

# Tropical Timber Market Report

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## Top story

### Wood product exporters set to benefit from Vietnam/EU trade deal

The recently ratified EU-Vietnam Free Trade Agreement (EVFTA) is expected to open the door wider for Vietnamese exports to the EU and help the Vietnamese economy regain its growth momentum following a difficult period due to the coronavirus outbreak.

Bilateral trade in 2019 was around US\$60 billion, of which Vietnamese exports accounted for US\$40 billion, a modest figure given the EU is the world's second largest import market with an annual value of US\$2,338 billion.

**See page 8**

### Pandemic update

It has been close to three months since the first case of the corona virus was confirmed in Africa. The WHO has shown infection curves in Africa are currently flatter than in Europe or the US. In contrast to what was predicted for Africa, the epidemic has not spread out of control and health systems have not been overwhelmed but there are challenges ahead.

In Cameroon, in a period of three months, the number of reported cases rose to more than 6,500 with more than 200 deaths. However, Professor Eugène Sobngwi, Vice-President of the Scientific Council in the Ministry of Health told a news gathering that the health system is coping at present.

The Democratic Republic of Congo is facing a double challenge, from the corona virus and from a recent Ebola outbreak. The WHO has said it is confident the Ebola outbreak in Equateur Province can be contained as treatments are now available.

Liberia has made good progress in containing the spread of corona virus and has signaled an intention to open its international airport in late June. The state of emergency ended on 9 June however, the night-time curfew remains in place.

The number of infections in Ghana was over 11,000 in early June. The authorities have announced that borders will remain closed but that academic institutions are now allowed to reopen with strict health protocols. It has been reported that the Minister of Health, Kwaku-Agyemang Manu, has been infected.

As of 10 June Gabon's corona virus infections stood at 3,375 with around a third being detected in the first two weeks of June. Compounding the challenge of holding down corona infection rates is the effort now needed to address a measles outbreak in the Bitam and Mayoumba districts.

### Timber sector hard hit

The impact of pandemic control measures have hit timber producers across the region hard, coming as it has at a time when demand in the traditional markets, especially in Europe, were already under pressure from lower consumptions, changes to other materials and over production of some species.

The weakened EU economies resulted in declining wood product imports from all sources and exports from China to the main western markets have, naturally, dampened demand for the raw materials sourced from West Africa.

In Gabon it has been estimated that about 40% of the Chinese owned mills have stopped production. Mills in Gabon, Congo and Cameroon that are still operating have cut production by as much as 70% of pre-pandemic levels in some cases.

Producers are aware that when the consumer economies recover from the impact of the pandemic they will face the challenge of diversifying marketing, paying more attention to India, Middle East countries, Vietnam, the Philippines and new players in South America.

### Calls for support for the timber sector

In a meeting with the Cameroon Minister of Forestry and Wildlife, Giorgio Giorgetti, the president of the local timber exporters' Association Groupement de la filière bois du Cameroun (GFBC), proposed measures the Association believes could mitigate the devastating impact of the corona virus pandemic on the timber sector.

The Association suggested reducing Customs duties on processed wood products to below 6% from the current 10%. The Association also proposed a postponement of the deadline for payment of the second and third quarter annual forest tax for 2020.

See: <https://www.businessincameroon.com/public-management/0106-10375-cameroon-loggers-request-50-reduction-of-customs-duties-on-processed-woods>

Companies in Gabon had been promised financial assistance to ease the effect of the pandemic but operators are still waiting for the disbursements so they can continue to provide wages to workers who are either laid off or who work part-time.

### Log export prices

West African logs Asian market	FOB Euro per cu.m		
	LM	B	BC/C
Acajou/ Khaya/N'Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & ekki	275	275	175
Belli	270	270	-
Bibolo/Dibétou	215	215	-
Bilinga	275	275	-
Iroko	300	280	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	220	220	200
Moabi	365	355	285
Movingui	210	210	-
Niove	160	160	-
Okan	200	200	-
Padouk	250	230	200
Sapele	260	260	200
Sipo/Utile	260	260	230
Tali	300	300	-

### Kevazingo news flash

It has been reported that at a meeting with the private sector in mid-June Gabon's Forestry Minister confirmed that kevazingo logs and sawnwood harvested before the movement restrictions 2 years ago can, provided they are tagged, be trucked to locations for tertiary transformation. It has also been reported that exports of kevazingo slabs will be allowed.

ITTO has no independent confirmation of this news item.

## Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	440
Bilinga FAS GMS	540
Okoumé FAS GMS	460
Merchantable	310
Std/Btr GMS	320↓
Sipo FAS GMS	500
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	640
FAS scantlings	675
Strips	320
Sapele FAS Spanish sizes	450
FAS scantlings	480
Iroko FAS GMS	600
Scantlings	660
Strips	350
Khaya FAS GMS	480
FAS fixed	540
Moabi FAS GMS	620
Scantlings	640
Movingui FAS GMS	420

## Ghana

### Underwater timber recovery a success

Kete Krachi Timber Recovery Ltd. (KKTR) has been rated as one of the leading exporters of wood products in Ghana according to the Ghana Timber Industry Development Division (TIDD) of the Forestry Commission.

A TIDD report mentions that in 2019 KKTR was the leading exporter of papao/apa air-dried sawnwood (46% of exports) at an average price of Euro 930.84 per cu.m. The other four wood products exported were kiln-dried sawnwood (16%), billets (10%), mouldings (4%), plywood (3%) and other products.

KKTR is a wholly Ghanaian owned and operates in the Afram Plains with rights to harvest submerged trees from the Volta Lake. The operations of the KKTR are said to be unique with economic and social benefits for the community and the country.

The KKTR is one of companies commissioned by the President of Ghana a little over a year ago under the government's One-District-One-Factory (1D1F) flagship programme to industrialise the economy.

The target markets for KKTR products are regional market and the African Continental Free Trade Area (AfCFTA) which is expected to be fully operational from July 2020.

### Restrictions eased

The government has announced a strategic, controlled, progressive and safe easing of restrictions that would eventually allow life and businesses to return to 'normal'. The Stage One easing of restrictions took effect from 5 June.

Social gatherings in churches and mosque, hotels and restaurants, sports and political rallies can now resume with no more than 100 people. The wearing of face mask and the mandatory 1 metre social distancing protocols apply. The country's land, sea and air borders remain closed.

In announcing the easing of restrictions the President said the country cannot live with restrictions forever and that it is imperative to find a safe way to return our lives to normal. Ghana now has more testing facilities and an increased number of quarantine, isolation and treatment centres.

See: <http://presidency.gov.gh/index.php/briefing-room/speeches/1597-update-no-10-measures-taken-to-combat-spread-of-coronavirus>

### Call for post pandemic industrialisation

Industrialists, economists and the Association of Ghana Industries (AGI) have called for the country to transform the structure of the economy from one of low productivity and a large informal sector to one of high productivity and an expanded formal sector in the post corona virus era.

This call was in support of the government's policy on Ghana Beyond Aid Agenda and the One District One Factory project initiatives introduced in 2017 aimed at restructuring and industrialising the economy.

The driver of these calls was the negative impact of the corona virus on the economy which compelled the government to support local businesses.

In a statement to parliament on Ghana's corona virus budget the Minister of Finance said there is likely to be a significant slowdown in the country's GDP growth and that the government will quickly remove the final restrictions when deemed safe to do so.

The Ghana Statistical Service and some partners are conducting a survey on the socio-economic impact of the coronavirus disease on businesses and households which will be reported when completed.

### Railway sector receive investment boost

Ghana's rail sector will be upgraded following a US\$500 million agreement between the Ghana Railways Development Authority and Amandi Holdings Ltd. Construction of sections of the Western Railway Line (Standard Gauge Line) between the Takoradi Port and Huni Valley in the Western and Western North Region.

The Western North Region has been recently created and is known for its vast natural resources including timber.

The project will begin in October this year and should be completed in less than 4 years.

**Boule export prices**

	Euro per m <sup>3</sup>
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	576
Niangon Kiln dry	617

**Export rotary veneer prices**

Rotary Veneer, FOB	Euro per m <sup>3</sup>	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	332↓	440
Chenchen	540	631
Ogea	472	590
Essa	543↓	634
Ofram	350	435

**Export sliced veneer**

Sliced face veneer	FOB Euro per m <sup>3</sup>
Asanfina	791↓
Avodire	667
Chenchen	535↓
Mahogany	1,743↑
Makore	794
Odum	2,180↑

**Export plywood prices**

Plywood, FOB		Euro per m <sup>3</sup>	
BB/CC		Ceiba	Ofram Asanfina
4mm	314↓	580	641
6mm	412	535	604
9mm	377	446	560
12mm	510	450	480
15mm	450	352	430
18mm	450	441	383

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

**Export sawnwood prices**

Ghana sawnwood, FOB		Euro per m <sup>3</sup>	
FAS 25-100mm x 150mm up x 2.4m up		Air-dried	Kiln-dried
Afromosia		860	925
Asanfina		465	564
Ceiba		404	600
Dahoma		413	472↑
Edinam (mixed redwood)		520	651
Emeri		465	591
African mahogany (Ivorenensis)		930	1,016
Makore		740	840↑
Niangon		620	676
Odum		649	864↑
Sapele		720	894↓
Wawa 1C & Select		420	477↑

**Malaysia****Recovery mode introduced**

Malaysia will shift from its 'Movement Control Order' to what is termed the 'Recovery MCO' (RMCO) that took effect 10 June running to the end of August. This change means more sectors and public activities will slowly be back to work.

Under the RMCO, inter-state travel is allowed, businesses can operate at their usual hours, Malaysian nationals overseas can to return with home quarantine, meetings and workshops also allowed. However, overseas travel is still restricted and it is this that has impacted international marketing of wood products.

**MTC prepares for a post pandemic business environment.**

The Malaysian media has reported that the Malaysian Timber Council (MTC) has taken steps to transform its operations and activities in preparation for a post pandemic business environment.

Its Acting Chief Executive Officer, Wong Kah Cane, said because many industries were contemplating a shutdown due to the MCO that came into force in March the timber sector, a major employer, received a special approval from the Ministry Health to continue operation under strict standards.

Wong said over 500 timber companies, mostly furniture makers, were allowed to operate through the MCO but he added that one of the primary issues during the MCO was raw material supply disruptions. This was resolved during the MCO when the government granted permission for the transportation of logs from the landing sites to the factories.

See:

<https://www.bernama.com/en/business/news.php?id=1849471>

**Sarawak losing competitive edge**

Major timber producers in Sarawak have said they are slowly losing their competitive edge in the log and plywood markets in India and Japan, their key markets, because shippers in Indonesia and some other ASEAN timber producing countries have become very competitive because of favourable policies and strong government support they receive.

Production costs in Sarawak have shot up as the government raised the fees to be paid on 'premium hill species' to RM50 from RM0.80 per cu.m. Timber companies were dealt a second blow when the state raised the 'Rehabilitation and Development Cess. According to Sarawak Timber Association these changes have pushed up sawnwood production costs by around RM110 per cu.m (assuming a recovery rate of 50%).

Timber companies also complain that production costs have also been affected by the increase in minimum wage. To offset the increase in production costs companies have raised prices which has opened the way for competitors.

See: [www.thestar.com.my/business/business-news/2020/06/09/sarawak-losing-wood-market-share-to-indonesia-wtk-says](http://www.thestar.com.my/business/business-news/2020/06/09/sarawak-losing-wood-market-share-to-indonesia-wtk-says)

**Expanded stimulus to fight impact of pandemic**

The Indonesian government has expanded its financial stimulus package by almost US\$50 billion. The package is set to strengthen the healthcare system, apply more resources to social welfare and provide protection for Indonesian businesses at risk from bankruptcy.

The Minister of Finance, Sri Mulyani Indrawati, said the emphasis will be on countering the negative economic impact of the pandemic on Indonesian society and businesses and to keep economic growth above zero.

Support for SMEs is particularly important. A recent survey by the International Labor Organization (ILO) has revealed that the majority of small and medium enterprises (SMEs) in Indonesia had been forced to close their businesses, either temporarily or permanently, due to the impact of the pandemic on consumption.

In related news, the Ministry of Manpower and Transmigration has estimated that some 1.7 million workers have either lost their jobs or been laid-off and this pushed the unemployment rate to 7%. Minister Ida Fauziyah said this 1.7 million is already over 50% of the 2.9 million estimated to be without work.

The figures above are at a variance with the estimate of 3 million workers laid-off made by the Deputy for Commerce and Industry Coordination in the Ministry for Economy. The National Development Planning Agency (Bappenas) previously estimated that this year unemployment could rise to 4.2 million.

See: <https://en.tempo.co/read/1351070/millions-laid-off-due-to-covid-19-pandemic-as-of-june>

**Jakarta lockdown eased**

The Governor of Jakarta has said restrictions will soon be gradually eased to allow economic activity to begin. First restrictions on offices, restaurants and retail outlets will be eased but enterprises must limit the number of people attending as it is too early to fully lift social distancing rules.

Measures put in place to counter the spread of the virus in Jakarta and across the country have affected businesses and has contributed to massive job losses. The decision to ease restrictions in Jakarta comes after a similar decision in the country's most populous province of West Java.

The central government has separately announced it plans to reopen the country to foreign tourism as early as September.

**Plywood exports to US on the increases**

Agus Suyono, Head of the Samarinda Agricultural Quarantine Center has reported that plywood export to the US during the first quarter of 2020 earned around Rp5.56 billion. This first quarter performance represents an 8% increase compared to a year earlier.

He also reported exports to China, India, the Philippines, Singapore and Thailand in the first 4 months of 2020 totalled 4,914 cubic metres.

According to Agus, despite the pandemic, plywood exports to the US have continued largely unaffected and he puts this down to Indonesia's rising competitiveness in the international plywood market.

**Furniture makers appreciate new orders from US buyers**

Some good news from furniture craftsmen in Solo, Central Java, work has started on recently received orders from buyers in the US. Irawan Minto, Head of Marketing for the Soloraya Furniture and Craft Industry Community (Kimkas) in Solo said there had been a period when no orders were arriving but that has now passed. He pointed out that buyers in the US were the first to place orders unlike buyers in the EU who are still hesitant.

See: <https://www.suara.com/bisnis/2020/06/03/154354/para-pengrajin-mebel-di-solo-mulai-garap-pesanan-dari-as>

**Positive news as levels of forest loss continue to drop**

The World Resources Institute (WRI) says on its website "In positive news, primary forest loss in Indonesia decreased by 5% in 2019 compared to the year before, marking the third year in a row of lower levels of loss."

It should be borne in mind that primary forests defined by the WRI refer to a 30% minimum tree cover density. This WRI definition of primary forests is different from the one used by the Indonesian government which defines primary forests as undisturbed forests that have never been exploited or disturbed by humans. Under this definition, the Indonesian ministry of Environment and Forestry stated in the 2 years to the end of 2019 less than 100,000 hectares of primary forest were lost.

<https://www.wri.org/blog/2020/06/global-tree-cover-loss-data-2019> Data from the  
and  
<https://www.dw.com/id/indonesia-berhasil-tekan-deforestasi/a-53676334>

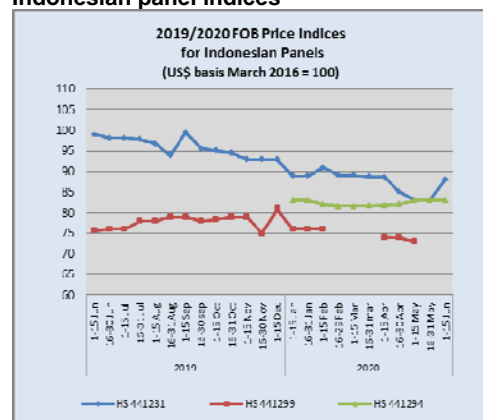
**Forest Rehabilitation and Reclamation regulation**

The Indonesian government has issued Regulation (PP) No. 26 of 2020 concerning Forest Rehabilitation and Reclamation. This regulation aims to ensure optimal benefits from land and forests for the welfare of the people of the country. The regulation also addresses the need to restore, maintain, and improve the function of forests and land in order to increase productive capacity to support life.

See: <http://www.apbi-icma.org/en/regulation>



## Indonesian panel indices



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

## Myanmar

### 'New normal' life begins in Yangon

Reports say that life in the capital has begun the 'new normal'. Government offices are open but there are still restrictions on when schools will reopen. International flights in and out of Yangon International Airport are still restricted and this will be reassessed at the end of June. Many businesses, once having satisfied government inspections for virus prevention measures, are reopening.

Figures released by the Health and Sports Ministry show the number of corona virus cases in Myanmar as of 13 June was 261, with six deaths. The country has tested a total of 45,926 people in Myanmar for the corona virus and it has been found that most recent infections are among quarantined workers returning from overseas.

See: <https://www.mmtimes.com/news/myanmar-extends-covid-19-control-measures-flight-restrictions.html>

### Myanmar responds to news reports on EIA investigation

Kyaw Zaw, Deputy Permanent Secretary of Ministry of Natural Resource and Environmental Conservation has disputed the recent Environmental Investigation Agency (EIA) report which he says suggests illegal teak from Myanmar is being shipped to Europe. Kyaw Zaw said the Ministry of Natural Resource and Environmental Conservation will respond immediately to the misleading news coverage of the EIA report.

Kyaw Zaw is quoted by the local media, Irrawaddy Online, as saying, "I can accept if they (EIA) say we need to make changes to meet their (EU) timber regulations. But they said the exports are illegal, prompting us to respond strongly. What they said is wrong. We oversee timber production and export licenses are issued by the Ministry of Commerce and the Customs Department is responsible for collection of duties and clearance."

For the full story see:

<https://www.irrawaddy.com/news/burma/myanmar-condemns-report-illegal-teak-exports-eu.html>

The Irrawaddy article reports a manager of a Yangon-based timber factory as saying, on condition of anonymity, that the Myanmar Forest Department applies tough measures to guard against the illegal export of teak and other hardwoods.

When asked for comments, Barber Cho, Secretary of Myanmar Forest Certification Committee, said the authorities and timber industry in Myanmar understand very well the EUTR which aims to prevent the arrival in the EU of illegal wood products. He said, "We have to respect the EUTR as this is the regulation governing all wood products imported into the EU, not only those from Myanmar."

In comments to Cho, a Myanmar exporter said international buyers of Myanmar timber were of the opinion that, when it comes to teak imports into the EU, Myanmar teak seems to attract more attention than imports from other countries.

Kyaw Zaw was adamant that all consignments cited in this investigation were shipped according to the rules and regulation in Myanmar. These regulations requires the reporting of details such as product type, species, quantity, name of exporter and consignee in the EU and such consignments from Myanmar can never be of illegal timber. Whether documents for such shipments are sufficient to satisfy the EUTR is another issue not related to allegations of illegal transportation.

### Teak tender sales remain suspended

#### February 2020 teak log tender prices

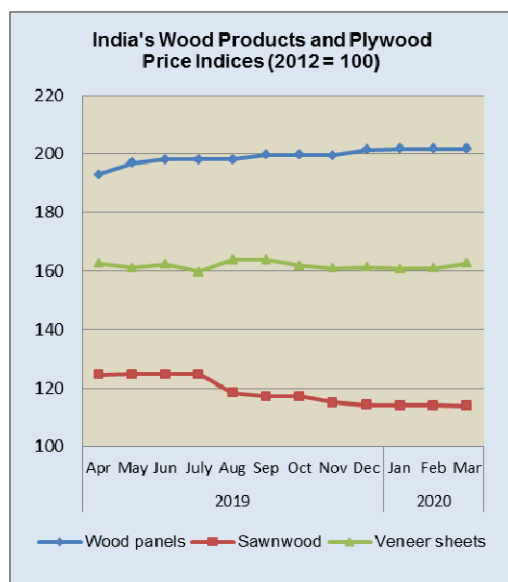
Grade	H.tons	Average US\$/H.ton
SG-1	13.6	5,633
SG-2	28.7	4,883
SG-4	85.3	3,781
SG-5	122.5	2,998
SG-6	96.3	2,852
SG-7	805.4	1,913

## India

### No wholesale prices indices for timber

The Office of Economic Adviser, Department for Promotion of Industry and Internal Trade has advised that, in view of the limited transactions of products in the wholesale market in April 2020 due to spread of Covid-19 pandemic, it has decided to release price movement for selected product groups. Timber is not included.

The press release from the Ministry of Commerce and Industry can be found at: [https://eaindustry.nic.in/pdf\\_files/cmonthly.pdf](https://eaindustry.nic.in/pdf_files/cmonthly.pdf)



Data source: Ministry of Commerce and Industry, India

### Workers returned to home states but no jobs

The Centre for Monitoring Indian Economy (CMIE) has reported on the plight of migrant workers who, because of the lockdown, had to leave their city jobs and had no alternative but to travel back to their home States. Having returned home they have found there are few employment opportunities.

CMIE cites some examples saying in Bihar State unemployment went from 15% pre-pandemic to over 45% between March and April. In Jharkhand in Eastern India unemployment went from 8% to 47%.

The government has rural employment schemes but there are doubts that these schemes can absorb all the returnees.

Around 100,000 migrant workers have returned to Jharkhand and a further 700,000 more are expected. In Bihar some 650,000 migrant workers have returned and the list continues. The Central government has estimated that around 3 million migrant workers are trying to return to their home states.

Analysts comment "the monsoon is expected to be normal this year but on everyone's mind is when will the restrictions be lifted and when will shops, trade and offices be back to normal? India has never experienced such a calamity and now the call is for greater self-sufficiency".

Calls have been made for the country to improve the availability and distribution of locally produced items to boost employment, reduce dependence on imports, save foreign exchange and boost industrial activity.

The timber sector has called for a relaxation of the regulations governing the establishment of wood processing enterprises. In particular calls have been made for the plantation sector to be expanded through both State and Central government incentives.

Planting of fast growing species like melia dubia, poplar, eucalyptus, acacia, rubberwood, teak, gmelina and Casuarina along with bamboos' and rattans should be encouraged.

### Plantation teak

Owing to current local and international situation there is virtually no trade in plantation teak. Prices for the spring of 2020 are shown below as a reference point.

### Plantation teak C&F prices (as of end February 2020)

	US\$ per cu.m C&F
Angola logs	389-574
Belize logs	350-400
Benin logs	290-714
Benin sawn	530-872
Brazil logs	344-540
Brazil squares	333-556
Cameroon logs	405-616
Colombia logs	478-743
Congo D. R. logs	450-761
Costa Rica logs	357-780
Côte d'Ivoire logs	289-756
Ecuador squares	333-454
El-Salvador logs	320-732
Ghana logs	294-452
Guatemala logs	324-646
Guyana logs	300-450
Kenya logs	515-876
Laos logs	300-605
Liberia logs	265-460
Malaysian logs	225-516
Mexican logs	295-808
Nicaragua logs	402-505
Nigeria squares	434-517
Panama logs	335-475
PNG logs	443-575
Sudan logs	358-556
Tanzania teak, sawn	307-613
Thailand logs	511-700
Togo logs	334-590
Trinidad and Tobago logs	603-753
Uganda logs	411-623
Uganda Teak sawn	680-900

Price range depends mainly on length and girth.

### Locally sawn hardwood prices

Production and imports have ceased.

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

Price range depends mainly on length and cross-section of sawn pieces.

### Myanmar teak prices

Production and imports have ceased.

Sawnwood (Ex-yard)	Rs. per cu.ft
Teak AD Export Grade F.E.Q.	15,000-22,000
Teak A grade	9,500-11,000
Teak B grade	7,500-8,500
Plantation Teak FAS grade	5,000-7,000

Price range depends mainly on lengths and cross-sections.

### Sawn hardwood prices

Sawnwood, (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,700-1,850
Sycamore	1,800-2,000
Red Oak	2,000-2,200
White Oak	2,500-2,600
American Walnut	5,000-5,500
Hemlock STD grade	2,200-2,400
Western Red Cedar	2,300-2,450
Douglas Fir	1,800-2,000

Price range depends mainly on lengths and cross-sections.

### Plywood

Production and sales of plywood have resumed as restrictions under the government's 'Phase-1 of Mission begin' have been eased. In those parts of the country where the infection rates are low full production has resumed.

The Karnataka and Kerala Plywood Manufacturers Associations have jointly announced a price increase of 7% and 5% respectively. This, they point out, is to cover increased cost of labour, timber and chemicals. Across the country, however, prices remain unchanged as shown below.

### Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	76.00
6mm	101.00
9mm	126.00
12mm	157.00
15mm	206.00
18mm	211.00

### Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	39.00	55.00
6mm	57.00	72.50
9mm	72.50	89.00
12mm	89.00	105.00
15mm	105.00	126.00
19mm	121.50	141.00
5mm Flexible ply	77.00	

## Vietnam

### Wood product exporters to benefit from Vietnam/EU trade deal

The government in Vietnam has ratified the Vietnam/EU trade deal which, it is hoped, will help boost the country's manufacturing sector and exports. The deal, when it takes effect in July this year, means the EU will cut tariffs on over 80% of Vietnamese goods and Vietnam will lift duties on close to 50% of its imports from the EU and phase out the rest over 10 years.

The EU-Vietnam Free Trade Agreement (EVFTA) is expected to open the door wider for Vietnamese exports to the EU and help the Vietnamese economy regain its growth momentum following a difficult period due to the coronavirus outbreak.

Bilateral trade in 2019 was around US\$60 billion, of which Vietnamese exports accounted for US\$40 billion, a modest figure given the EU is the world's second largest import market with an annual value of US\$2,338 billion. The EVFTA will create greater opportunities for Vietnam to increase its exports especially of garments, footwear, farming and wood products.

See: <https://www.vietnam-briefing.com/news/vietnam-eu-trade-evfta-ratified-vietnam-national-assembly.html/>



### Dismal April exports

Statistics from Vietnam Customs shows that exports of wood and wood products (W&WP) during April 2020 were worth US\$697 million, down by a third compared to March but 19% higher than in April 2019.

April wood product exports, in particular, fell sharply dropping around 35% to US\$434 million against previous month and by 25% compared to April 2019. Despite the declines in April W&WP exports remain in the top 6 groups of Vietnamese export commodities.

In the first four months of this year WP exports alone amounted to US\$2.272 billion, up by 2% compared to the same period in 2019 and accounted for 69% of total W&WP exports, down slightly year on year.

In previous years exports to the US, the top buyer of Vietnam's W&WP accounted for around 50% of total exports but in the four months to April this dropped by 39%.

With the pandemic yet prevailing in US and several EU countries and the global economy facing a severe crisis exports of W&WP and NWFP will fail to reach the target of over US\$12 billion set for 2020 (in 2019, exports of W&WP plus NTFP was reported at US\$11.18 billion).

### Export markets

Due to the impact of the pandemic on global trade, April 2020 W&WP exports to the main markets dropped compared to previous months. However, in the first four months of 2020, W&WP exports to the EU and China were still rising, by 13% in the case of the EU and by 23% in the case of China. However, this growth is unlikely to be sustainable.

### W&WP export markets in the first 4 months of 2020 (US\$ 000's)

Market	Jan-Apr 2020	% change on 2019
USA	1,597,147	12.78
China	449,951	23.34
Japan	437,359	5.6
South Korea	267,220	-0.59
UK	72,740	-32.67
Canada	52,858	6.11
Germany	45,697	-8.82
Australia	36,980	-17.76
France	36,734	-14.32
Taiwan	27,506	23.22
Netherlands	24,941	-23.05
Malaysia	19,104	-20.61
Thailand	16,310	50.13
Belgium	15,436	4.24
Sweden	12,363	1.62
Denmark	10,465	0.69

Spain	10,298	-20.84
Poland	10,033	11.01
Saudi Arabia	8,945	-27.96
Italy	7,973	-43.55
India	7,208	-37.62
UAE	6,125	-31.94
Singapore	5,910	-35.99
New Zealand	5,784	-4.98
Cambodia	5,585	190.19
Laos	5,382	-71.42
Chile	5,073	3.01
Mexico	4,822	-1.59
Russia	2,745	27.15
South Africa	2,258	-32.67
Hong Kong	2,229	69.31
Turkey	1,546	40.11
Portugal	1,527	-16.81
Kuwait	1,217	-41.86
Greece	1,150	-56.44
Norway	883	-45.63
Czech	639	-23.33
Switzerland	488	-42.18
Finland	437	-8.34
Austria	380	-46.25

Source: Data provided by the General Department of Customs, Vietnam and analysed by VIFOREST

### April timber imports

W&WP imports into Vietnam in April 2020 fell after the increase in March 2020. The accumulated W&WP imports into Vietnam over the first four months of 2020 amounted to US\$731 million, down by 5.8% against the same period of the last year.

### Import sources

In April 2020, the value of W&WP imports from several markets, including Thailand, Laos and Malaysia, increased by 26.59%, 43.04% and 59.21% respectively compared to March 2020. W&WP imports from the US and China dropped slightly in April while imports from Brazil, France, New Zealand, Russia and Germany fell sharply.

In the first four months of 2020, China was the largest W&WP supplier to Vietnam at US\$208 million, up by 41% over the same period of the last year and accounted for 28% of total W&WP imported into Vietnam. The second largest supplier was the US but here the value of imports dropped almost 10%.

In contrast, W&WP imports into Vietnam from Thailand, Chile and Brazil fell by 11%, 24% and 14% respectively over the same period of 2019.

**W&WP imports from top suppliers first 4 months of 2020**  
(US\$ 000's)

Supplier	Jan-Apr 2020	% change on 2019
China	208,134	40.7
USA	113,030	9.76
Thailand	30,956	-11.08
Chile	25,427	-24.08
Brazil	19,808	-13.7
Laos	19,493	20.48
France	19,387	-9.96
New Zealand	18,099	-5.95
Malaysia	15,625	-33.05
Russia	15,443	183.22
Germany	13,394	-37.5
Australia	11,323	391.07
Indonesia	9,024	35.25
Canada	6,179	-29.69
South Korea	5,605	10.63
Italy	5,024	-15.1
Finland	4,618	-24.75
Ghana	3,838	-48.85
Argentina	3,059	-11.66
Japan	3,003	26.82
Belgium	2,871	-7.95
Sweden	2,071	-14.65
South Africa	1,659	-22.02
Cambodia	1,192	-94.51
Taiwan	980	-25.33
Myanmar	501	89.79

## Brazil

### Furniture production suffers record fall

The Brazilian Institute of Geography and Statistics (IBGE) has published industrial production indices since 1998 and, until April this year, the furniture sector has never experienced a decline like the over 75% month on month decline in April or as much as the year on year decline of almost 60%.

The IBGE data was much worse than expected even taking account of the massive suspension of business activities.

### Timber producers seek extension of harvest deadline

Concession holders in Brazil have requested extension of the harvesting deadline because the pandemic control measures have delayed operations.

According to estimates by the National Forum for Forest-Based Activities (FNBF) timber sales will drop by up to 60% this year such that it will be impossible to balance production and sales in the 2020 harvest season which began in May.

The peak of the harvest season is between June and August when rainfall is lowest allowing safe harvesting and transportation. However, with the drop in sales and market uncertainties, many producers will either reduce harvest volumes or suspend harvesting to avoid financial losses that would be inevitable as stocks could deteriorate if they accumulate beyond market demand.

The FNBF has asked the Ministry of the Environment to consider extending the harvesting period allowing producers to harvest approved volumes during the next harvest season. Producers are granted logging permits (Timber Harvest Authorizations - Autex) by the competent agencies to ensure harvests are sustainable and follow management plans.

### Paranaguá Container Terminal (TCP) expects rise in wood product exports

TCP, the company that manages the Paranaguá Container Terminal in the Port of Paranaguá, Paraná State in the southern region of Brazil foresees an increase in timber export shipments.

The Paranaguá Terminal has been handling around 2,600 containers per month this year and this is expected to grow to 3,500 containers per month. Among the products exported are plywood, sawnwood and veneers. The outlook is for the resumption of full services after thirteen years with regular weekly services that serve the East Coast of the United States, one of the main destinations for exports of wood products.

TCP's export warehouse covers 12,000 sq.m and is designed to handle multiple products at any one time. The warehouse is located close to the dock thus, simplifying logistics and reducing costs.

### Plantation sector achieves US\$ 2 billion in first quarter exports

According to the Brazilian Tree Industry (Ibá), in the first quarter of 2020 exports by the plantation forest-based industry reached US\$2 billion. Pulp exports totalled US\$1.5 billion, while paper exports were worth US\$451 million and wood-based panels US\$68 million. The sector's trade balance reached US\$1.8 billion (-27.5%).

In the first quarter of this year, China continued as the main Brazilian pulp market purchasing US\$719 million. Latin American countries are the major destination for wood-based panels (US\$38 million) and paper (US\$262 million). Ibá says sales of wood-based panels by Brazil totalled 1.6 million cubic metres in the first quarter 2020.

### Domestic log prices

Brazilian logs, mill yard, domestic	US\$ per m <sup>3</sup>
Ipê	167
Jatoba	88
Massaranduba	81
Muiracatiara	86
Angelim Vermelho	81
Mixed redwood and white woods	69

Source: STCP Data Bank

### Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US\$ per m <sup>3</sup>
Ipê	712
Jatoba	359
Massaranduba	348
Muiracatiara	320
Angelim Vermelho	315
Mixed red and white	205
Eucalyptus (AD)	157
Pine (AD)	105
Pine (KD)	128

Source: STCP Data Bank

### Domestic plywood prices (excl. taxes)

Parica	US\$ per m <sup>3</sup>
4mm WBP	413
10mm WBP	341
15mm WBP	285
4mm MR.	327
10mm MR.	243
15mm MR.	220

Prices do not include taxes. Source: STCP Data Bank

### Prices for other panel products

Domestic ex-mill prices	US\$ per m <sup>3</sup>
15mm MDParticleboard	161
15mm MDF	200

Source: STCP Data Bank

### Export sawnwood prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per m <sup>3</sup>
Ipe	1,446
Jatoba	853
Massaranduba	847
Muiracatiara	862
Pine (KD)	168

Source: STCP Data Bank

### Export plywood prices

Pine plywood EU market, FOB	US\$ per m <sup>3</sup>
9mm C/CC (WBP)	248
12mm C/CC (WBP)	241
15mm C/CC (WBP)	230
18mm C/CC (WBP)	228

Source: STCP Data Bank

### Export prices for added value products

FOB Belem/Paranagua ports	US\$ per m <sup>3</sup>
Decking Boards Ipê	2,956
Jatoba	1,457

Source: STCP Data Bank

## Japan

### US\$300 billion extra budget has been approved

A record almost US\$300 billion extra budget has been approved by the Japanese government aimed at financing struggling companies, providing payroll subsidies, supporting low income households and expansion of the health care sector. The government has assessed that the country is facing its worst economic crisis in decades but the new expenditure will add to the public debt.

Some 30% of the extra budget will go to help small firms where a rent subsidy is proposed. A massive budget has been agreed as a coronavirus reserve fund should there be a serious second wave of infections. Some economists say a third or even a fourth extra budget may be needed. The extra government spending has pushed the country's fiscal health to become the worst among major economies.

### Business sentiment at 11 year low

The recent business sentiment survey conducted by the Ministry of Finance and the Cabinet Office shows business sentiment among large Japanese companies in the second quarter fell to the lowest in 11 years as the impact of the coronavirus control measures hit both manufacturing and non-manufacturing sectors.

The Business Sentiment Index in the second quarter was the lowest since the first quarter of 2009 during the global financial crisis following the collapse of Lehman Brothers Holdings the previous year. The latest figure is also worse than that in the April-June quarter of 2011 after a massive earthquake and tsunami that hit northeastern Japan.



Source: Cabinet Office, Japan

In related news, the total value of machinery orders received by 280 manufacturers operating in Japan fell over 8% in April from the previous month and private-sector machinery orders (excluding volatile ones for ships and those from electric power companies) declined by 12.0%.

Forecasts for the April-June period suggest machinery orders could drop a further 5% with private sector machinery orders also set to fall further.

### Care needed when looking at unemployment statistics

Unemployment data from Japan's Statistics Bureau reported a rate of just 2.6% in April, the latest monthly data. In contrast to other countries where lockdowns have decimated companies such low unemployment is unreal.

As always the devil is in the detail as the data exclude an estimated 4 million people who, while still 'attached' to their companies, are not working and may or may not be

collecting a salary. Including this stock of 'grey unemployment' then the figure jumps to around 12%, still a remarkably low figure compared to other countries.

See:

<https://www.japantimes.co.jp/news/2020/06/07/business/economy-business/official-jobless-rate-japan-ignores-leave/#.Xt2prXkzb1V>

### First quarter GDP beats expectations but economy still in a recession

Cabinet Office GDP data for first quarter 2020 were much better than anticipated but this did not alter the picture of the Japanese economy being in recession.

GDP declined 0.6% in the first quarter 2020 compared to the previous quarter, better than the expected 1% contraction. A series of April data including exports and factory output indicate Japan is experiencing the worst economic slump for half a decade.

The Bank of Japan is continuing its policy of trying to stimulate demand but this approach has been questioned by some who say the focus should be on supporting struggling businesses rather than trying to spark overall demand as consumers are fearful of what may lie ahead and are in no mood to spend.

### Easing of travel for businesses

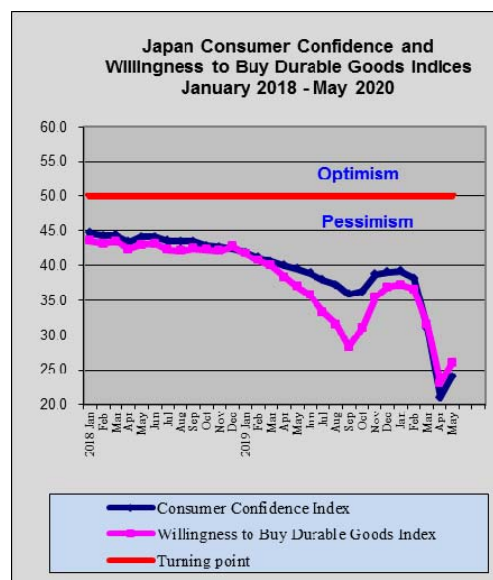
Australia, New Zealand, Thailand and Vietnam are the first countries from which nationals will soon be welcome in Japan. To begin with Japan will allow up to 250 business people such as executives and engineers to enter the country.

Japan currently bans entry to nationals or those having visited 111 countries and regions. Discussion are ongoing for polymerase chain reaction (PCR) testing of people leaving Japan for those countries that are again open to visitors that can prove through testing that they are not infected.

### Consumption set to rise as businesses re-open

The data on household spending in April fell shows an 11% decline year on year, the fastest pace ever recorded as the coronavirus control measure forced people to stay home and job insecurity became a major concern.

However, the decline was slower than forecast. While analysts anticipate consumption will begin rising in June as businesses re-open after the national lockdown, any rebound will be slow and fragile.



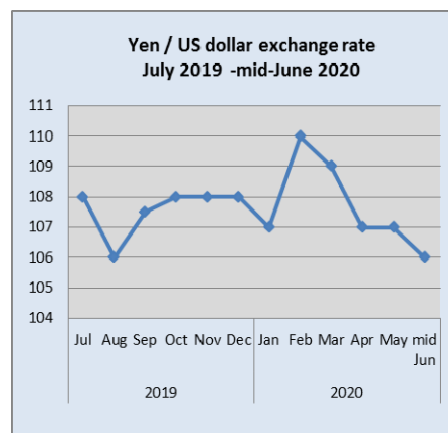
Data source: Cabinet Office, Japan

### Dollar slides but yen remains steady

In the first two weeks of June the US dollar dipped against most major currencies as a result of the extensive protests in the US and because prospects for the US economic recovery have become less clear. The much hoped for 'V' shaped recovery now appears to be unlikely.

The uncertain economic outlook in the US resulted in some money movements to the yen but this was not as significant as in other periods of crisis and the yen moved only in a narrow band.

Also pushing the dollar lower were the grave projections from the US Federal Reserve which said it will take years for the US economy to regain the jobs lost as a result of the pandemic.

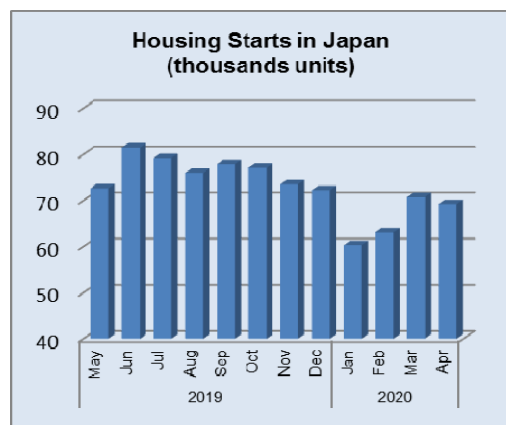


The US Federal Reserve Chairman said that the US economy could see unemployment lingering at around 10% this year and that interest rates are likely to remain at near-zero level until 2022 at the earliest. The US economy is forecast to contract by 6.5 per cent this year according to the Fed.

### Decline in orders for new homes

Major house builders in Japan have reported falling orders. A survey of the seven main builders revealed that orders in April 2020 were just 65% of that in April 2019 and the lowest for 3 years. The Japan Lumber Report has said Asahi Kasei Homes reported a 40% decline in orders and had temporarily closed its show houses.

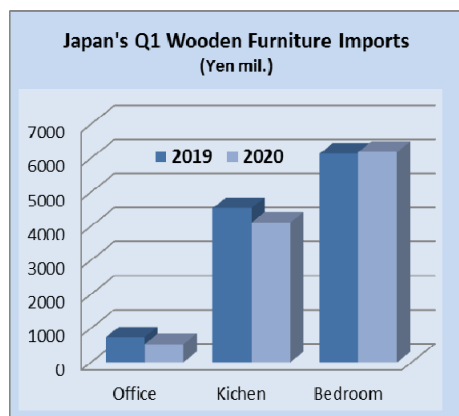
For more see the contribution from the Japan Lumber Report on page 15.



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

### Furniture imports

The value of Japan's first quarter 2020 imports of wooden office furniture (HS940330) dropped 27% year on year and there was a drop of 9% in the value of wooden kitchen furniture (HS940340) compared to Q1 2019. In contrast, the value of Q1 2020 wooden bedroom furniture (HS940350) remained at the same level as in Q1 2019.



Data source: Ministry of Finance, Japan

### Office furniture imports (HS 940330)

March saw a steep increase in the value of wooden office furniture imports despite the weak business sentiment. But this was not enough to lift the value of imports back to March 2019 levels. March 2020 imports were down around 30% month on month.

Imports of office furniture (HS940330) in March 2020 from China surged by a factor of three compared to a month earlier. Chinese shippers captured a 62% share of Japan's March imports of wooden office Furniture maintaining their position as the main suppliers. Traditional suppliers, Poland and Italy, contributed around 6% each to Japan's March imports.

### Office furniture imports

	Imports Mar. 2020 Unit, 000's Yen
S. Korea	484
China	109,734
Taiwan P.o.C	4,723
Vietnam	7,341
Thailand	748
Malaysia	1,618
Indonesia	3,508
UAE	-
Sweden	-
Denmark	942
UK	7,287
Netherlands	502
France	-
Germany	4,626
Switzerland	-
Portugal	2,969
Italy	9,553
Poland	10,823
Turkey	-
Lithuania	1,643
Slovakia	566
Canada	2,793
USA	5,500
Mexico	2,029
Total	177,389

Data source: Ministry of Finance, Japan

### Kitchen furniture imports (HS 940340)

As a result of a 40% increase in the value of wooden kitchen furniture from Vietnam, the country just topped the previous top shipper, the Philippines from which the value of shipments to Japan in March were at the same level as a month earlier.

Vietnam and the Philippines accounted for almost 90% of Japan's imports of wooden kitchen furniture (HS940340) in March 2020. In March 2020 there was a steep, over 50%, decline in shipments from China.

Year on year, Japan's imports of wooden kitchen furniture (HS940340) in March dropped almost 9% continuing the downward trend from February. Month on month, the value of March imports of wooden kitchen furniture dropped around 12%.



**Kitchen furniture imports (HS 940340)**

	Imports Mar. 2020 Unit, 000's Yen
China	46,323
Taiwan P.o.C	1,238
Vietnam	654,197
Thailand	44,070
Malaysia	10,239
Philippines	592,238
Indonesia	11,883
Sweden	-
Denmark	-
UK	-
Netherlands	-
Germany	10,615
Spain	-
Italy	14,186
Finland	-
Romania	-
Turkey	-
Lithuania	233
Czech Rep.	-
Canada	4,730
USA	1,041
Total	1390993

Data source: Ministry of Finance, Japan

**Bedroom furniture imports (HS 940350)**

The value of wooden bedroom furniture imported into Japan in March 2020 rebounded by almost 30% from the decline seen in February.

Imports from Vietnam, the top supplier in March, rose 15%, there was an almost 50% rise in shipments from China and shipments from both Malaysia and Thailand, while small, rose sharply. However year on year the value of March 2020 imports were flat.

**Bedroom furniture imports (HS 940350)**

	Imports Mar. 2020 Unit, 000's Yen
S. Korea	-
China	788,501
Taiwan P.o.C	1,748
Vietnam	871,756
Thailand	72,958
Malaysia	77,482
Indonesia	24,598
Sweden	1,784
Denmark	267
UK	-
Netherlands	-
Belgium	-
France	2,638
Germany	266
Switzerland	-
Italy	6,417
Poland	17,491
Austria	497
Romania	3,721
Latvia	-
Lithuania	4,625
Bosnia Herzogovena	-
Canada	293
USA	1,062
Total	1,876,104

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:

<http://www.n-mokuzai.com/modules/general/index.php?id=7>

**Corona virus hazard**

The Japan Forest Products Journal made emergency survey regarding corona virus pandemic by sending out questionnaires to 300 companies and 131 responded. Questions are measures to minimize impact of corona virus pandemic, the most concerned matters, forecast of housing starts of this year and estimate of performance result.

There are many comments that this is unprecedented incident so there is no material to judge future market since it is not cyclical business fluctuation. Many sound like resignation or pessimism.

Gathering of people is prohibited and everything is cancelled, disrupted and postponed. All the economic activities are hampered and degree of stagnation is getting deeper day after day.

The government lifted state of emergency for all prefectures but there is fear of second and third wave once restriction is eased. For prevention of infection, human contact is prohibited and self-imposed quarantine at home is recommended so working people stay home and do telecommunication. Large cities become ghost town without crowd and all type of consumer activities died down.

Housing starts have been dropping month after month. Consumption tax hike in last October is first blow then came corona virus outbreak, which is second blow.

Housing starts were less than the same month a year earlier for nine consecutive months since last September and this would continue for months to come and decline should be steeper in coming months.

Housing starts of following year of Lehman shock in 2009 dropped by 305,000 units. In 1973, housing starts after the first oil shock dropped by 589,000 units and similar drop would come from now on.

Some comment that this incident may be paradigm shift to change stereo type and established system. This is beginning of new life style and working style to accept teleworks like e-learning and remote diagnoses with doctor and tele conference with zoom.

Anyway influence to demand of building materials is uncertain yet but market confusion is inevitable and damages business management severely. With declining housing starts, demand for building materials would surely decrease. Sawmills and plywood mills have already started curtailing the production by dropping orders and log supply is becoming excessive.

Other parts of the world is suffering the same trouble so the supply from overseas sources may become tight but the concern is stronger to drop of the demand in Japan

#### **Large drop of orders for major house builders**

April orders for large house builders declined considerably. Quarantine at home started in March and people visiting model house exhibition sites decreased largely and sales promotion events are cancelled as face to face negotiations became prohibitive by corona virus infection.

Every year, series of holidays in early May draw many potential buyers to the exhibition sites. Potential buyers visit various model houses and make up their mind later so number of visitors is a sort of guideline for future housing starts.

Eight major house builders disclose orders compared to the same month a year earlier. April orders by seven companies are only 65% of April last year, the lowest in last three years. Asahi Kasei Homes, which closed exhibition sites, dropped by 40%.

March number was 77% but March last year was much higher than usual year with 128% because of rush-in orders before the consumption tax raise. This was the highest in three years. March orders were almost flat with January and February orders.

March is book closing month so that builders push sales with some discount and buyers know this so they firm up order in March unless there is any reason to wait after March.

Major house builders say that potential buyers would decide which builder they prefer after two to three months of the visit but sales campaigns stopped in late February and sales activities practically stopped for March and April.

Visitors to the exhibition sites in May are limited of potential buyers with reservation so the number of visitors was less than half of normal year. Number of visitors in early May is normally the largest in a year and orders would increase toward summer but this year is different and future looks gloomy.

Lehman shock in September 2008 shook every sector of economy and housing starts started dropping since December 2008 and decrease of housing starts had continued for 16 months to March 2010. Real recovery started in summer of 2010 so it took nearly two years to recover.

Housing starts in 2009, following year of Lehman shock, were 788,410 units, 28% less than 2008 and the lowest. Owner's units were down by 11% but condominiums were 58% less and units built for sale were 21% less.

Many condo builders went bankruptcy in this year. Difference this time is that developers are more firm after shaky ones are all gone.

Since human contact is now prohibitive, house builders are losing contact with potential buyers and new measure should be developed and one is virtual housing exhibition named

My home market' people who are looking for new house can find favorite model house by internet or smart phone. Number of access to the web site continues increasing month after month. This could be a new way for marketing houses but changing past business style is not so easy for marketing people of house builders.

### **Supply adjustment by the national forest**

Demand for domestic logs has been declining since last March and the prices are dropping so four regional forest management offices of North East, Kanto, Chuubu and Kyushu decided to reduce log harvest.

For standing timber with cutting contract, time limit is extended for one year without any penalty so the harvesters have option of cutting time. This should reduce logs harvested only by restriction of time limit without any market. It is unusual that multiple regional office decides to reduce harvest uniformly. Other regions of Hokkaido, Kinki chuugoku and Shikoku plan to have supply adjustment meeting in May.

National forest regional office holds supply adjustment meeting once every three month after investigation through log suppliers, processing plants and forest unions to find out demand and supply of logs with price trend then it decides if the supply should increase or reduce.

Kyushu regional office is the first one to take step for harvest reduction in March because log export to China sharply decreased after corona virus pandemic so log inventory is swelling up and log prices are dropping.

Other six regional offices were not aware of such crisis in March yet but in April after the state of emergency was declared, things changed so much that Kanto, North East and Chuubu office held special meeting in late April to decide supply reduction.

North East office reports that lumber demand suddenly dropped and log inventory is increasing at yards, plywood logs are oversupplied by production curtailment by plywood mills and restriction of receiving logs by mills, some paper manufacturing plants limit buying logs. Kanto office reports drop of log prices and Chuubu office reports future orders of lumber is uncertain and operation of sawmills and precutting plants keeps dropping month after month.

Only active field is biomass power generation business. Supply shortage of logs for power generation is feared so that timber with heavy percentage of low grade should not be included for time limit extension since logs for biomass power generation have been smoothly consumed and some of plywood logs are sold as biomass logs.

### **South Sea (tropical) logs**

Plywood mills using South Sea hardwood logs have ample orders to supplement tight supplied hardwood plywood from Malaysia and Indonesia and they carry two to three months log inventory.

Log supply in April was satisfactory. It was feared that entry restriction of foreigners for corona virus infection by PNG may influence log supply but there is no serious impact so far. Log harvest continues in Sarawak, Malaysia but the volume is very limited. Movement of South Sea lumber has been very inactive.

The supply is also low. Supply of Indonesian mercusii pine laminated free board is low because of series of holidays after Ramadan, Islamic fasting.

### **Wood supply statistics in 2019**

The Ministry of Agriculture, Forestry and Fisheries disclosed 2019 wood supply statistics.

Total log supply for lumber, plywood and wood chip manufacturing was 26,348,000 cbms, 0.7% less than 2018. Domestic log supply increased by 1.1% as log supply for lumber and plywood manufacturing increased.

Imported log supply decreased by 9.0%. Share of domestic logs in total log supply increased by 1.6 points to 83.1%. Although housing starts in 2019 were 905,000 units, 3.9% less than 2018, domestic log supply for lumber increased by 2.5%. Imported logs for lumber decreased by 8.4% and lumber import decreased by 4.5% so domestic logs covered some of imported products share.

As to lumber shipment by use, that for construction decreased by 2.7% but that for engineering works construction, which is all domestic wood, increased by 18.4%. For plywood manufacturing, domestic logs increased by 5.6% while imported logs decreased by 11.6%.

Since plywood imports decreased by 15.8%, domestic share increased. Two plywood mills and one LVL plant started in 2019, which contributed increase of domestic wood consumption. By species, cypress increased by 35.0% and spruce and fir by 18.6%.

Logs for wood chip manufacturing are practically all domestic wood, which was down by 7.0%. This is three straight years decline. Imported wood chip increased for 2017 and 2018 but it decreased by 2.2% in 2019.

Domestic wood chip production decreased by 7.7%, the lowest in last ten years. Demand of wood chip for particleboard and hardboard was firm in 2019 but that for pulp and paper decreased.

Imported log volume in 2018 was less than five million cbms then in 2019, it was less than 4.5 million cbms.

Based on the forest and forestry fundamental plan set in 2016, target of domestic log supply and utilization for 2020 is 15,000,000 cbms for lumber manufacturing, 5,000,000 cbms for plywood and wood chip manufacturing, six million cbms for fuel and one million cbms for other use like export and mushroom farming, making total of 32,000,000 cbms.

Based on 2019 result, accomplishing target volume for lumber and wood chip for pulp looks very unlikely and target for 2025 of 18,000,000 cbms for lumber and 6,000,000 cbms for pulp chip manufacturing seems very remote.

## China

### Custom home furnishing brands doing well

The Press Office of the Guangzhou Municipal People's Government has announced Guangzhou has been recognised the 'Capital for Global Customisation' by the United Nations Industrial Development Organization (UNIDO).

There are 6 of the top 10 national custom home furnishing brands in Guangzhou City and the market share for wardrobes secured by Guangzhou manufacturers is said to be around 80% of national demand.

The Guangzhou Market Supervision and Administration Bureau took the lead in cooperating with the German based certification body, TÜV SÜD, to provide advice and guidance to local manufacturers. This cooperation has opened a new chapter in joint authentication and cooperation between China and foreign enterprises aimed at improving the quality of service and promoting the upgrading of custom manufacturing.

An international group Standard for Custom Home Furnishing Products and Wood-based Tailored Wardrobe has been released. More than 20 leading domestic companies have joined the Group Alliance.

For more see

[https://baijiahao.baidu.com/s?id=1667204132121792194&wfr=s\\_pider&for=pc](https://baijiahao.baidu.com/s?id=1667204132121792194&wfr=s_pider&for=pc)

and

[https://www.unido.org/sites/default/files/2013-07/Emerging\\_Trends\\_UNIDO\\_2013\\_0.PDF](https://www.unido.org/sites/default/files/2013-07/Emerging_Trends_UNIDO_2013_0.PDF)

### New Forest Law effective 1 July 2020

It has been reported that China's new Forest Law will be effective 1 July 2020. The system of approval of timber transportation will be cancelled as will the approval system for the export of precious woods or their products and derivatives. Also the scope of forest logging permits has been adjusted.

See:

<http://www.forestry.gov.cn/xdly/5188/20200609/100600339290040.html>

### Successful 2020 Nankang furniture online/offline order week

The 2020 Nankang furniture online furniture order week has been a success. News reports say during the event week more than 200,000 merchants were attracted and sales reached RMB9 billion of which RMB6.9 billion was completed offline and the balance was traded online.

Commentators pointed out that the domestic furniture market had become very depressed as consumer sentiment was badly undermined but now demand is beginning to improve.

See: [http://jx.ifeng.com/a/20200608/14311420\\_0.shtml](http://jx.ifeng.com/a/20200608/14311420_0.shtml)

### From road to rail – the new emphasis

Many provincial authorities have formulated new environmental policies aimed at the eventual elimination of old diesel trucks and polluting production facilities. It appears the emphasis will shift from road transport to railways.

China's National Development and Reformation Commission and the Ministry of Transport have adopted a policy to help drive the change to rail transportation and have said that the central and local governments can increase their financial support for the construction of logistics facilities such as special railway lines and multimodal transport stations to expand industrialization.

See:

[https://www.wood365.cn/Industry/IndustryInfo\\_265517.html](https://www.wood365.cn/Industry/IndustryInfo_265517.html)

### Trends in household consumption driven by coronavirus

According to observation and analysis, the epidemic situation of novel coronavirus has given birth to six new trends of household consumption, specifically:

- Popularity of healthy household products
- Smart household products to meet new development opportunities;  
The outbreak of the novel coronavirus, to a large extent, enhanced health awareness of consumers causing enthusiasm for clean, sterile, health concept appliances.
- Popularity of small kitchen appliances  
During the long-term isolation people are easily imprisoned by tedious housework and inconvenient daily life. Intelligent household products became popular.
- Renovation of old homes or household furnishings
- Rapid rise in home decoration  
During the epidemic, consumers spend a long time at home and begin to pay attention to their comfort, health and safety and begin to re-decorate their houses.
- Intelligent buildings are becoming the new normal.  
Intelligent access control system and multimedia conference system have brought great convenience to people's life and work. See: <http://jiaju.sina.com.cn/news/20200511/6665524034996076721.shtml>

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

	2020 Feb	2020 Mar (unchanged)
Okoume	293	268
Merswa	183	171
Teak	557	531
Merbau	390	375
Birch	128	124
Oak	313	313

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

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

	2020 Feb	2020 Mar
Sapelli	644	644
Merbau	853	853
Teak	782	782
Lauan	326	326
African mahogany	401	401
Oak	507	507

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

### Correction

In the previous report tables for first quarter 2019 instead of 2020 were inadvertently inserted. The correct data is shown below.

### First quarter 2020 log imports

Trade partners	Log Imports (cu.m)	Yoy % Change
Laos	7,417	-91%
Vietnam	1,753	-91%
Cambodia	1,733	-92%
Indonesia	1,286	-90%
Thailand	869	-60%
Myanmar	539	-95%
Singapore	519	-91%
Malaysia	93	-100%
Philippines	-	-100%
<b>Total</b>	<b>14,209</b>	<b>-92%</b>

Data source: China Customs

### First quarter 2020 sawnwood imports

Trade partners	Sawnwood Import (cu.m)	Yoy % Change
Thailand	675,457	-81%
Philippines	62,712	-83%
Indonesia	36,169	-81%
Malaysia	26,566	-87%
Vietnam	26,232	-80%
Myanmar	23,964	-69%
Laos	9,530	-82%
Cambodia	1,396	-88%
Singapore	30	na
<b>Total</b>	<b>862,056</b>	<b>-81%</b>

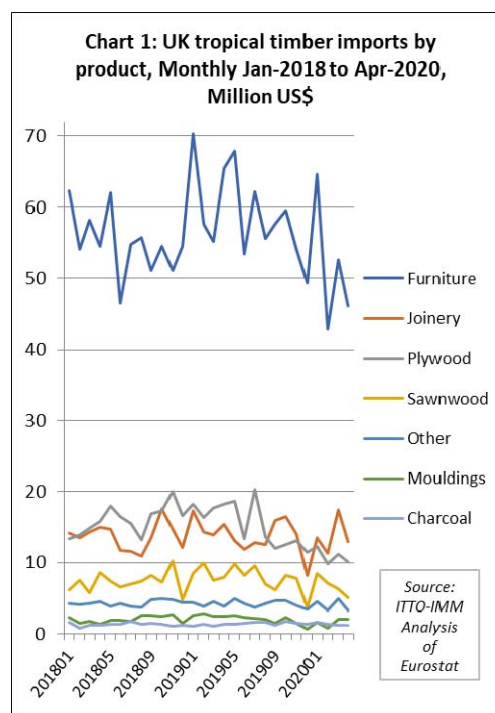
Data source: China Customs

## Europe

### UK tropical wood trade succumbs to pandemic impact

The value of UK imports of tropical wood products was US\$360 million in the first four months of 2020, 19% less than the same period last year. Although a significant decline, the downturn is perhaps less than might have been expected given the exceptional circumstances surrounding COVID-19.

It is also notable that the start of the decline for most products predated the period of lockdown initiated in the UK from 24th March. UK wood furniture imports from tropical countries have been weakening since the start of 2019 and were particularly slow in February this year. Imports of tropical plywood and sawnwood have also been sliding since the middle of 2019 (Chart 1).



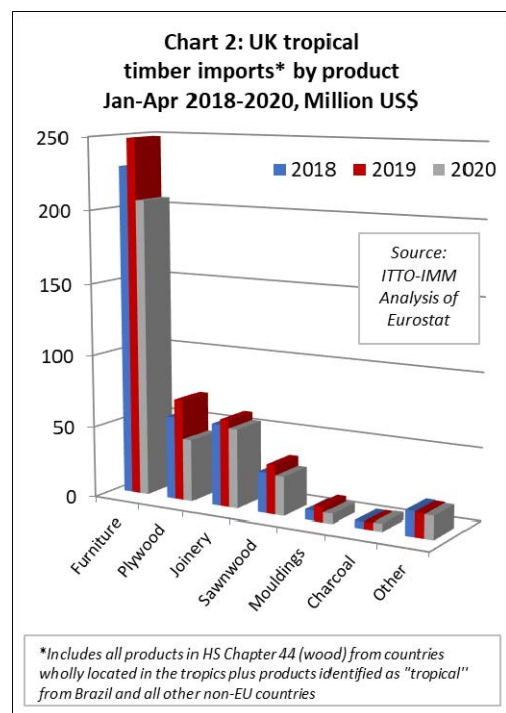
The trade data to end April implies that the market was slowing even before the lockdown was implemented and has probably captured only a small portion of the COVID-19 downturn. A more severe downturn can be expected in May and June.

To some extent weak imports in February and March this year were due to the earlier implementation of COVID-19 lockdown measures in Asian countries which disrupted raw material supplies and exports, particularly of wood furniture from South East Asia and tropical hardwood faced plywood from China.



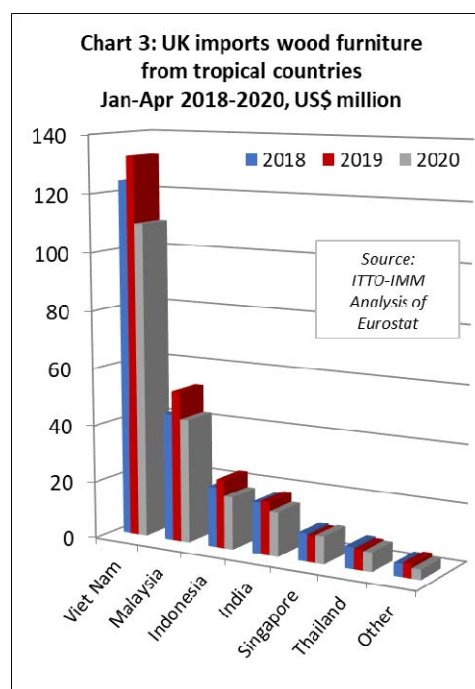
Comparing the first four months of 2020 with the same period the previous year, UK import value of wood furniture from tropical countries fell 17% to US\$206.1 million.

Imports of tropical plywood were down 39% at US\$43.4 million, tropical joinery products were down 9% at US\$55.2 million, tropical sawnwood fell 20% to US\$26.9 million, and mouldings/decking declined 35% to US\$6.8 million (Chart 2).



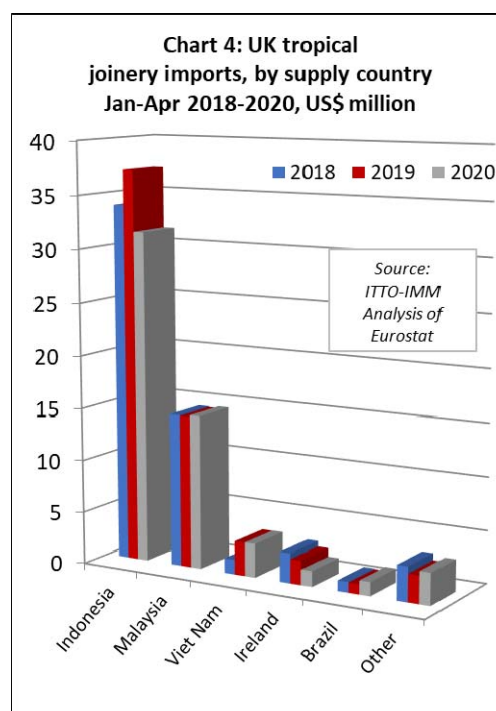
UK imports of wood furniture declined sharply from all the leading tropical supply countries in the first four months of this year (Chart 3).

- Imports from Vietnam were down 17% at US\$109.5 million
- imports from Malaysia fell 18% to US\$43.2 million,
- imports from Indonesia declined 23% to 18.4 million and
- imports from India fell 17% to US\$15.4 million



#### Indonesia loses ground in UK joinery market

After making gains in 2019, UK imports of tropical joinery products from Indonesia, mainly consisting of doors, fell 16% to US\$31.5 million in the first four months of this year.



In contrast, UK imports of joinery products from Malaysia and Vietnam (mainly laminated products for kitchen and window applications) made slight gains in the first four months of this year, increasing by 1.3% to US\$14.7 million from Malaysia and by 0.8% to US\$3.2 million from Vietnam. (Chart 4 above)

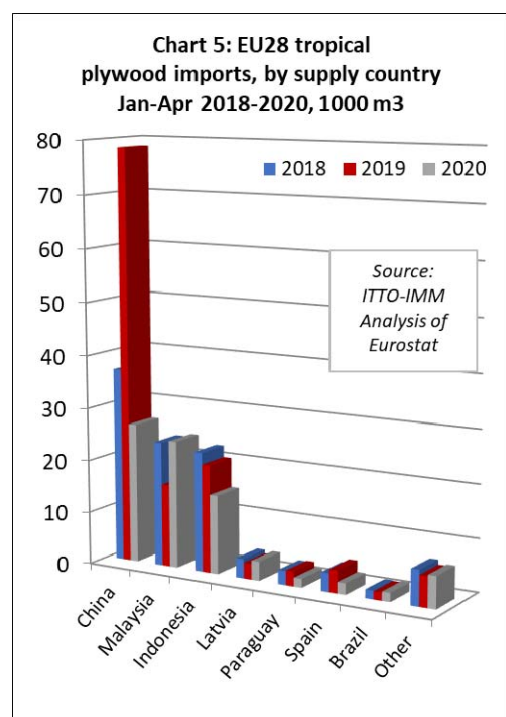
### UK imports of tropical hardwood plywood from China crash

The UK imported 26,600 cu.m of tropical hardwood faced plywood from China in the first four months of this year, 66% less than the same period last year. UK imports were at unusually high levels in the first half of 2019 after a period of slow buying in 2018 due to Brexit uncertainty.

However, the market suffered from over-stocking in the second half of last year as consumption slowed. This year, UK imports have been further dampened by COVID related supply problems in China.

Likely due to supply problems elsewhere, UK imports of plywood from Malaysia, which have been in long term decline, recovered ground in the first four months of 2020, rising 55% to 24,200 cu.m.

However, imports from Indonesia fell 27% to 15,000 cu.m. In recent years, the UK has been importing small volumes of tropical hardwood faced plywood from Latvia. Imports of this commodity were up 21% to 3,600 cu.m in the first 4 months of 2020. (Chart 5)



UK tropical sawn hardwood imports small but diverse

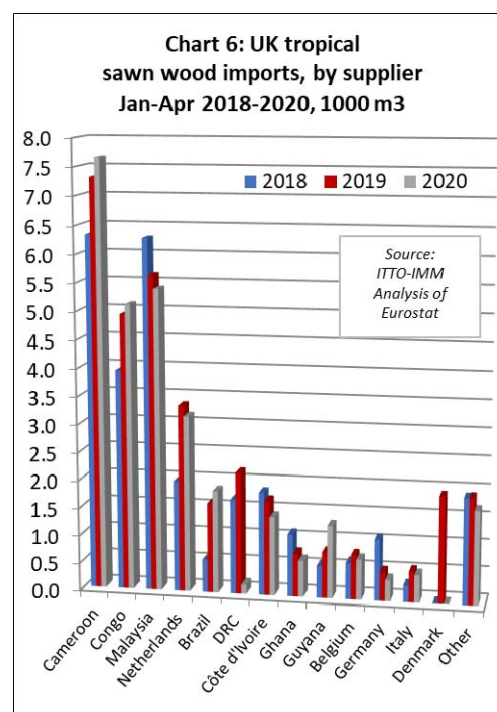
The UK is now a relatively minor market for tropical sawn hardwood, importing less than 100,000 cu.m in each of the last two years, making it only the fifth largest European importer for this commodity (after Belgium, Netherlands, France and Italy).

UK imports of 30,000 cu.m in the first four months of 2020 were 12% less than the same period in 2019.

UK tropical sawn imports are sourced from a large range of countries, both directly in the tropics and indirectly from other European countries (Chart 6).

UK imports from Cameroon, the leading supplier, increased 5% to 7,700 cu.m during the four-month period, while imports from the Republic of Congo were also up, by 4% at 5,100 cu.m. However, imports from DRC fell to negligible levels in the first four months of 2020 after reaching more than 2,200 cu.m in the same period last year.

UK imports from Malaysia were 5,400 cu.m in the first four months of 2020, 4% less than the same period in 2019. Indirect imports into the UK via the Netherlands were down 6%, at 3,200 cu.m, after significant growth last year. Imports from Brazil increased 14% to 1,800 cu.m, while imports from Guyana were up nearly 60% at 1,300 cu.m.



Many UK merchants lack space and finance to carry the ideal inventory of tropical sawn hardwood which should include a wide range of boards in different widths and lengths for bespoke joinery work. Most UK merchants therefore focus on stocking just the more familiar types of hardwood, in defined ranges to suit particular market segments.

The main tropical hardwood species in demand in the UK now are sapele, meranti, utile and for decking, Bangkirai. Sapele is strongly favoured as a good all-rounder for both internal and external joinery with reasonable density and good machining capabilities and good for paint applications.

Utile is still favoured as it tends to be more stable than many external hardwoods. Idigbo/framire (mainly from Cote d'Ivoire, was formerly popular but importers report having difficulty obtaining assurances required for EUTR compliance.

Meranti is still popular in UK window and door manufacturing, although wide variation in the density of meranti supplied has been an increasing issue for some importers and manufacturers. Many merchants also stock meranti mouldings for the replacement market, including skirtings, architraves and window cill sections.

#### **Challenges, but some cautious optimism in UK**

Further insights into the status of the UK sawn hardwood market came from a webinar organised by the London Hardwood Club in early June, featuring speakers from the UK tropical import sector alongside American and European hardwood producers.

The event, which attracted 48 participants, covered pandemic impacts, species supply and demand trends, UK market acceptance of further processed hardwood products and market outlook.

Despite the COVID 19 lockdown measures, in place now in the UK for nearly two months, there are some more positive signs emerging in the UK hardwood market. Several seminar participants said that the market remained 'some way off the norm', but that business was picking up.

"At the start of the Covid-19 lockdown we were looking at the sharp end of doing very little at this point and in April sales were down 60-65%," said one importer.

"But through May into June we've seen renewed activity and we're now back to around 60% of normal levels."

Another said they had gradually upped activity: "We closed for two or three weeks, but now we've got 50% of staff working. We don't see sales returning to 100% in the near future, but we hope to have all our people back by the end of the government furlough programme in October."

Focusing on West African supply, Guy Goodwin of NHG said that, bar a temporary shutdown in Ghana, the pandemic had not to date significantly hit production. Prices for red hardwoods also remained firm, underpinned by renewed buying in China and Vietnam.

Mr Goodwin anticipated mills 'in the tiers below mainstream producers' being most affected by wider contraction in demand, leading to some price cutting. Cancelled orders had also seen some 'distressed parcels' coming on to the market.

However, he did not anticipate the tropical price slump and capacity contraction seen after the 2008 economic crash. "Mills learned the lesson from that and became more cautious and reactive to the market situation, so there's less over-production," he said.

"Also, many concession holders are at the end of 25-30-year harvest cycles, so forest being worked is less rich in commercial species. We expect this to keep prices firm, particularly for kiln-dried, certified, EUTR-compliant timber."

For the European hardwood supply sector, Alex Boisson of Italian-based oak producer Florian Group, said the pandemic had reduced demand internationally and the outlook was uncertain.

The Asian market was particularly hard hit and overall the post-pandemic so-called 'new norm' had yet to take shape. "Business is moving, but not as we knew it," he said. "Requests are day to day."

Florian had faced mill operational challenges due to COVID-19, but its key concern was the three month shutdown in harvesting in Croatia and Hungary, where it also has mills in addition to those in Italy and France. Resulting tight supply was underpinning log prices, which, Mr. Boisson forecast, would lead to lumber price inflation, despite demand levels.

He also said that it was imperative to develop the market for the 'central part of the log'. Hardwood sawmills need to sell lumber from the entire thickness and grade spectrum of the log, both to turn a profit and avoid finished stock build up and associated bottlenecks and overheads.

Demand for lower grade European lumber had been hit by the pandemic, notably in South East Asia and this compounded the effect of deterioration in European raw material quality.

"In the last 10- 15 years European logs have declined in quality and diameter," said Mr. Boisson. "Previously the resource was yielding 30% A quality logs. Today that's down to 15-20%. We increasingly need to be creative and find an outlet for lower grades, perhaps through modification, or engineering and new applications. It's key to how we survive as sawmills."

On the UK, Mr. Boisson said there was more hardwood stock on the ground than elsewhere in Europe, the consequence of 'excess buying' prior to lockdown, with importers hedging against anticipated logistical problems.

The market, he added, was also historically more resistant than European neighbours to value-added, further processed products. By contrast, German window producers, for instance, tended to use fingerjointed and laminated hardwood exclusively.

This sentiment was echoed by a UK timber importer who noted that "UK end users are conservative. They're wary of anything new and not particularly fashion-led." However, there were signs of UK end users coming around.

Mr Boisson commented that "five years ago, our engineered exports to the UK were zero. Today they comprise 25% of the total. We expect the trend to continue and that we'll be selling less solid, thick lumber to the market."

Speaker Dennis Mann, export sales manager of Baillie Lumber, a leading US hardwood exporter, emphasised that the poor prospects for lower grades was also a major issue facing the American hardwood industry. "Our key challenge is what to do with the centre of the log. Right now, there's just no home for sleepers, cants, truck deck flooring, pallet timber, or chips for paper mills," said Mr Mann.

"A lot of these products are tied in with transportation of goods and as that's significantly reduced, so has demand."

Mr. Mann suggested that as economies emerge from pandemic lockdown more widely, this industrial lumber logjam should gradually ease, but the timescale was uncertain and, while unresolved, it could cause further problems.

Difficulties in moving lower quality material inevitably impact supply of better grades and Mr Mann predicted tightening supply in 1.5-2" and thicker white oak in coming months.

Turning to the UK, Mr. Mann said it had not only remained the U.S. hardwood sector's biggest European market, and fourth biggest export market overall, it was also among its most consistent. Its annual U.S. imports averaged around \$83 million for the last four years, comprising 75-80% white oak, tulipwood and walnut.

One question from a webinar participant was on future supply of American ash given the emerald ash borer infestation. Mr Mann responded that there were still areas of pest-free forest, particularly away from roads. "Ten years ago we thought it would all be gone by now," he said.

"Today we estimate there's still another three to five years supply of viable, unaffected timber."

Mr. Mann was also asked about U.S. supply of FSC-certified and said demand for it was mainly from the UK. "FSC requests are 90- 95% UK, with inquiries monthly. From elsewhere we'll get two or three every few months."

One importer saw increasing prospects for modified temperate hardwoods to widen applications for less durable material. "We've done a number of successful projects in thermally modified U.S. tulipwood, with another significant one in the pipeline," they said. "We think it's got a good future."

#### **UK still in lockdown while rest of Europe eases restrictions**

Lockdown measures in the UK, one of the nations most affected by COVID-19, are being eased but more slowly than elsewhere in Europe. Strict social distancing is still in place, with restrictions on the numbers of people that can meet from separate households. People who can work from home should continue to do so "for the foreseeable future".

UK workplaces may only open if made safe for staff, with more cleaning, staggered working shifts and, for office workers, no hot-desking. Most people entering the UK - including British citizens - must self-isolate for 14 days. UK citizens are strongly advised not to travel abroad. Most schools are still closed.

In continental Europe, lockdown measures are being lifted cautiously, in phases. Businesses are reopening and many children are back in school. Many of Europe's internal borders will be open again from mid-June and there are hopes that external borders will be lifted from 1 July.

Germany began reopening shops in April. In early May control of lifting the lockdown was handed to the 16 federal states. But Chancellor Angela Merkel stressed that an "emergency brake" will be applied anywhere that sees a surge in new infections.

Italian lockdown restrictions were eased from early May and people are now able to travel for longer distances, as well as visit their relatives in small numbers. On 3 June, Italy unilaterally reopened its borders and ended regional travel restrictions.

In France, restrictions began to ease on 11 May, and phase two of the easing began on 2 June, including an end to a 100km (62-mile) travel limit. Nearly all of France is now in a so-called "green zone", where restrictions can ease faster. Paris has moved from a red to an orange zone.

Belgium, the world's worst affected country in terms of the number of deaths per head of population, entered a third phase of deconfinement measures on 8 June, with the reopening of hotels, bars and restaurants, extended social life and eased tourism restrictions.

The Netherlands imposed a far less strict lockdown than neighbouring countries. Prime Minister Mark Rutte unveiled a five-phase plan for easing lockdown restrictions, which kicked in from 11 May and is now well advanced.

On 1 June, Spain moved into a second phase of the planned removal of lockdown for 70% of Spaniards. However, Madrid, Barcelona and some other regions continue under tighter phase-one restrictions. The state of emergency is to end on 21 June, restoring freedom of movement.

Portugal, which has had fewer coronavirus cases and deaths than some other south European nations, is now near the end of a three-phase plan announced on 4 May to reopen different sectors of the economy every 15 days.

Greece, another country so far less affected by the pandemic, has been relaxing lockdown measures since 28th April and has declared that the tourist season will start on 15 June, with the opening of seasonal hotels on the same day.



Poland is due to open borders with other EU countries on 13 June, lifting restrictions, mandatory quarantine, and border controls for EU nationals who will be free to travel and transit through the country. Fitness clubs, cinemas, theatres, and amusement parks, which have remained closed for two months, were allowed to open from 6 June.

#### **OECD predicts UK to suffer largest economic downturn**

The UK is forecast to suffer the worst recession of the world's 37 rich nation economies as GDP shrinks by up to 14 per cent this year and one in ten workers are left unemployed. In its latest global forecasts, the Organisation for Economic Cooperation and Development (OECD) ranks the UK alongside France, Italy and Spain, saying that all four countries will lose more than a tenth of national output to the pandemic in 2020.

The OECD modelled two scenarios. The first assumes that the virus recedes and the second models a second spike in the final three months of the year.

A second spike is judged by the OECD to be just as likely as the virus remaining under control.

In the benign scenario, the UK suffers the deepest recession of all OECD members, just ahead of France, as the economy shrinks by 11.5% in 2020 and unemployment jumps to 9.1% from 3.9% at the last official reading.

In the double hit scenario, Spain and France fare slightly worse as UK GDP falls 14% and unemployment climbs to 10.4%. Germany and the US shrink by just short of 9% in the worst case scenario. All countries recover some of the lost ground in 2021, with catch-up growth under both scenarios.

#### **Sharp decline in European construction continues in May**

Although the headline figures from IHS Markit Construction Purchasing Managers Index (PMI) for the eurozone and UK in May were better than in April, they still indicated a steep decline in construction activity. For the eurozone, the PMI rose to 39.5 in May, up from a record low of 15.1 in April (a score below 50 indicates contraction).

Survey data showed Germany and France recorded a third straight month of decreasing construction output in May, although the decline slowed markedly amid easing lockdown measures. Italy posted a marginal rise in construction activity in May following a collapse in April.

Business expectations among eurozone building companies remained negative in May, with the Future Activity Index coming in below the neutral 50.0 level for a third straight month.

Concerns were linked to the longer-term impact of the COVID-19 pandemic on construction activity. Germany and France both reported a negative outlook, while Italian business sentiment turned positive for the first time in three months.

The UK construction sector also suffered one of its worst results in May since the PMI surveys began as building work was grounded by the pandemic and lockdown measures. Construction firms fear a recession and postponement of new projects in the next year despite a gradual reopening of sites in May.

The IHS Markit/CIPS UK Construction PMI registered at 28.9 in May, picking up from the record low of 8.2 in April. Around 64% of the UK survey panel reported a drop in construction activity during May, while only 21% signaled an expansion. Growth was attributed to a limited return to work on-site following shutdowns in April due to the coronavirus outbreak.

As in the eurozone, UK building companies remained downbeat about their prospects for the next 12 months. Recession worries and fears of postponements to new projects were commonly reported.

Throughout the eurozone and in the UK, construction supply chains remained under severe pressure in May, with delivery times continuing to lengthen at the second-quickest rate in the PMI series history.

Anecdotal reasons suggested logistical bottlenecks, material shortages at distributors and limited supplier capacity due to social distancing rules.

### **North America**

#### **Strong employment results**

The U.S. Department of Labor reported that the U.S. economy gained 2.5 million jobs in May, the first time it has added jobs since February, as hundreds of thousands of workers flooded back to work in restaurants, health care and construction with the reopening of several states in mid-May.

The May unemployment rate dropped to 13.3% from 14.7%. The positive news was complicated by the fact that the Bureau of Labor Statistics said it had misclassified data in May, as it had in April and March.

Without the error, the unemployment rate would be higher: 16.3% for May, down from 19.7% for April, the agency said.

Both the news and extent of this misclassification has further split policymakers over what the federal government should do next.

Some conservatives are arguing the report shows the recovery now has the momentum to sustain itself, while other Republicans, including President Trump, insist the economy will need additional government support.



### **Steep April decline in trade**

The U.S. trade deficit hit the highest level in eight months in April. Exports and imports both posted record monthly drops as the coronavirus pandemic smothered trade activity.

The gap between what the U.S. sells and what it buys abroad jumped to US\$49.4 billion in April, up 16.7% from US\$42.3 billion in March and the highest level since last August, the Commerce Department said Thursday.

April exports fell 20.5% to US\$151.3 billion, and imports dropped 13.7% to US\$200.7 billion. April's import and export levels were the lowest in 10 years.

Total trade, exports plus imports, dropped 16.7% in April from March and 24.8% from April 2019. Exports are down 9.5% so far this year, and imports have fallen 10.2%.

### **Sawn tropical hardwood imports rose in April**

U.S. imports of sawn tropical hardwood continued to recover in April, rising a robust 39%. However, the 18,034 cubic metres imported is still over 20% less than that imported in April 2019. Year-to-date imports are down 37%.

Imports from Ecuador fell below 1,000 cubic metres for the first time in more than a decade and trail 2019 by 75% year-to-date.

Imports from Brazil grew sharply for the second straight month, but still trail 2019 year-to-date totals by nearly 30%. Imports from Indonesia more than quadrupled in April and are ahead by 31% year-to-date.

Imports of Jatoba continued to bounce back sharply in April, more than doubling in volume from March to a level nearly 20% higher than that of the previous April.

However, Jatoba imports still trail last year's volume, down 12% year to date. Sapelli imports also more than doubled in April, rebounding to a level slightly better than April 2019. Balsa, Keruing and Acajou d'Afrique imports all continued to fall in April, with Balsa now down 75% in year-to-date volume.

Canadian Imports of tropical hardwood, which had been up for the year through March, fell by 35% in April and are now down 4% year to date. Imports from the United States more than tripled in April, bouncing back from the worst month in nearly four years.

### **Hardwood plywood and veneer imports steady**

U.S. imports of hardwood plywood grew by less than 1% in April, holding at a level 14% higher than the volume of a year ago.

Imports from China more than doubled in April after a very weak March, but remain down by more than 50% year-to-date. Imports from Vietnam rose by one-third in April and are now up 43% year-to-date.

Imports of tropical hardwood veneer also held steady in April, rising by 2% after bouncing back strongly in March. While imports from Italy were down sharply in April, the loss was made up by large increases from India, China, Ghana, and Cote d'Ivoire. Total imports remain behind 2019 by 29% year-to-date.

### **Hardwood flooring imports dip**

U.S. imports of hardwood flooring fell by 14% in April to its lowest level in three years. While imports in this area did not see any distinct monthly plunge due to the global pandemic, hardwood flooring imports have eroded and are now down 28% year-to-date from last year.

Imports from China and Brazil bounced back after extraordinarily poor numbers in March. Imports from Malaysia fell 64% in April and are down by 65% year-to-date.

Imports of assembled flooring panels also were down by 14% in April. Imports from Canada were down by 50% and are now just 3% up from 2019 totals year to date.

Imports from China also rebounded in this sector. But while April imports from China were up by 167% in April, they remain down by 35% year-to-date.

Imports from Indonesia are likewise down by about one-third for the year despite a 24% rise in April. Total U.S. imports of assembled floor panels are down 5% year-to-date through April.

### **U.S. moulding imports - another slight gain**

U.S. imports of hardwood mouldings showed a small gain for the second straight month, rising 6% in April. Imports from Canada fell by 39%, while imports from other trading countries all rose, especially China, where we saw a 69% gain.

Year-to-date imports are down 12% overall with imports from Brazil down 55% year-to-date.

### **Residential furniture orders dive**

As expected, the COVID-19 pandemic impacted new residential furniture orders, which dropped 29% in March compared to the same period a year ago, and 23% from February.

"As we suspected last month, the results for March would not be very pretty and the actual results were not," said Ken Smith, managing partner at Smith Leonard in the latest Furniture Insights survey of manufacturers and distributors.

Year-to-date new orders declined 8% over 2019, the analyst and consulting firm noted. About 87% of the respondents reported decreased orders in March.

The May 2020 report shows March shipments fell 11% compared to 2019 figures. The March decline caused year-to-date shipments to drop 4% for the year with 59% reporting declining shipments, Smith Leonard reported.

"The decline in shipments was not as severe as the decline in orders as participants were working off backlogs so shipments were sustained in some cases, though backlogs also were down due to cancellations as well," Smith said.

Backlogs fell 16% from February and were down 8% compared to March 2019. Receivable levels in March were down 5% compared to 2019 figures. Inventory levels were almost even with February 2020 and up 1% over March 2019.

Advance reports for retail sales in April noted a 16.4% drop from March and a decline of 21.6% from 2019 figures, with sales at furniture and home furnishings stores down 66.5% compared to April 2019.

See:

<https://www.woodworkingnetwork.com/news/woodworking-industry-news/residential-furniture-orders-dive-29-march-smith-leonard>

**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.**

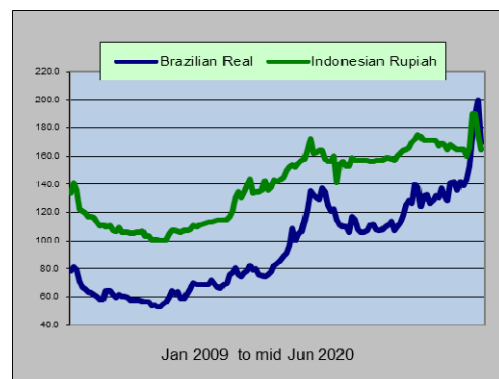
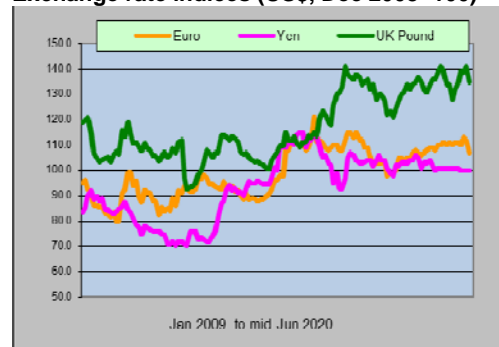
**The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.**

## Dollar Exchange Rates

As of 10th June 2020

Brazil	Real	4.9732
CFA countries	CFA Franc	576.66
China	Yuan	7.061
EU	Euro	0.8789
India	Rupee	76.768
Indonesia	Rupiah	13980
Japan	Yen	107.12
Malaysia	Ringgit	4.2515
Peru	New Sol	3.36
UK	Pound	07846
South Korea	Won	1190.79

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

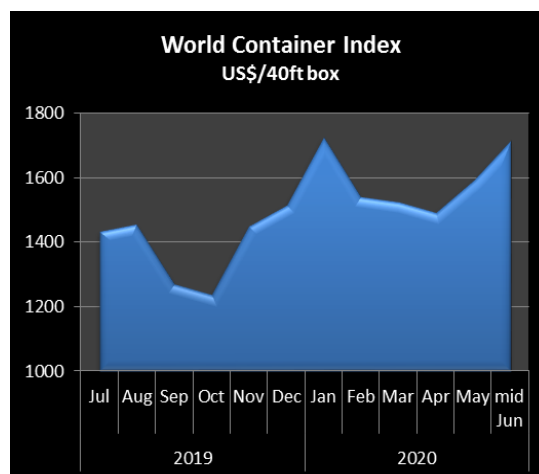


## Abbreviations and Equivalences

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

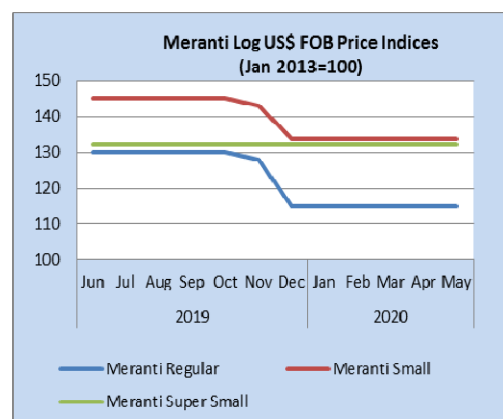
July 2019 –mid June 2020



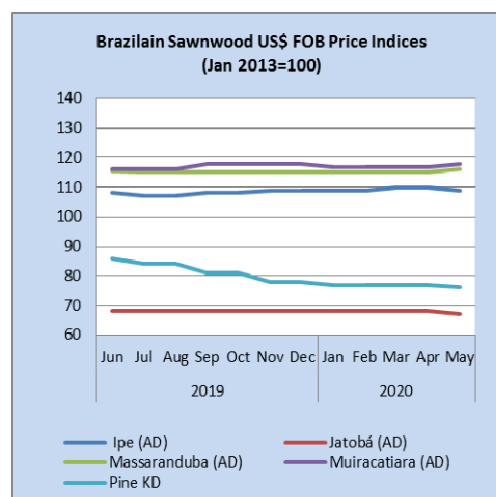
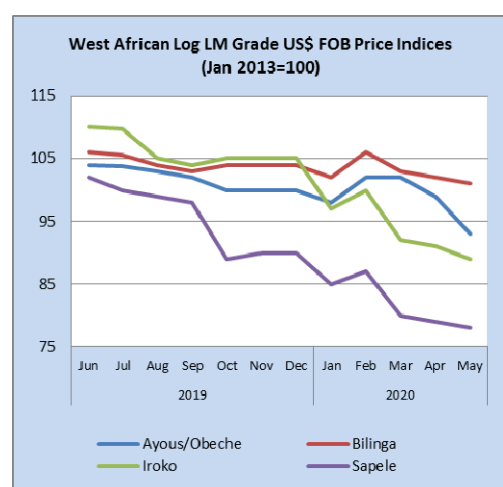
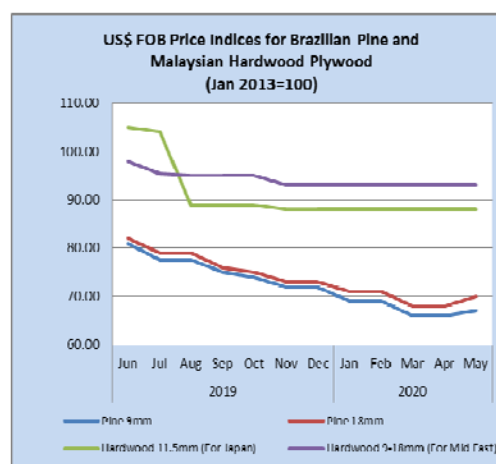
Data source Drewry World Container Index

## Price indices for selected products

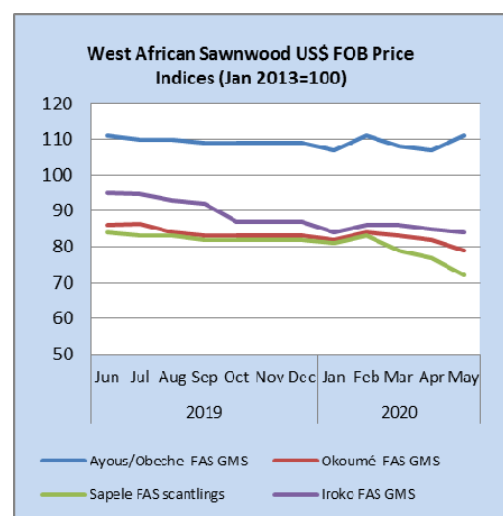
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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