Tropical Timber Market Report

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Top story

Survival of the Myanmar forests and timber industries

Timber enterprises in Myanmar have come to the conclusion that their business models have to be reshaped to account for the changing political, economic and environmental situation.

Continuation of efforts to create a robust system to verify legality, the trade restrictions in force the EU and US along with the policies of the State Administration Council (SAC) are, among others, the major drivers forcing changes.

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Sheam Satkuru appointed as ITTO's Executive Director

At its 57th session ITTO's governing body, the International Tropical Timber Council, by consensus appointed Ms Sheam Satkuru as the Organization's Executive Director.

See:
https://www.itto.int/tfu/2022/01/07/council_appoints_new_executive_director/

Central and West Africa

Export quotas for plywood timbers in Cameroon

Almost all sawmills in Cameroon are back in operation as the rains have eased. There are rumours in the domestic trade that the government is considering a new law setting out quotas for some species mainly those for plywood production. This, it is suggested, would give a boost to domestic plywood plants.

A tropical tree in Cameroon, the first plant species to be named as new to science in 2022, has officially been labelled Uvariopsis dicaprio in honour of Leonardo DiCaprio after the actor and environmental activist DiCaprio to acknowledge his campaign to protect Ebo forest from logging.

Researchers at the UK's Royal Botanic Gardens, Kew, the National Herbarium of Cameroon and the University of Yaoundé determined this tree was previously unknown to science.

Private/public sector reforestation investment

The Ministry of Forests and Wildlife of Cameroon, in cooperation with several stakeholders, will implement a forest restoration project 'Reforestation in Forest Management Units in Cameroon' (RUFAC). The project aims to contribute to the sustainable management of Cameroon's timber production forests by mobilising private and public involvement in reforestation and plantations.

The project aims at enriching 21,500 ha of exploited forests with local species. The ATIBT writes "The entire private forestry sector will also be involved, as well as the communities bordering the FMUs, including marginalized communities, youth, women and indigenous communities, and also technicians and scientists specialised in tropical forestry".

See: https://www.atibt.org/en/news/13111/launch-of-the-rufac-project-in-cameroon

29 companies10 million hectares

In the Congo it is reported that 29 companies are operating in a 10 million ha. with a reported 75% being under approved forest management plans. In 2020 the government initiated plans to increase domestic processing but little progress has been made and the quota system for log exports is still in force.

Rise in Gabon sawnwood export prices

In the first 9 months of 2021 Gabon's exports increased almost 4% year on year driven mainly by exports in the non-oil sector particularly rubber, fish products and sawnwood where there was an almost 14% increase in the value of exports due to the steady rise in FOB prices.

See: https://www.lenouveaugabon.com/fr/transports-logistique/1201-17924-les-recettes-dexportations-du-gabon-augmentent-de-pres-4-malgre-les-effets-de-la-covid

The government of Gabon has announced that in the first nine months of 2021 production of processed wood products rose almost 30% year on year to 1,010,131 cu.m with most of this being produced in the Nkok zone.

Sales in the domestic market increased by 54% to 120,525 cu.m and exports rose almost 25% to 675,817cu.m. According to Prime Minister, Rose Christiane Ossouka Raponda, Gabon is already the leading plywood producer in Africa and is relying on the timber industry to help diversify the economy.

See: https://www.lenouveaugabon.com/fr/agro-bois/1301-17929-l-industrie-du-bois-gabonais-renoue-avec-ses-performances-d-avant-la-covid

Detecting deforestation in Ivory Coast

As part of the Global Monitoring for Environment and Security in Africa (GMES) programme a forest cover monitoring operation in Ivory Coast will be implemented by the European Union (EU) with the objective of promoting more sustainable natural resource management.

At the second continental forum of GMES, the EU ambassador in Ivory Coast, Jobst von Kirchmann, said that this operation will initially monitor deforestation in Ivory Coast and will be done through the use of satellite information.

See: https://www.afrik21.africa/en/ivory-coast-eu-to-launch-forest-cover-monitoring-program-2/

Log export prices

West African logs	FOB Euro per cu.m		
Asian market	LM	B	BC/C
Acajou/ Khaya/N"Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & ekki	275	275	175
Belli	300	300	-
Bibolo/Dibétou	215	215	-
Bilinga	275	275	-
Iroko	300	280	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	225	225	220
Moabi	280	280	250
Movingui	180	180	-
Niove	160	160	-
Okan	210	200	-
Padouk	270	240	200
Sapele	260	260	200
Sipo/Utile	260	260	230
Tali	280	280	-

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	440
Bilinga FAS GMS	540
Okoumé FAS GMS	440
Merchantable KD	380
Std/Btr GMS	370⬆
Sipo FAS GMS	425
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	900
FAS scantlings	1,000
Strips	350
Sapele FAS Spanish sizes	420
FAS scantlings	450
Iroko FAS GMS	600
Scantlings	620
Strips	370
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

Ghana

Export volumes rise almost 40%

Wood and wood products export statistics released by the Timber Industry Development Division (TIDD) of the Forestry Commission for the period January to October 2021 show an increase of 38% in volume and a 23% increase in value compared to the same period in 2020. In the ten months exports totalled 248,658 cu.m earning the country Eur113.52 million.

Export Volumes, Jan – Oct cu.m

	Jan-Oct 2020 cu.m	Jan-Oct 2021 cu.m	% change YoY
AD Saw nw ood	90,047	124,807	39
Billet	17,228	38,717	125
KD saw nw ood	29,191	34,623	19
Plyw ood (Overland)	18,059	20,713	15
Plyw ood	724	3,168	338
Mouldings	8,665	8,879	2.5
Sliced Veneer	7,209	9,558	33
Rotary Veneer	7,343	9,659	32
Boules (AD)	1,070	678	-36
Boules (KD)	159	34	-79
Others	140	218	
Total	179,835	248,658	38

Data source: TIDD, Ghana

The recovery seen in the first 10 months of 2021 can be attributed to the pre-Christmas and New Year holiday stock build-up bu international buyers. Exports of air-dried sawnwood, billets, kiln-dried sawnwood and plywood represented 50%, 16%, 14% and 8% respectively and accounted for over 85% of total shipments.

The table below also shows the corresponding export receipts for the period under review for both 2021 and 2020.

Export earnings, Jan – Oct Euro 000s

	Jan-Oct 2020 Euro 000s	Jan-Oct 2021 Euop 000s	% change YoY
AD saw nw ood	44,733	51,479	15
Billet	6,658	13,578	104
KD saw nw ood	17,405	19,408	12
Plyw ood (Overland)	6,122	8,166	33
Plyw ood	250	1,217	387
Mouldings	6,097	6,323	4
Sliced Veneer	6,677	9,592	44
Rotary Veneer	3,397	3,088	-9
Boules (AD)	576	426	-26
Boules (KD)	103	23	-78
Others	151	223	48
Total	92,169	113,523	23

Data source: TIDD, Ghana

According to the TIDD report there was a significant improvement in the volume and value of plywood exports during the 10-months period of 2021. Senegal was the leading importer of plywood from Ghana accounting for 71% of total exports followed by Greece (28%) and Gambia (2%)(3,163 cu.m. in total).

Plywood sales to regional markets are growing with exports to Togo, Niger, Burkina Faso, Benin and Mali. The main face veneers for the exported plywood included ceiba, mixed red wood, ofram, makore, danta and sapele.

Commission to strengthen operations in 2022

The Forestry Commission (FC) has indicated its readiness to give more priority to certain areas that could see the revamping of the Commission operations in 2022. The focus will be on:

- Launching of the 2021-2025 Corporate Strategic Plan
- Strengthening institutional and regulatory frameworks for sustainable forest management
- Enhancing law enforcement within forest reserves and wildlife protected areas
- Implement the Ghana Forest Plantation Strategy through establishing and maintaining forest plantations
- Promoting timber industry, trade development and technology transfer
- Encouraging community participation in forest and wildlife resource management
- Develop and implement Integrated Forest Reserves and Protected Areas Management Plans
- Developing a legal framework for forest plantation development

- Reviewing the operational procedures and guidelines governing plantation timber harvesting
- Initiating processes towards the drafting and promulgation of the Forest Plantations Act
- Enhance resources to mitigate the upsurge of illegal logging and lumbering in selected regions
- Proposing the gazetting of 21 forest reserves

The Chief Executive Officer of the Commission, John Allotey, made this known at an end-of-year media briefing saying these changes are intended to achieve the main aims and objectives of the Commission.

See: https://citinewsroom.com/2022/01/forestry-commission-outlines-17-operational-priorities-for-2022/

ECOWAS readying to trade under the AfCFTA

One year after the operationalisation of the African Continental Free Trade Area (AfCFTA) trading under the single continental market is gradually picking up said Dr. Fareed Arthur, Senior Technical Advisor at Ministry of Trade and Industry and Head of the National AfCFTA Coordination Office in Accra.

Eight countries from the western region of Africa including Nigeria, Ivory Coast, Sierra Leone, Gambia and Liberia have put in place trade structures and are at the point of initiating trading under AfCFTA rules. According to Dr. Arthur these moves signal strong commitment from AfCFTA member states towards to advance economic transformation through trade.

Dr. Arthur said Ghana's position as host of the AfCFTA Secretariat challenges the country lead the process of continental integration and challenges Ghanaian businesses to take advantage of the opportunities this creates.

See: https://newsghana.com.gh/8-ecowas-nations-ready-to-trade-under-the-afcfta/

Boule export prices	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	567
Niangon Kiln dry	659

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	880↑	441
Chenchen	540	612
Ogea	443	590
Essa	433↑	619
Ofram	350	435

Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	869↑
Avodire	811↑
Chenchen	1,022↑
Mahogany	1,190↓
Makore	633
Odum	700↓
Sapele	1,415

Export plywood prices

Plywood, FOB	Euro per cu.m		
BB/CC	Ceiba	Ofram	Asanfina
4mm	393	580	641
6mm	412	535	604
9mm	370	490	560
12mm	495	476	480
15mm	450↑	414	430
18mm	460	463	383

Grade AB/BB would attract a premium of 10%, B/BB 5%, C/CC 5% and CC/CC 10%.

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	465	564
Ceiba	435	-
Dahoma	388↑	-
Edinam (mixed redwood)	520	578↑
Emeri	550	540↓
African mahogany (Ivorensis)	1,239↑	840↑
Makore	710	713↓
Niangon	593↑	586↓
Odum	950	8504↓
Sapele	800	710↑
Wawa 1C & Select	422↑	428↑

Malaysia

Worst may be over for furniture makers

A report from Hong Leong Investment Bank's research team (HLIB Research) summarised in the Malaysian media suggests the outlook for Malaysia's furniture sector could be improving but there are still challenges.

The report says "While we note that the worst (extended period of production halt) is likely over for the sector, nonetheless, challenges such as elevated raw material costs, persistent foreign labour shortage and concerns on the manufacturing sector's labour practices will continue to cloud the outlook of the sector".

The report notes that in the first 10 months of 2021 wooden furniture export earnings totalled RM8.15 billion (down 2.8%).

The underperformance was mainly due to the long period when production had to be stopped to comply with government restrictions aimed at controlling the spread of infections. In addition to this other challenges were and remain rising raw material cost and labour shortages.

See:https://www.theborneopost.com/2022/01/07/still-murky-but-worst-likely-over-for-furniture-makers/

Sabah lifting log export ban

The Malaysian media has published details of the Sabah State Government's lifting of the log export ban imposed during the Warisan administration in May 2018. Sabah Chief Conservator of Forests, Frederick Kugan, confirmed this in a circular dated 21 December which said the Limited Log Export Programme which allows eligible parties to export logs from Sabah was effective 3 January 2022.

This decision was based on consultations with the Timber Association of Sabah and the Sabah Timber Industry Association and relevant stakeholders. Log exports will be limited and based on a quota capped at 20% of harvest volumes derived from the Annual Work Plan submitted by the licensees and approved by the Forestry Department.

Kugan said preference will be given to the local mills and the quotas are not automatically granted but based on applications which will be reviewed and monitored by a coordination committee. Applicantions will only be entertained from Sustainable Forest Management Licence Agreement holders and Government-linked companies.

See: https://www.theborneopost.com/2021/12/29/sabah-lifting-log-export-ban/
and
https://www.nst.com.my/news/nation/2022/01/761622/sabah-forestry-department-will-never-condone-illegal-logging

Indonesia

Government revokes 3 mil. ha. forest permits

In a virtual press statement Indonesian President Joko Widodo announced the government has revoked 192 forestry sector permits covering an area of 3,126,439 hectares because companies that have the permits have not carried ou any activities in recent years.

According to the President, this step was taken in an effort to improve the governance of natural resources and to encourage community welfare through productive forest management. This isdecision is unprecedented in Indonesian history. Through this move more access to forest areas can be granted to communities, land productivity and investment can be raised and governance can be strenghthened.

The Environment and Forestry Minister pointed that 1.7 million hectares of revoked palm oil permits in state forest areas account for over 57% of the total revoked permit areas. In addition permits for logging and pulpwood concession areas covering over 1.32 million hectares had also been revoked.

See:https://infopublik.id/kategori/nasional-ekonomi-bisnis/595482/pemerintah-cabut-izin-3-1-juta-hektare-sektor-kehutanan
and
https://foresthints.news/minister-details-dataset-of-indonesia-revoked-palm-oil-forestry-permits/

Climate change resilience, Ministry prepares plans for forestry

The Director General of Sustainable Forest Management, Ministry of Environment and Forestry (KLHK), Agus Justianto, identified 6 forest management activities that can contribute to climate change resilience.

The six management activities are:

- reducing emissions from deforestation and peatland
- increasing the capacity of natural forests in carbon sequestration (reducing degradation and increasing regeneration,
- restoration and improvement of peat water systems
- rotational/planned forest rehabilitation through intensive silviculture
- Reduced Impact Logging techniques
- optimising unproductive land for plantation forest development through multi-business forestry

The government policies for forest management in support of climate change resilience are built on 5 pillars namely; area certainty, mutual guarantee, productivity, product diversification and competitiveness. To achieve these aims efforts will be required to strengthen collaboration, coordination, and harmonization of interests.

See: https://www.beritasatu.com/nasional/872475/hadapi-perubahan-iklim-klhk-siapkan-programpengelolaan-hutan-lestari

In related news, Environment and Forestry Minister, Siti Nurbaya, said she will be stepping up efforts to strengthen the country's carbon governance following the recent enactment of a presidential regulation on the economic value of carbon. The Minister stressed that she would further intensify efforts to strengthen legal measures, to ensure that good carbon governance practices continue to be implemented under the law.

2021 forest sector performance good despite the pandemic

The Ministry of Environment and Forestry (KHLK) said that in 2021 the performance of the foresrt sector was very positive despite the COVID-19 pandemic. Agus Justianto said in a written statement that log production was recorded at 51.81 million cubic metres or around 6% higher than in 2020.

He added, processed wood production was 43.8 million cubic metres (up 4%) and non-timber forest product (NTFP) production was 651,000 tonnes (up 30%). In terms of export value of forest products in the fourth quarter of 2021 increased by 25% year on year to US$13.85 billion.

See: https://www.antaranews.com/berita/2632645/klhk-sebut-kinerja-pemanfaatan-hutan-tumbuh-positif-meski-pandemi

Supply gap an opportunity for Indonesia

Chairman of the Presidium of the Indonesian Furniture and Craft Industry Association (HIMKI), Abdul Sobur, said the furniture and craft sector set a record in sales in 2021 and the forecasts that exports in 2022 will continue to grow despite the winding down of government economic stimulus measures in export destinations.

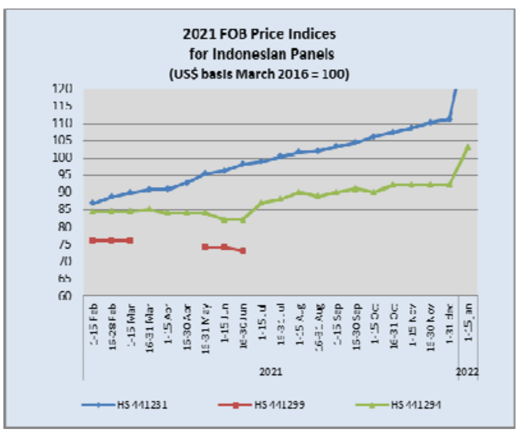
He pointed out that there is a market opportunity in the United States as a result of reduced imports of products from China due to the trade dispute between the two countries. The gap in supply has created an opportunity for Indonesia along with Vietnam, Malaysia, and other major producers.

See:
https://ekonomi.bisnis.com/read/20211231/12/1483861/china-sulit-masuk-pasar-as-eksportir-mebel-ekspor-2022-naik

Forest cover area reaches 95.6 million hectares

The Director General of Forestry Planning and Environmental Management (PKTL) in the Ministry of Environment and Forestry (KLHK), Ruandha Agung Sugardiman, reported that Indonesia's forest cover area was 95.6 million hectares or about 51% of the total land area. He added of the 95.6 million hectares around 46.9 million hectares are primary forest, 43.1 million hectares of secondary forest and 5.4 million hectares of plantation forest.

See: https://www.antaranews.com/berita/2588981/klhk-luas-tutupan-hutan-indonesia-capai-956-juta-hektare



Data source: License Information Unit. http://silk.dephut.go.id/

Myanmar

Survival of the forest and timber industry

The business model of wood industry can be reshaped in 2022 to account for the changing political and environmental situation. The continuation of efforts to verify legality, the trade restrictions in force the EU and US along with the new policy of the current State Administration Council (SAC) are, among others, the major drivers of change. Deforestation remains a key issue that must be addressed.

Complexity of legality verification

Since the EUTR was introduced the legal status of Myanmar timber has been questioned. Most EU member States regard Myanmar timber as illegal given the current conflict, poor traceability and corruption.

Before the conflict the EU and the US were the two major markets along with India. In addition there is a large un-reported and unverified cross border trade in timber with China. It is learnt that EU imported about US$150 million during the three years 2018-2020 while US imported around US$50 million over the same period. There are no trade barriers in the India market but the demand is not stable.

Myanmar had begun VPA negotiation but these stalled before the military government seized power and now the EU has suspended aid and all activities in the country. The PEFC, which had been helping Myanmar, suspended its endorsement of MFCS/MTLAS as the requirement for wide public consultation could not be guaranteed. As a result, the legality issue will remain as the major challenge for the timber sector.

The extraction policy

Regarding the internal harvesting policy, in contrast to expectations on the part of local and international observers, the new administration did not reverse the reform process initiated by the previous government. The previous NLD-Led government reduced harvest levels very sharply and initiated reform processes. However, it has been observed that illegal logging practices are now at an alarmingly high level and the reform process is severely undermined by the current illegal logging.

The reform process, including lowering harvest levels, does not seem adequate to safeguard the forest the evidence for this is the statistics on confiscated timber revealed by the Forest Department. Among the local foresters there was even a debate that the conservation and safeguarding the forest should be prioritised rather than the efforts to confiscate of illegal timber.

Some international observers have commented that it is possible that the Myanmar military regime will be tempted to deregulate the logging sector in order to stimulate local employment and save business from shutting down.

On international trade it has been suggested that, to avoid the potential problems in dealing directly with the Myanma Timber Enterprise which has been sanctioned by the US and EU, foreign buyers could conduct business directly with the private sector thus circumventing international sanctions.

This is not happening but, while there has been no policy change regarding the forest regulations, weak law enforcement is making the forest vulnerable to illegal logging.

Combating illegal trade

Both external observers and policymakers in Myanmar commonly assume that preventing illegal logging and trade in illegal timber is the responsibility of the Forest Department alone. But, given the challenges its personnel face on the ground, a joint approach between multiple agencies is needed. This in turn requires that combating illegal logging be made a priority and not just within the country but also through consultations with Myanmar's neighbours.

For every Forest Department employee there are 8,000 ha. of forest to be overseen, a near-impossible task without access to high level technology. Officials who are responsible for safeguarding natural forests are not provided with the tools needed to uncover networks of patronage and the government takes few precautions to protect them.

The fact that such illegal activity takes place in isolated spots means that there are no police in the area who could prevent an official from being attacked. Under these circumstances combating illegal logging is the most important task for the forestry sector.

Sawnwood ban unlikely to contribute to forest conservation

Concern has been raised that the policy to restrict the export of sawnwood should be reviewed because it will not contribute a positive impact on exporters and forest conservation. Myanmar urgently needs a reliable Chain of Custody system so that millers in Myanmar and the importers will be convinced no illegal timber has entered the supply chain. For teak the export of downstream products should be maintained since teak itself is value-added products.

A trade observer notes "if the illegal logging is not prevented sooner or later the timber industry will suffer the consequences of not being able to verify legality and the country will be blamed deforestation".

Foreign trade drops US$600 million

Myanmar's foreign trade has dropped nearly US$600 million since the mini-budget of the 2021-22 financial year (FY) which started in October 2021 according to the figures released by the Ministry of Commerce.

Between 1 October and 24 December last year the country's trade was US$6.662 billion compared to the same period a year earlier. Myanmar exports agricultural products, animal products, minerals, forest products and finished industrial goods while it imports capital goods, raw industrial materials and consumer goods.

India

Optimsistic export forecast

The Minister of Commerce, Piyush Goyal, said during a press conference that the government anticipates exports will exceed US$400 billion this fiscal year. In December 2021exports rose almost 40% year on year to US$37.29 billion, the highest ever monthly amount.

The Minister commented that it is not expected that the latest surge in covid infections will cause any major disruption of supply chains except in cases where shipping staff have to be quarantined.

See: https://commerce.gov.in/press-releases/indias-merchandise-trade-preliminary-data-december-2021/

Prices for recent shipments of teak logs and sawnwood

	US$/cu.m C&F
Benin	359-569
Sawnwood	359-712
Brazil	345-595
Sawnwood	221-777
Cameroon	639
Sawnwood	974
Colombia	305-615
Costa Rica	263-652
Ecuador	254-495
Gabon	370
Ghana	260-559
Sawnwood	485
Guatemala	277-594
Ivory Coast	263-458
Sawnwood	375-752
Mexico	356-439
Sawnwood	373-585
Panama	257-539
PNG	389-595
Sawnwood	492-677
Tanzania	376-930
Sawnwood	243-1,068
Togo	259-532
S. Sudan	414-676
Sawnwood	365-633
Nigeria	290-630
El Salvador	328-349
Nicaragua	290-630
Sawnwood	385-564
Solomon Is.	248
Surinam	222
Myanmar sawn	791-980

Price range depends mainly on length and girth.

Container costs punishing exporters

Exporters continue to struggle with extremely high freight rates and the Federastion of Indian Export Organistaions (FIEO) has advised the government that freight rates to Ausralia and New Zealand have increase 1,156% , to East Africa 551%, to European destinations 962 %, to Far East destinations 244% and for Gulf countries 172 %.

The FIEO has suggested the counrty must have a National Shipping Carrier to ensure the stabiilty of the export sector.

Locally milled sawnwood prices

No price increases have been reported.

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	3,800-4,200
Balau	2,500-2,700
Resak	-
Kapur	-
Kempas	1,455-1,750
Red meranti	1,450-1,750
Radiata pine	800-900
Whitewood	800-900

Price range depends mainly on lengths and cross-sections

Sawn hardwood prices

No price increases have been reported.

Sawnwood (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,750-1,850
Sycamore	1,850-2,000
Red Oak	2,100-2,200
White Oak	2,500-2,800
American Walnut	4,050-4,500
Hemlock STD grade	1,350-1,600
Western Red Cedar	2,220-2,450
Douglas Fir	1,850-2,000

Plywood

No price increases have been reported.

India plywood market 2022-2027

According to IMARC Group's latest report, titled "Indian Plywood Market: Industry Trends, Share, Size, Growth, Opportunity and Forecast 2022-2027", the Indian plywood market reached a value of INR 243.9 billion in 2021. IMARC Group expects the market to reach INR 344.2 billion by 2027, a CAGR of 5.97% during 2022-2027.

See: https://ipsnews.net/business/2022/01/10/indian-plywood-market-size-share-growth-trends-key-players-and-opportunity-2022-27/

MDF prices increased again

Plyreporter has offered an anlysis of why domestic MDF manufacturers have had to raise prices once again saying the steep increase in wood raw material costs along with increases in prices of resins and other inputs has given manufacturers little option but to raise prices.

In addition, there has been a sharp drop in MDF imports due to high freight costs and increased consumption in Europe and the Middle East.

For the analysis by Plyreporter see:
https://www.plyreporter.com/article/92698/mdf-prices-further-rise-by-7%

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	86.00
6mm	122.00
9mm	144.00
12mm	181.00
15mm	238.00
18mm	260.00

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	57.00	72.00
6mm	81.00	102.00
9mm	103.00	125.00
12mm	125.00	149.00
15mm	149.00	181.00
19mm	176.00	202.00
5mm Flexible ply	110.00	

Vietnam

Vietnam trade highlights

According to statistics from the General Department of Customs exports of wood and wood products (W&WP) in November 2021 reached US1.27 billion, up 2.5% compared to November 2020.

In particular, exports of WP reached US$915.7 million, down 9.9% compared to November 2020. Over the 11 months of 2021, exports of W&WP reached US$13.4 billion, up 21% over the same period in 2020. In particular, the export of WP reached US$9.99 billion, up by 18% over the same period in 2020.

W&WP exports to the UK in November 2021 amounted to U 23.7 million, up 26% compared to November 2020.

In the 11 months of 2021 exports of W&WP to the UK market reached US$239.4 million, up by 16% over the same period in 2020.

W&WP exports to Australia in November 2021 were valued at US$17.2 million, down 11% compared to November 2020. In the 11 months of 2021 exports of W&WP to Australia reached US$149.9 million, up by 2.8% over the same period in 2020.

According to the General Department of Customs Vietnam's wood imports in November 2021 amounted to 458,300 cu.m worth US$158.2 million, up by 14.4% in volume and 1.7% in value compared to October 2021.
Compared to November 2020 imports decreased by 23% in volume and 11% in value.

In the 11 months of 2021, imports of wood raw materials reached 5.948 million cu.m worth US$2.01 billion up 9.2% in volume and 22.4% in value over the same period in 2020.

Vietnam's ash imports in November 2021 reached 15,600 cu.m worth US$3.7 million, down by 36% in volume and 39% in value compared to October 2021. Compared to November 2020 imports decreased by 39% in volume and 39% in value. In the 11 months of 2021 imports of ash reached 409,600 cu.m, worth US$5.5 million, down by 11% in volume and 6% in value over the same period in 2020.

Vietnam's exports of NTFPs in November 2021 were recorded at US$79.11 million, up by 15.8% compared to October 2021 and up 39.4% compared to November 2020. In the 11 months of 2021, exports of NTFPs amounted to US$780.08 million, up by 43.9% over the same period in 2020.

Ash wood from EU 92% total imports

Due to the scarcity and the surge in price of US wood the EU became Vietnam's largest supplier of ash during the first 11 months of 2021 accounting for 92% of total ash imports.

According to the General Department of Customs Vietnam's ash wood imports in November 2021 reached 15,600 cu.m worth US$3.7 million, down 36% in volume and 39% in value compared to October 2021 and compared to November 2020 they dropped by 39% in volume and 39% in value.

In the 11 months of 2021, imports of this wood reached 409,600 cu.m worth US$95.5 million, down 11% in volume and 6.4% in value over the same period in 2020.

Vietnam's imports of ash wood from EU Jan-Nov 2021

	Cu.m	US$/cu.m
Total	409,556	233.1
EU	376,772	225.1
Belgium	165,946	226.2
France	80,329	225.4
Germany	61,907	213.5
Netherland	35,741	219
Slovenia	11,065	224.9
Denmark	7,148	216.9
Italy	5,104	244.8
Croatia	3,003	435.6
Greece	2,442	222.9
Austria	1,413	233.5
Poland	1,054	201.9
Czech Rep.	753	219.2
Romania	305	370.4
Sweden	203	218.2
Slovakia	198	236.7
Hungary	127	492.0
Ireland	32	390.0

Source: General Department of Customs, Vietnam

Ash log/lumber imports into Vietnam from EU

	Volume (cu.m)	Price (US$/cu.m)
Logs	388.835	219,9
Sawnwood	20.721	481,5

Forest environnemental service (FES) revenue surges 21%

On 22 December the Vietnam Forest Protection and Development Fund held an online conference to review the implementation of the tasks defined for 2021 and plan of 2022.

The conference was chaired by Nguyen Quoc Tri, Director General of VNFOREST, Chairman of the Fund Management Council and the Director of The Vietnam Forest Protection and Development Fund. Participating in the online conference weree the central fund leaders and 44 local forest protection and development funds (Provincial Funds).

According to the report at the conference over the first 11 months of 2021 FES revenue surpassed the yearly plan by 7% and by 21% compared to the same period in 2020. By 15 December 2021 Vietnam's forest sector has collected VND3,107 billion (equant to about US$140 million), of which the Nation Fund collected VND 1,920 billion and the provincial funds collected VND1,127 billion.

Payments by hydropower service providers accounted for 93% of the revenue with the remainder from clean water supply, eco-tourism service and industrial production facilities.

The increase of FES revenue comes mainly from the enlarged supply of water for hydropower plants.As of 15 December 2021 the National FES Fund had transferred VND1,464 billion to the local funds for distribution to upland farmers who have been contracted to protect and manage catchment forests.

The conference highlighted a number of difficulties and obstacles in FES collection including the lack of banking and post services in remote areas that have constrained the payment to farmers through bank accounts or electronic transactions. In addition, the COVID-19 pandemic has also interrupted the implementation FES at all levels.

See: https://tongcuclamnghiep.gov.vn/LamNghiep/Index/thu-dich-vu-moi-truong-rung-vuot-21-so-voi-nam-2020-4462

US$2.3 billion in exports of timber and non-timber poducts
According to VNFOREST in the first 11 months of 2021 exports of timber and non-timber forest products may reach US$14.27 billion up by 21% compared to 2020.

The total exports of timber and non-timber forest products in 2021 will likely reach US$15.6 billion, up by 18% compared to 2020. Of this total exports of W&WP will reach US$14.5 billion, up by 17% compared to 2020.

The exports of non-timber forest products are estimated at about US$1.1 billion, up by 30% and included rattan and bamboo, US$841 million (up 38%), cinnamon and anise products US$265.4 million (up 8%).

Vietnam's timber and forest products are exported to over 140 countries and territories of which the main markets are the United States, Japan, China, EU and South Korea with a total export value estimated at US$13.98 billion or 89.5% of exports.

Exports to the US are estimated at US$9.1 billion, up by 21.4% compared to 2020, exports to Japan are estimated at US$1.45 billion, up by 6.7% compared to 2020, exports to China are estimated at US$1.5 billion, up by 24% over the same period of 2020 and exports to the EU are estimated at US1.1 billion up 14.4% compared to 2020.

The exports of wood and wood products of FDI enterprises are estimated at US$7.38 billion, up by 21% compared to 2020 and accounting for 47% of the export.

In 2021 Vietnam's imports of wood and wood products are estimated at US$2.97 billion, up 16% compared to 2020. Of this, imports of wood raw materials will reach US$2.42 billion, up by 1%. Imports of wood products may reach US$840.5 million, up by 400%.

The value of wood materials imported from a number of developed countries with advanced forest governance increased sharply. For example imports from Australia increase by 101%, from Brazil by 96%, from Chile by 41%, from France by 28%, from Germany by 18%, from the United States by 12.5% and from Japan by 9.7%.

See:
http://asemconnectvietnam.gov.vn/default.aspx?ZID1=8&ID1=2&ID8=113503

Brazil

"Amazônia Viva" operation combats environmental crimes in the Amazon
The "Amazônia Viva" operation, coordinated by the State Secretariat of the Environment (SEMAS), is a tool to combat environmental crimes in Pará State. The operation is part of the Command and Control Programme, one of the pillars of the Amazon State Plan (Plano Estadual Amazônia Agora - PEAA).

The operation completed 18 phases, which resulted in more than 270,000 hectares of land embargoed where illegal deforestation was practiced and over 12,000 cu.m of illegally logged timber being seized.

The operation works as follows: first, deforestation alerts are detected by satellite monitoring and then verified on the ground by SEMAS inspectors. If confirmed the forest land is embargoed and further activity prohibited. The embargo allows for the recovery of degraded forest.

Tropical timber logging restriction
The Rondônia State Environmental Development Secretariat (SEDAM has prohibited logging activities from sustainable forest management (SFM) areas between 1 January to 31 March which coincides with the rain season in the region. Such measure will also assist the follow-up, monitoring and control of SFM projects approved by SEDAM.

During the restricted period there will be no issuance of Logging Permits. Harvesting will begin again on 1 April and run through to 31 December.

New Platform for tropical timber exports
An Administrative Ordinance No. 8 the "PAU-Brasil Platform" (Platform of Single Consent in Brazil) published by the Brazilian Institute for Environment and Renewable Natural Resources IBAMA on 3 January 2022 established a regulation on the foreign trade activities involving products and by-products of biodiversity.

This regulation will be in effect from 25 January 2022 and it is integrated into the control systems for the sustainable use of biodiversity within the Single Foreign Trade Portal (SISCOMEX) and will be operated by IBAMA. The aim is to monitor the export of native fauna and flora products and by-products including wood.

The analysis and issuance of IBAMA licenses for import, export and re-export of specimens, products and by-products included in the CITES Appendices will be done through the IBAMA Electronic Permit Issuance System (SISCITES).

Timber exports increases

According to the Forest Products Trade and Transport System (SISFLORA/MT) the consumption of wood products from sustainably managed forests in the state of Mato Grosso has increased by around 50% since 2020. From 2018 to October 2021 the volume exported dropped by 23%, from 85,183.61 cu.m to 65,096.76 cu.m but export earnings rose despite the smaller exports volume.

According to the Center for Timber Producers and Exporters of Mato Grosso State (CIPEM) domestic demand for civil construction as well as increased the demand for materials with value added have increased. In the international market timber prices rose by around 30% over the past 12 months.

According to CIPEM, instead of exporting primary products such as sawnwood the domestic market demand is for processed products such as decks, floorings, plywood and mouldings.

Incidents of illegal logging in natural forests have been declining in Mato Grosso from 54% in 2011 to 38% in 2020. Mato Grosso has 4.7 million hectares of forest under SFM and the State Government aims to reach 6 million hectares by 2030 according to CIPEM.

Domestic log prices

Brazilian logs, mill yard, domestic	US$ per cu.m
Ipê	233
Jatoba	106
Massaranduba	96
Miiracatiara	96
Angelim Vermelho	93
Mixed redwood and white woods	76

Source: STCP Data Bank

Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US$ per cu.m
Ipé	986
Jatoba	476
Massaranduba	487
Muiracatiara	435
Angelim Vermelho	437
Mixed red and white	286
Eucalyptus (AD)	207
Pine (AD)	150
Pine (KD)	191

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

Parica	US$ per cu.m
4mm WBP	484
10mm WBP	429
15mm WBP	346
4mm MR.	415
10mm MR.	321
15mm MR.	292

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

Domestic ex-mill prices	US$ per cu.m
15mm MDParticleboard	226
15mm MDF	281

Source: STCP Data Bank

Export sawnwood prices

Sawnwood, Belem/Paranagua Ports, FOB	US$ per cu.m
Ipe	1,994
Jatoba	1,065
Massaranduba	1,081
Muiracatiara	1,079
Pine (KD)	288

Source: STCP Data Bank

Export plywood prices

Pine plywood EU market, FOB	US$ per cu.m
9mm C/CC (WBP)	362
12mm C/CC (WBP)	350
15mm C/CC (WBP)	337
18mm C/CC (WBP)	381

Source: STCP Data Bank

Export prices for added value products

FOB Belem/Paranagua ports		US$ per cu.m
Decking Boards	Ipê	4,265
	Jatoba	1,921

Source: STCP Data Bank

Peru

Exports of products for construction recovering

The Extractive Industries and Services Management Division of the Association of Exporters (ADEX) has reported that between January and November 2021 exports of processed wood products for the construction sector alone totalled US$5.8 million, a significant growth of 52% compared to the same period in 2020 (US$3.8 million) and compared to US$6.1 million in 2019.

This is a very good performance as the forestry sector was one of the most affected by the pandemic since harvesting was partially halted.

The rise in shipments is explained by the higher demand in the international markets. The US at US$3.9 million was the main buyer increasing orders by 47%. ADEX also reported exports to Panama (US$0.4 million), Mexico (US$0.35 million), Chile (US$0.3 million), Bolivia (US$0.2 million), Dominican Republic (US$0.16 million), Spain (US$0.14 million), Germany (US$0.13 million) and France (US$0.11 million).

Of the US$107.3 million of all wood products exported between January and November 2021, construction wood products ranked third behind semi-manufactured wood products (US$63.4 million) and sawnwood. (US$28.4 million).

Other exports included furniture and parts (US$3.8 million); veneers and plywood (US$2.8 million); manufactured products (US$1.3 million, firewood and charcoal (US$0.7 million) and composite panels US$0.1 million).

Wood species with productive potential

A researcher at CITE Forestal Pucallpa, Kevin Rodríguez Vásquez, pointed out that currently just five species account for 40% of the roundwood production in Peru, shihuahuaco, tornillo, cumala, cachimbo and copaiba. He considers there is a diversity of timber resources with different physical-mechanical properties that could also be ustilsed.

CITE will join efforts of institutions such as ADEX and PromPerú in identifying alternatives species to produce a greater variety of wood products.

He identified alternative timbers such as cachimbo colorado (for the manufacture of interior furniture, decorative panels and doors), ishpingo (interior furniture and cabinets), machimango colorado (structures, beams and parquet), manchinga (beams, struts and sleepers), palisangre (rustic table tops and musical instruments) and moena amarilla (carpentry and structures).

According to figures provided by ADEX exports of wood products between January and October 2021 barely represented 0.7% of total non-traditional exports.

Public-private initiatives discussed

In order to be able to face the critical points to boost economic activity in the main economic sectors several public-private initiatives have been discussed by the Ministry of Economy and Finance (MEF) during recent working sessions with stakeholders.

One proposal is action to promote greater private investment which, according to the national Forest and Wildlife Service (Serfor), will require technological and management improvements in the processing sectors.

Also discussed was the issue of change of land use and ownership which requires work by Serfor and Osinfor (Agency for the Supervision of Forest Resources and Wildlife) as well as Sunarp the National Superintendency of Public Registries. Through legislative action the 15% tax applied to operations in the Amazon will now be applied but for all national level for forestry development.

Updated analysis of the Loreto forests

Within the framework of the National Forest and Wildlife Inventory Serfor has updated data on the forests in the Loreto Region to promote planning for the management of this resource. This effort will allow for regional level for zoning and forest management, specific research and management and production initiatives.

Serfor carried out the National Forest and Wildlife Inventory in coordination with the forestry staff in the Regional Government of Loreto with the support of the Sustainable, Inclusive and Competitive Forest Development Program in the Amazon.

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US$ per cu.m
Pumaquiro 25-50mm AD	
Mexican market	671-685
Virola 1-2" thick, length 6"-12" KD	
Grade 1, Mexican market	589-615
Grade 2, Mexican market	498-523
Cumaru 4" thick, 6"-11" length KD	
Central American market	1024-1043
Asian market	1111-1139
Ishpingo (oak) 2" thick, 6"-8" length	
Spanish market	599-629 ⬆
Dominican Republic	703-719
Marupa 1", 6-11 length KD	
Grade 1 Asian market	575-599

Domestic sawnwood prices

Peru sawnwood, domestic	US$ per cu.m
Mahogany	-
Virola	247-269
Spanish Cedar	340-349
Marupa (simarouba)	239-246

Export veneer prices

Veneer FOB Callao port	US$ per cu.m
Lupuna 3/Btr 2.5mm	221-249
Lupuna 2/Btr 4.2mm	234-266
Lupuna 3/Btr 1.5mm	219-228

Domestic plywood prices (excl. taxes)

Iquitos mills	US$ per cu.m
122 x 244 x 4mm	512
122 x 244 x 6mm	519
122 x 244 x 8mm	522
122 x 244 x 12mm	528
Pucallpa mills	
122 x 244 x 4mm	503
122 x 244 x 6mm	511
122 x 244 x 8mm	516
122 x 244 x 8mm	521

Export plywood prices

Peru plywood, FOB Callao (Mexican market)	US$ per cu.m
Copaiba, 2 faces sanded, B/C, 8mm	349-379
Virola, 2 faces sanded, B/C, 5.2mm	487-511
Cedar fissilis, 2 faces sanded, 5.5mm	766-783
Lupuna, treated, 2 faces sanded, 5.2mm	396-419
Lupuna plywood	
B/C 15mm	449-495
B/C 9mm	379-399
B/C 12mm	350-360
B/C 8mm	466-487
C/C 4mm	389-425
Lupuna plywood B/C 4mm Central Am.	391-407

Domestic prices for other panel products

Peru, domestic particleboard	US$ per cu.m
1.83m x 2.44m x 4mm	282
1.83m x 2.44m x 6mm	230
1.83m x 2.44m x 12mm	204

Export prices for added value products

Peru, FOB strips for parquet	US$ per cu.m
Cabreuva/estoraque KD12% S4S, Asian market	1327-1398
Cumaru KD, S4S Swedish market	986-1119
Asian market	1089-1119
Cumaru decking, AD, S4S E4S, US market	1204-1237
Pumaquiro KD Gr. 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market	582-611
2x13x75cm, Asian market	774-831

Japan

Private sector optimistic

Over 80% of large companies in Japan expect the economy to grow in 2022 as personal consumption is expected to rise but this depends on the severity of the just beginning 6th wave of infection. 13 firms predicted the economy will be flat as people remain cautious about the pandemic. But none of the firms said it will contract.

The number of firms forecasting growth in the latest survey is up from a similar poll a year earlier.

Consumers in Japan continue to hold onto their money as they see prices of necessities rise due to higher manufacturer input costs, rising transport cost and the weakening of the Japanese yen.

See: https://english.kyodonews.net/news/2022/01/48aab3e4b819-84-of-firms-in-japan-see-economic-growth-in-2022.html

Digital transition will strengthen economic recovery says OECD

In a press release presenting the latest report on Japan the OECD says that as the economy regains momentum efforts can shift from emergency support measures to targeted policies and reforms to boost labour force participation and productivity helping to uphold growth and living standards over the long run.

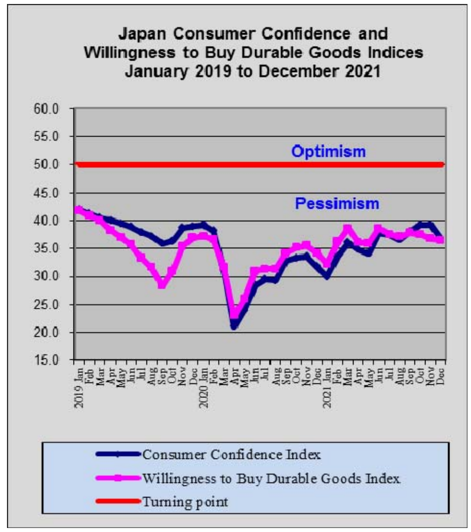
Improving public spending efficiency, including through digitalising more government services and gradually raising the consumption tax, which is low by OECD standards, could help to reduce the public debt-to-GDP ratio, ease the pressure on public finances from a rapidly ageing population and ensure fiscal sustainability. There is also scope to broaden environment-related taxation.

OECD Secretary-General Mathias Cormann said "Japan is on track for a steady recovery which will enable a gradual reduction in support to the economy and a renewed focus on structural reforms to sustain growth over the long term. Making better use of the digital transformation and improving business dynamism will be key to avoiding the economic scars that persisted after previous downturns and turn the ongoing rebound into long-lasting growth."

See: https://www.oecd.org/newsroom/japan-broaden-the-digital-transition-to-strengthen-economic-recovery-from-covid-19-says-oecd.htm

Dip in consumer confidence indices

The Cabinet Office consumer confidence indices dipped slightly in December and this was put down to the signs that the Omicron variant had gained a foothold in Japan. The Cabinet Office survey showed the overall index fell more than the index for 'willingness to buy durable goods'. The December decline was the first since September 2021.



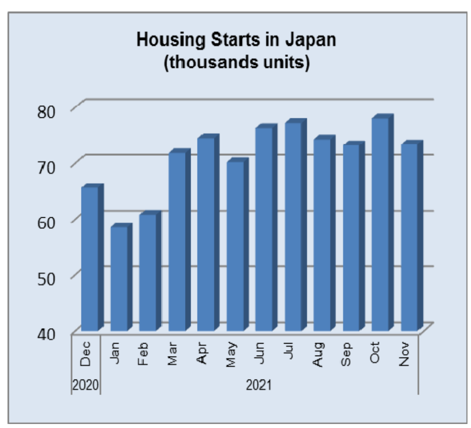
Data source: Ministry of Finance, Japan

Homes from only Japan-grown wood

Mitsubishi Estate, the house builder plans to construct and sell single-story homes made exclusively from Japan-grown timber saying this will promote domestic forestry and decarbonisation.

Logs will be purchased in the Kyushu region and processed at a plant in Kagoshima. The homes will be constructed with cross laminated timber (CLT) components and because of the pre-fabrication Mitsubishi homes can be ready for occupancy in about one month.

See: https://the-japan-news.com/news/article/0008150957



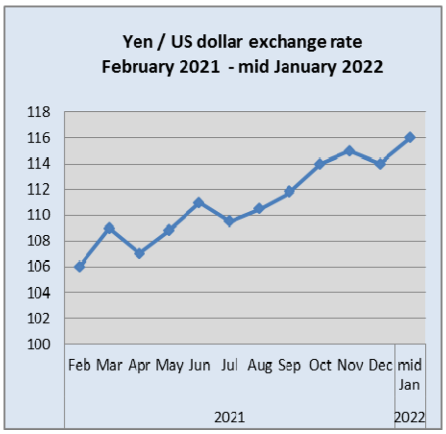
Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Weak yen beginning to have a negative impact on household finances

At the start of the New Year the Governor of the Bank of Japan (BoJ) appears to have had a change of heart saying perhaps the costs of holding the yen down outweigh the benefits as the weak yen is beginning to have a negative impact on household finances as prices rise.

An analysis by BoJ staff indicated that the impact of the yen's depreciation has pushed up prices of durable goods in recent years. The cushion of the weak yen in boosting exports allowed the government to put off much needed structural reforms to free up labour markets, spur innovation and increase productivity.

See:
https://www.forbes.com/sites/williampesek/2021/12/29/why-japans-economy-may-surprise-us-in-2022/?sh=1060206a1c6e



Furniture growth forecast

The furniture market in Japan is expected to grow at a strong rate up to 2026 according to growth trends for the sector published by Mori Intelligence Japan. The Mori site introducing its forecast say the major factors driving the demand for furniture products in the country include rising disposable income, increasing household and commercial space and rising urbanisation.

It continues "The market share of imported furniture in Japan has risen significantly in the last few years. Among imported furniture, wooden furniture occupies the largest proportion, followed by furniture accessories, metal furniture, plastic furniture, etc.

With low labour costs, China has become Japan's largest furniture supplier accounting for nearly 40% of the total Japanese wooden furniture imports. Some of the other exporters of furniture products to Japan are Thailand, Vietnam, Malaysia, the Philippines, Indonesia, Germany and Italy.

The trends in Japan's housing sector are central to the future of the furniture manufacturing sector. The current upward trend in the country is an increasing number of one-person households in the country, driven by changes in culture and life-styles, which is one of the major forces to influence furniture demand in the country.

Single-person households are the fastest-growing household group in the country and may eventually become the largest such group in Japan. Singles need less space and can, therefore, save on rent and house-building costs. Due to limited space, furniture needs to be both pleasing and practical."

See: https://www.mordorintelligence.com/industry-reports/japan-furniture-market

Rising production costs hitting profits

In November, Inter Ikea group reported a 17% drop in annual profits attributing the decline to a steep increase in transport and raw material prices. Container transport prices are at record levels as a result of the disrupted maritime logistics and furniture manufacturers both domestic and those overseas supplying Japan are seeing steep increases in raw material costs which have pushed up production costs and it is likely that other furniture companies will also increase prices.
The domestic press has reported that Ikea, for example, will increase retail prices by around 9% as it can no longer afford to absorb the rising costs. It is likely that other manufacturers will follow suit.

See: https://japantoday.com/category/business/ikea-to-hike-prices-by-9-due-to-supply-chain-woes

Hitachi forest monitoring system to identify forest intrusions

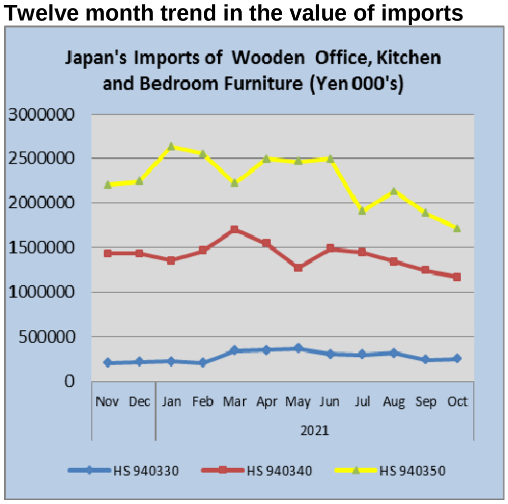
Hitachi, along with the US non-profit organisation Rainforest Connection, has developed a monitoring system to detect intrusions into forest areas which may signal illegal activities. The system deployed relies on acoustic data from specific forest areas and building an algorithm to detect changes in acoustics.

The Hitachi system picks up the sound of the forest and informs of changes such as the noise of people, trucks and chainsaws. In this way, Rainforest Connection has leveraged technology to promote the protection of rainforests in many threatened countries.

https://rfcx.org/our_work
and
https://social-innovation.hitachi/ja-jp/article/rainforest/?WT.mc_id=21JpJpHq-rainforest-taboola&utm_source=taboola&utm_medium=native&utm_campaign=about_cop08&utm_term=all_pc&utm_content=R1_rainforest_PC_01&tblci=GiAfv6j0bBr1SoSJdgz0MAR5iV4szHjSQ5vNt9Fg1F5uriDVl1AogbPzxI6Iz9cL#tblciGiAfv6j0bBr1SoSJdgz0MAR5iV4szHjSQ5vNt9Fg1F5uriDVl1AogbPzxI6Iz9cL

Furniture imports

Twelve month trend in the value of imports



Data source: Ministry of Finance, Japan

Office furniture imports (HS 940330)

Year on year the value of imports of wooden office furniture (HS940330) rose over 50% in October building on the 40% month on month rise in September. Compared to October 2019 the value of imports in October 2021 increased.

October imports (HS 940330)

	Imports Oct 2021 Unit, 000's Yen
S. Korea	3,454
China	165,582
Taiwan P.o.C	12,755
Vietnam	1,463
Thailand	-
Singapore	-
Malaysia	2,691
Indonesia	9,642
India	-
Denmark	-
UK	546
Belgium	-
France	1,707
Germany	3,164
Switzerland	-
Portugal	-
Spain	-
Italy	4,217
Finland	-
Poland	5,306
Austria	-
Turkey	-
Lithuania	1,431
Czech Rep.	-
Slovakia	5,083
Canada	1,009
USA	27,851
Mexico	5,429
Australia	545
Total	251,875

Data source: Ministry of Finance, Japan

The top shipper of wooden office furniture in October 2021 was China taking a 66% share of the total value of wooden office furniture imports.

Since mid year there has been a gradual decline in the value of wooden furniture imports from China. The US was the second ranked supplier in October 2021 at around 10% of imports with shippers in Taiwan P.o.C accounting for around 5%. Of interest was the inclusion of Australia in the group of top 20 suppliers in October.

Kitchen furniture imports (HS 940340)

The value of Japan’s wooden kitchen furniture (HS940340) imports continue to decline. October imports were 6% below the value of imports in September and compared to October 2020 there was a 30% decline

October imports (HS 940340)

	Imports Oct 2021 Unit, 000's Yen
S Korea	-
China	110,283
Taiwan P.o.C	419
Vietnam	267,495
Thailand	92,430
Malaysia	8,640
Philippines	607,426
Indonesia	18,778
India	-
Denmark	-
UK	-
Netherlands	-
France	-
Germany	15,312
Spain	-
Italy	20,676
Romania	1,352
Canada	6,056
USA	19,014
Total	1,167,881

Data source: Ministry of Finance, Japan

The top shippers of wooden kitchen furniture to Japan in October were the Philippines (52% of all October arrivals) Vietnam (23%) and China (9%). All three of the top shippers saw October shipments fall below those of a month earlier.

Bedroom furniture imports (HS 940350)

October imports (HS 940350)

	Imports Oct 2021 Unit, 000's Yen
S. Korea	-
China	1,238,538
Taiwan P.o.C	568
Vietnam	344,883
Thailand	38,190
Malaysia	30,184
Philippines	-
Indonesia	23,757
India	-
Sweden	1,132
Denmark	2,996
UK	639
Netherlands	305
France	-
Germany	436
Switzerland	-
Portugal	-
Italy	3,107
Finland	-
Poland	18,479
Austria	-
Greece	-
Romania	6,520
Turkey	-
Latvia	1,321
Lithuania	2,502
Belarus	-
Bosnia and Herzegovina	393
Canada	-
USA	-
Total	1,713,950

Data source: Ministry of Finance, Japan

Since the beginning of the second quarter of this year the value of Japan's imports of wooden bedroom furniture have been declining which, given the stable housing starts and consequent demand for household furniture suggests that domestic manufacturers could be gaining market share over imports.

Year on year, October 2021 imports were 28% below that in October 2020. Month on month, October arrivals of wooden bedroom furniture were down 9% continuing the downward trend.

The top suppliers in terms of value in October were China (72%) and Vietnam (20%). Shipments from both China and Vietnam in October were down being impacted mainly by logistic problems.

The other top shippers in October were Malaysia, Thailand and Indonesia but after capturing a 15% share of imports in September the combined value of October shipments from these three shippers dropped to just 5%.

Trade news from the Japan Lumber Reports (JLR)

The Japan Lumber Reports (JLR), a subscription trade journal published every two weeks in English, is generously allowing the ITTO Tropical Timber Market Report to reproduce news on the Japanese market precisely as it appears in the JLR.

For the JLR report please see:
https://jfpj.jp/japan_lumber_reports/

South Sea logs and lumber

Log production is low in producing regions in the middle of rainy season. Logs are tight in PNG and Sarawak, Malaysia

Securing ships' space is difficult so even if logs are available, there is no mean of transporting for lumber mills. Lumber mills using South Sea hardwood logs have difficulty to keep operating. Domestic demand keeps continuing slowly but hasty orders are hard to accept for sawmills by shortage of logs.

Some are transporting Malaysian logs through Taiwan. By difficulty of obtaining containers, some orders are delayed for a month. Indonesia is in rainy season so log production is down.

Chinese products remain high in cost. Demand for laminated free board is inactive by lack of demand in Japan. In China, shortage of electric power stopped some operations of manufacturing plants.

Price hike of domestic softwood plywood

One of major companies which produce softwood plywood in Eastern Japan raise the price of softwood panel to ¥1,500, 12mm thickness of 3x6. This is ¥200 per sheet higher than before.

This is going to be ¥75,000 in a cbm which is ¥10,000 more. Not only higher prices of domestic logs and imported veneer, but also higher price of crude oil, wood glue and distribution cost are reasons the company raises the prices.

24mm thickness of 3x6 is ¥3,000 and 28mm thickness of 3x6 is ¥3,500. Both kinds will be total ¥75,000 in a cbm. The reason is higher log cost. The amount of log harevst is not enough as people hoped even though it is in the middle of log harvest season.

On the other hand, demand of sawn wood and laminated lumber is still lively because there had been many orders from companies in western Japan as well. About 70-80% of necessary logs are able to collect and if collecting more logs, it has to raise the log price. It is hardly estimating the total amount of logs would be supplied as wood producers started cutting down trees.

People at plywood plants have difficulty in managing raw materials because there are not enough imported logs from Russia. Russian larch veneer's price increased and there are less ships to Japan from Russia because of an influence on lively demands in China. Japanese people are also worried about there might be less Douglas fir logs from Canada due to extensive flooding in British Columbia, Canada in November.

There are another problem such as cost of crude oil and natural gas increase, which made high-priced industrial bond and some trucking companies is asking for increasing the fuel surcharge due to the price of gasoline increased.

Usually, it is difficult to reserve trucks at the year-end and New Year holidays but in this year, economic activity restarted so there are already less trucks available in the middle of November. People at plywood companies have to understand this condition if they really need trucks.

The demand is more than supply for the end of the year so plywood companies must control supply carefully. No matter how large or small demand and supply, people at precutting plants are working very hard. Since a lack of plywood, precutting companies hesitate to get new orders.

It will result in inconvenience for customers if we do not control the orders and collecting plywood, a company says. Some DIY stores could buy a half amount of orders they want so they are suffering shortage of the supply.

Sumitomo buys New Zealand timber

Sumitomo Corporation has acquired timberland in the North Island of New Zealand through its local subsidiary company. Summit Forest New Zealand (SFN), 100% subsidiary company of Sumitomo Corporation. It has completed acquisition of 15,000 hectares of timberland from Ernslaw One. They are 8,000 hectares in Gisborne area and 7,000 hectares in Coromandel. Purchase amount is not disclosed but is estimated about 102 billion yen.

SFN owns total of 37,000 hectares of timberland already so adding the new purchase, total is 52,000 hectares, which is seventh largest timberland owner in New Zealand. In newly purchased timberland, log harvest of 200,000 cbms is estimated and adding harvest in already owned timberland, total would be about 800,000 cbms.

Sumitomo sells about 350-400,000 cbms of radiate pine logs for New Zealand domestic wood processors then purchases about 460,000 cbms and it plans to export logs of 860-900,000 cbms a year.

As log exporters, it is ranked fifth. The market is China. Cycle is 28-32 years from plantation, thinning and harvest of radiata pine timber so it is typical rotating sustained yield business like farm products.

Sumitomo intends to invest on timber resource business, which can be sustainable growth and trees contribute preventing global warming trend as tress absorb carbon dioxide and fix carbon. Sumitomo plans to invest total of 50 billion yen on forest asset including the purchase of this time.

Sumitomo also has joint venture forest products company in Russia, which owns 2,660,000 hectares of timberland with forest certificate.

Iida Group Holdings bought Russian forest products company

Iida Group Holdings, which has many house builders, announced that it bought the largest forest products company in the Russian Far East, Russian Forest Products with purchase amount of 25 million dollars. This is the largest overseas purchase in forest products business for Japan.

RFP owns four million hectares of PEFC certified forest with annual allowable harvest volume of 4,100,000 cbms but actual harvest volume is only 1,700,000 cbms. It also owns wood processing company, which consumes about 800,000 cbms of logs. Products are lumber and veneer Iida group Holdings plan to supply wood products to house builders in the group stably and it plans to invest for more wood processing facilities including wood pellet.

Hokushin to increase the prices

Hokushin (Osaka prefecture), the largest MDF manufacturer in Japan, announced that it would increase the sales prices of MDF since March 2022 by about 10%. The prices differ by the customers but prices of thick star wood are about 55,000 yen per cbm and thin MDF prices are about 71,000 yen now then since March 2022, the prices will be 60,000 yen on star wood and 78,000 yen on thin MDF.

Hokushin says total manufacturing cost is nearly 20% up. Compared to March this year, electric power is 15% up, natural gas is 40% up so total energy cost is 20% up. Adhesive cost is 20% up. Ocean freight of imported wood chip is up.

It consulted customers of price hike in April 2020 but by depressed economy by the COVID 19 epidemic, the prices are forced to drop in June and July then the prices are back to the previous level in March 2021 and about 10% price increase is made by October 2021 but with further increase of the cost, it needs to increase the prices again.

Novopan to raise the prices

Japan Novopan Industrial Co., Ltd in Osaka, Japan announced that they will raise the prices of particleboards in January, 2022. There are two kinds of particleboards such as floor sheathing and roof sheathing for building constructions and housing companies of prefabricated constructions. About 12-15% will be increased in prices. This is the first time in ten years. The reasons are that price hike in wood glues and materials. The particleboard for building constructions called STP2 costs ¥1,400, 9mm thickness of 3x10 now, but it is going to be ¥1,600.

The prices of wood working and floor board for concrete condos had been 8% increased since August, 2021.

One of reasons is that benzene and naphtha, which are for making adhesive for wood, cost double what it did before so the price of adhesive jumped up by 50-70% more. Also the company is facing a difficulty in unprofitable of recycled wood chips due to price hike in trucking and distribution costs.

China

Adjustment of tariff in 2022

The Customs Tariff Commission issued a notice on 15 December that adjusted some import tariffs, tariffs for most-favored-nations and conventional tariffs. Also there were adjustments to tax regulations.

From 1 January 2022 China will apply tariff rates that are lower than the most-favored-nation tariff rates for 954 imported commodities to assist the manufacturing sector.

In accordance with free trade and preferential trade arrangements signed by China and partner countries the conventional tariff rate will be implemented for some commodities originating from 29 countries. Signed bilateral free trade agreements between China and New Zealand, Peru, Costa Rica, Switzerland, Iceland, South Korea, Australia, Pakistan, Georgia and Mauritius tariff rates will be reduced.

The Regional Comprehensive Economic Partnership (RCEP) and the China-Cambodia Free Trade Agreement took effect from 2 January 2022 and reduced tariffs will be applied.

From 1 July 2022 China will implement a seven-step reduction of the most-favored-nation tariff rates for 62 information technology products. After the adjustments overall tariff rate levels will be maintained at 7.4%.

See:
http://gss.mof.gov.cn/gzdt/zhengcefabu/202112/t20211215_3775137.htm

Changes to HS codes for wood products

Some import and export tariff codes have been changed. In all 84 customs codes have been changed, 60 added and 24 deleted. The detailed changes are as below.

Added HS codes for wood products are as below.

- Sawdust or sawdust sticks（4401.3200、4401.4100、4401.4900）；
- Carcoal（4402.2000）；
- Teak logs（4403.4200）；
- Sawnwood（4407.1300、4407.1400、4407.2300）
- Plywood （4412.4100、4412.4200、4412.4911、4412.4919、4412.4920、4412.4990、4412.5100、4412.5200、4412.5911、4412.5919、4412.5920、4412.5990、4412.9100、4412.9200、4412.9920、4412.9930、4412.9940、4412.9990)
- Radiata pine made frame of pictures, photos and mirrors（4414.1000、4414.9010、4414.9090）；
- Construction woodworking products, including glued laminated timber, cross-laminated timber (CLT) and I-beam （4418.1100、4418.1910、4418.1990、4418.2100、4418.2900、4418.3000、4418.8100、4418.8200、4418.8300、4418.8900、4418.9200）
- Wood tableware and kitchen utensils（4419.2000）
-
- Tropical wood carving or bamboo carving（4420.1110、4420.1120、4420.1190、4420.1911、4420.1912、4420.1920、4420.1990）
- Coffin（4421.2000）；
- Wood seats（9401.3100、9401.3900、9401.4110、9401.4190、9401.4910、9401.4990、9401.9100、9401.9910、9401.9990）；
- Wood furniture parts（9403.9100、9403.9900）。

Deleted HS codes of wood products are as below.

- Sawdust, wood waste and chips（4401.4000)
- Teak logs（4403.4910)
- Teak sawnwood（4407.2910）
- Plywood （4412.9410、4412.9491、4412.9492、4412.9499、4412.9910、4412.9991、4412.9992、4412.9999）；
- Radiata pine made frame of pictures, photos and mirrors（4414.0010、4414.0090)
- Construction woodworking products, door, window, frame and threshold（4418.1010、4418.1090、4418.2000、4418.6000）;
- Wood or bamboo carving（4420.1011、4420.1012、4420.1020、4420.1090）;
- Leather or bonded leather faced chair which can be used as bed（9401.4010、9401.4090）
- Wood furniture parts（9403.9000）

Pine wood imports – only through designated ports

The quarantine requirement for imported pine (Pinus spp) wood (including logs and sawnwood) from countries where pine wood nematode (Bursaphelenchus xylophilus) infestation have been identified has been released. This aims to prevent the introduction of pine wood nematode.

The quarantine requirement will be effective as of 1 February 2022 and applies to Canada, Japan, Korea, Mexico, Portugal, Spain and the United States of America.

The quarantine requirements are as below.

Prior to shipment

Logs

Prior to export, the phytosanitary authorities of the exporting country shall take samples from each batch of logs to be exported to China for laboratory testing for Bursaphelenchus xylophilus. If detected the logs shall not be exported to China.

Even if pine wood nematode is not detected each batch of logs should be fumigated with methyl bromide and sulfuryl fluoride before export to eliminate longhorn beetles and other forest pests.

Sawnwood

Prior to export heat treatment should be carried out for each batch of sawwood to kill pine wood nematode, longhorn beetles and other forest pests. If heat treatment is not carried out samples shall be taken for laboratory testing then the goods shall be fumigated.

The fumigation or heat treatment shall be carried out under the supervision of the competent department of the plant quarantine office in the exporting country to ensure that the quarantine treatment is effective.

The plant quarantine office in the exporting country shall issue a plant quarantine certificate for the timbers that passed the quarantine inspection.

The type, duration, ambient temperature and dose of fumigant should be indicated in the plant quarantine certificate for logs or sawnwood tested and fumigated and the following statement shall be included in the certificates "This consignment of pine wood has been sampled and tested in the laboratory and Bursaphelenchus xylophilus was not detected."

In addition the centre temperature and duration of heat treatment shall be indicated in the plant quarantine certificate for the sawnwood.

Pine imports shall be through designated ports only, these ports are :

Lianyungang Port and Nanjing Port in Jiangsu Province.

Beilun Port, Zhoushan Port, Wenzhou Port and Taizhou Port in Ningbo city of Zhejiang Province.

Fuzhou Port (Mawei and Jiangyin) in Fujian province.

Huangdao Port, Rizhao Port, Rizhao Lanshan Port and Dongjiakou Port in Shandong Province.

Foshan Nanhai Shanshan Port, Zhaoqing New Port, Huangpu Port, Dongguan Port, Zhuhai Wanzai Port and Shantou Guang'ao Port in Guangdong Province

See:
http://dalian.customs.gov.cn/nanchang_customs/496828/496870/yqfkhlwlb55/3619495/4077979/index.html

Custom furniture market forecast

China's custom furniture industry has developed rapidly in recent years growing 10-20% annually. The Covid pandemic had an impact on the custom home furnishing industry at both the production end and the customer end and the growth rate is likely to fall but rebound when the pandemic is over.

It has been estimated by the China Commerce Industry Academy that the market size of China's custom furniture industry will likely be RMB427 in 2021 and will rise to RMB473 in 2022.

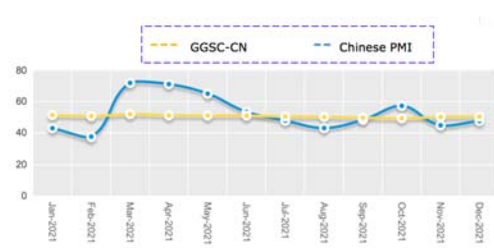
See:
https://baijiahao.baidu.com/s?id=1720391913757967206&wfr=spider&for=pc

GGSC-CN Index Report December 2021

In December 2021, China's PMI index registered 50.3%, an increase from the previous month and in the expansion range (above 50%) for 2 consecutive months.

In December production and manufacturing in timber industry contracted compared with the previous month reflecting the decline in export orders for most enterprises. It was reported that the price of raw materials fell for two consecutive months.

The GGSC-CN comprehensive index for December registered 47.5% (52.0% for last December and 55.6% for December 2019) an increase from the previous month and was below the critical value of 50%. This indicates that the operations of the forest products enterprises represented in the GGSC-CN index shrank from the previous month. See Figure 1 for more details.



Challenges
Oak and Zingana are in short supply.

Products in short supply
Cumaru, Merbau, Oak, Zingana

Commodity for which the price has been increased
Waterproof agents, base material, glue, formaldehyde

Commodity for which the price has declined
Colored paper, Eucalyptus MDF, Eucalyptus fuelwood, Urea, Melamine

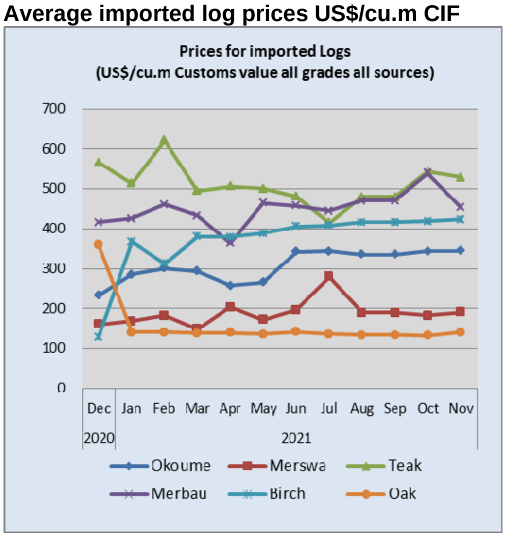
In December 2021 three sub-indexes of GGSC-CN increased and one decreased. The production index registered 37.5%, an increase from the previous month but still below 50% for three months. Production from forest products enterprises represented by GGSC CN was worse than that November.
The new order index registered 56.3% in December an increase from the previous month reflecting the ability of enterprises to obtain orders was better than in November. Among them the new export order index registered 31.3%, an increase from the previous month.

The main raw material inventory index registered 43.8%, a decline from the previous month. This indicates that the raw material inventory of the forest products enterprises was less than that of last month.

The employment index registered 56.3%, an increase from the previous month while the supplier delivery time index was 37.5%, a drop from the previous month indicating slower deliveries.

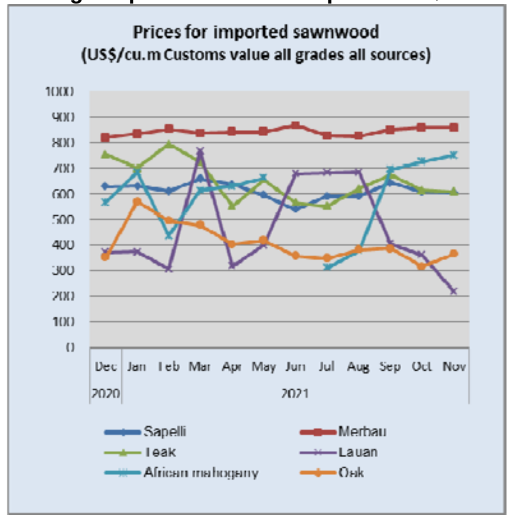
See: http://www.itto-ggsc.org/site/article_detail/id/232

Average imported log prices US$/cu.m CIF



Data source: China Customs. Customs value all grades, all sources

Average imported sawnwood prices US$/cu.m CIF



Data source: China Customs. Customs value all grades, all sources

Average imported log prices US$/cu.m CIF

	2021 Oct	2021 Nov
Okoume	344	345
Merswa	183	191
Teak	543	529
Merbau	539	453
Birch	419	423
Oak	132	140

Data source: China Customs. Customs value all grades, all sources

Average imported sawnwood prices US$/cu.m CIF

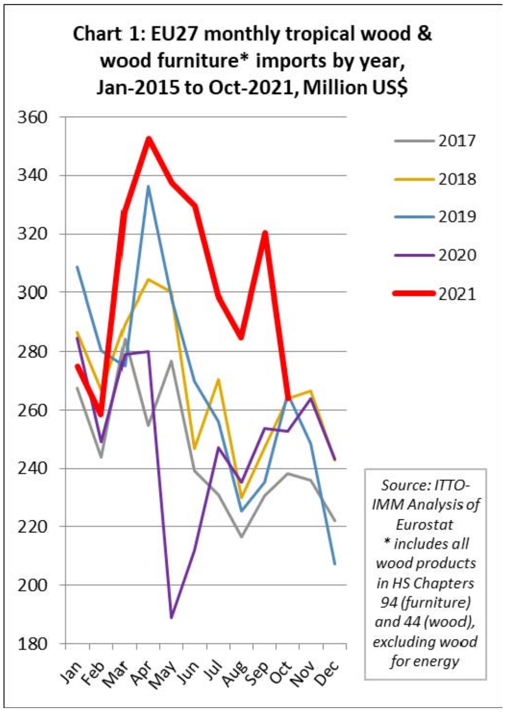
	2021 Oct	2021 Nov
Sapelli	608	606
Merbau	858	858
Teak	615	609
Lauan	363	220
African mahogany	727	751
Oak	318	366

Data source: China Customs. Customs value all grades, all sources

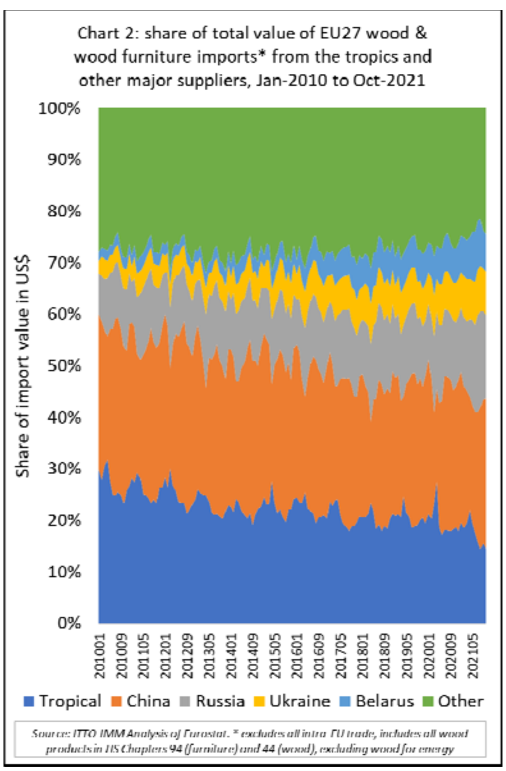
Europe

EU27 tropical wood imports slowed in the second half of 2021

After reaching the highest level for nearly a decade in the first half of 2021, the US dollar value of EU27 imports of wood and wood furniture products from tropical countries declined sharply in July and August. After a brief revival in September, imports fell away again in October (Chart 1).



While the value of EU27 imports from the tropics rebounded in 2021, imports from other parts of the world increased at a faster pace so that the long-term decline in market share for tropical countries continued. The decline in share for tropical countries accelerated in the second half of last year (Chart 2).



Total EU27 import value of all wood products and wood furniture in the first ten months of 2021 was US$17.46 billion, 40% more than in the same period in 2020.

Import value of all tropical products was US$3.05 billion, 23% more than the same period in 2020. However import value from non-tropical regions was US$14.41 billion, a 44% increase. Imports were up by 39% from China to US$4.55 billion, by 68% from Russia to US$2.80 billion, by 70% from Belarus to US$1.45 billion, and by 58% from Ukraine to US$1.44 billion.

The 40% increase in EU27 import value from the tropics in the first ten months of 2021 was not mirrored by an equivalent increase in import quantity. In quantity terms, imports from tropical countries during the period were 1.46 million tonnes, only 6% more than in 2020 and still 7% down compared to 2019.

A large part of the gain in import value of tropical products was due to a significant rise in prices, partly driven by rising freight rates which were at unprecedented levels in 2021.

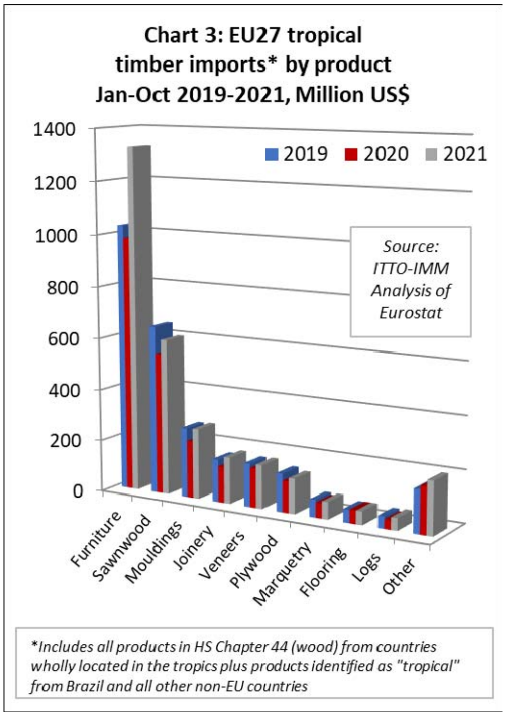
The Drewry World Container Index shows that global rates for a 40 foot container peaked at over US$10000 in the middle of September 2021 compared to US$2000 in the same month in 2020. At the start of 2022, rates were still at around US$9400 dollars compared to US$5000 at the start of 2021.

FOB prices for tropical wood products were also driven up during 2021 in response to the sharp increase in global demand at a time when supplies were scarce and tropical producers continued to operate under extremely challenging conditions during the pandemic. This in turn encouraged EU27 importers to buy larger quantities from more accessible suppliers in the European neighbourhood and a continued loss of market share for tropical suppliers in the EU market.

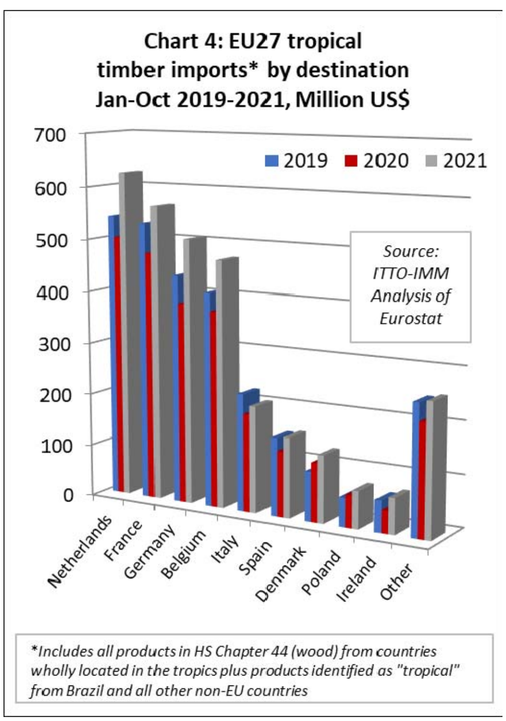
Wood furniture drives rise in EU27 import value in 2021

The 2021 increase in the value of EU27 imports from tropical countries was heavily concentrated in wood furniture products. For these products, import value in the first ten months of 2021 was well in excess of imports during the same period in both 2020 and 2019.

Although import value of all other wood products from tropical countries was higher in 2021 than in the previous year, for some (including key products like tropical sawnwood and plywood), import value was still below the level prevailing before the COVID pandemic in 2019 (Chart 3).



In the first ten months of 2021, import value into all the largest EU27 destinations for tropical wood and wood furniture products was significantly higher than in the same period in 2020. Furthermore, of the largest markets, only in Italy was import value in the first ten months of 2021 less than in the same period in 2019 before the pandemic (Chart 4).



EU recovery expected to continue but significant downside risks are emerging

Longer term market prospects in the EU27 look reasonable as the economic expansion in the region is expected to continue, but there are significant downside risks. According to the EU's latest Autumn 2021 forecast, the EU economy is expected to have grown by 5% in 2021 and to maintain growth of 4.3% this year before easing to 2.5% in 2023.

While strong domestic demand is expected to continue to fuel economic expansion in the EU, the forecast recovery is heavily dependent on the uncertain evolution of the pandemic, both within and outside the EU.

The improving health situation, which allowed the economy to bounce back in 2021, is now being challenged by rising infections linked to the Omicron variant across the EU. For now, hospitalisations and deaths associated with COVID-19 infections remain low compared to previous waves. But they are slowly rising, posing a risk to economic prospects.

Inflation is another source of uncertainty for the European economy. As in other parts of the world, surging prices are hitting customers across the region with soaring food and energy bills. Germany, Europe's largest economy, saw the biggest price increase for almost 30 years in December, beating forecasts. In Italy, economists have said the recovery could be muted in 2022 by rising prices, especially fuel prices. Poland has also reported a high inflation not seen over the past 20 years.

Supply bottlenecks and combined with rising demand, boosted by government stimulus measures, have caused consumer prices to rise. Rising energy prices and disruptions in global logistics, leading to severe shortages and price increases of key raw and intermediate inputs, is also holding back manufacturing across the EU. While this may be only a temporary phenomenon as supply bottlenecks are widely expected to ease in the course of 2022, an inflation rate of below 2 percent is not expected until 2023.

At the same time, activity in the construction sector in the EU, a key driver of timber demand in the region, remains fragile. The IHS Markit Eurozone Construction Index gradually increased from 49.5 in August last year to 53.3 in November before slipping to 52.9 in December. Overall, the recent trend has been positive but, with 50.0 being the dividing line between contraction and growth, the index implies that sentiment in the sector is very mixed.

The rise in eurozone construction activity in the last quarter of 2021 was led by a marked upturn among Italian companies. French firms recorded a softer rate of growth, while Germany noted a sustained decrease. Overall though, in December last year new orders placed with eurozone construction companies expanded at the fastest pace since February 2019 at the end of 2021.

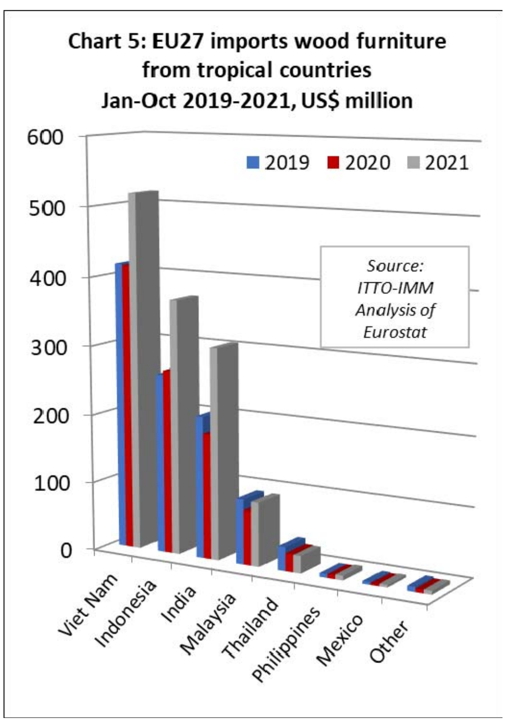
Anecdotal evidence pointed to new projects coming to tender amid sustained government incentives for the sector. Meanwhile, a majority of eurozone construction companies continued to cite higher raw material prices due to widespread supply shortages.

Rising EU27 wood furniture imports from Vietnam, Indonesia, and India

In the first ten months of 2021, EU27 import value of wood furniture from tropical countries was US$1.33 billion, 35% and 29% higher than the same period in 2020 and 2019 respectively. For all three leading tropical supply countries of wood furniture to the EU27 – Vietnam, Indonesia, and India - import value in the first ten months of 2021 was higher even than in 2019 before the pandemic.

After a slow start to the year, the value of EU27 wood furniture imports from Vietnam and Indonesia increased sharply from the second quarter onwards. By the end of the first ten months, import value was up 25% from Vietnam to US$518 million, and up 38% from Indonesia to US$370 million. Imports from India, which were consistently high throughout the first ten months of 2021, totalled US$306 million during this period, 68% greater than the same period in 2020.

In contrast, EU27 imports from Malaysia were very strong in the first half of 2021 but slowed sharply in the second half of the year. Imports from Malaysia in the first ten months of 2021 totalled US$92 million, 17% more than the same period in 2020 but 2% less than the same period in 2019. Imports from Thailand were US$25 million in the first ten months of 2021, 3% less than the same period in 2020 and down 27% compared to 2019 before the pandemic (Chart 5).



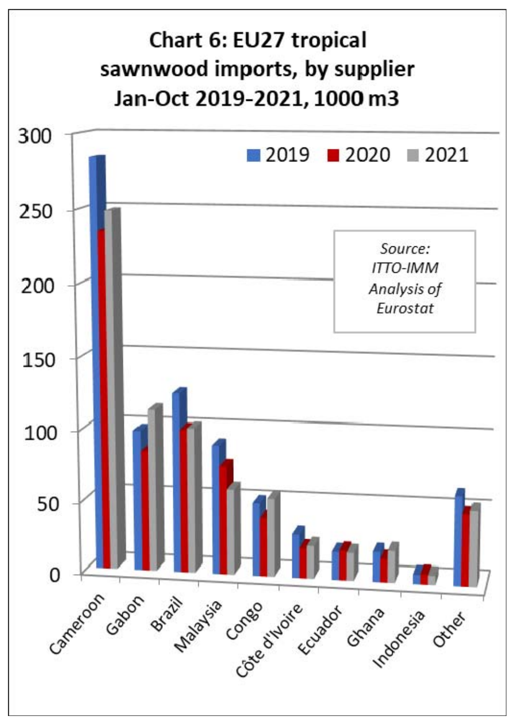
EU27 imports of tropical sawnwood still below pre-COVID level

In the first ten months of 2021, EU27 import value of tropical sawnwood was US$602 million, up 10% on 2020 but down 7% compared to 2019. In quantity terms, imports of 700,300 cu.m in the first ten months were 8% higher than the same period in 2020 but still down 11% compared to the same period in 2019 before the pandemic.

Imports of 248,600 cu.m from Cameroon in the first ten months of 2021 were 6% higher than the same period in 2020 but still 13% down compared to 2019. Imports of 101,300 cu.m from Brazil were up 1% compared to 2020 but down 19% compared to 2019.

Sawnwood imports from Gabon and Congo fared better during the first ten months of 2021. Imports from Gabon, at 113,300 cu.m, were up 34% on 2020 and up 15% compared to 2019. For the Congo, imports were 54,600 cu.m in the ten month period, up 34% on 2020 and 7% on 2019.

Imports of sawnwood from Côte d'Ivoire were 22,900 cu.m in the first ten months of 2021, up 9% compared to 2020 but down 25% on 2019. The long term decline in EU27 imports of sawnwood from Malaysia continued in the first ten months of 2021, at 59,800 cu.m 21% less than the same period in 2020 and 34% down on 2019 (Chart 6).



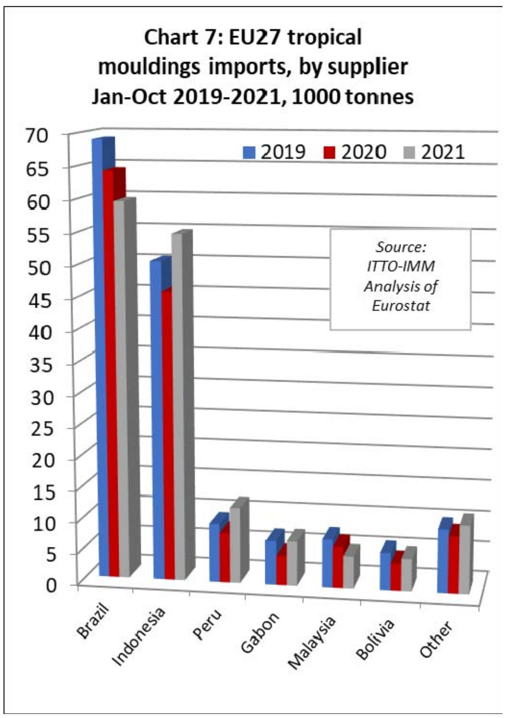
In the first ten months of 2021, EU27 import value of tropical mouldings/decking was US$271 million, up 23% and 1% compared to 2020 and 2019 respectively. In quantity terms, tropical mouldings/decking imports increased 8% to 154,800 tonnes in the first ten months of 2021 compared to the same period the previous year. However import quantity was still down 3% compared to 2019.

Imports of 59,600 tonnes from the largest supplier Brazil, were 7% down on the same period in 2020 and 14% less than in 2019.

Despite widespread reports of supply shortages for Indonesian bangkirai decking, imports of mouldings/decking from Indonesia were 54,800 tonnes during the first ten months of 2021, 20% more than the same period in 2020 and 9% more than in 2019.

Imports of mouldings/decking from Peru were 12,000 tonnes, 51% more than in 2020 and 28% up on 2019. Sawnwood imports from Gabon were 7,200 tonnes in the first ten months of 2021, 52% more than the same period in 2020 and 1% more than in 2019.

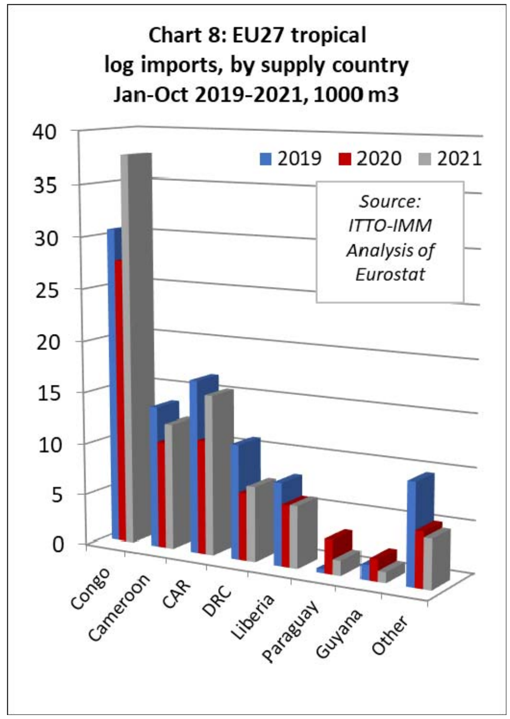
Imports from Malaysia were 5,100 tonnes in the first ten months last year, 22% less than in 2020 and 34% down compared to 2019 (Chart 7).



In the first ten months of 2021, EU27 import value of tropical logs was US$47 million, 30% up on 2020 and 3% more than in 2019. In quantity terms, imports of 85,800 cu.m were 19% more than the same period in 2020 but 6% less than the same period in 2019.

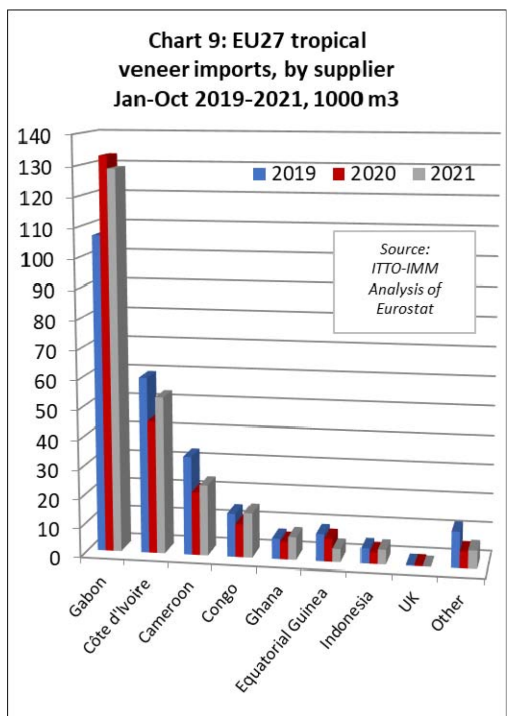
Imports of 37,700 cu.m from Congo, now by far the largest supplier of tropical logs to the EU, were 37% more than the same period in 2020 and 23% more than the same period in 2019.

Imports in the first ten months of 2021 from all other leading supply countries - CAR (15,400 cu.m), Cameroon (12,200 cu.m), DRC (7,200 cu.m), and Liberia (6,000 cu.m) - were all more than the same period in 2020 but still down on the level of 2019 before the pandemic.



Only marginal gains in EU27 imports of tropical veneer and plywood

In the first ten months of 2021, EU27 import value of tropical veneer was US$168 million, 11% more than the same period in 2020 and a 1% gain compared to 2019. In quantity terms, imports were 245,200 cu.m in the first ten months of 2021, a gain of 4% compared to 2020 but 2% less than in 2019.



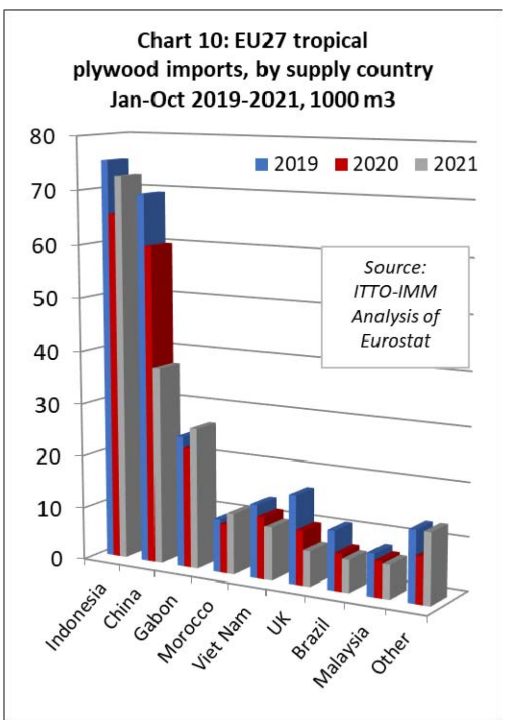
After a rapid rise in 2020, veneer imports from Gabon were 128,800 cu.m in the first ten months of 2021, down 3% compared to 2020 but still 21% more than in 2019. At 53,400 cu.m, veneer imports from Côte d'Ivoire were 18% more than in 2020 but still down 11% compared to 2019.

Imports of 24,200 cu.m from Cameroon were 12% more than in 2020 but 28% less than in 2019. Veneer imports from Congo were 15,300 cu.m in the first ten months of 2021, 35% and 3% more than the same period in 2020 and 2019 respectively (Chart 9 above).

In the first ten months of 2021, EU27 import value of tropical plywood was US$135 million, up 11% compared to 2020 but down 8% on 2019. In volume terms, imports of 190,300 cu.m in the first ten months of 2021 were 6% less than the same period in 2020 and 22% down compared to 2019.

EU27 tropical hardwood plywood imports from Indonesia, the largest supplier, made up some lost ground in the second half of 2021 after a slow start in the first half of the year. Imports from Indonesia were 72,500 cu.m in the first ten months of 2021, 11% more than the same period in 2020 but still 4% down compared to 2019.

There were also positive trends in EU27 imports of tropical hardwood plywood from Gabon and Morocco in the first ten months of 2021. Imports from Gabon were 26,600 cu.m during the period, 17% more than the same period in 2020 and 7% more than in 2019. Imports from Morocco were 11,500 cu.m, 24% and 15% more than the same period in 2020 and 2019 respectively.



In contrast, imports of tropical hardwood faced plywood from China were 37,300 cu.m in the first ten months of 2021, 38% less than the same period in 2020 and 46% down compared to 2019. EU27 imports of tropical hardwood plywood from Vietnam, Malaysia and Brazil, and indirect imports from the UK, all continued to slide in the first ten months of 2021 (Chart 10 above).

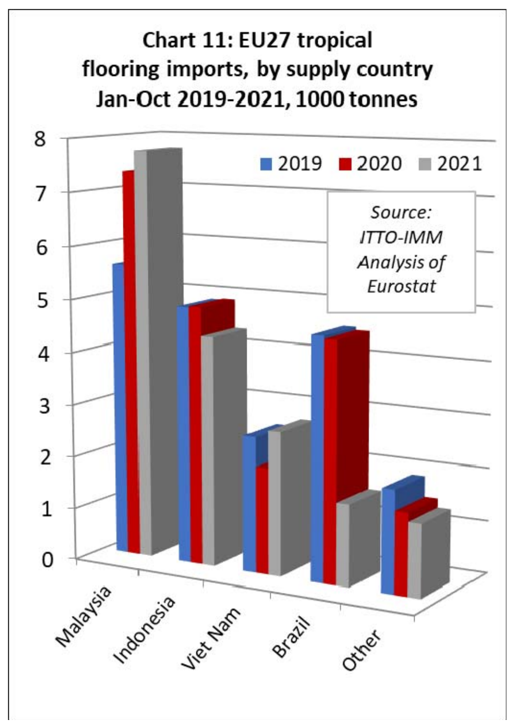
Rise in EU27 imports of tropical flooring from Malaysia continues

In the first ten months of 2021, EU27 import value of tropical flooring products was US$52 million, equivalent to the same period in 2020 and 2% more than in 2019.

However in quantity terms, imports of 17,800 tonnes in the first ten months of 2021 were 13% down compared to 2020 and 9% less than in 2019. The rise in EU27 wood flooring imports from Malaysia, that began in 2020, continued into 2021.

Imports of 7,750 tonnes from Malaysia in the first ten months of 2021 were 5% more than the same period in 2020 and 38% greater than in 2019. Imports of 2,730 tonnes from Vietnam during the ten month period were also 35% greater than in 2020 and 6% more than in 2019.

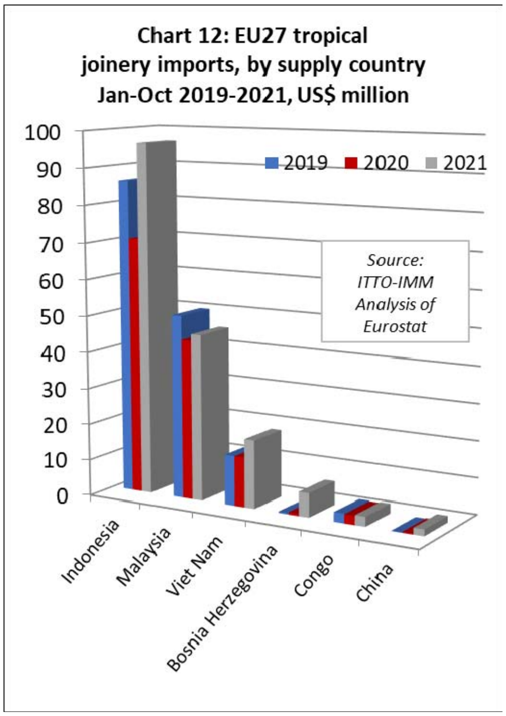
In contrast, flooring imports from Indonesia of 4,400 tonnes in the first ten months of 2021 were 11% less than the same period in both 2020 and 2019. Imports from Brazil also continued to slide last year, at just 1,550 tonnes in the first ten months, 66% down compared to both 2020 and 2019 (Chart 11).



The value of EU27 imports of other joinery products from tropical countries - which mainly comprise laminated window scantlings, kitchen tops and wood doors - increased 28% to US$179 million in the first ten months of 2021.

Imports were up 37% to US$97 million from Indonesia, up 4% to US$46 million from Malaysia, and up 37% to US$19 million from Vietnam. In the case of Indonesia and Vietnam, import value of these joinery products also exceeded the pre-pandemic level in 2019.

In 2021, the EU27 has also began to import joinery products manufactured using tropical hardwood from Bosnia. Import value from Bosnia was US$6.6 million in the first ten months of 2021, up from a negligible level the previous year (Chart 12).



North America

Our apologies for not being able to provide an update from North America in this issue.

Disclaimer: Though efforts have been made to ensure prices are accurate, these are published as a guide only. ITTO does not take responsibility for the accuracy of this information.

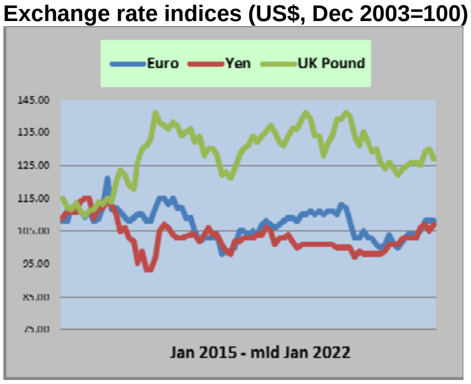
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

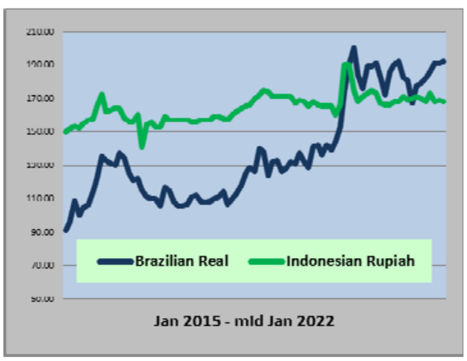
Dollar Exchange Rates

As of 10 January 2022

Brazil	Real	5.6363
CFA countries	CFA Franc	579.57
China	Yuan	6.3762
Euro area	Euro	0.8818
India	Rupee	74.025
Indonesia	Rupiah	14308
Japan	Yen	115.20
Malaysia	Ringgit	4.20
Peru	Sol	3.91
UK	Pound	0.7366
South Korea	Won	1198.14

Exchange rate indices (US$, Dec 2003=100)



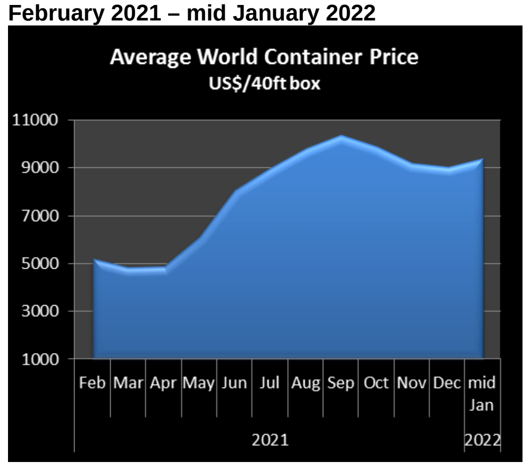


Abbreviations and Equivalences

Arrows ⬇⬆	Price has moved up or down
BB/CC etc	quality of face and back veneer
BF, MBF	Board foot, 1000 board foot
Boule	bundled boards from a single log
TEU	20 foot container equivalent
CIF	Cost insurance and freight
C&F CNF	Cost and freight
cu.m cbm	cubic metre
FAS	First and second grade of sawnwood
FOB	Free-on board
Genban	Sawnwood for structural use in house building
GMS	General Market Specification
GSP	Guiding Selling Price
Hoppus ton	1.8 cubic metre
KD, AD	Kiln dried, air dried
Koku	0.28 cubic metre or 120 BF
LM	Loyale Merchant, a grade of log parcel
MR.., WBP	Moisture resistant, Weather and boil proof
MT	Metric tonne
OSB	Oriented Strand Board
PHND	Pin hole no defect
QS	Qualite Superieure
SQ,SSQ	Sawmill Quality, Select Sawmill Quality

Ocean Container Freight Index

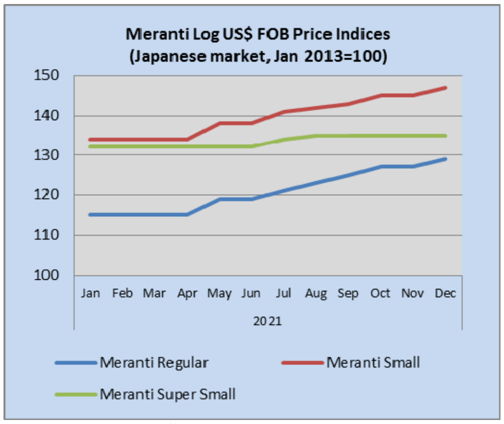
February 2021 – mid January 2022



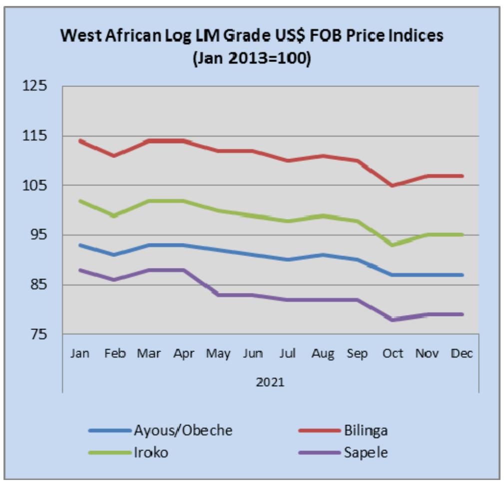
Data source: Drewry World Container Index

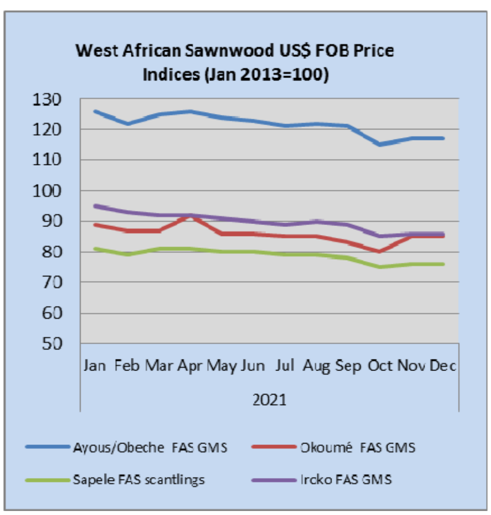
Price indices for selected products

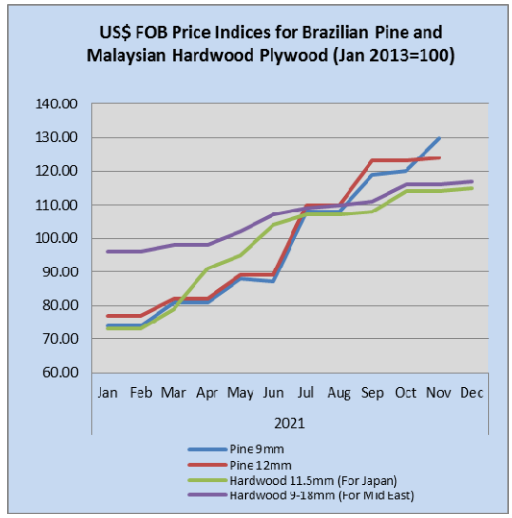
The following indices are based on US dollar FOB prices

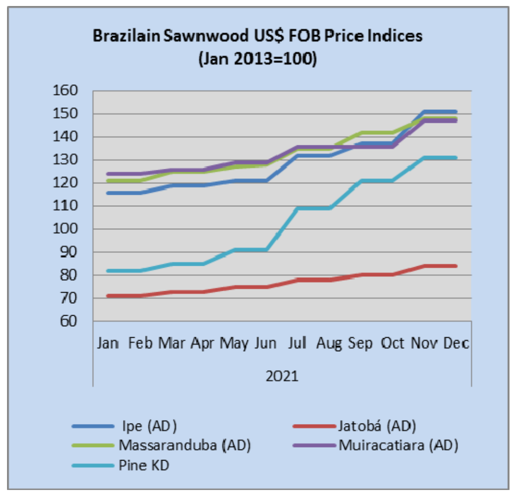


Note: Sarawak logs for the Japanese market









Note: Jatobá is mainly for the Chinese market.

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