Tropical Timber Market Report

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Headlines

Top story

Private sector confronts Paris Olympic Committee on exclusion of tropical timber

An open letter signed by several tropical timber trade and industry associations has been sent to the Paris Olympic Committee (SOLIDEO) Executive Director General Nicolas Ferrand protesting the "Cahier de Prescriptions d"Excellence Environnementale" (Environmental Excellence Prescription) which prohibits the use of tropical timber in works related to the Olympics

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Central and West Africa

Buyer interest and bad weather lifts okoume price offers

April FOB prices remain at the same level as in March, however, producers have signalled that enquiries for okoume from importers for the Chinese market are on the rise and some exporters have secured a euro 5/cu.m increase in FOB prices for sawn okoume.

The price rise for okoume is also a function of availability. Bad weather in both Gabon and Congo has impacted harvesting and transport.

Export prices for the European market remain flat as the hoped for early recovery of demand has not yet taken hold in Europe. All shippers in the region are experiencing problems in securing sufficient containers.

Derailments continue to plague Gabon

As the second quarter began the Transgabonais operating company (Setrag) continued to experience train derailments. The company reported another derailment on 22 April between Oyan and Mbel. In the first quarter the company reported a derailment in each month. The disruption caused by these derailments has resulted in peelers mills in the GSEZ running short of logs such that they are operating well below capacity.

Bad weather is also affecting log supplies to mills in Cameroon which are already suffering from the impact of the maximum load limit on trucks.

Equatorial Guinea a major shipper

Once again concern has been raised on the extent of timber exports from Equatorial Guinea. Industry sources have estimated that around 30,000 cu.m of timber is exported monthly mainly to China and CITES regulated timbers are included. According to data from China"s Customs. Equatorial Guinea was the 6th ranked tropical log supplier to the country in 2020.

Tax changes rattle businesses

Timber companies in Gabon are reeling from recent changes in tax and fee structures. It was recently announced that the export duty on sawnwood will be increased from 1.9 % to 7% for air dry sawnwood and 3% for kiln dry sawnwood.

log export prices

West African logs	FOB Euro per cu.m		
Asian market	LM	B	BC/C
Acajou/ Khaya/N"Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & ekki	275	275	175
Belli	270	270	-
Bibolo/Dibétou	215	215	-
Bilinga	275	275	-
Iroko	300	280	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	220	220	220
Moabi	330	330	250
Movingui	180	180	-
Niove	160	160	-
Okan	200	200	-
Padouk	275⬆	240	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	465⬆
Merchantable	310
Std/Btr GMS	320
Sipo FAS GMS	420
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	900
FAS scantlings	950
Strips	350
Sapele FAS Spanish sizes	420
FAS scantlings	450
Iroko FAS GMS	600
Scantlings	620
Strips	370
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530⬇
Scantlings	580⬇
Movingui FAS GMS	380⬇

Ghana

New Minster – no more mining in forests

Samuel Abu Jinapor, Ghana"s new Minister for Lands and Natural Resources has issued a directive to the Forestry Commission to stop issuing permits for mining in forests. This comes at a time when illegal small-scale miners continue to evade the authorities.

Illegal logging and mining in forest reserves have a negative impact on the environment and on the timber industry.

See: https://www.pulse.com.gh/news/local/galamsey-lands-minister-halts-all-forest-mining-permits/em3fy0f

The Ghana Timber Association (GTA) has welcomed the Minister"s decision saying this will help reduce forest degradation. The forest cover in Ghana has fallen steadily due mainly to farming and mining.

Securing logs for Ghana mills serving domestic market – changes to forest concession contracts planned

Dr. Nurudeen Iddrisu, Director of Operations and Acting Executive Director of the Timber Industry Development Division (TIDD) of the Forestry Commission has called for collaboration between companies operating in the export and domestic markets to ensure the sustainability of Ghana"s forests.

At a workshop "Preparing Domestic Market Players Towards FLEGT Licensing", Dr. Iddrisu said partnership between the two sectors of the timber industry would lead to a sustained supply of wood for domestic processing.

He disclosed that the Forestry Commission is to implement a 100% Yield Removal Policy that mandates concessionaires remove species in the yield allocation even if there is no immediate export market for these timbers.

According to Iddrisu the practice of concessionaires to harvest only their preferred species for export denies supplies to mills processing for the domestic market.

Iddirsu said "With this new policy, we require them (concessionaires) to harvest all so they can sell the other species to the domestic timber merchants; that would ensure constant supply of wood on the market and curb illegal logging,"

See: https://www.modernghana.com/news/1072004/domestic-and-export-timber-market-actors-asked.html

Utility companies seek to raise prices

The Ghana Employers" Association (GEA) has urged the Public Utilities Regulatory Commission (PURC) to reject any proposal from the utility companies seeking an increase in tariffs as an increase, particularly at this time, could lead to many companies collapsing.

The Electricity Company of Ghana (ECG) and Ghana Water Company Limited (GWCL) are two major utilities companies regulated by the PURC which have been pushing for authority to raise prices to consumers.

Economy forecast to grow this year

According to the April 2021 "West Africa Monitor" report by Fitch Solutions Ghana"s economy is forecast to grow 4.5% this year with all the sectors contributing to an appreciable growth rate. This would translate into a per capita income of US$2,206 in 2021, from US$2,020 in 2020.

Ghana"s timber and wood product exports for first 2-months of 2021 registered significant increases when compared to same period in 2020.

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	530
Niangon Kiln dry	622

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	315	441
Chenchen	540	631
Ogea	443	590
Essa	543	705
Ofram	350	435

Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	910
Avodire	573
Chenchen	1,073
Mahogany	995
Makore	933
Odum	700

Export plywood prices

Plywood, FOB	Euro per cu.m		
BB/CC	Ceiba	Ofram	Asanfina
4mm	347	580	641
6mm	412	535	604
9mm	370	499	560
12mm	516	476	480
15mm	450	414	430
18mm	450	463	383

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

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	465	564
Ceiba	404	600
Dahoma	482	592
Edinam (mixed redwood)	520	670
Emeri	540	609
African mahogany (Ivorensis)	886	1060
Makore	740	755
Niangon	583	680
Odum	649	903
Sapele	720	742
Wawa 1C & Select	355	459

Malaysia

Corona update

The daily count of Covid 19 cases in Malaysia is coming close to 3,000. As of mid-April the country recorded a total of 390,252 cases with 1,426 deaths.

The vaccination programme started on 23 April. The vaccination programme is being carried out in three phases. The first, which is expected to be completed by the end of April covers frontliners. The second, which began on 19 April, involves high-risk groups and those aged 60 and above.

Private sector urges ratification of CPTTP

The Federation of Malaysian Manufacturers (FMM) has called on the government to urgently ratify the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and Regional Comprehensive Partnership Agreement (RCEP) to assist business recovery and rebuild supply chains in the region. FMM president, Soh Thian Lai, said the Federation believes regional trade agreements will greatly contribute to the post-pandemic. The CPTPP eliminates tariffs on nearly 96% of products traded with the intra-regional group.

See: https://www.fmm.org.my/FMM_In_The_News-@-Expedite_ratification_of_CPTPP,_RCEP_to_assist_business_recovery_-_FMM.aspx

Malaysian trade data

The latest Department of Statistics data shows Malaysian wood product exports for the first 2 months of this year earned RM3,782 million of which added value products accounted for just over 70%.

The top five markets were:

USA	RM 1.42 billion	+22% yoy
Japan	RM 0.41 billion	-27% yoy
China	RM 0.38 billion	+26% yoy
Australia	RM 0.18 billion	+2.1% yoy
Singapore	RM 0.16 billion	+5%. yoy

For the same period, Malaysia also imported wood products worth RM1,285 million of which commodity products made up 44% and value added products 56%.

The top five suppliers were:

China	RM 0.53 billion	+39% yoy
Indonesia	RM 0.28 billion	–9% yoy
Thailand	RM 0.12 billion	+ 90% yoy
Vietnam	RM 0.08 billion	+46% yoy
USA	RM 0.06 billion	+22% yoy

Export of major wood products, Jan/Feb 2021 (RM million)

	2020	2021	% Change
Sawlogs	97.71	59.29	-39
Sawnwood	438.18	330.77	-25
Fibreboard	150.52	109.67	-27
Plywood	610.48	416.05	-32
Mouldings	129.62	119.8	-8
Veneer	20.04	10.26	-49
Builders joinery & carpentry	174.38	184.68	6
Wooden furniture	1,784.52	1,970.77	10
Particle board	49.53	43.23	-13
Other products	456.49	537.52	18
Total	3,911.47	3,782.06	-3

Data source: Department of Statistics, Malaysia

Sabah log export ban confirmed

Sabah Timber Industries Association (STIA) President, Tan Peng Juan, welcomed the decision by the Chief Minister, Hajiji Noor, confirming that Sabah"s log export ban will be maintained.

Tan said this decision has come as a big relief to existing and potential investors in the timber sector. He pointed out the log export ban will help provide job security for the approximately 24,000 employed in the timber industry as will initiatives being developed such as the Sabah Timber Industry Masterplan and the Sabah Forestry and Timber Industry Council.

See: https://www.theborneopost.com/2021/04/11/stia-welcomes-affirmation-log-export-ban-stays/

Indonesia

SFM core to boosting exports

The senior economist of the Institute for Development of Economics and Finance (INDEF), Dradjad H Wibowo, who is also the Chairman of the Indonesian Forestry Certification Cooperation (IFCC) said that the climate crisis and Sustainable Development Goals (SDGs) will have a central role in the global issues in the future. Dradjad said for Indonesia the issue of sustainable forest management (SFM) has a major influence on the image of Indonesia"s global image.

He explained that in the past the issue of SFM undermined exports and impacted the economy but with hard work the government, the private sector and civil society has gradually been able to improve its performance and image related to SFM.

See: https://www.viva.co.id/berita/bisnis/1366558-pentingnya-sertifikasi-hutan-lestari-untuk-dongkrak-ekspor

Trade Minister calls for expansion of furniture exports

The Indonesian Minister of Trade, Muhammad Lutfi, has urged Indonesian furniture producers to expand exports. He said this when witnessing the export shipment of furniture produced by PT Integra Indocabinet. The minister promised to help companies in resolving problems to increase exports and he refuted claims that it is more difficult to get raw materials in Indonesia than in Vietnam. He claimed that demand in the US for Indonesian furniture has expanded after sanctions on some other countries in Asia.

See: https://investor.id/business/tingkatkan-kinerja-ekspor-furnitur-mendag-kunjungi-pabrik-indocabinet

Supporting SMEs exports of furniture and craft

According to the Director General of Small and Medium Enterprises and Miscellaneous Industries (IKMA) in the Ministry of Industry, Gati Wibawaningsih, there are plans to assign officers in the Indonesian Trade Promotion Center (ITPC) and trade attachés in Embassies to promote exports by Indonesian SMEs.

This is part of the strategy of the Ministry of Industry to safeguard export markets for SME furniture and craft enterprises. One of the obstacles for Indonesian SMEs in the furniture and handicraft sector is that port operations overseas have been disrupted and shipping opportunities have been affected by a shortage of containers. On the issue of raw material supply Gati urged the quick establishment of the proposed "Material Center" to ease the problem of supply of timber and other inputs.

See: https://www.antaranews.com/berita/1424261/kemenperin-jaga-pasar-ekspor-ikm-furnitur-dan-kerajinan

Indonesia to lead preparatory dialogue on forest sustainability

Indonesia has agreed to co-chair an international alliance that brings together producers and consumers of forest and agricultural products as well as other commodities. Together with the UK, Indonesia will lead more than 25 countries grouped in the Forest Agriculture and Commodities Trade (FACT) Dialogue to protect and increase sustainability of supply chains of products.

The UK will host the 26th United Nations Climate Change Conference of the Parties in Glasgow in November to accelerate action towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change. The dialogue led by Indonesia is part of preparatory activities for the summit.

Communication strategy needed to support forest farmers

Secretary of the Directorate General of Social Forestry and Environmental Partnerships (PSKL) in the Ministry of Environment and Forestry, Apik Karyana, has said forest management programmes can be a successful way to provide assistance to forest farmers.

According to him the assistance could be through training forest farmers to better understand the new forestry regulations and to assist them in marketing. Professor of Forestry Policy, Faculty of Forestry IPB, Hariadi Kartodiharjo, is of the opinion that assistance for forest farmers is indeed a challenge and that a communication strategy needs to be developed.

See: https://www.republika.co.id/berita/qrwpuk456/klhk-jabarkan-pentingnya-program-pendampingan-untuk-petani

In related news the government continues to encourage the use of forests for the community. Based on the 2015-2019 National Medium-Term Development Plan (RPJMN) the target for providing forest management and utilisation access to communities was 12.7 million hectares (ha). This figure was then revised in 2020 to 13.9 million ha.

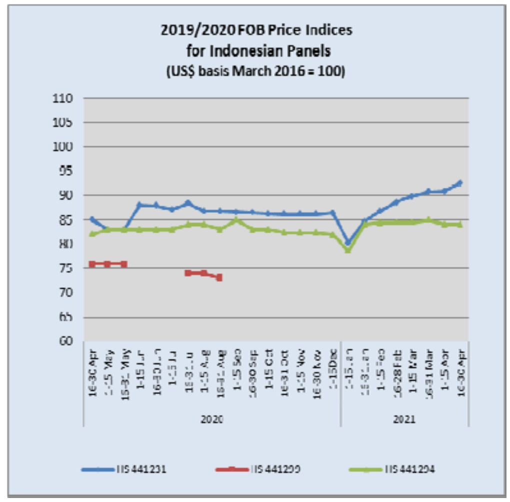
Some 4.5 million ha. have been distributed said Erna Rosdiana, Director of Social Forestry Area Preparation at the Ministry of Environment and Forestry. However, achieving the vision of a sustainable forest and a prosperous community still faces obstacles.

See: https://www.republika.co.id/berita/qrynfo456/perlu-kolaborasi-agar-program-perhutanan-sosial-maksimal

Curbing forest fires

In a keynote address to an event on climate action, Ms Siti Nurbaya Bakar, Minister for the Environment and Forestry, said the country has made significant progress in controlling forest fires. She reported that the government has an agency to begin restoring the most vulnerable peatlands and will work with plantation companies to restore badly degraded areas.

See: https://www.straitstimes.com/asia/se-asia/indonesia-to-curb-forest-land-fires-further-by-all-means



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

Myanmar

Over 1.5 million vaccinated

According to Central Contagious Disease Prevention and Eradication Sub-Department under the Ministry of Health and Sports, more than 1.5 million people have received a single dose of COVID-19 and about 340,000 people have been given second vaccine dose as of 21 April 21. People over 60 years old are given priority for the vaccine. No patient has died since 27 March.

See: https://elevenmyanmar.com/news/myanmar-provides-a-single-dose-for-over-15-m-people-and-second-dose-for-about-340000

Sanctions on Myanmar timber and pearl firms

The United States has imposed sanctions on the Myanmar state-owned Myanma Timber Enterprise and Myanmar Pearl Enterprise.

The press release from U.S. Department of the Treasury"s Office of Foreign Assets Control says: "The Burmese military derives significant funding from state-owned enterprises in the natural resources market. Today"s action demonstrates the United States" commitment to targeting this specific funding channel and promoting accountability for those responsible for the coup and ongoing violence,"

See: https://www.treasury.gov/press-center/press-releases/Pages/jl0458.aspx

Some timber exporters interpret that this action while directly impacting MTE which will not be able to act as a shipper and the beneficiary of the remittance, it may not make much impact on private exporters since the US action does not refer directly to a restriction on timber exports.

European Council imposes sanctions

In related news a press release from the the European Council says "the Council decided to sanction 10 individuals and two military-controlled companies, Myanmar Economic Holdings Public Company Limited (MEHL) and Myanmar Economic Corporation Limited (MEC) in relation to the military coup staged in Myanmar/Burma on 1 February 2021 and the ensuing military and police repression against peaceful demonstrators. The decision was taken by written procedure.

The individuals targeted by sanctions are all responsible for undermining democracy and the rule of law in Myanmar/Burma and for repressive decisions and serious human rights violations.

The two sanctioned entities are large conglomerates that operate in many sectors of Myanmar"s economy and are owned and controlled by the Myanmar Armed Forces (Tatmadaw) and provide revenue for it.

The adopted sanctions specifically target the economic interests of Myanmar"s military regime which is responsible for the overthrow of Burma"s democratically elected government. Sanctions are crafted in such a way to avoid undue harm to the people of Myanmar.

Today"s decision is a sign of the EU"s unity and determination in condemning the brutal actions of the military junta, and aims at effecting change in the junta"s leadership. The decision also sends a clear message to the military leadership: continuing on the current path will only bring further suffering and will never grant any legitimacy.

Restrictive measures, which now apply to a total of 35 individuals and two companies, include a travel ban and an asset freeze. In addition, EU citizens and companies are forbidden from making funds available to the listed individuals and entities."

See:https://www.consilium.europa.eu/en/press/press-releases/2021/04/19/myanmar-burma-eu-imposes-sanctions-on-10-individuals-and-two-military-controlled-companies-over-the-february-military-coup-and-subsequent-repression/

ASEAN Five-Point Consensus on Myanmar

A press release from the ASEAN Secretariat says: "We, as an ASEAN family, had a close discussion on the recent developments in Myanmar and expressed our deep concern on the situation in the country, including reports of fatalities and escalation of violence.

We acknowledged ASEAN"s positive and constructive role in facilitating a peaceful solution in the interest of the people of Myanmar and their livelihoods and therefore agreed to the "Five-Point Consensus" attached to this Chairman"s Statement. We also heard calls for the release of all political prisoners including foreigners."

The ASEAN Leaders reached consensus on the following:

• There shall be an immediate cessation of violence in Myanmar and all parties shall exercise utmost restraint.

• Constructive dialogue among all parties concerned shall commence to seek a peaceful solution in the interests of the people.

• A special envoy of the ASEAN Chairperson shall facilitate mediation of the dialogue process, with the assistance of the Secretary General of ASEAN.

• ASEAN shall provide humanitarian assistance through the AHA Centre.

• The special envoy and delegation shall visit Myanmar to meet with all parties concerned.

See: https://asean.org/storage/Chairmans-Statement-on-ALM-Five-Point-Consensus-24-April-2021-FINAL-a-1.pdf

According to Irrawaddy News the SEAN leaders pressured coup leader and armed forces commander-in-chief Senior General Min Aung Hlaing to end the violence by his security forces which has seen at least 745 people killed during anti-regime protests.

See: https://www.irrawaddy.com/news/burma/asean-leaders-urge-myanmar-coup-chief-end-violence-allow-special-envoy-aid.html

MTE suspends harvesting for 2021-22

While there has been no official statement it has been learnt that the Myanma Timber Enterprise (MTE) has suspended harvesting for the 2021-2022 season.

For 2020-21 MTE had planned to harvest about 4,000 tons of teak and 200,000 tons of other hardwoods.

Harvest levels are determined from inventory data from which an Annual Allowable Cut (AAC) is determined. The AAC set by the Forest Department for the ten years from 2016-17 to 2125-2126 is about 19,120 teak trees and 592,330 other hardwood trees.

In 2020 some MTE log stocks went unsold as the monthly tenders were postponed or cancelled because of the pandemic. It is assumed that there are considerable stocks held especially of non-teak hardwoods.

The Forest Department and MTE have from time to time indicated that the harvest is far less than the AAC but there are critics who say the reliability of the inventory, which is core to calculate the AAC, may be inaccurate.

According to exporters, the Trade Department suspended the issuance of export licenses for timber products except veneers from the first week of April. Following a meeting among the Trade Department, Forest Department and Custom Department and exporters a decision to resume the issuance of export licenses will soon be made.

India

Mass migration from the cities once more

In view of the rapidly rising cases of COVID-19 the Delhi government imposed a night curfew in Delhi from 10 pm to 5 am until 30 April. Delhi recently recorded 13,468 COVID-19 daily cases, the highest single-day spike so far.

Fearing an extension of the lockdown which trapped migrant workers in the cities many have already returned to heir home towns. The impact of this migrantion is disrupting the construction and manufacturing secotors in particular. In mid-month the Maharashtra government also announced a series of restrictions effective until 1 May.

The current surge in COVID-19 infections and the danger of an explosive spread of the corona mutant has seriously dented sentiment in the real estate sector. Real estate specialists Knight Frank India in association with the Federation of Indian Chambers of Commerce and Industry or FICCI as well as the National Real Estate Development Council or NARDECO, made available its “Real Estate Sentiment Index Q1 2021”.

The survey behind the report showed that the future sentiment score dropped from 65 in Q4 2020 to 57 in Q1 2021. Sentiment on prospects for the next six months fell in all regions and the outlook for housing starts has weakened.

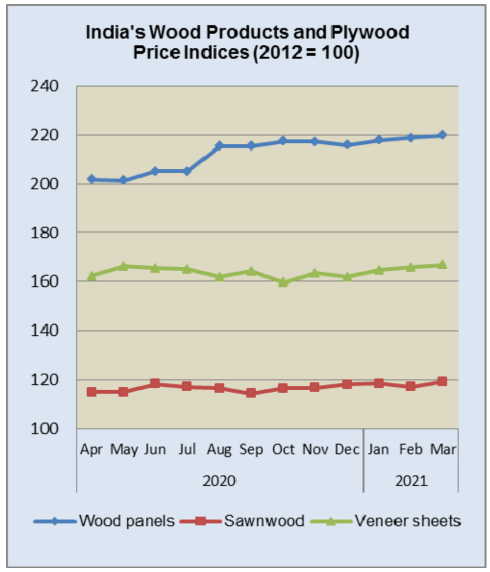
See:
https://content.knightfrank.com/research/2211/documents/en/real-estate-sentiment-index-q1-2021-indian-real-estate-residential-office-7982.pdf

Wood product price indices rise

The Ministry of Commerce and Industry has reported the official Wholesale Price Index for “All Commodities” (Base: 2011-12=100) for March increased to 129.3 from 127.3 in February 2021.

The annual year on year rate of inflation stood at 7.39% in March however, month-on-month the March rate of inflation stood at 1.57%. Prices of crude oil, petroleum products and basic metal substantially increased in March 2021 as compared to the corresponding month of last year. Due to the nationwide lockdown the WPI index for all coomodities was computed with relatively low response rate. Out of the 22 manufactured products tracked 16 groups saw increased prices and among this group was furniture and wood and of products of wood and cork.

The press release from the Ministry of Commerce and Industry can be found at: http://eaindustry.nic.in/cmonthly.pdf



Data source: Indian Ministry of Commerce and Industry

Plantation teak

Prices for recent shipments of teak logs and sawnwood.

	US$/cu.m C&F
Benin	294-439
Brazil	430-511
Sawnwood	237-442
Cameroon	639
Colombia	314-374
Costa Rica	314-316
Ecuador	216-495
Ghana	358-485
Sawnwood	485
Mexico	369-439+
Sawnwood	373-585
Panama	270-383
Tanzania	192-268
Sawnwood	747
Togo	295-445

Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,000-4,200
Balau	2,500-2,700
Resak	-
Kapur	-
Kempas	1,550-1,750
Red meranti	1,500-1,650
Radiata pine	850-890
Whitewood	850-890

Price range depends mainly on lengths and cross-sections

Sawn hardwood prices

Sawnwood, (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,750-1,850
Sycamore	1,850-2,000
Red Oak	2,100-2,200
White Oak	2,650-2,800
American Walnut	4,050-4,500
Hemlock STD grade	1,350-1,600
Western Red Cedar	2,350-2,450
Douglas Fir	1,850-2,000

Price range depends mainly on lengths and cross-sections.

Plywood

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	73.00
6mm	101.00
9mm	120.00
12mm	151.00
15mm	200.00
18mm	220.00

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	48.00	69.00
6mm	69.00	86.00
9mm	86.00	105.00
12mm	105.00	125.00
15mm	125.00	151.00
19mm	147.00	170.00
5mm Flexible ply	93.00	

Vietnam

Industry gains new foothold in global market

Despite the impact of the COVID-19 pandemic wood and wooden product exports posted impressive growth in the first quarter of 2021 due to the efforts of many businesses to apply advanced technology, develop new products and make use of online marketing channels.

Nguyen Chanh Phuong, Vice Chairman of the Handicraft and Wood Industry Association of Ho Chi Minh City (HAWA), said that by tapping into its production advantages and emerging market opportunities Vietnam has surpassed Poland, Germany, and Italy to become the world"s second-largest wood and wooden product exporter behind China.

He explained that the COVID-19 pandemic forced people in many countries and regions, especially the US, the EU, Japan, and the Republic of Korea, all major importers of Vietnamese wooden items, to work from home leading to greater demand for home furniture.

In addition, he said, many international buyers have switched to Vietnamese suppliers as the country has a safe production environment. Vietnam"s wood and furniture businesses are also relatively accomplished at recognising and seizing market opportunities.

Tran Lam Son, Director of marketing and quality management at the Thien Minh Furniture Company, pointed out that the recent shift in global wood product and furniture supply chains has benefited Vietnam.

International buyers have increasingly valued the production capacity, design, and technology of Vietnamese wood producers. Moreover, due to supply chain disruptions caused by COVID-19, global distributors now tend to diversify and seek safer supply sources.

Pham Thi Hong Quang, General Director of the Viet Source Handicraft Co. Ltd, revealed that her company"s revenue soared 40% last year despite the tense developments from coronavirus outbreak. The number of orders in the opening months of this year continued to rise as foreign importers began stockpiling products to prepare for the end on restriction on peoples movement.

See: [Vietnam"s wood industry gains new foothold in global market | Business | Vietnam+ (VietnamPlus)]

Rising raw material costs

According to Nguyen Liem, General Director of Lam Viet JSC Co. Ltd. a manufacturer of wooden chairs, boards and beds for export prices for imported timber have increased by 10-25% since July last year depending on the source.

The Vietnam Administration of Forestry in the Ministry of Agriculture and Rural Development estimated the wood import value of wood in the first three months of 2021 was almost US$700 million, up 31% from a year earlier. The rise is the result of increased demand as well as higher FOB and transport costs.

Vietnamese imports of timber come mainly from 5 countries; China, the United States, Cameroon, Thailand and Chile which account for over 50% of the total value of imports.

See: https://vietnamnet.vn//en/business/lack-of-raw-materials-threaten-wood-prices-726183.html#inner-article

Prices of domestic FSC timber falling

Tran Thien, Director of Thanh Hoa Co., Ltd,. commented that despite developing a certified wood material zone with international support, FSC certified afforestation is losing its gloss as forest owners cannot make a profit from their FSC timber. He said the price of FSC timber is falling and is down around 5% currently and is likely to trend lower.

However, Thanh Hoa, one of the largest wood material suppliers in Vietnam, cannot purchase this certified timber which is found mainly in the northern provinces due to problems with regulations and high transport costs.

Vietnam has around 300,000 hectares of FSC forest but, says Thien, “the surplus of such wood is a big problem” as most wooden furnituremakers do not buy FSC wood.

Thien also said FSC evaluation cost are high with the cost for initial evaluations coming close to US$100,000 and the annual assessment can be as much as US$5,000, a big expense for small forest growers especially as they see their income declining. In the Central Province of Quang Ngai many growers have dropped the annual FSC assessment to save money.

See: https://vietnamnet.vn/en/business/wood-exporters-face-array-of-obstructions-727743.html

Bright outlook for domestic timber industry

Nguyen Quoc Khanh, President of the Handicraft and Wood Industry Association (HAWA), said at a recent conference of entrepreneurs and the Prime Minister Nguyen Xuan Phuc, Vietnam should develop a generation of young entrepreneurs in the timber industry and consider it a sector for startups.

Khanh said the sector has achieved the five-year target set by the Prime Minister in 2018 two years in advance. Despite the COVID-19 pandemic Vietnam earned US$13.17 billion from wood exports in 2020 up 16.4% year-on-year. He stressed that the timber industry was the only industry in Vietnam that achieved double-digit growth over the past 18 years. According to Khanh, about 1 million laborers are working in the sector and the number is predicted to stand at around 2-3 million by 2045.

Khanh expressed his belief that the sector can maintain the strong growth and its present position in world markets in the next decades if it continues to engage in environmental protection, steps up afforestation and ensures markets for farmers timber and forest products.

Khanh also suggested an emphasis on technology and digital transformation will aid adding vaule to forest products.

See: https://en.vietnamplus.vn/bright-outlook-for-domestic-timber-industry/197343.vnp

Online trade promotion here to stay

Bui Thi Thanh An, Vice Director of the Trade Promotion Agency at the Ministry of Industry and Trade, said nearly 50 national-level trade promotion programmes were cancelled or postponed last year due to the pandemic and this undermined export growth and the economy. To address this challenge the agency has quickly adopted information technology (IT) and changed how trade promotion activities are held.

More than 500 international online trade conferences have now been organized, along with more than 1 million online trade exchanges.These events helped connect more than 2,000 businesses with foreign partners in different markets, An said.

The agency has also made use of social networks and Vietnamese trade offices abroad to support businesses seeking markets. Although online trade promotion has become more common and was initially considered a temporary solution it seems this approach will be a key element of trade promotion.

See: https://en.vietnamplus.vn/online-trade-promotion-helps-businesses-adapt-to-covid19/196086.vnp

Keep up to date on laws and regulations to avoid commercial risks in US market

The US market for wood products is predicted to grow and offer opportunities for Vietnamese firms to expand market share. This was expressed at a recent online conference organised by the Handicrafts and Wood Industry Association.

Nguyen Hoai Bao, a member of the HAWA executive board, said the US is among the most demanding markets in terms of product origin and legality so he advised Vietnamese companies to keep up to date on relevant laws and regulations to avoid commercial risks.

Julie Hundersmarck, a specialist at the US Forest Service International Program, said US importers have a preference for supplies from Asia including Vietnam and that the US Forest Service is developing techniques for wood verification to support Vietnam in better controlling the origin and legality of wood products exported.

See: https://en.vietnamplus.vn/us-market-offers-great-potential-for-vietnamese-craft-wood-firms/197150.vnp

Brazil

Exchange rate

The average commercial exchange rate at the end of March 2021 stood at BRL5.65/US$, a depreciation of 4.2% of the Brazilian currency against the US dollar compared to the average exchange rate in February 2021.
In March the Central Bank of Brazil increased the basic interest rate (Selic) to 2.75% per year. This decision lifts the Selic for the first time since 2015 when it was raised from 13.75 to 14.25 percent a year.

Partnership with Embrapa for direction of forest management

The Center for Timber Producers and Exporters of Mato Grosso State (CIPEM) recently met with representatives of the Brazilian Agricultural Research Corporation (EMBRAPA) to identify the next steps in studies on forest management and also the elaboration of projects that encourage and provide greater transparency in forest management practices.

One of the main topics during meeting was the proposed study of Sustainable Forest Management (SFM) of Ipê (Tabebuia spp) which will be used as a model to develop SFM for other commercial species.

The partnership signed between CIPEM and EMBRAPA aims to present forest management as a sustainable and essential activity to society. Another objective is to promote the revision and reformulation of norms and rules that regulate forest activities.

CIPEM, together with the Timber Industry Union of Northern Mato Grosso State (SINDUSMAD) and other forestry stakeholders in Mato Grosso State believe that it is essential to continue the partnership with EMBRAPA.

Amazon Plan 2021/2022 approved

Resolution No. 3 approving the "Amazon Plan 2021/2022" was published on 9 April 2021. The objective is to continue the measures/actions to protect the Amazon after the end of Operation Green Brazil 2 (Operação Verde Brasil 2) which is scheduled to end 30 April.

The objective of the Amazon Plan 2021/2022 is to promote measures and establish guidelines for the continuation of actions of the Federal government to inspect and combat illegal activities, particularly illegal deforestation and forest fires in the Amazon forests.

The Amazon Plan 2021/2022 establishes guidelines for actions to be carried out at the Federal level and includes encouraging partnerships with states and municipalities.

The actions foreseen in the Amazon Plan 2021/2022 include:

- containment of illegal activities harming the environment and illegal land use in the priority regions
- redirecting the process of inspection and designation of responsibilities according to the competence of each agency
- promoting civic and social actions in support of the people living in the Amazon for example, health, hygiene education and technical assistance

The Ministry of the Environment has highlighted the importance of the Amazon Plan 2021/2022 and the involvement of the states to reduce deforestation and combat illegal activities.

The Amazon Plan establishes priority areas for coordinated actions by agencies in the Legal Amazon with an increase in the effectiveness of inspection and the fight against environmental crimes and the strengthening and integration of environmental agencies. The agencies include the Federal Police, IBAMA (Brazilian Institute for Environment and Renewable Natural Resources), ICMBio (Chico Mendes Institute for Biodiversity Conservation), the Federal Highway Police, Armed Forces and State Military Police.

Export update

In March 2021 Brazilian exports of wood-based products (except pulp and paper) increased 24% in value compared to March 2020, from US$259.2 million to US$321.9 million.

Pine sawnwood exports grew 26% in value between March 2020 (US$39 million) and March 2021 (US$49 million). The volume of pine sawnwood exports increased 17% over the same period, from 213,400 cu.m to 249,400 cu.m.

Tropical sawnwood exports increased 14% in volume from 34,000 cu.m in March 2020 to 38,700 cu.m in March 2021. In value terms exports rose 3.5% from US$14.4 million to US$15 million, over the same period.

Pine plywood exports surged in March this year by just over 81% in value in comparison with March 2020, from US$43 million to US$78 million. However export volumes increased by just 14% over the same period, from 182,400 cu.m to 208,100 cu.m.

As for tropical plywood, exports increased in volume (41.3%) and in value (40.0%), from 4,600 cu.m (US$2 million) in March 2020 to 6,500 cu.m (US$2.8 million) in March 2021.

March was a good month for wooden furniture exports where export earnings increased from US$46.2 million in March 2020 to US$63.2 million in March 2021, an almost 40% jump.

Trade facilitation between Brazil and the United States

An initiative in the National Congress that calls for development and approval of Trade Facilitation Protocols and Good Regulatory Practices between Brazil and the United States is being championed by the Brazilian National Confederation of Industry (CNI), Amcham Brazil and the US Chamber of Commerce.

This initiative has the support of 32 business entities including the Brazilian Association of Mechanically-Processed Timber Industry (ABIMCI) representing the industrial timber sector.

By sending a joint letter to the Executive Office of the President of Brazil the institutions ask for swift action in sending the request to the National Congress so that the review of these protocols can begin.

Protocols concluded in October 2020 provide, among other issues, the implementation of efficient and transparent customs procedures, cost reduction, cooperation in the area of trade facilitation and customs inspection and reduction of trade bureaucracies between the two countries.

As for good regulatory practices, the protocols address the need for public consultations on new regulations, setting deadlines for submitting contributions, mechanisms for assessing the need for regulatory changes and publishing the regulatory agenda.

Pará State and German delegation discuss financing climate agenda

In search of partnerships to obtain international funds to finance projects that contribute to the Amazon climate agenda the government of Pará, in partnership with the State Secretariat of the Environment (SEMA) and the Pará State Forestry and Biodiversity Development Institute (Ideflor-Bio), participated in a videoconference with representatives of the KfW (German Development Bank) and the German Embassy.

KfW offers a credit line, financing projects aimed at reducing greenhouse gas emissions. In addition, it works to strengthen SEMA"s strategies and actions in three areas such as renewable energies, energy efficiency, protection and sustainable use of tropical forests and sanitation and urban mobility.

Domestic log prices

Brazilian logs, mill yard, domestic	US$ per cu.m
Ipê	171⬇
Jatoba	85⬇
Massaranduba	77⬇
Miiracatiara	79⬇
Angelim Vermelho	76⬇
Mixed redwood and white woods	63⬇

Source: STCP Data Bank

Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US$ per cu.m
Ipé	715⬇
Jatoba	349⬇
Massaranduba	346⬇
Muiracatiara	308⬇
Angelim Vermelho	308⬇
Mixed red and white	207⬇
Eucalyptus (AD)	157⬇
Pine (AD)	103⬇
Pine (KD)	129⬇

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

Parica	US$ per cu.m
4mm WBP	372⬇
10mm WBP	327⬇
15mm WBP	272⬇
4mm MR.	315⬇
10mm MR.	242⬇
15mm MR.	214⬇

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

Domestic ex-mill prices	US$ per cu.m
15mm MDParticleboard	160⬇
15mm MDF	197⬇

Source: STCP Data Bank

Export sawnwood prices

Sawnwood, Belem/Paranagua Ports, FOB	US$ per cu.m
Ipe	1,580
Jatoba	934
Massaranduba	915
Muiracatiara	919
Pine (KD)	188

Source: STCP Data Bank

Export plywood prices

Pine plywood EU market, FOB	US$ per cu.m
9mm C/CC (WBP)	302
12mm C/CC (WBP)	248
15mm C/CC (WBP)	268
18mm C/CC (WBP)	255

Source: STCP Data Bank

Export prices for added value products

FOB Belem/Paranagua ports		US$ per cu.m
Decking Boards	Ipê	3,259
	Jatoba	1,576

Source: STCP Data Bank

Peru

Exports of veneer and furniture

According to information provided by the Association of Exporters (ADEX) in January this year exports of veneers and plywood reached US$0.25 million FOB, up slightly year on year. The only market for these products was Mexico.

Furniture exports during January 2021 totalled US$0.13 million FOB down over 50% year on year. The main export markets for during January were the US which accounted for almost three quarters of all furniture exports followed by Chile which took another 20%.

Furniture exports to the US in January were down 57% while exports to Chile jumped over 100%.

Ten cedar species in Peru, four are endemic

Peru has 10 of the 17 species of cedar that exist throughout its range in the Neotropics (from Mexico to Argentina) which places the country at the centre of diversity for this species. This was revealed in the recent study by the National Forest and Wildlife Service (Serfor) called "Situational status of the genus Cedrela in Peru". Another point made in the report is that of the 10 species found in Peru, four are endemic.

The endemic species are Cedrela kuelapensis, C. longipetiolulata, C. weberbaueri and C. molinensis.

This first investigation provides Serfor with accurate data on the ten species present in Peru and provides a sound base for their conservation and management.

The species of the genus Cedrela are highly valued in world the markets as the timber is easy to work, is aromatic, repels insects and resists rot. It is used to manufacture furniture, musical instruments, doors and an variety of products.

Tough new wildlife law approved

On 12 April the Government approved "Regulation of Infractions and Sanctions in Forest Matters and Wild Fauna" which establishes financial penalties for non-compliance with forest and wildlife legislation.

The regulation also establishes the authority for sanctions and confiscation of specimens, products or by-products of forest and wild fauna for which their legal origin cannot be proven or that come from unauthorised extraction, hunting, collection or capture.

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US$ per cu.m
Pumaquiro 25-50mm AD	
Mexican market	647-659
Virola 1-2" thick, length 6"-12" KD	
Grade 1, Mexican market	584-612
Grade 2, Mexican market	498-523
Cumaru 4" thick, 6"-11" length KD	
Central American market	992-1022
Asian market	1088-1111
Ishpingo (oak) 2" thick, 6"-8" length	
Spanish market	596-617⬆
Dominican Republic	694-710
Marupa 1", 6-11 length KD	
Grade 1 Asian market	569-598

Domestic sawnwood prices

Peru sawnwood, domestic	US$ per cu.m
Mahogany	-
Virola	241-265
Spanish Cedar	340-349
Marupa (simarouba)	237-242

xport veneer prices

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

Domestic plywood prices (excl. taxes)

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

Export plywood prices

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

Domestic prices for other panel products

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

Export prices for added value products

Peru, FOB strips for parquet	US$ per cu.m
Cabreuva/estoraque KD12% S4S, Asian market	1327-1398
Cumaru KD, S4S Swedish market	986-1119
Asian market	1089-1119
Cumaru decking, AD, S4S E4S, US market	1204-1237
Pumaquiro KD Gr. 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market	544-577
2x13x75cm, Asian market	756-822

Japan

New state of emergency ascorona cases soar

Japan"s fresh state of emergency because of a surge in infections threatens to dash hopes for an early economic recovery by further weakening consumption. Under the state of emergency declaration, local authorities will impose tougher restrictions including the closure of establishments that serve alcohol, department stores and shopping malls.

Most of the new coronavirus cases recorded mid-April in Tokyo and Osaka were variant infections.

Japan/China economies grow closer

Data from the Ministry of Finance shows that imports from China more than doubled year-on-year in February marking the biggest rise since 1979 when the data started being recorded. Analysts say the steady rise in trade reflects the close economic ties between the two economies.

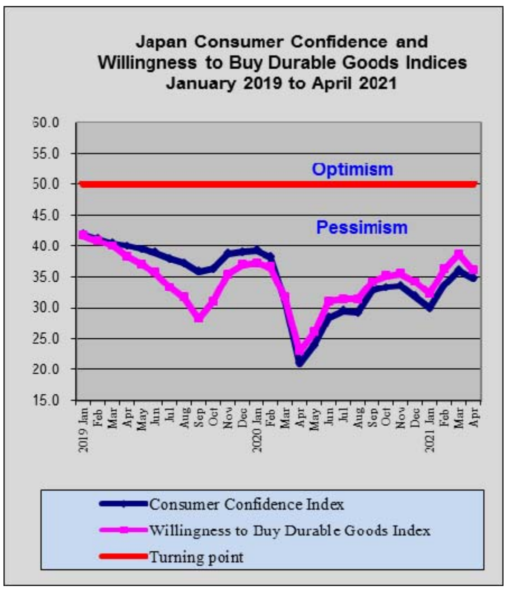
Bank of Japan braces to support companies

In its quarterly report the Bank of Japan (BoJ) downgraded its economic assessments for two of the country"s nine regions Hokkaido and the northeastern region of Tohoku where the impact on businesses of the corona virus has been severe. The assessments for the seven other regions concluded regional economies are picking up but the BoJ expressed concerns on the impact on the service sector. The BOJ indicated a continued emphasis on providing financial support for companies and maintaining financial market stability.

In related news the Cabinet Office retained its view that weakness has been seen in some sectors as consumption remains subdued due to the continued impact of the coronavirus pandemic. The Prime Minister has declared a third state of emergency, effective 25 April to 11 May in Tokyo as well as the western prefectures of Osaka, Kyoto and Hyogo. This is an effort to slow the current surge in infections during the Golden Week holidays, usually one of the busiest times of the year for travel.

Third state of emergency drives down sentiment

Consumer confidence deteriorated in April according to the latest Cabinet Office survey as a resurgence of coronavirus cases led to a third state of emergency for Tokyo and several other areas

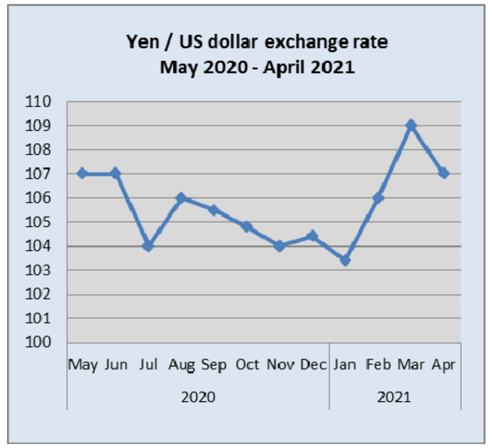


Data source: Ministry of Finance, Japan

Yen strengthens slightly

At the start of the second quarter 2021 the Japanese Yen began reversing weakness seen in the first quarter when there was a steady downward direction in the yen/dollar exchange rate but now just four weeks into Q2 that trend has come undone and the yen has begun strengthening rising to around 107 to the dollar at the end of April.

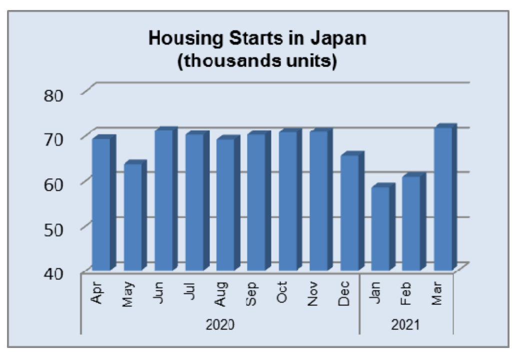
The US dollar lost steam following the latest policy statement from the Federal Reserve (Fed) which reflected on rising commodity prices and a hint of inflation. But, looking ahead it is only when full US employment is approaching that the Fed will be inclined to change its stance.



Shortages and rising prices plague home builders

House builders in Japan have been affected by rising prices for sawnwood imports from the US the result of supply limitations and the strong US market for homes (see page 13). The construction industry in North America is also reeling from solid wood construction framing building material prices that continue to soar. The impact of the rising prices and delayed shipments of sanweood from the US has prompted Japanese house builders to alert clients that there may be delays in completion.

March 2021 housing starts were up compared to levels in February but total first quarter starts are about the same level as in 2020 at the beginning of the pandemaic and are around 10% down from the first quarter 2019.

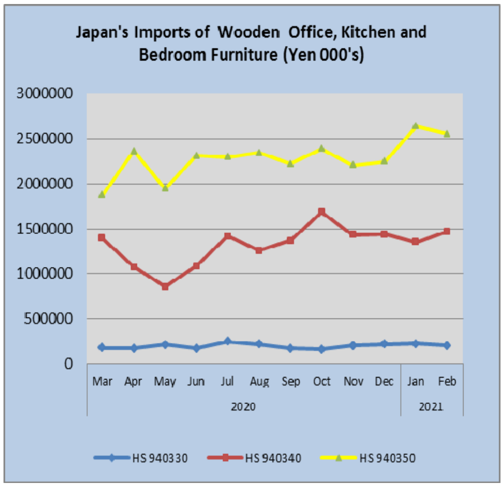


Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Import update

Furniture imports

The trend in Japan"s furniture imports over the 12 months to February 2021 is illustrated below. Remarkeably domestic sales of furniture have been sustained which has encouraged imports even to the point of boosting imports between May 2020 and February this year. In particular imports of bedroom furniture have been rising since the beginning of the third quarter of 2020.



Data source: Ministry of Finance, Japan

Office furniture imports (HS 940330)

After 3 months of steady increases the value of Japan"s imports of wooden office furniture saw a correction in February this with imports dipping around 10% from the level in January. The rise in imports corresponded with the work from home business operation. If the value of imports flattens over the next few months then it would seem consumers have completed their refurbishing to create home work space.

As in previous months shippers in China dominated Japan"s wooden office furniture imports in February accounting for 78% of all HS940330 imports but this was almost 13% down from January. The other two main shippers in February were Taiwan P.o.C and Vietnam. Shipments from Taiwan P.o.C jumped 5 fold but, as was the case for Vietnam, accounted for just 5% of the value of HS940330 imports.

February imports (HS 940330)

	Imports Feb 2021 Unit, 000"s Yen
S. Korea	-
China	159,699
Taiwan P.o.C	10,796
Vietnam	10,413
Thailand	3,609
Malaysia	-
Indonesia	3,260
Denmark	-
UK	-
Belgium	-
France	2,066
Germany	2,619
Portugal	-
Italy	2,157
Poland	1,210
Turkey	3,624
Lithuania	450
Czech Rep.	-
Slovakia	1,666
Canada	-
USA	2,037
Total	203,606

Data source: Ministry of Finance, Japan

Kitchen furniture imports (HS 940340)

Year on year the value of Japan"s imports of wooden kitchen furniture in February this year jumped almost 20% and compared to arrivals in January 2020 there was an 8% increase.

Manufacturers in three countries, the Philippines, Vietnam and China continue to capture almost all of the demand in Japan for imported wooden kitchen furniture. February 2021 imports from the Philippines accounted for 41% of imports with shippers in Vietnam taking a 35% share, China followed with a 14% share.

February imports (HS 940340)

	Imports Feb 2021 Unit, 000"s Yen
China	208,861
Taiwan P.o.C	345
Vietnam	514,549
Thailand	48,653
Malaysia	14,412
Philippines	604,419
Indonesia	12,629
UK	1,516
France	-
Germany	16,793
Italy	40,692
Romania	-
Canada	2,532
USA	1,212
Total	1,466,613

Data source: Ministry of Finance, Japan

Bedroom furniture imports (HS 940350)

After 2 months of substaintial increases the value of Japan"s imports of wooden bedroom furniture corrected in February this year dipping slightly.

Imports from the top two shippers, China and Vietnam were little changed from a month earlier with exporters in China accounting for almost 60% of all HS940350 imports and another 35% arriving from Vietnam which indicates it was the other small shippers that saw most of the decline in February, the exception being Malaysia where exporters of wooden bedroom furniture achieved a 20% increase.

February imports (HS 940350)

	Imports Feb 2021 Unit, 000"s Yen
S. Korea	-
China	1,464,044
Taiwan P.o.C	2,596
Vietnam	886,914
Thailand	51,518
Malaysia	95,760
Indonesia	26,447
Sweden	1,644
Denmark	592
France	224
Germany	476
Portugal	-
Italy	10,671
Poland	3,411
Austria	1,517
Romania	-
Latvia	2,324
Lithuania	5,878
USA	689
Total	2,554,705

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:
https://jfpj.jp/japan_lumber_reports/

Frantic search for substitute materials

Precutting plants are now unable to purchase necessary building materials they have been using such as North American and European products after supply sources reduced supply volume and shortage of containers causes delay of arrivals of ordered items.

Precutting plants are now looking for substituting materials desperately but they are not easy to find.

To replace imported laminated products, orders are rushing to domestic laminated lumber manufacturers but they are short of lamina from Europe so replacement is not easy. Naturally the prices of all items continue climbing. If shortage of necessary materials continues, many precutting plants will be forced to stop the operations in May. Precutting plants are asking dealers and importers to find replacing materials by all means.

Housing companies are not well aware of this situation and stick to the materials they have been using, which perplexes precutting plants.

There is no European redwood laminated beam in distribution channels and the prices in April will be 65,000 yen from 58,000 yen in March, 12% jump in one month then the second quarter prices would be over 70,000 yen.
KD Douglas fir beam prices are about 60,000 yen but availability is limited and the prices would further advance. Whitewood laminated post prices are about 1,900 yen per piece delivered on both imported and domestic made products in March but after April, the prices are 2,100 yen. Domestic cedar laminated post prices shot up by 4,000 yen in March and now 52,000-53,000 yen per cbm delivered.

Whitewood stud supply is very tight and search for substitution gets heated up. KD cedar supply dried up and LVL of cedar, Chinese poplar and New Zealand radiate pine started coming into the market.

Prices of whitewood KD stud in March are 55,000 yen per cbm delivered and KD cedar stud are 50,000- 55,000 yen. Small Douglas fir side-cut lumber prices are over 70,000 yen, 3,000-4,000 yen up from February but the supply is skimpy and substituting domestic cedar lumber supply is delayed since sawmills carry too much orders.
Overseas inflation is squarely hitting Japan market.

Daishin Plywood quit operation

Daishin Plywood Co., Ltd. (Niigata prefecture) stopped the operation at the end of March after 55 year"s plywood manufacturing. Daishin Plywood started in 1965 as Niigata plant of Sunamachi Veneer in Tokyo. This is the last major tropical hardwood plywood manufacturing plant in Japan.

Facing declining resource of tropical hardwood logs with export restrictions and climbing log prices, it gave up the business and has been preparing to withdraw from plywood business since 2020 and notified the customers.
In 2020, the production was 3,800 cbms a month and it finished the operation in last February and log inventory is totally consumed. It has been preparing to sell the property and machines since last year.

The president say that future outlook became uncertain after Sabah, Malaysia banned log export in 2018 then PNG increased log export duty.

The company was well known to manufacture particular size plywood the customers” demand.

Plywood

plywood is getting active since middle of March after quiet February. It is hard to see future movement since large precutting plants have started restricting taking orders because of shortage of wood products such as structural laminated lumber and stud.

Domestic plywood manufacturers” inventory remains tight. It is about 0.4 month so produced plywood is shipped immediately. By earthquake on March 22 off Miyagi coast, some plywood mills suffer fire damage so that the production would decrease so precutting plants hurry procuring plywood. Tight supply of tropical hardwood imported plywood continues.

It is about time that rainy season is over and log production gets active but this year, rainy season is prolonging then labor shortage caused by moving restriction by COVID 19 so local plywood mills struggle to secure logs. Also mill workers are short by the same reason so plywood mills have hard time to satisfy orders.

In Japan, the inventory continues diminishing week after week. In particular, Indonesian plywood is getting tight so the dealers are chasing remaining inventory and the prices are firming particularly coated concrete forming panels.

Domestic logs and lumber

Replacing demand for tight supplied North American and European wood products to domestic products spurted rapidly since middle of March so the supply gets tight and the prices are climbing particularly demand strong Kanto region.

Log production is steady and normally it is time that log prices weaken by over supply but sawmills are aggressively procuring logs to catch up substituting demand so log prices are firming.

At first short supplied Douglas fir lumber demand shifted to European redwood and whitewood but after European supply gets tight, demand shifted to domestic wood in March. Orders are busy on not only smaller stud and brace but larger sill, purlin and post. Some demand is speculative since future prices get higher by increasing substituting demand.

Japan Kenzai made demand forecast

materials dealers, made survey through 3,000 customers by internet as to demand forecast. The demand has been improving after the bottom of the second quarter 2020 but severe situation continues. It is comparison to the same period of last year.

The survey is made by indicating increase, slight increase, unchanged, slight decline and decrease compared to the same period of last year and responders select one of five categories. Demand outlook by contractors for the second quarter is minus 34.5 points.

he first quarter outlook was minus 46 points so it is improving but still minus outlook continues. Distributors” outlook is minus 38 points, improved from last survey”s 48.5 points.

For building materials manufacturers, demand increase is forecasted on plywood, wood building materials, ceramic products and house appliances but plywood and house appliances remain the same as last year but ceramic and insulation products show 53% indicates declining forecast.

Influence of COVID 19 is becoming smaller but more than 60% forecast close down or bankruptcy of customers so future continues foggy. For renovation works, there are more new life style renovation with more than 2.5 million yen.

CLT promotion meeting

11 th meeting among related Ministries was held to discuss use of CLT and to make up road map to expand the market of CLT. The new road map picked up problems from past road map, which are degree of recognition of CLT, advantage of market prices, timely supply to meet the demand, area CLT can cover, designer and operator and means of maintenance and management. These problems should be solved and should show means to improve.

Concrete plans include use of CLT at large events, contribution to investment for SDG and ESG, standardization of sizes by unifying individual manufacturers, development of low cost joint, establishing stable supply system by unifying manufacturers.

Target is to establish CLT production system of 500 M cbms a year and reduce the cost down to 70,000-80,000 yen per cbm. As to recognition, first is to let construction industry know since CLT is not yet well acknowledged and to promote use of CLT for medium high stories buildings like four to five stories.

Based on the past road map, the meeting reported that total of 550 units of CLT buildings have been built at least one in every prefecture.

China

Rise plywood production capacity

There were more than 15,200 plywood manufacturers with a total annual production capacity of 256 million cubic metres in China at the end of 2020 distributed in 26 provinces (municipalities and autonomous regions). This number of plants was up 12% on 2019.

The average production capacity of the enterprise is about 17,000 cubic metres per year. More than 1,750 plywood manufacturers stopped operations or had licenses cancelled by the end of 2020.

There are 7 provinces and 4 prefectures and cities in China with annual plywood production capacity exceeding 10 million cubic metres.

Production of plywood by province

Province	Number of enterprises	Production capacity (mil. cu.m)
Shandong	4,400	61
Jiangsu	2300	36
Guangxi	1,880	48
Anhui	930	17.3
He"nan	710	15.2
Hebei	990	11.9
Guangdong	720	11.3

Data source:
https://baijiahao.baidu.com/s?id=1696887935844304311&wfr=spider&for=pc

There were more than 2,050 plywood production enterprises under construction in China at the beginning of 2021 with a total production capacity of about 24.4 million cubic metres per year.

Except for Beijing, Shanghai, Tianjin, Chongqing, Qinghai Province and Tibet Autonomous Region there were plywood production enterprises under construction in all other 25 provinces (autonomous regions). It is expected that the total production capacity of plywood products in China will exceed 270 million cubic metres per year by the end of 2021.

First block chain-based timber business trial

Block chain technology has been introduced to try to establish a national first block chain-based timber business service platform at Rizhao Port in Shandong Province which has broken the traditional cargo handling model to improve transparency and traceability. This initiative could bring cost savings to customers.

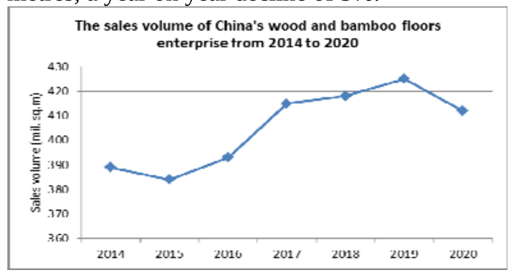
After the upstream traders" timber ships arrive at the port the blockchain timber business service platform will immediately log on to release the basic information such as the ship"s name, tree species, grade, quantity, freight yard, contact information, etc.

The downstream buyer/customers can obtain the information directly from the platform breaking the information barrier and realising the transformation of the single market to a diversified market for downstream customers.

See:
https://baijiahao.baidu.com/s?id=1696975770442720746&wfr=spider&for=pc

Decline in the sales of wood and bamboo flooring

According to the China National Forest Products Industry Association (CNFPIA), sales by China"s wood and bamboo floors enterprises with annual output value of more than RMB20 million was 411.7 million square metres, a year on year decline of 3%.



Data source: CNFPIA

From the point of view of sales of subdivided products, affected by the epidemic in 2020 the market for domestic interior building materials has suffered in different degrees. Sales of solid composite flooring alone rose 9%, however, sales of laminate, solid wood and bamboo flooring in 2020 fell 8%, 12% and 5% respectively.

Sales of wood and bamboo flooring in 2020 (Sq.m mil.)

	Sales area Sq.m mil.	Yoy % change
Laminate floor	199.0	-8
Solid composite floor	138.0	9
Solid wood floor	41.0	-12
Bamboo floor	28.6	-5
Other	5.1	11

Data source: https://www.chinafloor.cn/news/diban/news-484666.htm

In general, the domestic wood flooring industry has witnessed the end of a period of high growth and has now adapted to a more moderate growth.

The sales area of residential buildings in China in 2019 is 1.5 billion square metres, an increase of 61% compared with 2010, however, sales by wooden flooring enterprises with annual output value of more than RMB20 million only increased by 6% during this period.

Decline in the value of China"s wood flooring trade

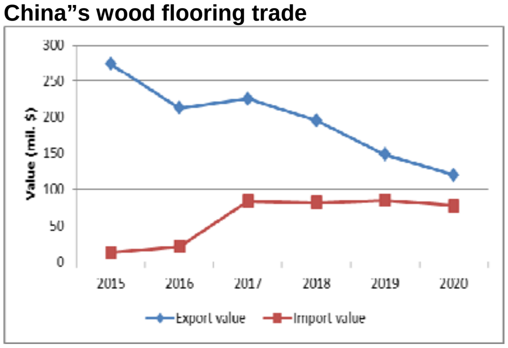
According to China Customs the value of wood flooring exports and imports in 2020 fell 19% and 8% to US$120 million and US$78 million respectively.

Exporting has been becoming difficult for China"s wood flooring manufacturers because of the impact of China-US trade friction and the weak recovery of the world economy, the slowing down economic development of the EU and in many emerging countries and continuous depreciation of the euro and other currencies.

In addition, the US has increased anti-dumping tariff rates on wood composite floors and tightened limits on formaldehyde release on imported laminate floors.

The value of China"s wood flooring exports dropped from US$274 million to US$120 million between 2015 to 2020 and the pace of decline accelerated after the US announced an increase of the anti-dumping rate of wood composite floors in 2015.

China"s wood flooring trade



Data source: China Customs

See: https://www.chinafloor.cn/news/diban/news-484666.htm

China/EU private sector trade centre in Changzhou City

A new facility to promote China/EU trade has been launched in a centre in the International Cooperation Industrial Park in Tian"ning District of Changzhou City in Jiangsu province.

This initiative launched by the Latvian Chamber of Commerce and Industry (LCCI), the Estonian Chamber of Commerce and Industry and Satakunta University of Applied Sciences and supported by the European Union Regional Development Fund and Interreg Central Baltic Programme 2014-2020 aims at promoting trade between small and medium-sized wood enterprises in China and European countries for exports of wooden houses, doors and windows and furniture.

Project partners believe that companies from the Central Baltic Region have a high potential for cooperation with China and that Latvian, Estonian and Finnish companies can be good trading partners with companies in China.

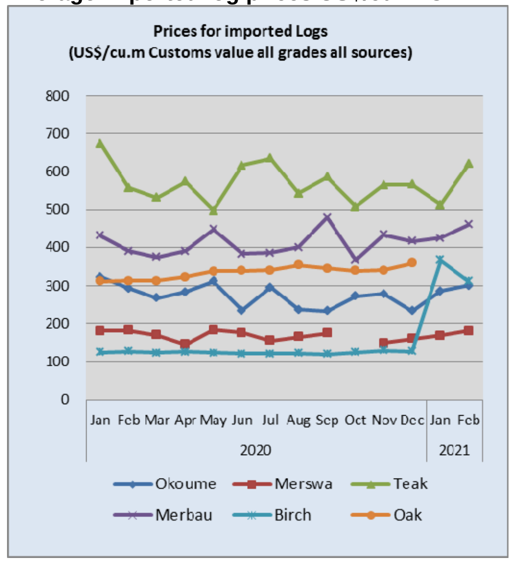
See: http://www.changzhou.gov.cn/ns_news/371156456029277 and https://caijing.chinadaily.com.cn/a/202104/12/WS6073f561a3101e7ce9748b28.html

Average imported log prices US$/cu.m CIF

	2021 Jan	2021 Feb
Okoume	286	301
Merswa	169	182
Teak	514	621
Merbau	461	426
Birch	367	312
Oak		

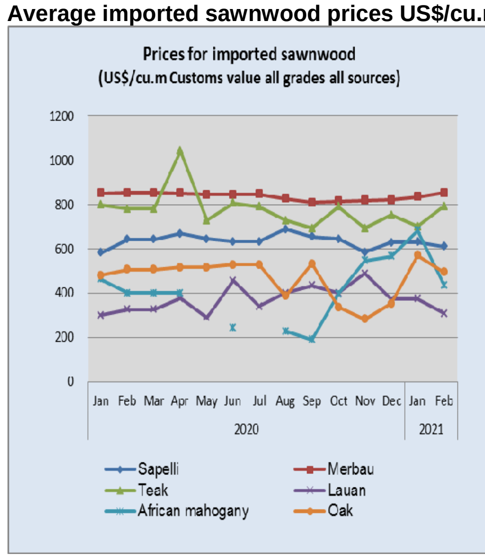
Data source: China Customs. Customs value all grades, all sources

Average imported log prices US$/cu.m CIF



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

Average imported sawnwood prices US$/cu.m CIF



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

Average imported sawnwood prices US$/cu.m CIF

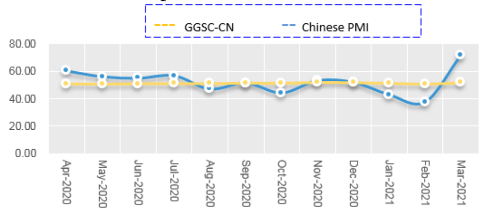
	2021 Jan	2021 Feb
Sapelli	632	612
Merbau	835	853
Teak	702	794
Lauan	374	308
African mahogany	684	438
Oak	571	496

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

GGSC-CN indices For March
In March 2021 China"s PMI index rose to 51.9% driven by the domestic recovery and a rise in domestic and foreign demand. Given the recovery of the macro environment the wood production and manufacturing industries had a strong recovery momentum in March. The rapid growth of domestic and foreign orders and active production led to a recovery of employment and prompted a rise in raw material prices.

The GGSC-CN comprehensive index for March registered 71.9% (70.7% for last March and 63.7% for March 2019), an increase of 34.4% from the previous month. It shows that the operation of the superior forest products enterprises represented by GGSC-CN index expanded from last month. See Figure below.

GGSC-CN comprehensive index



Challenges
The price of raw materials has increased by 20%.
Due to the impact of COVID-19, raw materials rose too much and some materials could not be supplied in time. Some products in short supply.

Birch, Black Walnut Board, Teak Board, Ebony, Pine Core Board, Tang, Okan, Oak, Red Oak, Locust, Ebony, Pine Core Board, Longan, Glue, Paint, PE Film, Carton, EPE Decorative,Base Paper, Melamine, Formaldehyde andmethanol prices have risen

The GGSC-CN index in March2021
Four out of five sub-indexes of GGSC-CN index rose and one fell. The production index registered 81.3%, an increase of 48% from the previous month. It shows that the production of superior forest products enterprises represented by GGSC CN is better than that of last month.

The new order index registered 87.5%, an increase of 62.5% from the previous month reflecting the ability of enterprises to obtain orders is much better than that of last month. Among them the new export order index reflecting international trade registered 68.8%, an increase of 21% from the previous month showing that orders from abroad in March 2021 increased from a month earlier.

The main raw material inventory index registered 62.5%, an increase of 21% from the previous month. It shows that the raw material inventory of the superior forest products enterprises increased in March from the previous month.
The employment index registered 62.5%, an increase of 21% from the previous month. It shows that the employment of the superior forest products enterprises is increased in March from last month.

The supplier delivery time index was 43.8%, a decrease of 6.3% from the previous month. It indicates that the supply time of raw material suppliers of the superior forest product enterprises is slower than that of last month.

See: http://www.itto-ggsc.org/site/article_detail/id/215

Europe

Paris 2024 Olympics' timber commitment excludes tropical suppliers
Timber use in France has been given a massive boost by the French government"s commitment to ensure that the Paris 2024 Olympics is the first 'climate positive' sports event and by their desire to ensure this leaves a lasting legacy in the French construction sector.

But this commitment will play no role to support sustainable forestry in the tropics unless the existing prohibition on use of tropical timber for Olympic developments is removed.

On 16 March, the Board of Directors of the Paris 2024 Olympics gave their official seal of approval to the Games' climate strategy which, in line with the Paris Agreement, aims to considerably reduce greenhouse gas emissions and offset in excess of its residual emissions linked to the event.

A key aim is to greatly reduce emissions during the construction phase, notably for the 314,000 sq.m of accommodation and other developments for the athletes' village and the 1,300 apartments being built for the media.

This should be a huge opportunity for the timber sector, not only because of the role it can play in mitigating carbon emissions directly associated with the Olympic developments, but also due to the potential influence of Olympic green procurement requirements on future building regulations in France.

The good news for the timber sector in France is that there is already strong recognition at the highest level of government of its significant carbon mitigation benefits. The French government announced in early 2020 that any building in the Olympic development that rises more than eight storeys must be built entirely from timber.

Partly inspired by this Olympic vision, the French government also announced that from 2022 all new public buildings in the country must be built from at least 50% timber or other natural materials.

The French timber sector has formed a body, France Bois 2024, to promote wood use and press for the Olympics to live up to commitments on environmental impact generally and use of natural raw materials in particular.

The "Cahier de Prescriptions d'Excellence Environnementale" (Environmental Excellence Prescription referred to as the CPEE[1]), which is developed by the Paris Olympics delivery body SOLIDEO and is binding on all contractors involved in Olympic Village development, includes some positive aspects for promotion of sustainably sourced timber.

The CPEE emphasises the importance of "la traçabilité écologique des matériaux" and states that the challenge is to initiate an "approche globale" (as in "universal" or "holistic" rather than simply "global") to ensure materials are chosen that reduce carbon emissions and protect biodiversity.

Therefore, the meaning of "la traçabilité" in the context of the CPEE implies much more than just identifying the place of origin of materials. It also requires full accounting of environmental impacts across the product life cycle. Wood typically performs extremely well compared to other materials when such comprehensive accounting is undertaken in a fair and credible manner.

The CPEE also includes a requirement to "promote a diversity of species and/or a diversity of hardwood and softwood varieties in construction: in particular, give priority to solid wood from various hardwoods in the non-structural elements of buildings."

This is an encouraging sign of growing awareness of the intrinsic value of expanding timber use away from a few well known species to accommodate the full diversity of timbers that forests are able to produce.

However, as so often the case with public procurement requirements, these objective criteria in the CPEE are undermined by a series of other requirements driven more by political considerations, protecting certain supplier interests and brands, than by scientific assessment of the environmental impacts of different materials.

The CPEE requires that at least 30% of wood used for development of the Olympic Village derives from mainland France. All wood used must be either FSC or PEFC certified. *A serious concern for tropical suppliers, indeed for a large proportion of non-EU suppliers, is a specific prohibition on use of wood of tropical and boreal origin from outside the EU.*

The only exception to this prohibition is if non-EU tropical or boreal wood is required for "fire safety reasons", in which case it must be FSC certified. Even in these limited circumstances, there is no recognition for PEFC certified tropical or boreal timber from outside the EU. There is no recognition at all for FLEGT licensed timber anywhere in the CPEE requirements.

Tropical trade associations protest against tropical timber discrimination

An open letter signed by several tropical timber trade and industry associations has been sent to SOLIDEO Executive Director General Nicolas Ferrand, protesting that the CPEE prohibition on tropical timber use is contrary to EU competition rules and has no clear environmental rationale.

Signatories to the letter are the Tropical Timber Technical Association (ATIBT), the French timber traders federation Le Commerce du Bois (LCB), the Union des Industries du Panneau Contreplaqué (UIPC), the Malaysian Timber Council (MTC), the European Sustainable Tropical Timber Coalition (STTC) and the Union des Métiers du Bois de la Fédération Française du Bâtiment (UMB-FFB).

According to the letter, the requirement seem[s] to contravene the principle of free competition of products – a founding principle of the EU". Nor, they maintain, is it based on "clearly defined environmental protection requirements".

SOLIDEO's position [also] does not take into account recommendations of the French Ministry of Ecological Transition (MET), or NGOs , such as the WWF, which, subject to wood being supplied from forests certified for sustainable management, do not exclude geographical origins," the letter states.

The letter also points to a statement in MET"s 2020 procurement guide, which supports use of sustainable tropical timbers and maintains that if these are boycotted "tropical forests lose their value [in generating] foreign currency", resulting in "strong pressure to clear them for agropastoral or agroindustrial purposes".

On releasing the letter, ATIBT and LCB said that the issue has been discussed with authorities in Cameroon, Gabon, Republic of Congo and Malaysia "in anticipation of a future concerted approach at the political level".

EU27 tropical timber imports in 2020

During the year, EU27 import value of wood furniture from tropical countries declined 7% to US$1185 million, while import value of tropical sawnwood declined 13% to US$659 million, tropical mouldings were down 15% to US$263 million, veneer down 10% to US$179 million, joinery down 14% to US$172 million, plywood down 16% to US$144 million, marquetry and ornaments down 14% to US$68 million, and logs down 25% to US$41 million.

Import value of tropical flooring actually increased slightly, up 3% to US$62 million (Chart 3).

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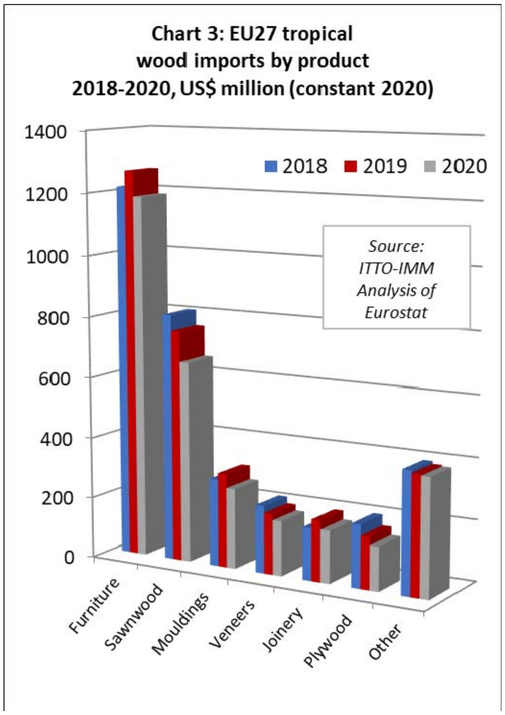
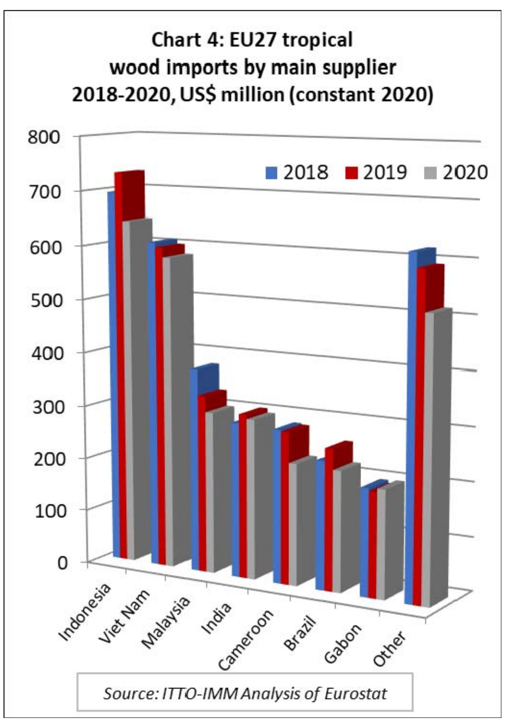
[1] MIS received a copy of the CPEE but it has not been made publicly available on the SOLIDEO website. The SOLIDEO English website is at https://www.ouvrages-olympiques.fr/en/commitments/sustainable-city



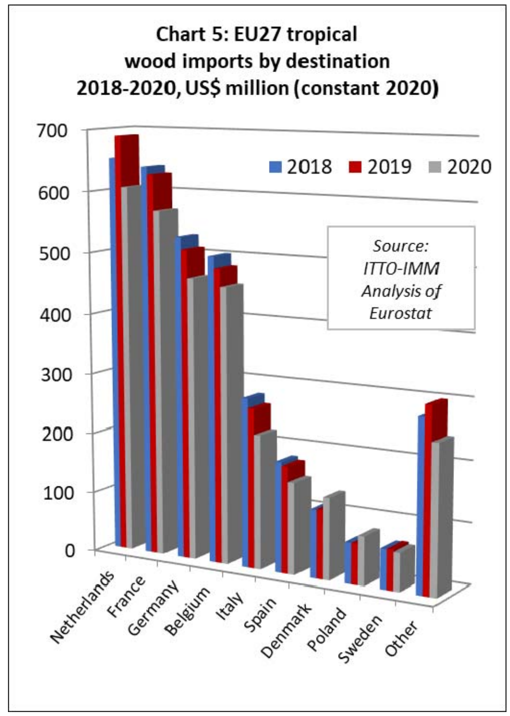
Indonesia maintained its position as the largest single supplier of tropical wood and wood furniture products to the EU27 in 2020 despite a 12% fall in value to US$643 million.

Imports were down 3% to US$581 million from Vietnam, 9% to US$302 million from Malaysia, 3% to US$298 million from India, 20% to US$226 million from Cameroon, and 15% to US$223 million from Brazil. However imports from Gabon increased 3% to US$200 million in 2020. (Chart 4)



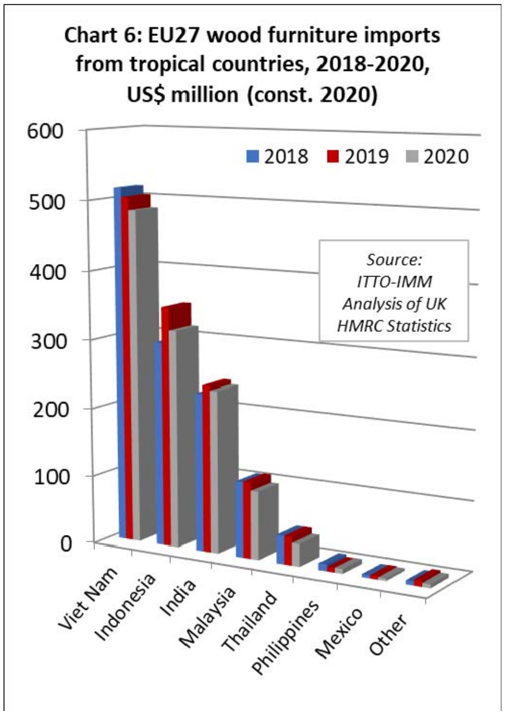
Import values fell into all six of the largest EU27 destinations for tropical wood and wood furniture products in 2020. Import value was down 12% to US$606 million in the Netherlands, 9% to US$570 million in France, 9% to US$465 million in Germany, 6% to US$455 million in Belgium, 16% to US$221 million in Italy, and 14% to US$151 million in Spain.

However, import value increased in Denmark, by 18% to US$134 million, and in Poland, by 20% to US$80 million. Import value in Sweden declined, but by only 6% to US$63 million (Chart 5).



EU27 wood furniture imports from Vietnam close to last year"s level

In the furniture sector in 2020, EU27 imports from Vietnam were down only 4% to US$484 million in 2020, having recovered strongly from a sharp dip during the first lockdown. Imports from Indonesia were down 9% to US$317 million in 2020, although this compares with a strong performance in 2019 and imports were still higher than in 2018 (Chart 6).



EU27 imports of wood furniture declined sharply from Malaysia and Thailand in 2020, respectively down 11% to US$99 million and 21% to US$33 million. However imports from the Philippines increased 5% to US$7.0 million.

EU27 imports of wood furniture from India were down only 3% to US$236 million in 2020. Partly due to supply side issues, imports from furniture from India almost came to a complete halt in May last year but rebounded very strongly in the second half of 2020 when they were at record levels for that time of year.

EU27 tropical sawnwood imports at record low in 2020

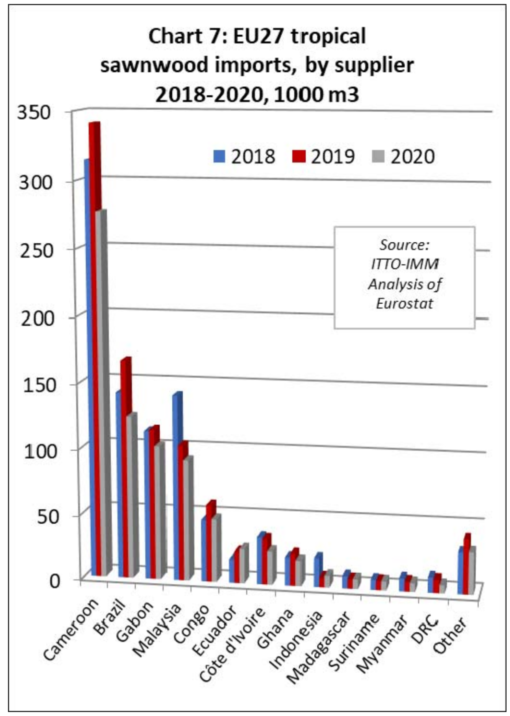
In quantity terms, EU27 imports of tropical sawnwood declined 18% to 783,500 cu.m in 2020, the lowest level ever recorded for this group of countries (well below the previous low of 836,000 cu.m in 2017).

Imports fell sharply from all major supply countries; down 19% to 276,800 cu.m from Cameroon, 26% to 124,000 cu.m from Brazil, 11% to 102,100 cu.m from Gabon, 11% to 92,100 cu.m from Malaysia, 18% to 48,500 cu.m from Congo, 27% to 25,700 cu.m from Côte d"Ivoire, and 22% to 19,400 cu.m from Ghana.

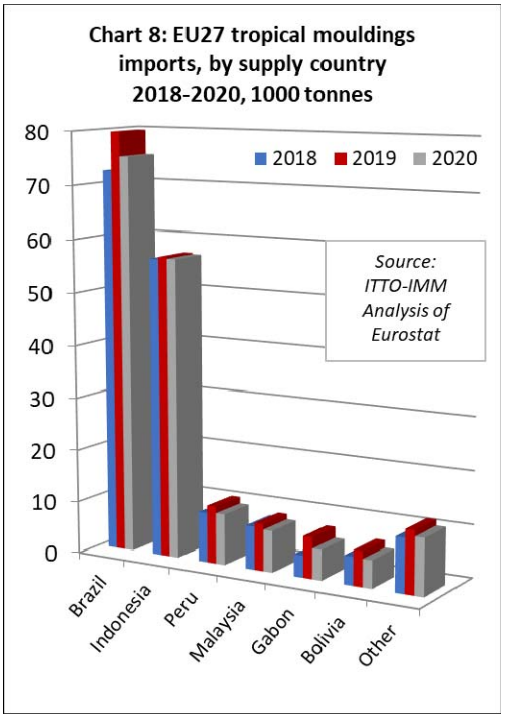
However Ecuador bucked the downward trend, with EU27 imports of sawnwood from the country rising 10% to 26,600 cu.m in 2020, much destined for Denmark and driven by booming demand for balsa for wind turbines. Imports of sawnwood from Indonesia also increased sharply in 2020, by 21% to 9,000 cu.m, but this follows a 66% reduction in 2019.

There was a slight 2% rise in sawnwood imports from Madagascar to 7,400 cu.m, while imports from Suriname fell only 2% to 6,800 cu.m.

Imports were down 12% to 6,600 cu.m from Myanmar. The largest percentage fall in imports was from DRC, down 39% to only 6,200 cu.m. (Chart 7).

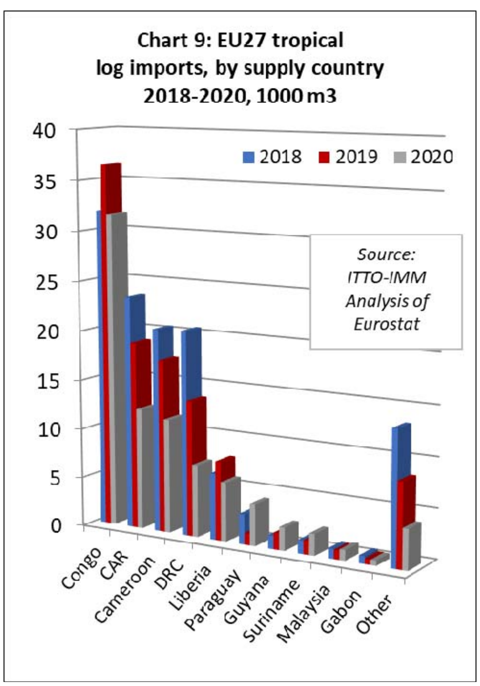


The decline in imports of tropical sawnwood in 2020 was mirrored by a similar decline in EU27 imports of tropical mouldings/decking. Imports of this commodity were down 6% overall at 171,300 tonnes, falling 6% from Brazil to 75,200 tonnes, 1% from Indonesia to 56,700 tonnes, 11% from Peru to 9,700 tonnes, 12% from Malaysia to 11,500 tonnes, 27% from Gabon to 5,800 tonnes, and 21% from Bolivia to 5,300 tonnes (Chart 8).



EU27 imports of tropical logs were down 24% to 82,900 cu.m in 2020. Imports held up reasonably well from the Republic of Congo, down 13% to 31,600 cu.m, but fell sharply from all other leading African supply countries including Central African Republic (-35% to 12,200 cu.m), Cameroon (-34% to 11,500 cu.m), DRC (-47% to 7,300 cu.m), and Liberia (-25% to 5,900 cu.m).

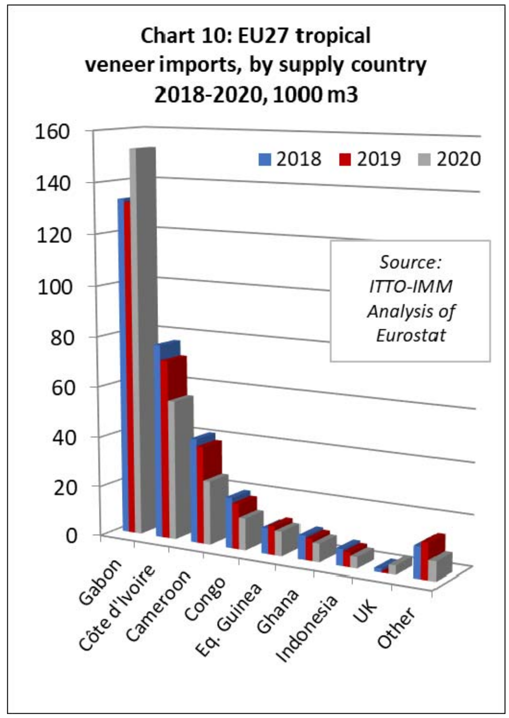
However, there was a significant rise in imports from three smaller suppliers in South America; Paraguay (+262% to 4,200 cu.m), Guyana (+37% to 2,300 cu.m), and Suriname (+54% to 2,200 cu.m) (Chart 9).



EU27 tropical veneer imports from Gabon on the rise despite pandemic

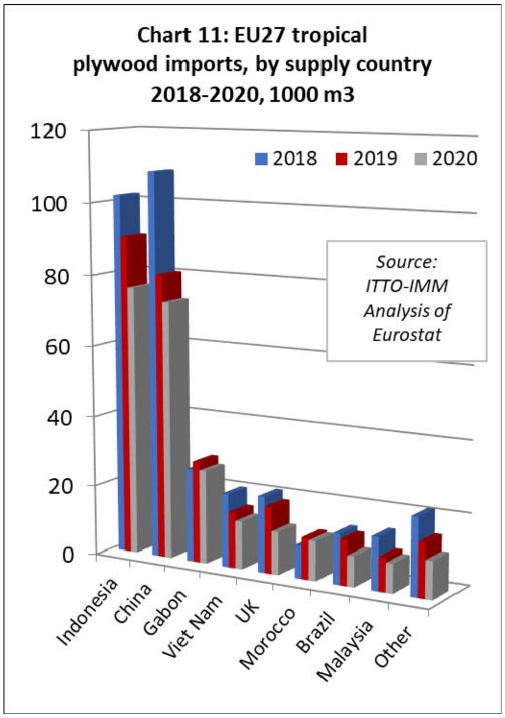
EU27 imports of tropical veneer declined 7% to 278,700 cu.m in 2020. Imports from Gabon bucked the wider downward trend, the EU27 importing 152,800 cu.m from the country during the year, 16% more than in 2019, mainly destined for France.

Veneer imports declined from all other major tropical suppliers, including Côte d"Ivoire (-22% to 55,200 cu.m), Cameroon (-35% to 25,400 cu.m), Republic of Congo (-30% to 12,700 cu.m), Equatorial Guinea (-15% to 9,700 cu.m), Ghana (-16% to 7,300 cu.m), Indonesia (-23% to 4,400 cu.m). (Chart 10).



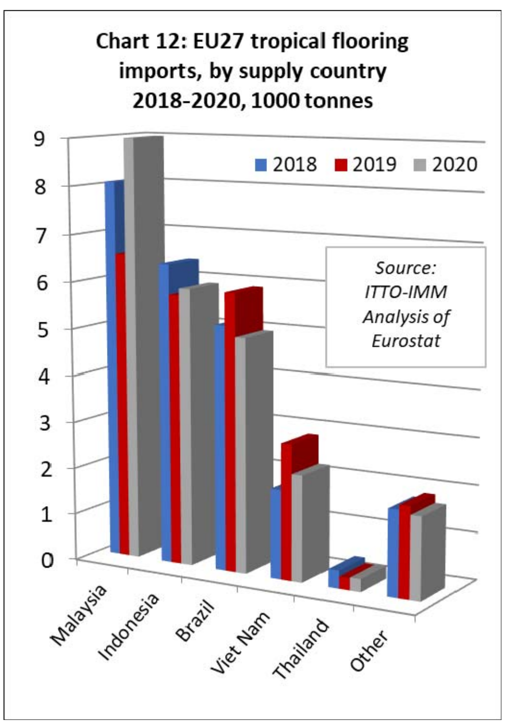
Although there were signs of an uptick in the pace of EU27 imports of tropical hardwood faced plywood in the last quarter of 2020, total imports of 239,900 cu.m for the whole year were still down 15% compared to 2019.

Imports fell from all the leading supply countries including Indonesia (-16% to 76,200 cu.m), China (-9% to 72,900 cu.m), Gabon (-8% to 26,500 cu.m), Vietnam (-14% to 13,500 cu.m), Morocco (-5% to 11,200 cu.m), Brazil (-33% to 8,600 cu.m), and Malaysia (-14% to 8,300 cu.m). EU27 imports of tropical hardwood faced plywood from the UK – a re-export since the UK has no plywood manufacturing capacity - declined 36% to 12,100 cu.m in 2020 (Chart 11).



EU27 tropical flooring imports rise while other joinery imports decline

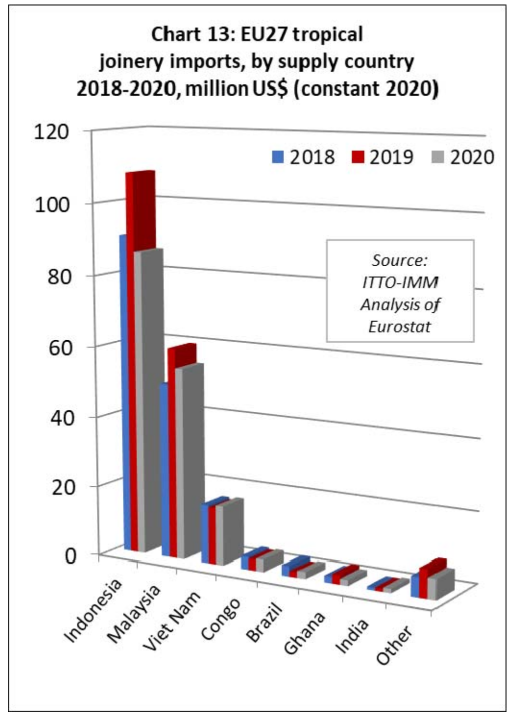
Given the situation in the wider market, one of the least expected trends in 2020 was a slight recovery in EU27 imports of tropical flooring products. This follows a long period of continuous decline. Imports increased 4% to 24,200 tonnes during the year, the gain due primarily to a 37% rise in imports from Malaysia to 9,000 tonnes, mostly destined for Belgium. Imports from Indonesia also increased slightly, by 3% to 5,900 tonnes.



However imports declined sharply from Brazil, down 16% to 5,000 tonnes and Vietnam, down 22% to 2,300 cu.m (Chart 12).

EU27 import quantity of other joinery products from tropical countries, which mainly comprise laminated window scantlings, kitchen tops and wood doors, declined 14% to 171,800 tonnes in 2020. Imports were down 20% to 86,400 tonnes from Indonesia, 9% to 54,400 tonnes from Malaysia, and 38% to 1,700 tonnes from Ghana.

However, imports increased by 5% to 16,900 tonnes from Vietnam, 11% to 3,600 tonnes from the Republic of Congo, 26% to 2,000 tonnes from Brazil, and 41% to 1,200 tonnes from India. (Chart 13).



North America

US consumer sentiment reaches post-pandemic high

Consumer confidence is the strongest it has been in a year, amid surging economic growth and strong job gains due to record stimulus spending, low interest rates, and the positive impact of vaccinations. The University of Michigan"s Sentiment Index rose to its best level in a year on the strength of recent gains in current economic conditions, while future economic prospects remained unchanged from March.

This is opposite of the usual pattern over the past 50 years, when recoveries were paced by larger and earlier gains in expectations. The strength in current economic conditions reflects much larger than usual stimulus payments during the past year, and much larger than usual economic gains due to comparisons with last year"s shutdowns.

Other factors suppressed the pace of expected gains, including persistent concerns with vaccine safety as well as a surge in year-ahead inflation expectations to 3.7%, the highest level in nearly a decade. Fortunately, this surge in inflation expectations was still well-anchored by much lower inflation expectations over the next five years (2.7%). Perhaps more importantly, half of all consumers expected declines in unemployment, the highest level ever recorded.

US and Canada see surge in housing starts
US Housing starts surged 19.4% to a seasonally adjusted annual rate of 1.739 million units in March, the highest level since June 2006.

Starts soared 37% on a year-on-year basis in March. Homebuilding slumped in February as large parts of the country reeled from unseasonably cold weather, including winter storms in Texas and other parts of the densely populated South region.

Groundbreaking activity increased in the Northeast, Midwest and South, but fell in the West. Permits for future home building rose 2.7% to a rate of 1.766 million units last month, recouping only a fraction of February"s 8.8% plunge. They jumped 30.2% compared to March 2020.

The sharp rebound reported by the US Department of Commerce added to robust retail sales in March in suggesting that the economy was roaring after a brief weather-related setback in February. Increasing COVID-19 vaccinations, warmer weather and massive fiscal stimulus are driving the economy, with growth this year expected to be the strongest in nearly four decades.

However, soaring softwood lumber prices amid supply constraints could limit builders" capacity to boost production and ease a shortage of homes that is threatening to slow housing market momentum.

Canadian housing starts jumped to the highest level in more than four decades as developers seek to take advantage of a hot real estate market.
Builders started work on an annualized 335,200 units last month, a jump of 22% from February"s already elevated levels, according to Canada Mortgage and Housing Corp. That beats economist predictions for a 255,000 increase and was the highest monthly total since at least 1977. The gain was led by construction of multi-family dwellings like condos.

See:
https://www.census.gov/construction/nrc/pdf/newresconst.pdf

Property shortage drags US existing home sales to seven-month low
US existing home sales fell to a seven-month low in March, pulled down by an acute shortage of properties, which is boosting prices and making owning a house more expensive for some first-time buyers.

Existing home sales dropped 3.7% to a seasonally adjusted annual rate of 6.01 million units last month, the lowest level since August 2020 according to the National Association of Realtors. Sales fell in all four regions.

Existing home sales, which are counted at the closing of a contract, lag signings by a month or two. That means part of the drop in sales last month was due to harsh weather in February. Home resales, which account for the bulk of US home sales, increased 12.3% on a year-on-year basis, remaining well above their pre-pandemic level.

The housing market is experiencing a dearth of properties available for sale in the wake of strong demand for bigger and more expensive accommodations as the COVID-19 pandemic forced millions of Americans to work from home attend school remotely. Though homebuilders have stepped up new home construction, they are grappling with record-high lumber prices as well as shortages of land and workers.

See: https://www.nar.realtor/newsroom/housing-market-reaches-record-high-home-price-and-gains-in-march

Softwood lumber prices reach stratospheric heights
The construction industry in North America is reeling from solid wood construction framing building material prices that continue to soar. It is a frustrating situation for sawmills as supply remains well below extremely hot, indeed unabated, demand. If anything, it looks like the home building and renovating season this year will be busier even than last year. While there are builders and contractors who are cancelling and delaying jobs, this reversal is doing nothing to slow housing activity.

By all accounts sawmill order files are full now well into May, while panel (plywood and OSB) mills are currently quoting into August. Lumber market players don"t know how to react as an impossible situation gets more impossible with every passing day. According to sellers, sales of Western Spruce-Pine-Fir (S-P-F) in the United States ramped up for the week ending April 9. Prices advanced again amid persistently scarce supply, with buyers at all levels desperate to secure any stick of wood they could get their hands on.

After reaching the seemingly unbelievable level of US$1,060, in the week ending April 9, the wholesaler price of benchmark softwood lumber commodity item Western S-P-F KD 2×4 #2&Btr was US$1,130 per thousand board feet. This is up by $70, or 6%, from the previous week. Compared to the price one-year-ago, that week"s price is up by $820, or 265%.

See:
http://www.globalwood.org/market1/us_panels_20210421.htm

While sawnwood prices soar, logs are still cheap in the US South

US softwood sawnwood prices have soared to records. Demand for wood is skyrocketing. The shares of wood suppliers are surging and yet, trees themselves are dirt cheap in places like Louisiana, where timber supplies are plentiful.

An abundance of harvest-ready trees has kept stumpage fees extremely low across the US South, home to half of the country"s production. Meanwhile, lumber futures are up 85% in 2021 because of soaring demand and, as a result sawmill profit margins are exploding. The spread between futures and stumpage for Louisiana pine, for example, has more than doubled just this year, topping $1,100 per thousand board feet.

"As soon as the supply disruptions sort themselves out and everything gets back to normal, we expect a major correction in prices," said Joshua Zaret, a senior analyst at Bloomberg Intelligence. "But right now, if you"re producing lumber in the US South — or anywhere for that matter, but particularly in the US South, where your log cost hasn"t come up — it"s very profitable."

See:https://www.reportdoor.com/lumber-prices-soar-but-logs-are-still-dirt-cheap/

US manufacturing continues recovery

American manufacturers grew faster in March as a key index hit a 38-year high, pointing to gathering momentum in the US economy. The Institute for Supply Management said its manufacturing index jumped to 64.7% from 60.8% in the prior month. Readings over 50% indicate growth, and anything over 55% is considered exceptional.

Seventeen of the 18 industries tracked by ISM expanded in March, with most reporting increases in production, new orders and employment. The biggest problems manufacturers face right now are shortages of some key supplies that are hindering production and raising prices. Finding enough skilled workers, especially in a pandemic, has also been a chronic problem.

After leading in growth for several of the past few months, Wood Products are now lagging behind most other industries. Wood Products was the only ISM industry category reporting a decline in new orders in March.

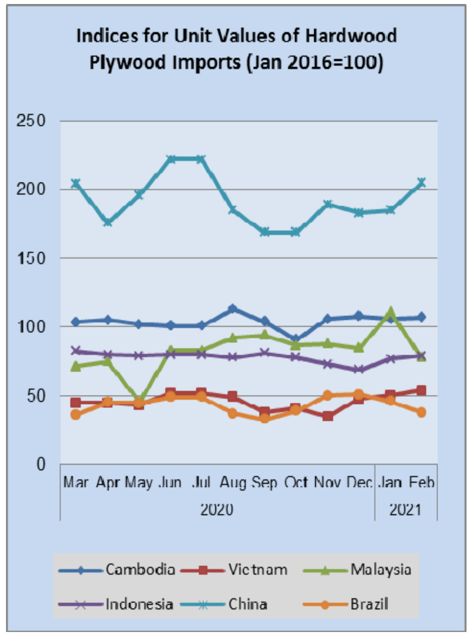
See: https://www.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/pmi/march/

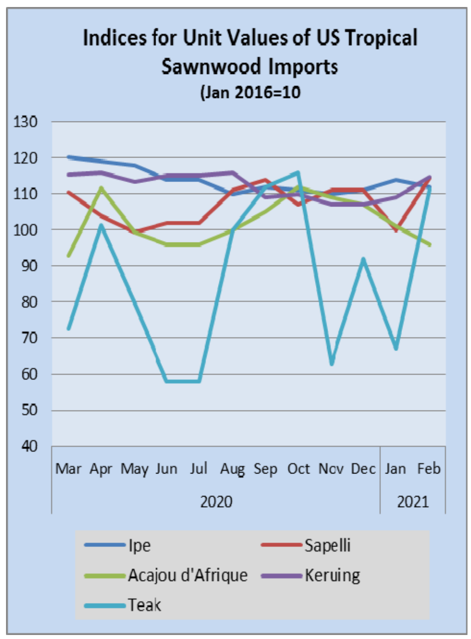
US job growth spurs optimism

The US economy created the most jobs in seven months in March as more Americans got vaccinated and the US government doled out additional pandemic relief money, marking the start of what could be the strongest economic performance this year in nearly four decades.

Economists expect job growth will average about 700,000 per month in the second and third quarters.

That, combined with the fiscal stimulus and about US$19 trillion in excess savings accumulated by households during the pandemic, is expected to unleash a powerful wave of pent-up demand.



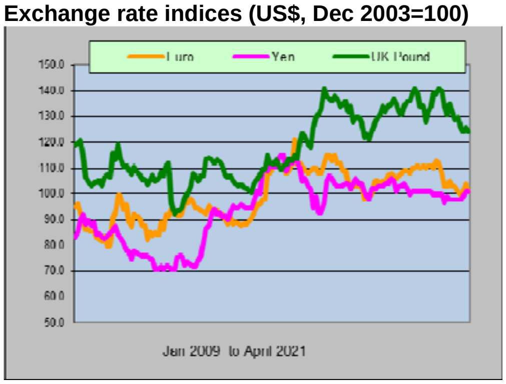


Dollar Exchange Rates

As of 25 April 2021

Brazil	Real	5.3456
CFA countries	CFA Franc	543.46
China	Yuan	6.479
Euro area	Euro	0.8247
India	Rupee	74.35
Indonesia	Rupiah	14500
Japan	Yen	108.60
Malaysia	Ringgit	4.1025
Peru	Sol	3.62
UK	Pound	0.7174
South Korea	Won	1110.02

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

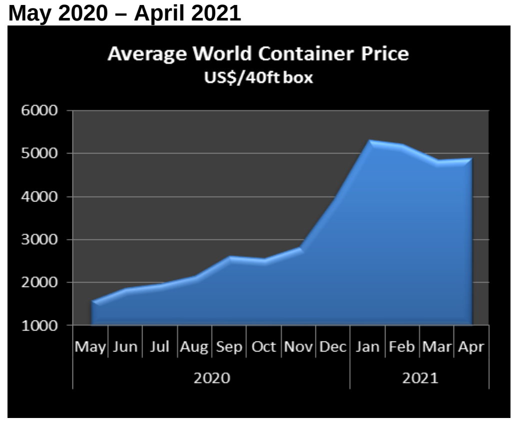


Abbreviations and Equivalences

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 2020 – April 2021

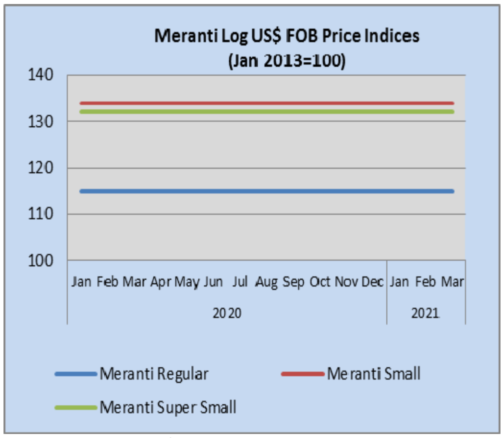


Data source: Drewry World Container Index

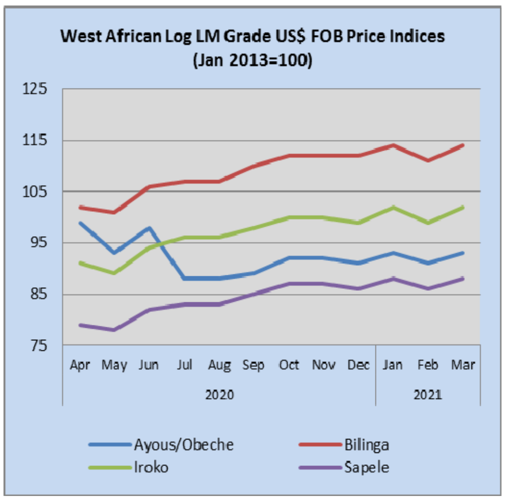
Disclaimer: Though efforts have been made to ensure prices are accurate, these are published as a guide only. ITTO does not take responsibility for the accuracy of this information.

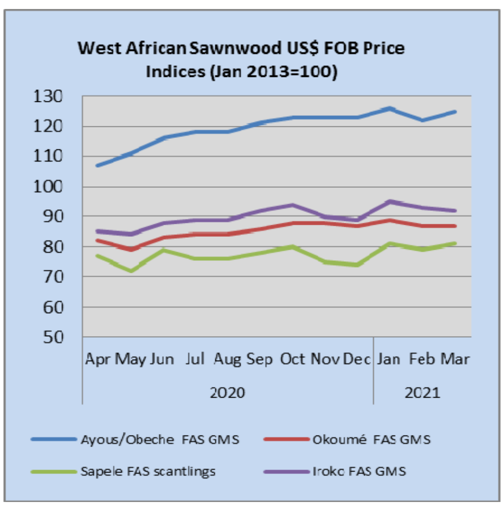
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

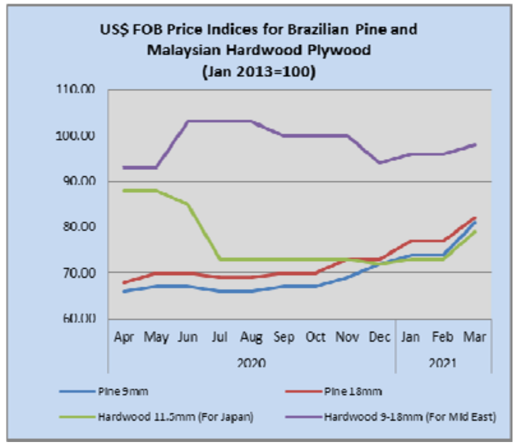
Price indices for selected products
The following indices are based on US dollar FOB prices

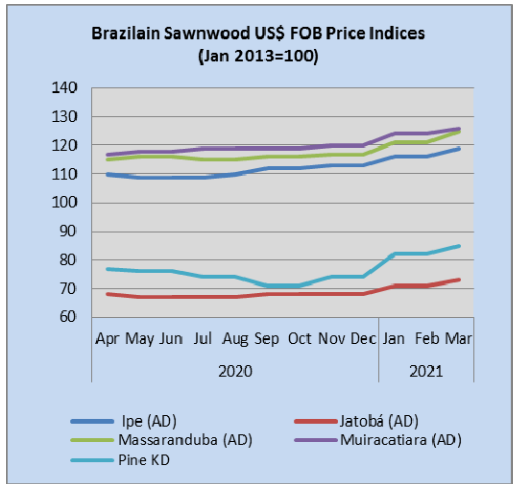


Note: Sarawak logs for the Japanese market









Note: Jatobá is mainly for the Chinese market.

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