

Plywood News:

31st of March 2017

I ended my last news-letter by saying that we would be back after Chinese New Year to take your orders...

And boy o boy haven't we just done that! I can honestly say that we have hit record sales in the last couple of months. It seems our efforts are paying off, we have not only been able to get more support of our existing clients but I'm also very proud to say that we have also been able to add clients from South Africa, the Middle East, Argentina, America and Australia to our client portfolio. Thank you all for the great support!



Our booth @ the Dubai Wood Show

Unfortunately not only we are doing well, but our competitors as well. I think however that we are doing slightly better because we have great clients ☺ - Most mills have full order books. The volumes to Europe increased heavily. The commercial plywood volume remained stable but the film faced demand on the other hand increased heavily. Exports to the US increased heavily with record shipments before end of March - as a lot of importers wanted to have full warehouses - to then stop imports during the uncertain period before the anti dumping ruling on plywood in June 2017. I'm curious how this will effect the market. The local Chinese market is less bullish than 2016 but remains quite stable. Finally the Middle East remains the biggest market. Demand is stable.

Normally raw materials have the tendency to fall slightly after Chinese New Year. This year however raw material prices did not drop due to increasing demand, increasing oil prices and increasing environmental measurements by the government. So the peak prices from before Chinese New Year remained unchanged. Some fiscal measurements and VAT reforms however

Glue: Euro 20/ton ↑

Flour: Euro 1/bag ↑

Film: Euro 0,14/piece ↑

have helped factories to keep prices stable. Hereby some indications to underbuild this statement:

A serious concern are gas prices. It is announced that the government will address gas regulations in Xuzhou. When this happens (I do not say if – because it will happen sooner or later) gas prices will increase considerably and this will further push prices up. The real question is how much will the increase represent.

On the product development side we see very limited developments for the commercial plywood. For film faced plywood it is safe to say that most of the people now work with a 2 times hot press product. Very seldom do people still ask for a 3 times hot pressed panels. Quite normal in our opinion as the add value for 3 x pressed panels is rather limited. After doing some tests with 1 x pressed panels last year, we were confident enough to actually recommend those panels to our clients. By applying high pressure on a 1 x pressed you can actually ensure a rather acceptable finished look. Even though one should remain cautious (and only work with Treecraft ☺) we believe an acceptable result can be accomplished.



Film production – Xuzhou – PR of China

When we were at the Dubai Wood Show we met a lot of buyers and found that some times there is still a misconception of grammage and difference in film. The film's quality is determined by three main components. The paper used, the % of phenolic glue used and the weight of the paper. So let us begin with the paper. For brown film, brown colored paper of kraft paper will be used (see picture). For black film, black paper will be used and color might be added if not black enough. These papers will be impregnated with phenolic or melamine. The percentage of phenolic added will determine the performance and of course also the price. Strangely enough lower quality plywoods normally have a higher weight of paper (weight of impregnated paper pro m²). This can be explained because 240 gr. Impregnated paper for example can more easily hide defects. The sea-freight from Europe to China is like a roller coaster and a nightmare for exporters out of Europe. Where sea-freights out of Europe to China

were 500\$ in December they are now at an all record high of 1900\$ in April 2017.

This is not very relevant for us being plywood exporters what is however relevant is that since the first time since I started in plywood from China in 1997 seafreights from China to Europe are lower than from Europe to China. This means that there are less containers leaving China than there are coming back. This is a very significant change. It is expected that in May seafreight prices out of Europe will slightly fall – as more capacity is introduced – hence slightly push up prices of container freights from China to Europe. Some thing to watch.

Furthermore – sorry but I cannot help myself – I would like to report a bit on the process we make at Treecraft by Solid International. We have added yet another inspector to our team. Wang Long has been a worker in a plywood mill for 8 years, has held a management function in a very good plywood mill for another 10 years and has now joined our Treecraft team of inspectors. In addition Lisa

Zhang has joint our forces on the administrative level. Lisa Zhang is a graduate from the Shanghai University of International trade and has been a entraineé with solid for 1 year. Finally we have also done a whole marketing overhaul and are proud to present our new look and new website. www.treecraft.be

Visit our new website

www.Treecraft.be

Finally - as always - do not hesitate to pass me your orders ☺ , . . . we will happily process them!

Shirely Ye,
Probably the best plywood in the world.