

Tropical Timber Market Report

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Top Story

Comment invited on latest FLEGT report

Public comments are invited on a draft report by the Independent Market Monitor (IMM), a multi-year project implemented by ITTO and financed by the European Union.

The new IMM report reviews the latest data on forest resources in VPA partner countries and on the timber trade between partner countries.

The report discusses prospects for Indonesian timber in the EU market, the status of EUTR implementation and the market position of FLEGT licensing in relation to private sector legality verification and certification initiatives.

See: Page 17

Unusually long period of price stability

For the past 2-3 months there has been little movement in the market and prices have been stable with no reports of significant changes in volumes or a decline in order levels. West and Central African producers still report good forward business and for now are working at full capacity. Analysts say they cannot recall such an extended period of price stability for African hardwoods.

Producers report that demand in the UK and EU member states has not been affected by the impending departure of UK from the European Union.

So far building and construction activity appears largely unaffected and in France building activity has improved over the past quarter.

However, the sharp fall in the value of the UK pound may in time influence import volumes and certainly importers will be looking carefully for the best value-for-money species and products.

At the end of September indications of demand prospects in the European markets in the winter months may become clearer.

Demand from buyers for the Chinese market has expanded quite rapidly over the past 9 – 12 months but some producers now believe the rate of increase could slow marginally. On the other hand prices for the Chinese market, though stable for now, may come under pressure as stock levels in China are said to be rising.

Gabon timber sector featured by Oxfordeconomics

Producers in Gabon are awaiting news from the new Minister of Forests and the Forestry Department on the policy issues that were raised by the previous Minister.

A recent article by Oxfordeconomics has praised Gabon’s initiative to adopt satellite monitoring of forest activities and has highlighted the structural changes in the wood processing sector.

The Oxfordeconomics article says “In the first quarter of 2017 production of processed wood increased by 14.9% year-on-year (y-o-y) on the back of increased efficiency in the delivery of logs and the commissioning of new processing units.

The growth is notable given that timber processing activity in Gabon was relatively limited a decade ago. A 2010 ban on raw timber (log) exports forced logging companies to expand downstream operations, swelling the ranks of log transformation facilities by 36% to 130 during 2012-14 and creating more than 7,000 jobs in the process.”

For more on Gabon’s efforts to expand added value production see:

<http://www.oxfordbusinessgroup.com/overview/seeking-transformation-obg-talks-frederic-ober-director-general-precious-woods-ceb-and-didier>

Good prospects for andoung and gheombi in Middle East

Demand in Middle East markets is firm and prices are stable. Analysts write there are good prospects for andoung and gheombi that are fairly well known throughout the region.

Log export prices

| West African logs Asian market | FOB Euro per cu.m | | |
|--|-------------------|-----|------|
| | LM | B | BC/C |
| Acajou/ Khaya/N’Gollon | 245 | 240 | 160 |
| Ayous/Obeche/Wawa | 245 | 240 | 190 |
| Azobe & Ekki | 230 | 230 | 160 |
| Belli | 250 | 250 | - |
| Bibolo/Dibétou | 180 | 170 | - |
| Bilinga | 230 | 230 | - |
| Iroko | 325 | 300 | 265 |
| Okoume (60% CI, 40% CE, 20% CS) (China only) | 245 | 240 | 190 |
| Moabi | 330 | 300 | 235 |
| Movingui | 210 | 210 | 160 |
| Niove | 175 | 160 | - |
| Okan | 230 | 205 | - |
| Padouk | 300 | 280 | 230 |
| Sapele | 290 | 280 | 220 |
| Sipo/Utile | 310 | 290 | 255 |
| Tali | 330 | 320 | - |

Sawnwood export prices

| West African sawnwood | FOB Euro per cu.m |
|--------------------------|-------------------|
| Ayous FAS GMS | 430 |
| Bilinga FAS GMS | 530 |
| Okoumé FAS GMS | 430 |
| Merchantable | 300 |
| Std/Btr GMS | 350 |
| Sipo FAS GMS | 540 |
| FAS fixed sizes | 555 |
| FAS scantlings | 560 |
| Padouk FAS GMS | 870 |
| FAS scantlings | 990 |
| Strips | 645 |
| Sapele FAS Spanish sizes | 505 |
| FAS scantlings | 510 |
| Iroko FAS GMS | 630 |
| Scantlings | 710 |
| Strips | 410 |
| Khaya FAS GMS | 450 |
| FAS fixed | 470 |
| Moabi FAS GMS | 620 |
| Scantlings | 630 |
| Movingui FAS GMS | 430 |

Ghana

Export volumes slump

The volume and value of Ghana's timber exports has been falling in each of the past five months. According to the Timber Industry Development Division (TIDD) of the Forestry Commission, the country secured Euro 62.65 million from the export of 116,952 cu.m of wood products in the first 5 months of this year representing a 27% drop in value and a 31% drop in volumes compared to the same period in 2016.

The average unit price of wood products in the period January to May 2017 dropped to Euro 536/cu.m from Euro 564/cu.m in the same period in 2016, an almost 5% decline.

Secondary wood products (sawnwood, boules, veneers and plywood) accounted for 82% of exports followed by primary product exports (poles and billets) 7% with the balance being tertiary wood products (mouldings, flooring, dowels and furniture parts).

Asian markets accounted for close to 70% of all wood product exports with China and India being the leading importers.

EU imports of wood products from Ghana have been falling over the past months. Analysts suggest the fall in exports is most likely linked to the growing problem mills have in securing adequate log supplies.

Because this is seen as a long term problem some millers are asking the government to allow timber imports which would secure existing businesses, maintain employment in the sector and possibly lead to more investment in processing capacity.

Growth to get boost from extension of IMF credit facility

The Government of Ghana has extended its credit facility programme with the International Monetary Fund (IMF) by a year. This follows the conclusion of an assessment of the Extended Credit Facility by the IMF's board. The Fund has also approved a US\$94 mil. disbursement to the government as part of the overall US\$918 mil. support programme.

A lecturer at the University of Ghana, Dr. Eric Osei-Assibey, has applauded the extension saying it will boost investor confidence in the economy. Ghana's Vice President, Dr. Mahamudu Bawumia, has said economic growth could top 6% by the end of this year.

Boule Export prices

| | Euro per m ³ |
|----------------------|-------------------------|
| Black Ofram | 400▲ |
| Black Ofram Kiln dry | 482 |
| Niangon | 570 |
| Niangon Kiln dry | 620 |

Export Rotary Veneer Prices

| Rotary Veneer, FOB | Euro per m ³ | |
|--------------------|-------------------------|-------------|
| | CORE (1-1.9 mm) | FACE (>2mm) |
| Ceiba | 300▼ | 400 |
| Chenchen | 425 | 468▼ |
| Ogea | 467 | 604 |
| Essa | 439 | 500▼ |
| Ofram | 350 | 406 |

NB: Thickness below 1mm attract a Premium of 5%

Export Sliced Veneer

| Sliced face veneer | FOB Euro per m ³ |
|--------------------|-----------------------------|
| Arormosia | - |
| Asanfinia | 916▲ |
| Avodire | 897 |
| Chenchen | 838▲ |
| Mahogany | 1073▼ |
| Makore | 880▼ |
| Odum | 917▼ |

Export Plywood Prices

| Plywood, FOB | Euro per m ³ | | |
|--------------|-------------------------|-------|-----------|
| | Ceiba | Ofram | Asanfinia |
| BB/CC | | | |
| 4mm | 373▲ | 586▼ | 641 |
| 6mm | 550 | 535 | 626 |
| 9mm | 407 | 474 | 560 |
| 12mm | 470 | 463 | 480 |
| 15mm | 450 | 356▼ | 430 |
| 18mm | 417 | 417 | 370 |

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 |
| Asanfinia | 492 | 564 |
| Ceiba | 209▼ | 280▼ |
| Dahoma | 380▲ | 393▲ |
| Edinam (mixed redwood) | 520 | 580 |
| Emeri | 380 | 510 |
| African mahogany (Ivorenensis) | 870 | 889 |
| Makore | 685 | 720 |
| Niangon | 620 | 650 |
| Odum | 755 | 784▼ |
| Sapele | 700 | 720▼ |
| Wawa 1C & Select | 354 | 427▲ |

South Africa

Out of recession but growth tepid

GDP figures for the second quarter of 2017 released by Statistics South Africa (StatsSA) showed growth of 2.5%, a reversal of the 0.7% decline reported in the first quarter. Analysts say that, while the South African economy has snapped the technical recession, GDP growth is not strong enough with projections for 2017 GDP likely to be below 1%.

The South African economy has been dragged down by a deterioration in both consumer and business confidence, much of which is due to the uncertain political environment.

Negative sentiment and weak currency weighing on construction sector

According to StatsSA, the total value of recorded building plans passed in the country grew by 6% cent in 2016 compared to a year earlier.

However, the pace of growth slowed this year due to the economic slowdown, poor investor sentiment, high unemployment and a weak currency all of which are weighing on the construction sector spending.

Government efforts to balance supply and demand for social housing will be the main driver of demand for new residential units and the continued trend to urbanization is generating demand for residential and infrastructure development.

Take-aways from Master Builders' Congress

Speaking at the Annual Congress of Master Builders SA the South African Minister of Economic Development, Ebrahim Patel, said the his department is consulting with the National Treasury with a view to securing a multi-year budget system which would help the construction sector weather the cyclical trends in investment especially for large scale projects.

In looking ahead the Minister said "the South African economy has been impacted by the change in China's growth model and by African growth levels tapering down".

Adrian Saville, Chief strategist at Citadel Investment Services, told the Master builders Congress that spending on its infrastructure development projects are key in driving the economy forward but that government investment in infrastructure has fallen and is dragging down the overall economy .

Data show that infrastructure investment had fallen below target by between 1.8% and 3.8% over the past 5 years. He pointed out that "South Africa required an infrastructure investment rate of between 7 to 9 percent per annum to see any real growth in the economy. The country has only invested 5.2 percent from 2010 to 2015."

In concluding he said prospects are not good as the South African economy is not growing fast enough to lower unemployment.

Malaysia

Raw material and labour shortages to drive down export prospects

The Ministry of Plantation Industries and Commodities (MPIC) has revised projections of the country's wood-based exports from RM53 billion a year to between RM25 and RM30 billion by 2020. In 2009, the MPIC had projected that the wood-based exports will hit RM53 billion by 2020.

Minister Mah Siew Keong said the revision was made due to a likely shortage of raw material as well a shortage of as skilled and unskilled workers. First half year wood product exports totalled RM11.5 billion, a 5.2% increase year-on-year. In 2016, exports stood at RM22 billion.

Mah said it is crucial for the government and sector stakeholders to overcome the shortage of labour and of raw materials and to embrace e-commerce and digitalisation to improve profitability.

At a recent National Timber Industry Policy (NATIP) gathering, the Minister reported that his ministry will also implement a national initiative, namely the development of the 2050 National Transformation Plan for the commodity sector including the timber industry.

Belt and Road Initiative

After the new US administration pulled out of the Trans Pacific Partnership the attention of Malaysia has shifted to China's Belt and Road Initiative (BRI). This is perhaps China's biggest initiative to date in an effort to energise the global economy through infrastructure projects in 65 countries.

The BRI refers to the land-based "Silk Road Economic Belt" and the seagoing "21st Century Maritime Silk Road". The routes cover more than 60 countries and regions from Asia to Europe via Southeast Asia, South Asia, Central Asia, West Asia and the Middle East, currently accounting for some 30 per cent of global GDP and more than 35 per cent of the world's merchandise trade.

Malaysia is assessing the potential in the new markets being opened up by the BRI especially commodity products. In 2016, exports of major commodities were: palm oil RM 67.58 billion; rubber and rubber products RM 24.79; timber and timber products RM 21.86 billion and cocoa RM 5.74 billion.

Boosting furniture sales to China

In a 10 September press release the Malaysian Timber Council (MTC) said China continues to provide healthy gains for Malaysian furniture manufactures. The two countries have enjoyed healthy trade ties and aim to achieve a bilateral trade worth US\$160 billion by 2020.

In 2016, timber and wood products exports to China were valued at RM846.8 million, an almost 4% increase from the previous year. Furniture remains the main export of Malaysian timber products to China in value terms, amounting to RM121.7 million which marks a 91% increase from the previous year.

To build on the strong trade ties the MTC participated in the China International Furniture Expo organised by the China National Furniture Association and Shanghai UBM Sinoexpo International Exhibition Co Ltd.

This year, the exhibition was held 12-15 September at the Shanghai New International Expo Centre (SNIEC) in Pudong, Shanghai, China. The exhibition will run concurrently with the Furniture Manufacturing and Supply China 2017 event at SNIEC.

Last year, 18 companies participated in the fair under MTC's Malaysia Pavilion. This year, MTC lead a

delegation of 20 companies to showcase their best selling products under the Council's Malaysia Pavilion.

For more see:

http://mtc.com.my/images/media/508/201707_Furniture_China_2017_-_Pre_release_ENG.pdf

Agarwood entrepreneurs promote wide range of products

The Malaysian Timber Industry Board (MTIB) organised the inaugural Malaysia Agarwood Fair to further develop the Karas (Kekaras) and Agarwood industry in Malaysia. The exhibition was held in Kuala Lumpur. This three-day exhibition gathered Malaysian Agarwood entrepreneurs and promoted their products to the public. It was also a platform for local entrepreneurs to exchange ideas and experience of agarwood.

Kekaras is a gaharu-producing tree from the *Aquilaria* species. There are 22 *Aquilaria* species worldwide, out of which five are found in Malaysia namely; *Aquilaria malacensis*, *beccariana*, *hirta*, *rostrata* and *microcarpa*. Locally known as gaharu, Agarwood is now considered an important non-timber forest product. It has been used for hundreds of years for medicine and as basic material to produce perfumes. Today, Agarwood is traded in more than 18 countries and demand has risen significantly over the past 30 years.

August plywood prices

Plywood traders based in Sarawak reported the following export prices:

| | |
|-------------------------|------------------|
| FB (11.5 mm) | US\$ 600 FOB |
| CP (3' x 6') | US\$ 500 C&F |
| UCP | US\$ 570 C&F |
| Standard 4x8 panels | |
| Middle East (12mm) | US\$ 400 FOB |
| S. Korea (9mm and up) | US\$ 420-425 FOB |
| Taiwan P.o.C (9mm & up) | US\$ 420 FOB |
| Hong Kong | US\$ 4305 FOB |

Indonesia

SFM information system to be launched

Indonesia's Ministry of Environment and Forestry has launched a Sustainable Forest Management Information System (SIPHPL). The system is intended to improve transparency and accountability in the timber supply chain.

The Minister of Forestry, Siti Nurbaya, said she expects the system will reconcile data on the timber supply chain. Later this system will be combined with the existing Timber Product Administration Information System (SIPUHH), Non-Tax State Revenue Information System (SI PNBP), Information System of Online Wood Industry Raw Material Fulfillment Plan (SIRPBBI), Electronic Monitoring and Evaluation (E-Monev), and Legality Information System Wood (SILK).

Eventually all logs will have a barcode to facilitate tracking, revenue collection and elimination of illegal timber.

In related news the Indonesian Forest Entrepreneurs Association (APHI) believes that adopting digital information systems in forestry will encourage better management. A PHI Chairman, Indroyono Soesilo, says a sustainable forest management information system will stimulate more efficient forest management which in turn could enhance the performance of business sector.

Calls for review of timber permit system

Regulatory problems are still an obstacle in the development of furniture and handicraft industry in Indonesia. Of particular concern is the timber utilisation permit system which is difficult for small industries to comply with.

Chairman of the Indonesian Furniture and Handicraft Industry Sssociation (HIMKI) in Slema, Raya Rian Hermanan, is asking policy makers to review the permit system as this is a considerable constraint for businesses.

Furniture exporters face tough competition in international markets

The President/Director of PT Integra Indocabinet, Halim Rusli, has said, while it is now easier to secure verified legal raw materials, the Indonesian furniture industry is no more competitive than other Asian countries in the main international markets.

In addition, said Halim, only a handful on Indonesian companies are serious exporters shipping a mere 50-60 containers per month to the US market. This is because most companies are constrained by government regulations related to timber legality verification system (SVLK).

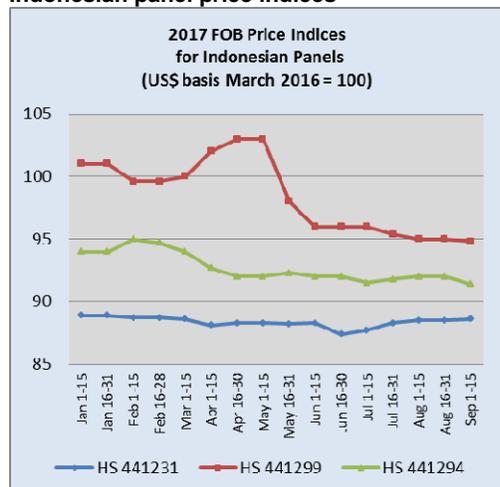
According to Halim, competition in the US furniture market is fierce with China accounting for around 50% of US imports and Vietnam also capturing a large slice of the market.

This is unfortunate, said Halim, as Indonesia has the raw materials and human resources for a vibrant furniture export sector.

According to Gati Wibawaningsih, Director General, Small and Medium Industry Sector in the Ministry of Industry, the government plans to help small and medium industries, especially those in the furniture sector to market their products online.

She said, data is showing that online sales are outpacing conventional marketing options. It appears that growth of conventionally marketed furniture has been growing by about 1% per year while online market growth is around 5%. The government plans to work with the private sector and provide training on on-line selling techniques.

Indonesian panel price indices



Myanmar

New teak plantation investment approved

According to a press release from the Myanmar Investment Commission a permit has been issued to UK-based Global Agricultural Joint Venture Co Ltd. for the establishment of teak plantations.

The investment is said to amount to US\$115 million. The area allocated for plantation development is in the vicinity of Bago Yoma, a range of low mountains and uplands between the Irrawaddy and the Sittaung River in central Myanmar.

Commercial logging of the natural forest was suspended in this area for ten years starting from 2016-17. This investment is said to be in line with the policy of government to ensure adequate forest resources and expanded forest cover.

Joint venture reveals tax payments

The Myanmar Forest Joint Venture Corporation, the only operational joint venture in the forestry sector, held its Annual General meeting recently where it announced gross profit of 3,515 million Kyats (around US\$2.6 million).

The Forest JV Corp. stated it paid around US\$13 million in corporate tax, commercial tax and other taxes to the state over the past 23 years. The government holds a 55% share in this joint venture.

Infrastructure developments to open inland trade

Myanmar transport authorities are ready to pilot the shipping of containers from Thilawa Port Myanmar International Terminals, a deep river port 25 kilometres south of Yangon in Myanmar to Simikhone Port.

The Simikhone Ayeyarwaddy harbour is under construction in the Myothar Industrial City close to Mandalay.

The test shipment will be overseen jointly by the Inland Water Transport Authority and SA Marine Co.

In related news, India and Myanmar recently concluded an agreement to strengthen maritime security cooperation under a 'White Shipping Agreement', an information protocol that provides for the exchange information on shipping in oceanic territories.

August teak tender prices

| Grade | H.tons | Average US\$/H.ton |
|-------|--------|--------------------|
| SG-1 | 3.0 | 6,150 |
| SG-2 | 25.5 | 4,370 |
| SG-4 | 67.9 | 3,600 |
| SG-5 | 80.5 | 2,720 |
| SG-6 | 58.2 | 2,475 |
| SG-7 | 276.6 | 1,845 |

NB, the prices above reflect log grade and the region they are sourced .This accounts for SG-6 logs being priced higher than SG-5 logs at this auction.

India

Housing starts crash in first half of year

Property consultant firm Knight Frank has reported that housing starts in India's eight largest cities fell over 40% in the first half of 2017, the biggest drop in the last seven years. The weak market sentiment was, said the consultants, due to the lingering effects of demonetization and the problems builders are having dealing with new regulations.

The worst affected cities were the National Capital Region (NCR) and Ahmadabad which saw a drop of over 70% in starts compared to a year earlier. On the bright side, the Knight Frank report says affordable housing contributed around 71% of the total launches in the first half of this year up from a share of 52% in the first half of last year.

In related news Knight Frank has reported that India is amongst the top 10 price appreciating housing markets.

For more details see:

<http://www.knightfrank.co.in/news/india-among-top-10-price-appreciating-housing-markets-knight-frank-global-house-price-index-q2-2017-011952.aspx>

and

<http://www.livemint.com/Companies/LqbH0BigmF7B4ekXhyYTDP/Home-launches-in-JanuaryJune-fall-41-in-biggest-decline-in.html>

Huge volume of illegal red sander logs seized

Red sander logs valued at Rs160 million were seized by officials of the Directorate of Revenue Intelligence (DRI). The logs were en-route from Chennai Port to Port Klang, Malaysia.

A press release from the DRI said the goods had been declared as garments and floor mats.

The export of red sanders in any form is prohibited. Over the past 3 years the DRI in Chennai seized 176 metric tonnes of red sanders logs worth over Rs710 million.

Imported plantation teak

Demand for imported plantation teak remains steady. But the burden on wholesalers of paying almost 24% in basic duty plus GST and surcharges on logs is stretching their cash flows to the limit. Pressure continues for a revision of the GST on wood and wood products.

| | 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 cross section

Locally sawn hardwood prices

Exmill prices for hardwoods are unchanged but are subject to an 18% GST.

| Sawnwood Ex-mill | Rs per cu.ft. |
|------------------|---------------|
| Merbau | 3200-3500 |
| Balau | 2000-2100 |
| Resak | 1350-1550 |
| Kapur | 1750-1850 |
| Kempas | 1250-1400 |
| Red Meranti | 1100-1200 |
| Radiata pine AD | 600-700 |
| Whitewood | 650-750 |

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

Myanmar teak prices

There were no changes in prices over the past two weeks and the availability of sawn Myanmar teak is reported as satisfactory. However, sales have been affected by the high GST rates.

| Sawnwood (Ex-yard) | Rs. per cu.ft |
|---------------------------|---------------|
| Myanmar Teak (AD) | |
| Export Grade F.E.Q. | 9000-16000 |
| Teak A grade | 7500-8500 |
| Teak B grade | 5250-5750 |
| Plantation Teak FAS grade | 4000-4500 |

Prices for imported sawnwood

Prices for imported sawnwood (KD 12%) remain unchanged.

| Sawnwood, (Ex-warehouse) (KD) | Rs per cu.ft. |
|-------------------------------|---------------|
| Beech | 1350-1450 |
| Sycamore | 1500-1650 |
| Red Oak | 1600-1750 |
| White Oak | 2200-2250 |
| American Walnut | 4250-4500 |
| Hemlock clear grade | 1200-1400 |
| Hemlock AB grade | 1200-1250 |
| Western Red Cedar | 1850-2000 |
| Douglas Fir | 1550-1750 |

Plywood prices

Until the outcome of negotiations on the GST rates for panels prices remain unchanged.

Prices for WBP marine grade manufactured by domestic mills

| Plywood Ex-warehouse | Rs. per sq.ft |
|-------------------------|---------------|
| 4mm | 52 |
| 6mm | 69 |
| 9mm | 87 |
| 12mm | 107 |
| 15mm | 143 |
| 18mm | 150 |

Domestic ex-warehouse prices for locally manufactured MR plywood

| | Rs. per sq.ft | |
|------------------|---------------|----------|
| | Rubberwood | Hardwood |
| 4mm | 25.5 | 38 |
| 6mm | 38.5 | 49 |
| 9mm | 49 | 59 |
| 12mm | 59 | 71 |
| 15mm | 72 | 86 |
| 19mm | 82 | 97 |
| 5mm Flexible ply | 51 | |

Brazil

Furniture export set to grow

After the market instability of 2016 the performance of the Brazilian furniture industry has started to improve.

Between January to March this year furniture exports totalled US\$141 million, an 8% increase compared to the same period in 2016.

According to IEMI (IEMI - Inteligência de Mercado) analysis of data from the Ministry of Development, Industry and Foreign Trade (MDIC), around 26% of exports went to the US followed by 12% to the UK and 10% to Argentina.

Expectations for further expansion of exports in the second half of 2017 are high even though the pace of export growth appears to be slowing.

The industry cites rising costs as a major hurdle to be overcome. IEMI expects a rise of 4.5% in furniture exports in dollars for 2017.

The range of styles and quality of Brazilian furniture industry has widened in recent years which is giving a boost to exports according to the Brazilian Foreign Trade Association (Associação de Comércio Exterior do Brasil - AEB).

Economic importance of the planted forest industry

According to the Brazilian Tree Industry (IBA) 2017 report launched recently, in 2016 the Brazilian planted forest sector experienced a crisis stemming from the severe weakening of the national economy and forestry sector growth fell 3.3% compared to a year earlier.

Although this 3.3% decline was significant it was lower than seen in the overall economy (-3.6%), in the industry in general (-3.8%) and in agriculture (-6.6%). In 2016 the Brazilian planted forest sector contributed 1.1% to total GDP and 6.2% of the industry sector contribution to GDP.

The Brazilian planted forest sector was responsible for generating R\$11.4 billion in federal, state, and municipal taxes throughout 2016, which corresponds to 0.9% of all taxes collected in the country. However, this was 5% down year on year due mostly to the drop in domestic sales of paper, wooden panels and solid wood products.

In 2016, export revenue from the Brazilian planted forest industry reached US\$8.9 billion, a 1.1% decrease compared to 2015. A drop in export prices for these products was the main reason for the fall in revenue. In terms of volume there was a 14% increase compared to the previous year.

Research group promotes forestry for local communities

The Mamirauá Institute (MI), which maintains a research group on forest ecology, is monitoring forest recovery in the Amazonas State, northern Brazil. This is being done to assess the sustainability of current timber management regimes as forestry is an alternative income source for several Amazonian communities.

The work of the institute has been recognised and certified by the Bank of Brazil (BB) Foundation (Fundação Banco do Brasil) and through certification the MI initiatives has become part of the Social Technology of BB Foundation serving as an example to be replicated in other areas.

The Mamirauá Institute's Community Forest Management Programme is funded by the Amazon Fund, managed by the National Development Bank (BNDES).

The Bank of Brazil Foundation's award counts on support from UNESCO in Brazil, the Latin American Development Bank (CAF), the World Bank, the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Development Program (PNUD).

Domestic Log Prices

| | US\$ per m ³ |
|-------------------------------------|-------------------------|
| Brazilian logs, mill yard, domestic | |
| Ipê | 214↑ |
| Jatoba | 119↑ |
| Massaranduba | 119↑ |
| Muiracatiara | 122↑ |
| Angelim Vermelho | 116↑ |
| Mixed redwood and white woods | 101↑ |

Source: STCP Data Bank

Domestic Sawnwood Prices

| | US\$ per m ³ |
|---|-------------------------|
| Brazil sawnwood, domestic (Green ex-mill) | |
| Ipê | 948↑ |
| Jatoba | 476↑ |
| Massaranduba | 443↑ |
| Muiracatiara | 441↑ |
| Angelim Vermelho | 395↑ |
| Mixed red and white | 263↑ |
| Eucalyptus (AD) | 221↑ |
| Pine (AD) | 181↑ |
| Pine (KD) | 177↑ |

Source: STCP Data Bank

Domestic Plywood Prices (excl. taxes)

| | US\$ per m ³ |
|----------|-------------------------|
| Parica | |
| 4mm WBP | 603↑ |
| 10mm WBP | 471↑ |
| 15mm WBP | 420↑ |
| 4mm MR | 503↑ |
| 10mm MR | 375↑ |
| 15mm MR | 347↑ |

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 MDP Particleboard | 262↑ |
| 15mm MDF | 318↑ |

Source: STCP Data Bank

Export Sawnwood Prices

| | US\$ per m ³ |
|--------------------------------------|-------------------------|
| Sawnwood, Belem/Paranagua Ports, FOB | |
| Ipê | 1429 |
| Jatoba | 920 |
| Massaranduba | 771 |
| Muiracatiara | 737 |
| Pine (KD) | 188 |

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) | 287 |
| 12mm C/CC (WBP) | 267 |
| 15mm C/CC (WBP) | 251 |
| 18mm C/CC (WBP) | 253 |

Source: STCP Data Bank

Export Prices For Added Value Products

| | US\$ per m ³ |
|---------------------------|-------------------------|
| FOB Belem/Paranagua Ports | |
| Decking Boards Ipê | 2,598 |
| Jatoba | 1,467 |

Source: STCP Data Bank

Peru

Two companies lead furniture imports

The combined furniture imports of two retailers, Peruvian Homecenters (Promart) and Sodimac accounted for 51% of the total US\$30 million furniture imports into Peru in the first half of this year.

Imports by Promart, the brand used by Peruvian Homecenters stores, grew 24% compared to the first half of 2016, while first half imports by Sodimac grew 68.4% compared to 2016. Other main importers of furniture were Saga Falabella and Tottus Hypermarkets.

Brazil was the main supplier of furniture to Peru in the first half of 2017 at US\$ 20.2 million followed by China (US\$3.3 million), the United States (US\$1 million) and Malaysia (US\$1 million).

Promotion of conservation of Amazon forests

Under the National Forest Conservation Programme for the Mitigation of Climate Change (Forest Program) the regional government of Loreto and the Ministry of the Environment (Minam) are joining forces to promote the conservation of some 350,000 hectares of forests.

The Minam Forest Program provides economic incentives to native communities for the development of productive activities, strengthening surveillance of the forest and improving communal management. The aim is to have within two years approximately 350,000 hectares under a forest conservation plan.

However, despite the best efforts of the authorities, according to the National Forestry and Wildlife Service (Serfor) in 2016 at total of 164,662 hectares of Amazon rainforest were lost, an increase of 5.2% over 2015. The Departments with the greatest loss of forest cover compared to 2015 were Junín, Loreto, Cusco, Cajamarca, Puno, Ayacucho, Huancavelica, Piura, Amazonas and Pasco.

The monitoring carried out in 15 Amazonian departments shows that in Loreto (northern area), Ucayali (Curimana), Madre de Dios (Río Tambopata) and Junín (Anapati River) forest losses have been recorded due to natural events that occurred during the last three years, apparently from wind and floods but the authorities say this requires more detailed analysis.

During the period 2001 to 2016 there was a loss of 1,974,209 hectares of Amazon rainforest, with an annual average loss of 123,388 hectares.

Serfor Executive Director, John Leigh, said that with these data call for immediate preventive action against reforestation. He emphasised that Minam is also aware of the early warnings of an increase in loss of forest cover.

Forest Investment Plan to cut rate of deforestation

In October 2013 Peru's Forestry Investment Plan was approved. This was created to contribute to the reduction of deforestation. The plan is supervised by the Ministry of the Environment (Minam).

Three projects formulated with the support of the Inter-American Development Bank (IDB), have been authorised for execution beginning in 2018. A fourth project is currently being formulated with the assistance of the World Bank (WB) for review in late 2018.

Peru is one of the first eight countries to benefit from the Forest Investment Program (FIP), an initiative of the Climate Investment Funds (CIF) established by agreement by member countries of the United Nations Framework Convention on Climate Change in 2008.

The main objective of the FIP is to promote and facilitate measures to promote transformational changes in public policies for the reduction of greenhouse gas (GHG) emissions in developing countries.

Export Sawwood Prices

| | US\$ per m ³ |
|--|-------------------------|
| Peru Sawwood, 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 | 545-598 |

| Peru Sawwood, FOB Callao Port (cont.) | US\$ per m ³ |
|---|-------------------------|
| Virola 1-2" thick, length 6'-12' KD Grade 1, Mexican market | 523-599▲ |
| Grade 2, Mexican market | 461-482▲ |
| Cumaru 4" thick, 6'-11' length KD Central American market | 887-933 |
| Asian market | 934-981 |
| Ishpingo (oak) 2" thick, 6'-8' length Spanish market | 509-549 |
| Dominican Republic | 645-672 |
| Marupa 1", 6-13 length KD Asian market | 493-562 |

Domestic Sawwood Prices

| Peru sawwood, domestic | US\$ per m ³ |
|------------------------|-------------------------|
| Mahogany | - |
| Virola | 241-259 |
| Spanish Cedar | 332-374 |
| Marupa (simarouba) | 191-204 |

Export Veneer Prices

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

Export Plywood Prices

| Peru plywood, FOB Callao (Mexican Market) | US\$ per m ³ |
|---|-------------------------|
| Copaiba, 2 faces sanded, B/C, 8mm | 342-371 |
| Virola, 2 faces sanded, B/C, 5.2mm | 466-489 |
| Cedar fissilis, 2 faces sanded.5.5mm | 759-770 |
| Lupuna, treated, 2 faces sanded, 5.2mm | 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. | 466-487 |

Domestic Plywood Prices (excl. taxes)

| Iquitos mills | US\$ per m ³ |
|------------------|-------------------------|
| 122 x 244 x 4mm | 508 |
| 122 x 244 x 6mm | 513 |
| 122 x 244 x 8mm | 522 |
| 122 x 244 x 12mm | 523 |
| Pucallpa mills | |
| 122 x 244 x 4mm | 503 |
| 122 x 244 x 6mm | 511 |
| 122 x 244 x 8mm | 513 |

Domestic Prices for Other Panel Products

| Peru, Domestic Particleboard | US\$ per m ³ |
|------------------------------|-------------------------|
| 1.83m x 2.44m x 4mm | 282 |
| 1.83m x 2.44m x 6mm | 230 |
| 1.83m x 2.44m x 12mm | 204 |

Export Prices for Added Value Products

| Peru, FOB strips for parquet | US\$ per m ³ |
|--|-------------------------|
| Cabreuva/estoraque KD12% S4S, Asian market | 1296-1380 |
| Cumaru KD, S4S Swedish market | 962-1095 |
| Asian market | 1058-1098 |
| 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 | 493-519 |
| 2x13x75cm, Asian market | 732-815 |

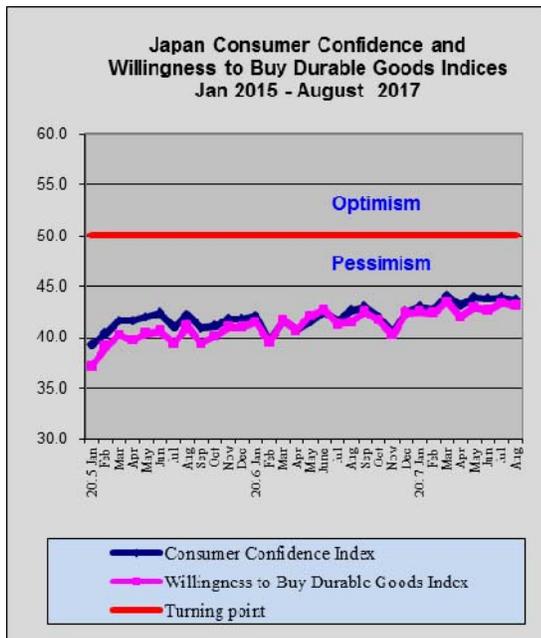
Japan

Geopolitical risks undermine sentiment

Cabinet Office data shows that consumer sentiment weakened in August with the consumer confidence index falling to 43.3 from 43.8 in July. All four components of the indicator declined from July.

The overall livelihood indicator fell, likewise, consumer views on income growth deteriorated in August and the indicator for employment also declined. Of particular interest to the furniture sector was the decline in consumers' willingness to buy durable goods.

In contrast, Japan's manufacturing PMI in August rose slightly but was below analyst's expectations. The improvement in manufacturing was mainly attributed to an improvement in both domestic and international demand. However, while a recovery in global demand is helping Japan's economy the risk of conflict in North Korea is impacting business sentiment.

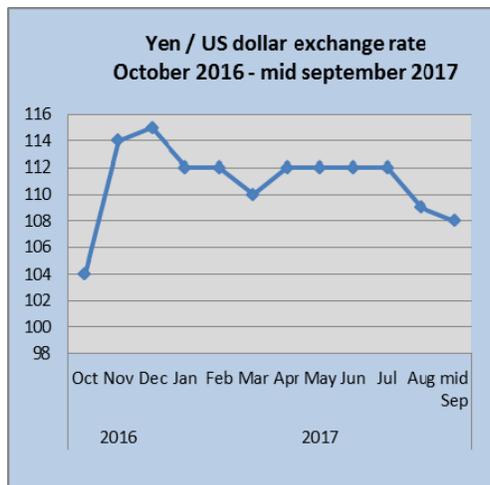


Data source: Cabinet Office, Japan

Yen buffeted by storms and North Korea

Early September was a turbulent month for the yen. The impact of hurricane Irma on the US/yen exchange rate was immediate. At one stage the yen was 107 to the dollar but the dollar quickly recovered.

As if violent storms were not enough, North Korea fired a missile over northern Japan and then conducted a massive nuclear bomb test but despite these events the yen remained in demand. But, there are some questioning how long the yen will retain its safe-haven status. If conflict in the region escalates there will be a major re-alignment of exchange rates.



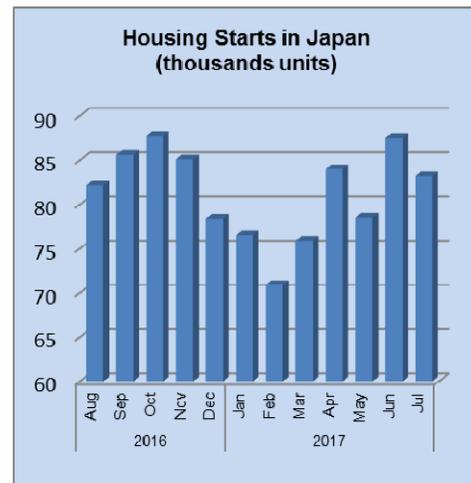
Re-tech, technology applied to home valuations

Selling a home in Japan can be a nightmare. Traditionally newly built homes in Japan depreciate at a startling rate. It is not uncommon for a new home to be valued at around half of the original cost within a few years.

Part of this problem is the reliability of valuations of secondhand homes. Valuing a home is most commonly done by appraisal companies and in many cases their assessment methods are specific to their own interests such that assessed values can be inconsistent or out of touch with market reality.

Home sellers in Japan now have an alternative means to get their home valued – Re-tech, short for real estate technology, which uses software to access huge amounts of data to forecast the current and future prices of secondhand homes.

Analysts in the housing sector say Re-tech technologies may be of help in addressing the problem of the 8 million or more vacant and unsaleable homes in Japan.

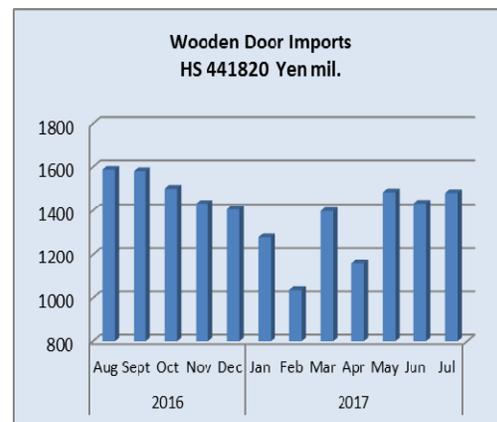


Data source: Ministry of Land, Infrastructure, Transport and Tourism

Import round up

Doors

The value of Japan's July imports of wooden doors (HS 441820) was little changed from the previous month but was up 25% year on year.



Data source: Ministry of Finance, Japan

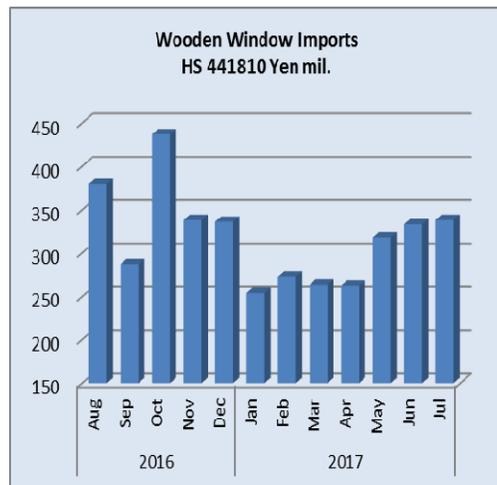
The three main suppliers in July were China (60%) the Philippines (19.5%) and Malaysia (8%) just topping shipments from Indonesia.

These three have consistently topped the league of suppliers for the past 12 months. In contrast to the volatility in import values seen during the early part of the year over the past 3 months the level of monthly imports has stabilized.

Windows

Japan’s imports of wooden windows (HS 441810) in July were 3% down year on year but largely unchanged from a month earlier. Shippers in 3 countries dominated Japan’s July wooden window imports, China (36%), the Philippines (24%) and the US (24%).

Over the past 3 months wooden window imports have gradually risen after the lows recorded at the beginning of the year. In the first 4 months of the year wooden window imports fell to the lowest level for the past 3 years.

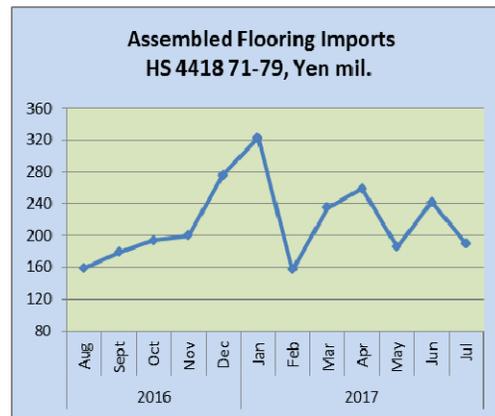


Data source: Ministry of Finance, Japan

Assembled flooring

The volatility in imports of assembled wooden flooring (HS441871-79) observed in the year to-date continues. After rising in June the value of imports fell once more in July. However, the seesaw trend in imports has been a feature of deliveries for several years and as such does not indicate any particular underlying trend.

Year on year, Japan’s July assembled flooring imports were up 7% but compared to the value of June imports they were down 21%. The main category of assembled flooring imports in July was HS 441875 accounting for just over 70% of all assembled flooring imports. HS 441873 imports and HS 441879 imports were much smaller (9% and 19% respectively). In each category China was the main supplier.

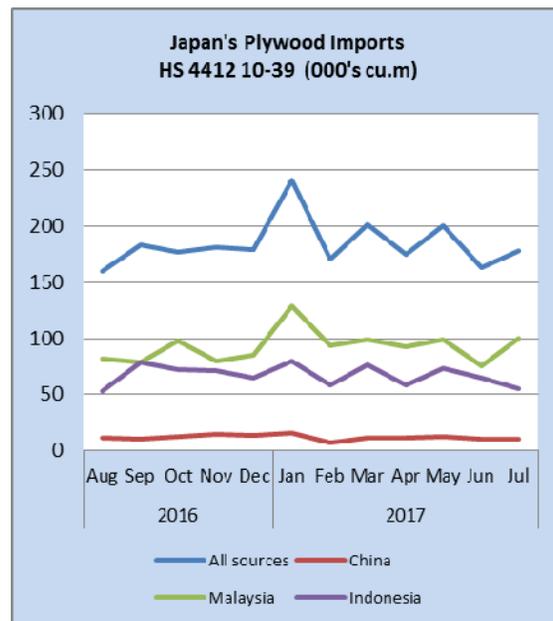


Data source: Ministry of Finance, Japan

Plywood

Some 88% of Japan’s July plywood imports were recorded as HS 441231 with the balance being HS 441233 (4%) and HS 441234 (8%). Year on year, July imports were down 5% with July imports from China being unchanged from a year earlier, imports from Malaysia rising 8% and imports from Indonesia dropping 24%.

In July Malaysia was the main supplier of plywood to Japan accounting for 56% of all imports followed by Indonesia (31%) with most of the balance coming from manufacturers in China.



Data source: Ministry of Finance, Japan

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

| | | China | Malaysia | Indonesia |
|------|-----|-------|----------|-----------|
| 2015 | Jan | 23 | 128 | 67 |
| | Feb | 18 | 115 | 65 |
| | Mar | 8.5 | 104.4 | 68.3 |
| | Apr | 15.5 | 98.2 | 80.1 |
| | May | 17.4 | 85.2 | 57 |
| | Jun | 15.6 | 82.4 | 58.4 |
| | Jul | 14.5 | 78.6 | 77.5 |
| | Aug | 16 | 85.6 | 41 |
| | Sep | 11.5 | 109.3 | 64.2 |
| | Oct | 14 | 112 | 80 |
| | Nov | 13.5 | 92.4 | 61.9 |
| | Dec | 13.8 | 71.8 | 57.6 |
| 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 |
| | Jul | 10.6 | 100 | 54.8 |

Data source: Ministry of Finance, Japan

Trade news from the Japan Lumber Reports (JLR)

The Japan Lumber Reports (JLR), a subscription trade journal published every two weeks in English, is generously allowing the ITTO Tropical Timber Market Report to reproduce news on the Japanese market precisely as it appears in the JLR.

For the JLR report please see:

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

South Sea (Tropical) lumber import

For the first six months of the year, import of South Sea lumber was 235,990 cbms, 5.7% less than the same period of last year. In this, laminated free board was 129,996 cbms, 5.1% less.

In the South East Asian countries, log procurement is getting difficult by harvest restrictions. Indonesian lumber manufacturers of laminated free board struggle to secure enough logs in competition with overseas log buyers like India and Vietnam.

Prices of Indonesian merkusii pine laminated free board climbed to \$950 per cbm C&F, which costs about 120,000 yen per cbm in Japan. Chinese red pine laminated free board prices are also up by active economy in China.

Import volume of Indonesian free board was 47,067 cbms, 4.3% less. 14,707 cbms from Vietnam and 59,553 cbms from China.

Hardwood lumber was 36,560 cbms, 7.2% less and hardwood processed lumber (tongue and groove) was 56,882 cbms, 7.2% less. Rail ties were 3,336 cbms, 21.1% less.

Wood product export in the first half of 2017

Wood products export value during January and June this year was 15,820 million yen, 38.6% more than the same period of last year. By destination in value, China remains the top then Philippines increased considerably. It increased by more than 20% to Korea.

For China market, Japanese cedar logs are more competitive than New Zealand radiate pine logs and in June, log export volume exceeded 100,000 cbms. For Philippines, lumber export increased by about 30%. Total export of plywood was 56,000 cbms out of which 90% is gone to Philippines.

It looks like packaged export of lumber and plywood. There is increasing share of Japanese cedar lumber exported to Korea, which is processed in China and Vietnam. Also pre-cut housing materials are exported to Korea.

New trend is lumber export to the U.S.A. The volume was 4,600 cbms, 315% more. This appears to be fence materials in the U.S. market.

Tight supply of all types of wood panels

After supply of floor base plywood from South Sea countries gets tight, there are structural changes in wood panel market as floor base users try to switch to other materials, which influences not only domestic softwood plywood but particleboard, OSB and MDF.

Every panel manufacturers try to catch this market and manufacture value added new products, which reduce supply of traditional panels.

With various harvest restrictions and environmental consideration, material log supply is getting tighter and tighter in Indonesia and Malaysia and there are considerable delays of arrival of ordered cargoes.

To replace hardwood to softwood, initially users had uneasiness of quality so it took time before users decided

to use softwood plywood then since 2016, monthly volume has been about 10,000 cbms and there are more orders now.

For domestic plywood manufacturers, new product is necessary with depopulation in future in Japan but in last two years, with active housing starts, mills are busy catching up orders of structural panels as their priority is to satisfy needs of structural panels and the orders continue coming in so mills have very little time to fill up demand of floor base panels.

Currently, South Sea countries suffer foul weather and harvest areas are further inland so log production is very low therefore, arrivals of floor base panel are delayed by a month or more. The prices are up and the inventories in Japan are extremely low.

Floor manufacturers are increasing production of composite floor of softwood plywood and thin MDF. Sales of composite floor in the first six months of this year were 60% more than last year and particleboard floor base is also up by 13%. This increased demand for MDF and OSB.

Thin MDF is necessary to make composite floor but there are only four MDF manufacturers to supply thin softwood MDF for flooring. Also hardwood thin MDF is getting tight by this move. Tight supply of structural plywood is likely to stimulate demand for particleboard bearing wall. Therefore, shifting of floor demand is causing supply tightness of all kind of wood panel.

Plywood

Supply of domestic softwood plywood is getting tighter again. July plywood supply was 499,000 cbms, 0.6% less than July last year and 0.7% more than June. The supply was below 500,000 cbms for two consecutive months. In this, domestic softwood plywood production was 261,600 cbms while the shipments were 262,100 cbms, 4.8% more and 0.3% less so the inventories were 93,400 cbms.

Orders had been active from direct users like housebuilders and precutting plants as compared to dull orders from wholesalers but since late August, orders from wholesale channels started picking up to build up inventories to deal with possible supply shortage in demand busy fall season. Now deliveries delay by about a week or two but delay does not impact actual construction works.

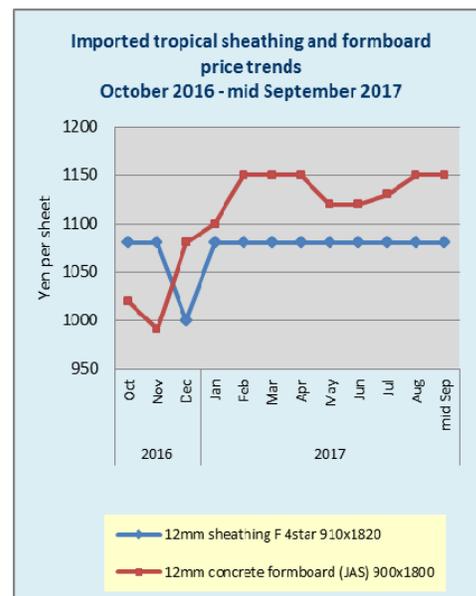
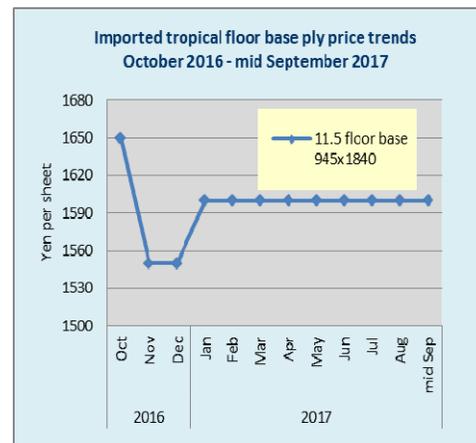
Imported plywood in July was 225,200 cbms, 6.6% less and 3.5% more. By source, 101,900 cbms from Malaysia, 6.5% more and 32.5% more, 60,600 cbms from Indonesia, 22.6% less and 17.9% less and 47,700 cbms from China, 7.9% less and 9.5% less.

Drop of Indonesian supply is considerable and supply of thin and medium thick plywood from Indonesia is critical and users frantically look for substitutions.

Orders rush to domestic South Sea hardwood plywood mills but they are not able to have enough material logs.

Meantime, on coated concrete forming plywood from Malaysia, the importers ask over 1,300 yen per sheet due to higher cost of future arrivals but the demand continues slow so wholesale prices are about 1,270-1,280 yen.

Imported plywood wholesale prices



China

Log imports up 8% in the first half of year

China's log imports in the first half of 2017 totalled 25.89 million cubic metres valued at US\$4.535 billion, a year on year increase of 8.3% in volume and 14% in value. The average price for imported logs was US\$175 per cubic metre, a year on year increase of 6%.

Of total log imports, softwood log imports rose 8.6% to 17.51 million cubic metres, accounting for 68% of the national total. The average price for imported softwood logs was US\$130 per cubic metre, up 9% on the same period of 2016.

Hardwood log imports grew 7.6% to 8.38 million cubic metres (32% of the national total log imports). The average price for imported hardwood logs in the first half of 2017 was US\$269 per cubic metre, up 3% on the same period of 2016.

Of total hardwood log imports, tropical log imports were 4.43 million cubic metres valued at US\$1.278 billion, up 7% in volume but down 2% in value on the same period of 2016.

China's log import, first half of 2017 (volume)

| | 1st half 2017 Mil. cu.m | % change Year on year |
|-------------------|----------------------------|--------------------------|
| Total log imports | 25.89 | 8.3 |
| Softwood logs | 17.51 | 8.6 |
| All hardwood logs | 8.38 | 7.6 |
| Tropical Logs | 4.43 | 7.0 |

Data source: China Customs

China's log import, first half of 2017 (value)

| | 1st half 2017 Mil. US\$ | % change Year on year |
|-------------------|----------------------------|--------------------------|
| Total log imports | 4,535 | 14 |
| Softwood logs | 2,282 | 18 |
| All hardwood logs | 2,253 | 10 |
| Tropical Logs | 1,278 | -2 |

Data source: China Customs

Average log price, first half 2017

| | Av. CIF price US\$/cu.m | % change Year on year |
|-------------------|----------------------------|--------------------------|
| Average log price | 175 | 6 |
| Softwood logs | 130 | 9 |
| All hardwood logs | 269 | 3 |
| Tropical Logs | 288 | 5 |

Data source: China Customs

New Zealand and Russia main sources of logs

New Zealand was the main log supplier to China in the first half of 2017 accounting for 24% of total log imports.

Imports from New Zealand totalled 6.2 million cubic metres in the first half of 2017, a year on year increase of 10%.

The second ranked supplier of logs was Russia at 5.87 million cubic metres, accounting for about 23% of the national total. In the first half of 2017 a year on year decrease of 1% was recorded for log imports from Russia.

Average prices for imported logs from New Zealand rose 10%, average prices for imported logs from Russia grew 7% in the first half of 2017.

Main countries shipping logs to China, first half 2017

| | 1st half 2017 Mil. cu.m | % change Year on year |
|-------------------|----------------------------|--------------------------|
| New Zealand | 6.2 | 10 |
| Russia | 5.87 | -1 |
| USA | 2.77 | 28 |
| Australia | 2.25 | 28 |
| Canada | 1.64 | 34 |
| PNG | 1.36 | -23 |
| Solomon Is. | 1.26 | 15 |
| Eq. Guinea | 0.46 | -15 |
| Republic of Congo | 0.43 | 68 |
| Japan | 0.33 | 40 |

Data source: China Customs

Drop in tropical hardwood log imports

Tropical log imports in the first half of 2017 totalled 4.43 million cubic metres, down 7% year on year and accounted for 17% of the national total. The value of tropical log imports in the first half of 2017 was US\$1.278 billion reflecting a 2.3% decline.

Before its log export ban Myanmar was a major source of tropical logs for China. However, China's log imports from Myanmar in the first half of 2017 fell 14% to just 8 600 cubic metres valued at US\$11.36 million, down 19% in value.

The average price for imported logs from Myanmar fell 6% in the first half of 2017 to US\$1,326 per cubic metre. However, the average price for imported tropical logs in the first half of 2017 was US\$288 per cubic metre, a year on year increase of 5%.

China imported tropical logs mainly from Papua New Guinea (31%), Solomon Islands (28%), Equatorial Guinea (10%), Congo Brazzaville (9.6%), Cameroon (5.1%) and Nigeria (4.9%). Just 10 countries supplied 94% of China's tropical log requirements in the first half of 2017.

Log imports from Zambia and Congo Brazzaville surged 247% and 68% in the first half of 2017 respectively. Countries from which tropical log imports declined greatly included Laos (-59%), Ghana (-36%) and PNG (-23%).

The main port for tropical log imports in the first half of 2017 was Nanjing Port which accounted for 87% of all tropical log imports.

Tropical log imports, first half 2017

| | 1st half 2017 Mil. cu.m | % change Year on year |
|-------------------|----------------------------|--------------------------|
| PNG | 136 | -23 |
| Solomon Is. | 126 | 15 |
| Eq. Guinea | 46 | -15 |
| Congo Brazzaville | 43 | 68 |
| Cameroon | 23 | -8 |
| Nigeria | 22 | 3 |
| Ghana | 6 | -36 |
| Zambia | 5 | 247 |
| Laos | 5 | -59 |
| Suriname | 4 | 9 |

Data source: China Customs

Sawnwood log imports, first half 2017

| | 1st half 2017 Mil. cu.m | % change Year on year |
|-------------|----------------------------|--------------------------|
| New Zealand | 6.17 | 10 |
| Russia | 4.51 | -6 |
| USA | 2.19 | 21 |
| Australia | 1.98 | 27 |
| Canada | 1.58 | 33 |
| Japan | 0.33 | 40 |
| Uruguay | 0.16 | 1007 |
| Ukraine | 0.12 | -77 |
| Belarus | 0.1 | 66 |
| Estonia | 0.58 | 35 |

Data source: China Customs

Hardwood log imports, first half 2017

| | 1st half 2017 Mil. cu.m | % change Year on year |
|--------------------|----------------------------|--------------------------|
| PNG | 1.36 | -23 |
| Russian Federation | 1.36 | 19 |
| Solomon Is. | 1.26 | 15 |
| U.S.A | 0.57 | 67 |
| Eq. Guinea | 0.46 | -15 |
| Congo Brazzaville | 0.43 | 68 |
| Belgium | 0.33 | 499 |
| Australia | 0.27 | 40 |
| Mozambique | 0.27 | 4 |
| France | 0.25 | 3 |

Data source: China Customs

Guangzhou Yuzhu International Timber Market Wholesale Prices

| | 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+ | 2800-30000 |
| Ipe | dia. 40 cm+ | 3200-3400 |
| yuan per tonne | | |
| Cocobolo | All grades | 28000-40000 |

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 | 3850-4300 |
| 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 |

Shanghai Furen Forest Products Market Wholesale Prices

| Logs All grades | 000's yuan/tonne |
|--------------------|------------------|
| Bois de rose | 120-290 |
| Red sandalwood | 800-1800 |
| Siam rosewood | 90-300 |
| Burma padauk | 14-20 |
| Rengas | 12 |
| Mai dou lai | 6000-8000 |
| Neang noun | 23-36 |
| Burma tulipwood | 18-28 |
| Cocobolo | 35-120 |
| Morado | 10-15 |
| Ebony | 28-40 |
| Trebol | 3.6-8 |
| African sandalwood | 11-14 |

Europe

Public comment invited on new FLEGT market report

Public comments are invited on a draft report by the Independent Market Monitor (IMM), which is a multi-year project implemented by ITTO and financed by the European Union (EU) to support implementation of the FLEGT Voluntary Partnership Agreements between the EU and timber supplying countries.

The new IMM report reviews the latest data on forest resources in VPA partner countries and on the timber trade between partner countries and the EU during the 2014 to 2016 period. The report aims to establish the baseline conditions for entry into the EU market of FLEGT licensed timber.

Recognising that the first ever FLEGT licenses were issued by Indonesia in November 2016, the report includes additional commentary on the prospects for Indonesian timber in the EU market.

The report also provides information on the status of EUTR implementation and the market position of FLEGT licensing in relation to private sector legality verification and certification initiatives. The report concludes with recommendations for future monitoring by IMM and FLEGT-related communication.

The summary report is available at:

<https://tinyurl.com/IMM-Summary>

The main report is available at:

<https://tinyurl.com/IMM-FLEGT-Main>

Comments should be sent by email to: technical@flegtimm.eu before 30 September 2017.

Tropical sawn wood imports decline in nearly all EU countries

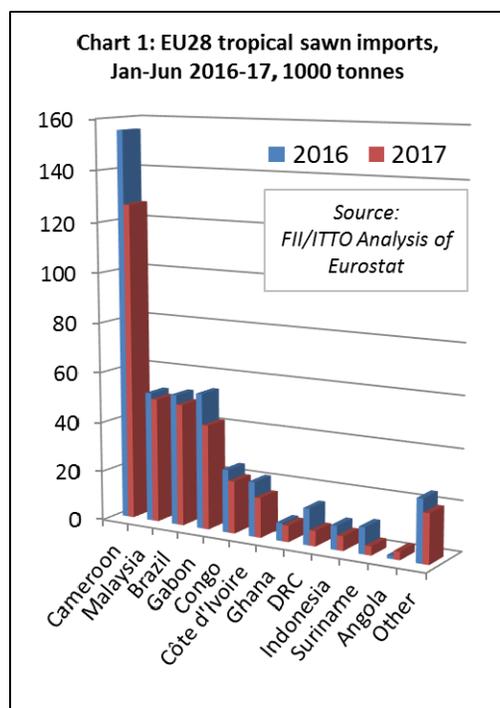
EU imports of tropical sawnwood in the first six months of 2017 were 348,600 metric tonnes (MT), 19% less than the same period in 2016.

The decline was particularly pronounced for trade between Cameroon and Belgium, following a surge last year, but also affected nearly all exporting countries and EU member states. The only minor exception was a slight upturn in imports from Angola, mainly destined for Portugal.

Imports were down from all the leading supply countries including:

| | |
|---------------|----------------------|
| Cameroon | (-19% to 126,500 MT) |
| Malaysia | (-4% to 49,500 MT) |
| Brazil | (-7% to 48,500 MT) |
| Gabon | (-22% to 42,000 MT) |
| Congo | (-17% to 21,000 MT) |
| Cote d'Ivoire | (-27% to 15,900 MT) |
| Ghana | (-9% to 6,500 MT) |
| DRC | (-58% to 6,100 MT) |
| Indonesia | (-39% to 5,800 MT) |
| Suriname | (56% to 10,000 MT). |

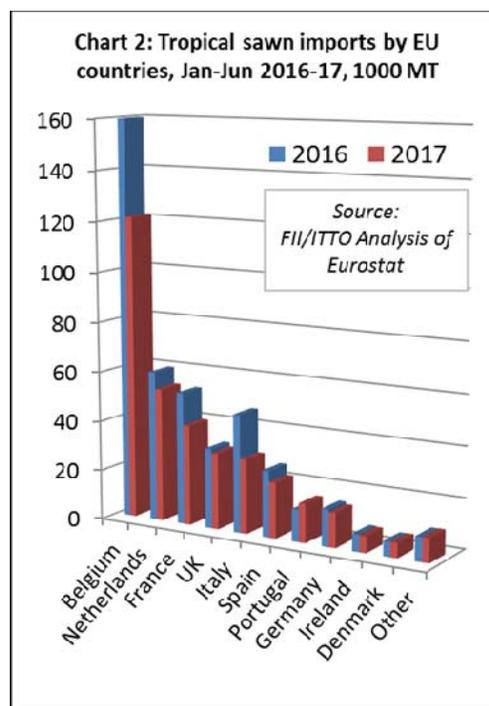
See Chart 1



EU imports of tropical sawnwood in the first half of 2017 fell:

| | |
|-------------|----------------------|
| Belgium | (-24% to 121,300 MT) |
| Netherlands | (-11% to 53,400 MT) |
| France | (-24% to 40,100 MT) |
| UK | (-5% to 30,400 MT) |
| Italy | (-37% to 29,600 MT) |
| Spain | (-16% to 22,100 MT) |
| Germany | (-7% to 13,800 MT) |
| Ireland | (-4% to 6,600 MT). |

Imports in Portugal increased 20% to 15,500 MT during the period (Chart 2).



Weak consumption in the EU remains a factor behind the decline in EU imports of tropical sawn wood in some parts of Europe, notably Italy where the economy continues to struggle.

However, this factor alone cannot explain such a widespread downturn across the whole of the EU, particularly as economic activity in the region has been showing signs of improvement this year.

Some supply side issues have contributed to the decline in EU trade this year. European importers complained of long delays in shipment from Douala port during the first half of 2017, although this factor can only have had a short-term effect.

There are also indications that tropical exporters were concentrating on other more profitable and less demanding markets for sawn wood during the period. Malaysia is focusing less and less on the European sawnwood market these days, despite the country's considerable efforts to meet the EU's demanding green procurement requirements.

Malaysia's exports of sawnwood have increased sharply to the Indian sub-continent and China this year. Brazil is exporting more to the US and India. Gabon's exports of sawnwood to China increased 35% in the first 6 months of 2017. With good demand elsewhere, supplies restricted, the EU market still slow and difficult to satisfy as the EU Timber Regulation begins to bite, and with rising competition from modified temperate hardwoods, it's almost inevitable that tropical sawn wood imports into the region will continue to fall.

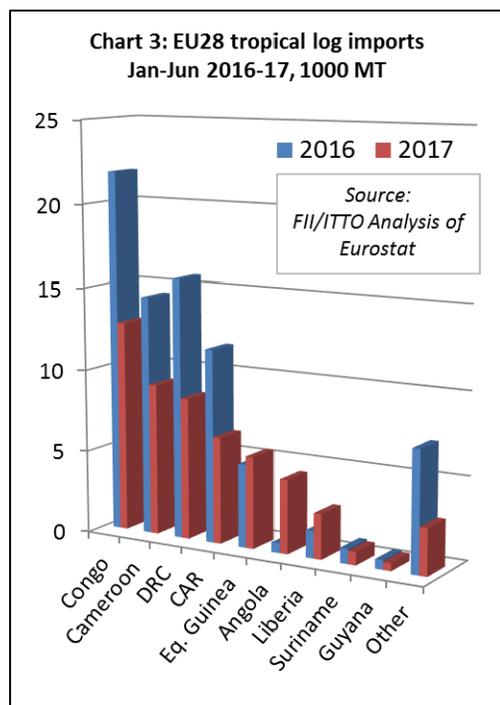
EU imports of tropical logs continue to slide

Tropical log imports into the EU fell in 2016 and this decline continued in the first half of 2017. EU tropical log imports declined 33% to 53,630 MT in the first half of 2017.

Imports declined from the four leading supply countries; Congo (-42% to 12,760 MT), Cameroon (-37% to 9,150 MT), DRC (-46% to 8,530 MT), and the Central African Republic (-45% to 6,400 MT).

These declines were partly offset by rising EU imports of tropical logs from Equatorial Guinea (+10% to 5510 MT), Angola (4420 MT from a negligible level in 2016), and Liberia (+65% to 2730 MT). (Chart 3).

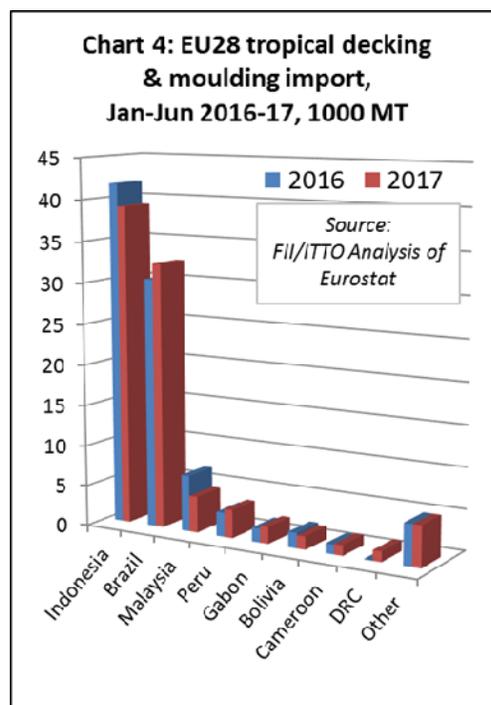
The EU trade in tropical logs is now concentrated in France, Portugal and Belgium. Imports into all three countries fell sharply in the first 6 months of 2017, down 62% to 18,700 MT in France, down 11% to 11,100 MT in Portugal, and down 43% to 11,800 MT in Belgium.



Slight fall in EU imports of tropical decking

EU imports of “continuously shaped” wood (HS code 4409), which includes both decking products and interior decorative products like moulded skirting and beading, were 90,555 MT in the first half of 2017, down 2% on the same period in 2016.

Imports fell 6% to 39,000 MT from Indonesia and were down 36% to 4,400 MT from Malaysia. These losses were partly offset by a 6% rise in imports from Brazil, to 32,400 MT. (Chart 4).



In the first half of 2017, imports of tropical decking and mouldings increased 17% to 19,400 MT in France, but declined into all other leading EU destinations including Germany (-6% to 23,000 MT), Belgium (-10% to 15,800 MT), Netherlands (-16% to 15,400 MT), and the UK (-3% to 5,600 MT).

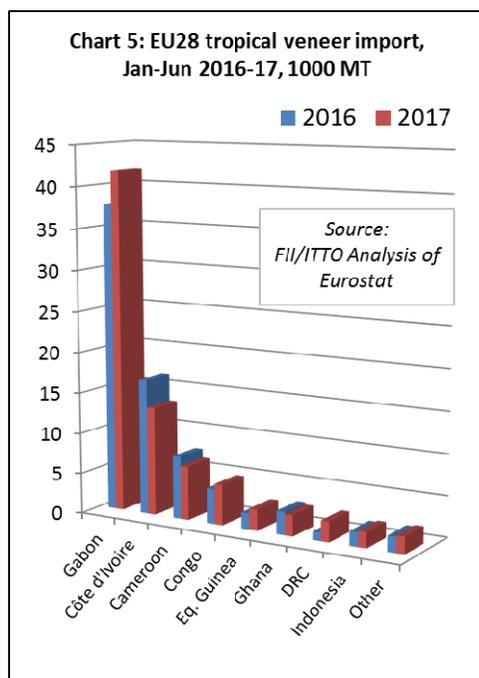
EU imports of tropical veneer recover some lost ground

EU imports of tropical hardwood veneer increased 3% to 78,400 MT in the first 6 months of 2017 compared to the same period in 2016. The rise was mainly due to an 11% increase in imports from Gabon, to 41,800 MT, building on gains made the previous year.

This is due both to better consumption in the EU and to rising investment in veneer production capacity in Gabon which has been on-going ever since the country banned log exports in May 2010.

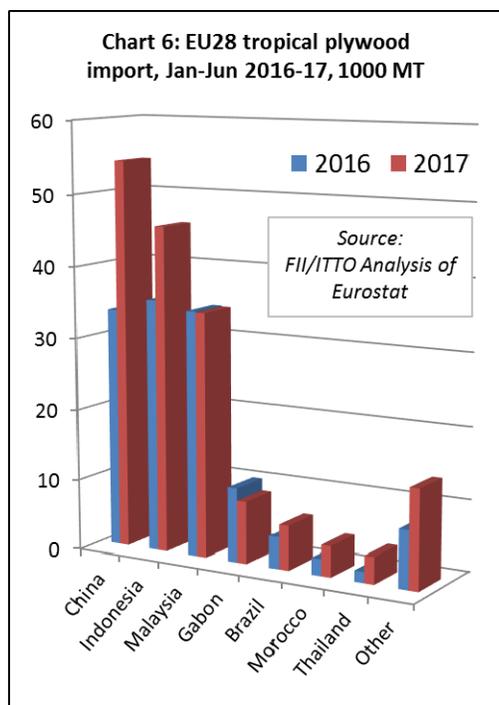
Strong growth in EU imports of Gabon veneer in the first half of 2017 was sufficient to offset declining imports from Cote d'Ivoire (-20% to 13,300 MT) and Cameroon (-14% to 6,600 MT). (Chart 5).

Imports of tropical veneer declined into the two largest EU markets in the first half of 2017, falling 5% to 29,500 MT in France and 7% to 17,000 MT in Italy. However, these losses were offset by larger increases in imports in Spain (+10% to 11,500 MT) and Greece (+40% to 7700 MT).



EU imports more tropical plywood, mainly from China

Plywood is one of the few sectors of the EU market where tropical products have been performing reasonably well, although much of the gain has been in indirect imports from China rather than direct imports from tropical countries. (Chart 6).



In the first six months of 2017, EU imports of products faced with tropical hardwood manufactured in China increased 62% to 54,300 MT, while direct imports from tropical countries increased 21% to 171,100 MT.

Most of the gains in direct imports were from Indonesia, rising 29% to 45,700 MT. Imports from Malaysia were stable at 34,200 MT and imports from Gabon fell 16% to 8,700 MT in the first half of the year.

These are mixed results for those looking for evidence of immediate market gains after issue of the first FLEGT licenses in Indonesia at the end of last year. The 21% rise in EU imports from Indonesia is encouraging and seems to confirm early anecdotal reports that some EU importers are favouring Indonesian product as it avoids the need for time-consuming and expensive due diligence assessments.

On the other hand, plywood manufacturers in China, even though using tropical hardwood veneers, appear to be conforming to the EUTR due diligence requirements to the satisfaction of many importers and regulators.

There are also reports that some plywood buyers in Europe are still avoiding Indonesian plywood because of lack of clear information on the exact species content when orders are placed, usually a month or two before shipment.

Many Indonesian plywood mills do not know ahead of time the exact mix of logs that will be available and importers only have access to species information when the order has been shipped and the FLEGT licence issued.

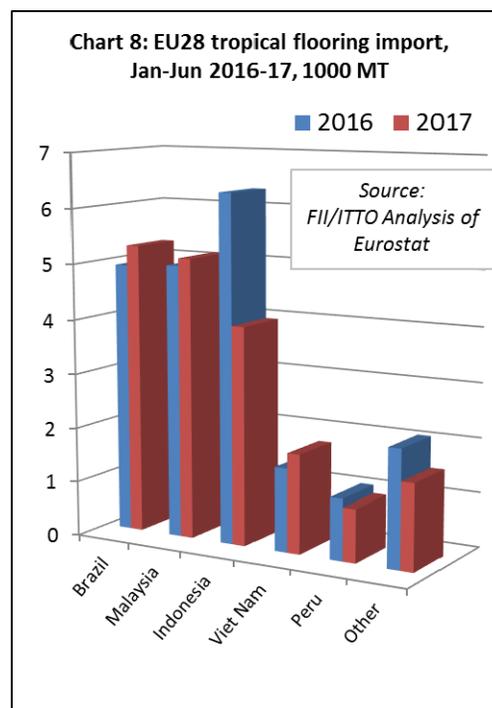
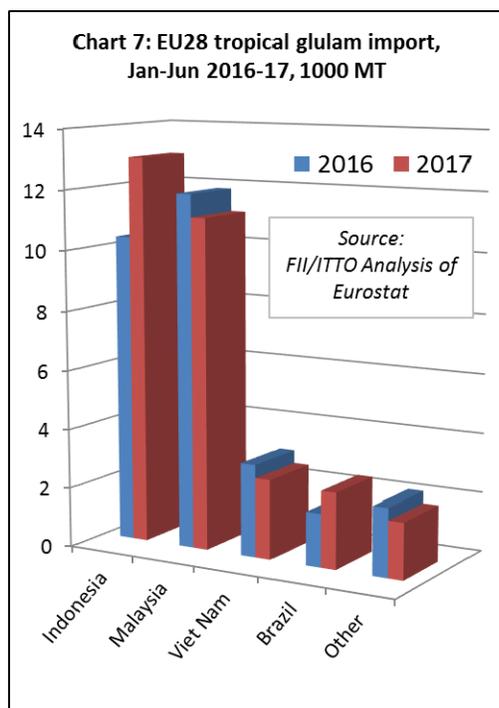
That conflicts with the internal procurement policies of some large corporate buyers who now require, well in advance, clear information on the exact species content of all delivered timber products. Some of the larger Chinese mills are better able to meet this requirement, while also satisfying those buyers' needs for more regular large shipments.

The rise in EU tropical plywood imports in the first half of this year was mainly driven by the UK (+29% to 82,000 MT), Belgium (+52% to 30,300 MT), and Germany (+24% to 11,000 MT). These gains offset a decline in imports in the Netherlands (-29% to 16,400 MT) and France (-20% to 10,300 MT).

Tropical glulam

EU imports of glulam from tropical countries increased 6% to 31,200 MT in the first six months of 2017. 'Glulam' here refers to all those products listed in code 44189910 of the EU Combined Nomenclature and, with respect to imports from tropical countries, includes mainly laminated window scantlings and kitchen tops.

In the first half of 2017, EU imports of glulam from Indonesia increased 26% to 13,000 MT. There was also a 42% increase in imports from Brazil, to 2,500 MT. In contrast, imports fell 6% to 11,100 MT from Malaysia, and were down 14% to 2,700 MT from Vietnam. (Chart 7).



From a FLEGT licensing perspective, there was an encouraging increase in Indonesia's share of the EU market for tropical glulam, from 35% last year to 42% in the first half of this year.

The quantity of glulam and other engineered wood products supplied by tropical countries into the EU is still very modest.

There are also significant challenges for tropical suppliers in this market – notably intense competition from European manufacturers and the requirement for often complex technical standards. This is particularly true of structural glulam products, none of which are currently imported from the tropics.

However, demand for glulam and other engineered wood products is rising in the EU and there may be a larger role for tropical countries in this sector in the future, particularly as it provides opportunities to add value to smaller and lower grade wood material.

Another fall in EU imports of tropical hardwood flooring

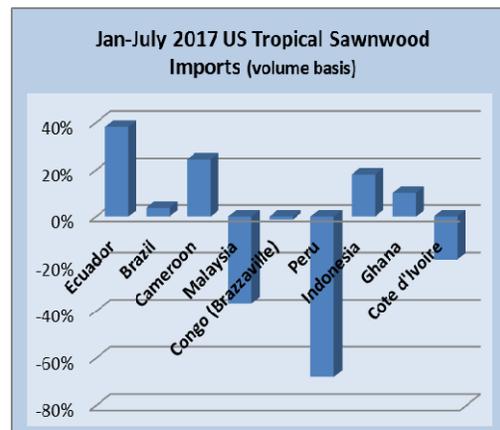
EU imports of tropical flooring products fell 11% to 18,700 MT in the first half of 2017, continuing a long-term decline. Imports from Indonesia, the largest supplier in 2016, declined 37% to 4,000 MT. This fall was only partly offset by minor gains in imports from Brazil (+7% to 5,300 MT), Malaysia (+3% to 5,100 MT), and Viet Nam (+18% to 1,800 MT). (Chart 8).

Tropical wood flooring remains out of fashion in the EU market which has become increasingly dominated by oak and domestic European manufacturers. Share also continues to be lost to a wide variety of non-wood substitutes.

North America

Lower sapelli imports from Cameroon and Congo

The volume of tropical sawnwood imports fell 16% in July, but the value of imports was unchanged from the previous month due to increased imports of higher value species. 18,821 cu.m. of tropical sawnwood were imported in July, worth US\$21.6 million. US imports of temperate sawnwood declined in July.



Data source:

A slowdown in sapelli imports accounted for much of the July drop in tropical imports, affecting mainly shipments from Cameroon and Congo (Brazzaville). Sapelli imports fell 56% month-over-month to 2,076 cu.m. in July. Balsa, acajou d'Afrique and cedro imports were also down from June. Malaysian exporters benefitted from higher keruing imports in July, up 63% from June. Year-to-date keruing imports remained below July 2016 levels.

Ipe imports were slightly up from June at 2,488 cu.m. Imports of most other species also increased in July, including imports of jatoba, mahogany, virola and teak.

Teak sawnwood imports, mainly from Myanmar and India, grew from the previous month. Teak imports were a relatively small volume in July (485 cu.m.) but high value (US\$2.48 million). Teak imports from Myanmar accounted for 239 cu.m. in July or US\$1.18 million.

Canadian tropical sawnwood imports fall except mahogany

Canadian imports of tropical sawnwood declined for the second consecutive month in July to US\$1.38 million. Year-to-date imports were slightly lower than in July 2016.

Like in the US market the main decline was in sapelli imports. Imports of virola, imbuia and balsa (combined) were also down from June. Imports of mahogany more than doubled in July to US\$110,119.

Compliance dates extended for new formaldehyde emissions standards

The federal Environmental Protection Agency (EPA) is extending the compliance dates for the formaldehyde emission standards for composite wood products. The wood products industry and trade associations had expressed concerns about meeting the compliance dates set out in EPA's rule from December 2016.

A prepublication version of the final rule on formaldehyde emission standards was published online on September 1, 2017. According to this prepublication rule the following compliance dates will be extended:

- Manufactured-by date for emission standards, recordkeeping, and labeling provisions: by one year to December 12, 2018
- Import certification provisions: by more than one year to March 22, 2019
- Provisions applicable to producers of laminated products: by more than three months to March 22, 2024

The "manufactured-by date" of composite wood products is the reference date for the compliance date for the emission standards, recordkeeping, and labeling provisions. Beginning December 12, 2018 all imported panels and component parts or finished goods subject to the rule must comply with the emissions standards.

Existing stock of non-certified panels imported into the US and existing stock of component parts and finished goods that contain non-certified panels manufactured internationally may continue to be distributed in commerce and assembled into products until that stock is depleted, providing documentation is kept regarding the date of manufacture or import.

Additionally, composite wood products may be certified by California Air Resources Board Third Party Certifiers

until March 22, 2019, so long as all aspects of the EPA final rule on formaldehyde emissions are complied with. The EPA extended the compliance dates and the transitional period for California Air Resources Board Third Party Certifiers to add flexibility for organizations, reduce compliance burdens, and prevent supply chain disruptions.

The full compliance date extension rule is available on the EPA website: <https://www.epa.gov/formaldehyde/compliance-date-extension-formaldehyde-emission-standards-composite-wood-products-0>

Steady growth in demand for kitchen cabinets and office furniture

Cabinet sales were 1.8% higher in July compared to the same time last year, according to the latest Kitchen Cabinet Manufacturers Association (KCMA)'s monthly Trend of Business Survey. Year-to-date cabinet sales increased 3.7% compared to July 2016.

The strongest growth in year-to-date sales was in stock cabinets (+4.2%), followed by semi-custom cabinets (+3.9%). Custom cabinet sales were almost unchanged from 2016. The survey participants represent approximately 70% of the US kitchen and bath cabinets market.

Demand for office and contract furniture is also strong, according to a quarterly survey of commercial furniture manufacturers and suppliers (MADA / OFI Trends by Michael A. Dunlap & Associates). Sales and employment were up in July. Raw material costs increased from April, which caused concern to many companies, according to the survey.

New wood treatment to replace methyl bromide fumigation

A new wood treatment method has been developed by researchers at Pennsylvania State University that could replace methyl bromide fumigation of wood. The US, along with other countries, restricts the use of methyl bromide and is phasing it out because the gas depletes the ozone layer.

The international timber trade and the use of wood packing and pallets in shipping would be negatively affected without a cost-effective wood treatment that controls insects at all stages. The patent-pending heat treatment developed at Pennsylvania State University uses radio-frequency waves. The researchers have received funding to bring the technology to market.

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.

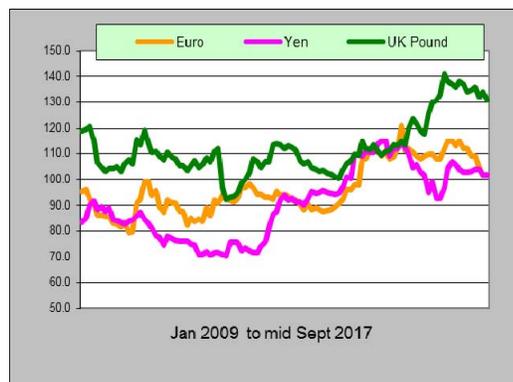
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

Dollar Exchange Rates

As of 10 September 2017

| | | |
|---------------|-----------|---------|
| Brazil | Real | 3.1027 |
| CFA countries | CFA Franc | 548.32 |
| China | Yuan | 652912 |
| EU | Euro | 0.8366 |
| India | Rupee | 63.97 |
| Indonesia | Rupiah | 13182 |
| Japan | Yen | 109.39 |
| Malaysia | Ringgit | 4.1975 |
| Peru | New Sol | 3.2315 |
| UK | Pound | 0.7599 |
| South Korea | Won | 1123.34 |

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, CNF | Cost insurance and freight |
| C&F | Cost and freight |
| cu.m cbm | cubic metre |
| FAS | First and second grade of sawnwood |
| FOB | Free-on board |
| Genban | Sawnwood for structural use in house building |
| GMS | General Market Specification |
| GSP | Guiding Selling Price |
| Hoppus ton | 1.8 cubic metre |
| KD, AD | Kiln dried, air dried |
| Koku | 0.28 cubic metre or 120 BF |
| LM | Loyale Merchant, a grade of log parcel |
| MR., WBP | Moisture resistant, Water and boil proof |
| 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
October 2016 – mid September 2017

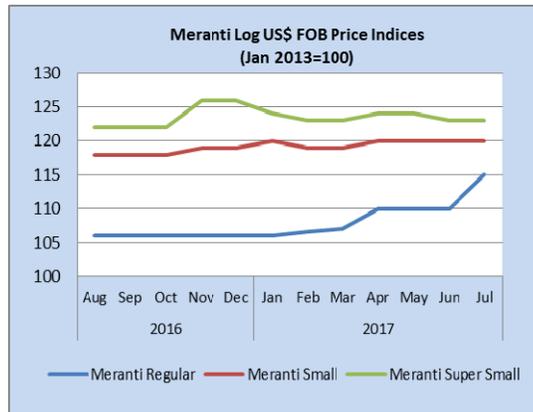


Data source: Open Financial Data Project

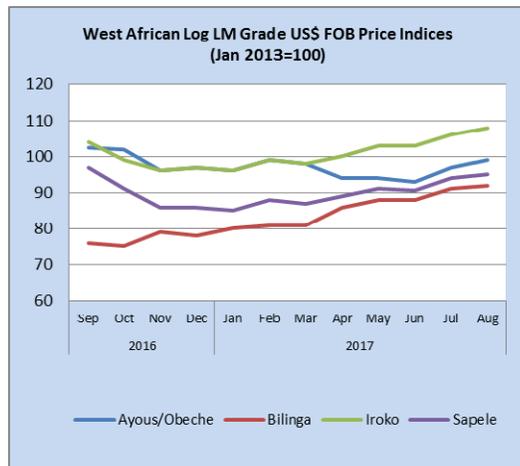
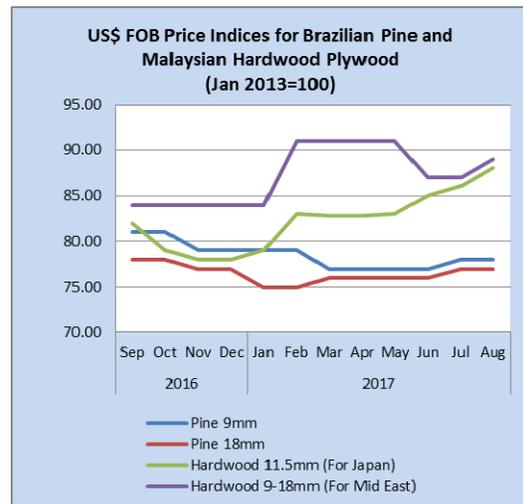
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

Price indices for selected products

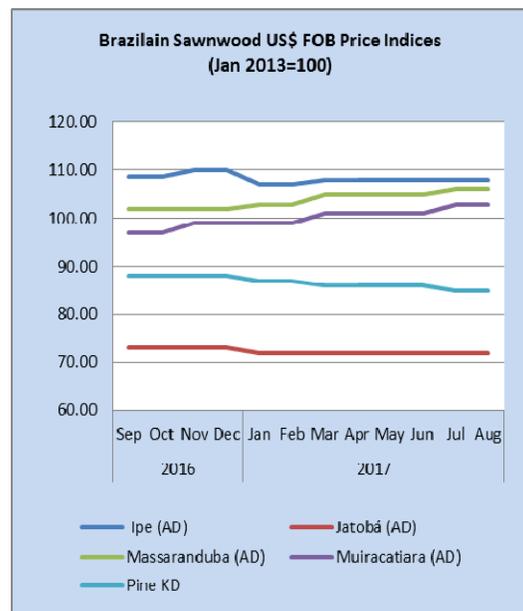
The following indices are based on US dollar FOB prices



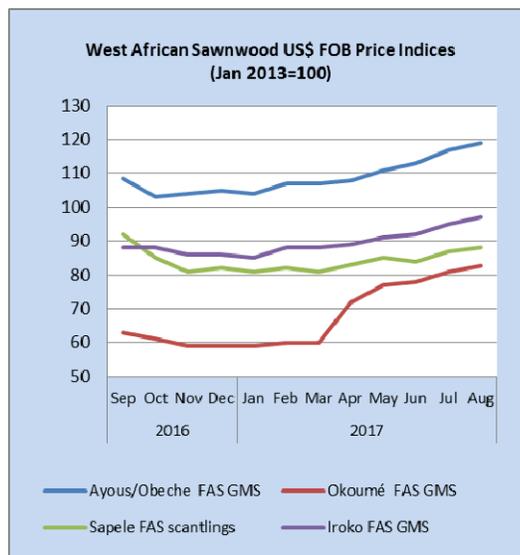
For Japanese market



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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