33,220	33,960	2.23
Plywood (Overland)	17,118	17,436	1.86
Billets	23,264	18,770	-19.32
Sliced Veneer	7,920	7,077	-10.64
Mouldings	5,748	6,219	8.19
Rotary Veneer	4,330	3,814	-11.92
Sliced Veneer (OL)	182	150	-17.58
Boules (AD)	646	796	23.22
Boules (KD)	61	251	311.48
Plywood	644	1,180	83.23
Kindling	1,030	1,647	59.9
Others	608	69	-88.65
Total	251,469	229,239	-8.84

Data source: TIDD

The TIDD report shows that in terms of volume the leading export products for the period were air-dried sawnwood (60%), kiln-dried sawnwood (15%), billets (8%), plywood for regional markets (8%) and sliced veneer (3%) in volume terms.

The main species exported were teak, ceiba, wawa, mahogany and denya for the Indian, Chinese, German, US and Niger markets.

Euro	2018 3rd Qtr	2019 3rd Qtr	Y-O-Y % Change
Sawnwood (AD)	92,437	68,456	-25.94
Sawnwood (KD)	20,191	20,382	0.95
Plywood (Overland)	6,208	5,905	-4.88
Billets	8,990	6,850	-23.8
Sliced Veneer	8,472	6,920	-18.32
Mouldings	3,685	4,286	16.31
Rotary Veneer	1,685	1,680	-0.3
Sliced Veneer (OL)	141	116	-17.73
Boules (AD)	349	442	26.65
Boules (KD)	37	160	332.43
Plywood	236	501	112.29
Kindling	214	343	60.28
Others	1,385	43	-96.9
Total	144,030	116,084	-19.4

Data source: TIDD

ECOWAS market picks up

According to the latest TIDD market report year on year export volumes to Asian markets fell around 3% in the third quarter 2019 but on the other hand exports to Europe and African regional markets rose between 1-2%.

Exports volumes to ECOWAS markets, mainly Burkina Faso, Niger and Togo, picked up, registering 20,612 cu.m in the third quarter 2019. Ghana's exports to ECOWAS members accounted for over 80% of all exports in the region.

Products exported to the African countries included plywood, rotary veneer, air and kiln dry sawnwood and mouldings. Importing regional countries outside the ECOWAS members included Cape Verde, Egypt, Morocco and South Africa.

Boule export prices

	Euro per m^3
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	595⬆
Niangon Kiln dry	670

Export rotary veneer prices

Rotary Veneer, FOB	Euro per m^3 CORE (1-1.9 mm)	 FACE (>2mm)
Ceiba	362	440⬇
Chenchen	540⬆	628⬆
Ogea	521⬆	590
Essa	540⬇	691
Ofram	350	435

Export sliced veneer

Sliced face veneer	FOB Euro per m^3
Asanfina	888
Avodire	667⬇
Chenchen	998⬇
Mahogany	899⬇
Makore	1,979⬆
Odum	1,437

Export plywood prices

Plywood, FOB		Euro per m^3	
BB/CC	Ceiba	Ofram	Asanfina
4mm	319-	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	Euro per m^3	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	465	564
Ceiba	404	600
Dahoma	417	465⬇
Edinam (mixed redwood)	520	597
Emeri	465	557
African mahogany (Ivorensis)	930	967⬆
Makore	740	836
Niangon	620	660
Odum	649	1,035⬆
Sapele	720	905⬆
Wawa 1C & Select	420	453⬆

Malaysia

Brisk sales at Malaysia Wood Expo

The Malaysian Wood Expo (MWE) organised by the Malaysian Timber Council (MTC) and the Panel and Furniture Group attracted considerable international interest with exhibitors from Germany, Italy, Australia, France, Belgium, Gabon, China, Chile, New Zealand, Taiwan P.o.C.

Business matching events conducted in collaboration with the Malaysia External Trade Development Corporation and MTC generated business worth an estimated RM120 million.

A press release from MTC quotes MTC chairman Dato' Low Kian Chuan as saying "We are extremely happy with the outcome of the Malaysian Wood Expo. It was a commercial success with brisk sales. The Expo was well-attended by a broad spectrum of visitors and buyers from day one.

To boost business at MWE, MTC organised two business matching sessions – the Overseas Suppliers-Malaysian Importers/Manufacturers Exchange Programme and the Incoming Buying Mission (IBM).

MTC also offered special incentives for the purchase of machinery under its Financial Incentive for Purchase of Machinery Programme (FIPM) as well as importation of raw materials under its Import Assistance Programme (IAP).

See the MTC press relase at:
http://www.mtc.com.my/images/media/703/MWE_2019_Post-release_-Final-.pdf

Speaking at the event, Teresa Kok, Minister of Primary Industries said Malaysia now has over 4 million hectares of forests certified under the Malaysian Timber Certification Scheme and that over 2 million cubic metres of certified wood products have been exported.

The Minister also announced a new levy of RM 1 per tonne of oil produced by palm oil companies which will be accumulated in a fund for wildlife conservation and green initiatives, especially tree planting.

Forest landscape restoration in Sarawk

The Sarawak Forest Department is committed to implement Forest Landscape Restoration programmes and intends to include local tree species in recovery of degraded forest areas. Previously, over 90,000 ha. have been successfully planted under the enrichment planting and restoration work throughout the state.

In other news from Sarawk, Deputy Chief Minister Awang Tengah Ali Hasan, outlined the State Governments' plan for the total protection of 1 million ha. of forest.

Correction

In the early November issue of the ITTO market report a table showed Sabah exports of MDF, this was incorrect and should have read MDG i.e. mouldings. A corrected table is provided below.

Wood product exports from Sabah, Jan–Aug, 2018 and 2019. Cu.m

	2019	2018	% Change
Sawnwood	77,642	97,660	-20.5
Moulding	7,273	10,568	-31.2
Veneer	20,913	44,174	-52.7
Plywood	254,946	349,170	-30.9

Indonesia

Obstacles to investment in forestry

The chairman of the Association of Indonesian Forest Concessionaires (APHI), Indroyono Soesilo, said that exports of wood products can be increased if the performance of the upstream forestry sector can be improved. He commented that the upstream sector is currently facing problems especially low log prices, land tenure issues, limited access to funding and under-utilisation of business permit areas.

Furthermore, Indroyono said there are several important issues that need attention due to the imposition of land and building tax (PBB) in the forestry sector which is punitive and unclear on the amount charged, the classification of taxable assets (land and buildings) and the overall scope of the tax.

See: https://nasional.kontan.co.id/news/aphi-masih-ada-kendala-investasi-bisnis-kehutanan

2019-2024 forest development roadmap

APHI has launched its 2019-2045 Production Forest Development Roadmap with the aim of expanding social forestry and re-configuring forestry businesses.

The roadmap contains investment, production and export targets as well as targets for employment in the forestry sector. The Plan encompasses issues such as non-timber forest products and environmental services.

According to the APHI chairman, in 2020 the forestry sector will face challenges and strategic issues in investment development and there is a need to boost forestry performance which will involve developing multi-businesses, synergising and balancing the flow of goods, funding, rationalisation and review of fees and developing new clusters for enterprises.

See: https://www.gatra.com/detail/news/456135/politik/aphi-luncurkan-roadmap-pembangunan-hutan-produksi-2019-2045

Aiming for a rise in exports to the EU

The government has targeted a 10% growth in export of wood products to the European Union in 2020. Rufi'ie, the Forest Products Processing and Marketing Director of the ministry said wood products from Indonesia are of high-quality and efforts to increase production capacity will be required if the target is to be achieved.

The value of Indonesian wood product exports to the European Union in 2017 reached US$994.5 million rising by 8.5% to US$1.08 billion last year. This year export values in the 11 months to November were US$963 million.

Trade dispute undermining performance of the furniture sector

The Ministry of Industry (Kemenperin) said it would continue to support growth in the furniture industry.

However the sector has faced problems as the Ministry of Industry records show the value of furniture exports reached only around US$730 million in the first half of this year while exports in the first 6 months of last year reached US$845 million.

Gati Wibawaningsih, Director General of Small and Medium Industries in the Ministry of Industry suggested the decline in exports was due to the effects of the US/China trade dispute. Gati said he expects around 52 foreign manufacturers to relocate to Indonesia and that this would boost furniture output.

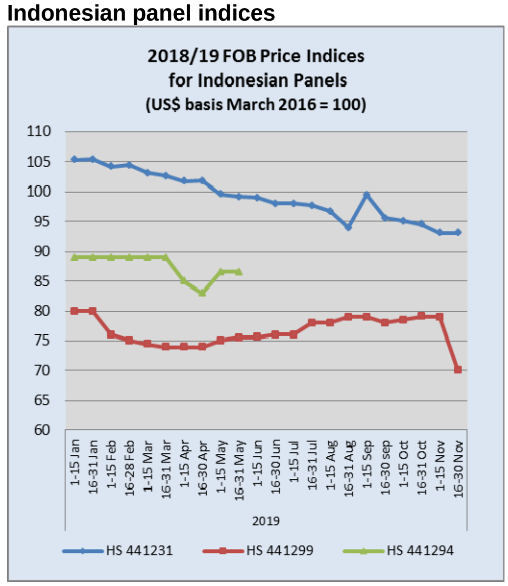
In related news, as many as 200 Chinese timber entrepreneurs are considering investing in Central Java according to the Investment Coordinating Board (BKPM). This was the result of a meeting with the Shandong Timber Employers Association at the Indonesian Embassy in Beijing recently.

During this meeting, the BKPM team, represented by the Director of Services and Regional Planning Nurul Ichwan and members of the Investment Committee, explained how investors will be supportedin resolving problems.

The Shandong entrepreneurs indicated they are considering relocating to East Kalimantan because the price of land in East Kalimantan is much cheaper than in Central Java. In addition, East Kalimantan has abundant forest wood.

See: https://katadata.co.id/berita/2019/11/22/bkpm-sebut-200-pengusaha-kayu-tiongkok-ingin-berinvestasi-di-jateng

Indonesian panel indices



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

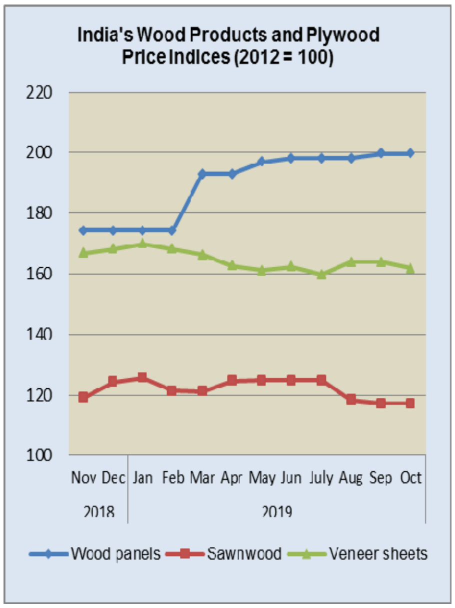
India

Slight decline in price index - inflation low and steady

The official Wholesale Price Index for 'All Commodities' (Base: 2011-12=100) for October 2019 rose to 122.2 from 121.3 for the previous month. The index for the group 'Manufactures of Wood and of Products of Wood and Cork' rose to 134.4 from 134.0 for the previous month due to higher prices for splints, boxes and plywood. However, prices for composite boards and veneers dipped in October.

The annual rate of inflation based on monthly WPI in October 2019 stood at 0.16% compared to 5.54% in October 2018.

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



Data source: Ministry of Commerce and Industry, India

Fund to revive stalled housing projects

The government has established a fund to revive up to as many as 1,600 housing projects, many of which have been classified by banks as non-performing assets or are facing insolvency. The Union Finance Minister, Nirmala Sitharaman, said there may be some relief for those who have defaulted on repayment of their home loans stalled projects across the country.

This latest news follows a government decision to establish a fund for the completion of stalled affordable and middle-income housing projects.

Niranjan Hiranandani, president of the National Real Estate Development Council said "This will be a win-win for homebuyers and real estate developers as it will help alleviate financial stress faced by homebuyers who have invested their hard-earned money, while also releasing funds stuck in such delayed/ stalled projects for productive purposes."

See:
http://timesofindia.indiatimes.com/articleshow/71947035.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Red Sandalwood seized

Recently police raided warehouses in Bhendi Bazaar and Thane and seized more than 2,200kg of red sandalwood arresting one person for allegedly smuggling the sandalwood from Chennai into the city apparently enroute to Hong Kong. This is the second time in less than two weeks that the police have broken a sandalwood smuggling ring.

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.

C&F prices for imported teak from various countries remain within the same range as given earlier, mainly because of the stable rupee/US dollar exchange rate which is about Rs.71 to the dollar. The chances of a reduction in GST on wood products appear dim at the moment but the timber sector continues to lobby for a review of the tax on wood products.

Locally sawn hardwood prices
Prices have been maintained as reported previously. Demand and import volumes are balanced.

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

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

Myanmar teak prices
Myanmar teak enjoys a steady demand in high end markets in which, despite the higher prices due to the GST, demand is steady.

In recent weeks shippers of teak in Columbia have been offering large girth logs the quality of which, say analysts, appears close to that of Myanmar teak. Developing this business opportunity is stalled for now as importers still struggle to secure business development finance. However, analysts say conditions are improving and loans and credit facilities are gradually being granted by banks and interest rates are falling.

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	7,500-8,500
Plantation Teak FAS grade	5,000-7,000

Price range depends mainly on lengths and cross-sections.

Sawn hardwood prices
Prices remain unchanged.

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	2,200-2,400
Western Red Cedar	2,300-2,450
Douglas Fir	1,800-2,000

Price range depends mainly on lengths and cross-sections.

Plywood
The Indian Trade Journal' Plyreporter' says reports from Russia suggest that since the end of last year birch plywood prices have fallen more than 10% because of weak international demand. Demand continues weak in core markets in Europe and there has been a buildup of stocks such that mills are offering discounts.

Indian plywood importers have taken advantage of the prices cuts and ordered significant volumes. Birch plywood is increasingly popular among Indian buyers because it is made to EU standards.

For the full story see
https://www.plyreporter.com/article/51043/birch-plywood-price-drops-by-10

Plywood wholesale prices remain unchanged.

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
9mm	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 top US$1 billion in just one month

In October the value of Vietnam's wood product exports was US$1,037 billion, up 20% compared to September and by 23% compared to October 2018. This was the first time Vietnam's export earnings from wood products exceeded US$1 billion in a single month

Exports in the first 10 months of this year totalled around US$8.6 billion, up 18% over the same period last year. Also, in the first half of November, exports of wood products reached US$451 million. It is estimated that in a short time the target of US$9 -10 billion export value for 2019 will come a reality.

Vietnam's exports of non-wood forest products are also growing. In the first half of November exports of rattan, bamboo, sedge and natural fibre carpets reached more than US$23 million, bringing the total export value of this group of commodities to US$407 million since the beginning of 2019.

See: http://fpabinhdinh.com.vn/lan-dau-tien-trong-lich-su-nganh-go-dat-hon-1-ty-usd-xuat-khau-chi-trong-1-thang/

Major export markets for Vietnamese wood products

The US is a top export market for Vietnamese wood products and has contributed to the success of Vietnam's exports in the first 10 months of 2019. In October, the export value of wood products for the US market was US$547 million, up 41% compared to October 2018 and this accounted for more than 50% of the total export value for the month.

Another important export market of Vietnamese wood and wood furniture is China. Vietnam is one of the biggest suppliers of wood and wooden furniture to the Chinese market, together with Italy and Poland.

In the first 9 months of 2019, China's imports from these three markets accounted for 48% of total wooden furniture imports.

Japan wood product imports from Vietnam in the first 10 months of 2019 were up 19% over the same period in 2018. There was a surge in Japan's demand for furniture from Vietnam before Japan's consumption tax increased to 10% from October 2019. In addition, timber enterprises in Japan have benefitted from the Vietnam-Japan Economic Partnership Agreement.

See: http://cafef.vn/my-la-thi-truong-xuat-khau-go-va-san-pham-go-lon-nhat-trong-10-thang-nam-2019-20191124103131206.chn

Vietnam's timber industry not yet paying attention to the domestic market

The recent Vietnam Furniture and Interior Fair (VIFA HOME 2019) organized by the Ho Chi Minh City Handicraft and Wood Industry Association (HAWA) in November 19 highlighted that Vietnam's timber industry has not focused much on domestic demand even while demand is growing very strongly as incomes rise.

HAWA has estimated domestic demand is in the region of US$5 billion annually and this has attracted many foreign suppliers creating a fierce competition.

Unlike most export markets Vietnamese consumers prefer wood products with unique styles and favour order-made designs which is a strength of small and medium-sized processing enterprises in Vietnam.

See: https://bnews.vn/nganh-go-viet-nam-chua-khai-thac-het-thi-truong-noi-dia/140467.html

Brazil

Expansion of forests in Mato Grosso do Sul

The Brazilian Institute of Geography and Statistics (IBGE) recently released data showing there was a huge expansion of planted forests in Mato Grosso do Sul over the past decade. In 2006 the state had 121,000 ha. of plantations but this jumped to 1.1 million ha. after 10 years. According to IBGE, there are 91 million ha. of natural forests for conservation. Eucalyptus accounts for most of the planted area

In 2007 the State Government, in partnership with the Brazilian Micro and Small Businesses Support Service (SEBRAE), undertook a study of soil conditions, climate, relief, availability of water resources and workforce which was the foundation of the State's plantation plan. SEBRAE noted that planted forests, if properly managed, bring many benefits and they reduce the pressure on natural forests.

Strengthen the forestry sector

In the first week of November the Timber Industry Union of Northern Mato Grosso State (Sindusmad) arranged a meeting of timber producers in the municipality of Itaúba. The objective was to bring together, integrate and strengthen the forestry sector of the municipality.

At the meeting the Center for Timber Producers and Exporters of Mato Grosso State (CIPEM) presented information on technical and legal requirements in the timber sector. One of the goals of Sindusmad is to promote and integrate forest-based industries and attract new members.

The municipalities that participated in the meeting recognised the importance of the sector for their economic development and committed to reduce bureaucracy and review legal procedures and environmental and tax laws. The forest-based sector in the state employs around 100,000 people and contributes more than R$100 million in annual taxes to the state.

CIPEM welcomed the partnership with Sindusmad as fundamental to strengthening the interests of the forest-based sector.

Export update

In October 2019, the Brazilian exports of wood-based products (except pulp and paper) declined almost 27% in value compared to October 2018, from US$272.5 million to US$199.1 million.

The value of pine sawnwood exports dropped by a third between October 2018 (US$50.4 million) and October 2019 (US$33.5 million). In terms of volume, exports dropped 28% over the same period, from 244,100 cu.m to 175,500 cu.m.

Following this trend, the volume of tropical sawnwood exports also fell over 30% from 52,400 cu.m in October 2018 to 36,400 cu.m in October 2019. The value of October exports also fell 30% from US$20.6 million to US$14.4 million over the same period.

The downturn in October plywood exports was even more severe, dropping almost 40% in value in comparison with October 2018, from US$55.7 million to US$33.7 million. The volume of exports dropped but only by around 12% indicating a strong downward pressure on prices.

Tropical plywood exports also declined in October, in volume terms exports fell 42% and in value the decline was even sharper (-50%), from 12,800 cu.m (US$5.4 million) in October 2018 to 7,400 cu.m (US$2.7 million) in October 2019.

The bad news continued as wooden furniture export earnings declined from US$48.3 million in October 2018 to US$46.6 million in October this year.

IBÁ Bulletin highlights export performance

The IBÁ Bulletin, published by the Brazilian Tree Industry (Ibá), which reports the consumption, export, import and sales statistics of the forest-based sector, pointed out that its members exported products worth US$7.8 billion between January and September 2019.

Wood panel exports in September 2019 totalled 93,000 cu.m, an increase of around 6% year on year. In the year-to-September exports were 870,000 cu.m, a drop of 9% compared to the same period in 2018.

Pulp exports totalled around 11 million tonnes in the first three quarters of the year, a slight decrease compared to the same period of 2018. The main export destination for this product was China, which accounted for about US$2.5 billion of total sales.

SFB builds credibility and confidence among importers in Europe

In a partnership with the Brazilian Trade and Investment Promotion Agency (Apex-Brazil) and the Brazilian Embassies in Germany, Belgium and France, the Brazilian Forest Service (SFB) delivered a series of lectures in Cologne, Brussels and Paris to provide information on forest concessions and the monitoring system in Brazil.

This event was in conjunction with Brazil's participation in the 15th Branchentag Holz Timber Trade Fair organised by the German Wood Trade Association (GD-Holz).

The Forest Concession Manager of SFB explained in detail how forest concessions in federal public forests are allocated and monitored. The manager presented a video on forest concessions and the chain of custody system which allows identification of the exact location where each log was harvested.

Success in the promotion of Brazilian forest products in international markets depends on disclosure of clear technical information and on timber tracking and legality. This type of event which provided technical information is important in building credibility and confidence on the part of importers in Europe.

Domestic log prices

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	200
Jatoba	108⬇
Massaranduba	102
Miiracatiara	106
Angelim Vermelho	102⬆
Mixed redwood and white woods	87⬆

Source: STCP Data Bank

Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US$ per m^3
Ipé	813⬆
Jatoba	436⬆
Massaranduba	418⬆
Muiracatiara	382⬆
Angelim Vermelho	370⬆
Mixed red and white	244⬆
Eucalyptus (AD)	187⬆
Pine (AD)	128⬇
Pine (KD)	155⬆

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

Parica	US$ per m^3
4mm WBP	519↑
10mm WBP	409↑
15mm WBP	343↑
4mm MR.	407↑
10mm MR.	292↑
15mm MR.	268↑

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

Domestic ex-mill prices	US$ per m^3
15mm MDParticleboard	203↓
15mm MDF	243↑

Source: STCP Data Bank

Export sawnwood prices

Sawnwood, Belem/Paranagua Ports, FOB	US$ per m^3
Ipe	1,446↑
Jatoba	868↑
Massaranduba	843↑
Muiracatiara	861↑
Pine (KD)	171↓

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)	266↓
12mm C/CC (WBP)	252↓
15mm C/CC (WBP)	235↓
18mm C/CC (WBP)	230↓

Source: STCP Data Bank

Export prices for added value products

FOB Belem/Paranagua ports		US$ per m^3
Decking Boards	Ipê	2,860↑
	Jatoba	1,457↑

Source: STCP Data Bank

Peru

Forest concessions study concluded

According to the report "Evaluation of the Concession Model in Peru" conducted by the National Forest and Wildlife Service (SERFOR) with the support of the USAID Forest Program and the US Forest Service, after almost 20 years since the current concession model was adopted in Peru only 56% of the allocated concessions were ever operational.

The Executive Director of the SERFOR, Alberto Gonzáles-Zúñiga Guzmán, said this evaluation will be the driving force for proposals for new modes of operation for the approximate 17 million ha. of Permanent Production Forest in Peru.

The concession report identified that many areas were abandoned or have administrative problems that prevent them from becoming operational.

The study, carried out in Ucayali, Loreto and Madre de Dios, recommends that the size of the concessions in the future must be large enough, that is greater than 30,000 ha. to justify investment and guarantee sustainability. The study also recommends that concessions should be for no less than 40 years and diameter limits should be defined for specific species and all areas should have an approved Forest Management Plan to ensure sustainability.

New head for OSINFOR

Lucetty Ullilen Vega has been appointed the new head of the Forest and Wildlife Resources Supervision Agency (OSINFOR). The domestic press in Peru reports that Vega is a forest engineer and has more than 25 years of experience in the field of public policy and was Director of Policy and Competitiveness in SERFOR.

Business cooperation between Ucayali and Acre

In mid-November Peruvian and Brazilian businessmen and relevant authorities negotiated a multimodal integration plan between Pucallpa and Cruzeiro do Sul. This initiative was proposed by the Regional Councilor Edwin Alvarado Montero.

The objective of which is to begin integration of businesses between the two cities to create greater commercial exchange and job creation. Work on improving transport between the province of Purús and the state of Acre is underway. The next step is the creation of a working group for regional integration, planning and implementation of activities to effect industrial and commercial integration.

Forestry training for regional governments

SERFOR has launched a programme "The Force of three regions" which delivers internships in the application and use of Operations Guide for forestry specialists in the Regional Governments of Madre de Dios, Loreto and Ucayali.

For three days, 16 specialists from the Regional Forestry Directorate of Madre de Dios, four specialists from the Loreto Forest Management and four specialists from the Ucayali Forest Management received training in applying the Operations Guide which deals with a host of issues especially legality verification.

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
Cumaru 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)	238-239↑

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.	391-407↑

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

Falling exports of concern – government economic stimulus pack on its way

Ministry of Finance data shows Japan's October exports fell almost 10% year on year. This follows the 7% drop in September. The decline in exports to China and the US was the main reason for the fall but all markets have been showing weakness. To ward off the negative impact on the economy the government plans to compile a stimulus package.

Exports to China dropped 10% year on year in October, down for the eighth consecutive month. Exports to Asia, which account for more than half of Japan's exports, fell 11%, down for the 12th month and Japan's exports to the US also dropped 11%.

The decline in exports and weak domestic demand has driven down manufacturing activity for the seventh consecutive and this has spurred the government to prop up the economy which is growing at its slowest pace in twelve months.

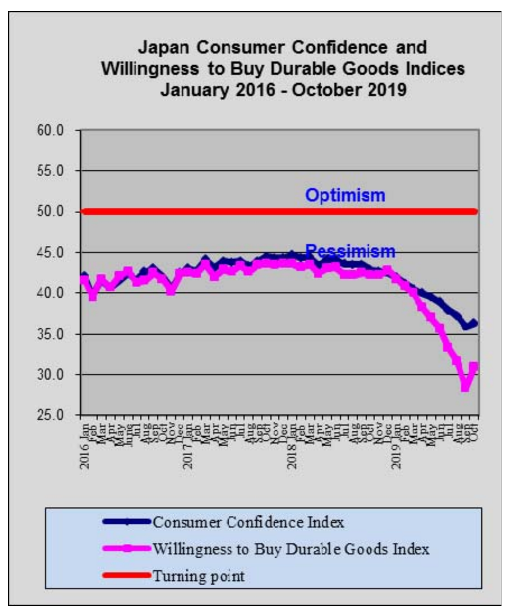
Domestic consumption is vital for economic growth but in the long term Japan faces a big problem as low birthrates, coupled with rising longevity, is creating what has been termed a "crumbling" population pyramid which will shrink the labour force and lower consumption.

Analysts also point to the problem of the "dependency ratio" as there are around 68 dependents (people less than15 or older than 64) for every 100 people of working age (15-64) and this is getting progressively worse and will undermine Japan's economic potential.

Parliament approves US trade deal

On 19 November the Japanese parliament approved the trade deal negotiated with the US that will lower import tariffs and set new quotas for US farm goods. Both sides are hopeful of quick ratification so the deal can be implemented.

Under the deal over 80% of the approximately US$15 billion worth of US exports to Japan will be tariff-free or attract preferential treatment. The new deal is scheduled for implementation in January 2020. This trade deal helps restore market access for US exporters to levels they would have enjoyed if the US joined the Trans-Pacific Partnership.



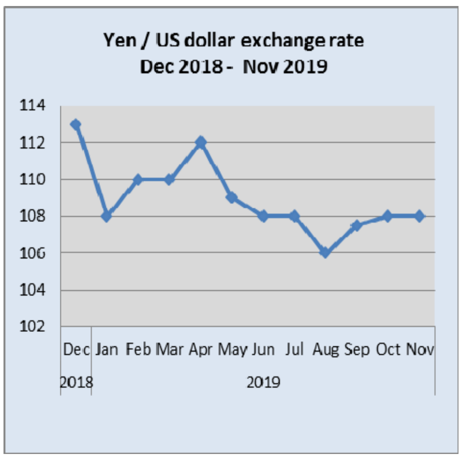
Data source: Cabinet Office, Japan

Yen exchange rate within narrow band all year

One of the surprises this year has been very modest strengthening of the yen in response to the US/China tariff war and weak global trade. Usually in times such as now the yen strengthens significantly as a safe haven currency. This year the yen has traded against the dollar in a very narrow range and has held at around 108 to the dollar for months. Analysts put this down to the changing composition in Japan's external assets.

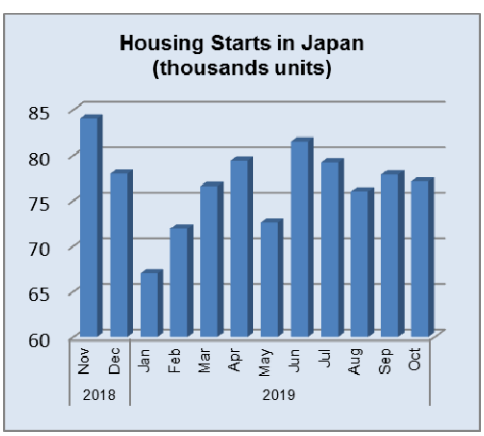
See:
https://www.bloomberg.com/news/articles/2019-10-31/one-clue-to-why-yen-bulls-are-struggling-lies-in-japan-m-a-boom

Over the past month there was growing optimism that a deal between China and the US was close but it soon became apparent that there is a long way to go. Until a trade deal is struck the yen/dollar exchange rate will respond because of the 'safe haven' mentality but other factors are now in play which could minimise the exchange rate volatility.



Housing starts flat in October

Ministry of Land, Infrastructure, Transport and Tourism data showed that housing starts dropped 7% year-on-year in October. This follows the almost 5% decline in September. On an annualized basis, housing starts fell to 879,000 in October from 897,000 in September.



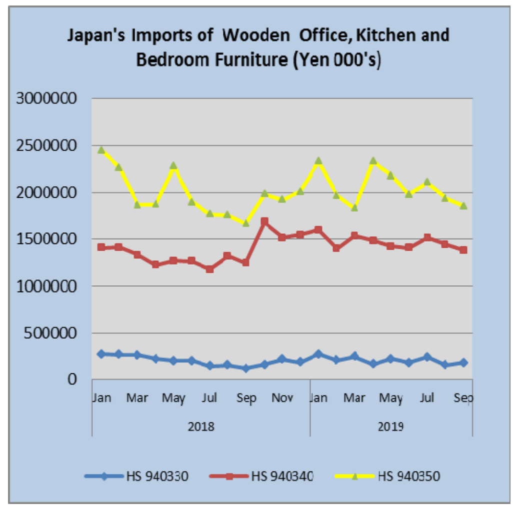
Import update

Furniture imports

In 2019 there were 94 trade shows in Japan, many of which focused on furniture and household items.

Details of upcoming fairs can be found at:
https://www.tradefairdates.com/Furniture-Trade-Shows-Japan-FSL246-L112-S1.html

The most recent fair IFFT/Interior Lifestyle Living was held in Tokyo in late November. This show welcomed over 400 exhibitors with variety of products related to the entire living space from furniture to tableware. The show attracted a wide range of visitors including retailers, hotels, restaurants, architectural designers and office designers.



Data source: Ministry of Finance, Japan

Office furniture imports (HS 940330)

Japan's September imports of wooden office furniture (HS 940330) reversed course once again rising 50% year on year and by 16% month on month.

Shipments from China, while still accounting for the highest level of imports of wooden office furniture, dropped sharply in September but still accounted for almost 60% of all HS 940330 imports.

The Netherlands emerged as the second largest shipper in September capturing a 9% market share in Japan. Two other shippers, the UK and Poland were in the top rank of suppliers in terms of value.

Office furniture imports

	Imports Sept. 2019 Unit, 000's Yen
S. Korea	205
China	102,646
Taiwan P.o.C	3,708
Hong Kong	-
Vietnam	1,566
Thailand	-
Malaysia	2,369
Indonesia	2,942
India	-
Denmark	-
UK	12,889
Netherlands	16,276
France	367
Germany	4,022
Portugal	6,165
Spain	-
Italy	6,505
Poland	12,532
Turkey	4,074
Lithuania	2,785
Slovakia	742
Canada	-
USA	1,741
Mexico	-
Total	181,534

Data source: Ministry of Finance, Japan

Kitchen furniture imports (HS 940340)

September marked the second monthly decline in the value of imports of wooden kitchen furniture (HS940340). Imports from China almost halved in September but the value of imports from the other two main suppliers, the Philippines and Vietnam held up well. The Philippines and Vietnam accounted for around 85% of Japan's imports of wooden kitchen furniture in September.

Year on year the value of imports of HS 940340 in September was up 11% but there was a 4% decline from levels in August this year.

Germany and Italy feature in the top 20 suppliers of wooden kitchen furniture but between them have only around 2% of total September shipments into Japan.

Kitchen furniture imports

	Imports Sept. 2019 Unit, 000's Yen
China	87,545
Taiwan P.o.C	-
Vietnam	551,454
Thailand	42,233
Malaysia	13,313
Philippines	617,939
Indonesia	6,066
Cambodia	-
India	-
Denmark	-
UK	-
Netherlands	6,870
France	224
Germany	20,928
Spain	-
Italy	22,174
Finland	-
Romania	2,344
Slovenia	-
Czech. Rep.	-
Canada	6,318
USA	3,130
Australia	-
Total	1,380,538

Data source: Ministry of Finance, Japan

Bedroom furniture imports (HS 940350)

Once again, China's dominace of Japan's imports of wooden bedroom furniture (HS 940350) was apparent in September when imports from China accounted for around 60% of all wooden bedroom furniture imports. The second largest supplier in terms of import value was Vietnam with a 34% share of September imports.

Other shippers such as Thailand and Malaysia have a small share of Japanese imports but have not managed to increase their share of wooden bedroom furniture imports.

Year on year, the value of Japan's September imports of wooden bedroom furniture rose 11% but there was a 4% month on month decline in the value of imports.

Bedroom furniture imports

	Imports Sept. 2019 Unit, 000's Yen
S. Korea	-
China	1,045,278
Taiwan P.o.C	3,287
Hong Kong	-
Vietnam	629,127
Thailand	85,191
Malaysia	43,680
Philippines	509
Indonesia	13,770
India	-
Pakistan	-
Sweden	-
Denmark	452
Netherlands	-
Belgium	-
France	230
Germany	558
Spain	-
Italy	8,916
Finland	-
Poland	25,323
Austria	-
Hungary	-
Greece	-
Romania	-
Turkey	-
Estonia	-
Latvia	-
Lithuania	-
Slovakia	-
USA	234
Mexico	-
Total	1,856,555

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

Structural change of plywood import business

Performance of building materials trading firms for the last term is disclosed and imported plywood business is major key factor but gap between suppliers' export prices and the market prices in Japan is getting wider particularly since 2017 so the importers suffer negative business for almost a year.

In the first half of 2018, the market prices rose together with suppliers' prices so imported plywood was major factor of profit for some companies. Then in late 2017, the suppliers' prices dropped and the market prices in Japan decreased much more than suppliers' price drop so many importers suffered loss

In producing regions in Malaysia and Indonesia, production and shipment plan collapsed by log supply shortage and resultant higher log prices. In Japan, warehouses near ports are plugged with imported plywood and many ports restricted accepting plywood cargo ships.

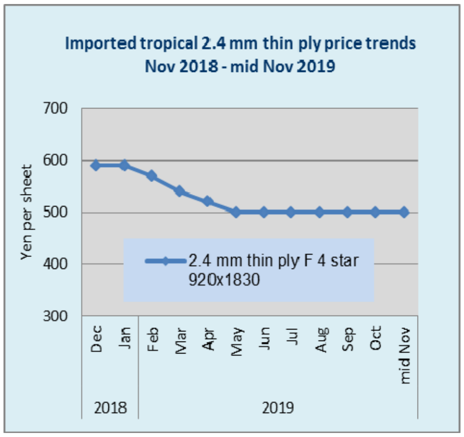
Smooth import procedures were disrupted. While confusion lasted in ports, the market skidded and high cost inventories had to be disposed at lower prices, which resulted in huge loss for the importers. Initially price skid was supposed to stop around June but bleak market continues during summer months. This is nothing unusual and it happened cyclically before.

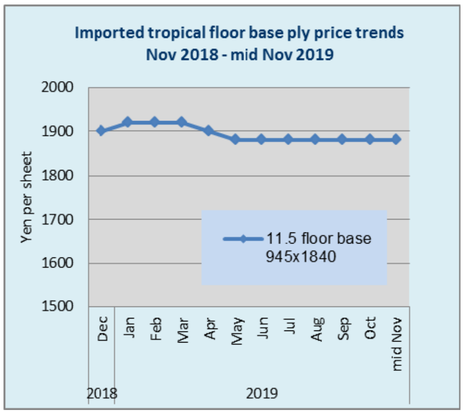
The most noticeable change is that imported plywood is no longer influential to the plywood market. Imported South Sea hardwood plywood used to dominate the market but now even when monthly import volume is less than 200,000 cbms, there is no panic at all. Market share of domestic softwood plywood and imported plywood reversed and domestic share is getting larger while supply of South Sea hardwood plywood became unstable by log shortage. Plywood users rely more on stable supply of domestic plywood.

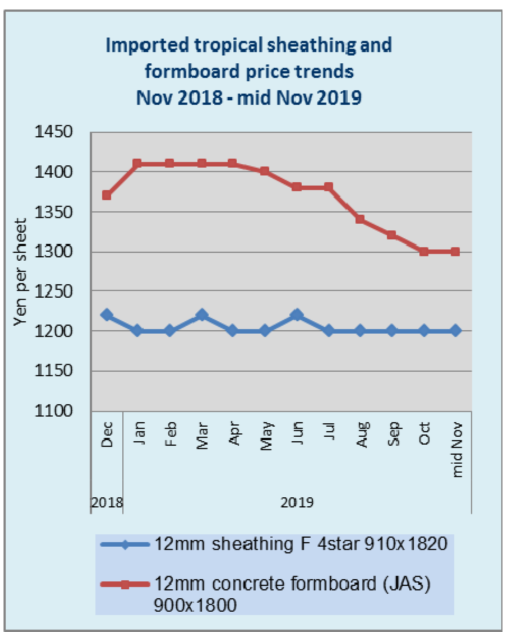
This means structural change of plywood market from imports to domestic. It is obvious that domestic plywood is leading the market. By environmental restriction and declining of forest resources, there is no chance that supply of hardwood plywood from Malaysia and Indonesia would become competitive in price and quality like before.

South Sea hardwood plywood has been the most important material as composite floor base but after by insufficient supply and high prices, Japanese floor manufacturers have been shifting to use domestic softwood plywood without choice.

Supplying mills in these countries have been struggling with tight log supply and low orders from Japan and only thing they can do now is to curtail the production. One solution is to use planted species to manufacture plywood if the prices are competitive with Japanese cedar.







Diversification of floor base materials

Base materials of composite floor have been diversified. According to statistic made by the Japan Laminated Wood Flooring Manufacturing Association (JLWFMA), percentage of domestic wood used for floor base in September is 36%, 10 points more than September last year.

Reason of shifting is price increase of South Sea hardwood plywood and decline of the supply. This has been used as floor base for many years in Japan with dimensional stability. To replace natural hardwood, plywood of planted species of falcate and eucalyptus increased for some time but after the demand increased, the prices soared so use of domestic softwood plywood rapidly increase due to price stability since 2014. Planted species grow faster but it lacks strength and surface is soft to have scratches easily.

Up until 2000, South Sea hardwood plywood was the main material for floor base then the prices started climbing since 2006 and they shot up to US$700 per cbm C&F at one time, which triggered diversification of floor base materials.

In 2007, Panasonic developed 100% particle floor base for the first time in Japan then in 2009, Daiken started marketing composite floor 'Forest Hard', which is the first domestic softwood plywood floor with MDF.

In 2010, the JLWFMA declared to pursue using domestic softwood plywood for floor base.

Prices of South Sea hardwood plywood climbed again since late 2017 so the composite floor manufacturers all increased the sales prices then major house builders changed the specifications to use domestic softwood plywood as floor base. This speeded up use of softwood plywood.

Right now, the main floor base is domestic softwood plywood with MDF but there are variety of other materials such as hardboard with softwood plywood or planted wood plywood and hardboard so diversification is progressing to avoid risk of high cost and supply stability.

Looking at development of new floor base by individual companies, everyone is now trying to increase use of domestic materials to avoid risk of exchange rate of imported materials and unstable supply.

South Sea (tropical) logs and lumber

Supply and demand of South Sea logs are balanced. There was no arrival in September both from Malaysia and PNG but plywood manufacturers carry about two to three months inventories. Malaysia is in rainy season so the log supply is dropping largely.

After log prices dropped in last summer, log suppliers have begun reducing harvest since last August so the supply decreased much faster than normal year. Log inventories of local plywood mills are decreasing rapidly so local log prices are also climbing.

Export log prices for China stagnate

Export prices of cedar logs for China from Kyushu ports had been about 9,500 yen per cbm FOB port until last May then the prices have started dropping and now 8,000 yen or lower for last six months.

Radiata pine log prices from New Zealand to China have been gradually climbing and ocean freight is also increasing but Chinese buyers demand 12,000 yen per cbm C&F Shanghai for Kyushu cedar logs.

Chinese log market bottomed in September and is improving and the buyers plan to build up the inventories for next year's New Year in February. They will keep buying if present price level continues.

In 2018, total logs exported from Kyushu ports are about 950,000 cbms, 25% more than 2017, out of which logs for China were about 800,000 cbms.

For the Japanese log exporters, concern is log purchase competition with biomass power generation plants. If the export log prices drop too much, logs would go to biomass business. Present prices for biomass are holding at 7,000 yen per cbm FOB chip plant. In short, minimum export log prices are 7,500 yen per cbm FOB port and if they are lower than this, logs would go to biomass plants.

China

Falling demand for laminated rubberwood panels

Demand in China for imported laminated rubberwood panels has fallen as both international and domestic demand has weakened.

Thailand is the major supplier to China but, in the words of an analyst, "the laminated panel market is experiencing a cold winter". Prices for panels have fallen considerably and many mills in Thailand report they cannot sustain production with such low prices and many have stopped production entirely.

Some domestic importers have reduced their imports and are anxious to clear stocks even at a loss so as to close the year without having to face the falling demand in the New year.

Factories in China using imported rubberwood laminated panel are finding international demand for finished products has weakened and many, say analysts, are operating at a loss.

For more see:
http://www.yuzhuwood.com/news/details_ff8080816e67c6d7016e86e434a70661.htm

China propose use of amended CITES certificates

China has informed the CITES Parties that as of 1 July 2019 new versions of the permits and certificates were used by CITES Management Authority in China. Further they have advised that the older versions will remain valid until 1 January 2020.

Forms for the new permits and certificates

There are many new forms covering: Import permits, Export permits, Re-export certificate, Introduction from the sea certificate, Certificate for Multiple cross-border transfer of musical instruments which contain restricted fauna and flora parts, Travelling exhibition of specimens certificate, Multiple cross-border transfer of privately-owned live animals (certificate of ownership); Erhu (a two-stringed bowed musical instrument) carried in as hand luggage by individuals abroad (personnel and household goods certificate).

For certificate types, currently, both electronic and paper certificates will be used at the same time except for the following two cases where only electronic certificates can be issued: 1) specimens of species included in Appendix I which do not meet the exemption conditions; 2) introduction from the sea.

There are enhanced security features in the new permits and certificates. The new document has a number of anti-counterfeiting measures such as an almost invisible watermark.

Queries on certificates can be obtained by scanning the two-dimensional barcode on the certificates or going to https://cites.singlewindow.cnl/certver/cites and inputting the permit or certificate security number and serial number.

Questions on the new permits and certificates can be directed to the CITES Management Authority of China at: cites_chinama@163.com.

For more see: https://www.cites.org/sites/default/files/notif/E-Notif-2019-064.pdf

New domestic standards for solid and composite flooring

Two local standards for solid wooden flooring (T/ZZB 0005-2019) and composite wooden floor (T/ZZB 0006-2019) had been published recently in Zhejiang Province to replace the 2015 versions. The new standards will be implemented as of 30 November 2019.

See:
http://www.yuzhuwood.com/news/details_ff8080816e67c6d7016e86f59c0d066e.htm

The southern China wood panel industry

The 4th China (Guigang) Timber Processing Industry Development Summit was recently held in Guangxi Zhuang Autonomous Region.

Experts and entrepreneurs from all over the country discussed how to promote the transformation and upgrading of wood processing industries to improve competitiveness. The theme of the meeting was "Getting Clusters, Strengthening Leading Enterprises and Integrating to the east into the Guangdong-Hong Kong-Macao Greater Bay Area ".

Although Guigang City has only around 3.5% of forest area of Guangxi Zhuang Autonomous Region there are more than 3,500 wood processing enterprises in the city including more than 2,000 veneer producers with an annual output of 10 million cubic metres.

There are 576 plywood enterprises with an annual output of 12 million cubic metres or 25% of the total in the Region.

In the first three quarters of 2019 the total output value of the timber processing industry in the City reached RMB26 billion. It is expected that the output value of the timber sector in 2019 will exceed RMB35 billion. With taxes running at over RMB1 billion the wood processing industry has become the pillar of the Cities finance.

Guigang city has become an important national plywood and veneer production and processing centre and a major forest product distribution centre and was hailed as "the southern capital for wood panels" by the China National Forestry Products Industry Association.

See:
http://www.yuzhuwood.com/news/details_ff8080816e67c6d7016e8b87070d07fe.htm

Challenges in production and trading
A group of manufacturers and academics have identified some major challenges in production and trading.

A large number of enterprises have stopped or relocated
The main reasons are related to environmental regulations, land ownership and the perceived risk of investment in the sector.

High taxes and labour costs
Enterprises dare not invest and many enterprises have transferred to off-shore but even off-shore risks are high and there are big difficulties in securing land and skilled workers.

The market has been disrupted.
Trading volumes and wood market prospects have peaked and there is little companies can do but wait out the storm.

Financing is uncertain
There is no norm or standardization when seeking finance and credit lines.

Government imposes more and more restrictions on enterprises
The tax burden on industry is high and some enterprises cannot meet environmental requirements and it is difficult and expensive to relocate.

Competition from alternatives
The development of competitive wood-based panels and emerging materials is rapid and the impact in the panel market is significant.

Foreign policy impacts
The influence of foreign policies on wood product procurement will become much stronger.

Experts pointed out that the current traditional wood trading market is more difficult to operate, mainly due to two aspects:

First, to extend business links and up-stream and down-stream integration. Secondly, expand added value production and improve services especially through embracing on-line trading through getting involved in logistics. In this respect, Jiangsu Wanlin and Zhangjiagang Jingang logistics are good examples of what can be achieved.

See: https://new.qq.com/omn/20191113/20191113A07TM400

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
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

STTC Conference considers links between FLEGT licenses and forest certification

To rebuild share in the European market, the tropical wood sector must exploit emerging opportunities from the synergies between the FLEGT VPA process and private sector forest certification initiatives, and to focus relentlessly on communicating simple messages to target audiences of architects, designers and civil engineers on the carbon mitigation and forest conservation benefits of using sustainable tropical timber.

These were key messages of the 2019 European Sustainable Tropical Timber Coalition (STTC) Conference, held in Berlin, Germany, on 20th November. The Conference was convened to consider the related themes of tropical timber promotion and the relationship between certified tropical forest management and regional and national initiatives in the tropics, including the EU FLEGT VPA programme and Verified Sourcing Areas.

The event was well attended, with over 100 participants including tropical hardwood traders, timber trade association representatives, NGOs, procurement officials, and technical service providers to the European tropical wood industry. It followed the successful format of previous years mixing short presentations with participatory group discussions led by Peter Woodward, an enthusiastic and articulate facilitator, to encourage input from all parties and generate new ideas.

Nienke Sleurink of Netherlands-based IDH, the Sustainable Trade Initiative, the STTC founder and main donor, introduced the event, noting that IDH has just published a new report “Unlocking sustainable tropical timber market growth through data” with the conclusions of a study to assess the share of FSC and PEFC certified tropical timber in EU supply chains.

The report concludes that between 25% and 32% of the total tonnage of tropical primary wood imports (logs, sawnwood, veneer and plywood) into the 7 main EU importing countries, which together account for over 90% of all EU tropical imports, was either FSC or PEFC certified in 2018.

The proportion varied widely between countries, being highest in the Netherlands (65% to 70%), followed by the UK (40% to 45%), Germany (30% to 35%), Belgium (25% to 30%), France (10% to 15%), Italy (5% to 10%) and Spain (2.5% to 7.5%).

Ms. Sleurink explained that this assessment of certified timber share of tropical timber imports will be an annual exercise, the aim to build on and improve the methodology, and a ToR is being prepared for the next report in 2020. She emphasised that this data-based analysis helps IDH to identify gaps in supply sources and to better target market access initiatives.

The methodology for the IDH assessment of certified timber share was explained to the Conference by Mark van Benthem of Dutch foundation Probos. In the absence of direct data on certified trade flows from FSC or PEFC, the analysis uses the "exposure to certification" proxy measure pioneered by the ITTO FLEGT IMM project. The basic methodology assumes that if, say, 40% of forest area in a country is certified, then the "exposure to certification" of all wood exports from that country is also 40%.

For the IDH assessment, Probos refined the methodology by replacing total forest area with best available data on production forest, and through surveys of large certified producers in the tropics and traders in the EU. This helped to estimate, for example, the likely proportion of certified timber produced in the tropics destined for the EU compared to other markets (ranging between 50% to 80%).

A conclusion of the IDH assessment is that "between 2.7 and 4.4 million hectares of forest are maintained with SFM practices under current levels of EU28 certified natural and semi-natural forest tropical timber demand. For perspective, a total of 14.8 million hectares (excluding plantations) is certified in the tropical regions, representing 6.2% of production forest in the tropics".

Drawing on this data, IDH estimates that "the EU28 currently impacts 18%-30% of all certified semi and natural tropical forests with its current demand for certified primary tropical timber products. Projecting these figures onto a world in which EU sourced 100% certified tropical timber, we see the impact multiplied, protecting an additional 11.7-13.4 million hectares of tropical forest".

Achieving mutual benefits from certification and FLEGT

In her introductory remarks to the STTC Conference, Ms. Sleurink observed that a key issue for both IDH and STTC is to explore the links between forest certification and the FLEGT VPA process. A draft IDH paper on this issue, for which comments were invited, was distributed at the Conference, setting out the similarities and differences between the processes, emphasising their complementarity and suggesting that "both [are] crucial to ensure sustainability in the tropical timber trade".

As background, two speakers with contrasting views, one an advocate for FLEGT, the other for FSC certification, were given the floor.

In support of FLEGT, the UK TTF Director Dave Hopkins opened with the observation that, in a world where the EU's direct influence as a buyer of tropical timber is waning and progress to implement third party certification in the tropics has been slow, "EU policy makers need to try every trick in the book to extend land under management".

According to Mr. Hopkins, "If we're to have any influence, with only low uptake of certification to date, we have to encourage development of [verification] systems that reflect what producers can do in reality".

Mr. Hopkins suggested that the essential difference between the two policy measures is that "certification is a company approach while FLEGT is a national approach. FLEGT aims to promote sustainable forest policy and strengthen forest governance at national level to raise the baseline for all". He also observed that "There's nothing to prevent a forest management unit being certified on top and FLEGT can make certification easier to achieve".

Mr. Hopkins characterised certification as "islands of utopia, the pinnacles of sustainability" and suggested that, in the absence of effective national forest policy framework, certified areas "suffer in much bigger landscapes where the [uncertified] forest lands become degraded".

He suggested that a key issue for certification, which FLEGT is better able to address, is to do with permanence. "Because certification is linked to an individual company, if that company goes bankrupt, or sells up, what happens to that concession? The certificate may well be allowed to lapse. There needs to be a permanent baseline which can only be established through regulation, which can be delivered through FLEGT".

Mr. Hopkins identified "scale" as a second benefit of FLEGT. While certification delivers sustainable practices for scattered forest management units, FLEGT operates nationally across all forest types and ownerships. "I suspect the forest land area that Indonesia has under management recognised through FLEGT exceeds the entire area of certified forest in the tropics", he said.

Other benefits of FLEGT identified by Mr. Hopkins include the VPA annexes setting out detailed requirements for transparency and national level oversight, which benefits both consumers and producers, and the requirement for stakeholder participation in forest law reform, so that the FLEGT process becomes “something that producers own, something they themselves have a connection to”.

Mr. Hopkins referred to independent studies which indicate that forests regulated through FLEGT legality assurance mechanisms in Indonesia and Ghana already meet many of the requirements of FSC or PEFC. However, some buyers and specifiers still refuse to recognise FLEGT because it is perceived as “just legality”.

According to Mr. Hopkins, “when speaking to companies in Indonesia, they say there is little awareness, even in the EU, of the considerable advances towards sustainable forest management made through the FLEGT VPA process. This means they are having to pay twice, once for SVLK (the national system on which FLEGT licenses are based) and separately for FSC or PEFC. This makes no sense”.

Mr. Hopkins went on to suggest “we should be trying to lower the unit costs to producers to get more area under management. Once producers are engaged in the process, there’s leverage to move them up the curve. If they are not in the process, we have no influence”.

He concluded, “FLEGT is bringing companies to the door of certification. There are strong complementary benefits and we importers must get over our hang ups, recognise that Europe is a less significant market for tropical wood products, but also that there are mechanisms other than certification that we can use to influence practice and shorten the gap between legal and sustainable”.

Making the case for an exclusive focus on FSC certification

Jesse Kuijper of the Borneo Initiative which is working to expand FSC certification in Indonesia, presented an opposing view. Mr. Kuijper was a cofounder of the FSC and the focus of his earlier work was to raise FSC market share in the Netherlands.

His work began in Borneo a decade ago at a time when environmental groups had characterised the forest conservation situation there as “hopeless”, according to Mr. Kuijper, with on-going large-scale conversion to palm oil.

The Borneo initiative was founded in 2008 to demonstrate an alternative development model built around FSC certification of sustainably managed natural tropical forest. Mr. Kuijper said that there were many real barriers to this vision, including lack of funding, initial lack of trust in NGOs, and lack of local management and technical capacity for forest certification.

However, Mr. Kuijper explained that working with partners TFF, WWF, TNC and Wana Aksara Institute, and with financial support from these agencies and a range of corporate sponsors, the Initiative has progressively overcome the barriers and created a successful working model.

The Borneo Initiative has focused heavily on training and capacity building in Indonesia, and on group and other arrangements to make certification more affordable, linked to continuing work on the market side to communicate the benefits of FSC certification in tropical forests.

Mr. Kuijper noted that in 2009, at the start of The Borneo Initiative, there was a baseline area of 0.9 million hectares of FSC certified forest in Indonesia, plus 0.3 million hectares of FSC Controlled Wood.

By 2018, the Initiative had facilitated an additional 26 FSC certificates covering 2.4 million hectares. Overall, there are now 40 forest companies with FSC certification in Indonesia, covering 3.1 million hectares in total. Additionally, there are 10 forest plantations with FSC certification (416,157 ha) and 11 community groups (22,570 ha).

Mr. Kuijper mentioned that there is an additional 1 million hectares certified against the FSC Controlled Wood standard and two million hectares on the waiting list for FSC in Indonesia. The Borneo Initiative target is to achieve 8 million hectares of FSC certified forest, an additional 8 million hectares recognised under the Controlled Wood standard, including 3 million hectares of reforested degraded lands.

As a counterpoint to Mr. Hopkins earlier comments, Mr. Kuijper was dismissive of initiatives other than FSC. He said that, “having seen the operation of all schemes [in Indonesia] over a period of 12 years, it is untrue that these other initiatives are helping to raise standards on the ground. The only system doing that is FSC. The companies in the mandatory scheme have higher costs and are in worse shape than they were. They are the one’s going bust”.

He also said that “the lives of people in the FSC concession, which create thousands and thousands of jobs, are much better than those in the mandatory certified concessions.”

Mr. Kuijper went on to say that the business model for FSC certification in tropical countries needs to be developed and highlighted the potential role of plantations established on already degraded lands to support the costs of natural forest offsets. He suggested there is a need to diversify into markets other than timber, including carbon offsets and other environmental services. He concluded by urging IDH, and the Conference attendees, to focus their support on FSC certification in the tropics.

"Verified Sourcing Areas" may offer a way forward

Given these opposing arguments, it was useful that a third concept, relating to "Verified Sourcing Areas", was presented at the STTC Conference which may offer some potential to resolve the tensions between the national regulatory approach of FLEGT and the individual operator-based approach promoted by FSC.

Like the FLEGT VPA process, the "Verified Sourcing Areas" concept provides an assurance that an effective forest and land-use policy framework is operating within a specific jurisdictional area.

However, unlike the FLEGT VPA process, which is always national in scope, it operates at smaller regional scales and allows for, and recognises, that a variety of policy tools, both regulatory and non-regulatory, including private sector certification, contribute to sustainable land use practices within the verified area. It has the added advantage of seeking to integrate sustainability assurances for timber with similar assurances for agricultural commodities.

The Verified Sourcing Area concept was introduced at the STTC Conference by Nienke Sleurink of IDH who referenced the PCI (Estratégia: Produzir, Conservar e Incluir) scheme in Mato Grosso, Brazil, a state with a strong interest in demonstrating the sustainability of timber alongside other commodities to the international marketplace.

Mato Grosso is the largest timber producing state in Brazil and also one of the largest beef and soy producing states.

Additional details of the PCI were made available at the Conference during roundtable discussions involving representatives of the Mato Grosso Environment State Secretariat and the state Center for Wood Producing and Exporting Industries (Cipem), together with consultants engaged to develop the system.

The Conference was informed that Mato Grosso has introduced a green growth plan, developed by a multi-stakeholder group comprising beef, soy and timber companies alongside civil society. The plan includes specific targets to counter illegal deforestation and to increase reafforestation and the area under sustainable forest management. The PCI is constituted as an agency independent of government, to insulate it from political changes, but local government agencies were intimately involved in setting the targets.

A Monitoring Working Group (WG) comprising representatives of Brazilian government agencies, agricultural and forestry associations and NGOs was formed in early 2017 to evaluate advances towards the PCI targets. According to information made available at the Conference, a key part of the PCI mechanism is transparency, ensuring that data on progress to implement the targets is readily accessible, making best use of the latest technology. An online dashboard, together with full details of the PCI are available at http://pcimonitor.org/.

Another concern of PCI is to ensure recognition for the system in key export markets, so there is a focus on providing data that can be used by EU operators importing from Matto Grosso to assist EUTR compliance. Efforts are being made to benchmark PCI requirements against FSC and PEFC certification standards. The dashboard also provides specific data on issues of deep concern to the international community such as carbon emissions from land use change in the state.

A call for targeted tropical timber promotion

Another focus of the STTC Conference was market development strategy for tropical timber products in Europe. Mark van Benthem of Probos introduced this topic noting recent expansion of the STTC website (http://www.europeansttc.com/) into a hub for marketing of certified tropical timber, providing links to agencies and resources relevant to this work.

He also referred to ATIBT's new Fair and Precious website (https://www.fair-and-precious.org) providing information on certified tropical timber products.

Mr. van Benthem reported preliminary results of a survey targeting the largest EU importers of tropical timber to assess their awareness of the marketing tools available from STTC and ATIBT and asking views on whether they are fit for purpose.

Drawing on the first 33 responses received (all from northern Europe with none yet received from Italy and Spain), he noted that most importers had a clear perception that Europe's trade in tropical timber trade is declining, the only exception being in the Netherlands. Most also said that trade in certified tropical timber is falling, again the Netherlands being the only exception.

The level of awareness amongst surveyed companies of the marketing tools available for promoting tropical timber was also low. Those that expressed a view also reckoned that the existing tools have only limited impact and are not changing attitudes amongst end consumers.

Drawing on the results of the survey, Mr. van Benthem said that "European importing companies are quite passive in their marketing of tropical timber, mainly communicating via websites and through direct conversations. Very few have dedicated PR staff. Generally, interviewees look to their trade associations to lead on marketing and to provide communication tools. And price is always an issue, consumers always tend to choose the cheapest option".More positively, however, Mr. van Benthem said the survey indicated "growing momentum in support of timber on carbon".

Mr. van Benthem went on to say that successful marketing of tropical timber required a "tailored approach…what works in the Netherlands won't necessarily work elsewhere….there also needs to be more coordination and less fragmentation, we all need to talk up the benefits of wood, with less fighting between different wood sectors, and the wood must be sustainably sourced".

Eric de Munck of Centrum Hout, the wood marketing arm of the Netherlands Timber Trade Association, provided a case study of the “tailored approach”, also illustrating the value of companies working together to develop demand in specific end use applications.

Mr. de Munck explained that twelve members of Centrum Hout are working together to implement an action plan to strengthen demand for tropical timber in civil works, identifying bridges and sheet piling for water protection as key markets.

Research undertaken to assess market trends had revealed that the volume of tropical timber used in these applications had fallen having come under intense pressure from substitute materials. A Centrum Hout survey identified civil engineers as the key decision makers in the material procurement process for the target applications.

The survey revealed that 150 engineering companies in the Netherlands play a role, of which 10 are dominant. Direct contact with these companies revealed a serious lack of existing knowledge on the technical and environmental properties of wood, and of the life-time costs of utilising tropical wood compared to other materials.

To fill this knowledge gap, Centrum Hout, supported by STTC, commissioned life cycle assessment (LCA) and whole-life cost studies comparing use of tropical timber with other materials in the targeted applications. The results demonstrated very significant benefits, both from an environmental and cost perspective, of using tropical timber.

Consulting with the engineering firms, Centrum Hout identified lunch time technical meetings as the most effective way to communicate the results of this research and other technical data on tropical timbers to the engineers.

Other communication channels were developed including articles in targeted journals and clearly accessible links to relevant reports, LCA data and project case studies on the Centrum Hout website. A task force was established to trouble shoot technical, communication and policy issues as they arise.

The campaign has led to increased awareness of the benefits of tropical timber amongst key decision makers. Rather than always making the first move, buyers and specifiers now actively invite Centrum Hout to assist with development of procurement policy and other measures to promote a circular economy.

Mr. de Munck concluded that to promote tropical timber “it is essential that companies join forces to strengthen the message, share costs, and increase the impact”. He also emphasised that “demonstrating sustainability in the forest provides an essential foundation for all environmental claims relating to timber” and that “certification increases credibility”. Finally, Mr. de Munck stressed the importance of “repeating simple messages over and over again” emphasising that the carbon message has particularly strong resonance.

North America

Manufacturing contracts but wood sector production continues to expand

According to supply executives writing in the latest Manufacturing Institute for Supply Management Manufacturing Report On Business economic activity in the manufacturing sector contracted in October despite the overall economy growing for the 126th consecutive month.

October was the third consecutive month of Purchasing Managers’ Index contraction, but at a slower rate than September.

However, the US wood products industry was among a handful of US manufacturing industries reporting growth in October, while most other industries surveyed reported contraction. Wood product manufacturers in October reported growth in new orders, new export orders and order backlogs, as well as a decrease in prices for raw materials.

Industry pleads for relief from impact of trade dispute

US wood products industry groups have seen a dramatic negative impact on business since the start of the trade dispute with China. This month the International Wood Products Association and its member Nathan Jeppson, CEO of Northwest Hardwoods – one of the US’s largest hardwood suppliers, met with the Office of the US Trade Representative, the US Department of Commerce and the National Economic Council to share their concerns about the costs to US industry of the trade dispute.

The Washington-based company, Northwest Hardwoods, announced that it was forced to shut down both a Virginia and Washington sawmill because of China's retaliatory tariffs on US imports. China responded to President Trump's Chinese import tariffs with tariffs of their own in July 2018. Those included 25% hits on exports of red oak, walnut, and seven other hardwoods.

A bipartisan group of 38 US representatives sent a letter to the Trump Administration urging that the hardwood industry to be included in an assistance package similar to that provided to US agricultural producers. Jeppson and other executives believe the tariffs have been disastrous for the US economy. Others acknowledge they're hurting right now but believe they're necessary long-term.

See:
https://www.woodworkingnetwork.com/news/woodworking-industry-news/hardwood-industry-pleads-washington-trade-war-relief

Thailand to lose GSP benefits

As of 25 April 25, 2020, a range of products exported from Thailand, including many wood products, will lose their eligibility for duty exemption under the US Generalised System of Preferences (GSP) programme as the US has concluded that Thailand has failed to provide internationally-recognised worker rights. Thailand has requested consultations with US to better understand US concerns and determine whether changes can be made before the loss of GSP benefits take effect.

Pimchanok Vonkorpon, Director General of the Commerce Ministry's Trade Policy and Strategy Office, has indicated this decision if implemented would have only a minimal effect on Thai exports.

Thailand exports just 355 of the 573 products on the list with a combined value of US$1.28 billion, she noted. Suspension of the GSP will raise Thailand's export costs and she estimated the higher US tariffs would result in costs of around US$30 million or 0.01% of total export values.

However, Pimchanok warned that with the removal of the preferences Thai exporters will face more competition so they should ensure high quality production and build strong links with foreign importers so as to preserve their market share.

Consumer spending supporting growth

US gross domestic product, the broadest measure of the US economy, grew faster than expected in the third quarter of 2019 but slowed slightly as business investment continued to decline.

The US Department of Commerce announced that economic activity grew at an annualised rate of 1.9% in the third quarter, down slightly from the 2% pace in the second quarter. Economists polled by Dow Jones had expected the first look at third-quarter economic growth to come in at 1.6%.

The better-than-expected data was the result of continued consumer spending as well as government spending. Growth in gross private domestic investment, however, continued to decline in the three months that ended Sept. 30 with a slip of 1.5%, still far better than the 6.3% drop in the second quarter. Business spending weighed on the investment number as spending on structures continued to decline, with a 15.3% fall. The pace of spending on equipment sank 3.8%.

Imports increased during the third quarter. The most recent report on the US trade deficit showed the imbalance at US$54.9 billion at the end of August as imports outpaced exports in the last full month of summer.

See: https://www.bea.gov/news/2019/gross-domestic-product-3rd-quarter-2019-advance-estimate

Housing starts rebound, building permits at highest level in 12 years and home sales rising

US homebuilding rebounded in October and permits for future home construction jumped to a 12-year high, pointing to strength in the housing market amid lower mortgage rates.

Housing starts increased 3.8% to a seasonally adjusted annual rate of 1.314 million units last month, with single-family construction rising for a fifth straight month and activity in the volatile multi-family sector rebounding solidly. Housing starts advanced 8.5% on a year-on-year basis in October.

Building permits surged 5.0% to a rate of 1.461 million units in October, the highest level since May 2007. Permits were driven by the single-family housing segment, which increased 3.2% to the highest level since August 2007. Building permits in the populous South region reached their highest level in more than 12 1/2 years last month.

The US Department of Commerce reported an increase in home completions and the stock of homes under construction, which could help to ease a supply squeeze that has plagued the housing market.

Existing-home sales rose in October marking a slight recovery from the decline seen in September according to the National Association of Realtors (NAR). Starts in the four major US regions were split last month, with the Midwest and the South seeing growth, and the Northeast and the West both reported a drop in sales.

Total existing-home sales increased 1.9% from September to a seasonally-adjusted annual rate of 5.46 million in October. Despite lingering regional variances, overall sales are up 4.6% from a year ago (5.22 million in October 2018). Lawrence Yun, NAR's chief economist, said this sales increase is encouraging and he expects added growth in the coming months.

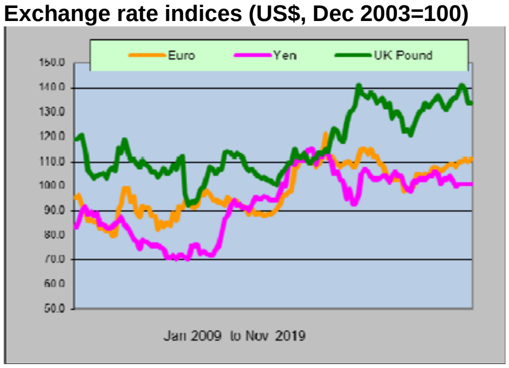
See: https://www.nar.realtor/newsroom/existing-home-sales-climb-1-9-in-october

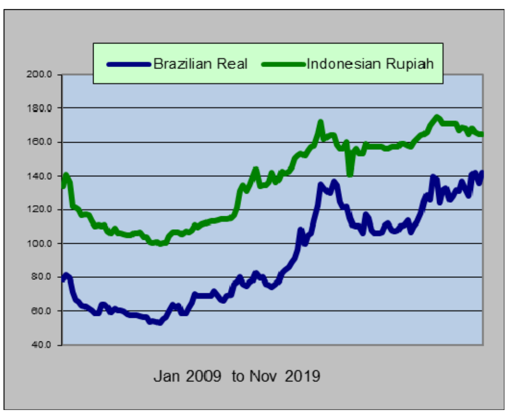
Dollar Exchange Rates

As of 25th November 2019

Brazil	Real	3.9987
CFA countries	CFA Franc	594.23
China	Yuan	7.0654
EU	Euro	0.901
India	Rupee	71.09
Indonesia	Rupiah	14014
Japan	Yen	107.87
Malaysia	Ringgit	4.1830
Peru	New Sol	3.38
UK	Pound	0.7768
South Korea	Won	1167.55

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



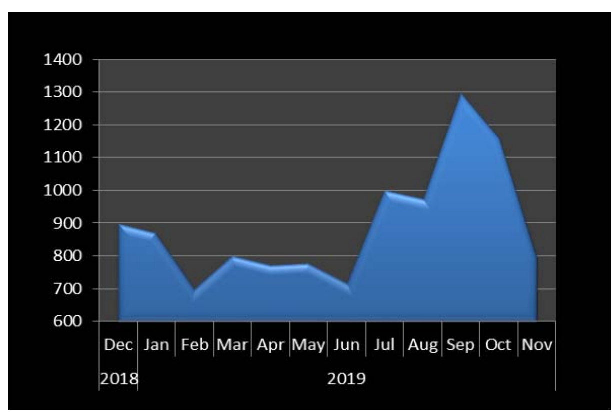


Abbreviations and Equivalences

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

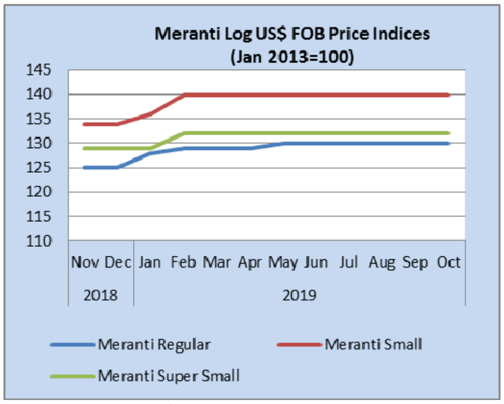
Baltic Supramax Index
December 2018 – November 2019



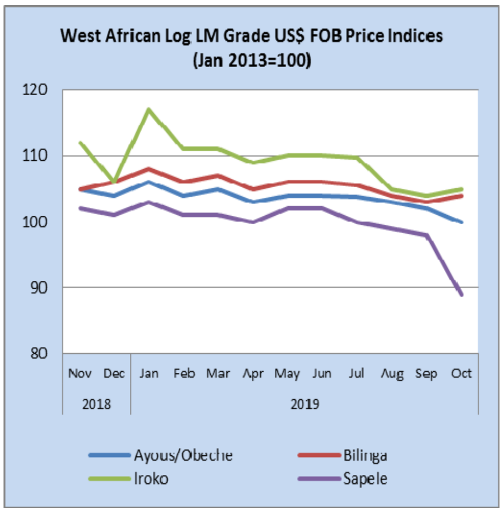
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

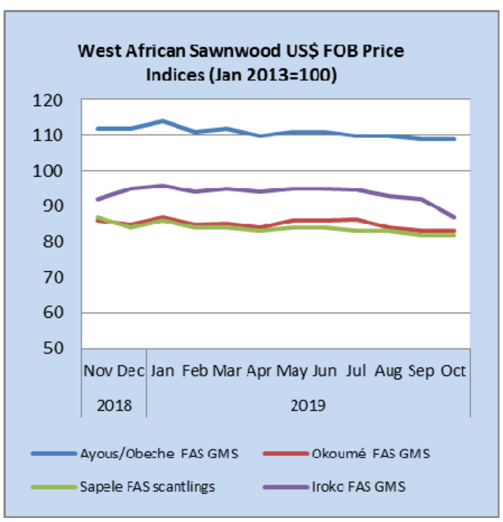
Price indices for selected products

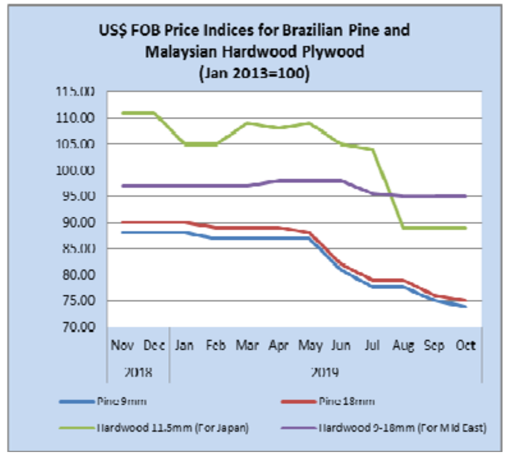
The following indices are based on US dollar FOB prices

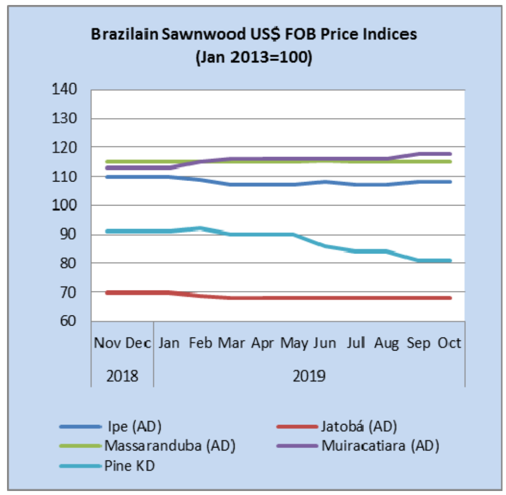


Note: Sarawak logs for the Japanese market









Note: Jatobá is mainly for the Chinese market.

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