



Teak Trade and Market – ITTO’s Perspective

Partner Event by TEAKNET

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International Tropical Timber Organization
(ITTO)



Outline

1. The International Tropical Timber Organization (ITTO)
2. Review of the Timber Market Situation:
3. Markets' perception on Teak
4. Myanmar Teak Logs' Export
5. The Indian Teak Market
6. The Chinese Teak Import
7. Teak Supply from Plantation
8. Conclusions



ITTO

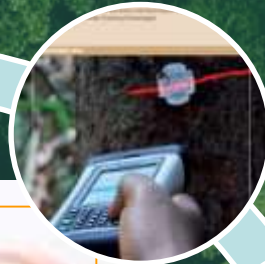
- Intergovernmental Organization
- Established in 1983 through the treaty “International Tropical Timber Agreement”
- To promote conservation and sustainable management of tropical forests and use and trade of tropical timber from legal sources
- More than 70 member countries:
 - 80% of the world’s tropical forest
 - 90% of the global timber trade





ITTO's mission

ITTO is an intergovernmental organization promoting the conservation and sustainable management, use and trade of tropical forest resources.



ITTO develops internationally agreed **policy** documents to promote sustainable forest management and forest conservation.



ITTO assists tropical member countries to adapt such policies to local circumstances and to implement them in the field through **projects**



ITTO collects, analyses and disseminates **data** on the production and trade of tropical timber.



ITTO promotes human resource development and to strengthens professional expertise in tropical forestry, through its **Fellowship** Programme



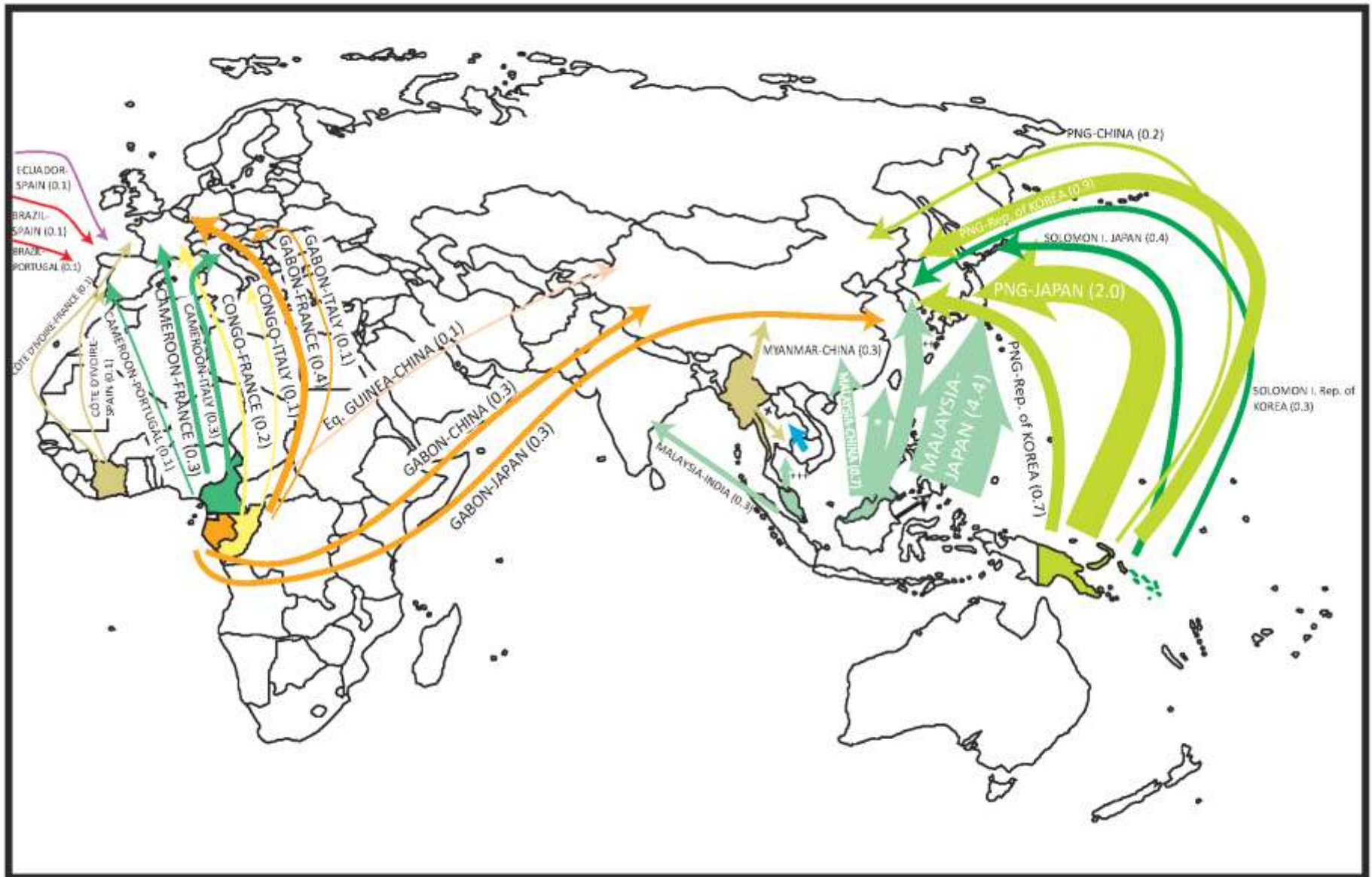
Projects – making the difference on the ground!



ITTO has funded more than 1,043 projects and activities valued at more than US\$400 million

Online project search tool http://www.itto.int/project_search/

Major Trade Flows: Tropical Industrial Roundwood 1995 (million m³)



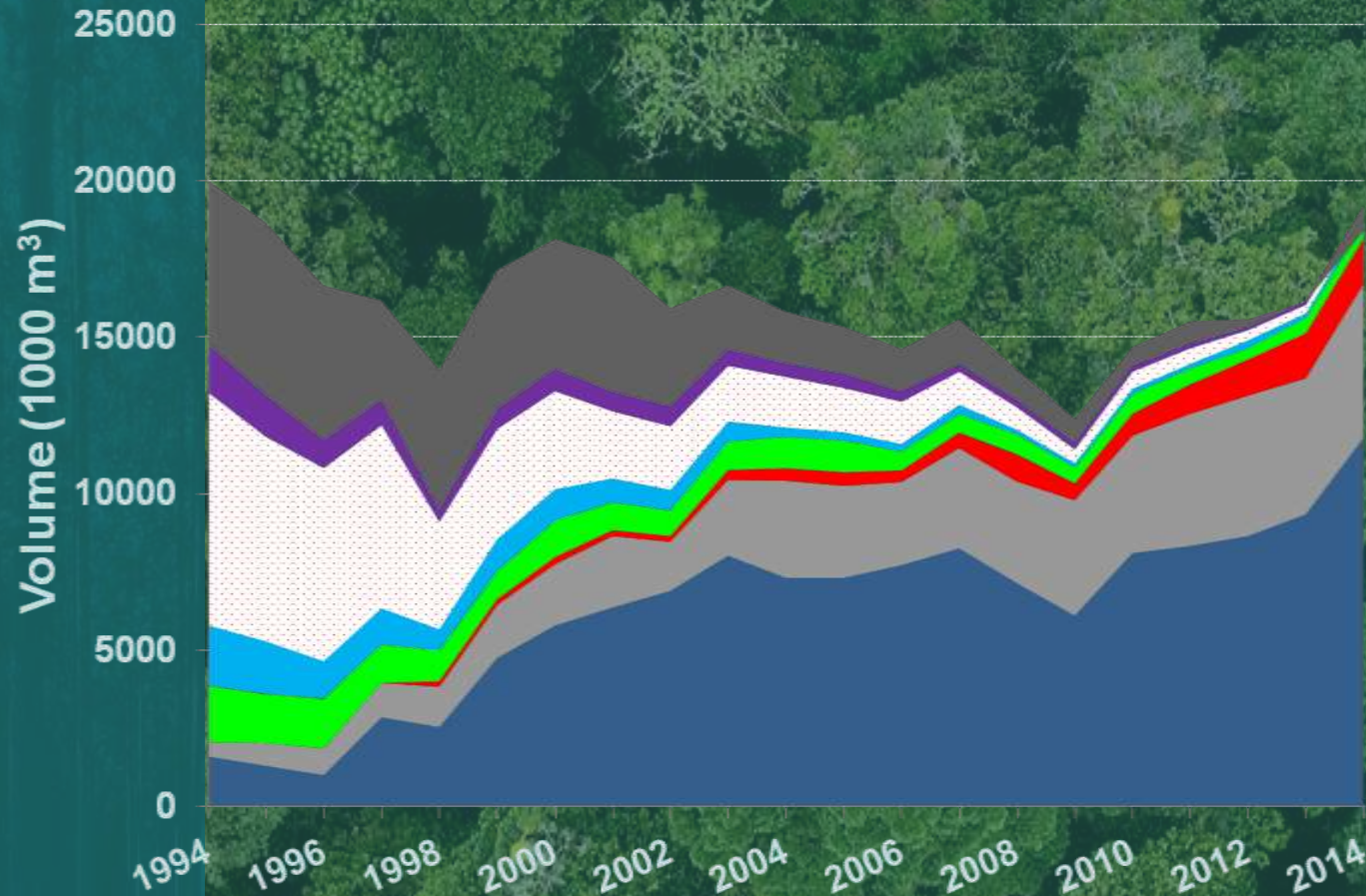
* MALAYSIA-TAIWAN POC (1.2), ** MALAYSIA-PHILIPPINES (0.2), + MYANMAR-THAILAND (0.2).

++ MALAYSIA-Rep. of KOREA (0.9), +++ MALAYSIA-THAILAND (0.4).

Sources: ITTO, COMTRADE. Major directions of trade as recorded by exporting countries.



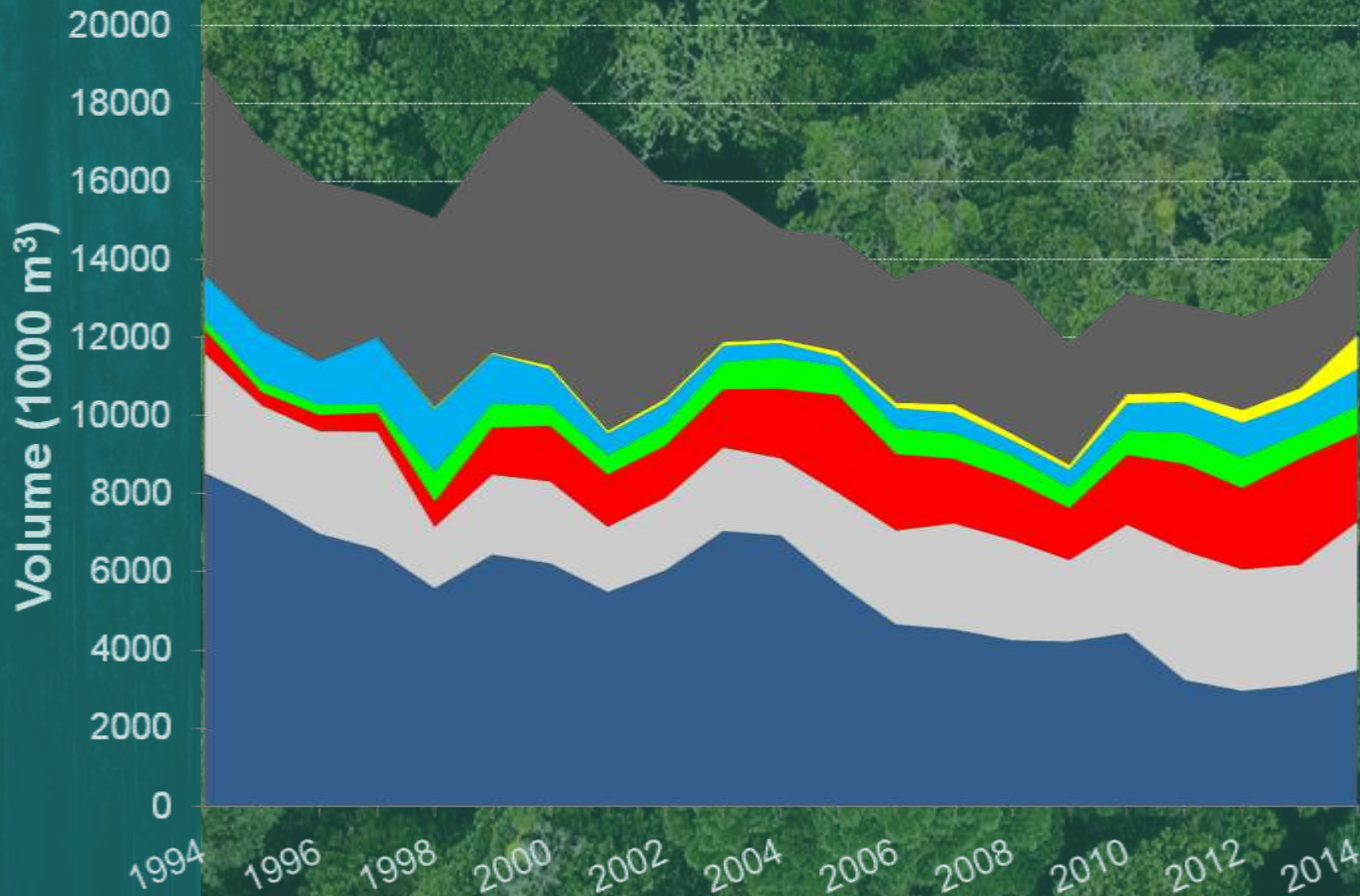
Major importers of tropical logs



- China
- India
- Viet Nam
- Taiwan POC
- Republic of Korea
- Japan
- Thailand
- Rest of world (ITTO)

Sources: ITTO Statistics Database, COMTRADE

Major exporters of tropical logs



Legend:

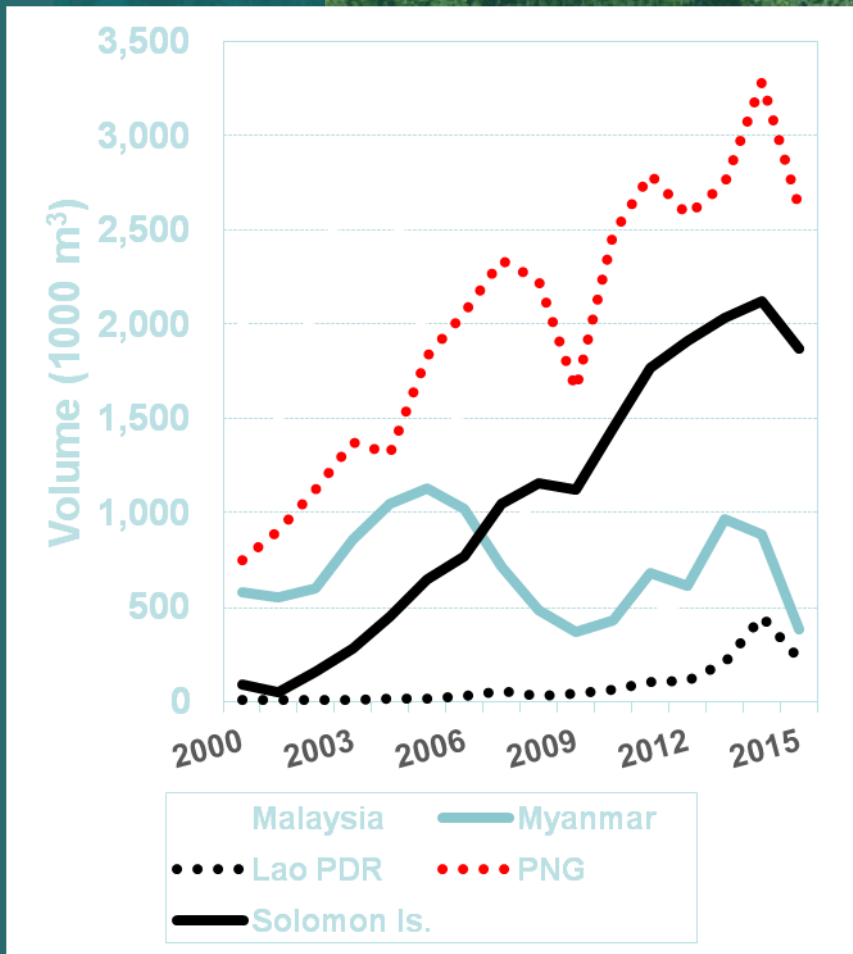
- Malaysia
- Papua New Guinea
- Myanmar
- Congo
- Cameroon
- Mozambique
- Rest of world (ITTO)

Source: ITTO Statistics Database

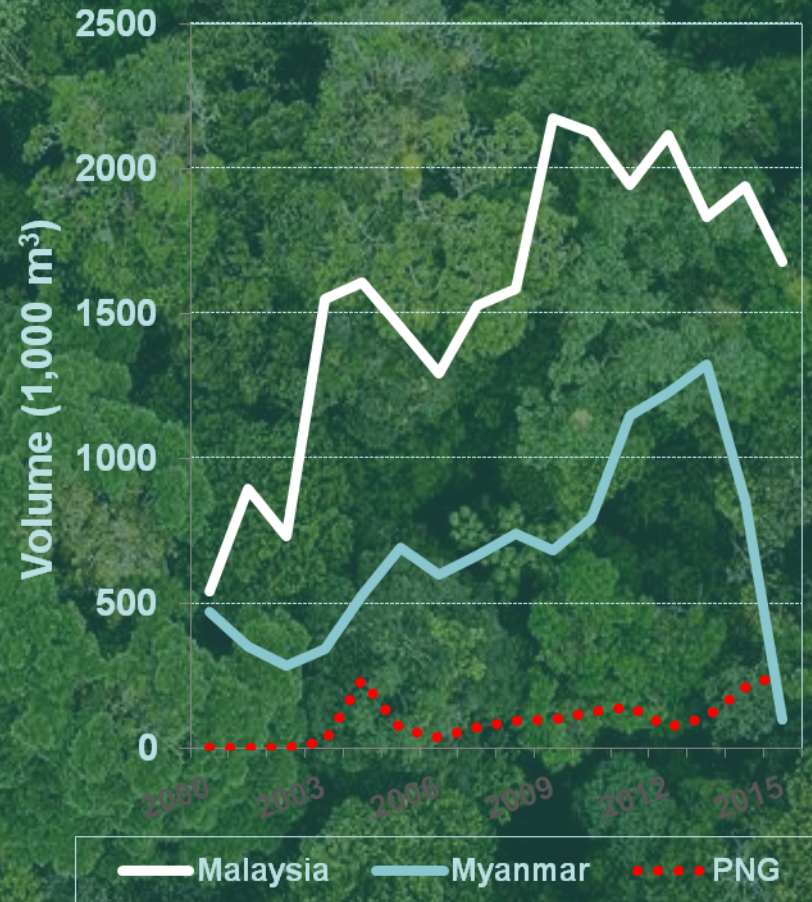


China and India: Imports of tropical logs, 2000-2015

China: Tropical log



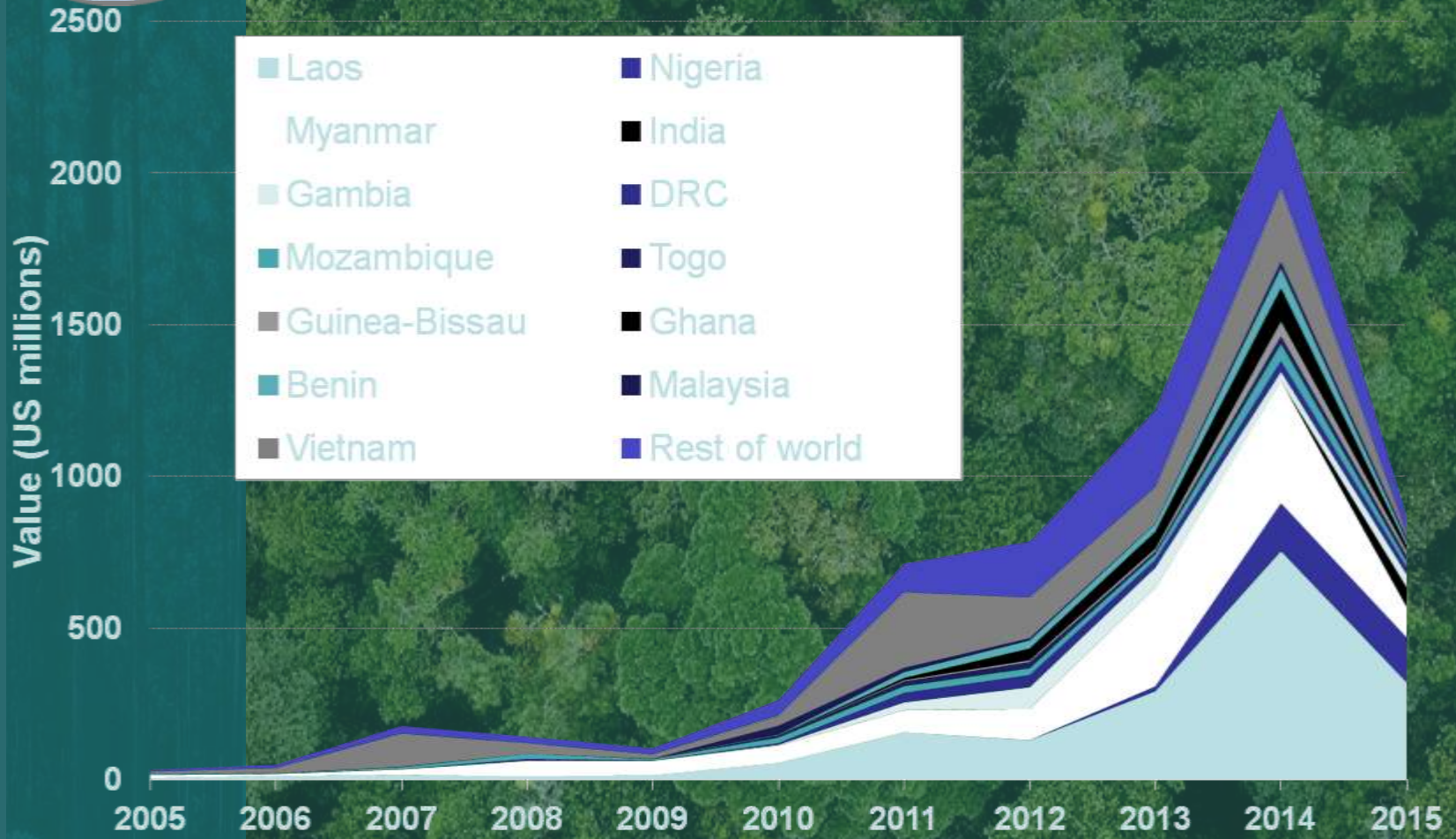
India: Tropical log imports



Sources: World Trade Atlas, ITTO Statistics Database, COMTRADE.
Data for 2014/2015 converted from weights to volumes.

Sources: World Trade Atlas, ITTO Statistics Database.
Data for 2015 estimated from YTD November data.

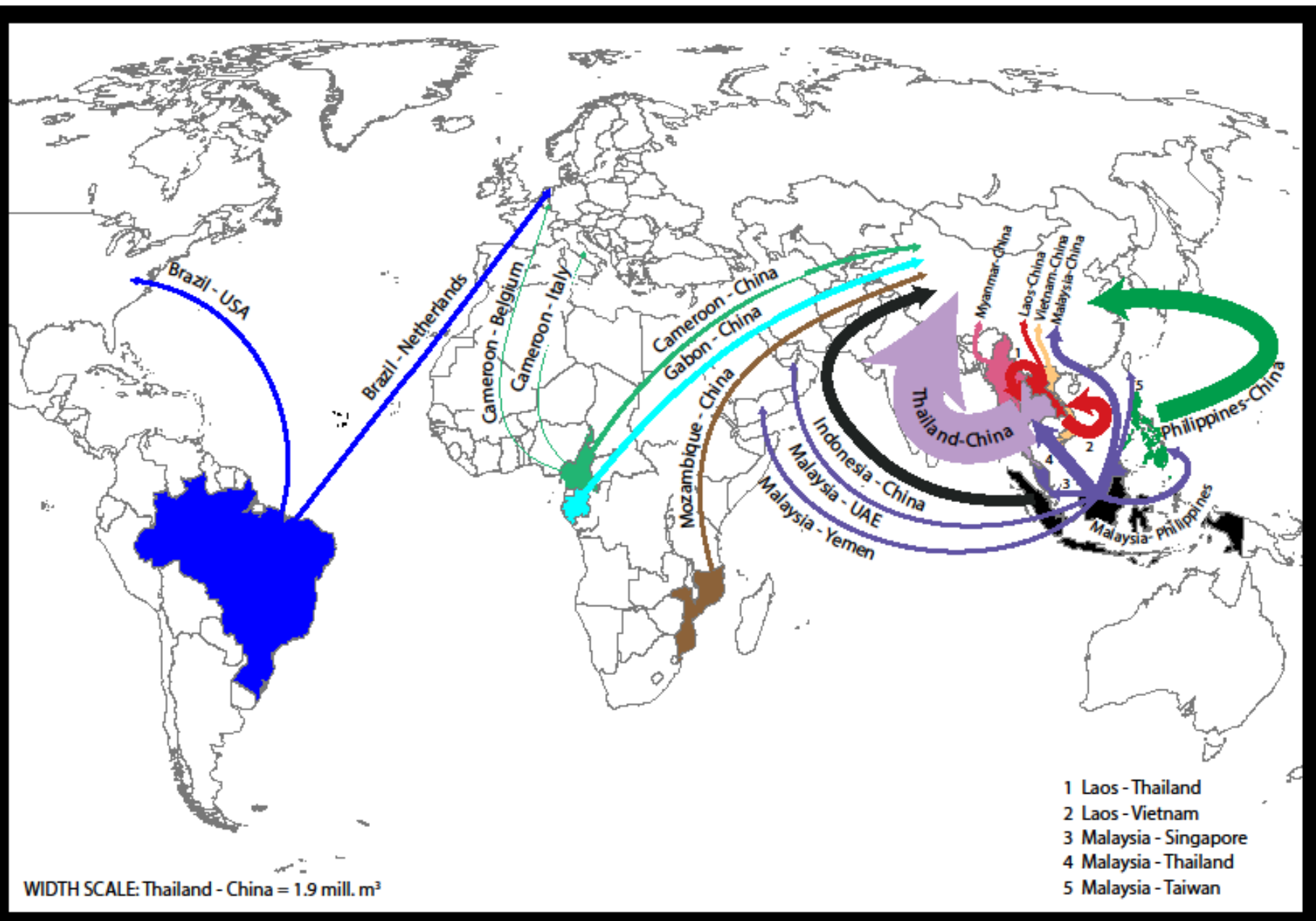
China imports of “rosewood” logs, 2005-2015



Source: World Trade Atlas

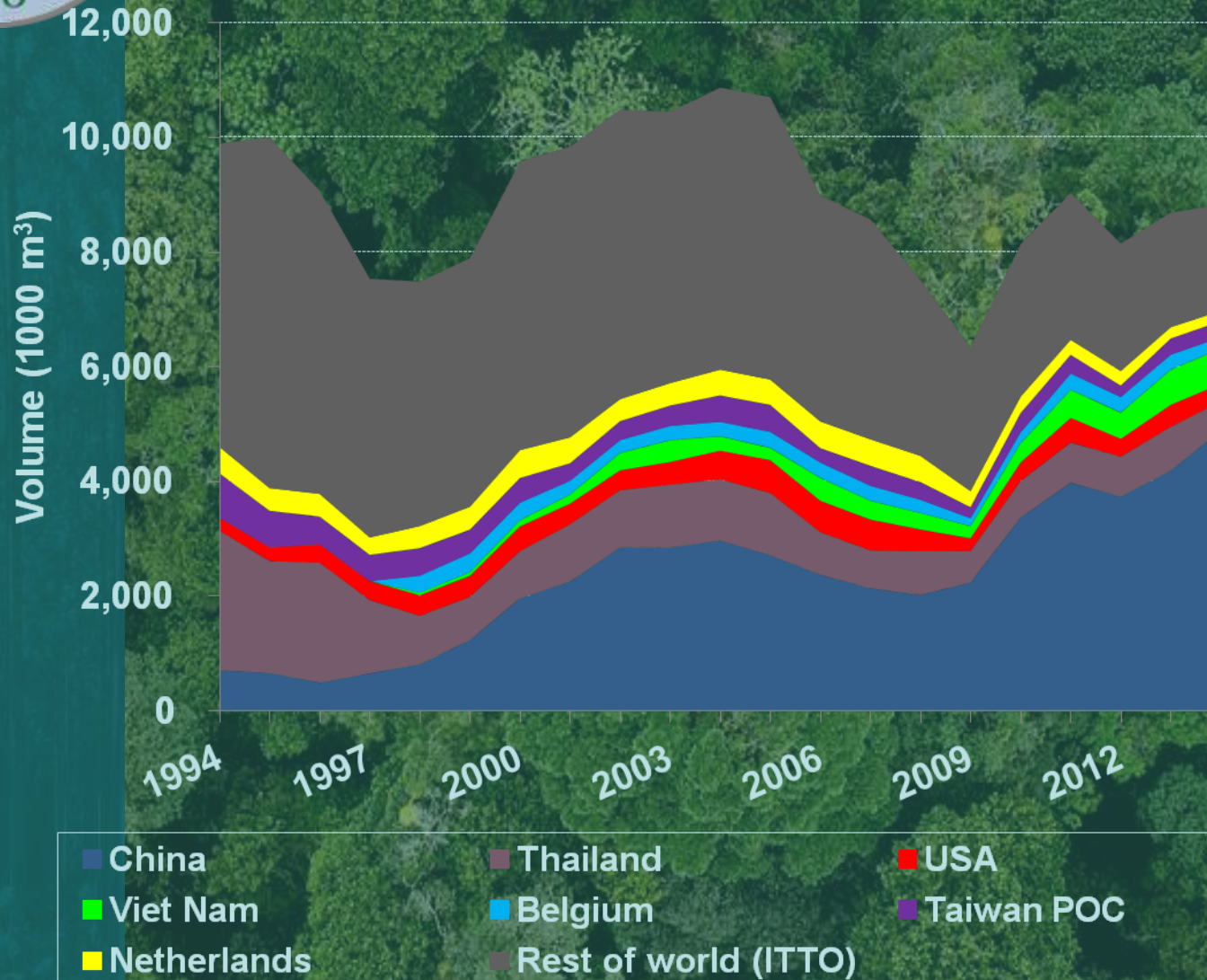
Note: “Rosewood” log figures include all imports classified in HS code 44039930, which include a number of species within the genera *Dalbergia*, *Pterocarpus*, *Millettia*, *Cassius* and *Diospyrus*.

MAJOR TRADE FLOWS: TROPICAL SAWNWOOD, 2013



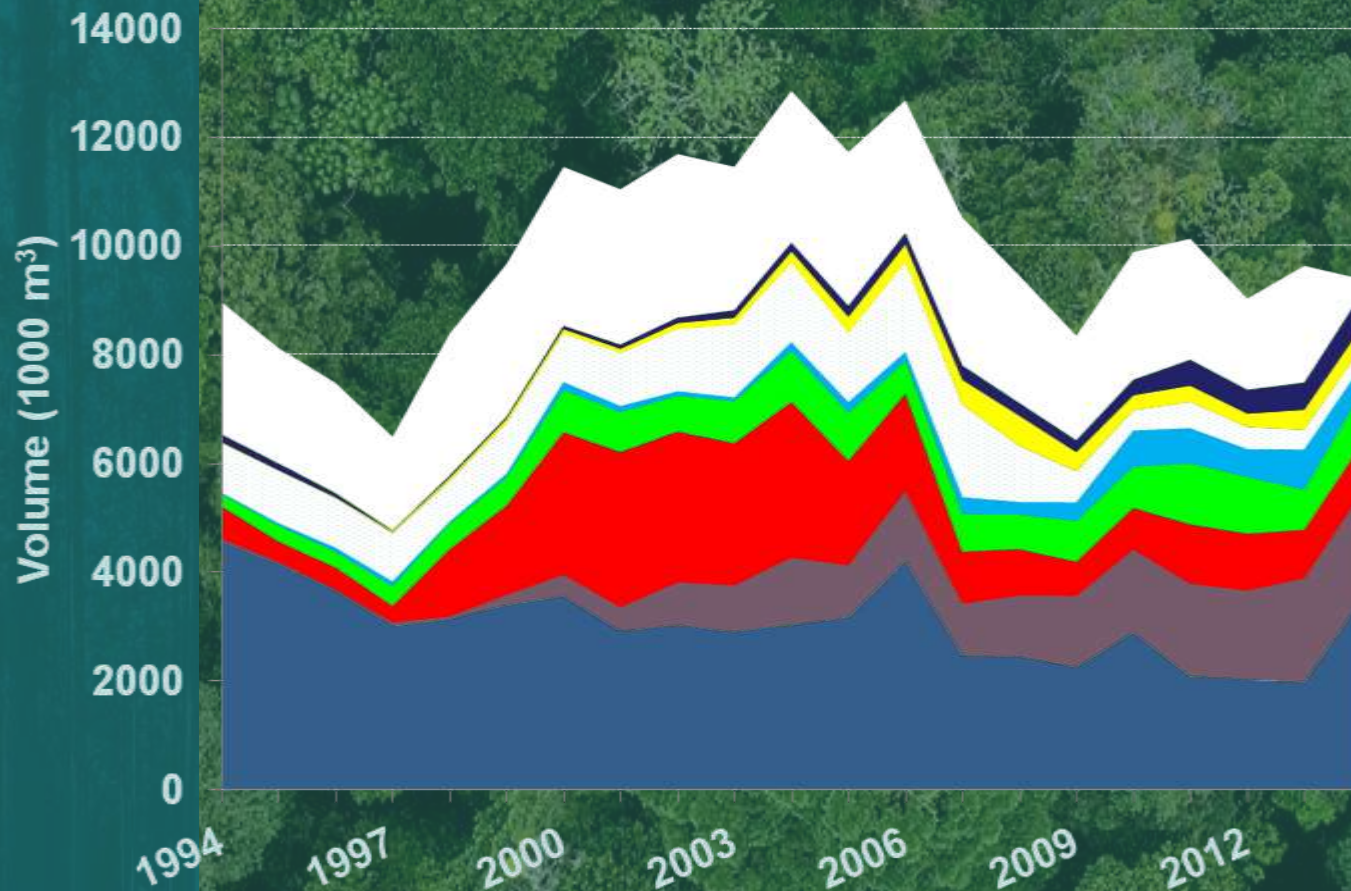


Tropical sawnwood imports, major ITTO countries 1994-2014



Source: ITTO Statistics Database

Tropical sawnwood exports, major ITTO countries 1994-2014



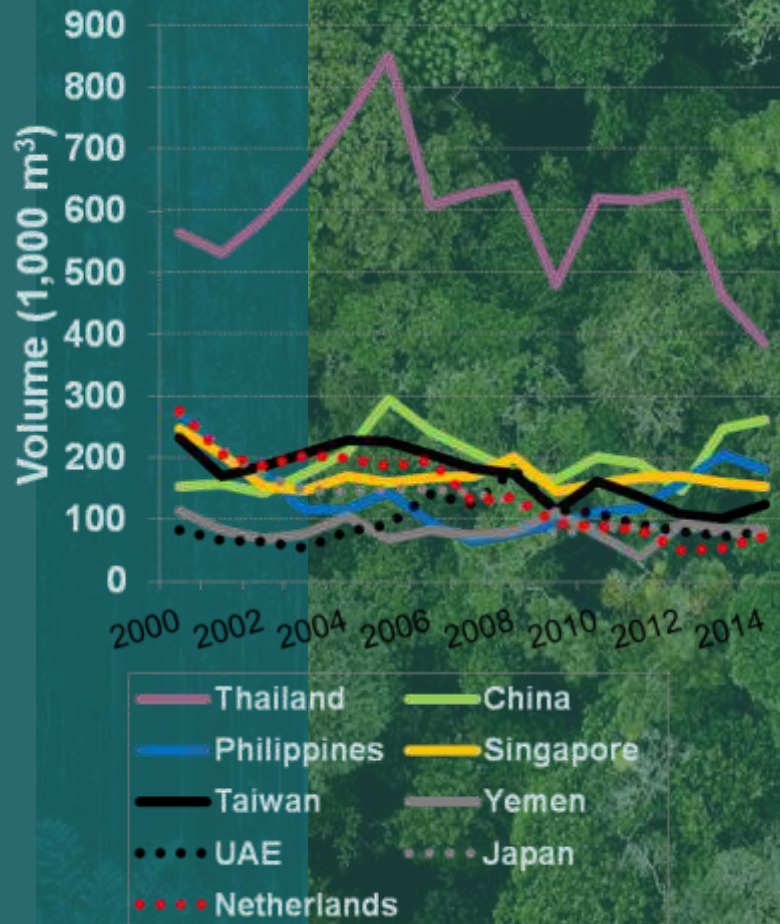
Source: ITTO Statistics Database

- Malaysia
- Thailand
- Indonesia
- Cameroon
- Philippines
- Brazil
- Peru
- Gabon
- Rest of world (ITTO)

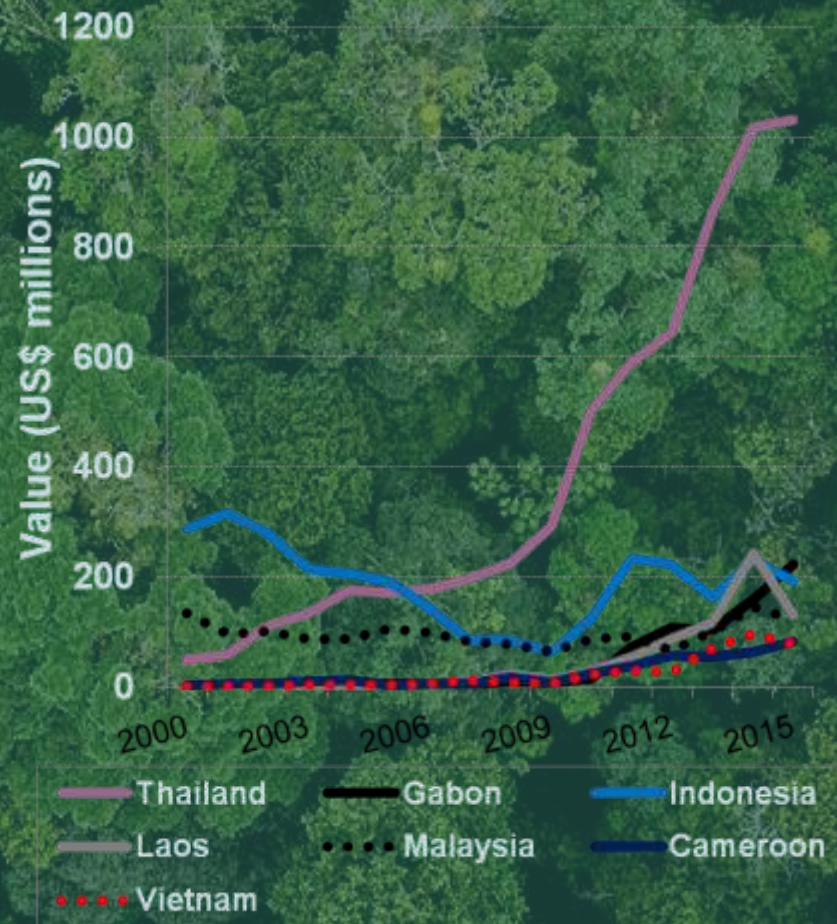


Tropical sawnwood trade, major Asia-Pacific countries

Malaysia: Exports of tropical sawnwood



China: Imports of tropical sawnwood



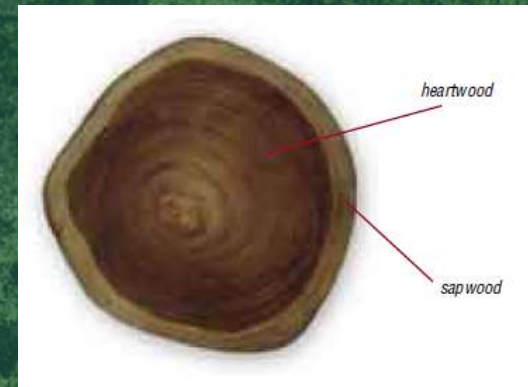
Source: ITTO Statistics Database; COMTRADE

Source: ITTO Statistics Database; COMTRADE



Market's perceptions on Teak

- Reputation as the “king of timbers”:
 - Highly durable
 - Good craftsmanship
 - Resistant
 - Attractive
- The main criteria for market price is:
 - Appearance
 - Durability
- Plantation teak sells at a lower price than teak from natural forest
- Teak from natural forest commands higher prices
 - High proportion of heartwood
 - Uniform color
 - Medium texture
 - Straight grain
 - Small microfibril angle (minimal shrinkage on drying)
 - Limited availability of supply





Myanmar Teak Logs' Export

- The log export ban from Apr 2014 is driving dealers to increase stocks
- Talks for cooperation with the European Timber Trade Federation for ensuring Myanmar's Due Diligence (EU Timber Regulation)
- Myanmar Timber Certification Scheme was introduced in December 2012
- There is a growing domestic demand

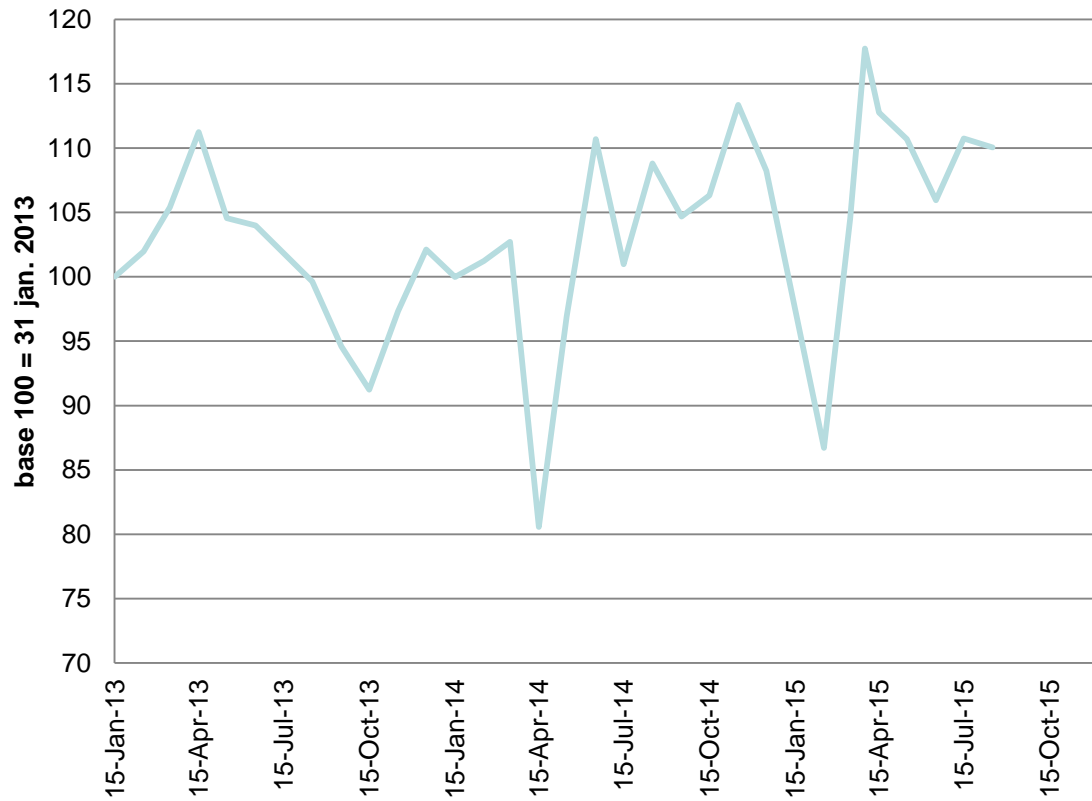
Source: http://www.itto.int/en/mis_download/

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

The Impact of Teak Log Export Ban

Myanmar	2013/2014	2014/2015	
All Forest Products	US\$947, 000, 000	US\$94, 000, 000	-90%
Teak Logs	US\$638, 370, 000	???	
<i>Source: Ministry of Commerce of Myanmar</i>			

The Myanmar Teak Export Price





Myanmar Teak Log Export Prices as of Aug. 2015

Grade	US\$ per hoppus ton
SG-1	5511
SG-2	5080
SG-4	3726
SG-5	2768
SG-6	2098
SG-7	1551

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



The Indian Teak Market

- India remains as the biggest market
- Import teak logs mainly for household items
- Scarcity of domestic teak logs led to import of logs
- Establishment of timber processing zones (Kandla and Paradeep)



The Indian Teak Market

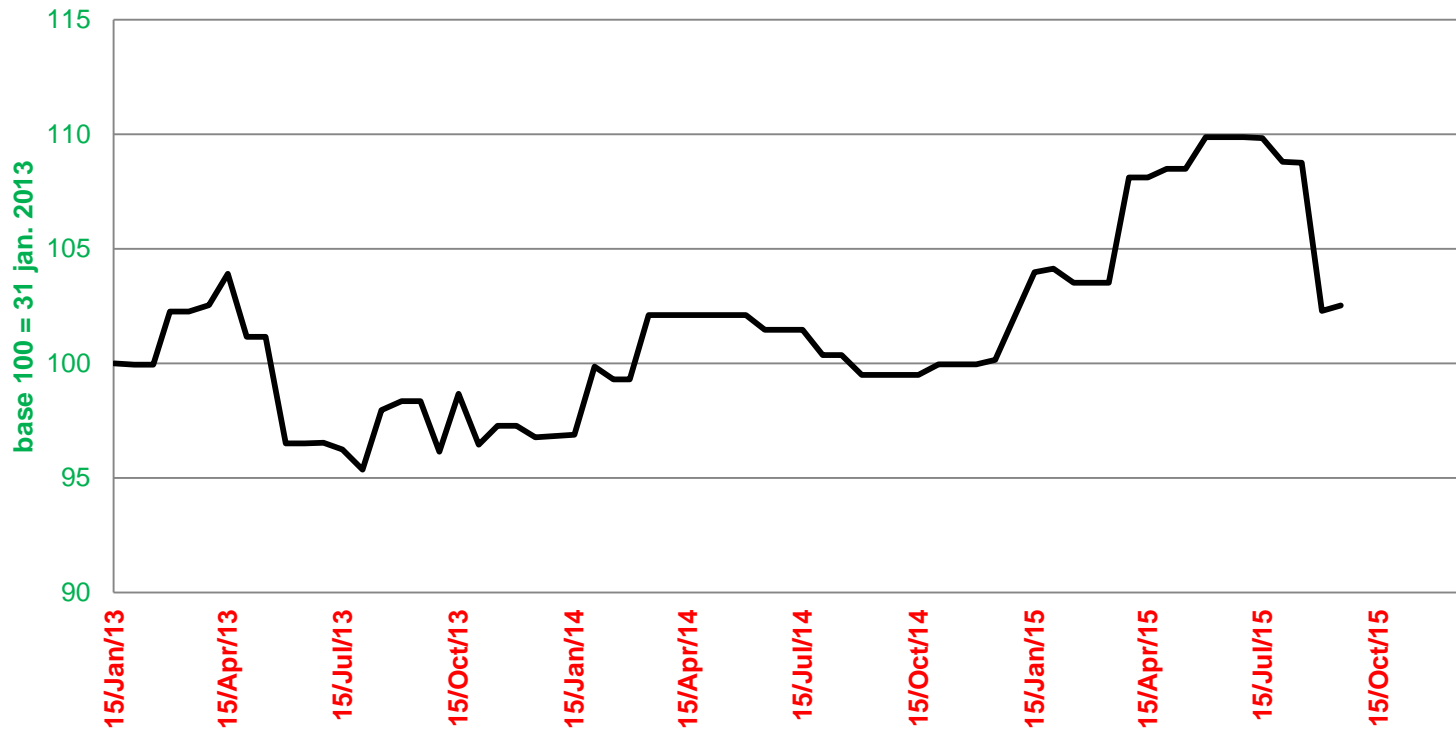
Analysis of India Imports of teak log

- India imported teak log worth USD 161,298,753 with total quantity of 812,248
- **Myanmar** is the largest supplier of teak log in 2015 accounting for imports worth USD 27,779,372
- followed by **Ecuador and Costa Rica** which exported teak log in 2015 worth USD 26,239,447 and USD 22,662,779 respectively

Analysis of India Imports of sawn timber

- India imported sawn timber worth USD 166,746,733 with total quantity of 471,175
- **Malaysia** is the largest supplier of sawn timber accounting for imports worth USD 47,991,413
- followed by **Indonesia and Tanzania** which exported sawn timber worth USD 26,968,596 and USD 23,049,039 respectively.

The Indian Teak Import Price





The Chinese Teak Market

- The Impact of stability and policy change of Myanmar, including log export ban
- Low demand of the market as the same trends of other tropical timbers
- Main use for flooring
- A few for furniture, builder's work, yacht decoration, etc

Source: http://www.itto.int/en/mis_download

The Chinese Timber Market

	2015	2014	%
Log Import	1451	1535.6	-5.5%
Sawnwood Import	911.1	801.5	13.7%
Log Import from Myanmar	35.65	83.3	-57.2%
Sawnwood Import from Myanmar	7	9.28	-24.6%

The Chinese Timber Market

Teak Imports

	Year	M3	US\$
Teak Log	2013	163,011	126,282,996
Teak Log	2014	155,859	131,144,137
Teak Log	2015	62,236	43,556,427
Teak Sawnwood	2013	67,655	61,996,102
Teak Sawnwood	2014	40,162	36,086,139
Teak Sawnwood	2015	39,558	34,739,046

The Chinese Teak Log Import in 2014 and 2015

Teak Log	2015		2014		2015 vs 2014
	Quantity	Proportion	Quantity	Proportion	
Total	74516	100%	155859	100%	-52%
Myanmar	50509	68%	124917	80%	-60%
Laos	11188	15%	5923	4%	89%
South America	10483	14%	18259	12%	-43%
Taiwan	1483	2%	6090	4%	-76%
Others	853	1%	670	0%	27%

The Chinese Teak Sawnwood Import in 2014 and 2015

Teak Sawnwood	2015		2014		2015 vs 2014
	Quantity	Proportion	Quantity	Proportion	
Total	49695	100%	40162	100%	24%
Myanmar	35398	71%	29061	72%	22%
Laos	2822	6%	726	2%	289%
Indonesia	4019	11%	3999	14%	1%
South America and Benin	5240	11%	5430	14%	-3%
Others	6235	13%	4945	12%	26%



Total Area of Commercial Plantations in the Tropics

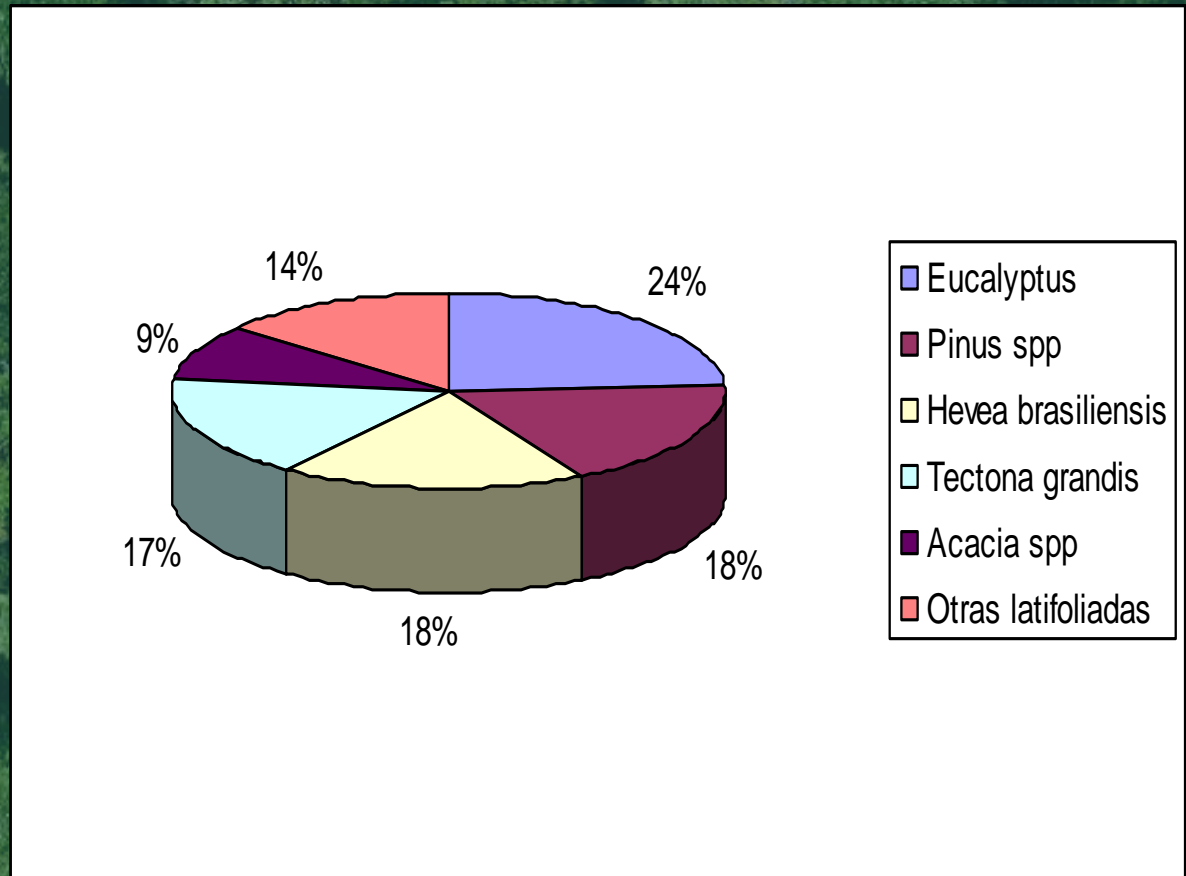


	Forest total area ('000 ha)	Plantations area ('000 ha)	(%)
Asia-Pacific	1,104,000	54,073	4.9
Africa	1,652,000	4,620	0.28
Latin America	2,250,000	8,805	0.39
TOTAL	5,006,000	67,498	1.35



Main Players and Species in Tropical Timber Plantations

- Asia:
 - India
 - Indonesia
 - Thailand
- Africa:
 - Nigeria
 - Sudan
 - Madagascar
- Latin America:
 - Brazil
 - Venezuela
 - Peru





Teak: Planted Area & Production Capacity

Source:

http://www.itto.int/technical_report/?pageID=2



Country	Commercial planted area ('000 ha)	MAI (m ³ /ha/year)	Sustainable production ('000 m ³ /year)
India	2,561	5	12,805
Indonesia	1,470	5	7,350
Thailand	836	5	4,180
Others	726	4.5	3,267
Subtotal Asia-Pacific	5,593	–	27,602
Nigeria	74	9.5	1,260
Côte d'Ivoire	66	11.3	756
Ghana	40	15.0	200
Sudan	25	4	100
Others	51	4	204
Subtotal Africa	256	–	2,353
Brazil	50	9	450
Costa Rica	30	13	390
Others	53	10	530
Subtotal Latin American & Caribbean	133	–	1,370
TOTAL	5,982	–	31,325



Conclusions

- The trade flows of timber have changes:
 - China is the major consumer of tropical timber
 - India is the major consumer of Teak (logs, sawnwood, and plywood)
 - Teak is mostly consumed for household items
 - Myanmar implemented the ban on log exports from Apr 2014 which affected trade flows to major markets
 - Other non-traditional markets are emerging (The Emirates, Saudi Arabia, Egypt, Yemen)
- Important suppliers of natural teak stock implemented or are imposing log export bans will affect future teak trade and pricing
- Plantation will provide alternative for market shortage
- Significant price differences between natural grown teak and planted teak
- Competition from outside tropical forest
- Other market issues like timber legality



Thank you!!!



International Tropical Timber Organization (ITTO)

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www.itto.int

ITTO Market Information Service:
http://www.itto.int/en/mis_download