

Tropical Timber Market Report

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Top Story

EUTR blamed for move away from Chinese MLH plywood

The plywood market has already been significantly affected by the EU Timber Regulation which came into effect on March 3, 2013.

Prior to March 3 there was an increase in imports of Chinese mixed light hardwood plywood. UK stocks of this lower-priced plywood are now very high at a time when demand from the construction sector is slow.

Following the surge in imports of Chinese plywood at the end of 2012 few new orders are being placed with Chinese suppliers.

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Producers avoiding stock build-up

Mills in the region are continuing with their policy of carefully balancing production with demand to avoid an increase in stock levels as there has been no change in the quiet market conditions, say analysts.

It is the opinion of producers that EU importers are generally well stocked and, except for small purchases to fill the gaps in stocks, are content to delay major purchases for the time being.

Buyers in Belgium recently returned to the market with a particular interest in purchases of padouk, the prices of which are tending to rise.

In other market news, there is some positive growth in demand for S2S or S4S sawnwood planed to size. However, demand is at best only moderate in the current slow market conditions in China, India and Europe.

Exporters and importers are looking for signs of impact of the EUTR which came into effect on March 3. Producers continue to express concern that the EUTR gives the impression to consumers that producers could be criminals selling illegal timber unless they can prove otherwise.

Cameroon bans export of boules and 'clean-sawn' timber

Unconfirmed reports say that Cameroon has increased the export duty on timber by 4.5% and has banned exports of 'through and through' sawn boules and 'clean sawn' logs.

Boules and Clean sawn logs are now classified in Cameroon as logs not sawnwood and, as such, fall within the ban on log exports.

Boules, a product particularly suited to high end furniture manufacturers where colour and texture consistence are important, and clean sawn products became popular when log exports were banned.

Port congestion reported in Gabon

Exporters in Gabon are still hampered by port congestion say analysts. Exporters say the capacity and available facilities at the port are inadequate to handle the volume of both outbound and inbound traffic. A project to build more berths is in the pipeline but held up due to problems in securing finance.

Concessions repossessed in Gabon

The Forest Authority in Gabon recently repossessed more than 50 concessions because of either unpaid land taxes, failure on the part of the concession holder to provide the required forest management plan or non-compliance with forest regulations.

In recent years the Forest Authority in Gabon has strictly enforced the requirement for those granted concessions to provide management plans. When a concession holder fails to provide the plan or is found to have breached the

terms of the concession agreement or forest regulations the authorities have not hesitated to withdraw the concession.

In Gabon forestry officers are posted at every mill and at prior to shipment all containers are inspected.

Gabon has not yet negotiated a Voluntary Partnership Agreement with the EU so will not be shipping FLEGT licensed timber for some time. However, control of forest operations and industry is very strict and forestry regulations are enforced. In Cameroon also the procedures for concession bidding are transparent and forest law enforcement is very closely controlled.

Rumours circulate that Liberia will strictly enforce log export ban

Trade sources say that Liberia intends to strictly enforce a log export ban but no official confirmation of this can yet be obtained.

After a long period of internal conflict the UN was mandated to assist the government of Liberia and some time ago limited timber exports resumed under tight control.

Log Export Prices

West African logs, FOB	€ per m ³		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	205	205	145
Ayous/Obeche/Wawa	220	205	135
Azobe & Ekki	205	205	135
Belli	210	210	-
Bibolo/Dibétou	145	130	-
Iroko	270	230	220
Okoume (60% CI, 40% CE, 20% CS) (China only)	245	225	200
Moabi	280	280	190
Movingui	185	155	150
Niove	165	165	-
Okan	300-	295	-
Padouk	340	320	235
Sapele	270	255	170
Sipo/Utile	320	295	170
Tali	285	285	-

Sawnwood Export Prices

West African sawnwood, FOB	€ per m ³
Ayous FAS GMS	330
Bilinga FAS GMS	515
Okoumé FAS GMS	470
Merchantable	290
Std/Btr GMS	345
Sipo FAS GMS	530
FAS fixed sizes	-
FAS scantlings	495
Padouk FAS GMS	800
FAS scantlings	840
Strips	340
Sapele FAS Spanish sizes	480
FAS scantlings	505
Iroko FAS GMS	550
Scantlings	580
Strips	410
Khaya FAS GMS	430
FAS fixed	465
Moabi FAS GMS	550
Scantlings	550
Movingui FAS GMS	400

Report from Ghana

Creating awareness on the EUTR in EU member states

A team from the Ghana Forestry Commission (GFC) visited key importers in EU member states to exchange views and inform buyers, officials from EU competent authorities, customs and timber trade federations on the interim arrangements Ghana is putting in place before it is in a position to provide FLEGT Licensed wood products.

It is expected that the arrangement being put in place in Ghana will meet the due diligence requirements of the EUTR and will facilitate the entry of wood product from Ghana into the EU. The GFC anticipates that FLEGT licensed timber will be available in the first quarter of 2014.

The GFC is encouraging exporters to continue close interaction with their buyers in the EU and to be ready to provide documentation the importers may need to satisfy the EUTR.

Due diligence explained to local industry

The Ghana Forestry Commission (GFC) has organised workshops to provide information to the timber industry and other stakeholders on the requirements of the EUTR.

The workshop provided industry with information on the documentation that exporters may need to provide to their customers in the EU as the importers address the due diligence requirements of the EUTR.

Minister visits Forestry Commission

The Minister of Lands and Natural Resources, Alhaji Inusah Fuseini, has called on the Forestry Commission (FC) to continue its partnership with the ministry and other allied institutions to promulgate laws and regulations which will promote sustainable forest management in the country.

The Minister made this statement when he paid his first visit to the FC headquarters in Accra, where he interacted with the executive management of the commission headed by Mr. Samuel Afari Dartey.

The Minister reminded the FC that the country's forest resources are a strategic asset which needs a sustained legislative backing to guarantee its sustainable management and utilisation.

Trimming the financial deficit

Ghana's 2013 budget aims to trim the deficit to 9 percent from the 12 percent of Gross Domestic Product (GDP) in 2012 by enhancing tax revenues and controlling expenditures.

In his first budget statement to the nation, the Minister of Finance said the focus in the current budget is revenue generation through expanding the tax base and improving the efficiency of tax administration.

Boule Export prices

	Euro per m ³	
Black Ofram	225	
Black Ofram Kiln dry	294	
Niangon	487	
Niangon Kiln dry	545	

Domestic Log Prices

Ghana logs	US\$ per m ³	
	Up to 80cm	80cm+
Wawa	154-163	165-180
Odum Grade A	168-174	177-188
Ceiba	122-152	135-152
Chenchen	93-105	108-123
Khaya/Mahogany (Veneer Qual.)	111-123	125-145
Sapele Grade A	145-155	160-185
Makore (Veneer Qual.) Grade A	132-138	140-166
Ofram	109-117	122-131

Export Sawnwood Prices

Ghana Sawnwood, FOB	€ per m ³	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	855	945
Asanfina	480	-
Ceiba	185	240
Dahoma	318	409
Edinam (mixed redwood)	375	444
Emeri	358	424
African mahogany (Ivorensis)	575	643
Makore	552	607
Niangon	502	573
Odum	610	698
Sapele	600	627
Wawa 1C & Select	302	353

Export Veneer Prices

Rotary Veneer, FOB	€ per m ³	
	Core (1-1.9mm)	Face (<2mm)
Bombax	315	350
Ofram,	295	355
Ogea	315	350
Otie	310	340
Chenchen	285	350
Ceiba	290	353

The above prices are for full sized panels, smaller sizes minus 15%. Thickness below 1mm would attract a 5% premium.

Export Rotary Veneer Prices

Rotary Veneer 2mm and up, FOB	€ per m ³	
	CORE (2mm & up)	FACE (2mm & up)
Ceiba	280	353
Chenchen	315	350
Ogea	315	350
Essa	215	350
Ofram	315	355

Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	1.00
Asanfina	1.40	0.80
Avodire	1.00	0.60
Chenchen	0.72	0.44
Mahogany	1.25	0.70
Makore	1.20	0.65
Odum	1.75	0.95

Export Plywood Prices

Plywood, FOB BB/CC	€ per m ³		
	Ceiba	Ofram	Asanfina
4mm	404	568	622
6mm	392	600	600
9mm	335	420	461
12mm	333	410	422
15mm	296	358	359
18mm	286	345	355

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	FOB € per sq.m		
	10x60mm	10x65-75mm	14x70mm
Apa	12.00	14.47	17.60
Odum	8.30	11.00	11.60
Hyedua	13.67	13.93	17.82
Afrormosia	13.72	18.22	17.82

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

Report from Malaysia

Growth in furniture exports to the US

Preliminary figures for Malaysian timber exports in 2012 suggest they totalled RM 19.9 billion (approximately US\$ 6.3 billion) however, the statistics are still being finalised.

The Plantation Industries and Commodities Minister Bernard Dompok was reported by the Star newspaper as saying the furniture sector contributed RM 8 billion (approximately US\$ 2.5 billion) or around 40% of the total value of wood product exports in 2012.

The minister emphasised the growing importance of export earnings by the furniture sector. In 2012 Malaysian furniture was exported to 199 countries worldwide and the value of furniture exports increased more than 4% over levels in 2011. An almost 11% increase in furniture exports to the United States was recorded.

New Customs regulations introduced

Kuala Lumpur regularly plays host to two international furniture fairs which attract thousands of international buyers.

These furniture fairs come at a time when the timber industry is struggling to meet new Malaysian regulations for exports to Europe.

As of March 2013 furniture exporters in Malaysia must apply for an export permit from the Malaysia Timber Industry Board to satisfy revised Malaysian Customs requirements.

The new Malaysian Customs Prohibition List applies to wooden furniture and 11 other types of wood products such as laminated scantling, flooring, etc. The new Malaysian export regulations are aimed at providing EU importers with credible evidence to satisfy the due diligence requirements of the EUTR.

Industry analysts are expecting exports to EU markets to dip in the short term as Malaysian exporters gradually become familiar with the new regulations and as

information on what is required and the procedures to be followed by exporters.

Despite the efforts of the trade associations and government agencies over the past few months some exporters are still not totally familiar with the new procedures.

Sabah releases export figures for 2012

The Sabah state government recently released official statistics on the 2012 FOB value of wood product exports. Plywood exports were valued at RM 1,018,134, 684 (approx. US\$ 474 million), sawntimber RM 395,455,670 (approx. US\$ 126 million), mouldings RM 98,360,775 (approx. US\$ 31 million), laminated board RM 81,301,973 (approx. US\$ 26 million), and veneer RM 73,335,818 (approx. US\$ 23 million).

The top buyers of Sabah plywood in 2012 were Japan 21.1%, followed by Peninsular Malaysia 18.3%, South Korea 9.7%, Mexico 9.6% and USA 8.5%.

The main buyers of Sabah sawnwood were Thailand 30.1%, followed by China 13.3%, Taiwan P.o.C 11.8%, Japan 10.8% and South Africa 9.2%.

Low log and plywood prices squeeze 2012 profits

In Sarawak, two major listed timber companies are in the news as they have just released their financial reports. Jaya Tiasa Holdings was reported by the Star newspaper as expecting a better year in 2013 after a weak 2012.

The company says it is optimistic that the improved housing starts in USA and the tight log availability, which is driving up log export prices, will help boost this year's earnings.

The company's profits fell in 2012 because the price of logs and plywood fell by 21% and 11% respectively compared to levels in 2011.

The Star also reported on the financial reports from WK Holdings and stated that profits were down in 2012 due to lower log production and lower than expected income from log sales.

WTK said in notes attached to its latest financial results: "Average round log prices dropped by 7.8% and at the same time sales volume decreased by 3.4%. The Group's key export markets for round logs in 2012 were India at 79% and China (11%) while the remaining 10% was exported to ASEAN countries".

On plywood, WTK sales volume increased by 26% in 2012 but any gain from the increase in sales volume was offset by a 7.6% drop in average prices. The bulk WTK plywood sales (88%) were to Japan, the balance going to Taiwan P.o.C.

Log Export Prices (FOB Sarawak)

Meranti SQ	US\$ 255 – 250↓
Kapur SQ	US\$ 330 – 345
Keruing SQ	US\$ 250 – 270
Selangan Batu regular	US\$ 490 – 530↑

Export Plywood Prices

Malaysia ply MR BB/CC, FOB	US\$ per m ³
2.7mm	445-506
3mm	427-457
9mm & up	378-448

Report from Indonesia

Debate rages on forest concession moratorium

Officials at Indonesia's Forestry Ministry have said the country should continue with its ban on the issuance of new forest concessions to fully participate in international efforts on climate change mitigation.

However, the proposal to extend the government moratorium on granting concessions, which comes to an end in May, is being opposed by some who say the extension of the ban will hurt the economy.

National media reports say that some Indonesian politicians are calling for a freeze on the Reforestation Fund if a decision is made to continue the moratorium.

The challenge to continuation of the moratorium is being supported by the Agriculture Ministry and the palm oil and mining sectors that fear this is a business unfriendly policy which risks weakening economic growth.

The Agriculture Ministry would prefer, say media reports, to see stricter enforcement and new controls to protect peatland and primary forest areas rather than a ban on concessions.

A coalition of non-governmental environmental organizations has also entered the debate urging the government to remain firm in its commitment to protect the forests of Indonesia and uphold its commitment to reduce green house gas emissions by between 26 percent and 41 percent by 2020. The NGOs say that if the moratorium is not extended this goal cannot be achieved.

Several publications by the Center for International Forestry Research (CIFOR) also call for extension of the policy and document benefits that the policy has already brought.

International Furniture and Craft Fair Indonesia

The 2013 International Furniture and Craft Fair Indonesia (IFFINA) was held in Jakarta from March 11-14. The four-day fair featured over 500 domestic and overseas exhibitors.

The organizers expect business deals worth around US\$400 million to be concluded this year.

Indonesia's 2012 furniture exports grew over ten percent to around US\$2 billion on the back of improved demand in US and European markets.

Speaking at the event the Industry Minister said last year's exports to the US were worth over US\$500 million while sales to Germany and the Netherlands were around US\$200 million each.

Analysts remarked that demand was initially coming from the furniture replacement segment of the US market but, as US housing growth is expanding, demand is now also coming from the new home furnishing segment of the market.

To achieve growth in Indonesia's furniture exports the government has indicated it will assist exporters seeking to diversify further into new markets in India, China and emerging economies in South America and Africa.

ASMINDO to assist members enter new markets

Commenting on the response of buyers at IFFINA a spokesperson from the Indonesian Furniture Industry and handicraft Association (ASMINDO) said that, because there was a 30 percent rise in the number of buyers visiting the fair especially those from non-traditional markets, an improvement in the export performance of the sector seems assured.

ASMINDO intends to work with its 700 members to plan penetration of non-traditional markets in South America and Africa without abandoning opportunities which have recently been created for Indonesia furniture in China, Malaysia and South Korea.

In other news ASMINDO is undertaking training on internal tracking for members in the Solo area to strengthen the capacity of members as they apply for the external audit required before enterprises can secure the timber legality license (SVLK)

Domestic Log Prices

Indonesia logs, domestic prices	US\$ per m ³
Plywood logs	
Face and core logs	240-270
Sawlogs (Meranti)	232-330
Falcata logs	110-270
Rubberwood	94-125
Pine	90-172
Mahoni (plantation mahogany)	135-385

Domestic Ex-mill Sawwood Prices

Indonesia, construction material, domestic	US\$ per m ³
Kampar (Ex-mill)	
AD 3x12-15x400cm	729
KD	781
AD 3x20x400cm	750
KD	802
Keruing (Ex-mill)	
AD 3x12-15x400cm	417
AD 2x20x400cm	469
AD 3x30x400cm	480

Export Plywood Prices

Indonesia ply MR BB/CC, export FOB	US\$ per m ³
2.7mm	625
3mm	525

Domestic Plywood Prices

MR Plywood (Jakarta), domestic	US\$ per m ³
9mm	369-405
12mm	350-423
15mm	303-432

Export and Domestic Other Panel Prices

Indonesia, Other Panels, FOB	US\$ per m ³
<i>Particleboard</i> Export 9-18mm	175-205
Domestic 9mm	225-275
12-15mm	215-233
18mm	205-224
<i>MDF</i> Export 12-18mm	278-293
Domestic 12-18mm	210-280

Export Added Value Product Prices

Indonesia, Mouldings, FOB	US\$ per m ³
Laminated Boards	
Falcata wood	370-450
Red Meranti Mouldings 11x68/92mm x 7ft up	
Grade A	520-551
Grade B	478-500

Report from Myanmar

Firm and stable market demand for teak

The market situation remains the same as reported throughout the first quarter of 2013. Teak market is firm and there is good demand for fresh cut hardwood (i.e. non-teak) logs. It is expected that business will remain steady for the next few months.

Household use of wood fuel the cause of deforestation

The Myanmar Weekly Eleven, a local journal, reported that Forestry Minister U Win Tun said Myanmar is one of the countries in the region where the rate of deforestation is the highest, adding that the major cause is illegal cutting for household fuelwood and charcoal production.

Association and ETTF to undertake legality assessment

The Joint Secretary of the Myanmar Timber Merchants Association U Bar-Bar Cho has been quoted as saying the association is working with the European Timber Trade Federation (ETTF) to agree a MOU for an independent assessment of the systems in place in Myanmar to ensure that all timber is legally harvested.

The MOU is being developed in response to the introduction of the EUTR.

Myanmar intends to demonstrate that it has adequate systems to ensure compliance with the criteria for 'Due Diligence' thus ensuring access to the EU market. The Myanmar industry is optimistic that an agreement can be worked out in the coming months.

Exporters mull abandoning EU market

It has been reported in the domestic press that some timber industrialists say they may cease timber export to the EU preferring to concentrate on sales to countries where

timbers from Myanmar are used to satisfy local market demand rather than for re-export to EU markets.

Several Myanmar timber merchants have expressed the view that, due to the growth in domestic demand, even if log exports are banned the country may soon have little excess wood products to export.

On the other hand other analysts point out that, though log exports are no longer a major foreign exchange earner, the industry is still an important source of foreign exchange and provides thousands of jobs.

February Teak Prices

Grade	Quantity (Tons)	€/per ton
4th Quality	10	5046
SG-1	21	3312
SG-2	36	3048
SG-4	234	2502
SG-5	135	1872
SG-6	103	1615
SG-7	64	1453

Hoppus ton=1.8m³; All grades, except SG-3/5/6, are length 8' x girth 5' & up. SG-3/4/6 are girth 4' & up. SG-3 grade is higher than SG-4 but with lower girth and price. Prices vary due to quality and/or girth at the time of the transaction.

Report from India

Budget offers support to home buyers

The budget for 2013-14, presented by the Finance Minister Mr.P.Chidambaram, has not increased import duties on wood in the rough, sawn timber, plywood and other panel products.

The good news in the budget for the timber industry is that it provides support for home buyers. This should give a boost to the housing sector which is a significant market for wood products. The assessment of analysts is that the budget is well balanced and will stimulate investment.

Timber Processing Zone experiment a success

To prevent illegally felled domestic logs entering the supply chain all wood working industries are required to obtain clearance from a 'Central Empowered Committee', whose task is to verify the source of the logs.

This is a time consuming and costly process for the timber industry and discourages new investment in wood based enterprises.

To ease the burden on industry and minimize the bureaucracy, an experiment has been launched. A Timber Processing Zone has been created where enterprises can be established to process only imported logs, sawnwood and veneers.

The first such processing zone was developed in Kandla, home to a major port servicing the timber industry on the west coast of India in the state of Gujarat.

The procedures for establishing a wood processing plant in the Zone have been made easy to encourage companies to invest in processing capacity.

The indications are that this experiment proved a success as about 1,000 factories of various types and sizes have been established in and around the Zone.

The technical and marketing advantages of such a cluster of wood processing industries are now being felt and employment opportunities have expanded.

Given the positive experience in Kandla, Paradeep Port on the east coast of India in Odisha state has been selected for establishment of a second Timber Processing Zone.

The government of Odisha has identified land for this project and construction planning is underway.

IKEA investment in retailing outlets likely to get approval

The Swedish company IKEA has submitted a proposal to the Indian authorities for investment in retail sales outlets across India for its home and office furnishing products.

Media reports indicate that the Foreign Investment Promotion Board has recommended IKEA’s proposal to the Cabinet Committee of Economic Affairs.

India’s foreign investment rules require a mandatory sourcing of at least 30% of the value of goods sold in India from domestic small and medium enterprises.

When the IKEA investment goes ahead it could boost sales of locally manufactured panel products, hardwood products and handicrafts.

Strong demand for imported teak despite quality issues

The availability of imported teak and other hardwoods has improved since the beginning of the year and this has meant companies have been able to maintain healthy stock levels.

However, analysts say hardwoods from domestic forests are preferred by industry as the quality is better.

Teak and other hardwood logs from Myanmar are of larger girth than imported plantation teak logs but the availability of high quality teak from Myanmar is said to be declining.

However, due to the scarcity of domestic teak logs even poor quality logs from Myanmar are purchased immediately on arrival at Indian ports.

Only option - switch to SE Asian hardwood alternatives

In the absence of large quantities of Haldu (Adina cordifolia), Laurel (Terminalia tomentosa), Sal (Shorea robusta), Bija (Pterocarpus marsupium) end-users have been switching to Balau, Rengas, Meranti, Merbau and Kempas from South East Asia. There is a firm demand for these timbers in India.

Imports of Radiata pine help meet the shortage of local species for production of boxes and crates, pallets and for concrete shuttering. The flow of Radiata shipments from New Zealand is steady and prices are stable.

Active trade in imported plantation teak

Supplies and shipments of imported plantation teak logs and squares are steady and prices remain unchanged. The trade in imported timber is very active due to the shortage of local hardwoods.

Prices C & F Indian ports, per cubic metre are shown below.

Imported Plantation Teak Prices (C&F)

	US\$ per m ³
Tanzania Teak sawn	450-800
Côte d'Ivoire logs	450-850
PNG logs	450-550
El-Salvador logs	400-550
Guatemala logs	400-500
Nigeria squares	300-500
Ghana logs	350-650
Guyana logs	300-450
Benin logs	500-1000
Benin sawn	700-800
Brazil squares	400-600
Colombia logs	400-600
Togo logs	350-500
Ecuador squares	350-500
Costa Rica logs	400-650
Panama logs	350-450
Sudan logs	500-650

Variations exist based on lengths and average girths of logs in a parcel. Prices also vary with measurement allowances given for bark and sap in different countries of origin.

Domestic sawnwood prices

Prices for air dried sawnwood remain unchanged. Prices are shown below as per cubic foot, ex-sawmill.

Domestic Ex-mill Sawnwood Prices for Imported Timber

Sawnwood, (Ex-mill) (AD)	Rs. per ft ³
Merbau	1500-1650
Balau	1600-1700
Kapur	1100-1250
Red Meranti	800-900
Radiata Pine (AD)	500-550
Whitewood	525-575

Prices for Myanmar Teak sawn in India

Sawnwood (Ex-mill)	Rs. per ft ³
Myanmar Teak (AD)	
Export Grade F.E.Q.	4500-10500
Plantation Teak A grade	3400-4000
Plantation Teak B grade	2800-3100
Plantation Teak FAS grade	2000-2600

The price range is the result of variations in length and cross section.

Prices for imported kiln dry (12% mc) sawnwood

Prices remain unchanged.

Sawnwood, (Ex-warehouse) (KD)	Rs per ft ³
Beech	1100-1200
Sycamore	1200-1300
Red oak	1400-1500
White Oak	1400-1650
American Walnut	2000-2150
Hemlock clear grade	1000-1100
Hemlock AB grade	950-1000
Western Red Cedar	1400-1550
Douglas Fir	1050-1100

Plywood manufactures undeterred by Chinese plywood imports

The level of taxes and stamp duty on newly built homes continues to deter prospective home buyers and this affects the timber sector, especially plywood and other woodbased panel manufacturers.

Imports of plywood from China continue but as the quality is perceived as low such imports are not seriously affecting sales of domestically made plywood.

Current market prices are shown below.

WBP Marine grade from domestic mills

Plywood, Ex-warehouse, (MR Quality)	Rs. per sq.ft
4 mm	30.00
6 mm	44.00
12 mm	67.00
15 mm	79.00
18 mm	95.00

Domestic Ex-warehouse Prices for Locally Manufactured MR Plywood

Locally Manufactured Plywood "Commercial Grade"	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.13.00	Rs.21.00
6mm	Rs.20.00	Rs.29.00
8mm	Rs.25.00	Rs.33.00
12mm	Rs.30.00	Rs.38.00
19mm	RS.43.00	Rs.51.00
5mm Flexible ply	Rs.30.00	

Report from Brazil

Domestic price trend puzzle because of Real/US\$ exchange rate

On the domestic market wood product prices in Brazilian reals have increased by an average 2.0% over the past three months.

However, average prices, in US\$ shown in the tables below, illustrate that in dollar terms there has been a downward movement in prices of 3.9%. This is due to the appreciation of the Brazilian currency against the US dollar during the period reported.

New Forest Concession in Rondônia State

The result of competitive public bidding for forest concessions in the national forest of Jacundá in the state of Rondônia (Jacundá FLONA) was made public by the Brazilian Forest Service (SFB) on March 5, 2013.

The Madeflona Industrial Wood Company won the bid for forest management units (FMUs) 1 and 2, covering 55,000 and 32,700 hectares, respectively.

The forest concessions available also included a third FMU of 23,600 hectares, but there were no bids from qualified candidates for this FMU.

There were a total of 11 bids for the available concessions and the bids were opened in public to ensure transparency in the selection of concessionaries.

With the completion of the allocation process the next step will be the signing of concession contracts. Each concession agreement is valid for up to 40 years for the sustainable harvesting of timber and non-timber products.

The Jacundá FLONA is the second national forest in which harvesting concessions have been made available in Rondônia state.

IBAMA Seizes illegal timber in Pará state

Inspectors of the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) seized 8,000 cubic metres of illegally harvested timber in an area 200 kilometres from the city of Santarem, in the Pará state, in the Amazon region.

The volume seized is equivalent to about 320 truckloads of logs. This seizure was the result of one of the first operations of IBAMA in this state in 2013.

Part of confiscated timber will be transported by the Civil Defence Force but, because of access problems, some logs will be destroyed where they have been stored after seizure.

In regions monitored by IBAMA, inspection teams have located illegal log storage sites and have removed illegal logging camps and seized boats that were used to transport illegal products. This year five clandestine loading points were shut down.

In the state of Mato Grosso IBAMA inspectors are working with security force troops to ensure greater surveillance. IBAMA says that with the help of the troops it will be able to double the number of inspection teams in the region.

Satisfying EU requirements on legal origin

According to ABIMCI the EUTR, which requires proof of origin of the wood raw materials used to manufacture products, will not affect trade from Brazil as Brazilian entrepreneurs comply with requirements on the legal origin of timber.

ABIMCI reaffirmed that there is no illegal timber or wood products being exported from Brazil.

The EUTR, says ABIMCI, could result in a marketing advantage for Brazilian exporters as some of its competitors' in the European market may find it difficult to meet the requirements of the EUTR.

Europe is the main destination for Brazilian wood products. In 2012, Europe purchased 65% of exported plywood.

ABIMCI is working with the timber associations in Europe as well as the European Timber Trade Federation and other federations in the EU member states to provide information on the capacity of Brazilian exporters to satisfy the new EU legal requirements.

International funds to preserve forests not reaching Brazil

A recent analysis of the flow of funds for forest conservation shows that only around 39% of the US\$ 597 million pledged by four private foundations and five government agencies were disbursed during the period 2009 to 2012.

Most of the funds reportedly went to NGOs and government agencies for three purposes; support for projects on Reducing Emissions from Deforestation and Forest Degradation (REDD+), empowering communities and for developing new national policies.

Despite the low level of funding for practical conservation, the flow of funds in Brazil is said to be higher than other countries that also have REDD+ programmes. The flow of funding is said to be as low as 18% in Vietnam, 3% in Ghana and just 1% in Ecuador.

The main reasons cited for the slow flow of funds are excessive bureaucracy in the recipient countries and the poor capacity of recipient organizations to manage the funds in an open and transparent manner.

It is pointed out by analysts that the lack of a clear regulatory framework for REDD projects in Brazil makes disbursement of development funds difficult.

Price trends

Domestic Log Prices

Brazilian logs, mill yard, domestic	US\$ per m ³
Ipê	163↑
Jatoba	114↑
Guariuba	89
Mescla (white virola)	93

Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per m ³	
Jatoba Green (dressed)	1330	
Cambara KD	725↑	
Asian Market (green)	Guariuba	354
	Angelim pedra	825↑
	Mandioqueira	302
Pine (AD)	220↑	

Domestic Sawnwood Prices

Brazil sawnwood, domestic (Green)	US\$ per m ³	
Northern Mills (ex-mill) Ipê	906↑	
Jatoba	630↓	
Southern Mills (ex-mill)	Eucalyptus (AD)	247↑
	Pine (KD) 1st grade	231↑

Export Veneer Prices

Veneer, Export (Belem/Paranagua Ports) FOB	US\$ per m ³
White Virola Face 2.5mm	341↑
Pine Veneer (C/D)	240↑

Domestic Veneer Prices

Rotary cut Veneer, domestic	US\$ per m ³	
(ex-mill Northern Mill)	Face	Core
White Virola	272↑	224↑

Export Plywood Prices

Plywood, FOB	US\$ per m ³
White Virola (US Market)	
5.2mm OV2 (MR)	498
15mm BB/CC (MR)	448↑
White Virola (Caribbean market)	
4mm BB/CC (MR)	621↑
12mm BB/CC (MR)	456↓

Pine Plywood EU market, FOB	US\$ per m ³
9mm C/CC (WBP)	358↑
15mm C/CC (WBP)	332↑
18mm C/CC (WBP)	330↑

Domestic Plywood Prices

Plywood, domestic (ex-mill Southern mill)	US\$ per m ³
Grade MR (B/BB) White Virola 4mm	806↑
White Virola 15mm	593↑

Domestic prices include taxes and may be subject to discounts.

Export Prices For Other Panel Products

Belem/Paranagua Ports, FOB	US\$ per m ³
Blockboard Pine 18mm 5 ply (B/C)	415↑
<i>Domestic Prices, Ex-mill Southern Region</i>	
Blockboard White Virola faced 15mm	563↑
Particleboard 15mm	363

Export Prices For Added Value Products

FOB Belem/Paranagua Ports	US\$ per m ³
Decking Boards	
Cambara	960↑
Ipê	2,584↑

Report from Peru

2012 trade figures from ADEX

The Exporters Association of Peru (ADEX) has just released 2012 wood product export statistics. The cumulative FOB value of exports by the timber sector was US\$164.8 million down 2.5% on 2011.

In 2012 the three main wood export destinations were China, Mexico and United States and these three markets accounted for 72.5% of all sector exports. Growth was recorded in exports to the USA, Dominican Republic and France, much of this growth was from increased sales of parquet.

Among the markets that weakened during 2012 were China, down 11% and Mexico, down 12%.

2012 Sawnwood and plywood exports grew in an otherwise slow market

The FOB value of sawnwood exports in 2012 was just over US\$66 mil., representing 40% of all exports. In contrast to the export performance of other products, sawnwood sales increased 14% from US\$58 mil. in 2011.

The single most important market for sawnwood from Peru was Mexico, a market that accounted for around 31% of all 2012 sawnwood exports.

Exports of semi-manufactured wood products earned US\$56.3 mil. in 2012 but were down around 19% on levels in 2011

The main destination for semi-manufactured products was China which accounted for 60% of all sales. Encouraging signs were seen in demand from Belgium for semi-manufactured products in 2012.

Exports of veneer and plywood in 2012 were worth US\$ 22 mil. FOB, this represented an increase in earnings of US\$2.4 mil. or almost 13% over levels in 2011. Mexico accounted for most (58%) of the veneer and plywood exports from Peru in 2012.

The exports of furniture and furniture parts fell in 2012 to US\$ 7.5 mil. FOB, down 9.7% compared to 2011. The US was the main market accounting for 57% of exports followed by Italy (21%).

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	532-586

	US\$ per m ³
Peru Sawnwood, FOB Callao Port (cont.)	
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	414-477↓
Grade 2, Mexican market	356-398
Cumaru 4" thick, 6'-11' length KD	
Central American market	834-849
Asian market	798-871
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	564-573
Marupa (simarouba) 1", 6-11 length Asian market	368-394

	US\$ per m ³
Peru Sawnwood, FOB Iquitos	
Spanish Cedar AD Select Mexican market	887-909
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	409-444
Grade 2, Mexican market	321-354
Grade 3, Mexican market	161-176
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	289-320↑

Domestic Sawnwood Prices

	US\$ per m ³
Peru sawnwood, domestic	
Mahogany	867-911
Virola	80-111
Spanish Cedar	264-305
Marupa (simarouba)	73-87

Export Veneer Prices

	US\$ per m ³
Veneer FOB Callao port	
Lupuna 3/Btr 2.5mm	198-223
Lupuna 2/Btr 4.2mm	212-222
Lupuna 3/Btr 1.5mm	211-221

Export Plywood Prices

	US\$ per m ³
Peru plywood, FOB Callao (Mexican Market)	
Copaiba, 2 faces sanded, B/C, 15x4x8mm	318-347
Virola, 2 faces sanded, B/C, 5.2x4x8mm	412-420
Cedar fissilis, 2 faces sanded 4x8x5.5mm	759-770
Lupuna, treated, 2 faces sanded, 5.2x4x8mm	363-385
Lupuna plywood B/C 15x4x8mm	366-382
B/C 9x4x8mm	345-350
B/C 12x4x8mm	350-360
B/C 8x4x15mm	410-429
C/C 4x8x4mm	389-425
Lupuna plywood B/C 8x4x4mm Central Am.	370-393

Domestic Plywood Prices

	US\$ per m ³
Lupuna Plywood BB/CC, domestic (Iquitos mills)	
122 x 244 x 4mm	444
122 x 244 x 6mm	397
122 x 244 x 8mm	415
122 x 244 x 12mm	399
(Pucallpa mills)	
122 x 244 x 4mm	463
122 x 244 x 6mm	439
122 x 244 x 8mm	430
122 x 244 x 12mm	429

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	
Cabreuva/estoraque KD12% S4S, Asian market	1287-1388
Cumaru KD, S4S Swedish market	866-981
Asian market	1209-1298↑
Cumaru decking, AD, S4S E4S, US market	1210-1298
Pumaquiro KD # 1, C&B, Mexican market	423-511
Quinilla KD, S4S 2x10x62cm, Asian market	493-519↑
2x13x75cm, Asian market	727-796↑

Report from Guyana

Log market quiet but sawnwood market active

In the period reviewed there were no exports of greenheart or mora logs. Standard sawmill quality purpleheart logs were exported but at lower prices than recorded recently.

Standard sawmill quality purpleheart log prices dropped from US\$385 to US\$ 350 per cubic metre FOB.

While the log market was quiet, active business was seen in sawnwood export markets but, as for the log market, some prices weakened.

Shippers of greenheart (undressed, select) experienced a decline in top end price from US\$950 to US\$912 per cubic metre FOB. Greenheart (undressed, merchantable) sawnwood prices were around average in the region of US\$636 per cubic metre FOB.

In contrast, purpleheart (undressed, select) sawnwood prices held firm at US\$1,100 per cubic metre FOB, marginally better than levels recorded recently.

Export prices for purpleheart (undressed, merchantable quality) moved as high as US\$650 per cubic metre FOB. Mora sawnwood was not exported in the period reviewed.

Dressed Greenheart sawnwood top end FOB prices improved significantly, moving from US\$1,060 to US\$1,500 per cubic metre FOB. The main markets for dressed greenheart sawnwood were Asia and the Caribbean.

Dressed purpleheart sawnwood prices were encouraging at around US\$1,102 per cubic metre FOB.

Plywood, shingles and piling dominate added value exports

Plywood export prices have weakened slightly recently. BB/CC quality plywood was traded at US\$584 just US\$5 lower than for the previous two week period.

Splitwood (shingles) prices remain at attractive levels and the main markets are the Caribbean and Middle East.

Round (piling) prices were favourable on the export market moving to as much as US\$651 per cubic metre FOB for the markets in Europe and North America.

External funding for CoC and LUS promotion

The Forest Products Development and Marketing Council of Guyana (FPDMC) has received external funding to support marketing, promotion and product development of Guyana's timbers within the forest sector.

One of the major aims of the Council is the strengthening of the timber industry in Guyana through developing strategic marketing plans.

A key activity of the Council will be the production of a promotional video targeting the local and overseas consumer. The aim in producing the video is illustrate all aspects of the chain of custody controls from harvesting to export of value added products.

The FPDMC will include in its plan further awareness raising and promotion for domestic and overseas consumers of the opportunities offered by Guyana's lesser used species.

Export Log Prices

Logs, FOB Georgetown	SQ - \$ Avg unit value per m ³		
	Std	Fair	Small
Greenheart*	-	-	-
Purpleheart	300-350↓	-	-
Mora	-	-	-

*Small SQ is used for piling in the USA and EU. Price depends on length. In the case of no price indication, there is no reported export during the period under review.

Export Plywood Prices

Plywood, FOB Georgetown Port		\$ Avg unit val. per m ³	
Baromalli	BB/CC	5.5mm	Not available
		12mm	450-584
Utility		5.5mm	No export
		12mm	"

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

Export Sawnwood Prices

Sawnwood, FOB Georgetown		\$ Avg unit val. per m ³	
EU and US markets Greenheart		-Undressed	Dressed
	Prime	-	-
	Standard	-	700-1500
	Select	775-912	
	Sound	-	
	Merchantable	636-	
Purpleheart	Prime	-	-
	Standard	-	721-1102
	Select	650-1100	
	Sound	-	
	Merchantable	650	
Mora	Prime	-	
	Select	-	
	Sound	-	
	Merchantable	-	

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

Report from Japan

Bank of Japan maintains aggressive stance

The Bank of Japan (BoJ) issued a press release after the Monetary Policy Meeting held March 7. http://www.boj.or.jp/en/announcements/release_2013/k13_0307a.pdf

The BoJ noted that while overseas economies remain weak they are showing some signs of improvement. The BoJ further noted that Japan's economy has stopped weakening.

The decline in Japan's exports has been halted and, while fixed investment in the private sector continues to be subdued, there are some positive signs in the non-manufacturing sector.

In contrast, public investment has continued to increase and housing investment has grown. Private consumption continues to be positive and this is supporting an improving business outlook.

Reflecting on these developments in demand both at home and abroad the BoJ press release said Japan's economy is expected to level off and to return to a moderate recovery path driven mainly by domestic demand and improvements in overseas economies.

In terms of risks, there remains a high degree of uncertainty concerning Japan's economy. Of particular concern is the European debt problem, the momentum in the US economy and the negative effects of the strained relationship between Japan and China.

The BoJ press release emphasised that the Bank will pursue aggressive monetary easing aimed at achieving price stability through a virtually zero interest rate policy and purchases of financial assets.

In addition, the Bank will provide support for financial institutions' efforts to strengthen the foundations for economic growth and to increase their lending.

These measures, says the bank, will continue as long as the Bank judges it necessary to achieve its policy goals.

The next meeting of the BoJ will be in early April by which time the new bank governor will be in office. At the April meeting analysts expect to see the Bank announce further aggressive monetary easing.

The BoJ has already doubled its inflation target to 2 percent and pledged unlimited asset purchases to revive the economy.

Assessment of the Japanese economy:

The Japanese government recently released its assessment of prospects for the year.
<http://www5.cao.go.jp/keizai3/getsurei-e/2013feb.html>

This assessment was derived from the report "Fiscal 2013 Economic Outlook and Basic Stance for Economic and Fiscal Management". This document was the basis for the 2013 budget and supplementary budget approved on February 26th.

The cornerstone of the government's fiscal plan is to have the BoJ pursue aggressive monetary easing in order to achieve a two percent rate of inflation at the earliest possible time.

The current state of the Japanese economy was assessed as follows:

- the economy is bottoming out but weakness is seen in some areas
- exports are falling but at a slower rate
- industrial production is bottoming out
- corporate profits show signs of bottoming out but small companies continue to face difficulties
- business investment is weak
- improvement in employment has slowed and some severe aspects remain
- private consumption is still firm

Overall the Japanese economy is still in a mild deflationary phase.

In the short-term, weakness in the economy will persist but recovery is expected supported by improvement in business confidence, improvements in exports, the result of the weaker yen, and the effect of the government's monetary policy. However, slowing overseas demand is still a downside risk for the Japanese economy.

When overseas demand begins to strengthen Japan's export performance will start to improve. In the short-term it will be domestic demand and public investment that supports the economy. Business investment, says the BoJ is projected to remain weak especially in the manufacturing sector.

Consumer confidence improves but still below 50 points indicating 'pessimism'

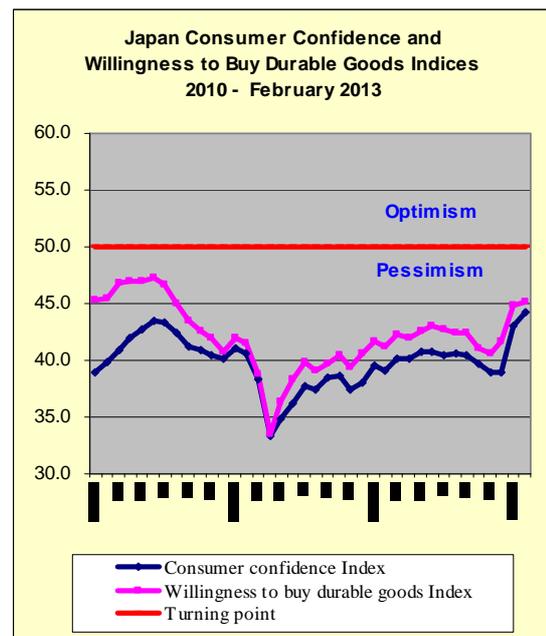
Japan's February Consumer Confidence Index (CCI) rose to 44.3 in February 2013, the highest level in more than five years. While analysts are encouraged by the upward trend in the index, it must be remembered that a reading below 50 indicates overall consumer pessimism.

The CCI survey reports that over 69% of the 6700+ households surveyed believe prices are going to increase over the next twelve months.

The February survey confirmed analyst's forecasts that the economic outlook in Japan is improving. Confidence rose in all of the categories assessed i.e. overall economic well-being, income growth, durable goods purchases and job security.

The success of the government in getting some companies to raise workers bonuses is clearly impacting consumer sentiment.

While households have been impressed by moves by the government and Bank of Japan to boost inflation over the next few years, sentiment in the manufacturing sector is lagging behind that of consumers.



Source: Economic and Social Research Institute, Cabinet Office, Government of Japan

Energy imports drive up trade deficit

The weaker yen has adversely affected Japan's trade deficit which rose to a record US\$17 billion in January 2013.

The rise was not wholly unexpected as the weaker yen had a big impact on import bills plus the fact that January is, traditionally, a slow month for exports.

The impact of the weaker currency was most apparent for energy imports which have soared since the shutdown of almost all the nuclear reactors in the country.

Power generation is now almost entirely dependant on oil and gas, both of which have to be imported. Recent data show that imports of natural gas increased by around 12% while oil imports increased over 30%.

Japan's export performance in January was encouraging, growing 6.5% from levels in 2012; however this was the first increase in eight months. This good news was tempered however by the 7% plus rise in the cost of imports.

Many observers expect the Japanese government to push to restart some nuclear reactors to cushion the impact of the weaker yen on energy import bills.

2013 Japan/China trade prospects

Japan's total trade with China dropped 3.3% to US\$333.664 billion in 2012, marking the first drop since 2009. Imports from China rose 3.0% to US\$188.955 billion, setting a record high while exports to China fell 10.4% to US\$144.794 billion

As a result, Japan's balance of trade recorded a deficit of over US\$44.246 billion. This was the first deficit exceeding US\$40 billion.

Also, Japan's exports worldwide fell 2.4% from a year earlier to US\$801.3 billion, a total decrease of US\$19.5 billion, of which the drop in value of exports to China reached US\$16.8 billion.

The Chinese economy is strengthening from the decline in the third quarter of 2012 and Japan's exports to China are showing signs of recovery.

However, the impact of the Chinese government emphasis on structural reform could slow growth and Japanese analysts do not foresee the Chinese government introducing large-scale stimulus measures to boost domestic demand.

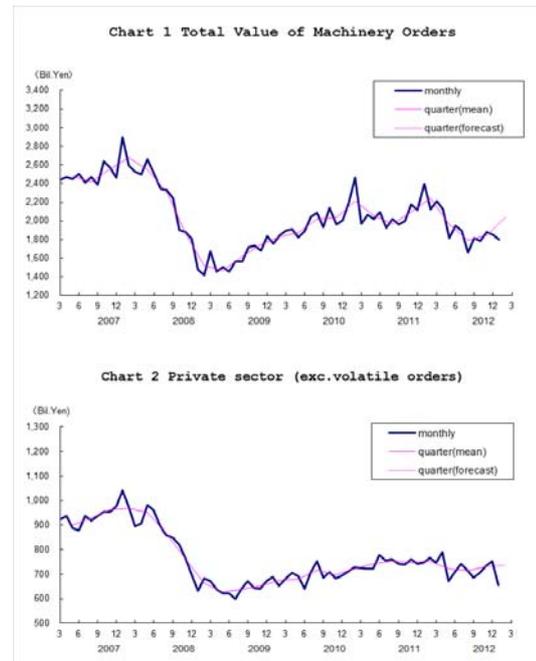
It is projected that, even if Japan's exports to China improve, the rate of improvement will be modest.

Japan's imports from China are expected to continue upwards fueled by development of Chinese production of machine parts and raw materials as well as production and export of finished goods. On the basis of the assessment made Japan-China trade throughout 2013 is expected to improve.

Machinery orders

The trends in the value of machinery orders are a good indication of business sentiment in Japan. The latest data show that the total value of machinery orders received by 280 manufacturers operating in Japan fell by 3.0% in January compared to the level in December.

Private-sector machinery orders, excluding those for ships and those from electric power companies, fell by a seasonally adjusted by 13.1% in January.



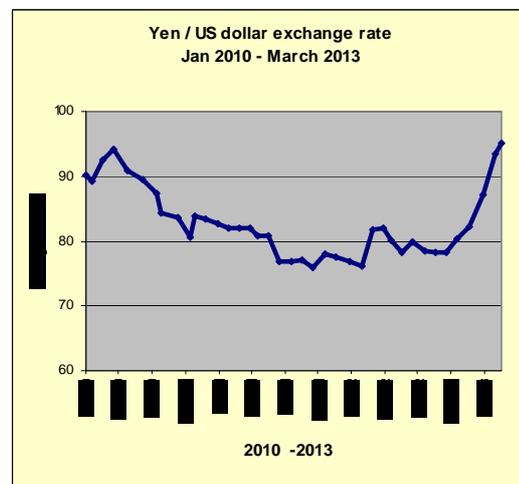
Source: Economic and Social Research Institute, Cabinet Office, Government of Japan

Weak yen, unexpected consequences for Japanese manufacturers overseas

The Trade and Industry Ministry is forecasting trade with China, the number one trading partner, should recover this year. In 2012 trade levels between the two neighbours fell for the first time in three years because of a territorial dispute and the slowdown in the Chinese economy.

The weaker yen also affected the trade deficit with China because Japan imports so much from the country. Much of the import from China is of goods manufactured in China by Japanese companies which relocated during the time the yen was so strong.

Because the yen has weakened this 'escape' has the unexpected consequence of making imports from Japanese manufacturers located in China more expensive in the Japanese domestic market.



Housing starts in Japan

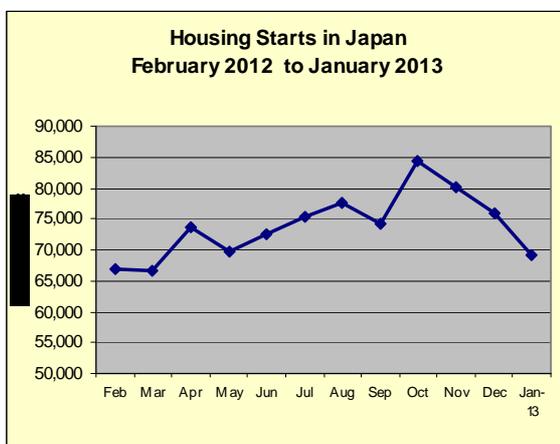
Housing starts in Japan fell 1.9 % in January compared to levels a month earlier however, on a year to year basis, they have increased around 5%. Over the past 5 months housing starts have exceeded levels in the same period last year.

Housing starts in 2012 were 863,292 units slightly down on the average for the previous 5 years (870,000 units). Investment in owner occupied homes in January was up 2.2% while the number of units built for rent fell slightly.

The pace of starts in January was below expectations but it is difficult to determine a trend from January data as there was an extended holiday period. Another factor influencing the pace of starts was the severe weather across Japan.

For the complete housing data see the Construction Research and Statistics Office. Policy Bureau, Ministry of Land, Infrastructure, Transport and Tourism website at:

<http://www.mlit.go.jp/toukeijouhou/chojou/stat-e.htm>



Source: Ministry of Land, Infrastructure, Transport and Tourism

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 extract and reproduce news on the Japanese market.

The JLR requires that ITTO reproduces newsworthy text exactly as it appears in their publication.

For the JLR report please see:

<http://www.n-mokuzai.com/modules/general/index.php?id=7>

Shortage of softwood plywood

Nationwide supply shortage of softwood plywood continues. Production of plywood mills in Northern Japan has been down due to cold weather and heavy snow and deliveries are largely delayed.

Meantime, the demand is steady and distributors are placing more orders, out of which about a half seems to be speculative orders. Plywood mills have been shipping contracted volume for house builders and precutting plants but are declining to take spot orders.

Since last December, order balance increased to almost one month so that shipment is delayed about two to three weeks even in February. The delayed deliveries accelerate speculative orders.

The market last year had been down through the year by off balance of supply and demand and the prices had kept falling so that dealers carry very little inventories. Dealers had impression that the supply is ample and the volume is available at any time but all of a sudden, things reversed with short supply.

Mills in the North East have hard time in cold weather as logs are frozen so that they have to go to hot bath to thaw then veneers are stick together with ice so that they have to be separated sheet by sheet by hands to send to dryer. This causes natural production drop.

Plywood

Domestic softwood plywood manufacturers are speeding up increase of the prices. All through 2012, large shipments continued but the prices had kept falling so they are determined to stabilize the market for long period this year.

Delayed shipments of plywood started in December last year due to heavy orders then there is no sign of ending of the delay in March yet after peaking in February. The delay has been mainly for dealers but now even for some precutting plants suffer such delayed shipment.

The manufacturers give priority to ship direct to precutting plants and house builders then send the surplus cargoes to wholesalers and dealers.

Normally this time of the year is demand slow season with snow and cold weather but this year is different. Precutting plants are busy with full of orders then plywood mills in Northern Japan suffer frozen logs, which reduces the production.

Under this situation, in wholesale channels, short supply lasted for two months now and this pushes the prices up. Currently in Tokyo market, 12 mm 3x6 (special type/F 4 star) panel prices are 850-880 yen per sheet delivered, 80-100 yen higher than February.

The prices of imported plywood are also rising. The suppliers' offer prices are high then with rapid progress of depreciation of the yen, the cost is way up. The market prices eased some in mid February then as soon as high offers by suppliers reached the market, the prices in Japan again took off.

Knowing that future arrivals would cost higher, there are some speculative purchases in the market.

Market prices are 1,050-1,100 yen per sheet delivered on JAS concrete forming 3x6 panel, 80 yen higher than February and 1,150-1,200 yen on 3x6 JAS concrete forming for coating, 20-50 yen up. Price trends are illustrated below



Source: JLR data



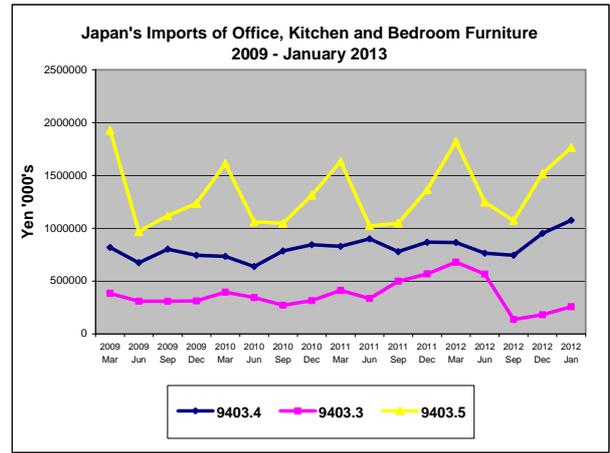
Source: JLR data



Source: JLR data

January 2013 furniture imports

The source and value of Japan's office, kitchen and bedroom furniture imports for January 2013 are shown below. Also illustrated is the trend in imports of office furniture (HS 9403.30), kitchen furniture (HS 9403.40) and bedroom furniture (HS 9403.50) between 2009 and Jan 2013.



Source: Japan Ministry of Finance data

Office furniture (HS 9403.30)

January 2013 imports of office furniture totaled Yen 2.6 bil. Up around 7% on imports in January 2012. In January 2013 China was the largest supplier of office furniture to Japan accounting for approx 54% of imports. In January 2013 the top five suppliers in terms of value of imports were China (54%), Poland (10.1%), Indonesia (5.5%), Taiwan P.o.C (5.3%) and Portugal (3.8%).

These five suppliers accounted for around 79% of all Japan's office furniture imports.

	Imports 2013 January Unit 1,000 Yen
S. Korea	3193
China	141665
Taiwan	
P.o.C	14228
Thailand	1642
Malaysia	9617
Indonesia	14787
Sweden	3983
Denmark	2148
Belgium	210
France	385
Germany	7641
Switzerland	935
Portugal	9790
Italy	9547
Poland	26181
Lithuania	2871
Czech rep.	293
Slovakia	8197
USA	292
total	257605

Source: Ministry of Finance, Japan

Kitchen furniture (HS 9403.40)

Kitchen furniture imports are the second largest segment of all furniture imports into Japan after bedroom furniture. In January 2013 kitchen furniture imports totaled Yen 10.8 bil. an increase of around 37% on levels in January 2012.

The major suppliers in terms of value of imports in January 2013 were Vietnam (39%), Indonesia (21%), Philippines (15%), China (12.6%) and the USA (4.5%). In January all of the top suppliers increased sales to Japan except China were the value of imports by Japan fell around 20%. The top five suppliers accounted for over 90% of all kitchen furniture imports in January 2013.

Denmark	1846
UK	270
France	3798
Germany	1474
Italy	16081
Poland	24346
Austria	652
Romania	1795
Turkey	911
Bosnia	429
Slovakia	17802
USA	11996
total	1763705

Source: Ministry of Finance, Japan

Imports	
2013 January	
Unit 1,000 Yen	
China	135223
Taiwan P.o.C	1896
Vietnam	423976
Thailand	12606
Malaysia	27110
Philippines	161053
Indonesia	217742
Belgium	220
Germany	36004
Italy	5566
Lithuania	2116
Canada	4035
USA	47596
total	1075143

Source: Ministry of Finance, Japan

Bedroom furniture (HS 9403.50)

The value of bedroom furniture imports in January 2013 was almost 65% higher than imports of kitchen furniture and some five times the value of office furniture imports. The top five suppliers accounted for just over 93% of all imports of bedroom furniture with the largest supplier being China (59%) followed by Vietnam (22%), Malaysia (8.5), Thailand (2.5%).

In January 2013 bedroom furniture imports increased by around 5% compared the levels in January 2012.

Imports	
2013 January	
Unit 1,000 Yen	
China	1043248
Taiwan P.o.C	19078
Vietnam	381574
Thailand	44550
Singapore	905
Malaysia	150178
Philippines	2473
Indonesia	24293
Sweden	16006

Report from China

Domestic demand to be a new driver of growth

Discussion of consumer-led growth is the talking point in economic circles in China as this is seen as crucial to narrowing the gap between rich and poor in the country.

Earlier this year reforms were announced to spur income generation amongst the country’s huge low income population.

The outgoing Chinese Premier has said that when domestic demand can be stimulated, growth in the economy will be less dependent on government investment and exports. Forecasts are for a 7.5% expansion of the economy in 2013.

The contribution of the non-manufacturing sector to the Chinese economy is growing but the latest figures from the National Bureau of Statistics show that the non-manufacturing purchasing managers' index was 1.7 points down from the 56.2 level in January.

However, while the index dropped to a five-month low, a reading over 50 still indicates considerable growth potential is envisaged.

See both:

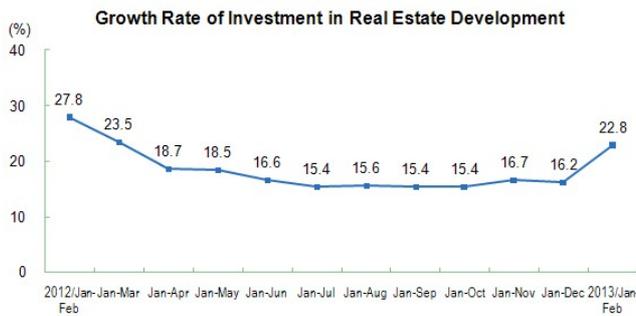
http://www.stats.gov.cn/english/statisticaldata/monthlydata/t20130306_402877876.htm

http://www.stats.gov.cn/english/statisticaldata/monthlydata/t20130306_402877871.htm

2013 real estate investment continues

A press release from the National Bureau of Statistics says: “total investment in real estate development in the first two months of 2013 was yuan 667.0 billion, up by 22.8 percent year-on-year in nominal term, 6.6 percentage points higher than that in the same months of the previous year.

Of the total, investment in residential buildings was yuan 458.3 billion (up 23.4%). The trend in monthly growth can be seen in the graph below.



Source: National Bureau of Statistics

In February, the national real estate sentiment index was 97.92, down more than 2% from December 2012.

For the full press release see:

http://www.stats.gov.cn/english/pressrelease/t20130311_402878958.htm

Policy measures aimed at cooling property market

News in the market is that the central government will introduce measures to further tighten control of the property market in major cities. Analysts report that a capital gains tax will be levied on those selling homes.

This measure is likely to impact those who bought property as a speculative investment. For example, a home that was purchased for yuan 1 million (approx. US\$159,000) five years ago in Beijing is now worth around yuan 3 million.

If this property is sold the seller would now be charged yuan 400,000 in tax. Before the new tax regime was introduced the tax was only 1 to 2-percent of the sale price.

The property capital gains tax is designed to reduce speculative investment in second homes. Analysts forecast that there will be a surge in home sales before the new tax measures come into effect.

Alarm in US and China over plywood countervailing duties

On 27 February 2013, the US Department of Commerce announced preliminary countervailing duties (CVD) on Chinese hardwood plywood after determining that producers in China benefited from subsidies ranging from 0.22 percent to 27 percent.

See: <http://ia.ita.doc.gov/ia-highlights-and-news.html>

Immediately on release of the Department of Commerce statement the American Alliance for Hardwood Plywood (AAHP) issued a press release.

See:

http://media.wix.com/ugd//43c11e_a376a8f21e7bfc412a0e332f129df8b1.pdf

The AAHP reacted strongly to the ruling saying: “The three mandatory respondents investigated in detail by the Department of Commerce in the case all received 0.00 % CVD preliminary duty margins, effectively refuting claims

by the petitioners that Chinese hardwood plywood producers are unfairly subsidized.

This finding clearly illustrates that American businesses importing unique products from China –like the hardwood plywood under the proposed scope of the investigation are doing so under fair business practices, and are in full compliance with international trade laws.”

The AAHP press release goes on to say that ‘Despite its affirmation that the three investigated Chinese exporters were clearly not subsidized, the Department of Commerce chose to severely penalize an exceptionally wide group of hardwood plywood exporters that fully complied with the investigation with a punitive 22.63% preliminary duty rate.”

The AAHP has indicated that it will work to resolve the apparent unfair application of duties. The AAHP press release says “AAHP believes this preliminary duty will severely damage the American industries that depend on this unique hardwood plywood; not only the small, family owned importers, but also the large and small American manufacturers of a variety of products – from kitchen cabinets to recreational vehicles.”

The AAHP is an organization of American importers, distributors, manufacturers and retailers of hardwood plywood, along with other US companies who provide tens of thousands of jobs that depend on the availability of global resources. Read more at www.aahp.org

Chinese experts have commented that the method for calculating the CVD is seriously flawed and that China’s plywood industry will face huge burden if the US proceeds to apply the preliminary CVD.

Analysts suggest that the China Forest Products Industry Association (CFPIA) along with the Ministry of Commerce, Ministry of Foreign Affairs and other relevant authorities could work with those in the US such as the AAHP to have the CVD reviewed.

Forest machinery exports of US\$15 billion by 2020

The Chinese government has outlined a plan for further developing and updating the equipment and machinery used for forest operations in the country.

The plan identifies four major areas to be addressed: providing for technical innovation and improved manufacturing, industrial demonstration of new equipment; base line studies to assess needs and expanded international cooperation for development of machinery appropriate for conditions in China.

The Plan anticipates that by 2020 China will have a vibrant forest machinery sector which could achieve exports worth US\$15 billion.

Raute subsidiary promotes plywood technology to suit local conditions

Expanded domestic production of wood-based panels from a variety of raw materials has improved China's raw material utilization.

In China, there are thousands of wood based panel manufacturers but the average output is low and estimated at between 30 – 40,000 cubic metres per line. The scale of operation and the level of equipment used in Chinese mills tends to be low and in need of up-grading.

The Finnish company Raute has developed a Twin-Peel rotary lathe and last year Raute (Shanghai) Machinery Company introduced the improved Twin-Peel lathe to the Chinese market.

As a subsidiary wholly owned by Raute Finland, Raute (Shanghai) Machinery Company has invested in the promotion of new equipment to suit the plywood industry in China.

In particular, research and development by the company has focused on industrial techniques and equipment for wet veneer production, a fundamental and key process in plywood production.

Guangzhou Yuzhu International Timber Market

yuan per cu.m		
Logs		
Lauan	Diameter 60 cm*	2000-2200
Kapur	Diameter 80 cm*	3100-3200
Merbau	Diameter 100 cm*	5500-5600
Teak	Diameter 30-60 cm	10000-13000
Wenge		4500-5500
Sawn wood		
Maple	Grade A	7500-9500
Walnut USA	FAS 2 inches	14000-16000
Cherry USA	FAS 2 inches	10000-12800
Sapelli	Grade A	6600-7000
Okoume	Grade A	4200-4500
Plantation Teak	Grade A	9600

Shanghai Furen Forest Products Wholesale Market

yuan per tonne		
Logs		
Red sandalwood (India)	All grades	1 - 2 mil.
Burma (Myanmar and Nepal)	All grades	7000-8800
Granadillo (Mexico)	All grades	7500-8000
Sawn wood		
yuan per cu.m		
Okoume (Africa)	grade A	3700-4000
Sapelli (Africa)	grade A	6300-6500
Beech (Europe)	grade A	4400-4800
Red Oak (North America)	FAS	7300-7500
Cherry (North America)	2 inches	9800-10000
Maple (North America)	2 inches	8000-8300
Sapelli (Africa)	2 ins FAS HD	6300-6500
Merbau (Indonesia)	All grades	8500-13500

Hangzhou Timber Trading Market

yuan per cu.m		
Logs		
Ash	4 m x 30 cm	3200-4500
Larch	4 m x 8 cm x 10	1800-2900
Linden	4 m x 26 cm	2200-3100
Sawn wood		
Beech (Europe)	All grades	3200-4900
Black walnut (America)	All grades	7000-13000
Teak (Myanmar)	All grades	9000-18000
Red oak (North America)	All grades	4200-7200
Alder (Myanmar)	All grades	4500-5300
Merbau	All grades	7200-14500
Ply wood		
Yuan/sheet		
Red beech	3mm	50-72
Black w alnut	3mm	50-95
Teak	3mm	70-138

Shandong De Zhou Timber Market

yuan per cu.m			
Logs			
Larch	4m Lgth	Dia 18-22 cm	1200
		24-28 cm	1250
		30 cm	1450
White Pine	6m Lgth	18-22 cm	1230
		24-28 cm	1250
		30 cm	1500
Korean Pine	4m Lgth	24-28 cm	1350
		30 cm	1450
		36 cm	1700
Mongolian Scots Pine	6m Lgth	24-28 cm	1350
		30 cm	1450
		36 cm	1600

Wenzhou Timber Trading Market

yuan per cu.m		
Logs		
Ash	2 m x 20-30 (cm)	1300
Chinese fir	4 m x 16-18 (cm)	1500
Wenge (Africa)	all grades	4500-5100
Teak (Africa)	all grades	2100-2500
Merbau	all grades	3500-5000
Spelli (Africa)	all grades	3200-3700
Ply wood		
yuan/sheet		
Red beech	4'x 8'x 3 mm	40-80
Black w alnut	4'x 8'x 3 mm	40-85
Teak	4'x 8'x 3 mm	45-110

EUTR blamed for move away from Chinese MLH plywood

The EU plywood market has been significantly affected by enforcement of the EU Timber Regulation (EUTR) which came into effect on 3 March 2013.

Prior to 3 March there was an increase in imports of Chinese mixed light hardwood (MLH) plywood, for which importers say it is difficult to obtain reliable evidence of legal origin.

The UK market was particularly affected by this trend and is now heavily stocked with this lower-priced plywood which arrived prior to March 3 and at a time of relatively slow consumption in the UK construction sector.

In 2012, Chinese products were taking an increasing share of the UK plywood market, up to about 60% of all imports by the end of the year. Following the glut of imports of Chinese plywood at the end of 2012 few new orders are being placed with Chinese shippers.

Now that EUTR is in force, the question arises how will European buyers alter purchasing behaviour when existing landed stocks of Chinese MLH plywood are depleted towards the end of the second quarter of 2013? Already there are strong signals of a shift to alternative products and supply sources.

There are reports that European buyers are tending to avoid plywood faced with bintangor and red canarium veneers from PNG and Solomon Islands owing to concerns about legality credentials.

Chinese plywood manufacturing companies are adjusting to the EUTR by substituting face and back veneers in these species with FSC certified or OLB (Origine et Légalité du Bois) verified African sapele veneer, or FSC and PEFC certified Malaysian meranti.

Other European importers are opting for plywood faced with plantation grown eucalyptus which is easier to trace. Some are even investigating the possibility of using European beech for the face and back veneers.

In the softwood market, European importers are now less inclined to purchase Chinese plywood manufactured with Russian birch and spruce, again owing to concerns about the available evidence of legality.

In response, Chinese manufacturers have been switching away from Russian spruce in favour of radiata pine from New Zealand.

The EUTR is also likely to give a boost to domestic EU manufacturers of birch and softwood plywood. It might also benefit *elliottii* pine plywood from plantations in southern Brazil, a significant proportion of which are certified and generally regarded as lower risk from a legality perspective.

Chinese plywood exporters selling into the UK are also under increasing pressure to conform to CE Marking requirements which, from 1 July 2013, will become mandatory for all plywood used in structural applications in the UK (as it is already in other EU countries).

This requires that plywood is assessed as in compliance to EN13986 by a European Notified Body (see CPR report below).

The combination of EUTR and mandatory CE Marking requirements suggest that the days of fiercely competitively priced uncertified utility grade Chinese hardwood supplied into the EU may be numbered.

Prices for the various alternative products supported by reliable legality assurances and meeting CE Marking requirements are significantly higher than those quoted for uncertified bintangor/poplar and Mixed Light Hardwood plywood, previously the mainstay of the EU trade with China until the end of 2012.

By way of example, CIF Europe prices of around US\$550/cu.m for 18 mm FSC-certified and CE-Marked hardwood plywood manufactured in China are similar to those for Malaysian meranti plywood.

Could the EUTR improve competitiveness of tropical plywood manufacturers?

The EUTR has been widely promoted as offering an opportunity for long-term improvement in competitiveness in the EU market of hardwood plywood manufacturers in Malaysia, Indonesia and African countries.

This is due to the relative simplicity of supply chains and the investment already made in these countries in legality verification, forest certification and quality assurance schemes.

However, these benefits may take some time to filter through in terms of a significant rise in EU import volumes.

This is owing to the build-up of European hardwood plywood stocks prior to EUTR enforcement, the very slow pace of European consumption, constraints on supply in tropical countries, and continuing delays in implementation of VPA Licensing systems in these countries.

South East Asian plywood mills face rising labour and other production costs and some are having difficulty securing sufficient volumes of high quality roundwood.

European importers suggest these problems are particularly pronounced for Indonesian plywood, for which shipping times into Europe have been rising and now extend to eight weeks.

Malaysian products are reported to be more readily available with shipping times of between four to six weeks.

A key issue for suppliers of Indonesian plywood into the EU is the timing of ratification of the VPA between Indonesia and the EU. Indonesian companies are already supplying "V-legal" products into the EU in accordance with the SVLK certification system which will be the foundation of the anticipated VPA Licensing system.

The signs are that EU importers are generally inclined to accept V-legal as appropriate evidence of legality in line with their EUTR obligations. However, until the VPA is ratified, EU importers cannot accept these documents at face-value and are liable for prosecution if any illegal wood is subsequently found contained in a V-legal consignment.

Therefore the real benefits of SVLK in the EU market are only likely to become apparent following ratification of the VPA which would effectively remove all liabilities from the EU importer.

With markets elsewhere in the world relatively more buoyant than those in Europe, and increasing costs of compliance for delivery of product into the EU, it also seems likely that many outside suppliers of plywood to the EU will now be reviewing their level of commitment to supplying this market.

Mandatory CE Marking for all structural products placed on the EU market

The EU's Construction Products Regulation (CPR) will be fully enforced from 1 July 2013. This requires mandatory CE marking in all EU countries for all products used in structural applications for which there is an existing European Norm (EN).

This means no significant change in most EU countries, which since 1989 have opted-in to mandatory CE Marking requirements under the existing Construction Products Directive (CPD).

However, it is an issue for suppliers of relevant products to four EU countries (the UK, Republic of Ireland, Finland, and Sweden) which, since 1989, opted out of the mandatory CE Marking requirement.

The following is a complete list of wood products covered by the mandatory CE Marking requirements together with the relevant EN standard:

- Wood based panels (EN13986)
- Glue laminated timber (EN14080)
- Strength-graded structural rectangular timber (EN14081)
- Wood poles for overhead lines (EN14229)
- Prefabricated structural members (EN14250)
- Wood flooring (EN14342)
- Structural LVL (EN14374)
- Strength graded structural round timber (EN14544)
- Connectors/Fasteners (EN14545/EN14592)
- Prefabricated wall, floor, and roof elements (EN14732)

- Solid wood panelling and cladding (EN14915)
- Impregnated structural timber (EN15228)
- Finger jointed structural timber (EN15497)

The exact procedures (the so-called Attestation of Conformance or "AoC" level) to demonstrate conformance to different EN standards varies.

In most instances it requires the services of a "European Notified Body" which is a third-party recognised as competent to carry out the conformity assessment tasks laid down in the standard.

Further information on CPD European Notified Bodies may be obtained from:

<http://www.gnb-cpd.eu/index.jsp>.

The list of notified bodies can be searched at:

<http://ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=search.main>

The UK Construction Products Association has published a useful guide to the Construction Products Regulation at:

<http://www.constructionproducts.org.uk/publications/industry-affairs/display/view/construction-products-regulation/>

EUTR leads to major shift in UK sawn hardwood market

The TTTJ's latest report on the UK market for sawn hardwood focuses heavily on the repercussions of the EUTR which is already driving major changes to the procurement practices of importers.

Importers are reducing the number of suppliers, sifting out those that can't or won't supply the information necessary to demonstrate negligible risk of illegal supply.

Ivory Coast is mentioned as a particular concern due to the uncertain political situation, lack of certified supply and non-existence of a FLEGT VPA process in the country.

According to one importer quoted by the TTTJ, in their analysis only two suppliers of sawn framire in Ivory Coast were able to provide adequate documentary evidence to demonstrate negligible risk of illegal supply in line with EUTR.

As a result, framire is increasingly being substituted for sapele, mainly from Cameroon, which is more readily available with legality verification or FSC certified.

The TTTJ also highlights continuing high levels of confusion over the EUTR requirements amongst suppliers. A European importer quoted by TTTJ suggests "the EU should put more resources into helping suppliers to provide greater resources to help steer both the importing trade and overseas suppliers through the regulation and in promoting legal timber, to encourage as well as enforce compliance, but we should also be supportive, not just abandon perfectly legal suppliers because they don't have the right systems in place yet".

On market conditions, TTJ reports that UK demand for sawn hardwood was reasonable in the closing months 2012, with particularly good demand from repair, maintenance and improvement sector.

There was robust buying by manufacturers of high end flooring, kitchens and furniture.

However a further downturn in construction and weakening in the GBP exchange rate has led to slowing consumption and imports during the opening months of 2013.

UK companies are also now trying to offload existing landed stocks of sawn sapele in an effort to generate cash flow, leading to falling prices in the UK.

However prices for new orders of sapele from Africa are rising due to stronger demand in other parts of the world and relatively low availability of supply.

With the sterling pound (GBP) currently low against the euro and other currencies, importers are not ordering forward and instead are waiting in the hope that the exchange rate will improve.

TTJ also notes increasing interest in laminated sapele in the UK, a market which has been slower than continental European countries to embrace engineered wood products. UK importers are being particularly encouraged by availability of longer lengths in engineered sapele than is available in solid timber.

The TTJ also commented that UK demand for Malaysian sawn meranti is currently limited with prices high relative to sapele.

Declining European orders for South East Asian sawn hardwood

According to EUWID, the weekly Germany-based wood market journal, European orders of bangkirai decking have been very low in 2013 due to a large carry-over of stock from the previous year and low expectations for consumption during the European spring and summer seasons.

EUWID notes that bangkirai is currently readily available in Indonesia for prompt shipment with products delivered eight weeks after ordering.

However, due to slow European consumption, many Indonesian exporters are now focusing on alternative markets so there is no guarantee that this situation will persist, particularly if orders pick up as the weather improves in the spring.

Prices for bangkirai have also declined in the face of slow European consumption and increasing competition from alternative suppliers and products.

With prices high and availability low in early 2012, many importers were encouraged to switch away from bangkirai

in favour of alternative South American species such as garapa, cumaru and ipe, and to wood plastic composites.

EUWID also reports that European purchase prices for Malaysian sawn meranti in window frame dimensions have remained stable for the last 8 months due primarily to robust demand in other markets, notably the Middle East.

In contrast to prices for solid timber, prices for meranti window scantlings have weakened in recent months and are now well below levels prevailing at the same time last year.

European demand for both meranti lumber and scantlings started the year slowly but there are now signs of a seasonal upswing in building and renovation work. Lower prices for meranti scantlings are expected to further increase demand in the weeks ahead.

Report from North America

Tropical sawn hardwood imports

US tropical sawn hardwood imports increased in January as firm demand was anticipated for the beginning of 2013. Export prices for several species moved higher on the back of the positive buyer sentiment and firm orders.

An increase in demand from Chinese buyers for South American hardwoods is affecting the volumes available to US importers according to the Hardwood Review Weekly.

US tropical sawn hardwood imports were 19,306 cu.m. in January, up 10% from the previous month. January imports were 8% higher than in the same month in 2012.

Imports from Brazil were 4,052 cu.m., up 19% and ipe accounted for 2,426 cu.m. and jatoba for 701 cu.m.

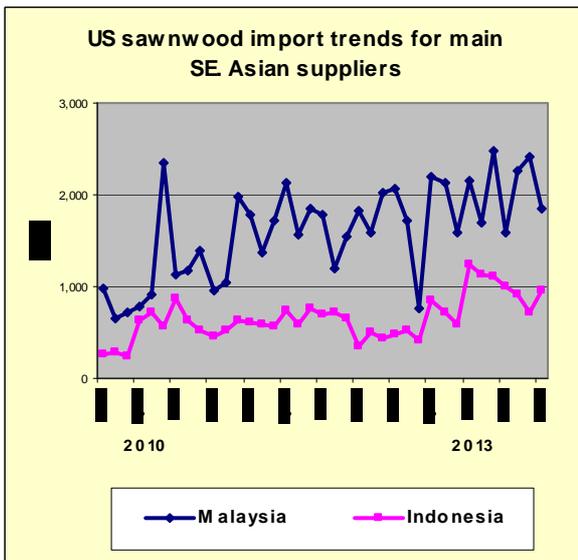
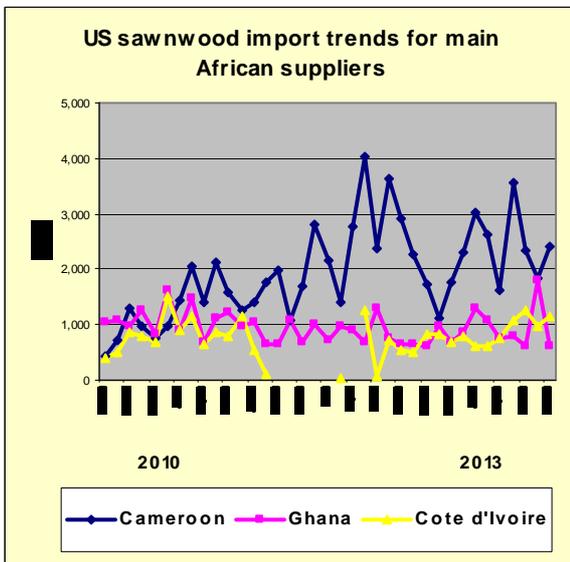
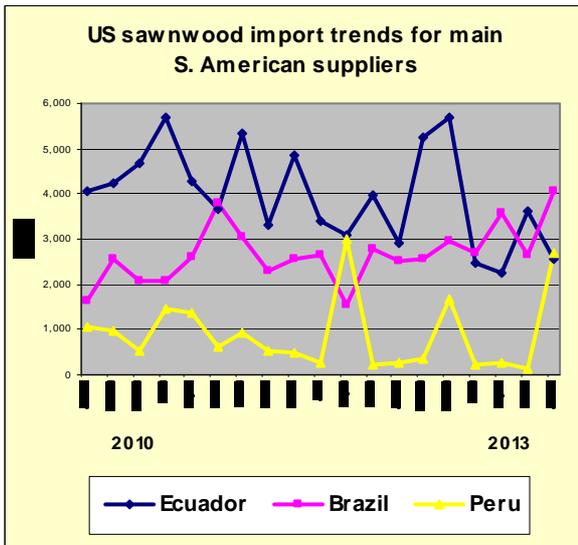
Ecuador's balsa shipments to the US increased slightly to 2,561 cu.m. in January, but volumes remain lower than throughout much of 2012.

On the other hand Peru's sawnwood exports to the US soared in January to 2,686 cu.m. with virola accounting for 2,083 cu.m.

Cameroon exports to the US were 2,408 cu.m. in January, down 17% compared to January 2012. Sapeli exports also declined to 2,167 cu.m.

Imports of sawnwood from Malaysia were 1,841 cu.m., down 11% from January 2012. Malaysian keruing shipments fell to 1,571 cu.m. after increasing briefly in December.

US imports of sawn tropical hardwood by country of origin



US imports of sawn tropical hardwood, by species

	Jan 2013	Change from December 20012
Balsa	2,561	6%
Sapelli	2,639	66%
Acajou d'Afrique	1,952	-35%
Keruing	1,831	-20%
Ipe	2,559	26%
Mahogany	578	-50%
Virola	2,369	1103%
Meranti	-	
Cedro	570	57%
Jatoba	760	109%
Teak	439	64%
Iroko	14	-98%
Padauk	36	-57%
Meranti	288	-11%
Aningre	36	-43%
Other tropical	2,674	-4%
Total	19,306	10%

US preliminary countervailing duty on plywood imports from China up to 27%

The US Department of Commerce announced on February 27 that it determined that producers and exporters of plywood from China have received Chinese government subsidies ranging from 0.22% to 27.16%.

As a result of this US Customs will be instructed to collect countervailing duties at the preliminary rates.

Three investigated companies will pay 0%, while 15 companies that did not respond to the Department of Commerce's inquiry were assigned a 27.16% duty. All other Chinese producers and exporters will have to pay 22.63%.

The antidumping investigation is still ongoing and its preliminary determination is due at the end of April 2013. The US Department of Commerce expects the final determination of both countervailing and antidumping duties for July 2013.

The US began investigating antidumping and countervailing duties on imports of plywood from China in November 2012. All hardwood and decorative plywood is subject to the investigation and duties, including plywood with face and back veneer made from softwoods or bamboo.

The core may consist of veneers or other materials such as particleboard or MDF. Structural plywood and shaped plywood are excluded from the investigation.

Walmart pledges to buy more US-made furniture

US retailer Walmart announced that it will source an additional US\$50 billion in products from within the US over the next ten years, according to the Woodworking Network.

Furniture is among the products that Walmart would buy more from domestic manufacturers. Walmart's sales were US\$444 billion in 2012. According to the company statement, Walmart is committed to support job creation in the US manufacturing sector.

This move by Walmart has been interpreted by analysts as an indication that Asia's cost advantage of furniture production may be eroding. Foreign investors, including Chinese producers, have recently bought or built furniture and cabinet manufacturing plants in the US.

US hardwood sawmills encouraged to sell carbon credits

About 40% of hardwood lumber used in the US goes into long-life products such as flooring and furniture, which sequester carbon and therefore contribute to reducing greenhouse gas emissions.

A study by the University of Kentucky provides US hardwood sawmills with guidance on how to determine their carbon footprint and also how to estimate the potential revenue from selling carbon credits.

The Chicago Climate Exchange recognized credits for carbon stored in long life wood products, but its offset trading ended in 2010 because of depressed prices.

The concept is still relevant, however, and the tools developed through the University of Kentucky project will help hardwood sawmills generate additional revenue when other carbon markets recognize credits from long lived wood products.

The decision tools are available at:

<http://www.ca.uky.edu/forestryextension/carbonmillstudy.php>

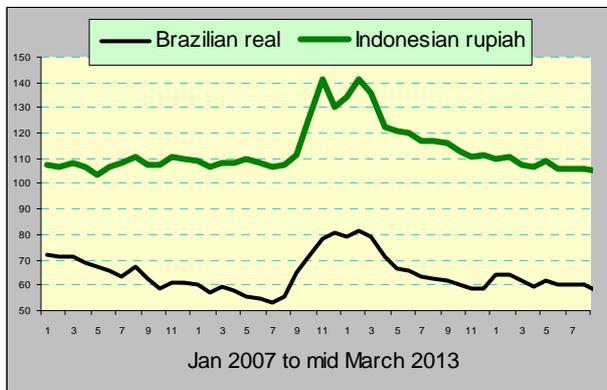
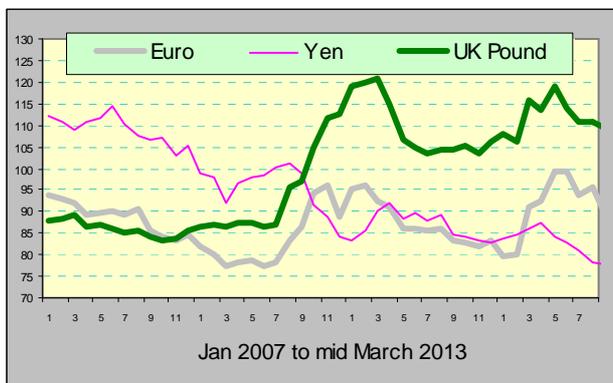
Disclaimer: *Though efforts have been made to keep prices near to accurate, these are published as a guide only. ITTO does not take responsibility for the accuracy of this information.*

Main US Dollar Exchange Rates

As of 12th March 2013

Brazil	Real	1.9643
CFA countries	CFA Franc	502.54
China	Yuan	6.2164
EU	Euro	0.7673
India	Rupee	54.1505
Indonesia	Rupiah	9697
Japan	Yen	96.04
Malaysia	Ringgit	3.1087
Peru	New Sol	2.5923
UK	Pound	0.671
South Korea	Won	1095.65

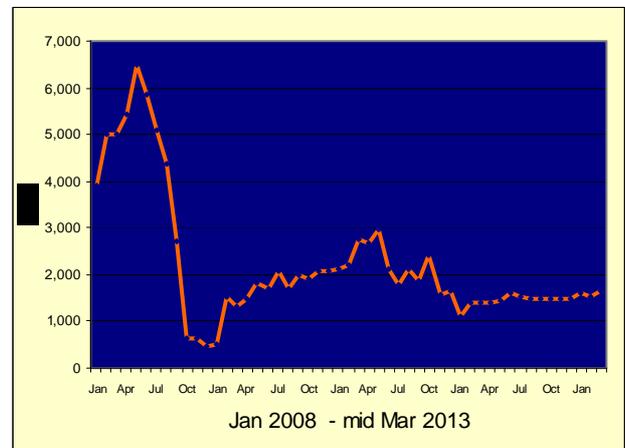
Exchange rates index (Dec 2003=100)



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
CI, CE, CS	Supplimentaire
CIF, CNF	Cost insurance and freight
Clean Sawn	square edged boule
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
TEU	20 foot container equivalent

Ocean Freight Index



The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

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