Ministry of Natural Resources and Environmental Conservation

Myanma Timber Enterprise

CURRENT SITUATION OF TEAK MARKETING

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Current situation of teak marketing

Introduction

- Myanma Timber Enterprise(MTE) is a state institution responsible for Harvesting , distribution of timber and timber products
- MTE aims for the fulfillment of target earning & supply of raw timber to local wood based industries also.
- Log Export Ban(LEB) commenced on 1st April 2014.
- Reduced of harvesting of timber since 2014-2015
- Extraction of timber though out the whole country has been banned in 2016-2017 and Bago ranges is also banned for ten years commenced from 2016.

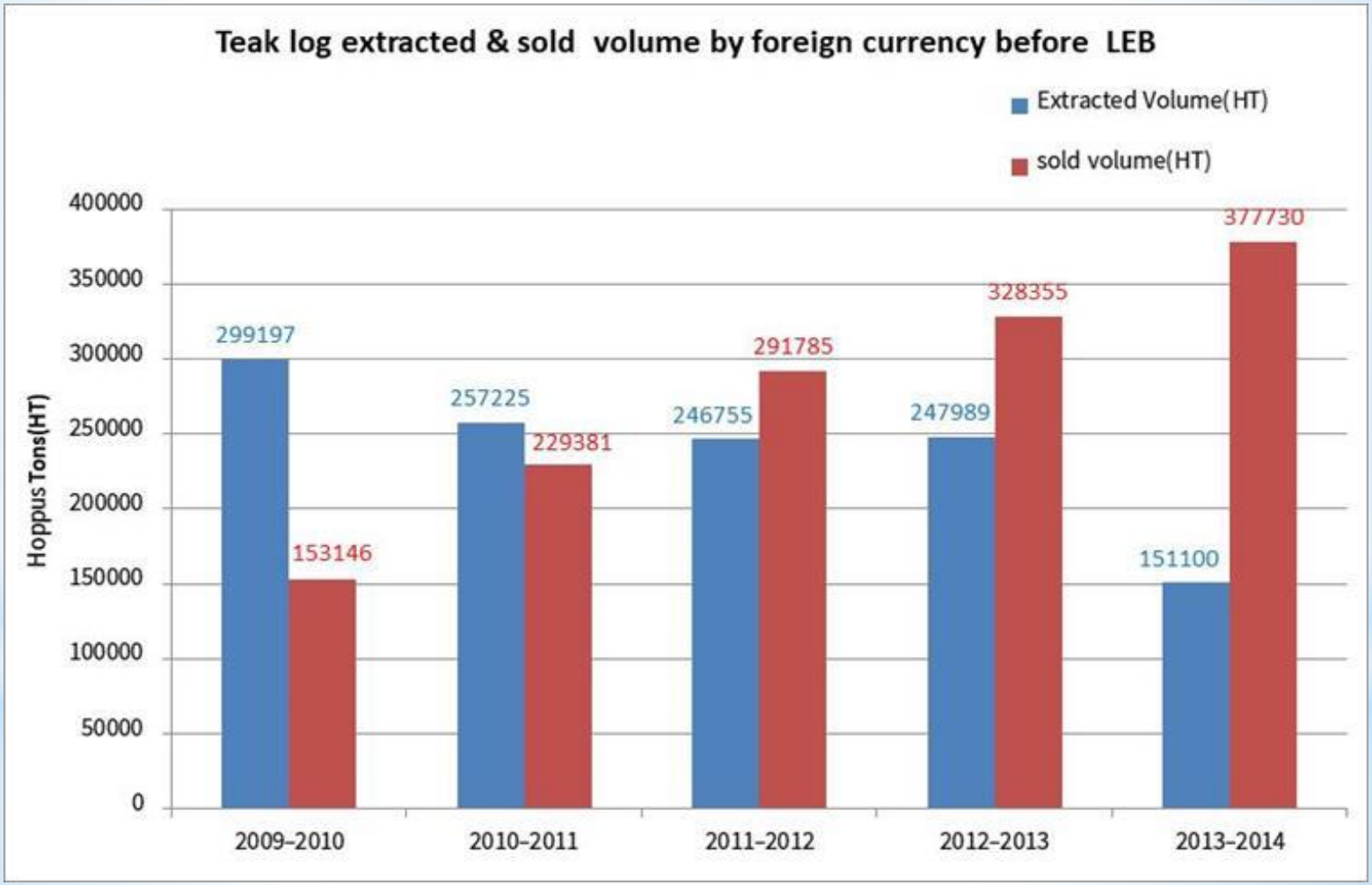
Current situation of teak marketing

Teak log marketing prior to LEB

- Export teak in log form due to economic sanctions of western countries and the out dated infrastructure of wood industries
- Has not been achieved reasonable profit like other booming wood industrial countries
- Teak round log extracted and sold in foreign currency for five years prior to LEB is mentioned in chart (1)

Current situation of teak marketing

- Teak log marketing prior to LEB (Chart-1)



Current situation of teak marketing

Teak log prices prior to LEB

- Due to the knowledge of LEB to be commenced in 2014, teak buyers offered higher bidding prices in monthly open tenders
- All teak log grades fetched good prices in 2013-2014
- Yearly teak log average prices of all grades for five years prior to LEB is mentioned in chart (2)

Current situation of teak marketing

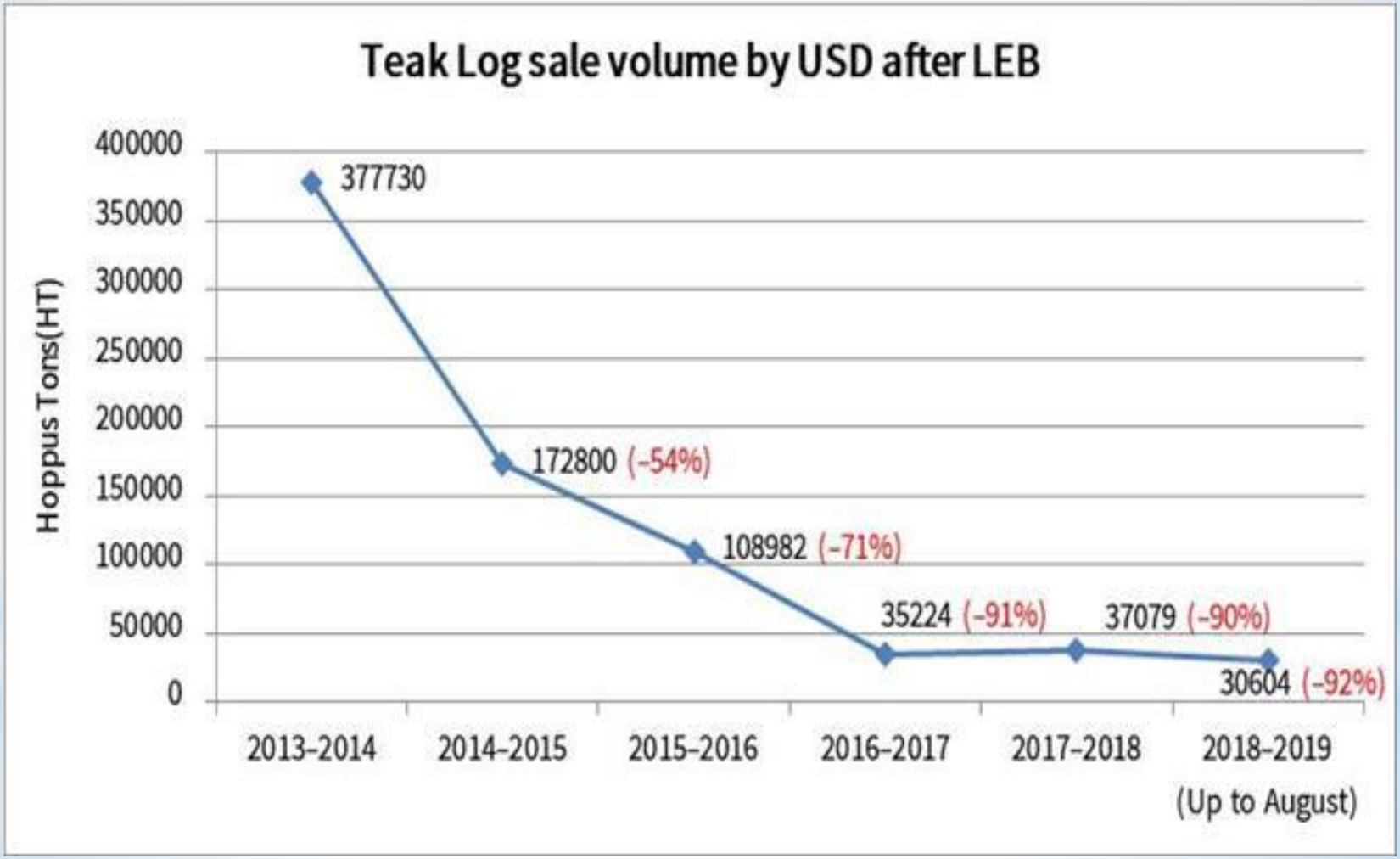
- Teak log prices prior to LEB(Chart-2)

Current situation of teak marketing

- Teak log marketing in post LEB period
  - Reduced teak harvesting in 2014-2015
  - Teak log sale volume declined gradually since 2014-2015
  - Sale volume have to depend on balance logs of previous years
  - Teak sale volumes decreased from 54% to 92% during five year
  - After LEB , teak sale volumes during five years is mention in chart(3)

Current situation of teak marketing

- Teak log marketing in post LEB period(chart-3)



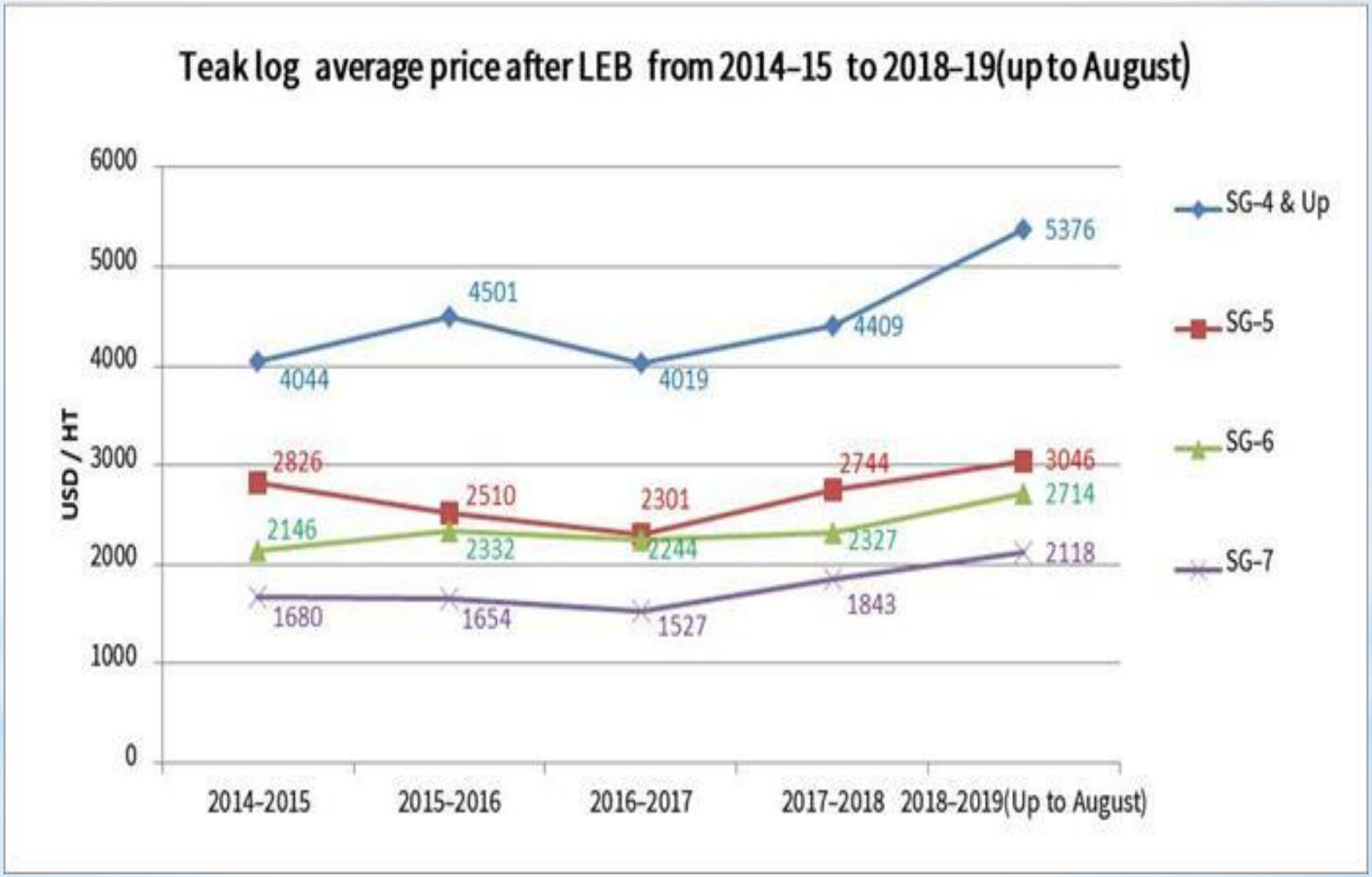
Current situation of teak marketing

Teak log prices after LEB

- Timber companies have many balance logs to be shipped out
- Insufficient quantity of sawmills and wood processing facilities
- Do not have reliable export markets for teak products
- Faced challenges
- However, scarcity of raw material and property of teak log for long time storage persuade to make competitive bidding in monthly open tender
- Teak log grade wise prices during five years after is shown in chart(4)

Current situation of teak marketing

- Teak log prices after LEB (chart-4)



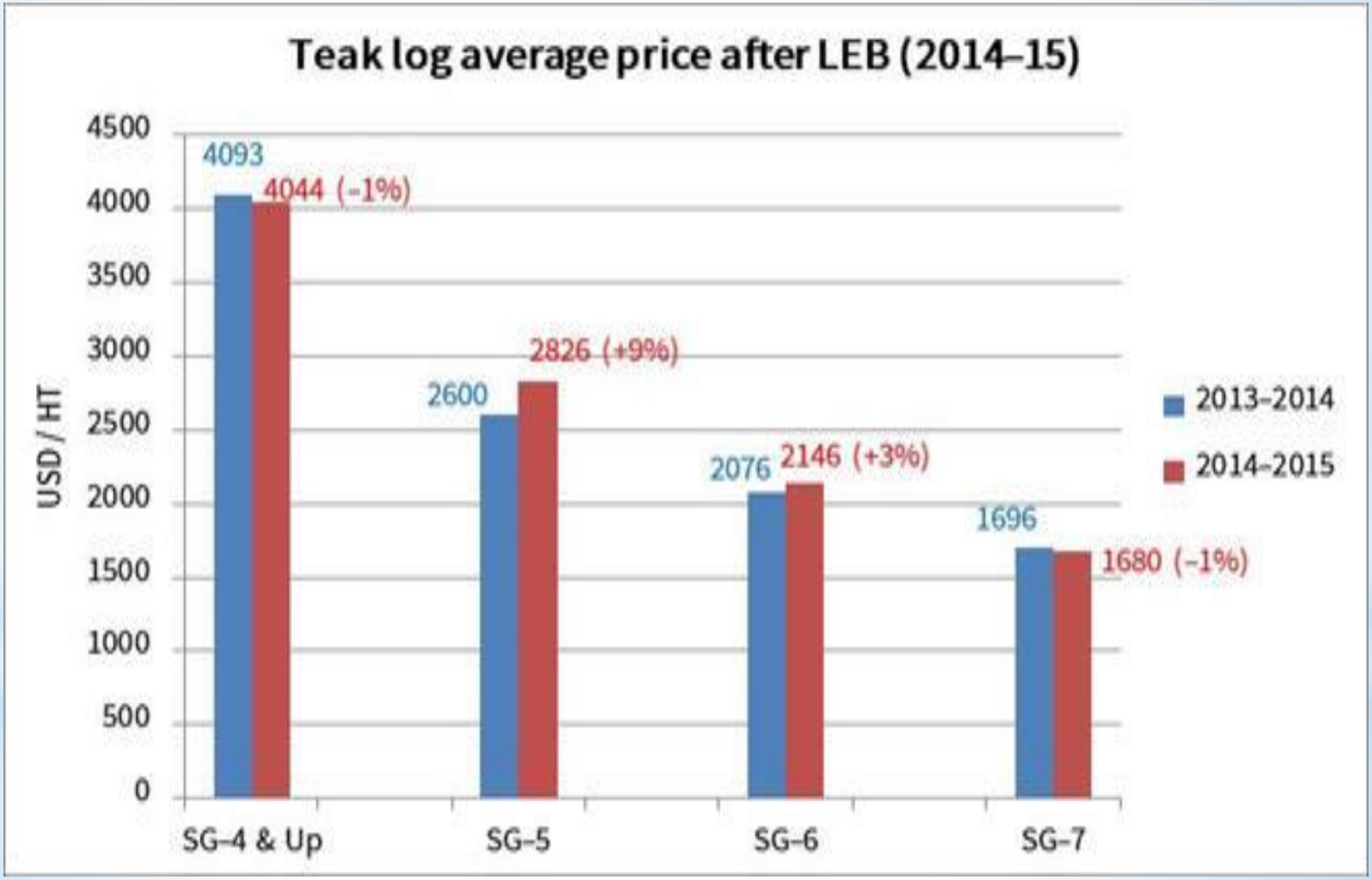
Current situation of teak marketing

Teak log prices after LEB

- Three year after LEB the prices of some teak log grades declined slightly due to quality of the wood , the rest fetched good prices and some prices were appropriately the same as before LEB prices.
- Timber extraction resumed in 2017-2018, fresh-cut teak logs came out and the prices picked up again
- Comparative statement of yearly teak log prices after LEB against 2013-2014 fiscal year is as follows chart(5), chart (6), chart(7), chart(8) and chart(9)

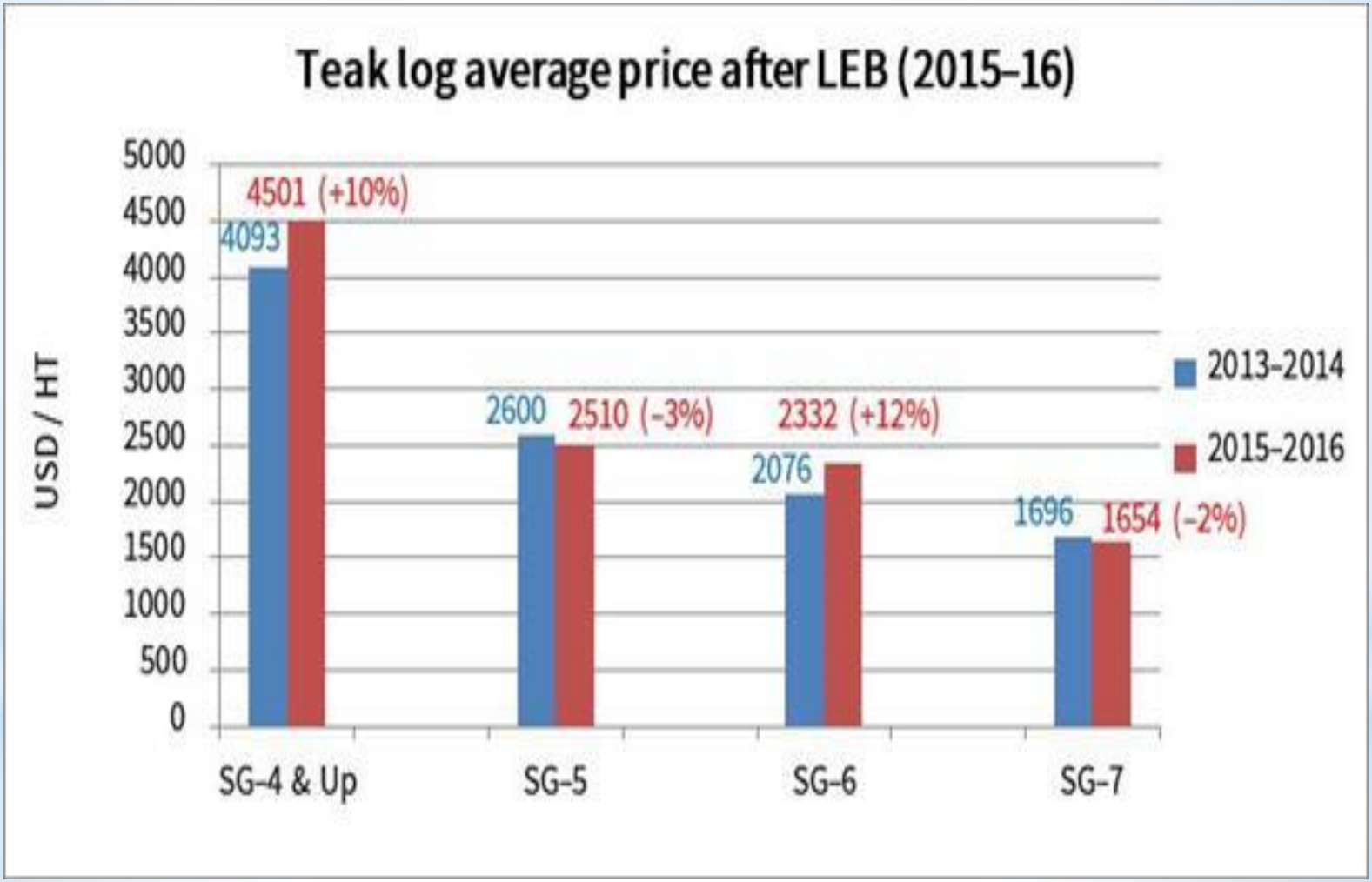
Current situation of teak marketing

- Teak log prices after LEB (chart-5)



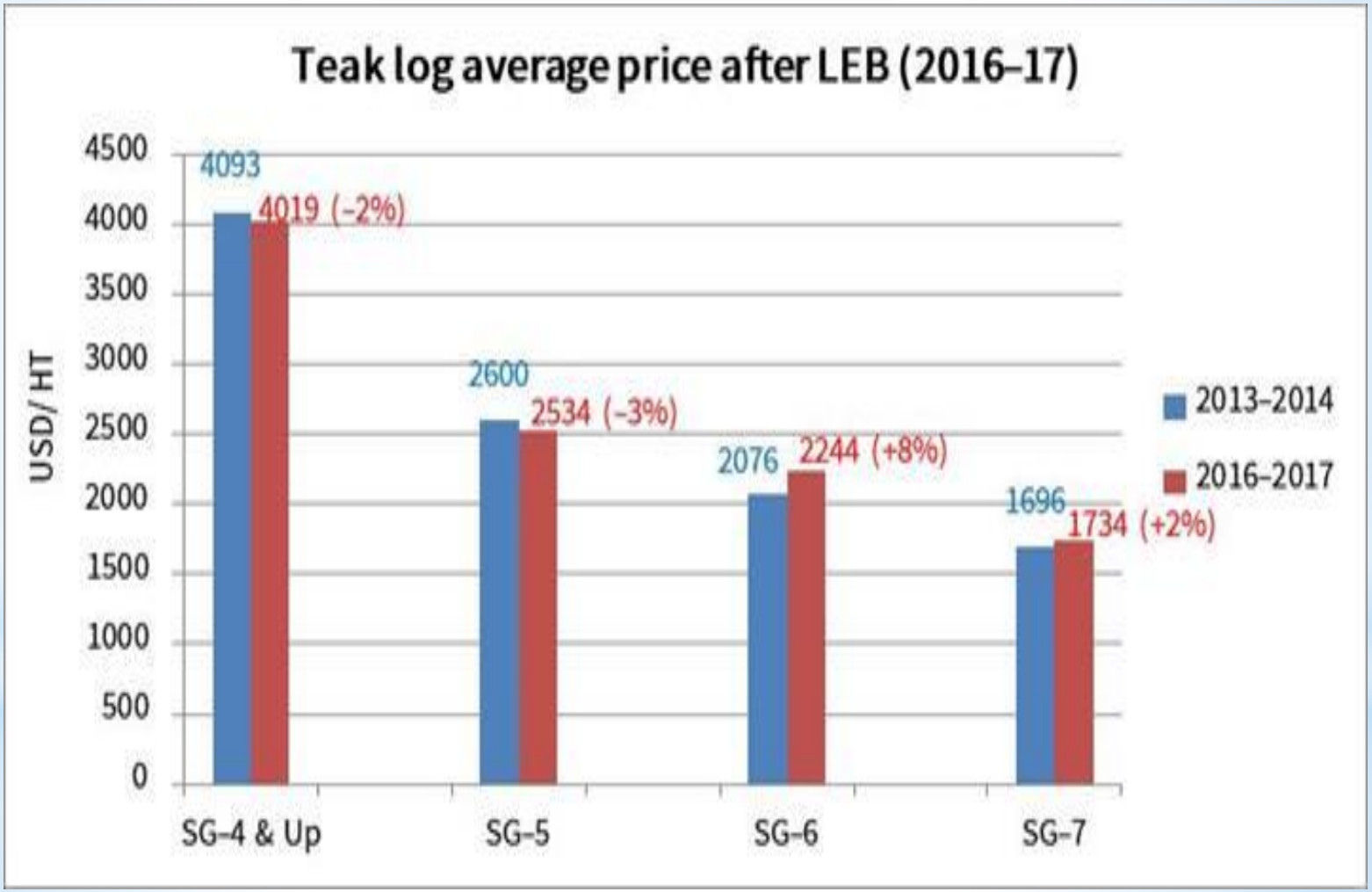
Current situation of teak marketing

- Teak log prices after LEB (chart-6)



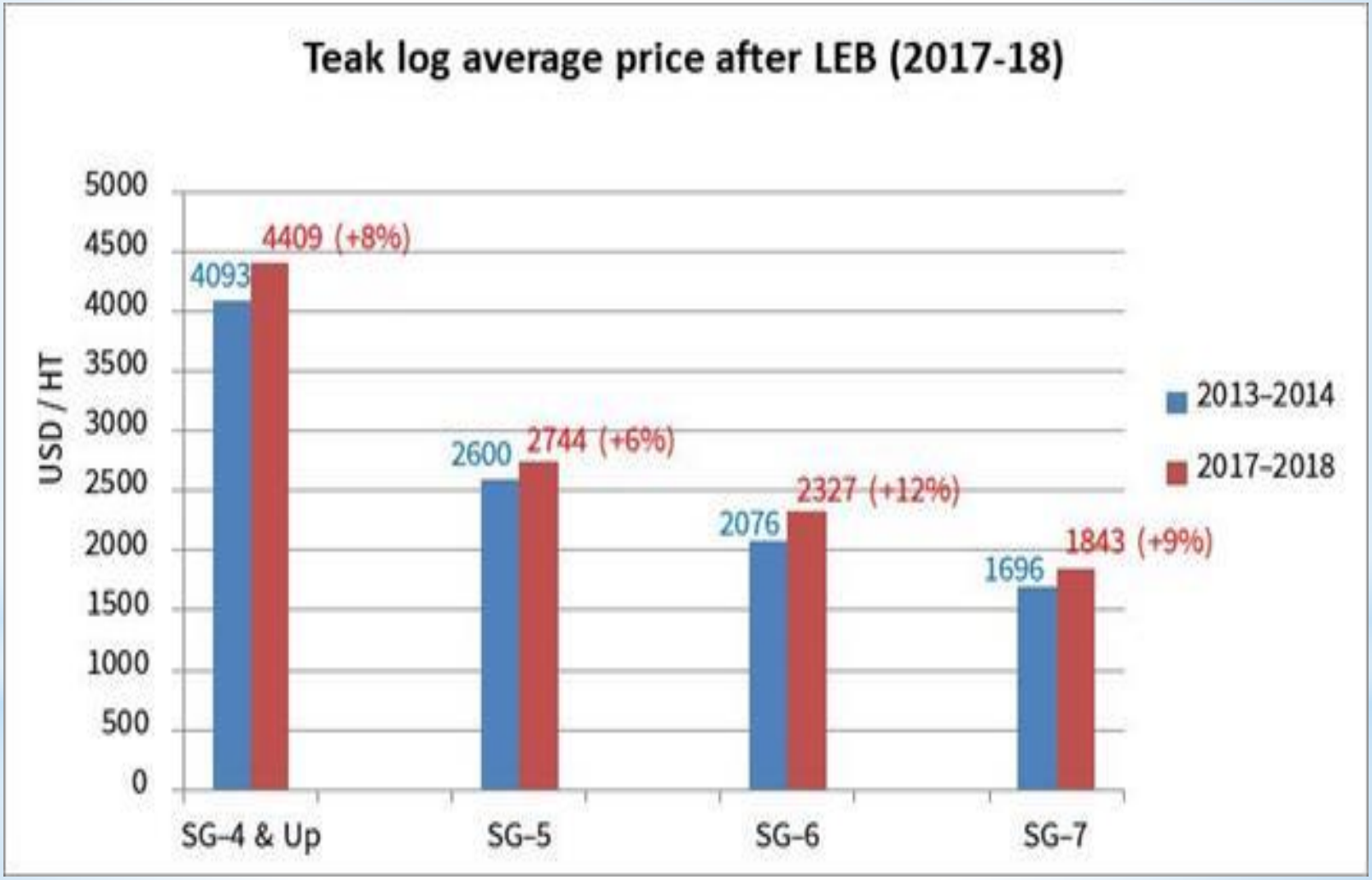
Current situation of teak marketing

- Teak log prices after LEB (chart-7)



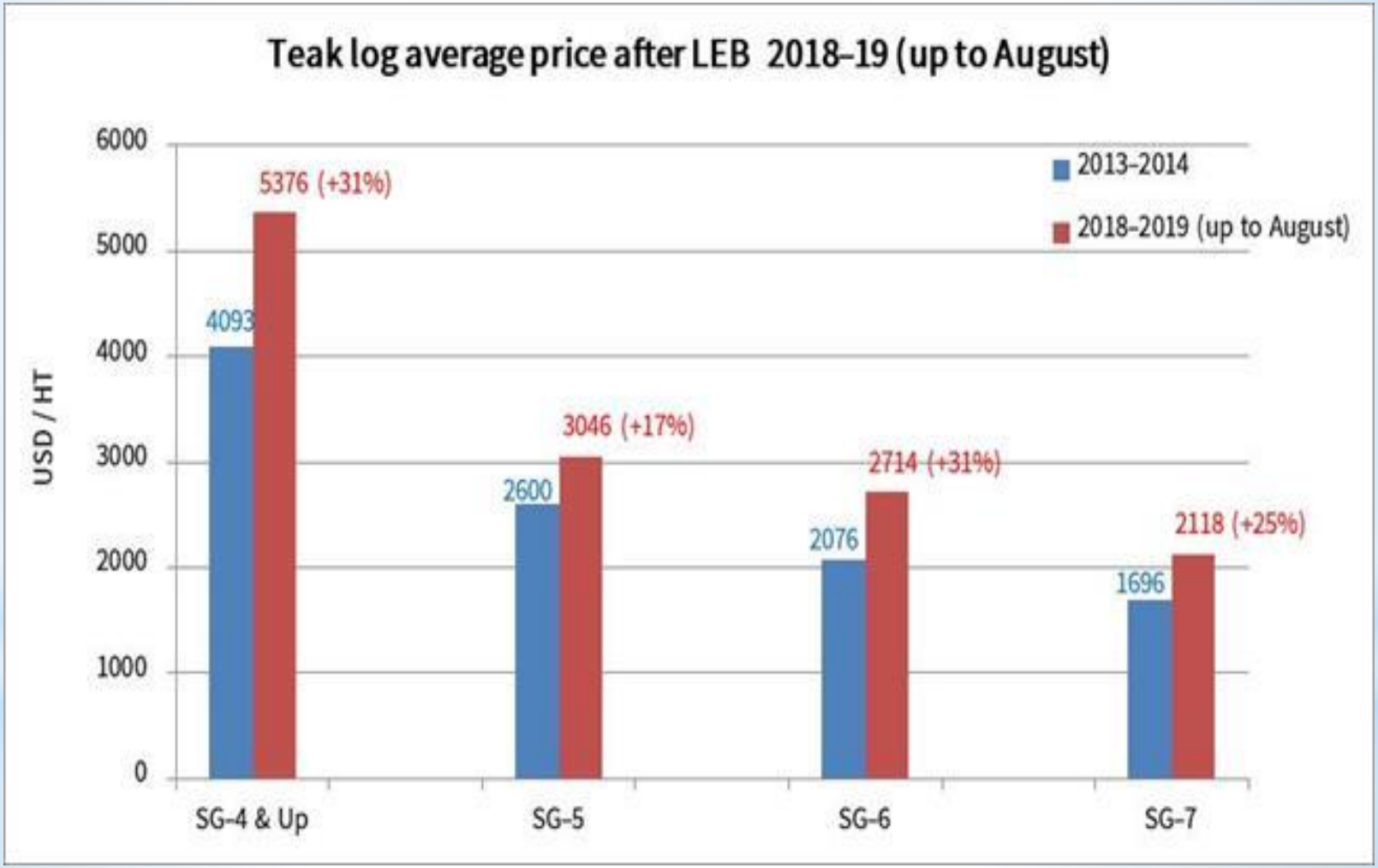
Current situation of teak marketing

- Teak log prices after LEB (chart-8)



Current situation of teak marketing

- Teak log prices after LEB (chart-9)

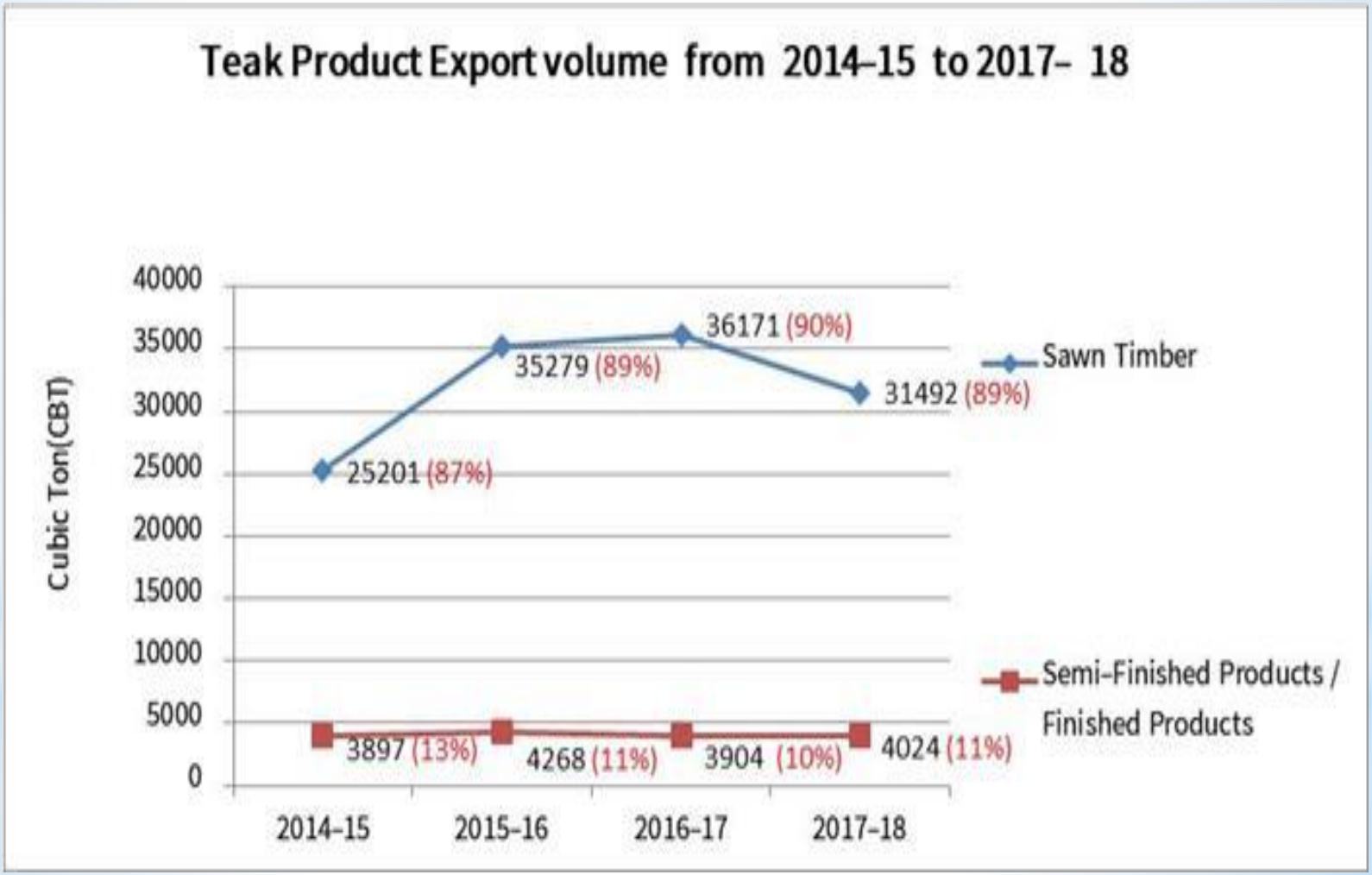


Current situation of teak marketing

- Manufacturing and sale of teak products
  - Inferior teak logs are transferred to MTE sawmills and wood based industry factories where processing is made
  - Output sawn timbers are sold by monthly open tender
  - Timber companies purchased teak logs at monthly open tender and make processing at the private sawmills.
  - Output products are exported
  - Export volume of teak semi-finished , finished products and sawn timber four years after LEB are shown in chart(10)

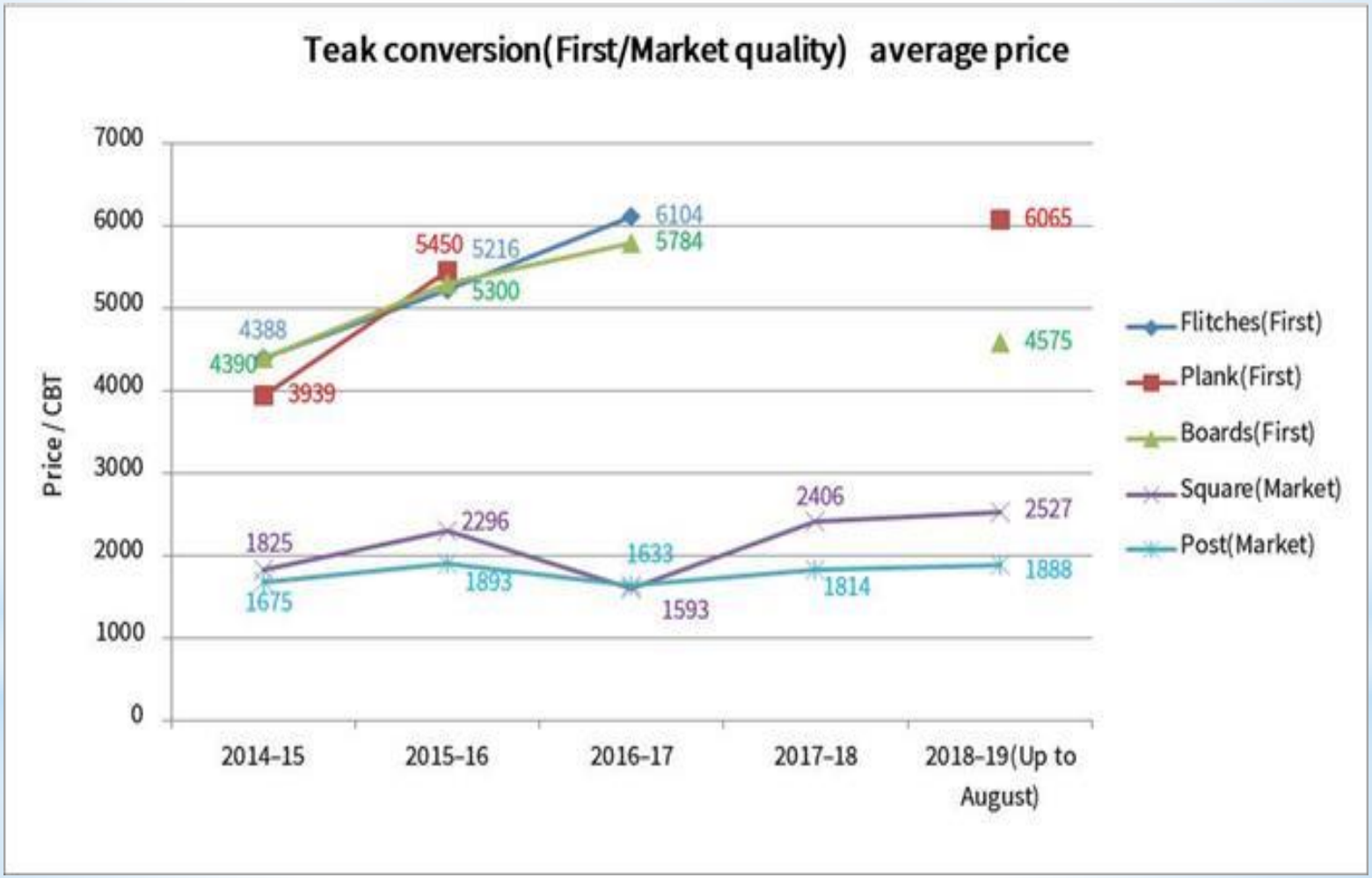
Current situation of teak marketing

- Manufacturing and sale of teak products (chart-10)



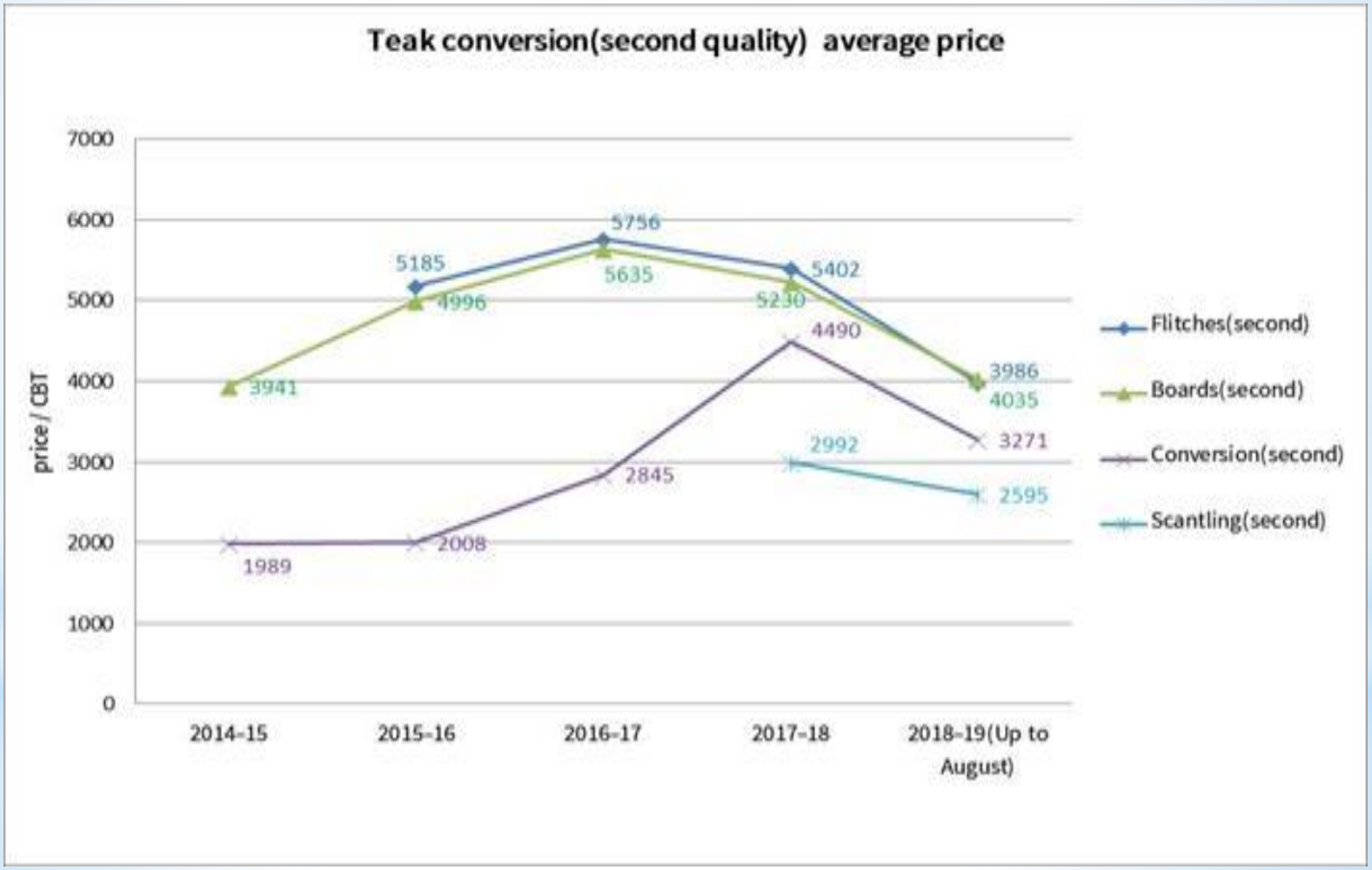
Current situation of teak marketing

- Teak product prices(chart-11)



Current situation of teak marketing

- Teak product prices(chart-12)



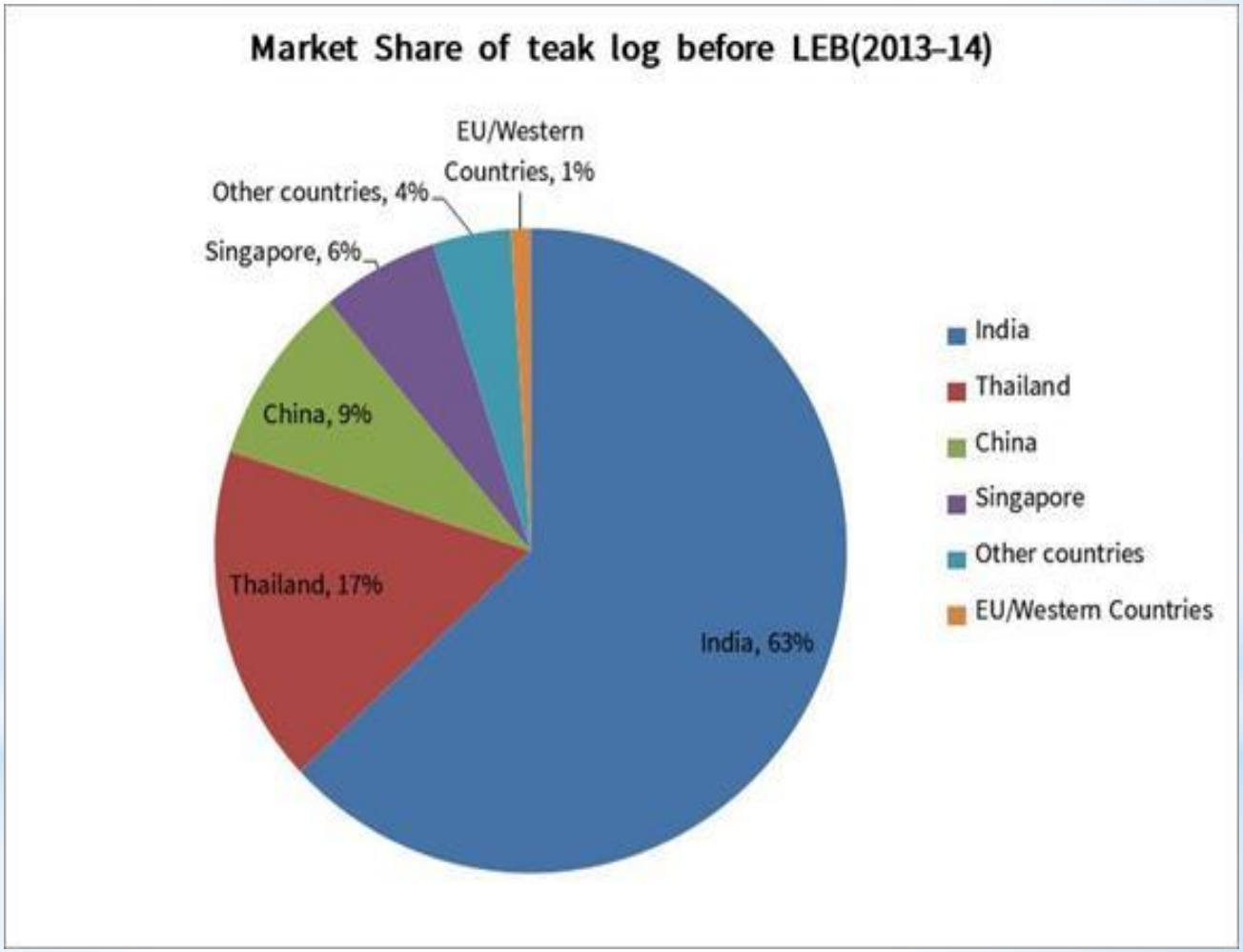
Current situation of teak marketing

Market Share

- Myanmar natural teak holds a niche market in the world
- But teak market trend is changing in accord with international political , economical , trade and environmental factors
- MTE studies these circumstances thoroughly and tries to manage Myanmar teak market firm and sustainable under the development of forest economy , social and environmental protection
- Market share of teal logs before LEB(2013-2014) is shown in chart(13) and teak products in 2017-2018 is shown in chart(14)

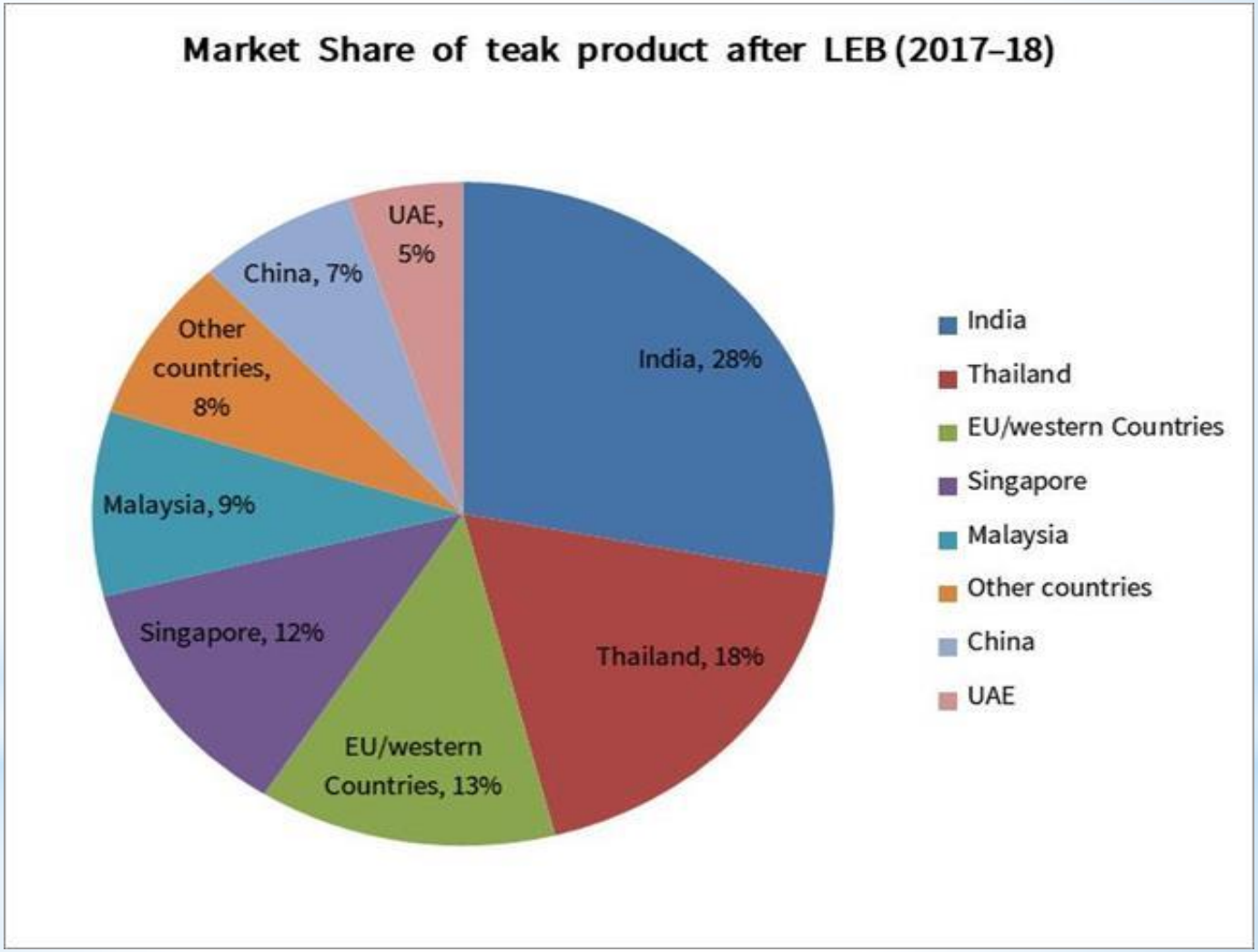
Current situation of teak marketing

- Market Share (Chart-13)



Current situation of teak marketing

- Market Share (Chart-14)



Current situation of teak marketing

- Teak Marketing (ways and means of sale)
  - Production of teak log(2018-2019)

    Teak Log - 11087HT(88%)natural forest

    -1509HT(12%) state own plantation
  - Sale system

    Monthly open tender sale
  - Prices Basis

    Ex-site basis price/ Ex-Depot(Yangon) basis price for teak logs

    FOB basis price for teak sawn timber

Current situation of teak marketing

- Teak Marketing (ways and means of sale)

  - Taxation

    - Specific Goods Tax 10% , Commercial Tax zero % for export sawn timber

    - Specific Goods Tax 5% , Commercial Tax 5% for local sale

    - Specific Goods Tax and Commercial Tax are exempted for export of semi-finished and finished wood products

Current situation of teak marketing

Conclusion

- Myanmar natural teak holds a firm footing in the world timber market for decades
- It fetches good prices due to its color , texture , decorative power and quality as well
- Issue of reliable documents for tracking back timber make teak wood safer and price higher significantly
- Total export volume of state and private sector is dominated by teak sawn timber
- Nowadays, raw teak wood becomes scarce and more expensive
- Myanmar is endeavoring in manufacture of value-added teak products for export to strengthen teak value chain.

Current situation of teak marketing

Open tender sale(Teak logs lot)

Lot no. – WTY(FA)-85

Quality – SG-I

Ton – 6.768

Highest bid price– 6020USD/HT

Open tender no.-OT-02/2017-18

Lot no – WTY-154

Quality – SG-II

Tons – 30.022

Highest bid price– 6849USD/HT

Open tender no.– OT-02/2018

Lot no. – GKT(FA)-16

Quality – SG-III

Tons – 16.266

Highest bid price– 2740USD/HT

Open tender no.– OT-05/15-16

Current situation of teak marketing

Open tender sale(Teak logs lot)

Lot no. – DG-310
Quality – SG-IV
Tons – 14.722
Highest bid price– 5299USD/HT
Open tender no.– OT-03/18-19

Lot no. – WTY(FA)-55
Quality – SG- VI
Tons – 34.908
Highest bid price– 3356USD/HT
Open tender no.– OT-02/18-19

Lot no. – DG-19
Quality – SG-V
Tons – 23.430
Highest bid price– 3859USD/HT
Open tender no.– OT-03/18-19

Lot no. – WTY(FA)-55
Quality – SG- VII
Tons – 34.926
Highest bid price– 2439USD/HT
Open tender no.– OT-03/18-19

Current situation of teak marketing

Open tender sale(Teak Conversion lot)

Lot no.	- SFL-04/2018
Sawmill	- NO.10
Commodity	- FLITCHES
Quality	- SECOND
Tons	- 0.4685
Highest bid price	- 4459USD/CBT
Open tender no.	- 03/2018

Lot no.	-PLIIL-3
Sawmill	-NO.4
Commodity	-PLANKS
Quality	-SECOND
Tons	-1.1585
Highest bid price	-4350USD/CBT
Open tender no.	-05/2018

Lot no.	- 8/FB-01/18-19
Sawmill	- NO.8
Commodity	- BOARDS
Quality	- FIRST
Tons	- 0.7514
Highest bid price	- 4575.38USD/CBT
Open tender no.	- 01/2018-19

Lot no.	- 8/SB-01/18-19
Sawmill	- NO.8
Commodity	- BOARDS
Quality	- SECOND
Tons	- 1.7497
Highest bid price	- 4362.60USD/CBT
Open tender no.	- 01/2018-19

Current situation of teak marketing

Open tender sale(Teak Conversion lot)

Lot no.	-PMS-6
Sawmill	-NO.4
Commodity	-POSTS
Quality	-MARKET
Tons	-12.2722
Highest bid price	-1736.44USD/CBT
Open tender no.	-03/2018-19

Lot no.	-SQ-06
Sawmill	-NO.6
Commodity	-SQUARE
Quality	-MARKET
Tons	-6.0032
Highest bid price	-2480.63USD/CBT
Open tender no.	-02/2018-2019

Lot no.	-MSL-09
Sawmill	-NO.2
Commodity	-CONVERSIIONS
Quality	-SECOND
Tons	-0.5767
Highest bid price	-4256.75USD/CBT
Open tender no.	-01/2018-19

Lot no.	-MSL-12
Sawmill	-NO.2
Commodity	-SCANTLINGS
Quality	-SECOND
Tons	-0.8154
Highest bid price	-2864.40USD/CBT
Open tender no.	-02/2018-2019

Thank You For your kind attention