

Plywood News: “Green power”

21st of August 2017

After a refreshing summer holiday – although refreshing is an overstatement with temperatures that rose to 42 degrees – we are again ready to help you to win in your markets. A holiday is also a time of reflection and contemplation... It has given us the insight that even though we are quite awesome😊 – -, we are nothing without you – our valued and evenly awesome - client. Time for a heartfelt thank you! Thank you.

... and now back to business.

SUPPLY

In our previous debrief we already reported on the impact of the Chinese government's efforts to protect or improve China's environment. The effects of this new policies – which we consider a nuisance however very necessary – are becoming more and more apparent. The following steps are being taken:

- Step one: Boilers powered by coal are forbidden & need to be replaced.
- Step two: Control the discharge of waste residue such as but not limited to water, gas, formaldehyde, dust, ...

These policies have been first introduced in the Xuzhou region. They caused delays in deliveries and increased prices. This is also forcing closure of some bad performing factories. In addition, the output has been further reduced due to the traditional slowdown in June due to workers going to tend their fields. In July, we were pestered by unusual hot weather. Impossible to work in a workshop where temperatures reach a staggering 50 degrees. This once more resulted in reduced output. In a nutshell: A triple down fall of production output.

We were expecting that things would settle down and get back to normal after the summer. The harvest season is over, temperatures are down and policies are implemented in Xuzhou... After Xuzhou now Linyi is being targeted by the government. Unqualified factories have to, either live up to the new standards or close down. The problem with that is that Linyi actually produces most of the veneers and that other areas such as Xuzhou are now again affected.

China now has four provinces which are plywood relevant.

- Linyi city, **Shandong province**. Mostly top veneer and film manufactures + some plywood factories here. (new rules are implemented)
- Xuzhou & Pizhou city, **Jiangsuprovince**. Lots of plywood factories. (new rules apply)
- **Henan** province, also a lot of plywood factories
- **Guangxi** province--- eucalyptus materials here





Based on the current situation, we can expect that the more the supply chain is under pressure the more price will increase. There is not much we can do about that. The impact for the prices in Europe will probably be flattened out by a stronger Euro. As always, every challenge also offers an opportunity for people that are focused and have great partners. With us by your side you know now that deliveries will be slower and that you need to plan even more carefully than before. We strongly suggest you to take into consideration an additional month in delivery delays to be safe.

DEMAND

Now that we have struggled through the policies implemented by the Chinese government to avoid global warning we want to discuss about another super power where global warning however does not seem to exist: the US. Exports to the US came to a halt in March this year because of a pending antidumping ruling on Chinese plywood that was supposed to be decided in June. Since this ruling has now been extended to Nov. 2017. As a resultsome big players started to buy from China again... BUT STILL RISK A 100% RETRO ACTIVE DUMPING TAX!

The Chinese market remains quite stable and good. Activity with Europe(order take in) dropped heavily due to the summer holidays. Middle East and South East Asia remain stable.What also stayed stable are sea-freights... Happy that that roller-coaster has come to an end.

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PRODUCT DEVELOPMENT

Thanks to our round log sourcing operation in Ukraine we have been looking at trying to develop a reliable supply chain of good quality birch plywood. We are still in an exploration phase but we hope to have things up and running as soon as November 2017. So if you are into birch look out for our possibilities.

Because of a persistent demand from our clients to offer Treecraft branded products, we have finally agreed and produced film faced plywood that is Treecraft branded. We initially did not want to do this but now that we actually have those panels we are quite happy (and proud) with the result. Our clients feel that we indeed offer a different product experience and feel confident to go with our brand into the market. Cool isn't it?



FUN FACT

Did you know that our Treecraft panels are used by by Freitas João in his pieces of art? João lives and works in Brussels and has used our panels in his pieces of art.

João Freitas (born 1989, Coimbra, Portugal) explores the medium of drawing, pushing it to its limits. He goes beyond the two dimensions of drawing, experiments with the paper, extends the medium, deconstructs it. Both the repetition of gesture as the randomness of its outcome are essential to his work. In Untitled (2016), João Freitas performs a kind of archaeology. The artist removes the first layer of industrial plywood to reveal the hidden colored strum underneath. Scuffed with random marks that index the making, the exposed surface shows a curious and pleasantly surprising but incongruously aestheticized element to an otherwise banal construction material.



Untitled series: Seahorse



Untitled: (Loch Ness)

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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.

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