



March 2019

# MARKET REPORT

## Southeast Asia & Greater China

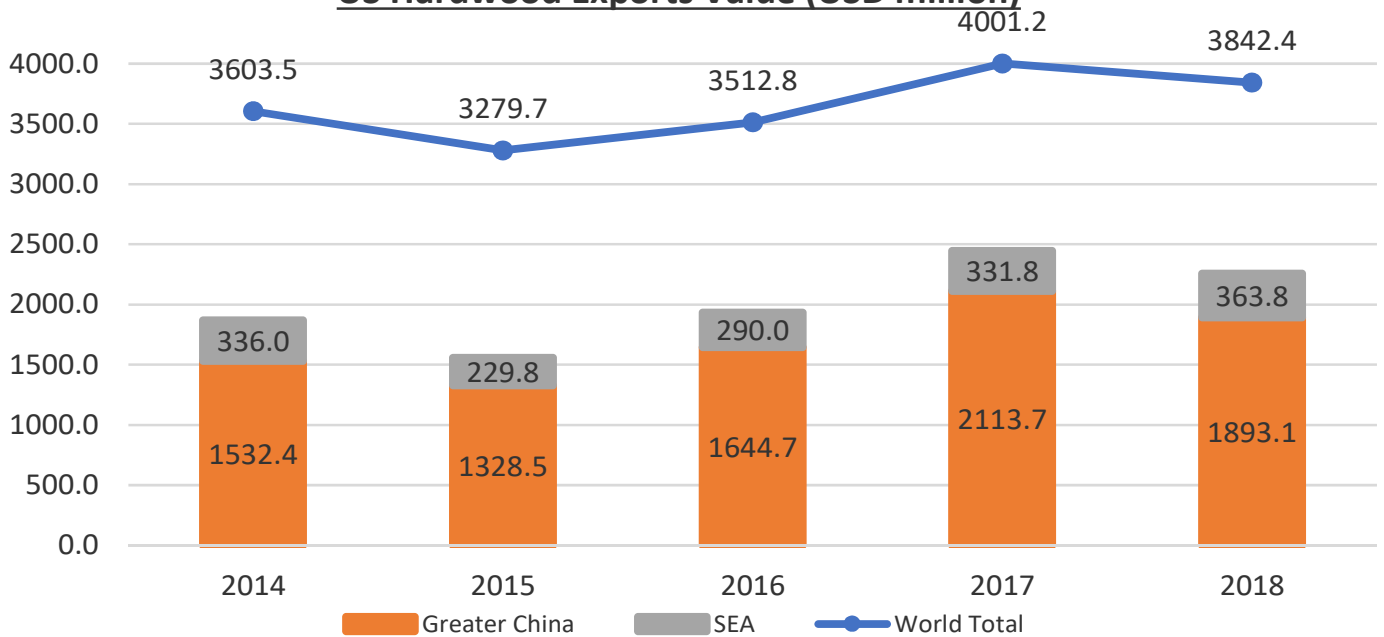
### Contents

- China Shrinks and SEA Grows as US Hardwoods Total 2nd Best Year Ever in Region.....1-5
- Event Review .....5
- Trade Servicing .....6
- Upcoming Events.....7

## China Shrinks and SEA Grows as US Hardwoods Total 2nd Best Year Ever in Region

2018 was a year marked by uncertainty and turbulence of trade dispute between U.S. and China, but thanks in part to a strong start of the year the markets still combine for the 2nd best year ever in hardwood consumption. The overall value of hardwood exports to SEA & GRCH market was \$2.256 billion, down 7.7% compared to 2017 but up 16.6% while comparing to 2016. The SEA & GRCH markets accounted for 58.7% of all global exports in 2018. Exports value to Greater China market was \$1.893 billion, down 10.4% (YoY) while SEA markets set record and grew at 9.6% to \$363.8 million.

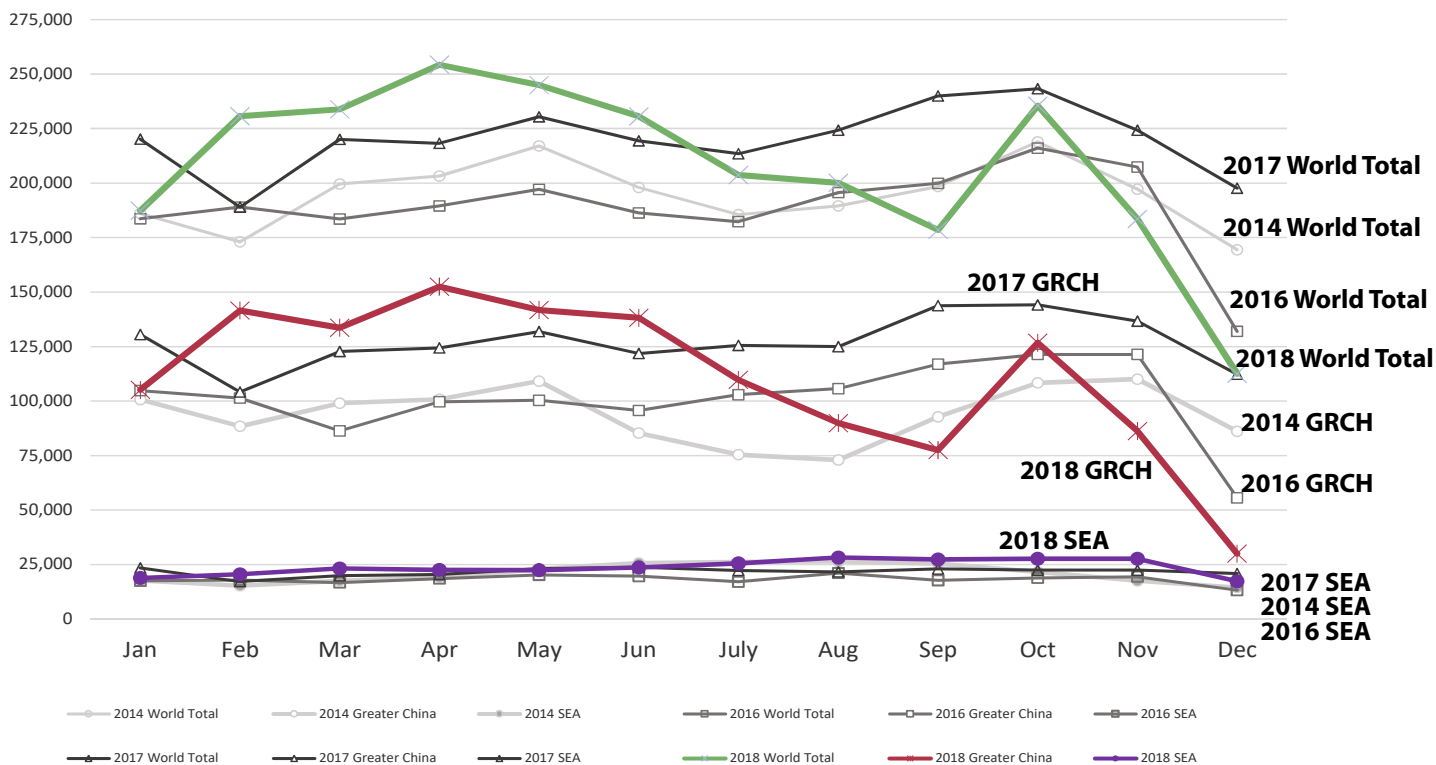
**US Hardwood Exports Value (USD million)**



	Hardwood Lumber	% change	Hardwood Log	% change	Hardwood Veneer	% change
<b>Greater China</b>	\$1.332 billion	-12.5%	\$545 million	-5.2%	\$7.5 million	-23.2%
<b>Vietnam</b>	\$223.7 million	17%	\$51.3 million	23%	\$6 million	-1%
<b>Indonesia</b>	\$25.9 million	12%	\$1.38 million	-49%	\$7 million	-14%
<b>Malaysia</b>	\$16.8 million	-25%	\$0.989 million	-43%	\$6.22 million	1%
<b>Thailand</b>	\$16.6 million	-19%	\$1.58 million	-16%	\$0.182 million	13%
<b>Philippines</b>	\$0.958 million	-34%	\$0.448 million	371%	\$1.35 million	455%
<b>Singapore</b>	\$0.564 million	17%	\$0.029 million	N/A	\$0.235 million	-34%

Year-on-Year changes in U.S. exports of hardwood lumber, logs and veneer to Greater China and SEA, 2018 (Source: USDA)

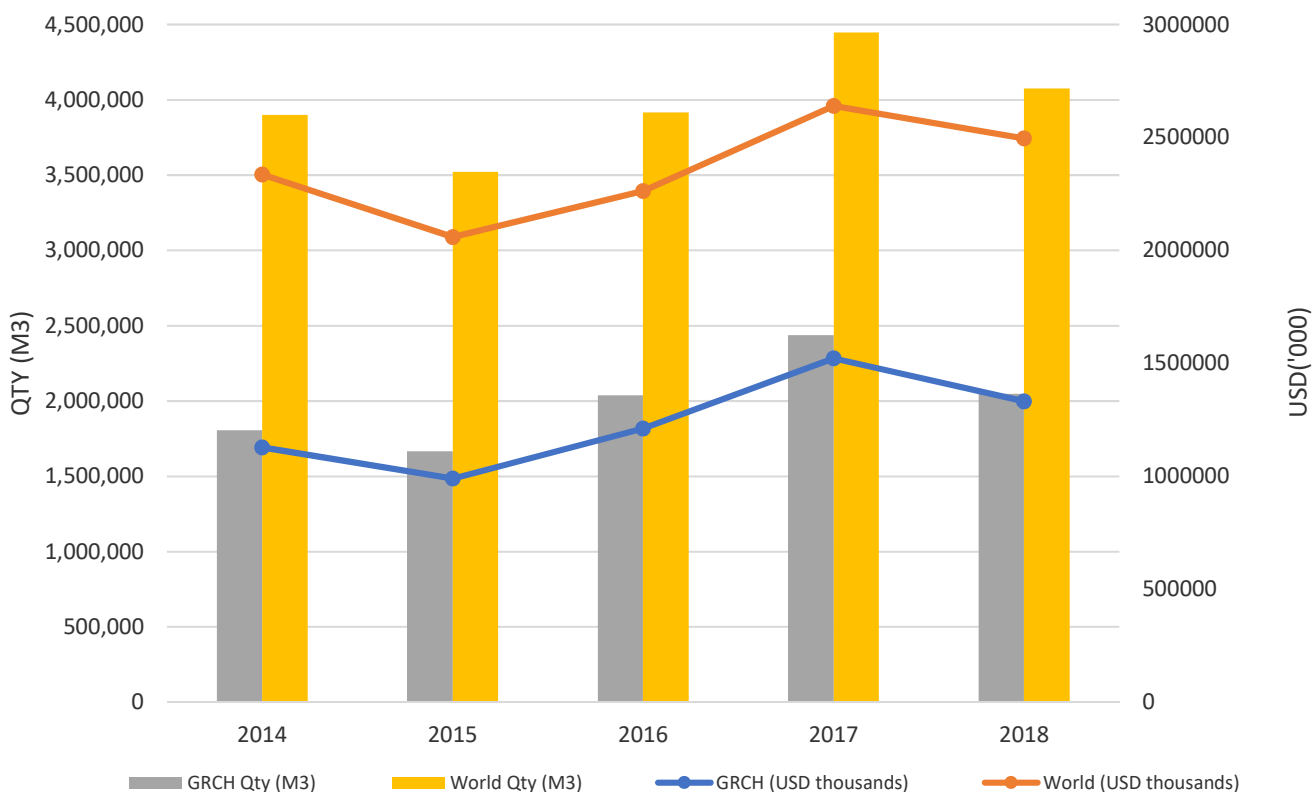
## Lumber Value - World Total vs GRCH & SEA (USD'000)



## Greater China market declines 10.4%

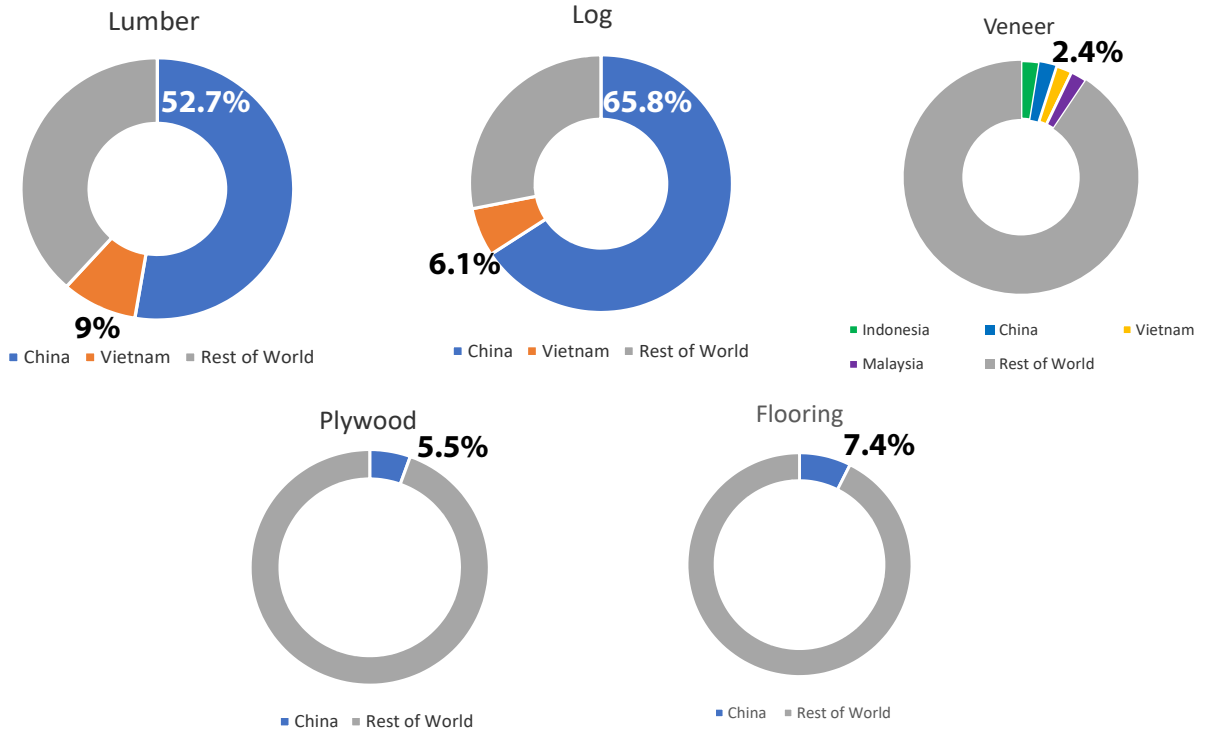
The trade issue in 2018 impeded the growing trend of Mainland China and resulted in a drop of 10.4% (YoY) for the GRCH (included Mainland China, Taiwan, Hong Kong and Macau) market to \$1.893 billion. The exports value of hardwood lumber to GRCH fell 12.5% to \$1.332 billion (YoY); logs exports dropped in value 5.2% to \$545 million (YoY); hardwood veneer declined at 23.2% to \$7.54 million (YoY). Taiwan market boosted 14.4% (YoY) to \$26.5 million, in which over \$15.7 million (up 17% YoY) were generated from hardwood lumber and \$8.8 million (up 12% YoY) were from hardwood logs.

## US Hardwood Lumber Exports to GRCH (2014 - 2018)



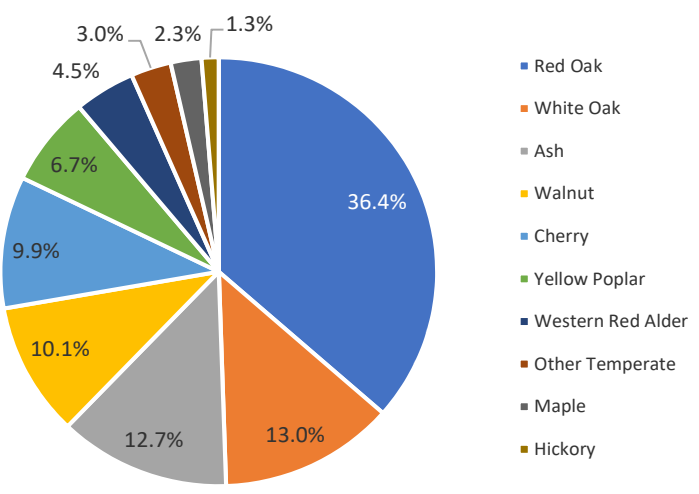
# American Hardwood Export Council Southeast Asia & Greater China

The value of hardwood lumber to Mainland China declined 13% compared to 2017 to \$1.313 billion. Mainland China still accounted for 52.7% of U.S. global exports of lumber, 63.4% of U.S. global exports of logs, 5.5% of U.S. global exports of plywood and 2.3% of U.S. global exports of veneer. On the other hand, the exports of hardwood flooring to Mainland China surged 160% (YoY) to \$2.359 million and accounted for 7.4% of total global exports of flooring which was higher than the average of past few years (around 2.1%).



Lumber Species	Export Value (US\$ in million)	YoY % change
Red Oak	\$478.5 million	-19%
White Oak	\$170.8 million	-8%
Ash	\$166.8 million	-17%
Walnut	\$132.2 million	11%
Cherry	\$130.6 million	6%
Yellow Poplar	\$88.5 million	-22%
Alder	\$59.2 million	-11%
Maple	\$29.9 million	-13%
Hickory	\$16.6 million	-28%

Lumber species to China 2018

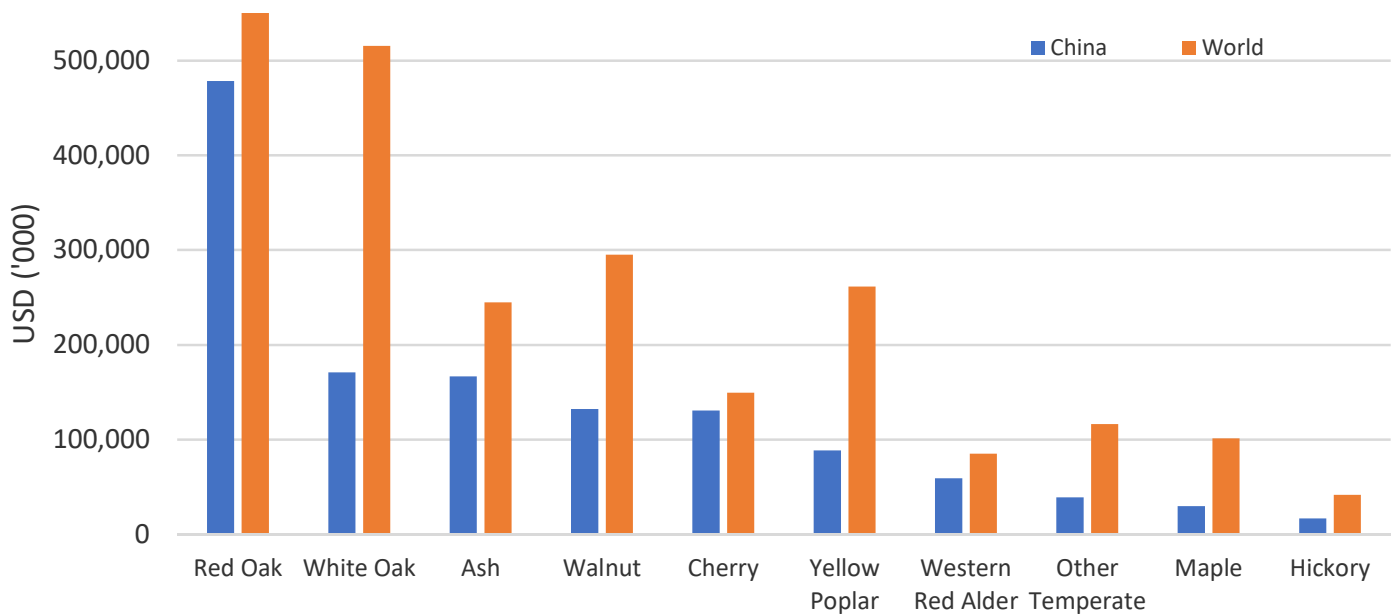


## US Hardwood Lumber Exports to Mainland China by Species in 2018 (Source: USDA)

Among the popular species, only walnut and cherry had positive growth at 11% and 6% when compared to 2017, their export value increased to \$132.2 million and \$130.6 million respectively. Other top species such as red oak, white oak and ash lumber shrank from their record 2017 levels. Red oak lumber dropped 19% (YoY) by value and 18% (YoY) in volume to \$478.5 million and 745,273 (M3). White oak lumber was down at 8% (YoY) in value and 11% volume to \$170.8 million and 244,255 (M3) respectively. Ash lumber declined at 17% (YoY) by value and 23% (YoY) in volume to \$166.8 million and 249,078 (M3). Top six species were red oak, white oak, ash, walnut, cherry and yellow poplar in 2018. They generated over \$1.167 billion exports and accounted for over 88.9% of the total hardwood lumber exports to Mainland China.

Mainland China has purchased 87.4% of all cherry, 74.1% of all red oak, 68.1% of all ash, and 69.5% of red alder that has been exported in 2018.

Top Species to Mainland China vs World Total 2018



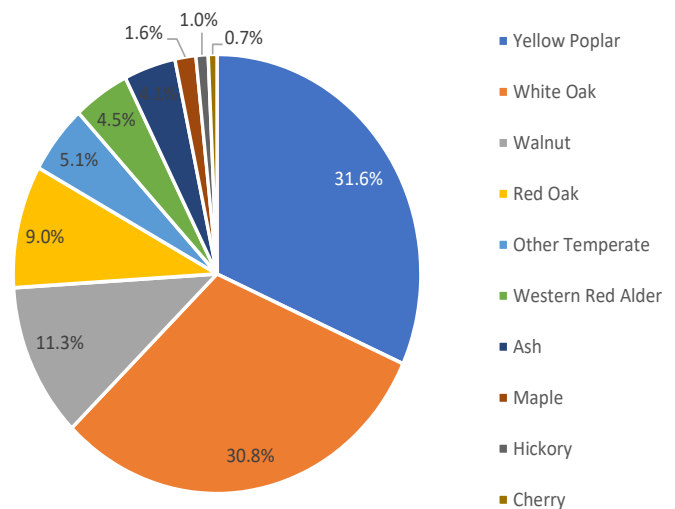
## SEA market hits record increase of 9.6%

The SEA market set a new record since 2014, the value of hardwood export in 2018 moved up 9.6% (YoY) to over \$363.8 million, a 8.3% higher than 2014. The exports value of hardwood lumber to SEA up 9.7% (YoY) to \$284.612 million, logs up 15.6% (YoY) to \$55.8 million but veneer fell 0.4% (YoY) to \$21 million.

Vietnam market increased 17.5% (YoY) to \$281.2 million and accounted for 77.3% of the SEA market. When compared to the record year of 2014, the value of hardwood lumber, logs and veneer to Vietnam up 21.2%, 7.6% and 4.5% respectively.

Philippines market jumped up 66.7% and Indonesia market slightly grew at 0.2% when compared to 2018 to \$3.28 million and \$35.5 million respectively. The rest of SEA markets shrank on year-on-year comparison, Malaysia decreased 21%, Thailand down 19.2%; Singapore down 26%.

Share of species in SEA markets 2018



SEA Markets	Top 3 Lumber Species	US\$ in million,	YoY % change
Vietnam	Yellow Poplar	\$84.4 million,	4%
	White Oak	\$58.7 million,	27%
	Walnut	\$22.4 million,	63%
Indonesia	White Oak	\$14.4 million,	12%
	Walnut	\$4.1 million,	3%
	Maple	\$1.44 million,	41%
Malaysia	White Oak	\$6.6 million,	39%
	Walnut	\$4.03 million,	4%
	Yellow Poplar	\$1.9 million,	40%

SEA Markets	Top 3 Lumber Species	US\$ in million,	YoY % change
Thailand	White Oak	\$7.3 million,	7%
	Ash	\$3.5 million,	28%
	Yellow Poplar	\$2.1 million,	48%
Philippines	White Oak	\$0.183 million,	36%
	Ash	\$0.182 million,	42%
	Maple	\$0.161 million,	60%
Singapore	White Oak	\$0.288 million,	53%
	Ash	\$0.08 million,	63%
	Tropical	\$0.07 million,	917%

## Event Review

### VIFA Expo 2018

VIFA Expo 2019 was held from Mar 6-9 at Saigon Exhibition and Convention Center in Ho Chi Minh City with a total of more than 2,000 booths covering 30,000sqm including both indoor and outdoor area. It was organized by HCMC Department of Industry and Trade, Handicraft and Wood Industry Association of HCMC (HAWA) and Alliance HAWA Corporation. John Chan attended both opening ceremony of VIFA EXPO and also the Hoa Mai Furniture Design Competition judging and award presentation ceremony in Ho Chi Minh City.

AHEC booth was designed by Jarrod Lim featuring American red oak and we located a prominent area at the main entrance. Our booth showcased American red oak furniture which were the entries of Hoa Mai Furniture Design Competition supported by AHEC. The red oak was donated by AHEC member-Rossi Group. Some of our members joined the show such as American Lumber Co, W.M. Cramer Lumber Company, Northland Forest Products, Thompson Hardwood, UFPI, and Northwest Hardwood among others.



## Trade Servicing by John Chan

### Jan-Mar (Shanghai, Beijing, Ningbo, HCMC, Hanoi & Singapore)

John Chan, Regional Director introduced SEA and GRCH timber and trade associations, design and architects associations leaders about AHEC 24th SEA & GRCH convention in Ningbo, China (June 20 & 21, 2019) and AHEC SEA mini convention (June 25, 2019) in Hanoi, Vietnam and discussed with them about cooperation and support and invited their members including the timber traders, importers and producers and architects and interior designers and contractors to attend AHEC events. Hopefully AHEC members through attending the convention in Ningbo could meet new potential importers and traders to increase new export opportunity.

Also met with key media and key importers and architects and interior designers to collect market information and exchange opinion about the market impact as the result of the US-China Trade war since last August 2018. Updated some Chinese and SEA key local timber traders and importers and producers and specifiers that US hardwood industry is still fully committed to Greater China and Southeast Eastern market in order to minimize the negation impact from US-China Trade War.

John Chan was also invited to attend meetings and conferences hosted by the GRCH and SEA timber trade industries, furniture associations and architects association. Through the dialogues between AHEC and the above associations, John collected valuable market information to feed back to FAS, Agricultural Affairs office and Agricultural Trade offices and the posts in China and SEA and AHEC Executive director and AHEC members.

### Conclusion

China's imports market on American lumber dropped over 12 % in 2018 has concerned AHEC members. According to the comments of local timber industry in China, the drop arose from the following possible reasons: 1.Chinese economy was actually facing pressure due to its economic slowdown; 2.labour cost in China has been rising, about four times higher than Vietnam; 3.Chinese government has set higher standard for factories to meet environmental requirement; 4.finally it is due to the US-CHINA Trade War which adds uncertainty to both two economic super powers' future economic growth. As the economic slowdown from the above factors, China's housing and property development and local and foreign FDI recorded dropping which is a major factor to affect local demand of US hardwood for interior design projects. Substantial drop of red oak import into China is strongly related to local demand.

CTPDA president told John Chan that he hopes the US -Trade War to solve soonest because one is the biggest supplier and China is the biggest users. Currently timber exporting countries from South America, Africa, Europe and SEA are working hard to enter China market in order to gain some market share. He said for sure in a longer term, US hardwood industry's export could automatically yield some degree of market share to other timber exporting countries.

Vietnam seems a beneficiary from the US-China Trade War as it has captured received more timber processed products orders. John Chan has been invited to attend two Vietnam Timber Products Processing conference chaired by Vietnam Prime Minister Mr. Nguyen Xuan Phuc and he noticed the conference focused on how to increase Vietnam export of her own timber products produced with Vietnam Asia hardwood species, not from imported timber. John Chan realized that to develop the demand of US hardwood in Vietnam and other SEA markets should rely on AHEC effort and program. However cooperation between AHEC program with the Vietnam associations including HAWA, VIFORES, Binh Duong and FTA and local architects associations (VAA and HAA) would strengthen AHEC export goal. AHEC's recent special and key promotional project in red oak in Vietnam and other SEA market in the late part of 2019 would speed up AHEC export goal.

In short term such the first quarter, China market for US hardwood still faces pressure of slowing down, particularly red oak. There is a dim light that some good news about US and China's negotiation teams could reach an agreement to end the trade war. Many China traders expressed their wish for the US and China hardwood trade to go back to normal trade condition. With AHEC special program promoting red oak plus ATP funding for SEA program, it certainly adds momentum for AHEC to develop the SEA market for US hardwood to compensate some degree of market loss in China.

## Upcoming Events



The AHEC 24th SEA & GRCH Convention is scheduled on June 20-21, 2019 (Thursday to Friday) at the Westin Ningbo, China. On June 20, the Convention will open with a media conference and market discussion panel for AHEC members to meet with some key industry representatives from China and Southeast Asia. On June 21, there will be a plenary session of six keynote speakers. A mini-exhibit showcase for networking will take place right after the Convention, where AHEC members can meet with traders and potential buyers. Open to all pre-registered delegates. Registration and hotel reservation can be made at <http://reg.ahec-china.org/24th/index.html> Looking forward to seeing you there.

**Mar 28-31**

**CIFM/Interzum Guangzhou 2019\*\*\*  
Guangzhou, China**

**Apr 30-May 5**

**Architect' 2019  
Bangkok, Thailand**

**Jun 20-21**

**American Hardwood Export Council 24th  
Southeast Asia & Greater China Convention  
Ningbo, China**

**Jun 25**

**American Hardwood Export Council Southeast  
Asia Convention  
Hanoi, Vietnam**

**September 9-12**

**FMC Premium 2019\*\*\*  
The 25th Furniture Manufacturing & Supply  
China (FMC China 2019)  
The 25th China International Furniture Expo  
(Furniture China 2019)  
Shanghai, China**

**September 18-21**

**The 13th International Woodworking Industry  
Fair (Vietnam 2019) \*\*\*  
Ho Chi Minh City, Vietnam**

**October 9-12**

**The 8th International Woodworking and  
Furniture Manufacturing Components Show  
(iFMAC & WoodMAC 2019)  
Jakarta, Indonesia**

**November 19-21**

**Malaysian Wood Expo 2019  
Kuala Lumpur, Malaysia**

**December 12-15**

**The 31st Taipei International Building,  
Construction and Decoration Exhibition 2019  
Taipei, Taiwan**

**\*\*\*AHEC Pavilion**

## CONTACT DETAILS



**AMERICAN  
HARDWOOD  
EXPORT  
COUNCIL**

American Hardwood Export Council  
Southeast Asia & Greater China  
*Room 2005, 20/F, Lippo Centre Tower One, 89  
Queensway, Admiralty, Hong Kong*

Tel : (852) 2724 0228

Fax : (852) 2366 8931

Email : [info@ahec-china.org](mailto:info@ahec-china.org)

[www.ahec-china.org](http://www.ahec-china.org) / [www.americanhardwood.org](http://www.americanhardwood.org)