

# Tropical Timber Market Report

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The ITTO *Tropical Timber Market (TTM) Report*, an output of the ITTO Market Information Service (MIS), is published in English every two weeks with the aim of improving transparency in the international tropical timber market. Its contents do not necessarily reflect the views or policies of ITTO. News may be reprinted provided that the ITTO *TTM Report* is credited. A copy of the publication should be sent to [ti@itto.int](mailto:ti@itto.int).

## Contents

|                              |    |
|------------------------------|----|
| Central/West Africa          | 2  |
| Ghana                        | 3  |
| Malaysia                     | 5  |
| Indonesia                    | 6  |
| Myanmar                      | 8  |
| India                        | 9  |
| Vietnam                      | 11 |
| Brazil                       | 13 |
| Peru                         | 15 |
| Japan                        | 16 |
| China                        | 21 |
| Europe                       | 22 |
| North America                | 26 |
| Currencies and Abbreviations | 29 |
| Ocean Freight Index          | 29 |
| Price Indices                | 30 |

## Survey – impact of pandemic

Correspondents in tropical timber producing countries featured in this market report have responded to a series of questions on the impact of the pandemic.

Early responses have been received and are reported from Ghana (page 3), Indonesia (page 6), Myanmar (page 8), Vietnam (page 11) and Brazil (page 13).

The same questions have been distributed to the ITTO Trade Advisory Group (TAG) and responses will be compiled and made available.

The survey will provide information on the impact of the pandemic and serve as a basis for the development of ideas and suggestions by ITTO for the recovery of production and exports in tropical timber producing member countries.

These are extraordinary times and extraordinary measures will be needed to reverse job losses and rebuild revenue flows in the tropical timber sector.

## Headlines

|   | Page      |
|---|-----------|
| <b>No clear picture on how pandemic is affecting timber companies in Africa</b>               | <b>2</b>  |
| <b>Malaysian private sector faces supporting livelihoods of timber sector foreign workers</b> | <b>5</b>  |
| <b>280,000 furniture sector workers laid off in Indonesia</b>                                 | <b>7</b>  |
| <b>Vietnamese industry - growth disrupted</b>   | <b>11</b> |
| <b>Furniture industry back to work in Bento Gonçalves</b>                                     | <b>14</b> |
| <b>Peru -Forestry paralysed by lockdown</b>   | <b>15</b> |
| <b>Japanese plywood mills cut production</b>  | <b>18</b> |
| <b>Chinese forestry enterprises back to work except in Hubei</b>                              | <b>21</b> |
| <b>EU furniture sector particularly hard hit by pandemic</b>                                  | <b>25</b> |
| <b>US woodworking industry faces challenges but is optimistic</b>                             | <b>26</b> |

## Central and West Africa

### No clear picture on how pandemic is affecting timber companies

Almost all African countries are reporting cases of the corona virus and as the number of cases continues to grow more countries are finding the virus has spread beyond the main cities. Of the 47 African member countries of the WHO, almost 60% have reported cases in multiple locations compared with around 21% at the beginning of April.

There is no clear picture on how the pandemic is affecting timber companies. There are considerable variations in responses to the pandemic among African countries which makes analysis difficult. What is certain is that jobs are being lost and African economies will see a drastic drop in export earnings from the timber sector in the coming months.

### Sawmills in Cameroon cannot operate

The Cameroon Minister of Health, Dr. Malachie Manaouda, has warned virus infections could shortly surge and the ministry has launched a mass screening exercise. The strategy adopted to slow the spread of the virus will focus on raising awareness and regulating the flow of people in crowded areas. Sawmills in Cameroon are reportedly not operating as they have few orders, no log supply and because of the corona virus control measures.

### DRC lockdown

It has been reported that a few days after the Democratic Republic of Congo ordered a complete lockdown of Kinshasa Province residents faced problems getting household essentials. More than 11 million people have been told not to leave home except for food supplies. Movement of people in the commune of La Gombe, where most government offices and timber companies have offices, is restricted. ATIBT reports that logging companies are not included in the movement ban.

### Shipments continue from Equatorial Guinea

In mid-March Equatorial Guinea declared a National State of Alarm to facilitate the mobilisation of resources needed to stem the spread of corona virus. An emergency fund was created to try and limit the spread of infections.

It has been reported that a large number of containers with Kevazingo sawnwood have been seized in Bata Port. The authorities say when the pandemic is over inspection of the legality of the shipments will be conducted. Analysts report that log exports continue and that shipments comprise mainly okoume and redwoods such as tali, padouk, some bosse and doussie

### Some companies still operating in Congo

ITTO's IMM correspondent for Republic of Congo reports that pandemic related impacts are already making themselves felt where a strict lockdown has been in place since 31 March and borders were closed.

While some companies, including the larger ones in the North of the country, are still operating a number (especially in the South) have suspended operations altogether, and the sector as a whole has cut production.

### Other sources of information

The most current information on the impact on the timber sector in Ghana can be found on page 3. Another source of information on the situation in Central and West Africa is the ATIBT and the following sites are recommended.

See: <https://www.atibt.org/en/impact-of-covid-19-on-the-wood-market/>

and

<https://www.atibt.org/en/impact-of-covid-19-on-timber-trade-2/>

### Log export prices

| West African logs<br>Asian market            | FOB Euro per cu.m |     |      |
|--|-------------------|-----|------|
|  | LM                | B   | BC/C |
| Acajou/ Khaya/N'Gollon                       | 265               | 265 | 175  |
| Ayous/Obeche/Wawa                            | 250               | 250 | 225  |
| Azobe & ekki                                 | 275               | 275 | 175  |
| Belli  | 270               | 270 | -    |
| Bibolo/Dibétou                               | 215               | 215 | -    |
| Bilinga                                      | 275               | 275 | -    |
| Iroko  | 300               | 280 | 225  |
| Okoume (60% CI, 40% CE, 20% CS) (China only) | 220               | 220 | 200  |
| Moabi  | 365               | 355 | 285  |
| Movingui                                     | 210               | 210 | -    |
| Niove  | 160               | 160 | -    |
| Okan   | 200               | 200 | -    |
| Padouk                                       | 250               | 230 | 200  |
| Sapele                                       | 260               | 260 | 200  |
| Sipo/Utile                                   | 260               | 260 | 230  |
| Tali   | 300               | 300 | -    |

### Sawnwood export prices

| West African sawnwood    | FOB Euro per cu.m |
|--------------------------|-------------------|
| Ayous FAS GMS            | 440               |
| Bilinga FAS GMS          | 540               |
| Okoumé FAS GMS           | 460               |
| Merchantable             | 310               |
| Std/Btr GMS              | 340               |
| Sipo FAS GMS             | 500               |
| FAS fixed sizes          | -                 |
| FAS scantlings           | 520               |
| Padouk FAS GMS           | 640               |
| FAS scantlings           | 675               |
| Strips                   | 320               |
| Sapele FAS Spanish sizes | 450               |
| FAS scantlings           | 480               |
| Iroko FAS GMS            | 600               |
| Scantlings               | 660               |
| Strips                   | 350               |
| Khaya FAS GMS            | 480               |
| FAS fixed                | 540               |
| Moabi FAS GMS            | 620               |
| Scantlings               | 640               |
| Movingui FAS GMS         | 420               |

## Survey - Impact of pandemic on timber sector

*1. Are mills still operating?*

Mills in the country with available raw materials and orders are currently in production, as government announced COVID-19 measures, so far, were specific and restricted to the movement of persons. The measures exempted the production and movement of goods and essential services. Factory workers who show evidence of any form of IDs were not affected by the movement restrictions but expected to comply with social distancing.

These are measures by Executive Instrument (EI) imposed under EI 64 and EI 65 on Public Gatherings and restricted movement of persons within selected zones respectively.

*2. Have workers been laid off?*

No timber sector workers have been laid off as at the time of this report. Ghana employs about 1.2 million workers, of which 600,000 are public sector workers. The remaining are either self-employed or with private investors.

All public and private schools in the country were the first to be closed down by government on 16 March 2020. Recently unconfirmed scanty reports indicate, some private school teachers have either been laid off, about to be laid off or may not be paid for the period at home.

*3. Are laid off workers receiving payments?*

There are no known lay offs in the public sector so workers are still receiving their wages and salaries. Government has also already announced 3-months various levels of water and electricity reliefs for Ghanaians, stressing on judicious use of these utilities.

It is anticipated with these measures, employers who do not meet production targets could likely reconsider cutting down on workforces. This will also depend on the availability and sustainability of packages promised by government.

*4. Are companies already receiving government support?*

The Government has recently received parliamentary approval to spend an additional GHC1.2 billion (or US\$210 million) for 2020 (April to June) to support businesses, and to minimise job losses.

The government has promised some financial support but companies are yet to know the fine details of who will benefit or not and how much. Government has also pushed forward the payment of taxes and VAT.

Government also plans to support companies by absorbing 100% water and 50% electricity tariffs for the months of April to June 2020. These are expected to reflect on their month end bills. The Ghana Association of Bankers has also announced a 2% cut in interest rates on loans.

*5. Have orders (domestic/international) been cancelled?*

Mills outside the lockdown zones are currently producing for both the domestic and international markets.

Ghana announced its COVID-19 case just last month. The Timber Industry Development Division (TIDD) of the Forestry Commission (FC) continued to process and approve contracts for export.

*6. Estimated % change in shipments since Jan 2020 to China/EU/US/Others*

Wood product shipments have not suffered any setback. However, arrivals at destinations in China, EU, US and others could suffer delayed port clearance and possible demurrage depending on each destination. But as cargo is in port this could also help eliminate any anticipated shortfalls by the final consumer.

*7. Are mill stock levels increasing?*

Factories largely produce to market rather than to stock. The only challenge is production run could take a little more time to complete, due to social distancing which could affect the number of shift workers at any particular point in time.

*8. How much time would be required to ramp up production to pre-crisis levels?*

Depends on the factory and its outstanding orders, all things being equal with raw materials availability, production levels could be raised within 3-months.

*9. What will be the main challenges in ramping up production?*

Cash flow, if factories have incurred overheads beyond their control from putting in place the appropriate measures and the required Personal Protective Equipment (PPEs) to combat workplace virus spread.

*10. Are containers still being loaded at the port?*

Despite land border closures to people and goods the Ghana Ports and Harbours Authority (GPHA) continue to handle all sea import and export cargoes through the port. Shipping line vessels also call the ports as scheduled without any interruption.

Meanwhile protocols on social distancing and movement of persons are strictly enforced.

*11. Are containers readily available?*

Yes, with the scheduled vessel calls empty containers are discharged on arrival for subsequent shipments.

### Massive virus testing in Ghana

The Ghana Health Services has reported that as of 10 April 2020 27,346 people had been tested with 408 showing positive for the corona virus.

Of the 408 confirmed cases, 205 were reported from routine surveillance, 88 from enhanced surveillance activities and 115 from travelers under mandatory quarantine in both Accra and Tamale.

Regions that have reported cases are Greater Accra, Ashanti, Central, Eastern, Northern, North East, Upper East and Upper West regions.

See: <https://www.ghanahealthservice.org/covid19/archive.php>

### Manufacturing sector hard hit

The government has announced additional measures to check the spread of the corona virus in Ghana. The 2-week lock down in the cluster areas in Accra and Kumasi has been extended by 7 more days to end around 20 April when the situation will be assessed again.

Manufacturers, including timber processing companies, in the lock down areas have been severely impacted as they have been told to cease operation. Only companies providing essential services were allowed to continue.

Factories in non-lock down regions, while still operating, are challenged with maintaining full production due to the government directive on 'social distancing' and 'working-from-home'.

Fear amongst workers has compelled factories to operate with only a skeleton staff and fewer shifts. Companies are continuing to try and produce to meet both local and international orders but they are seriously handicapped. With some workers at home but still on the payroll company reserves are quickly being exhausted.

### Government support package

The government intends to launch a Coronavirus Alleviation Programme (CAP) to support small businesses. The aim of the CAP is provide financial support to minimise job losses.

The domestic press in Ghana has reported that parliament has approved a fund worth GHc1.2 billion (approx. US\$210 million) for addressing the economic downturn and is offering low interest loans for SMEs.

In a press statement, the Association of Ghana Industries (AGI) welcomed the government's plan to contain the spread of the virus and at the same time assured its members that the association will continue to address their concerns.

### Services and port operations functioning

Services provided by the Forestry Commission, the Ghana Ports and Harbours Authority, the banking sector and shipping companies have not been interrupted. All inbound and outbound shipments are moving.

According to the private sector, in view of the Corona virus impact on Ghanaian businesses, especially small and medium-sized enterprises (SMEs), it is very important for the government to urgently constitute a Coronavirus Supply Chain and Trade Disruption Team to assist in addressing specific supply chain issues and challenges affecting businesses.

The global business leaders have predicted that the impact of the Coronavirus on Global Supply Chains will be felt in the next ninety (90) days from March, and it is imperative for Ghana to institute measures to mitigate its economic consequences on the nation.

See: <https://www.businessghana.com/site/news/general/210233/Pathways-to-reducing-the-coronavirus-impact-on-Ghana-s-Supply-Chains>

### 2019 timber exports recorded 9.75% Y-O-Y

In 2019 Ghana exported a total 300,445 cu.m of wood products earning euro 150.63 million as against 332,927 cu.m and euro187.87 million in 2019. For 2019 there was an almost 10% in export volumes and there was a significant (almost 20%) drop in export earnings.

The drop in 2019 volumes, say analysts, could be attributed to the poor performance of some products namely sliced veneer (-5%), billet (-15%), air-dried lumber (-15%) and overland sliced veneer (-32%).

The leading export products in 2019 were air and kiln dry sawnwood and billets which accounted for 58%, 16% and 8% respectively of exports. The main species were exported were teak, wawa, ceiba, mahogany and black ofram.

### 2019 export volumes

|                    | Cu.m    | 2018-19<br>% change |
|--------------------|---------|---------------------|
| AD Sawnwood        | 175,845 | -15.18              |
| KD Sawnwood        | 47,286  | 5.36                |
| Plywood (OL)       | 20,474  | -8.62               |
| Billets            | 24,734  | -15.28              |
| Sliced Veneer      | 9,953   | -4.69               |
| Mouldings          | 9,558   | 21.98               |
| Rotary Veneer      | 6,786   | 14.57               |
| Plywood            | 2,183   | 84.53               |
| Sliced Veneer (OL) | 189     | -32.26              |
| Boules (AD)        | 1,115   | -0.45               |
| Boules (KD)        | 333     | 278.41              |
| Others             | 1,999   | -11.20              |
| Total              | 300,455 | -9.75               |

Data source: TIDD. OL=Overland

The table below provides 2019 export values by product

## 2019 export values

|                    | Euro<br>000's  | 2018-19<br>% change |
|--------------------|----------------|---------------------|
| AD Sawwood         | 85,461         | -28.28              |
| KD Sawwood         | 28,344         | 3.88                |
| Plywood (OL)       | 6,834          | -17.98              |
| Billets            | 9,084          | -18.83              |
| Sliced Veneer      | 9,793          | -12.96              |
| Mouldings          | 5,176          | 3.54                |
| Rotary Veneer      | 2,636          | 7.64                |
| Plywood            | 144            | -33.94              |
| Sliced Veneer (OL) | 617            | 1.65                |
| Boules (AD)        | 854            | 50.88               |
| Boules (KD)        | 213            | 301.89              |
| Others             | 1,476          | -16.28              |
| <b>Total</b>       | <b>150,632</b> | <b>-19.82</b>       |

Data source: TIDD. OL=Overland

### Three major markets all impacted by global pandemic

Ghana's timber exports were shipped to five regular major markets which in order of size were: Asia (67%), Europe (16%), Africa (11%), America (4%) and the Middle East (2%). All these regions have been impacted by the pandemic so Ghanaian producers are bracing for a sharp weakening of demand.

### Boule export prices ↑ ↓

|                      | Euro per m <sup>3</sup> |
|----------------------|-------------------------|
| Black Ofram          | 330                     |
| Black Ofram Kiln dry | 420                     |
| Niangon              | 579↑                    |
| Niangon Kiln dry     | 622                     |

### Export rotary veneer prices

| Rotary Veneer, FOB | Euro per m <sup>3</sup> |             |
|--------------------|-------------------------|-------------|
|                    | CORE (1-1.9 mm)         | FACE (>2mm) |
| Ceiba              | 380↑                    | 440         |
| Chenchen           | 540                     | 633↑        |
| Ogea               | 521                     | 590         |
| Essa               | 586                     | 634↓        |
| Ofram              | 350                     | 435         |

### Export sliced veneer

| Sliced face veneer | FOB Euro per m <sup>3</sup> |
|--------------------|-----------------------------|
| Asanfina           | 787↓                        |
| Avodire            | 667                         |
| Chenchen           | 644↓                        |
| Mahogany           | 2,078↑                      |
| Makore             | 1,621↑                      |
| Odum               | 700↓                        |

### Export plywood prices

| Plywood, FOB | Euro per m <sup>3</sup> |       |          |
|--------------|-------------------------|-------|----------|
|              | Ceiba                   | Ofram | Asanfina |
| BB/CC        |                         |       |          |
| 4mm          | 328↑                    | 580   | 641      |
| 6mm          | 412                     | 535   | 604      |
| 9mm          | 377                     | 446   | 560      |
| 12mm         | 510                     | 450   | 480      |
| 15mm         | 450                     | 352↓  | 430      |
| 18mm         | 450                     | 441   | 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 m <sup>3</sup> |            |
|-----------------------------------|-------------------------|------------|
|                                   | Air-dried               | Kiln-dried |
| FAS 25-100mm x 150mm up x 2.4m up | 860                     | 925        |
| Afrormosia                        | 465                     | 564        |
| Asanfina                          | 404                     | 600        |
| Ceiba                             | 413↓                    | 444↑       |
| Dahoma                            | 520                     | 651        |
| Edinam (mixed redwood)            | 465                     | 591        |
| African mahogany (Ivorensis)      | 930                     | 1,016↑     |
| Makore                            | 740                     | 817↑       |
| Niangon                           | 620                     | 666        |
| Odum                              | 649                     | 832        |
| Sapele                            | 720                     | 797↓       |
| Wawa 1C & Select                  | 420                     | 458↓       |

## Malaysia

### Lock-down extended

A Movement Control Order (MCO) came into force for the period 17 till 31 March as part of the government's efforts to manage the corona virus epidemic in Malaysia. The MCO was first extended to 14 April and then extended yet again to 28 April.

The MCO is equivalent to a "lockdown" whereby everyone has to self-isolate at home and only go out for essentials. Only essential services are allowed to operate. Workers in non-essential services are asked to work from home.

Analysts report that production in the forestry and timber sectors has slowed drastically, though trade associations are working with the authorities to allow at least partial operations.

Some states in such as Sarawak and Johor have permitted scaled down manufacturing operations. It is understood that manufacturing in these states is limited within specific timber industrial clusters and a cap has been placed on the number of workers allowed to return to work.

### Private sector face supporting livelihoods of timber sector foreign workers

Muar Furniture Association (MFA) president, Ong Yeou Huan, has outlined to the government the likely impact of the virus epidemic in Malaysia on the furniture sector.

He pointed out that in 2019 Malaysian furniture exports contributed around RM10 billion to the country. He also pointed out that approximately 80% of the furniture industries in Muar are SMEs and that manufacturers in Muar contributed nearly 60% of Malaysia's total furniture exports in 2019.

Ong said the MFA forecast 2020 exports could reach RM12 billion this year but this is unlikely because production has been disrupted and it will take time until demand in the main markets recovers. The slow-down in the industry and the effect it is having on the workforce is serious.

Ong reminded the authorities that the furniture manufacturing sector depends on thousands of foreign workers, but the government stimulus package appears not to include livelihood support for such workers and that the burden of supporting these laid off workers is falling on furniture manufacturers.

To emphasise the risks to companies the MFA conducted a survey which found the cash reserves of 48% of the factories were exhausted by March 2020; 38% of the MFA members indicated that they anticipate losing RM1 mil. to RM5 mil in the next six months. Most members assessed that the government's support package will not be adequate to allow the companies to maintain their business due to huge losses.

See:

<https://www.thestar.com.my/business/smebiz/2020/04/06/furniture-industry-associations-call-on-govt-to-hear-concerns>

#### **Association pleads for part time operation to pay workers and utilise deteriorating raw materials**

The issue of worker's wages has been highlighted by the Sabah Timber Industries Association (STIA) president Chua Yeong Perng. The domestic media report him saying "If remedial action is not taken during and after the Movement Control Order (MCO), the repercussions would be irreversible.

The Sabah timber sector employs around 30,000 fulltime employees and between 5-10,000 daily paid or part-time workers. Chua said the majority of timber companies in the State would struggle to sustain existing payroll commitments for much longer and that around half the workforce are at risk of losing their jobs.

The STIA has estimated that there are approximately 120 containers, carrying goods worth RM 9-10 mil. held up in factories and ports and there are approximately 100 - 120,000 cu m of felled logs valued between RM35-45 mil. in inventory and that the quality of these logs is deteriorating.

In addition, downstream mills are now faced with the critical problem of wood adhesive shelf life expiring. If partial production is not permitted over the next few days, it is estimated 964 metric tonnes of plywood and woodworking adhesives will need to be disposed of. The value of adhesives and the disposal cost could total between RM5-8 million Chua said.

The STIA has appealed to the government to grant special permission during the current MCO period for export shipments to be dispatched and in order to avoid massive adhesive disposal problems selected factories with expiring adhesives be allowed to restart production in order to utilise their adhesive stock and deliver wages to workers.

See:: <https://www.pressreader.com/malaysia/the-borneo-post-sabah/20200403/282467121001145>

## Indonesia

### Survey - Impact of pandemic on timber sector

#### *1. Are mills still operating?*

Most wood industries are still operating, but they unfortunately are decreasing production. Some factory operations will continue for the next few months since Indonesia has implemented a semi-lockdown in Jakarta beginning 10 April to be followed by a lockdown in West and East Java in the near future.

Another cause of lower production is the postponement of orders by importers in the European Union, America and parts of Asia. However, Indonesia's wood product exports for the first quarter 2020 have not been seriously affected by the pandemic. The types of products that experienced a decline in exports were HS 470329 (Wood pulp; chemical wood pulp) and HS 442199 (Wood; not of bamboo).

#### *2. Have workers been laid off?*

Partly, a sort of an interim lay off. Some companies apply a shift-based work to minimise the production cost. (HIMKI indicated that lay offs total 280,000).

#### *3. Are laid off workers receiving payments?*

They are being paid but not full payment (based on agreement). Some companies still pay workers with full wages, but the production target is decreased.

#### *4. Are companies already receiving government support?*

Not yet, the government is still assessing data from impacted companies and workers affected by lay offs. Some associations propose government support such as relaxation/reduction of PPH tax for the companies, reduced regulation of import and subsidy for 180,000 workers monthly wages.

#### *5. Have orders been cancelled?*

Orders from the international buyers, especially the countries badly affected by the pandemic, have been postponed. However, countries less affected continue to place orders, although the export process at the port is slightly hampered due to restrictions on working hours and the implementation of the shift work system. This will get worse for the next few months due to strict business and social interaction restrictions.

#### *6. Estimated % change in shipments since Jan 2020 to: China, EU, US, Others*

The exact figure cannot be obtained yet but exports to China are moving but exports to Europe in countries such as Italy stopped in February/March

#### *7. Are mill stock levels increasing?*

Stocks of finished materials are accumulating because the goods that are ready to be sent do not get loaded. Estimated rise in stocks 70%.

#### *8. How much time would be required to ramp up production to pre-crisis levels?*

Maybe more than 1 year provided the government gives full support and provides incentives for industries related to reduction of taxation and bank interest rates. For the Plywood industries, it depends on market conditions, if export destinations have reopened their markets the industry will be ready to supply soon.

For wood working companies, If the government provides assistance to the industry in the form of tax breaks, simplification of export regulations, funding assistance for co-affected workers the time needed to recover the company's economic conditions will be fast.

*9. What will be the main challenges in ramping up production?*

The main challenges for increasing the value of wood production are: There is a decline in European and American market demand, while customers continue to demand delivery of goods on time when the government implements a lock down policy.

The government needs to eliminate the technical verification policy (LS) to reduce bureaucracy. Company cash flow is disrupted and the government has not yet implemented a policy of reducing/relaxing the export and import taxes. Procurement of imported raw materials is disrupted so relaxation of import licenses is needed.

*10. Are containers still being loaded at the port?*

Last month, when the lockdown was less effective containers were still there for the destinations not affected by the pandemic. But problems arose with trucking to a port because forwarders were operating reduced shifts.

*11. Are containers readily available?*

As of April there were reports of a shortage of containers but few were being stuffed as importers requested delayed shipment.

**280,000 furniture sector workers laid off**

Abdul Sobur, Secretary General of the Indonesian Furniture and Crafts Industry Association (HIMKI), has reported that, in addition to the thousands of workers laid-off in the retail, hotel, and restaurant sectors, furniture manufacturers have indicated that they have had to lay off some 280,000 workers.

Indonesian furniture industries are labour intensive with around 2.1 million employed. The current crisis has meant that furniture companies have had to make cuts in production which has impacted labour.

The HIMKI has 3,500 member companies and there are around 400,000 workers in the factories but as of mid-April about 70% are laid off". One main problem is that many export destinations are closed to shipments in others importers have asked for delayed shipments.

Sobur has determined that large sized HIMKI member companies may be able to retain employees for around 8 weeks but for medium and small companies they will not be able to equal the 8 week wage payments.

Sobur urged the government to quickly disburse Direct Cash Assistance (BLT) to employees who were laid off to sustain their livelihood.

See: <https://kumparan.com/kumparanbisnis/industri-mebel-juga-terimbas-corona-280-000-karyawan-dirumahkan-1tBMcYEWYcN>

The corona epidemic in Indonesia has had a devastating impact on workers as many businesses in all sectors have shut down and furloughed or laid off their employees.

Ministry of Manpower data shows that over a million workers in about 75,000 companies in the formal and informal sectors have either been told to stay home or have been laid off .

Ida Fauziah, Minister of Manpower, urged companies to make layoffs their last choice. She said options could be to reduce wages or reduce working days. The media reports her as saying "The (current) situation and conditions are indeed challenging but this is the moment for the government, business people and workers to work together and find a solution to mitigate the impact of COVID-19".

See: <https://www.thestar.com.my/news/regional/2020/04/10/indonesia-sees-12-million-workers-furloughed-laid-off-in-virus-hit-economy>

**Virus hits informal sector - Stimulus aimed at avoiding recession**

The impact of the pandemic is already hurting small businesses and the informal sector is particularly hard hit and will suffer more according to the Minister of Finance, Sri Mulyani Indrawati. He predicted that economic growth would decline sharply in 2020 and a recession is possible.

Against this backdrop the Minister said the planned stimulus measures might not be sufficient adding that in January the Ministry thought the pandemic would only impact the tourism sector. But that was incorrect so a second stimulus package was prepared focusing on the manufacturing sector but even here the extent of the damage being done was underestimated.

In mid-April the President announced a Rp 405 trillion (US\$25 billion) stimulus package for virus mitigation focusing on healthcare, social safety net, tax breaks and debt restructuring for corporations and small businesses.

See: <https://jakartaglobe.id/business/stimulus-aimed-at-avoiding-recession-as-covid19-hits-informal-sector-hard>

<https://en.antaranews.com/news/145154/indrawati-forecasts-covid-19-pandemic-to-dampen-economic-growth>

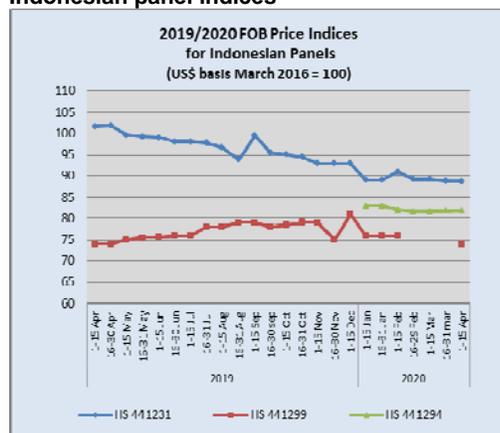
## Exporters will continue with SVLK

Executive Director of Association of Indonesian Forest Concessionaires (APHI), Purwadi Soeprihanto, said that the association was committed to meeting the Timber Legality Verification System (SVLK) requirements for products to be exported adding that the SVLK has reduced the stigma of illegal logging and weak forest management in Indonesia.

Purwadi said he hopes that the SVLK requirements for the small enterprises could be simplified, especially related to business licensing requirements and assistance for implementing SVLK certification.

Purwadi estimated that processed wood product exports will decline this year because the five main export destinations for Indonesian processed wood, China, the United States, Japan, the European Union and South Korea are badly affected by the pandemic.

## Indonesian panel indices



Data source: License Information Unit. <http://silk.depht.gov.id/>

## Myanmar

### SMEs severely affected by pandemic

According to exporters, some of planned shipments of wood products have been postponed by buyers in India, the EU and the US but, as of mid-April, analysts report there have been no mill closures as a result of the pandemic but work has stopped for the Myanmar New Year holidays.

The Myanmar Timber Enterprise (MTE) postponed the teak and other hardwood tenders sales in March and the tender sale for April has been postponed because of the Myanmar New Year Holiday.

Analysts say SMEs will be severely affected as they rarely have financial resources to sustain their business through a long period of closure. Most manufacturing, agricultural and tourism industries in Myanmar have been severely affected and farmers and fruit producers who rely on the Chinese market have suffered huge losses.

The Myanmar Investment Commission (MIC) says it will be issuing emergency loans to around 400 small businesses that have suffered financial losses due to the pandemic sweeping the world. The loan scheme was announced in March and the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) began accepting the loan applications immediately.

In other news, the government has announced that households in the country will not need to pay for the first 150 units of electricity in April, a measure to lessen the impact of the pandemic affects.

### Survey - Impact of pandemic on timber sector

The ITTO analyst in Myanmar conducted a survey of timber companies in the second week of April. The responses to the structures questionnaire are reported below.

#### 1. Are mills still operating?

Myanmar started the national New Year holiday on 10 April and all factories remained open until 9 April. At that time the Government urged 'voluntary home stay' and suspended domestic travel. It is not yet clear how Myanmar will handle the situation when the holiday period ends on 19 April. The authorities in Yangon, the commercial hub, have not issued any advice on what measure will be introduced after the holidays. Most workers have not returned to their home city because of the travel restriction.

#### 2. Have workers been laid off?

As of 10 April no workers had been laid off in the timber industries. But for labour-intensive factories, such as in the garment industry, there have been lay-offs. According to the EU ambassador for Myanmar an estimated 25,000 workers from more than 40 factories have been laid off. According to estimates provided by the EU half of the 700,000 garment workers in the country, most of whom are female, are at great risk of either being suspended without pay or losing their jobs permanently.

#### 3. Are laid off workers receiving payments?

There have been some disputes between the government, employers and trade unions over the need for support. However, the immediate effects of the pandemic are not yet clear since factories are closed because of the New Year holidays.

#### 4. Are companies already receiving government support?

The MIC has announced the availability of interest-free loans for SMEs and over 400 have applied with 55 companies securing approval. The processing of loan applications will restart after the New Year holiday.

#### 5. Have orders been cancelled?

In the timber industry some orders have been postponed but it is hard to get accurate data and facts. Buyers in the EU have suspended most of garment shipments.

For the timber industries about 50-100 containers are ready to ship but some are delayed. The value of pending shipments is said to be between US\$4 to 6 million.

*6. Are mill stock levels increasing?*

For the timber industries stock levels are not increasing much since mills buy logs in small quantities every month. For the garment factories stocks are not high since the main supplier of raw materials (China) has reduced shipments because of the pandemic.

*7. How much time would be required to ramp up production to pre-crisis levels?*

It is estimated that the timber industries will need a minimum 2 months to raise production to pre-crisis levels.

*8. What will be the main challenges in ramping up production?*

The financial stimulus package will be key factor after the pandemic is controlled.

*10. Are containers still being loaded at the port?*

In the period up to the beginning of the holidays, port operations were normal with some signs of congestion.

*11. Are containers readily available?*

Yes

**Workers targeted for support by EU**

According to the Centre for Economic and Social Development (CESD), a Yangon-based think tank, around 40% of Myanmar’s factories, mainly garment factories, have been severely disrupted by the pandemic putting at risk the livelihood of thousand of workers, mainly women. It is estimated that one-third of the factories closed depend on exports to the EU.

The Myanmar media has reported that European Union will provide 5 million euros to establish an emergency fund to support female workers in Myanmar’s garment sector who have lost their jobs.

See: <https://eurocham-myanmar.org/post/542/European-Union-to-Myanmar-announces-emergency-cash-fund-for-garment-workers>

The EU Ambassador to Myanmar has been reported as saying over 25,000 workers in more than 40 factories have been laid off as the garment industry tries to cope with the devastating financial impact of the pandemic.

**European Chamber of Commerce survey of companies**

There are many European companies in Myanmar and they were recently surveyed by the European Chamber of Commerce in Myanmar to assess their views on the likely economic impact of the pandemic. The report of the survey which is available online says “According to the respondents, more than 60% claim they are already either significantly or moderately affected; with a forecasted loss of revenue averaging from 30% to above 50%, small and medium companies would be the most impacted and automotive, FMCG, retail and manufacturing are sectors at the frontline.

While 34% of the respondents answered that the recovery from the impacts of COVID 19 will depend on how the supply chain across all industries will react, another 51% of the respondents estimate a recovery within 6 months.”

See: <https://eurocham-myanmar.org/post/538/EuroCham-Myanmar-survey-results-on-COVID-19-economic-impact>

**More banks approved**

The Myanmar Times has reported that operating licenses have been granted to seven Asian banks bringing to 20 the number of foreign banks operating in the country. ). There are 13 foreign financial institutions currently allowed to operate in the country.

For details see:

<https://www.mmmtimes.com/news/myanmar-opens-seven-more-asian-banks.html>

**Eucalyptus and acacia plantations planned**

The Myanmar Investment Commission (MIC) has issued a joint venture investment permit to Habras-MZZ Plantation Myanmar Co. Ltd. for establishment of Eucalyptus and Acacia plantations to produce wood chips. The plantations will be in the Sinma Reserve Forest, Patheingyi District, Ayeyarwady Region. The announcement did not mention the capital and the plantation area.

**February 2020 teak log tender prices**

| Grade | H.tons | Average US\$/H.ton |
|-------|--------|--------------------|
| SG-1  | 13.6   | 5,633              |
| SG-2  | 28.7   | 4,883              |
| SG-4  | 85.3   | 3,781              |
| SG-5  | 122.5  | 2,998              |
| SG-6  | 96.3   | 2,852              |
| SG-7  | 805.4  | 1,913              |

**India**

**Shipment update**

Indian ports are closed to both imports and exports. Packed export containers cannot move as the receiving end ports are closed in most cases. There are import containers waiting to be discharged but as workers cannot travel discharging is held up. Until restrictions are lifted nothing can move. In some cases the shipping companies are waiving demurrage charges.

**Veneer prices edge down**

The official Wholesale Price Index for ‘All Commodities’ (Base: 2011-12=100) for February 2020 declined to 122.2 from 122.9 from the previous month.

The index for the group 'Manufactures of Wood and of Products of Wood and Cork' declined by 0.3% to 132.7 from 133.1 for the previous month due to lower prices for plywood/blockboard (3%), composite panels (2%). However, the price of veneer sheets, wooden box/crates and some other processed products inched higher.



Data source: Ministry of Commerce and Industry, India

The press release from the Ministry of Commerce and Industry can be found at: [https://eaindustry.nic.in/pdf\\_files/ecomonthly.pdf](https://eaindustry.nic.in/pdf_files/ecomonthly.pdf)

### Furniture imports may face restrictions

The government is considering restrictions on imports of furniture to help protect domestic manufacturers and reduce imports of non-essential items. In 2018-19 India's furniture imports amounted to US\$603 mil. with over half coming from China.

The Department for Promotion of Industry and Internal Trade has suggested to its commerce counterpart to put the restrictions. Putting a product in restricted category means an importer will require a license for the inbound shipment.

### China supply shock as shutdown extends

The shutdown of Chinese companies over the past month has disrupted shipments to India but many importers had already stocked up knowing Chinese factories will close for the Lunar holiday but they did not anticipate the virus lockdown.

Indian importers say that, despite some factories in China being back at work, others have deferred re-opening and this has reduced the flow of imports not only of furniture but also of panel products used by Indian manufacturers.

As a result of the disrupted supply chain of products from China retailers turned to domestic manufacturers only to find that they too cannot work due to the Indian lockdown.

### Plantation teak

As a result of the current pandemic business transactions have come to a standstill. Even if trade was ongoing the staggering currency fluctuations with Indian Rupee around Rs76 to a US dollar would challenge importers. Until currencies stabilise no importer would dare conduct business.

Brazil and Ghana continue to offering relatively high girth logs but Indian importers are waiting for exchange rates to stabilise as exporter prices are in US dollars. It has been reported that Colombia has offered sawn teak sizes (inches) 3x3,3x4 and 4x4.for US\$440 CNF, Indian ports.

C&F rates at Indian ports from various other sources continue within the same range as given earlier.

### Plantation teak C&F prices (as of end February 2020)

|                          | US\$ per cu.m C&F |
|--------------------------|-------------------|
| Angola logs              | 389-574           |
| Belize logs              | 350-400           |
| Benin logs               | 290-714           |
| Benin sawn               | 530-872           |
| Brazil logs              | 344-540           |
| Brazil squares           | 333-556           |
| Cameroon logs            | 405-616           |
| Colombia logs            | 478-743           |
| Congo D. R. logs         | 450-761           |
| Costa Rica logs          | 357-780           |
| Côte d'Ivoire logs       | 289-756           |
| Ecuador squares          | 333-454           |
| El-Salvador logs         | 320-732           |
| Ghana logs               | 294-452           |
| Guatemala logs           | 324-646           |
| Guyana logs              | 300-450           |
| Kenya logs               | 515-876           |
| Laos logs                | 300-605           |
| Liberia logs             | 265-460           |
| Malaysian logs           | 225-516           |
| Mexican logs             | 295-808           |
| Nicaragua logs           | 402-505           |
| Nigeria squares          | 434-517           |
| Panama logs              | 335-475           |
| PNG logs                 | 443-575           |
| Sudan logs               | 358-556           |
| Tanzania teak, sawn      | 307-613           |
| Thailand logs            | 511-700           |
| Togo logs                | 334-590           |
| Trinidad and Tobago logs | 603-753           |
| Uganda logs              | 411-623           |
| Uganda Teak sawn         | 680-900           |

Price range depends mainly on length and girth.

### Locally sawn hardwood prices

Prices reported at the end of March are shown below. As all trade is under lockdown no contracts are in play but analysts suggest prices will have to rise if the rupee/dollar exchange rate continues at the current level.

| Sawnwood Ex-mill | Rs per cu.ft. |
|------------------|---------------|
| Merbau           | 4,100-4,250   |
| Balau            | 2,600-2,750   |
| Resak            | 1,800-2,000   |
| Kapur            | 2,250-2,400   |
| Kempas           | 1,550-1,750   |
| Red meranti      | 1,500-1,650   |
| Radiata pine     | 850-950       |
| Whitewood        | 850-950       |

Price range depends mainly on length and cross-section of sawn pieces.

#### Myanmar teak prices

As all work has stopped in India there is no domestic demand for Myanmar teak at present

| Sawnwood (Ex-yard)          | Rs. per cu.ft |
|-----------------------------|---------------|
| Teak AD Export Grade F.E.Q. | 15,000-22,000 |
| Teak A grade                | 9,500-11,000  |
| Teak B grade                | 7,500-8,500   |
| Plantation Teak FAS grade   | 5,000-7,000   |

Price range depends mainly on lengths and cross-sections.

#### Sawn hardwood prices

Prices reported at the end of March are shown for reference. There are no sales at present.

| Sawnwood, (Ex-warehouse) (KD 12%) | Rs per cu.ft. |
|-----------------------------------|---------------|
| Beech                             | 1,700-1,850   |
| Sycamore                          | 1,800-2,000   |
| Red Oak                           | 2,000-2,200   |
| White Oak                         | 2,500-2,600   |
| American Walnut                   | 5,000-5,500   |
| Hemlock STD grade                 | 2,200-2,400   |
| Western Red Cedar                 | 2,300-2,450   |
| Douglas Fir                       | 1,800-2,000   |

Price range depends mainly on lengths and cross-sections.

#### Plywood

Markets are closed due to Lock out. Factories are closed and the workers have returned to their home states.

#### Domestic ex-warehouse prices for locally manufactured WBP plywood

| Plywood Ex-warehouse | Rs. per sq.ft |
|----------------------|---------------|
| 4mm                  | 76.00         |
| 6mm                  | 101.00        |
| 9mm                  | 126.00        |
| 12mm                 | 157.00        |
| 15mm                 | 206.00        |
| 18mm                 | 211.00        |

#### Domestic ex-warehouse prices for locally manufactured MR plywood

|                  | Rs. per sq.ft |          |
|------------------|---------------|----------|
|                  | Rubberwood    | Hardwood |
| 4mm              | 39.00         | 55.00    |
| 6mm              | 57.00         | 72.50    |
| 9mm              | 72.50         | 89.00    |
| 12mm             | 89.00         | 105.00   |
| 15mm             | 105.00        | 126.00   |
| 19mm             | 121.50        | 141.00   |
| 5mm Flexible ply | 77.00         |          |

### Vietnam

#### Vietnamese industry - growth disrupted

In the recent decade, based on 2 key competitive advantages, including cheap labour (average monthly wage of US\$300) and an abundant wood supply (3 million ha. of fast growing acacia plantation and 1 million ha. of rubberwood., Vietnam's wood and wood product (W&WP) exports have consistently grown at over 10% annually. This growth was maintained during the first two and half months of 2020 when W&WP exports earned US\$2.047 billion, a year on year growth of 18%.

With the COVID-19 pandemic spreading in the US (market for nearly 50% of W&WP shipped from Vietnam), Japan (13%), China (12%), EU (10%), South Korea (10%) the well-developed supply-demand chain has been disrupted.

#### Survey - Impact of pandemic on timber sector

A quick survey conducted recently by VIFOREST and local associations including HAWA, BIFA, FPA Binh Dinh Associations with 124 enterprises shows the severe impacts of the pandemic on Vietnamese wood industry.

### **Huge financial losses by enterprises**

Responding to the questionnaire circulated by VIFOREST and its associates, 76% of enterprises state that they are facing pandemic damage and the initial loss is estimated at VND3,066 trillion (around US\$130 million); 24% of the surveyed enterprises say that they have not identified damage.

### **Most enterprises have reduced production, some have to closed their factories**

Over half (51%) of the respondents say that they had to reduce production; 35% of enterprises assume that their business can be maintained for some while, but suspension may not be avoided in coming days; only 7% of enterprises remain operational.

The situation, however, may turn worst at any time because the entire industry live on the orders left from 2019, and no new ones have made in 2020.

### **The army of unemployed/unwaged workers is massive**

The quick survey shows that about 45% of the labour force employed in the wood processing industries have lost their jobs due to the pandemic. Out of the 124 interviewed enterprises, 105 respondents informed that before the virus outbreak they employed 47,506 workers but they have now laid off 21,410.

### **The burden of loan repayments, social insurance payments, taxes and other costs is acute**

83 respondents complained that they are unable to pay VND 178.6 billion of social insurance for their employees (VND2.15 billion each enterprise on average);

50 enterprises responded that they cannot manage to cover VND174.6 billion of VAT (equivalent to VND3.49 billion per enterprise);

The income tax 64 enterprises have to pay is amounted to VND212.9 billion (VND3.1 billion each) is beyond their financial capacity at this crisis time; 61 enterprises tend unable to handle VND44 billion of land rental fees (in average, VND0.7 billion each enterprise has to pay);

The accumulated outstanding loans that 96 enterprises have to settle amounts to VND 6,207 trillion (VND64.7 billion per enterprise).

### **Emergency supports/rescue interventions by the Government needed**

The emergency support/rescue intervention sort by the surveyed enterprises can be grouped as follows:

#### **Financial intervention to support workers who lose their jobs:**

78 enterprises asked the Government to provide financial support for the minimum wage (VND3.6 million per worker per month) for workers who temporarily lost their job.

The Government is considering paying half of this minimum wage, while the employers can get access to low/non interest loan to cover the rest.

#### **Immunity/postponement of taxes and fees applicable for enterprises:**

31% of surveyed enterprises have requested the Government to exempt 100% of taxes, including corporate income tax, VAT, as well as social insurance and land rental fees; 31% have proposed to reduce 50% of these taxes and fees; 15% have requested to reduce current payment level to 40% or less.

#### **Extending the term for outstanding loan repayment:**

30% of the surveyed enterprises tend to favour commercial banks extending the term for loan repayment for an additional 6 month period; 29% prefer a 9 month extension; 13% ask for a 12 month extended; 6% for an extra 5 month period.

#### **Reduction of loan interest rates applied by currently commercial banks:**

52% of respondents proposed lowering annual loan interest rates down to 2-5%; 11% wish to have 2% rate; 5% can afford the rate varying 5.1-7.0%.

#### **Other emergency requests:**

Struggling to survive and the hoping to overcome the pandemic in the near future, apart from the above-mentioned requests, enterprises also indicate specific considerations to be taken by relevant authorities at central and local levels, namely:

- Management boards responsible for running industrial parks to offer one year exemption of maintenance payment;
- Leaders of Binh Duong Province to issue “red book” (land use certificate) so that enterprises operating in provincial industrial parks could leave necessary collateral for bank loans;
- Extension the term for outstanding loan repayment without lowering the enterprise credit rating;
- Temporarily stop charging VAT on imported goods;
- Reduce the charge for goods uploading/unloading at ports;
- Temporary support livelihood of those workers who are not eligible to get unemployment insurance, and, thereby, enable suffering enterprises to keep workers for post-pandemic restoration of production;
- Provision of preferential commercial loans needed for enterprises to maintain and improve production capacity and get readiness for business development while the pandemic gets over;
- Support to maintain the limit of short-term loans to survive until the time when production and business get re-normalised;

- Stop collecting trade-union fee until the end of the pandemic;
- No regular inspections on enterprise taxation and other performances during the remained months of 2020;
- Allow enterprises to negotiate with their employees to fix non-employed wage/suspended production subsidies;

### Conclusion

This survey of 124 wood enterprises illustrates that the COVID-19 pandemic is having a devastating impact on the timber industry sector of Vietnam. Even though the situation is changing fast and the worst picture be yet to come the export-biased wood industry of Vietnam is already facing a crisis.

The package of emergency support proposed by the government to adjust fiscal policies, social insurances, credit support, tax and fee exemption or reduction etc. is insufficient and inadequate to protect the industry from the impact of this pandemic. In all likelihood Vietnam not see growth of W&WP exports this year.

*Source: Data/information collected from 124 enterprises through a quick survey and analysed by VIFOREST in association with HAWA, BIFA, FPA Binh Dinh and the Forest Trends team.*

## Brazil

### Survey - Impact of pandemic on timber sector

#### 1. Are logging operations still working?

Yes, no significant change

#### 2. Are mills/factories still working?

Depends on the segment. Pulp and paper 100%, solid wood industry depends on the State or municipality decisions. Most states have no significant restrictions but some municipalities have stopped industrial operations. Very hard to estimate a percentage but is small.

#### 3. Have workers been laid off?

The government has proposed legal provisions to mitigate the impact. Options are anticipated, holidays, leave, reduction of working hours with reduced salaries, suspension of contracts

Generally, so far, few companies have laid off workers but the virus problem is just starting and will get worse in the next few weeks.

#### 4. Are laid off workers receiving payment?

Government assistance includes a small amount of money over the next 3 months for unemployed persons and a contribution to complement part of the salaries in case of suspension or suspension of contract.

#### 5. Are timber companies receiving government support?

Government support to companies includes a package of credit lines. In addition payment of taxes were postponed.

#### 6. Are companies still fulfilling orders placed pre-crisis?

Some domestic and international orders have been cancelled. Force Majeure has been invoked. This is expected to increase

#### 7. Are domestic logistics for the timber industry functioning?

There are no logistical problems

#### 8. What will be the main challenges in ramping up production?

The problem is demand, there will be no problem in ramping up production at the end of the crisis.

#### 9. Please estimate how long it would take for production to get back to pre-Covid Crisis levels?

Production will begin immediately the crisis is over.

#### 10. What is your estimate (in US\$) of national total lost sales in Q1 2020 compared to Q1 2019?

For 202 it is estimated that a reduction of between 40-50%. Most reduction expected in the next 6-9 months but effect will be felt into 2021.

#### 11. Comments, suggestions

All will depend on the recovery of the economies of the importer countries. In the case of Brazil the domestic market is quite important and the local economy is expected to be affected in 2020 and into 2021. Brazil's exports of pulp and paper are not expected to be significantly affected. Markets for solid wood products are highly concentrated in China USA and some EU member states.

Exports of solid wood products to China (and other Asian countries) will also decline but will be less affected. On the other hand, exports to the USA and EU will decline sharply in 2020 and into 2021.

### Impact of and response to pandemic

The economic impact of the corona virus outbreak and the measures adopted to try and slow its spread are having a huge impact. Brazilian manufacturing activity in March declined at the fastest rate in three years and the real sank to a record low of 5.27 to the US dollar.

The impact on SMEs, especially those in the informal sector, is the most critical because the lockdown restrictions and containment measures mean most workers in this sector are now without an income.

Paulo Guedes, The Minister of the Economy said the government will spend about 98 billion reais (US\$18 billion) to help the over 50 million informal workers affected by nationwide lockdowns, part of an overall 800 billion reais government support package.

Other enterprises will benefit from a variety of non-tax measures relating to employment and public health. The government also introduced measures relating to tax measures.

## Tax and international trade facilitation measures announced

There have been other decisions on measures for the protection of the economy and maintenance of jobs and incomes and the forestry and timber sectors will be offered support. Some of the decision announced by the Ministry of Economy for manufacturers include:

- Zero IOF rates on credit operations for 90 days (Zero IOF is a macroeconomic concept describing conditions with a very low nominal interest rate.)
- Extension of the deadline for filling individual income tax return to June 30 (usually it is end of April)
- Postponement of the payment of federal taxes (PIS, COFINS and Employer's Social Security Contribution) to August-October that would be paid between April and May.

In addition, the Business Coalition for Trade Facilitation and Barriers has suggested additional measures would be essential:

- Adjustment of the Reintegra (Special Regime for Reintegrating Tax Values for Exporting Companies) rate to 3%
- Extension of the deadline of the Drawback concession acts due in 2020
- Swiftiness in the issuance and extension of import licenses for 90 days
- Postponement of deadlines for payment of customs charges and fees
- Total exemption of the physical presentation of receipts for cargo clearance

## Exports disrupted

There are great uncertainties in the how domestic and international demand will evolve in the short-term and in the longer term if the pandemic is not quickly controlled.

With the closure of borders many companies have export containers stopped at the ports. Sindusmobil (Union of Construction and Furniture Industries of São Bento do Sul) has reported that in the municipality of São Bento do Sul, the major furniture manufacturing and export cluster, the situation is uncertain as companies cannot plan as they do not know when the situation will get back to normal.

In Araongas municipality, which ranks third among the largest furniture exporters in the country, the situation is no different. Sima (Arapongas Furniture Industries Union) reports that there are companies that produce primarily for export and have lost this business.

For Sindmóveis (Union of Furniture Industries of Bento Gonçalves), the supply and demand shocks caused by the corona virus will significantly impact furniture exports and the entire Brazilian industry. The extent of and likely outcome of this crisis is still too early to assess.

## Furniture industry back to work in Bento Gonçalves

On a brighter note the Bento Gonçalves industries resumed operations on 6 April following Municipal Decree authorisation. Sindmóveis provided guidance to manufacturing companies in the furniture sector on how to adopt other practices in order to prevent contagion in the workplace, recommending working-from-home where possible and adoption of flexible work policies such as phased work schedules.

Sindmóveis emphasised that manufacturing companies have avoided layoffs, opting for alternatives approaches but the recent moves are expected to limit unemployment from now but a decline in production is inevitable and job losses very possible.

### Domestic log prices

|                                     | US\$ per m <sup>3</sup> |
|-------------------------------------|-------------------------|
| Brazilian logs, mill yard, domestic |                         |
| Ipê                                 | 197                     |
| Jatoba                              | 105                     |
| Massaranduba                        | 99                      |
| Muiracatiara                        | 103                     |
| Angelim Vermelho                    | 98                      |
| Mixed redwood and white woods       | 84                      |

Source: STCP Data Bank

### Domestic sawnwood prices

|   | US\$ per m <sup>3</sup> |
|---|-------------------------|
| Brazil sawnwood, domestic (Green ex-mill) |                         |
| Ipê                                       | 847                     |
| Jatoba                                    | 440                     |
| Massaranduba                              | 415                     |
| Muiracatiara                              | 380                     |
| Angelim Vermelho                          | 373                     |
| Mixed red and white                       | 244                     |
| Eucalyptus (AD)                           | 188                     |
| Pine (AD)                                 | 126                     |
| Pine (KD)                                 | 153                     |

Source: STCP Data Bank

### Domestic plywood prices (excl. taxes)

|          | US\$ per m <sup>3</sup> |
|----------|-------------------------|
| Parica   |                         |
| 4mm WBP  | 505                     |
| 10mm WBP | 408                     |
| 15mm WBP | 341                     |
| 4mm MR.  | 392                     |
| 10mm MR. | 289                     |
| 15mm MR. | 264                     |

Prices do not include taxes. Source: STCP Data Bank

### Prices for other panel products

|                         | US\$ per m <sup>3</sup> |
|-------------------------|-------------------------|
| Domestic ex-mill prices |                         |
| 15mm MDP Particleboard  | 196                     |
| 15mm MDF                | 239                     |

Source: STCP Data Bank

### Export sawnwood prices

|                                      | US\$ per m <sup>3</sup> |
|--------------------------------------|-------------------------|
| Sawnwood, Belem/Paranagua Ports, FOB |                         |
| Ipê                                  | 1,455                   |
| Jatoba                               | 863                     |
| Massaranduba                         | 841                     |
| Muiracatiara                         | 858                     |
| Pine (KD)                            | 170                     |

Source: STCP Data Bank

#### Export plywood prices

|                             | US\$ per m <sup>3</sup> |
|-----------------------------|-------------------------|
| Pine plywood EU market, FOB |                         |
| 9mm C/CC (WBP)              | 245                     |
| 12mm C/CC (WBP)             | 234                     |
| 15mm C/CC (WBP)             | 224                     |
| 18mm C/CC (WBP)             | 223                     |

Source: STCP Data Bank

#### Export prices for added value products

|                           | US\$ per m <sup>3</sup> |
|---------------------------|-------------------------|
| FOB Belem/Paranagua ports |                         |
| Decking Boards Ipê        | 2,933                   |
| Jatoba                    | 1,450                   |

Source: STCP Data Bank

## Peru

### Forestry paralysed by lockdown

A nationwide lockdown in Peru was announced on 16 March with some of the region's most stringent containment measures. Peru introduced gender-based restrictions. Women were permitted out on Tuesdays, Thursdays and Saturdays. Men permitted out Mondays, Wednesdays and Fridays. Everyone had to stay home on Sunday,

All activities in the forestry and timber sectors have been stopped until further notice and recreational activities, college classes, universities and institutes, cinemas, theaters, as well as productive activities have been closed except for priority or strategic activities such as food production, health services and banking.

The International Monetary Fund forecast that this decision will drive the country into a recession with growth set to contract 4.5% this year.

The tough lockdown has slowed the rate of spread of infection and in the number of people requiring hospitalisation which is being interpreted as the country is on the right track and can plan for a gradual reopening of the economy next month. President Martin Vizcarra suggested some restrictions could be eased in May despite the rise in infected people identified in a mass testing.

Vizcarra announced a huge stimulus package including cash handouts and cheap business loans one of the largest packages yet to be announced in South America

### 2019 export performance

The Exporters Association (ADEX) has reported that 2019 wood product exports earned US\$124.9 million FOB. This is almost the same as export earnings in 2018. Semi-manufactured product exports accounted for around 65% of wood product exports followed by sawnwood (22%) where there was an 18% increase year on year. Exports of builders' woodwork dropped over 30% and exports of veneer, plywood as well as furniture and parts were lower than in 2018.

Of the US\$124.9 million exported in 2019 China continued to be the main market, accounting for a 40% share of export values but this was down 4% year on year.

Mexico was the second largest export markets accounting for 11% of exports. Here export earnings were up almost 5%. The other major markets were France and the US which each accounted for around 9% of export earnings in 2019.

Sawnwood exports in 2019 earned US\$27.4 million significantly up on 2018. The main destination for sawnwood was the Dominican Republic (33% of all sawnwood exports). Sawnwood exports to the Dominican Republic increased over 25% in 2019 from a year earlier. The other markets were Mexico (25%) and China (24%).

### Loreto region achieves highest forest zoning nationwide

Peru has the challenge of zoning 125 million ha. corresponding to 97% of its territory and progress has been made with the approval of the first stage of forest zoning in Loreto as a result of cooperation between the Regional Government of Loreto and the National Forest and Wildlife Service (Serfor). Loreto is now the region with the largest area of forest zoned at 15.9 million hectares

With an area of 36.9 million hectares, Loreto has the largest area of tropical rain forest and with the approval of its forest zoning has taken a big step to credible sustainable management of its natural resources

#### Export sawnwood prices

| Peru sawnwood, FOB Callao Port                                 | US\$ per m <sup>3</sup> |
|--|-------------------------|
| Pumaquiro 25-50mm AD<br>Mexican market                         | 637-651                 |
| Virola 1-2" thick, length 6'-12' KD<br>Grade 1, Mexican market | 561-579                 |
| Grade 2, Mexican market  | 492-509                 |
| Cumaru 4" thick, 6'-11' length KD<br>Central American market   | 973-987                 |
| Asian market   | 1009-1052               |
| Ishpingo (oak) 2" thick, 6'-8' length<br>Spanish market        | 552-573                 |
| Dominican Republic   | 671-681                 |
| Marupa 1", 6-11 length KD<br>Grade 1 Asian market              | 552-595                 |

#### Domestic sawnwood prices

| Peru sawnwood, domestic | US\$ per m <sup>3</sup> |
|-------------------------|-------------------------|
| Mahogany                | -                       |
| Virola                  | 273-284▲                |
| Spanish Cedar           | 342-355                 |
| Marupa (simarouba)      | 233-242                 |

#### Export veneer prices

| Veneer FOB Callao port | US\$ per m <sup>3</sup> |
|------------------------|-------------------------|
| Lupuna 3/Btr 2.5mm     | 221-249                 |
| Lupuna 2/Btr 4.2mm     | 234-266                 |
| Lupuna 3/Btr 1.5mm     | 219-228                 |

### Export plywood prices

| Peru plywood, FOB Callao (Mexican market) | US\$ per m <sup>3</sup> |
|---|-------------------------|
| 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 plywood prices (excl. taxes)

| Iquitos mills    | US\$ per m <sup>3</sup> |
|------------------|-------------------------|
| 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                     |

### Domestic prices for other panel products

| Peru, domestic particleboard | US\$ per m <sup>3</sup> |
|------------------------------|-------------------------|
| 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 m <sup>3</sup> |
|--|-------------------------|
| 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     | 1199-1235               |
| Pumaquiro KD Gr. 1, C&B, Mexican market    | 479-554                 |
| Quinilla KD, S4S 2x10x62cm, Asian market   | 544-577                 |
| 2x13x75cm, Asian market                    | 756-822                 |

## Japan

### State of Emergency in Japan - government announces massive economic support

The state of emergency announced by the Japanese government was widely welcomed by the private sector. Hiroaki Nakanishi, chairman of the Japan Business Federation, said this may avoid the collapse of the medical system which had been likely if no measures to slow the spread of the virus were introduced.

Nakanishi called on the government to ensure essential services and important infrastructure continues to function.

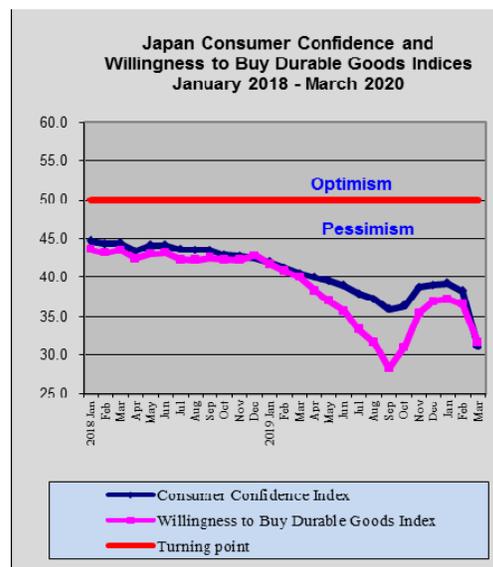
The chairman of the Japan Association of Corporate Executives also expressed support for the declaration of a state of emergency saying that the country is "in a critical situation where many lives could be at risk." Various associations and business groups have urged the government to provide financial support to citizens and businesses.

On 7 April the government adopted its biggest-ever emergency economic package worth 108 trillion yen (US\$990 billion), equivalent to about 20% of GDP. The package includes cash handouts to businesses that have been hit hard by the coronavirus pandemic.

The government has planned a two-phase economic package to help workers and businesses survive the impact of the corona virus in Japan. The first phase aims to eliminate job losses and bankruptcies, the second phase of the support package will try to drive a "V-shaped" recovery and include measures to stimulate consumer spending and tourism as well as financial support for regional economies.

### Consumer confidence at 11 year low

The March consumer confidence indices plunged to the lowest level in 11 years as the reality of the spread of the corona across Japan dawned on the public. Sentiment among households dropped to the lowest since March 2009 when the Japanese economy and global economies were battered by the global financial crisis. A reading below 50 suggests pessimists outnumber optimists.

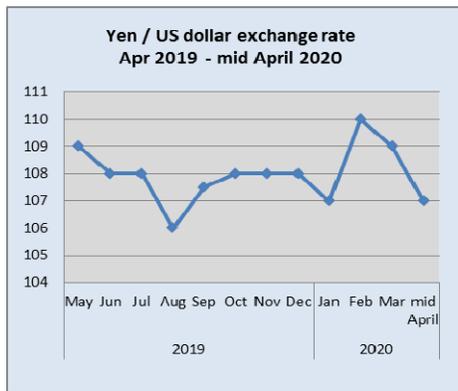


Data source: Cabinet Office, Japan

### Yen volatility fades

The short term outlook for the US Dollar/Yen exchange rate has become a little more predictable now that the volatility over the past months has settle down. The recent yen weakness against the dollar has been welcomed in Japan where growth depends very much on exports.

From around yen 103 to the dollar at its strongest the yen is now at around 107 to the US dollar, a level that was seen pre-pandemic. Not surprisingly business sentiment among large Japanese manufacturers turned sharply negative in March, the first time in seven years, driven down as they witness weak export demand.

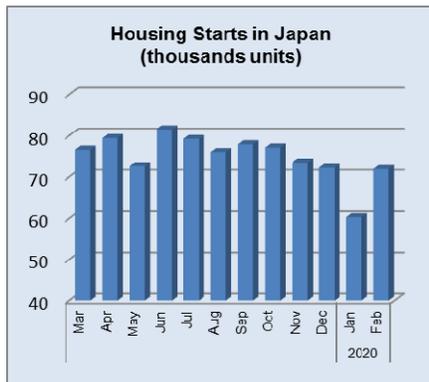


### Construction activity slowed dramatically

On 8 April Japan began a month-long state of emergency with strict measures proposed for Tokyo, as well as nearby Kanagawa, Saitama and Chiba prefectures and Osaka, Hyogo and Fukuoka, the worst hit prefectures.

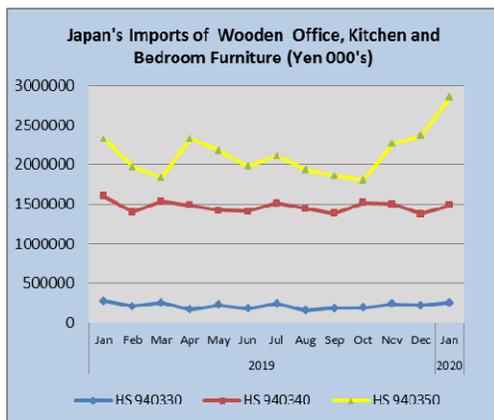
The government has provided details of how the hardest hit prefectures, should respond to slow the spread of the virus. As of 14 April several other prefectures had gone ahead and announced their own State of Emergency.

As a result of the measures introduced construction activity in Japan has slowed dramatically.



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

### Furniture imports



Data source: Ministry of Finance, Japan

### Office furniture imports (HS 940330)

Exporters in China, Poland and Portugal continue to dominate Japan's imported wooden office furniture (HS940330) sector. In January 2020 these three shippers accounted for over 80% of the value of wooden office furniture imports however, in January shippers in Indonesia doubled their market share of imports to climb to around the same value as imports from both Portugal and Poland.

Year on year Japan's January 2020 imports of wooden office furniture declined by 8% but there was a 15% rise in January imports compared to the previous months. Already in January some companies had been asking staff to work from home as a result of the corona virus risk.

Office furniture retailers had already started to see a rise in demand for home work stations and by the end of April there was a strong demand even for second hand office furniture especially from individuals rather than enterprises.

### Office furniture imports

|              | Imports Jan. 2020<br>Unit, 000's Yen |
|--------------|--------------------------------------|
| S. Korea     | 847                                  |
| China        | 178,134                              |
| Taiwan P.o.C | 3,914                                |
| Vietnam      | 2,410                                |
| Thailand     | 216                                  |
| Malaysia     | 291                                  |
| Indonesia    | 10,750                               |
| UAE          | 6,662                                |
| Sweden       | 331                                  |
| Denmark      | 873                                  |
| UK           | 2,423                                |
| France       | 968                                  |
| Germany      | 1,451                                |
| Portugal     | 10,700                               |
| Italy        | 6,688                                |
| Poland       | 11,494                               |
| Lithuania    | 2,422                                |
| Slovakia     | 2,222                                |
| USA          | 4,574                                |
| Mexico       | 2,916                                |
| <b>Total</b> | <b>250,286</b>                       |

Data source: Ministry of Finance, Japan

### Kitchen furniture imports (HS 940340)

The value of Japan's January 2020 wooden kitchen furniture imports, while being down 7% year on year, was up around 8% from December.

Japanese house builders were affected by a slow-down of exports of kitchen supplies from Chinese suppliers and some builders faced delays in completing the interior house fittings.

The Philippines and Vietnam accounted for over 70% of Japan's imports of wooden kitchen furniture (HS940340) in January with a further 14% of the value of imports being shipped from China leaving little market share for other shippers.

January 2020 shipments from Vietnam, the biggest supplier in January were up 19% but the Philippines saw a 10% decline in shipments. Surprisingly there was a 36% surge in shipments from China in January, most likely due to fears that the corona virus could spread and disrupt production and shipments.

#### Kitchen furniture imports (HS 940340)

|              | Imports Jan. 2020<br>Unit, 000's Yen |
|--------------|--------------------------------------|
| China        | 211,448                              |
| Taiwan P.o.C | 13,950                               |
| Vietnam      | 603,634                              |
| Thailand     | 29,016                               |
| Malaysia     | 15,143                               |
| Philippines  | 551,040                              |
| Indonesia    | 6,725                                |
| Sweden       | 305                                  |
| Denmark      | 3,220                                |
| UK           | 1,183                                |
| Netherlands  | 4,108                                |
| Germany      | 23,999                               |
| Spain        | 453                                  |
| Italy        | 11,126                               |
| Finland      | 666                                  |
| Romania      | 2,605                                |
| Czech Rep.   | 252                                  |
| Canada       | 3,655                                |
| USA          | 2,020                                |
| <b>Total</b> | <b>1,484,548</b>                     |

Data source: Ministry of Finance, Japan

#### Bedroom furniture imports (HS 940350)

As was the case with kitchen furniture, Japan's imports of wooden bedroom furniture in January 2020 from China surged over 30% compared to the value of imports in December 2019.

Shipments from China made up around 55% of the value of Japan's January 2020 imports. The second largest shipper was Vietnam (35%) with much of the balance being supplied by manufacturers in SE Asia.

Year on year, the value of January 2020 imports of wooden bedroom furniture were up 22% and month on month there was a 20% increase.

#### Bedroom furniture imports (HS 940350)

|                    | Imports Jan. 2020<br>Unit, 000's Yen |
|--------------------|--------------------------------------|
| S. Korea           | 315                                  |
| China              | 1,611,916                            |
| Taiwan P.o.C       | 2,762                                |
| Vietnam            | 997,048                              |
| Thailand           | 63,367                               |
| Malaysia           | 56,093                               |
| Indonesia          | 23,817                               |
| Sweden             | 2,030                                |
| UK                 | 1,635                                |
| Netherlands        | 275                                  |
| Belgium            | 843                                  |
| France             | 326                                  |
| Germany            | 315                                  |
| Switzerland        | 11,489                               |
| Italy              | 17,775                               |
| Poland             | 51,685                               |
| romania            | 2,806                                |
| Latvia             | 1,725                                |
| Lithuania          | 1,424                                |
| Bosnia Herzogovena | 393                                  |
| USA                | 456                                  |
| <b>Total</b>       | <b>2,848,495</b>                     |

Data source: Ministry of Finance, Japan

#### 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:

<http://www.n-mokuzai.com/modules/general/index.php?id=7>

#### Plywood mills' production curtailment starting

Hayashi Plywood Industrial Co., Ltd. (Osaka) manufactures softwood plywood at Maizuru and Nanao plant. To deal with dropping sales, it has started reducing the production by 10% since last month and March production is down by 15%. With dropping orders from precutting plants and large house builders, it plans to curtail the production by 20% since April.

Demand for softwood plywood had been active until last January then since February, the orders sharply declined. At the same time, wide spread of corona virus infections caused delay of delivery of new houses by shortage of necessary appliances like toilet, wash basin and interior finishing materials, which resulted in slowdown of plywood orders.

The market prices of softwood structural panel in Osaka market dropped down to 990-1,010 yen per sheet delivered and lower offers like 970 yen are being made by dealers, which need more sales before book closing in March.

Ishinomaki Plywood Co., Ltd. (Miyagi prefecture) announced that it will reduce the production for March and April by 15% after having experience of slowing orders since late February by direct users of precutting plants then corona virus epidemics makes future market foggy so it decided to curtail the production sooner. The first quarter is demand slow season so it is normal that the market weakens but mills have kept running full to prepare busy spring demand but this year is different.

**South Sea (tropical) logs and lumber**

Supply and demand of South Sea logs are well balanced in Japan now but in PNG entry and exit of foreign visitors are banned between middle of March and middle of April although there is no corona virus infection in the country so log inspection by foreign visitors is not possible now.

In Sarawak, Malaysia, stay-at-home order is issued between March 18 and March 31(now extended) so the operations stop.

Administration offices to issue harvest permit are also closed. Weather is improving after rainy season is over but local plywood mills have very little orders and activities are limited by corona virus outbreak.

In China, corona virus disease seems to have peaked out and red pine free board and LVL manufacturing plants in Dalian have already restarted operation but some plants have not enough workers back yet and transportation is still stagnating so the supply has not fully recovered yet.

In Japan, the yen’s exchange rate shot up to 102 yen per dollar in early March and there are large orders at that time but the volume is necessary for works after April and it was not large speculative purchase.

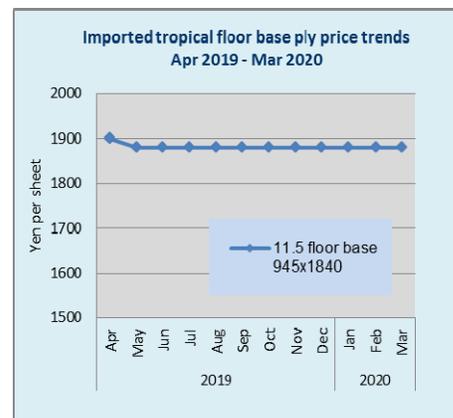
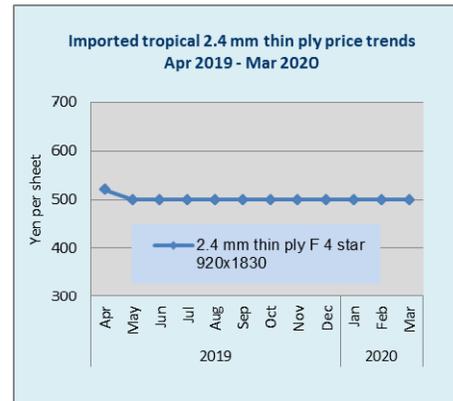
**Production curtailment by Meiken Lamwood**

Meiken Lamwood Corporation (Okayama prefecture), laminated lumber manufacturer, has started reducing the production by 30%. Reasons are slowing demand of laminated lumber and the largest reason is possible delay of lamina supply.

It is not supply side reason but shipping reason. Loaded containers come through hub ports like Hong Kong and Shanghai for transshipment but functions of such hub ports are largely reduced by wide spread of corona virus infections in China and empty containers are short by port congestion in these ports so European suppliers are not able to load lamina into containers.

It is hard to predict how soon port congestion would be over so Meiken is trying to economize use of lamina. Meiken produces about 11,000 cbms of laminated post and 20,000 cbms of redwood laminated beam a month at peak time but now production of post is about 8,000 cbms and of beam is about 13,000 cbms.

It will continue curtailed program until lamina supply is fully secured. Meiken says the orders are dropping since last January so reduced production is enough to satisfy the orders.



### **Disrupted supply from China resuming**

Since outbreak of corona virus infections in China, various supplies of house appliances stopped since February and house builders in Japan are unable to complete and deliver newly built houses.

Mainly shortage is house appliances like toilet dishwasher and kitchen parts. These are furnished after 80% of house construction completed. There are mounting order balance and it is said that normal condition will not be until June.

Order balance of toilet is said to be much more than 10,000 pieces. When people get panicky, there is always speculative orders and some dealers carry seven times more orders than normal time. Chinese manufacturing plants are getting back to the operation gradually.

### **Import of European softwood lumber in 2019**

Total import of European softwood lumber import in 2019 was 2,563,961 cbms, 0.1% less than 2018. The volume was less than 2,600,000 cbms for two straight years.

The prices of KD stud, lamina and genban were weak. In particular, KD stud prices dropped much after the inventories swelled up in Japan since middle of the year. Lamina prices were affected by weak Euro prices of finished products of post and beam with cautious purchase by the users in Japan. The volume of planed products like KD stud was 972,067 cbms, 13.2% more than 2018 but others like lamina and genban were 1,591,429 cbms, 6.7% less.

Export prices of whitewood KD stud maintained history high level of about Euro 360 per cbm C&F by busy orders, which stimulated supply for Japan but the market in Japan started stagnating, resulted in heavy inventory.

The supply side started reducing the supply since middle of the year and major supplier skipped September shipment to restore the market but it was not uniform move by the suppliers so that the monthly supply exceeded monthly supply of the same month of 2018 for the first three quarters and the supply finally started dropping in the fourth quarter but it was not dramatic supply curtailment.

Export prices of lamina and genban stayed low despite rising log cost in supply regions because lamina and genban users in Japan held the purchase by minimum as the future market is hard to forecast in depressed market.

The export prices of whitewood and redwood lamina were Euro 230-240 per cbm C&F and of genban were about Euro 260. Supply side struggled to secure the profit with these prices.

Bearish mood stopped after lamina prices are up for the first quarter 2020 as orders are getting active after lamina inventories by laminated lumber manufacturers are down.

### **Japan' log and lumber export in 2019**

Total value of exported logs in 2019 was 34.614 billion yen, 1.3% less than 2018. This is the first decline in seven years since 2012.

Log volume increased to China, the main market but lumber volume stayed flat. China took 947 M cbms of logs, 2.2% more than 2018 and 64 M cbms of lumber, 0.1% more. Japan relies on China as to log export market since China's share of log export is 83.6%. Volume for other markets like Taiwan, Philippines and Korea all declined although total increased slightly.

Total log volume exported was 1,133,259 cbms, 0.3% less than 2018 and lumber was 147,153 cbms, 0.8% more.

By species, for China, 87.9% is cedar and 10.1% is cypress. The value for China was flat for total year of 2019 but in the second half, monthly amount declined as China bought sizable volume of beetle damaged logs from Europe. China market in 2020 is suffering impact of corona virus epidemic and total economy will definitely stagnate so log export volume from Japan would be down considerably.

For Korea, the value dropped by 9.8% but lumber export value increased by 17.6% with the volume of 10,590 cbms, 26.5% more so trend is shifting from logs to lumber.

For Taiwan P.o.C. total export value dropped by 7.1%. Log volume was down but lumber increased with value of 409 million yen, 13.0% more so same as Korea.

Lumber export for the U.S. market rapidly grew during 2016 to 2018 but the pace is slowing now. The volume 2019 was 24,332 cbms, 7.2% more than 2018. Majority is cedar lumber for exterior use like decking and fencing. The volume is expected to keep increasing.

### **North American log import in 2019**

Total imported volume of North American logs in 2019 was 2,431,433 cbms, 4.8% less than 2018. This is three straight years' decline. Toa, the second largest Douglas fir lumber manufacturing mill, which consumed about 400,000 cbms of logs a year, withdrew from the business in late 2018 so total decrease was expected from the beginning but other mills tried to cover up short fall of Toa's supply so total decrease of logs was only about 120,000 cbms. Busy production of plywood mills contributed more consumption of North American logs.

By source, supply from the U.S.A. was 1,537,006 cbms, 6.5% less and from Canada was 894,427 cbms, 1.6% less. Total Douglas fir was 2,202,854 cbms, 6.5% less. Douglas fir lumber is facing severe competition with European laminated beam lumber so the suppliers agreed to reduce log

Hemlock log supply was 132,051 cbms, 7.0% less. Other species like spruce, yellow cedar and red cedar all increased but absolute volume is small.

For 2020, Canadian supply would decrease because Mosaic Forest, the largest log supplier, stopped log harvest since last November.

## China

### **Furniture industry back to work**

The State Council Information Office has reported the situation in the manufacturing sector as follows:

#### *Decline in both international and domestic demand*

Since the epidemic situation in our country has been effectively controlled in the early stage, the resumption of production in our industrial field is still relatively good, but from the current situation, international and domestic demand is declining, which has caused a huge impact on some export-oriented furniture enterprises. If this problem is not solved in time and effectively, these furniture enterprises may face the pressure of survival. At present, the measures taken are mainly to ensure supply stability.

#### *Establishment of online furniture fairs and exhibition*

Many orders are usually made by important furniture fairs and exhibition in March or April in the past. However, some important furniture fairs and exhibitions have been cancelled due to prevention and control. Chinese government hopes to solve this problem through online furniture fairs and exhibitions. In this regard, it is actively doing further exploration.

#### *Formulation of supporting policies*

Supporting policies can make furniture enterprises stable. Now relevant departments are studying how to stabilise these furniture enterprises by on the one hand, through stimulating demand and on the other hand by strengthening policy support, policy support, financial support, helping furniture enterprises and making stable employees for furniture enterprises can help to go through immediate difficulties. The follow-up work will further strengthen policy research and ensure furniture enterprises to go through difficult situation.

See:

[https://www.sohu.com/a/384224821\\_684453?spm=smpe.author.f-d-d.2.1586569977726XD9n90B](https://www.sohu.com/a/384224821_684453?spm=smpe.author.f-d-d.2.1586569977726XD9n90B)

### **Forestry enterprises back to work except in Hubei**

According to the State Forestry and Grass Administration, domestic forestry and wood processing enterprises are resuming work especially the state forestry enterprises. With the exception of Hubei Province, the rate of resumption of work in forestry enterprises nationwide had exceeded 90% by 22 March 2020.

However, the Chinese media has reported many private employers are operating at a fraction of normal levels because employees have been unable to return from their home provinces.

Even after the government started allowing some businesses to reopen, many provinces still have travel restrictions in place.

The People's Daily newspaper reported in late March that most migrant workers had returned to work. No official figures for possible job losses have been reported.

See: <https://mainichi.jp/english/articles/20200403/p2g/00m/0in/067000c>

A spokesperson from the State Forestry and Grass Administration said that forestry enterprises were seriously affected by the epidemic, production costs increased, earnings dropped and losses increased.

According to a survey by the China Forest Industry Association, more than 78% of forestry and timber enterprises were affected, 14% seriously so and 8% could not survive. Currently forestry and timber enterprises are faced with practical difficulties such as a shortage of raw materials, tight liquidity, blocked import and export of products and slow domestic sales.

### **China-Russia timber entry routes closed**

The Heihe Port closed recently, the Tongjiang Port remains closed and the Suifenhe Port was closed from 7 April and there is no indication of when it will reopen.

According to the Suifenhe Municipal Government the Suifenhe-Pogranichnyy highway crossing has been temporarily closed.

See: <http://www.dyhongmujiaju.com/zhishi/9414-cn.html>

### **Linshi wood industry broadcasts live**

More than 2,000 people in Linshi Wood Industry participated in a Taobao live broadcast to boost online sales. This was a success say the organisers as there no layoffs and workers received their base salary because online sales of the Linshi wood industry increased by 30% during the epidemic.

See:

[https://baijiahao.baidu.com/s?id=1660024340746478231&wfr=s\\_pider&for=pc](https://baijiahao.baidu.com/s?id=1660024340746478231&wfr=s_pider&for=pc)  
<http://www.linshimuye.com/about.html#page1>

In related news Nankang furniture 'live sales' opened recently and attracted 240,000 online viewers and RMB57 million orders which gave an immediate boost to the Nankang Furniture Market and has created new opportunities for further development of the furniture industry.

The content of the live-screening was not limited to only furniture items but included clips of production processes. The broadcast involved inputs from young people, designers and skilled craftsmen.

Since February 2020 Nankang furniture enterprises concluded over 1 million pre-sale orders through their e-commerce initiative with orders valued at around RMB3.2 billion. In February 2020 the number of online orders had increased by 50% year on year. The webcast has not only boosted manufacturers but also furniture R & D design and distribution companies.

See: <http://www.nkjj.gov.cn/news-show-38046.html>

### Online exhibition in Xinjiang Uygur Autonomous Region

The first online exhibition for home furnishing, building materials, furniture and home appliances was launched on 2 April 2020. The online exhibition offers videos of furniture bringing together more than 1,000 different items from more than 30 top companies.

The organisers claim online exhibition can save money for exhibitors and bring benefits and convenience to consumers. Xinjiang built a purchasing platform and also provided consumers with certain guarantees.

The Xinjiang International Convention and Exhibition Center has successfully held more than 30 home furnishing exhibitions but this year was the first online exhibition.

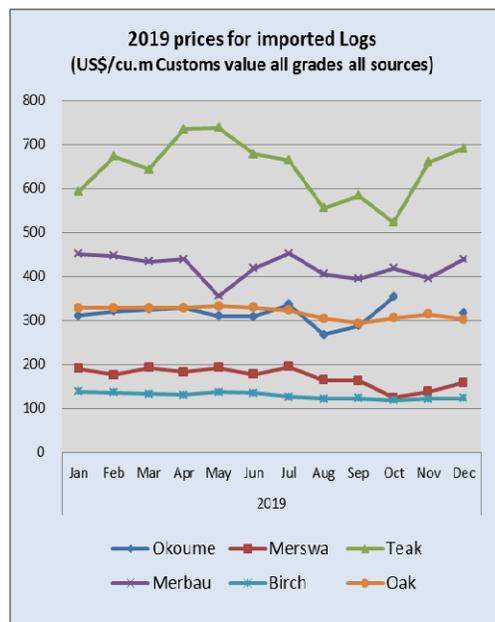
See:

<https://baijiahao.baidu.com/s?id=1662884748125848954&wfr=spider&for=pc>

### Average imported log prices US\$/cu.m CIF

|        | 2019<br>Nov | 2019<br>Dec |
|--------|-------------|-------------|
| Okoume |             | 316         |
| Merswa | 137         | 158         |
| Teak   | 659         | 691         |
| Merbau | 395         | 439         |
| Birch  | 122         | 123         |
| Oak    | 313         | 302         |

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

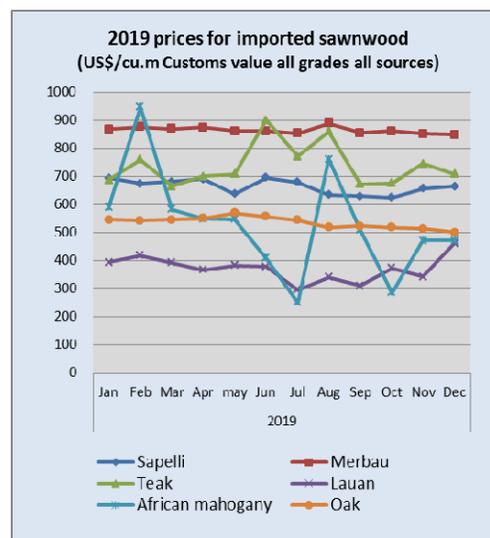


Data source: China Customs. Customs value all grades, all sources

### Average imported sawnwood prices US\$/cu.m CIF

|                  | 2019<br>Nov | 2019<br>Dec |
|------------------|-------------|-------------|
| Sapelli          | 657         | 655         |
| Merbau           | 852         | 849         |
| Teak             | 746         | 709         |
| Lauan            | 343         | 462         |
| African mahogany | 472         | 472         |
| Oak              | 513         | 501         |

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



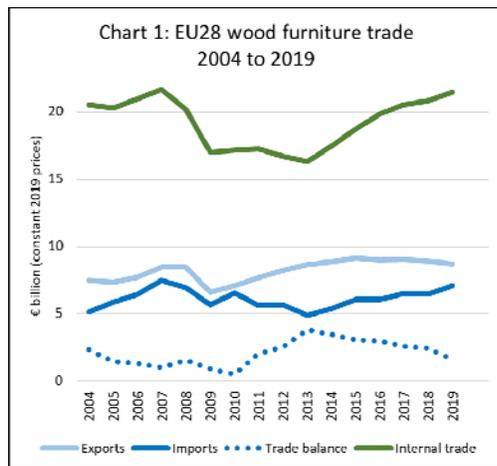
Data source: China Customs. Customs value all grades, all sources

## Europe

### EU wooden furniture imports last year at highest level since 2007

It is ironic that in 2019, just before the market chaos created by COVID-19, the EU recorded its strongest year for wooden furniture imports since 2007. That was, of course, when the last consumer boom was at its peak just prior to the market meltdown of the financial crises.

The EU imported wooden furniture from outside the bloc with a total value of €7.07 billion in 2019, 10% more than the previous year. Last year was only the second time in history, alongside 2007, when annual imports of wooden furniture into the EU exceeded €7 billion (at constant 2019 prices) (Chart 1).



Several factors on both the supply and demand side combined to drive growth in EU imports of wooden furniture in 2019. Last year was the culmination of a period of slow but consistent expansion of the EU economy which began five years before in 2014.

The slow growth in EU imports was interrupted in the second half of 2018, particularly in the UK owing to Brexit uncertainty, which in retrospect turned out to be an over adjustment and led to increased imports last year.

At the same time China, embroiled in a bitter trade dispute with the U.S. during 2019, was looking to the EU as an alternative outlet for furniture products. Meanwhile, several tropical suppliers – notably Vietnam, Indonesia and India - were also seeking to build on new investment in capacity and to diversify markets by targeting the EU.

The long-term trend towards increased imports from several neighbouring countries on the Eastern borders of the EU, notably Turkey, Bosnia, Ukraine, Serbia and Belarus, also continued last year.

#### **Economic integration drives strong EU internal furniture trade in 2019**

The trade data suggests that there was a real increase in EU consumption of wooden furniture in 2019. This is implied not only by rising imports from outside the region, but also by a resumption of the rising trend in internal EU trade of wooden furniture during the year.

This last trend which also began in 2014 had slowed in 2018 but picked up again in 2019. In 2019, internal EU trade in wooden furniture was valued at €21.46 billion, 3% more than in 2018 and 23% greater than 5 years before.

Rising internal EU trade in wooden furniture is being driven by increased market integration within the region, the shift in manufacturing from higher cost countries in the western EU to lower cost eastern locations, particularly Poland, and the growing presence and influence of large-scale retailing chains operating at cross country level, most notably IKEA.

More wooden furniture imports into the EU from outside the region are also now being funneled via larger ports in Western Europe, particularly the Netherlands and Belgium, before being redistributed to other parts of the EU.

The drive towards greater integration in the EU furniture market and access to relatively lower cost manufacturing locations in the eastern EU, explains the continuing dominance of EU-based manufacturers in the region. ITTO's own estimates based on analysis of Eurostat data indicate that EU-based manufacturers account for around 85% of all wooden furniture sold in the region.

In recent years, European manufacturers have boosted productivity and competitiveness through investment in more advanced computer-controlled and automated manufacturing, cutting overheads and reducing the relative labour cost advantages of overseas producers.

There's been a particularly large investment by Western European furniture manufacturers in Eastern European countries, notably since their accession into the EU from 2004, and this is now maturing. From being principally production satellites for large western European brands, Eastern European manufacturers are now developing their own identity and market momentum.

Furniture manufacturers in the EU area are also making a virtue of their shorter supply chains which not only reduce transport costs but also allow products to be delivered more rapidly.

External suppliers face other more direct challenges to expanding sales in the EU. Despite some recent consolidation, there is still a relatively high degree of fragmentation in the retailing sector in many European countries which complicates market access. Many overseas suppliers remain reliant on agents and lack direct access to information on fashions and other market trends.

The progressive migration of European furniture sales online has also tended to favour local manufacturers better placed to meet the short lead times demanded by internet retailers and consumers.

#### **Another fall in EU wooden furniture exports**

Nevertheless, the gradual rise in EU imports of wooden furniture since 2014 suggests that external suppliers are becoming progressively more competitive in this market. Their heightened competitiveness is also suggested by the fact that EU manufacturers have been struggling to expand sales outside the region. Last year the value of EU wooden furniture exports to non-EU countries fell 2.3% to €8.68 billion.

This continues a trend of flat-lining, or slowly declining exports to countries outside the EU after reaching an all-time high of just over €9 billion in 2015. Since then the competitive benefits of the relative weakness of the euro against the dollar and other cost saving efforts of EU wooden furniture manufacturers have waned.

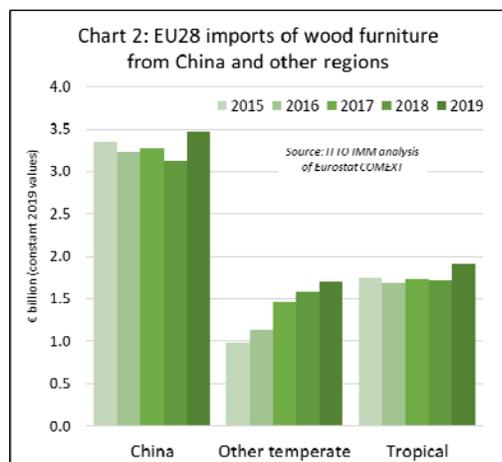
Competition for EU-based manufacturers has intensified from newly emerging producers in Eastern European countries outside the EU and from Vietnam which in the last 5 years has rapidly overtaken all other tropical countries in the global league table of wooden furniture producing nations.

EU wooden furniture manufacturers have suffered in higher-end export markets in Asia, the CIS and Middle East from a range of factors including cooling of the Chinese economy, the diversion of Chinese products away from the US to other markets, a sharp fall in global equity markets towards the end of 2018, extreme weakness of the Russian rouble, relatively low oil prices and political instability.

Overall, the combined effects of rising EU imports and declining exports is that the total EU external trade balance in wooden furniture fell 35% from €2.45 billion in 2018 to €1.61 billion last year.

### Surge in EU wooden furniture imports from China in 2019

EU wooden furniture imports from China, by far the largest external supplier, surged 11% to €3.46 billion in 2019, the highest level since 2010 (at constant prices) (Chart 2). EU imports of upholstered seats with wooden frames from China increased 14% to €1367 million, while imports of wood dining room furniture were up 2% to €15 million, bedroom furniture increased 19% to €419 million, and non-upholstered seating increased 11% to €202 million.



During 2019, imports of Chinese wooden furniture were particularly strong into the UK, rising 14% to €1273 million, the Netherlands, where they increased 23% to €292 million, and Belgium with a 12% rise to €131 million.

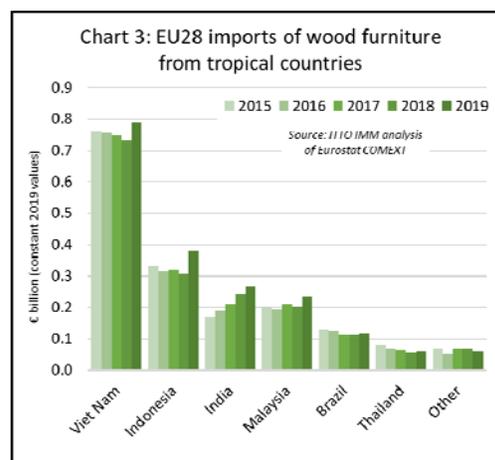
Perhaps more surprising than for these countries which are traditionally large furniture traders was a sharp rise in imports of Chinese furniture last year by EU countries which are themselves large manufacturers. Imports increased by 20% to €130 million in Italy and by 28% to €102 million in Poland.

Last year EU imports of wooden furniture also continued to rise from temperate countries other than China, mainly bordering the EU. Total EU imports from these countries increased 7% to €1.7 billion, double the level of only five years before. Last year imports increased 21% from Turkey to €62 million, 5% from Bosnia to €39 million, 28% from Ukraine to €17 million, 17% from Serbia to €59 million, and 26% from Belarus to €49 million.

Much of the rise in EU imports from these Eastern temperate neighbours last year was destined for Germany, France, Poland, Romania and Croatia. In contrast the UK, which has historically been the largest EU importer of wooden furniture from outside the region, continues to import very little from these countries (excepting Turkey) and has continued to be much more oriented towards Asian suppliers.

### Vietnam and Indonesia drive 11% rise in EU wooden furniture imports from tropics

The EU imported wooden furniture from tropical countries with a total value of €1.91 billion in 2019, up 11% compared to the previous year. The main South East Asian supply countries all followed a similar trajectory in the EU wooden furniture market in the last five years. A period of flat or declining imports between 2015 and 2018 was followed by a sharp upturn in 2019 (Chart 3).



After falling 2% to €733 million in 2018, EU imports from Vietnam rebounded by 8% to €789 million in 2019, with much of this growth in the UK which accounted for over 40% of all EU imports from Vietnam last year.

Around a third of EU furniture imports from Vietnam comprise “Other products not elsewhere stated” (i.e. not seats or bedroom, dining room, office or shop furniture), likely to consist largely of garden furniture manufactured almost exclusively from tropical timber which is not identified separately.

The second largest category of EU import from Vietnam comprises dining room furniture, accounting for around one quarter of total EU imports from the country.

This product group is likely to be manufactured from a mix of temperate and tropical plantation species, such as acacia and rubberwood.

Following a decline of 4% in 2018, EU imports of wooden furniture from Indonesia increased 23% to €379 million in 2019. Unlike Vietnam, where other plantation wood and imported temperate hardwoods are widely used, most products imported into the EU from Indonesia comprise plantation teak.

EU imports of Indonesian non-upholstered seating increased 39% to €109 million while imports of “other not elsewhere stated” wooden furniture (i.e. primarily tables and other items for exterior use) increased 30% to €154 million.

The rapid increase in imports of Indonesian garden furniture products in 2019, a sector which has been a key focus of environmental campaigning in the past, suggests that FLEGT licensing may be playing an important role to increase their competitiveness in the EU market, particularly following efforts by EU authorities to tighten implementation of the EU Timber Regulation in recent years.

This is also suggested by the fact that the increased imports from Indonesia in 2019 were destined mainly for the Netherlands and, to a lesser extent, UK, Belgium and Germany, all markets where certification has been particularly important for market development.

EU imports of wooden furniture from Malaysia, which mainly comprises rubberwood product for interior use at the lower end of the price spectrum, increased 18% to €236 million in 2019. EU imports for Malaysia of wood bedroom furniture increased 27% to €96 million, wood dining furniture was up 23% to €48 million, while non-upholstered seating rose 13% to €48 million.

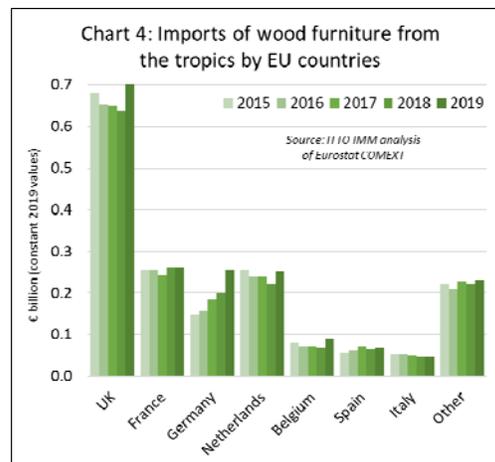
EU wooden furniture imports from India continued to rise last year, up 11% to €68 million building on a 15% gain in 2018. Imports from India mainly consist of products made from local plantation species such as mango, sheesham, acacia and rubberwood, often in rustic style which are hand-crafted and for which formal quality standards were not high.

Usage of sheesham for Indian furniture manufacturing has been declining, as it is a CITES-listed Dalbergia species, while use of mango has been rising in recent years.

There were also shifts in the destinations for wooden furniture imported into the EU from tropical countries in 2019. Imports in the UK, by far the largest market, were €703 million last year, 11% more than in 2018.

There was also a particularly large rise in imports by Germany, up 29% to €256 million, with significant gains in German imports from Vietnam, India and Indonesia.

Imports of tropical wooden furniture into the Netherlands increased 14% to €252 million last year, with imports from Indonesia up nearly 70% at €17 million. Imports of tropical wooden furniture into Belgium were up 30% in 2019, with imports from Indonesia rising 28% to €41 million. Imports of tropical wooden furniture into France were level at €61 million last year.



**Furniture sector particularly hard hit by pandemic**

It is far too early to assess the full impact of COVID-19 on EU furniture imports this year, but early signs are that the downturn will be at least as great as during the financial crises of 2008-2009.

With its trade fairs cancelled, showrooms shuttered and deliveries of larger items largely curtailed due to social distancing, the furniture industry in Europe has been particularly badly hit by current restrictions on trade and travel. Brands that were already in a perilous position, such as Lombok and Laura Ashley in the UK, have started to collapse.

According to a study quoted by Statista on the projected impact of COVID-19 on retail sales in Europe, between March 9, 2020 and April 21, 2020, retailers are expected to face a loss of GBP3.26 billion (US\$4 billion) due to disruptions caused by the current outbreak. Furniture is one sector expected to be hit hardest as consumers forego discretionary purchases in favour of stocking up on food and household supplies.

The larger better resourced furniture retailers, particularly those with a large and highly evolved online presence, have been better placed to respond to the crises. As the world’s largest furniture retailer, Ikea’s range of responses have been of a different order and scale than most of its competitors.

Ikea has refocused on its e-commerce platform and reports a surge in demand for many products, particularly in the home office category. Ikea is also trying to ensure the robustness of its supply chain, offering loans and speeding up the payment of invoices to embattled suppliers.

However, Ikea is an outlier in this, as in so much else, and the impact of the downturn on smaller retailers and manufacturers worldwide will be profound, threatening their very survival as business entities.

The challenges are vividly illustrated in a recent statement by the Vietnam Timber and Forest Product Association (VTFPA) that the wood industry in the country faced a ‘disaster’ with many businesses left without orders from now until 2021 due to the COVID-19 pandemic.

“Many Vietnamese wood processing enterprises have had orders cancelled or suspended,” said the VTFPA. “Since March, 80% of Vietnamese exporters to the US and EU markets had received cancellations or delays until the situation improves”.

The VTFPA statement also highlights that wood manufacturing businesses are facing sharp rises in input prices for wood and other materials while freight costs have increased \$500-1,000 per container. Some Vietnamese furniture companies are now sitting on 100s of containers of finished goods that cannot be shipped and must be stored in warehouses at considerable cost for an unknown length of time.

Unfortunately, this same situation now prevails in many furniture manufacturing districts where the survival of companies has become heavily dependent on the extent, efficiency and effectiveness of government intervention to help them ride out the storm.

Commenting on the situation in Italy at the start of April, drawing on the experience of industry contacts, the American Hardwood Export Council notes that “everything in Italy has virtually stopped. All non-essential factories are closed, which includes wood distributors and their manufacturing customers (furniture, flooring, kitchens joinery etc.). There are predictions circulating in the Italian media that 40% of industry may not even reopen after the lockdown restrictions are lifted”.

The furniture industry that eventually emerges from this crises may be very different from that which entered it.

## North America

### Impact of pandemic to linger into 2021

There are projections that it could take up to three years for the US economy to recover from the corona virus pandemic according to a review of a McKinsey & Company report by Matthew Pelkki, George Clippert Endowed Chair of Forest Economics at the University of Arkansas at Monticello’s College of Forestry, Agriculture and Natural Resources.

Pelkki highlights that the forest products industry is heavily integrated with the greater economy through housing, manufacturing, and consumer goods.

Some likely impacts over the next 2-3 years are:

1. Housing starts will fall off, slowing lumber demand and production in the second half of 2020 and first three quarters of 2021.
2. Tree planting and other silvicultural operations will be severely curtailed as immigrant (H2B visa) workers are restricted in number and those that are available for work in the USA will be used for critically needed food production.
3. A likely national and global recession will last at least through 2020, and may last until the third quarter of 2021, which will affect demand for consumer goods and manufacturing of high value products so consumption of pallets and ties will decline.
4. Home remodeling may actually rise in portions of 2020 and 2021 when stay at home orders are relaxed, thus helping ease the decline in softwood and hardwood consumption.
5. Global trade in wood products will likewise be curtailed until at least mid-2021, with the most severe declines in the second and third quarters of 2020 lasting through the first quarter of 2021, and then possibly a slow recovery that could take as long as 2 years.

See:

[http://www.magnoliareporter.com/news\\_and\\_business/opinion/article\\_ddaa6cb8-7938-11ea-b2c5-532a415d891c.html](http://www.magnoliareporter.com/news_and_business/opinion/article_ddaa6cb8-7938-11ea-b2c5-532a415d891c.html)

### Survey: Woodworking industry faces challenges but is optimistic

Most woodworking businesses face major impacts from the corona virus outbreak but the vast majority are optimistic about the future after the virus passes and many are pitching in to help by donating supplies and re-purposing their manufacturing.

Those are some of the findings of a survey conducted by the Woodworking Network at the end of March. The survey attracted 562 responses and paints a vivid picture of what woodworking businesses face and how they are dealing with the crisis, including how they are helping health workers to cope.

Nearly three-quarters of respondents to the survey say the virus outbreak is already having a serious to major impact on their operations. More than 36% say they are experiencing a major impact on their business while almost 36% say it is having a serious but not major impact. About one-quarter of respondents (23.7%) said the outbreak is having only a minor impact on their business. Only 4.1% said the virus is having no impact at all.

Biggest impacts faced by these businesses include disrupted schedules, loss of business, and disruptions in supplies. Some 69% of respondents said the outbreak has resulted in disrupted schedules. More than half (55.1%) said they already face a loss of business.

Nearly half (46.8%) said they are dealing with disruptions in their supply chain.

Other significant impacts reported included government-mandated shutdowns and canceled orders. Some 39% of respondents said they are dealing with mandated shutdowns. More than a third (34.5%) are seeing canceled orders. Nearly 15% listed other impacts including cash flow issues, employee hardships, and emotional stress.

Despite those issues, the industry generally has a positive outlook. Almost two thirds say they see a significant impact short term, but they expect to recover in the long term. Fewer than 30% see major negative impacts and report they are uncertain about long-term prospects. Some 8% said they see no impact at all.

For more see:

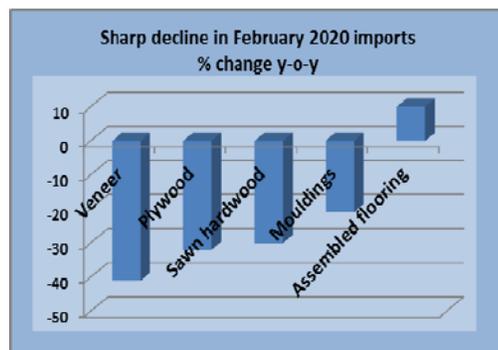
<https://www.woodworkingnetwork.com/news/woodworking-industry-news/survey-woodworking-industry-faces-major-impacts-still-optimistic>

### All heading lower - February data shows early impact of pandemic

Import statistics from the US government are shedding light on the extent to which the global pandemic is having on the US imports of wood products. February data show considerable across-the-board declines in imports of tropical hardwood and hardwood products.

Other data reveals almost 7 million people claimed unemployment benefits in the second week of April. This brings the total claims to around 17 million, about 10% of the labour force. The unemployment rate jumped to 4.4% in March.

Most economists and industry analysts expect much larger declines in the future as more states are calling for non-essential businesses to shut down and individuals to stay home to contain the spread of the coronavirus.



Data source: US Census Bureau, Foreign Trade Statistics

### Tropical hardwood imports

US imports of sawn tropical hardwood fell by 30% in February to the lowest level in more than 10 years. The 10,116 cubic metres imported was less than half the amount of February of last year. Imports from Brazil and Malaysia were both down by 48% in February.

The economic slowdown forced by COVID-19 affected imports across the board with the volume of most types of wood dropping between 25% and 55%. Imports of Balsa rose by 28%, but that came off a January that was the lowest for Balsa in more than a decade.

### Hardwood plywood imports

US imports of hardwood plywood dropped by 32% in February. The import volume of 160,042 cubic metres was the lowest in eight years. Imports were down from all major trading partners with imports from Indonesia falling by 57%, Malaysia down 49%, and China down 46%.

### Tropical veneer imports

US Imports of tropical hardwood veneer saw its slowest month since September 2016 as imports fell by 41% in February. Imports from Italy fell by 65%, while imports from Cameroon and India declined by 60% and 57% respectively. Year-to-date imports are down by 32%.

### Moulding imports

US imports of hardwood moulding fell by 21% in February and are down 9% from 2019 year-to-date. Imports from Brazil plunged 82% in February to under US\$160,000 which is by far the weakest level in more than a decade.

### But, assembled flooring imports not affected in February

US imports of assembled flooring panels fell by 14% in February yet were still 10% higher than imports of February 2019. A 29% gain in imports from Canada kept totals from seeing the declines COVID-19 is bringing to imports of most other products, at least for now. Year-to-date totals are 3% ahead of 2019.

Imports of hardwood flooring were down by 12% in February and are behind 2019 year-to-date totals by 25%. Imports from Brazil fell by 41% and from Indonesia by 20%. Imports from Malaysia and China were up slightly for the month but are both down more than 50% year-to-date.

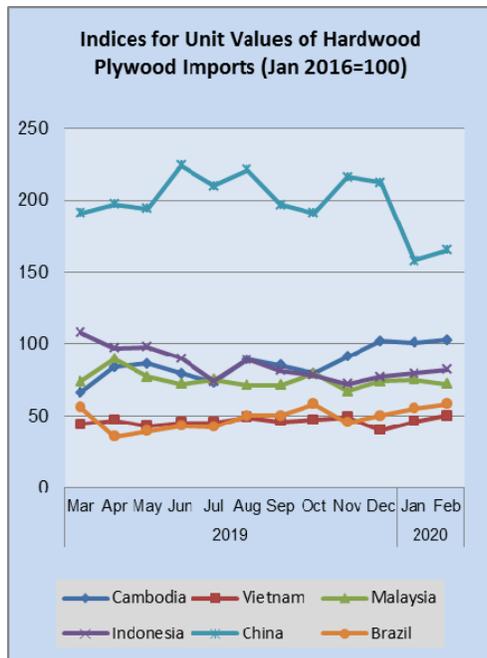
### Planned expansion of Lacey Act

The US Department of Agriculture's Animal and Plant Health Inspection Service (USDA-APHIS) has announced that a sixth round of products will be added to the Lacey Act enforcement schedule and therefore will require a Lacey Act declaration upon importation.

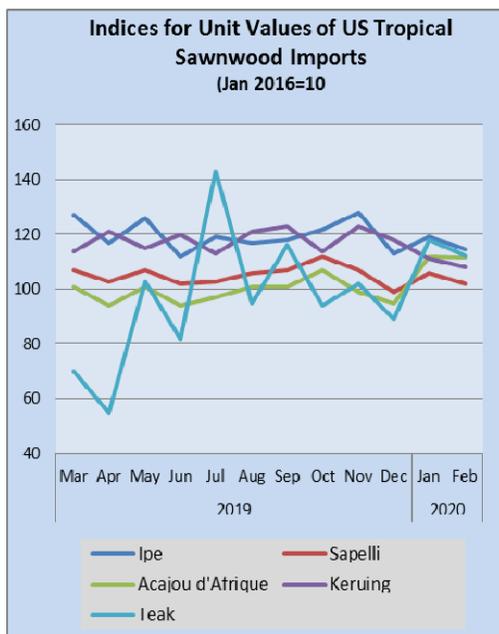
Within Chapter 44 of the Harmonised Tariff Schedule of the United States which covers wood products, Phase VI includes Oriented Strand Board (441012) as well as cases, boxes, crates, drums, containers, pallets, box-pallets, etc. (4415). Additionally, Phase VI includes several Essential Oils, Trunks and Suitcases, and Musical Instruments. Phase VI is scheduled to go into effect October 1, 2020.

See:

<https://www.federalregister.gov/documents/2020/03/31/2020-06695/implementation-of-revised-lacey-act-provisions>



Data source: US Census Bureau, Foreign Trade Statistics  
 Note: Unit values are based on Customs value and exclude shipping, insurance and duties



Data source: US Census Bureau, Foreign Trade Statistics  
 Note: Unit values are based on Customs value and exclude shipping, insurance and duties

**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.**

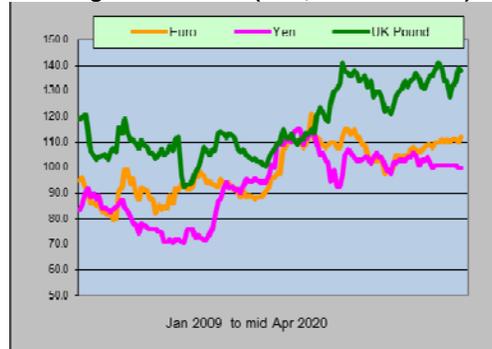
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

## Dollar Exchange Rates

As of 10th April

|               |           |         |
|---------------|-----------|---------|
| Brazil        | Real      | 5.1987  |
| CFA countries | CFA Franc | 604.15  |
| China         | Yuan      | 7.0526  |
| EU            | Euro      | 0.9165  |
| India         | Rupee     | 76.275  |
| Indonesia     | Rupiah    | 15630   |
| Japan         | Yen       | 107.76  |
| Malaysia      | Ringgit   | 4.3286  |
| Peru          | New Sol   | 3.38    |
| UK            | Pound     | 0.7997  |
| South Korea   | Won       | 1215.96 |

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

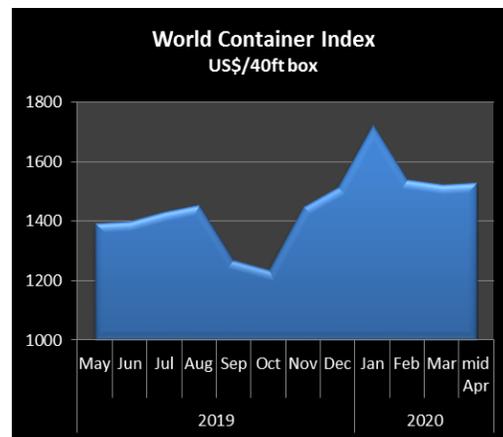


## Abbreviations and Equivalences

|            |   |
|------------|---|
| 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

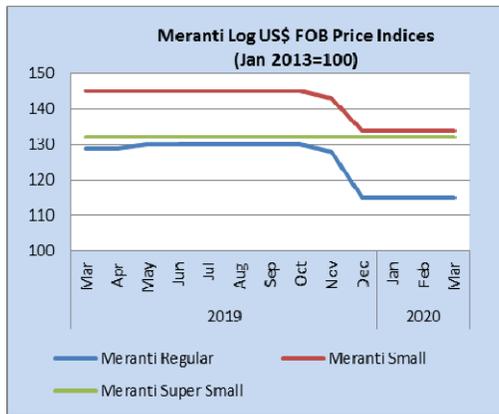
May 2019 – mid April 2020



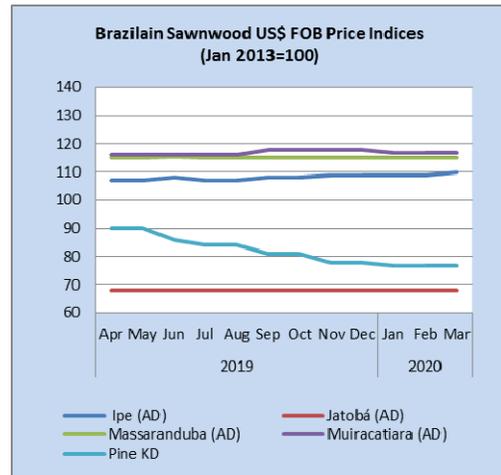
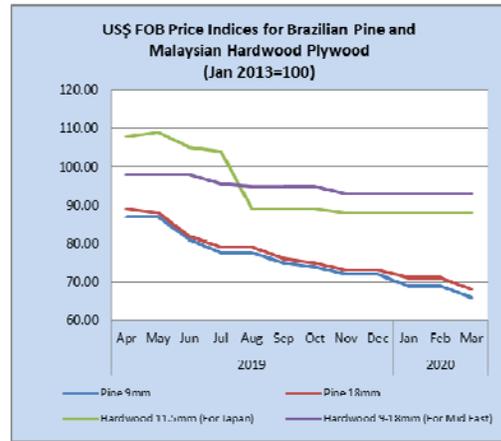
Data source Drewry World Container Index

**Price indices for selected products**

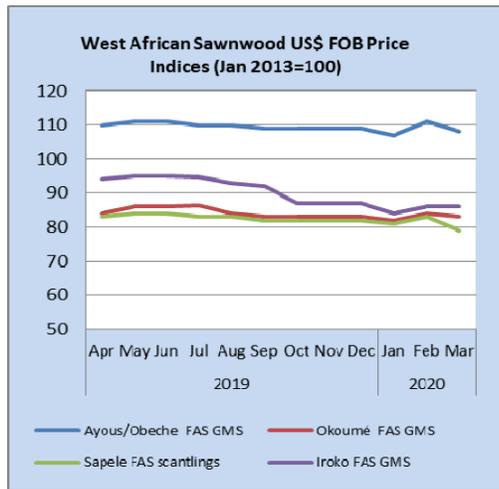
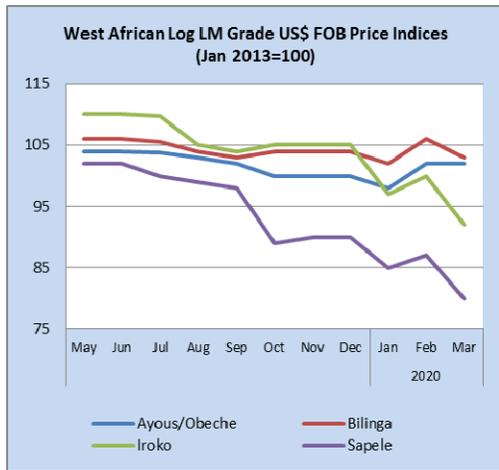
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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