

January/February 2018

Market Report

Africa - Middle East - South Asia - Oceania



Above: American tulipwood bedside table made in Pune, India from donated lumber as part of the ongoing tulipwood trials programme.



www.americanhardwood.org

American Hardwood Exports: Jan-Dec 2017

Middle East & North Africa

After a disappointing 2016, US hardwood lumber exports to the MENA region (including Pakistan) saw a 17 per cent increase in volume and a 20 per cent increase in value last year. Total shipments reached 92,273 cubic metres and USD 75.46 million.

Direct exports of US hardwood veneers to the MENA region during the year reached a total value of USD 21.13 million, falling by 23 per cent from 2016.

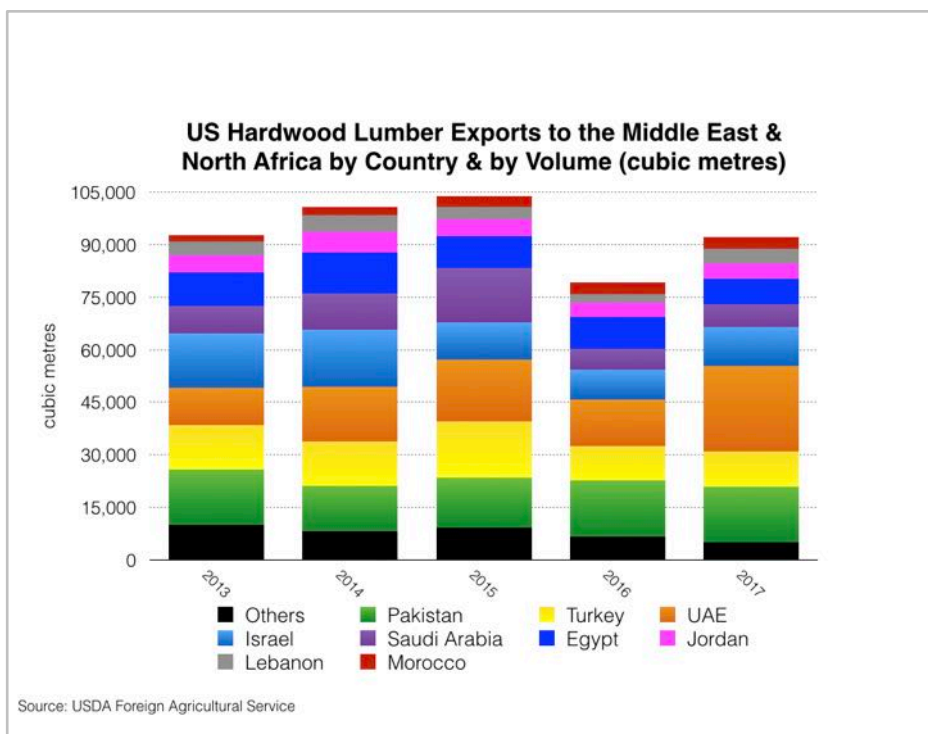
The United Arab Emirates was the region's strongest performer last year, with exports of US hardwood lumber to the market rising by 86 per cent in both volume and value to 24,597 cubic metres and USD 21.05 million, as compared to the previous year. This means that over a quarter of all US hardwood lumber shipped to the MENA region was destined for the UAE last year. However, a large percentage of what goes to the UAE is for re-export to neighbouring Gulf markets, as well as to markets further afield. Nonetheless, a very buoyant construction sector in the UAE ahead of Dubai's World Expo 2020, is expected to keep demand for American hardwoods at a high level through this year and beyond.

Among the other major destinations for American hardwoods in the MENA region, increases were seen in exports to Israel (up by 30 per cent in volume to 10,992 cubic metres), Saudi Arabia (up by 10 per cent in volume to 6,539 cubic metres), Jordan (up by 12 per cent in volume to 4,395 cubic metres) and Lebanon (up by 70 per cent in volume to 4,162 cubic metres).

At the same time, exports of US hardwood lumber to the region's two other major markets - Pakistan and Turkey - remained almost unchanged from the previous year.

India

Exports of American hardwood lumber to India reached 2,365 cubic metres and USD 1.81 million in 2017, up by 35 per cent and by 61 per cent, respectively, as compared to the previous year. While the overall volumes remained low, this does



hint at the beginnings of genuine upswing in demand for KD lumber from this log-focused market. In fact, India's imports of hardwood logs from the United States decreased by 23 per cent in volume last year to 5,705 cubic metres.

At the same time, direct exports of American hardwood veneers to India reached a value of USD 3.23 million, marking an increase of 126 per cent on 2016.

The species mix exported to India in 2017 broadened and increases were seen in shipments of all major species in hardwood lumber, with the exception of red oak, which was predominantly shipped to the market in log form.

Australia & New Zealand

Exports of American hardwood lumber to Oceania continued to rise last year, with shipments to Australia reaching 17,654 cubic metres and USD 12.92 million, marking increases of 14 and 9 per cent, respectively. At the same time, exports of US hardwood lumber to New Zealand decreased marginally in volume by 5 per cent to 7,185 cubic metres, while rising by 2 per cent in value to USD 6.0 million.

Direct exports of US hardwood veneers to Australia were down by 31 per cent in 2017,

as compared to the previous year, reaching a value of USD 1.13 million.

In terms of species, white oak lumber continued to dominate shipments to both Australia and New Zealand, accounting for 89 per cent and 72 per cent, respectively, of the total volume shipped to each market. However, there was increased demand for ash in both markets in 2017, much of which would have been thermally-modified.

South Africa

Despite the weakness of the South African rand against the US dollar, demand for American hardwood lumber remained strong last year, with exports rising by a modest 2 per cent to 10,978 cubic metres and by 8 per cent to USD 7.99 million.

Direct shipments of US hardwood veneers to the market did not do so well, falling by 33 per cent to USD 3.23 million.

As is the case in Australia and New Zealand, South Africa is a white oak dominated market and the species made up 59 per cent of the total volume of US hardwood lumber shipped last year. However, there was a marked increase in demand for ash.

Upcoming Events

Indiawood

Bangalore, 8-12 March

AHEC will be taking part in the Indiawood show in Bangalore this March. The show is the largest wood industry event in India and it takes place every two years, as the sister show of the smaller Delhiwood and Mumbaiwood shows.

AHEC has secured a 96 square metre space and will construct a branded American Hardwood Pavilion. There will be space for seven individual companies to each take a 3m x 3m booth, while AHEC will also have a generic information space. All seven of the individual spaces have been reserved by AHEC Member companies.

This will be the first time AHEC has participated in a show in India with a pavilion since 2012. AHEC firmly believes that the timing is right for American hardwoods in India and that genuine opportunities for business now exist. It is anticipated that there will be a significant amount of interest from visitors in the American Hardwood Pavilion and that the US companies taking part in the show will find it to be very worthwhile.



The American Hardwood Pavilion at Indiawood 2012, Bangalore



The American Hardwood Pavilion at the Dubai Woodshow 2017

Dubai Woodshow

Dubai, 12-14 March

AHEC will also be taking part in the Dubai Woodshow this March and this will be for the 13th consecutive year. Occupying 168 square metres and providing space for sixteen 3m x 3m individual booths, AHEC will be building an American Hardwood Pavilion again this year. All of the sixteen booths have been reserved by AHEC Member companies.

Unfortunately, this year, the show overlaps with Indiawood. However, for those affected, missing the last two days of the five-day show in Bangalore to attend this extremely important event in Dubai will probably not be too much of an issue. As in previous years, the Dubai Woodshow is expected to attract visitors from all over the Middle East and Africa, as well as from Pakistan.

India Update

Tulipwood Trials Generate Trade Leads

As reported in the November-December 2017 Market Report, the generous donation of a 40' container of 4/4 No.1 & No.2 Common tulipwood by J. M. Jones Lumber Company, Inc., enabled AHEC to provide roughly fifty manufacturers around India with enough lumber to test in their own furniture designs. So far, those trials have proven to be overwhelmingly successful, with very positive feedback coming from a number of the manufacturers in question. As predicted by AHEC, lower grade American tulipwood lends itself well to the style of furniture being

produced and to the finishes applied. The same would also be true of many other American hardwood species, as long as the price point is kept as low as possible through the selected grade.

As a direct result of these trials, 15 commercial enquiries for tulipwood and other American hardwood species in KD lumber have already been generated and sent to AHEC's member companies.

2018-2019 Budget Changes to Import Duties

The Union Budget for 2018-2019 was presented on 1 February. The Basic Customs Duty for all articles under

Chapter 44 remained unchanged at 10% on lumber, 10% on veneers and 5% on logs. However, there was an increase in the Customs Education Cess from 3% to 4%. This means that the total duties payable are now as follows:

Lumber = 10.50% (Basic Duty 10% + Customs Education Cess 4%)

Veneers = 30.57% (Basic Duty 10% + Customs Education Cess 4% + IGST (18%))

Logs = 5.25% (Basic Duty 5% + Customs Education Cess 4%)

GUIDANCE FOR EXPORTING AMERICAN HARDWOOD LUMBER TO INDIA

Invoice

The exporter must mention the importer's Import Export No. (IEC) & Goods and Service Tax No. (GST). The value should be mentioned in USD per cubic meter and not just in USD per thousand board feet.

Import Permit

As per the official notification dated 27 July 2016, the Government of India has stopped issuing Import Permits for wood species under schedules 6 & 7 of the Plant Quarantine Act Order. In this case, the import permit number is **no longer required** to be mentioned in the Phytosanitary Certificate under the 'Additional Declaration' heading.

Bill of Lading

It is crucial to provide 14 detention free days, as it takes at least 10-12 days to clear a shipment at Indian ports. The number of detention free days should be clearly mentioned in the Bill of Lading.

Phytosanitary Certificate

The exporter must endorse the Kiln Drying treatment details on the Phytosanitary Certificate for US hardwood lumber as required by the Directorate of Plant Protection, Quarantine & Storage, India.

- **Treatment Date (Column 1):** This should be before the date of inspection of the Kiln Drying process, issue date of the Phytosanitary Certificate and Bill of Lading date.

- **Treatment (Column 2):** Kiln Dried.

- **Chemical (active ingredient) (Column 3):** Can be left blank as no chemical is used during Kiln Drying.

- **Duration & Temperature (Column 4):** 30 minutes at 56 C or above.

- **Concentration (Column 5):** Can be left blank as no chemical is used during Kiln Drying.

- **Additional Information (Column 6):** Duration and temperature: 56 C and above for 30 minutes (core temperature of wood)

Note that simply attaching the Kiln Drying certificate to the Phytosanitary Certificate without endorsing the treatment details in Columns 1 to 6 as above, **will not be accepted** by Indian Customs and will lead to heavy penalties for the importer at the destination port.

USDA PCIT & PExD

The USDA Phytosanitary Certificate Issuance & Tracking System (PCIT) and the Phytosanitary Export Database (PExD) contained therein are fully updated for India and should be checked carefully for additional requirements for each US hardwood species being shipped.

Tom Skeeahan



Anne-Claire Petre



Adam Markowitz



Ross Gardam



Jon Goulder



Coco Reynolds



Dole Hardiman & Adam Lynch of Dowel Jones



Adam Goodrum



AHEC Launches New Project With Leading Australian Designers

For 2018, AHEC has launched a new collaborative project in Australia, which will engage eight of the country's leading designers and design houses. 'Replaced' will involve the remaking of the most well-known or successful piece from each designer in American tulipwood.

Comprising armchairs, stools, dining chairs, a credenza, hanging lights and wall hooks, the pieces were all originally designed and made in American white oak and/or walnut, hard maple and ash. Encouraged to embrace the natural colour variation found in tulipwood, the idea behind 'replaced' is to highlight this

extremely versatile, workable and commercially-available species in a market where it is almost unknown.

The pieces will be made by one Australian-based manufacturer from donated tulipwood lumber and exhibited for the first time in a creative display at Denfair in Melbourne from 14-16 June.

As with the last two furniture design projects in Australia, 'replaced' will include full Life Cycle environmental profiling, based upon existing data for American tulipwood lumber and veneer and data on materials and energy consumed etc during processing in Australia.

Australia is fast-becoming an important design centre for the world and, today, the influence of Australian designers is reaching across the globe. Furthermore and, despite extremely high production costs, high-end Australian-made furniture is now being exported to the US, Europe and Southeast Asia.

With 'replaced', AHEC is hoping to broaden the range of American hardwood species accepted by the Australian design community and to ensure that American hardwoods have a place in Australian design for the foreseeable future.

PR Highlights

'Seed to Seat' initiative a crowd puller

The American Hardwood Export Council's (AHEC) 'Seed to Seat' furniture collaboration proved a huge drawcard for the duration of its stay at Young Blood Gallery in Cape Town at the end of 2017.

Photo by David Seed

Indian demand for American hardwoods expected to grow significantly

As the Indian economy grows, demand for American hardwoods is expected to increase significantly, according to the American Hardwood Export Council (AHEC).

Indian demand for American hardwoods expected to grow significantly

As the Indian economy grows, demand for American hardwoods is expected to increase significantly, according to the American Hardwood Export Council (AHEC).

What is the environmental impact of design?

Most furniture designers and manufacturers think that their products are eco-friendly because they offer the best value for money.

South Africa | Timber IQ | Feb/Mar 2018

Two page print feature on AHEC's 'Seed to Seat' exhibition in Cape Town

India | Wood News| Feb/Mar 2018

Three page print feature on American hardwoods and new technologies

India | CW Interiors | 15 Feb 2018

Online story on the potential for American hardwood growth

South Africa | Wood Southern Africa & Timber Times | Jan 2018

Three page print feature on AHEC's 'Seed to Seat' project

Exchange Rates			Regional Events		
USD 1.00 =	31 Jan 2018	28 Feb 2018	5-8 Mar	Wood Tech & Design Expo (as part of Big 5 Saudi)	Jeddah, Saudi Arabia
Euro (EUR)	0.81	0.81	8-12 Mar	Indiawood	Bangalore, India
Bahraini Dinar (BHD)*	0.38	0.38	12-14 Mar	Dubai Woodshow	Dubai, United Arab Emirates
Egyptian Pound (EGP)	17.63	17.62	26-29 Mar	INDEX Dubai	Dubai, United Arab Emirates
Israeli New Shekel (ILS)	3.40	3.48	3-6 May	Index India	Mumbai, India
Jordanian Dinar (JOD)*	0.71	0.71	14-16 Jun	Denfair	Melbourne, Australia
Kuwaiti Dinar (KWD)	0.30	0.30	11-13 Jul	WoodEX for Africa	Johannesburg, South Africa
Lebanese Pound (LBP)*	1,504.94	1,505.65	8-12 Aug	100% Design South Africa	Johannesburg, South Africa
Moroccan Dirham (MAD)	9.13	9.18	16-18 Aug	Denfair	Sydney, Australia
Omani Rial (OMR)*	0.38	0.38	12-17 Nov	Dubai Design Week	Dubai, United Arab Emirates
Pakistani Rupee (PKR)	110.37	110.34			
Qatari Rial (QAR)*	3.62	3.62			
Saudi Riyal (SAR)*	3.75	3.75			
Turkish Lira (TRY)	3.78	3.79			
UAE Dirham (AED)*	3.67	3.67			
South African Rand (ZAR)	11.96	11.64			
Bangladesh Taka (BDT)	82.81	82.87			
Indian Rupee (INR)	63.67	64.96			
Sri Lanka Rupee (LKR)	153.52	154.46			
Australian Dollar (AUD)	1.24	1.28			
New Zealand Dollar	1.36	1.38			



AHEC Africa - Middle East - South Asia - Oceania
rod@americanhardwood.org