

Tropical Timber Market Report

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Contents

Central/West Africa	2
Ghana	3
Malaysia	4
Indonesia	5
Myanmar	6
India	7
Vietnam	8
Brazil	10
Peru	11
Japan	12
China	17
Europe	19
North America	22
Currencies and Abbreviations	25
Ocean Freight	25
Price Indices	26

Headlines

Bolloré sells its transport and logistics interests in Africa	2
Possibility for boom in Malaysian timber manufacturing	6
Indonesian exports set a record in 2021	5
Logging moratorium extended in Myanmar	7
Impact on Japan of Russian veneer export ban	15
Manufacturing output drops sharply in China	17
Encouraging revival in Italian hardwood market	21
US hardwood plywood imports retreat	23

Top story

Risk of stagnation in Vietnam timber sector – Industry associations agree plan for a modern processing sector

Growth in Vietnam's timber industry is under threat of stagnation. The supply of wood raw material is one of the biggest bottlenecks and could derail the industry as afforestation today will not be able to meet the demand for raw materials which is growing at a fast pace.

Vietnam's strategy for the timber sector includes developing a modern industry that ensures harmony between all stakeholders and was recently approved by the five main associations.

Central and West Africa

New terminal construction in Douala Port

The British company KTH has won a contract to build a new terminal at the Port of Douala. The contract was signed 31 March between Cyrus Ngo'o, Managing Director of the Port Authority of Douala (PAD) and the Managing Director of KTH.

Construction will take 60 months and through the Build-Operate-Transfer agreement KTH will operate the terminal for 25 years. Currently there are 8 terminals in Douala Port that handle timber, ore and oil exports among others. The aim is to provide modernisation and advancement of port capacity to receive and handle commodities.

Exporters in Cameroon hope that the change in port operator will improve what has been described as "total disorder".

In related news, container rates had started to stabilise but now, as fuel becomes more expensive, producers anticipate rates may rise again.

See: <https://www.businessincameroon.com/public-management/0104-12470-british-kth-to-build-new-terminal-at-the-port-of-douala> and <https://constructionreviewonline.com/news/new-terminal-for-construction-in-douala-port-cameroon/>

Launch of new company - African Equatorial Hardwoods

Bloomberg has reported that the African Conservation Development Group and Cora Group of Italy will invest in a forestry venture that will manage 400,000 hectares of concessions in southern Gabon along with milling capacity in Port Gentil.

The new company, to be known as African Equatorial Hardwoods, plans to begin harvesting operations in the natural forest but to eventually develop plantations on 13,000 hectares of degraded land.

See <https://www.bloomberg.com/news/articles/2022-03-30/african-conservation-cora-to-create-gabon-forestry-company>

Private sector involved in silviculture

The exploitation of natural forest resources contributes significantly to Cameroon's GDP. The country has approximately 22 million hectares of forests or nearly 46% of the total area of the country. The forests are allocated primarily to wood production. Forestry operators are now being encouraged to include silvicultural techniques in their management as an investment in the future.

A UFA-REFOREST project on forest enrichment with local species in FMUs allocated to four private companies is planned.

The four year project will be managed by ATIBT along with Gembloux Agrobiotech, ENSET - Douala and Nature plus. The partner private sector concessionaires are Alpicam, Pallisco, SEEF and SEFAC.

See: <https://www.atibt.org/en/news/13151/launch-of-the-ufa-reforest-project-cameroonian-forestry-companies-get-involved-in-silviculture>

CEMAC discusses log export ban

It has been reported that in the Central African Economic and Monetary Community (CEMAC) countries (Cameroon, Chad, the Central African Republic, Equatorial Guinea, Gabon and the Republic of Congo) a ban on log exports in 2023 is being considered. Producers comment that in the case of Cameroon, harvests of commercial species are declining fast.

Bolloré sells its transport and logistics interests in Africa

The Bolloré group has announced that it has reached an agreement with the Swiss group MSC for the sale of its transport and logistics activities in Africa for 5.7 billion euros.

In a statement the MSC Group confirmed that it has entered into a share purchase agreement with Bolloré SE relating to the acquisition of 100% of Bolloré Africa Logistics including all of Bolloré Group's shipping, logistics and terminals operations in Africa, as well as its terminal operations in India, Haiti and in Timor-Leste.

The statement added "that this acquisition MSC Group's longstanding commitment to invest in Africa and to strengthen supply chains across the continent, as well as connecting it to the rest of the world".

The deal includes Bolloré's concessions to operate African railways. Sitarail operates between Abidjan in Côte d'Ivoire and Kaya in Burkina Faso, the Camrail concession in Cameroon covers about 1,000 km of routes that include from Douala to Kumba, Douala to Yaoundé and Yaoundé to Ngaoundéré.

In addition, Bénirail operates the 500 km line in Bénin linking the port of Cotonou to Parakou as well as the unused 143 km railway built between Niamey and Dosso in Niger.

See: <https://www.msc.com/gab/press/press-releases/2022-march/msc-group-reaches-agreement-with-bolloré-group-for-and> and <https://www.railwaygazette.com/african-railway-concessions-to-change-hands/61321.article>

Log export prices

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

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	430
Bilinga FAS GMS	540
Okoumé FAS GMS	480
Merchantable KD	420
Std/Btr GMS	370
Sipo FAS GMS	425
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	900
FAS scantlings	1,000
Strips	350
Sapele FAS Spanish sizes	420
FAS scantlings	450
Iroko FAS GMS	600
Scantlings	620
Strips	370
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

Ghana

Wood Tracking System fully operational

The Ghana Electronic Wood Tracking System (GWTS), developed for the Forestry Commission by Axxon Information Systems is now fully operational. This was reiterated by the Minister for Lands and Natural Resources, Samuel Abdulai Jinapor, at a recent event.

Energy independence

The Association of Ghana Industries (AGI), in close cooperation with the German Solar Association (BSW-Solar), has established the AGI Working Group for Renewable Energy/Solar Energy Companies to promote the use of renewable energy technologies.

The aim is to encourage increased private investments in renewable energy which could reduce production costs given the very high electricity charges in Ghana.

See:

https://www.gnbcc.net/Pix/News/Files/Project_Press_Statement_AGI_WG_.pdf

Decentralise government agencies to reduce costs for SMEs

At a just concluded national multi-stakeholder dialogue on business registration and certification SMEs called on the government to ensure the offices or services of these regulatory agencies are extended to the various districts for easy access and cost-efficiency.

Early this year the Forestry Commission launched two online applications for Property Mark Registration and Renewal as a means to ease the long delays and travel cost associated with centralised processing.

National AfCFTA body keen to work with GPHA

The head of the National AfCFTA Coordination Office (NACO), Dr. Fareed Kwesi Arthur, led a delegation to the headquarters of the Ghana Ports and Harbours Authority. The visit was a step towards fostering strengthened cooperation between the two entities to advance the Continental Free Trade Area.

See:

<https://www.ghanaweb.com/GhanaHomePage/business/National-AfCFTA-coordination-office-keen-on-working-with-GPHA-1514606>

Inflation at new high

The inflation rate exceeded 19% in March this year according to data from the Ghana Statistical Service. At a press conference, the Government statistician, Professor Samuel Annim, highlighted the impact that the increases in core materials have on the overall inflation rate. High inflation is a major concern to the manufacturing sector and timber processing companies which suffer high production costs.

See:

<https://www.statsghana.gov.gh/headlines.php?slidelocks=MzcyMTE5MDI3My4wODY1/headlines/o5q49o30s2>

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	530
Niangon Kiln dry	659

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	370	441
Chenchen	375	612
Ogea	469	590
Essa	513	619
Ofram	350	435

Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	1,096
Avodire	811
Chenchen	1,289
Mahogany	1,870
Makore	1,424
Odum	1,500
Sapele	1,196

Export plywood prices

Plywood, FOB	Euro per cu.m		
BB/CC	Ceiba	Ofram	Asanfina
4mm	232	580	641
6mm	412	535	604
9mm	370	490	560
12mm	583	476	480
15mm	450	414	430
18mm	460	463	383

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

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
FAS 25-100mmx150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	465	564
Ceiba	290	353
Dahoma	537	417
Edinam (mixed redwood)	520	640
Emeri	560	510
African mahogany (Ivorenensis)	1,239	762
Makore	560	893
Niangon	685	586
Odum	491	846
Sapele	800	820
Wawa 1C & Select	422	449

Malaysia**Possibility for boom in timber manufacturing**

Business analysts predict a boom in the wood product manufacturing sector in the country. The reaction of Russia in banning wood product exports to what are deemed 'unfriendly countries' will mean such countries will be looking for alternative suppliers. While most of Russia's timber exports are of softwoods alternative suppliers of hardwoods, such as Malaysia and other SE Asian shippers, could benefit.

See: <https://www.thestar.com.my/business/business-news/2022/04/05/boom-in-wood-manufacturing-sector>

In related news, the Minister for Plantation Industries and Commodities, Datuk Zuraida Kamaruddin, said the government is targeting an export value for wood-based products, including wooden furniture, at RM19 billion by 2025 under the National Agri-commodity Policy (DAKN) 2021-2030. She added the wooden furniture industry has great potential with rising demand from key markets. Malaysia, the world's 10th biggest exporter of furniture and furniture parts, recorded an export value of RM10.41 billion last year with five main export destinations the United States, Japan, Singapore, the United Kingdom and Australia.

See: <https://www.nst.com.my/business/2022/04/787528/govt-targets-wood-product-exports-hit-rm19-bil-2025>

Re-wilding Sarawak forests

The Sarawak Forestry Corporation (SFC) is implementing a 'Re-wilding' project in several Totally Protected Areas (TPAs) to support the State's target to reforest with 35 million trees. SFC CEO, Zolkipli Mohamad, said the forests that need 're-wilding' include mangroves, peat swamp and dipterocarp forests.

An estimated 3.2 to 3.5 million trees are needed to ensure the success of the 'Rewilding' project. This was announced at the inaugural Malaysian Conservation Conference 2022 a three-day conference bringing together conservationists, wildlife authorities as well as park managers to explore key issues in conservation.

See: <https://www.pressreader.com/malaysia/the-borneo-post/20220330/281487869858383>

Sabah forestry transformation

The 'Action Plan On Forest Plantation Development 2022-2036', drafted by the Sabah Forestry Department, will be used as a guide in transforming forest plantations in the State. The Plan provides a roadmap towards achieving sustainable land use especially plantations.

The Sabah Chief Minister said he hoped that by 2035 the target of having 400,000 hectares of forest plantations with a production capacity of at least six million cubic metres per year can be achieved. He added, "Achieving this target, however, requires a strong commitment from existing players and new investments. Therefore, I urge all SFMLA licensees to remain committed and work hard in achieving the targets for their respective areas."

In related news, Jawala Plantation Industries has already planted 915,998 seedlings on 2,151 hectares of land on the Industrial Tree Plantations (ITP) area that it manages. The ITP area managed by Jawala is part of the Forest Management Unit 14 at the Sapulut forest Reserve, Tibow.

The species planted are White Laran (Neolamarckia Cadamba), Albizia (Falcataria moluccana), Khaya Ivorenensis and Red Laran with White Laran being the most dominant with 1,548 hectares planted with 630,454 seedlings sourced from its selected mother trees within the concession area.

See: <https://www.dailyexpress.com.my/news/189500/15-year-plan-to-transform-forests/>

Carbon store in rubber plantations

A study on estimating carbon sequestration of rubber plantation using remote sensing has won the 2020 'Freezailah Forest Sustainability Award' from the Malaysian Timber Certification Council (MTCC). Student Chai Lee Ting from Miri, Sarawak won with her research titled "Estimation of Above ground Carbon in Rubber Plantation, Tamparuli, Sabah using Airborne LiDAR".

The MTCC website says Chai, who graduated with a Bachelor's Degree in Forestry Science (Hons) (Nature Parks and Recreation), received RM2,000 cash and a certificate of achievement from MTCC for her research.

Chai said rubber plantations have immense potential in the carbon budget, part of the Clean Development Mechanism in Kyoto Protocol.

However, despite rubber (*Hevea brasiliensis*) being one of Malaysia's major plantation crops, research on its potential in carbon sequestration is limited, thus leading her to embark on the project in Tamparuli, Sabah.

Chai discovered that the airborne Light Detection and Ranging (LiDAR) is an accurate method in quantifying and mapping the aboveground carbon (AGC) stock at rubber plantation areas. In other words, it can be utilised to reveal the potential capability of rubber plantations in mitigating climate change.

See: <https://mtcc.com.my/a-study-on-estimating-carbon-sequestration-ability-of-rubber-plantation-using-remote-sensing-wins-the-2020-freezailah-forest-sustainability-award/>

Indonesia

Promote products in EU says Ambassador

Desra Percaya, the Indonesian Ambassador to the UK, has said Indonesian wood products have the potential to expand market share in Europe from the current 2%. He noted that British consumers demand sustainability so the advantages of Indonesian wood products must be promoted.

The Director General of Sustainable Forest Management Ministry of Environment and Forestry, Agus Justianto, stated that to strengthen market penetration it is necessary to build upon the VPA. To this end he encouraged the UK government and the European Union to explain to consumers the efforts made by Indonesia and how the VPA and SVLK is delivering sustainability.

See: <https://agroindonesia.co.id/perluas-pangsa-pasar-produk-kayu-di-inggris-indonesia-punya-modal-kuat-lisensi-flegt/>

Forest concessions revoked

Bahlil Lahadalia, the Minister for Investment has confirmed that 15 forestry concession agreements have been revoked on the recommendations of the Environment and Forestry Ministry. Bahlil said that three companies had forest area release rights (PKH) with a total area of 84,521.72 hectares.

The other 12 companies had forest concession business licenses (PBPH) with a total area of 397,677 hectares. Bahlil explained that there were 192 companies whose licenses would be revoked but that 83 had requested clarification.

See: <https://en.tempo.co/read/1576892/minister-bahlil-lahadalia-revokes-15-forestry-concession-permits> and <https://nasional.kontan.co.id/news/menteri-investasi-bahlil-lahadalia-cabut-15-izin-koinsesi-kawasan-hutan>

Exports set a record in 2021

The Association of Indonesian Forest Concession Holders (APHI) has reported that forestry sector exports were at a record Rp.193.8 trillion in 2021. The chairman of APHI, Indroyono Soesilo, said changes in international market demand due to the adjustments to home-working and a focus on renovation were mainly responsible for the export growth.

Based on data from the Indonesian Forestry Society Communication Forum (FKMPI) timber production from plantation forests in 2021 reached 46.43 million cubic metres an increase of 1.2% on an annual basis. Meanwhile, wood production from natural forests rose 14.4% on an annual basis to 6.013 million cubic metres.

Last year forestry sector exports increased by 31% on an annual basis from US\$11.07 billion in 2020 to US\$ 14.48 billion. The wood chip industry experienced the highest growth of over 90% from US\$50.45 million to US\$96.24 million. The largest contributor to the export growth was the wood panel industry which earned US\$3.97 billion, up 83% on an annual basis. Second was the paper and pulp industry with the exports of US\$ 3.72 billion and US\$ 3.19 billion.

See:

<https://katadata.co.id/tiakomalasari/berita/624ea598b7d9e/efek-pandemi-ekspor-industri-hasil-hutan-cetak-rekor-di-2021>

Finnish technology for wood product manufacturing

The Association of Indonesian Forest Concession Holders (APHI) is exploring cooperation with Finnish forestry businesses through the 'Business Finland' a Finnish government initiative.

At a meeting initiated by the Indonesian Embassy in Helsinki both parties agreed to further discuss three areas for possible collaboration:

- the use of satellite data for the forest areas determination and the calculation of carbon sequestration
- the development of forest product-based bio products
- the use of wood biomass for new and renewable energy

Nina Jacoby the Senior Advisor 'Business Finland' said Finland used to be known as a producer and exporter of pulp and paper products but not any longer as the country produces more varied bio-products including nanocellulose as a substitute for plastics, various health products and a variety of other high tech products.

See: <https://forestinsights.id/2022/04/07/aphi-jajaki-kerja-sama-dengan-finlandia-incar-teknologi-pemanfaatan-hasil-hutan/>

Digital transformation for sustainable forest management

The Secretary General of the Ministry of Environment and Forestry, Bambang Hendroyono, speaking at a National Seminar on Digital Transformation Supporting Forestry 4.0 Innovation for a Green Economy said digital transformation can support efficient sustainable forest management through integrated and transparent monitoring of environmental conditions. He added that 'Forestry 4.0' will lead tech-intelligent forest management.

The development of technology and information systems can be used to monitor changes in the rate of deforestation every year allowing the development of integrated sustainable forest management information systems to increase productivity in accordance with environmental principles.

See: <https://wartaekonomi.co.id/read402497/klhk-dorong-transformasi-digital-inovasi-kehutanan-40-untuk-ekonomi-hijau-penyelamatan-bumi>

Indonesia monitors hotspots as dry season approaches

Indonesia's Ministry of Environment and Forestry is continuing to monitor fire hotspots in regions prone to forest and land fires as well as carrying out fire mitigation efforts in several regions. The ministry has also continued to urge regional governments to raise their alertness and prioritise prevention efforts.

Improving early detection and hotspot monitoring is done through the website www.sipongi.menlhk.go.id.

See: <https://www.medcom.id/english/national/nN9XBZAK-indonesia-monitors-hotspots-as-dry-season-approaches>

BMKG forecasts higher potential of forest and land fires in 2022

The Indonesian Meteorology, Climatology and Geophysics Agency (BMKG) has warned of the potential for forest and land fires to be greater in 2022. Acting Deputy of Climatology at BMKG, Urip Haryoko, noted that this year the dry season is expected to normal compared to last year when there was unexpected rain during the dry season. During a press conference Haryoko commented that several hotspots were currently being monitored such as in Aceh, Riau, South Sumatra, North Sumatra, Bangka Belitung Islands and West Kalimantan.

See: <https://en.antaranews.com/news/220713/bmkg-forecasts-higher-potential-of-forest-land-fires-in-2022>

Indonesia has shown tremendous effort to reduce deforestation - FAO

FAO Indonesia noted in a statement to welcome the International Day of Forests that, despite all the priceless ecological, economic, social and health benefits forests provide, global deforestation continues at an alarming rate.

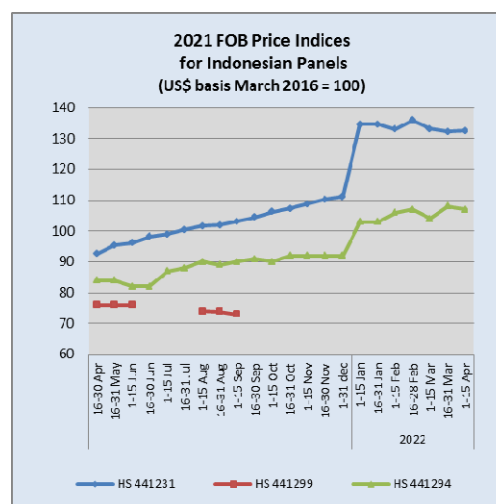
The world is losing 10 million hectares of forest a year – more than half the size of Sulawesi – and land degradation affects almost 2 billion hectares, an area larger than South America.

Forest loss and degradation emit enormous quantities of climate-warming gases and it is estimated that more than eight percent of forest plants and five percent of forest animals and birds are at “extremely considerable risk” of extinction.

The statement says “the government of Indonesia has shown tremendous effort to reduce deforestation. We need to appreciate this effort by supporting the Indonesian government to enforce the law to protect the forest and the forest community as the fundamental aspects in managing sustainable forest”.

Indonesia's G-20 presidency also boosts Indonesia's programme to achieve sustainable economic development and the year 2045 targets to include sustainable management of forests.

See: <https://www.fao.org/indonesia/news/detail-events/ru/c/1479558/>



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

Myanmar

Logging moratorium extended

The Ministry of Natural Resources and Environmental Conservation (MONREC) has announced an extension of the logging moratorium for one more year. Myanmar implemented a one-year nationwide logging ban in 2016-17 and 10-year moratorium for Bago Yoma Range from 2016 to 2025.

The moratorium did not have much impact on output as the products from the new log stocks are unacceptable in the EU and the USA but not other markets.

Currently Myanmar millers and manufacturers are trying to source logs harvested before the restrictions in the belief that the EU and US sanctions will not apply to products manufactured from such old logs. There is, however, controversy on the legal basis for this assumption. It is understood that the Myanma Timber Enterprise (MTE) may have around 20,000 tons of logs harvested before the sanctions were imposed but this has not been confirmed.

New foreign exchange rules

On 3 April the Myanmar Central Bank (MCB) issued a requirement that incoming foreign exchange must be converted to local currency within one working day which has caused panic among traders in all sectors.

For more see:

<https://www.mizzima.com/article/myanmar-citizens-told-foreign-exchange-deposits-must-be-converted-kyat>
<https://elevenmyanmar.com/news/cbm-eases-cash-withdrawal-restrictions%E3>
<https://asia.nikkei.com/Business/Markets/Currencies/Myanmar-central-bank-says-FX-deposits-must-be-converted-into-kyat>
<https://www.mizzima.com/article/myanmar-citizens-told-foreign-exchange-deposits-must-be-converted-kyat>
<https://elevenmyanmar.com/news/cbm-eases-cash-withdrawal-restrictions%E3>

For the timber sector the situation is unique in that millers are required to pay in US dollars for logs purchased from the MTE, the sole legal source of logs. With the new Central Bank requirement millers will have no hard currency to buy logs. It is not yet clear if MTE will accept the local currency. Until the recent change exporters had been allowed to keep US dollars for one month.

The latest measure from the administration in Myanmar to tighten the foreign regulation comes as the US dollar has appreciated sharply this year. The Central Bank set a fixed rate at Kyat 1850/US dollar which is far below the unofficial rate. Exporters and importers fear such drastic action will be very disruptive and could impact trade and investment.

The local media has reported some reactions to this new rule saying the Japanese Embassy in Naypyitaw urged reconsideration warning of "significant difficulties" for Japanese companies and aid organisations operating in the country.

In related news, the Central Bank has issued an order dated 1 April instructing banks to allow cash withdrawals for salaries and wages of the factories in industrial zones without limit and a weekly withdrawal of up to Ks100 million for purchase of raw materials and the businesses operating with government budgets.

This was possible according to the Central Bank as cash flow management in the banks in Myanmar has improved.

India

Australia and India free trade deal

Australia and India have signed an interim free-trade deal aimed at diversifying export markets and reducing Australia's economic dependence on China. Indian exporters from sectors including textiles, leather, furniture, jewelry and machinery will enjoy duty free access to the Australian market. Australia is offering zero duty access to India on about 96 of the value exports. Currently exports attract 4-5% customs duty in Australia.

Australia and India began talks on the trade deal back in 2011 but discussions became bogged down and were suspended in 2015. Last year the two countries agreed to "re-engage" on the deal when Australia and India upgraded their relationship to a Comprehensive Strategic Partnership.

Australia is the 17th largest trading partner of India and India is Australia's 9th largest partner. Bilateral trade in goods and services stood at \$27.5 billion in 2021.

See: <https://www.thehindu.com/business/india-australia-to-sign-interim-trade-pact-on-saturday-2-april-2022-thousands-of-indian-exports-to-get-duty-free-access/article65282723.ece>

In related news, India's exports exceeded the US\$400 billion mark last year. Exports grew almost 40% compared to the previous fiscal year. India's imports also rose to a record high. Engineered goods were the largest contributor to the growth in exports.

Piyush Goyal, Minister for Commerce and Industry said that India had significantly boosted exports to key trading partners with outbound shipments to the UAE increasing by 65% and exports to the US increasing by 45%. However, risks to a global economic recovery due to invasion of Ukraine by Russia could undermine export growth.

Housing demand increased in last quarter of 2021

The residential real estate industry is showing signs of recovery as is shown by the Magicbricks PropIndex for the September quarter 2021 and prices for completed units increased almost 6% nationwide.

Sudhir Pai, Magicbricks CEO, is reported as saying "Increasing project completions, attractive offers from developers, supportive policies and improving employment opportunities have boosted buyer-confidence in the real-estate industry.

While the present geopolitical situation is impacting the supply chain and input costs we expect the momentum gained thus far to continue across demand and supply backed by new launches tailored to the evolving needs of consumers and all-time low home loan interest rates,"

See: <https://www.moneycontrol.com/news/business/real-estate/housing-demand-increases-by-6-7-yoy-report-8331411.html>

Prices for recent shipments of teak logs and sawnwood

	US\$/cu.m C&F
Benin	359-712
Sawnwood	359-712
Brazil	313-600
Sawnwood	489-777
Cameroon	-
Sawnwood	974
Colombia	245-615
Costa Rica	350-652
Ecuador	246-495
Gabon	370
Ghana	270-559
Sawnwood	485
Guatemala	277-594
Ivory Coast	263-458
Sawnwood	375-752
Mexico	322-439
Sawnwood	373-585
Panama	252-539
PNG	389-595
Sawnwood	492-677
Tanzania	344-930
Sawnwood	471-1,068
Togo	259-532
S. Sudan	367-676
Sawnwood	342-633
Nigeria	290-630
El Salvador	328-520
Nicaragua	-
Sawnwood	328-564
Solomon Is.	248
Surinam	222
Myanmar sawn	791-980

Price range depends mainly on length and girth.

Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	3,800-4,200
Balau	2,500-2,700
Resak	-
Kapur	-
Kempas	1,455-1,750
Red meranti	1,500-1,800
Radiata pine	900-1,050
Whitewood	900-1,050

Price range depends mainly on lengths and cross-sections

Sawn hardwood prices

No price increases have been reported.

Sawnwood (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,750-1,850
Sycamore	1,900-2,000
Red Oak	2,100-2,200
White Oak	2,700-3,000
American Walnut	4,500-5,000
Hemlock STD grade	1,350-1,600
Western Red Cedar	2,220-2,450
Douglas Fir	2,000-2,200

Price range depends mainly on lengths and cross-sections.

Domestic ex-warehouse prices for locally manufactured WBP plywood

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

Domestic ex-warehouse prices for locally manufactured MR plywood

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

Vietnam

Wood and wood product trade highlights

According to data provided by the General Department of Customs in March 2022, Exports of wood and wood products to the EU reached US\$71.3 million, up 0.4% compared to March 2021 and up over 6% for the entire year.

Bedroom furniture exports in March 2022 are estimated at US\$225 million, up 0.6% compared to March 2021.

In the first 3 months of 2022 bedroom furniture exports are estimated at US\$578 million, up 0.9% over the same period in 2021.

Oak imports

Vietnam's oak imports in March 2022 are estimated at 16,500 cu.m, worth US\$10.0 million, up 14.9% in volume and 15.2% in value compared to February 2022. Compared to March 2021 imports decreased by almost 50% in volume and 40% in value.

In the first 3 months of 2022 oak imports reached 50,000 cu.m, worth US\$29.8 million, down 41.5% in volume and 30.3% in value compared to the same period in 2021. Vietnam's oak imports from the US were the largest in the first two months of 2022 reaching 21,400 cu.m worth US\$12.8 million, down 43% in volume and 30% in value compared to the same period in 2021 and accounted for 64% of total oak imports from all sources.

Vietnam furniture matching week 2022

This event is intended to help local firms expand their business network and further integrate into global supply chains.

The COVID-19 pandemic and global uncertainties have disrupted supply chains and led to high logistics costs. Therefore, the event is expected to support domestic furniture and handicraft firms not only to expand their consumption markets but also access the best logistics services.

The event included Furniture Sourcing Day which enabled businesses to approach international buyers and suppliers of support services as well as exchanges and workshops.

Online activities will take place on the HOPE (Hopefair.com) platform, which has been upgraded to make it easier for participating businesses and international buyers to hold meetings at anytime and anywhere.

See: <https://en.vietnamplus.vn/vietnamese-furniture-firms-strive-to-further-join-global-supply-chain/224257.vnp>

Risk of stagnation the timber sector – Industry associations agree plan for a modern processing sector

Growth in Vietnam's wood and timber industry is under threat of stagnation but the establishment of an inter-regional timber centre could help boost the sector.

Vietnam's furniture processing and exporting industry ranks second in Asia, after China and fifth in the world in terms of export earnings but challenges are emerging putting pressure on the goal of reaching exports of US\$20 billion by 2025.

The supply of wood raw material is one of the biggest bottlenecks and could derail the industry. Afforestation could not meet the demand for raw materials for the wood processing industry which is growing at a high rate.

Data from the General Statistics Office showed that the output of timber harvested from planted forests has continuously increased over the years from 3.01 million cubic metres in 2006 to 19.5 million cu.m in 2019. It is estimated that in 2020 it reached around 20.5 million cubic metres, achieving the target set in the development strategy for 2006-2020.

According to statistics, currently the domestic supply of raw materials can only meet about 75% of the total processing demand, including the exploitation of cultivated forests and extraction of scattered crops and rubber wood.

Each year, Vietnam still has to import about 8.5 million cubic meters of wood, accounting for 25% of the total volume for the wood processing industry. At first glance, 75% of domestic raw materials is not a small amount, but the problem is that the certified forest area only accounts for 8.4% of the total cultivated forest area of the country, covering about 307,000 hectares. However, the area of forest planted by households is mainly for small wood.

Among the major markets with a furniture consumption above US\$5 billion a year. Europe and Asia are expected to have the strongest growth in furniture and outdoor furniture. Besides this, the main market for Vietnam's wood industry, North America will continue to grow steadily.

This forecast fits well with Vietnam's overall strategy and a plan to develop a modern wood industry that ensures harmony between all stakeholders was approved by the five wood associations including the Association of Vietnam Timber and Forest Product (VIFORESTrest), the Dong Nai Wood and Handicraft Association, the Handicraft and Wood Industry Association of Ho Chi Minh City, the Binh Duong Furniture Association and the Forest Products Association of Binh Dinh.

See: <https://vir.com.vn/fresh-collaborations-emerging-in-wood-and-timber-industry-91827.html> and

See: <https://en.vietnamplus.vn/five-agricultural-and-forestry-material-areas-to-be-set-up/224295.vnp>

Vietnamese wood industry targets high growth

The aim of a sustainable wood processing industry in Vietnam, for the period 2021 to 2030 is to achieve exports of US\$25 billion. However, to accomplish this ambitious goal the wood industry needs to remove many bottlenecks in the supply of raw materials, increase labour productivity and gain better access to production technology.

Growth target

In the first three months of the year exports by wood industry reached US\$3.94 billion, up by 3% compared to 2021. Furniture businesses are now full with orders until the third quarter and some businesses even have orders until the end of the year.

If the average export value is kept at about US\$1.5 billion per month the target of reaching US\$16.5 billion this year is quite feasible.

In 2021, despite many difficulties associated with to the Covid-19 pandemic, in the third quarter the wood industry still maintained its position among the top export industries in the country at over US\$10 billion. Specifically, the industry reached a target of US\$14.8 billion, an increase of nearly 20% compared to 2020.

Vietnam's wood and wood products, as well as furniture are continuously being ranked in the top ten industries with the largest export turnover in the country. It is an industry that has brought in the third largest export surplus in recent years, contributing an important source of foreign currency to the country's foreign exchange reserves.

The woodworking and furniture manufacturing industries contribute greatly to jobs creation providing more than half a million jobs ranking fifth in the number of workers among the manufacturing and processing industries.

Nguyen Liem, Chairman of the Binh Duong Wood Processing Association, said that the labour force in Binh Duong province has dropped by 100,000 compared to one year ago. The reason is because of the Covid-19 pandemic many workers returned to their hometowns.

Now many provinces and cities in the Mekong Delta and the Central parts of the country have established industrial zones which should attract workers back to the locality to work. In the long term enterprises in the wood industry must focus on solutions to improve productivity and invest in better equipment. Investment in equipment and machinery alone is not simple.

For large-scale factories it is still possible but for small and medium-sized factories, it is not easy to find extra investment capital.

See: <https://en.diendandoanhnghiep.vn/vietnamese-wood-industry-targets-high-growth-n33931.html>

Brazil

Furniture industry growth

Furniture sector statistics from IEMI for 2021 and early 2022 have been reported by the Brazilian Association of Furniture Industries (ABIMÓVEL). According to IEMI, furniture production in 2021 was close to that of 2020, at around 421.2 million pieces valued at R\$76 billion.

The Brazilian furniture industry ended 2021 with a year on year 6.4% increase in revenue and exports jumped 50%.

According to the ABIMÓVEL report the average price of furniture continues to increase and reached R\$194.00 per piece in the first month of this year, a 0.4% increase compared to the previous month and up 17% year on year.

Furniture exports start 2022 on a bright note

Furniture exports in January 2022 were worth US\$58.1 million (FOB) representing a 27% increase compared to January 2021.

Wooden furniture represented 87% of the total that is about US\$50.3 million (FOB) according to ABIMÓVEL and Apex-Brazil (Association of Export and Investment Promotion).

The main destinations for Brazilian furniture exports were the United States accounting for 36% of exports followed by the United Kingdom with 11% in January 2022. The UK participation was driven by a growth of 39% in the last 12 months. The highlight was the Netherlands where export jumped almost 300% year on year.

The main focus of the recent Apex-Brazil project was the Dubai Trade show where prospective business was around US\$18.4 million in the United Arab Emirates, a 99% growth in 12 months and for Saudi Arabia a growth of over 200% was registered.

Furniture sector fairs in 2022

The Movelsul fair, the main furniture fair in Latin America in terms of exhibition area, number of exhibitors and visitors and the International Fair of Suppliers of Wood and Furniture Production Chain – FIMMA, one of the largest fairs in the sector were held in March in Rio Grande do Sul. Rio Grande do Sul state has approximately 2,800 furniture industries, generating around 35,000 direct jobs. The state is also the second largest exporter of furniture in Brazil.

The Movelsul and Fimma fairs took place simultaneously for the first time and more than 30,000 visitors from 41 countries attended. Fimma generated R\$1.7 billion in sales opportunities while Movelsul generated over R\$ 370 million.

SpaceX technology for development of the Amazon Region

SpaceX's technology has been in the news as the multinational company has held talks with the Brazilian Government on support for activities in the Amazon Forest. SpaceX plans to announce operations of the "Starlink" satellite system for the Amazon Region.

See: <https://www.aljazeera.com/economy/2021/11/16/musk-in-talks-with-brazil-on-monitoring-amazon-rainforest>

Domestic log prices

Brazilian logs, mill yard, domestic	US\$ per cu.m
Ipê	259
Jatoba	116
Massaranduba	104
Miiracatiara	104
Angelim Vermelho	104
Mixed redwood and white woods	79

Source: STCP Data Bank

Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US\$ per cu.m
Ipé	1,120
Jatoba	544
Massaranduba	541
Muiracatiara	483
Angelim Vermelho	480
Mixed red and white	319
Eucalyptus (AD)	221
Pine (AD)	163
Pine (KD)	201

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

Parica	US\$ per cu.m
4mm WBP	498
10mm WBP	433
15mm WBP	362
4mm MR.	451
10mm MR.	335
15mm MR.	308

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

<i>Domestic ex-mill prices</i>	US\$ per cu.m
15mm MDP/Particleboard	248
15mm MDF	314

Source: STCP Data Bank

Export sawnwood prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per cu.m
Ipe	2,142
Jatoba	1,122
Massaranduba	1,150
Muiracatiara	1,142
Pine (KD)	290

Source: STCP Data Bank

Export plywood prices

Pine plywood EU market, FOB	US\$ per cu.m
9mm C/CC (WBP)	360
12mm C/CC (WBP)	337
15mm C/CC (WBP)	327
18mm C/CC (WBP)	359

Source: STCP Data Bank

Export prices for added value products

FOB Belem/Paranagua ports	US\$ per cu.m
Decking Boards Ipé	4,406
Jatoba	1,968

Source: STCP Data Bank

Peru

Exports grow in the first two months of the year

In the first two months of 2022 exports totaled US\$8,864 million, a slight growth of 2.5% compared to the same period last year mainly due to increased exports of the so-called 'non-traditional' products according to the Economics Research Center and Global Business of the Association of Exporters CIEN-ADEX.

The low growth in the first two months of the year is due to the 5% contraction of traditional shipments such as minerals and marine products. Oil shipments doubled.

China and the US accounted for almost 45% of total exports. Other destinations were India, South Korea, Japan, Canada, United Kingdom, Switzerland, the Netherlands and Chile.

Coordination of efforts to prevent forest fires

At the end of March the National Forest and Wildlife Service (SERFOR) and regional governments met virtually to establish a virtual course "Forest fire risk management in the field of regional governments".

This course will target farmers. SERFOR has determined there is a need to continue developing training modules to encourage regional and local governments to prepare specific risk management plans for forest fires.

OSINFOR presents mobile application "IDArbol"

The Supervision Agency for Forest Resources and Wild Fauna (OSINFOR) has made available the IDArbol mobile application. This is a digital tool with updated and detailed information that, even without connection to internet, allows identification of over 100 timber species.

During a presentation made at the National Amazonian University of Madre de Dios (UNAMAD), Lucetty Ullilén Vega, head of OSINFOR highlighted the importance of this application allowing operators to correctly identify species.

The application has a preventive approach so that forest concession holders do not make errors or omissions when formulating their forest management plans. This tool has dendrological information on more than 100 timber species and includes a search system based on keys with two answers. IDArbol is free and is available on Google Play for all types of cell phones.

See: <https://elcomercio.pe/lima/sucesos/osinfor-lanza-aplicativo-movil-para-identificar-especies-forestales-en-los-bosques-serfor-idarbol-rmmn-noticia/>

Strengthen initiatives in forestry sector

The Technological Institute of Production (ITP), a body attached to the Ministry of Production (Produce) has through CITEMadera Lima, signed an inter-institutional cooperation agreement with the NGO WWF Peru in order to strengthen joint initiatives related to the improvement of capacities, scientific research, collaboration and development of projects in the forestry sector.

This joint effort is aimed at combating illegal logging and associated deforestation. The agreement is for four years.

See: <https://www.wwf.org.pe/informate/noticias/?uNewsID=376152>

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	671-685
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	589-615
Grade 2, Mexican market	507-538▲
Cumaru 4" thick, 6"-11" length KD Central American market	1044-1077
Asian market	1129-1147▲
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	599-629
Dominican Republic	703-719
Marupa 1", 6-11 length KD Grade 1 Asian market	575-599

Domestic sawnwood prices

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

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

Export veneer prices

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

Domestic prices for other panel products

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

Export prices for added value products

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

Japan**Covid rebounding**

Just two months after the sixth wave coronavirus infections are rebounding in Japan. New infections had been gradually declining for several weeks after the January emergency measures. The lifting of restrictions in late March and the start of the new school and business year in April resulted in the spread of the highly transmissible BA.2 omicron sub-variant.

Sanctions expanded

The Japanese government has been gradually expanding the scope of its sanctions on Russia since late February when Russia launched its invasion of Ukraine and has been in step with G7 countries in imposing sanctions. Japan will phase out coal imports from Russia.

Businesses anticipate a worsen business environment

The recent Bank of Japan (BoJ) Tankan survey of Japanese business confidence reported a worsening of confidence for the first time in nearly two years as companies were impacted by supply disruptions, surging raw material costs and weakening domestic consumption. The survey found companies anticipate a worsening of the business environment in the second quarter.

Analysts expect the BoJ to cut its growth forecast for the current year beginning in April and raise projections for consumer inflation. Rising fuel and food prices blamed on the Russian invasion of Ukraine and the rapidly weakening yen/dollar exchange rate has driven down consumer confidence.

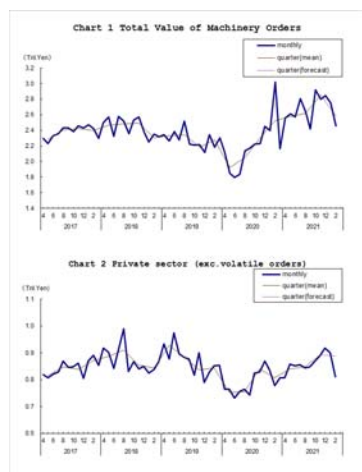
See:

<https://www.japantimes.co.jp/news/2022/04/01/business/tankan-first-quarter/>

Slow down in investments

The latest survey of business machinery orders, a highly volatile leading indicator of capital spending in the coming six to nine months, fell more than expected in February following the drop in January.

Businesses in Japan are cutting back on investments as profits are squeezed by the rising costs of energy and raw materials. However, Compared with a year earlier core orders grew 4% in February.



Source: Cabinet Office, Japan

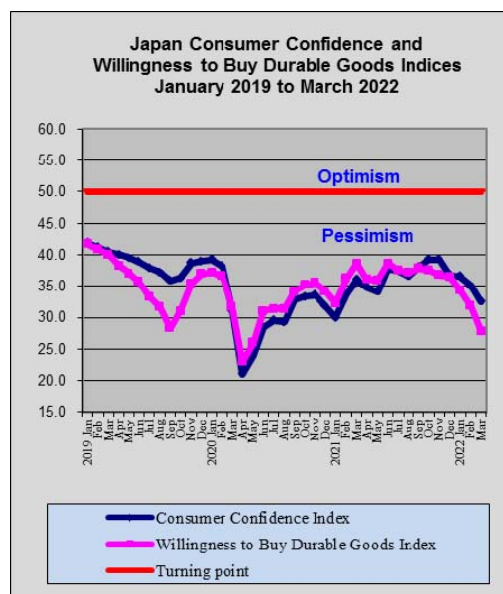
Steepest decline in consumer confidence in two years

The March consumer confidence index released by the Cabinet Office dropped in March and was the steepest rate of decline in almost two years. The decline was put down to the growing concerns on price rises and the impact of Russia's invasion of Ukraine and how the cost of living will likely increase.

The Cabinet Office lowered its projections of sentiment for the third consecutive month saying consumer confidence has been "weakening further."

See:

<https://mainichi.jp/english/articles/20220408/p2g/00m/0bu/063000c>



Data source: Ministry of Finance, Japan

Vacant homes exceeding home seekers - should home loan tax relief be extended?

For Japanese seeking home loans the mortgage tax relief system is a big advantage. Recent revisions to the overall tax structure in Japan did not change the scale of tax relief on home loans.

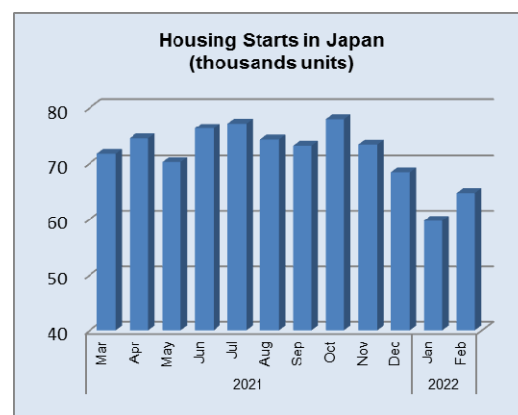
However, some analysts have raised concern that the current structure may be ineffective and unfair.

According to the Ministry of Internal Affairs and Communications' Housing and Land Survey in 1968 the number of homes in Japan exceeded the number of households to live in them. In 2018 there were about 54 million households and about 62.4 million homes. Some are asking whether further mortgage tax breaks and homebuilding promotion are really needed.

The government intends to extend tax relief for people who renovate their homes. The current home renovation tax relief will end this year but it appears it will be extended to the end of 2023. The aim of the scheme is to encourage sales and renovation of second hand homes as the number of vacant properties continues to rise.

See:

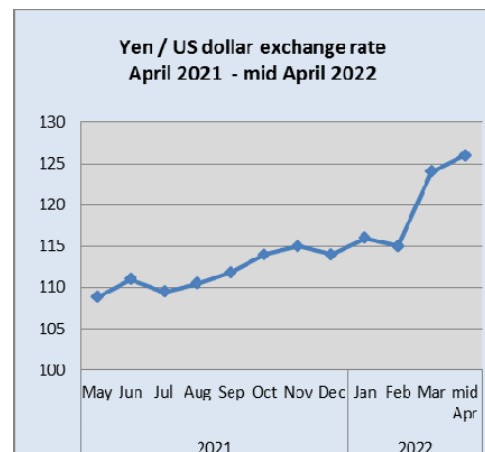
<https://mainichi.jp/english/articles/20220121/p2a/00m/0bu/008000c>



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

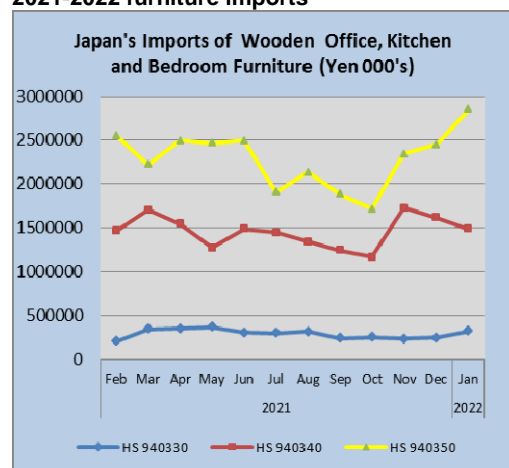
Yen at record low

The Japanese currency fell more than 5% against the US dollar in March despite the being seen traditionally as a safe-haven currency in times of crisis. There was a further decline in exchange rate in early April when the yen was at 126 to the US dollar.



One reason for the yen's weakness is the view that the Bank of Japan will resist tightening monetary policy in contrast to other major economies. The yen weakened against the US dollar the most of any major currency except the ruble during the first quarter of 2022.

2021-2022 furniture imports



Data source: Ministry of Finance, Japan

January office furniture imports (HS 940330)

The top shipper of wooden office furniture in January 2022 was China and it increased its share of imports by Japan to 83%, up from the 75% in December 2021. The other main suppliers in January were the US (5%. Down from a month earlier) and Poland (2%, also down from a month earlier).

January imports (HS 940330)

	Imports Jan 2022 Unit, 000's Yen
S. Korea	4,625
China	267,670
Vietnam	2,600
Thailand	2,747
Malaysia	4,632
Indonesia	4,962
UK	1,769
Netherlands	555
France	2,166
Germany	729
Poland	10,489
Lithuania	512
Slovakia	1,347
Canada	985
USA	15,136
Total	320,924

Data source: Ministry of Finance, Japan

Year on year the value of imports of wooden office furniture (HS940330) rose a massive 42% in January 2022 continuing the upward trend seen at the end of last year. Month on month the value of wooden office furniture imports rose 29%. Clearly importers were anticipating an upswing in demand in Japan as the covid infection rates had started to decline.

January kitchen furniture imports (HS 940340)

Following a very sharp rise in the value of wooden kitchen furniture in November 2021 there was a 6% downward correction in December and this downward correction extended into January 2022. After the rise in wooden kitchen furniture from the Philippines in December there was a downward correction of 39% in January.

On the other hand the other two main suppliers, Vietnam and China, saw their share of imports rise in January. Imports from Vietnam rose 36% and imports from China were up 13%. Year on year January 2022 the value of wooden kitchen furniture imports rose 10% but were down 8% compared to a month earlier.

January imports (HS 940340)

	Imports Jan 2022 Unit, 000's Yen
S Korea	640
China	199,462
Taiwan P.o.C	3,789
Vietnam	548,521
Thailand	52,818
Malaysia	22,151
Philippines	580,835
Indonesia	38,302
UK	876
Germany	20,772
Italy	10,918
Romania	479
Canada	3,573
USA	2,815
Total	1,485,951

Data source: Ministry of Finance, Japan

January bedroom furniture imports (HS 940350)

The top suppliers of wooden bedroom furniture in January 2022 were China (61%) and Vietnam (30%). The value of shipments from both countries was over 20% higher than in December 2021. In January 2022 shipments of wooden bedroom furniture from Malaysia fell by around 30% but arrivals from Poland were higher in January compared to a month earlier. Year on year, January 2022 imports were 8% higher and month on month January imports were 16% higher.

January imports (HS 940350)

	Imports Jan 2022 Unit, 000's Yen
China	1,760,745
Vietnam	857,302
Thailand	50,694
Malaysia	96,266
Philippines	403
Indonesia	29,299
India	256
Sweden	2,443
Italy	7,061
Finland	320
Poland	38,282
Romania	3,663
Lithuania	1,810
Bosnia and Herzegovina	393
Total	2,848,937

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/

Impact of export ban of Russian veneer

The Russian government announced to stop exporting Russian made veneer and wood chip on March 10. This is a big blow to the Japanese softwood plywood manufacturers and they are hurriedly look for the substitution but it seems a long shot to find immediate substitution with sizable volume.

If they try to use domestic cedar logs to manufacture veneer it would push log prices further up when log supply has been tight in competition with sawmills and laminated lumber mills. They normally carry about a month inventory of Russian veneer but because of confusion of shipping, the supply of veneer has been tight since last year and the inventory on hand will be gone by the end of this month.

By disruption of Russian veneer supply total plywood production would drop by about 20% or 20-30,000 cbms a month. The shipment has been exceeding the production and the inventory of softwood plywood at the end of January was only 77,000 cbms, only 0.3 month so if the production decreases 20 -30,000 cbms a month, supply of softwood plywood would get worse.

Annual import of Russian larch veneer is about 250,00 cbms. It is equivalent to one million sheets of 12 mm thick 3x6 plywood. It is volume more than one large plywood mill.

Substituting supply with South Sea hardwood plywood has been low because of log shortage in producing regions and volume of Chinese plywood is limited. Structural particleboard and MDF have no extra supply volume since regular customers' requirement is full. OSB supply from the U.S.A. and Europe has no surplus volume for Japan with active demand.

There is no extra capacity to produce and dry veneer by domestic manufacturers to replace imported veneer even if log supply is secured so it is unavoidable to see decrease supply of plywood.

The largest plywood manufacturing group, Seihoku consumes about 18,000 cbms of Russian larch veneer, which are used for face and back of structural plywood together with North American Douglas fir and domestic larch. Now that supply of Russian veneer stops, Seihoku proposes customers 100% domestic cedar plywood.

Keytec, LVL manufacturer, uses Russian veneer for high strength structural LVL for both residential and nonresidential buildings. Demand of 140 E LVL has been established and it can be manufactured with North American Douglas fir, New Zealand radiata pine and domestic larch. It is consulting with the customers to use substituting materials.

Candidates of substituting species are North American Douglas fir, New Zealand Radiata pine, Australian and Brazilian eucalyptus and domestic larch.

Russian veneer production by Japanese investment

There are two major companies which manufacture veneer in Russia. One is Terneiles, Platan, Primorski Krai, which is Sumitomo Trading's joint venture company. Another is RFP in Khabarovsk Krai, which is capital participation by the Iida Group Holdings.

Both produce larch veneer about 440,000 cbms a year out of which 275,000 cbms has been shipped for Japan and other volume is exported to Korea and China. Despite export ban of veneer for Japan by the Russian government both are determined to continue full production of veneer and plan to export more for Korea and China.

Weak yen pushes import cost

Trend of depreciation of the yen continues. The yen rate to the dollar in early March was 115 yen then it dropped down to 125 yen now. This is negative factor to push the cost of imported products while it helps promote export business.

Distributors are reluctant to commit future contracts as they are surely higher in cost in the yen compared to what they are holding in inventory.

Second quarter contracts for North American Douglas fir and hemlock square are concluded in February but negotiations on SPF lumber and Douglas fir taruki continue. Some suppliers of Douglas fir taruki settled at US\$915-920 per cbm C&F, US \$90 drop from previous prices.

When this offer was made, the exchange rate was 115 yen per dollar and import cost would be almost 112,000 yen per cbm FOB truck port yard, 7,000 yen lower than previous contract cost but with exchange rate of 120 yen the cost would be about 117,000 yen. Unless the suppliers reduce the prices more than US\$70 the yen cost would not drop. When the North American lumber market is booming, it does not make sense for the suppliers to reduce export prices.

Canadian SPF lumber's proposed prices are US\$1,450 - 1,500 per MBM C&F, US \$250-300 higher than previous prices. At the beginning of the negotiation, the yen's exchange rate was 115 yen per dollar. Imported cost would be 117,000-121,000 yen per cbm FOB truck port yard, 21,000-25,000 yen up, which is steep increase equals to the wood shock prices but with exchange rate of 120 yen, the cost would be 122,000-126,000 yen, increase of 26,000-30,000 yen, 5,000 yen more than 115 yen rate.

Imported lumber inventory at the Tokyo harbor at the end of February was high with 175,000 cbms. Since future import cost would be higher by weak yen only measure the dealers have is to hold the inventory.

Plywood

Japanese manufacturers are cautious of an effect on domestic softwood plywood in Japan by an invasion of Ukraine by Russia. There will be no imported veneer from Russia after April.

Some plywood manufacturers say that they could produce plywood even though they did not have enough inventory since last half of the year so the affect will not be a long time at this time.

On the other hand, some other manufacturers are worried about production would be reduced by 20%. Precutting manufacturers have still orders from housing companies to work in April, so there is a possibility to be a shortage of plywood.

There is another problem of cost for raw materials. It is difficult to buy enough logs in Japan. The imported Douglas fir logs are still high-priced and supply volume is very limited.

Russia banned exporting veneer to Japan, so it affects plywood prices in Japan. The price of oil and natural gas are soaring by an invasion of Ukraine by Russia. Glue and distribution cost will also increase.

The price of imported South Sea hardwood plywood is unable to decrease because of the selling prices for foreign countries are high and a weak yen pushes landed cost.

All kinds of South Sea hardwood plywood are not enough in Japan.

However, trading companies say that it is hard to order specific kind of plywood because there are not enough labor and logs for local manufacturers. Therefore, some plywood manufacturers in South East Asia say that they understand about a weak yen but they cannot stop raising their prices due to a price increase of cost.

A price hike of domestic softwood plywood

Plywood manufacturers in Eastern and Western Japan decided to raise the price of plywood after April 1. The price of 12mm of 3 x 6 will be 1,800 yen (per sheet) and this is 100 yen up from March. It is going to be 90,000 yen as per cbm and this is 5,000 yen up from March.

The plywood manufacturers need to raise the prices because of a price hike of domestic and imported logs and glue. They are concerned about raising the prices again by prohibited exporting veneer from Russia and soared natural resources.

24mm of 3 x 6 costs 3,600 yen and this is 200 yen more than the previous month. 28mm of 3 x 6 costs 4,200 yen and this is 250 yen more than the previous month.

The prices of logs have been increasing in Japan. Cedar logs for plywood in Tohoku area is 15,000 yen to 17,000 yen (per cbm). It is 2,000 yen higher than last month. Larch logs cost 27,000 yen (per cbm). The prices continue rising definitely in the future. In Western Japan, cedar logs for plywood are 15,000 yen (per cbm). The price hike will happen because the exporting to China is very active.

Demand in Japan is firm while production cost is increasing. Precutting manufacturers still have orders from units built for sale companies so they are busy in March and April.

A wholesaler says that it is hard to buy a large amount of plywood because there will be very lively at construction of wooden structures after April. An invasion of Ukraine by Russia will cause a bad influence to domestic plywood. There is not a big influence by banned exporting veneer from Russia yet.

However, Japanese larch is very high cost and a tight supply of Douglas fir so the price hike will occur after April. Some glue companies in Japan had already asked the plywood manufacturers about their price hike due to the prices of oil and natural gas increasing.

China

Manufacturing output drops sharply

Manufacturers in China have seen output drop at its fastest pace in two years as the economic impact of Russia's invasion of Ukraine and new covid lockdowns bite. This slowdown is likely to impact regional economies which rely on trade with China.

To reduce the economic impact of covid restrictions the government is adjusting its approach to reduce the time that activities will be restricted suggesting there has been some loosening of the Zero covid strategy.

The first round of large-scale covid testing was conducted in Shuyang County of Jiangsu Province and many wood-based panel manufacturers have ceased production.

Production of wood-based panels in Hebei, Jiangsu and Shandong Provinces is now limited and it is difficult to transport finished products or secure raw materials. Adding to these challenges are the rising prices for fuel and raw materials. However, wood-based panel manufacturers in Linyi City, Shandong Province have said although there is no great impact on production for now many roads are closed which is a challenge.

Manufacturers revealed that transport costs from Guangxi to Shanghai rose from RMB270-280 to RMB420 per tonne. They also revealed that the price of raw materials is still rising, for example the price for veneer rose from RMB1,220-1,240 per cubic metre to RMB1,300 per cubic metre recently.

In addition, demand is relatively weak and order levels are lower this year. With weak demand it is difficult to raise prices to off-set increased production costs.

See:

https://baijiahao.baidu.com/s?id=172805429613338025&wfr=s_pider&for=pc

GGSC-CN Index Report (March 2022)

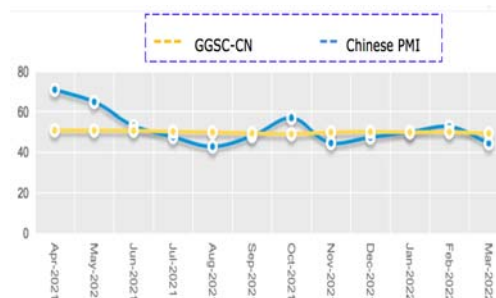
In March 2022, as a result of covid control measures and the impact of Russia's invasion of Ukraine, there has been a marked impact on output. Production inputs are difficult to secure, costs are rising and demand is weakening. The overall economic growth rate has slowed.

In March China's PMI registered 49.5%, down from the previous month and below the critical 50 mark indicating that the macro economy has slowed. The development of timber production and manufacturing industry also showed a declining trend.

The new order index for most enterprises was lower than the previous month and export orders dropped significantly.

The GGSC-CN index for March registered 44.6% (71.9% for last March and 70.7% for March 2020) and was below the critical value of 50 indicating the operations of the enterprises represented by GGSC-CN index shrank from a month earlier.

GGSC-CN Index



Challenges: Covid infections have reappeared, cross province transport is disrupted and transportation cost have increased.

Products in short supply: None.

Commodity of which the price has been increased: methanol, melamine, paraffin, waterproof agent and other chemical raw materials.

Commodity of which the price has been decreased: eucalyptus firewood, pine firewood, melamine and urea.

Overview

In March 2022 two sub-indices of GGSC-CN increased and three decreased.

- The production index registered 50.0%, a decrease from the previous month. The new order index registered 33.3%, sharply down on the previous month reflecting the inability of enterprises to obtain orders.
- The new export order index reflecting international trade registered 25.0%, a decline from the previous month indicating that orders from abroad this month have fallen.
- The main raw material inventory index registered 58.3%, an increase from the previous month. The employment index registered 50.0%, an increase from the previous month.
- The supplier delivery time index was 41.7%, a drop from the previous month.

See: http://www.itto-ggsc.org/site/article_detail/id/237

Forest development plan 2021-2025

China aims to establish a modern forest and grass industry system by 2025 with the total output value expected to reach RMB9 trillion from RMB8.1 trillion in 2020. This was included in the Forestry and Grassland Development Plan (2021-2025) released by the State Forestry and Grassland Administration.

China also strives to establish itself as a leading country in the international trade of forest and grassland products with an annual import and export value hitting US\$195 billion by 2025 from US\$152.8 in 2020.

The output of wood-based panels is expected to be stable at around 300 million cubic metres, the output of flooring at around 800 million square metres and the output of wooden furniture at RMB800 billion by 2025.

More than 2 million hectares of national reserve forests will be cultivated and upgraded by 2025. There will also be a rise of 20 million cubic metres in annual stocking volumes in national reserve forests. More than 8 million cubic metres of stocking will be of rare tree species.

See:

<http://www.forestry.gov.cn/main/304/20220221/110605840479828.html>

China's bamboo industry

More than 500 Bamboo species grow in China being distributed in 16 provinces or regions such as Fujian, Jiangxi, Zhejiang where there are 7 million hectares of bamboo forests.

At present, bamboo products are widely used in construction, packaging, furniture, decoration and textiles. The bamboo industry plays an important role insupporting rural economic growth and boosting incomes. In some bamboo producing areas, such as Anji County, Huzhou City in Zhejiang Province and Luzhou City in Sichuan Province the bamboo industry has become a pillar of the local economy.

The State Forestry and Grass Administration, the National Development and Reform Commission and other departments prepared a plan "Opinions on Accelerating the Innovative Development of Bamboo Industry". This was put forward to vigorously protect and cultivate high-quality bamboo resources, build a modern bamboo industry system and create a beautiful rural bamboo landscape.

See:

<http://www.forestry.gov.cn/main/304/20220221/110605840479828.html>

Rise in the fibreboard production capacity

Fourteen fibreboard production units were put into operation nationwide in 2021 with an annual production capacity of 3.36 million cubic metres. China's 376 fibreboard manufacturers had 425 fibreboard production lines by the end of 2021 distributed in 24 provinces and municipalities. The number of enterprises and production lines in China's fibreboard industry declined while the total production capacity and average single-line production capacity increased as a whole.

About 33 fibreboard production lines were shut down, dismantled or suspended operations in 2021 removing around 4.56 million cubic metres capacity.

China had 142 continuous flat-pressing fibreboard production lines by the end of 2021 with a total production capacity of 30.37 million cubic metres per year accounting for 57% of the national total fibreboard production capacity, which distribute in 18 provinces and regions.

Main provinces with continuous flat-pressing fibreboard production

Province	number	Annual capacity mil. cu.m
Shandong	27	5.28
Guangxi	20	4.69
Hebei	13	2.87
Anhui	12	2.53
Hubei	12	2.43

Eight production lines are expected to come on line in 2022 with a production capacity of 1.93 million cubic metres. The mills are in Eastern China such as Shandong, Jiangsu, Anhui and Jiangxi Provinces as well as the Guangxi Zhuang Autonomous Region of Southern China. No fibreboard production lines are under construction in North, Central, Southwest, Northwest or Northeast areas.

Of the new lines 7 are continuous flat-pressing production lines adding an extra capacity of 1.78 million cubic metres per year.

See: <http://www.wood168.net/src/newsdetail.asp?this=55664>

Rise in particleboard production capacity

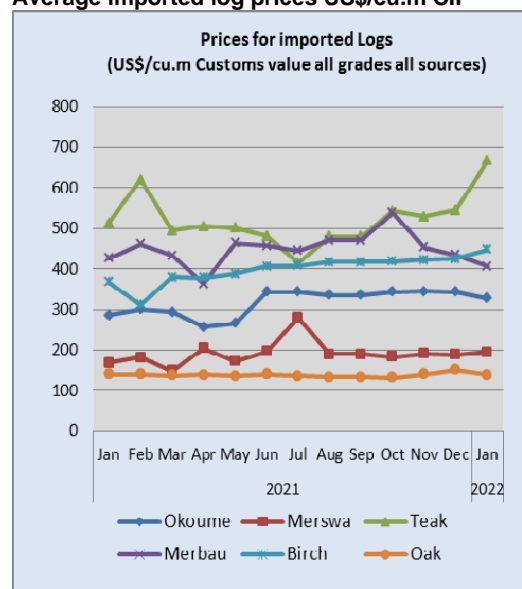
13 particle board production lines were put into operation in China in 2021 adding a further production capacity of 2.76 million cubic metres. China's 312 particleboard production enterprises had 331 particleboard production lines by the end of 2021.

Flat-press particleboard plants in China

	Lines	Annual capacity (mil. cu.m)
Shandong	12	3.27
Guangdong	10	2.48
Guangxi	8	2.28
Anhui	7	1.95
Jiangsu	6	1.6
Hubei	6	1.5
He'nan	6	1.48
Hebei	6	1.27

See: <http://www.wood168.net/src/newsdetail.asp?this=55664>

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



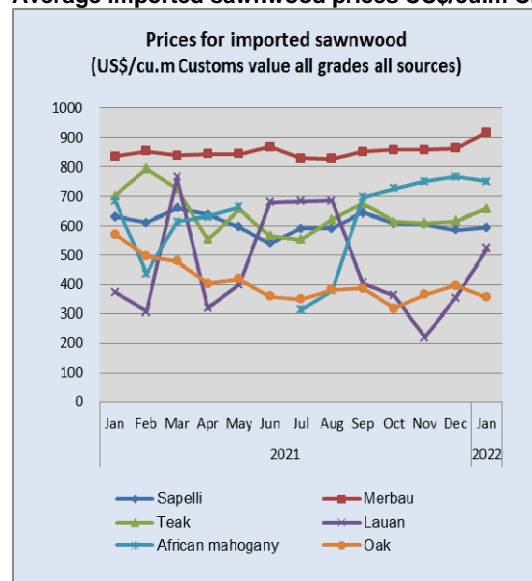
Data source: China Customs. Customs value all grades, all sources

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

	2021 Dec	2022 Jan
Okoume	343	327
Merswa	188	195
Teak	545	667
Merbau	435	406
Birch	425	448
Oak	151	139

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 Dec	2022 Jan
Sapelli	587	595
Merbau	863	918
Teak	617	658
Lauan	354	522
African mahogany	768	752
Oak	398	356

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

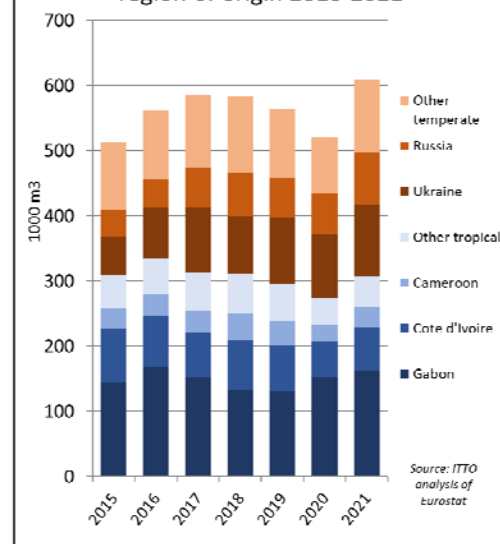
Europe

European veneer consumption rebounded by 10% in 2021

In 2021, the 27 countries of the EU together with the UK (UK27+UK) imported 609,000 cu.m of hardwood veneer from outside the region, 17% more than in 2020. EU27+UK imports from temperate countries increased 23% to 303,000 cu.m in 2021 while imports from the tropics were up 11% to 307,000 cu.m (Chart 1).

In 2021, tropical hardwood accounted for just over 50% of EU27+UK hardwood veneer imports, down from 53% in 2020 and continuing a long term decline from nearly 70% a decade before. The tropical loss of import share in this sector in recent years is primarily due to rising EU27+UK imports of veneer from Ukraine and Russia as both countries tightened log export controls and attracted new investment in veneer production facilities.

Chart 1: Volume of EU27+UK imports of hardwood veneer by region of origin 2010-2021



Source: ITTO analysis of Eurostat

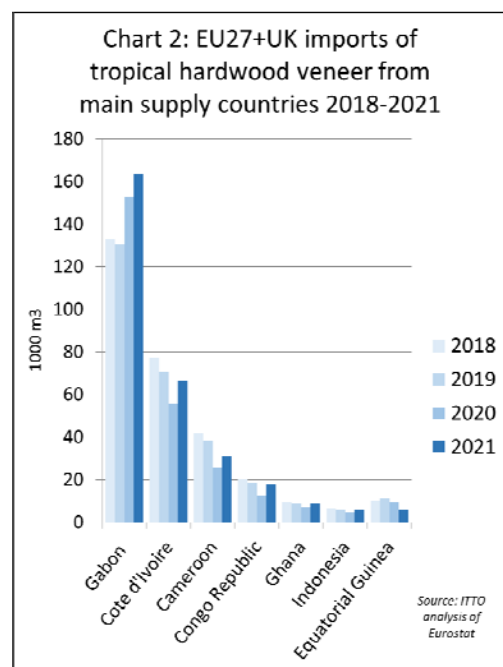
EU27+UK imports of tropical rotary veneer have also fallen as production of tropical hardwood plywood inside Europe has been replaced by imports of finished plywood products, and the tropical plywood sector as a whole has faced mounting competition from Chinese and Russian products.

Demand for tropical sliced veneer has been affected in the long term by shifting fashions in the decorative hardwood sector away from tropical wood towards temperate species, particularly oak.

Gabon is now by far the largest tropical supplier of hardwood veneer to the EU27+UK, volume rising 7% to 164,000 cu.m in 2021, following a 17% rise the previous year (Chart 2).

Nearly two thirds (65%) of EU imports of veneer from Gabon are destined for France, with the remainder going to Greece (15%), Italy (10%) and Spain (5%).

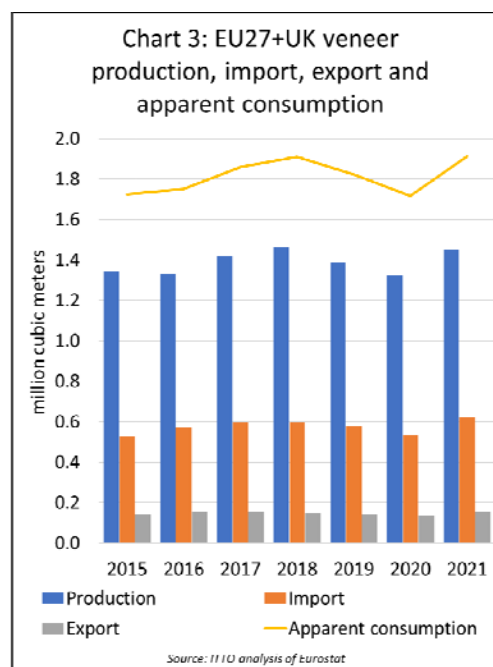
Apart from Gabon, the other large tropical veneer suppliers to the EU27+UK are Cote d'Ivoire (+21% to 66,000 cu.m in 2021, mainly to Italy, Spain and Romania), Cameroon (+23% to 31,000 cu.m in 2021 mainly to Italy and Spain), and the Republic of Congo (+41% to 18,000 cu.m in 2021, mainly to Greece and France).



Consumption of hardwood veneers in the EU27+UK was already falling in 2019 before the onset of the pandemic driven by declining confidence in the European wood products manufacturing sector as the European and global economy showed signs of stagnation.

A 5% fall in consumption in 2019 was followed by a 6% decline in the first year of the pandemic in 2020.

However, consumption rebounded strongly, by around 11% to reach 1.9m cu.m in 2021, recovering the ground lost in the previous two years (Chart 3).



The same factors that drove a sharp rise in EU27+UK sawn hardwood consumption in 2021 were evident in the veneer sector. This included the boom in private sector demand as homeowners invested in DIY, renovation and new furniture as spending declined on restaurants, vacations, and other leisure activities.

While this source of demand was abating in the second half of 2021, it was offset by rising activity in the commercial sector as large government stimulus measures began to kick in. In 2020 and 2021, these measures largely consisted of fiscal initiatives by national governments, such as VAT cuts, tax deferrals and loan guarantees for firms.

From 2022, money from the EU-wide €750 billion Recovery and Resilience facility is being disbursed with a focus on green investments, such as energy-efficient construction and building renovation. These funds are targeted towards highly indebted countries in Eastern and Southern Europe, notably Spain and Italy which are also large consumers of veneers.

Another factor driving rising demand for veneer in some parts of Europe is a partial switch away from solid lumber in favour of veneered panels. This shift was happening well before recent events, but there are reports from Spain, for example, that it has accelerated again following sharp rises in lumber prices since mid-2020. Continuing concern that the Spanish economy is recovering only slowly from the impacts of the pandemic, combined with general unwillingness of buyers in this country to pay higher prices, has led to a search for cheaper alternatives to hardwood lumber in the country.

The recovery in European furniture production during 2021, rising 8% during the year after a 7% decline in 2020 according to Eurostat data, was a major driver of rising veneer consumption last year. Although the war in Ukraine means the outlook for European growth in 2022 is now uncertain, the 4.4% growth in European furniture consumption forecast for this year issued by Italian furniture research organisation CSIL in January is some grounds for optimism that veneer demand will remain strong in this sector.

The war in Ukraine has more immediate implications for the European veneer sector. Veneer imports from Ukraine and Russia, which are now by far the largest external suppliers of temperate hardwood veneer into the EU27+UK, are expected to stop this year.

Together these two countries accounted for 64% of all temperate hardwood veneer imported into the EU27+UK in 2021. Between 2013 and 2021, EU27+UK imports of hardwood veneer from Russia and Ukraine increased by 210% and 177% respectively.

The ability of EU domestic production to take up the slack is impaired by the wider effects of the war on wood supply in the EU member states of Eastern Europe.

This region, which now accounts for around half of all EU veneer production, was already struggling with log supply shortages due to COVID and following the introduction of a log export ban by Russia at the start of this year. Now the situation is even more challenging as logs are no longer available from Ukraine and Belarus.

The war is also creating logistical and other problems for manufacturers across Eastern Europe, notably a shortage of truck drivers, with many freight operators relying heavily on Ukrainian nationals and sharply rising fuel and energy costs.

Encouraging revival in Italian hardwood market

One of the more encouraging, not to say surprising, hardwood market trends in 2021 was a strong revival in demand in Italy, a country marked by an almost continuous decline in consumption in the previous decade and which suffered severely from the early effects of the COVID pandemic in 2020.

Italy experienced a large increase in hardwood consumption during 2021 as the construction and furniture manufacturing sectors were both growing strongly during the year. Prospects for continued consumption growth in 2022 also seem good, the main concerns now being on the supply side.

Italy's growth has been particularly boosted by Next Generation EU funding for post COVID-recovery, a large share of which has been allocated to the country. In total, EUR 224 billion of Next Generation EU funding has been assigned to Italy in the 2021-2026 period, with about 50% earmarked for construction.

There is significant emphasis on projects that help the EU meet zero carbon goals in this funding package, including works to improve and rehabilitate older buildings to improve energy performance.

The IHS Markit Italy Construction PMI climbed to a new series high of 68.5 in February 2022, the 13th straight monthly expansion. The PMI for residential construction has been increasing at a record rate in Italy. After a 6.6% contraction in 2020, Italian construction output is estimated to have increased by about 12% in 2021. Italy's wood furniture sector is also now expanding rapidly.

According to figures drawn up by Centro Studi FederlegnoArredo, production turnover in Italy's wood furniture sector, including wood component manufacturers, was €49 billion, 26% more than in 2020 and up 14% compared to the pre-covid level in 2019. Italian wood furniture exports last year exceeded €18 billion, up 21% compared to 2020 and 7% more than in 2019.

Wood furniture consumption in Italy's domestic market was up 29% compared to the previous year and 19% on the pre-covid level in 2019.

According to FederlegnoArredo growth in Italy's domestic market is due to the "effectiveness of tax breaks such as the 'bonus mobili' and the rediscovered centrality of the home in the lives of Italians".

Much of the new demand has come from the home furnishings and garden furniture sectors while the contract corporate and, particularly, the hospitality sectors have remained weak. Italy's large tourist sector has been hit heavily by the pandemic.

Istat data shows that in the first nine months of 2021 the number of guests in Italian hotels dropped by 44.3% while Assoaeroporti estimates that Italian air traffic in 2021 was still 59% down on the pre-pandemic level in 2019. On the strength of such evidence, FederlegnoArredo comment that "the contract sector will have to wait until at least 2023, if not 2024, to return to pre-covid levels."

FederlegnoArredo also comment that, while the increase in domestic sales and exports during 2021 is encouraging and shows a return to pre-covid levels in Italy's wood furniture supply chain, "the high cost of energy, shortage of raw materials, and rising logistics costs risk reversing the trend as early as the first months of 2022. And the war in Ukraine, with all its consequences, is worsening a situation that was already beginning to deteriorate".

While Italian wood supply is more diversified than many other countries, FederlegnoArredo note that Russia and Ukraine are critical suppliers of wood material to the Italian and wider European wood manufacturing sector, while Russia is also an important export market for high-end Italian furniture, accounting for around €430m each year.

FederlegnoArredo point out that the inevitable wood supply squeeze due to war in Ukraine comes on top of an already critical supply situation. Depending on species, wood prices in Italy increased by 130% to 280% between autumn 2020 and August 2021 and only declined slowly after that and for many products were still more than double pre-covid levels when Russia invaded Ukraine in February 2022.

The situation in Ukraine is creating particularly significant problems in the in the supply of birch logs and associated products, for which Russia is the world's largest producer. Lack of birch supply not only impacts on furniture and other wood manufacturing but has significant knock-on effects throughout European industry since birch is widely used for industrial packaging, trucking floors, floors and structural beams.

The volumes involved are so large – together Russia, Belarus and Ukraine account for around 50% of all wood tonnage imported into the EU - that they cannot be readily replaced.

Commenting on the critical supply situation, FederlegnoArredo President Claudio Feltrin notes that "it is necessary and urgent to find alternative sources of supply, such as poplar or beech, possibly of national origin, accelerating the objectives and actions envisaged by the National Forest Strategy".

However the ability to increase domestic log harvests in Italy, as in many other parts of the EU, is constrained, at least in the short to medium term, by high levels of fragmentation in the forest sector. Although Italy is host to over 11 million hectares of forest (38% of national land area) and to a globally significant wood processing sector, around 80% of wood material supply to this sector is imported.

Efforts are being made to mobilise more wood from Italy's domestic forests, for example a draft new Consolidated Forestry Law was published in 2018, and now awaits a series of implementing decrees, which aims to standardize and simplify forestry regulations across the country. But this can go only so far to improve wood supply in a country in which two thirds of forests are in the hands of tens of thousands of small forest owners, and which lacks a primary wood processing industry.

According to Gian Paolo Potsios, managing partner for the European branch of the US management company Timberland Investment Resources, speaking to the Italian business journal *Economia*, "Italy has one of the most important forest assets in Europe, in terms of quality and quantity. Unfortunately, with certain exceptions mostly in Northern Italy, it is a neglected heritage, managed in a confused way, with too many intermediaries, which constrain the sector, making it difficult and unappealing to exploit this resource."

FederlegnoArredo has various initiatives in place to overcome these constraints. For example it is collaborating with Chambers of Commerce and other institutions to create an Italian wood exchange, a digital platform designed to bring together buyers and sellers of Italian wood. It is also working with universities and research bodies to ensure that the most common species in Italy (such as beech and chestnut) are certified as materials suitable for use in construction.

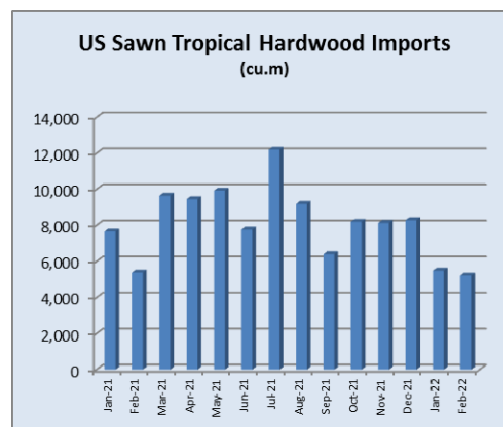
But these projects will take time to significantly influence the supply situation. In the short term FederlegnoArredo is joining with other European wood manufacturing in calling for regulations to prevent the export of logs from the EU. Even this measure would only marginally improve the supply situation.

FederlegnoArredo conclude their most recent market analysis with the gloomy observation that "our companies could find themselves managing a situation in which they are unable to process orders due to the lack of raw materials while they are oppressed by the high cost of energy, which is already being reflected in the price lists of finished products".

North America

Tropical sawn hardwood imports dip but remain firm

Imports of sawn tropical hardwood fell by 11% by volume in February. Despite the pullback the 23,323 cubic metres imported in February was the second highest volume since May 2019. Imports of Acajou d'Afrique rose 18% to their highest volume since April 2019 and were four times that of February 2021.



Data source: US Census Bureau, Foreign Trade Statistics

Imports of keruing, meranti, teak, and iroko so far this year are also well over twice the volume of the first two months of 2021. Imports of sapelli slipped 30% in February, but still more than doubled last February's volume.

Imports from Cameroon fell by nearly a third in February, while imports from Brazil and Indonesia both dropped about 10%. Yet imports from all three countries significantly outpaced their volume from last February.

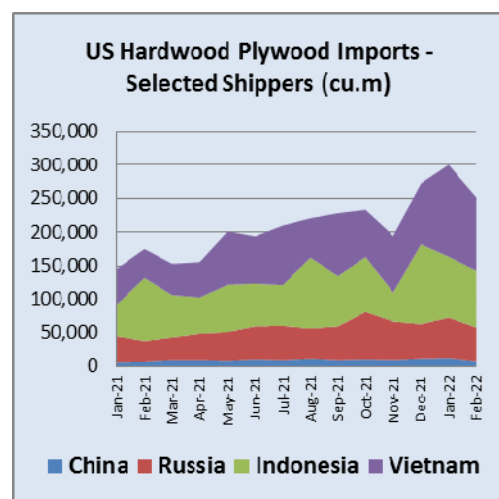
Imports from many countries are more than doubling the volume we saw last year, with Ecuador being the sole weak spot.

Imports from Ecuador are down 63% through the first two month of the year but doubled in February over the previous month. Total import volume through February is nearly four times that of last year.

Canada's imports of sawn tropical hardwood rose 31% in February to a level more than 63% higher than February 2021. The uptick was due to imports from the U.S. returning to more normal levels after two extraordinarily weak months, and a 10% rise in imports from Cameroon. Total imports are up 38% through the first two months of the year.

Hardwood plywood imports retreat

After hitting a 10-year high in January, US imports of hardwood plywood fell 11% in February as volume retreated from most supplying nations.



Data source: US Census Bureau, Foreign Trade Statistics

Despite the pullback, import levels are still well above the norm and much higher than a year ago.

Imports from China fell 41% in February but remain 53% ahead of 2021 for the first two months of the year. Similarly, imports from Russia are up 60% year to date despite a 17% pullback in February.

Imports from Vietnam fell 21% from January but were still nearly 125% higher than that of the previous February. Total import volume for hardwood plywood is up 60% through the first two months of the year over 2021.

Veneer imports tumble

Imports of tropical hardwood veneer also declined from a strong January, but the decline was much deeper as imports plunged 48% in February. Imports dropped to a level 17% below that of last February.

The decline was due mainly to a steep drop in monthly imports from Italy, which has historically been inconsistent month to month.

Imports from most other countries grew and are up more than 10% through the first two months of the year. Overall, total imports of hardwood veneer are up 45% over 2021 through February.

Hardwood flooring imports level

For a second straight month, US imports of hardwood flooring hardly budged, rising 1% by volume in February. However, the origin of supplies for the month changed significantly as imports from Indonesia soared to their highest month since April 2020. Meanwhile imports from Malaysia plunged 77% in February along with imports from Brazil which fell 43%. Total imports of hardwood flooring are ahead 8% over 2021 through the first two months of the year.

Imports of assembled flooring panels fell 14% in February after a very strong January. While imports declined in February from Canada, Brazil, Vietnam and Thailand, import totals from each of these suppliers for the year so far remain sizably ahead.

Despite the retreat, total imports of assembled flooring panels are up 89% over 2021 through the first two month of the year.

Moulding imports decline

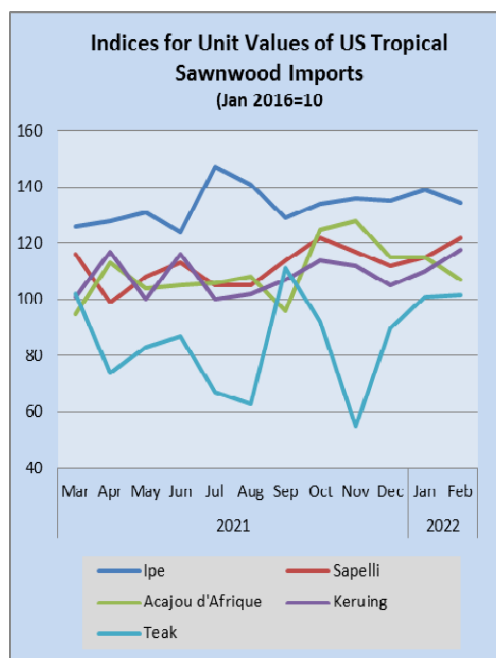
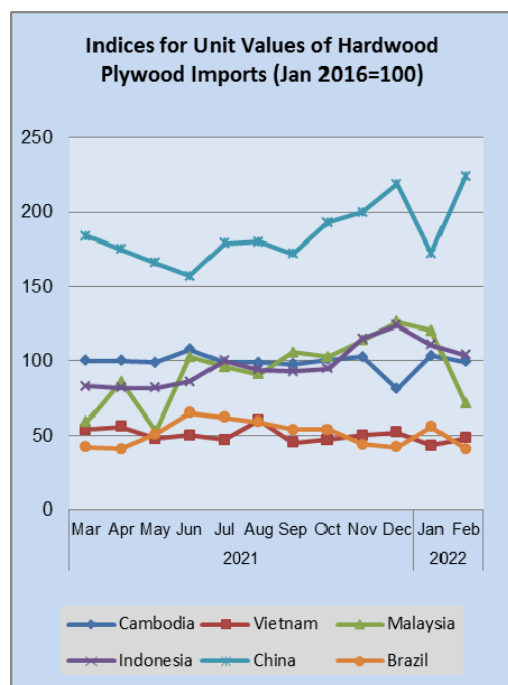
Imports of hardwood mouldings fell for the second straight month, dropping 13% by volume in February. Imports from all supplying countries were down for the month, led by a 59% decline in imports from Malaysia. While imports from Malaysia fell to just more than half of the previous February's level, year-to-year imports through February are still ahead of 2021 by 3% due to a strong January total.

Despite the February pullback, imports from nearly all other countries are up more than 10% for the first two months of the year versus 2021. Total imports of hardwood moulding are ahead 29% over 2021 through February.

Wooden furniture imports back under US\$2 billion

Imports of wooden furniture fell 10% in February, giving back the gains in made in January. The US\$1.93 billion imported last month was, however, 10% higher than that of February 2021. Imports from Vietnam, the top supplier, fell 9% and are down 16% through the first two months of the year.

Imports were down more than 10% from Malaysia, Indonesia, and China. Imports from India were up 2% and are ahead 29% versus 2021 so far this year. Total imports of wooden furniture are ahead by 5% through February.



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

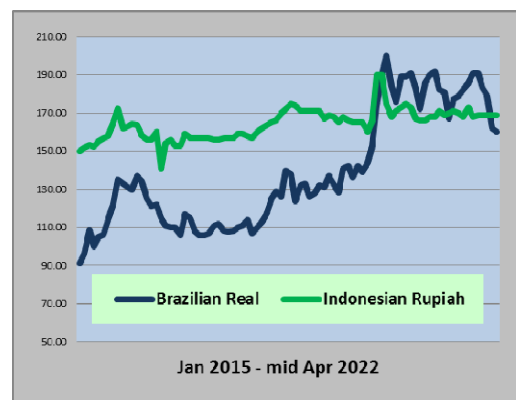
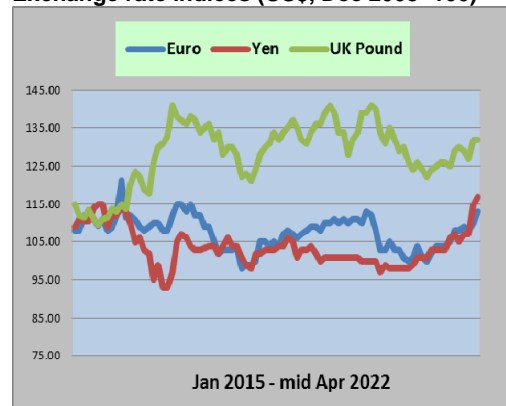
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Dollar Exchange Rates

As of 10 April 2022

Brazil	Real	4.7025
CFA countries	CFA Franc	603.0
China	Yuan	6.3784
Euro area	Euro	0.9233
India	Rupee	76.3
Indonesia	Rupiah	14344
Japan	Yen	125.9
Malaysia	Ringgit	4.2315
Peru	Sol	3.93
UK	Pound	0.7646
South Korea	Won	1237.75

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

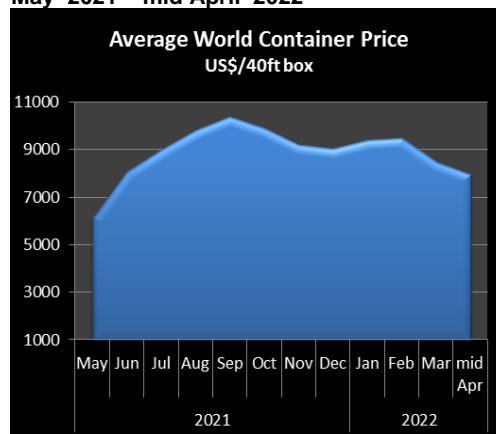


Abbreviations and Equivalences

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

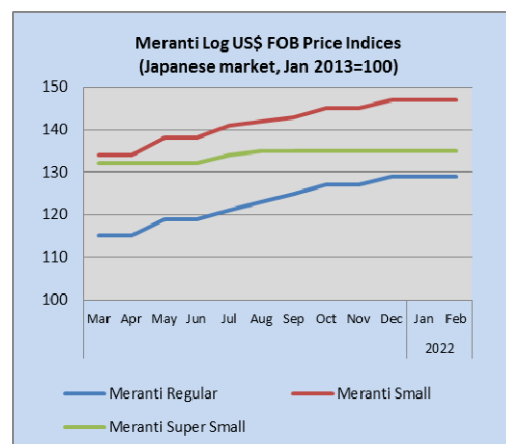
May 2021 – mid April 2022



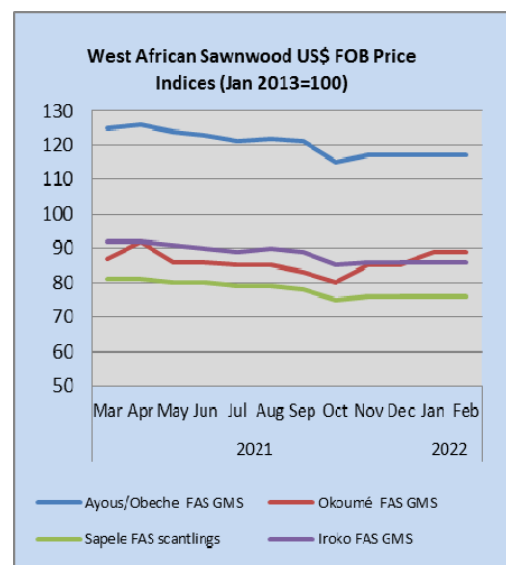
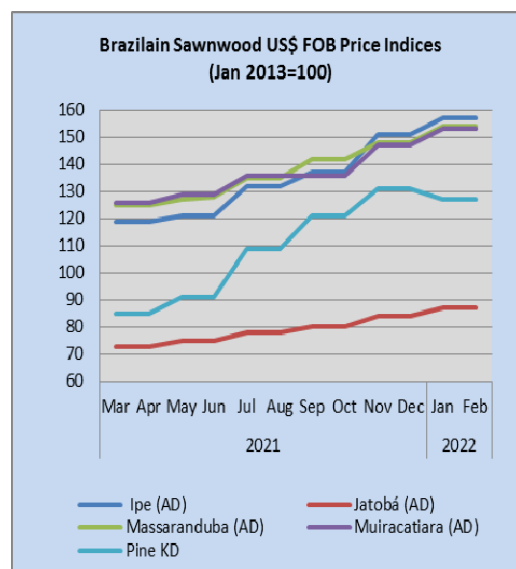
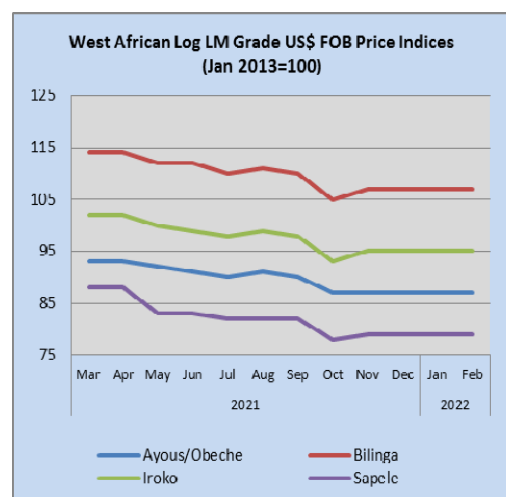
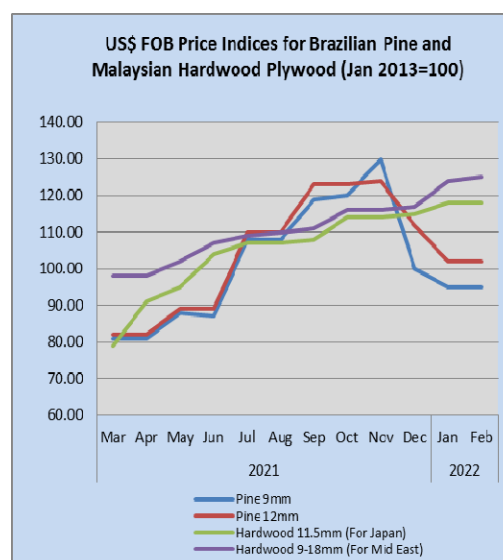
Data source: Drewry World Container Index

Price indices for selected products

The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Indices for W. African logs and sawnwood are calculated in US dollar terms.

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