

Tropical Timber Market Report

Volume 25 Number 15 1st – 15th August 2021



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

Contents

Central/West Africa	2
Ghana	3
Malaysia	4
Indonesia	5
Myanmar	7
India	7
Vietnam	9
Brazil	10
Peru	11
Japan	12
China	17
Europe	20
North America	25
Currencies and Abbreviations	28
Ocean Freight	28
Price Indices	29

Headlines

	Page
Malaysian timber sector losses put at RM60 mil. per day	4
Plantation and natural forest production rises in Indonesia	6
Plywood price increases in India	7
Timber enterprises in Vietnam implementing '3 on-site' ask for public understanding	9
State of Paraná achieves record furniture exports	10
Substantial rise in China's log imports – but not tropical logs	17
Wood losing out to other materials in European joinery sector	20
US hardwood flooring imports strongest in more than two years	25

Top story

Log export ban postponed

Implementation of the decision to ban exports of logs by the six Cemac countries (Cameroon, Congo, Gabon, Chad, CAR and Equatorial Guinea) will not become effective as planned on 1 January 2022 but will be delayed for a year.

The Cemac Commission will support member states during the transmission. Cemac, with the support of the ADB, will prepare investment studies to attract investment proposals.

Page 2

Log export ban postponed

Implementation of the decision to ban the export of logs by the six Cematic countries (Cameroon, Congo, Gabon, Chad, CAR and Equatorial Guinea) will not become effective as planned on 1 January 2022. This information emerged from a meeting of Forestry Ministers in Cematic member states and the DRC held 28 July 2021 chaired by Paul Tasong, Minister Delegate to the Cameroonian Minister of the Economy. The ban on log exports has been postponed for one year until January 2023.

The postponement was decided to allow countries to conduct preliminary studies on the state of investment projects in wood processing as part of the first phase of the process of banning the export of logs. In the first phase special economic zones have been identified in each country for new wood processing industries.

The local media has quoted Duval Antoine Dembi, Director of Industrial Development, Mines and Tourism in the Cematic Commission, as saying that the postponement will allow time to attract investors and allow operators to prepare for this change.

He continued saying that to avoid putting companies in the sector into difficulty the Cematic Commission will support member states during the transmission. Cematic, with the support of the ADB, will prepare investment studies to attract investment proposals. It was reported that a harmonised forestry tax system is under consideration.

See: <https://www.lenouveaugabon.com/fr/agro-bois/0308-17280-cematic-afin-de-maturer-les-projets-de-transformation-locale-l-interdiction-d-exporter-les-grumes-reportee-en-2023>

Rain season arrives early

The long dry season in Gabon extends from May to September and is the time for road building and harvesting. This year the rain has returned early and is disrupting operations in the forest. Producers say that despite quiet international demand they are managing to pass on price increases as a result of the 7% duty on air dry sawnwood and the 3% duty on kiln dry sawnwood.

The doubling of the land tax has pushed some companies in Gabon into financial difficulties particularly as payments cannot be made by installments. Concession holders plan to discuss this with the Minister.

Shippers throughout the region continue to face problems securing shipping containers and are seeing profits eaten away by rising shipping costs. The problem of securing containers is resulting in delays to shipments and some exporters have to renegotiate contracts.

Forestry workers to present vaccination record

A briefing note dated 28 July 2021 by the Secretary General of the Gabon Ministry of Forestry, Michel Ngueba Koumba, says that from the date of the Note and in accordance with the instructions of the Minister, staff conducting work within the country are required to present a Covid-19 vaccination record.

The office of the National Union of Water and Forestry Professionals reacted strongly and called on staff not to comply quoting the Head of State who has said "I would like once again to remind everyone that the vaccine is by no means compulsory, however, it is strongly recommended by national and international health authorities".

Investors in the new Lambaréné SEZ

In late July a Special Investment Zone (ZIS) in Lambaréné, Moyen-Ogooué Province was formally launched. The first agreement, signed at the headquarters of Olam Gabon, was between the Gabonese State, the developer Gabon Special Economic Zone (GSEZ) and Greenply Gabon. The Indian investor plans to produce 6-8,000 cu.m of Okoume veneers monthly for export.

See: <https://www.lenouveaugabon.com/fr/gestion-publique/2907-17274-le-gabon-lance-la-zone-d-investissement-speciale-d-ikolo-avec-lindien-greenply-comme-1er-transformateur-du-bois>

Compromise on single currency agreed

West African leaders have found a compromise to relaunch the single currency of ECOWAS which is set to be launched in 2027.

The Economic Community of West African States (ECOWAS) is setting a new horizon for the Eco, the planned common currency. At the recent summit of the regional institution in Accra the ministerial committee chaired by the Ghanaian Minister of Finance, Ken Ofori-Atta, endorsed a new roadmap for the launch of the eco, the name chosen for the future single currency.

Log export prices

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

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	440
Bilinga FAS GMS	560↑
Okoumé FAS GMS	440
Merchantable	320↑
Std/Btr GMS	330↑
Sipo FAS GMS	425
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	900
FAS scantlings	950
Strips	350
Sapele FAS Spanish sizes	420
FAS scantlings	450
Iroko FAS GMS	600
Scantlings	620
Strips	370
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

Ghana

Additional vaccines arrive

Ghana has received 177,600 single-shot Covid-19 vaccines, the first to be delivered through the African Vaccine Acquisition Trust (AVAT). This forms part of the African Union's (AU's) target to distribute 6.4 million shots in August. Ghana currently has less than 2 million people vaccinated.

New Forestry Commission Board

The Minister for Lands and Natural Resources, Samuel A. Jinapor, has inaugurated the Forestry Commission Board. Tetrete Okuamoah Sekyim II the Paramount Chief of Wassa Akropong Traditional Area in the Western Region is the Chairman of the eleven-member Board.

The Board is charged with formulating policies geared towards the recovery of the country's forests and eliminating encroachment and illegal logging. The Board is also to sustain the recent 'Green Ghana' project initiative to green the landscape of the Ghana.

See: <https://www.oldwebsite.fcghana.org/news.php?news=180>

Exports rebound

Ghana exported 120,562 cu.m of wood products during the first 5-months of 2021 with total value of Eur63.60 million according to Timber Industry Development Division (TIDD) of the Forestry Commission.

Data for 2021 compared to the same period in 2020 (76,551 cu.m, Eur38.00 million) showed increases of 57% in volume and 67% in value year-on-year.

Exports by product for 2021

	Jan-May 2021 Vol cu.m	Jan-May 2021 Euro 000s
Sawnwood (AD)	56,872	28,941
Billet	23,945	9,926
Sawnwood (KD)	17,431	10,894
Plywood (Overland)	8,770	3,391
Sliced Veneer	4,588	5,078
Mouldings	4,379	3,115
Rotary Veneer	3,025	1,589
Others (6)	1,552	669
Total	120,562	63,603

Data source: TIDD

Products which registered significant increases in export volumes over the previous year included billets (293.25%), air-dry sawnwood (57%), sliced veneer (33%), kiln-dry sawnwood (20%) and plywood for the regional market (6%). These products also registered corresponding increases in export earnings.

The average unit price for products exported during the period was in the range of Eur509 to Eur1,107 per cu.m. Teak shipments to India accounted for close to 51% of the total export volume to become the leading export timber followed by wawa, ceiba, denya and asanfina.

Nine ECOWAS countries accounted for a total volume of 11,951 cu.m representing (10%) of total exports for the period January to May 2021 while for the same period in 2020 seven ECOWAS countries also accounted for 8,515 cu.m (11%) of total exports.

The average unit price for the regional market for same period in 2021 and 2020 was Eur379 per cu.m and Eur332 per cu.m respectively.

Exports to major markets

Ghana has five major continental markets for wood products for which available data show that Asia and the Far East are the leading market destinations with the least exports to Oceania.

Main export regions (000s cu.m)

	Jan-May 2020	Jan-May 2021	2021 Growth (%)
Asia	44.041	76.780	64%
Europe	15.824	18.671	15%
Africa	10.87	14.089	12%
America	4.364	5.892	5%
Middle East	1.433	5.131	4%
Oceania	0.019	-	0%
Total	76.551	120.563	

Data source: TIDD

For the period under review wood exports to Asian markets increased, rising over 60%. The Middle East markets also made a positive impact during the period with a growth of 4% year on year.

The pace of export growth to Europe, Africa and America was only moderate in the first 5 months of 2021 compared to 2020. The export of wood products to these regions included air and kiln dry sawnwood, billets, teak and mahogany sliced veneer, rotary veneer, plywood and emery, niangon, ceiba and wawa boules.

Avoid demurrage charges urges Shippers Authority

The Ghana Shippers Authority (GSA) says demurrage payment is preventable and that shippers must expedite clearing containers from the ports to avoid demurrage costs.

Speaking at the fifth, 'GNA-Tema Stakeholder Engagement and Workers' Appreciation Day' seminar at the Tema Regional Office of the Ghana News Agency, Fred Asiedu Dartey, GSA Head of Freight and Logistics said once a container arrives at the port owners have seven days to clear it or pay demurrage.

See:

<https://www.ghanabusinessnews.com/2021/08/11/demurrage-payment-is-preventable-ghana-shippers-authority/>

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	570
Niangon Kiln dry	659

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9mm)	FACE (>2mm)
Ceiba	344	441
Chenchen	540	612
Ogea	443	590
Essa	543	606
Ofram	350	435

Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	889
Avodire	573
Chenchen	1,310
Mahogany	1,324
Makore	930
Odum	2,305

Export plywood prices

Plywood, FOB		Euro per cu.m	
BB/CC		Ceiba	Asanfina
4mm		362	580
6mm		412	535
9mm		370	499
12mm		495	476
15mm		430	414
18mm		450	463

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	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up		
Afrormosia	860	925
Asanfina	465	564
Ceiba	435	600
Dahoma	403	575
Edinam (mixed redwood)	520	703
Emeri	540	615
African mahogany (Ivorenensis)	1,195	1,075
Makore	710	951
Niangon	650	600
Odum	950	964
Sapele	800	732
Wawa 1C & Select	373	432

Malaysia

Covid update

Malaysia's Covid-19 daily cases have remained above the 15,000 since recording an all-time high of 20,889 cases on 6 August bringing the cumulative total infections to 1,299,767 and pushing the total death toll to 10,961. This is considered high on a per capita basis as the country grapples to control the spread by implementing various severity of lockdown throughout the country.

See: <https://www.thestar.com.my/news/nation/2021/08/10/daily-covid-19-cases-remain-above-15000>

Timber sector losses at RM60 mil. per day

The Ministry of Plantation Industries and Commodities (MPIC) estimates that the timber sector has suffered losses in the region of RM60 million a day in the two months since the implementation of the most recent lockdown.

During a visit to the Malaysian Timber Council (MTC) Industrial Vaccination Centre for the Agri-Commodity Sector (Vacoms) the Minister of Plantation Industries and Commodities, Datuk Dr Mohd Khairuddin Aman Razali, said around 10,000 workers in the timber and furniture industry in Selangor will be vaccinated at the centre.

Because demand is high the programme will continue until September when everyone in the programme will have had two shots. For the programme, MTC had provided a subsidy of RM30 for each employee and industry staff involved.

See: http://www.mtc.com.my/images/media/857/PPVIN_MTC-Olak_Lempit_beri_vaksin_10-000_pekerja__Edisi_9.pdf

Strong plywood exports to the US

Sarawak Timber Industry Development Corporation (STIDC) figures show that Sarawak earned about RM1.05 bil. from the export of 527,550 cu m of plywood in first half of 2021 against RM1.12 bil. in the same period in 2020.

The statistics also show that the United States has emerged as a new market for Sarawak plywood. This is a welcome development as exports to Japan have been falling for the past years. The US is now the fourth ranked importer of Sarawak plywood, a jump from 12th in 2019.

In the first six months of 2021 the US paid about RM49.8mil (FOB) for 21,043cu m of plywood from Sarawak, about half of which was shipped in June. Taiwan P.o.C is the third largest importer (32,334 cu m) overtaking South Korea. Japan remains as the largest importer of Sarawak plywood.

See: <https://www.thestar.com.my/business/business-news/2021/08/02/us-emerges-as-key-market-for-sarawak-plywood>

MIFF 26 Furniture Fair rescheduled

The organiser of Malaysian International Furniture Fair (MIFF) has rescheduled MIFF 26 from 1-4 September 2021 to 8-11 March 2022 due to the pandemic. MIFF is a huge marketplace for Malaysian exporters and their predominantly wooden and upholstery furniture for home and commercial use and the previous fair attracted buyers from 140 countries and regions.

MIFF 26 will be held at the Malaysia International Trade and Exhibition Centre (MITEC) and Putra World Trade Centre (PWTC). In place of the physical show in 2021 the 3rd MIFF Online Exhibition, MIFF Furniverse, will be held 20-24 September 2021.

Peer Reviewer Training Course on MC&I SFM

One of the requirements for accredited certification bodies (CBs) implementing forest management certification under the Malaysian Timber Certification Scheme (MTCS) is a peer review of their audit reports. This is undertaken by a team of independent experts who check the level of compliance of the assessed Forest Management Unit (FMU) done by the CBs against the requirements of the prescribed Malaysian Criteria and Indicators for Sustainable Forest Management (MC&I SFM) for Forest Management Certification.

In July 2021 the MTCC organised a Peer Reviewer Training Course on MC&I SFM for Forest Management Certification under the MTCS with the aim at increasing peer reviewers' knowledge and understanding on certification and the peer reviewing process.

See: <https://mtcc.com.my/mtcc-conducts-peer-reviewer-training-course-on-mci-sustainable-forest-management/>

Bio-prospecting in Sabah

Sabah is embarking on research to tap its flora in forest conservation areas for medicinal and other potential uses. The focus of the project will be on the Danum Valley, Maliau Basin and Imbak Canyon conservation areas along With some rehabilitated forests. The research will be jointly carried out by Yayasan Sabah Group, Sabah Forestry Department and Universiti Malaysia Sabah. The five-year joint research "Bio-Prospects for Research and Development of Wild Fungi, Wild Ginger and Medicinal and Aromatic Plants in Sabah" will begin in August.

See: <https://www.thestar.com.my/news/nation/2021/08/10/prospecting-for-natures-elixirs>

New market development initiatives from MATRADE

MATRADE has announced several new initiatives under its Market Development Grant (MDG) incentive programme which aims to assist SMEs survive the impact on their businesses from measures to control the Covid-19 pandemic.

Among the new initiatives are:

- Compensation of the cancellation or postponement of trade fair/ exhibition locally or overseas;
- Reimbursement of logistic cost for exporting Malaysian products;
- International Certification for Exports;
- Intellectual Property (IP) registration for the international market; and
- Expenses for advertising and promotion for exports including on digital platforms

See: <https://www.mfc.my/post/matrade-new-market-development-grant-mdg-initiatives>

Indonesia

Restrictions to be eased in Jakarta

As of 3 August 2021, the Indonesian Government announced 3,496,700 confirmed cases of COVID-19 in all 34 provinces of Indonesia, with 524,142 active cases, 98,889 deaths and 2,873,669 people that have recovered from the illness. Indonesia targets Covid-19 vaccination for 208.3 million people and has administered the first dose of vaccines to 23 out of 100 citizens as of 2 August 2021.

See: <https://reliefweb.int/report/indonesia/situation-update-response-covid-19-indonesia-3-august-2021-enid>

A decision has been made to extend Covid-19 control measures in Java and Bali but the current plan calls for a relaxation of restrictions in some areas including Jakarta where infection rates have slowed. Restrictions in some areas outside Java and Bali will be extended until 23 August.

Economic recovery moving in right direction

State-owned Enterprises (SOE) Minister, Erick Thohir, has commented that Indonesia's economic recovery is moving in the right direction since economic growth reached 7% in the second quarter of this year.

He argued that this was the result of strong exports, improving household consumption and investment. However, the Minister warned everyone must be aware that the delta variant has a high infection rate and this represents a considerable risk.

Recovery of exports to US

Indonesia's furniture and craft exports recorded positive growth especially to the US market rising 35% in the first half of 2021.

The chairman of the Indonesia's Furniture and Craft Industry Association's (HIMKI), Abdul Sobur, said during the first half of 2021 exports of furniture and crafts were valued at US\$1.687 billion, a 35% increase year on year. The main market was the US (50%) followed by Japan (7%), the Netherlands (5%) Germany (4%), Belgium (4%), Australia (3.6%) and the UK (3%).

Meanwhile, the Director of Production Forest Business in the Ministry of Environment and Forestry (KLHK) reported that exports of forest and wood products in the first quarter of 2021 increased to US\$3.045 billion compared to the US\$2.731 billion in 2020. In the second quarter of 2021 exports increased 70% year on year.

Plantation and natural forest log production rises

The performance of the forestry and wood processing sectors in the first and second quarters of 2021 improved compared to the same periods in 2020. There was an increase in log production, processed wood production, NTFP production and export earnings.

Production of logs from both natural forests and plantation forests in the second quarter of 2020 was 11.56 million cubic metres and this rose to 12.8 million cubic metres in the second quarter of 2021. Processed wood production in the first quarter of 2021 increased by 6% compared to 2020 and in the second quarter it was the same as last year.

To accelerate the growth of the forestry sub-sector the government implemented several policies including relaxation of fiscal policy, acceleration of the implementation of the Job Creation Law and facilitation of financing for timber legality certification for MSMEs in forest products and community forest industries.

See: <https://industri.kontan.co.id/news/produksi-kayu-hutan-alam-dan-hutan-tanaman-meningkat-620-pada-kuartal-ii-2021>

India's decision on MDF dumping welcomed

Minister of Trade, Muhammad Lutfi, has expressed his appreciation of the India Government's decision to reject the proposed anti-dumping import duty on imports of plain medium density fibreboard with a thickness of less than 6 mm from Indonesia.

The Indian Directorate General of Trade Remedies (DGTR) had considered a US\$22.47-258.42/cu.m duty on Indonesian MDF products after it determined that there were material losses in the Indian MDF Board domestic industry.

Based on data from the Central Statistics Agency, Indonesia's MDF exports to India slowed over the past five years. The highest export of the Indonesian MDF to India was in 2016 when shipments were worth US\$8 million, this drooped to a little over US\$2 million in 2020.

See: <https://www.kemendag.go.id/id/newsroom/press-release/ekspor-fibre-board-indonesia-ke-india-bebas-bea-masuk-anti-dumping-1>

Opportunities for greater trade with the UK

Indonesia can intensify trade relations with the UK by improving the ease of doing business (EODB) and reducing trade barriers according to the Head of the Research Center for Indonesian Policy Studies (CIPS), Felippa Ann Amanta.

In a press release Amanta said that opportunities exist for better trade relations between Indonesia and the UK through the Developing Country Trading Scheme (DCTS) and the Joint Economic and Trade Committee (JETCO) that was mutually agreed upon.

The Developing Countries Trade Scheme or DCTS recently launched by the UK after Brexit, boosts the prospects of Indonesia, which had inked the JETCO with the UK, to bolster trade between both nations.

Citing the Trade Ministry's data, Amanta pointed to the low level of trade between Indonesia and the UK which was only US\$2.2 billion in 2020. Amanta believes that Indonesia had huge opportunities to export a wide range of products to the UK.

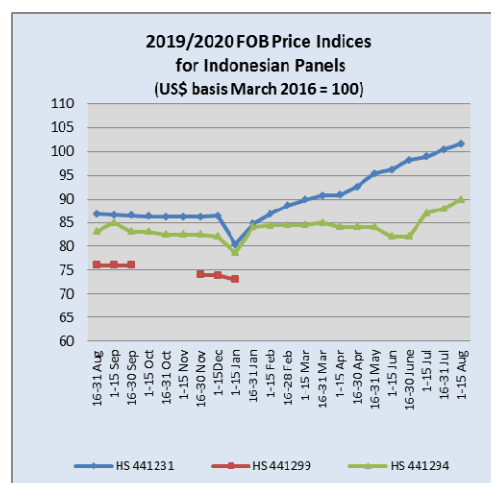
See: <https://en.antaranews.com/news/180790/improving-eodb-to-strengthen-indonesias-trade-relations-with-uk-cips>

Association proposes carbon trading platform

The government has proposed the introduction of a Carbon Tax through a revision of Law Number 6 of 1983 concerning General Provisions and Tax Procedures (RUU KUP). It is planned that the minimum rate of tax will be IDR75.00 per kilogram of carbon dioxide equivalent (CO₂e).

Chairman of the Association of Indonesian Forest Concessionaires (APHI), Indroyono Soesilo, recommended that a carbon trading mechanism should be established so both sellers and buyers can benefit.

See: <https://www.republika.co.id/berita/qxajyc383/aphi-usulkan-opsi-pengenaan-pajak-karbon> and <https://nasional.kontan.co.id/news/aphi-perusahaan-yang-mencapai-target-penurunan-emisi-selanjutnya-diberikan-insentif>



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

Myanmar

Exporters facing tough times

Timber exporters are saying buyers in the EU have cut back on purchases and those that continue to buy wood products are asking for the names of company shareholders.

Timber exporters have been facing tough trading conditions since the February coup. First, the Trade Department suspended the issuance of export licenses for about three months from April to June 2021 when the licenses began to be issued the EU announced sanctions on the Myanmar Timber Enterprise and Forest Joint Venture Corporation, the official suppliers of teak logs to the industry.

Myanmar's political rights and aid crisis is worsening

Speaking to UN News, the organisation's top aid official in Myanmar, Acting Humanitarian and Resident Coordinator Ramanathan Balakrishnan, described how people have been severely impacted across the country since the military took control in February.

"The situation in the country is characterised now by instability and a deteriorating socio-economic and security situation and to add to that we have a raging third wave of COVID-19," said Mr. Balakrishnan.

Highlighting the ongoing nature of armed resistance to State security forces "in several ethnic minority areas" including in the states of Shan, Chin and Kachin, the UN official said that more than 200,000 people had been uprooted from their homes there to date.

See: <https://news.un.org/en/story/2021/07/1096772>

ASEAN envoy confirmed

A decision was taken at the 28th ASEAN Regional Forum 6 August 2021 to appointment of the Minister of Foreign Affairs II of Brunei Darussalam to be the Special Envoy of the ASEAN Chair on Myanmar.

The report of the ASEAN Chairman's Statement reads:

"The Meeting discussed the recent developments in Myanmar and expressed concern over the situation in the country, including reports of fatalities and violence. The Meeting also heard calls for the release of political detainees including foreigners.

The Meeting welcomed Myanmar's commitment to the Five-Point Consensus adopted at the ASEAN Leaders Meeting on 24 April 2021 and acceptance for the timely and complete implementation of the Five-Point Consensus namely, the immediate cessation of violence in Myanmar and for all parties to exercise utmost restraint; constructive dialogue among all parties concerned to commence to seek a peaceful solution in the interests of the people; a Special Envoy of the ASEAN Chair to facilitate mediation of the dialogue process, with the assistance of the Secretary-General of ASEAN; ASEAN to provide humanitarian assistance through the ASEAN Secretary General and

assisted by the ASEAN Coordinating Centre for Humanitarian Assistance on disaster management (AHA Centre) and the Special Envoy and delegation to visit Myanmar to meet with all parties concerned.

The Meeting welcomed the appointment of the Minister of Foreign Affairs II of Brunei Darussalam to be the Special Envoy of the ASEAN Chair on Myanmar, who will start his work in Myanmar, including building trust and confidence with full access to all parties concerned and providing a clear timeline on the implementation of the Five-Point Consensus before the ASEAN Foreign Ministers Meeting".

See: <https://asean.org/wp-content/uploads/2021/08/Final-Chairmans-Statement-of-the-28th-ARF.pdf>

However, this appointment was immediately criticised by Justice for Myanmar who, in a press release, stated the ASEAN envoy is not acceptable because Brunei's state-owned oil company holds gas and oil licenses in the country.

See: <https://www.justiceformyanmar.org/press-releases/aseans-role-in-myanmar-further-undermined-by-brunei-business-with-military-and-cronies>

India

Record exports

Data from the Ministry of Commerce indicates that Indian exports have gradually grown after the first wave of the Covid-19 disrupted global trade. Exports reached a record high of US\$35.2 billion in July this year, the highest monthly figure in the country's history. July 2021 exports increased of 48% compared to July 2020 and by over 30% compared to pre-pandemic July 2019.

Strong export demand has boosted domestic production and the economy is showing signs of recovery. The recovery in manufacturing has resulted in rising demand for labour which is a welcome development after the massive job losses during the second wave of the Covid-19 pandemic.

Plywood price increases

Phenol and formaldehyde prices started to rise at the end of 2020 and they have continued to surge. Importers say that the prices have gone up because of increased prices of benzene and crude oil in international market.

The price increases for raw materials used to manufacture glues and resins used in the wood based panel sector have added to the cost of manufacturing plywood and laminates.

At a recent meeting the All India Plywood Manufacturers Association decided to raise plywood prices by 6% and increase the price of shuttering plywood by Rs. 2 per square foot.

For more see the June 2021 issue of Ply Reporter.

Imported pine log prices jump

Sharply increased prices for imported pine logs due to firm international demand and high freight charges have meant that Indian manufacturers of doors and other products are having to raise prices. As imported timber prices rise manufacturers have decided to raise prices for finished products.

Importers are of the opinion that pine log prices will not come down for another 4-5 months because of strong demand in China, USA and Europe.

Prices for recent shipments of teak logs and sawnwood

	US\$/cu.m C&F
Benin	294-658
Sawnwood	359-547
Brazil	330—527
Sawnwood	221-777
Cameroon	639
Sawnwood	974
Colombia	238-427
Costa Rica	263-541
Ecuador	392-495
Gabon	370
Ghana	260-559
Sawnwood	485
Guatemala	594
Ivory Coast	311-458
Sawnwood	752
Mexico	369-439
Sawnwood	373-585
Panama	367-539
PNG	389
Sawnwood	492-677
Tanzania	192-294
Sawnwood	896
Togo	259-532
S. Sudan	414-676
Sawnwood	633
Nigeria	319-630
El Salvador	349
Nicaragua	385-522
Solomon Is.	248

Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,000-4,200
Balau	2,500-2,700
Resak	-
Kapur	-
Kempas	1,550-1,750
Red meranti	1,550-1,750
Radiata pine	800-900
Whitewood	800-900

Price range depends mainly on lengths and cross-sections

Sawn hardwood prices

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

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	83.00▲
6mm	117.00▲
9mm	138.00▲
12mm	174.00▲
15mm	229.00▲
18mm	250.00▲

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	55.00▲	69.00▲
6mm	78.00▲	98.00▲
9mm	99.00▲	120.00▲
12mm	120.00▲	143.00▲
15mm	143.00▲	174.00▲
19mm	169.00▲	194.00▲
5mm Flexible ply	106.00▲	

Shipping delays as port operations slow

Shipping companies are warning that Vietnam will face a shortage of containers in the coming weeks because of disrupted schedules for ships returning to Asia, trucking delays and factory closures. It has been reported that shippers moving products out of the Cat Lai and Cai Mep ports in Ho Chi Minh City are seeing delays of two to five days.

The Cat Lai Terminal is heavily congested and Saigon New Port Corporation said it has stopped taking in refrigerated cargoes because of delayed loading. Shipping companies have suggested exporters ship through ports such as Tan Cang Hiep Phuoc in HCMC and Tan Cang-Cai Mep and Tan Cang-Cai Mep Thi Vai in the neighboring province of Ba Ria-Vung Tau.

See: https://www.joc.com/port-news/international-ports/shippers-face-growing-delays-vietnam-mulls-extending-virus-lockdown_20210730.html

and

See: <https://e.vnexpress.net/news/business/companies/hcmc-port-stops-receiving-bulk-cargo-amid-container-pileup-4334192.html>

Vietnam wood and wood product export and import update

Exports of wood and wood products in July 2021 reached US\$1.33 billion, up 17% compared to July 2020. In the first 7 months of 2021 exports of wood and wood products reached US\$9.58 billion, up 55% over the same period in 2020. In particular, exports of manufactured products reached US\$7.45 billion, up 64% over the same period in 2020.

Imports of wood and wood products in July 2021 reached US\$282.7 million up 35% compared to July 2020. In the first 7 months of 2021 imports of wood and wood products reached US\$1.83 billion, up 40% over the same period in 2020.

Exports to the Japanese market in July 2021 reached US\$128.9 million, up 26% compared to July 2020 and in the first 7 months of 2021 exports to Japan reached US\$834.7 million, up 19% over the same period in 2020. Exports of bedroom furniture in July 2021 are estimated at US\$196 million, little changed from July 2020 but in the first 7 months of 2021 exports of bedroom furniture were around US\$1.4 billion, up 47% year on year.

According to preliminary statistics from Customs, Vietnam's imports of wood raw materials in July 2021 reached 25,900 cu.m, worth US\$8.9 million, up 8% in volume and 3% in value compared to July 2020. In the first 7 months of 2021 imports of wood raw materials reached 168,300 cu.m, worth US\$ 62.8 million, up 8% in volume and 6% in value over the same period in 2020.

In the first 6 months of 2021 imports of wood raw materials from the US reached 374,610 cu.m, worth US\$153.72 million, down 14% in volume but up 2% in value over the same period in 2020.

Timber enterprises implementing '3 on-site' ask for public understanding

The South-East of Vietnam, including Binh Duong, Dong Nai and Ho Chi Minh City together contribute over 70% of Vietnam's total value of wood and wood product exports.

To avoid production disruption during the current lockdown covering southern Vietnam many wood processing factories have asked for permission to implement the model of '3-on-site' which means on-site production, on-site dining and on-site overnight. They have also asked for permission to operate a '1 road, 2 places' operations. Both production models aim to avoid the spread of coronavirus among workers.

For the '1 road, 2 places' arrangement entrepreneurs must ensure isolated production and residences in two separate locations, with a single transport route for workers to commute.

This pandemic production model has been functioning for a while at small companies (less than 500 workers). However the system has not been a total success for some larger companies.

Wood processing enterprises which have been implementing the '3 on-site' model in the provinces of Binh Dinh, Binh Duong and Dong Nai have detected clusters of COVID-19 cases but are asking that the production model be allowed to continue.

The latest survey from the Binh Duong Furniture Association (BIFA) showed that among 100 wood enterprises which have been operating the '3 on-site' model, 71 have ensured operations while 29 have been unable to avoid infection clusters.

Similarly, 60% of the 50 companies surveyed in Dong Nai Province said they have suspended operations because their workers have been infected. Another 30% of companies have been operating in an effort to fulfil contracts.

The '3 on-site' model, which involves on-site production, dining and rest has received an enthusiastic response from workers as it has helped maintain their incomes as well as support production and the business.

Lê Xuân Tân, Director of Happy Furniture in Dong Nai Province, said his company participated in deploying the '3 on-site' model under extremely strict controls from production to accommodation. Frequent COVID-19 tests are carried out.

Though admitting '3 on-site' is quite a costly operational model, Tân said the factory's closure would impact production and supply chains and mean workers would lose their jobs.

See: <https://vietnamnews.vn/economy/999760/wood-enterprises-implementing-3-on-site-ask-for-less-public-pressure.html>

Brazil

Bank of Amazonia financing SFM

The Bank of Amazonia (BASA) is provided financing for the implementation and maintenance of sustainable forest management systems. According to BASA, R\$66.9 million was made available in the first half of 2021 to family farmers who are supported by the National Program for the Strengthening of Family Agriculture (PRONAF).

BASA points out that the main purpose of their financing is to promote sustainable production of agribusinesses. The financing aims to guarantee the preservation of the environment with small properties destined to be included in the Permanent Preservation Area for reforestation and agroforestry systems.

BASA considers they contribute to the UN Sustainable Development Goals for 2030 agenda as they offer an alternative for the restoration and use of legal reserve areas.

In order to facilitate access to financing BASA provides a digital platform which is already accessible in the states of Pará, Acre, Amazonas, Rondônia, Roraima and Tocantins states in the Amazon region.

Private preserved forests

Brazil has 498 million hectares of forests of which 98% are natural forests and 2% are forest plantations. Of the total area, about 55% are forests on public land and 45% in private areas. According to Embrapa (Brazilian Agricultural Research Corporation) out of the forests located in private areas there are 176.8 million hectares of natural vegetation which are preserved representing 20.5% of the Brazilian territory.

The Rural Environmental Registry has 6.95 million rural properties registered occupying an area of 630 million hectares according to the Brazilian Forest Service.

Forest reserves and permanent preservation areas (APP's) are governed by the 2012 Brazilian Forest Code. The role of rural producers in protecting natural vegetation is set out in the legislation.

State of Paraná achieves record furniture exports

The furniture industries in Paraná reached a historic high export performance in the first half of 2021. Furniture exports in the first half of 2021 rose 105% in value compared to the same period last year. According to the Ministry of Economy exports were destined mainly to Chile, USA, Argentina, Uruguay and Peru. The challenge now is to sustain this level of exports.

The biggest surprise was that industries in Paraná state could achieve this as they never featured prominently in furniture exports. This performance was achieved despite the pandemic, increased costs and high freight charges.

At present a major concern for Brazilian furniture exporters a possible weakening of the US dollar and growing competition from other countries.

Even though furniture exports are rising manufacturers have been affected by rising raw material and component costs which are largely imported. Currently, Paraná State is the third largest furniture producer in Brazil, behind Santa Catarina and Rio Grande do Sul, which together account for 80% of the country's furniture exports.

Exports of wood-based panels jump

Data from the Ministry of Economy shows that exports of wood-based panels increased 29% in the first six months in 2021 compared to the same period of the previous year. In terms of export volume the increase was 11%.

In value terms wood based panel exports totalled US\$185 million compared to the US\$142.9 million exported in the first six months of 2020.

Domestic log prices

Brazilian logs, mill yard, domestic	US\$ per cu.m
Ipe	213
Jatoba	104
Massaranduba	95
Muiracatiara	96
Angelim Vermelho	93
Mixed redwood and white woods	76

Source: STCP Data Bank

Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US\$ per cu.m
Ipe	881
Jatoba	433
Massaranduba	434
Muiracatiara	388
Angelim Vermelho	388
Mixed red and white	256
Eucalyptus (AD)	195
Pine (AD)	131
Pine (KD)	166

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

Parica	US\$ per cu.m
4mm WBP	441
10mm WBP	396
15mm WBP	320
4mm MR.	383
10mm MR.	294
15mm MR.	263

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

Domestic ex-mill prices	US\$ per cu.m
15mm MDParticleboard	197
15mm MDF	249

Source: STCP Data Bank

Export sawnwood prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per cu.m
Ipe	1,752
Jatoba	997
Massaranduba	989
Muiracatiara	993
Pine (KD)	239

Source: STCP Data Bank

Export plywood prices

Pine plywood EU market, FOB	US\$ per cu.m
9mm C/CC (WBP)	401
12mm C/CC (WBP)	381
15mm C/CC (WBP)	366
18mm C/CC (WBP)	348

Source: STCP Data Bank

Export prices for added value products

FOB Belem/Paranagua ports	US\$ per cu.m
Decking Boards Ipê	4,000
Jatoba	1,813

Source: STCP Data Bank

Peru

Corona update

The number of citizens in Peru infected with COVID-19 rose to 2,130,018 as of 11 August according to the Ministry of Health. A total of 15,625,510 vaccine doses have been administered and 6,532,449 people have received two doses. The Deputy Minister of Health said "if progress is made according to the vaccination schedule, 100 percent of the population would be protected before the end of the year".

The Council of Ministers agreed to extend the state of health emergency due to the COVID-19 pandemic for 180 days.

See: <https://reliefweb.int/report/peru/bolet-n-semanal-red-humanitaria-nacional-rhn-5-de-agosto-de-2021-o-1-n-29> and <https://andina.pe/ingles/noticia-peru-coronavirus-cases-total-2130018-6532449-citizens-fully-vaccinated-857424.aspx>

More funds to reactivate the forestry sector

The Ministry of Economy and Finance has authorised the transfer of US\$4.4 million to be used to reactivate and finance activities aimed at strengthening the competitiveness and sustainable use of forest resources and wildlife in Ucayali, Loreto and Madre de Dios.

Details are found in Supreme Decree No. 186-2021-EF published in the Official Gazette El Peruano. Ucayali will be entitled to around US\$1.3 million, a 23% increase on the original budget. While the transfers to Madre de Dios and Loreto are considerably higher.

The official gazette says the priority activities are related to the granting of access rights to forest and wildlife resources; prevention, control and surveillance of activities that threaten forest resources and wild fauna; the generation, administration and dissemination of forest and wildlife information and community forest management. The budget line for these disbursements is the "Competitiveness and Sustainable Use of Forest Resources and Wild Fauna".

Better determination of contribution of forestry sector to economy

As part of the implementation of the Forest Satellite Account professionals from the National Forest and Wildlife Service (SERFOR) and the National Institute of Statistics and Informatics (INEI) recently exchange views with experts from Costa Rica to learn about the experience of creating environmental accounts.

This exposure was arranged thanks to a joint initiative of Peru, Costa Rica and Germany and is part of the work to develop the Forest Satellite Account, a key tool that will allow to demonstrate the importance of the forest and wildlife sector in the national economy.

It was reported that work is being done in Peru on the construction of a nationwide map of vegetation cover according to the standards established by the System of Environmental and Economic Accounts - SCAE to determine the stock, increase or reduction of the vegetation cover of the country.

For a year, SERFOR and INEI have developed the Peruvian Forest Satellite Account with the technical support of professionals from the Central Bank of Costa Rica, the Ministry of Environment and Energy and the National Forest Financing Fund of the Republic of Costa Rica.

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD	
Mexican market	664-679
Virola 1-2" thick, length 6"-12" KD	
Grade 1, Mexican market	584-612
Grade 2, Mexican market	498-523
Cumarú 4" thick, 6"-11" length KD	
Central American market	1009-1033
Asian market	1093-1121
Ishpingo (oak) 2" thick, 6"-8" length	
Spanish market	596-617
Dominican Republic	703-719+
Marupa 1", 6-11 length KD	
Grade 1 Asian market	569-598

Domestic sawnwood prices

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

Export veneer prices

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

Domestic plywood prices (excl. taxes)

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

Export plywood prices

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

Domestic prices for other panel products

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

Export prices for added value products

Peru, FOB strips for parquet	US\$ per cu.m
Cabreva/estoraque KD12% S4S, Asian market	1327-1398
Cumarú KD, S4S Swedish market	986-1119
Asian market	1089-1119
Cumarú 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**Corona update**

Newly reported COVID-19 cases in Japan exceeded 15,000 for the first time on 5 August and Tokyo reported a record high 5,042 new cases. Tokyo has been under a state of emergency since 12 July. In an attempt to curb the rising infections, Japan expanded emergency restrictions to eight more prefectures, Fukushima, Ibaraki, Tochigi, Gunma, Shizuoka, Aichi, Shiga and Kumamoto.

Olympic cost overrun

The cost of the just-ended Tokyo Olympics greatly overrun initial estimates. The Olympics were held without spectators at almost all venues meaning most of the US\$800 million in estimated ticket revenues did not materialise. The costs for the games had already ballooned due the one-year postponement amid the global health crisis and anti-virus measures and increased construction expenditures for the venues pushed costs higher.

The total costs for the Tokyo Olympics and Paralympics were estimated at ¥734 billion but this had grown to ¥1.64 trillion in December 2020.

July consumer confidence improves despite new state of emergency

The Cabinet Office Consumer Confidence survey for July reported a 17-month high, returning to pre-pandemic levels despite a resurgence in infections that forced the government to declare the fourth state of emergency. Consumers surveyed were more optimistic about their livelihood prospects, jobs and suggested government spending and strong exports boosted confidence.

Japan's seasonally-adjusted consumer confidence index stood at 37.5 in July, up from 37.4 in June to mark the second straight month of increase. The Cabinet Office survey said "While still in a severe state, consumer confidence continues to recover". While the latest lockdowns dashed policymakers' hopes for a strong rebound in the third quarter the government still maintains GDP will be back to pre-pandemic levels at the end of 2021 but this has not been borne out in a survey of the private sector.

An NHK survey has found that more than 70 percent of major companies in Japan expect the economy to recover to pre-pandemic levels next year and beyond.

Asked when the economy would return to pre-pandemic levels, 5 companies said in the latter half of this year, 30 said in the first half of 2022 while 24 companies said in the latter half of 2022. 8 companies said in the first half of 2023 and another 8 said in the latter half of 2023. 3 companies said in the first half of 2024.

Agricultural and forestry exports rise

Japan's Minister of Agriculture, Forestry and Fisheries, Kotaro Nogami, reported in an online press conference on 3 August that Japan's exports of agriculture, forestry and fishery products increased by 31.6 percent in the first half of 2021 from the same period last year, the highest ever for the first half of a year.

Throughout 2020 there was a steady increase in the exports of Japanese cedar logs to China and this continued into the first half of 2021. China accounted for the largest share followed by the Philippines, the United States, South Korea and Taiwan P.o.C.

Rising raw material costs

Wholesale prices in Japan rose at their fastest annual pace in July a sign that rising global commodity prices and a weak yen has pushed up the cost of imported raw materials. This has become a concern for Japanese manufacturers as they slowly resume production.

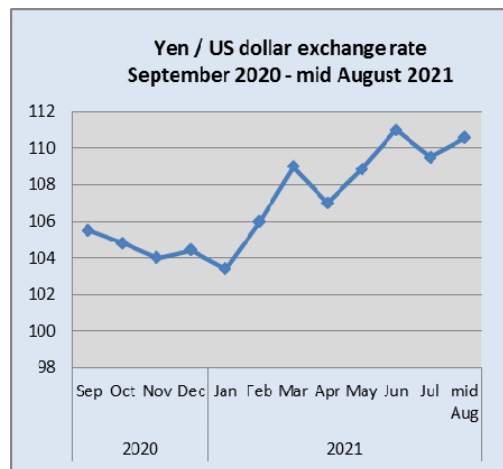
In the second quarter of this year major manufacturers reported strong export demand especially in the US and China but optimism is tempered as rising raw material costs will push up production costs.

The current state of domestic demand is not strong so companies hesitate to pass on higher raw material costs to consumers by raising prices.

Japan's economy had been showing signs of recovery with rising exports offsetting weak domestic consumption but with another state of emergency announced there are doubts that the pace of recovery can be maintained.

See:

<https://www.japantimes.co.jp/news/2021/08/12/business/economy-business/wholesale-inflation-hits-13-year-high-japan-costs-imports-rise/>



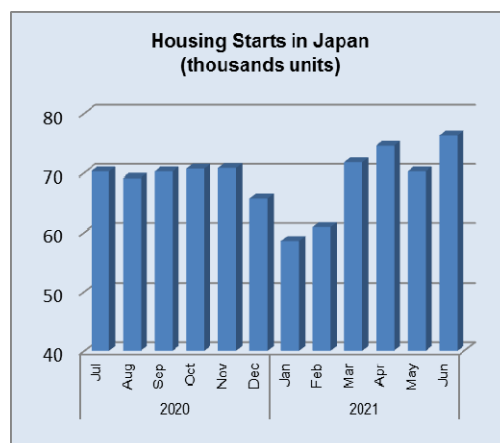
New regulations on home energy saving being considered

There are on-going discussions on making it mandatory for new homes to meet energy-saving standards as the household sector is estimated to account for roughly 15% of carbon dioxide emissions in Japan and excessive household power consumption because of poor insulation is one major factor.

To meet a target of reducing the average energy loss of all newly built homes to zero by 2030 the government is promoting "net-zero energy houses".

Some local governments have already adopted energy-saving targets for the household sector. In 2020 the government of Tottori Prefecture introduced a programme to certify the heat insulation of homes.

House builders are concerned about the impact of these measures as they will result in increased house prices.



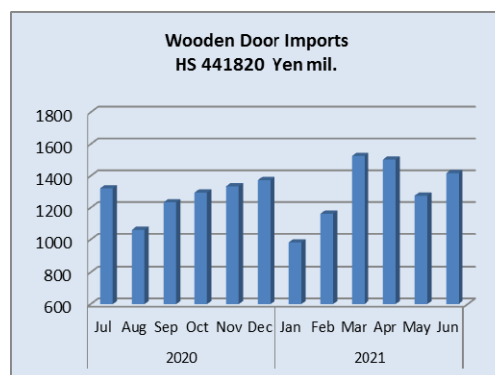
Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Import update

Wooden door Imports

Japan's imports of wooden doors (HS441820) in the first half of 2021 were up 16% on the value of first half 2020 imports but still below levels reported in the first half of 2019. Year on year, the value of June 2021 imports of wooden doors were 12.5% higher and compared to a month earlier there was a 12% increase.

As in previous months shippers in China and the Philippines accounted for over 80% of June imports of wooden doors with Malaysia accounting for around 3% of June imports. The combined value of wooden door shipments from suppliers in Europe amounted to 6% of the value of June arrivals.



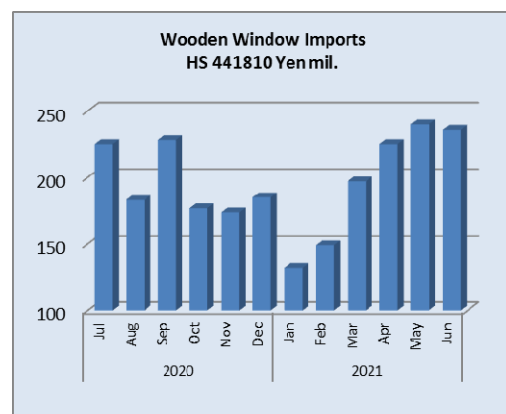
Data source: Ministry of Finance, Japan

Wooden window imports

Looking at the 12 month trend in the value of wooden window (HS441810) imports it would appear there has been a substantial improvement however, in the first half of 2021 the value of window imports was down on 2020 and down a massive 60% on the value of 2019 imports.

Compared to a month earlier, the value of June window imports were little changed but year on year there was a 5% rise. There has been a steady rise in the value of wooden window imports between January and May this year but this upward trend stalled in June.

Shippers in China accounted for 41% of June arrivals of wooden windows followed by the US at 35%. June shipments from the Philippines dipped to 14% of all June arrivals marking a decline on the value of May shipments.



Data source: Ministry of Finance, Japan

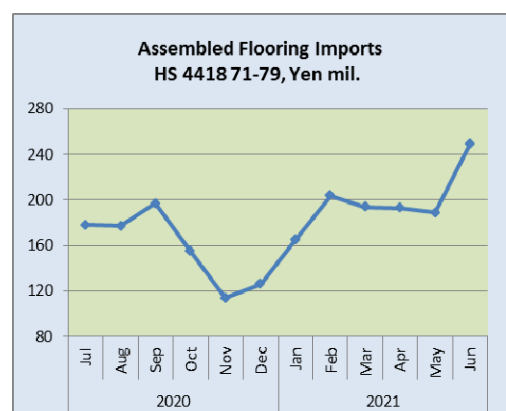
Assembled wooden flooring imports

In the first half of 2021 Japan's imports of assembled wooden flooring (HS441871-75) were around the same level as in 2020 but some 25% below the value of first half of 2019 imports.

Year on year, the value of Japan's imports of assembled wooden flooring (HS441871-79) in June jumped a remarkable 84% and compared to the value of May imports there was an over 30% increase.

As in previous months imports of HS441875 accounted for most assembled flooring imports with most (43%) being shipped from China. Shippers in Vietnam have been successful in capturing market share and accounted for 28% of all shipments of HS441875 in June.

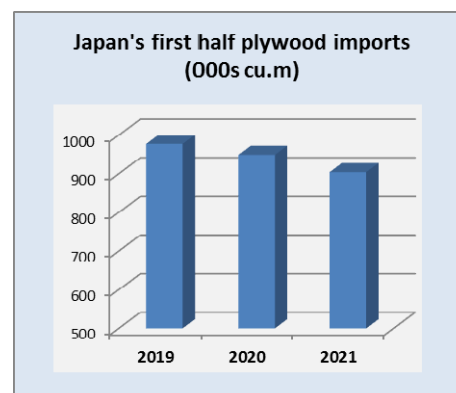
In June this year shippers in Malaysia and Indonesia together accounted for an increased share of imports at over 12%, a better performance compared to May when their combined shipments accounted for around 5% of shipments of HS441875.



Data source: Ministry of Finance, Japan

Plywood imports

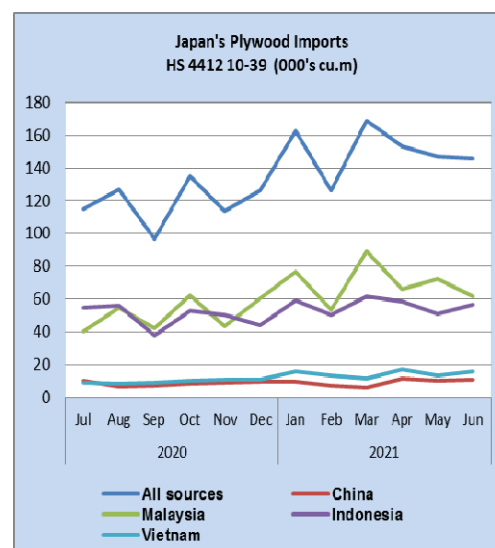
Plywood imports to Japan have been falling steadily for several years. The volume of first half 2021 plywood imports was down around 5% from that in 2020 and around 7% lower than the volume of 2019 imports.



Data source: Ministry of Finance, Japan

Year on year the volume of Japan's June imports of plywood (HS441210-39) was up 8% but compared to May the volume of imports was little changed.

Of the four main shippers of plywood, Malaysia, Indonesia China and Vietnam shipments from China were flat compared to a month earlier, arrivals from Malaysia were down but shipments from both Indonesia and Vietnam improved on the May volumes. Shipments of plywood from Vietnam to Japan are not large but June shipments were considerably higher than in June 2020.



Data source: Ministry of Finance, Japan

Main sources of Japan's plywood imports (000's cu.m)

		China	Malaysia	Indonesia	Vietnam
2019	Jan	14.0	91.2	66.4	11.9
	Feb	11.1	85.3	75	4.2
	Mar	4.4	70.1	61.2	9.8
	Apr	11.4	94.2	65.9	8.5
	May	12.4	61.8	48.9	10.6
	Jun	9.3	59.6	62.8	11.3
	Jul	9.8	65.1	59	12.1
	Aug	12.1	61.8	68.9	11.0
	Sep	10.0	53.0	62.0	12.0
	Oct	10.6	66.3	72.0	12.0
	Nov	13.1	69.5	68.1	12.6
	Dec	13.0	74.4	57.4	14.0
2020	Jan	13.4	61.1	81.6	17
	Feb	6.8	72.2	63.8	9.5
	Mar	5.8	76.5	73	12.2
	Apr	13.0	68.0	69.0	13.6
	May	9.6	69.7	59.0	12.6
	Jun	10.3	52.0	61.0	11.3
	Jul	10.2	40.0	54.9	8.9
	Aug	6.6	55.0	56.0	8.4
	Sep	6.8	42.2	37.8	8.7
	Oct	8.3	62.4	52.7	10.1
	Nov	8.6	43.1	50.0	10.9
	Dec	9.2	60.5	43.9	10.8
2021	Jan	9.7	76.9	59.3	15.7
	Feb	6.8	53.5	50.1	13
	Mar	5.7	89.4	61.5	11.5
	Apr	11.4	65.9	58.2	17.3
	May	10.3	72.0	51.0	13.0
	Jun	10.5	61.9	56.6	15.6

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://ifpi.jp/japan_lumber_reports/

Front loading of national forest timber sales

With rapid increase of demand of domestic wood, four regional offices of the national forest management decided to move up timber sales. With sharp drop of demand, overall supply reduction was done last year but now it is reversing to increase the supply.

Log supply from the national forest is about 15% in total log supply and it is functioning supply and demand. Log supply shortage started in early this year in some areas and three regional offices, Kyushu, Kinki/Chugoku and North East moved up schedule of timber sales then Kanto office decided to move up timber sales after July.

Log production depends on how soon timber buyers harvest and produce logs for the market but more timber sales are up for sale means log production should increase.

In Kyushu, normal bidding rate of timber sales is about 50% but in May, it is surprisingly high of 80% and the bid prices also climbed. In the North East, snow removal on logging road was made from beginning of the year to get logs out, which is unusual event.

North American logs

It is reported that FAS prices of Douglas fir logs for Japan market on July shipment are US\$30 up per M Scribner. Log market in local markets is rather quiet but log production is dropping and higher prices are necessary to secure enough volume.

Ocean freight is also climbing so that CIF prices are more than US\$60 higher, which is about 1,500 yen per cbm hike. The largest Douglas fir lumber manufacturer in Japan announced to increase the sales prices by 15,000 yen per cbm on KD lumber and 10,000-12,000 yen on green lumber since August 1 after considerable price increase of competing European redwood laminated beam for the third quarter.

Severe hot wave hit the West Coast is now gone but dry condition continues without any rain fall so forest fires could start up in any day now. Once restriction on logging starts, log supply will decrease so log prices for August and September are likely to stay high so domestic Douglas fir lumber manufacturers would continue raising the sales prices step by step.

FAS prices of Canadian Douglas fir logs for plywood mills are about US\$140 per cbm FAS, US\$5 up from June. CIF cost would be about US\$210, US\$10 up. Imported cost would be about 24,800 yen per cbm CIF, 1,300 yen up but plywood mills are anxious to procure as domestic cedar log prices are soaring but like U.S.A., log production is limited so there is not enough supply to satisfy the Japanese demand.

Imports from Canada continue increasing month after month. Total for the first five months is 329,324 cbms, 238.2% more than the same period of last year. The increase is so conspicuous because last years' supply dropped much by harvest stop of the largest supplier.

Douglas fir log supply increase by 29.9% from both Canada and the U.S.A. This is only increased item when all the other imported wood products decrease in wood shock

Radiata pine logs and lumber

Export industry is not active so that crating lumber demand for export is dull but supply of crating lumber on both domestic and import is limited so that the dealers are trying to secure the volume.

Meantime, because of climbing prices of crating lumber, some dealers are shifting to use other materials like cardboard.

Chilean radiata pine lumber's number second ship arrived in June. Compared to number one ship, the prices of number two ship are US\$25 per cbm C&F higher so the dealers are increasing the sales prices.

Dealers' prices on both thin board and square are 40,000-43,000 yen per cbm. Number three ship will come in late July, which prices are up by US\$20-25 so the dealers need to keep pushing the prices.

While the prices are climbing, dealers' inventory is getting tight because ships' interval stretched longer so the dealers try to limit sales.

Distribution volume of domestic cedar crating lumber is tight since sawmills concentrate manufacturing construction lumber. The prices of cedar crating lumber are also escalating and some prices are higher than Chilean radiata pine lumber.

New Zealand radiata pine lumber manufacturing mills announced to increase the sales prices of radiata pine lumber by 10,000 yen per cbm to 60,000 yen after they increased the prices in April by 5,000 yen. For crating panel, Chinese poplar LVL prices are climbing.

Advancing cypress log prices

As reported in last edition, it is big surprise that regular cypress log prices soared to record high price of 40,000 yen in June and the prices continue advancing. In July the prices reached 46,000 yen in Shikoku then in Hyogo prefecture, the auction price hit 48,000 yen. Domestic log prices have started climbing since last March as a result of shortage of imported wood products and extreme high prices. Substituting demand increased in May.

Housing starts are almost the same as last year but speculative demand pushed lumber prices higher, which stimulates log demand. Lumber prices climb then log prices follow to go up.

Plywood mills are also short of logs so that they buy logs for lumber now. Normally A class logs are straight for lumber manufacturing and B class logs for plywood. B class logs are not as good as A class with some curve but now there is no difference between A and B. Logs with top diameter of 18-28 cm (nakame) are in high demand now. Cypress nakame prices for plywood are 30,000 yen and cedar logs for plywood are 15,000 yen.

There was some excess supply of lumber in March but since last May, lumber supply became short and in July, it is scramble to buy lumber. Cypress 4 meter sill square wholesalers' prices are 135,000 yen per cbm and 3 meter cedar post are 105,000 yen which was about 85,000 yen about a month ago then shot up in short time.

In Kushu, prices of KD and green cypress sill lumber have been fiercely soaring after cypress log prices reached 40,000 yen.

KD sill lumber prices are 140,000 yen from 80,000 yen a month ago. Green sill lumber prices also jumped up to 90,000-100,000 yen from 60,000-70,000 yen a month ago. Marketers comment that the prices would keep going up toward fall demand.

In Northern Kyushu, KD cedar post prices are 110,000 yen and cedar purlin prices are 90,000-95,000 yen, 20,000 yen up from June. KD cedar post prices are lower than whitewood laminated post so the dealers are scrambling but some are not able to procure so that some ordered houses are short of post and are not able to start up. Some predict that orders by precutting plants should slow down so upward move of lumber should ease.

Changing North American lumber market

Average prices of 15 structural lumber dropped down to US\$689 per MBM in the second week of July, which is continuous decline for seven straight weeks. Compared to the last peak prices in the third week of May, it is drop of US\$825 (54.5%). Canadian SPF 2x4 #2 & better prices are US\$695 per MBM FOB mill, US\$15 down from previous week. Douglas fir KD 2x4 prices are US\$850, US\$105 down and hemlock KD 2x4 prices are US\$720, US\$165 down.

Compared to the peak prices, Douglas fir green lumber is down by US\$645 (45.8%), Douglas fir KD is down by US\$825 (49.3%) and KD hemlock is down by US\$965 (57.3%). However, dropped prices of US\$695 on average 15 structural lumber and US\$695 on SPF are higher than record high prices in 2018. Demand for housing has not dropped that much so once the bottom is confirmed, the prices are likely to rebound.

It is reported that abnormal high prices are caused by DIY market where general consumers buy small volume at one time for renovation of houses but now DIY market is simmering down after vaccine shots prevailed and from now on, the prices should settle at practical level.

Recent concern is forest fires on the west coast which would affect logging activities and may cause log supply shortage. There will not be any chance to see outrageous high lumber prices but upward pressure would continue

China

Substantial rise in log imports – but not tropical logs

According to China Customs, log imports in the first half of 2021 totalled 31.26 million cubic metres valued at US\$5.265 billion (CIF), up 29% in volume and 48% in value. The average price for imported logs was US\$167 (CIF) per cubic metre, up 15% from the same period of 2020.

Of total log imports, softwood log imports surged 41% to 24.81 million cubic metres, accounting for 78% of the national total. The average price for imported softwood logs was US\$142 (CIF) per cubic metre, up 24% from the same period of 2020.

China's log import in the first half of 2021 (volume)

	2021 1 st half mil. cu.m	% change YoY
Total log imports	31.62	29%
Softwood logs	24.81	41%
All hardwood logs	6.81	-1%
Tropical Logs	3.77	-8%

Data source: China Customs

China's log import in the first half of 2021 (value)

	2021 1st half US\$ mil CIF	% change YoY
Total log imports	5,265	48%
Softwood logs	3,524	75%
All hardwood logs	1,740	13%
Tropical Logs	998	4%

Data source: China Customs

Major log suppliers in the first half of 2021(vol)

	Volume mil. cu.m	% change yoy
New Zealand	10.02	58%
Germany	6.43	95%
Russia	3.40	3%
USA	1.64	36%
Uruguay	1.10	467%
PNG	1.04	-26%
Solomon Is.	0.96	-6%
Brazil	0.94	176%
Canada	0.81	44%
Czech Rep.	0.73	-48%

Data source: China Customs

Major log suppliers in the first half of 2021(value)

	Value US\$ mil. CIF	% change yoy
New Zealand	1,532	107%
Germany	898	149%
Russia	440	10%
USA	364	33%
Uruguay	137	564%
PNG	215	-17%
Solomon Is.	161	0%
Brazil	105	189%
Canada	155	53%
Czech Rep.	101	-34%

Data source: China Customs

According to local experts, the main reason for the increase in the volume of softwood logs imports was that a large quantity was imported from European countries in the first half of 2021. It has been estimated that about 500 million cubic metres of damaged European spruce will have to be harvested up to 2024 and much of this will be imported by China via the China-Europe Railway Express.

Germany, the second largest log supplier

The volume of log imports from most countries soared in the first half of 2021 and Germany became the second largest supplier of logs to China. Log imports from Germany rose 95% to 6.43 million cubic metres in the first half of 2021. China's log imports from Uruguay and Brazil surged to 1.10 million cubic metres and 0.94 million cubic metres respectively which contributed to the increase in overall log imports.

Main softwood log sources, first half 2021

	2021 1st half mil. cu.m	% change YoY
New Zealand	9.97	58%
Germany	6.19	119%
Russia	1.97	-11%
USA	1.26	50%
Uruguay	1.08	467%
Canada	0.79	57%
Czech Rep.	0.70	-49%
Japan	0.67	37%
Brazil	0.46	1622%
France	0.34	71%

Data source: China Customs

New Zealand was the top log supplier to China in the first half of 2021 accounting for 32% of total log imports. Log imports from New Zealand totalled 10.02 million cubic metres in the first half of 2021, up 58% from the same period of 2020.

Russia ranked third in terms of log exports to China at 3.40 million cubic metres in the first half of 2021, up 3%, and accounting for 11% of total log imports in the first half of 2021.

Australia no longer a major log supplier to China

China's log imports from Australia plummeted to 628,855 cubic metres in the first half of 2021 from 2.09 million cubic metres in the first half of 2020.

China's log imports from Australia plunged because of a ban on imports as the quarantine service in China once again detected pests in a log shipment. Since the beginning of 2020 the quarantine service has repeatedly detected live pests such as the long horn beetle, Cerambycidae and jewel beetles, Buprestidae in logs imported from Australia.

In accordance with national quarantine laws and regulations the infected logs have been treated and the exporters notified of the non-conformance with international standards and required to investigate the causes and take improvement measures to avoid a recurrence.

Slight decline in hardwood log imports

China's hardwood log imports in the first half of 2021 fell 1% to 6.81 million cubic metres (22% of the national total log imports). The average price for imported hardwood logs in the first half of 2021 was US\$256 (CIF) per cubic metre, up 14% from the same period of 2020.

Of total hardwood log imports, tropical log imports were 3.77 million cubic metres valued at US\$9.98 billion CIF, down 8% in volume but up 4% in value from the same period of 2021 and accounted for 12% of the national total log import volume.

The average price for imported tropical logs was US\$265 CIF per cubic metre, up 14% from the same period of 2020.

Before its log export ban Myanmar was a major source of tropical logs for China. However, China's log imports from Myanmar have been declining for many years.

This trend reversed in the first half of 2021 when China's log imports from Myanmar soared 391% to 6,410 cubic metres in volume and were valued at US\$8.1 million. The average price for imported logs from Myanmar rose 14% to US\$1,264 (CIF) per cubic metre in the first half of 2021.

Decline in tropical log imports in the first half of 2021

China imported tropical logs mainly from Papua New Guinea (27%), Solomon Islands (25%), Brazil (13%), Republic of Congo (7%) and Cameroon (6%). Just 10 countries supplied 91% (3.442 million cubic metres) of China's tropical log requirements in the first half of 2021.

China's tropical log imports from the first and second largest suppliers, PNG and Solomon Is., fell 26% and 6% to 1.037 million and 958, 000 cubic metres respectively.

It was this decline that drove down total tropical log imports in the first half of 2021.

In the meantime, China's tropical log imports from Equatorial Guinea and Suriname dropped 55% and 45% to 88,000 cubic metres and 69,000 cubic metres respectively. Similarly, China's tropical log imports from the Democratic Republic of Congo, Mozambique, Brazil and Sierra Leone declined.

Tropical hardwood log sources, 2021 1st half

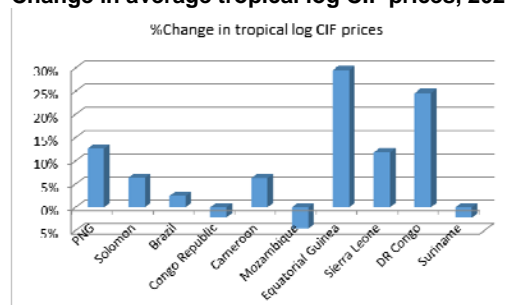
	2021 1st half 000s cu.m	% change YoY
PNG	1,037	-26%
Solomon	958	-6%
Brazil	480	-41%
Congo Rep.	248	2%
Cameroon	208	0.50%
Mozambique	199	-52%
Equatorial Guinea	88	-55%
Sierra Leone	78	-18%
DRC	76	-62%
Suriname	69	-45%

Data source: China Customs

Average tropical log CIF prices

First half 2021 CIF prices for most of China's tropical log imports rose. However, CIF prices for tropical log imports from Mozambique, Suriname and the Republic of Congo declined.

Change in average tropical log CIF prices, 2021 half



Data source: China Customs

Change in China's HS code for wood products

Tariff codes for some commodities have been adjusted. The following HS codes for wood products have been deleted as of 1 January 2021.

Deleted HS code for logs
 4403.2130 and 4403.2230 (Larch),
 4403.2140 and 4403.2240 (Douglas fir)
 4403.2500 and 4403.2600 (Other pine logs)

Deleted HS code for sawnwood
 4407.1130 (Douglas fir)
 4407.1900 (Other pine sawnwood)

The following HS codes on wood products have been added as of 1 January 2021.

Added HS code for logs
4403.2510 and 4403.2610 (Larch),
4403.2520 and 4403.2620 (Douglas fir)
4403.2590 and 4403.2690 (Other pine logs)

Added HS code for sawnwood
4407.1910 (Douglas fir)
407.1990 (Other pine sawnwood)

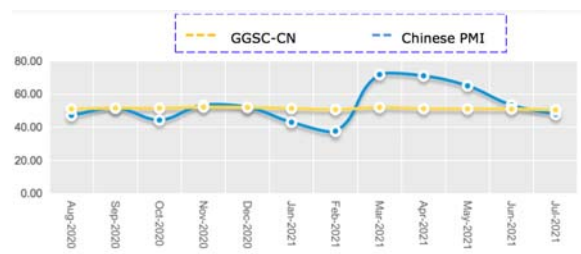
See:
http://gss.mof.gov.cn/gzdt/zhengcefabu/202012/t20201223_3636573.htm

GGSC-CN Index Report (July 2021)

In July 2021, China's PMI index declined to 50.4%, a slight drop from the previous month. However, it remained above 50%, indicating that the economy continued to pick up even as the growth rate slowed. In July the wood production and manufacturing industry has entered the traditional off-season period and while domestic demand remains stable export orders have declined significantly, the price of raw materials is still at a high level, the inventory of raw materials has continued to decline and the cost pressure of the industry has increased.

The GGSC-CN comprehensive index for July registered 47.7% (56.9% for July last year and 44.3% for July 2019), a decrease of 5.6% from the previous month and it dropped below the critical value of 50% for the first time since March. From this it is concluded that the operations of the forest products enterprises represented in GGSC-CN index shrank from last month.

GGSC-CN index trend August 2020 to July 2021



Challenges reported

- The price of fiberboard increased and the supply of raw materials is tight.
- The supply of raw materials such as base material and ebony is tight so it is difficult to secure wood.
- Efforts needed to reduce the procurement costs.

Products in short supply

- Ebony, oak, black walnut, cumaru, oak above 1.8m, fibreboard, Base material.

Commodities for which the price has increased

- Cumaru, pometia pinnata rosewood above 1.8m, Pterocarpus erinaceus Poir black walnut board, yellow rose board, rubberwood, ash, plywood, fibreboard, reinforced base material, solid wood blank, base material, urea, melamine, formaldehyde, decorative paper, epoxy acrylate

Commodities for which the price has decreased

- Formaldehyde, Paper

Summary

In the GGSC-CN index for July 2021 three out of five sub-indexes of fell and two increased.

The production index registered 46%, a decrease of 15% from the previous month and below 50% for the first time since March. It shows that the production of forest products enterprises represented in the GGSC CN is worse than last month.

The new order index registered 50%, a decrease of 5.5% from the previous month reflecting the ability of enterprises to obtain orders is almost same rate as last month.

The new export order index, reflecting international trade, registered 23%, a massive decline from the previous month showing orders from abroad in July decreased sharply July from last month.

The main raw material inventory index registered 46%, an increase of 7% from the previous month.

The employment index registered 54%, an increase of 3.9% from the previous month indicating the employment situation is better than the previous month.

The supplier delivery time index was 38.5% indicating that the supply time of raw material suppliers is much more slowly than in June.

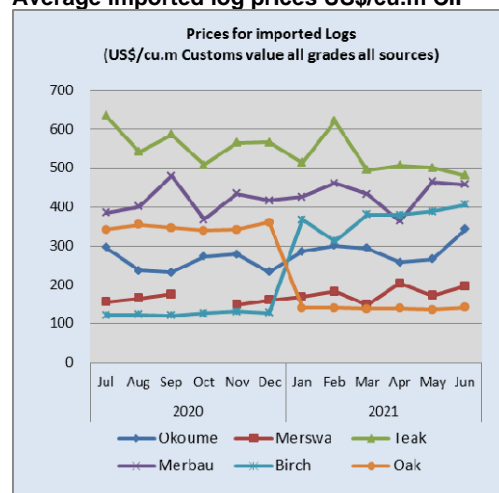
See: http://www.itto-ggsc.org/site/article_detail/id/222

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

	2021 May	2021 Jun
Okoume	266	343
Merswa	172	197
Teak	501	481
Merbau	464	457
Birch	388	407
Oak	136	141

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

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



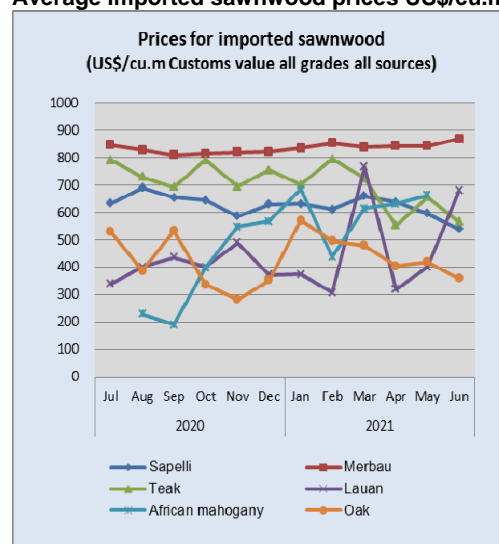
Data source: China Customs. Customs value all grades, all sources

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

	2021 May	2021 Jun
Sapelli	597	539
Merbau	843	869
Teak	656	566
Lauan	401	680
African mahogany	663	
Oak	419	359

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

Europe

Wood losing out to other materials in joinery sector

The performance of the EU27 wood joinery sector in 2020 was better than expected considering the huge economic dislocation caused by the COVID-19 pandemic.

The pandemic tended to reinforce existing long term trends in this sector including: a continuous increase in joinery production in Germany offsetting a large decline in Italy; wood's loss of share to other materials – particularly plastics - in windows and doors manufacturing; and an increasing focus on other European countries in imports of joinery products, particularly at the expense of tropical countries.

These are the main conclusions to be drawn from analysis of newly released Eurostat PRODCOM data which provides a snapshot of the production and consumption value of wood joinery products in the EU27 in 2020.

Rebound in construction lifts joinery sector

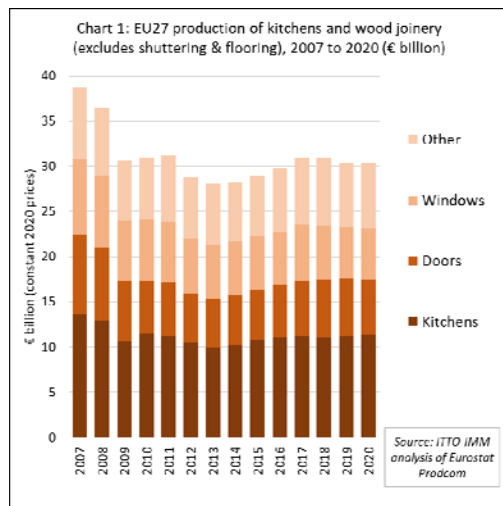
Eurostat data shows that the value of construction activity in the EU27 fell by 4.9% in 2020. This was a much less dramatic fall than forecast early in the pandemic as activity rebounded rapidly in the third quarter of the year after the sharp fall in the first lockdown in April/May 2020.

There was a bigger decline in construction activity in 2020 in those EU27 countries most affected by the pandemic and where lockdowns conditions were particularly long-lasting and restrictive, including France (-15%), Spain (-12.5%), Belgium (-8.2%), and Italy (-8.1%).

Construction activity was more resilient in Germany (+2.9%), Denmark (+2.5%), Finland (0%), the Netherlands (-0.3%), and Sweden (-0.8%).

Overall activity in the EU27 wood joinery sector was more stable in 2020 than activity in the wider construction sector. Eurostat data shows that the production value of wood joinery and related products in the EU27 decreased only 0.1% to €30.41 billion in 2020 following a slightly larger decline of 1.5% in 2019.

Total wood joinery activity across the EU27 was at significantly higher level in 2020 than between 2012 and 2016 at the time of the European Debt Crises (Chart 1).



However, the overall figure hides significant variations between EU27 countries (Chart 2). The most obvious trend in recent years – which accelerated in 2020 – is the persistent growth of joinery activity in Germany offset by a large decline in activity in Italy. Although Italy was still the second largest joinery manufacturing country in the EU in 2020, the value of Italian production was less than half that of Germany last year.

The value of joinery activity in Germany increased 6.0% to €9.51 billion in 2020, a significant increase in the pace of growth compared to only 1.6% the year before. In contrast, production activity in Italy fell 7.8% to €4.41 billion in 2020 following a decline of nearly 15% in 2019.

Italy was more severely affected by COVID-19 than Germany in 2020, but the contrast in performance with Germany is also a reflection of a longer-term decline in Italy's relative competitiveness in wood product manufacturing.

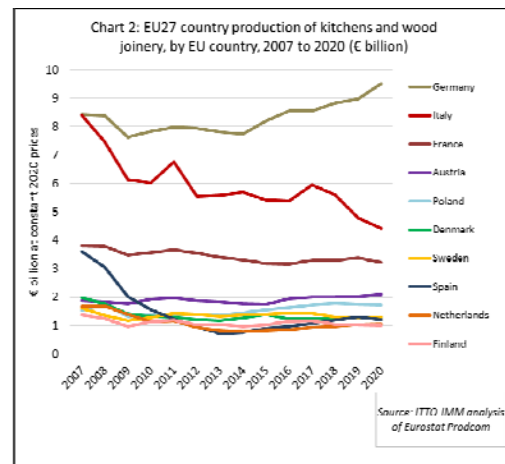
Trends in wood joinery production in other EU27 countries have been much less dramatic. Joinery production in France fell 4.9% in 2020, to €3.22 billion, after rising 2.6% the previous year. Production in Austria increased 3.6% to €2.09 billion in 2020, continuing a gradual but consistent and long-term rise.

Joinery production in Poland has slipped a little after rising strongly between 2013 and 2018, falling 1% to €1.73 billion in 2020. This followed a 2% decline the previous year.

Joinery production in Denmark (+0.8%), Sweden (+4.7%), and the Netherlands (+1.9%) was resilient in 2020 in line with less stringent lockdowns and good activity in the wider construction sector in those countries.

Joinery production in Spain fell 6.4% to €1.21 billion in 2020 after making a large 9% gain the previous year. In 2018 and 2019, Spain's construction sector was at last recovering after a very long period of stagnation since the 2008-2009 financial crises.

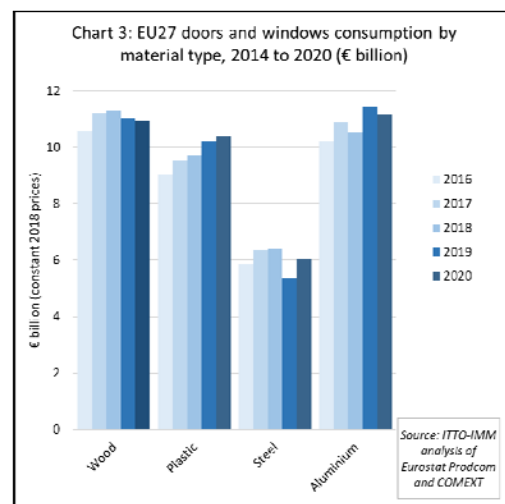
But in 2020 Spain was hit heavily by the pandemic, experiencing large numbers of COVID cases, lengthy lockdowns and massive losses in the tourist trade.



Part of the explanation for slow growth in wood joinery activity in the EU27 in recent years is increased substitution by alternative materials.

Eurostat PRODCOM data provides comparable data on the total value of doors and windows manufactured in the EU27 in wood, plastic, steel and aluminium respectively. It shows that while manufacturing of wooden doors and windows declined in 2019 and 2020, the value of plastic door and window production has been increasing.

The value of manufacturing of steel doors and windows declined sharply in 2019 but rebounded in 2020. The manufacturing of aluminium doors and windows followed the opposite trend, rising in 2019 but falling in 2020 (Chart 3).



Overall the share of wood in the total value of EU27 door and window production fell from 30% in 2018 to 28% in 2020. Over the same period, the share of plastic increased from 26% to 27%, aluminium increased from 28% to 29%, while steel decreased from 17% to 16%.

There are a wide range of factors behind these shifts in materials usage in the windows and doors sector, but material supply and pricing have probably become more prominent during the pandemic.

There have been widespread reports of extreme shortages in the supply of timber, steel and aluminium, all of which have experienced sharp price increases in the EU27 since the start of the pandemic.

While plastic products were already taking market share – benefiting from their relatively lower cost – manufacturers of plastic products less affected by these shortages have been well placed to take advantage of a surge in demand for home improvement during the pandemic.

Longer-term, the growth in aluminium consumption in the EU27 windows and doors sector has been significant. Aluminium has always remained the default windows product in the commercial market but has enjoyed considerable resurgence within the residential window and door market.

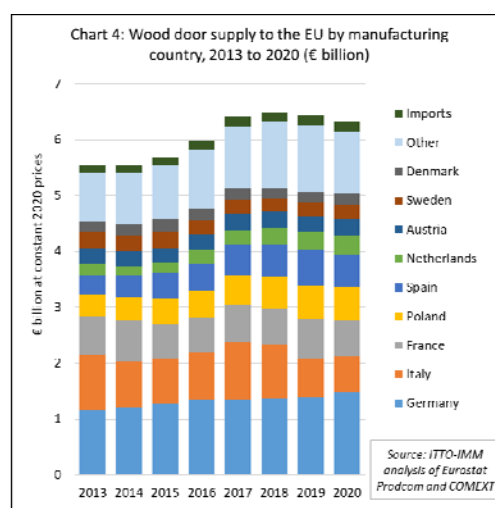
An important driver behind this has been aluminium bi-fold and sliding doors as consumers demand greater space and light within living areas. Another factor is the demand for lower maintenance and greater strength in light weight frames for high energy efficiency double and triple glazed units.

A limitation of the PRODCOM data is that it does not distinguish products made wholly in wood or metals from those that are composites of both materials. The development of wood-aluminium composite window frames has been a key growth area in the EU27 in recent years. These products combine the strength and efficiency of aluminium with the thermal insulation and aesthetic properties of wood.

Germany, the largest wooden door manufacturer

Eurostat PRODCOM data shows that the total value of wooden doors supplied to the EU27 decreased 2% to €6.31 billion in 2020 following a 1% decline the previous year. Most new wooden door installations in the EU27 comprise domestically manufactured products.

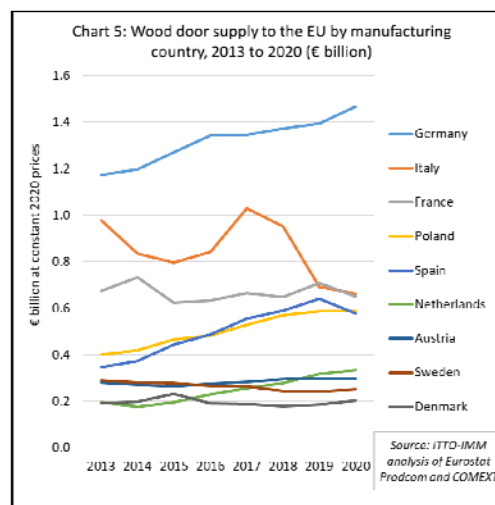
The EU27's domestic production also declined by 2% in 2020, to €6.13 billion (Chart 4).



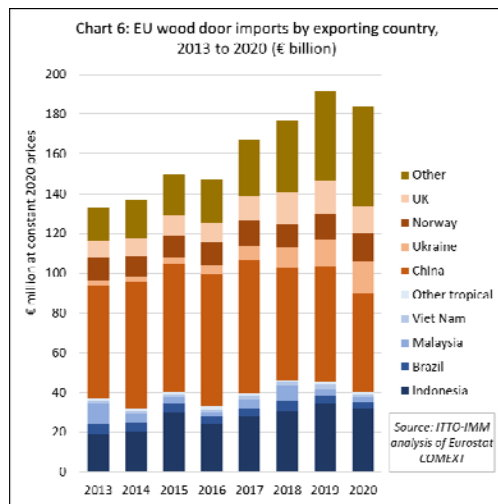
There was significant variation in the performance of the wooden door sector in EU27 countries in 2020. Production in Germany, now by far the largest wooden door manufacturing country, increased 5% to €1.47 billion during the year, continuing an uninterrupted rise since 2009.

Wooden door production in Italy fell 4% to €660 million in 2020, a relatively minor decline compared to the 27% decrease the previous year. Production in France fell 8% to €650 million in 2020 after a 9% rise in 2019. Production in Spain was down 10% to €580 million in 2020 after a 9% gain in 2019.

Elsewhere there was robust wooden door production during 2020, with a rise of 5% to €330 million in the Netherlands, 4% to €250 million in Sweden, and 9% to €200 million in Denmark. Production was stable in Poland and Austria during 2020, at €590 million and €300 million respectively (Chart 5).



Wooden door imports into the EU27 decreased by 4% to €184 million in 2020 (Chart 6). Imports accounted for 2.9% of the total euro value of wooden door supply to the EU27 in 2020, slightly less than 3.0% the previous year.



Due to rising freight rates and other supply issues, a smaller share of EU27 wooden door imports were sourced from tropical countries during 2020. Total EU27 imports from the tropics were €40.2 million in 2020, 11% less than in 2019. This contrasts with a decline of only 2% from temperate countries to €143.8 million in 2020.

In 2020, wooden door imports were down 8% to €31.6 million from Indonesia, down 8% to €3.5 million from Brazil, down 31% to €2.5 million from Malaysia, and down 31% to €1.6 million from Vietnam. EU27 imports of wooden doors from China, still the largest single external supplier, fell 14% to €49.9 million in 2020. In contrast, imports from Ukraine increased 22% to €16 million in 2020 building on a 23% increase the previous year.

Wooden door imports from the UK, now an external supplier to the EU27, fell 16% to €13.8 million in 2020, partly owing to pandemic related supply problems and partly to changing distribution networks after the UK's departure from the EU at the start of 2020.

An even more pronounced decrease in EU27 door imports from the UK is expected in 2021 as the UK only left the EU single market on 1st January this year following a 12 month transition period.

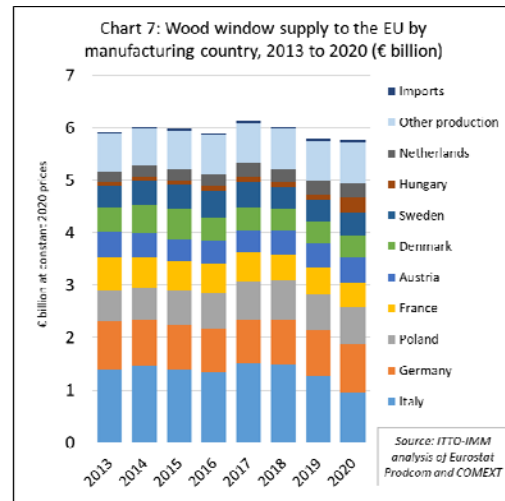
The European wooden door industry is now dominated by products manufactured using engineered timber driven by requirements to comply with higher energy efficiency standards and efforts to provide customers with more stable products and long-life time guarantees.

Another key trend is towards composite doors with a steel-reinforced uPVC outer frame with an inner frame combining hardwood and other insulation material. These products are designed to combine strength, security, durability, high energy efficiency, with a strong aesthetic.

There may be a place for tropical hardwoods in the design of these products with manufacturers looking to combine high quality, consistent performance, regular availability, and good environmental credentials with a competitive price.

EU market for wooden windows

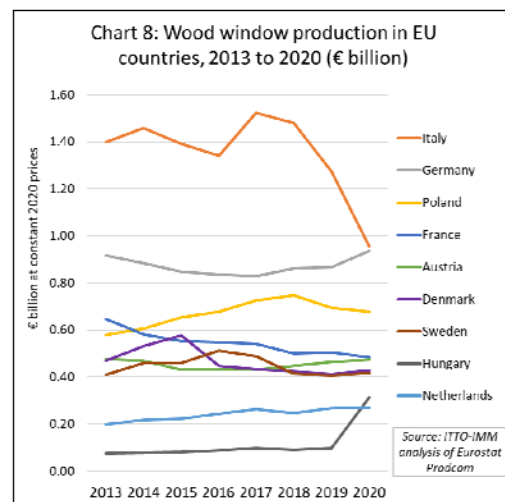
The total value of wooden windows supplied to the EU27 fell 1% to €5.76 billion in 2020 following a 4% decline the previous year (Chart 7).



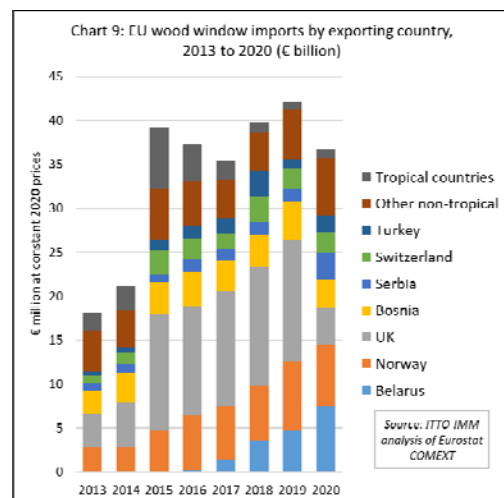
The supply of wooden windows to the EU27 is overwhelmingly dominated (over 99%) by domestic production which fell 0.6% to €5.72 billion in 2020. Italy just maintained by the slimmest of margins its position as the largest wooden window manufacturer in the EU in 2020, despite production slumping 25% to €950 million.

Wooden window production also declined in Poland (-2% to €680 million) and France (-4% to €480 million) during the year.

Production in Germany increased 8% to €940 billion in 2020 after a 0.5% rise the previous year. In 2020 production also increased in Austria (+2% to €470 million), Denmark (+5% to €430 million), Sweden (+2% to €420 million), and the Netherlands (+1% to €270 million) (Chart 8).



EU imports of wooden windows from outside the EU decreased by 13% in 2020 to €36.7 million (Chart 9). Imports from Belarus, now the largest external supplier, increased 61% to €7.5 million in 2020, continuing a rising trend that started in 2017. However imports fell from Norway (-10% to €7.1 million), the UK (-71% to €4 million) and Bosnia (-24% to €3.3 million).



Only a tiny quantity of wooden windows is imported into the EU from tropical countries. After a spike in imports of €7 million in 2015, mainly from the Philippines, imports from tropical countries fell to less than €1 million in 2019 and were still around that level in 2020.

While tropical countries are not significantly engaged in the EU market for finished windows, this sector is of interest as a source of demand for tropical wood material. From this perspective, a notable trend in the EU window sector – as in the door sector – is towards use of engineered wood in place of solid timber. This is particularly true of larger manufacturers producing fully-factory finished units that buy engineered timber by the container load.

Increased use of engineered wood is closely associated with efforts by window manufacturers to meet rising technical and environmental standards, provide customers with long lifetime performance guarantees and recover market share from other materials.

Increased focus on energy efficiency means that triple-glazed insulating window units with very low U-factors are now more common than double-glazed units in Europe. These units demand thicker, more stable and durable profiles that in practice can only be delivered at scale using engineered wood products or by combining wood with aluminium and steel in composite products.

The quality and engineering of wooden windows has undergone a revolution in the EU in recent years so that manufacturers are now able to deliver products with many of the benefits previously reserved only for the best quality tropical hardwood frames using softwoods and temperate hardwoods.

Factory-finished timber windows are given a specialist spray-coated paint finish for even and durable coverage which might only need redoing once a decade. The lifespan of factory-finished engineered softwood frames is now claimed to be about 60 years, while thermally or chemically modified temperate woods can achieve around 80 years.

Nevertheless, smaller independent joiners producing bespoke products in low volumes still tend to rely on solid timber purchased from importers and merchants to manufacture window frames. Tropical woods such as meranti, sapele and iroko continue to supply a high-end niche in this market sector.

The opportunities for wood suppliers in the EU27 windows sector are significant – the total value of wooden windows sold in the EU27 in 2020 was €5.24 billion, a 1% gain compared to €5.19 billion the previous year.

The downside is that this is a highly competitive market that has yet to achieve any significant growth despite all the promise offered by wood's excellent thermal insulation and other environmental credentials compared to other materials and the recent strong emphasis on improved product performance and efficiency.

When adjusted for inflation, the value of EU27 wooden window consumption in 2019 was at the lowest level recorded for at least the last twenty years – and the increase in consumption in 2020 was only marginal.

Perhaps more than ever before, there is now an opportunity to turn the tide. There is a very strong focus in the COVID-19 recovery plans on long-term economic and social “resilience”. NextGenerationEU, the €750 billion (\$888 billion) economic recovery instrument now being rolled out across the EU in response to the pandemic, is explicitly linked to the EU Green Deal, a radical project to cut EU emissions by 55% compared to 1990 levels by 2030 on the way to making the EU climate neutral by 2050.

37% of NextGenerationEU finance is earmarked for achievement of European Green Deal objectives with activities to include a large program of building renovation and support for the “circular economy” and sustainable investment. There is a rising expectation that demands for formal Environmental Product Declarations (EPDs) and so-called Product Environmental Footprints (PEFs), will become much more widespread, particularly in the construction sector as more building projects are subject to mandatory environmental assessment.

The projected costs of these Green Deal measures are enormous, requiring an additional €82 billion to €147 billion in spending every year until 2030, about half a percentage point of the EU's GDP. Beyond 2030, the additional investments are 1% to 2% of GDP, about €4.6 trillion between 2031 and 2050.

If wooden products, with all their carbon benefits and natural and sustainability credentials cannot thrive in this market environment and begin to retake share from fossil fuel intensive materials like plastics, aluminium and steel, then they never will.

North America

Tropical hardwood imports down sharply in June

Imports of sawn tropical hardwood fell 22% by volume in June. The 7,763 cubic metres imported in June was significantly lower than the volume seen in the last few months and was down to a level comparable to that of last winter.

Imports from the top supplying nations were all down by an even larger percent: Cameroon down 48%, Congo (Brazzaville) down 35%, Malaysia down 34%, and Ecuador down 23%. Imports of aapelli and acajou d'Afrique were about half of the previous month's volume while imports of keruing dropped by 38% and Balsa was down 39%.

Imports of ipe and jatoba, which are no longer included in these reported totals, both rose again in June. Ipe imports gained 3% in June while jatoba imports grew by 24%. Overall sawn tropical hardwood imports (not including ipe and Jatoba) are down 37% year to date. However, if we include those two woods, imports are actually up 16% over 2020 so far this year.

Canadian imports of sawn tropical hardwood fell for the second straight month in June. Imports were off 12% as imports from Cameroon, Indonesia, and Congo (Brazzaville) all fell by more than 30%.

	1st half 2021	% change 2020-21
Ecuador	6,106	-8%
Brazil	4,061	-83%
Cameroon	8,581	-9%
Malaysia	8,087	-19%
Congo (Braz.)	6,786	13%
Peru	444	32%
Indonesia	2,777	-71%
Ghana	3,765	9%
Cote d'Ivoire	1,415	34%
Other	7,824	-15%
Total	49,846	-100%

Data source: US Census Bureau, Foreign Trade Statistics

Hardwood plywood imports retreat

After a record volume in May, imports of hardwood plywood fell back 8% in June. Despite the retreat, at 282,048 cubic metres the volume was more than 53% higher than June 2020. The fall in volume did not lead to a corresponding dollar loss as the amount spent rose marginally to more than US\$195 million as unit values increased.

Imports from Indonesia, Cambodia, and Vietnam all fell by about 10% in June but are ahead significantly year to date from each of these countries. Overall imports of hardwood plywood are up 25% year to date through the first half of 2021.

	1st half 2021 cu.m	% Change 2020-21
China	93,914	-1%
Russia	464,739	1%
Indonesia	681,455	43%
Malaysia	147,638	8%
Cambodia	119,699	46%
Vietnam	628,590	20%
Ecuador	123,821	29%
Other	531,170	39%
Total	2,791,027	25%

Data source: US Census Bureau, Foreign Trade Statistics

Veneer imports show third straight month of strong growth

Imports of tropical hardwood veneer continued their strong recovery in June gaining 49% in volume from the previous month to post its best total since August 2019. Imports from China and Ghana both rebounded from a dismal May while Imports from Italy grew by 44%.

Imports from India fell back 43% from a very strong May, but still managed to outpace June 2020 imports by 75%. The strong month pulled year to date imports ahead of 2020 for the first time this year as they are now up by 2% through the first half of 2021.

Hardwood flooring imports strongest in more than two years

Imports of hardwood flooring had another strong month gaining 10% by volume in June for their best month since May 2019. The gain was almost entirely due to a more than doubling of imports from China in June. Despite the gain, imports from China are still down 16% year to date.

The big month from China was tempered by drops in imports from Malaysia (down 47%) and Indonesia (down 43%). Overall imports of hardwood flooring are ahead 41% year to date over 2020.

Imports of assembled flooring panels rose by 5% in June on strong increases in imports from Canada (up 31%), Indonesia (up 54%) and Thailand (up 46%). Imports from Brazil and China were both down sharply. Imports appear to be much stronger this year than last, but information is incomplete currently as the U.S. government is updating its reporting in this category. (See related story below)

USDA changes assembled flooring panels reports to coordinate with Commerce Department

The U.S. Department of Agriculture (USDA) added two additional categories of Assembled Flooring Panels to its GATS imports data beginning with the data for May 2021.

The reports have added imports for Harmonised System (HS) codes 4418790100 and 4418739000 to their reports, increasing import total figures going back years. The two codes represent categories that register imports “not elsewhere specified or indicated” (NESOI).

UDSA official Jason Carver wrote us that “a number of HS code changes implemented in 2019 (and one in 2018) were not showing up in the GATS database but were present in the U.S. Census trade database. Carver says the GATS database is now up to date.

Moulding imports advance for fourth straight month

Imports of hardwood moulding were up 6% by volume in June on strong gains from China. Imports from China rose 62%, continuing their recovery from a very weak spring. Due to the poor first quarter, imports from China are down 60% year to date through the first half of the year.

Concersely, imports from Canada and Malaysia both fell 3% in June but are well ahead year to date, 47% and 60% respectively. Overall imports of hardwood moulding are up 17% year to date.

Wooden furniture imports down 2%

Imports of wooden furniture fell by 2% from May’s record but, at over US\$2.2 billion in June, they are still higher than every other month of the past 10 years and are nearly twice that of June 2020. Imports from Mexico grew by 8%, while imports from most other countries all fell by less than 10%, except for imports from India, which slid 20%. Overall imports are up 64% year to date through the first half of the year.

Meanwhile, new orders for residential furniture are continuing to see big growth, rising 47% in May 2021 over May 2020. This marks 12 straight months of year-over-year increases, as reported by Smith Leonard in the latest issue of Furniture Insights. Year to date, the results remained very strong with orders up 67% over the first five months of 2020. Orders were up for 97% for the survey’s participants year to date.

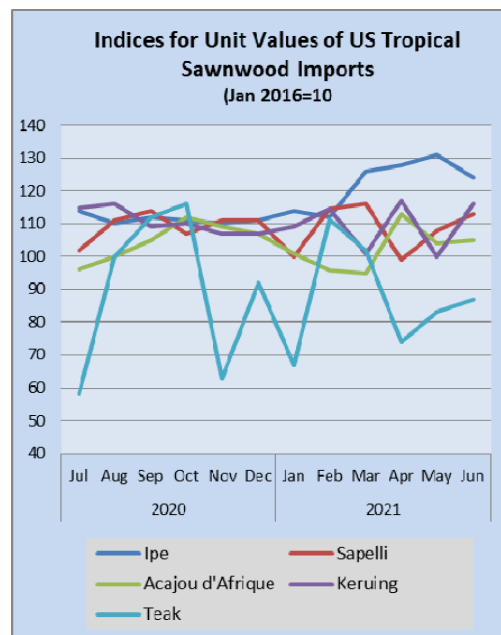
Since 2020 was not a normal year, Smith Leonard compared the 2021 year to date results with that of their 2019 survey. This comparison showed new orders up 36% over the first five months of 2019. These results show that business has continued to be positive since the beginning of the comeback from the shutdown of the economy in the March/April 2020 time frame.

See:

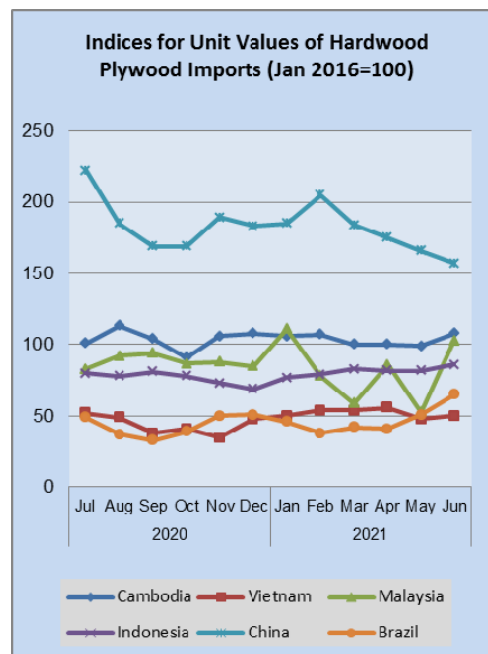
<https://www.woodworkingnetwork.com/news/woodworking-industry-news/furniture-orders-47-percent-supply-labor-issues-continue>

	1st half 2021 cu.m	% Change 2020-21
Vietnam	4,901,641,631	82%
China	2,562,666,139	52%
Canada	696,786,672	15%
Malaysia	880,540,906	70%
Mexico	774,506,382	74%
Indonesia	526,091,059	45%
India	234,353,589	76%

Data source: US Census Bureau, Foreign Trade Statistics



Data source: US Census Bureau, Foreign Trade Statistics



Data source: US Census Bureau, Foreign Trade Statistics

Furniture maker MCS sues two shipping companies, claims collusion

American home furniture manufacturer and supplier MCS Industries has filed a US\$600,000 lawsuit against Cosco Shipping Lines and MSC Mediterranean Shipping Company, alleging the two shippers had violated the U.S. Shipping Act and exploited customers.

MCS says that since the beginning of the COVID-19 pandemic, shippers have colluded to manipulate the market. MCS said the collusion was made possible because there are now just three alliances that dominate 90 percent of the East-West trade lanes. MSC, the world's second-largest shipper, said it was 'shocked' by the suit and rejected claims of collusion.

MCS says a container shipped from China to the U.S. West Coast in 2019 would have cost US\$2,700. Now that same voyage would cost more than US\$15,000. Congress recently moved to give the Federal Maritime Commission more power to investigate shipping lines.

See:

<https://www.woodworkingnetwork.com/news/woodworking-industry-news/furniture-maker-mcs-sues-two-shipping-companies-claims-collusion>

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.

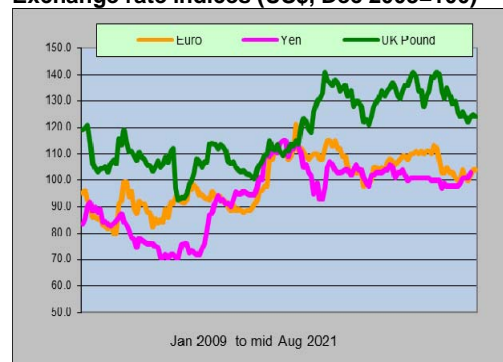
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Dollar Exchange Rates

As of 10 August July 2021

Brazil	Real	5.2195
CFA countries	CFA Franc	559.79
China	Yuan	6.4792
Euro area	Euro	0.8518
India	Rupee	74.14
Indonesia	Rupiah	14383
Japan	Yen	110.44
Malaysia	Ringgit	4.24
Peru	Sol	3.93
UK	Pound	0.721
South Korea	Won	1154.14

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

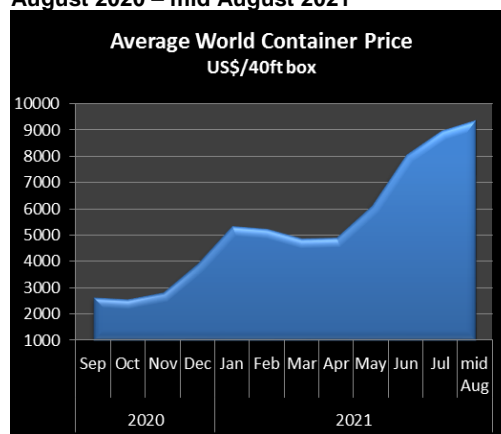


Abbreviations and Equivalences

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

Ocean Container Freight Index

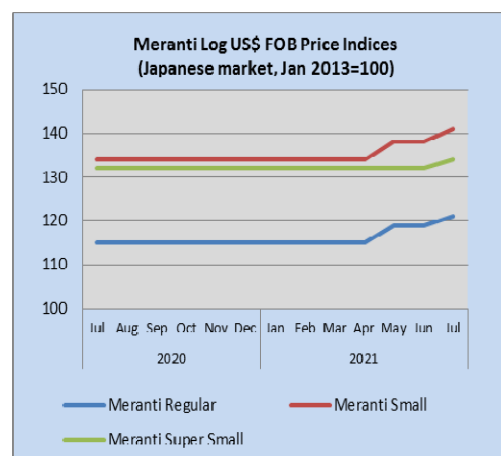
August 2020 – mid August 2021



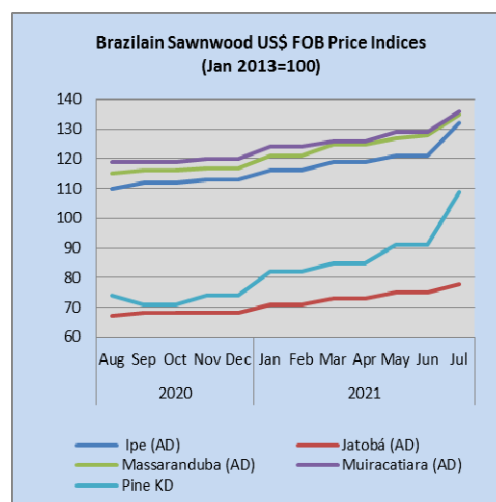
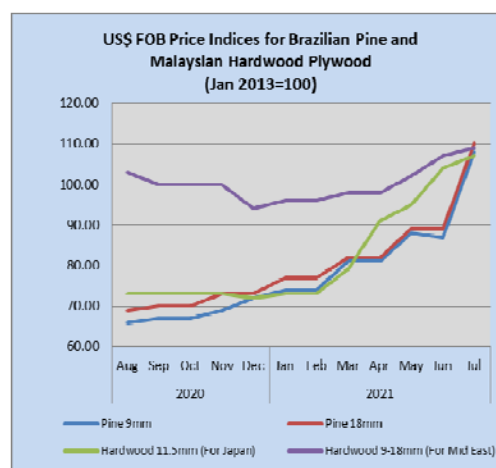
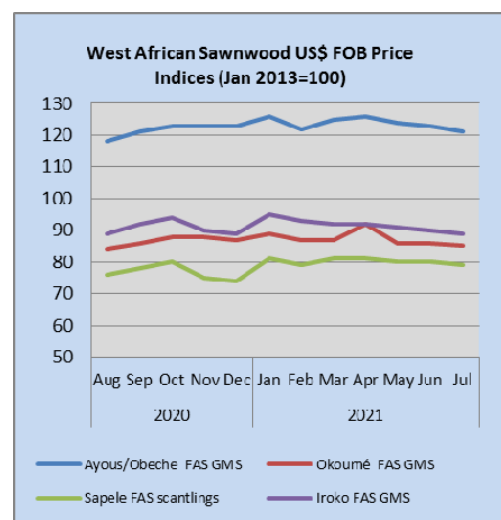
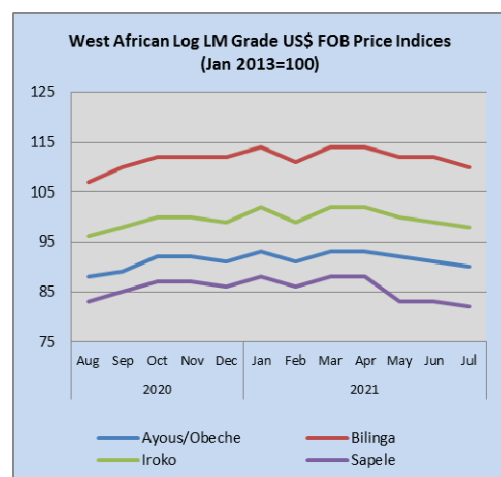
Data source: Drewry World Container Index

Price indices for selected products

The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.

To have a free copy of this twice-monthly ITTO Market Information Service bulletin emailed to you on the day of production, please register at:

http://www.itto.int/en/mis_registration/