Tropical Timber Market Report

Volume 26 Number 15 1st – 15th August 2022

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.

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Top story

Big increase in UK import value of wooden furniture from all main tropical suppliers

The UK imported US$374 million of tropical wooden furniture in the first five months of 2022, 28% more than the same period in 2021. However, the rise in value was driven more by price inflation than strong demand.

The value of imports increased from all of the leading tropical supply countries in the first five months of this year compared to the same period in 2021:

Vietnam	+28%
Malaysia	+6%
India	+47%
Indonesia	+53%
Singapore	+2%
Thailand	+25%

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Headlines

Central and West Africa

Fuel crisis eases

Heavy rain in Cameroon has been affecting logging and trucking with some mills saying log stocks are getting seriously low. The rain should ease towards the end of August bringing some relief. The very heavy rain has disrupted the movement of timber from the CAR to the ports.

There has been some improvement in the availability of fuel in Cameroon but prices to companies are higher than at the pump where prices are subsidised. This has encouraged some companies to try and secure fuel at the public gas stations but the police and army are said to be present to prevent illegal sales.

Despite the many challenges, operators are optimistic as order books, especially for sawnwood, are healthy. There is growing concern on how the planned log export ban in the Congo Basin countries will affect business.

Available fuel diverted to manganese producer

Gabon is in the dry season and production has recovered and there is positive news as repairs are underway on several national highways but delays have been reported and log transport is banned from 1800hrs.

Rail services for timber have been disrupted as fuel has been diverted to the manganese producer. During the first half of 2022 the Ogooué Mining Company (Comilog) produced 3.6 million tonnes of manganese, an increase of 17% compared to the same period in 2021 and all is transported by rail.

Log exports still flowing

At present weather conditions are good in Congo as the dry season has arrived. In other news, reports from the Congo suggest some companies have found ways to circumvent the quota on log exports but quotas for mainly smaller operators are enforced.

Exporters in the region had hoped for an improvement in the availability of containers as shipping to and from Russia was reduced but the problem still exists. The conflict in Europe is beginning to change demand for wood products from the region. In addition to importers interest in alternatives to oak and beech there has been interest in plywood and finger jointed products manufactured in the region.

Particleboard plant in GSEZ to utilise residues

The new particleboard plant in the Gabon Special Economic Zone (GSEZ) is expected to begin production this month and already contracts have reportedly been agreed with buyers in the EU and China. Initially production is expected to be around 800 cu.m per month and when in full production this could rise to 2,000 cu.m per month. The plant intends to utilise residues from veneer and sawmills in the GSEZ along with other sources.

Log export prices

West African logs	FOB Euro per cu.m		
Asian market	LM	B	BC/C
Acajou/ Khaya/N"Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & ekki	275	275	175
Belli	310⬆	310⬆	-
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	250	230	-
Padouk	330	310⬆	240
Sapele	260	260	220
Sipo/Utile	260	260	230
Tali	300	300	-

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	460
Bilinga FAS GMS	580⬇
Okoumé FAS GMS	480⬇
Merchantable KD	380⬇
Std/Btr GMS	400
Sipo FAS GMS	420
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	1,200⬇
FAS scantlings	1,400⬇
Strips	400⬇
Sapele FAS Spanish sizes	460
FAS scantlings	489
Iroko FAS GMS	620⬆
Scantlings	640⬇
Strips	370
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

Ghana

ECOWAS –second largest market

African regional markets accounted for 17% of total wood product export volumes (130,682 cu.m) in the first five months of 2022 compared to 12% for the same period in 2021.

Regional markets are now the second largest for Ghana's wood products after Asia which accounted for close to 60% of exports in the period reviewed, however, this was down from the 64% in the same period in 2021.

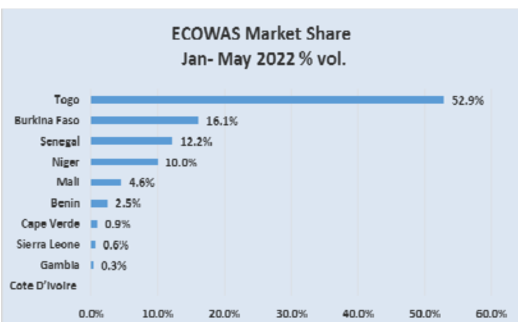
Export volumes by region Jan – May 2021 and 2022

	2021 000s cu.m	2022 000s cu.m
Asia	77	78
Africa	**14**	**22**
Europe	19	21
America	6	6
Middle East	5	4
Total	121	131

Data source: TIDD

Wood product exports to regional markets included air and kiln dry sawnwood, sliced veneer, plywood and rotary veneer. The major destinations were Morocco, South Africa and Egypt with the ECOWAS sub-region market registering the largest share of 19,631 cu.m valued at Euro 4.75million.

The ten countries of ECOWAS are Togo, Burkina Faso, Senegal, Niger, Benin, Mali, Cape Verde, Gambia, Sierra Leone, and Cote d'Ivoire and all imported more from Ghana. Togo was the leading importer among the ECOWAS countries with a total volume of 10,383 cu.m, mainly ceiba plywood. The advantage Togo has is that shipments can be made by road.



Data source: TIDD

Ghana's tree crop project targets to generate US$12 billion

The government, through the Ministry of Food and Agriculture (MoFA), anticipates generating an annual revenue of some US$12 billion from the export of six selected tree crops – rubber, shea, mango, oil palm, cashew and coconuts.

According to the Sector Minister, Dr. Owusu Afriyie Akoto, the 5-year (2022-2027) Strategic Plan of the Tree Crop Development Authority (TCDA) is designed to offer a lifeline to the tree crop sector in the country. Each of the selected tree crop is expected to generate an annual revenue of at least US$2 billion.

In a related development MoFA has received an estimated US$30 million in farm machinery for the third phase of the Planting for Food and Jobs. The farm machinery is from the Brazilian government and is the last of a US$96 million deal with Ghana under the South-South cooperation arrangement.

The Minister of Agriculture, who received the machinery on behalf of the government, disclosed that the government has subsidised the cost of the farm machinery by 40% to aid farmers.

Source:https://nafco.gov.gh/strategy/agric-ministry-targets-us12-billion-revenue-from-selected-tree-crops/

Manufacturers worried about escalating cost of business operations

The Ghana National Chamber of Commerce and Industry (GNCCI) has drawn attention to the impact on businesses of the current high inflation and high interest rates as some companies are slowing operations.

According to the CEO of the GNCCI, Mark Boadu Aboagye, the current economic situation is not conducive to business expansion and has even led to worker lay-offs. He has urged the authorities to seriously address this situation to avert further negative consequences.

Some industry and business players have called on government to reconvene the foreign exchange committee to provide leadership in fixing the situation to stabilise the local currency.

In the wake of prevailing economic challenges, coupled with the recent downgrade by some rating agencies, Deputy Finance Minister, Abena Osei Asare, has called for a concerted effort to turn the economy around. Ghana's inflation rate increased to 31.7% in July this year, the highest since 2003, according to press release by the Ghana Statistical Service (GSS). The government is already in consultation with IMF for an economic recovery programme for the country.

https://www.ghanaweb.com/GhanaHomePage/business/Economic-crisis-Companies-under-GNCCI-laying-off-workers-CEO-1601303

Minister urges local authorities to help make AfCFTA a success

The Trade and Industry Ministry has urged Municipal and Metropolitan Authorities to empower private sector institutions in their various assemblies and communities to support the work of government in making the Africa Continental Free Trade Area (AfCFTA) a success.

The Minister said this at the launch of the National AfCFTA Policy Framework and Action Plan for boosting Ghana's regional trade. The Minister for Information, Kojo Oppong Nkrumah, spoke on behalf of the President saying the balance of payment and economic challenges experienced by African countries due to external factors can be resolved when AfCFTA becomes successful.

Source: https://www.myjoyonline.com/local-authorities-urged-to-support-private-sector-to-make-afcfta-a-success/

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	822 ↓
Niangon Kiln dry	690

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	406↑	441
Chenchen	489↑	612
Ogea	471↓	590
Essa	565↑	619
Ofram	350	435

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
FAS 25-100mmx150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	465	564
Ceiba	290	320
Dahoma	437↑	601↑
Edinam (mixed redwood)	640	685↑
Emeri	602↑	686↓
African mahogany (Ivorensis)	1,239	841↑
Makore	560	989↑
Niangon	560↓	703
Odum	634↓	963↑
Sapele	800	758↓
Wawa 1C & Select	422	488↑

Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	1,371
Avodire	1,325↓
Chenchen	1,065↑
Mahogany	1,546↑
Makore	776
Odum	2,373↑
Sapele	1,403↑

Export plywood prices

Plywood, FOB	Euro per cu.m		
BB/CC	Ceiba	Ofram	Asanfina
4mm	375↓	580	641
6mm	412	535	604
9mm	370	504	560
12mm	583	476	480
15mm	450	414	430
18mm	460	463	383

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

Malaysia

Weakening ringgit of concern

The weakening of the ringgit is a cause for concern. So far this year the ringgit has weakened by around 7% against the US dollar and by around 5% against the Singapore dollar.

These changes are important as Singapore is Malaysia's second largest source of imports after China. Between January and June Singapore and the US collectively contributed almost one-fifth of Malaysia's overall imports.

The higher import costs are passed on to consumers and this, along with high inflation, is hurting consumers.

See: https://www.thestar.com.my/business/business-news/2022/07/30/weaker-ringgit-raises-concerns

Environmental, Social and Corporate Governance

The Malaysian Timber Council (MTC) plans to launch an environmental, social and corporate governance (ESG) charter for players in the country's timber industry.

The charter will provide guidance to companies when they respond to questions on what initiatives Malaysia has to ensure the timber industry adheres to social and corporate governance that coincides with existing guidelines. The ESG charter aims to reassure the international community on issue such as forced labour and sustainability in the industry.

See: https://www.bernama.com/en/news.php?id=2104736

Reducing dependence of foreign workers

The Malaysian Timber Council (MTC) has signed an agreement with the Technical and Vocational Education Training Division (BPLTV) of the Ministry of Education (MoE) to increase the number of local manpower in the timber sector whilst reducing the dependence on foreign labour as well as to support the development of Technical and Vocational Education and Training (TVET) in the country.

The aim is to encourage sharing of expertise and technology between industry players and the educational institution as well as promoting technical education.

This is part of MTC's initiatives to collaborate with vocational colleges by providing internship placement as well as a ready-to-work programme for the Technical and Vocational Education and Training (TVET) students and graduates for the timber-based industry through MTC's Engineer Placement and Internship Programme (EPIP).

See:
https://mtc.com.my/images/media/1249/BERNAMA_MREM_Press_Release_-_Asianet_-_Collaboration_to_address_Labour-_Raw_Material_Shortages.pdf

Malaysian company scores high in SPOTT assessment

The Sarawak-based Samling Group has emerged as a highly ranked Malaysian timber-related company in the annual global assessment report conducted by SPOTT which covers 100 timber-related companies worldwide across 179 ESG indicators. The annual SPOTT rankings are an assessment of a company's level of transparency in relation to ESG issues with companies being scored according to three main disclosure types, namely organisation, policy and practice.

See: https://www.spott.org/news/zsl-call-for-timber-pulp-companies-to-adopt-strong-biodiversity-policies/
and
https://www.theborneopost.com/2022/08/08/samling-continues-steady-progress-up-spott-ranks/

Companies urged to adopt Economic Value Chain concept

The Sabah Chief Minister has urged timber companies in the state adopt an Economic Value Chain (EVC) concept that integrates both the upstream and downstream production sectors. In Sabah upstream and downstream timber sectors operate independently and at times there has been mis-matched supply and demand.

With an EVC concept production would be integrated which can lead to improved productivity, said the Chief Minister.

See:https://www.bernama.com/en/news.php?id=2103709

Indonesia

Success at Atlanta Fair

Indonesian furniture and home decoration products sold well during the Atlanta Summer Market Exhibition at the Americas Mart Convention Center, Atlanta and have the potential to secure contracts for around US$2.4 million. Didi Sumedi, Director General, National Export Development, Ministry of Trade, said products that attracted buyers were toys, cypress wood products, wooden utensils and wine and cigarette storage boxes.

The Head of the Indonesian Trade Promotion Center, Bayu Nugroho, said governments support for participants at this event is one of the government's efforts to increase the value of Indonesia's exports to the US market.

See: https://www.neraca.co.id/article/166240/furnitur-indonesia-berpotensi-transaksi-usd-24-juta-atlanta-summer-market

Programme to increase GHG absorption

The Environment and Forestry ministry has reported the programme to boost absorption of greenhouse gas emissions from the forestry and land use sector is being conducted on a massive scale throughout the country.

This programme has become one of the most reliable ways to combat climate change according to Secretary of the ministry's Directorate General of Forestry and Environmental Planning, Dr Hanif Faisol. The FoLU Net Sink 2030 programme has been running across all regions in Indonesia. The ministry has also conducted public awareness campaigns on emission reductions

See: https://en.antaranews.com/news/241909/program-to-increase-absorption-of-ghg-emissions-conducted-massively

Indonesia invites Japan to increase forestry investment

The Indonesian Ambassador to Japan, Heri Akhmadi, said that Indonesia/Japan trade cooperation is very close especially for wood products. He added that the transformation of the energy sector in Japan that focuses on bio-energy sources, such as wood pellets, opens up opportunities for Indonesia.

An Indonesian delegation visited japan for the Indonesia-Japan Forestry Investment Dialogue in early August and the dialogue involved a number of Japanese forestry companies.

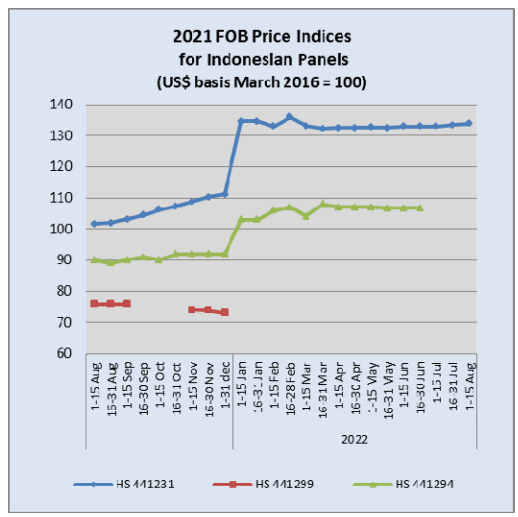
See: https://forestinsights.id/2022/08/04/indonesia-undang-jepang-tingkatkan-investasi-kehutanan-dukung-folu-net-sink-2030/

Government - economic growth above five percent

The government will continue to maintain the economy so it grows above five percent until the third quarter of 2022 despite the global turmoil and uncertainty. The Coordinating Minister for the Economy, Airlangga Hartarto, said that if the economy is able to grow above five percent by the third quarter then the annual growth target of 5-5.2 percent for this year will be achieved.

Minister Hartarto said his optimism was in line with current economic growth driven by consumption, investment and exports. On the supply side almost all sectors reported growth in the first half of 2022.

See: https://en.antaranews.com/news/242481/government-maintains-indonesias-economic-growth-at-above-five-percent



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

Myanmar

Trade Department release timber export data

According to a recent release from the Trade Department the earnings from the export of wood products between October 2021 and May 2022 were US$108 million. The figures for 2019-20 and 2020-21 were US$150 million and US$122 million. It has been suggested that exports to EU and USA are likely to decline while those to countries that have not sanctioned Myanmar, such as India and China, will rise.

See: https://www.commerce.gov.mm/my/content/).

Changes to exchange regulations

On 9 August the Central Bank raised its official exchange rate from 1,850 Kyats per dollar to 2,100 Kyats. At the same time the Central Bank lowered the percent of earned hard currency that must be converted from 100% to 65%. Previously exporters had to convert the entire amount of export earning into Myanmar Kyats at the fixed rate of 1,850 Kyats per dollar. This change has been welcomed by exporters and manufactures.

As a result of the previous regulations manufacturers and sawmillers were unable to import necessary material and equipment as they had no access to hard currency.

Log supplies a challenge

Millers are experiencing a shortage of teak logs which fall outside the dates when sanctions on the Myanma Timber Enterprise (MTE) were implemented (logs held by the MTE before 21 June 2021 are regarded as being exempted).

MTE appears to be facing a challenge in transporting teak and hardwood logs from the extraction sites to Yangon because of security concerns due to activities of resistance groups.

In related news a new regulation, effective at the end of this year, will ban the export of large sized sawn timber (baulks) which are regarded as raw material. Export to the EU and USA are expected to decline.

Inconsistency in financial regulations create confusion

The Central Bank of Myanmar raised its official exchange rate in August. The domestic press has said erratic policy shifts by the Central Bank have made the situation worse for Myanmar's economy. Last month, the Central Bank ordered borrowers to suspend repayment of foreign loans in order to conserve foreign currency reserves.

In April this year it ordered all businesses to convert all foreign currency earnings into kyats within one day at the official rate of 1,850 kyats, well below the informal market rate of over 2,200 kyats. These actions have eroded confidence in the kyat according to the local press.

See- https://www.irrawaddy.com/news/burma/myanmar-juntas-moves-to-ease-currency-rules-wont-help-in-long-run-experts.html)

Fund established to develop rural areas

The Ministry of Planning and Finance set up a fund of K400 billion from the National Natural Disaster Management Fund in order to develop state economies and to improve the lives of the people from regions and states as well as promoting their economies. This was reported by the Chairman of the State Administration Council, Prime Minister Senior General Min Aung Hlaing.

See - https://www.gnlm.com.mm/foreign-exchange-earned-from-exportation-will-be-spent-on-the-import-of-agricultural-inputs-and-other-necessary-goods-senior-general/#article-title)

Illegal timbers seized

The Anti-Illegal Trade Steering Committee has taken action. An inspection team led by Myanmar Police Force conducted raids on 4 and 5 August under the instructions of the Mon State Anti-Illicit Trade Task Force and a team led by the Yangon Region Forest Department carried out inspections under the supervision of the Yangon Region Anti-Illegal Trade Task Force.

A total of 6.1 tonnes of illegal timber worth K311,822 was seized in the Oakkan forest reserve in Taikkgyi Township of Yangon North District. In addition 17.8 tonnes of illegal teak, iron-wood and other timbers worth K8,566,372 were confiscated in the Bago, Thayawady and Pyi districts.

See: https://www.gnlm.com.mm/illegal-timbers-restricted-goods-consumer-goods-and-vehicles-confiscated/

Crimes against women and children

The Independent Investigative Mechanism for Myanmar (IIMM) has gathered evidence, outlined in its Annual Report, that indicates "sexual and gender-based crimes, including rape and other forms of sexual violence and crimes against children have been perpetrated by members of the security forces and armed groups".

Crimes against women and children are amongst the gravest international crimes but they are also historically underreported and under-investigated," said Nicholas Koumjian, Head of the IIMM.

Meanwhile, with the consent of its information sources, "IIMM is sharing relevant evidence to support international justice proceedings currently underway at the International Court of Justice (ICJ) and International Criminal Court (ICC)".

The IIMM was created by the UN Human Rights Council in 2018 to collect and analyse evidence of the most serious international crimes and other violations of international law committed in Myanmar since 2011. It aims to facilitate justice and accountability by preserving and organizing evidence and preparing case files for use in future prosecutions of those responsible in national, regional and international courts.

See: https://news.un.org/en/story/2022/08/1124302

India

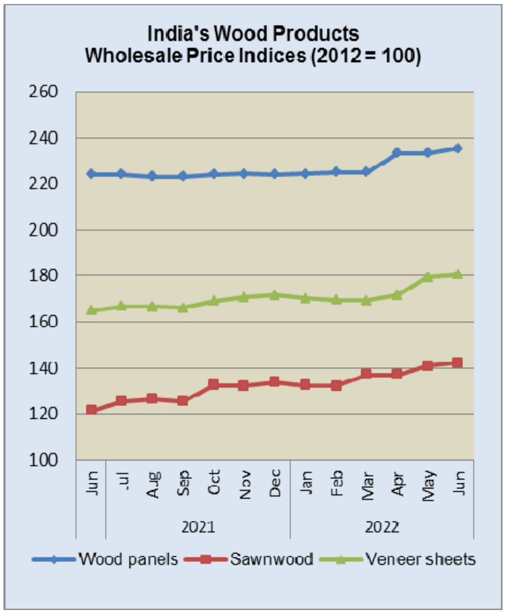
Wholesale price indices

The Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade has published wholesale price indices for June 2022. The annual rate of inflation, based on the Wholesale Price Index (WPI) was up 15.2% year on year in June 2022.

The high rate of inflation was mainly due to a rise in prices of oil, food, crude petroleum and natural gas, metals and chemicals.

The index for manufactured products declined in June. Out of the 22 NIC two-digit groups for manufactured products, 14 saw increases in prices while 8 groups saw declines. Price increases were reported for most wood products, however, weak consumer sentiment drove down furniture prices.

See: https://eaindustry.nic.in/pdf_files/cmonthly.pdf



Data source: Ministry of Commerce and Industry, India

Relief for coastal shipping companies

To provide respite to waterway transportation from high fuel prices the Ministry of Ports, Shipping and Waterways has directed all major ports to exempt coastal shipping operators from port and vessel charges for 6 months.

This is being done to offset the high cost of fuel. The Minister also commented the rising fuel costs which is making domestic roll-on/roll-off ferries too expensive. All 13 major ports will exempt all berth and vessel related charges currently levied on the roll-on/roll-off passenger ferries for the next 6 months will immediate effect, the ministry said.

See: https://www.business-standard.com/article/current-affairs/no-port-vessel-related-charges-on-coastal-shipping-for-6-months-govt-122072400646_1.html

Prices for recent shipments of teak logs and sawnwood

	Logs US$ C&F per hoppus cu.m	Sawn US$ C&F per c.um
Benin	-	325-712
Brazil	313-600	489-777
Cameroon	-	974
Colombia	245-615	-
Costa Rica	350-652	-
Ecuador	246-495	-
Gabon	370	-
Ghana	270-559	485
Guatemala	277-594	-
Iv. Coast	263-458	375-752
Mexico	322-439	373-585
Panama	252-539	-
PNG	389-595	492-677
Tanzania	344-930	471-1,068
Togo	259-532	-
S. Sudan	367-676	342-633
Nigeria	290-630	-
El Salvador	320-520	-
Nicaragua	-	328-564
Solomon Is.	248	-
Surinam	222	-
Myanmar	-	791-980

Locally milled sawnwood prices

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

Price range depends mainly on lengths and cross-sections

Sawn hardwood prices

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

Price range depends mainly on lengths and cross-sections.

Plywood

In mid-July plywood manufacturers' associations in South India unanimously agreed to raise plywood prices due to the steep increase in resin prices but this has not been adopted nationwide.

See: https://www.plyreporter.com/article/93217/south-based-plywood-associations-raise-plywood-prices-by-50-paisa-per-sqft-per-glue-line

Please note plywood prices are now shown below free of local taxes.

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	76.00
6mm	88.00
9mm	104.00
12mm	129.00
15mm	164.00
18mm	180.00

Domestic ex-warehouse prices for locally manufactured MR plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	52.00
6mm	65.00
9mm	77.00
12mm	92.00
15mm	122.00
19mm	131.00
5mm Flexible ply	85.00

Forests are forests –Supreme Court

A recent Supreme Court ruling on the Aravalli forests case is a decisive win for forest conservation, environmental wellbeing and sustainable development. The court made it clear that the protection accorded to forests by law cannot be limited to only those areas recognised in the Indian Forest Act, 1927.

The implications of the ruling are far wider than protection of one small forest. This ruling comes at a time when biodiversity loss has emerged as a major challenge with substantial economic implications.

The court rules that the Aravalli forests were legally required to be regarded as forests and that central government permission is required to allow any change of uses.

Source: https://economictimes.indiatimes.com/opinion/et-editorial/not-missing-thelaw-for-the-trees/articleshow/93060842.cms

Vietnam

Wood and Wood Products (W&WP) Trade Highlights

Vietnam's W&WP exports to South Korea in July 2022 reached US$76.4 million, down 5.8% compared to July 2021. In the first 7 months of 2022 W&WP exports to Korean were estimated at US$606.6 million, up 13% over the same period in 2021.

Vietnam's exports of office furniture in July 2022 reached US$33.1 million, down 34% compared to June 2021. In general, over the first 6 months of 2022, exports of office furniture were worth US$190.1 million, down 28.3% over the same period in 2021.

Vietnam's imports of padauk in July 2022 accounted to 8,800d cu.m, worth US$3.8 million, down 30% in volume and 45% in value year on year.

Over the first 7 months of 2022 imports of padauk are estimated at 79,600 cu.m, worth US$35.3 million, down 26% in volume and 21% in value over the same period in 2021.

Over the first 7 months of 2022 exports of handicrafts are estimated at US$150.53 million, up 5.1% over the same period in 2021.

Vietnam's wood industry urged to seek new opportunities in UK

While many products exported to the UK enjoyed strong increases thanks to the UK-Vietnam Free Trade Agreement (UKVFTA), Vietnam’s timber industry is facing difficulties in expanding in this market and this requires manufacturers and exporters to change their business strategies.

Vietnam’s wood industry is seeing declining international sales.

Exports in July are estimated at US$1.41 billion, down 5.5% against June and down 1.6% year-on-year according to a report of the General Department of Forestry under the Ministry of Agriculture and Rural Development (MARD). This was the second month that the export of wood and timber products decelerated.

Earlier, figures from the General Department of Customs showed exports of wood and wood products reached US$1.4 billion in June, down nearly 11% year-on-year.

Declining export orders

According to market insiders the wood industry will face a serious challenge due to a decrease in export orders in the latter half of this year.

A quick survey of 52 timber businesses conducted by the Vietnam Timber and Forest Products Association (Vifores) in collaboration with Forest Trends showed that most companies witnessed decreasing exports to the US, EU and UK markets.

Thirty-three out of 45 firms exporting to the US said their revenues decreased by nearly 40% compared to the first months of this year. A similar trend is seen in the EU and the UK with two-thirds of the surveyed enterprises reporting revenue drops of over 41%.

Moreover, about 71% of businesses said that orders will continue to decline towards the end of the year. Under the current market situation, 44% of businesses expect their revenues will fall by about 44% for the whole year.

Vietnam's wood industry is integrating deeply with international markets so high inflation and tightening credit policies in response to rising inflation in major markets are driving down demand.

New opportunities in the UK

W&WP export to the UK enjoyed an increase of 14% to US$72 million in the first three months of 2022 but sales to this market are also declining as consumers are tightening their spending.

In June the value of exports declined 38% year-on-year to US$16.3 million and in the first half the rate of reduction was 7.7% to US$135.5 million.

Like other parts of the world, inflation in the UK hit a 40-year high in June as food and energy prices continued to soar, worsening the country’s historic cost-of-living crisis. The Bank of England has implemented five consecutive 25 basis point rate hikes to cool high inflation and is considering a 50 basis point hike at its August policy meeting.

According to David Hopkins, chief executive of ‘Timber Development UK’, the UK’s imports of wood and wood products rose in the first quarter as merchants start to rebuild stocks after the winter.

The UK’s economy is now struggling with high inflation, high interest rates and big logistics challenges due to Brexit and the Russian invasion of Ukraine.

So far, Vietnam’s predominant timber export to the UK is furniture but Hopkins sees another opportunity for Vietnamese exporters in niche areas such as plywood.

On furniture products, Hopkins said demand is expected to decline in the next two years after a boom in housing repair and maintenance during the pandemic before it can bounce back. This trend will likely happen in the US and the EU which are also suffering from high costs of living.

To better compete and expand sales in the UK, Hopkins suggested Vietnamese manufacturers and exporters invest in marketing and promotion to enhance awareness among UK consumers about Vietnamese products.

The concepts of legality and sustainability are important for consumers in the UK and are backed up by legislation.

See: https://en.vietnamplus.vn/vietnams-timber-industry-urged-to-seek-new-opportunities-in-uk/234961.vnp

Exports of wood and forest products down for 2nd consecutive month

According to a report by the General Department of Forestry, Ministry of Agriculture and Rural Development, the country’s export value of wood and forest products in July of 2022 was estimated at US$1.41 billion, the second month that the value of exports of wood and forest products fell.

In general, the export value of wood and forest products in the first 7 months of 2022 was estimated at US$10.42 billion, up by 1.3% over the same period of 2021. Exports of wood and wood products alone reached US$9.72 billion, an increase of 1.2%; of which, the exports of wood chips reached US$1.4 billion, up by 30%, the exports of wood pellets reached US$0.45 billion, up by 79%, the exports of all kinds of panel products reached US$0.91 billion, up by 22%, the export of wood products reached US$6.97 billion down by 7% and the exports of non-timber forest products reached US$0.7 billion, up by 2.6%.

Regarding the markets, in the first 7 months of 2022, timber and forest products were exported to 110 countries and territories, of which, the US, Japan, China, EU and South Korea continued to be the main export markets.

The total exports to those 5 markets were estimated at US$9.38 billion accounting for 90% of the total export value of the country.

Exports to the US market reached over US$5.84 billion, down by 5% over the same period of 2021, of which, the exports of wood and wood products reached US$5.58 billion, down by 51%. Exports of non-timber forest products reached US$0.25 billion, down by 0.6%.

Exports to the Japanese market reached US$1.04 billion, up by 19% over the same period of 2021 of which exports of wood and wood products reached US$999 million, up by 20% and the exports of non-timber forest products reached US$36 million, down by 2%.

Exports to the Chinese market reached US$1.161 billion, up by 24% over the same period of 2021.

The country's exports of wood and wood products to China reached US$1.15 billion, up by 23%; while the exports of non-timber forest products reached US$15 million, up by 164.2 percent.

Exports to the EU market reached US$726 million, up by 1% over the same period of 2021, of which, exports of wood and wood products reached US$549 million, down by 2% and the exports of non-timber forest products reached US$177 million, up by 11%.

According to the Import-Export Department, Ministry of Industry and Trade, the United States was the largest export market of Vietnam's wood and wood products. However, the decrease in export value of wood and wood products to this important market has affected the export activities of the whole industry.

The US is the main export market for the wood industry so the decrease in exports hinders the growth of wood and wood products export sector.

Exports of wood and wood products in the second half of 2022 may face many challenges both in terms of the market and the supply chain, when the world inflation is high, causing the purchasing power to decrease and the transportation costs to increase.

According to Vietnam Timber and Forest product Association, exports of wood and forest products in the last months of the year may continue to face difficulties due to the high price of production materials and products; countries tighten credit policies because inflation tends to increase, leading to a sharp decrease in consumer demand. In addition, the wood industry is also facing the US DOC's initiation of an investigation into wooden cabinets and dressing tables.

In the context that the imports of raw materials from European markets decreased sharply, specifically the imports from Germany decreased by 2.2%, from France decreased by 6.9%, from Italy decreased by 10.1%, from Sweden decreased by 42.1% due to the influence of the Russian invasion of Ukrainian leading to transportation difficulties.

Imports of raw materials from some countries increased sharply such as from Russia, Finland, and Belgium due to the need to find alternative sources of raw materials due to reduced supply in other markets.

The supply of raw materials from domestically planted forest wood is still sufficient to meet production needs. Currently, due to the increased demand for woodchips and pellets, prices have risen by over 30% so the forest owners tend to cut young forests (3-4 years old plantations), leading to the risk of shortage of wood materials for processing all kinds of other wood products.

In order to deal with the challenges ahead the General Department of Forestry has recommended enterprises actively develop production and business plans; promptly respond to market fluctuations; strictly comply with regulations on records of forest product origin and other relevant regulations in timber and forest product production and trading activities.

International wood fair opens in Binh Duong

More than 100 Vietnamese and foreign firms showed advanced wood processing technologies, machinery and raw materials at the 2022 Vietnam Binh Duong Furniture Association (BIFA) Wood exhibition which opened in southern Binh Duong province on 8 August.

See:https://en.vietnamplus.vn/international-wood-fair-opens-in-binh-duong/235276.vnp

This biennial trade show is expected to unlock possibilities for local and foreign companies looking to tap into Vietnam's potential. With its plentiful labour and entrepreneurs and excellent connectivity with key timber areas in the southeastern and Central Highlands regions, Binh Duong claims a favourable business environment.

Brazil

Partnership boost for furniture sector

The Project for Development, Competitiveness and Integration of the Furniture Industry (Projeto de Desenvolvimento, Competitividade e Integração da Indústria do Mobiliário - PCDIMOB), a partnership between the Brazilian Furniture Industry Association (Abimóvel) and the Brazilian Micro and Small Business Support Service (SEBRAE) intends to involve more than 200 small businesses in an initiative to combine efforts and resources for the development of competitiveness, productivity and integration of micro and small companies in the furniture sector.

In eight states SEBRAE has confirmed particpants from Pará, in the North, Piauí and Sergipe, in the Northeast, Rio de Janeiro, in the Southeast Paraná, Santa Catarina and Rio Grande do Sul, in the South and Distrito Federal, in the Midwest.

PDCIMOB has identified five strategic objectives: management excellence; strategic intelligence and trade promotion; innovation; competitiveness and productivity and networking.

In order to achieve the objectives strategies will be developed on Sectoral and Digital Intelligence, Competitiveness Improvement and Commercial closeness.

As a result it is expected that small businesses will increase production and income and achieve a 30% jump in innovation.

See: https://www.moveisdevalor.com.br/portal/abimovel-e-sebrae-firmam-parceria-para-fortalecer--setor

Public hearing on forest concessions

The Ministry of Agriculture opened a public hearing in July on concessions in the national forests of Jatuarana, Pau Rosa and Gleba Castanho all within the Amazon region and totalling 885,000 hectares.

The consultation aimed to gather information, feedback and suggestions from the public and was coordinated by the Brazilian Forest Service (SFB),

A forest concession allows sustainable harvesting of only four to six trees per hectare and further harvesting can only be undertaken after 25 to 35 years to allow for natural regeneration.

See: https://amazonia.org.br/consulta-publica-sobre-concessoes-de-tres-florestas-vai-ate-sexta/

Abimad, US$8 million in business is possible

A furniture fair promoted by the Brazilian Associação Brasileira das Indústrias de Móveis de Alta Decoração (Abimad - Association of High Decoration Furniture Industries) brought together a group of 60 foreign buyers from countries such as Saudi Arabia, South Africa, the United States, Panama, the Dominican Republic, Argentina, Chile and Uruguay. It has been estimated that Abimad may have generated about US$8 million in business.

Brazilian furniture exports grew 42% in the past 12 months according to IEMI (Market Intelligence) in partnership with the Brazilian Trade and Investment Promotion Agency (Apex-Brazil).

In March alone Brazil exported about US$71.6 million in furniture and mattresses. In the first quarter of the year the performance was 8.8% higher compared to the same period in 2021.

See: https://valor.globo.com/patrocinado/imoveis-de-valor/noticia/2022/07/29/estrangeiros-impulsionam-setor-moveleiro-nacional.ghtml

Higher exports to the United States

The furniture trade between Brazil and the United States registered a record in the first half of 2022. The US is currently responsible for importing about 38% of Brazilian furniture destined for the international market according to the Brazilian Association of Furniture Industries (ABIMÓVEL).

Furthermore, the trade between the two countries registered US$42.7 billion in the first six months of 2022 according to the Brazilian-American Chamber of Commerce.

This corresponds to an increase of 43% compared to the first half of last year. Brazilian exports to the United States increased by 32% this year.

The Brazilian Furniture Project, an initiative of ABIMÓVEL and ApexBrasil (Brazilian Agency for the Promotion of Exports and Investments), supported the participation of 24 Brazilian companies in business rounds in New York in May 2022.

Imports of American products to Brazil also increased and the difference between imports and exports between the countries resulted in a deficit of US$7.4 billion for Brazil, the highest ever recorded.

See: https://setormoveleiro.com.br/exportacoes-brasileiras-para-os-estados-unidos-crescem-em-niveis-historicos-em-2022/

Domestic log prices

Brazilian logs, mill yard, domestic	US$ per cu.m
Ipê	370
Jatoba	161
Massaranduba	147
Miiracatiara	146
Angelim Vermelho	144
Mixed redwood and white woods	113

Source: STCP Data Bank

Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US$ per cu.m
Ipé	1,633
Jatoba	800
Massaranduba	787
Muiracatiara	701
Angelim Vermelho	703
Mixed red and white	464
Eucalyptus (AD)	283
Pine (AD)	209
Pine (KD)	260

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

Parica	US$ per cu.m
4mm WBP	611
10mm WBP	489
15mm WBP	441
4mm MR.	563
10mm MR.	414
15mm MR.	384

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

Domestic ex-mill prices	US$ per cu.m
15mm MDParticleboard	314
15mm MDF	400

Source: STCP Data

Export sawnwood prices

Sawnwood, Belem/Paranagua Ports, FOB	US$ per cu.m
Ipe	2,703
Jatoba	1,410
Massaranduba	1,442
Muiracatiara	1,436
Pine (KD)	282

Source: STCP Data Bank

Export plywood prices

Pine plywood EU market, FOB	US$ per cu.m
9mm C/CC (WBP)	428
12mm C/CC (WBP)	396
15mm C/CC (WBP)	368
18mm C/CC (WBP)	353

Source: STCP Data Bank

Export prices for added value products

FOB Belem/Paranagua ports		US$ per cu.m
Decking Boards	Ipê	4,980
	Jatoba	2,225

Source: STCP Data Bank

Peru

Plantations to substitute for imports

The Executive Director of the National Forest and Wildlife Service (Serfor), Nelly Paredes, highlighted the experience of the Agrarian Workers' Cooperative Atahualpa Jerusalem, better known as "Granja Porcón", which has successfully established plantations.

She explained that the aim of Serfor is to promote commercial forest plantations and agroforestry systems. In 2021 Peru imported wood products valued at around US$1.1 million and some of these products can be substituted by domestic production using plantation timbers as raw material.

Shipments of veneer and plywood recovering

Exports of veneers and plywood in the first five months of this year totalled US$1.21 million, a rise of 5.2% compared to the same period in 2021, however, the total did not reach the level seen in earlier years according to the Management of Services and Extractive Industries division of the Association of Exporters (ADEX).

In the past ten years (January-May period) the best performance was in 2015 when shipments amounted to US$7.85 million. In subsequent years (January-May), there were constant declines to US$4.65 million (2016), US$3.98 million (2017), US$3.14 million(2018), US$1.15 million (2019) and US$0.8 million (2020). These latest figures indicate recovery is possible.

The main destination in the January-May 2022 period was Mexico (US$1.18 million), or about 97% of all shipments and up 9% compared to the same period in 2021.The most outstanding export product was plywood at US$0.95 million, followed by walnut wood veneers, container floors and shihuahuaco wood profiles.

Of the total timber exports (US$66.5 million, in the first five months of the year) veneers and plywood represented just 2% being surpassed by semi-manufactured products, sawn wood, construction products, furniture and parts and firewood and charcoal.

Guidelines to extend validity of forest concessions

Serfor has approved guidelines for the extension of the validity of forest concession contracts (including timber and non-timber) and wildlife concessions for five-years.

Through these guidelines the procedures are disclosed according to the provisions of the Forestry and Wildlife Law and its regulations and its purpose is to provide a broad planning horizon for the concessions; in the case of forestry, 40 years and for wildlife, 25 years.

Concession contracts can be extended every five years if one of two conditions are met:

- If it is recommended by the five-yearly audit report carried out by the Supervision Agency for Forest Resources and Wild Fauna (OSINFOR) to the concession.
- The concession has a current voluntary forest or wildlife certificate.

With the approval of these guidelines the aim is to encourage concessions holders that perform well and to demonstrate to others that efforts to achieve a good performance will be recognised.

See guideline: https://www.gob.pe/institucion/serfor/normas-legales/3328020-d000175-2022-midagri-serfor-de

Serfor and Hungarian Research Institute cooperation

In early August the Executive Director of the Serfor and the Director General of the Hungarian Forest Research Institute (ERTI), Attila Borovics, expressed their commitment to work together for the forest management of the Amazon forests.

The head of Serfor explained that they will seek to sign a cooperation agreement where the main topics of interest of both institutions will be established related to innovation, research and management of the resources of the Amazon forests in order to guarantee their conservation.

ERTI, home to Hungarian forestry research since 1898, has experience in the fields of forest management and the agroforestry sector as well as working with Latin American countries.

Export sawnwood prices

Peru sawnwood, FOB Callao Port	**US$ per cu.m**
Pumaquiro 25-50mm AD	
Mexican market	682-695
Virola 1-2" thick, length 6"-12" KD	
Grade 1, Mexican market	589-615
Grade 2, Mexican market	507-538
Cumaru 4" thick, 6"-11" length KD	
Central American market	1044-1077
Asian market	1129-1147
Ishpingo (oak) 2" thick, 6"-8" length	
Spanish market	599-629
Dominican Republic	709-726
Marupa 1", 6-11 length KD	
Grade 1 Asian market	593-611

Domestic sawnwood prices

Peru sawnwood, domestic	US$ per cu.m
Mahogany	-
Virola	249-274
Spanish Cedar	343-351
Marupa (simarouba)	246-251⬆

Domestic plywood prices (excl. taxes)

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

Export plywood prices

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

Export veneer prices

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

Domestic prices for other panel products

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

Export prices for added value products

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

Japan

Economy revived in second quarter

Japan's economy made a come-back in the second quarter 2022 after the contraction in the previous quarter. This was due to an upswing in consumer spending, especially in the services sector, which no longer has to apply strict protection rules. There is concern, however, that consumer spending in the current quarter may slip.

The government is encouraging prefectural authorities to implement measures to contain the latest corona variant that has sent infections to record levels. There are no plans for nationwide control measures. The seventh wave of the BA.5 variant has pushed new cases in Japan to over 200,000 per day putting pressure on medical services and disrupting commercial operations.

See: https://www.reuters.com/world/asia-pacific/japan-free-up-local-officials-battle-new-covid-variant-kyodo-2022-07-29/
and
https://www.reuters.com/markets/asia/japans-economy-likely-rebounded-q2-with-unleashing-consumers-2022-08-05/

Another record minimum-wage hike

A government panel has proposed raising the average minimum wage for fiscal 2022 by a record ¥30 per hour or more as the experiences accelerating inflation. In discussions there was little agreement between the panel and employers on by how much the increase should be. The unions have been calling for a substantial rise as the cost of living is rising while the private sector, which is facing surging costs, has stressed the need for careful consideration.

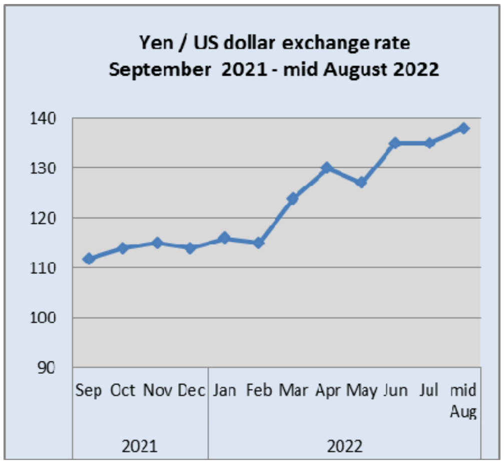
In related news, a Kyodo News survey showed that 42% of major companies in Japan expect the economy to slow over the next 12 months as they struggle with surging commodity costs and the yen's weakness.

See: https://japantoday.com/category/business/japan-gov't-panel-to-propose-another-record-minimum-wage-hike

A rise in US rates could drive yen lower

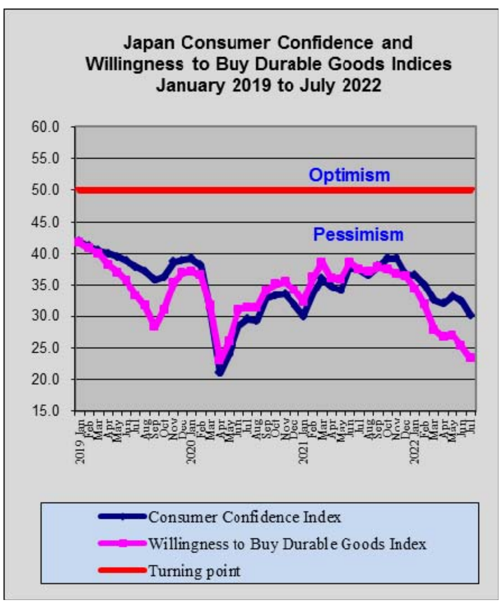
The yen surged to a two-month high against the US dollar recently as investors reassessed US inflation risk, recession fears and intensifying market volatility.

In mid-July, the yen dropped to ¥139 against the dollar as hedge funds and other investors guessed that US rates would continue to rise while the Bank of Japan remained locked into its ultra-loose policy. The risk for the Yen is that interest rates in the US could increase again in September.



Japan – No. 1 covid hotspot

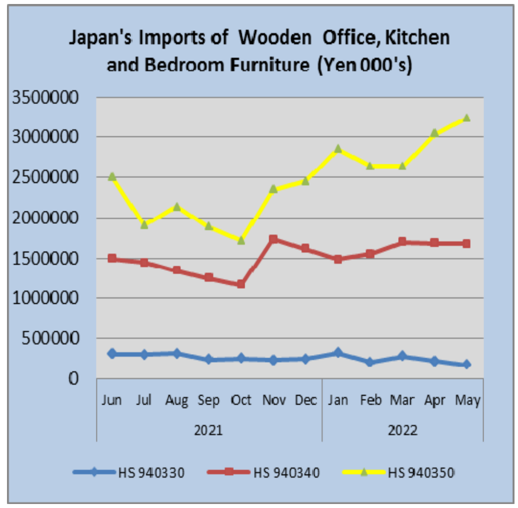
Japan has become the world's No.1 COVID-19 hot spot according to international statistics. Most infected people now only develop mild symptoms but still the health care system is overwhelmed. As yet the government has not imposed any restrictions on businesses or peoples' movements but the impact on consumption will be felt in the coming months.



Data source: Cabinet Office, Japan

Furniture imports

Imports of wooden bedroom furniture just keep rising in contrast to the value of imports of wooden office and wooden kitchen furniture which have remained at around the same level as in the first quarter of the past four years.



Data source: Ministry of Finance, Japan

May 2022 imports (HS 940330)

	Imports May 2022 Unit, 000's Yen
S. Korea	524
China	115,797
Taiwan P.o.C	1,030
Vietnam	6,936
Thailand	517
Malaysia	-
Indonesia	3,593
Sweden	-
Denmark	3,872
UK	9,196
Netherlands	-
France	2,170
Germany	-
Switzerland	614
Italy	11,163
Poland	6,057
Turkey	-
Lithuania	378
Czech Rep.	1,631
Slovakia	939
Canada	781
USA	3,175
Mexico	3,173
Total	171,546

Data source: Ministry of Finance, Japan

May office furniture imports (HS 940330)

May imports of wooden office furniture (HS940330) declined over 50% year on year and were down over 20% compared the value of April imports.

As in previous months the top shipper of wooden office furniture in May 2022 was China accounting for 67% of total wooden furniture imports.

Two relative newcomers to the wooden office furniture trade with Japan in May were the UK and Italy, each of which accounted for between 5-6% of all May shipments. Poland is a regular shipper of wooden office furniture to Japan but in May the value of shipments dropped sharply.

May kitchen furniture imports (HS 940340)

Year on year May 2022 shipments of wooden kitchen furniture (HS940340) rose over 30% but compared to April there was little growth. The two major shippers of wooden kitchen furniture to Japan are the Philippines and Vietnam and manufacturers in these two countries account for over 80% of all imports of this category of product.
With a further 7-10% of shipments comimg from China there is little room for other manufacturers.

Shippers in Malaysia and Thailand have a small market share but this has not improved in the face of tough competition from the two main shippers.

May 2022 imports (HS 940340)

	Imports May 2022 Unit, 000's Yen
S Korea	-
China	124,677
Taiw an P.o.C	351
Vietnam	714,813
Thailand	23,339
Malaysia	26,880
Philippines	668,926
Indonesia	5,017
India	-
Denmark	1,198
UK	1,218
France	224
Germany	71,424
Italy	36,647
Austria	1,200
Romania	-
Canada	1,330
USA	-
New Zealand	-
Total	1,677,244

Data source: Ministry of Finance, Japan

May bedroom furniture imports (HS 940350)

And the upward trend in the value of imports of wooden bedroom furniture (HS940350) continues. May saw another rise in the year on year value of imports and compared to April there was a 6% increase in the value of imports.
Imports from shippers in China, the main supplier, rose but arrivals in May from Vietnam dropped close to 10%.

China remains the main supplier of wooden bedroom furniture to Japan with a share of imports at just over 60%. Vietnam shippers had a 28% of imports in May. The other shippers of note in May were Malaysia, Thailand and Poland. For the first time this year May shipments from Romania were sharply higher.

May imports (HS 940350)

	Imports May 2022 Unit, 000's Yen
S Korea	-
China	2,048,649
Taiwan P.o.C	4,152
Vietnam	898,518
Thailand	37,306
Malaysia	142,274
Philippines	-
Indonesia	24,379
India	-
UAE	280
Sweden	327
Denmark	3,555
UK	1,020
France	3,465
Germany	331
Switzerland	3,337
Italy	9,373
Poland	42,800
Romania	10,257
Latvia	357
Lithiuania	592
Bosnia and Herzegovina	4,126
USA	519
Total	3,235,617

Data source: Ministry of Finance, Japan

Trade news from the Japan Lumber Reports (JLR)

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

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

Reports from the JLR will resume at the end of August. The Obon festival (also known as Bon festival) falls in August and most businesses close. This is an annual Japanese holiday which commemorates and remembers deceased ancestors. It's a tradion for workers to return to their home townd as to celebrate the festival with relatives.

China

Dramatic decline in China's softwood log imports

China's log imports in the first half of 2022 totalled 22.38 million cubic metres valued at US$4.567 billion, down 29% in volume and 13% in value, However, the average price for imported logs was US$204 (CIF) per cubic metre, up 22% from the same period of 2021.

Of total log imports, softwood log imports plummeted 39% to 15.16 million cubic metres, accounting for 68% of the national total. However, the average price for imported softwood logs rose 17% to US$166 (CIF) per cubic metre over the same period.

China's log import in the first half of 2022

Volume	First half 2022 mil. cu.m	% change YoY
Total log imports	22.38	-29%
Softwood logs	15.16	-39%
All hardwood logs	7.22	6%
Tropical Logs	4.10	9%

Data source: China Customs

Average log prices, in the first half of 2022

Value	First half 2022 US$ mil	% change YoY
Total log imports	4,567	48%
Softwood logs	2,510	75%
All hardwood logs	2,057	13%
Tropical Logs	1,167	17%

Data source: China Customs

Major log suppliers in the first half of 2022 (vol.)

Supplier	First half 2022 mil. cu.m	% change y-o-y
New Zealand	8.12	-19%
Germany	3.18	-51%
Russia	1.41	-58%
PNG	1.34	29%
USA	1.13	-31%
Solomon Is.	0.76	-20%
France	0.69	3%
Brazil	0.6	-37%
Canada	0.55	-32%
Japan	0.54	-19%

Data source: China Customs

Major log suppliers in the first half of 2022 (value)

	First half 2022 (mil US$)	% change YoY
New Zealand	**1,289**	-16%
Germany	**556**	-38%
Russia	**182**	-59%
PNG	**321**	49%
USA	**389**	7%
Solomon Is.	**167**	4%
France	**231**	49%
Brazil	**77**	-26%
Canada	**127**	-18%
Japan	**88**	-13%

Data source: China Customs

The main reason for the decline in log import volumes was the drop in imports from the major suppliers; New Zealand, Germany, Russia and US fell 19%, 51%, 58% and 31% respectively due to the economic slowdown in China, lower harvest levels in some countries and surging sea freight rates.

No log imports from Australia

There were almost no log imports from Australia in the first half of 2022. Australia has completely disappeared from the list of major suppliers of logs to China.

China's log imports from Australia have been declining and came to zero finally 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.

Main softwood log sources in the first half of 2022

Imports of softwood logs from almost all of China's major suppliers fell in the first half of 2022. However, China's softwood log imports from Latvia alone surged to 219,000 cubic metres in the first half of 2022.

Main softwood log sources, First half 2022

Supplier	First half 2022 (000'cu.m)	%change YoY
Total	15,155	**-39%**
New Zealand	8,093	-19%
Germany	2,974	-52%
USA	709	-44%
Japan	536	-20%
Canada	532	-32%
Czech Rep.	433	-38%
Uruguay	406	-62%
France	272	-22%
Latvia	219	535%
Slovakia	186	-44%
Poland	149	-51%
South Africa	111	-28%

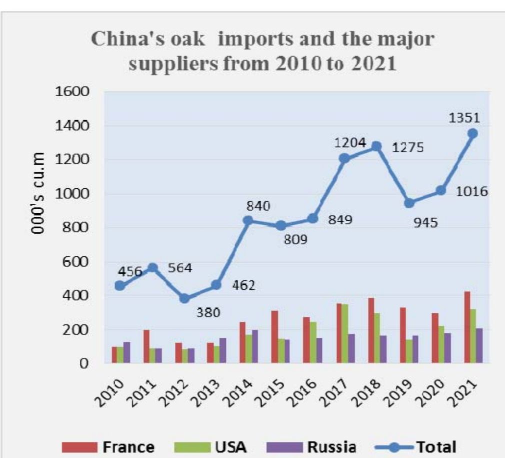
Data source: China Customs

France the largest supplier of China's oak imports

Because of firm demand for oak flooring and furniture oak imports have been increasing and exceeded 1 million cubic metres annually in recent years. In 2021 imports of oak reached 1.351 million cubic metres, up 33% year on year.

France has been the largest supplier of oak to China since 2010 to 2021 (except in 2010 and 2013). China's oak imports from France in 2021 were the largest ever at 425,230 cubic metres, up 43% year on year.

The top three suppliers of China's oak imports were France, US and Russia. The proportions of the top three suppliers for China's oak imports are around 70% of the national total from 2010 to 2021 (81% in 2013 and 79% in 2016).



Data source: China Customs

Russia no longer a major supplier of oak to China

In the first half of 2022 France was the top supplier of oak followed by the US. However, in the first half of 2022, Russia is no longer a major supplier of oak to China. China's oak imports from Russia were only 1,174 cubic metres valued at US$392,507, down 99% both in volume and value in the first half of 2022.

In addition, China's oak imports from Bosnia and Herzegovina (BIH, over 1,000%) and the Czech Republic rose sharply in the first half of 2022.

Major suppliers for China's oak imports, 2022 half

Supplier	First half 2022 mil. cu.m	% change y-o-y
France	312	40%
USA	157	25%
Belgium	49	30%
BIH	38	+++
Germany	36	20%
Slovakia	25	66%
Slovenia	25	1%
Czech Rep.	19	500%
Mexico	17	41%
Serbia	16	39%

Data source: China Customs

Rise in China's hardwood log imports in the first half of 2022

China's hardwood log imports in the first half of 2022 rose 6% to 7.22 million cubic metres (32% of the national total log imports). The average price for imported hardwood logs in the first half of 2022 was US$285 (CIF) per cubic metre, up 11% from the same period of 2021.

Of total hardwood log imports, tropical log imports were 4.10 million cubic metres valued at US$1.167 billion CIF, up 9% in volume and 7% in value from the same period of 2021 and account for about 18% of the national total log import volume.

The average price for imported tropical logs was US$284 CIF per cubic metre, up 7% from the same period of 2021.

Before its log export ban Myanmar was a major source of tropical logs to China. However, China's log imports from Myanmar have been decreasing for many years. China's log imports from Myanmar fell 43% to 3,637 cubic metres and 46% in value to US$4.4 million in the first half of 2022.

The average price for imported logs from Myanmar declined 5% to US$1,203 (CIF) per cubic metre in the first half of 2022.

Surge in tropical log imports from Equatorial Guinea and DRC

China imports tropical logs mainly from Papua New Guinea (33%), Solomon Islands (19%), Brazil (12%), Equatorial Guinea (5.8%), the Republic of Congo (5.7%), Cameroon (5.5%), Mozambique (4%) and the Democratic Republic of Congo (3%). Just 8 countries supplied nearly 90% of China's tropical log requirements in the first half of 2022.

China's tropical log imports from the first largest suppliers, PNG, grew 29% to 1.335 million cubic metres. PNG was the main driver of tropical log import growth in the first half of 2022. China's tropical log imports from Equatorial Guinea and DRC surged 170% and 72% respectively. However, China's tropical log imports from Solomon Islands and Mozambique declined 20% and 24% respectively.

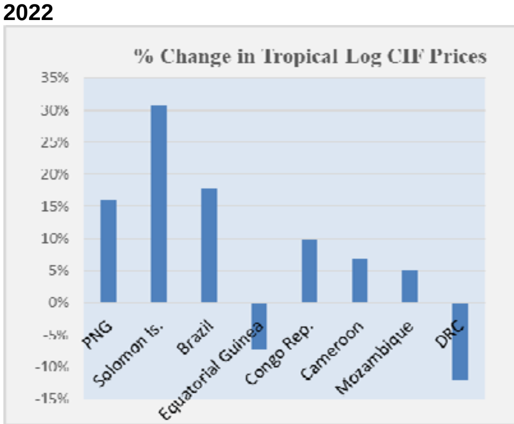
Tropical hardwood log sources, 2022 half

	First half 2022 (000'cu.m)	% change YoY
PNG	1,335	29%
Solomon Is.	762	-20%
Brazil	508	6%
Equatorial Guinea	239	170%
Congo Republic	234	-5%
Cameroon	226	9%
Mozambique	151	-24%
DRC	131	72%

Data source: China Customs

First half 2022 CIF prices for most of China's tropical log imports rose. However, CIF prices for tropical log imports from Equatorial Guinea and DRC declined.

Change in average tropical log CIF prices, First half 2022



Data source: China Customs

Draft Forest Law for public comment

China's Forest and Grassland Administration issued the following statement:

Regulations on the Implementation of the Forest Law of the People's Republic of China (Revised Draft)" (Draft for Comments) Open for Comments

Summary information:

In order to implement the decisions and arrangements of the CPC Central Committee and the State Council on strengthening the construction of an ecological civilization system, and to improve the legal system of forest resource management with the Forest Law as the core, the State Forestry and Grassland Administration has studied and drafted the Regulations on the Implementation of the Forest Law of the People's Republic of China.

In order to enhance the openness and transparency of legislation and improve the quality of legislation, the draft for comments and its explanation are now published to solicit opinions from all walks of life.

The public can make comments in the following ways and means:
Email: lincaolifa@163.com
Mailing address: Office of Regulations, State Forestry and Grassland Administration, No. 18, Hepingli East Street, Dongcheng District, Beijing (Postal Code: 100714)

The deadline for feedback is August 19, 2022.

Annexes:

1. Regulations on the Implementation of the Forest Law of the People's Republic of China (Revised Draft)" (Draft for Comments)

See:http://124.205.185.62:8080/html/main/main_4461/20220720101955002156596/file/20220720102014581715676.pdf

2. Explanation on the "Regulations on the Implementation of the Forest Law of the People's Republic of China (Revised Draft)" (Draft for Comments)

See:
http://124.205.185.62:8080/html/main/main_4461/20220720101955002156596/file/20220720102032364855701.pdf

Average imported log prices US$/cu.m CIF

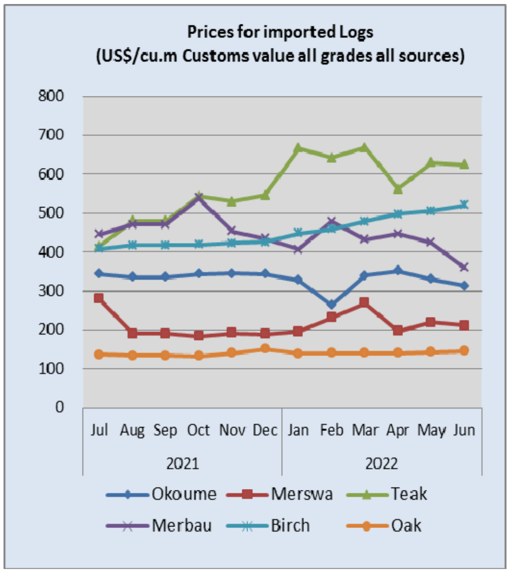
	2022 May	2022 Jun
Okoume	330	313
Merswa	219	211
Teak	630	624
Merbau	424	359
Birch	505	520
Oak	143	146

Data source: Customs, China

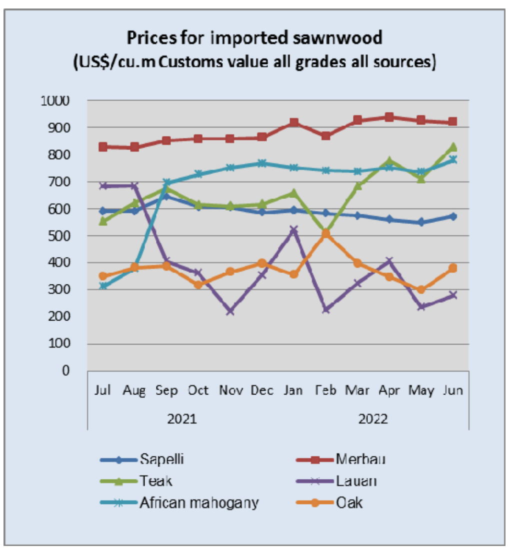
Average imported sawn hardwood prices US$/cu.m CIF

	2022 May	2022 Jun
Sapelli	550	571
Merbau	927	920
Teak	711	828
Lauan	235	279
African mahogany	737	779
Oak	299	380

Data source: Customs, China



Data source: Customs, China



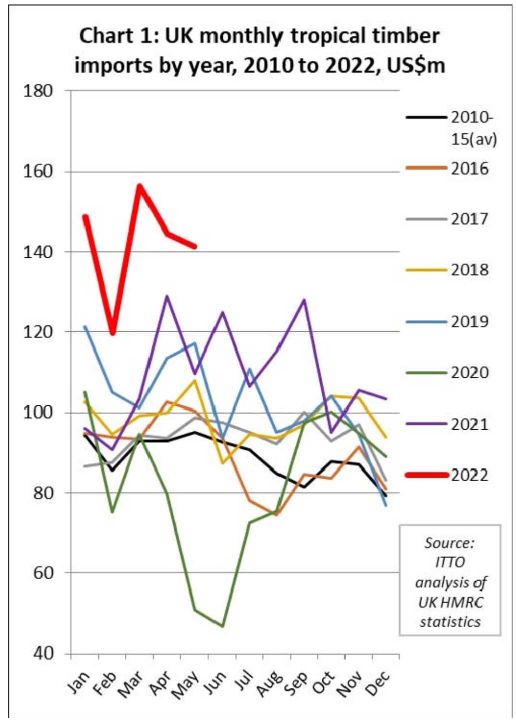
Data source: Customs, China

UK

Value of UK tropical wood product imports up 34%

The import value of tropical wood and wood furniture into the UK in the opening five months of this year was US$711 million, 34% more than the same period last year.

This was by far the strongest start to a year in terms of UK import value of tropical wood and wood furniture products since the 2008 financial crises (Chart 1). It compares to an average import value of less than US$500 million for the January to May period throughout the whole decade prior to the onset of the pandemic in 2020.



The rise in UK import quantity of tropical wood and wood furniture was much less dramatic than the rise in import value in the first five months of this year, at 228,000 tonnes just 10% more than the same period in 2021. This shows that price inflation was the major factor behind the rise in import value.

Significant weakening of the value of the GBP on foreign exchange markets since the end of April, combined with the wider geo-political situation, implies that price inflation will remain a key issue for UK importers in the months of ahead. It also indicates that the current boom in UK imports may well be short-lived.

Availability of hardwood and furniture products from the UK's traditionally largest suppliers in Europe has become even more challenging since Russia's invasion of Ukraine in the last week of February, encouraging UK importers to look more to tropical products. COVID lockdowns have also seriously disrupted availability of manufactured wood products from China.

Tropical wood performs well compared to overall UK market this year

Comparing tropical wood product imports with data for total UK wood imports in the latest market statement from Timber Development UK (TDUK formerly Timber Trade Federation) implies that tropical products have performed better than the overall UK timber market so far this year.

According to TDUK, the total volume of all timber imported into the UK in Q1 2022 was 2.5 million m3, nearly half a million m3 behind the record imports of Q1 2021. This decrease in total timber imports follows on from a downward trend seen towards the back end of Q4 2021. TDUK note that “While this downward trend may have been sparked initially by market saturation for timber products, loss of consumer and business confidence is now the primary cause”.

TDUK highlight that while UK direct timber imports from Russia are relatively low, demand for all timber products in the UK is being impacted by the war in Ukraine through its effects on consumer confidence, along with high energy and material costs. The UK timber industry has responded to the Russia-Ukraine conflict by following sanctions and greatly reducing imports across all the main Russia import categories.

In tonnage terms, comparing the first five months of 2022 with the same period last, UK imports of Russian hardwood plywood were down 42% at 8,500 tonnes, Russian softwood plywood was down 86% to just 250 tonnes, Russian softwood sawnwood was down 82% to 15,800 tonnes, Russian hardwood sawnwood was down 70% to 568 tonnes, and Russian softwood decking was down 51% to 632 tonnes.

The large majority of UK wood product imports from Russia this year arrived between January and March (34,000 tonnes across all product categories). Less than 2,000 tonnes of Russian product were imported into the UK in April and May.

Strong start to the year unlikely to be sustained in the UK

TDUK’s market statement highlights that UK demand for timber was strong in the first quarter of this year, particularly driven by construction output which reached a record high during the period, just surpassing the previous high set in Q1 2019. Drawing on data from the UK Office of National Statistics (ONS), construction output was up by 3.8% when comparing Q1 2021 with Q1 2022. The private repair, maintenance and improvement (RM&I) sector, which is particularly important for hardwoods, was at historically high levels in the first quarter of this year.

However, TDUK note that the high level of demand in unlikely to persist as the overall picture for the economy is overwhelmingly negative across a range of macroeconomic indicators.

The following adverse factors are identified by TDUK:

- The stability of the construction sector’s recovery in 2022 has always remained subject to inflationary pressures which at 9.1% as per the Consumer Price Index in June, is now at its highest rate in 40 years.
- The Russia-Ukraine crisis leading to particularly high energy and material costs.
- Greater barriers to trade and a more complex regulatory environment in the UK since Brexit.
- The British pound has suffered severe depreciation, plunging 10% this year according to Bloomberg.
- There is a “cost of living crisis” with 88% of British adults reporting an increase in their cost of living in May 2022 according to ONS.
- According to the GfK index, consumer confidence in the UK was down 41 points in June 2022, the lowest since the index began in 1974.
- Recent surveys indicate a decline in business confidence.
- The IMF now projects that global growth will slow from 6.1% in 2021 to 3.6% in 2022 and 2023.
- Political instability in the UK with Prime Minister Boris Johnson deposed by his party in July 2022.

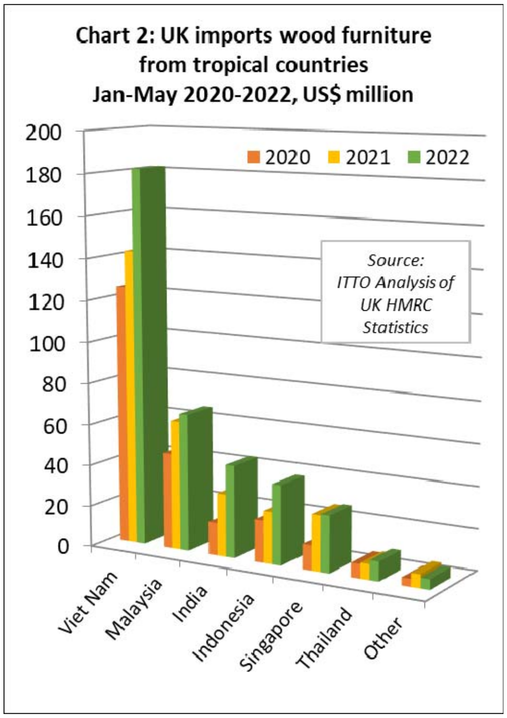
Overall therefore, prospects for the rest of this year are far from promising. This is reflected in the latest CPA Construction Industry Forecasts released in July 2022 which predict that UK construction output will grow by 2.5% in 2022, a sharp revision down from just six months ago of 4.3% growth.

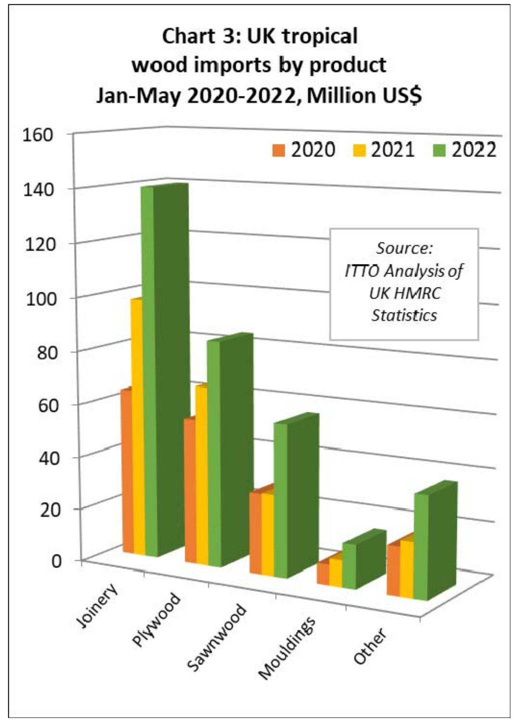
Growth in 2023 has also been revised down to 1.6%, from 2.5%. The private RM&I sector is forecast to decline by 3.0% in 2022 and 4.0% in 2023 as it will be particularly hard hit by inflation and falling consumer confidence.

Big increase in UK import value of wood furniture from all main tropical suppliers

The UK imported US$374 million of tropical wood furniture products in the first five months of 2022, which is 28% more than the same period in 2021. In quantity terms, wood furniture imports were 78,000 tonnes during the five month period, 3% more than the same period last year.

This indicates that the rise in value was driven more by price inflation than strong demand. Import value increased from all of the leading tropical supply countries to this market in the first five months of this year compared to last including Vietnam (+28% to US$182 million), Malaysia (+6% to US$67 million), India (+47% to US$45 million), Indonesia (+53% to US$39 million), Singapore (+2% to US$27 million), and Thailand (+25% to US$9 million) (Chart 2).





UK tropical wood import value up 49% in the first five months of 2022

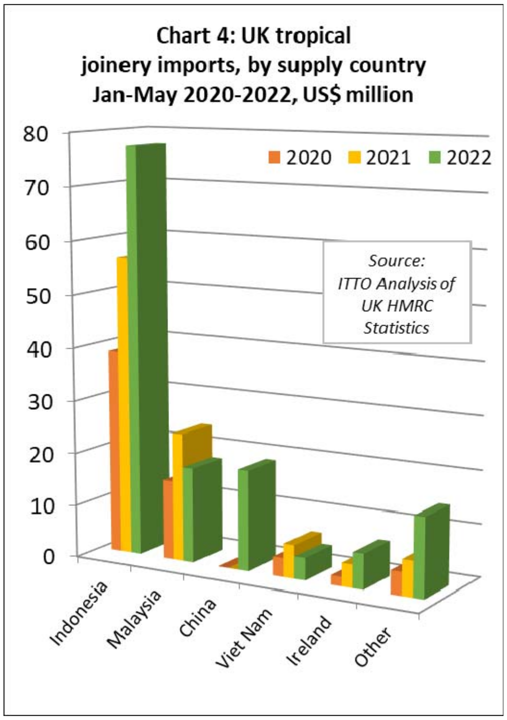
Total UK import value of all tropical wood products in Chapter 44 of the Harmonised System (HS) of product codes were US$337 million between January and May this year, 49% more than the same period in 2021.

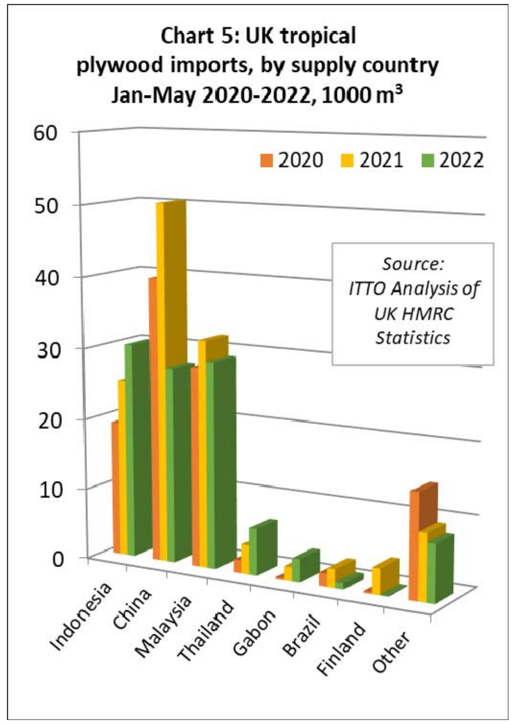
In quantity terms imports increased 14% to 150,000 tonnes during the period. Compared to the first five months last year, UK import value of tropical joinery products increased 43% to US$140 million, import value of tropical plywood was up 26% to US$85 million, import value of tropical sawnwood increased 88% to US$57 million, and import value of tropical mouldings/decking increased 65% to US$16 million (Chart 3).

UK imports of wood doors from Indonesia gather momentum

After the sharp dip in UK imports of tropical joinery products during the first lockdown period in the second quarter of 2020, imports of this commodity group have progressively built momentum.

This trend is mainly driven by Indonesia for which UK joinery imports, mainly consisting of doors, were US$77 million in the first five months this year, 37% more than the same period in 2021 (Chart 4). In quantity terms, UK joinery imports from Indonesia were 24,500 tonnes in the first five months of this year, 11% more than the same period in 2021.





UK imports of joinery products from Malaysia and Vietnam (mainly laminated products for kitchen and window applications) started this year more slowly. Import value from Malaysia was US$18 million in the January to May period, 26% less than the same period last year. In quantity terms, imports from Malaysia were 5,800 tonnes, 37% less than the same period in 2021. Joinery imports from Vietnam of 1100 tonnes valued at US$4 million were respectively 39% and 33% less than the same period last year.

UK imports of Chinese tropical joinery products, nearly all comprising doors, were 7,200 tonnes with value of US$19 million in the first five months of 2022, up from negligible levels in previous years. Due to introduction from 1st January 2022 of new product codes in the EU Combined Nomenclature (still mirrored by the UK post-Brexit) it is now possible to identify wood doors and windows manufactured using a wider range of tropical wood species in UK and EU trade statistics.

The apparent rise in imports of "tropical" wood joinery from China is very likely due to these products now being identifiable as of tropical species, whereas previously they were classified as "other non-coniferous" in the trade statistics and excluded from the figures for tropical wood imports.

UK tropical hardwood plywood imports switch from China to Indonesia

In the first five months of 2022, the UK imported 106,000 cu.m of tropical hardwood plywood, 18% less than the same period last year. Tropical hardwood plywood imports from Indonesia have made gains this year, while imports from China have continued to slide (Chart 5).

The UK imported 30,300 cu.m of tropical plywood from Indonesia in the first five months of this year, a gain of 21% compared to the same period last year. Imports from Indonesia, which were quite slow between February and April this year, picked up pace again in May. The UK imported 29,100 cu.m of plywood from Malaysia in the first five months of this year, 9% less than the same period last year. Imports from Malaysia also picked up in May to their highest monthly level for over a year.

The UK imported 27,600 cu.m of tropical hardwood plywood from China in the first five months of this year, 28% less than the same period in 2021, trade having been affected by COVID lockdowns in China. At the same time, Brexit is impacting on UK imports of tropical hardwood plywood from EU countries which were just 5,200 cu.m in the opening five months of this year compared to over 10,000 cu.m during the same period in the last two years.

Strong rise in UK imports of tropical sawnwood

UK imports of tropical sawnwood started this year strongly. Imports were 47,500 cu.m in the first five months of 2022, 49% more than the same period last year. In addition to making major gains overall, there were big changes in the countries supplying tropical sawnwood to the UK in the opening months of this year (Chart 6).

This is indicative of the major shifts in hardwood markets since the start of the pandemic which have led to significant supply shortages and sharply increasing prices in many supply regions and continuing high levels of demand in markets like the UK.

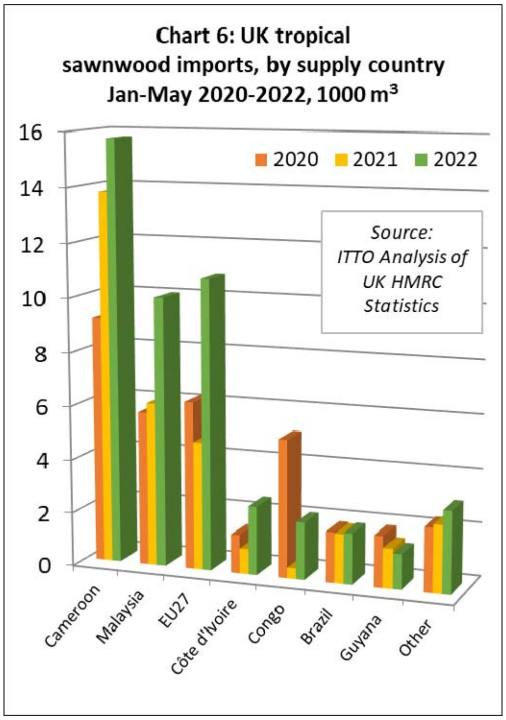


Chart 6: UK tropical sawnwood imports, by supply country Jan-May 2020-2022, 1000 m³

UK imports of tropical sawnwood from Cameroon were 15,700 m3 in the first five months of this year, 14% more than the relatively high level in the same period last year. UK imports from Malaysia, which had fallen to little more than a trickle in recent years, were 10,000 cu.m in the first five months of this year, 65% more than in the same period last year.

UK imports of tropical sawnwood from Côte d'Ivoire were 2,500 m3 in the first five months of this year, a 170% increase compared to negligible imports in the same period last year. UK imports of tropical sawnwood from the Republic of Congo (RoC) have also recovered some lost ground this year, with imports of 2,100 cu.m in the first five months, a 430% gain compared to the same period last year, although still well down on the pre-pandemic level.

UK imports of tropical sawnwood from Brazil were 1,900 cu.m in the first five months of this year, 3% more than the same period last year and still down on the pre-pandemic level.

After losing ground following Brexit and during the pandemic, indirect UK imports of tropical sawnwood from EU countries have been recovering again this year. Total UK imports from EU countries were 10,800 cu.m in the first five months of this year, up from just 4,800 m3 in the same period in 2021.

UK imports of tropical hardwood mouldings/decking were relatively high in the opening five months of 2022, at 5,600 tonnes, 67% more than the same period last year.

This is another commodity group for which there has been particularly strong demand in the UK, combined with sharply tightening supply since the start of the pandemic. The war in Ukraine and sanctions on Russia are expected to lead to even tighter supplies of non-tropical decking products that directly compete with tropical decking in the short to medium term.

UK imports of decking/mouldings increased sharply from Indonesia, Malaysia and Brazil in the first five months of this year. Imports of 2,000 tonnes from Indonesia were 86% more than the same period last year. Imports of 1,400 tonnes from Malaysia were 40% up on the same period in 2021. Imports from Brazil increased 93% to 1,200 tonnes during the five month period. (Chart 7).

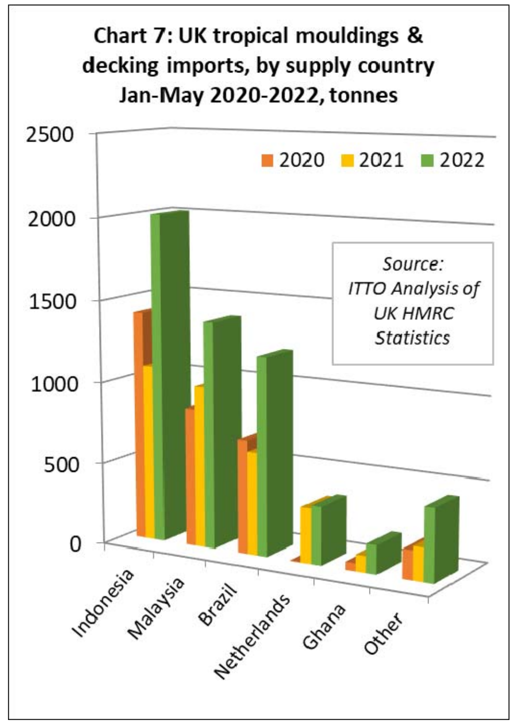


Chart 7: UK tropical mouldings & decking imports, by supply country Jan-May 2020-2022, tonnes

TDUK urges vigilance to ensure birch plywood contains no Russian wood

TDUK has issued a trade alert urging vigilance to ensure no plywood offered by Asian manufacturers to UK importers contains birch originating in Russia.

TDUK note that UK sanctions introduced in response to Russia's invasion of Ukraine prohibit the import, acquisition, supply and delivery of revenue on all wood products coming from Russia. This spans across all wood categories but is particularly relevant to birch plywood as significant volumes were exported to the UK prior to the conflict.

The UK timber industry has responded to the Russia-Ukraine conflict by significantly reducing imports across all the main Russian import categories. However, TDUK note that "a worrying development has emerged in recent weeks as TDUK members have reported increasing offers of birch plywood coming from Asia, particularly China".

The birch in this plywood is, according to TDUK, almost certainly derived from Russia "given that birch forests are concentrated in Northern Russia" and that "China does not share the same view of the West regarding the Ukraine conflict. This means China has imposed no sanctions on Russia, with trade patterns continuing as they were prior to the conflict".

TDUK also suggest that "the increasing isolation of the Russian economy has provided a business opportunity for many Chinese timber suppliers, with sanction-stricken products such as Russian birch now becoming widely available for import and processing".

TDUK warn that "despite the birch plywood being processed in China, any timber originating from Russia is now illegal to import into the UK or the EU. Any [TDUK] member or non-member who imports birch plywood from outside of the EU runs a high risk of being in breach of UK sanctions".

In response, TDUK are writing directly to manufacturers offering to supply birch plywood from China and other Asian countries making them aware of both UK and EU sanctions. Additionally, TDUK is asking member companies receiving offers of birch plywood to reply with information on the sanctions applying in the UK and EU.

TDUK note that should Russian wood be found in the UK/EU market "the importer and all customers who have purchased these products will be subject to legal action, fines and reputational damage which would also impact their trading partners in the manufacturing country".

UKCA due to replace CE mark in UK from 1 January 2023

After the UK signalled its intention to leave the EU the government set out plans to stop recognising the CE mark and to introduce the UK Conformity Assessed (UKCA) mark instead. For construction products this was originally due to take place on 1 January 2022 but the deadline was extended until 1 January 2023 due to the pandemic and because there was a lack of available UK Approved Conformity Assessment Bodies.

Like the CE mark, the UKCA mark indicates that a product conforms with the applicable product safety requirements for products of its type sold in Great Britain. The UKCA mark shows that a product has been assessed for conformity, with the results of that assessment being summarised in the manufacturer's Declaration of Performance.

Most construction products that are currently CE marked, or new products covered by a UK Designated Standard, will need to be UKCA marked from 1 January 2023. The marks are required for structural timber and wood-based panels for which there is a harmonised European standard or UK Designated Standard. Wood-based products such as skirting, architraves and other wood trim are not covered by a harmonised standard and therefore do not require CE marking.

Wood-based panels specifically designed for furniture are not construction products and therefore do not typically require marks. Other wood products not typically requiring marks are general sawn or machined goods (unless they are Structural or Flooring). Decking also, on the whole, is exempt but may count as Structural if it is used as a balcony or raised up on columns.

While the official deadline for introduction of the UKCA mark requirement is 1 January 2023, the UK Construction Products Association has warned government that unless they take action to make the UKCA marking requirements more flexible, many sectors could be left unable to place products on the market after that date. This could result in tradespeople being unable to purchase essential construction materials, potentially delaying projects and damaging the UK's economic growth.

It is possible that the deadline will be delayed again following passage of the Building Safety Bill, which gives Ministers the power to alter the date. The new law is expected to be introduced during the next (Autumn 2022) session of the UK parliament.

More information about the UKCA marking regulations is available at:
https://www.gov.uk/guidance/using-the-ukca-marking

North America

Sawn tropical hardwood imports fall

Imports of sawn tropical hardwood fell 12% in June as volumes retreated from a near record high. The 24,229 cubic metres imported in June was the second lowest total of the year so far. Imports of Keruing and Mahogany fell by 22% while imports of Sapelli and Ipe decreased by 7% and 16%, respectively. Imports of lower-volume woods like Meranti, Iroko, and Padauk were all down more than 50%.

Imports from Indonesia and Cameroon both decreased by more than one-third while imports from Malaysia were off by 14%. Imports from Congo (Brazzaville) gained 43% in June, rising to their best month of the year along with imports from Ghana which improved by 140%.

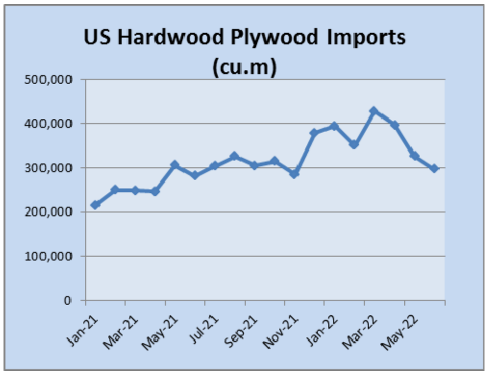
Despite the dip, total imports of sawn tropical hardwood remain up 211% so far this year. However, changes made this year by the US government in how it classifies tropical hardwoods make direct comparison with last year difficult.

Canada increased its imports of sawn tropical hardwood for the fifth straight month in June. The more than US$2.5 million imported was the highest total since August 2014. The increase was driven by a huge month for Iroko imports. More Iroko was imported into Canada in June than in all of 2021. Overall imports are up 40% year to date over 2021 figures.

Hardwood plywood imports continue downward

US imports of hardwood plywood fell for a third straight month, declining by 9% in June. The 296,900 cubic metres imported was the lowest volume month of the year and was 2.3% less than the previous June. mports from Russia continued their decline, plunging 51% in June to their lowest level since February 2013.

Imports from Indonesia and Malaysia both fell more than 40%, while imports from Vietnam and China rebounded strongly from poor volume in May. Year to date, imports from Russia are still up 4%, but most every other trading partner is showing much larger gains in 2022. Overall volume is up 41% through the first half of the year.



Data source: US Census Bureau, Foreign Trade Statistics

Veneer imports advance

Imports of tropical hardwood veneer rose 8% in June as imports from Cameroon leapt to their highest totals in more than four years. Imports from Italy also gained sharply while imports from India, Ghana and Cote d'Ivoire all retreated by more than half.

Total imports are up 31% through the first half of 2022, with nearly all trading partners showing gains of 10% or more. Imports from Cote d'Ivoire are the exception, down 14% versus last year through June.

Hardwood flooring imports tumble

Imports of hardwood flooring came back to earth in June after a record showing in May. Imports declined 21%, mostly due to a steep drop in imports from lower-volume supply countries such as Vietnam and a 7% drop in imports from Malaysia.

Imports from the top US trading partners either stayed level (Brazil down less than 1%) or improved (Indonesia up 70%, China up 10%). Total imports are ahead of last year 14% through the first half of 2022.

Imports of assembled flooring panels gained 6% in June. Imports from Brazil more than doubled while imports from Indonesia grew by 70%. This was offset to some degree by declines of around 20% in imports from China and Thailand.

Total imports of assembled flooring panels are up 57% through the first half of the year as imports from Brazil are more than double that of 2021 so far and imports from Thailand are up more than fourfold.

Moulding imports remain flat

Imports of hardwood mouldings rose a modest 2% in June. Imports from Brazil and China rose sharply to rebound from weak May numbers. Imports from top supplier Canada did just the opposite, falling 15%, continuing an up and down pattern we've seen all year.

Despite the volatility by countries each month, imports are up sharply among all suppliers year to date. Through the first half of the year, total imports are ahead by 38% over 2021 with imports from Brazil up 86%, China up 54%, and Canada up 36%.

Wooden furniture imports retreat

After setting an all-time record in May, US imports of wooden furniture fell by 7% in June. Despite the retreat, the US$2.33 billion of goods imported was more than 5% higher than the previous June and among the strongest months ever.

Imports fell from nearly every major partner with imports from India, Malaysia and Vietnam seeing the steepest declines. Still, total imports of wooden furniture are up 10% through the first half of 2022 with all major trading partners ahead of 2021 totals.

	Jan- Jun 2022 % change y-o-y
World	10%
China	4%
Vietnam	1%
Canada	18%
Malaysia	1%
Mexico	41%
Indonesia	30%
India	35%
Other	25%

Data source: US Census Bureau, Foreign Trade Statistics

Lower duties on Canadian sawnwood, Canada wants them removed

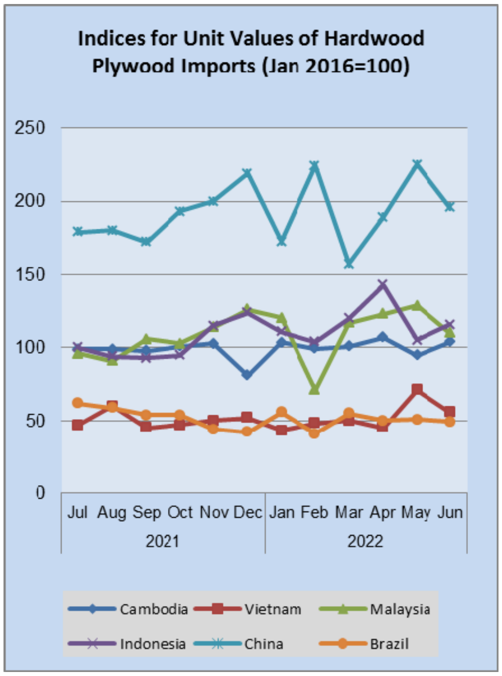
The Commerce Department ruled this month that the tariff applied to some Canadian sawn softwood imports will drop to 8.59% from 17.91%. Canada's government said the US tariffs have caused "unjustified harm" to the industry and workers.

The Trump administration imposed tariffs on Canadian softwood lumber in 2017 saying the industry is unfairly subsidised. The US raised rates on imports in 2021 even as an unprecedented rally lifted prices to record highs during a pandemic-fueled homebuilding and renovation boom.

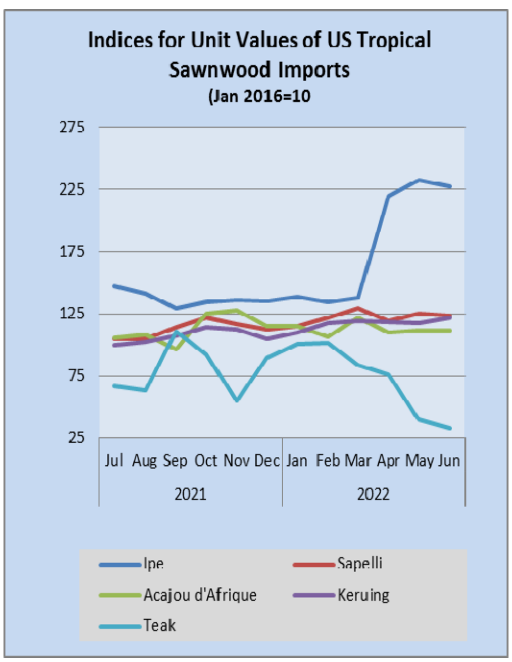
"Canada is disappointed that the United States continues to impose unwarranted and unfair duties," International Trade Minister Mary Ng said in a statement.

"While the duty rates will decrease from the current levels for the majority of exporters, the only truly fair outcome would be for the United States to cease applying baseless duties."

See:
https://www.woodworkingnetwork.com/news/woodworking-industry-news/war-words-over-continuing-lumber-tariffs



Data source: US Census Bureau, Foreign Trade Statistics



Data source: US Census Bureau, Foreign Trade Statistics

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.

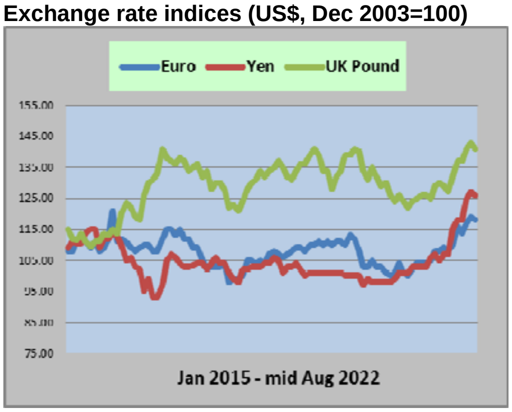
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

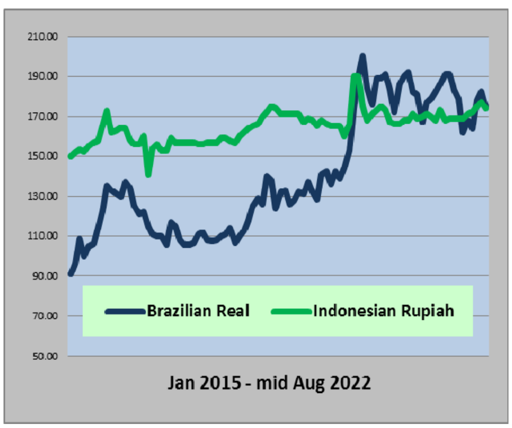
Dollar Exchange Rates

As of 10 August 2022

Brazil	Real	5.1557
CFA countries	CFA Franc	634.51
China	Yuan	6.7447
Euro area	Euro	0.9689
India	Rupee	79.6622
Indonesia	Rupiah	14,998
Japan	Yen	135.4
Malaysia	Ringgit	4.445
Peru	Sol	4.38
UK	Pound	0.8197
South Korea	Won	1,307.57

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



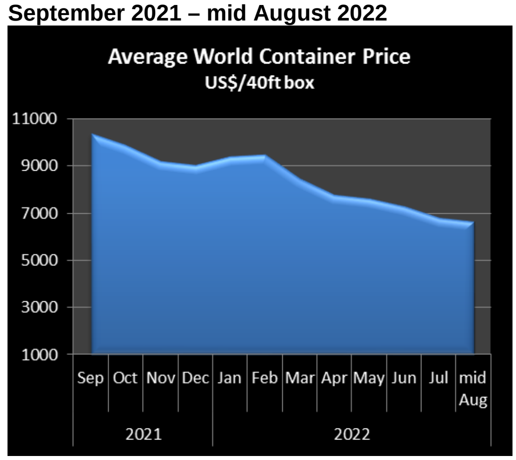


Abbreviations and Equivalences

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

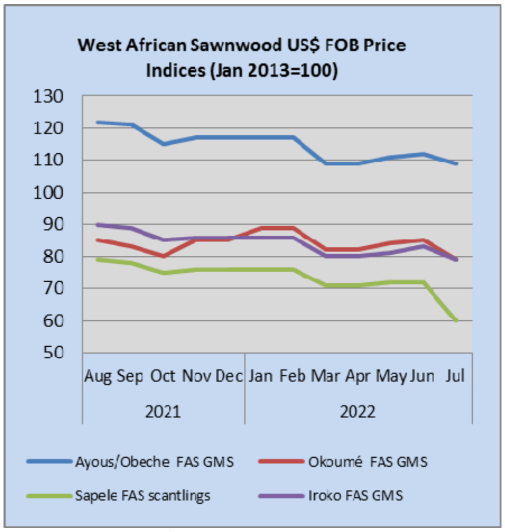
September 2021 – mid August 2022



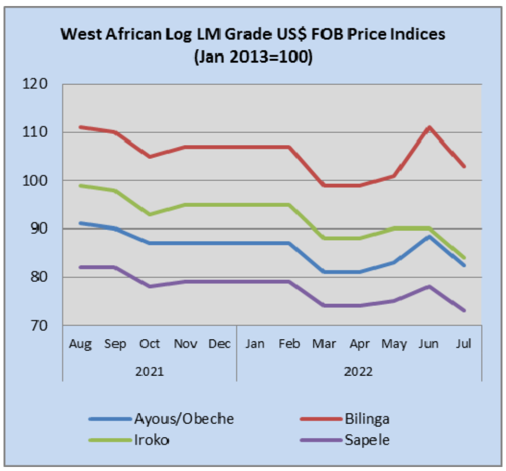
Data source: Drewry World Container Index

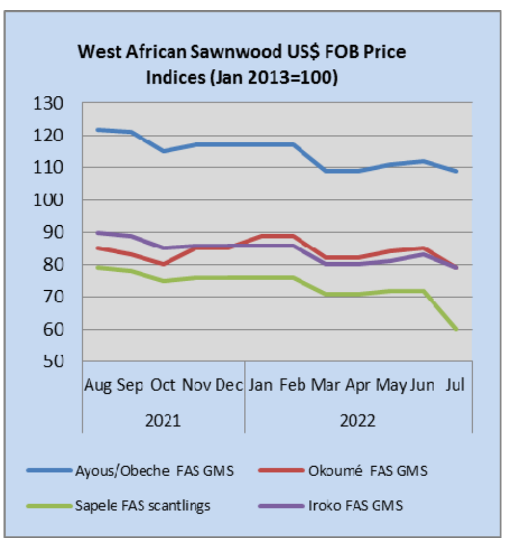
Price indices for selected products

The following indices are based on US dollar FOB prices

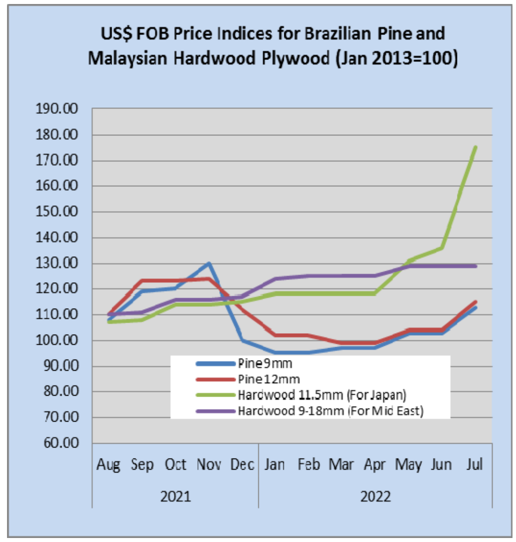


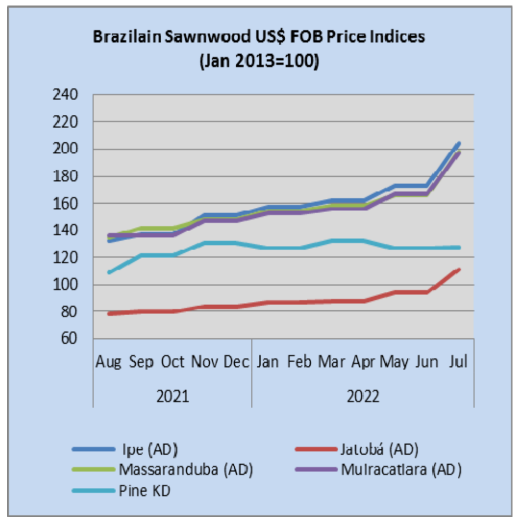
Note: Sarawak logs for the Japanese market





Note: Indices for W. African logs and sawnwood are recalculated from Euro to US dollar terms.





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