

Plywood News: 31ST of Dec. 2019

Dear TreeCraft enthusiasts,

Thank you

It's the end of 2019 and while Europe goes into holiday mode we are shipping out the last containers for the year. We thank you for your good support and business in 2019 and we wish you and your loved ones all the best in 2020.



Global market:

Due to the China - USA trade war, we see the continued consolidation of the market with many factories merging or closing down. American plywood buyers moved their business to other countries in South East Asia. Vietnam is greatly profiting from the China – US trade war. We wanted to understand the maturity and skill of the Vietnamese mills and determine if it was a threat to our market. When we visited – last September -, we saw that the technology, supply chain and skills are still not up to standard. China is in our opinion still miles ahead and the best place to buy panels if you are a none-American, that is.

Nevertheless, the market in the last quarter was not an easy one for many exporters. The pressure is on. Global demand is down but raw material prices remain very strong, which affects the already thin profit margins.

Environmental protection:

When the weather gets colder, people heat their homes, which in return requests more electricity. Electricity that still comes – much less now - from Chinese electricity plants fueled by coal. Those plants are hugely polluting. To balance this pollution, the government shuts down production facilities and therefore also plywood mills. Companies disrespecting this production ban, risk to be heavily penalized and the legal representatives even risk to be imprisoned. As a matter of fact, even if factories would want to disobey the production ban it would not be possible as the government simply cuts off the utility supply. Very harsh, yet very effective.

In the middle of December, one of the larger wood mills was completely consumed by a large fire. All facilities are reduced to ashes. It is the second time that this wood mill caught fire and the cause is yet unknown. Luckily no one was injured.

Unfortunately, this triggered a region wide safety inspection initiative by the local authorities and further hindered production in December.



Raw material:

In all honesty I have a difficulty to explain the reality we are currently facing which is increasing raw material prices admits a reduced demand. Shouldn't a reduced demand result in lower raw-material prices. One should think so! Apparently, however the supply has dropped even faster than the demand, creating yet a surge in popular veneer prices. At the current price levels a lot of mills even consider importing (expensive) European poplar logs. We have talked to many people but no one has given us yet a plausible explanation as to why supply dropped so significantly. One thing however is known is that the mills need to pay significantly more to get veneers.

EUTR, CE certification,...

It is not widely known that the register of EUTR controls is publicly available information (as also stipulated in the EUTR). If desired, you can obtain an overview of the checks that have been carried out at the competent authorities in your country. We have examined the controls for Belgium and we must conclude that there are quite a few controls. If you work with us, you already have nothing to fear. Since we are based in the country of origin, it is a lot easier for us to perform audits and also one of our assets.

The European Commission has also urged national governments to better enforce CE compliance on the European territory. This has resulted in more controls. Rules are not always clear. Therefore, we have engaged some consultants and we are now happy to announce that we certified and tested all our products and can therefore offer **Treecraft CE certified products!**



Conclusion:

If you worked with us in 2019, we are convinced you had a good year! If you want to have a great 2020 you know you should work with us (even more)!

Shirley Ye & David Holvoet,
Probably the Best Plywood in the world

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