

Tropical Timber Market Report

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Top Story

Vietnam jumps to top of ASEAN wood product exporters

In the first half of 2019 Vietnam jumped to the top of the list of ASEAN wood products exporters. It also became the 5th largest globe wood product exporter.

The US, EU, Japan and Korea accounted for over 80% of Vietnam's wood product exports in the first six months of 2019. Exports contribute to the development of the national forest sector which now supports millions of jobs.

See page 9

A Forest Products Industry International Forum:

'Together Towards Global Green Supply Chains'

Save the dates:

22-25 October 2019, Shanghai

For more go to: itto.int

Central and West Africa

Cameroon sawnwood exports do well in EU and US

The Cameroon media has quoted the Forestry Ministry as reporting 2018 revenues from the sector as CFA32 billion, more than double that in 2017.

The better than expected earnings were the result of firm demand in international markets, better recovery rates in local operations and the impact of the concession auction process. The official data shows Cameroon exported 1.143 million cubic metres of wood and almost 2,260 tonnes of non-wood forest products worth CFA2.33 billion.

See: <https://www.businessincameroon.com/economy/0307-9287-cameroon-forest-revenues-grew-122-yoy-to-xaf32-billion-in-2018>

EU imports of tropical sawnwood increased 15% to 184,000 MT in the first quarter of 2019 compared to the same period in 2018 and EU imports from Cameroon, which dipped in the first quarter of last year, increased by 22% to 60,000 MT this year.

Overall, EU imports of tropical sawnwood increased 15% in the first quarter of 2019 compared to the same period in 2018 and the 22% rise in imports from Cameroon was encouraging.

The US is not a major market for West African sawnwood and the top four African sawnwood shippers to the US accounted for just 18% of all US sawnwood tropical hardwood imports in the first quarter of 2019 with Cameroon taking the largest market share at 9% (see table below).

US tropical sawn hardwood imports Q1 2019

	Q1 2019 cu.m	% of US total
US total imports	65,198	
of which		
Cameroon	5,946	9.0
Congo (Brazzaville)	3,623	5.5
Ghana	2,079	3.0
Cote d'Ivoire	308	0.5
4 country total	11,956	18.0

Data source: US Commerce Department

Year on year, first quarter 2019 US imports of sawnwood from Cameroon expanded 48% compared to the 18% increase for shipments from the Rep. of Congo, 6% from Ghana. In contrast there was a more than 30% decline in shipments from Cote d'Ivoire.

Private initiative focus on tree species at risk

Some companies that use high value timbers from Cameroon have joined forces with the government, universities and forest communities in public-private partnership to ensure the survival of exotic timbers.

Madinter and Taylor Guitars co-own Yaounde-based Crelicam, an international supplier of Cameroon ebony. Crelicam, along with others is active in efforts to restore ebony in Cameroon.

Crelicam works with government agencies and forest communities in public-private partnerships to restore ebony stocks. The ebony project is part of Cameroon's sustainable forestry initiative. Other companies supporting re-forestation of hardwood species in Cameroon include Plantecam, a pharmaceutical company.

See: <https://www.reuters.com/article/cameroon-forests-business/feature-u-s-guitar-firm-tunes-business-to-protect-cameroon-ebony-idUSL8N2421VV>

Good supplies of okoume to GSEZ

No changes have been reported in FOB export prices. As the rain season is over in Gabon logging has ramped up such that the peeler mills in the GSEZ have adequate supplies. Two weeks ago prices for okoume peeler logs were around CFA110,000/cu.m delivered to Nkok but now prices are down to around CFA75.000.

Log export prices

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

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	440
Bilinga FAS GMS	540
Okoumé FAS GMS	460
Merchantable	310
Std/Btr GMS	340
Sipo FAS GMS	520
FAS fixed sizes	560
FAS scantlings	560
Padouk FAS GMS	750
FAS scantlings	850
Strips	650
Sapele FAS Spanish sizes	500
FAS scantlings	520
Iroko FAS GMS	640
Scantlings	720
Strips	400
Khaya FAS GMS	480
FAS fixed	540
Moabi FAS GMS	620
Scantlings	640
Movingui FAS GMS	420

Ghana/China enterprise match-making

The Association of Ghana Industries (AGI), in collaboration with the Qingdao Cross-border E-commerce Association in China, recently organised a corporate matchmaking event in Qingdao, China. More than 20 representatives from Ghana and over 100 Chinese enterprises participated.

Dr. Yaw Adu Gyamfi, President of AGI, thanked Mr. Wang Dakun, Director of Qingdao Cross-border E-Commerce Comprehensive Experimental Zone Service Center for its support for event. He continued saying, "Qingdao had been a great partner to Ghana and that the biggest Chinese construction firm in Ghana is from Qingdao. He continued, "We have come to a crossroad, where opportunities surround the continent but lack the technology and the industrial acumen to turn these opportunities around".

Mr. Wang said the China-Africa Cooperation Forum had pushed trade between the two sides to a new level and this matchmaking meeting would open up the many opportunities for cooperation between Chinese and Ghanaian enterprises.

See: https://agighana.org/news_details.php?nw=155

UK pledge to support KMA

A recent UK-Ghana Business Council (UK-GBC) meeting co-chaired by Osei Assibey Antwi, Mayor of Kumasi, and Ian Walker, the British High Commissioner to Ghana, shared ideas on business development, job creation, trade and investment.

Mr. Walker pledged the UK government's support to the Kumasi Metropolitan Assembly (KMA) to make Kumasi, in the Ashanti region, a leading industrial hub as it occupied a very important place in Ghana's development. In the past the Ashanti region was a top producer of timber and its neighbours the Western, Central and Brong Ahafo regions were also timber processing regions in the 1990's.

See: <http://kma.gov.gh/kma/?kma-hosts-uk-ghana-business-council-regional-forum-in-ashanti-&page=5817>

Tema Port – terminal 3 fully operational

The first phase of the Tema Port Expansion Project which started in October 2016 was handed over by the construction team to the operational team in July as projected. The complete Takoradi Port expansion is also 70% near completion.

This US\$1 billion infrastructure project – managed by Meridian Port Services, a joint venture between APM Terminals (35%), Bolloré Africa Logistics (35%) and the Ghana Ports and Harbor Authority (30%) – involved construction of a breakwater and an access channel with deep-water berths to accommodate larger vessels.

The expansion of Ghana ports, it is hoped, will transform capacity, facilities and operations and make them world class for the West African sub-region

See: <https://www.dredgingtoday.com/2019/07/02/tema-port-terminal-3-open-for-business/>

Ghana to host Continental Free Trade Secretariat

A Ghana government website has announced the news that Ghana has been selected to host the African Continental Free Trade Area (AfCFTA) secretariat to service a duty-free single market with a free quota covering the entire African continent with a population of 1.2 billion and a combined Gross Domestic Product (GDP) of almost US\$ 3 trillion.

At a news conference in Accra, Mr. Kyeremanten, the Minister for Trade and Industry said that the creation of a single market had been a dream for Africa and seen as a building block for the African Economic Community. According to him, AfCFTA was the most significant development in Africa since the establishment of AU in 1963.

One the objectives of the AfCFTA is to increase intra-African trade through better harmonisation and coordination of trade within the African continent, to address the challenge of small fragmented markets in Africa by creating a single continental market which would lead to economic scale; lead to value addition to Africa's abundant natural resources and promote economic diversification and industrialisation.

"It would help develop regional value chain and facilitate cross border investment; enhance access to an expanded market for Small and Medium Scale Enterprise (SME's) in Africa on preferential trade terms; attract Foreign Direct Investment into Africa with strong regional and local content; facilitate the integration of African economies into global markets; improve terms of trade for African countries; decrease in price of goods and service; enhance employment opportunities for the youth in Africa," he added.

Africa's intra-regional trade accounted for just 17% of exports in 2017 and Africa has missed out on the economic booms that other trade blocs have experienced. Economists say significant challenges remain, including poor road and rail links, large areas of unrest, excessive border bureaucracy and corruption that have held back trade growth and integration.

See: <http://www.ghana.gov.gh/index.php/media-center/news/5814-ghana-to-host-african-continental-free-trade-area-secretariat>

World Bank support for reduced carbon emissions

The World Bank has announced that Ghana has become the third country to sign an agreement with the Bank that will reward community efforts to reduce carbon emissions from deforestation and forest degradation.

Ghana's five-year Emission Reductions Payment Agreement (ERPA) with the Forest Carbon Partnership Facility's (FCPF) Carbon Fund administered by the World Bank unlocks performance-based payments of up to US\$50 million for carbon emission reductions from the forest and land use sectors.

Mozambique and the Democratic Republic of Congo have also signed ERPA over the past ten months, with other Carbon Fund countries expected to sign similar agreements.

In Ghana, forest degradation and deforestation are driven primarily by cocoa farm expansion. Working in close partnership with the Forestry Commission, the Cocoa Board and the private sector, Ghana's programme with the FCPF Carbon Fund seeks to reduce carbon emissions through the promotion of climate-smart cocoa production.

"The programme's two central goals - reducing carbon emissions in the forestry sector and producing truly sustainable, climate-smart cocoa beans - make it unique in Africa and the first of its kind in the cocoa and forest sectors worldwide.

This programme will help to secure the future of Ghana's forests while enhancing income and livelihood opportunities for farmers and forest-dependent communities, said Kwadwo Owusu Afriyie, Chief Executive of the Ghana Forestry Commission.

See: <https://www.worldbank.org/en/news/press-release/2019/07/09/ghana-signs-landmark-deal-with-world-bank-to-cut-carbon-emissions-and-reduce-deforestation>

Boule Export prices

	Euro per m ³
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	578↓
Niangon Kiln dry	670

Export Rotary Veneer Prices

Rotary Veneer, FOB	Euro per m ³	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	411↑	445
Chenchen	431	630↑
Ogea	508	590
Essa	511↓	733
Ofram	350	435

Export Sliced Veneer

Sliced face veneer	FOB Euro per m ³
Asanfina	750
Avodire	721
Chenchen	674
Mahogany	1,103
Makore	1,594↑
Odum	1,708

Export Plywood Prices

Plywood, FOB	Euro per m ³		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	328-	640	641
6mm	412	535	604
9mm	400	446	560
12mm	510	463	480
15mm	450	338↓	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	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up		
Afrormosia	860	925
Asanfina	490	564
Ceiba	405	487
Dahoma	463↑	498
Edinam (mixed redwood)	520	619
Emeri	475	571
African mahogany (Ivorensis)	930	1,008↑
Makore	740	810
Niangon	620	670
Odum	832	884↓
Sapele	700	896↑
Wawa 1C & Select	420	440↓

Malaysia

Plywood production threatened by declining log supplies and rising costs

The media in Sarawak recently highlighted the impact declining log production and rising production costs are having on the plywood industry in Sarawak.

Hashim Bojet, General Manager of the Sarawak Timber Industry Development Corporation, (STIDC) said he is concerned that, because of the log shortage and rising production costs, some plywood mills, including the major producers in Sarawak, have had to cut production and that some are considering closing operations entirely.

Industry analysts point out that increased charges by the State such as the 'cess' and 'premium' are the main causes for the higher production costs. Since July 2017 the Sarawak government has raised the 'premium' to RM50 per cubic metre for all species from hill forests as well as logs of hill species from agro-conversion areas. Previously the 'premium' was RM0.8 per cubic metre.

The increase in hill timber 'premium' and the rehabilitation and development 'cess', which amounts to RM55 per cubic metre has raised the cost of logs and timber products by around RM110 per cubic metre (assuming a recovery rate of 50%). (Note: Premium and Cess are financial mechanisms which allow States in Malaysia to capture payments from concessionaires).

According to Hashim, the Sarawak government has allowed plywood mills to import logs adding this is exactly what other countries such as India, Vietnam and Japan doing in order to maintain production.

See: <https://www.theborneopost.com/2019/07/01/sun-setting-on-plywood-mills/>

Review of Criteria and Indicators for Forest Management

Every five years the Malaysian Timber Certification Council (MTCC) undertakes a review of its 'Criteria and Indicators for Forest Management Certification or MC&I and the latest review is underway. An Enquiry Draft has been published and can be found on the MTCC website (mtcc.com.my).

The Enquiry Draft is a revised standard that combines the requirements of both the MC&I (Natural Forest) and MC&I Forest Plantation.v2.

The MC&I Forest Management Certification maintains the format as in the previous standard with updated requirements based on feedback from the first public consultation as well as the key requirements of the ISO 17021-1 and the PEFC benchmark standard on sustainable forest management.

The major changes proposed in the revised MC&I Forest Management Certification are summarised below:

- Incorporation and streamlining of the requirements under Principle 10 of the MC&I Forest Plantation.v2 into the corresponding Principles 1-9 of the MC&I Forest Management to reduce redundancy. All the requirements in the standard apply to both natural forest and forest plantation, with requirements that apply only to natural forest or forest plantation clearly specified.
- Inclusion of requirement on conversion of degraded forest to forest plantation that is not subject to the cut-off date of 31 December 2010 for conversion of natural forest to other land uses.
- Stronger requirements on social aspects through the incorporation of all core ILO Conventions and the principle of gender equality.
- Incorporation of requirements that provide guidance for internal audit and management review and improvement.
- Improved clarity on the requirements for communicating claims from certified areas.

Currently, MTCC is undertaking regional consultations in Sabah, Sarawak and Peninsular Malaysia. As of May 2019, Malaysia had 4.27 million ha. of PEFC Certified Forest (14 FMUs and 7 FPMUs). There are 362 PEFC Certificates for Chain of Custody holders.

Joint Palm Oil Council and Sabah Forestry Department initiative to restore forests

The Malaysian Palm Oil Council (MPOC) and the Sabah Forestry Department (SFD) have agreed a project to plant 1 million native trees in the permanent forest of Lower Kawag in Lahad Datu, Sabah.

An agreement was signed to formalise the pledge from the Ministry of Primary Industries (MPI) to collaborate with the SFD to plant one million trees in Lower Kawag which is part of Ulu Segama Malua Forest Reserve as the first site for the restoration project.

Sabah Deputy Chief Minister, Christina Liew, thanked the MPI for their initiative in getting the major oil palm industry players to fund the planting of native forest trees in the east coast of Sabah over a period of 10 years. SFD has identified 2,500 hectares of degraded forest in Lower Kawag for restoration.

The first stage of the project involves providing a wildlife reserves and also creating wildlife corridors (between adjacent forests). This, said Liew, will help protect the Borneo Pygmy Elephant and the Orang-Utan both of which are endangered species.

Plywood prices

Plywood traders based in Sarawak reported the following June export prices.

CP (3' x 6')	US\$ 510 – 530 C&F
UCP (3' x 6')	US\$ 610 – 630 C&F
Middle East	US\$ 430 FOB
South Korea	
(9mm and up)	US\$ 435 C&F
Taiwan P.o.C.	
(9mm and up)	US\$ 410 FOB
Hong Kong	US\$ 445 FOB

There were no exports of FB (11.5 mm) in June.

Indonesia

Trade deal with US sought to boost exports

The Ministry of Commerce will take advantage of the trade dispute between the US and China to export more furniture, handicrafts and textile products to the US.

The Ministry of Trade's Director General for Export Development, Arlinda, has announced the government would make efforts to secure an agreement with the US to import more products from Indonesia. In return, the government would be willing to offer wider market opportunities for US products in Indonesia.

In addition to the US, the government will also boost Indonesia's exports to target markets such as Mozambique, Chile, Pakistan, India, Bangladesh and Sri Lanka.

Higher plantation log production forecast in second half 2019

Purwadi Soeprihanto, Executive Director of the Association of Indonesian Forest Concessionaires (APHI), said log production between January-May 2018 reached 19.26 million cubic metres while between January-May this year production was around 18.71 million cubic metres, an almost 3% decline.

The latest data corrects earlier statements that there was an increase in production in the early part of 2019.

Purwadi said the decline in production was due mainly the impact of the ongoing peatland restoration in industrial timber plantation concessions [HTI] and revision of the targets in the Business Work Planning Document [RKU].

Log production from natural forests in the period January-May 2019 increased sharply to 2.73 million cubic metres compared to 1.85 million cubic metres last year.

Although plantation log production declined, Purwadi was optimistic that in the second half of 2019 log production from industrial plantations would rise as peatland restoration will be completed and controlled harvesting of peatland plantations will commence.

APHI noted that the average price of logs from natural forests currently range from Rp1.4 million/cu.m to Rp1.5 million/cu.m while the average price of logs from industrial plantations such as acacia, eucalyptus and jabol is currently around Rp. 600,000 cu.m to - Rp. 700,000/cu.m.

See:

<https://ekonomi.bisnis.com/read/20190628/99/939034/produksi-kayu-bulat-terkoreksi-tipis>

Market downturn – plywood industry proposing changes to fiscal policies

Indonesia's panel product exports fell almost 20% year on year in the first half of 2019. Plywood exports to the US are currently down 38% from a year earlier.

The Executive Director APHI has reported that stocks of plywood are mounting up because of sluggish demand. There has been a decline in plywood prices since the beginning of the year (see index below) and this is affecting demand for domestic natural forest logs.

To help the sector weather the current downturn the industry is proposing changes to number of fiscal policies including accelerating the VAT refunds and a review of wood pricing assumptions used to determine taxes and a waiver of the Land and Building Tax. The industry is also again pursuing a decision to allow log exports.

<https://www.indopos.co.id/read/2019/07/08/180659/dunia-usaha-minta-insentif-pasar-kayu-bulat-alam>

Diversify production to raise sector output

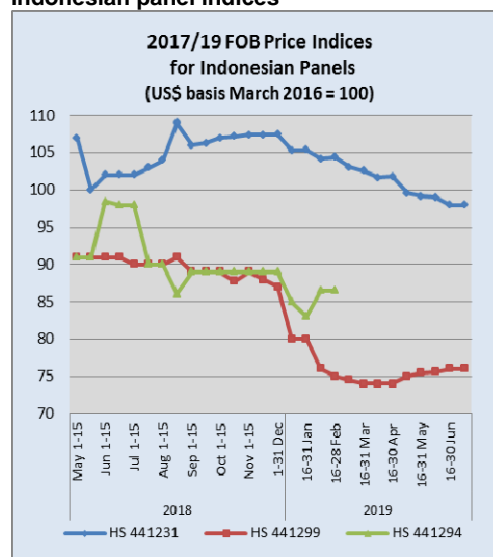
Forestry sector players estimate that, if the so-called 'multi-forestry concept' that would have companies extensively diversifying to produce a wide range of products can become a reality, then export values from the forestry sector could rise from the current US\$12 billion in 2018 to US\$70 billion in 2045.

Purwadi said this projection was based on two scenarios:

- First, through optimising utilisation of forest areas which cover over 68 million hectares
- For production of upstream and downstream products.
- Second, developing markets for non-timber forest products, environmental services and ecotourism.

Purwadi said, he has identified 12 non-timber forest products that can be commercialised more effectively by the forestry sector including pine gum, rattan, honey, agarwood, citronella, bamboo, coffee and rubber.

Indonesian panel indices



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

Myanmar

Calls for lower taxes on imported logs

It has been reported that the Myanmar Timber Merchants Association (MTMA) will submit a proposal to the government to reduce the import tariff on the imported logs.

The Managing Director of one company which imports logs from Africa said the company has to pay 15% Custom Duty, 5% Special Commodity Tax, 5% Commercial Tax plus the 2% advance settlement of corporate tax. The high tax is discouraging development of the industry, say analysts.

Myanma Timber Enterprise (MTE) Deputy General Manager, U Khin Maung Kyi, responded saying the matter will be taken up with the Forest Department, the Custom Department, Myanmar Port Authority and other importers.

Commenting on the proposal analysts pointed out that imported logs help balance supply and demand in the domestic market as well as create export opportunities so would encourage the government to review the taxes and charges on imported logs.

MTE Tests QR Code for traceability

The MTE has announced the results of a pilot test of QR Code traceability covering about 500 logs from the Gan Gaw area which is acknowledged as 'the home of good teak'. The Myanmar Timber legality Assurance System (MTLAS) Gap Assessment Project undertaken in 2016-17 recommended the simplification of the traceability mechanism and introduction of an IT system.

The Forest Department and MTE worked on a system to address the concerns identified in the Gap Analysis. It was this review that led to the publishing of the so-called CoC Dossier which detailed the log flow process and relevant documents along the supply chain.

Myanmar EITI calls for greater data transparency

The Myanmar EITI (MEITI) office has just published its second report for Myanmar which includes the forestry sector. The MEITI report has attracted mixed reactions from the forestry sector as it points out significant inconsistencies in the data reported from various government agencies. MEITI has called on the authorities to reconcile the data and establish greater transparency in the sector.

Log Tender Prices for June 2019

Teak logs

Grade	H.tons	Average US\$/H.ton
SG-1	-	-
SG-2	-	-
SG-4	120.0	3,847
SG-5	252.6	2,903
SG-6	277.4	2,519
SG-7	1,350.0	2,186

Other hardwood logs

Species	Quality	H.ton	US\$ Average/H. ton
Kanyin	1st	1,334.7	735
Kanyin	2nd	8,338.7	584
Pyinkado	2nd	694.1	694
In	2nd	604.7	335

India

Economic Survey forecasts 7% GDP growth next year

Prior to the discussion on the latest national budget the Economic Survey 2018-19 was presented to the Indian parliament. This suggests the Indian economy is likely to be the fastest-growing major economy in the world as GDP is expected to rise to 7% in fiscal 2020, driven higher than the 6.8% growth this year by accelerating investment and private consumption.

Additional tax benefit for 'affordable home' buyers

The Indian government has raised the level of tax deduction allowed against interest on home loans for affordable housing. This benefit is available for home loans agreed until March 31, 2020.

This added benefit for home buyers is expected to lift sales this financial year. Analysts had expected the stamp duty to be abolished given that the GST is in effect.

For more see: https://housing.com/news/budget-2018-top-5-expectations-real-estate-sector/?utm_source=internal&utm_medium=email&utm_campaign=subscribersDigest

Calls for increased import duty on wood raw materials

Vadiraj Kulkarni, Chief Operating Officer of the Paperboard and Specialty Papers Division of the diversified ITC (previously known as the Imperial Tobacco Company), has said, in order to encourage domestic sources of raw material and processing, the customs duty on timber imports should be raised to 10% as the current rate (nil from ASEAN countries under preferential agreements) discourages investment in forestry in India.

ITC's pulp mill at Bhadrachalam utilises pulpwood from sustainably managed sources across the country. This raw material can substitute for imported pulp, said Kulkarni and an expansion of local raw material production will generate income for rural communities.

Plantation teak imports

The dull market and declining profitability in the timber importing sector has been further aggravated by the requirement for many companies and traders to make advance GST payments. Generally, GST is applied on a supplier of goods and service at the time of receipt of payment. However, in some cases, an advance payment is required.

See: <https://taxguru.in/goods-and-service-tax/gst-advance-payment.html>

Efforts are being made by importers to lobby the authorities to ease the advance payment conditions. It was hoped that the new budget would address this and other issues facing traders and manufacturers but analysts say there is little that has changed.

The rupee is steady against the US dollar at around Rs.69 and is trading in a narrow range as prospects of an interest rate cut by the US Federal Reserve will change the direction of exchange rates.

C&F prices for teak imports from various sources continue within the same range as reported earlier.

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

Price range depends mainly on length and girth.

Locally sawn hardwood prices

Analysts report there are signs of improved demand which has lifted import volumes.

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

A steady demand for Myanmar teak is supporting recent price increases but is not sufficient for traders to think about further increases.

Sawnwood (Ex-yard)	Rs. per cu.ft
Myanmar 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

No prices movements have been reported.

Sawnwood, (Ex-warehouse) (KD)	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 update

Plywood producers are saying there was little in the 2019 budget that offers any relief for the tough trading conditions they are experiencing.

Most of all they are looking for a reduction in the GST for wood products, considered raw material inputs to other sectors such as housing. No price movements have been reported.

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	69.00
6mm	92.00
9mm	115.00
12mm	143.00
15mm	190.00
18mm	201.00

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	35.00	50.00
6mm	52.00	66.00
9mm	66.00	81.00
12mm	81.00	95.00
15mm	95.00	115.00
19mm	111.00	132.00
5mm Flexible ply	70.00	

Vietnam

Vietnam captures opportunities from US/China trade dispute

In the first three months of 2019 Vietnam's wood product exports were valued at around US\$2.3 billion, some 16% higher than in the same period in 2018. The top export markets for wood products are traditionally the USA, EU, China, Japan and S.Korea.

According to the Ministry of Agriculture and Rural development (MARD), the export growth rate is expected to rise once the EU/ Vietnam Free Trade Agreement enters into force.

As is the case with several other countries the USA/China trade conflict is creating opportunities for expanded investment and exports for Vietnam-made wood products to take advantages of preferential tariffs into the US.

However, some Vietnamese exporters have fallen into the trap of relabeling Chinese imports as made in Vietnam. Vietnamese authorities are now addressing this and have stepped up Customs checks.

See: <https://baohaiquan.vn/manh-tay-loai-bo-go-bat-hop-phap-de-thuc-xuat-khau-go-103078.html>

Vietnam jumps to top of ASEAN wood product exporters

Mr. PhamVan Dien, Deputy Director of the Department of Forestry, has reported that in the first half of 2019 Vietnam jumped to the top of the list of ASEAN wood products exporters. It also became the 5th largest globe wood product exporter because of the sustained high growth of industrial production.

He pointed out that the top international markets US, EU, Japan and S. Korea accounted for over 80% of Vietnam's wood product exports in the first six months of 2019 and this contributed to the positive socio-economic development of the national forest sector which now supports millions of jobs.

In the first half of 2019 around 110,000 ha. of new plantations were established however, currently, there is a drought in many areas in Vietnam and this is increasing the risk of forest fires especially in provinces such as Nghean, Hatinh, Quangbinh, Quangtri, Thuathienhue, Danang, Quangnam, Quangngai and Phuyen.

Rising demand for verified legal raw materials

Recently, Vietnam has become more dependent on imported timber raw materials to produce wood products for export and a large volume of American hardwoods is being imported.

Robert Hanson, Head of the Foreign Agricultural Service of the US Embassy in Vietnam, has said Vietnam is now one of the main S.E. Asian importers of American hardwoods accounting for over 70% of US timber exports to S.E. Asia.

He continued, "American wood is known as highly traceable, legally planned and harvested, as well as fully documented which meets the legal requirements and technical standards of the major finished product importing countries".

At an ASEAN Conference on 'American wood in furniture design and production' held in June Mr. Ha Cong Tuan, Vice Minister of MARD has said US is the Vietnam's biggest partner in the trade of wood products and that the trade is in both directions with finished products being shipped to the US.

Mr. Nguyen Ton Quyen, Deputy Chairman of the Vietnam Timber and Forest Product Association, has said Vietnam is aiming to export wood products valued at US\$11 billion in 2019 and to meet this target Vietnam needs about 35-40 million cubic metres of raw timber, much of which must be imported.

Vietnam has halted exploitation of natural forests for three years and has been pushing afforestation. The 3.5 million hectares of plantations will provide about 35 to 40 million cubic metres of timber in the next five to 10 years in which time Vietnam will be dependent on imports of raw materials.

See: <http://vietnamnews.vn/economy/521804/viet-nam-develops-forestry-industry-explores-collaboration-with-us.html#QCyQgWFFY4jOSF3a.99>

High occupancy rate in Economic Zones

According to the Ministry of Planning and Investment, in June 2019 there were 326 Industrial Parks (IPs) and 17 coastal special economic zones (EZs) in Vietnam of which 251 are fully operational. The occupancy rate of the completed zones is around 75%.

It is estimated that in the first six months of 2019, the IPs and EZs attracted 340 foreign investors with a registered capital of about US\$8.7 billion. As of June 2019 there were over 8,900 investment projects underway worth about US\$186 billion.

Brazil

Brazil may lead 'new forest economy' - has great potential for reforestation

With increasing investments in restoring natural forests and expanding sales of certified timber local analysts say Brazil could become a global leader in what some are calling a "new forest economy."

Companies involved in commercial logging and timber certification are currently examining a market model that reconciles profit with forest preservation and reforestation goals.

The Brazilian Agricultural Research Corporation (EMBRAPA) has been carrying out studies to identify how best to recover deforested areas using native timber species specific for each biome. After restoration these areas could be made available for sustainable commercial logging.

Among the native timber species of economic value is paricá (*Schizolobium amazonicum*) found in the Amazon region. This species is said to have a growth rate equal to that eucalyptus and is a good raw material for industry.

While companies in the US invest about US\$100 billion a year in commercial reforestation projects Brazil is investing much less with most being in pine and eucalyptus with very little investment in natural forest restoration.

Brazil has about 50 million hectares of forest area, much of which is degraded due to over harvesting and abandoned farms which are suitable for reforestation according to a study published in the Journal Science in July.

Forest biomass exports from Southern Brazil

During the IV International Biomass Congress a spokesperson from the Forestry Association of Santa Catarina (ACR) reported that in 2018, Brazil exported 1.6 million tons of wood chips, sawdust and wood waste generating about US\$144 million. Japan imported just over half of all exports, mainly wood chips for energy and pulp production.

The ACR participated in a panel discussion on forest biomass and presented an overview of the potential of Santa Catarina. According to the Forestry Statistical Yearbook 2019 Santa Catarina State accounted for 29% of Brazilian exports of wood pellets for energy purposes last year. In 2018, Brazil exported 226,100 tonnes of wood pellets of which the United Kingdom imported US\$24.4 million and Italy US\$12.6 million.

The level of industrialisation in Santa Catarina for wood products is high according to ACR. The State has a diversified industry. The ACR 2019 Yearbook illustrates that municipalities that host an active forestry sector have seen significant improvements in the quality of life of the population over the last few years.

Potential increase in wood products supply to international market

Following the first meeting held in Brazil between the Brazilian Association of Mechanically-Processed Timber Industry (ABIMCI) and the US National Association of Home Builders (NAHB) in May, a follow-up meeting between the two organizations took place in Washington DC, recently.

ABIMCI reports that the objective was to advance negotiations for a possible increase in the supply of wood products from Brazil to meet the demands and requirements of NAHB. The NAHB represents more than 140,000 associated companies in the civil construction sector.

While exports of sawnwood and flooring continue the agenda of the meeting addressed the possibility of expanding Brazilian exports of plywood and doors since these products can satisfy the technical and environmental requirements demanded in the American market.

Regarding sawnwood, the primary demand is for structural use timber and for a better understanding of legal requirements and applicability the NAHB provided all the necessary technical information established by the American Lumber Standard Committee (ALSC).

According to NAHB, the US civil construction sector is concerned about the recent tax imposed by the US government on China and also on the slow progress in negotiations with Canada and Mexico as this may disrupt supplies from these producers thus creating an opportunity for Brazil.

Domestic Log Prices

	US\$ per m ³
Brazilian logs, mill yard, domestic	
Ipê	201
Jatoba	113
Massaranduba	108
Muiracatiara	107
Angelim Vermelho	106
Mixed redwood and white woods	89

Source: STCP Data Bank

Domestic Sawnwood Prices

	US\$ per m ³
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	816
Jatoba	430
Massaranduba	404
Muiracatiara	379
Angelim Vermelho	362
Mixed red and white	238
Eucalyptus (AD)	189
Pine (AD)	137
Pine (KD)	160

Source: STCP Data Bank

Domestic Plywood Prices (excl. taxes)

	US\$ per m ³
Parica	
4mm WBP	525
10mm WBP	416
15mm WBP	341
4mm MR	405
10mm MR	291
15mm MR	267

Prices do not include taxes. Source: STCP Data Bank

Prices For Other Panel Products

	US\$ per m ³
<i>Domestic ex-mill Prices</i>	
15mm MDParticleboard	214
15mm MDF	250

Source: STCP Data Bank

Export Sawnwood Prices

	US\$ per m ³
Sawnwood, Belem/Paranagua Ports, FOB	
Ipe	1,426
Jatoba	867
Massaranduba	843
Muiracatiara	850
Pine (KD)	190

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

	US\$ per m ³
Pine Plywood EU market, FOB	
9mm C/CC (WBP)	299
12mm C/CC (WBP)	283
15mm C/CC (WBP)	263
18mm C/CC (WBP)	260

Source: STCP Data Bank

Export Prices For Added Value Products

	US\$ per m ³
FOB Belem/Paranagua Ports	
Decking Boards Ipê	2,809
Jatoba	1,436

Source: STCP Data Bank

Government and private sector committed to the promotion of wood value chain

To promote the forestry sector and strengthen the wood value chain the Regional Government of Ucayali (GOREU) and the National Forestry and Wildlife Service (SERFOR) arranged technical meetings to plan implementation of the Forest Transport Guides (ER-GTF) and the Electronic Operations manual for wood products which are part of the Control Module of the National Forest and Wildlife Information System (MC-SNIFFS).

SERFOR and GOREU consider MC-SNIFFS as key to boost the forestry sector as an activity that promotes the economic and social development of the country through sustainable use and legal access to timber resources.

In related news Pro-Ucayali, a private sector initiative, announced a new pilot project for reforestation and development of the wood industry in the Ucayali region.

The work will be conducted in cooperation with the Regional Government of Ucayali and the Chamber of Commerce, Industry and Tourism of Ucayali. Pro-Ucayali is working with the Andean Development Corporation (CAF), various green funds and other institutions to try and secure soft loans for small and medium sized entities in Ucayali.

Funding secured for ecological projects in the Loreto, San Martín and Madre de Dios regions

The Ministry of Economy and Finance (MEF) has authorised loans from the Inter-American Development Bank (IDB) for up to US\$16.8 million for the financing of ecological projects in the Loreto, San Martín and Madre de Dios regions.

These resources will be used to partially finance the project "Improvement of support services for the sustainable use of the biodiversity of the ecosystems in the forest landscape in the Tarapoto - Yurimaguas corridor, of the Departments of San Martín and Loreto".

Parallel projects will be undertaken in the Puerto Maldonado - Iñapari corridor and in the Amarakaeri Communal Reserve in the Department of Madre de Dios. Some resources will be allocated for efforts on improving of environmental monitoring and mapping deforestation in the Amazon forests of Peru.

Successful trade mission to Dominican Republic

A third trade mission by Peruvian timber sector companies was recently undertaken in the Dominican Republic. Meetings were held with importers of sawnwood, woodbased panels and flooring.

The mission included companies from Ucayali and Madre de Dios and provided for direct contact with Dominican importers as well as an opportunity to assess the level of wood product demand in the Dominican Republic which is Peru's fourth largest market for wood products.

Export Sawnwood Prices

	US\$ per m ³
Peru Sawnwood, FOB Callao Port	
Mahogany S&B KD 16%, 1-2" random lengths (US market)	1570-1655
Spanish Cedar KD select North American market	958-977
Mexican market	946-965
Pumaquiro 25-50mm AD Mexican market	604-641

Peru Sawnwood, FOB Callao Port (cont.)	US\$ per m ³
Virola 1-2" thick, length 6'-12' KD Grade 1, Mexican market	534-599
Grade 2, Mexican market	489-502
Cumaru 4" thick, 6'-11' length KD Central American market	951-978
Asian market	999-1049
Ishpingo (oak) 2" thick, 6'-8' length Spanish market	542-561
Dominican Republic	671-681
Marupa 1", 6-11 length KD Asian market	551-591

Domestic Sawnwood Prices

	US\$ per m ³
Peru sawnwood, domestic Mahogany	-
Virola	258-274
Spanish Cedar	333-352
Marupa (simarouba)	221-232

Export Veneer Prices

	US\$ per m ³
Veneer FOB Callao port	
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	389-412
Lupuna plywood B/C 15mm	449-495
B/C 9mm	379-399
B/C 12mm	350-360
C/C 4mm	389-425
Lupuna plywood B/C 4mm Central Am.	370-393

Domestic Plywood Prices (excl. taxes)

	US\$ per m ³
Iquitos mills	
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

	US\$ per m ³
Peru, Domestic Particleboard	
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

	US\$ per m ³
Peru, FOB strips for parquet	1327-1398
Cabreuva/estoraque KD12% S4S, Asian market	
Cumaru KD, S4S Swedish market	97991098
Asian market	1085-1119↑
Cumaru decking, AD, S4S E4S, US market	1188-1222
Pumaquiro KD Gr. 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market	544-577↑
2x13x75cm, Asian market	756-822

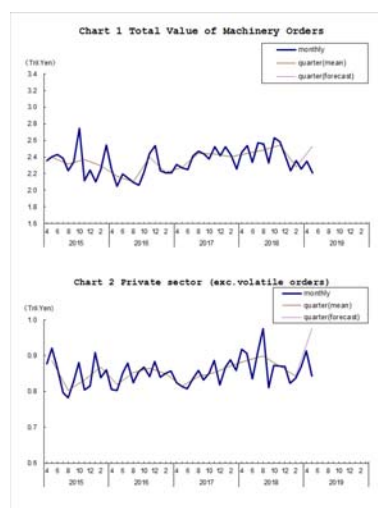
Japan

Companies ease-up on expansion

The May monthly survey of Japan's machinery orders, an indirect measure of private sector confidence for medium-term economic expansion, dipped the sharpest for the past eight months. Machinery orders, while admittedly a volatile data series, fell by almost 8% in May from the previous month.

Global trade tensions are causing Japanese companies to scale back on investment and there is doubt that domestic demand can fill the gap in weakening export earnings. This downturn in private sector spending undermines prospects for achieving 2% inflation, the Bank of Japan's target.

See: <https://www.esri.cao.go.jp/en/stat/juchu/1905juchu-e.html>



Source: Cabinet Office, Japan

Election

The campaign for Japan's upper house election is underway and voting will take place on 21 July. Opposition parties, pointing to falling consumer confidence, have strongly criticised the government after a report from a government expert panel said the state pension is insufficient and because of the government's plan to raise the consumption tax this year.

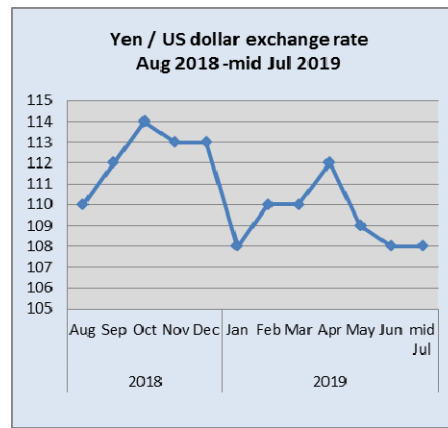
This plan has raised alarm because previous tax hikes in 1997 and 2014 were followed by serious economic downturns.

Long May holiday boosted spending

Household spending in Japan rose at the fastest pace in four years in May. A recovery in private consumption is seen as vital in Japan’s fight against deflation. Household spending grew 4% in May from a year earlier.

Behind the unexpected rise was the 10-day public holiday in May. Data shows the growth in household spending was driven mainly by accommodation bills, mobile phone charges, transport costs and electricity charges.

Analysts point out that the risk is that consumer spending will worsen as sentiment appears to be weakening because wage growth has stalled and there is uncertainty over the economic outlook. The planned consumption tax increase set for October could drive up spending temporarily as consumers try to beat the rise by buying early.



900 Japanese towns no longer viable by 2040

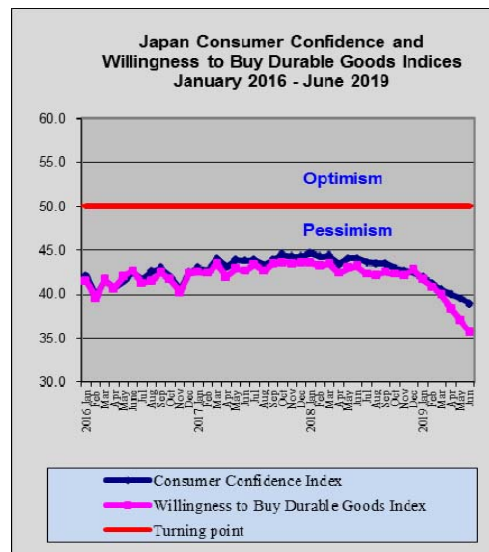
The data from the 2018 survey by the Japanese government has shown that, excluding resident foreigners, the population is now 124.8 million, the lowest since the survey began in 1968.

With fewer than 1 million births in Japan for the third straight year in 2018 the population dropped a record 433,239, the 10th straight year of decline.

The number of registered foreign residents, meanwhile, increased to 2,667,199, up 169,543 from a year earlier, with all 47 prefectures seeing a rise in the figure as companies are turning to people from overseas to deal with a severe labour shortage because of Japan's rapidly aging population and declining birthrate.

People aged 65 or older accounted for 28% of the entire population. The ratio of people aged between 15 and 64 who are regarded as working population was just over 50% and continues down.

The population decreased in 42 prefectures as the urban drift accelerates with young people flocking to the big cities. The most visible impact of the population decline is in the countryside, with millions of empty homes and vast areas of unworked farms. It has been estimated that at the current rate of rural depopulation nearly 900 towns and villages across Japan will no longer be viable by 2040.

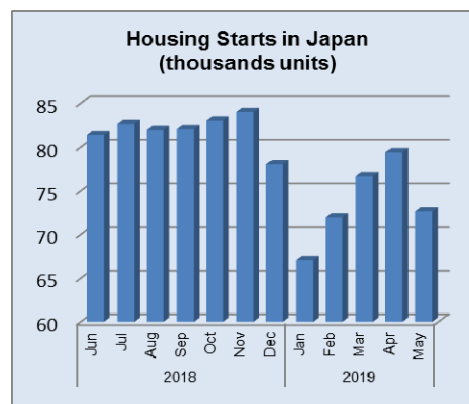


Data source: Cabinet Office, Japan

Yen still firm despite opening of US/China trade talks

The Japanese Yen experienced an unusual level of volatility in the first half of this year with a marked surge in strength as the ‘safe-haven’ effect kicked in due to rising risks in the global economy. However, by May the risk notion had diminished and the yen/dollar exchange rate steadied to move in a narrow range around 108 to the dollar.

In June good data from the US lifted US stocks and the likelihood of a cut in US interest rates further boosted US stocks. Despite positive news on the US/China trade talks the yen continues to be rather firm suggesting there is still money seeking safety in the Japanese currency.

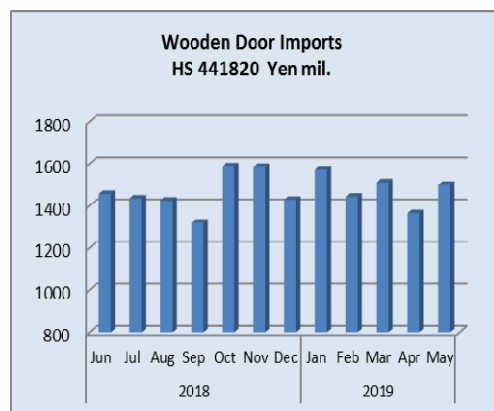


Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Import update

Wooden door imports

The value of Japan's May imports of wooden doors (HS441820) was down 4% year on year but up 10% from April. The top three shippers accounted for over 80% of May imports with manufacturers in China accounting for 61% of May imports followed by the Philippines (18%) and Malaysia (6%).

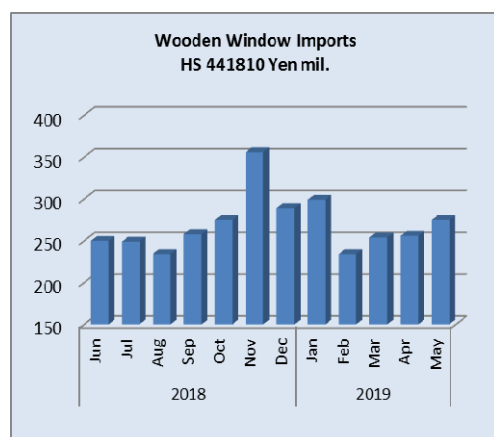


Data source: Ministry of Finance, Japan

Wooden window imports

Japan's imports of wooden windows (HS441810) are not very large but from the beginning of the year there has been a steady rise in the value of imports. The value of May imports were up 7% year on year and month on month May imports rose by the same amount,

The three main shippers are China (39% of imports) the US (27%) and the Philippines (20%). Sweden is a regular supplier of windows to Japan and in May the value of shipments added a further 8% to total imports.

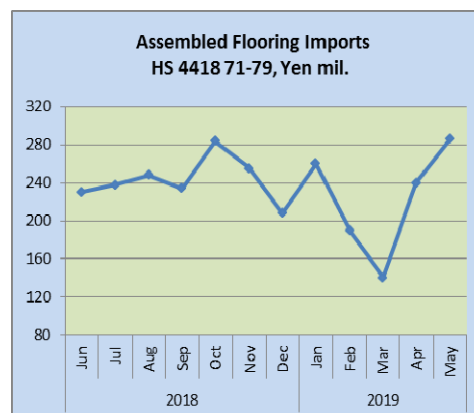


Data source: Ministry of Finance, Japan

Assembled wooden flooring imports

A range of categories of assembled wooden flooring is imported into Japan being in the range HS441871-79. HS441875 accounted for 68% of May imports with China, Indonesia, Thailand and Malaysia being the top shippers in order of magnitude.

Imports of HS441879 accounted for a further 22% of May import values with Indonesia, Germany and Thailand being the top three shippers.



Data source: Ministry of Finance, Japan

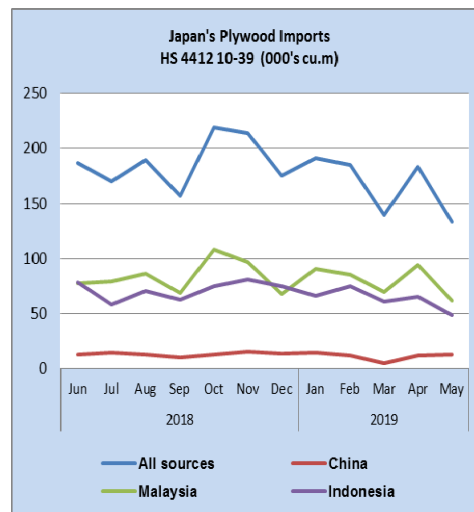
Plywood imports

There are major changes taking place in Japan's plywood importing sector brought on by falling production in Sarawak and to log supply issues in Indonesia.

The volume of May plywood imports dropped a massive 37% year on year, imports were also down 27% from April. The Biggest losses were recorded in shipments from Malaysia which were down 34% year on year and also -34% month on month.

Shipments from Indonesia dropped 40% year on year in May and were down 26% compared to the volume of April imports. China ships some plywood to Japan but is not a major supplier. The volume of May shipments from China dropped 20% year on year but rose 10% month on month.

As in previous months, imports were dominated by HS 441231 accounting for 88% of all May imports. HS441233 and 34 contributed 5% each with another 2% being HS441239.



Data source: Ministry of Finance, Japan

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

	China	Malaysia	Indonesia
2016 Jan	16	101	75
Feb	10	81.5	70.8
Mar	8	84	64
Apr	12	85	72
May	12	95	62
Jun	11.6	95.6	66
Jul	10.7	92.8	71.3
Aug	11.9	82.3	52.8
Sep	10.3	79.9	79.3
Oct	12.9	98.3	72
Nov	14.9	80	71
Dec	13.7	85	65
2017 Jan	16	130	80
Feb	7.5	93.3	59
Mar	11.5	99	76.5
Apr	11.2	92.6	58
May	12.9	99.2	73.8
Jun	11	74.8	65.0
Jul	10.6	100.0	54.8
Aug	12.3	91.8	64.5
Sep	9.9	86.7	56.6
Oct	12.2	86.4	63.7
Nov	10.7	112.4	82.0
Dec	12.0	95.2	50.0
2018 Jan	12	100.5	80.0
Feb	12.5	83.0	69.0
Mar	4.9	79.4	66.5
Apr	13.4	92.4	84.4
May	15.2	94.0	82.0
Jun	12.4	77.5	79
Jul	14.3	79.2	58.3
Aug	12.4	86	70.5
Sep	9.7	68.6	62.6
Oct	12.3	108.2	75.6
Nov	14.5	97.1	81.1
Dec	13	68	74.7
2019 Jan	14	91.2	66.4
Feb	11.1	85.3	75
Mar	4.4	70.1	61.2
Apr	11.4	94.2	65.9
May	12.4	61.8	48.9

Data source: Ministry of Finance, Japan

Tropical log imports forecast to drop further in 2019

The Japan Lumber Journal (vol. 60 No. 13J) has reported that, at its most recent meeting, the Japan Southsea Lumber Conference discussed the issue of declining supply of and weakening demand for tropical logs in Japan.

The JLL says Japan's imports of logs from PNG in the first four months of 2019 increased mainly to substitute for logs that were coming from Sabah before the introduction of the log export ban.

The meeting heard that the current government in PNG has a policy of encouraging domestic processing and that this may affect future supplies of logs to Japan.

The meeting learned that some Japanese companies are trying to expand veneer imports from Sabah while others are testing imports of plantation timbers such as acacia and falcata.

For 2019 the delegates forecast the supply of tropical timber in 2019 at around 140,000 cubic metres, almost 10% less than in 2018.

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>

Performance of building material trading firms

Sales of four building materials trading firms, Itochu Kenzai Corporation, SMB Kenzai Co., Ltd, Sojitz Building materials Co., Ltd. and Tomen Materia Corporation and Sumitomo Forestry for the term ended March 2019 are almost unchanged from the last term but the profit declined.

The largest reason is soaring cost of imported hardwood plywood in the second half of the year and they failed to pass higher cost onto sales prices by weak market. Also new housing starts decreased by 2.3% so sales of building materials were slow.

Total sales by five companies are 1,220.5 billion yen, 2.3% more than the last term. Ordinary profit increased by three billion yen is by large increase of Sumitomo Forestry and that of remaining four companies is 11.2% less than last term.

Sales increased by 27.7 billion yen out of which plywood business was 16.3 billion yen (2.4 billion yen of domestic and 13.9 billion yen of imported plywood). Non-wood materials were 9.9 billion yen. Construction and materials were 3.2 billion yen. Wood products were 2.6 billion yen and house appliances were 300 million yen.

Almost half of increased sales were imported plywood. First half was booming then the cost of thin plywood and floor base soared in the second half and they failed to pass the high cost onto sales prices so they suffered large loss to wipe out profit in the first half.

Construction and related materials were good. Renovation business did not grow. Home appliance business is flat.

In sales, Sumitomo Forestry is the top with 378 billion yen and SMB Kenzai is the second with 338 billion yen. Itochu Kenzai was the third with 308 billion yen.

Sumitomo Forestry shifted overseas manufacturing business to the building materials division and New Zealand manufacturing business transferred tree plantation business to subsidiary company and 8.4 billion yen of profit by transfer is listed as ordinary profit, which pushed the profit up.

Itochu Kenzai made profit in all the business but plywood so total profit decreased but three subsidiary companies registered sales of 28.6 billion yen with ordinary profit of one billion yen so consolidated sales are 330 billion yen with current income of 2.9 billion yen, which are the record high.

Marutama starts Hokkaido fir plywood

Marutama Plywood (Abashiri, Hokkaido) has finished test manufacturing of local fir plywood (4 mm, 4x8) and will take orders as soon as manufacturing line is maintained properly hopefully sometime within this year. It also plans to manufacture plywood with unused local hardwood logs (4 mm, 3x6).

Japanese plywood manufacturers are developing non-structural plywood and this is the first case of medium thick panel made by all local Hokkaido species.

The trial product is three plied fir plywood. This size of 4 mm 4x8 has been used as base of decorative plywood, which is unique size of South Sea hardwood plywood. It is used as interior finishing panel of 2x8 with sliced veneer cover or printed surface. It will manufacture 4 mm 3x6 local white birch plywood.

Trial products are 100% birch three plied panel and face and back with birch and larch core.

In Hokkaido, stock of hardwood is 385 million cbms but only 576,000 cbms are harvested, which is 26% of total domestic hardwood.

Actually Hokkaido hardwood is only used for high quality products like furniture and sliced veneer so development of unused hardwood is Hokkaido' challenge for many years and now Marutama stepped up to try manufacturing birch plywood.

Marutama has several log yards, where logs are sorted by use like lumber, plywood and wood chip. Sorted logs are sent to plywood mill. So far, logs are mainly larch and fir but now unused hardwood species are gathered in log yards.

The largest reason of developing unused specie is declining trend of South Sea hardwood plywood supply and demand of floor base and concrete forming panel relied on South Sea hardwood plywood and now Japanese mills need to find substituting source for these items.

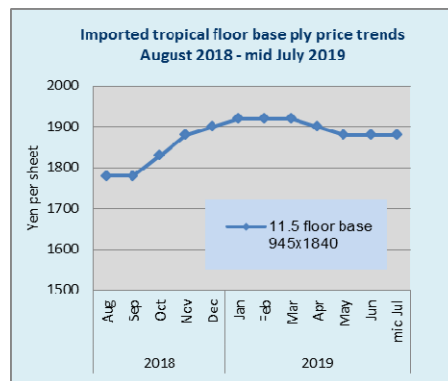
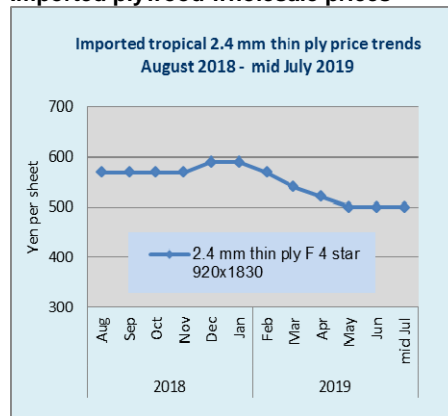
Marutama has been manufacturing structural plywood with local larch but it also has been manufacturing non-structural plywood for floor base, sheathing panel and concrete forming at the second plant

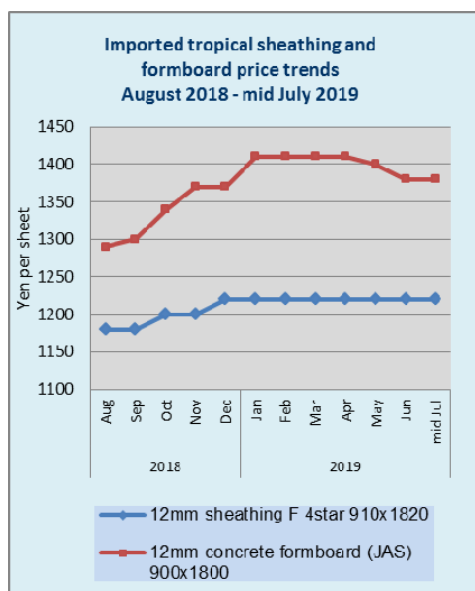
South Sea logs and lumber

South Sea log import for the first four months were 45,143 cbms, about 2.2 times more than the same period of last year. Domestic plywood manufacturers are able to build up two to three months log inventories.

Orders on laminated free board were active in April and May due to dropping inventories while the supply is recovering since late June. Indonesian suppliers are anxious to export due to weak Indonesian currency.

Imported plywood wholesale prices





China

Decentralisation of logging quota approvals

China intends to amend one of its Forest Laws giving provincial governments the authority to determine logging quotas. Once a decision has been reached by the provincial governments details of the quotas should be submitted to the State Council for approval.

With regard to forest harvesting, the draft clearly decentralises the approval authority for harvesting quotas, narrows the scope of logging licenses and strengthens the status and role of forest management. In addition, the draft also removes reference to the planned economy, such as timber production plans and timber transport certificates.

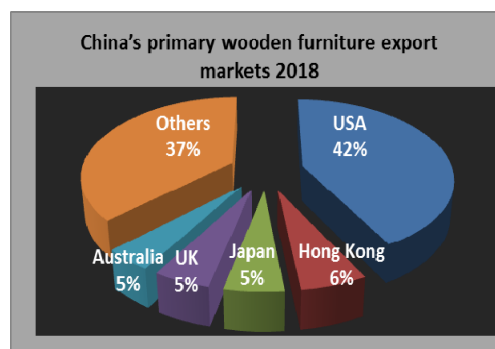
In terms of supervision, the draft added a section on “supervision and inspection”, introducing a standardised evaluation system for the development of forest resource protection, strengthened the supervision and inspection measures for the protection of forest resources and clarified the public interest concerning compensation for damage to the environment.

See:

http://www.yuzhuwood.com/news/details_ff8080816b9289d3016bab3437a70827.htm

Wooden furniture exports in 2018

The value of China’s wooden furniture exports was US\$13.489 billion in 2018, a year on year decline of 2%. The US still is the main destination for China’s wooden furniture exports. The top 10 markets accounted for around 75% of all wooden furniture exports.



Data source: China Customs

Main markets within the 'Others' group

	% of 2018 exports
South Korea	2.55
Canada	2.50
South Africa	2.31
Germany	2.30
France	2.1

Data source: China Customs

The value of China’s wooden furniture exports to South Africa in 2018 surged 46% to US\$312 million. However, the value of China’s wooden furniture exports to Hong Kong declined greatly (27%) to US\$804 million.

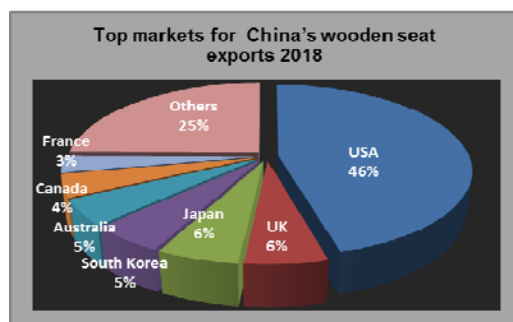
Top markets for China’s wooden furniture exports - 2018

	Export value (million US\$)	% change 2018-19
Total	13,489	-2
of which		
USA	5,700	8
Hong Kong	804	-27
Japan	716	5
UK	687	-2
Australia	597	4
South Korea	343	3
Canada	337	-5
South Africa	312	46
Germany	310	-7
France	277	9
Subtotal	10,083	

Data source: China Customs

Wooden seat exports in 2018

The total value of China’s wooden seat exports was US\$9.447 billion in 2018, a year on year increase of 5%. The US still is the main market for China’s wooden furniture exports. The top 10 markets accounted for around 80% of all exports.



Data source: China Customs

Top markets for China's wooden seats exports - 2018

	Export value (million \$)	% change 2018-19
Total	9,447	5
of which		
USA	4,344	9
UK	557	3
Japan	551	1
South Korea	504	1
Australia	465	7
Canada	406	7
France	296	12
Germany	207	4
Singapore	129	-27
Saudi Arabia	124	-24
Subtotal	7,585	

Data source: China Customs

The value of China's wooden seats exports to Singapore and Saudi Arabia in 2018 fell 27% and 24% to US\$129 million and US\$124 million respectively. However, the value of China's wooden seats exports to France rose 12% to US\$296 million.

Decline in wood based panel output in Guangdong

In the first 5 months of this year woodbased panel output in Guangdong Province declined. Output of plywood in the first 5 months fell 5% to 1.08 million cubic metres, MDF output dropped 5% to 1.24 million cubic metres and output of particleboard dropped 27% to 760 000 cubic metres.

The output of plywood in May alone fell 15% to 213 000 cubic meters, middle and MDF output dropped 16% to 244 000 cubic metres while particleboard output dropped 25% to 163,000 cubic metres in May 2019.

Depressed demand in China for US hardwoods

The 24th AHEC Southeast Asia and Greater China Convention was held recently in Ningbo city of Zhejiang province. There are more than 3,000 furniture enterprises in Ningbo city and more than 200 supporting enterprises.

Sector employment is estimated at 70, 000. 27 enterprises have an annual output value of more than RMB100 million.

The total value of American hardwood log and panel exports to China was US\$1.9 billion in 2018. Most of American hardwood log species are used for furniture market, wood doors and wood flooring.

However, because of increased export tariffs the proportion of American hardwood exports to China has declined to 19% in 2018 from 31% in 2017. The missing part was mainly occupied by two countries, Gabon and Russia. 25% of tariffs are paid on red oak and white oak. 20% of tariffs are paid on white ash and cherry.

https://www.wood365.cn/Live/LiveInfo_111.html

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

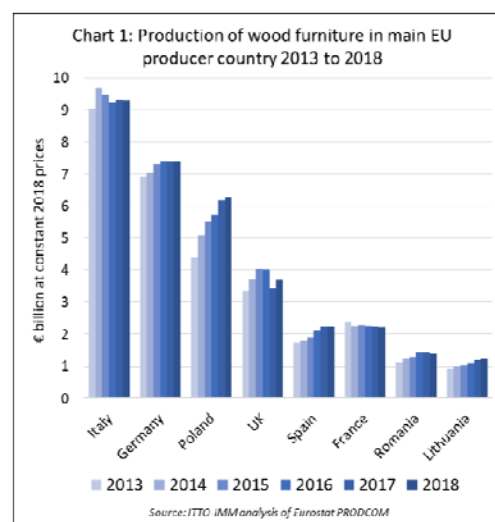
Sawnwood		yuan/cu.m
Cherry	FAS 2 inch	9000-10000
Black walnut	FAS	15000-18000
Maple	FAS	8200-10000
White oak	FAS	7500-13000
Red oak	FAS	6500-8300
Finnish pine	Grade A	2600-2900
Maple	Grade A	9000-9500
Beech	No knot	9000-9500
Ash	No knot	5600-6300
Basswood	No knot	2800-3300
Oak	No knot	5300-5700
Scots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

Europe

Slow growth in EU wood furniture production in 2018

The value of EU wood furniture production was €41.4 billion in 2018, only 0.8% more than the previous year. This continues the trend of slow, but consistent, annual growth of around 1% in the last 5 years. Despite this growth, the total value of wood furniture production in the EU in 2018 was still 20% down, in real terms adjusted for inflation, compared to the years just prior to the financial crises in 2008.

Last year, slowing wood furniture production in France, Romania, and Sweden offset gains made in Poland, the UK, Lithuania and the Netherlands. Production in Italy and Germany, the two largest wood furniture manufacturing countries in the EU, was flat in 2018 (Chart 1).

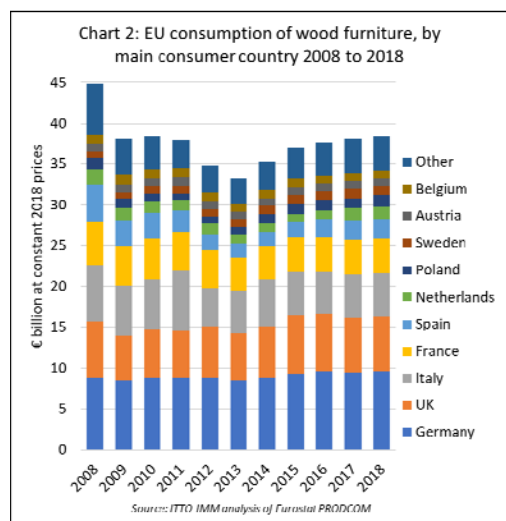


Despite only slow production growth, EU manufacturers are maintaining their hugely dominant position in the EU wood furniture market.

In 2018, 87.0% of all wood furniture sales in the EU market comprised products manufactured within the EU, a marginally higher percentage than in the previous year (86.8%).

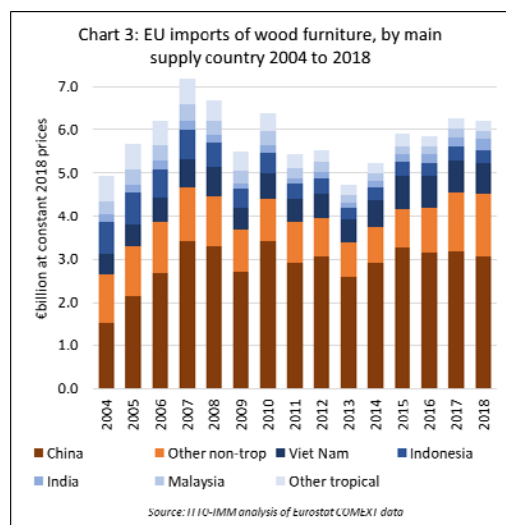
EU wood furniture consumption was €38.5 billion in 2018, a gain of 1.2% compared to 2017. During 2018, consumption increased by around 1% each in Germany (to €9.6 billion), the UK (to €6.7 billion), and France (to €4.4 billion). Consumption growth was stronger in Spain (+2% to €2.3 billion), the Netherlands (+3% to €1.6 billion), and Poland (+4% to €1.4 billion).

However, consumption fell 4% to €1.1 billion in Sweden and consumption in Italy was flat at €5.3 billion in 2018 (Chart 2).



Slowing pace of EU wood furniture imports

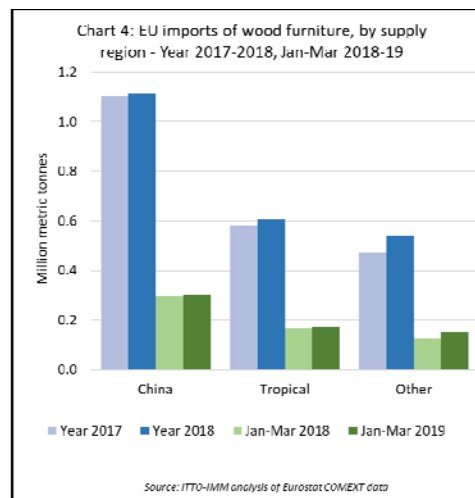
The generally slow development of the EU wood furniture market in 2018 is also apparent in the import data. After rising 7% in 2017, the value of EU imports of wood furniture from non-EU countries fell 1% to €6.21 billion in 2018.



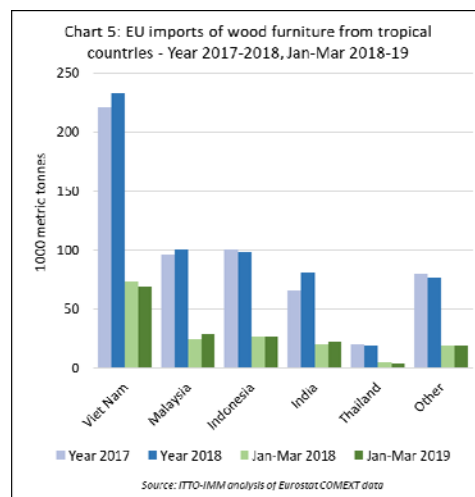
Imports from China, by far the largest external supplier, fell 4% to €3.1 billion in 2018 and imports from tropical countries fell 0.5% to €1.69 billion. However, there was a 7% rise in import value from non-EU temperate countries, to €1.46 billion, notably Ukraine, Belarus and Turkey (Chart 3).

While the total value of EU wood furniture imports fell in 2018, import tonnage increased indicating a decline in the price and/or a change in the mix of products. Total import tonnage increased 5% in 2018, to 2.26 million metric tonnes (MT).

Import tonnage increased by 1% from China to 1.12 million MT, and by 4% from tropical countries to 609,000 MT. However, continuing the trend of recent years, there was a sharper increase in imports from countries bordering the EU, including Ukraine (+30% to 97,000 MT), Belarus (+22% to 85,000 MT) and Turkey (+16% to 82,000 MT) (Chart 4).



These broad trends have continued in 2019. In the first quarter of this year compared to the same period in 2018, EU wood furniture imports from tropical countries increased by only 1% to 171,000 MT and imports from China were up 2% to 302,000 MT.



Meanwhile, imports from non-EU temperate countries increased 16% to 148,000 MT, with imports rising 35%, 23% and 16% respectively from Ukraine, Belarus and Turkey.

While China remains the largest external supplier of wood furniture to the EU, the overall decline in EU imports from China between 2015 and 2018 is notable. In recent years China's competitiveness in the EU wood furniture market has been impeded as prices have risen on the back of growing domestic demand and new laws for pollution control pollution in China.

EU furniture importers also continue to question the variable quality of product imported from China and some have struggled to obtain the legality assurances required for EUTR conformance when dealing with complex wood supply chains in China.

Of tropical countries, Vietnam is the leading supplier of wood furniture to the EU. EU imports from Vietnam increased 6% to 233,000 MT in 2018, but were slow in the first quarter of 2019, falling back 6% compared to the same period last year, to 70,000 MT.

The trends are different in euro value terms. EU import value from Vietnam was flat in 2018, at €723 million, but increased 2% to €230 million in the first quarter of 2019.

In the EU, the Vietnamese furniture sector has gained a reputation for supply of large volume mid-range products, both for exteriors and, increasingly, for interior use. Market research by the FLEGT Independent Market Monitor, hosted by ITTO with EC funding, indicates that the Vietnamese furniture industry is regarded by EU importers as technically more evolved than most other Asian producer countries and increasingly able to supply products to high European quality standards.

EU imports of wood furniture from Indonesia declined 3% in tonnage terms to 99,000 MT in 2018 but increased 2% to 27,000 MT in the first quarter of 2019 compared to the same period last year. In value terms, imports from Indonesia declined 2% to €301 million in 2018 and increased 7% to €89 million in the first quarter of 2019.

The relative lack of growth in EU furniture imports from Indonesia since the start of FLEGT licensing in November 2016 may seem disappointing, but the trend is influenced by wider stagnation in EU furniture market growth and by intense competition in the sectors targeted by Indonesian manufacturers.

Indonesia's furniture exports to the EU are dominated by outdoor products, particularly due to relatively abundant plantation teak supplies.

However, there is now intense competition in this sector from a wide range of modified temperate wood and non-wood products which are taking share from tropical hardwoods.

Indonesia's long woodworking tradition has also meant it has gained a reputation for supply of good quality specialist hand-made furniture, a niche market in the EU where it competes most directly with India.

In 2018, EU imports of wood furniture from India increased 21% to 81,000 MT, and the rising trend continued in the first quarter of 2019 with a further increase of 10% to 23,000 MT. In value terms, EU imports from India increased 18% to €238 million in 2018, and by 15% to €66 million in the first quarter of 2019.

Imports of wood furniture from Malaysia increased 5% to 101,000 MT in 2018 and by a further 20% to 29,000 MT in the first quarter of 2019. In value terms the trend was slightly different, with imports from Malaysia falling 1% to €197 million in 2018 but recovering 19% to €57 million in the first quarter of this year.

Malaysia is supplying the EU market with high quality furniture products but a much smaller range than Vietnam with a heavy focus on rubberwood and other plantation species.

Changing direction of investment flows in global furniture industry

Insights into the current furniture market in the EU, set within wider global market trends, were provided at the CSIL World Furniture Outlook seminar which took place on April 10th 2019 at the Salone del Mobile show in Milan.

According to CSIL, drawing on data presented at the seminar (www.worldfurnitureonline.com), the overall trend in global furniture consumption is positive with growth expected to continue at an annual rate of 3% (in real terms) in the coming years. As in previous years, the fastest growth rate is expected to be in Asia but positive trends are also expected in all the other main consuming regions.

While growth is being maintained overall, discussions at the seminar also highlighted that the recent globalisation trend, which has been so much a feature of the industry and contributed to the rapid expansion of furniture production in parts of Asia in recent years, may be slowing.

According to CSIL's report of the seminar "*this was due to several concurrent factors...including the continuous reduction in the gap between Chinese and US/European production costs, the reduction of labor intensity due to the progressive advent of technology, the development of regional value chains and productive systems integration and finally the increasing demand for product customization and shorter time to market, which are favoring proximity of the industry to its clients*".

CSIL also mentioned the present “*chaotic status of international trade regulations*” as another factor creating uncertainties in the international investment environment for furniture and which may be encouraging a greater focus on intra-regional rather than globalised trade.

According to CSIL data presented to the seminar, despite relatively slow production growth, Europe is still a leading player in the global furniture industry, being the second largest producing region in the world and accounting for around one quarter of the total sector output.

The seminar highlighted some of the steps being taken by European furniture manufacturers to maintain their existing dominance in the European regional market and to expand their influence in export markets.

A presentation by Giulia Taveggia, CSIL partner, drawing on a new CSIL report on the market position of the world’s top 200 furniture manufacturers, highlighted the extent to which overseas investment has become of strategic importance in the sector. Around half of these large manufacturers now operate manufacturing plants outside their headquarter country.

For European companies, the history of foreign investment is a long one. The early focus of outside investment was in neighbouring European countries, particularly those acceded to the EU from 2004 onwards, most notably Poland, but extending into a wide range of countries including Romania, Lithuania, and the Czech Republic.

More recent investments have been directed towards non-EU countries, mainly in the European region (such as Ukraine and Belarus) but also further afield, notably in China.

The CSIL report also highlighted growing investment flows in the opposite direction as Chinese companies are increasingly engaged in “branding/know-how” acquisitions and other agreements or mergers with leading European furniture manufacturers.

This reflects a strategic decision by some Chinese companies to invest closer to major western consumer markets and to add high-end and mid-high-end brands to their product portfolio.

A presentation by Piotr Beer and Sylwia Oleriska of the Polish Chamber of Commerce of Furniture Manufacturers (OIGPM) focused on the efforts of Polish manufacturers to enhance their competitiveness in the global furniture market.

To achieve this, Polish manufacturers are building on their long experience of trading furniture in the highly competitive Western European market, on their relatively lower production costs and the high quality of furniture supplied.

Beer and Oleriska suggested that the main challenges to Polish manufacturers competitiveness relate to the implementation of new technology for furniture manufacturing, the need to reinforce brands, and for greater cooperation with designers to increase the added value of production.

To overcome these challenges, the Polish furniture sector is focusing very heavily on development of human resources, through training and with specific initiatives to reduce entry barriers and increase sector attractiveness for younger workers.

CSIL report, Africa a growth market for furniture

Several African countries have good potential to develop their furniture industry, both for expanding internal consumption and for export markets. Total furniture consumption in Africa is expected to rise 2.4% in real terms during 2020 and significant consumption growth is expected longer term.

These are key conclusions of the latest edition of the Africa Furniture Outlook report by CSIL, the furniture research organisation based in Milan, Italy (available for online purchase and download at: www.worldfurnitureonline.com)

According to CSIL, Africa has a total household consumption of US\$1,400 billion with 1.13 billion inhabitants and per capita GNP of about US\$ 1,700. Consumer demand has grown rapidly in the last decade thanks to an increase of the real income.

With 16% of the world's total population, Africa accounts for only 3% of world GDP but, according to IMF projections, per capita GDP between 2019 and 2023 will grow faster in Africa than in all other world regions except Asia.

CSIL estimated that apparent furniture consumption in Africa (at production or import prices, excluding retail mark-up) was US\$9.8 billion in 2017, which is \$8 per capita and represents just 2% of total global furniture consumption.

The main furniture consumer markets in Africa, all with consumption exceeding US\$500 million in 2017, are South Africa, Nigeria, Algeria, Egypt, Morocco and Sudan. North Africa, West Africa and South Africa are the main consuming regions, showing the highest per capita furniture consumption. CSIL note that Africa has 59 metropolitan areas with population in excess of 1 million.

Despite political instability and relatively poor infrastructure, these urban centres are expanding, with diversifying economies, and have significant potential as growth markets for furniture. In some areas, large investments are being made in real estate and tourism while the hospitality, cultural and entertainment sectors are all boosting demand for furniture.

CSIL report that total furniture imports in Africa (including both internal African trade and imports from outside the region) were worth about US\$3 billion in 2017. About 32% of furniture consumed in Africa is imported from outside the region and 68% is manufactured internally.

About 45% of imports from outside the region come from China, followed at a distance by Italy and Turkey.

Most imports from outside the region are destined for Southern and Northern Africa. South Africa is the largest furniture importer in the Southern region, importing mainly from China, Germany, and Italy. In North Africa the largest furniture importer is Morocco (which imports mostly from China, Spain, France and Italy), followed by Algeria, Egypt and Libya.

In 2017, total Africa furniture production was US\$ 7.5 billion in 2017, and only 10% of furniture manufactured in Africa was exported, the main exporting countries being Egypt, South Africa, Morocco and Tunisia.

North America

Wooden furniture imports catch up, but retail sales dip as confidence weakens

The volume of US imports of wooden furniture grew by 17% in May, surging ahead of 2018 year to date for the first time this year. Imports from China, Vietnam, Malaysia and Mexico all rose by more than 10%. Year to date, imports from Vietnam and Malaysia are up 29% and 13% respectively.

The results of the Smith Leonard survey of residential furniture manufacturers and distributors for April show business to be slowing down. New orders in April were down 9% from April 2018 and only 36% of the participants reported increased orders.

Year to date, new orders were 3% lower than the same period a year ago and down in a flat first quarter.

Shipments were down 2% from April 2018, down for 55% of participants. Year to date, shipments were up 2%, but only 48% reported increased year to date shipments. Backlogs remained even with March as dollar amounts of orders and shipments were about the same.

See: <https://www.smith-leonard.com/2019/07/01/june-2019-furniture-insights/>

US consumer sentiment cooled in June from an eight-month high on less optimism about the economic outlook in the wake of slower global growth and trade concerns. Households' long-term inflation expectations also retreated.

The University of Michigan's final sentiment index dropped to 98.2, slightly above the median forecast in a Bloomberg survey of economists, from 100 a month earlier.

The gauge of expectations decreased to 89.3 from a 15-year high in May, while an index of current conditions climbed to 111.9 from 110.

Most of the June slippage was concentrated in prospects for the national economy, with the unemployment rate expected to inch upward instead of drifting downward in the year ahead. Interest rates were anticipated to rise by the fewest respondents in six years and declines in mortgage rates have begun to have a positive impact on home buying.

Imports of keruing and jatoba rose sharply in May

US imports of sawn tropical hardwood remained strong in May rising by 5% to 24,166 cubic metres, which is 38% higher than that of May 2018. Import volumes are ahead of 2018 by 26% year to date. A 55% jump in imports from Malaysia fueled most of the gain for May, as imports from Ecuador, Brazil, Cameroon and Congo (Brazzaville) all declined.

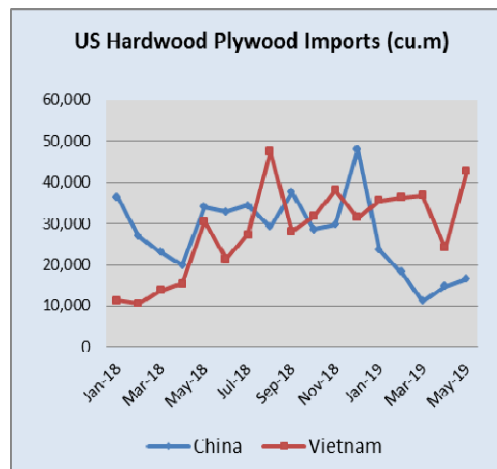
Imports from Ecuador are down 10% year to date, while imports from most other trading partners are ahead by more than 25%. Imports of keruing and jatoba both rose by more than 66% in May, accounting for most of the increased volume, while imports of balsa, sapelli, ipe, mahogany, virola, teak, and acajou d'Afrique all fell.

Balsa imports are 10% behind 2018 year to date, while sapelli, keruing, acajou d'Afrique, jatoba, teak and ipé are all well ahead 2018 volume figures for the year.

Canadian imports of sawn tropical hardwoods rose by 38% in May to the highest level since June 2018. Imports from Brazil, Cameroon and Ecuador are all up sharply year to date, while lagging from most other countries. Overall imports are down 9% year to date.

Imports of plywood from Vietnam double

US imports of hardwood plywood rose by 7% in May, but the volume, at 191,701 cubic metres, remains more than 25% less than that of last May. Import volumes are down 9% year to date, with imports from China, Indonesia and Cambodia all down more than one third for the year.



Data source US Census Bureau, Foreign Trade Statistics

May imports from Vietnam were their strongest of the year and are now more than doubling 2018 in volume year to date. Imports from Russia rose by 29% in May, but still were weaker than those of May 2018.

Cameroon’s veneer shipments drop 70%

US imports of tropical hardwood veneer dropped by 23% in May, falling from already depressed levels. Year-to-date totals remain down by 19%.

After a dismal first four months of the year, imports from Cameroon recovered to the level seen for most months last year, but the weak first quarter places Cameroon nearly 70% behind 2018 year to date. Imports from China fell 5% in May and remain well below their 2018 pace.

Four straight months of increased flooring imports

US imports of hardwood flooring by volume improved for the fourth straight month, rising by 16% in May. Imports for the month were more than 30% higher than in May 2018 and are up 18% year to date.

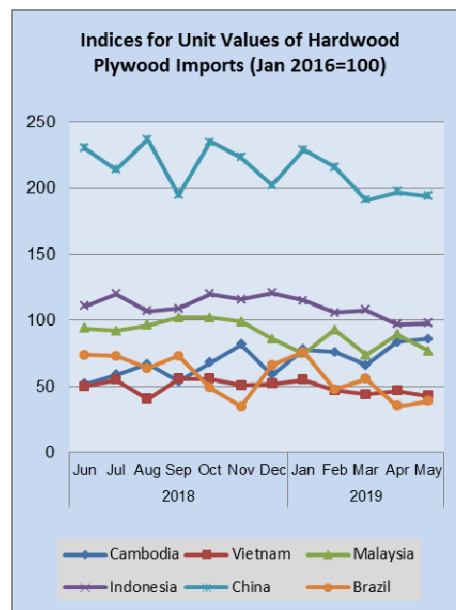
Imports from China rebounded strongly from very weak numbers in March and April, but still are down 43% year to date. Imports from Brazil fell slightly in May but continue to be strong as Malaysia and Brazil make up for the depressed imports from China.

Imports of assembled flooring panels also moved up strongly in May, rising by 32%. Imports are ahead of 2018 by 11% year to date. Imports from China rose sharply in May, but still lag behind May 2018 totals. Imports from Vietnam and Thailand more than doubled in May, as both countries continue to increase their market share at China’s expense.

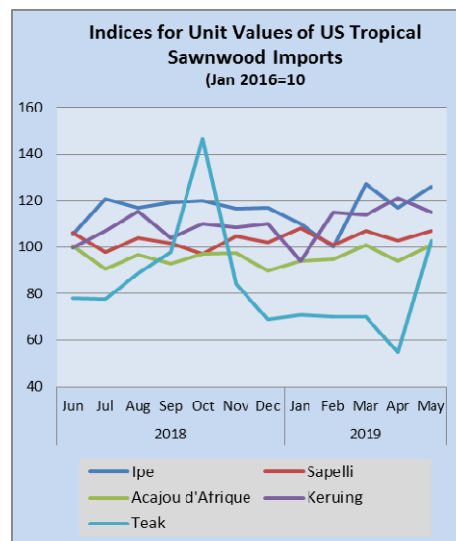
China surges back with moulding shipments

The volume of US imports of hardwood moulding rose by 24% in May, fueled chiefly by increased imports from China. While Chinese imports are still down 48% year to date, a 71% increase from April to May brought overall imports up from the weak numbers of the past few months.

Despite the rise, May imports remained behind 2018 levels and are down 27% year to date. Imports from Brazil fell by 11% in May and are down more than 50% year to date.



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



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

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

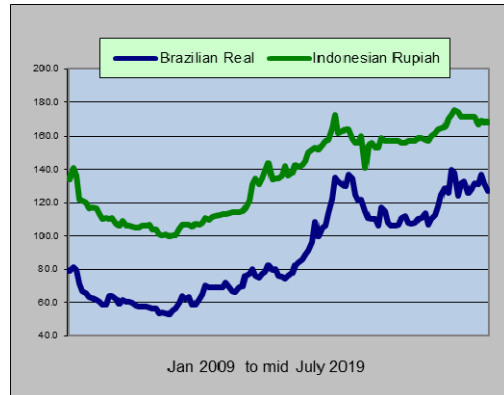
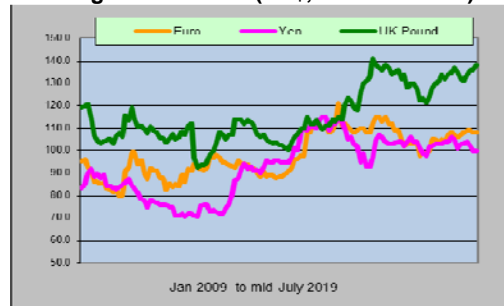
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

Dollar Exchange Rates

As of 10 July 2019

Brazil	Real	3.7459
CFA countries	CFA Franc	584.63
China	Yuan	6.8731
EU	Euro	0.8888
India	Rupee	68.38
Indonesia	Rupiah	14150
Japan	Yen	108.46
Malaysia	Ringgit	4.1355
Peru	New Sol	3.32
UK	Pound	0.7999
South Korea	Won	1176.57

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

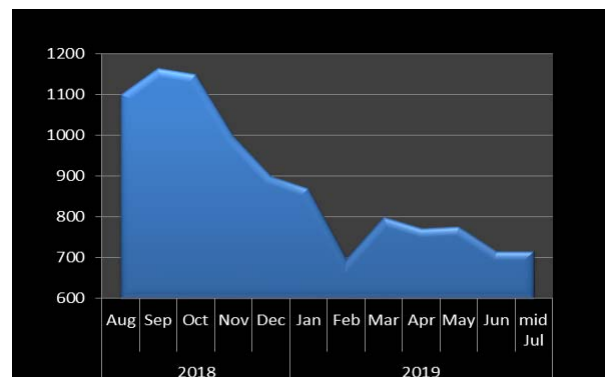


Abbreviations and Equivalences

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

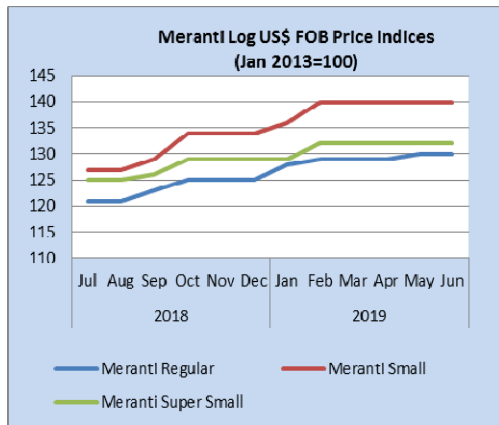
Baltic Supramax Index
August 2018 – mid July 2019



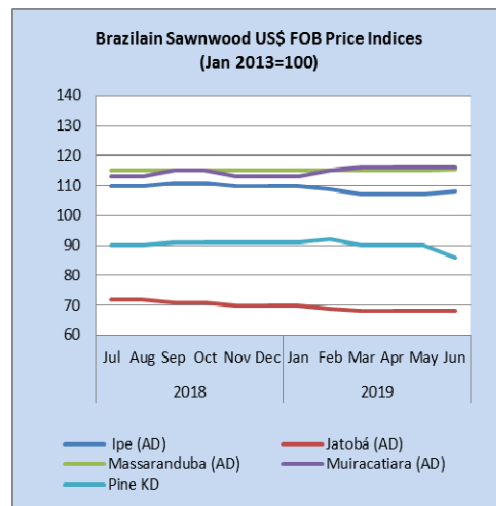
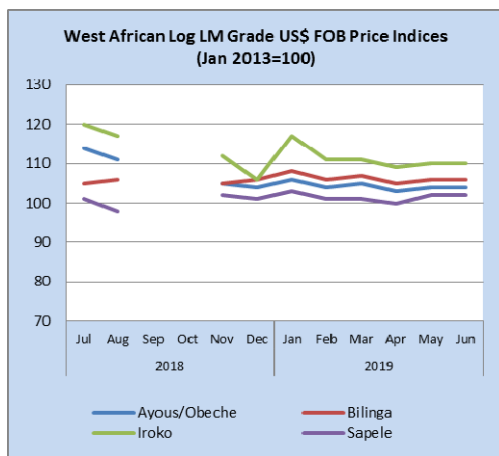
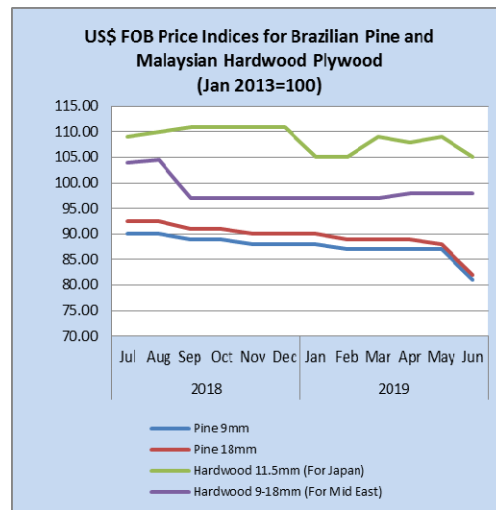
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

Price indices for selected products

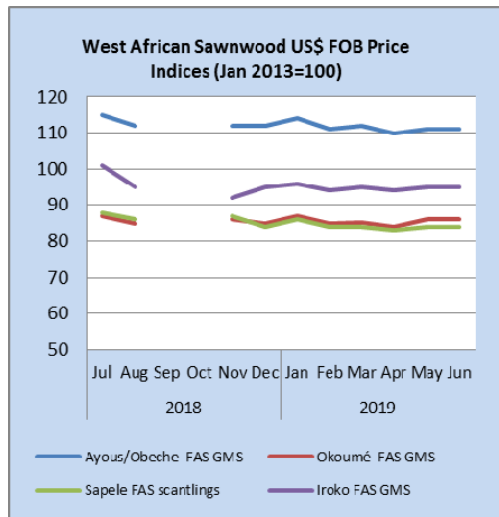
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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