

Tropical Timber Market Report

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Top story

A dip in freight rates but not a trend

2020 container freight rates have moved in only one direction – up, so it comes as a surprise that the global average rate for a 40ft container declined in mid-February. Analysts warn this does not mean good news as yet.

Patrik Berglund, CEO of Xeneta, writes “What’s almost incredible to witness is the harder it is to get equipment, the less capacity is available and the less-reliable carriers’ sailings are, the more they charge their customers”.

See: chart page 26
and

<https://theloadstar.com/ocean-freight-rate-volatility-unprecedented-look-out-for-ripples-warning>

Central and West Africa

Demand in EU market stirs

Producers report a jump in orders for padouk especially from importers in Belgium, a market that was quiet for several months at the end of 2020. Rising demand has given producers the opportunity to secure better FOB prices close to the level seen at the beginning of 2020.

FOB prices for some of the other main species, notably the redwoods, have started to ease on the other hand prices for staples such as azobe and bilinga for the Netherlands market remain very stable.

Log stocks building in the ports

Reports from Gabon say log stocks are rising in the port areas and this is put down to requests from Chinese importers to hold shipments as the country breaks for the New Year holidays. Negotiations for concessions continue but producers say progress is slow. Most mills are still operating but as log stocks decline output is beginning to fall. Some mills have lower stocks of logs than normal because continual rain disrupted harvesting and transportation.

Companies frustrated by delayed communications

Companies in Gabon have raised concerns over the slow pace of communications from the Ministry of Forestry suspecting this slowdown is in response to a recent crackdown on the activities of forestry staff. An example mentioned was a communication from the Minister that took more than a month to reach its destination. Under the current circumstances with the corona control measures impacting businesses additional hurdles such as slow communications is unwelcome as companies struggle to keep afloat and support the workforce.

Taxes increased for non certified concession holders

Unconfirmed reports say the government of Gabon has increased the forest area tax (surface tax). For companies with no FSC certification the tax will rise from CFA400 to CFA800/ha while for companies with FSC certification the tax rate will be CFA300/ha. Most operators are in the process of securing FSC certification, but complain on the high cost. However, they must continue as if they are not certified by 2022 they risk having the concession agreement withdrawn. Discussions on the creation of okoume plantations continue and it has been reported that a pilot plantation project has started.

Processing by companies in GSEZ up despite pandemic

According to figures released by the management of the Nkok Special Economic Zone in Gabon, despite the impact of Covid-19 control measure on economic activity, last year mills in the Zone processed around 775,000 cubic metres of timber, almost 10% more than in 2019. The domestic press has reported that as of the end of September 2020 timber production in Gabon stood at 870,410 cubic metres and output of veneer/ply mills increased by almost 27%, to over 37,000 cubic metres.

Planning for greater industrialisation

A working group set up by Gabon's Agence Gabonaise de Normalisation (AGANOR), a state-owned industrial and administrative institution called "Comité Technique - Forêt-Bois", has been charged with preparing proposals on the development of several standards for greater industrialisation of the timber industries in the country in order that the forests are sustainably managed and Gabon becomes a major source of certified tropical timber.

This initiative was driven by the 2021-2023 'Transformation Acceleration Plan' presented in January 2021 by the Prime Minister.

See: <https://www.lenouveaugabon.com/fr/agro-bois/0402-16394-le-gabon-veut-adopter-de-nouvelles-normes-pour-se-positionner-comme-un-leader-mondial-du-bois-tropical-certifie>

Working conditions still a challenge

Across the region there are travel restrictions aimed at minimising the spread of the corona virus but despite this companies in Gabon and Congo are managing to maintain production and trucks are moving freely to and from the ports.

In Gabon, for example, when travelling to the timber production areas a virus test is required. Sadly, it has been reported that some people are paying officials to circumvent the travel rules.

Guide for due diligence in Congo

BVRio has published a "Practical guide to conducting due diligence of tropical timber products - Republic of Congo". The BVRio website says: "The objective of this practical guide is to summarise the main documents that need to be collected, and how to interpret them, in order to conduct due diligence of timber consignments to be imported from the Republic of Congo into the US and European markets".

See: <https://www.bvrio.org/publicacoes>

log export prices

West African logs Asian market	FOB Euro per cu.m		
	LM	B	BC/C
Acajou/ Khaya/N'Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & ekki	275	275	175
Belli	270	270	-
Bibolo/Dibétou	215	215	-
Bilinga	275	275	-
Iroko	300	280	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	220	220	220
Moabi	330	330	250
Movingui	180	180	-
Niove	160	160	-
Okan	200	200	-
Padouk	270↑	240↑	200
Sapele	260	260	200
Sipo/Utile	260	260	230
Tali	300	300	-

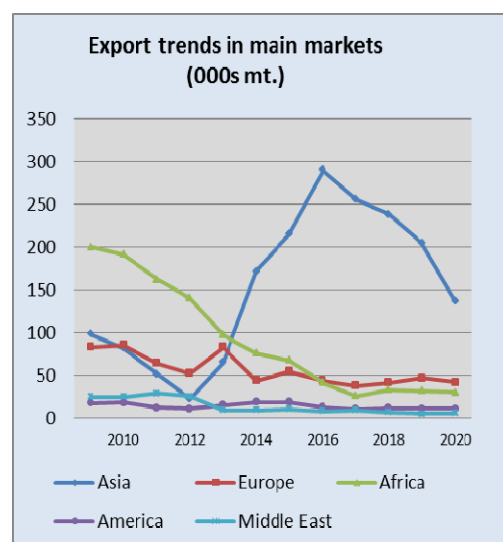
Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	440
Bilinga FAS GMS	540
Okoumé FAS GMS	460
Merchantable	310
Std/Btr GMS	320
Sipo FAS GMS	420
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	900↑
FAS scantlings	950↑
Strips	350
Sapele FAS Spanish sizes	420
FAS scantlings	450
Iroko FAS GMS	600
Scantlings	640
Strips	370
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	620
Scantlings	640
Movingui FAS GMS	420

Ghana

Exports could double under AfCFTA

Ghana's wood product exports to member countries in the newly operational Africa Continental Free Trade Area (AfCFTA) are expected to double according to the Timber Industry Development Division of the Ghana Forestry Commission. Currently, exports to African markets, especially the ECOWAS member countries, are mainly sawnwood, veneer and plywood.



Data source: TIDD

The figure above shows there has been a steady decline in Ghana's wood product exports to African countries. The downtrend between 2012 and 2017 could be attributed to product availability and pricing.

Exports to African countries started to pick up in 2018 when there was a 10% year-on-year rise and in 2019 the trend higher continued with an 11% year on year rise followed by a 13% uptick in 2020.

With a single market of 1.4 billion people along with rising disposable incomes in AfCFTA countries it is anticipated the easing of trade rules will promote more intra-Africa trade beyond ECOWAS and this will increase Ghana's market penetration to the rest of the continent. Exports to African markets are currently third placed to those to Asia and Europe, the leading importers of Ghana's wood products.

Vaccines due first half of this year

Ghana is set to procure the first consignment of the COVID vaccines within the first half of this year. In February the Ghana Health Service reported that all the sixteen regions have active cases.

The Ghana President has indicated that through bilateral and multilateral arrangements 17.6 million vaccine doses would be procured as the initial target. He assured only vaccines evaluated and declared as safe will be administered.

The first batch of vaccine is expected in the country by March 2021. These will be tested and certified by the Food and Drugs Authority (FDA) under its established processes before they are administered.

Meanwhile, COVID-19 tests are now free for all Ghanaians at public health institutions those tested positive can benefit from the cost free isolation and treatment.

New development bank receives funding

The Ministry of Finance has disclosed that US\$50 million has been released towards the operationalisation of the National Development Bank. The bank is expected to be capitalised with US\$1 billion of which the government has committed US\$250 million.

The concept of a development bank has been the dream of the Association of Ghana Industries (AGI) as it is seen as a way to better support the local manufacturing industries in all sectors of the economy. Local industries needed capital injections at manageable interest rates to ensure they are competitive globally.

According to the AGI, studies suggest that the limited availability and high cost of credit constitute the single largest constraint to private sector operations. The establishment of a national development bank under the Ghana Cares Programme in the 2020 budget was expected to provide support to businesses.

Boule export prices

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

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	347	441▲
Chenchen	540	631
Ogea	443	590
Essa	543	589▼
Ofram	350	435

Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	1,027▲
Avodire	573
Chenchen	932▲
Mahogany	1,035▼
Makore	834▼
Odum	700

Export plywood prices

Plywood, FOB	Euro per cu.m		
BB/CC	Ceiba	Ofram	Asanfina
4mm	350▲	580	641
6mm	412	535	604
9mm	377	499	560
12mm	516	476	480
15mm	450	414	430
18mm	450	441	383

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

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	465	564
Ceiba	404	600
Dahoma	498▲	574
Edinam (mixed redwood)	520	595
Emeri	465	605▲
African mahogany (Ivorenensis)	886	1,020▲
Makore	740	755▼
Niangon	583	592
Odum	649	735
Sapele	720	742▲
Wawa 1C & Select	355	459▲

Malaysia**Travel restrictions still in place**

The current travel restrictions scheduled to end on 4 February have been extended to 18 February based on a risk assessments and advice of the Ministry of Health (MoH) which reported daily cases in all States still show an upward trend.

The same level of restrictions will apply including no inter-state travel and no social activities. However, the forestry and timber sectors are permitted to operate in recognition of their contribution to the country's economy.

Record exports in December

Timber sector trade for the period January to November 2020 showed a good performance with exports valued at RM19.8 billion.

The Malaysian Statistics Department reported exports in December 2020 at RM95.7 bil. 10% higher year on year and supported by both re-exports and exports of domestically manufactured products. The Department said re-exports totalled RM17.6 bil. or around 18%. Exports of domestically produced products totalled RM78 bil., up 8% year-on-year.

The main products which contributed to the increase in exports were electrical and electronic products (+RM 5.6bil); rubber products (+RM 3bil) and palm oil and palm oil-based agriculture products (+RM 2.6bil).

Covid cases in furniture factory

A recent case illustrates the challenges of operating a furniture plant in these Covid times. A manufacturer in the Bukit Pasir Industrial Area recently screened around 1,400 of its employees for Covid 19. The results showed 543 of them has infected but most displayed no symptoms. Of the others some complained of mild flu like symptoms.

The company said the full screening exercise was a precautionary measure to contain and prevent the spread of the virus among its employees and the surrounding community. The company said a temporary closure was expected to result in a delay of some export shipments.

Albert Ng, Johor Baru Furniture Association chairman, said the situation in Muar was worrying as many surrounding factories reported positive corona virus cases. The association has successfully negotiated for Covid 19 test sets and urges its 230 member companies to send their employees for testing.

See:

<https://www.thestar.com.my/news/nation/2021/01/27/furniture-maker-stops-work>

PEFC award for MTCC

The Malaysian Timber Certification Council (MTCC) has received an award 'Certificate of Appreciation from the Programme for the Endorsement of Forest Certification Scheme '(PEFC) for the greatest increase in PEFC-certified forest area. MTCC is the National Governing Body that implements the Malaysian Timber Certification Scheme (MTCS) endorsed by PEFC since 2009.

The MTCC website says "recognition was given to MTCC for the marked increase of 957,583 ha of MTCS/PEFC-certified forest area from September 2019 to September 2020. The total certified forest area in 2019 was 4,315,151 ha. and increased to 5,272,734 ha. with the certification of 10 forest management units (FMUs) in Johor, Sabah and Sarawak.

This is in addition to the existing 20 FMUs, many of which have been maintaining their certification for over 10 years such as the FMU for the states of Negeri Sembilan, Pahang, Perak, Selangor and Terengganu, the Anap-Muput FMU in Sarawak and the Segaliud Lokan FMU in Sabah.

Despite the overall increase, a number of FMUs have had their certification suspended and withdrawn over the years due to non-conformity with the sustainable forest management standard.

In related, MTCC is conducting training on PEFC Trademarks for Forest Management Certificate (FMC) Holders. The training aims to provide the FMC holders a better understanding on the do's and don'ts of PEFC trademarks and to emphasise the new requirement in Appendix B: Interpretation on Requirements for Communicating Claims from Certified Areas in the MC&I Sustainable Forest Management (MC&I SFM) standard which will come into force on 1 September 2021.

See: <http://mtcc.com.my/mtcc-receives-award-from-worlds-biggest-forest-certification-scheme-for-outstanding-forest-certification-effort/>

Indonesia

International trade agreements will help drive economic recovery

The Indonesian economy contracted 2% year-on-year in 2020. This was at a slower pace than projected by the government (1.7 to 2.2%) according to Suhariyanto Chief of the Central Statistics Agency (BPS).

In related news, the Minister of Trade, Muhammad Lutfi, said International trade agreements will drive the economic recovery and he highlighted the efforts to raise non-oil and gas exports to help Indonesia's battered economy.

Existing international trade agreements include the Regional Comprehensive Economic Partnership (RCEP), Indonesia-Korea Comprehensive Economic Partnership Agreement (IKCEPA), Indonesia-Pakistan Preferential Trade Agreement (IP-PTA) and Indonesia-Australia Comprehensive Partnership Economic Agreement (IA-CEPA).

Indonesia's trade balance in 2020 posted a surplus of US\$21.7 billion, the highest since 2012. However, the large surplus was because of a sharp decline in imports. In 2020 exports fell 2.6% year-on-year while imports plunged over 17%.

The Minister said to increase exports it will be necessary to strengthen bilateral ties with the US and China as they are strategic partners for Indonesia.

Between January and November 2020 Indonesia's exports to the US rose 3.6% compared to the same period in the previous year. Exports were dominated by garments (19.4%), electronics (10%) and rubber products (8%).

The Minister noted that during the pandemic Indonesia received many orders for electrical products as well as furniture from the United State such that furniture exports grew almost 12% to US\$2.3 billion.

Indonesia's trade and investment cooperation with China is strong because of the ASEAN-China Free Trade Agreement (ACFTA) and the Regional Comprehensive Economic Partnership (RCEP) schemes.

Between January and November 2020 Indonesia's exports to China increased by almost 11% year on year and were dominated by iron and steel (24%), minerals (21%) and palm oil (11%).

See: <https://www.kemendag.go.id/id/newsroom/press-release/tingkatkan-ekspor-indonesia-terus-jalin-hubungan-bilateral-dengan-as-dan-tiongkok-di-tengah-perang-dagang-kedua-negara-1>

Private sector optimistic on 2021 sales

A major wood products manufacturer has indicated that it is optimistic that 2021 sales will improve as the US economy picks up speed. The basis for this optimism also stems from the shift of US importers away from Chinese sources to Indonesia among others.

To take advantage of arising opportunities companies are planning to increase production which will be good news for employment in Indonesia.

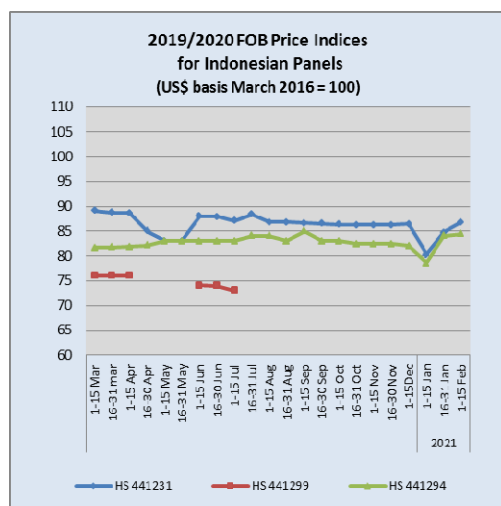
See: <https://industri.kontan.co.id/news/integra-indocabinet-wood-optimistis-pendapatan-naik-20-di-tahun-2021>

Development of industrial plantations for bioenergy

The Minister of Environment and Forestry (LHK, Siti Nurbaya, has explained details of Indonesia's agreed Nationally Determined Contribution (NDC) and the agreed target for greenhouse gas (GHG) emissions. To achieve the targets the Ministry will encourage Industrial Plantation Forests (HTI) for Bioenergy purposes, utilisation of micro-hydro technology, utilisation of waste for power-gen and utilisation of geothermal resources.

Another aspect of support from the Ministry will be the implementation of policies for the development of energy plantation forests.

See: <https://www.jpnn.com/news/menteri-siti-dorong-pengembangan-hutan-tanaman-industri-untuk-bioenergi?page=4>



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

Myanmar

Reports from Myanmar will resume as soon unhindered communication with the country is possible.

In response to the situation in Myanmar the Programme for the Endorsement of Forest Certification (PEFC) included a statement on its website saying:

“At PEFC, we are extremely concerned about the recent developments in Myanmar. In response, we are seeking assurances from the Myanmar Forest Certification Committee (MFCC - the national member for PEFC in Myanmar) and the one PEFC chain of custody certified company in the country that the rights of workers and trade unions are not being infringed.

We also seek assurances that the revenues of the certified forestry industry are not being used to finance human rights violations in Myanmar.

It is of the utmost importance to us that none of the safeguards of sustainable forest management and chain of custody certification are violated in these challenging times. The Secretary General and the PEFC International Board continue to monitor the situation and will not hesitate to take due action as required.

We have been working with stakeholders in Myanmar for several years, supporting the country as it moves towards the sustainable management of its forest resources to advance equitable and sustainable development.

MFCC is in the process of developing its national forest certification system, in line with PEFC requirements. As this national system is not yet endorsed by PEFC, there are currently no PEFC sustainable forest management certificates in the country.”

See: <https://pefc.org/news/pefc-statement-on-the-current-situation-in-myanmar>

India

Exports rise, trade deficit narrows

India's Ministry of Commerce has reported January exports increased just over 5% year-on-year to US\$27 billion, lifted mainly by growth in the pharmaceutical and engineering sectors. The trade deficit in January narrowed. Imports in January 2021 rose 2% to US\$42 billion.

Kailash Babar, writing for The Economic Times at the end of January, reports that property registrations in the country's biggest real estate market, Mumbai, continue to rise driven by the combined impact of low home loan rates, discounts and the recent reduction in stamp duty charges.

The number of new home registrations in January was up over 60% year on year according to the office of the Inspector General of Registration in Maharashtra. This is the highest increase in January registrations since 2012.

However, according to property consultants Knight Frank, while January registrations surged real estate companies are suffering and their stock prices have been trending down as the real estate market remains weak. The upcoming budget will provide a clue as where the housing market is heading.

India 2030 – Report from CREDAI

The Confederation of Real Estate Developers' Associations of India (CREDAI) has issued a report entitled INDIA 2030 EXPLORING THE FUTURE looking at growth drivers and how demographic changes will drive the real estate sector. CREDAI represents private real estate developers with a vision of transforming the Indian real estate industry.

The report offers the following observations:

- India's cities will account for nearly 40% of our population by 2030
- By 2030, India's urban population will contribute as high as 75% of the GDP, up from 63% at present
- Delhi might overtake Tokyo as the world's largest urban agglomeration by 2030
- India will have 68 cities with a population of more than 1 million; up from 42 today
- India's required annual spending on infrastructure will touch 7-8% of its GDP

The report says by 2030, 9 out of 10 Indians over the age of 15 will be shopping online and online retailers will have a much larger share of the retail sector.

- Number of households to touch 386 million by 2030, almost 40% of Indians will be urban residents
- By 2030, residential real estate has the potential to almost double from the current stock of 1.5 million units in key cities

- Affordable housing to remain the dominant segment; total of 10 million PMAY (U) units to be delivered by 2020 itself.

The report says “India is home to one of the youngest populations in the world. If directed correctly its young working class (with a median age of 31.4 in 2030) has the potential to achieve significant productivity gains, thereby bolstering economic growth. However, the growth benefit of this demographic dividend would not be automatic. A lot depends on how well this working population can be trained and whether enough jobs are created to employ the new labour force additions every year”.

See:

<https://credai.org/console/public/upload/4de5a183620d1ae193c813f2d20c7dec.pdf>

Sawn hardwood prices

Sawnwood, (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,700-1,850
Sycamore	1,850-2,000▲
Red Oak	2,100-2,200▲
White Oak	2,650-2,800▲
American Walnut	4,050-4,500▲
Hemlock STD grade	1,350-1,600▲
Western Red Cedar	2,350-2,450▲
Douglas Fir	1,850-2,000▲

Price range depends mainly on lengths and cross-sections.

Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,000-4,200
Balau	2,500-2,700
Resak	1,800-2,000
Kapur	2,100-2,200▲
Kempas	1,550-1,750
Red meranti	1,500-1,650
Radiata pine	850-890▲
Whitewood	850-890▲

Price range depends mainly on lengths and cross-sections.

Plywood

Century Plyboards has reported that its new veneer plant in Gabon, operated by the Company's wholly owned subsidiary, Century Gabon SUARL, has commenced commercial production. The mill has a daily operating capacity of 200 cubic metres.

See: https://www.business-standard.com/article/news-cm/century-gabon-suarl-starts-commercial-production-at-new-unit-in-gabon-121020800961_1.html

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	68.00
6mm	94.00
9mm	114.00
12mm	140.00
15mm	185.00
18mm	200.00

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	45.00	64.00
6mm	64.00	80.00
9mm	80.00	98.00
12mm	98.00	116.00
15mm	116.00	140.00
19mm	136.00	157.00
5mm Flexible ply	86.00	

Vietnam

Log and sawnwood imports

Vietnam has become a leading wood product manufacturer with increasing imports of logs and sawnwood in terms of volume, variety and supply sources. In the early 2000s logs and sawnwood were imported into Vietnam from 40 - 45 countries. Today, logs and sawnwood are imported from over 100 countries and import volumes and the number of imported species have increased.

In 2012 the volume of logs and sawnwood imported into Vietnam was reported at 2.4 million cu.m. In 2020, this figure is forecast to have increased to nearly 5 million cu.m.

Annually, Vietnamese enterprises spend about US\$450 million to import logs and US\$750 million on sawnwood. In general, the average of both logs and sawnwood imports has tended to decline gradually due to the increasing importation of plantation timber species and utilization of lower priced species.

The US, New Zealand, Africa (about 20 countries). EU and Chile are the main log and sawnwood suppliers to Vietnam accounting for over 70% of total imports in 2019.

Log imports

On average, the number of countries/territories exporting logs to Vietnam varies between 70–75 yearly. The top 5 log suppliers for Vietnam are Africa, EU, PNG, US and China. These 5 suppliers share about 82% of the total import in the first 10 months of 2020.

Log imports from major sources, 2018 – Jan-Oct 2020 (cu.m)

	2018	2019	Jan-Oct 2020
Africa	959,025	873,761	720,467
EU	443,597	576,127	415,149
PNG	195,161	236,859	169,858
China	198,371	245,794	189,391
USA	68,491	48,599	25,859
Malaysia	70,357	28,170	17,476
Laos	2,444	5,679	9,100
New Zealand	9,449	10,092	5,970
Cambodia	36,264	10,549	1,184
Chile	4,218	7,091	2,396
Others	292,086	281,466	288,829
Total	2,281,464	2,324,186	1,845,679

Data source: VIFOREST, FPA Binh Dinh, HAWA, BIFA and Forest Trends compiled from import and export statistics of the General Department of Customs.

Value of log imports 2018 – Jan - Oct, 2020 (US\$ mil.)

	2018	2019	Jan-Oct 2020
Africa	368.2	299.1	200.1
EU	98.3	122.3	91.1
PNG	40.4	42.8	29.2
US	63.3	83	64.6
China	24.5	15.7	7.7
Malaysia	12.1	4.7	3.1
Laos	0.5	0.4	1.5
New Zealand	2.9	2.6	1.7
Cambodia	7.3	1.7	0.2
Chile	1.8	3.1	1.4
Others	78.8	74.2	80.7
Total	698.1	649.6	481.2

Data source: VIFOREST, FPA Binh Dinh, HAWA, BIFA and Forest Trends compiled from import and export statistics of the General Department of Customs

In 2019, among the countries that exported log to Vietnam, there were 5 countries with export of over 100,000 cu.m led by Cameroon and followed by Belgium, the US, PNG and Germany.

In the same year there were 14 countries selling over 50,000 cu.m and 24 countries with over 10,000 cu.m.

Sawnwood imports

There are approximately 100 countries exporting sawnwood to Vietnam each year. As was the case with log imports the number of sawnwood suppliers has not much fluctuated in recent years.

The top suppliers of sawnwood include the US, Africa, EU, Chile, Brazil, New Zealand, and Russia. These seven together shared 82% of total sawnwood imported into Vietnam in the first 10 months of 2020.

Sawnwood imports from major sources, 2018 Jan - October, 2020 (cu.m)

	2018	2019	Jan-Oct 2020
US	541,510	562,546	468,343
Africa	309,056	463,129	314,561
EU	290,717	311,621	207,121
Chile	309,346	322,121	203,624
Brazil	209,706	227,795	164,397
New Zealand	166,351	169,975	136,013
Russia	14,240	62,571	122,479
Cambodia	219,909	79,610	20,351
China	44,524	60,959	49,010
Laos	40,150	63,339	60,610
Others	264,700	253,297	214,604
Total	2,410,209	2,576,963	1,961,113

Data source: VIFOREST, FPA Binh Dinh, HAWA, BIFA and Forest Trends compiled from import and export statistics of the General Department of Customs.

Value of sawnwood imports from major sources, 2018 Jan-October 2020 (US\$ mil.)

	2018	2019	Jan-Oct 2020
US	229.8	234.2	171.2
Africa	146.7	193.6	115.6
EU	115	106.3	67.5
Chile	78.5	76.4	45.9
Brazil	57	60.8	3.9
New Zealand	43.4	42.9	32.8
Russia	4.1	17.1	40.4
Cambodia	92.6	29.6	5.7
China	30.1	26.4	25.7
Laos	29.4	49	40
Others	102.2	91.5	71
Total	928.8	927.8	619.7

In 2019, there were 5 countries supplying of over 100,000 cu.m of sawnwood each to Vietnam, including the US, Chile, Brazil, Cameroon and New Zealand, 11 countries supplied over 50,000 cu.m and 32 countries supplied of over 10,000 cu.m.

Timber species imported into Vietnam

As imports increased so did the number of source countries and species. Data provided by the General Department of Customs lists imported species with scientific names. Data is available showing species imported into Vietnam from the beginning of 2012. In summary:

- 2012: 340 species were imported into Vietnam;
- 2013: 360 species, including 98 species imported for the first time against 2012;
- 2014: 429 species with 115 new species;
- 2015: 460 species, including 114 new species;
- 2016: 515 species, including 140 new species;
- 2017: 615 species, including 249 new species;
- 2018: 651 species, including 198 new species;
- 2019: 418 species, including 85 new species;
- First 10 months of 2020: 488 species.

Imports from Africa show the most diverse range of species and new species are added to the list every year. In 2012, Vietnam imported only 65 species from Africa, while in 2017 the number of species imported from this source increased to 175 and in the first 10 months of 2020 it jumped to 122 species.

The number of species imported from Africa increased sharply between 2012-2017 and then dropped. This change was a reflection of the decline in the volume of logs and sawnwood imports into Vietnam. The second largest supplier of logs and sawnwood in 2012 was Laos and Vietnamese importers imported about 100 species from this source. However, by 2019, the number of species imported from Laos declined down to 55.

Implementation of Vietnam Timber Legality Assurance System (VNTLAS)

Following the Decree on VNTLAS, The Ministry of Agriculture and Rural Development (MARD) issued Decision No. 4832/QĐ-BNN-TCLN dated November 27, 2020 announcing the List of timber species which have been imported into Vietnam.

This list includes 322 scientific names of log and sawnwood species imported into Vietnam with declaration at Vietnamese Customs.

Article 6 of the VNTLAS Decree specifies the criteria for determining the risky species imported into Vietnam, including:

- Species listed by CITES Annexes
- Species attributed to Group IA, IIA: List of rare and precious species in accordance with Vietnam's regulations
- Species imported into Vietnam for the first time
- Threatened/endangered species

MARD's Decision No. 4832 announced 51 countries of active geographic areas. The criteria for identification of countries of active geographic areas are provided in the VNTLAS Decree. Log and sawnwood coming from countries of non-active geographic areas are regarded as risky. Based on the data provided by the General Department of Customs of Vietnam, a large number of major sourcing countries are attributed to non-active geographic areas.

The VNTLAS Decree specifies that while importing log and sawnwood classified as of risky species or from non-active geographic areas importers have to supplement documents to certify timber legality. These documents may include one of the following:

- Internationally recognised certificates or national certificates issued by the exporting countries and recognised by Vietnam;
- Logging license or other similar documents to prove the logging legality (type of license, license number, date of issue, issuing authority);
- Documents to show that the imported timber is allowed to be harvested (for those countries that do not apply logging licenses).
- Alternative documents (if no logging documents are available).

Brazil

Pará reduces deforestation in January 2021

The State Secretariat for Environment and Sustainability (SEMAS) has, on the basis of data from the National Institute for Space Research (INPE), reported a 90% year on year reduction in deforestation in the State of Pará in January 2021.

This was put down to efforts made under the Operation "Amazônia Viva" which concluded its eighth phase in January 2021.

The various phases of Operation "Amazônia Viva" have protected more than 137,000 hectares with around 6,000 cubic metres of illegally harvested timber being seized along with 87 chainsaws and 60 vehicles.

Operation “Amazônia Viva” is part of the Command and Control programme in the State Plan “Amazônia Agora” (Plano Estadual Amazônia Agora - PEAA) coordinated by SEMAS. The objective is conserving the forest along with social and economic development. Among the goals of the plan is net zero emission of greenhouse gases by 2036. To achieve this the plan has four pillars:

- Regularise Pará” (Regulariza Pará - land and environmental regularization)
- Sustainable Lands (Territórios Sustentáveis – support and promotion of rural producers and degraded areas restoration)
- Secure funds for the Eastern Amazon Fund (Fundo Amazônia Oriental – fundraising for PEAA projects)
- Command and Control (Comando e Controle - Combating environmental crimes with the State Task Force to Combat Deforestation)

See: <https://portalamazonia.com/noticias/para-reduz-90-do-desmatamento-no-mes-de-janeiro-em-relacao-a-2020>

Pandemic could not hold back Bento Gonçalves furniture cluster

The Bento Gonçalves furniture cluster in the state of Rio Grande do Sul reversed the decline in the performance of the furniture sector in the first months of the Covid-19 pandemic. According to the Furniture Industry Association of Bento Gonçalves (SINDMÓVEIS) the cluster achieved revenues of R\$2.2 billion, up 11% compared to the same period in 2019.

Currently, companies in the Bento Gonçalves furniture cluster account for 27% of the state's revenue generating around R\$8.2 billion in 2020, some 9% higher compared to 2019. The recovery in sales began in the second half of 2020.

SINDMÓVEIS explains that, despite the positive performance, losses due to the pandemic have not yet been fully recovered. The main problems now are the high prices and shortages of raw materials and inputs due to the disruption of supply chains.

Even during the tough months it was possible for manufacturers to expand employment by almost 5%. The Bento Gonçalves furniture cluster is the main cluster in the country in terms of number of companies and production of furniture and parts with approximately 300 manufacturing companies located in the region.

São Bento do Sul furniture makers export to Europe and neighbours

The furniture cluster of São Bento do Sul in the State of Santa Catarina, one of the largest furniture producing states in Brazil, along with the State of Rio Grande do Sul, earned US\$145 million from exports in 2020. This was just over 20% of the total furniture exported by the entire Brazilian industry.

2020 exports were, however, disrupted by the Covid-19 pandemic especially in the first quarter of the year when exports to Europe and neighbouring countries fell by around 9% compared to 2019.

In Brazil, furniture exports fell 2.8% year on year in 2020. Among the countries that import Brazilian furniture North America was the exception where there was an 8% increase.

This was in contrast to imports by Europe and South America which fell 13% and 9%, respectively in relation to 2019. The main furniture consumers of the São Bento do Sul cluster are the United States, France, the United Kingdom, Canada and Spain.

For Sindusmobil (Union of Construction and Furniture Industries of São Bento do Sul), the 2020 export performance can be considered positive considering the impact of the pandemic on global trade.

Federal Government improves ‘Single Foreign Trade Portal’

The Federal Government launched a new phase of the ‘Single Foreign Trade Portal Program’ with the objective of reducing the bureaucratic impact on international trade. The change involved reformulation of procedures, requirements and systems applicable to international business transactions to allow greater flexibility and time/cost savings for traders.

According to the Secretariat of Foreign Trade (SECEX), if the Ministry of Economy the new Single Foreign Trade Portal will reduce costs and make better use of public resources making them more efficient and harmonised.

In addition to these improvements, the new system using “bConnect” technology provides an information sharing platform using blockchain technology. The new technology offers a model of collaboration in defining business rules for its members.

Blockchain will be a tool adopted by Mercosur customs to exchange information on, for instance, exporting companies. Currently, Brazil, Argentina, Uruguay and Paraguay are part of this initiative.

Domestic log prices

Brazilian logs, mill yard, domestic	US\$ per cu.m
Ipê	176
Jatoba	88
Massaranduba	79
Miiracatiara	83
Angelim Vermelho	77
Mixed redwood and white woods	66

Source: STCP Data Bank

Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US\$ per cu.m
Ipé	735
Jatoba	355
Massaranduba	354
Muiracatiara	317
Angelim Vermelho	316
Mixed red and white	211
Eucalyptus (AD)	160
Pine (AD)	106
Pine (KD)	132

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

Parica	US\$ per cu.m
4mm WBP	395
10mm WBP	341
15mm WBP	282
4mm MR.	321
10mm MR.	251
15mm MR.	223

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

<i>Domestic ex-mill prices</i>	US\$ per cu.m
15mm MDParticleboard	164
15mm MDF	203

Source: STCP Data Bank

Export sawnwood prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per cu.m
Ipe	1,533
Jatoba	905
Massaranduba	884
Muiracatiara	886
Pine (KD)	180

Source: STCP Data Bank

Export plywood prices

Pine plywood EU market, FOB	US\$ per cu.m
9mm C/CC (WBP)	275
12mm C/CC (WBP)	264
15mm C/CC (WBP)	241
18mm C/CC (WBP)	230

Source: STCP Data Bank

Export prices for added value products

FOB Belem/Paranagua ports	US\$ per cu.m
Decking Boards Ipê	3,117
Jatoba	1,495

Source: STCP Data Bank

Peru**Wood product exports dismal in 2020**

The Association of Exporters (ADEX) has reported that 2020 wood product exports totaled US\$94.1 million FOB. This represented an almost 25% decline on the US\$124 million exported in 2019.

During 2020 semi-manufactured products accounted for 59% of total wood product export earnings but this was almost 60% below that of 2019. A further 27% of earnings came from sawnwood exports (down 8.5% year on year). Veneer and plywood export earnings, while small, also declined compared to 2019.

Of the US\$94.1 million exported during 2020 China was the main market taking 40% of all exports.

But exports to China dropped 24% in 2020. Mexico was the second market at 9.5% but here there was a 35% decline in export earnings. Other market included the United States and France. Exports to the US were down 25% year on year and for France there was a 30% decline.

Training for community forest management

At the end of January the National Forest and Wildlife Service (SERFOR) conducted an Intercultural Training Program for Trainers in Community Forest Management (PIFFMFC) the aim of which was to contribute to the development and strengthening of technical capacity in indigenous communities in respect of sustainable management of forest resources.

This was conducted within the framework of the Ucayali Indigenous Forest Conservation Project (PCBIU) and was intended to help native communities access greater benefits from forestry and ensure the sustainability of forest resources to secure their livelihood.

The project will work with representatives of native communities in the provinces of Coronel Portillo and Atalaya.

Agrarian insurance for forestry activities

Congress recently approved a law that modifies laws 28939 and 29148 so as to make provisions for the Guarantee Fund for the Field and Agricultural Insurance (Fogasa) to cover forestry activities.

2020 deforestation

The National Forest and Wildlife Service (SERFOR) reported that satellite monitoring detected 500 instances of deforestation covering an area of more than 20,000 hectares of forests nationwide during 2020. Cases of illegal logging and forest fires were recorded.

The satellite monitoring system was launched around 12 months ago and realtime reports are sent to the various national and regional entities for action.

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD	
Mexican market	647-659
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	584-612
Grade 2, Mexican market	498-523
Cumarú 4" thick, 6'-11' length KD	
Central American market	979-996▲
Asian market	1071-1092▲
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	583-597
Dominican Republic	694-710
Marupa 1", 6-11 length KD	
Grade 1 Asian market	569-598

Domestic sawnwood prices

Peru sawnwood, domestic	US\$ per cu.m
Mahogany	-
Virola	241-265
Spanish Cedar	342-355
Marupa (simarouba)	237-242

Export veneer prices

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

Domestic plywood prices (excl. taxes)

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

Export plywood prices

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

Domestic prices for other panel products

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

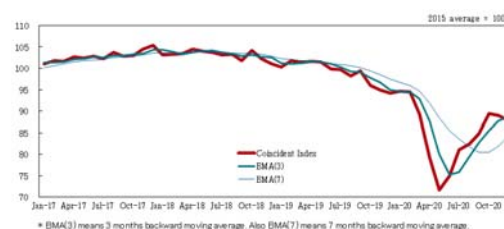
Export prices for added value products

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

Japan**Business confidence dented**

Preliminary data from the Cabinet Office shows the index of economic conditions (coincident index, a key index reflecting the state of the Japanese economy) fell in December last year, the second consecutive monthly decline.

The December drop was the biggest single monthly decline since May 2020 when the index fell following Japan's April 2020 state of emergency declaration. Japan is now experiencing its 3rd state of emergency declared in January which is now extended to mid March in those prefectures seeing the worst pace of infections.



Source: Cabinet Office, Japan

Tighter law to beat back spread of infections

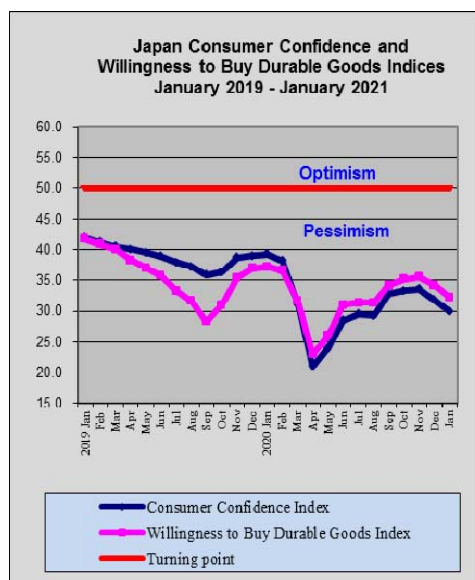
Under the current state of emergency the government is asking people to refrain from non-essential trips not only at night but also during the day and is urging companies to work harder to support 'work from home'. Travel between prefectures is also discouraged.

Japan's parliament has introduced fines for people and businesses that do not comply with restrictions imposed during a state of emergency to prevent the spread of the novel coronavirus.

Initially the government proposed prison sentences for Covid-19 sufferers who refuse to be hospitalised. This was eliminated from the final law. Covid-19 patients resisting hospitalisation can be fined up to 500,000 yen and those who fail to participate in epidemiological surveys by health authorities, up to 300,000 yen. Restaurants and bars that fail to cooperate with orders to reduce their operating hours can be fined up to 300,000 yen.

Big drop in household spending

Data from the Ministry of Internal Affairs and Communications has revealed that in 2020 monthly spending by Japanese households fell over 5% from the previous year, the sharpest drop on record. The decline was the largest since comparable data became available in 2001.



Data source: Cabinet Office, Japan

The 2020 decline in household spending was worse than in 2014 when the consumption tax was raised. However, as people are spending time at home as well as working from home spending on computers and video game equipment rose sharply last year.

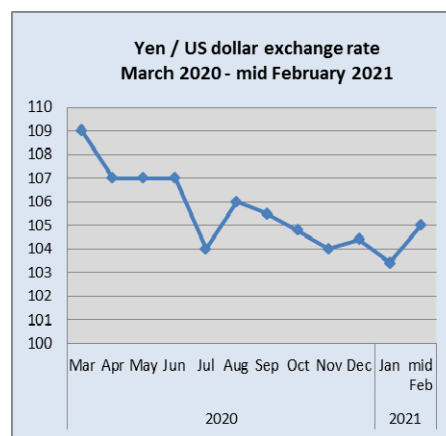
It has been suggested that household spending is expected to gradually recover in 2021 after a decline in the first quarter due to the ongoing state of emergency. Household spending is a key indicator of private consumption which accounts for a sizeable slice of GDP growth.

Prospect that yen will strengthen – BoJ readies

In the face of a potential strengthening of the yen against the US dollar the Bank of Japan (BoJ) is looking at ways to signal that it will act, possibly pushing interest rates even further below zero.

The next Bank meeting will be in March but, because of the risk of a yen rise they need to prepare now. The problem is to balance the negative impact of rate cuts against avoiding yen strength. The BoJ wants to alter the general consensus that it does not have the option to cut rates further.

Looking at the medium term many analysts are forecasting a rise of the yen to 100 to the dollar, up from the present 104/5.



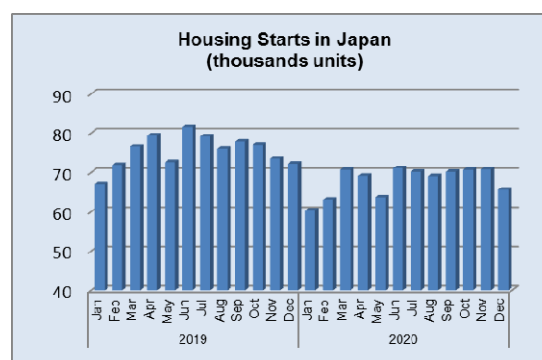
Sales of second hand homes rise

The impact of the corona pandemic on the Japanese real estate sector has been considerable. As companies follow the government's request for more 'work from home' they are at the same to downsizing office accommodation. The occupancy rate for office buildings in most of the main cities in Japan has been declining and this could be a game changer for the commercial as well as residential property market.

Before the pandemic the pace of change in residential housing starts in Japan was a reflection of the aging and dwindling population. The pandemic added a new dimension as workers found they could relocate to large suburban homes as they no longer needed to commute. On the one hand new home building has been falling but demand for second hand homes has been rising.

Sales of second hand homes in Japan rose on average by 2.5% in 2020 with the biggest rise of 7% being recorded in Kanagawa Prefecture. The average price of a second hand home in Japan is now yen 31 million and has been rising steadily.

The Japan Lumber Reports (JLR) has said (page 16) the assumption for 2021 is that housing starts (new homes) would be about 780,000-800,000 units, the COVID-19 epidemic would be under control in the second half of 2021 in Japan and the Tokyo Olympic Games would be held as scheduled.



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

Radiocaesium contamination of logs in Fukushima undermines prices

A recent study of the impact of radiation on trees surrounding Japan's Fukushima Daiichi nuclear power plant has been released. The publication focuses on radioecological experience and data acquired and lessons learned in Japan following the nuclear accident at the Fukushima Daiichi nuclear power plant in March 2011. The research focused on radionuclide interception by forest trees and a few agricultural crops.

The major part of Fukushima Prefecture is covered by forest, so research projects were established in forests to quantify the rate of reduction of the external gamma dose rate from radiocaesium and to better understand soil chemistry. The studies also evaluated the distribution of radiocaesium within different components of trees (wood, bark and leaves) to gain knowledge about the amount of radiocaesium in timber and firewood, wild plants, fungi and wild animals and to analyse the time trends of activity concentrations in such products.

Approximately 70% of the territory affected by the Fukushima Daiichi accident is covered by forest and forests in Fukushima Prefecture consist of about 0.34 million ha. of forest plantations and 0.58 million ha. of natural/semi natural forest.

Radiocaesium dynamics within forest ecosystems are more complex than in agricultural land because trees are perennial plants and forests are highly structured ecosystems. Leaves/needles, branches, bark, forest floors and soil surface organic layers were initially contaminated at the time of deposition.

The report notes "The important long-term contamination pathway for trees is root uptake. Both the soil surface organic and the mineral soil layers are sources for uptake of radiocaesium by trees and understory species via roots or mycelia. The above processes lead to redistribution of radiocaesium within a forest ecosystem, eventually forming a quasi-equilibrium steady state of the radiocaesium activity concentrations in the tree and soil".

There is a direct economic cost from this contamination as mills in eastern Japan pay more for less contaminated logs. The additional costs were covered by TEPCO compensation. The authors of the report say "For sustainable long-term production, remediation methods are needed to produce wood that conforms to the standard limits".

See: <https://www-pub.iaea.org/MTCD/Publications/PDF/TE-1927web.pdf>

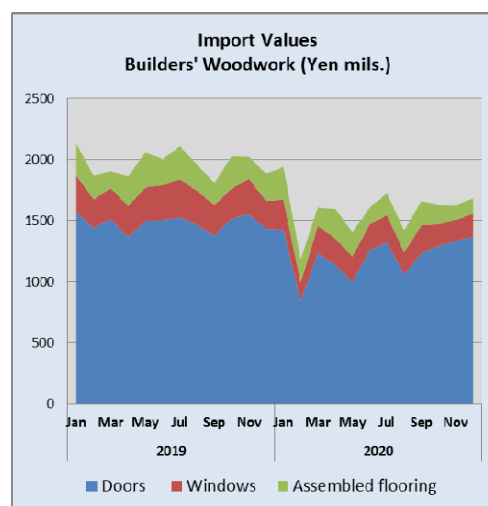
and <https://www.iaea.org/publications/14751/environmental-transfer-of-radionuclides-in-japan-following-the-accident-at-the-fukushima-daiichi-nuclear-power-plant>

Imports of builders' woodwork

The value of Japan's imports of builders' woodwork (HS441820, 441810 and 441871-79) declined in 2020 as could be expected given the various restrictions on businesses as a result of efforts to contain the spread of the corona virus.

Compared to the value of imports in 2019 wooden door imports in 2020 were down 18%. Imports of wooden windows dropped 24% year on year in 2020 and the value of imports of assembled wooden flooring dropped 20%. The decline in year on year volumes of plywood fared a little better dropping just 13% in 2020 compared to a year earlier.

Looking at the data for the last two quarters of 2020 there was an uptick in the value of wooden door imports in the last quarter imports and a rise in the volume of plywood imports but the final quarter of 2020 saw the value of imports of wooden windows and assembled wooden flooring decline.



Data source: Ministry of Finance, Japan

The tables below show the main suppliers of wooden doors windows and assembled flooring to Japan along with the respective share of that product import values in 2019 and 2020. For all three products just a handful of suppliers account for over 90% of imports by Japan and the majority of these shippers are in Asia.

For wooden doors (HS441820) two countries, China and the Philippines accounted for over 80% of the value of Japan's wooden door imports in 2019 and 2020.

In the case of wooden windows (HS441810) China was the main supplier in 2019 and 2020 with the Philippines and the US accounting for most of the balance. In 2020 Vietnam emerged in the list of top 20 suppliers of wooden windows for the first time.

Japan's imports of assembled wooden flooring (HS441871-79 in 2019 and 2020 were dominated by suppliers from China. Other longer term suppliers in SE Asia such as Malaysia, Indonesia and Thailand had growing competition from shippers in Vietnam.

	Doors HS441820	
	2019	2020
China	62.0	60.0
Vietnam	-	-
Philippines	21.0	22.0
Malaysia	5.0	4.5
Indonesia	6.0	7.0
Thailand	1.0	1.0
Italy	-	-
US	1.6	1.3
Sweden		
% of total imports	96.6	95.8

Data source: Ministry of Finance, Japan

	Windows HS441810	
	2019	2020
China	42.0	45.0
Vietnam	-	2.0
Philippines	20.0	16.0
Malaysia	-	-
Indonesia	-	-
Thailand	-	-
Italy	-	-
US	26.0	24.0
Sweden	6.0	6.5
% of total imports	94.0	93.5

Data source: Ministry of Finance, Japan

Import source	Assembled Flooring HS441871-79	
	2019	2020
China	56.0	49
Vietnam	3.5	11.2
Philippines	-	-
Malaysia	6.0	9.0
Indonesia	18.0	15.5
Thailand	8.7	6.0
Italy	1.5	1.0
US	2.0	1.0
Sweden	1.0	-
% of total imports	96.7	92.7

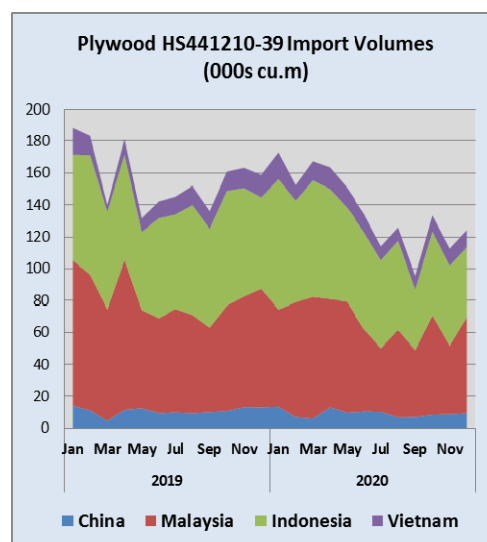
Data source: Ministry of Finance, Japan

Plywood imports

Malaysia and Indonesia are Japan's traditional suppliers of plywood and companies in Japan have had long term relationships with suppliers in both countries.

In the past plywood imports moved up and down depending mainly on construction spending and house building in Japan but remained at a steady pace over the decade up to 2018/19 when supply issues arose especially in Malaysia. This, along with government calls for domestic forest resources to be better utilised, began to impact the volumes of plywood imported.

The down trend in plywood imports started to appear in 2019 and was driven further down in 2020 under the impact of measures to control the spread of the corona virus.



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/

Demand projection for imported wood products in 2021

The Japan Foreign Timber General Supply and Demand Liaison Conference made demand forecast of imported wood products in 2021. Total is almost flat with 2020. Total demand of imported logs and lumber is 7,310,000 cbms, 2% less than 2020.

South Sea hardwood logs would decrease largely while logs from North America and New Zealand, lumber from Russia and New Zealand would increase so softwood becomes dominant products.

Assumption for 2021 is that housing starts would be about 780,000-800,000 units, epidemic of COVID 19 would be under control in the second half of 2021 and the Tokyo Olympic Games would be held as scheduled.

Growth of housing starts get slower after the consumption tax was raised to 10% in October 2019 and recovery of wood demand is unlikely and also situation of supplying regions continues giving no grounds of optimism. New Zealand log prices keep climbing by active purchase by China, North American log and lumber prices are record high by booming housing starts and European wood prices are escalating by busy North American market. Russian log export is hopeless with increased export duty.

South Sea hardwood logs business is dying. Main log supply source of PNG increased log export duty and the last main user of tropical hardwood logs for plywood, Daishin in Japan will close down for good in March 2021 so annual volume would be down to 20,000 cbms for lumber manufacturing.

Prices of foreign wood products are likely to stay up high and Japan needs to accept and if not, import volume would decline and domestic wood is only alternative.

That the inventory dropped for six consecutive months. Inventory of softwood plywood was 100,400 cbms, 4,900 cbms less than October. However, the shipment continues less than the same month a year earlier so that the manufacturers continue production curtailment to avoid excessive supply.

Import plywood in October recovered over 180,000 cbms but again November arrivals dropped down to 150,000 cbms. The supply from all the sources decreased. Suppliers in South East Asian countries experience log supply shortage and labor shortage so production increase is difficult.

Ten big news in 2020

1. Pandemic of COVID 19
2. 10% decline of housing starts
3. Skyrocketing SPF lumber prices
4. Cancellation of major events and meetings
5. Drop of softwood plywood prices
6. Drop of domestic logs and lumber prices
7. Changing work style with remote work
8. Growth of builders of units built for sale
9. Decline of import of foreign logs
10. Withdrawal of Daishin Plywood, end of tropical hardwood logs.

China

Zero tariffs on New Zealand wood products

According to the Ministry of Commerce the 12-year old free trade agreement (FTA) between China and New Zealand has been updated and signed. Under the China-New Zealand FTA the two countries have further liberalized their trade.

In the updated FTA wood and paper products from New Zealand will be duty free. China's imports include fibreboard, napkins, writing paper, brown paper, adhesive paper, paper board and paper labels. This FTA will help expand China's access to raw materials, save domestic timber resources and promote the transformation and upgrading of relevant domestic industries.

See: http://www.xinhuanet.com/english/2021-01/26/c_139698386.htm

MOU signed by CNFA and Canada Wood Group

The China National Furniture Association and the Canada Wood Group successfully held an online signing of a MOU covering a wide range of activities. The ceremony was led by President Xu Xiangnan of CNFA and President Bruce St. John of CWG and witnessed by Rachael Bedlington of the Canadian Embassy in Beijing.

China has become the second largest market for Canadian wood exports after the US and suppliers in Canada believe that China will continue to expand its timber imports. China has been moving towards higher quality and eco-friendly/green materials for furniture production which has created opportunities for cooperation.

The MOU will help Canadian industry gain a deeper understanding of the Chinese furniture market and improve the use of Canadian wood in furniture production. The Canada Wood Group has offered to support international publicity and expert exchange and bilateral visits.

In order to further strengthen the cooperation between the Chinese furniture industry and the Canadian timber industry and to have more extensive exchanges in trade, standards and technology, the two sides agreed to establish an information exchange mechanism, carry out various industrial activities and organise technical training.

See: <https://www.cnfa.com.cn/infodetails3579.html?lid=36> and <https://canadawood.org/mou-signing-with-the-china-national-furniture-association/>

No large-scale production stoppages

The Ministry of Industry and Information Technology has reported several corona virus outbreaks recently particularly in Hebei Province and Northeastern China and this has impacted industrial production but on a smaller scale than seen during the outbreak in Hubei at the beginning of 2020.

To curb the spread of the coronavirus during the New Year holiday period China issued guidance on reducing mass gatherings and strengthen epidemic control. In addition measures such as advocating off-peak travel and encouraging people to stay home during the holiday have been implemented.

See: https://www.sohu.com/a/447061873_99936273

National standards on wood-based panels in English

Recently 172 national standards have been released including 5 standards on wood-based panels in English, namely:

- Green Product Evaluation, Wood-Based Panel and Wood Floor (GB/T 35601-2017)
- Thermosetting Resin Impregnated Paper Overlaid Fiberboard and Particleboard (GB/T 15102-2017)
- Impregnated Paper Overlaid Plywood and Blockboard (GB/T 34722—2017),
- Solid Wood Floor Part One Technical Requirement (GB/T 15306.1—2018)
- Solid Wood Floor Part One Inspection Method (GB/T 15306.2018).

The standard on Green Product Evaluation, Wood-Based Panel and Wood Floor (GB/T 35601-2017) is one of standards on the first green products released by China National Standards Administration. The aim is to promote the transformation and upgrading of the industry and green development.

The other four are standards on wood-based panels and solid wood floor which will play an important role in regularising production and trade of impregnated paper wood-based panel and solid wood floor and leading the development of enterprises.

The concept of foreign language version of national standards is an important measure to promote the implementation of the national "One Belt and One Road" initiative and the realisation of Chinese standards going global.

See: <http://rbw.criwi.org.cn/news/?pid=418>

and

<http://file2.foodmate.net/wenku2021/sgm202101260920.pdf>

Lipu City honoured for clothes hanger production

Lipu City has been honoured as the Chinese production centre for clothes hangers. The annual production of hangers in 2020 was over 4 billion in Lipu City, Guangxi Zhuang Autonomous Region.

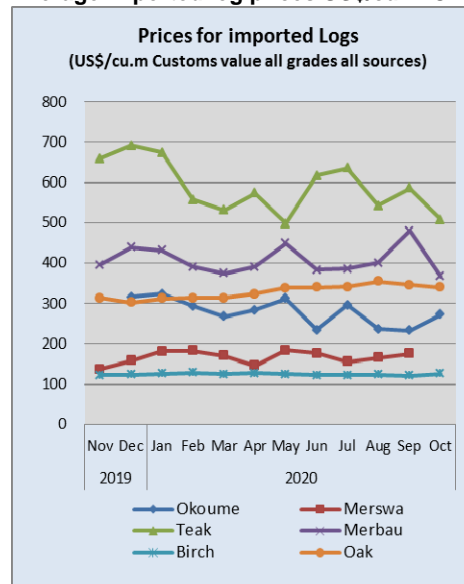
An estimated 80% are exported to European countries, the USA and South East Asian countries. Production and exports account for over 70% of the national total and the value of production last year in this Lipu City was close to RMB7 billion.

There are 8 categories and more than 3,000 kinds of wood, bamboo and metal cloth hangers in Lipu City. Wooden hangers are mainly made from imported European beech.

See:

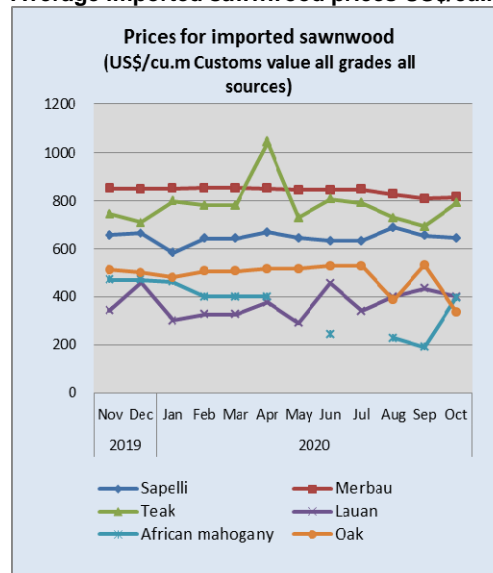
<http://www.gxnews.com.cn/staticpages/20210128/newgx6012335f-20087070.shtml>

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



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

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

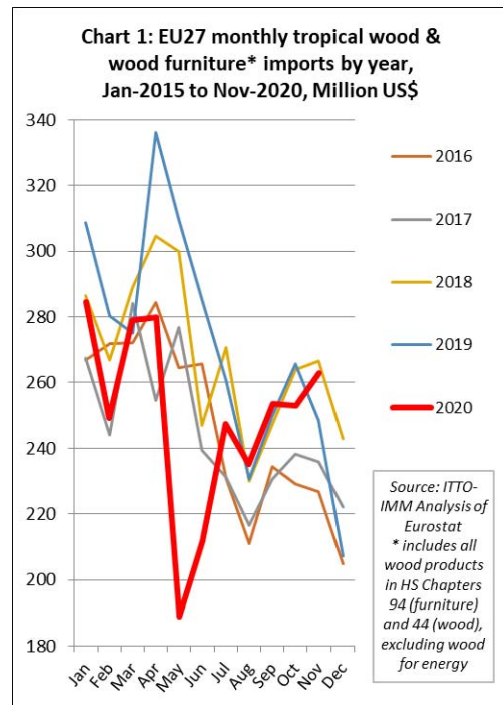


Data source: China Customs. Customs value all grades, all sources

Unexpected rise in EU27 tropical timber imports in November

Total EU27 (i.e. excluding the UK) import value of tropical wood and wood furniture products was US\$2.75 billion between January and November last year, 10% less than the same period in 2019. This is a significantly higher level of import than forecast earlier in the year when the first waves of the COVID-19 pandemic hit the continent.

Total import value in November was US\$263 million, a 4% gain on the previous month and 6% more than the same month in 2019 (Chart 1).



The high level of EU27 tropical wood product imports in November is encouraging and was unexpected as it coincided with signs of severe stress in the EU market in the last quarter of 2020. According to the EU's Winter 2021 Economic Forecast published on 11th February, GDP in the EU increased by 11.5% in the third quarter of 2020 before contracting by 0.5% in the fourth quarter as the second wave of the pandemic triggered renewed containment measures. According to the Forecast, EU-wide GDP is estimated to have declined 6.3% in 2020.

The Forecast notes that "Europe remains in the grip of the coronavirus pandemic. The resurgence in the number of cases, together with the appearance of new, more contagious strains of the coronavirus, have forced many Member States to reintroduce or tighten containment measures".

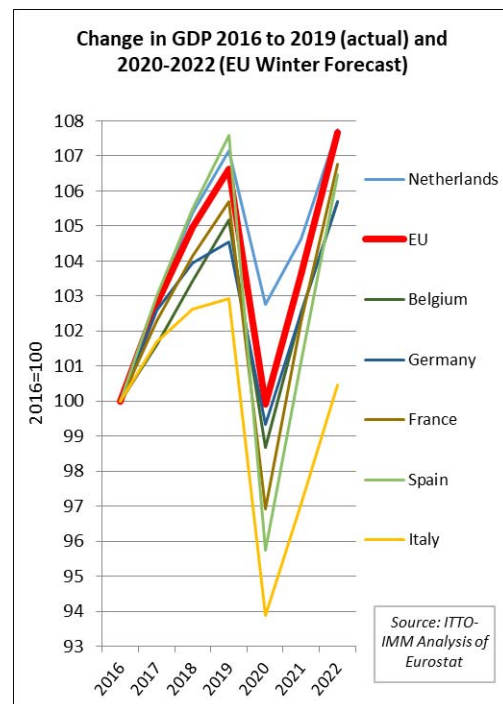
According to the latest data from the Oxford "stringency index", which records the strictness of 'lockdown style' policies to limit the spread of COVID-19, in mid-February strict lockdown conditions were still in place throughout

most of Europe. These measures are now expected to be in force in many European countries at least until mid-March.

According to the EU Winter forecast, the EU economy is expected to contract in the first quarter of 2021 but economic growth should resume in the spring and gather momentum in the summer as vaccination programmes progress and containment measures gradually ease. An improved outlook for the global economy is also set to support the recovery. The EU economy is projected to grow by 3.7% in 2021 and 3.9% in 2022.

The economic impact of the pandemic remains uneven across Member States and the speed of the recovery is also projected to vary significantly (see GDP chart below). In Germany, the EU's largest economy, GDP declined 5% in 2020 and is projected to increase 3.2% in 2021 and 3.1% in 2022. The depth of economic decline and speed of recovery is projected to be greater in several EU countries including France, Spain and Belgium.

Italy, which suffered a particularly sharp decline in GDP in 2020, is expected to recover more slowly than all other EU countries. In contrast, the fall in GDP in the Netherlands in 2020 was less severe than in other western European countries and the recovery in 2021 and 2022 is also expected to be stronger.



The EU Winter Forecast notes that "risks are more balanced since the autumn, though they remain high. They are mainly related to the evolution of the pandemic and the success of vaccination campaigns. Positive risks are linked to the possibility that the vaccination process leads to a faster-than-expected easing of containment measures and therefore an earlier and stronger recovery".

It goes on to suggest that “NextGenerationEU, the EU's recovery instrument of which the centrepiece is the Recovery and Resilience Facility (RRF), could fuel stronger growth than projected, since the envisaged funding has - for the most part - not yet been incorporated into this forecast”.

On the downside, “the pandemic could prove more persistent or severe in the near-term than assumed in this forecast, or there could be delays in the roll-out of vaccination programmes. This could delay the easing of containment measures, which would in turn affect the timing and strength of the expected recovery. There is also a risk that the crisis could leave deeper scars in the EU's economic and social fabric, notably through widespread bankruptcies and job losses. This would also hurt the financial sector, increase long-term unemployment and worsen inequalities”.

Forward looking indicators show that economic momentum in the EU27 is unlikely to increase in the first quarter of 2021. The IHS Markit Eurozone Composite Purchasing Managers Index (PMI) declined from 49.1 in December to 47.8 in January. Any score below 50 indicates that a majority of those surveyed recorded a decline in purchasing during the month.

Services were the principal drag on economic output, with activity here falling for a fifth successive month in January. Manufacturing remained the principal bright spot of eurozone economic performance, expanding for a seventh successive month in December, albeit at the lowest rate in this growth sequence.

The latest PMI data for eurozone construction activity is also not encouraging, falling from 45.5 in December to 44.1 in January, to signal a sharp and accelerated decline in eurozone construction activity. Notably, the rate of contraction was the quickest recorded since last May and stretched the current sequence of reduction to 11 months.

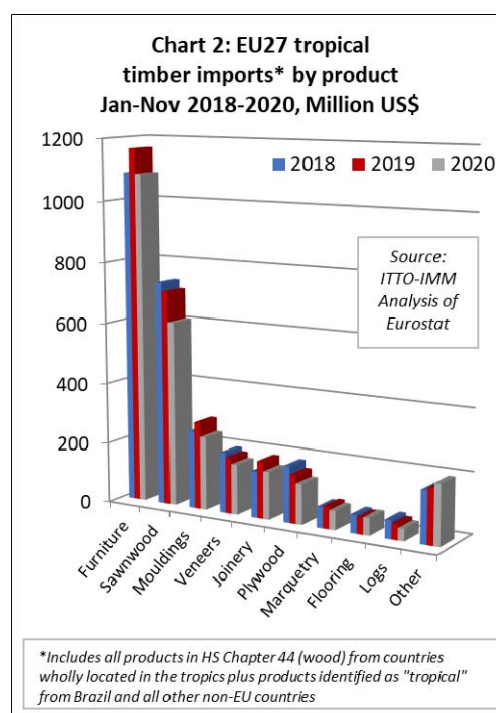
Underlying data signalled reduced construction output across each of the three sub-sectors monitored by IHS Markit; housing, commercial and civil engineering. At the national level, German and French firms reported further declines in construction activity, with the latter recording the sharpest contraction since last May. Moreover, Italian firms signalled a renewed, albeit marginal decline in activity in January.

That said, according to IHS Markit, construction firms in the eurozone appeared optimistic regarding the outlook for activity over the coming 12 months. Confidence turned positive for the first time since July 2020, as hopes for a broad recovery in the construction sector were underpinned by positive vaccine news.

Rebound in EU27 tropical wood product imports gathered pace in November

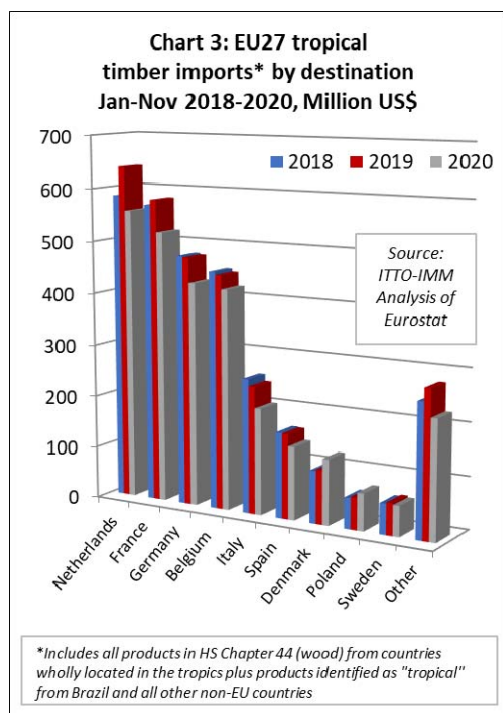
Unsurprisingly, EU27 imports of all the main tropical wood products fell in the first eleven months of 2020, but in each case the decline was less dramatic than expected earlier in the year when the scale of the pandemic and associated lockdown measures was just becoming apparent. The recovery in imports also strengthened in November for all product groups and in all EU countries, with the exception of Italy.

In the year to November, EU27 import value of wood furniture from tropical countries declined 7% to US\$1080 million, while import value of tropical sawnwood declined 14% to US\$608 million, tropical mouldings were down 16% to US\$241 million, veneer down 10% to US\$165 million, joinery down 16% to US\$157 million, plywood down 16% to US\$133 million, marquetry and ornaments down 13% to US\$63 million, and logs down 22% to US\$40 million. Import value of tropical flooring actually increased slightly, up 4% to US\$57 million (Chart 2).



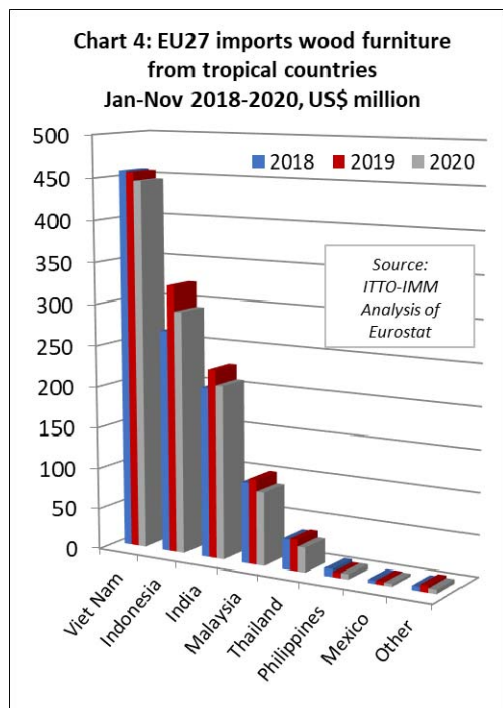
Import values fell into all six of the largest EU27 destinations for tropical wood and wood furniture products in the first eleven months of the year. Import value was down 13% to US\$557 million in the Netherlands, 10% in France to US\$519 million, 10% in Germany to US\$427 million, 6% in Belgium to US\$420 million, 17% in Italy to US\$203 million, and 14% in Spain to US\$139 million.

However, import value increased in Denmark, by 21% to US\$125 million, and in Poland, by 15% to US\$71 million. Import value in Sweden declined, but by only 5% to US\$58 million (Chart 3).



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

In the furniture sector in 2020, EU27 import value from Vietnam almost matched the previous years' level in the first eleven months, down only 2% to US\$446 million. Imports from Indonesia were down 9% to US\$293 million in the first eleven months of 2020, although this compares with a relatively strong performance in 2019 and imports were still higher than in the same period during 2018 (Chart 4).



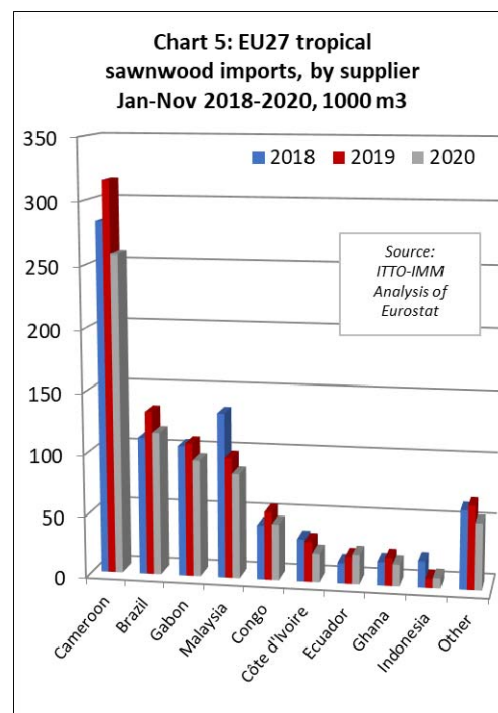
EU27 imports of wood furniture declined sharply from Malaysia and Thailand in the first eleven months of 2020, respectively down 14% to US\$89 million and 21% to US\$30 million. However imports from the Philippines increased 5% to US\$6.4 million.

EU27 imports of wood furniture from India were down 8% to US\$210 million in the first eleven months of 2020. Partly due to supply side issues, imports from furniture from India almost came to a complete halt in May last year but rebounded very strongly in the second half of 2020 when they were at record levels for that time of year.

EU27 tropical sawnwood imports fall 16%

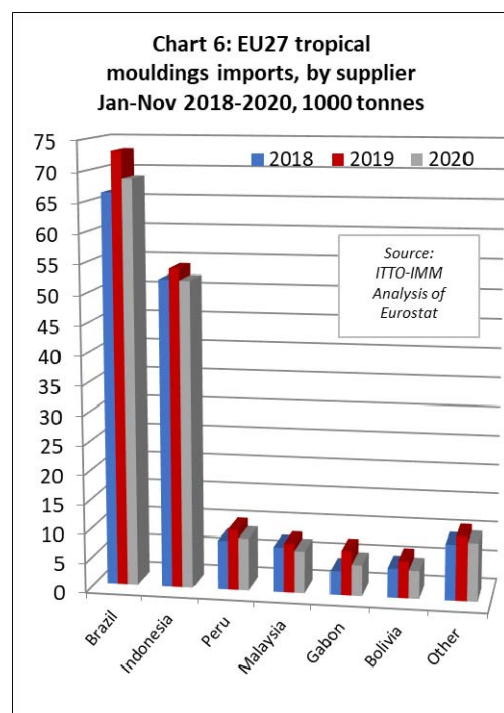
In quantity terms, EU27 imports of tropical sawnwood declined 16% to 726,200 cu.m in the first eleven months of 2020. Imports fell sharply from all major supply countries; down 18% from Cameroon to 257,700 cu.m, 13% from Brazil to 116,000 cu.m, 13% from Gabon to 94,700 cu.m, 13% from Malaysia to 85,100 cu.m, 18% from Congo to 45,600 cu.m, 28% from Côte d'Ivoire to 23,300 cu.m, and 22% from Ghana to 17,700 cu.m.

However Ecuador bucked the downward trend, with EU27 imports of sawnwood from the country rising 10% to 23,900 cu.m, much destined for Denmark and driven by booming demand for balsa for wind turbines. Imports of sawnwood from Indonesia also increased slightly, by 14% to 8,130 cu.m, but this follows a 66% reduction in 2018 (Chart 5).

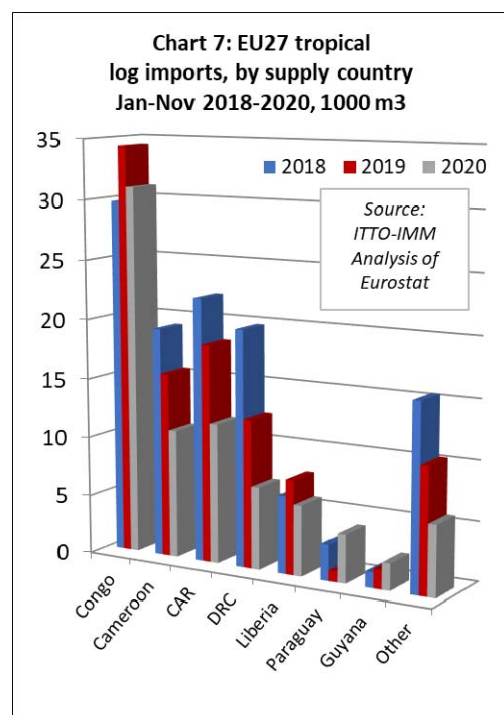


The decline in imports of tropical sawnwood in the first eleven months of 2020 was mirrored by a similar decline in EU27 imports of tropical mouldings/decking.

Imports of this commodity were down 8% overall at 156,800 tonnes, falling 6% from Brazil to 68,600 tonnes, 4% from Indonesia to 52,100 tonnes, 14% from Peru to 8,900 tonnes, 14% from Malaysia to 7,200 tonnes, 30% from Gabon to 5,300 tonnes, and 25% from Bolivia to 4,800 tonnes (Chart 6).



EU27 imports of tropical logs were down 23% to 78,700 cu.m in the first eleven months of last year. (Chart 7)



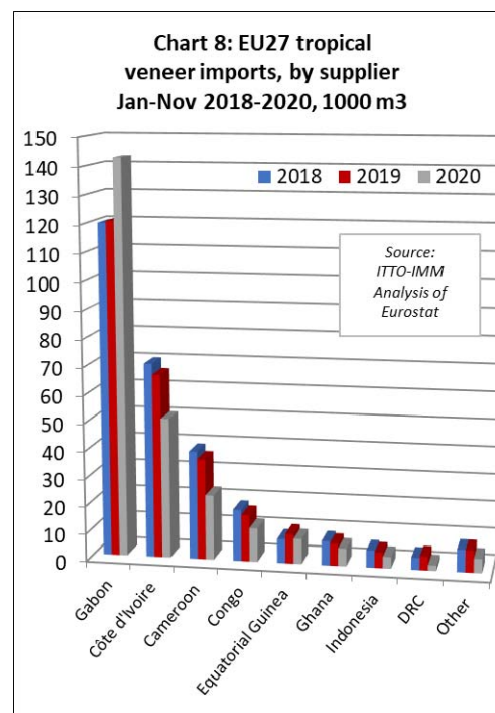
Imports held up reasonably well from the Republic of Congo, down only 10% to 31,000 cu.m, but fell sharply from all other leading African supply countries including Cameroon (-31% to 10,800 cu.m), Central African Republic (-36% to 11,800 cu.m), DRC (-44% to 7,000 cu.m), and Liberia (-25% to 5,900 cu.m).

However, there was a significant increase in imports from two smaller suppliers in South America; Paraguay (+347% to 4,100 cu.m) and Guyana (+38% to 2,200 cu.m).

EU27 tropical veneer imports from Gabon on the rise despite pandemic

EU27 imports of tropical veneer declined 8% to 256,200 cu.m in the first eleven months of 2020. Imports from Gabon bucked the wider downward trend, the EU27 importing 148,800 cu.m from the country between January and November last year, 18% more than the same period in 2019, mainly destined for France.

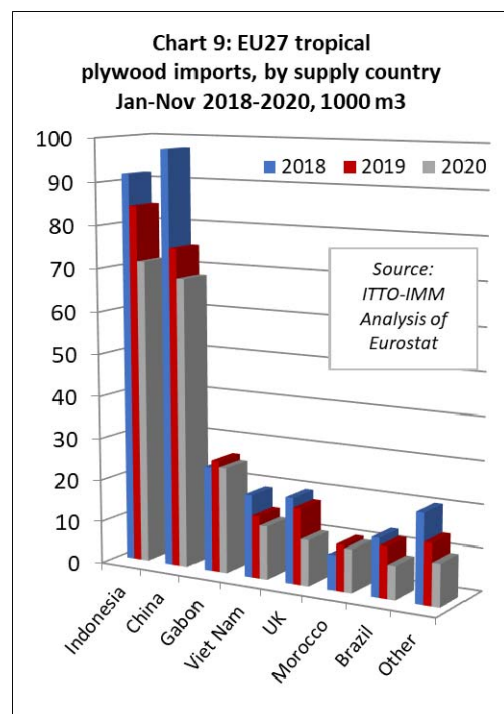
Veneer imports declined from all other major tropical suppliers, including Côte d'Ivoire (-24% to 50,800 cu.m), Cameroon (-36% to 23,500 cu.m), Equatorial Guinea (-15% to 9,200 cu.m), Ghana (-20% to 6,500 cu.m), Indonesia (-26% to 4,200 cu.m) and DRC (-62% to 1,900 cu.m). (Chart 8).



Although there were signs of an uptick in the pace of EU27 imports of tropical hardwood faced plywood between September and November last year, total imports of 223,600 cu.m in the first eleven months were still down 15% compared to the same period in 2019.

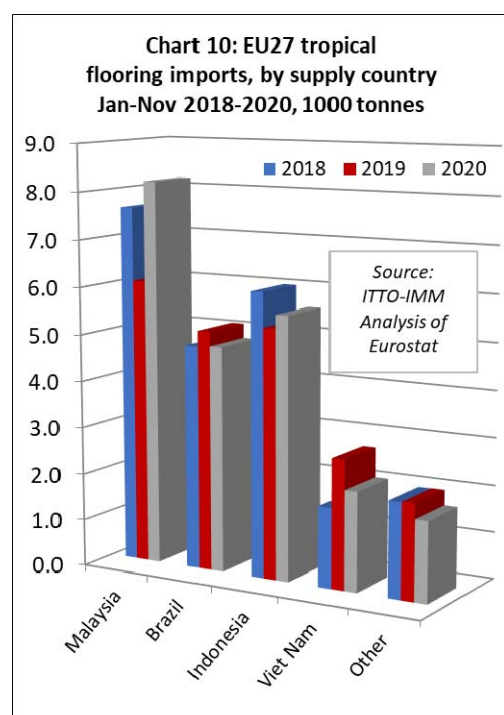
Imports fell from all the leading supply countries including Indonesia (-15% to 71,400 cu.m), China (-9% to 68,000 cu.m), Gabon (-5% to 25,000 cu.m), Vietnam (-15% to 12,600 cu.m), Morocco (-7% to 10,100 cu.m) and

Brazil (-35% to 7,900 cu.m). EU27 imports of tropical hardwood faced plywood from the UK – a re-export since the UK has no plywood manufacturing capacity - declined 39% to 10,800 cu.m (Chart 9).



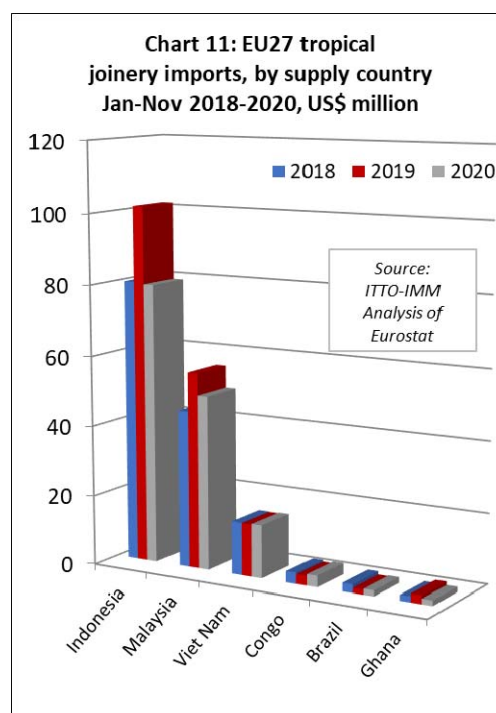
EU27 tropical flooring imports rise while other joinery imports decline

Given the situation in the wider market, one of the least expected trends in EU27 import data was a slight recovery in imports of tropical flooring products in the first eleven months of last year. (Chart 10)



This follows a long period of continuous decline. Imports increased 5% to 22,400 tonnes, with the gain due to a 35% rise in imports from Malaysia to 8,200 tonnes, mostly destined for Belgium. Imports from Indonesia increased slightly, by 5% to 5,600 tonnes and declined moderately from Brazil, down 6% to 4,800 tonnes. Imports from Vietnam fell more rapidly, by 23% to 2,100 cu.m.

EU27 import quantity of other joinery products from tropical countries, which mainly comprise laminated window scantlings, kitchen tops and wood doors, declined 16% to 157,000 tonnes in the first eleven months of 2020. Imports were down 22% to 79,600 tonnes from Indonesia, 11% to 49,600 tonnes from Malaysia, and 40% to 1,500 tonnes from Ghana. However imports increased by 1% to 15,100 tonnes from Vietnam and by 18% to 3,200 tonnes from the Republic of Congo. (Chart 11).



North America

US tropical sawnwood imports plunge

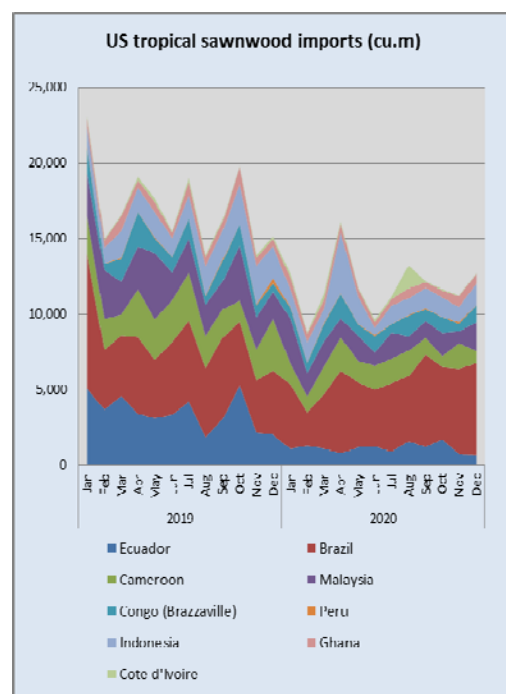
The volume of sawn tropical hardwood imported by the US fell by 34% in 2020 from 243,884 cubic metre in 2019 to 161,179 cubic metre in 2020. Imports rose 15% in December to 14,687 cubic metre, the highest level since August, but still 20% lower than the previous December.

Imports from all countries for the year were down significantly with the exception of Cote d'Ivoire where imports were up 69%. Imports from Brazil were off only 5% in 2020 while imports from Ecuador fell by 68% and imports from Cameroon and Malaysia were both off by more than 40%.

The US imported only half as much keruing in 2020 as in 2019, while teak imports fell by 57% and balsa imports dropped 67%. Despite falling 26% for the year, jatoba was the hardwood most imported by the US, while ipe was a close second after gaining 4% over 2019.

December imports from Malaysia were up 145% to surpass imports from the previous December by 5% after lagging badly most months. Imports from Congo (Brazzaville) also more than doubled in December. In contrast, imports from Cameroon fell by 52% in December.

Canada also imported significantly less sawn tropical hardwood in 2020. Imports were down 17% overall with imports from its two largest sources, the US and Cameroon, falling 40% and 25% respectively. Canada's imports for the year of nearly all types of tropical hardwood fell by at least 10%. Mahogany was the exception, rising by 3%



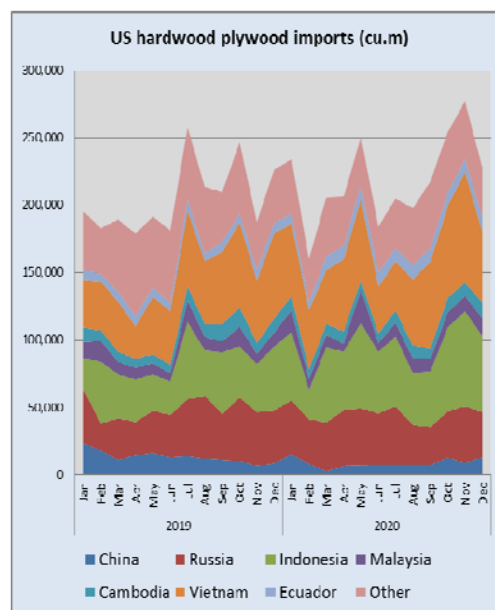
Data source: US Census Bureau, Foreign Trade Statistics

Hardwood plywood imports rose in 2020

Despite an 18% drop in December, US imports of hardwood plywood ended 2020 up 6% in volume over the previous year. Imports from China were down 35% in 2020 while imports from Indonesia and Ecuador both increased by 36%.

Imports from Vietnam gained 17% for the year. Imports from Russia and Cambodia in 2020 both held close to the totals for 2019.

A decrease of 36% in imports from Vietnam in December accounted for much of the month's downturn, while imports from Russia and Indonesia slid as well. Despite the decrease from November numbers, December imports were slightly better than those of the previous December.

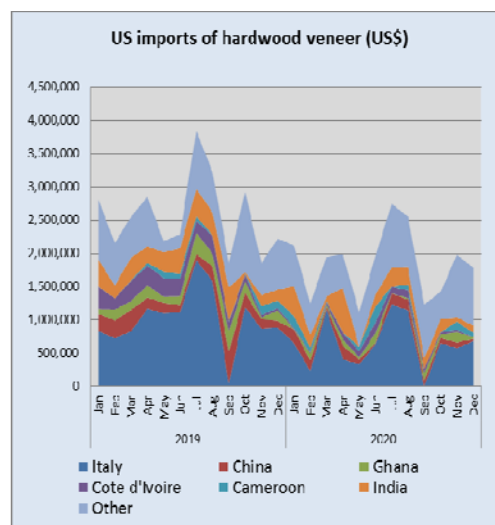


Data source: US Census Bureau, Foreign Trade Statistics

Veneer imports fall sharply in 2020

US imports of tropical hardwood veneer fell by 10% in December and ended the year down 28%. For the year, imports from Italy declined by 37%, imports from Cote d'Ivoire were down 68%, imports from China were off by 49% and imports from Ghana fell 59%. The only source country that saw gains in 2020 was Cameroon where imports to the US rose by 51%.

December imports from India and Italy rose sharply, however they were both still far below the levels of the previous December.



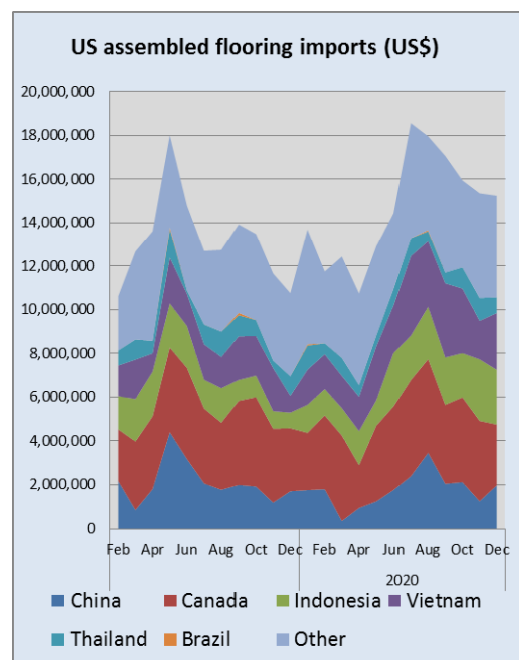
Data source: US Census Bureau, Foreign Trade Statistics

Hardwood flooring imports fell in 2020 while assembled flooring panel imports rose

US imports of hardwood flooring declined by 21% in 2020 as imports from Asian suppliers fell sharply. Imports from China and Malaysia were both down 53% for the year while imports from Indonesia fell by 34%.

Imports from the largest supplier to the US, Brazil, were down only 4% for the year. December saw a healthy rise in imports from Malaysia, climbing to its highest level of the year.

In contrast, US imports of assembled flooring panels ended 2020 up 11% over the previous year. Imports from Vietnam rose by 48% while imports from Indonesia gained 28% in 2020. Imports from China fell by 18%, while imports from Canada increased by 4%. December imports were relatively flat, falling 1% for the month.

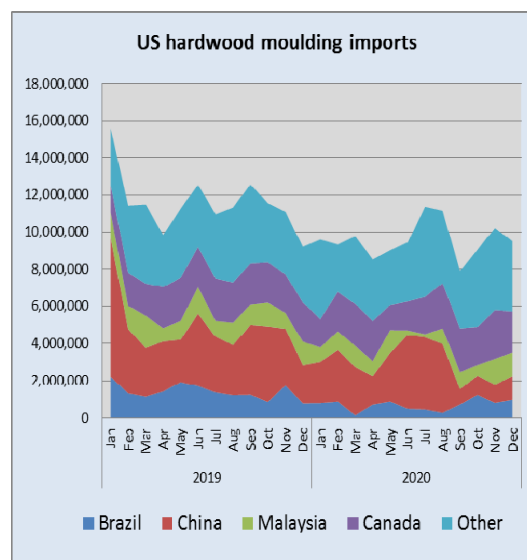


Data source: US Census Bureau, Foreign Trade Statistics

Moulding imports fell in 2020

US imports of hardwood mouldings closed 2020 down 13% from the previous year as imports from Brazil fell by nearly half. Imports from Brazil were off by 47% in 2020 while imports from China were down 28% and imports from Malaysia were down 20%. Imports from Canada managed a 2% gain for the year.

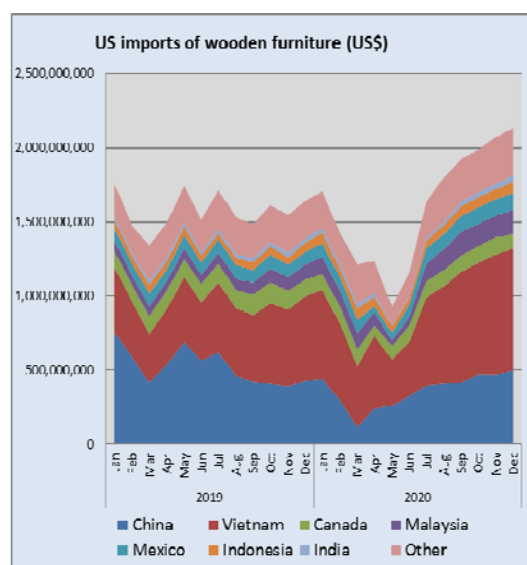
December numbers were down 16% as imports from all major trading partners fell. However, despite the decline, December imports held at 1% higher than the previous December.



Data source: US Census Bureau, Foreign Trade Statistics

Wooden furniture imports continue to rise

US imports of wooden furniture grew for the seventh straight month in December and ended 2020 outperforming 2019 despite being behind for most of the year. Imports for 2020 were over US\$18.9 billion, surpassing 2019 import values by 2%.



Data source: US Census Bureau, Foreign Trade Statistics

While imports from China were down by 31% for the year by value, imports from Vietnam (up 32%) made up the difference. Imports from Malaysia and Indonesia also showed significant growth in 2020 as well as solid gains in December.

The overall residential furniture market also continues to grow. However, according to the Smith Leonard Furniture Insights report, the increase in new orders has slowed.

While new orders were up 17% in November compared to November 2019, increases were 51% in August, 43% in September and 40% in October.

Year to date, new orders remained up 14% over the first 11 months of 2019 after the significant declines as the pandemic took effect.

Cabinet sales end 2020 up after strong December

A press release from the Kitchen Cabinet Manufacturers Association says US cabinet sales rose 11.6% in December 2020 compared to the previous year's figures, ending the year with six straight months of year-over-year growth for the industry. According to participating members in the Kitchen Cabinet Manufacturers Association's monthly Trend of Business Survey, custom sales were up 19.3%, semi-custom increased 12.5% and stock sales increased 9.6% in December compared to the same period in 2019.

When looking at the month-to-month comparison, cabinet sales held fairly steady, the KCMA reported. Overall sales were down 0.2% in December 2020 compared to November. Custom sales increased 1.8%, semi-custom sales decreased 2.2% and stock sales increased 0.7%.

For the year, 2020 cabinet sales were up 2%. Custom sales increased 0.4%, semi-custom sales decreased 1.9% while stock sales increased 5.1%.

See: https://www.kcma.org/news/press-releases/december_2020_trend_of_business_press_release

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.

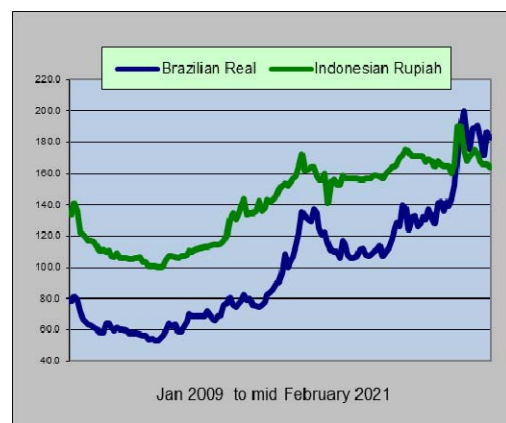
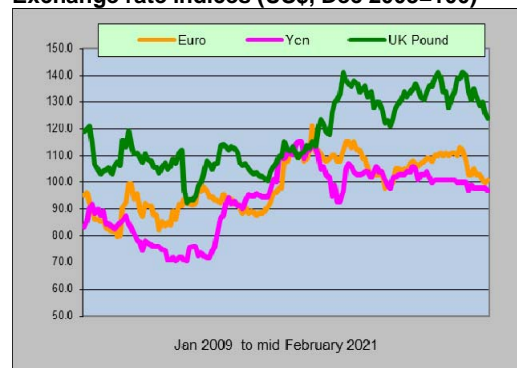
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Dollar Exchange Rates

As of 10 February 2021

Brazil	Real	5.37
CFA countries	CFA Franc	541.75
China	Yuan	6.4582
Euro area	Euro	0.8251
India	Rupee	72.59
Indonesia	Rupiah	13973
Japan	Yen	104.9
Malaysia	Ringgit	4.0425
Peru	Sol	3.63
UK	Pound	0.7217
South Korea	Won	1104.37

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

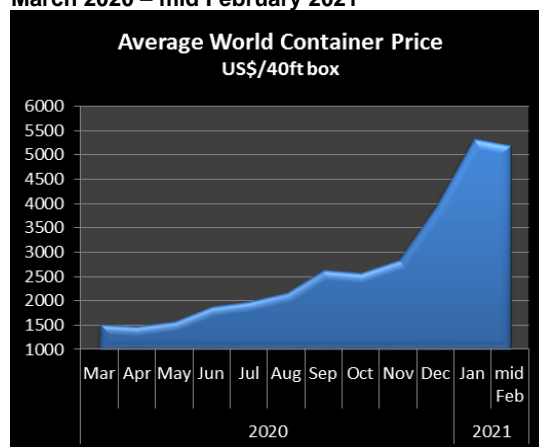


Abbreviations and Equivalences

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

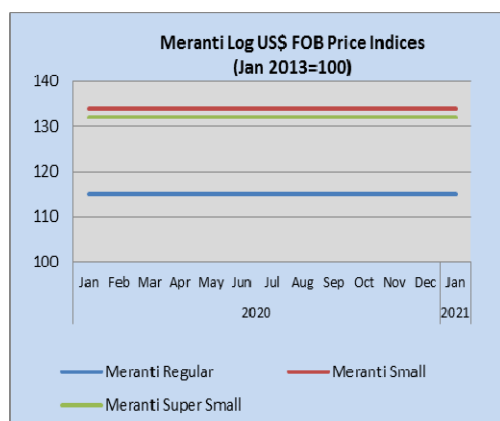
March 2020 – mid February 2021



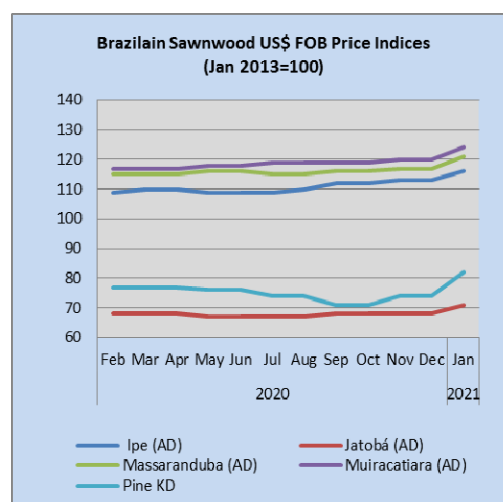
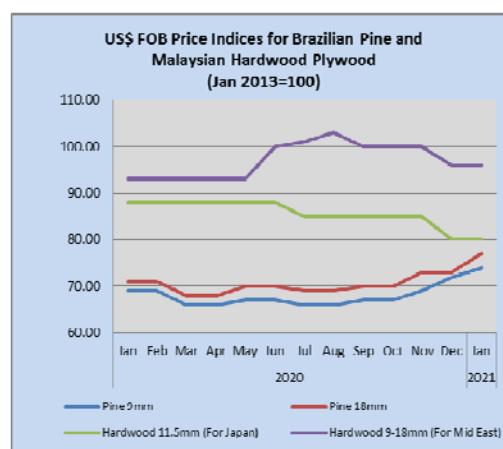
Data source: Drewry World Container Index

Price indices for selected products

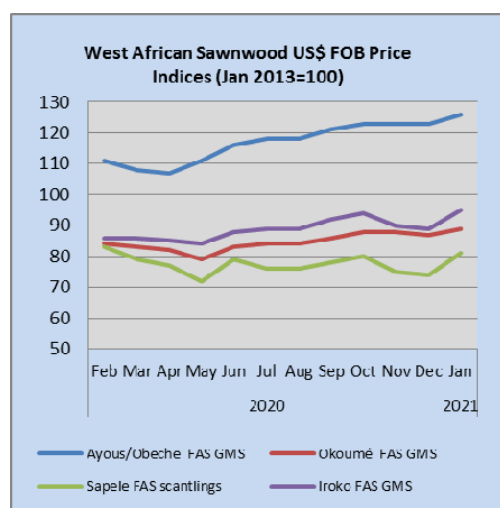
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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