Tropical Timber Market Report

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Headlines

Top story

European Council adopts position on deforestation law

The European Council has adopted its negotiating position on a proposal to limit the consumption of products contributing to deforestation or forest degradation.

In a press release it is stated the Council agreed to set mandatory due diligence rules for all operators and traders who place, make available or export from the EU the following products: palm oil, beef, timber, coffee, cocoa and soy. The rules also apply to a number of derived products such as furniture, leather and chocolate.

Links to some views from European timber trade and industry organisations are provided.

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Central and West Africa

Euro plunges and causes drop in FCFA

On 5 July the euro fell by 1.5% against the US$ reaching its lowest level for almost 20 years. This had implications for the FCFA. On 6 July the FCFA was down 10% since the beginning of the year and was trading at 640 to the US dollar, the lowest level for more than 20 years.

Purchase of subsidised fuel by industries and truckers prohibited

In Gabon weather conditions are reported as for good harvesting as the weather is dry. Order levels are said to be good but there has been a slowdown in enquiries from buyers for the Chinese market. Trucking from forest to mill is disrupted as gasoline and diesel are in short supply.

It is reported that the domestic oil refinery is only able to supply around 50% of demand and imports are erratic. Reports say some sawmills have lowered production due to fuel shortages. There is an active black market in fuel but prices are very high.

The government has introduced a fuel subsidy for the public but industrial users have been exploiting this supply which has drawn strong action from the government.

The Minister of Oil, Gas, Hydrocarbons and Mines in Gabon has issued an instruction that supplying manufacturers at petrol service stations is now prohibited. According to the Minister the policy of stabilising prices of petroleum products is exclusively intended for households.

Cameroon producers struggle to overcome SIGIF2 weaknesses

Producers in Cameroon report a near breakdown of communications between the industry and the ministry on the SIGIF2 tracking system which is causing a lot of problems and confusion, made worse by the inadequate internet coverage to support the smartphone information links.

Producers in Cameroon have had to devise their own ways to continue business which is an additional financial burden.

Continuing problem finding shipping containers

In Cameroon there has been some disruption of harvesting and transport due to the seasonal rain. As in other countries in the region exporters are struggling to secure shipping containers and in Cameroon timber stocks have been rising at the port.

Demand sentiment in the EU and the US is being sustained despite the inflationary trend but the Chinese market is quieter than some months ago except for the recent growing interest in padouk.

Harvesting and trucking conditions good

Conditions for harvesting and transport are reportedly good in the Congo as it is the dry season. Trucking from forest to mills is normal as are mill operations.

Road and rail transport has not been affected by fuel shortages as in other countries. Port operations are normal but the availability of containers remains a problem.

Order levels are reported normal with some indication of an increase in interest for okoume and some redwoods.

Gabon to sell carbon credits

The local media in Gabon has reported that the country is preparing to establish 187 million carbon credits, of which 90 million will be sold on the offset market before the United Nations Conference on Climate Change (COP 27), scheduled for November in Egypt.

According to Allied Offsets, a provider of data on carbon offsets, the monetisation of 90 million carbon credits by Gabon should allow the country to collect US$291 million dollars.

Gabon's forests are part of the Congo Basin and the country was the first on the continent to receive funds intended to protect the capacity of its forests to absorb carbon.

See: https://www.lenouveaugabon.com/fr/gestion-publique/0107-18640-credits-carbone-le-gabon-s-apprete-a-lancer-une-emission-qui-pourrait-lui-rapporter-plus-180-milliards-de-fcfa

CITES discussions best based on science

A study "Updating the Vulnerability Status of Timber Species Exploited in Central Africa" will be conducted to provide a sound basis for discussion at the upcoming CITES meeting set for 14-28 November 2022 in Panama.

For Central African species the last assessments was done more than 20 years ago and have been critised as lacking a robust scientific approach and generally poor in information on the abundance of the species, their ecology and the changing nature of the threats they face.

This study is funded by the COMIFAC Program for the Promotion of Certified Logging (PPECF) and Gembloux Agro-Bio Tech. It is implemented by Gembloux Agro-Bio Tech (University of Liège) in collaboration with Nature+, ATIBT, the Missouri Garden Botanic (Africa section), Parcs Gabon and the consulting firms TEREA, FRMi, and SylvAfrica.

See: https://www.atibt.org/en/news/13186/scientific-field-data-for-the-next-cites-conference

Costs and delays have big impact on Central African competitiveness

The latest UNCTAD Transport and Trade Facilitation Newsletter (N°94 - Second Quarter 2022) reports costs and delays associated to the international transit of goods have a significant impact on Central African countries' competitiveness. The World Bank estimates that each additional day in transit costs 0.8% of the total value of the goods transported and that in landlocked countries freight costs are some 50% higher than in countries with ports.

The longer the transit time, the higher the inventory costs. For some landlocked countries in Central Africa, transport costs represent 35% of the value of exports and more than 45% of the value of imports.

See: https://unctad.org/news/why-transit-goods-so-expensive-central-africa

Log export prices

West African logs	FOB Euro per cu.m		
Asian market	LM	B	BC/C
Acajou/ Khaya/N"Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & ekki	275	275	175
Belli	300	300	-
Bibolo/Dibétou	215	215	-
Bilinga	310⬆	310⬆	-
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⬆	250⬆	-
Padouk	270	240	200
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	600⬆
Okoumé FAS GMS	520⬆
Merchantable KD	400
Std/Btr GMS	440⬆
Sipo FAS GMS	420
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	1,200⬆
FAS scantlings	1,400
Strips	500
Sapele FAS Spanish sizes	460
FAS scantlings	489
Iroko FAS GMS	600
Scantlings	660
Strips	370
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

Ghana

SWP exports increased quarter on quarter

The volume of secondary products (SWP) exported in the first quarter of 2022 was 63,314 cu.m compared to 52,411 cu.m for the same period in 2021. These SWPs represented 85% and 76% of total export volumes for 2022 and 2021 respectively.

For the period under review, SWP export volumes increased in 2022 over 2021 while exports of primary and tertiary products declined. Primary Product exports were mainly billets, at 9,219 cu.m in 2022 or 12% of the total export volume. In Ghana SWPs comprise sawnwood, plywood, veneer, boules and briquettes. Tertiary products comprise mainly mouldings.

Industry GDP contribution grew by 57% in 3-Years

An African Development Bank (AfDB) study has revealed that between 2012 and 2021, Ghana's industrial sector contributed 57% of GDP. According to the report, gross fixed capital formation increased from US$7.4 billion in 2012 to US$12.2 billion in 2021 (constant 2010 prices), registering a 65% increase while the increase for all African Development Fund countries was 49%.

During the period other indicators such as the economic diversification index improved from 0.77 to 0.81 while the logistics performance index also rose from 2.51 to 2.57. However, the report that the country's global competitiveness index score plunged to 3.58 in 2022 from 3.79 in 2021.

National programmes that have contributed to this achievement include the Industrial Sector Support Programme of 2011–2015, the National Industrial Revitalisation Programme and projects such as the "One District One Factory" and "One Region One Park".

See: https://www.myjoyonline.com/industry-contribution-to-ghanas-gdp-grew-by-57-to-18-7bn-in-2021-afdb/

Only 5% SMEs are exporters

A survey of the country's Micro, Small and Medium Enterprises (MSMEs) found that only 5% of the 84,592 registered MSMEs in 245 out of 261 Districts in Ghana's have the capacity to export their products.

According to the survey by the Ghana Enterprise Agency (GEA) under the GEA-MasterCard Foundation's Young Africa Works Project, close to 50% of the total firms surveyed were from the Ashanti (23,123 or 27.3%) and Greater Accra (18,856 or 22.3%) respectively.

The survey highlighted Ghana's MSMEs inability to take full advantage of the huge market from the Africa Continental Free Trade Area (AfCFTA) since about 86% of these firms are operating in the informal sector and lack access to credit to grow their businesses.

See: https://thebftonline.com/2022/06/28/only-5-of-local-msmes-export-study/

Non-Traditional Exports (NTEs) earnings

Ghana increased in earnings from Non-Traditional Exports (NTEs) in 2021 according to the Ghana Export Promotion Authority (GEPA). This represented a 17% increase year on year.

The Authority's report said that from 2017 to 2021, Ghana's Non-Traditional Exports grew at an annual average rate of 7% and contributed 23% to the total national merchandise exports. Ghana's NTEs include some timber and wood products along with handicrafts.

See: https://www.gepaghana.org/ghanas-non-traditional-exports-records-3-33-billion-in-2021/

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	737
Niangon Kiln dry	690

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	356	441
Chenchen	341	612
Ogea	473	590
Essa	479	619
Ofram	350	435

Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	1,371
Avodire	1,300
Chenchen	842
Mahogany	1,358
Makore	1,353
Odum	1,333
Sapele	1,191

Export plywood prices

Plywood, FOB	Euro per cu.m		
BB/CC	Ceiba	Ofram	Asanfina
4mm	376	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%.

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	310
Dahoma	415	653
Edinam (mixed redwood)	640	733
Emeri	580	707
African mahogany (Ivorensis)	1,239	817
Makore	560	817
Niangon	629	871
Odum	500	888
Sapele	800	811
Wawa 1C & Select	422	445

Malaysia

Furniture makers - reduced margins as input costs rise

The four-day Malaysian International Furniture Fair (MIFF) 2022 was held in early July with over 200 exhibitors from 11 countries. This year sales smashed through the billion-dollar mark for the first time in its 25-year history.

The MIFF press release says the record performance was achieved a year after the trade show was expanded to 100,000 sq.m at the Malaysia International Trade and Exhibition Centre (MITEC) and World Trade Centre Kuala Lumpur (WTCKL).

MIFF 2022 attracted 20,478 visitors including 6,112 global buyers. Traffic was significantly higher from North America and the Far East while numbers remained stable from Southeast Asia, South Asia, Australasia, Europe, Africa and South America.

While MIFF was a success local furniture makers are facing reduced margins due to rising input costs and slower demand. Furniture makers said rising raw material costs, freight costs, sluggish demand on key export markets and the minimum wage increase are now major challenges. Some manufacturers have dared to raise prices to offset the rising input costs while others have maintained prices in a bid to remain competitive.

The full report of the MIFF event can be requested: https://2022.miff.com.my/about-miff/post-show-report/?submit=success

Malaysia's furniture exports up to May this year were valued at RM6.14 bil., an increase of 3.2% compared to the same period in 2021. Currently, 85% of Malaysia's annual furniture production is exported to over 160 countries with wooden furniture being the major products.

Furniture city and logistic hub for Sungai Buaya

Sungai Buaya in Selangor State will be home to a furniture business complex whose aim is to integrate the scattered furniture industry in Kuala Lumpur and Selangor.

The Kuala Lumpur and Selangor Furniture Association will join with B&G Capital Resources to develop the International Furniture City and Logistic Hub (SIFC). The project is expected to improve resource utilisation and facilitate centralised procurement for domestic and foreign buyers. The SIFC project is expected to create nearly 16,000 jobs.

Sarawak – more on engineered wood

Sarawak is expected to attract RM120 mil. investment in an engineered wood plant project which will utilise timber from planted forests. The Sarawak Timber Industry Development Corp. (STIDC) is taking the lead with this investment. Some 520,000 ha. in Sarawak have been planted with commercial species predominantly Acacia mangium. The state authorities have issued more than 40 licences for planted forests with a total area of 2.3 million ha.

The plantations in Sarawak produced 1.68 million cu.m of logs in 2020. During that year, STIDC records showed that Sarawak exported 413,805 cu.m of plantation logs (Acacia mangium) worth RM98.8 mil. FOB to Indonesia. On the other hand, log production from natural forests has been declining.

See: https://www.thestar.com.my/business/business-news/2022/07/04/engineered-wood-plant-project-for-sarawak

Sabah forest plantation development

Sabah is expected to produce about 6-8 million cubic metres of plantation logs annually by 2036 according to the Chief Conservator of Forests, Frederick Kugan. This, he said, would encourage more downstream and high-value investments.

The Forest Plantation Action Plan for Sabah (2022-2036) says 400,000 ha. of industrial tree plantations will be created by 2036. This investment is expected to create 40,000 skilled and semi-skilled jobs in upstream and downstream forest industries by 2036.

See: https://www.nst.com.my/news/nation/2022/07/811532/tree-plantations-way-forward-forestry?topicID=1&articleID=811532

Indonesia

APHI Calls on EU to Promote SVLK

The Association of Indonesian Forest Concession Holders (APHI) has called on the European Union to jointly promote the Legality and Sustainability Verification System (SVLK) to further strengthen Indonesia's efforts to improve forest governance in support of climate change action.

Chairman of APHI, Indroyono Soesilo said that Indonesia and the EU have had a Voluntary Partnership Agreement (VPA) for Forest Law Enforcement, Governance and Trade (FLEGT-VPA) since 2013. He commented that under the Agreement the EU has an obligation to promote FLEGT licenses in accordance with article 13 of the FLEGT VPA.

Indroyono said during a meeting with the EU Ambassador to Indonesia at the APHI office that Article 13 must be implemented to support FLEGT licensing. Indroyono said, despite being one of the main markets, exports of Indonesian wood products to the EU are still relatively small and that Indonesia needs support to expand its market share.

In response the Ambassador explained that EU consumers' awareness of green products that are environmentally friendly is getting stronger, therefore fulfilling the elements of legality and sustainability is important. Regarding Article 13 the Ambassador said this could be one of the points of discussion at the high-level meeting of the EU and Indonesia later in the year.

See: https://forestinsights.id/2022/07/04/aphi-calls-on-eu-to-promote-svlk-to-strengthen-indonesian-forest-governance/

Forestry sector should be contributing more to GDP

The contribution of the forestry and wood processing sectors to national gross domestic product (GDP) was only Rp112 trillion or 0.66% according to the Minister of Finance, Sri Mulyani Indrawati.

She added that the government needs to make improvements since Indonesia is home to vast tropical forests so the sector should be contributing significantly more.

See: https://www.kemenkeu.go.id/publikasi/berita/menkeu-ungkap-perlunya-tingkatkan-kontribusi-sektor-kehutanan/
and
https://economy.okezone.com/read/2022/06/28/320/2619901/sri-mulyani-ungkap-kontribusi-hutan-ke-pnbp-hanya-rp5-6-triliun?page=2

Realising a 'multi-business' forestry sector requires investment

Development of a multi-business forestry model is a business opportunity that can help address climate change as well as improving the welfare of the people living close to the forest.

The Deputy Chairman of the Chamber of Commerce and Industry (Kadin) for Environment and Forestry, Silverius Oscar Unggul, said that Kadin and APHI continue to look for the marketing models and the products and services to be developed in multi business forestry operations.

The Deputy Chairman of APHI, Soewarso, said the challenge in the plantation forestry business is the long investment period and if a viable multi-business model can be found prospects will be more attractive.

Soewarso proposed that banks and financial institutions implement innovative blended financing for wood, non-timber forest products and carbon trading. As security Soewarso suggested that a Certificate of Emissions Reduction (CER) issued by an authorised institution could be used as a guarantee to obtain financing.

See: https://forestinsights.id/2022/07/09/implementasi-multi-usaha-kehutanan-perlu-dukungan-pembiayaan/

A huge investment needed to meet forestry NDC target

The cost of reaching the Nationally Determined Contribution (NDC) target for the forestry sector is estimated at Rp77.82 trillion according to the Minister of Finance, Sri Mulyani Indrawati. According to the Minister the forestry sector could have the biggest contribution to greenhouse gas emission reductions compared to other sectors.

See: https://en.antaranews.com/news/236569/need-rp7782-trillion-to-meet-forestry-ndc-target-minister

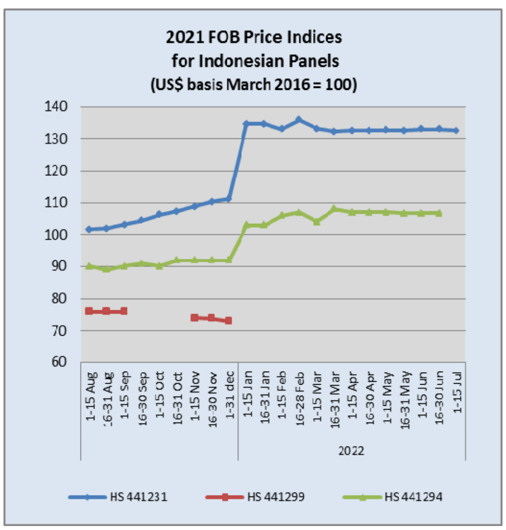
Forestry Congress reaffirms role of forestry sector in National Development

At the opening of the 7th Indonesian Forestry Congress themed "Managed Forests, Protected Earth and an Empowered Nation" the Minister of Environment and Forestry, Siti Nurbaya, called upon forestry sector stakeholders to strengthen their commitment in encouraging the progress in Indonesia's forestry development and to actively participate in international efforts to achieve sustainable development and address climate change.

The Congress aimed to play a role in the national agenda on climate change as formulated in the 2030 FoLU Net Sink.

The Minister was reported as saying "In responding to these global challenges, breakthrough steps, innovation and collaboration are needed to accelerate the implementation of climate change mitigation actions, as well as optimize scientific resources in earth management for completion and efforts for sustainability and prosperity as a legacy for our future generations".

See: https://www.menlhk.go.id/site/single_post/4837/kongres-kehutanan-indonesia-vii-meneguhkan-kembali-pengelolaan-sektor-kehutanan-pada-pembangunan-bangsa



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

Myanmar

MTE Tender bids to be in local currency

According to log buyers/exporters, without notice, the Myanma Timber Enterprise (MTE) changed the currency in which tender bids should be made from US dollars to the local currency kyat (MMK). Millers now have to bid in MMK.

This is a major change at MTE which has required bids in US dollars for past decades. After the government required conversion of incoming US dollars to MMK within one day in April this year payments to MTE for logs had been stalled for about three months.

It is unclear if this is a permanent change and it is too early to say that it is the end of the US$ dominated payment system by MTE.

The MTE is sanctioned by EU and US and is denied international swift transfers. Although the change to MMK is a consequence of the intensified monetary control measures by the government by coincidence now MTE is not recipient of US$. The earnings of hard currencies is a main cause of sanctioned by EU and USA introduced after the military took control in February 2021.

Yuan-denominated China border trade back to dollars

Yuan-denominated settlement in China-Myanmar border trade hit over 500 million yuan (US$74.44 million) in the first half of 2022 despite the closure of most border crossings due to covid prevention and control measures.

The Myanmar government accepted the yuan as an official settlement currency for border trade with China, its biggest trading partner in December last year. The Global Times reported earlier that the estimated settlement scale in the pilot phase is about 2 billion yuan, which is equivalent to about 30 percent of the value of bilateral border trade via inland routes.

According to a report on a Chinese-language website in Myanmar on July 3, the authorities in Myanmar informed traders in Muse, one of Myanmar's main border trade points with China, that payments should be switched back to US dollars.

According to the media this change applies to local enterprises but not to financial institutions which provides the opportunity for banks to still settle the border trade in yuan.

See: https://www.globaltimes.cn/page/202207/1270273.shtml)

India

House prices down loan rates up

Housing sales have fallen by 15% in the top seven Indian cities driven down by increased prices and rising rates for home loans. The Mumbai Metropolitan Region (MMR) recorded the highest sales of apartments between April and June according to a report released by ANAROCK Property Consultants.

Anuj Puri, Chairman of the ANAROCK Group, is quoted in the Times of India as saying inflationary pressures on input costs compelled developers to increase property prices in the past few months and RBI unleashed two rate hikes that pushed up home loan interest rates.

See:
https://realty.economictimes.indiatimes.com/news/residential/housing-sales-in-delhi-ncr-fell-19-in-apr-jun-anarock/92642941

Improving turn-around time at ports

A recent meeting of the Ministry of Ports, Shipping and Waterways chaired by Sarbananda Sonowal, Union Minister for Ports, Shipping and Waterways concluded with some notable decisions. Sonowal suggested that all ports should prepare a master plan to become Mega Ports by 2047. The meeting also discussed the application of automated technologies that could improve the performance at Indian Ports.

The Minister specifically called for layover times at india's major ports to be reduced. He said "There should be zero waiting time for inbound and outbound cargo".

This will require reducing current wait time of around a day for berthing at major ports. The media quote the average time before a cargo ship was berthed at a major port in 2021 was around 0.95 days.

According to official estimates the container turn-around time at major Indian ports is about 26.5 hours. This has come down from around 45 hours in 2013-14. Sonowal said that a Master Plan to enable ports to identify and resolve bottlenecks in multi-modal connectivity in vital.

See: https://nenow.in/north-east-news/assam/sarbananda-sonowal-asks-all-ports-to-prepare-master-plan-to-become-mega.html

Rupee tumbles – pain for importers

Indian importers will be feeling pain as the rupee fell to a record low of 79.38 to the US dollar recently as news emerged that the country's trade deficit hit an all-time high in June due mainly to the surge in crude oil and coal imports. The Reserve Bank of India (RBI) has intervened but has not been able to stem the sharp decline.

The government has introduced a tax on gold imports and the RBI has intervened in the foreign exchange markets by selling dollars. The central bank also announced a series of measures to increase foreign exchange inflows to boost the rupee.

Prices for recent shipments of teak logs and sawnwood

	Logs US$ C&F per hoppus cu.m	Sawnwood 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	328-520	-
Nicaragua	-	328-564
Solomon Is.	248	-
Surinam	222	-
Myanmar	-	791-980

Price range depends mainly on length and girth.

Locally milled sawnwood prices

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

Price range depends mainly on lengths and cross-sections

Sawn hardwood prices

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

Please note plywood prices are now shown 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

Vietnam

Vietnam: Wood and wood product (W&WP) trade highlights

According to the Vietnam General Department of Customs, the W&WP exports to the US in June 2022 were estimated at US$826.3 million, down 19% compared to June 2021. In the first half of 2022 exports of W&WPs to the US totaled US$4.92 billion down 2.5% compared to the same period in 2021.

Vietnam's exports of office furniture in June 2022 reached US$30.3 million, down 32% compared to June 2021. In general, in the first 5 months of 2022 exports of office furniture were valued at US$156.8 million, down 27% compared to the same period in 2021.

Imports of raw wood in June 2022 have been estimated at 602,000 cu.m, worth US$237.8 million, up 4.6% in volume and 3% in value.

In June Vietnam's exports of timber and wood products decreased due to the impact of high inflation in export markets according to the Ministry of Industry and Trade.

In the first six months of this year the value of wood and wood product exports rose 2.8% year on year to US$8.5 billion. But exports of wood products declined almost 5% to US$6 billion.

Wooden furniture was the main export item but exports earning dropped as the economies in importing countries suffered rising inflation and declining consumer confidence. High US inflation has caused low- and middle-income groups to tighten their spending, creating a significant impact on Vietnam's wood product exports.

In addition, the decline in export earnings in the first half of this year were affected by very high logistics costs. Exporters say that in some cases the value of wood products in a containers shipped to the US is lower than the shipping cost. Because of high shipping costs some US buyers are switching to suppliers in countries that are closer such as Mexico to keep shipping costs down.

Vietnam wood product manufacturers have started to report weaker order book positions due to reduced orders from the US as well as South Korea and the EU.

The declining orders in the first half of 2022 has worried the wood industry as they fear they may not achieve the export growth target this year. For 2022 export turnover growth for wood and wood products is forecasted to reach only 5-7% in contrast to the 9% growth in 2021.

In the light of high inflation that is not shown any signs of cooling globally businesses are also reviewing orders to achieve the most efficiency in production and management in order to keep their customers.

Do Xuan Lap, Chairman of the Vietnam Timber and Forest Products Association, said the issue for the wood industry today is that Vietnam needs to develop high-quality domestic wood raw material sources to maintain its competitive advantage.

See: https://en.vietnamplus.vn/vietnams-wood-exports-decrease-as-inflation-increases/233562.vnp

A special contribution from Dr. Hoang Lien Son, Director of the Forest Economics Research Centre, Vietnamese Academy of Forest Science

Current Situation of Vietnam's Timber Imports and Policy Solutions - Towards Timber Legality Assurance

Over the last two decades Vietnam has been emerging as a top producer of wood and wood products (W&WP). At present, W&WP from Vietnam are shipped out to over 140 overseas markets, and Vietnamese wood operators must comply with increasing requirements on timber legality assurance imposed by importers.

The US Lacey Act, the Korea Act on Sustainable Use of Timbers, the Japan Clean Wood Act, the Australia Illegal Logging Prohibition Act, the EU and UK Timber Regulations along with the VPA/FLEGT Vietnam has concluded with the EU in 2018 have been tightening the control over imported W&WPs.

In response on the internationally reinforced regulations on timber legality, the Prime Minister of Vietnam issued Decision 102. Dated 1st September 2021, to specify the implementation of VPA/FLEGT and operate VNTLAS. According to VNFOREST, around 30% of wood imported into Vietnam comes from countries classified as high-risk of timber legality.

Careful investigation of recent development of timber imports and identification of possibilities for improving domestic regulatory framework becomes imperative. With in-depth analysis of collected data collection and inclusive interviews of relevant stakeholder groups, this paper provides an overview of Vietnam's timber imports 2015 - 2020, and presents recommendations for improving policies and regulations related to the VNTLAS.

Of great implication is the proposed adjustment of criteria for risk-classification and clarification of global timber certification schemes. The authors also call for strengthening bilateral ties with low-risk countries, using IT to support compliance mechanisms and identify additional low-risk suppliers to secure timber imports.

Introduction

Vietnam has been pursuing an intensive integration into the global economy. As of January 2022, Vietnam has signed 15 bilateral and multilateral Free Trade Agreements (FTA) covering 53 trade partners, and all of these FTAs are currently effective and significantly account for the country's international trade (Handbook "Rules of origin in FTAs to which Vietnam is a signatory", 2022).

In line with these FTAs, Vietnam's wood industry has been pro-actively integrating into the global supply chain of wood and wood products. Vietnam has been importing large volumes of timber from over 100 source countries. In the period 2016 – 2020, the volume of imported timber amounted to 7 - 9 million cu.m of round wood equivalent with the value of 2.2 – 2.5 billion US$.

However, the share of locally sourced wood has been gradually taking over the imports. The imports contributed 70% of raw material input used in Vietnam's wood industry in 2010, the rest of 30% was covered by imports. In 2022 the imported wood is expected to share 25% of the total wood consumption in Vietnam (Viet Nam Administration of Forestry, 2022).

The top 5 markets of wood and wood products exported from Vietnam, including the US, Japan, China, EU and Korea, have all put in place timber legality regulations. To respond on the requirements imposed by major customers, Vietnam has promulgated Decree No. 102/2020/NĐ-CP dated 1 September 2020 by the Government to specify the implimentation of Vietnam Timber Legality Assurance System (VNTLAS).

In accordance with this Decree (Clause 1, Article 3), legal timber is defined as "timber or timber products that are harvested, imported, confiscated, transported, traded, processed, exported in accordance with Vietnamese legal regulations and regulations under international treaties to which Viet Nam is a signatory and relevant legal regulation of the country in which timber is harvested".

Moreover, the VPA/FLEGT between Viet Nam and the European Union (EU), which entered into force since June 2019, is a legally binding agreement aimed at strengthening forest governance and promoting trade in legal wood and wood products exported from Vietnam to the EU markets.

Along with opportunities, the agreement also presents challenges for the timber industry of Vietnam, including (i) higher competition (there are 53 economic partners within the scope of the signed agreements), and (ii) more strict regulations for controlling the legality of timber origin (Ministry of Agriculture and Rural Development, 2022). To cope with this development, Vietnam has applied policies to achieve better control and management of imported timber.

According to Decision No. 4832/QĐ-BNN-TCLN, issued in 2020 by the Ministry of Agriculture and Rural Development, countries from where Viet Nam imports timber can be classified as either of active (low-risk) or non-active (high-risk) geographical areas with respect to timber legality concerns.

Of the over 100 countries which are exporting wood to Vietnam, 51 countries are classified as of active, the rest are of non-active geographical areas.

Following this classification, importers have to submit additional documents and evidences to prove timber legality while importing timber from countries of non-active geographical areas.

The objective of this paper is to assess the situation of imported timber 2015 - 2020, focusing on the risk-based control and management mechanisms instituted by VNTLAS. The authors provide an overview of imported timber in Vietnam, and recommend solutions to support Vietnam's timber legality requirements.

These recommendations include adjusting the criteria for classifying low-risk countries, providing more details on requirements for conducting due diligence on timber legality, and clarification of forest certification schemes applicable in Vietnam.

The authors also call for strengthening bilateral relations with low-risk countries, promoting the application of IT to faster the identification of timber origin, and furthering market studies to identify new low-risk countries for legally sourced timber procurement.

This paper summarises the results of a research project titled "Research on development of domestic markets of wood and wood products for restructuring of Viet Nam's forestry sector".

Collection of secondary information and data

Data and information were compiled from reports on import and export of timber and timber products published by the Viet Nam Timber and Forest Products Association (VIFOREST); statistical data on import and export announced by Vietnam General Department of Customs 2015 – 2020; and comprehensive reports prepared by Forest Trends, VIFOREST and local associations.

In addition, data was collected and analyzed through a careful overview of scientific reports and other materials related to imported timber and policies on management of legal timber.

Lastly, extensive consultations with a large range of experts in multiple fields (incl. agro-forestry and fishery market management, agro-forestry and fishery processing, customs, forest protection) to identify and verify solutions towards proper management of imported timber with special attention to timber legality assurance.

Data processing

Excel software is used to process and analyse data and calculate volume, value, proportion of imported timber. Moreover, attempts have been made by the authors to investigate the key timber suppliers/exporters which are classified by risk geographical areas as follows:

- Major timber exporters (round timber and sawn timber) who have the largest volume of timber exported to Vietnam 2015 – 2020.
- Major timber exporters which are listed in active/nonactive geographical areas and the risk of timber species they are exporting to Vietnam in accordance with Decision No. 4832/QĐ-BNN-TCLN in 2020 by the Ministry of Agriculture and Rural Development.

This Decision defined the list of timber species that have been imported into Vietnam and the list of countries belonging to active or nonactive geographical areas. Accordingly, 51 countries which are exporting wood to Vietnam have been listed as of active geographical areas.

The categorisation of risk geographical areas helps assess the risk levels of timber raw materials imported into Vietnam and suggest solutions to strengthen the control and management of the timber inputs.

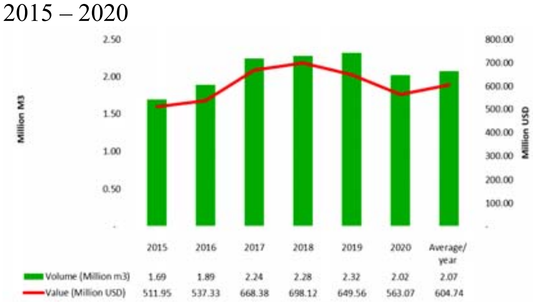
The current situation of imported timber raw materials: Round wood imports

The volume of imported round timber has increased from 1.69 million cu.m in 2015 to 2.32 million cu.m in 2019, equivalent to an increase of 37% compared to 2015. The value of imported round timber has also increased from 511 million US$ in 2015 to 698 million US$ in 2018.

In 2020, due to impacts of the Covid-19 pandemic, volume of imported round timber slightly decreased, reaching 2.02 million cu.m, equivalent to a value of 563 million US$.

The average annual volume of imported round timber is about 2.07 million cu.m, equivalent to 604.7 million US$. The volume and value of imported round timber are shown in Figure 1.

Figure 1. Volume and value of imported round timber 2015 – 2020



Main countries exporting round timber to Viet Nam

Round timber is imported into Vietnam from more than 100 countries and territories. However, only few countries have large volume of round timber exported to Viet Nam.

Table 1 below lists countries which are exporting large volume of round timber to Vietnam. These countries share about 65 – 70% of total import of round timber and are classified into two categories, namely low-risk and high-risk geographical areas.

Unit: 1,000 cu.m

No.	Country	2015	2016	2017	2018	2019	2020	Total
I	**Low-risk countries**	**420.16**	**419.95**	**639.27**	**734.62**	**834.62**	**680.67**	**3,729.29**
1	USA	65.70	76.70	145.79	198.37	245.79	214.10	946.46
2	Belgium	74.30	92.90	145.79	173.68	256.25	188.19	931.11
3	Germany	77.20	76.20	112.50	96.95	115.11	78.06	556.02
4	France	32.52	36.59	59.92	60.85	70.52	73.68	334.08
5	The Netherlands	56.24	60.16	115.01	81.22	96.73	63.34	472.69
6	Uruguay	114.20	77.40	60.27	123.55	50.23	63.30	488.94
II	**High-risk countries**	**806.07**	**797.14**	**857.93**	**813.51**	**803.64**	**701.11**	**4,779.40**
7	Cameroon	314.70	420.70	507.39	513.86	495.53	393.67	2,645.85
8	Papua New Guinea	105.20	183.10	123.03	195.16	236.86	228.57	1,071.92
9	Cambodia	59.30	139.30	163.07	38.26	10.55	1.50	411.98
10	Laos	321.70	36.20	7.11	2.44	5.68	12.82	385.95
11	Republic of Congo	5.17	17.84	57.33	63.79	55.03	64.55	263.70

(Source: Data summarized from reports on import and export of timber and timber products produced by VIFOREST, Forest Trends and statistical import and export data of the General Department of Viet Nam Customs from 2015 to2020)

Countries of active or low-risk geographical areas include the US, Belgium, Germany, the Netherlands and Uruguay etc. The US is the largest round timber exporter to Viet Nam with an average of 157,000 cu.m per year and about 946,460 cu.m for in the whole 2015 – 2020 period. Countries of non-active or high-risk geographical includes Cameroon, Papua New Guinea, Cambodia, Laos and Republic of Congo etc.

Cameroon is the largest round timber exporter to Vietnam with an average of 0.4 – 0.5 million cu.m per year and 2.6 million cu.m for the whole period.

The volume of round timber imported from Laos and Cambodia has sharply decreased over the investigated period 2016 – 2020. In the recent past, before 2015, Laos and Cambodia used to be largest exporters for Vietnam.

Figure 2. Proportion (%) of round timber imported into Vietnam from major sourcing countries of high-risk geographical areas 2015 - 2020

Table 1 and Figure 2 show that in 2015 the volume of timber imported from major sourcing countries categorized as high-risk geographical regions totaled 806,070 cu.m, nearly double the volume of timber imported from low-risk geographical countries, accounting for 47.68% of total round timber supplies of Viet Nam.

However, by 2020, the volume of timber imported from high-risk geographical countries decreased to about 701,110 cu.m, accounting for 34,71% of total volume of imported timber, while the volume of timber imported from low-risk geographical countries increased to 680,670 cu.m, accounting for 33.7%.

The volume of round timber imported from USA and Belgium has rapidly increased over the years.

The volume of round timber imported from USA alone increased from 65,700 cu.m in 2015 to 214,100 cu.m in 2020. In contrast, the volume of round timber imported from some countries such as Laos and Cambodia has rapidly decreased as these countries have implemented policies to restrict the export of round timber. The volume of round timber imported from Laos decreased from 321,700 cu.m in 2015 to 12,820 cu.m in 2020, down 96% compared to 2015.

Table 2 summarizes the value of round timber imported from low-risk and high-risk geographical countries. Cameroon, USA, Belgium, Papua New Guinea are leading with respect to the value of round timber exported to Viet Nam. Particularly, Cameroon has high export value with an average of 150-200 million US$ per year, reaching over 1 million US$ during in the 2015 – 2020 period.

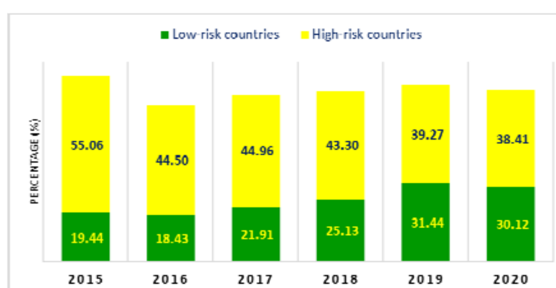
The value of timber imported from these countries' accounts for 65-75% of total import value of round timber. Moreover, in this period, the value of round timber imported from low-risk geographical countries has increased whereas the value of round timber imported from high-risk geographical countries has decreased from 55.06% in 2015 to 38.41% in 2020 (Figure 3). This is considered as a positive signal of the implementation of VPA/FLEGT and policies to control and manage timber imported into Viet Nam.

Table 2. Value of round timber imported into Viet Nam from major exporting countries (2015-2020)
Unit: Million US$

No.	Country	2015	2016	2017	2018	2019	2020	Total
I	**Low-risk countries**	**99.53**	**99.04**	**146.43**	**175.41**	**204.23**	**169.60**	**894.23**
1	USA	29.74	33.69	44.81	63.27	82.97	71.61	326.09
2	Belgium	16.39	18.51	31.80	38.33	54.15	41.16	200.34
3	Germany	15.93	15.07	24.40	20.93	23.85	17.03	117.20
4	France	7.29	7.61	13.05	13.49	15.09	16.35	72.87
5	The Netherlands	11.81	12.63	22.92	18.70	19.79	13.32	99.18
6	Uruguay	18.37	11.53	9.46	20.70	8.38	10.12	78.55
II	**High-risk countries**	**281.88**	**239.11**	**300.52**	**302.29**	**255.06**	**216.29**	**1,595.15**
7	Cameroon	133.53	164.28	207.58	215.85	181.16	146.16	1,048.56
8	Papua New Guinea	19.64	29.37	23.37	40.43	42.84	37.92	193.58
9	Cambodia	109.30	4.45	1.20	0.46	0.40	0.82	116.63
10	Laos	16.90	32.86	39.45	7.30	1.70	0.20	98.41
11	Republic of Congo	2.51	8.15	28.92	38.24	28.96	31.19	137.97

(Source: Data summarized from reports on import and export of wood and wood products produced by VIFOREST, Forest Trends and statistical import and export data of the General Department of Viet Nam Customs from 2015 to 2020)

Figure 3. Proportion (%) of round timber imported into Viet Nam from major exporting countries classified as of non-active geographical areas compared to total import value of round timber 2015 – 2020

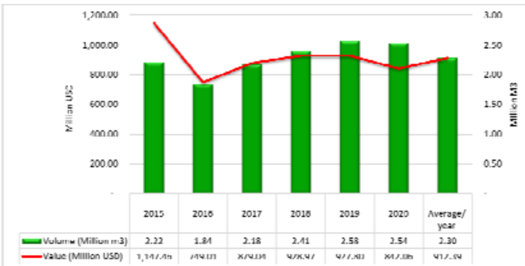


The current situation of imported sawn timber

The import volume of sawn timber increased from 2.22 million cu.m in 2015 to 2.54 million cu.m in 2020 (the annual average import volume is about 2.3 million cu.m). However, the import value of sawn timber decreased from 1,147 million US$ in 2015 to 749.01 million US$ in 2016.

The average import value is about 912 million US$ with minor fluctuations likely influenced by the decline of rare and precious timber species imported from Laos and Cambodia. The change in volume and value of imported sawn timber is summarised in Figure 4 below.

Figure 4. Volume and value of imported sawn timber 2015 – 2020



Major countries supplying sawn timber to Viet Nam

Viet Nam imports sawn timber from various countries including USA, Chile, Brazil, New Zealand, Cambodia etc. (hereinafter referred to a "main supplier"). The US is the largest supplier with volumes increasing from 474,000 cu.m in 2015 to 597,000 cu.m in 2020.

Between 2015 - 2020, the total volume of sawn timber imported from the main suppliers account for 75-80% of the total import volume of sawn timber, equivalent to about 7.74 million cu.m.

As observed in Table 3, the volume of sawn timber imported from low-risk suppliers has been increasing fast. In 2015, the volume of sawn timber imported from the main suppliers of low-risk and high-risk geographical areas amounted to approximately 850,000 cu.m, accounting for 38% and 40% for the low-risk and high-risk categories.

However, these proportions have changed in recent years. In 2020, the volume of sawn timber from main suppliers of low-risk geographical areas increased by 1.53 million cu.m, nearly double the import volume in 2015, accounting for 68.99% of total import volume of sawn timber.

Meanwhile, the volume of sawn timber imported from main suppliers in high-risk geographical areas contributes just 14.12% of total import volume of sawn timber in 2020.

Table 3. Volume of sawn timber imported into Viet Nam from main suppliers 2015 – 2020
Unit: 1,000 cu.m

No.	Country	2015	2016	2017	2018	2019	2020	Total
I	**Countries of low-risk geographical areas**	**892.30**	**936.70**	**1,130.40**	**1,222.41**	**1,442.74**	**1,529.66**	**7,154.21**
1	US	474.30	460.40	496.63	541.51	562.55	597.54	3,132.92
2	Chile	163.60	187.90	246.43	209.35	322.12	284.61	1,414.01
3	Brazil	91.80	110.70	170.40	209.71	227.80	230.22	1,040.62
4	New Zealand	155.10	164.80	171.30	166.35	169.98	178.38	1,005.91
5	Russia			11.76	14.24	62.57	138.41	226.98
6	China	7.50	12.90	32.64	79.85	76.33	50.74	259.95
7	South Africa			1.24	1.41	21.41	49.76	73.82
II	**High-risk geographical countries**	**842.90**	**374.80**	**507.53**	**457.29**	**446.67**	**313.16**	**2,942.34**

(Source: Data summarized from reports on import and export of wood and wood products produced by VIFOREST, Forest Trends and statistical import and export data of the General Department of Vietnam Customs from 2015 to2020)

Figure 5. Proportion (%) of sawn timber imported into Vietnam from major exporting countries of risk geographical areas compared to total import volume of sawn timber 2015 - 2020

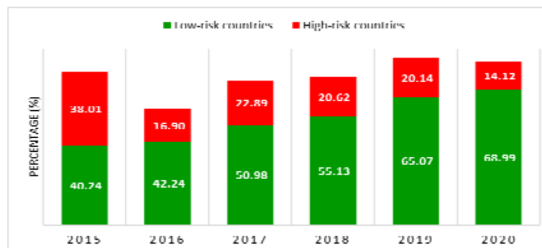


Table 4 presents the value of imported sawn timber from main suppliers which account for 75 - 85% of the total import value of sawn timber. The import value of sawn timber from the US amounts to 200 - 250 million US$ per year. Of special attention is the decrease of import value of sawn timber from Laos and Cambodia (e.g. from Cambodia the value decreased from US$ 362 million in 2015 down to US$ 7.17 million in 2020).

The total import value of sawn timber from countries of high-risk geographical areas significantly decreased from 655.9 million US$ in 2015 to around 150.4 million US$ in 2020.

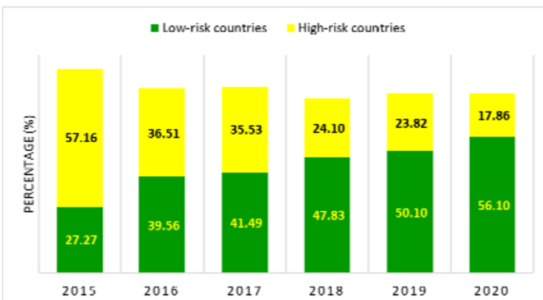
Thus, as of 2020, the import value of sawn timber from high-risk geographical areas accounted for just 17.86%, while the import value of sawn timber from countries of low-risk geographical areas (472 million US$) accounted for 56.1% of total import value of timber in 2020.

Table 4. Value of sawn timber imported into Viet Nam from main suppliers 2015 – 2020
Unit: Million US$

No.	Country	2015	2016	2017	2018	2019	2020	Total
I	**Low-risk countries**	**312.87**	**296.30**	**364.74**	**444.32**	**464.84**	**472.38**	**2,355.45**
1	USA	194.09	173.86	192.18	229.83	234.23	221.85	1,246.03
2	Chile	44.50	45.33	59.77	78.53	76.38	64.65	369.16
3	Brazil	27.00	26.24	41.19	57.00	60.83	52.75	265.01
4	New Zealand	41.30	41.92	43.15	43.35	42.92	43.49	256.13
5	Russia	-	-	3.00	4.09	17.06	44.62	68.77
6	China	5.98	8.95	24.72	30.15	26.42	32.02	128.25
7	South Africa	-	-	0.73	1.37	7.01	13.01	22.11
II	**High-risk countries**	**655.90**	**273.47**	**312.30**	**223.87**	**220.99**	**150.39**	**1,836.91**
8	Cameroon	23.80	26.26	38.76	53.59	102.37	69.00	313.78
9	Laos	239.20	63.68	36.43	29.42	49.02	53.43	471.18
10	Gabon	30.80	35.28	63.96	48.26	39.98	20.79	239.07
11	Cambodia	362.10	148.25	173.15	92.60	29.62	7.17	812.89

Source: Data summarised from reports on import and export of timber and timber products produced by VIFOREST, Forest Trends and statistical import and export data of the General Department of Viet Nam Customs from 2015 to2020)

Table 6. Proportion (%) of value of sawm timber imported into Vietnam from major exporting countries of risk geographical areas 2015 – 2020



Promulgation and implementation of policies on managing imported timber to ensure timber legality
The regulatory framework applicable for timber legality assurance covers the following legal documents:
Decision No. 1624/QĐ-TTg dated 14 November 2019 of the Prime Minister to approve the plan for implementation of the Voluntary Partnership Agreement between the Socialist Republic of Viet Nam and the European Union on Forest Law Enforcement, Governance and Trade (VPA/FLEGT). This Decision specified tasks and responsibilities of relevant agencies and organizations in VPA/FLEGT implementation.

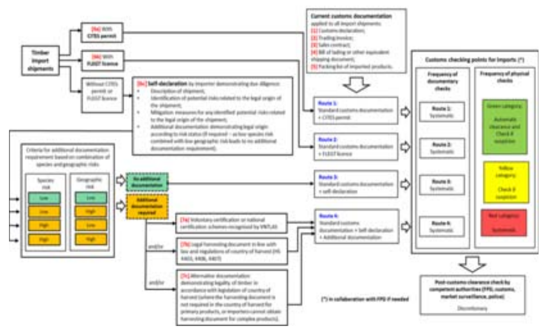
Decree No. 102/2020/NĐ-CP dated 1 September 2020 of the Government to promulgate Vietnam Timber Legality Assurance System (VNTLAS). The Decree has specified the main contents of the VPA/FLEGT, including management of imported timber and supply chain control in the Vietnamese context. Accordingly, enterprises importing timber into Viet Nam from high-risk geographical areas are subject to due diligence practice and submission of additional evidences to prove the legality of imported timber.

Decision No. 4832/QĐ-BNN-TCLN dated 27 November 2020 of the Minister of Agriculture and Rural Development to announce the list of timber species which have been imported into Viet Nam and the list of countries attributed to active/non-active geographical areas.

According to this Decision, the number of timber species which have been entered Vietnam has been recorded 322 species and 51 countries have been classified as of active or low-risk geographical areas. Those imported timber species and timber exporting countries that are not listed in this Decision will be considered as risk timber species and countries of high-risk geographical areas.

Control and management of imported timber
Chart 1 outlines the procedure of imported timber control and defined responsibilities of relevant stakeholders to ensure timber legality requirements applicable for imported timber.

Chart 1. Imported timber control and management of VNTLAS



Source: VPA/FLEGT

In addition to the existing legal framework to regulate timber imports, under VNTLAS new regulations have been promulgated. For example, in accordance with the Decree No. 102/2020/NĐ-CP specifying the operation of VNTLAS, risk mitigation measures must be applied by importers to prevent possible violation.

This Decree also aims to create favorable conditions for operators to comply with relevant laws. Imported timber is, therefore, controlled and managed in accordance with criteria of active/non-active geographical areas with low/high risk treatment. Importers must comply with regulations on provision of dossiers, declaration of origin of imported timber, and take responsibilities for the accuracy of provided dossiers and declared information (Clause 4, Article 4, Decree No. 102/2020/NĐ-CP).

Decree 102 assigned the Ministry of Agriculture and Rural Development to collaborate with relevant agencies (the General Department of Customs, Ministry of Industry and Trade, Ministry of Natural Resources and Environment, Ministry of Foreign Affairs) to define the list of countries classified as of active geographical areas which are exporting timber to Viet Nam in accordance with the international treaties to which Viet Nam is a signatory.

The Decree also stipulates the responsibility of customs authorities and forest protection agencies in management of imported timber as well as verification of the legality of each shipment of imported timber.

Success and challenges in timber legality control and assurance

One of the most important benefits of the extant timber legality system is the increase of imported timber from low-risk countries in the 2015 – 2020 period.

This reduction is likely associated to the system’s capability to support the adaptability and competitiveness of the timber industry and institutionalizes the correct regulations. These policies specified in the aforementioned legal documents have reduced numerous administrative procedures for enterprises to help improve the effectiveness of control and management of imported timber to meet the VNTLAS requirements.

Moreover, timber processing and trading enterprises have actively sourced timber raw materials from low-risk geographical regions while reducing volume and value of timber imported from high-risk geographical regions.

Challenges

Some challenges remain with respect to the legality of imported timber. First, the proportion of imported from non-positive or high-risk geographical regions remains high, accounting from 14% to 38.4% of total volume of timber imported into Viet Nam, especially with respect to imported round timber. Second, the standardization and synchronization of the national

TLASs in different countries are complex because these systems are developed on the basis of independent national legal systems. Lastly, many countries have not developed legal regulations for the whole supply chain, especially the supply chain in which timber is transported or traded through middlemen.

Recommendations for managing imported timber to ensure legality of timber

Further clarifying criteria of active geographical areas/countries which are exporting timber to facilitate the compliance with timber legality requirements

The classification of countries/regions based on criteria defined in Decree No. 102/2020/NĐ-CP and Decision No. 4832/QĐ-BNN-TCLN leads to limited number of low-risk countries. The authors suggest that those countries that have signed VPA, but have not reached the stage of FLEGT licensing and or countries that have been negotiating with EU to conclude VPA, can also be considered as of low-risk.

Due diligence practice to avoid illegally sourced timber along the entire supply chain is complex and resource consuming. The authors recommend to simplify and due diligence requirements and take due diligence performance as a key criterion for imported timber control under VNTLAS.

Regarding the criterion on national regulatory timber certification scheme recognised by Viet Nam (under VNTLAS requirements) there is often a lack of information to verify the availability of national timber/forest certification schemes.

The operators from sourcing countries should submit accurate documents to validate the schemes applicable in their countries.

Controlling and managing the compliance with legality requirements applicable for timber imported into Viet Nam

In accordance to VNTLAS, Viet Nam needs to strengthen bilateral relations with low-risk countries to stabilize the supply of imported timber and satisfy wood processing demands for export.

The national legal framework for each risk geographical category needs to be finalized in order to facilitate the management of imported timber.
Strengthen the application of information and technology for better sharing data between relevant agencies (e.g. forest protection agencies and customs authorities), facilitating one-door procedure processing, and optimizing the fast clearance of import and export procedures.

To satisfy the VNTLAS requirements, enterprises importing timber from risk markets need to comply with additional due diligence requirement as specified in the Decree No. 102/2020/NĐ-CP. Along with due diligence practice, new market studies should be conducted to select additional low-risk countries from where to import timber. These studies should provide necessary evidences for verification of legal timber origin.

Conclusion

Imported timber plays an important role in the development of Vietnam’s wood processing industry. The results of this study indicate positive signals for the growth of volume and value of timber imports from low-risk countries.

The authors argue that the national regulatory framework supporting VNTLAS is key driver of these changes and facilitating the implementation of the VPA/FLEGT.

Although the timber imported from high-risk geographical areas is on decline, its share of annual import volume is still high. Yet, there is a significant proportion of imported timber coming from natural forests and meeting local demand in housing and furnishing.

To assure the legal origin of timber Viet Nam needs to adjust the criteria for categorisation of low-risk countries and introduce mechanisms to effectively control and manage the timber and application of information and technology for the traceability of timber origin.

Brazil

Furniture production increases

According to Abimóvel (Brazilian Furniture Industry Association) furniture consumption in March 2022 was 28.1 million pieces out of the 29.3 million pieces produced and this represented an increase of almost 12% over the previous month.

However, the accumulated consumption January to March 2022 was down 28% compared to the same period in 2021 when the furniture market was influenced by COVID-19 pandemic control measures. Brazilian furniture exports in March amounted to US$71.6 million, a 4% growth over the previous month. In April 2022, however, there was a 8% drop over March. In the first quarter of 2022 imports of furniture manufacturing machinery dropped over 20% year on year.

See: https://forestnews.com.br/abimovel-consumo-de-moveis-foi-de-281-milhoes-de-pecas-em-marco/

Combating forest fires

The Ministry of Justice has announced that it will send a task-force to combat forest fires and unauthorised burning in Brazilian biomes.

This initiative is part of the' Operations Guardians of the Biome' which will focus this year on regions of the Amazon, Cerrado, Pantanal, Atlantic Forest and Caatinga biomes including operations in 9 states of the Amazon region (Acre, Amazonas, Amapá, Maranhão, Mato Grosso do Sul, Mato Grosso, Pará, Rondônia, Roraima). The estimated cost of the task-force is R$77 million.

More than 6,000 staff will work in the task-force including representatives from the Chico Mendes Institute for Biodiversity Conservation (ICMbio), the National Public Security Force and the Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA).

The security staff will monitor and implement actions in places where there are large fire as well as investigate crimes. The Federal Government expects that the task force will continue until January 2023 when the critical drought season should end.

The first phase of the 'Operations Guardians of the Biome' against forest fires and wildfires was launched in July 2021 and ended in late January 2022. According to the government, during that period the professionals of the task-force tackled 18,000 forest fires and reported 7,000 environmental crimes.

See: https://forestnews.com.br/ministerio-da-justica-lanca-plano-de-combate-a-queimadas-florestais-no-brasil/

Brazil-Sweden collaboration to promote sustainability

Brazil and Sweden have established a cooperation mechanism that can generate proposals for the development of technologies applied to bio-products and sustainable forest management. This was announced during the 3rd Brazil-Sweden Innovation Week when the Executive Committee of the Brazil-Sweden Working Group on Innovative Industrial High Technology met.

During the event Brazilian bio-economy specialists visited the Swedish Research Institute (RISE) to identify convergence of interests in the development of technologies for bio-products, bio-materials and SFM.

In November 2022 Swedish specialists will visit to be briefed on infrastructure of bio-economy research and innovation in Brazil.

According to the Ministry of Science, Technology and Innovations (MCTI) the idea is to take advantage of the knowledge and experience of each country. Brazilians have experience with the use of biodiversity while Sweden has extensive forestry skills.

Brazil is currently Sweden's largest trading partner in Latin America. More than 200 Swedish companies operate in Brazil generating 70,000 jobs and revenues of R$85 billion according to the Swedish Embassy in Brasilia.

See: https://summitagro.estadao.com.br/noticias-do-campo/brasil-e-suecia-vao-colaborar-em-projetos-de-sustentabilidade/

Furniture exports disappoint

Furniture exports from Rio Grande do Sul State, one of the main furniture production clusters in the country, fell 4% in the first five months of 2022 according to Movergs (Association of Furniture Industries of the State of Rio Grande do Sul).

Never-the-less, the performance of furniture sector in the State remains well-above what was recorded in the same period in 2020 and 2019 (about 81% and 40% higher, respectively).

The United States, Chile, Peru, Uruguay, the United Kingdom, Paraguay, Bolivia and Colombia are the main export destinations but imports by Peru have fallen.

See: https://forestnews.com.br/exportacoes-de-moveis-gauchos-caem-42-nos-primeiros-cinco-meses/

Domestic log prices

Brazilian logs, mill yard, domestic	US$ per cu.m
Ipê	304
Jatoba	137
Massaranduba	124
Miiracatiara	123
Angelim Vermelho	118
Mixed redwood and white woods	93

Source: STCP Data Bank

Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US$ per cu.m
Ipé	1,333
Jatoba	651
Massaranduba	638
Muiracatiara	569
Angelim Vermelho	565
Mixed red and white	377
Eucalyptus (AD)	252
Pine (AD)	187
Pine (KD)	230

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

Parica	US$ per cu.m
4mm WBP	571
10mm WBP	482
15mm WBP	421
4mm MR.	519
10mm MR.	385
15mm MR.	354

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

Domestic ex-mill prices	US$ per cu.m
15mm MDParticleboard	289
15mm MDF	366

Source: STCP Data

Export sawnwood prices

Sawnwood, Belem/Paranagua Ports, FOB	US$ per cu.m
Ipe	2,295
Jatoba	1,203
Massaranduba	1,210
Muiracatiara	1,221
Pine (KD)	279

Source: STCP Data Bank

Export plywood prices

Pine plywood EU market, FOB	US$ per cu.m
9mm C/CC (WBP)	386
12mm C/CC (WBP)	354
15mm C/CC (WBP)	346
18mm C/CC (WBP)	341

Source: STCP Data Bank

Export prices for added value products

FOB Belem/Paranagua ports		US$ per cu.m
Decking Boards	Ipê	4,737
	Jatoba	2,119

Source: STCP Data Bank

Peru

Rising shipments of manufactured wood products

Exports of manufactured wood products in the first 4 months of the year totalled US$1.1 million, a growth of 140% compared to the same period in 2021 according to the Extractive Industries Management of the Association of Exporters (ADEX). This was the highest amount between January and April over the past five years.

The increase is explained by higher demand from its two main markets, the US (US$0.33 million) and the United Arab Emirates (US$0.32 million), with increases of 49% and 162%, respectively.

These two markets accounted for around 64% of the total. Spain, Chile, Singapore, Belgium, Colombia, Panama, France and Italy completed the list of top ten destinations.

The main items exported were chests and cases for jewelry (US$0.53 million), statuettes and other adornments (US$0.16 million), pallets, boxes and other cargo platforms (US$0.12 million).). The main exporting regions for these products were Lima (US$0.97 million), followed by Arequipa, Callao, Áncash and Piura.

These goods were shipped mainly through the Jorge Chávez airport (US$0.58 million) and by sea (US$0.34 million) through the ports of Callao and Paita (Piura).

In 2021 shipments of manufactured wood products reached US$1.4 million down 6% compared to 2020 and down 21% compared to 2019. Last year they represented just 1.1% of the total wood shipments. It should be noted that it was in 2018 when these exports had their best performance reaching US$2.8 million.

Initiatives on commercial forest plantations

The National Forest and Wildlife Service (Serfor) and the World Bank have announced they will work together to develop initiatives that promote reforestation and the establishment of forest plantations.

The General Manager of Serfor, German Jaimes, confirmed Serfor's interest in working with the World Bank on joint action to promote the reactivation of the forestry sector.

He indicated that Serfor has a new management model that has three very important pillars: the Forest Investment Plan by 2050, the Quality and Integrity Management System and the Investment Project of the National Forest and Fauna Information System.

The Forest Investment Plan will optimise the competitiveness of the forest, forest governance, forestry and wildlife research and the efficient zoning of all the departments of Peru.

Modifications to the 'Operations Book provide to Loreto

In order to improve the registration of information from Primary Transformation Centers (CTP), the National Forestry and Wildlife Service (SERFOR) and the Ministry of Economy and Finance (MEF) have presented a proposal to modify the so-called 'Operations Book' to the forestry authorities of Loreto.

The proposal has ben prepared with the technical assistance from USAID Pro-Bosques and modifies the format in order to improve the way improving transpareny in traceability of forest products.

According to SERFOR the main contribution in the proposal is to link the sawnwood with the log's of origin. This proposal will allow better traceability and record much more real information.

After the tests, the regional forestry authorities of Loreto, Ucayali and Madre de Dios, where this proposal is presented, will monitor and accompany the sawmills to obtain the results of this pilot, which will be presented to SERFOR for approval. Trials will be conducted before it is introduced.

Exports from Amazon areas

Exports from the Amazonregions (Amazonas, Loreto, Madre de Dios, San Martín and Ucayali) totalled more than US$221.1 million between January and April of this year an increase of 58% compared to the same period in 2021 according to ADEX. This was the highest in recent years.

According to the ADEX Data Trade Commercial Intelligence System traditional shipments (US$117.8 million) increased 52% and accounted for 53% of the total due to the large shipments of hydrocarbons (+31%). Others were mining (61%) and agriculture (100%).

Added value product exports were value at US$103.2 million and included agricultural products (US$78.6 million) followed by wood (US$23.1 million).

The main market for Amazon products was Brazil with US$47.3 million. Other markets were India, Mexico, the US and the Netherlands.

The Madre de Dios region ranked first and exports were of raw gold, Brazil nuts, molded wood, slats and friezes for parquet flooring and tropical sawnwood.

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	247-269
Spanish Cedar	340-349
Marupa (simarouba)	239-246

Domestic plywood prices (excl. taxes)

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

Export plywood prices

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

Export veneer prices

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

Domestic prices for other panel products

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

Export prices for added value products

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

Japan

Ruling coalition maintains its hold on power

As expected the ruling coalition in Japan won the majority of seats in the recent upper house election. This was a success for Prime Minister Kishida but the victory was overshadowed by the shooting at a rally of former Prime Minister, Shinzo Abe.

Machinery orders fall

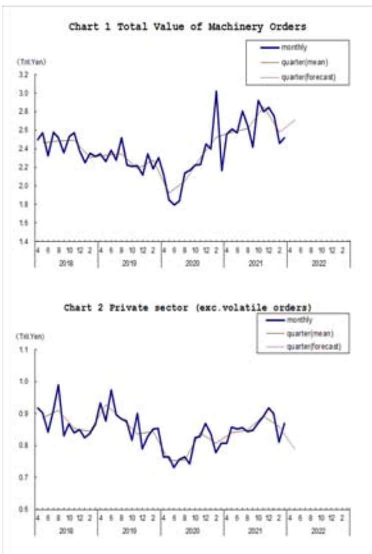
The total value of machinery orders received by 280 manufacturers operating in Japan increased by 2.5% in March from the previous month on a seasonally adjusted basis.

In the January-March period it declined by 9.7% compared with the previous quarter.

Private-sector machinery orders, excluding volatile ones for ships and those from electric power companies, increased a seasonally adjusted by 7.1% in March but declined by 3.6% in the first quarter.

In the April-June quarter the value of machinery orders was forecast to increase by 5.2% but private-sector orders, excluding volatile ones, were forecast to drop.

The Cabinet Office that compiles the machinery order report said companies still show an appetite for investment but added it is necessary to pay attention to downside risks such as high raw material costs amid Russia's war in Ukraine.



Source: Cabinet Office, Japan

Core machinery orders measures the change in the total value of new orders placed with machine manufacturers, excluding ships and utilities. It is a key indicator of investment and a leading indicator of manufacturing production

See: https://www.esri.cao.go.jp/en/stat/juchu/2022/2203juchu-e.html
and
https://mainichi.jp/english/articles/20220711/p2g/00m/0bu/026000c

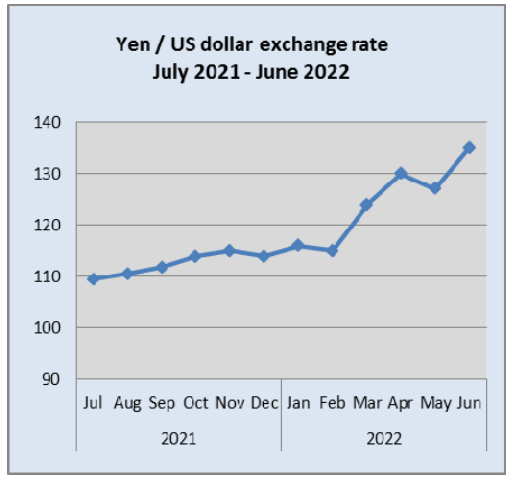
Yen at lowest since 1998

The yen fell to as low as 137.27 against the US dollar, its lowest level since September 1998, after the Governor of the BoJ stated that the Bank will not hesitate to take additional easing measures if necessary. The yen's decline was also because of the improved US job data for June and this fueled speculation that the US Federal Reserve may raise interest rates further.

See:
https://mainichi.jp/english/articles/20220711/p2g/00m/0bu/047000c

Japanese commentators are suggesting the Bank of Japan (BoJ) is getting to the point where it may have to change policy direction as central bankers around the world tighten monetary policy to rein in high inflation.The BoJ has sought to remain loose monetary policy but the economy has been stuck in a low growth, deflationary environment for many years which has prompted the BoJ to maintain pump money into the economy.

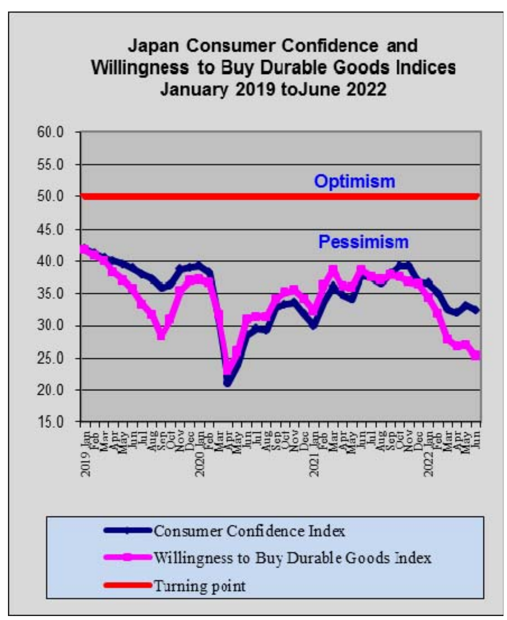
See: https://www.cnbc.com/2022/07/07/japan-could-be-about-to-surprise-markets-with-monetary-policy.html



Double digit price increases

Households in Japan are reeling from surging prices as the rise in BtoB wholesale prices, which rose 9% in June, are being passed to consumers.

Prices for petroleum and coal products jumped 22%, while those for iron and steel gained 27%. Wood and sawnwood prices surged over 40% in June, a relief from the almost 60% rise in May. Electricity, gas and water prices which move in tandem with energy prices rose 28% in June.

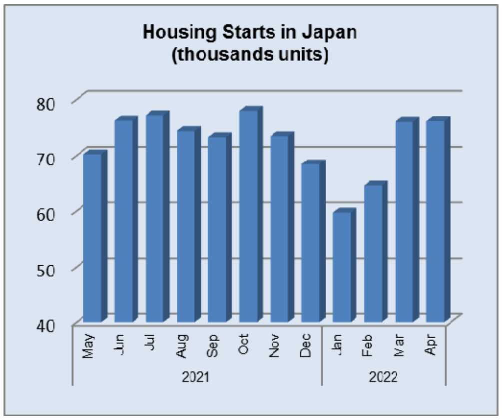


Data source: Cabinet Office, Japan

Weak yen attracts foreighn buyers to housing market
The weak yen has attracted Hong Kong investors to the Japanese real estate market, especially for on Tokyo's waterfront and studio apartments in smaller cities where rental income can be good.

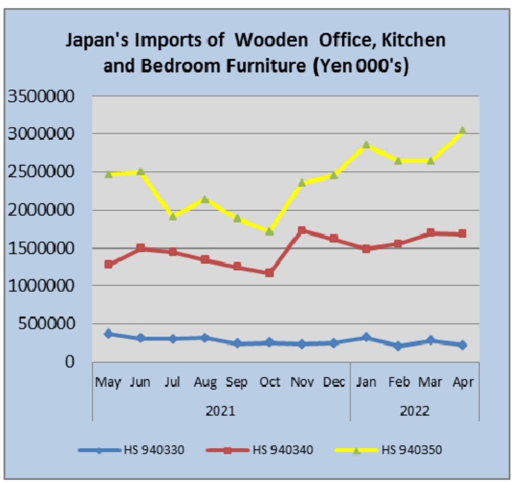
International property agents sales as the yen fell and expectations for an end to anti-Covid border controls have spurred interest.

Prices of new condominiums in Tokyo rose above the record set in 1990 but even with the gains apartments in Tokyo remain cheaper per square metre than those in London, New York and especially Hong Kong.



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

Furniture imports



Data source: Ministry of Finance, Japan

April office furniture imports (HS 940330)
There was a sharp drop in the value of wooden office furniture (HS940330) imports in April. Compared to a month earlier imports were down 22% and year on year April 2022 imports dropped 38%.

The biggest decline was in imports from China which were down around 35% and imports from Italy dropped steeply.

On the other hand imports from Poland were up by a factor of three. Shippers in Thailand and Malaysia also did better in April compared to a month earlier.

As in previous months the top shipper of wooden office furniture in April 2022 was China accounting for 70% of total wooden furniture imports (85% in March). The only other shipper of note in April was Poland which accounted for about 13% of total imports.

April imports (HS 940330)

	Imports Apr 2022 Unit, 000's Yen
S. Korea	-
China	155,372
Taiwan P.o.C	2,478
Vietnam	5,045
Thailand	9,450
Malaysia	2,922
Indonesia	2,860
Sweden	-
UK	739
Netherlands	6,538
France	-
Germany	1,053
Italy	547
Poland	28,873
Turkey	565
Lithuania	248
Czech Rep.	-
Slovakia	-
Canada	656
USA	2,378
Mexico	-
Total	219,724

Data source: Ministry of Finance, Japan

April kitchen furniture imports (HS 940340)
Shippers of wooden kitchen furniture (HS940340) in Vietnam did well in April. Shipments from Vietnam were up over 30% compared to a month earlier. Shipments from Thailand dropped by half in April.

Year on year April 2022 shipments were up around 10% but compared to March there was little growth. There were two major shippers of wooden kitchen furniture in April, the Philippines and Vietnam and manufacturers in these two countries have a commanding position in imports of wooden kitchen furniture each accounting for around 40% of all wooden kitchen furniture imports.

April imports (HS 940340)

	Imports Apr 2022 Unit, 000's Yen
S Korea	-
China	105,242
Taiwan P.o.C	424
Vietnam	644,317
Thailand	116,000
Malaysia	14,777
Philippines	689,432
Indonesia	33,443
India	-
Denmark	
UK	893
Germany	9,817
Italy	36,076
Romania	856
Canada	5,500
USA	24,378
New Zealand	787
Total	1,681,942

Data source: Ministry of Finance, Japan

March bedroom furniture imports (HS 940350)

Except for the slight dip in the value of imports in February this year Japan's imports of wooden bedroom furniture (HS940350) continue to rise. Compared to March imports there was a 15% rise in April and year on year April 2022 imports were up 22%.

The driver of the continued rise in the value of wooden bedroom furniture is difficult to identify. Consumer sentiment and willingness to buy durable goods was dropped in the first quarter and showed no sign of recovery in the second quarter and in April the yen exchange rate had begun to weaken pushing up the price of imports but despite this imports of bedroom furniture steadily rose.

One possible explanation is that domsectic manufacturing has fallen creating the need for increased imports to sustain demand.

April imports (HS 940350)

	Imports Apr 2022 Unit, 000's Yen
S. Korea	-
China	1,779,053
Taiwan P.o.C	4,934
Vietnam	983,138
Thailand	57,034
Malaysia	140,145
Philippines	-
Indonesia	30,540
India	-
Sweden	469
Denmark	533
UK	265
France	-
Switzerland	-
PORTUGL	9,382
Spain	-
Italy	8,358
Finland	-
Poland	10,782
Austria	1,543
Greece	-
Romania	599
Turkey	-
Latvia	4,579
Lithuania	7,194
Total	-
USA	590
Total	3,039,138

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 and supply of logs in 2021

The Ministry of Agriculture, Forestry and Fisheries announced a result of demand and supply volume of logs in 2021.Logs for lumber, plywood and chips were 26,085,000 cbms, 10.8% more than 2020's.

Domestic logs were 21,847,000 cbms, 9.9% more than 2020 and imported logs were 4,238,000 cbms, 15.5% more than the previous year. The domestic logs were 83.8% of the total volume and it was0.6 point decreasing from 2020 but it has been keeping a level of 80% for five years.

The volume was around 26,000,000 cbms in 2016 – 2019 and it was under 24,000,000 cbms in 2020. It was decline for the first time in ten years. The volume of imported lumber decreased at the beginning of 2021 and then the demand was shift to the domestic lumber so the volume of domestic logs increased to 26,000,000 cbms. The domestic logs for lumber were 12,860,000 cbms, 10.7% more than last year and for plywood was 4,660,000 cbms, 11.1% more than last year.

The volume of softwood logs exceeded the volume of 2019 but the volume of hardwood logs did not.
Cedar logs for every category increased and it was 12,920,000 cbms, 10.8% increased from 2020.

Cypress logs for lumber and plywood increased but for chips, it did not. The total volume was 3,080,000 cbms, 13.1% increased from 2020. Fir and whitewood volume was 1,200,000 cbms, 28.3% more than 2020 due to increase for plywood use. Larch volume was 1,990,000 cbms, 1% less than 2020 even though larch lumber volume increased.

The volume of red pine and black pine was 530,000 cbms, 7.2% less than 2020 because the volume of lumber and chips decreased. For imported logs, the volume of North American logs was 3,450,000 cbms, 21.3% more than 2020. The volume of lumber and plywood increased a lot. The volume of lumber exceeded 3,000,000 cbms for the first time in three years.

Economic sanctions on Russia

The Ministry of Economy, Trade and Industry added economic sanctions on the list of banned export to Russia. Veneers, wooden containers, lumber, corks, machines and machine parts were not allowed to export to Russia as of 17 June.

These economic sanctions followed the U.S.A. and Europe's sanctions. New additions are veneers for decorative boards and plywood, wooden barrels, buckets which will be banned exporting. Lumber and corks for machines will be also banned. Japan used to export veneers for decorative plywood to Taiwan, South Korea and Indonesia before but not to Russia.

There are no Russian lumber companies would not be able to produce for Japan if they could not get machine parts when they do maintenance.

Improved plywood for crating

Honda Lumber Co., Ltd. and Meiwa Corporation started selling improved plywood for crating at Kitakyusyu City in June. It took about a year to improve the plywood. The plywood is water-repellent and fungicide. The companies changed a glue company to reduce the cost and the glue is better and stronger than before.

Mold and inundation have been a problem at distribution business due to COVID-19. They are exposed to weather in long time. The companies would expand selling the new plywood not only in Japan but also in overseas. Size is 1,230x2,440 mm and yearly volume would be 600 cbms.

Domestic logs and lumber

Demand of domestic lumber is stalling since early June and sales are slowing. 105 mm square is still moving but 120 mm square has no demand.

Meantime, log production is active and sawmills continue full production despite dull movement of lumber.
Since balance of supply and demand is collapsing, prices of structural items are getting weaker all over Japan.

3 meter KD cedar 105 mm square prices are 100,000-110,000 yen per cbm FOB yard so far but in Tokyo market, there are 90,000 yen level of prices are seen so further slide is likely. 3 meter KD cedar 30x105 mm stud prices are holding at 90,000-100,000 yen.

Standard cedar lumber prices are much steadier than structural lumber. Substituting demand of Russian lumber after the Ukraine war broke out is now totally simmered down since Russian lumber continues coming in.

Log production continues steady even after rainy season started in June and log inventory of sawmills is plenty now. Plywood mills' log demand is satisfied. Market log prices are softening with ample inventory. Cypress log prices are particularly weak.

China

Surge in log imports from Latvia and PNG

According to China Customs, log imports were 18.04 million cubic metres valued at US$3.641 billion, down 30% in volume and 12% in value in the first five months of 2022.

However, log imports from Latvia doubled to 290,000 cubic metres and imports from PNG rose 22% to 1.09 million cubic metres.

All log imports in the first five months of 2022
Volume

Suppiler	Cu.m mil.	% change
Total	18.04	-30%
New Zealand	6.51	-19%
Germany	2.59	-51%
Russia	1.21	-57%
PNG	1.09	22%
USA	0.9	-32%
Solomon Is.	0.64	-18%
France	0.54	-1%
Brazil	0.47	-34%
Canada	0.46	-23%
Japan	0.42	-19%
Czech Rep.	0.37	-38%
Uruguay	0.35	-63%
Latvia	0.29	103%

Data source: Customs China

Value

Suppiler	US$ mil.	% change
Total	3,641	-12%
New Zealand	1,012	-14%
Germany	448	-38%
Russia	156	-56%
PNG	267	45%
USA	296	4%
Solomon I.	139	13%
France	178	41%
Brazil	60	-20%
Canada	101	-6%
Japan	67	-12%
Czech. Rep	69	-13%
Uruguay	50	-57%
Latvia	50	97%

Data source: Customs China

Softwood log imports

Softwood log imports fell 39% to 12.18 million cubic metres valued at US$1.983 billion, down 28% in value from the same period in 2021. However, China's softwood log imports from Latvia alone surged almost 500% to 167,598 cubic metres. Imports from the other top suppliers declined in the first five months of 2022.

Top suppliers of softwood logs, first five months of 2022

Supplier	Cu.m mil.	% change
Total	12.18	-39%
New Zealand	6.49	-19%
Germany	2.44	-53%
USA	0.58	-43%
Canada	0.45	-23%
Japan	0.42	-20%
Czech	0.34	-42%
Uruguay	0.33	-66%
France	0.21	-23%
Latvia	0.17	496%
Slovakia	0.16	-44%

Data source: Customs China

Hardwood log imports

Hardwood log imports rose 6% to 5.86 million cubic metres in the first five months of 2022. Hardwood log imports from Latvia grew 7% to 120,000 cubic metres.

China's hardwood log imports from Equatorial Guinea surged 194% to 170,000 cubic metres, from PNG, France and Cameroon imports rose 22%, 21% and 37% and from Brazil and USA imports rose 7% and 5%.

However, China's hardwood log imports from Solomon Is. and Germany fell 18% and 15% respectively and from Russia and the Republic of Congo imports declined 5% and 3% in the first five months of 2022.

Hardwood log imports, first five months of 2022

Supplier	Cu.m mil.	% change
Total	5.86	6%
Russia	1.12	-5%
PNG	1.09	22%
Solomon Is.	0.64	-18%
Brazil	0.4	7%
France	0.32	21%
USA	0.32	5%
Cameroon	0.21	37%
Congo Rep.	0.2	-3%
Equatorial Guinea	0.17	194%
Germany	0.15	-15%
Latvia	0.12	7%

Data source: Customs China

Decline in China's furniture exports

The value of China's furniture exports declined 3% to US$9.468 billion in the first five months of 2022. The USA still is the largest destination but exports fell 3% to US$3.088 billion but still accounted for 33% of total furniture exports.

Furniture exports, first five months of 2022

	US$ mil.	% change	% Proportion
Total	9468	-3%	
USA	3088	-3%	33.0%
Australia	634	7%	0.9%
Japan	611	2%	6.4%
UK	567	-15%	6.0%
S. Korea	536	3%	5.7%
Canada	341	-16%	3.6%
Germany	262	-14%	2.8%
France	260	-5%	2.7%

Data source: Customs China

Chinese furniture exports to Asia, Oceania and African increased 5%, 4% and 2% respectively but to North America, Europe and South America exports declined.
Among the top markets for China's furniture exports sales to Australia rose 7% to US$634 million, exports to Japan and South Korea grew 2% and 3% respectively.

However, furniture exports to USA, UK and Canada fell 3%, 15% and 16% respectively and to Germany and France exports dropped 14% and 5% respectively.
China's furniture exports to Peru, Brazil and Colombia fell 24%, 28% and 40% respectively.

China's furniture exports by region in the first five months of 2022

	US$ mil.	% change	Proportion
Total	9,468	-3%	
North America	3,546	-4%	37%
Asia	2,571	5%	27%
Europe	1,782	-14%	19%
Oceania	707	4%	7%
Other regions	484		5%
Africa	276	2%	3%
South America	102	-15%	1%

Data source: Customs China

Decline in furniture exports to USA
According to China Customs data the proportion of China's furniture exports to the USA has increased from 33% in 2014 to 44% in 2018 but declined from 44% in 2018 to 31% in 2020 due to the China-USA trade friction.

The proportion of China's furniture exports to the USA was 32% in 2021 from 31% in 2020. China's furniture exports are diversifying to more than 200 countries.

Data source: Customs, China

Rise in the number of wood product enterprises
According to the National Bureau of Statistics the number of registered wood products enterprises in China increased between from 2017 and 2021 reaching 10,223 by the end of 2021, a record high. By the end of April 2022 the number of wood processing enterprises in China was 11,216, a big increase of 1,314 year-on-year. There are more than 11,000 wood processing enterprises but the number of enterprises with sales of more than RMB20 million is small and basically stable.

See:
https://www.wood365.cn/Industry/IndustryInfo_274473.html

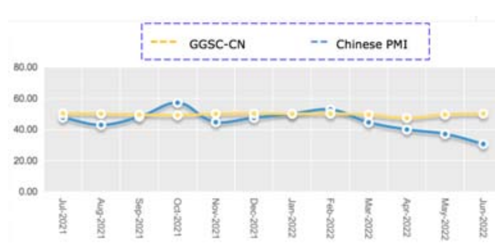
Drop in domestic log production
According to the National Bureau of Statistics the domestic production of logs in 2021 was 98.88 mil. cubic metres, down 4% over 2020.

See:
https://baijiahao.baidu.com/s?id=1736582998467915448&wfr=spider&for=pc

GGSC-CN Index Report (June 2022)
In June 2022 as the impact of the epidemic eased industries began to recover. In June, China's PMI index registered 50.2%, an increase of 0.6%s from the previous month and back to above the critical value of 50% indicating an overall recovery of the economy.

Due to the rain season resource procurement activities by the wood processing and manufacturing sectors dropped, and the recovery of orders and production was not ideal.

The GGSC-CN comprehensive index for June registered 30.7% (53.3% for last June and 55.0% for June 2020) a decrease of 6.4% from the previous month and has been below the critical value of 50% for four months. See below.



Challenges : Disrupted logistics and high costs, some products in short supply
Commodity of which the price has been increased : Brazilian tauari , rubber, urea and composite raw materials.
Commodity of which the price has been decreased : Taun, oak, melamine.

June indices
In June 2022 two sub-indexes of GGSC-CN were flat and three declined.

- The production index registered 35.7%, the same as the previous month and has been below the critical value of 50% for three months
- The new order index registered 21.4%, a decrease from the previous month reflecting the ability of enterprises to obtain orders is worse than the previous month. The new export order index reflecting international trade registered 28.6%, a decline from the previous month.
- The main raw material inventory index registered 28.6%, a decline from the previous month.
- The employment index registered 35.7%, down from the previous month.
- The supplier delivery time index was 35.7%, same as the previous month.

See:http://www.itto-ggsc.org/site/article_detail/id/241

Average imported log prices US$/cu.m CIF

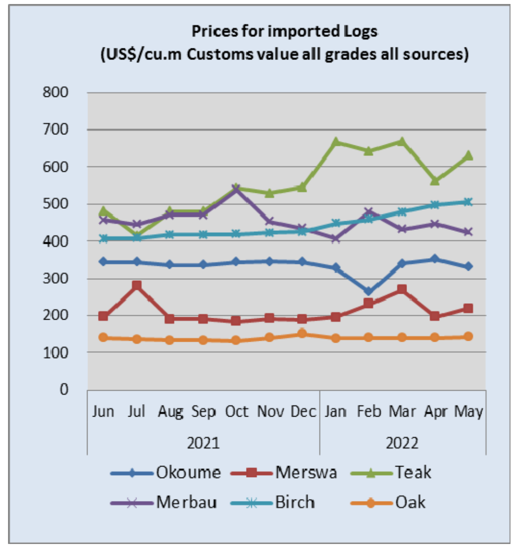
	2022 Apr	2022 May
Okoume	351	330
Merswa	196	219
Teak	561	630
Merbau	446	424
Birch	497	505
Oak	141	143

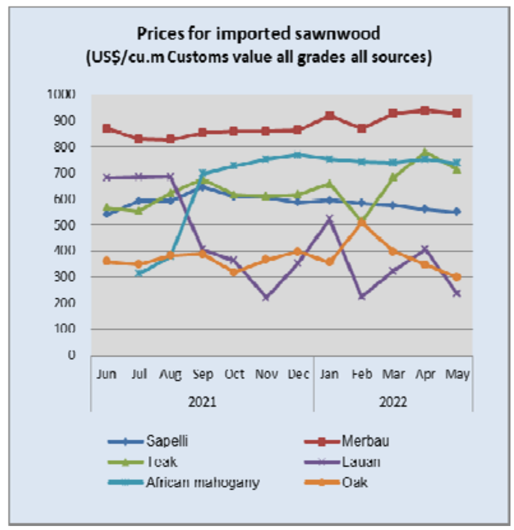
Data source: Customs, China

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

	2022 Apr	2022 May
Sapelli	560	550
Merbau	939	927
Teak	778	711
Lauan	406	235
African mahogany	751	737
Oak	347	299

Data source: Customs, China

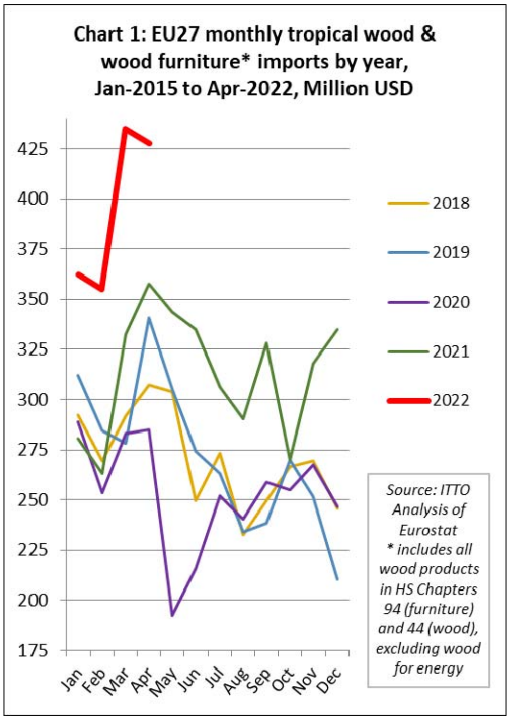


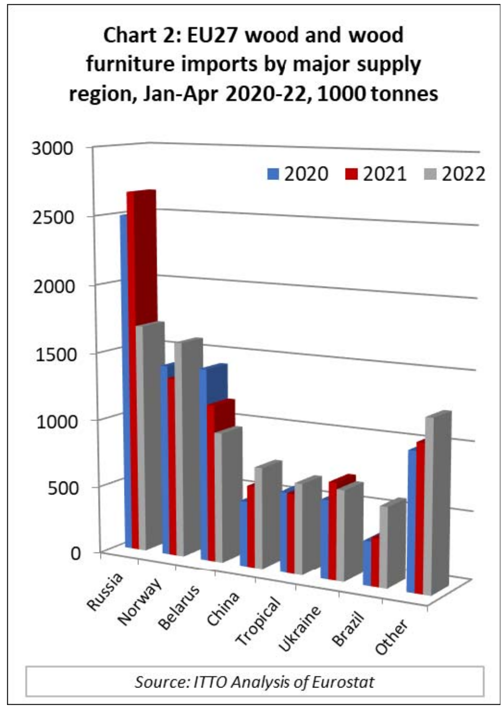


Europe

EU27 tropical wood import value increases on the back of high prices
In the first four months of this year, the value of EU imports of tropical wood and wood furniture totalled USD1.23 billion, a gain of 28% compared to the same period last year.

In terms of value, this was by far the highest level of trade for the four month period in the last five years (Chart 1). In fact trade value was at a level not seen since before the 2008-2009 financial crises.





Part of the gain in EU27 tropical wood product import value in the first four months of this year reflected a rise in CIF prices, driven both by continuing high freight rates and severe shortages of wood and other materials due to logistical challenges during the global pandemic.

In quantity terms, EU imports of tropical wood and wood furniture products in the first four months of this year were, at 669,000 tonnes, up 14% compared to the same period in 2021.

The curtailment of wood supplies from Russia and Belarus due to the sanctions imposed by the EU following the invasion of Ukraine in February is opening up new opportunities in the EU market for some tropical wood products, notably plywood and decking for which Russian birch and larch products have been important substitutes.

In the first four months of this year, tropical products accounted for 8.2% of the quantity of all wood and wood furniture products imported into the EU27, which compares to 6.9% during the same period in 2021. The gain in tropical wood share is due mainly to a 37% and 17% reduction in imports respectively from Russia and Belarus during this period.

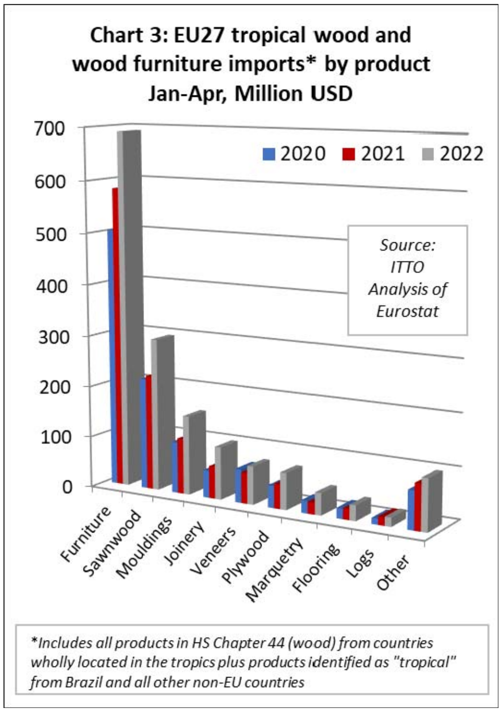
However, larger beneficiaries of the opening supply gap so far this year have been Norway, China and Brazil (non-tropical products only) (Chart 2).

Rise in EU27 import value for nearly all tropical wood product groups

There were significant increases in the value of EU27 imports of most wood product groups from tropical countries in the first four months of this year (Chart 3).

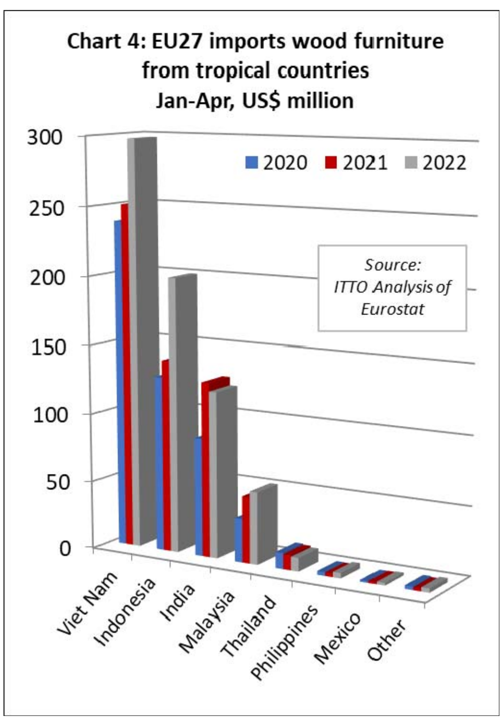
For wood furniture, import value of USD691M during the January to April period was 18% more than the same period last year. For tropical sawnwood, import value of USD297M was 33% up on the same period last year. Import value of tropical mouldings/decking was USD154M in the first four months of this year, a gain of 42% compared to the same period in 2021.

There were also large gains in the value of EU27 imports of tropical joinery products (+63% to USD102M), tropical veneer (+24% to USD74M), plywood (+50% to USD71M), marquetry (+88% to USD43M) and flooring (+40% to USD30M) in the first four months of this year. Import value of tropical logs was USD17M between January and April, just 9% more than the same period last year.



Sharp rise in EU27 wood furniture imports from Vietnam and Indonesia

In the first four months of 2022, EU27 import value of wood furniture from tropical countries was USD691M, 18% higher than the same period in 2021. Import value increased 19% from Vietnam to USD298M, 43% from Indonesia to USD200M, and 9% from Malaysia to USD53M.



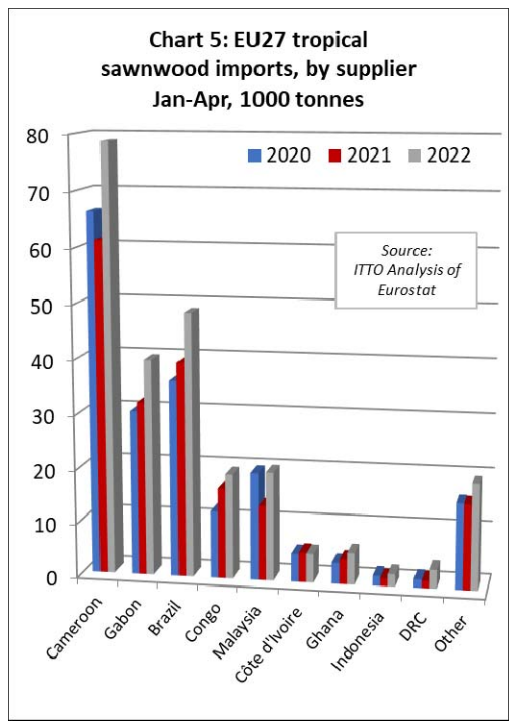
However imports from India, after increasing sharply last year, were down 5% to USS122M in the first four months of this year. Wood furniture imports from Thailand have continued to slide, down 10% to just USD10M in the first four months of this year. EU27 wood furniture imports from all other tropical countries are negligible (Chart 4).

Recovery in EU27 imports of tropical sawnwood

After two slow years during the global pandemic, EU27 imports of tropical sawnwood have shown signs of recovery this year. Imports of 243,000 tonnes in the first four months were 18% higher than the same period in 2021 and 37% more than the same period in 2020.

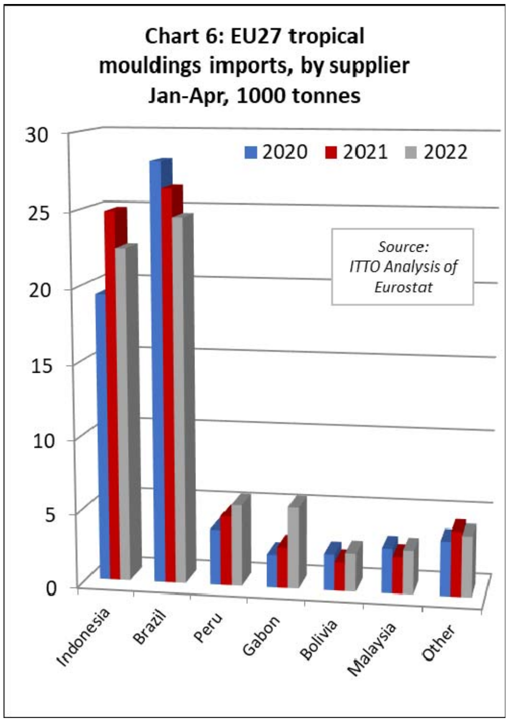
Sawnwood imports increased sharply in the first four months of this year from all the largest tropical suppliers to the EU27 including Cameroon (+28% to 78,700 tonnes), Gabon (+24% to 39,700 tonnes), Brazil (+23% to 48,500 tonnes), Congo (+16% to 19,400 tonnes) and Malaysia (+46% to 20,000 tonnes).

Of smaller supply countries, there was 3% decline from Côte d'Ivoire to 5,300 tonnes but a 27% increase from Ghana to 5,800 tonnes and a 155% increase from DRC to 3,500 tonnes (Chart 5).



In contrast to sawnwood, EU27 imports of tropical mouldings/decking were quite slow in the first four months of this year, most likely due to supply shortages rather than to limited demand. Imports of 67,700 tonnes between January and April this year were at the same level as the same period last year.

Falling imports from the two largest supply countries, Indonesia (-10% to 22,400 tonnes) and Brazil (-7% to 24,500 tonnes), were offset by rising imports from Peru (+17% to 5,500 tonnes), Gabon (+98% to 5,500 tonnes), Bolivia (+33% to 2,600 tonnes), and Malaysia (+19% to 3,000 tonnes) (Chart 6).

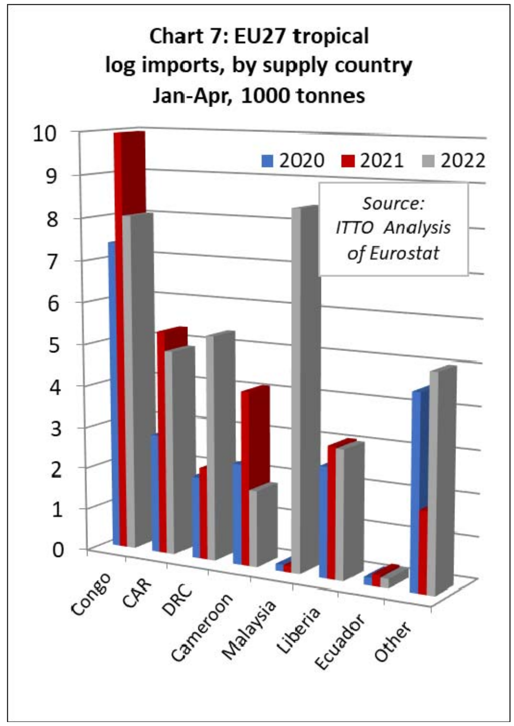


In the first four months of 2022, the EU27 imported 36,900 tonnes of tropical logs, 36% more than the same period in 2021. The most significant trend was a rise in log imports from Malaysia, at negligible levels for many years, to 8,400 tonnes in the first four months of this year (Chart 7).

The rise coincides with a limited export program by the Malaysian State of Sabah allowing eligible parties to export unprocessed timber from natural forests which began on 3 January this year.

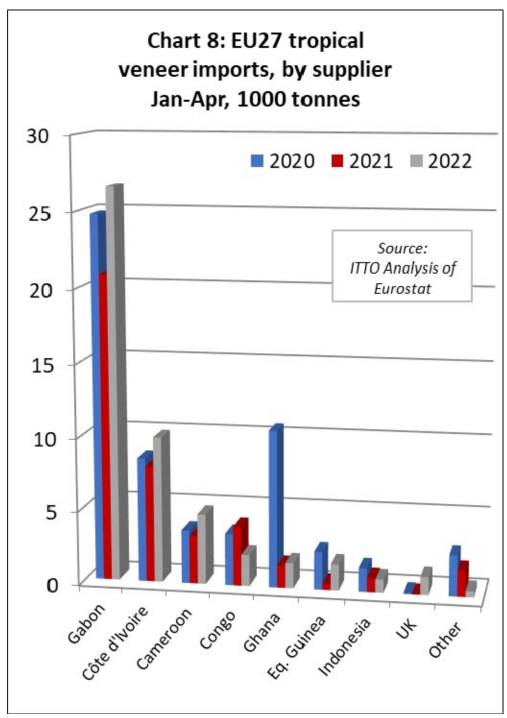
EU27 log imports from the largest African supply countries declined in the first four months of this year compared to the same period last year; imports were down 19% to 8,000 tonnes from Congo, down 9% from CAR to 4,900 tonnes, and down 56% from Cameroon to 1,800 tonnes.

However, imports from DRC increased 145% to 5,400 tonnes. Imports from Liberia were level at 3,100 tonnes during the four month period.



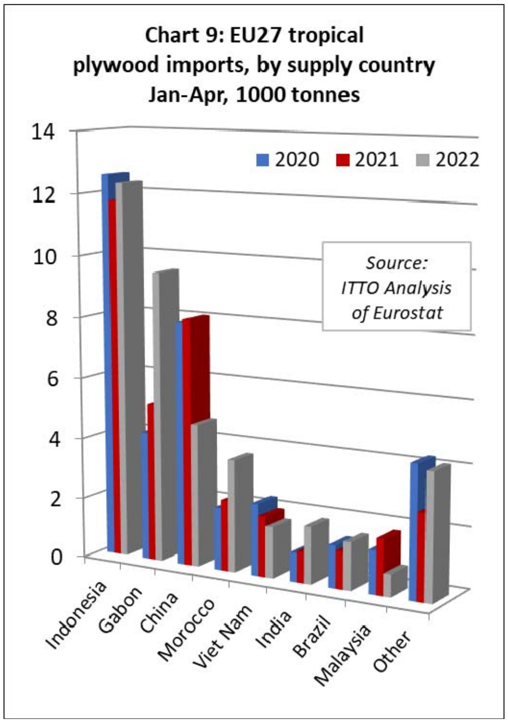
Gabon drives rebound in EU27 imports of tropical veneer and plywood

In the first four months of 2022, the EU27 imported 49,500 tonnes of tropical veneer, 22% more than the same period last year. Imports of tropical veneer from Gabon, by far the largest supplier to the EU27, increased 28% to 26,600 tonnes. There were also large gains in imports from Côte d'Ivoire (+26% to 9,900 tonnes) and Cameroon (+47% to 4,700 tonnes), offsetting a sharp decline in imports from Congo (-46% to 2,100 tonnes) (Chart 8).



In the first four months of 2022, EU27 tropical plywood imports of 40,200 tonnes were 11% more than the same period the previous year. Imports from Indonesia, at 12,300 tonnes, were up 5% compared to the same period last year.

However, the biggest increase was in imports from Gabon, rising 84% to 9,500 tonnes. Imports of tropical plywood also increased 58% to 3,700 tonnes from Morocco. These gains offset a 42% decline in imports of tropical hardwood faced plywood from China to 4,700 tonnes (Chart 9).

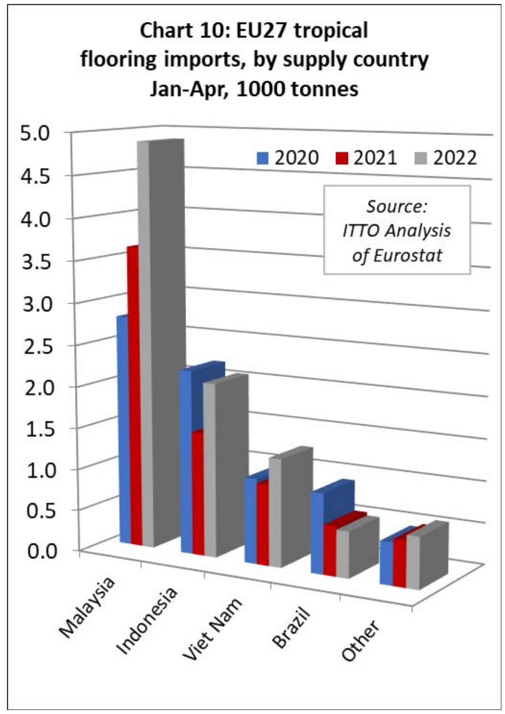


Rise in EU27 imports of tropical flooring from Malaysia continues

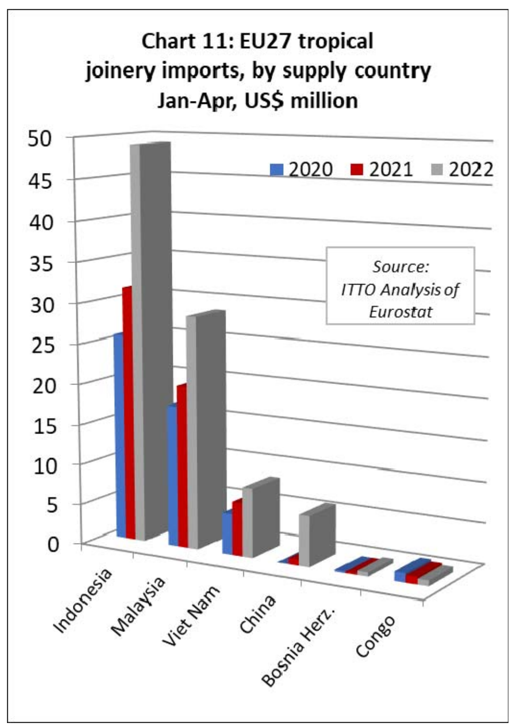
In the first four months of 2022, the EU27 imported 9,400 tonnes of tropical wood flooring, 30% more than the same period in 2021. The rise in EU27 wood flooring imports from Malaysia, that began in 2020, has continued this year.

Imports of 4,900 tonnes from Malaysia in the first four months of 2022 were 34% more than the same period in 2021. There were also large gains, from a smaller base, from Indonesia (+41% to 2,100 tonnes) and Vietnam (+33% to 1,300 tonnes).

However flooring imports from Brazil have continued to slide this year, at just 600 tonnes in the first four months, 6% down compared to the same period last year (Chart 10).



The value of EU27 imports of other joinery products from tropical countries - which mainly comprise laminated window scantlings, kitchen tops and wood doors - increased 63% to US$103M in the first four months of 2022. Imports were up 55% to USD49M million from Indonesia, up 43% to USD29M from Malaysia, and up 30% to US$9M from Vietnam (Chart 11).



The apparent large increase in imports of this commodity group from China, from negligible levels to US$6.2M in the first four months of this year, is due to a change in product codes from the start of this year allowing more joinery products manufactured using tropical hardwood in non-tropical countries to be separately identified

European Council adopts position on deforestation law

On 28 June, the European Council adopted its negotiating position on a proposal to limit the consumption of products contributing to deforestation or forest degradation. Now that the Council has agreed its position, negotiations with the European Parliament can begin so as to reach an agreement on the final legal text, a process that could be completed before the end of this year.

According to the European Council press release issued following the 28 June meeting, the Council agreed to set mandatory due diligence rules for all operators and traders who place, make available or export the following products from the EU market: palm oil, beef, timber, coffee, cocoa and soy. The rules also apply to a number of derived products such as leather, chocolate and furniture.

See: https://www.consilium.europa.eu/en/press/press-releases/2022/06/28/council-agrees-on-new-rules-to-drive-down-deforestation-and-forest-degradation/

The Council agreed to set up a benchmarking system, which assigns to third and EU countries a level of risk related to deforestation (low, standard or high). The risk category would determine the level of specific obligations for operators and member states' authorities to carry out inspections and controls.

This would mean an enhanced monitoring for high-risk countries and simplified due diligence for low-risk countries.

The Council simplified and clarified the due diligence system, while preserving a strong level of environmental ambition. The general approach avoids duplication of obligations and reduces administrative burden for operators and member states' authorities.

It also adds the possibility for small operators to rely on larger operators to prepare due diligence declarations. However the requirement for operators to provide geolocation of all regulated products placed on the EU market, irrespective of benchmarked risk, was retained.

The Council clarified the control obligations and set quantified objectives of minimum control levels for standard- and high-risk countries. The purpose is to set effective and targeted measures. The Council maintained provisions regarding effective, proportionate and dissuasive penalties and enhanced cooperation with partner countries, as proposed by the Commission.

The Council modified the definition of 'forest degradation' to mean structural changes to forest cover, taking the form of the conversion of primary forests into plantation forests or into other wooded land. Lastly, the Council strengthened the human rights aspects of the text, notably by adding several references to the United Nations Declaration on the Rights of Indigenous Peoples.

The legal text agreed by consensus at the Council meeting is available at:

- https://data.consilium.europa.eu/doc/document/ST-10284-2022-INIT/en/pdf

An independent briefing on the revisions agreed by the Council prepared by the law firm HFW which specialises in international commerce is available at:

- https://www.hfw.com/An-Update-European-Union-Draft-Law-Seeking-to-Ban-Imports-and-Exports-of-Commodities-from-Regions-at-Risk-of-Deforestation

Views and updates from European based timber trade and industry organisations following the Council's meeting are available at:

- https://www.atibt.org/en/news/13185/eu-regulation-on-deforestation-general-approach-adopted-by-eu-council
- https://www.cei-bois.org/_files/ugd/5b1bdc_98cebc2c2a1342bc80b0d626faec2ea8.pdf

Press coverage relating to the Council's agreement includes:

- https://www.politico.eu/article/industry-warn-against-eu-traceability-plan-prevent-deforestation/
- https://www.euractiv.com/section/climate-environment/news/ministers-back-draft-eu-anti-deforestation-law-derided-as-swiss-cheese-by-campaigners/
- https://www.theguardian.com/environment/2022/jul/05/scientists-warn-meps-against-watering-down-eu-deforestation-law
- https://www.foodnavigator.com/Article/2022/07/01/full-of-more-holes-than-swiss-cheese-europe-accused-of-watering-down-its-deforestation-due-diligence-regulation

North America

Housing starts plunge to a two-year low

Construction starts on new U.S. homes fell 14.4% in May. The annual rate of total housing starts fell to 1.55 million last month from a revised 1.81 million in April. The drop is the biggest decline since April 2021 and housing starts are at the lowest level since April 2020, when the economy briefly fell into a steep recession at the start of the coronavirus pandemic.

Regionally, construction looked mixed. While the Northeast saw a 14.6% rise in the construction of new single-family homes, the South saw a massive decline of 20.7%. Construction of single-family homes rose modestly in the Midwest by 1.9%. In the West, that number dropped by 17.8%.

Permitting for new homes fell 7% to 1.7 million in May from a revised 1.82 in the prior month. The pace of permits for new homes dropped across the country, and was felt most sharply in the Northeast, which saw a 20.2% decline in single-family homes.

The trend in single-family starts is downward, said Richard Moody, chief economist at Regions Financial, as higher mortgage interest rates will likely slow demand. And expect this trend to persist through the year, Oxford Economics' Nancy Vanden Houten said.

Canadian housing starts rose 8% in May compared with the previous month, beating analyst expectations, on a 13% jump in multi-unit urban starts. The seasonally adjusted annualized rate of housing starts was 287,257 units in May, above analyst predictions of 252,600 and a revised 265,700 units in April, Canadian Mortgage and Housing Corporation data showed.

See: https://www.census.gov/construction/nrc/index.html
and
https://www.msn.com/en-us/money/realestate/us-housing-starts-plunge-in-may-to-a-two-year-low/ar-AAYxuDs?ocid=BingNewsSearch

Existing home sales tumble while prices soar

U.S. existing home sales also tumbled to a two-year low in May as median prices jumped to a record high—topping the US$400,000 mark for the first time—and mortgage rates increased further, pushing out entry-level buyers from the market.

Despite the fourth straight monthly drop in sales and declining affordability, reported by the National Association of Realtors, the housing market remains fairly hot, with properties typically staying on the market for a record low 16 days. With supply still undesirably low, prices could remain elevated, though sellers are reducing the list price in some areas where bidding wars were prevalent.

Existing home sales fell 3.4% to a seasonally adjusted annual rate of 5.41 million units last month, the lowest level since June 2020 when sales were rebounding from the COVID-19 lockdown slump. Sales rose 1.5% in the Northeast, but declined in the Midwest (-5.3%), the West (-5.3%), and the South (-2.8%).

"Existing home sales should continue to slow over the course of the year as mortgage rates move higher," said David Berson, chief economist at Nationwide in Columbus, Ohio.

"But in the absence of a deep and sustained economic downturn, home sales should not drop as they did in the housing bust—allowing prices to continue to move higher on average."

See: https://www.nar.realtor/newsroom/existing-home-sales-fell-3-4-in-may-median-sales-price-surpasses-400000-for-the-first-time

Economy added 390,000 jobs in May

Led by gains in leisure and hospitality, non-farm payroll employment increased by 390,000 in May according to the latest report from the U.S. Bureau of Labor Statistics. The unemployment rate remained at 3.6%.

President Joe Biden sought to use the report to ease the mind of Americans on inflation woes. Biden said that 8.7 million jobs have been created under his administration with more people entering the labor market, putting the United States in a stronger position to overcome inflation woes in the coming months.

Leisure and hospitality employment increased by 84,000 in May, sparked by hiring growth in food services and drinking establishments, which gained 46,000 hires. Hiring increases were also seen in transportation and warehousing (47,000) and construction (36,000).

Manufacturers report growth but furniture and wood sectors fade

Economic activity in the U.S. manufacturing sector grew in May, with the overall economy achieving a 24th consecutive month of growth, say the nation's supply executives in the latest Manufacturing ISM Report on Business.

However, the Wood Products sector and the Furniture & Related Products sector were among the laggards for the month. Of the 18 manufacturing industries, 15 reported growth in May while Furniture & Related Products was the only sector to report a decline. The Wood Products sector reported no change from the previous month.

Eleven manufacturing industries reported an increase in new orders in May. The only industry reporting a decline in new orders in May was Wood Products, while Furniture & Related Products executives reported no change.

See: https://finance.yahoo.com/news/manufacturing-pmi-56-1-may-140000919.html

Consumer sentiment darkens amid soaring gas prices

Consumer sentiment declined by 14% from May, continuing a downward trend over the last year and reaching its lowest recorded value, comparable to the trough reached in the middle of the 1980 recession. All components of the sentiment index fell this month, with the steepest decline in the year-ahead outlook in business conditions, down 24% from May.

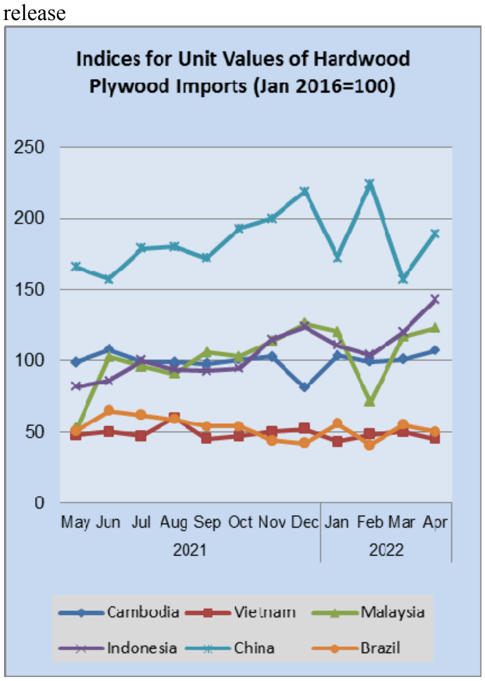
Half of all consumers spontaneously mentioned gasoline during their interviews, compared with 30% in May and only 13% a year ago. Consumers expect gas prices to continue to rise a median of 25 cents over the next year, more than double the May reading and the second highest since 2015. In addition, a majority of consumers spontaneously mentioned supply shortages for the ninth consecutive month.

See: http://www.sca.isr.umich.edu/

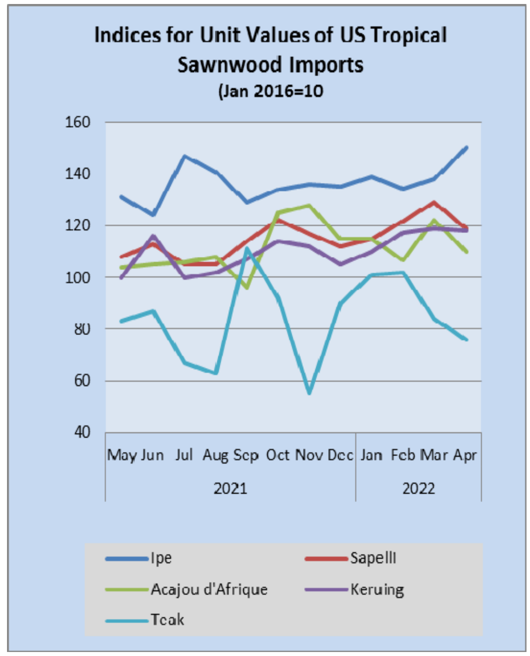
Cabinet sales fall

According to the Kitchen Cabinet Manufacturers Association's (KCMA) monthly Trend of Business Survey, participating cabinet manufacturers reported a decrease in overall sales of 13.8% in May from the previous month. Custom sales fell by 14.5%, while semi-custom sales fell 8.8%, stock sales fell 16.8% and estimated cabinet quantity was down 15.6% versus April 2022. However, compared with a year ago, sales in all categories were up by more than 10% except for estimated cabinet quantity which decreased 3.7% versus May 2021.

See: https://kcma.org/news/april-2022-trend-business-press-release



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.

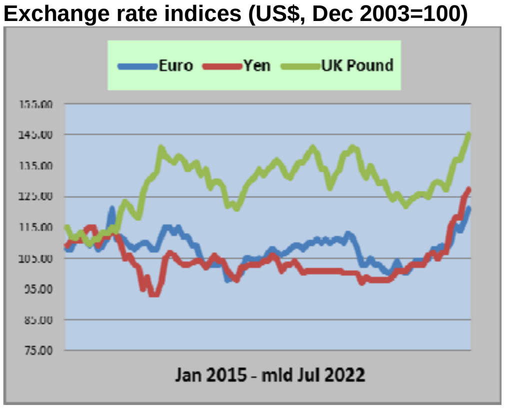
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

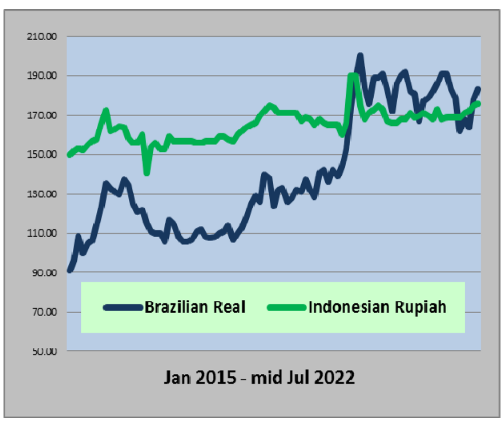
Dollar Exchange Rates

As of 10 July 2022

Brazil	Real	5.377
CFA countries	CFA Franc	649.59
China	Yuan	6.7183
Euro area	Euro	0.9958
India	Rupee	79.49
Indonesia	Rupiah	14973
Japan	Yen	137.43
Malaysia	Ringgit	4.427
Peru	Sol	4.38
UK	Pound	0.8409
South Korea	Won	1311.16

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



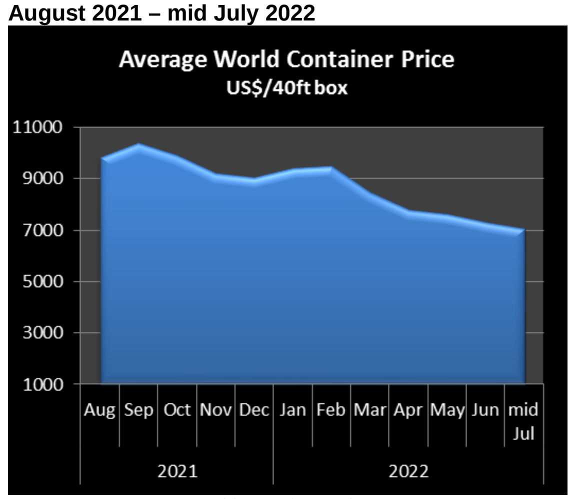


Abbreviations and Equivalences

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

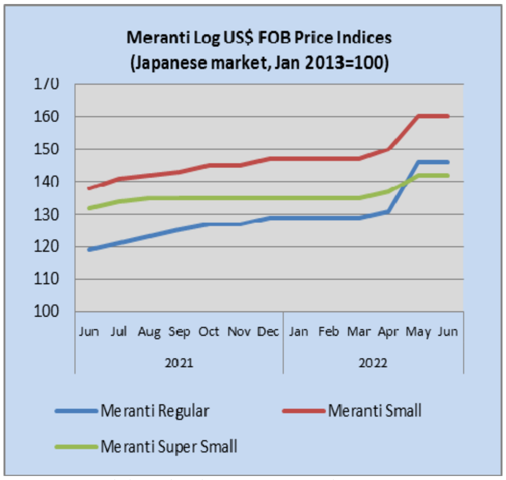
Ocean Container Freight Index

August 2021 – mid July 2022

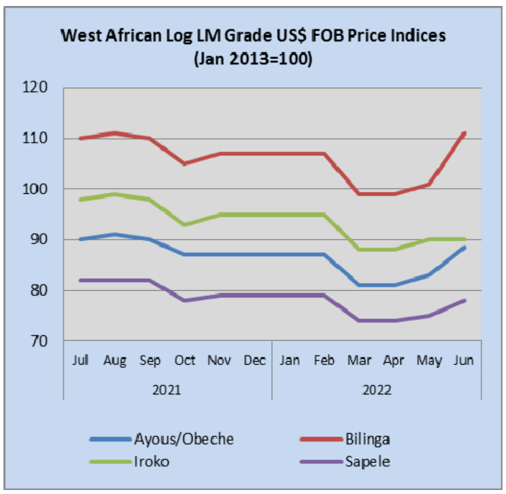


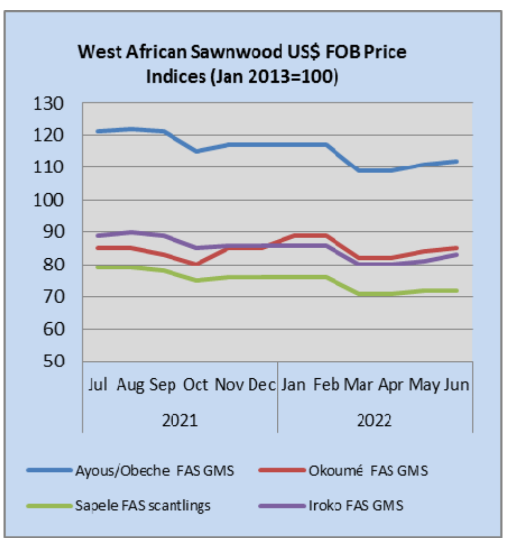
Data source: Drewry World Container Index

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

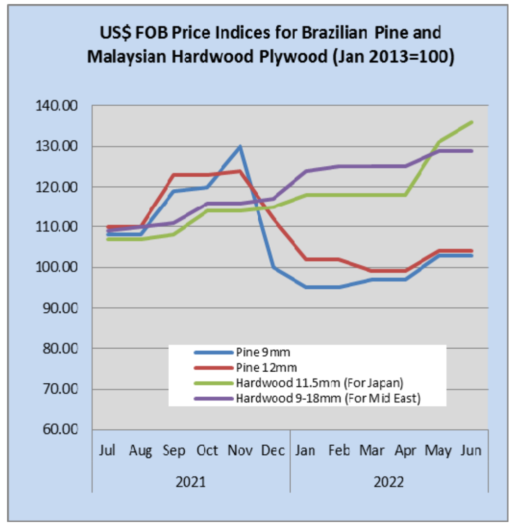


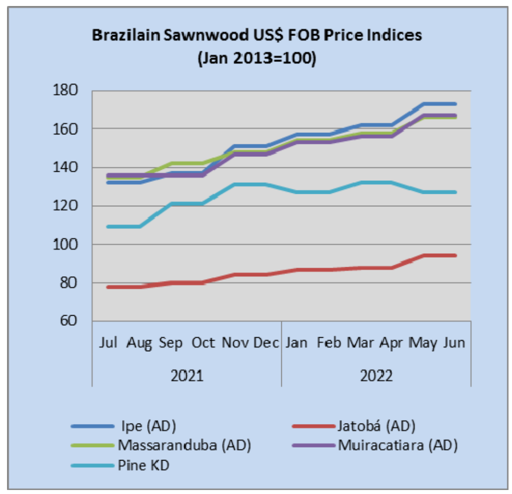
Note: Sarawak logs for the Japanese market





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





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