Tropical Timber Market Report

Volume 19 Number 11, 1st – 15th June 2015

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Headlines

Top Story

Brazilian wood product exports increase in the first quarter

Brazilian timber exports expanded 20% between January and April this year. The rise was mainly due to the effect of the weaker currency against the US dollar and because producers actively sought export markets in the face of weak domestic consumption.

ABIMCI has said while a recovery in US demand helped it will not be enough to sustain overall output because domestic consumption is falling fast.

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Report from Central/West Africa

Mills cutting back on production to match slow demand

Log and sawnwood prices are unchanged from those reported at the end of May as demand western international markets is very slow.

Sawmills in the region are reported to be either cutting back on production or temporarily ceasing operations in an effort to match output with current levels of demand.

Analysts remark that markets generally appear to have now entered a much quieter period and there are no signs of any substantial change in consumption of tropical hardwoods in Europe. Until the summer holiday period is over it is difficult to gauge how demand will develop in the second half of the year.

Importers in China are adjusting purchases in anticipation of a further weakening of demand as economic growth in the country slows. Log stocks in China are said to be still well above demand levels especially for okoume and okan.

Producers in West Africa do not expect any marked change in demand and during these quieter conditions are managing output levels to sustain current prices. At the same time while adjusting specifications to the recent 'mixed grade' that some buyers are beginning to accept.

Intense competition in Middle East markets

Only the Middle East markets remain buoyant where demand is firm but where prices are constantly under pressure because of intense competition from several sources including from N. American hardwoods. With so much destruction in the region it is an unfortunate fact that the Middle East will be a major timber market when reconstruction becomes possible.

Despite the good news on the Indian economy few West African suppliers have ventured into this market which offers good prospects.

For the coming months West and Central African producers accept the need to carefully manage output in an attempt to provide the foundation for current price levels.

Advancing the VPA in Liberia

The EU FLEGT Facility has reported on a meeting of the Joint Implementation Committee of the Liberia-EU FLEGT Voluntary Partnership Agreement held to review implementation to-date, take stock of the effects of Ebola on activities and agree on the priorities for the 2015.

Among the issues discussed at the meeting were the key milestones in the development of the timber legality assurance system, further reinforcement of the legal framework and law enforcement as well as recent developments and challenges in the sector, including community forestry management agreements and transfer of timber revenues to communities.

Both Liberia and the EU were happy to acknowledge that the Ebola crisis has not derailed the VPA process, although it has generated significant delays."

A statement from the EU says "the process to conclude the VPA is expected to last for several years but will promote legal forestry leading to more sustainable forest management, increased long-term revenues for communities and the government, investment and job creation.

Log Export Prices

West African logs, FOB	€ per m^3		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	230	230	160
Ayous/Obeche/Wawa	260	260	180
Azobe & Ekki	230	230	160
Belli	300	280	-
Bibolo/Dibétou	150	145	
Iroko	330	290	260
Okoume (60% CI, 40% CE, 20% CS) (China only)	240	240	160
Moabi	335	305	225
Movingui	210	210	160
Niove	160	160	-
Okan	250	250	-
Padouk	310	285	225
Sapele	320	320	240
Sipo/Utile	345	340	265
Tali	320	320	-

Sawnwood Export Prices

West African sawnwood, FOB		€ per m^3
Ayous	FAS GMS	400
Bilinga	FAS GMS	500
Okoumé	FAS GMS	370
	Merchantable	225
	Std/Btr GMS	300
Sipo	FAS GMS	610
	FAS fixed sizes	610
	FAS scantlings	660
Padouk	FAS GMS	900
	FAS scantlings	980
	Strips	500
Sapele	FAS Spanish sizes	600
	FAS scantlings	600
Iroko	FAS GMS	615
	Scantlings	680
	Strips	440
Khaya	FAS GMS	450
	FAS fixed	470
Moabi	FAS GMS	610
	Scantlings	615
Movingui	FAS GMS	420

Report from Ghana

Value of Ghana's informal timber sector massive compared to exports

During a recent forum organised by the Editors Forum, Ghana and Friends of the Earth, calls were made for action to address the dwindling forest resources in the country.

The Forum heard that, while the forestry sector provides employment to over a quarter of a million workers, the security of the forest resource is at risk.

It was stated that the forest area in Ghana has fallen from 8.6 million hectares at the beginning of this century to below 2 million hectares today.

Mr. Kingsley Bekoe Ansah of Civic Response, a civil society organization, stated that "while timber exports provided 10% of annual foreign exchange earnings up to 2000 this had now fallen to below 2%.

According to Mr. Ansah, the contribution of chainsaw milling to the domestic market is estimated at over U$500 million, while formal sector timber exports provided less than half of this.

Belgium promoted as EU import hub for Ghana

During a recent information session on business opportunities in the country for a delegation from Belgium and Greece led by the Flanders Investment and Trade Agency, Peter Huyghebaert, Belgium's Ambassador to Ghana, Cote d'Ivoire and Liberia, said Belgium as an entry hub offers an opportunity to Ghanaian exporters to tap millions of consumers in the EU. Antwerp is the second busiest European port.

Ghana's main exports to Belgium include sawnwood, veneer sheets and plywood and a wide range of agri-products.

Boule Export prices

	Euro per m^3
Black Ofram	305
Black Ofram Kiln dry	395
Niangon	490
Niangon Kiln dry	520

Export Rotary Veneer Prices

Rotary Veneer, FOB	€ per m^3	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	325	400
Chenchen	320	355
Ogea	450	400
Essa	325	375
Ofram	350	500

Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afromosia	1.19	0.84
Asanfina	1.40	0.56
Avodire	1.15	0.29
Chenchen	1.10	0 .51
Mahogany	1.30	0.82
Makore	1.60	1.15
Odum	1.76	1.20

Export Sawnwood Prices

Ghana Sawnwood, FOB	€ per m^3	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	492	564
Ceiba	240	272
Dahoma	410	495
Edinam (mixed redwood)	525	580
Emeri	450	520
African mahogany (Ivorensis)	630	950
Makore	573	790
Niangon	560	580
Odum	660	850
Sapele	642	790
Wawa 1C & Select	300	400

Export Plywood Prices

Plywood, FOB	€ per m^3		
BB/CC	Ceiba	Ofram	Asanfina
4mm	485	510	641
6mm	400	535	615
9mm	393	460	510
12mm	360	445	450
15mm	450	399	374
18mm	322	357	370

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

Export Added Value Product Prices

Parquet flooring 1st grade	FOB € per sq.m		
	10x60mm	10x65-75mm	14x70mm
Apa	14.00	16.00	18.80
Odum	10.00	12.10	11.70
Hyedua	14.00	14.93	18.45
Afrormosia	15.50	18.65	18.55

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

Report from Malaysia

Focus on finished products for better profits says MTIB

The Malaysian Timber Industry Board (MTIB) Director General, Dr. Jalaluddin Harun, has said wood product exports are likely to expand to RM21 billion this year, mainly due to more exports of processed products.

He said the MTIB will continue to promote exports of finished products as profit margins are higher and the markets for such products more stable than those for commodities such as logs, sawnwood and even plywood.

In related news the MTIB wants to see an expansion of oil palm plywood production and export to take advantage of the abundant availability of oil palm logs.

Exports to get boost from weaker ringgit

A sustained outflow of foreign funds from Malaysia's equity market drove the ringgit to a nine-year low of RM 3.80 to the US dollar, making the local currency the region's second worst-performing currency after the Indonesian rupiah.

Local economists put the ringgit's slide down to the outlook for crude oil prices and the prospect of an interest rate rise in the US but were quick to point to the positive impact a weaker currency has on exports.

Log harvests down in first four months

In response to rising log production costs companies in Sarawak are busy establishing plantations to ensure future mill supplies. WTK Holdings, for example, is expanding its forest plantation area by 12% this year and the company plans to eventually replace natural forest logs with plantation resources.

Log availability is a growing issue in Sarawak. In the first four months of this year WTK harvested almost 20% less than in the same period last year. Another timber company, Jaya Tiasa Holdings, also reported a decline in log production this year while Ta Ann Holdings reported a 25% decline in log production in the year to April.

It was reported that Sarawak's log supply fell after the state government launched a campaign to curb illegal logging activities and unauthorised logs exports. However, none of the main timber companies were implicated in the campaign.

Statistics released by the Sarawak Timber Association (STA) show that total log production in the state for the first four months of the year dropped by 6.2% year on year.

Log production in Sarawak, January-April, cu.m

	2014	2015
Hill Species		
Kuching	8,509	50,459
Sibu	1,089,178	1,006,365
Bintulu	935,628	686,944
Miri	544,398	626,684
Sub Total	2,577,713	2,370,452
Swamp Species		
Kuching	1,172	13,880
Sibu	3,407	12,663
Bintulu	258	1,608
Miri	80,785	19,903
Sub Total	85,623	48,065
Grand Total	2,663,336	2,418,517

Data source: STA

EU confident of VPA negotiations

Malaysia and the EU continue their VPA negotiations and in late May the EU Delegation and EU's chief negotiator organised a public consultation with Malaysian stakeholders to share information on the VPA negotiation process.

Stakeholders from industry, NGOs and indigenous groups received the latest information and discussed a wide range of topics regarding the VPA negotiation process, including:

- the benefits and scope of a VPA
- the role of consultations in negotiating and implementing a VPA
- the roles of Malaysian and voluntary legality licensing and certification schemes
- complaints procedures once the VPA is implemented
- the treatment of timber from Sarawak under the VPA

The EU expressed optimism that an agreement would be signed with the Federal Government and also informed that negotiations would explore clear and time-bound commitments for Sarawak to develop its timber legality assurance system.

For more see: http://www.euflegt.efi.int/malaysia-news/-/asset_publisher/FWJBfN3Zu1f6/content/malaysia-and-eu-advance-vpa-process

Report from Indonesia

New forest management index

The Ministry of Environment and Forestry has launched a forest management index for the Bali and Nusa Tenggara ecoregions. This index provides a framework for practical management assessments by stakeholders. The index depicts aspects of forest monitoring, the status of forest resources, and transparency in management law enforcement.

Novrizal Tahar, the head of the Management Center for Bali and Nusa Tenggara, commented that the forest management index is a new tool for forest managers in Indonesia.

Protected area extended

An updated map of the areas covered by the felling moratorium has been released by the Ministry of Environment and Forestry. The area now covered by the moratorium has been extended and the areas covered by the moratorium will be updated every six months.

All governors, regents and mayors across Indonesia have been advised to refer to the latest revision before approving land conversion or felling.

Pulp mill to source wood from plantations

Asia Pacific Resources International Holdings Ltd. (APRIL) has announced that its subsidiary, PT Riau Andalan Pulp and Paper (RAPP), will no longer source raw materials from the natural forest. The company had planned to switch to plantation resources by 2020 but has advanced the date for the change after assessing the raw material availability situation.

The company will now secure all of its wood raw materials from its own plantations and those of its suppliers.

The 480,000 hectares of plantations are sufficient to supply the 2.8 mil. ton capacity pulp mill according to RAPP president Tony Wenas.

Assistance on TLAS for furniture SMEs

The Furniture and Handicraft Industry Association of Indonesia (ASMINDO) will cooperate with FAO and the EU FLEGT programme to help small medium sized furniture makers satisfy the requirements of the national timber legality assurance system (TLAS).

Indonesian furniture and handicrafts have a ready market in the EU but recently demand has fallen. However, despite the weaker market exports grew by around 4% as of the end of April.

The Secretary General of ASMINDO said exports are expected to increase by around 15% for the year as sales to the EU are expected to pick up in the second half of the year.

Domestic Log Prices

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
core logs	210-230
Sawlogs (Meranti)	135-150
Falcata logs	120-140
Rubberwood	115-1135
Pine	120-135
Mahoni (plantation mahogany)	130-145

Domestic Ex-mill Sawnwood Prices

Indonesia, construction material, domestic	US$ per m^3
Kampar (Ex-mill)	
AD 3x12-15x400cm	500-600
KD	-
AD 3x20x400cm	590-630
KD	-
Keruing (Ex-mill)	
AD 3x12-15x400cm	520-710
AD 2x20x400cm	490-520
AD 3x30x400cm	415-440

Export Plywood Prices

Indonesia ply MR BB/CC, export FOB	US$ per m^3
2.7mm	500-550
3mm	570-620
6mm	-

Domestic Plywood Prices

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	420-450
12mm	390-420
15mm	340-360

Export and Domestic Other Panel Prices

Indonesia, Other Panels, FOB			US$ per m^3
Particleboard	Export	9-18mm	710-735
	Domestic	9mm	700-750
		12-15mm	650-700
		18mm	590-620
MDF	Export 12-18mm		590-620
	Domestic 12-18mm		430-530

Report from Myanmar

Currency depreciation pushing up log costs

Analyst report that mills in the country are experiencing a weaker market but, with the continually weakening currency, log auction prices in kyat are rising. Some sawmillers claim they are experiencing problems in running their mills due to rising raw material costs and demands for higher wages.

The depreciation of the kyat is now a major factor in the trade since the exchange rate against the dollar has fallen from MMK 856 in Dec 2012 to MMK 983 in Dec 2013 and to MMK 1041in Dec 2014. The exchange rates on 9 Jun was MMK 1230 to the US dollar.

Teak traders are saying that market demand in Singapore, Thailand and China has slowed considerably and similar complaints have been heard from those trading with India. It is likely that demand in India will remain weak for some time as Indian stocks of teak logs purchased before the log export ban are still substantial.

Illegal logging continues in Kachin and Shan States

The local press (Eleven media) has reported a Forest Department statement to the effect that illegal logging has taken a heavy toll on the ecosystem especially in the in Kachin and Shan States

Kachin State, Shan States and the Sagaing Division are areas where serious timber smuggling is taking place. The Forest Department has estimated 100,000 hoppus tons of timber is being smuggled out annually.

Highly efficient harvesting and transportation by smugglers and the slow progress of cooperation between the governments of China and Myanmar is not helping the situation say local analysts. Some 9,000 tons of timber was seized during the first two months of this fiscal year.

MTE May tender results

The following timber was sold by Myanma Timber Enterprise (MTE) by tender on 22 and 25 May 2015. Log volumes are expressed in hoppus tons (H.tons) and conversions or sawn teak (including hewn timber) are shown in cubic tons (C.tons). Average US$ prices are shown below.

Sawing Grade (SG) teak logs
Open Tender Yangon Depots, 25 May 2015

Log Grade	H. tons	Avg. US$/H. ton
SG-1	24	5385
SG-2	16	4889
SG-4	282	3286
SG-5	83	2713
SG-6	71	2454
SG-7	25	1756

Average prices for teak logs at open tenders held from January to May are shown below.

Grade	Jan	Feb	Mar	Apr	May
SG-1					5385
SG-2		4667	4901	5022	4889
SG-4	4266	4074	4154	3788	3286
SG-5	2503	2888	3558	2903	2713
SG-6	1260	1719	2154	2559	2454
SG-7	1066	1476	1663	1511	1756

Wide price variations of concern to local analysts

Analysts point out that there was a significant change in the average log prices for the various grades at the recent sale.

A sharp drop is evident in the average price of SG-4 logs and an upward climb in the price of SG-6 and SG-7 grades. SG-2 and SG-5 prices are more or less stable. The inconsistencies could reflect the need for log graders to pay attention to consistency in grading.

Another issue in log pricing is the prices obtained for sales of seized timber graded as Form-8. While the price of Form-8 sawn teak was only about MMK 1.5million per c.ton while Form-8 Tamalan can be about MMK 3 million and Padauk slabs about MMK 9 million.

These timbers will be reprocessed to marketable sizes and exported at substantially higher prices and local analysts find the price for Form-8 logs low compared to the prices obtained for exports.

Next MTE tender sales

MTE will conduct tender sales on 26th and 29th June. Over ten thousand hoppus tons of non-teak hardwoods and about 1500 hoppus tons of teak logs will be up for sale. The quantity may be increased during the week according to availability.

Report from India

Strong growth forecast from OECD

The OECD Economic Outlook for the Indian economy suggests growth will remain strong and stable in 2015 and will deliver a 7.3% growth for the year. The OECD says "Economic growth will remain high, supported by a revival in investment.

The 2015-16 fiscal consolidation target has been relaxed to allow for increased infrastructure investment while structural reforms to improve the ease of doing business and the Make in India initiative should boost corporate investment. Export growth may be held back by any currency appreciation."

Infrastructure status for housing sector pushed by MPs

Progress on the 'Housing For All' scheme, the centre-piece of the new Indian government's plan for the housing sector, can only advance if the proposed amendment to the Land Acquisition Act is passed according to Union Minister for Housing and Urban Poverty Alleviation M. Venkaiah Naidu. This would pave the way for creating 20 mil. affordable homes in urban areas by 2022.

The plan for housing has four elements namely: Slum Re-development, Affordable Housing in Partnership with Private or Public Sector, Affordable Housing through Credit-Linked Subsidy and Subsidy for Beneficiary-led individual house construction/enhancement.

During debate on the housing issue Indian MPs demanded 'infrastructure' status for the housing sector as a way to facilitate the flow of credit to consumers, especially those on lower income.

Illegal sawmill and plywood factories closed

During checks by the Forest Department several illegal mills in the Yamuna Nagar district in Haryana have been forced to shut down. In another raid 24 sawmills and 4 plywood factories in Hoshiyarpur, Punjab were closed by the Forest Department.

In 1997 the India Supreme Court determined that applications for investment in wood based industries must secure approval from a Central Empowered Committee (CEC) in the respective state. This measure was taken to prevent illegal felling. Approval is only granted if the investor can provide an assurance of a sustained supply of raw material. The CEC determines the numbers and type of machines that can be installed.

After the Supreme Court decision mills within a 10 mile radius of government forests were forced to move and prove they had sucure supplies before being allowed to reopen.

Teak sales in Central India forest depots

Log auctions were held at the Jabalpur, Timarni, khirakia, Narmada Nagar and Raipur depots of Central India and sales were reported brisk as the quality of logs was good. Around 5,000 cubic metres of logs were sold.

The latest ex-depot auction prices for natural forest teak logs are shown below.

4-5 metre length	**Rs per Cu.ft**
91 cms & up girth	1600-1800
76 to 90 cms girth	1400-1500
61 to 75 cms girth	1200-1300
46 to 60 cms girth	1050-1150
3-4 metre length	
91 cms & up girth	1500-1700
76 to 90 cms girth	1450-1500
61 to 75 cms girth	1300-1400

46 to 60 cms girth	1000-1100
2-3 metre length	
91cms & up girth	1250-1350
76 to 90 cms girth	1100-1200
61 to 75 cms girth	900-1000
46 to 60 cms girth	850-900

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

Prices for imported plantation teak, C&F Indian ports

	US$ per cu.m C&F
Belize logs	350-400
Benin logs	318-775
Benin sawn	530-872
Brazil logs	404-1063
Brazil squares	370-680
Cameroon logs	365-510
Colombia logs	415-836
Congo logs	408-710
Costa Rica logs	455-739
Côte d'Ivoire logs	435-720
Ecuador squares	264-740
El-Salvador logs	364-934
Ghana logs	295-808
Guatemala logs	303-603
Guyana logs	300-450
Kenya logs	515-600
Laos logs	300-605
Liberia logs	350-460
Malaysian teak logs	363-525
Nicaragua logs	350-596
Nigeria squares	333-450
Panama logs	286-750
PNG logs	400-575
Sudan logs	371-970
Tanzania teak, sawn	307-885
Thailand logs	460-700
Togo logs	388-803
Trinidad and Tobago logs	420-680
Uganda logs	408-909
Uganda Teak sawn	680-900

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

Prices for domestically milled sawnwood from imported logs

Sawnwood Ex-mill	Rs per cu.ft
Merbau	1500-1650
Balau	1500-1600
Resak	1200-1400
Kapur	1250-1300
Kempas	1100-1200
Red Meranti	900-950
Radiata pine AD	600-725
Whitewood	600-700

Price variations depend mainly on length and cross section

Current prices for Myanmar teak sawn in Indian mills.

Sawnwood (Ex-mill)	Rs. per cu.ft
Myanmar Teak (AD)	
Export Grade F.E.Q.	8000-14000
Teak A grade	5500-6500
Teak B grade	4500-5000
Plantation Teak FAS grade	3500-4000

Price variations depend mainly on length and cross section

Imported sawnwood

Prices for imported sawnwood (KD 12%) shown below are per cu.ft ex-warehouse.

Sawnwood, (Ex-warehouse) (KD)	Rs per cu.ft
Beech	1300-1350
Sycamore	1300-1400
Red oak	1500-1650
White Oak	1600-1800
American Walnut	2300-2400
Hemlock clear grade	1300-1400
Hemlock AB grade	1100-1200
Western Red Cedar	1600-1650
Douglas Fir	1200-1300

Price variations depend mainly on length and cross section

Domestic plywood prices

Analysts report the domestic demand for plywood as ‘lukewarm’ offering manufacturers no opportunity to increase prices to compensate for rising raw material costs.

Prices for WBP Marine grade plywood from domestic mills

Plywood,	Rs. per sq.ft
Ex-warehouse, (MR Quality)	
4mm	41.00
6mm	54.50
9mm	69.10
12mm	85.60
15mm	113.20
18mm	119.30

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.20.80	Rs.30.80
6mm	Rs.31.60	Rs.39.60
9mm	Rs.39.80	Rs.48.00
12mm	Rs.47.30	Rs.58.10
15mm	Rs.58.10	RS.71.00
19mm	RS.67.30	Rs.79.50
5mm Flexible ply	Rs.42.00	

Report from Brazil

Exports increase in the first quarter 2015

The volume of Brazilian timber exports expanded 20% between January and April this year mainly due to the effect of the weaker currency against the US dollar and because domestic consumption was weak.

According to the Association of Mechanically-Processed Timber Industry (ABIMCI) recovery in US demand helped to boost Brazilian timber exports. However, expansion of demand in the US was not enough to sustain overall output because domestic timber consumption fell sharply mainly because of lower investment in construction.

ABIMCI is working with government agencies on a plan to stimulate timber consumption in housing and has proposed changes to the national housing financing scheme and technical standards to encourage the building of wooden houses in Brazil.

APEX provides new markets for furniture exporters

The furniture export promotion project implemented by the Brazilian Furniture Industry Association (ABIMÓVEL) and the Brazilian Trade and Investment Promotion Agency (APEX-Brazil) aims to promote Brazilian furniture in international markets.

Some Brazilian companies participated in the 27th International Contemporary Furniture Fair (ICFF) and INDEX DUBAI in May this year.

According to ABIMÓVEL, the furniture promotion project is an important initiative for the furniture sector providing new business opportunities. Participation at INDEX DUBAI generated sales estimated at US$6.5 million.

Further business missions to the United States and the United Arab Emirates are planned as part of the export promotion strategy.

Trade in Illegal timber of concern in Mato Grosso

The forestry sector is important for the Mato Grosso state economy as the sector delivers employment opportunities for around 100,000 workers and produces approx. 3 million cubic metres of roundwood annually, the second largest log output from natural forests.

In recent years the sector has grown and between August 2012 and July 2013 (the latest period for which data are available) the harvestable area has expanded over 50%.

However, illegal felling remains a serious problem in the state. Researchers have detected that illegal felling in the period August 2012 and July 2013 extended over 140,000 hectares.

It has been determined that the majority of the illegal timber comes from areas where logging is prohibited such as protected areas and indigenous lands.

In about 35% of the areas where uncontrolled logging occurs there are no land titles (official land registration) or the areas are indigenous lands which have not yet been demarcated. Under these circumstances the state authorities have few means to exercise control of activities in these areas.

A certificate of origin issued by the state is required for transport and sale of logs but researchers claim the system is being abused as some timber producers manipulate forest management plans inflating the area supposedly to be logged so as to secure certificates of origin for logs obtained outside of the legal concession.

Forest Service discusses forest concessions in Rondônia

A delegation from the Rondônia State Secretariat for Environmental Development (SEDAM) participated in a meeting at the Brazilian Forest Service (SFB) to discuss policies on forest concessions and the forest inventory in Rondônia state.

Experiences in managing forest concessions in the Jamari National Forest and the Jacundá National Forest (both in Rondônia) were shared during the meeting. According to SEDAM, Rondônia's forest inventory is in its final phase.

At the meeting, the utilisation of funds from the Brazilian Development Bank (BNDES) for monitoring, control and forest management activities was discussed and it was announced that R$1.52 million will be allocated to assist SEDAM in drafting legislation and management plans.

Domestic Sawnwood Prices

Brazil sawnwood, domestic (Green ex-mill)	US$ per m^3
Ipé	770
Jatoba	412
Massaranduba	354
Muiracatiara	381
Angelim Vermelho	334
Mixed red and white	209
Eucalyptus (AD)	200
Pine (AD)	145
Pine (KD)	160

Domestic Log Prices

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	155
Jatoba	89
Massaranduba	93
Miiracatiara	97
Angelim Vermelho	89
Mixed redwood and white woods	78

Domestic Plywood Prices (excl. taxes)

Parica	US$ per m^3
4mm WBP	571
10mm WBP	457
15mm WBP	398
4mm MR	518
10mm MR	386
15mm MR	367

Domestic prices include taxes and may be subject to discounts.

Prices For Other Panel Products

Domestic ex-mill Prices	US$ per m^3
15mm MDParticleboard	249
15mm MDF	361

Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US$ per m^3
Ipe	1336
Jatoba	1976
Massaranduba	736
Miiracatiara	709
Pine (KD)	222

Export Plywood Prices

Pine Plywood EU market, FOB	US$ per m^3
9mm C/CC (WBP)	358
12mm C/CC (WBP)	331
15mm C/CC (WBP)	328
18mm C/CC (WBP)	324

Export Prices For Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Decking Boards	Ipê	2,368
	Jatoba	1,545

Report from Peru

Multi-sectoral approach to address hurdles to expansion of forestry

The Minister of Production, Piero Ghezzi, said the government is promoting the diversification of production in the country through a multi-sectoral strategy focused on the aquaculture and forestry sectors.

He said that technical committees have been established within the National Productive Diversification Plan (PNDP) to implement the startegy.

Ghezzi said the Forestry Bureau has identified many hurdles to expansion of the forestry sector related to inadequate regulation, cumbersome bureaucratic processes, land titling and property registration, skilled labour and limited access to finance all of which will be addressed by the relevant committee.

Peruvian entrepreneurs attended Interzum Guangzhou 2015

A delegation of 23 Peruvian businessmen participated in the fair INTERZUM- GUANGZHOU 2015. The event took place in Guangzhou, China and is considered the most important sector in Asia.

This was the tenth Peruvian delegation traveling to China to participate in trade fairs and comprised of executives representing manufacturers of furniture, machinery importers and marketers of wood-based panels.

The delegation met with Chinese companies to examine the technologies applied in furniture factories, to observe distribution and sales centres and exploer business opportunities.

In related news Peru's Minister of Foreign Trade and Tourism, Magali Silva, and Thailand's Deputy Minister of Commerce, Apiradi Tantraporn, recently met to advance the signing of a Free Trade Agreement between the two countries.

The Thai minister visited Peru with a delegation of trade officers, representatives of private sector unions and a group of 21 businessmen. Peru's exports to Thailand include a wide variety of agricultural products.

Export Sawnwood Prices

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

Peru Sawnwood, FOB Callao Port (cont.)	US$ per m^3
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	457-532
Grade 2, Mexican market	388-423
Cumaru 4" thick, 6'-11' length KD	
Central American market	841-865
Asian market	871-916
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	623-653
Marupa (simarouba) 1", 6-11 length Asian market	456-506

Peru Sawnwood, FOB Iquitos	US$ per m^3
Spanish Cedar AD Select Mexican market	911-931
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	451-514⬇
Grade 2, Mexican market	355-391⬇
Grade 3, Mexican market	161-176
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	369-426

Domestic Sawnwood Prices

Peru sawnwood, domestic	US$ per m³
Mahogany	-
Virola	182-211↑
Spanish Cedar	305-364↑
Marupa (simarouba)	151-168

Export Veneer Prices

Veneer FOB Callao port	US$ per m³
Lupuna 3/Btr 2.5mm	221-249
Lupuna 2/Btr 4.2mm	234-266
Lupuna 3/Btr 1.5mm	219-228

Export Plywood Prices

Peru plywood, FOB Callao (Mexican Market)		US$ per m³
Copaiba, 2 faces sanded, B/C, 15mm		328-365
Virola, 2 faces sanded, B/C, 5.2mm		466-489
Cedar fissilis, 2 faces sanded.5.5mm		759-770
Lupuna, treated, 2 faces sanded, 5.2mm		373-399
Lupuna plywood	B/C 15mm	413-441
	B/C 9mm	366-385
	B/C 12mm	350-360
	C/C 4mm	389-425
Lupuna plywood B/C 4mm Central Am.		370-393

Domestic Plywood Prices (excl. taxes)

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

Domestic Prices for Other Panel Products

Peru, Domestic Particleboard	US$ per m³
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 m³
Cabreuva/estoraque KD12% S4S, Asian market		1296-138
Cumaru KD, S4S	Swedish market	950-1094↑
	Asian market	1139-1162↑
Cumaru decking, AD, S4S E4S, US market		1274-1339↑
Pumaquiro KD Gr. 1, C&B, Mexican market		479-554
Quinilla KD, S4S 2x10x62cm, Asian market		493-519
2x13x75cm, Asian market		732-815

Report from Guyana

Promoting best practices in the timber industry

The Forest Products Development and Marketing Council has been working to upgrade the sawmill and downstream processing industries. Currently the focus is on a promotional video for best practices in timber processing in sawmill and lumberyards.

Additionally the Council continues to work with stakeholders to improve the quality of processed forest products for the domestic and export market through targeted industry development initiatives and provides appropriate market information to the stakeholders.

Export prices

There were exports of greenheart, purpleheart or mora logs in the period reviewed.

Logs, FOB Georgetown	US$ price per m³		
	Std	Fair	Small
Greenheart	180	160-170	-
Purpleheart	200-220	220	-
Mora	-	115	-

Export Sawnwood Prices

Sawnwood, FOB Georgetown		US$ price. per m³	
EU and US markets		Undressed	Dressed
Greenheart	Prime	1820	-
	Standard	-	650-2580
	Select	600-1018	-
	Sound	500-763	-
	Merchantable	-	-
Purpleheart	Prime	-	-
	Standard	-	650-1500
	Select	1050	-
	Sound	-	-
	Merchantable	-	-
		-	
Mora	Prime	-	-
	Select	795	-
	Sound	450	-
	Merchantable	-	-

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

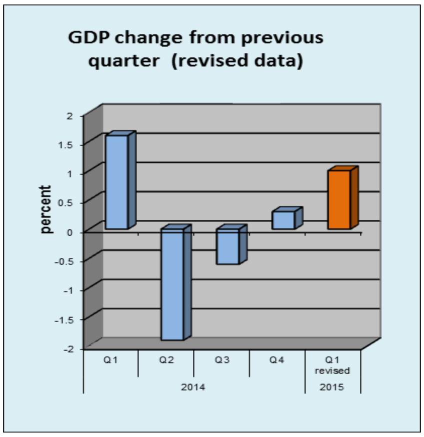
Export plywood prices

Plywood, FOB Georgetown Port			US$ Avg unit val. per m³
Baromalli	BB/CC	5.5mm	No export
		12mm	360-584
	Utility	5.5mm	No export
		12mm	No export

Report from Japan

GDP revised sharply upwards

Japan's economic growth increased faster than expected in the first quarter. Revised data showed the economy performed the best since the consumption tax rise last year. While the January-March quarter growth was boosted by better than forecast consumer spending and by expanded corporate investment, economists anticipate slower growth in second quarter. On a quarterly basis the economy grew 1% compared with the initial 0.6% estimate.



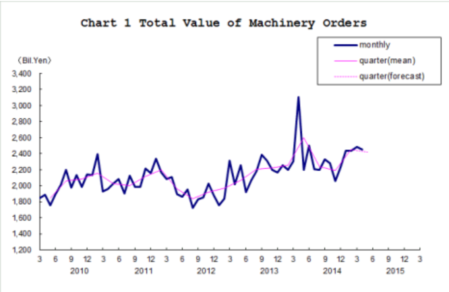
Source: Cabinet Office, Japan

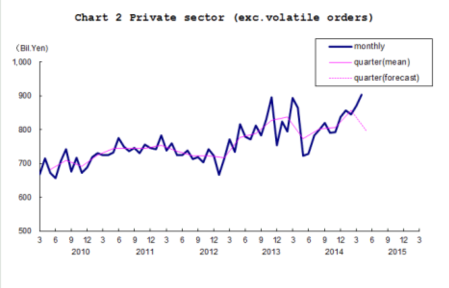
On the down side, consumer spending, while better than forecast, was still the lowest level since last summer in April, and industrial output may well have contracted this quarter. The first quarter data suggest the Japanese economy is gradually recovering from the negative impact of the consumption tax increase.

Machinery orders highest since 2008

April private-sector machinery orders (excluding volatile orders) rose a seasonally adjusted 3.8% month on month marking the second consecutive improvement as companies showed more willingness to investment in anticipation of a stable economy (see graphic below).

The value of machinery orders (excluding volatile orders) in April were the highest since July 2008. In its latest assessment the Cabinet Office wrote “orders have been picking up," the first time on months that such a positive statement has been seen. Business investment in Japan accounts for around 15% of Japan's GDP and is closely monitored.



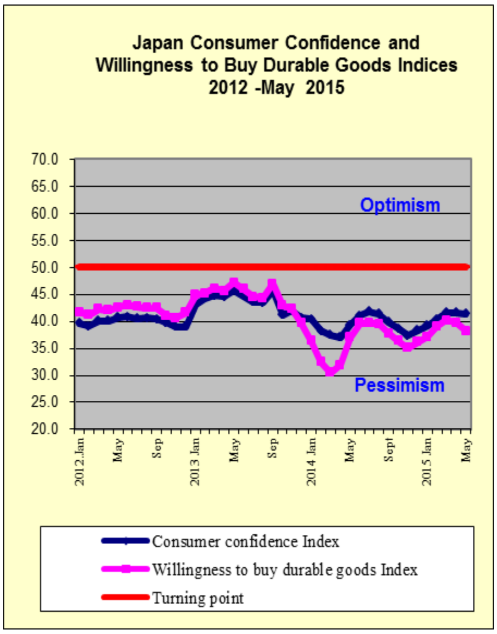


Consumer confidence index falls unexpectedly

Japanese consumer sentiment fell unexpectedly in May according to data released by the cabinet Office.

The seasonally adjusted overall consumer confidence index fell to 41.4 in May from 41.5 in April confounding economist who had expected a rise.

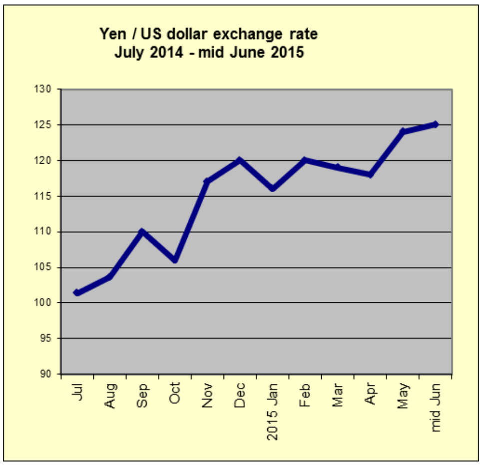
The livelihood index rose to 38.8 and the income growth index increased to39.8 but the indicator for employment fell as did the willingness to buy durable goods.



Yen falls then rebounds from 14 year low

The yen weakened below 125 to the US dollar hitting a 14 year low as traders moved to the US currency in anticipation of an interest rate rise. Over the past weeks the dollar has strengthened against most major currencies.

However, the slide in the yen was brought to a halt by comments from Bank of Japan Governor who signaled the Banks preference for currency stability which was interpreted as possible support for the yen by the Bank.



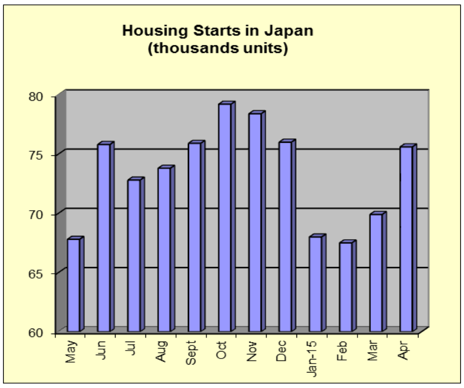
Land prices mirror urban/rural divide

The Ministry of Land, Infrastructure, Transport and Tourism, in its latest annual survey shows that commercial land prices have stopped falling in urban areas for the first time in seven years as urbanites benefit from the modest economic growth most.

However, nationwide residential land prices fell 0.4% last year but the pace of decline showed signs of easing.

The highest land price in Japan was yen 33.8 million (about US$273,000) per square metre in the heart of the Tokyo commercial district.

However, around 75% of the prefectures in japan posted year-on-year declines in land prices a clear sign of the gap in an economic recovery between the main urban areas and the countryside.

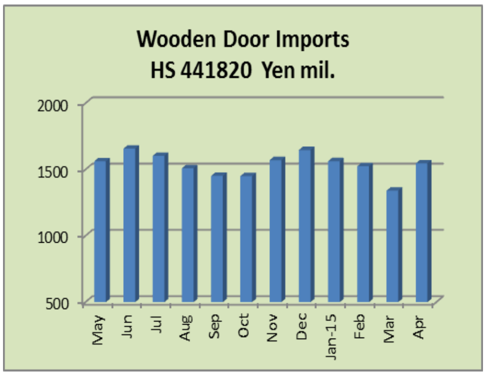


Source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Import round up

Doors

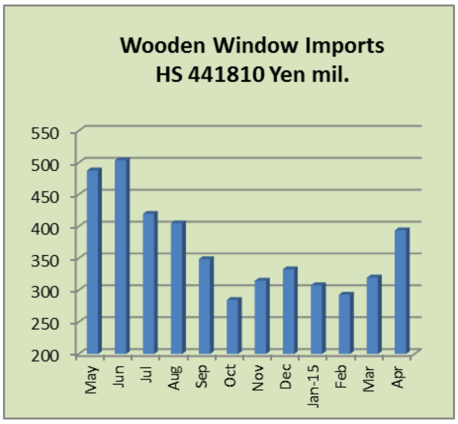
Japan's imports of wooden doors reversed course in April rising 15% from March but compared to levels in April 2014 imports were down 17%. China, Philippines and the USA are the main suppliers accounting for approximately 87% of total wooden door imports.



Data source: Ministry of Finance, Japan

Windows

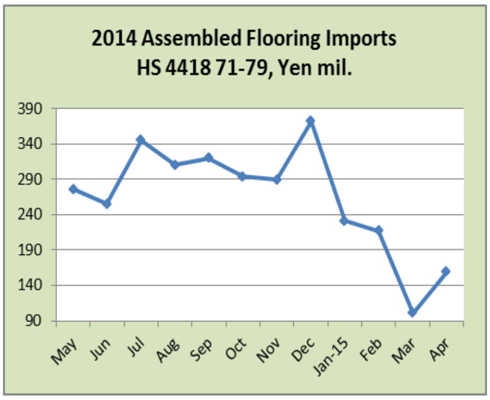
Wooden window imports to Japan in April 2015 were up 23% from March but year on year April 2015 imports were down 19%.



Data source: Ministry of Finance, Japan

Assembled flooring

April 2015 imports of assembled flooring were up a massive 57% compared to levels in March but this disguises the fact that year on year, April 2015 imports were some 24% down.

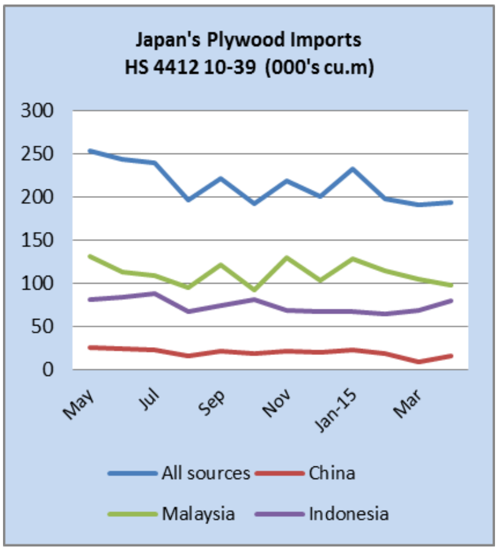


Data source: Ministry of Finance, Japan

Plywood

Malaysia maintained its position as the number one supplier of plywood to Japan in April but Indonesian exports of plywood to Japan rose almost 18% to around 80,000 cu.m.

Of particular note was the almost doubling of plywood imports from Chinain April. However, April 2015 imports from the top three suppliers Malaysia, Indonesia and Chinawere lower than in April a year earlier.



Data source: Ministry of Finance, Japan

Plywood imports

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

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

Imported South Sea (tropical) hardwood plywood market
Inventories of concrete forming South Sea hardwood panel have been gradually digested. Sarawak plywood suppliers are bullish because of log shortage but due to depressed market in Japan.

Future purchase is getting down and order balances are getting less now so only concern is port inventories in Japan.

In Sarawak, log production continues low by tight control of illegal harvest by the provincial government so major plywood mills' experience 50% of log purchase volume compared to normal time so that their operation is down by half. Some smaller mills are forced to shut-down.

Local plywood mills retrain from accepting orders from Japan because of critical log supply situation. The mills are not able to figure out future log prices in decreased log production and they take plywood orders within limit of log availability with reasonable prices and they have to increase the prices for future production.

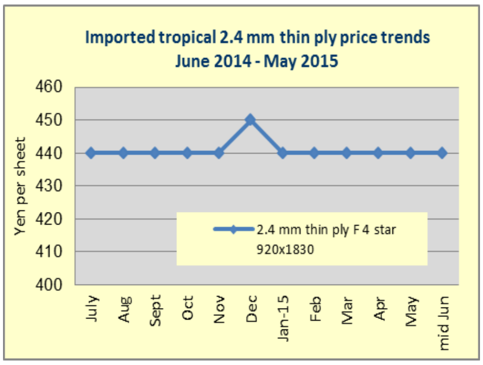
The importers have to buy limited future volume since there is wide gap between stagnant market prices in Japan and the spiraling suppliers' asking prices.

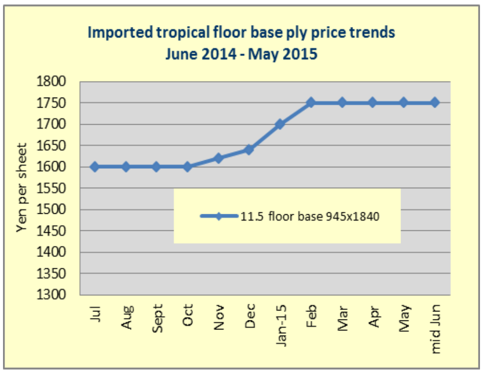
The situation has not changed since December last year when the monthly average yen's exchange rate dropped down to 118 yen per dollar, which reflected low arrivals of 224,200 cbms in March.

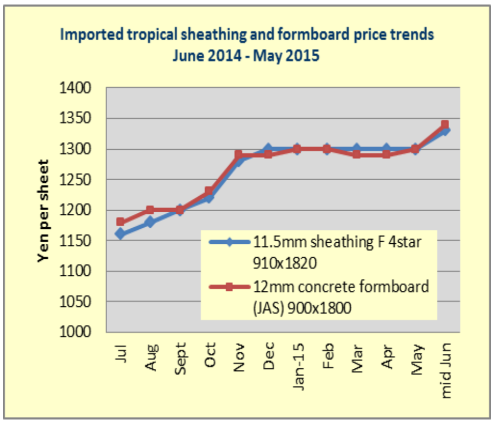
As a result of low arrivals, congestion of ships in major ports in Japan since late last year is finally coming to end but shipment of the cargoes from ports are slow so that the supply seems excessive as long as port inventories are concerned.

Now some importers have no more order balance with Sarawak suppliers and other future purchase volume is being held down minimum.

Orders for speculative items like concrete forming panel are very little and the importers have only half of what they request in volume for future purchase. Accordingly, low level monthly arrival seems to continue.







Export duty on Canadian softwood lumber for the U.S. market
A duty imposed on Canadian softwood lumber shipped for the U.S. market will be 10% since June shipment. Housing starts in the U.S.A. during the first quarter were slow in winter months and lumber export for Japan and China decreased so that sawmills' operation in the U.S.A. is way down with high lumber inventory.

In particular, China reduces purchase of North American lumber largely while it increases purchase from Russia and Europe because of advantage of exchange rate.

South Sea (tropical) logs
Log market in supplying regions is all firm for export to Japan. Sabah and Sarawak in Malaysia are in dry season now so weather is ready for log production but log production drops down to 50% of normal time because the government is taking severe control on illegal harvest.

In middle of May, the Malaysian government stepped up to investigate tax evasion by illegal logging and frozen bank accounts of log industry people in Sarawak.

In Sabah, the same measures are taken but it is reported that there is no influence on production and business of plywood operations by this investigation.

By low log production, log market has been firming. India has started buying logs again in April after some break in March and log prices of keruing and kapur are climbing.

Kapur prices are up to US$400 per cbm FOB from US$360 in April and keruing prices are US$410-420 from US$370. Low grade meranti for India is also up to US$280 from US$260, which pushes log prices for Japan.

Log prices for Japan are US$290-300 per cbm on yellow meranti regular and US$250-260on meranti small.

In PNG, log prices for China dropped by US$10-20 after China curtailed log purchase due to demand slump in China. It is reported that hardwood log inventories in China are four months or 1,300—1,400,000 cbms.

India is increasing sending more ships to PNG because of tight supply in Sarawak.

Sales of logs and lumber auction markets
There are twelve logs and lumber auction markets in Tokyo region. Log suppliers and lumber mills sent logs and lumber to sell their products by auction. Sawmillers come to buy logs and lumber wholesalers come to buy lumber including imported lumber.

Total sales amount in twelve markets in April was 1,459 million yen, 11.7% more than April last year, which is the first increase since March last year. However, compared to March this year, it is 1.6% down. Average unit price was 62,578 yen, 5.8% down from April last year.

Total sales in 2014 were 19,499 million yen, 7.9% less than 2013. Peak of monthly sales were 2,230 million yen in March, 36.6% more than the same month a year ago then April sales were down by 22.6% at 1,359 million yen. Since then monthly sales had stayed lower than a year ago level.

Report from China

Exports via the Eurasian Land Bridge
According to the latest news from Heilongjiang Entry-exit Inspection and Quarantine Bureau, a small shipment of wooden furniture from a local manufacturer will be exported overland to Germany.

The shipment will departure Zhengzhou to arrive in Hamburg within 15 days. This marks the first shipment from Heilongjiang province via the 'Eurasian Land Bridge'.

Heilongjiang Entry-exit Inspection and Quarantine Bureau has been actively promoting the national strategy for a "One Belt, One Road" which was conceived to support export-oriented enterprises by reducing logistics costs.

It is expected that more exports will be made overland as considerable cost savings can be achieved.

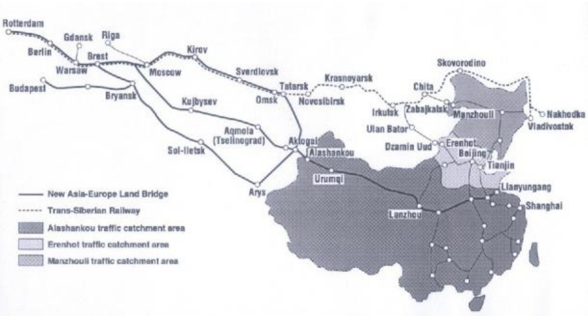
Heilongjiang Province is located in the centre of Northeast Asia and is an important hub for the first Eurasian Land Bridge and Air Corridor and is also an important provinces for China's trade with Russia.

Heilongjiang Province is also promoting the Longjiang land and Sea Silk Road Economic Belt in the eastern part of China. The "One Belt, One Road" strategy direction is primarily east to west.

There are two starting points:

- Dalian port to Harbin and to Manchuria port and Tongjiang port for other parts of China and overseas.for other countries.
- Vladivostok, Russia as a starting point, to Suifenhe, to Manchuria, Tongjiang or Mohe ports and overseas.

After departing China goods travel via Siberia, the Baikal-Amur Mainline and on to the Baltic Sea coast and Hamburg and Rotterdam.



Source: http://en.wikipedia.org/wiki/Eurasian_Land_Bridge

Support for overseas investment in processing by domestic enterprises

The State Forest Administration has estimated that China can provide around 50% of its timber requirements from domestic sources. The SFA says, provided the volume of imported timber is no more than 60% of national needs, then timber security can be guaranteed.

Recognising that many countries have mature forest resources the SFA is supporting Chinese companies invest in processing capacity overseas.

Fire ants found at Fujian port

Recently fire ants were found in Pau rosa logs from Guyana for the first time by the Fujian Entry-exit Inspection and Quarantine Bureau. The batch of Pau rosa logs was sealed after fumigation treatment to prevent ant infestation.

The fire ants are found in tropical and subtropical areas of South America. They can be a serious problem for livestock. It has also been found that fire ants can damage power supply systems by biting cables.

High value sandalwood imported through Xiamen port

Recently 80 cubic metres of lobular red sandalwood valued at US$3,160,000 were imported through Xiamen port for the first time. At US$39,500 per cubic metre, the average unit price for imported Lobular red sandalwood is highest for any imported timber species through Xiamen port.

This batch of precious wood is listed in CITES but was imported from India where the government conducted a public auction of sandalwood confiscated over the years. This ale was sanctioned by CITES and the Indian Government.

Shanghai Imported Wood Exhibition 2015

The 4th Imported Wood (Shanghai) Exhibition 2015 along with the Imported Wood Supply and Marketing Forum will be held at Shanghai New International Expo Center from 30 June to 2 July. The exhibition will run concurrent with the 25th ES BUILD Green Architecture and Construction Materials.

The theme of the main exhibition is 'strengthening international exchanges and promoting timber trade' and opportunities for business dialogue will be provided.

The area of exhibition is over 120,000 square metres and the the number of visitors is expected to exceed 80,000. Participants from around 20 countries such as the USA, Russia, Europe and SE Asian countries will attend. The details see http://en.hw.shjzexpo.com.cn/

Guangzhou Yuzhu International Timber Market Wholesale Prices

Logs

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

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

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

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

Sawnwood

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

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

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

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

Shanghai Furen Forest Products Market Wholesale Prices

Logs

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

Sawnwood

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

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

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

Zhangjiagang Timber Market Wholesale Prices

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

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

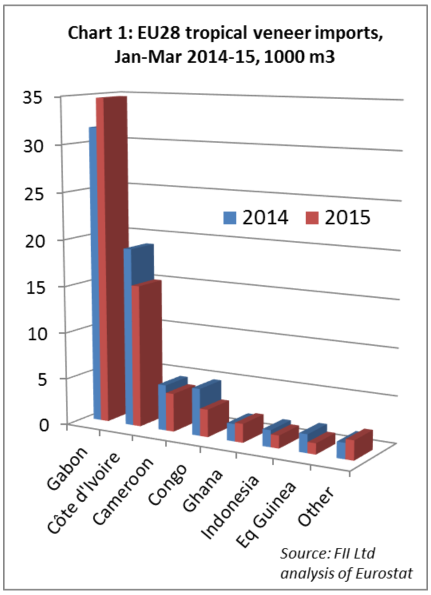
Logs, all grades	yuan/tonne
Amoora	1900-2080
Calophyllum	2150-2350
Red ganarium	1300-1400
Gray Canarium	1100-1200
Red-brown terminalia	1680-1750
Basswood	1200-1400
Sureni toona	1500-1650
Bunya	1400-1550
Walnut	2900-3350

Report from Europe *

EU tropical veneer imports down 6%

EU imports of tropical hardwood veneer were 63,550 cu.m in the first quarter of 2015, 6% down on the same period in 2014. Imports from Gabon, the largest supplier, were 10% up at 34,744 cu.m.

This gain failed to offset falling imports from Côte d'Ivoire (-20% to 15,189 cu.m), Cameroon (-16% to 4,085 cu.m), and the Republic of Congo (-42% to 2938 cu.m) (Chart 1).



The rise in imports from Gabon in the first quarter 2015 compares to very depressed imports in the same period of 2014 following a change in Gabon's GSP status.

Buyers had taken steps to build stocks in the last quarter of 2013 to beat the anticipated rise in EU import duty from 3.5% to 7% which came into effect on 1 January 2014.

The EU subsequently suspended the GSP tariff for okoume veneer from Gabon on 24 June 2014 and backdated the suspension to 1 January 2014.

The suspension was designed to support Europe's domestic manufacturers of tropical hardwood plywood which are concentrated in the Poitou-Charentes region of France.

The 0% tariff on okoume veneer from Gabon is now expected to apply at least until the next GSP review on 31 December 2018.

Following suspension of the tariff in mid-2014, EU imports of tropical hardwood veneer from Gabon have averaged around 12,000 cu.m per month. Imports were averaging around 10,000 cu.m per month in the first 11 months of 2013 before surging to 20,000 cu.m in December of that year.

Declining imports of hardwood veneer from countries other than Gabon imply that tropical wood continues to lose share in Europe's sliced veneer sector.

In line with prevailing fashion in the European flooring and furniture sectors, Europe's sliced veneer market is now heavily dominated by oak.

Supply problems for European oak veneer

Europe's heavy reliance on a single hardwood species (oak) may now be creating problems for manufacturers. A recent article in the German trade journal EUWID suggests that large-scale veneer plans in eastern and south-eastern are now suffering from severe shortages of oak.

The scarcity is particularly evident for mass-produced veneers used by veneered panel and furniture manufacturers. There is also limited supply of thick-cut oak veneers used in the European flooring industry at a time when demand from this sector is just beginning to pick up again.

EUWID notes that prices for some specifications of oak veneer have risen by up to 20% since the middle of last year.

EUWID attributes lower availability of high-quality oak for the European veneer industry to a variety of factors including competition on procurement markets from barrel manufacturers and Asian buyers and lack of availability of supply from Ukraine.

The latter is said to be due mainly to concern over lack of reliable evidence of legality in Ukraine following implementation of EUTR. This is a more significant factor than to the political situation which has had only a minor effect on timber harvesting.

However the supply of Ukrainian oak to the European veneer seems certain now to become even more restricted following the decision of the Ukrainian Parliament, on 9 April 2015, to pass law #1362 which bans log exports.

The tight supply situation and rising prices for oak veneer has some potential to create new market opportunities for tropical hardwood veneer.

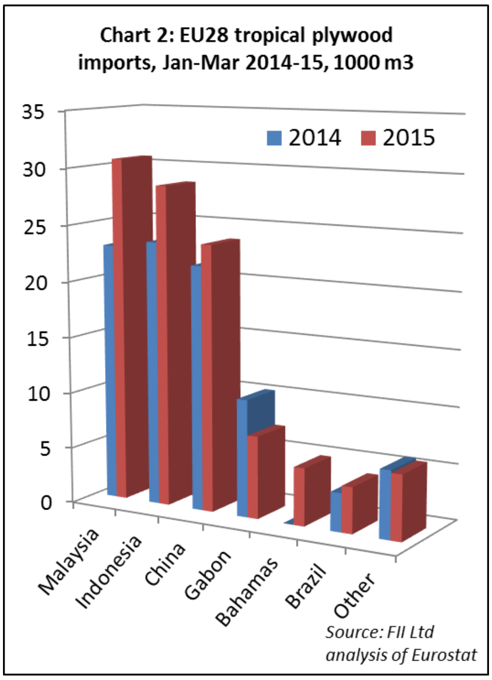
However EUWID also warns that exports the availability of popular tropical veneer species such as zebrano and macassar is an issue. This is is due both to firm demand in other markets and to concerns over the reliability of legality documentationr to satisfy EUTR requirements.

19% increase in EU imports of tropical hardwood plywood

EU imports of tropical hardwood plywood were 105,201 cu.m in the first quarter of 2015, 19% more than the same period in 2014. Imports from Malaysia, the largest supplier, were 33% up at 30,658 cu.m.

There were also significant gains in imports from Indonesia (up 21% to 28,521 cu.m) and China (up 9% to 23,675 cu.m). After several years of decline, imports from Brazil increased by 19% to 4090 cu.m during the period.

For the first time ever, the Bahamas has emerged as a significant supplier in 2015, contributing 5124 cu.m in the first quarter of the year. However imports from Gabon were down 30% at 7328 cu.m during this period (Chart 2).



Over 80% of all EU imports of tropical hardwood plywood in the first quarter of 2015 was destined for only four Member States. In declining order of significance, these were the UK, Belgium, Netherlands and France.

In the 12 months to March 2015, there has been a consistent increase in demand for tropical hardwood plywood in both the UK and Netherlands. Demand has been more changeable in France and Belgium during this period, but imports of tropical hardwood into both countries began 2015 more strongly than in 2014.

The sharp year-on-year rise in EU plywood imports from Malaysia in the first quarter of 2015 is partly explained by particularly low levels of trade during the same period in 2014.

Malaysia lost GSP preferential tariff status from 1 January 2014 which contributed to a spike in EU imports from Malaysia in the closing months of 2013 followed by a slowdown in early 2014.

European imports of Indonesian plywood benefitted during the first quarter of this year from stronger construction sector activity, particularly in the UK and Netherlands, and from more regular break-bulk shipments.

However, there has also been intense competition from European birch plywood which has been readily available at relatively low prices during 2015.

The extreme weakness of the rouble against both the euro and the dollar has particularly boosted the price competitiveness of Russian birch plywood. EU imports of Indonesian plywood are widely expected to have been weaker in the second quarter than in the first quarter of 2015.

Although imports of okoume plywood from Gabon were slow in the first quarter of 2015, recent reports in EUWID indicate that overall European demand for okoume plywood has been reasonable this year.

Ordering of okoume plywood by the construction industry has been quite lively, particularly for interior remodelling and especially in the Netherlands. There’s also been a slow rise in okoume plywood consumption in the boat industry. The French market, while still subdued, has regained a little ground this year.

Improved demand combined with limited supply, especially for FSC certified material, has allowed okoume plywood manufacturers to push through minor price increases this year. Lead times for delivery are also becoming more extended.

Given the low level of import of finished plywood from Gabon, the signs are that this trend is benefitting Europe’s domestic manufacturers of okoume plywood more than Gabon-based operations.

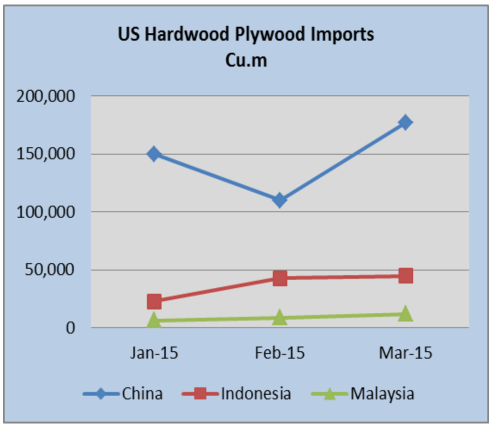
* The market information above has been generously provided by the Chinese Forest Products Index Mechanism (FPI)

Report from North America *

US March imports of processed wood products increased significantly from a month earlier. The growth in imports signals that the decline in February was mostly related to the severe winter weather in parts of the country.

China leads hardwood plywood shipments to US
US imports of hardwood plywood grew by over 40% from February to March. Total imports were 300,705 cu.m. in March with over half coming from China.

At 177,074 cu.m. hardwood plywood imports from China were higher than any time in 2014 . Year-to-date imports (January to March) were 28% higher than in 2014.



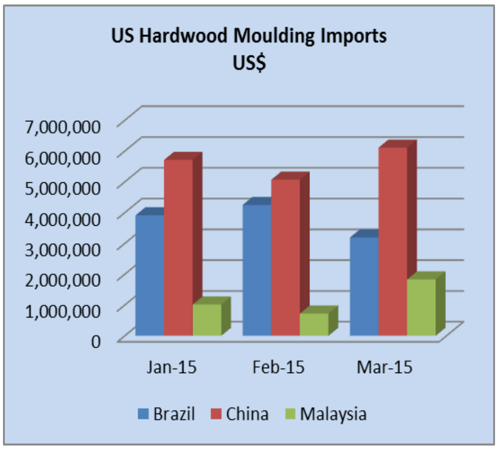
Data source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics

Imports from other hardwood plywood suppliers also grew in March, but at a slower pace than imports from China. Indonesian shipments to the US increased 5% month-on-month to 44,701 cu.m.

Hardwood plywood imports from Malaysia were 12,114 cu.m. in March and year-to-date imports were unchanged from the same time last year. Year-to-date imports from Russia, Canada and Ecuador were lower than in March 2014.

China secures major share of market for imported mouldings
Imports of hardwood mouldings grew 15% to US$16.0 million. China increased its share of total US imports of hardwood mouldings to 37% based on the value of imports year-to-date 2015. Moulding imports from China were worth US$6.1 million in March.

Hardwood moulding imports from Brazil declined from February to US$3.2 million, but year-to-date imports are still higher than at the same time last year. Moulding imports from Malaysia were also higher (+19%) compared to 2014, while imports from Canada declined.



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

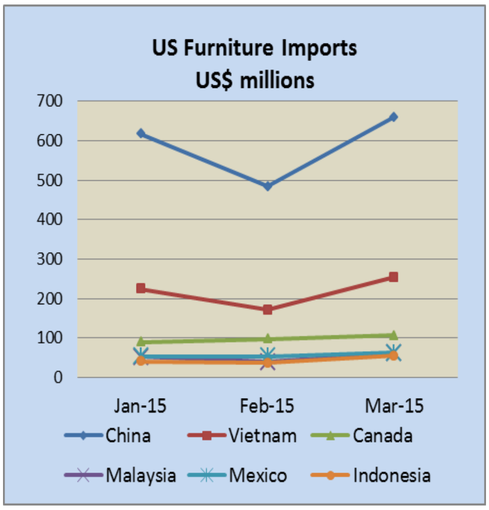
Vietnam becoming major flooring supplier to US
US hardwood flooring imports increased by 30% in March from February to US$3.5 million, while imports of assembled flooring panels increased 20% to US$12.6 million. Imports from all major suppliers increased compared to last year.

China surpassed Malaysia and Indonesia in March at just under US$1million in hardwood flooring shipments. Imports from Malaysia were worth US$895,686 in March. The largest month-on-month growth was in flooring panels from Vietnam.

Historically Vietnam exported little flooring to the US market, but shipments of engineered flooring and similar assembled panel flooring surpassed the US$1 million mark in March this year.

Almost half of all assembled flooring panels came from China in March (US$6.2 million), a year-to-date increase of 44%. Indonesia shipped almost 800,000 worth of flooring panels and increased its share in total imports compared to the same time last year.

China and Vietnam regain furniture market share
US wooden furniture imports recovered from the decline recorded in February. March wooden furniture imports were worth US$1.40 billion, up 37% from February. Year-to-date imports were 13% higher than in March 2014.



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

Both China and Vietnam regained the market share they had lost in recent months. Furniture imports from China were worth US$660.3 million in March. Year-to-date imports were 16% higher than in March 2014. China's share in total US furniture imports to date in 2015 was 48%, up one percentage point from 2014.

Vietnam's furniture import share was 18%, up from 17% in March 2014. Imports from Vietnam were US$254.0 million in March.

Wooden furniture imports from most other countries grew as well from the previous month, including imports from Europe. However, year-to-date imports from Malaysia and Indonesia were slightly lower than at the same time last year.

Spring increase in furniture retail sales
Retail sales at furniture stores in the US increased significantly from February to March (+11%), according to US Census Bureau data. Furniture sales were 3% higher than in March 2014.

Unemployment unchanged, GDP growth down
In April, both the unemployment rate (5.4%) and the number of unemployed persons (8.5 million) were essentially unchanged from the previous month. However, the number of jobs in construction increased.

In the first quarter of 2015 US GDP increased at an annual rate of 0.2%, according to the preliminary estimate from the US Department of Commerce. Economic growth slowed from 2.2% in the fourth quarter of 2014.

Imports increased in the first quarter, which contributed to the lower GDP growth. Similar to last year, severe winter weather has had a negative effect on the economy in the first quarter of the year.

Higher output in wood products and furniture manufacturing industries
Economic activity in the manufacturing sector expanded in April, according to the Institute for Supply Management. Both production and new orders increased from March. Lower energy prices in April supported growth in manufacturing.

The wood products and furniture manufacturing industries reported production growth. In the furniture industry, finding qualified employees remains difficult for some companies.

Interest hike likely to affect wood product demand
Consumer confidence in the US rebounded in April following the decline in March. Despite low economic growth in the first quarter, consumers expect higher personal incomes in 2015. Lower gas prices also supported consumer confidence.

A growing majority of economists expects that US interest rates will start to increase in September. The Wall Street Journal surveys economists every month, and in May 73% of the economists expected a rate increase in September.

Higher rates will have a negative effect on construction and therefore wood product demand. It is difficult to predict how significant the effect will be for the housing market and non-residential construction.

Housing starts up in March
The gradual recovery in the housing market continued in March. Housing starts rose by 5% to a seasonally adjusted annual rate of 944 million units in March, according to data from the Commerce Department. Single-family starts grew 6% to 628 million homes.

Home construction increased in the Northeast and Midwest, but declined in the South and West.

Builders' confidence in the market for newly built single-family homes improved in April, according to the National Association of Home Builders. Home sales are expected to increase in spring, supported by low interest rates and growth in jobs. Builders are confident the market will continue to improve throughout 2015.

Tight credit conditions hinder home sales
While home construction grew, sales of new homes declined despite low mortgage rates and a stronger economy. Sales of newly built, single-family homes fell 15% in March (seasonally adjusted annual rate), according to data by the US Department of Housing and Urban Development and the US Census Bureau.

Tight credit conditions prevent many first-time buyers and young people from buying homes, according to the National Association of Home Builders.

Resilient Canadian construction sector despite shrinking economy

Canada's economy shrank 0.6% in the first quarter of 2015, the first decline in GDP in four years. Mining, oil and gas extraction fell 30% in the first quarter because of low oil prices. Business investment also declined. Manufacturing and exports decreased despite a weaker Canadian dollar.

The forestry sector was among the few industries that expanded in the first quarter.

Canadian housing starts increased 25% in March to 190,000 at a seasonally adjusted annual rate. However, the overall trend in home construction has moved lower since last year.

The March increase was entirely in multi-family construction, while single-family home starts declined. Multi-family starts are expected to grow even more this spring, based on the number of building permits issued.

Growing flooring market share forecast for domestic producers

US demand for hard surface flooring is forecast to grow over 6% per year to 2019. A new market research report by Freedonia (Hard Surface Flooring, Study # 3284) forecasts higher demand due to new construction, renovation and repair of buildings.

A second demand driver is replacement of carpeting for better durability, appearance and lower maintenance.

Freedonia estimates total hard surface flooring demand in 2019 at US$16.7 billion or US$1 billion sq.m. However, the largest growth will not be in wood flooring, but in vinyl flooring. Luxury vinyl tiles are very popular in residential and non-residential buildings for their ability to copy the appearance of hardwood flooring and tile.

Demand for hardwood flooring will also grow, but at a lesser rate than vinyl. Laminate flooring is expected to lose market share to vinyl wood imitation flooring.

New residential construction and renovation will account for the largest share of total wood flooring demand. The continuing recovery in the housing market will fuel demand for all types of hard surface flooring, including wood.

Non-residential construction, such as offices and commercial buildings, will also increase. Wood flooring demand for non-residential applications will grow in the next five years, but at a lesser rate and from a smaller volume than residential flooring.

Wood flooring imports have recovered since the US economic recession. The import value of hardwood flooring and assembled wood flooring panels was US$168.8 million in 2014, an increase by one third from 2010.

However, the market share of domestically produced hard surface flooring is expected to increase, according to the Freedonia report. Favourable costs of production in the US, including low energy cost, will encourage companies to expand existing plants or open new plants in the US.

US retailer Lumber Liquidators suspends sales of laminate flooring from China

Lumber Liquidators is conducting a review of their purchasing programme for laminate flooring from China. This includes the formaldehyde emission certification and labelling process by their suppliers in China.

The review is not yet complete, but in early May Lumber Liquidators decided to suspend sales of all laminate flooring made in China.

The decision was made because of growing industry and consumer concerns. The company is purchasing laminate flooring from other suppliers until the review is complete.
From March Lumber Liquidators has provided indoor air testing kits to customers who bought laminate flooring made in China.

This was in response to a media report earlier this year that found elevated levels of formaldehyde in laminate flooring sold by Lumber Liquidators. About 11,000 households used the free test kits.

The majority of households had formaldehyde emissions that were within the guidelines set by the World Health Organization. However, around 2% of tested households exceeded the safe formaldehyde level.

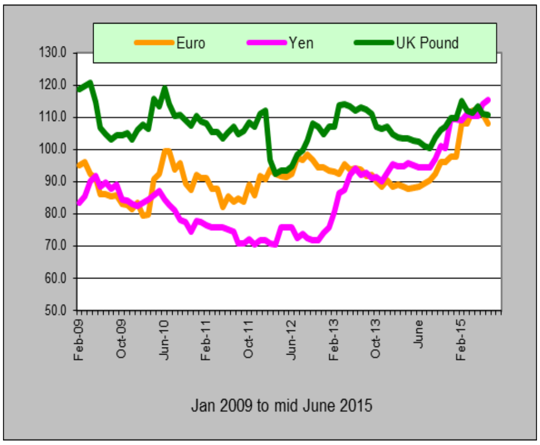
* The market information above has been generously provided by the Chinese Forest Products Index Mechanism (FPI)

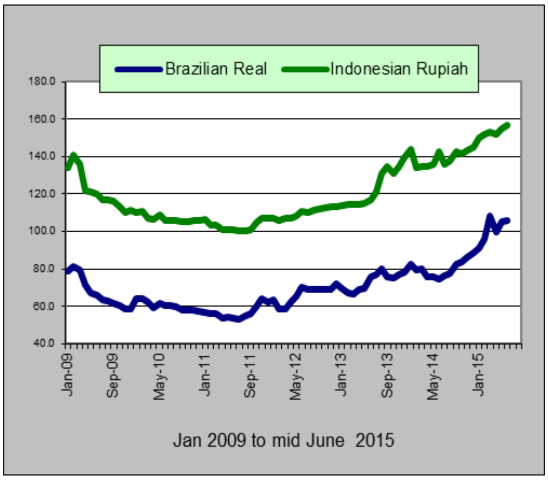
US Dollar Exchange Rates

As of 10 June 2015

Brazil	Real	3.1199
CFA countries	CFA Franc	584.63
China	Yuan	6.2068
EU	Euro	0.8875
India	Rupee	64.1
Indonesia	Rupiah	13328
Japan	Yen	122.40
Malaysia	Ringgit	3.7481
Peru	New Sol	3.1548
UK	Pound	0.6426
South Korea	Won	1112.17

Exchange rate index (Dec 2003=100)



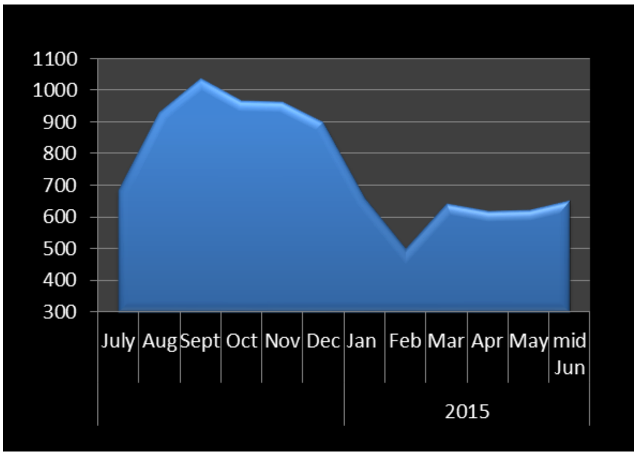


Abbreviations and Equivalences

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

Ocean Freight Index

Baltic Supramax Index
June 2014 – May 2015

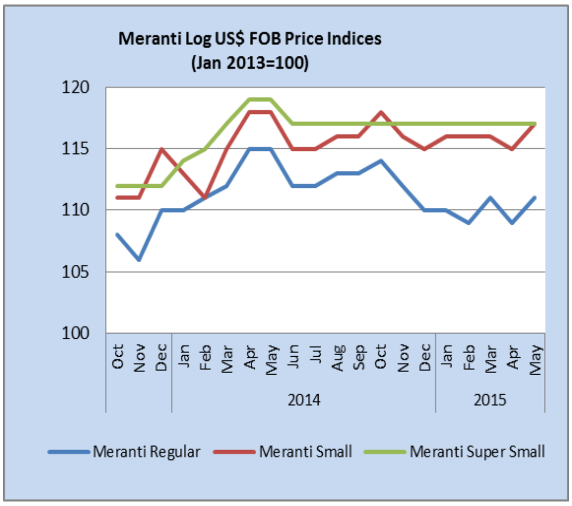


Data source: Open Financial Data Project

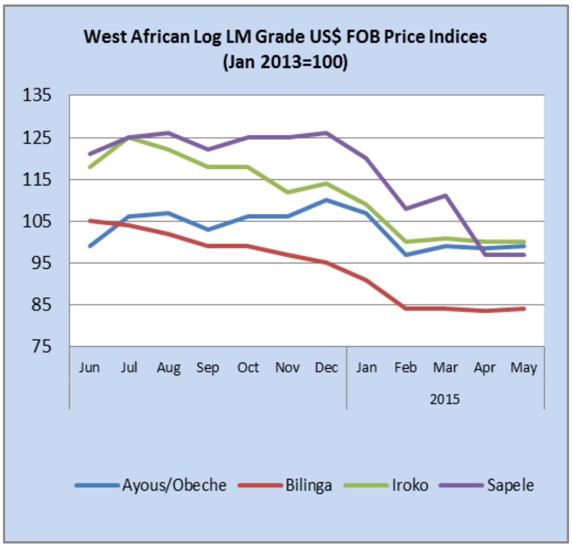
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

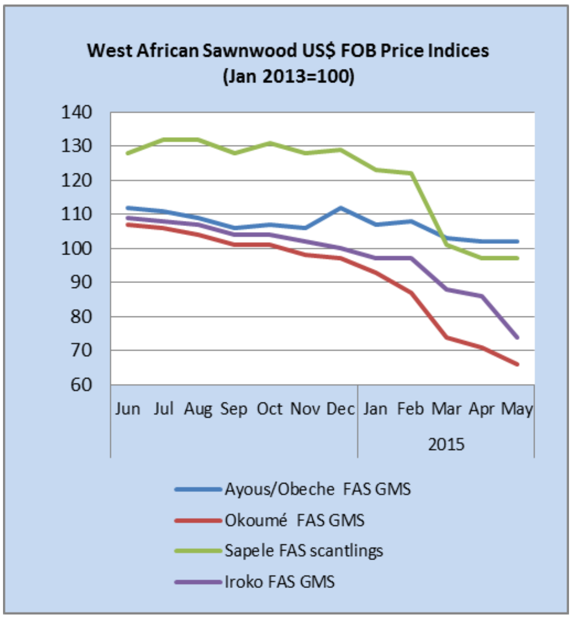
Price indices for selected products

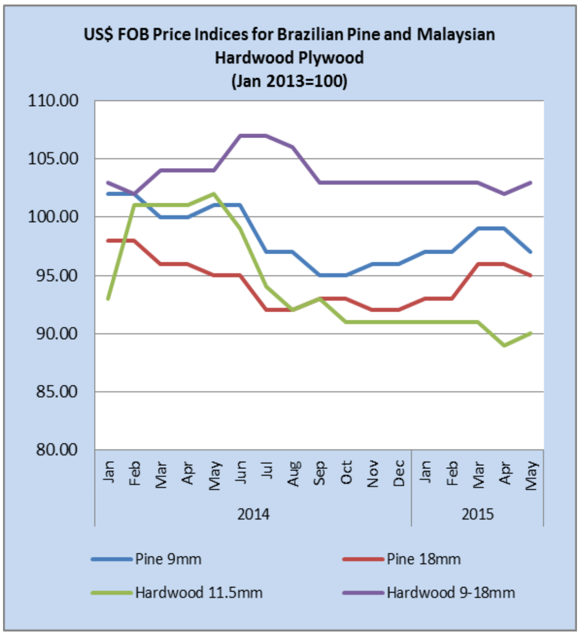
The following indices are based on US dollar FOB prices.

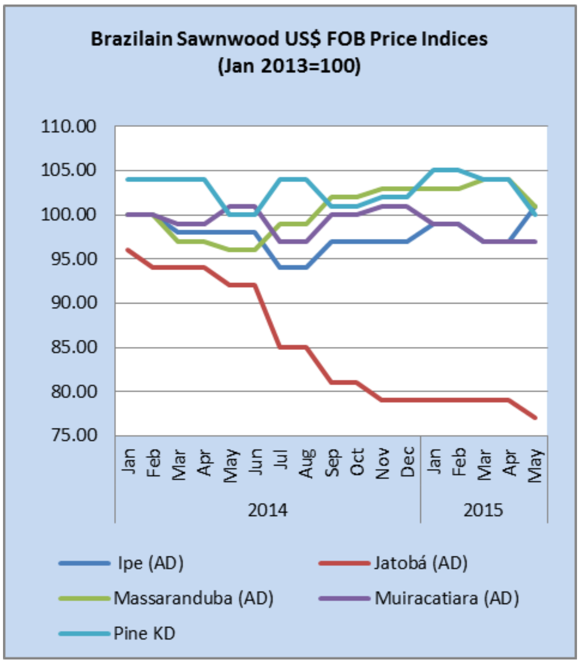


Note: Sarawak logs for the Japanese market









Note: Jatobá is mainly for the Chinese market.

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