

Tropical Timber Market Report

Volume 24 Number 21 1st – 15th November 2020



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

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Top story

Brazil - Domestic demand recovering and exports of wood products rising

At the beginning of the pandemic there were forecasts of reductions in domestic demand and exports, notably of solid wood products. The expectation was for a decline in domestic and international demand for all forest products throughout 2020 and into 2021.

After six months and with the pandemic affecting 30 million people, the situation was markedly different. The Brazilian domestic market was already showing signs of recovery and exports of most wood products had increased.

See page 11

Central and West Africa

Unlicensed mobile mills increase operations

Continual heavy rain has been reported in many places in the region. At this time of year in Cameroon it should be dry but the unseasonal rain has added an extra challenge for mills which already have the coronavirus to deal with. Recently Libreville was badly flooded. Many mills are struggling to maintain production.

It has been reported that unlicensed mobile mill operators in Cameroon have increased illegal operations as surveillance has been disrupted by the pandemic control measures. While most of the timber is for the local market there is a risk that some may feed into export shipments.

A recent study by the United Nations Economic Commission for Africa (ECA) says Cameroon's private sector is currently ill-prepared to benefit from opportunities offered by the green economy but that government action could turn this around.

The "Study on Leveraging the Potential of the Private Sector to Stimulate Green Growth and Job Creation in Cameroon" explores five sectors in which both government and the private sector should focus such as energy, agriculture, and manufacturing, waste treatment and forest resource management.

"With its forest cover estimated at 22.5 million hectares, including 17 million hectares of dense and humid forests, representing the second largest forest in Central Africa after the Democratic Republic of the Congo, Cameroon, through its dynamic private sector, must turn resolutely towards responsible exploitation and the preservation of its natural resources" said Antonio Pedro, Director of ECA's Central Africa Office during the report reviewing exercise.

See: <https://allafrica.com/stories/202010141072.html>

In related news, according to media reports the Cameroon Ministry of Finance has indicated forestry companies operating in the country hid a total of XAF38.5 billion revenues from the tax administration between 2018 and 2019.

The October 2020 report says hidden revenue included the difference between the turnover they declared and the FOB value of their exports as well as the annual forestry tax they did not pay.

See: <https://www.businessincameroon.com/public-management/0411-10986-cameroon-forestry-companies-hid-xaf38-5-bln-from-the-tax-administration-in-2018-2019>

Regional snapshot

In Congo, as elsewhere, the weather is disrupting production and transportation. As sawnwood shipments have fallen there has been a corresponding impact on log export quotas. Recently there have been reports of lay-offs by some mills.

The markets for West African wood products in Europe are stable but quiet with few price movements. On the other and demand from Middle East buyers is firming and there has been interest in some new timbers such as andoung and gheombi in addition to the popular red timbers.

Demand in the Philippines is said to be picking up and order volumes are rising which is encouraging but prices have not improved. Belli, tali, okan, and sapelli remain popular in China and Vietnam but interest in ayous and okoume appears to have declined.

Wood product imports to be discouraged

In related news, the Cameroon Ministry of Finance will introduce regulations to discourage the imports of goods that can be produced in Cameroon, particularly wood products.

It has been suggested that the duty on imported furniture and some wood products could be raised to 25%. According to the Ministry Cameroon spent CFA190.6 billion to import wood products in the first quarter of this year. To encourage domestic manufacturing the tax burden may be eased.

See: <https://www.businessincameroon.com/public-management/3010-10967-cameroon-plans-to-increase-excise-duties-to-reduce-the-imports-of-forest-products>

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	280	280	-
Bibolo/Dibétou	215	215	-
Bilinga	275	275	-
Iroko	300	280	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	220	220	220
Moabi	350	350	275
Movingui	180	180	-
Niove	160	160	-
Okan	200	200	-
Padouk	250	230	200
Sapele	260	260	200
Sipo/Utile	260	260	230
Tali	300	300	-

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	440
Bilinga FAS GMS	540
Okoumé FAS GMS	460
Merchantable	310
Std/Btr GMS	320
Sipo FAS GMS	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

Award for GSEZ

It has been reported that Gabon's Special Economic Zone (GSEZ) in Nkok was recognised as one of the best sites in the region for added value production. Analysts point out that of the enterprises in the Zone 25 produce plywood veneers and there are just 3 companies producing furniture.

Some exporters have complained that container stuffing by SNBG in the Nkok Zone is slow. To address this some Chinese veneer producers have brought in their own handling equipment fearing export shipments could be delayed or there could be short-shipments.

It is rumoured that the Ministry of Forests in Gabon is considering regulations that would require all sawnwood export shipments to pass through the GSEZ and be handled by SNBG. This has raised concerns among industry as the SNBG has, in the past, suffered poor management and bankruptcy.

Private sector plantation opportunities

On 28 October ATIBT arranged a webinar "Plantation and Agro-forestry – Innovative Opportunities for the Private Sector, Congo Basin and Cote D'Ivoire.

See: <https://www.atibt.org/en/news/12879/atibt-webinar-october-28-2020-plantation-and-agroforestry-innovative-opportunities-for-the-private-forestry-sector-congo-basin-and-cote-divoire>

Replay at: <https://www.youtube.com/watch?v=07Dm9HiwAPI>

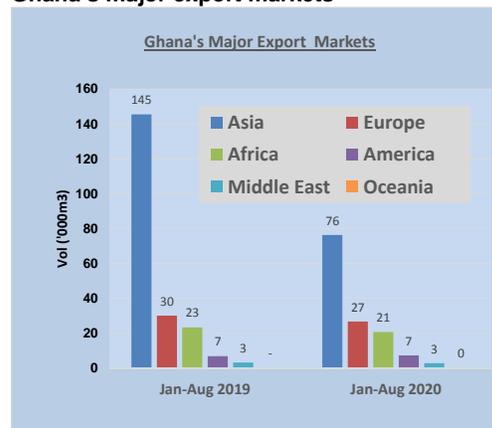
Ghana

AfCFTA to create export opportunities for timber sector

As Ghana prepares for the Africa Continental Free Trade Agreement (AfCFTA) to enter into force the government has initiated stakeholder consultations aimed at informing and sensitising the private sector on their role and the benefits of the initiative.

African countries are Ghana's third largest wood export market destination and accounted for 16% of timber exports in 2020.

Ghana's major export markets



Data source: TIDD, Ghana

The regional market for plywood is the largest and exports are mainly transported by road to neighbouring countries, most of which are members of ECOWAS. Some sawnwood and the veneers are exported to Egypt, Morocco and Senegal. Product prices in the ECOWAS market average around Eur340/cu.m compared to Eur510/cu.m the average of all markets.

When AfCFTA becomes operational early next year it is expected that Ghana could capitalise on the continental African market to increase wood product exports.

In related news, the Association of Ghana Industries (AGI) has partnered its members with the Ghana Standard Authority (GSA) to train and build their capacities in business advisory support on standardisation, certification of products and establishing an e-platform for members in readiness for AfCFTA. This initiative aims to help industry make informed business decisions in order to take advantage of the full potential of the Agreement.

Concessionaires benefit from SFM training

About 40 concession holders from selected forest districts in four timber producing regions of southern Ghana are to benefit from a timber legality training programme in support of sustainable forest management.

The Nature and Development Fund (Ghana) will organise the training in collaboration with the FAO-EU FLEGT Programme which targets concession holders who do not have their own processing mills.

The training forms part of programmes aimed at ensuring the private sector forest operators follow the legal and health and safety requirements of the Ghana Logging Manual and Ghana's Timber Legality Assurance Systems (GhLAS).

See: <https://ndfwestafrika.org/ghanaian-concession-holders-to-receive-training-on-legality-and-health-and-safety-standards/>

Businesses to benefit from loan guarantee scheme

The Ghana Government plans to create a Ghc2 billion loan guarantee scheme after consultation with some financial institutions which would ensure businesses have access to loans and can borrow at affordable rates.

This news came to light when the Minister for Foreign Affairs met the newly elected executives of the Ghana Chamber of Commerce. This has been widely welcomed at a time when businesses, including the timber industries, are suffering from the negative impact of Covid-19.

Ghana's timber exports in the first half of this year were almost 40% below that in the same period in 2019. When implemented the scheme will provide a means for the private sector to secure financial support which, it is anticipated, will encourage greater investment.

In related news, the GH¢100 billion Ghana COVID-19 Alleviation and Revitalisation of Enterprise (CARES) will be launched with the aim of reviving the economy.

See:

<https://www.ghanaweb.com/GhanaHomePage/business/Government-to-set-up-GH-2-billion-Guarantee-Scheme-for-businesses-Minister-1105621>

Businesses optimistic of recovery

Ghanaweb has reported on a business survey conducted by the Association of Ghana Industries (AGI) which reports the majority of Ghanaian businesses are optimistic of recovery from the pandemic by the middle of 2021. Specifically 80% of firms expect to recover by June 2021 with about 40% being even more optimistic of recovery.

A Ghana Statistical Service survey also found that of about 30,000 businesses which signalled an intention to cease operations in an earlier survey more than half have found that the government stimulus and support measures have provided sufficient support allowing them to continue in business.

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	540
Niangon Kiln dry	660

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	325	440
Chenchen	540	631
Ogea	443	590
Essa	543	678
Ofram	350	435

Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	875
Avodire	745
Chenchen	1,024
Mahogany	700
Makore	799
Odum	667

Export plywood prices

Plywood, FOB BB/CC	Euro per cu.m		
	Ceiba	Ofram	Asanfina
4mm	343	580	641
6mm	412	535	604
9mm	377	446	560
12mm	516	476	480
15mm	450	338	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 FAS 25-100mm x 150mm up x 2.4m up	Euro per cu.m	
	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	465	564
Ceiba	404	600
Dahoma	400	573
Edinam (mixed redwood)	520	583
Emeri	540	590
African mahogany (Ivorenensis)	886	974
Makore	740	910
Niangon	620	656
Odum	649	1,211
Sapele	720	800
Wawa 1C & Select	426	436

Malaysia

Inter-state and inter-district travel prohibited as infections spread

Most of Malaysia has been placed under a Conditional Movement Control Order (CMCO) as cases of Covid 19 are increasing. The Ministry of Health has reported an increase in positive cases as well as the rate of infections in Kedah, Penang, Perak, Negri Sembilan, Melaka, Johor and Terengganu.

The East Malaysian states of Sarawak and Sabah are also under CMCO. Inter-state and inter-district travel is prohibited and the CMCO will last a month in Peninsular Malaysia and two weeks in East Malaysia.

Furniture sector to generate higher earnings in the second half of the year

The furniture sector has managed to perform well despite the pandemic and has attracted the attention of analysts. The furniture sector is the subject of a recent report. Malaysia's furniture industry is expected to generate higher earnings in the second half of the year as it can take advantage of the US-China trade tension and demand for work-from-home furniture. Since the US imposed additional tariffs on Chinese goods, Malaysia's furniture exports to the US have risen.

See: <https://www.thestar.com.my/business/business-news/2020/11/04/furniture-industry-outlook-sturdy-in-second-half-on-pent-up-demand>

Advancing industrial tree plantations

A two-day seminar themed ‘Advancing Sustainable Forestry through Aggressive Industrial Forest Plantations’ was held in Miri, Sarawak. It involved some 200 participants who represent various government departments and agencies, institutions of higher learning and License for Planted Forests (LPF) holders.

The seminar had four plenary sessions; Development in International Forest Plantations, Development of R&D in Sarawak, Community Involvement, Technology and Certification and Potential Industrial Tree Species.

The event also attracted ‘virtual participants’ from Sabah and Peninsular Malaysia. Four virtual presentations from China, Indonesia and Sabah were broadcast via Zoom.

The Sarawak Forestry Department Director, Hamden Mohammad, said the establishment of plantations to be advanced quickly and that R&D will be strengthened and advanced technologies will be identified and promoted to ensure productivity and profitability of investments in plantations.

In related news, the Chief Minister of Sarawak called upon all companies holding Licenses for Planted Forest (LPF) to not work in isolation but to share their experiences for the betterment of industrial plantation development in Sarawak.

See: <https://www.pressreader.com/malaysia/the-borneo-post/20201105/281539408471731>

Sabah exports falling

The Sabah Statistics Department has released export data for the first eight months of the year for the state showing in the first eight months of 2020, Taiwan P.o.C was the biggest buyer of sawnwood, Japan was biggest buyer of mouldings and South Korea was the biggest buyer of veneer sheets and plywood.

For the same period in 2019 China was the biggest buyer of sawnwood, Japan was the biggest buyer of mouldings, the Philippines was the biggest buyer of veneer sheets and Japan was the biggest buyer of plywood.

	Jan-Aug 2019 cu.m	Jan-Aug 2020 cu.m
Sawnwood	77,642	41,704
Mouldings	7,273	6,256
Veneer	20,913	14,235
Plywood	254,946	180,698

Source: Sabah Statistics Dept.

MTC gets new CEO

A press release from the Malaysian Timber Council has announced the appointment of Muhtar Suhaili as the new Chief Executive Officer of the Malaysian Timber Council (MTC) effective 1 November 2020.

Muhtar, who has a Master’s degree in Petroleum Technology from Curtin University of Technology, Australia and a Bachelor’s degree in Mechatronics Engineering from the International Islamic University of Malaysia (IIUM), is currently pursuing his Doctoral Degree (PhD) in Business Administration.

Prior to joining MTC, Muhtar was the Lead Project Engineer in Shell Malaysia where he worked for 15 years and with Perodua Auto Corporation Sdn Bhd prior to that. He is also the Chairman of Malaysian Palm Oil Certification Council (MPOCC).

See:
http://www.mtc.com.my/images/media/741/MTC_Press_Release_on_New_CEO.pdf

Indonesia

Furniture and handicraft exports to US and EU beat expectations

Indonesia continues to see growth in wood product exports to the US despite the impact of the global pandemic. The Minister of Environment and Forestry has indicated that exports to the US rose around 16% year on year in the period January to October 2020.

The good performance of Indonesia’s wood products sector is not confined to exports to the US as January to October exports to the EU were also higher by around 10% year on year.

Indroyono Soesilo, Chairman of APHI (Asosiasi Pengusaha Hutan Indonesia), applauded the changes in tax and non-tax regulations introduced by the government in order to contribute to increasing exports.

For example the government has lowered the export duty on exports of from 15% to 5%. In addition to relaxing tariffs, the government has adjusted regulation and duties on processed merbau, white meranti and yellow meranti.

See:
<https://foresthints.news/forestry-exports-to-us-retain-positive-growth-despite-covid-19/>
and
<https://ekonomi.bisnis.com/read/20201025/9/1309487/ekspor-veneer-kini-hanya-dikenakan-tarif-5-persen>

The Furniture and Handicraft Association has indicated that output from the furniture sector is recovering despite the ongoing impact on demand of the pandemic. This is in contrast to the situation in the first quarter of the year when orders collapsed.

Regina Kindangen from HIMKI said that the Association members appreciated the stimulus measures provided by the government to SMEs in the home decor and furniture sectors.

Regina continued saying SMEs are currently experiencing better times even though Indonesia is experiencing economic recession as it sees consumers in the importing countries have a high degree of willingness to spend on furniture and handicrafts. The domestic sector should get a boost from adoption of the Omnibus Law through which the government intends to reduce imports of goods that can be made domestically.

See: https://bisnis.tempo.co/read/1400365/pandemi-global-mulai-terkendali-kinerja-ekspor-industri-mebel-pulih?page_num=2

and

<https://ekonomi.bisnis.com/read/20201029/257/1311072/industri-mebel-dan-kerajinan-mulai-siuman>

In related news, the Ministry of Trade has set a benchmark export price for processed meranti wood products. This determination was made after the Ministry of Finance amended export duties for certain dimensions of meranti. Details are in Ministry of Trade Regulation Number 86 of 2020.

See: <https://bisnis.tempo.co/read/1399872/mendag-tetapkan-harga-patokan-ekspor-kayu-olahan-meranti/full&view=ok>

Panel sector hard hit by pandemic

The Indonesian Wood Panel Association (Apkindo) has said the Indonesian wood panel industry has been hard hit by the impact of the pandemic and forecasts that production this year will be down by nearly a quarter. Panel production in the first nine months of the fell 24% to 2.35 million cubic metres. Adding to the concern of Apkindo is the decline in export prices.

Gunawan Salim, speaking for Apkindo, noted the pandemic and heavy rains which disrupted harvesting and log transport drove down production levels. He suggested the pandemic will continue to impact production and demand throughout the second half of this year. Demand for wood panels, especially in the traditional Japanese market, has been trending down.

Another trade investigation may open door for Indonesia

The US government is currently conducting an investigation of Vietnamese wood product exports and the Indonesian Ambassador to the US, Muhammad Lutfi, said this was a good opportunity for Indonesian exporters to expand market share in the US.

The Ambassador reported that the Indonesian Embassy in Washington had created a mechanism to bring together US importers and Indonesian exporters.

See: <https://rmco.id/baca-berita/ekonomi-bisnis/52914/indonesia-lirik-ekspor-kayu-ke-as>

Take advantage of GSP says Minister

The extension of the Generalised System of Preferences (GSP) facility announced by the US government in October is expected to drive increased rattan product exports to the US according to the Minister of Trade, Agus Suparmanto.

Indonesian rattan product exports in the first 8 months of this year reached US\$357 million a decline of 4% compared to the same period in 2019. The main export markets are the US with an export share of 41% followed by the Netherlands (8%) and Germany (7%).

See: <https://www.validnews.id/GSP-Diharap-Geliatkan-Ekspor-Rotan-SSS>

In related news the government is urging SMEs to take advantage of the GSP facility to increase exports to the US. The Minister of Cooperatives and SMEs, Teten Masduki, said the extension of the GSP facility by the US comes at a time when Indonesian SMEs need all the help they can get.

The Ministry will assist with international certification support including product certification by the US Food and Drug Administration (FDA) and the US Ministry of Agriculture. It will also offer incentives for SMEs whose products qualify for the GSP.

See: <https://nasional.kontan.co.id/news/pemerintah-dorong-umkm-manfaatkan-fasilitas-gsp-tingkatkan-ekspor-ke-as>

Myanmar

Continuing impact of COVID-19

The economic impact of the second wave of the COVID-19 pandemic has been more severe on Myanmar businesses than the first wave, according to the latest World Bank survey of the private sector. The survey, the fourth in a series of eight planned, was conducted in September and covered 500 firms.

Despite COVID-19, domestic investments for fiscal 2019-20 were more than Kyat 1.88 trillion, which is around Kyat 200 million higher than in the previous fiscal year. Approval was given to over 130 Myanmar businesses to invest in nine sectors during the period. The Bank report says in fiscal 2019-20, over 23,000 jobs were created as a result of Myanmar domestic investments.

Revenue rates for private plantation and community forest logs

The Forest Department has announced revenue rates (royalty fees) for the logs, posts and poles harvested from plantations and community forests. Teak and padauk logs attract the highest rate at 1500 Kyats (About US\$1.15) per cubic ton and for other hardwoods rates are as low as 3-500 Kyats per cubic ton. The rate for logs from community forestry is chargeable at double the rate for plantation logs.

Data release in transparency push

The Ministry of Natural Resources and Environmental Conservation (MONREC) website provides information on the conservation, forest governance and trade data for the past 5 years.

According to the information on the website there are 79,151 acres of private plantations, 111,490 acres of state-owned plantations and 519,250 acres of community forests. In addition, 1,292,486 trees have been replanted in the past three years.

From the available data it can be roughly interpreted that timber industries purchased logs at a value of around US\$578 million from MTE and exported products at a value of US\$882 million.

On 12 November the Myanmar Timber Enterprise sold about 4,100 tons of Inn-Kanyin logs and the price varies from US\$500 to 735 per ton.

Japan to assist with Dawei Special Economic Zone

It has been reported that the Japanese government has offered to participate in the development of the Dawei Special Economic Zone (SEZ) according to U Myint San, Vice Chair of the SEZ management committee.

Myanmar is hoping for financial and technical support from Japan to begin construction of the long-delayed SEZ which is expected to be one of the largest in South East Asia and eight times larger than the Thilawa SEZ in Yangon.

The new SEZ will be located 20 kilometres north of Dawei, capital of Tanintharyi Region in Myanmar's southeast coast bordering Thailand.

Myanmar election

Myanmar peacefully concluded its general election on 8th November and the National League for Democracy (NLD) party secured a majority.

India

Agricultural sector could save the economy

The Indian economy was hit hard by the Covid-19 pandemic in the first half of 2020. Projections from the IMF suggest India's GDP growth is expected to contract over 10% in 2020, one of the steepest contractions among emerging markets.

But a revival could come from one of its 'invisible' and often-least report sectors, agriculture. There is a growing awareness in the country that this year's harvest will be above average because of favourable weather and this will put extra money into the hands of farmers and disposable incomes. This good news is in contrast to the situation facing companies in urban areas which are struggling to boost their sales devastated by the pandemic.

Consumer confidence sharply down

The Reserve Bank of India's consumer confidence survey in September showed that for the third consecutive month more people were pessimistic about economic prospects.

The consumer confidence index was at a record low of 49.9% in September.

The Ministry of Finance recently introduced measures aimed at lifting consumer spending but economists have questioned if the new measures can spur long-term growth. One measure which could help the timber sector is the extensive, interest free long-term loans offered by the state governments for infrastructure spending.

According to Jahangir Aziz, head of emerging markets economics at JPMorgan "What India needs right now is income support so that when the infection becomes more manageable and restrictions are lifted, consumers and businesses would have the financial stability to borrow and invest."

See:

<https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/CCS09102023E6F5FCA08F4C4BAB9F599F5D9DC754.PDF>

and

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1663722>

High freight rates and container shortage – Ministry in discussion with shipping lines

India's Ministry of Commerce recently met with representatives of container shipping lines to discuss the current container shortage and rising freight rates. This comes close behind action by the US and Chinese authorities aimed lowering record high freight rates on the trans-Pacific route.

The Federation of Indian Export Organisations said freight charges have increased between 30-50% on some routes and that disruption of container movements, which caused a shortage of capacity, was partly to blame. In the period April-September 2020 India's exports declined 17% while imports fell 35%.

See: <https://www.hellenicshippingnews.com/indian-ministry-to-meet-container-shipping-lines-oct-21-amid-calls-to-address-severe-shortage-high-rates-sources/>

Government shops not to sell imported goods

The Indian Ministry of Defense is aiming to ban the sale of thousands of imported items at its stores (Canteen Stores Department - CSD) as part of efforts to promote domestically manufactured goods under the 'Aatmanirbhar Bharat' scheme.

The CSD runs one of the largest retail store chains in India with over 3,500 stores across the country. In a government order in October the Ministry of Defense stated that meetings had been held with the three Services and with those from the CSD to advance the *Aatmanirbhar Bharat*, known internationally as the 'Made in India' movement.

Plantation teak stocks drop pushing up prices

Retail prices for wooden furniture, particularly teak items have risen by 10-15% over the past few months even as demand weakened due to the impact of the pandemic lockdown.

The Times of India quotes the president of Kandla Timber Association as saying prior to the pandemic there were around 5,000 containers of teak arriving at Indian ports but this number has fallen dramatically creating a steep drop in teak stocks.

The Times reports “the Kutch’s timber industry, India's biggest timber production hub, is facing acute shortage of teak wood after it resumed operations since the unlock.”

See:

http://timesofindia.indiatimes.com/articleshow/78004216.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Under the present circumstances it is difficult to provide a clear picture of plantation teak C&F prices. The price indications below do not reflect the changing freight rates.

Pre-pandemic prices

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 milled sawnwood

Pre-pandemic prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,000-4,200
Balau	2,500-2,700
Resak	1,800-2,000
Kapur	2,000-2,200
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

Pre-pandemic prices

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

The prices below are pre-pandemic and do not yet reflect the new freight rates.

Pre-pandemic 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

Pre-pandemic prices

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

Pre-pandemic prices

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

Vietnam signs emissions reduction agreement

The Ministry of Agriculture and Rural Development (MARD) and the World Bank (WB) - the trustee agency of the Forest Carbon Partnership Facility (FCPF) have signed an Emissions Reduction Purchase Agreement (ERPA).

The FCPF will pay Vietnam US\$51.5 million if the country fully implements its commitments, under which the north-central and central provinces of Thanh Hoá, Nghệ An, Hà Tĩnh, Quảng Bình, Quảng Trị and Thừa Thiên-Huế are to reduce CO2 emissions by 10.3 million tonnes in the period 2018-2024.

MARD must periodically report on the volume of emissions after it is confirmed by an independent international agency after which payments will be made for the purpose of developing sustainable forests and forestry land management.

Deputy Minister of Agriculture and Rural Development Hà Công Tuấn said the payment for results-based emissions reduction is part of efforts to implement the reduction of greenhouse gas emissions in line with the Reducing Emissions from Deforestation and Forest Degradation (REDD+) international framework.

See: <https://vietnamnews.vn/environment/803826/viet-nam-wb-sign-emissions-reduction-purchase-agreement.html>

Private sector commitment on development of Vietnam's timber industry

On 9 November 2020, in Ho Chi Minh City, representatives of multiple associations signed the Commitment on Sustainable and Responsible Development of Vietnam's Wood Industry. This Commitment represents a comprehensive package of actions toward sustainable and responsible development of the wood industry sector of Vietnam.

The associations that signed the commitment were; the Vietnam Timber & Forest Products Association and 7 affiliated associations, including the Vietnam Timber and Forest Product Association, the Binh Duong Furniture Association, the Handicraft and Wood Industry Association of Dong the Forest Products Association of Binh Dinh, the Handicraft and Wood Industry Association of Ho Chi Minh City, the Thanh Hoa Timber and Forest Product Association, the Vietnam Plywood Association and the Vietnam Wood Chips Association

Vietnam has emerged as a major wood and wood product producer and exporter and the private timber sector players realise that timber legality assurance across the entire supply chain is vital to business development. In September this year the government issued Decree No.102 regulating the implementation of the Vietnam – EU Agreement on Forest Law Enforcement, Governance and Trade (VPA/FLEGT).

With the signing of this Commitment Vietnamese timber enterprises have demonstrated determination to support government efforts to sustain Vietnam's position as a leading producer and exporter of wood products. The document signed commits the signatories to:

- *strictly comply with Decree No. 102/2020/ND-CP Decree (VNTLAS Decree) dated September 1, 2020 of the Government on Viet Nam Timber Legality Assurance System (VNTLAS) to assure all activities relating to importing, exporting, harvesting, transporting, buying, selling and processing of wood products are legally implemented*
- *support the Government of Vietnam in enhancing inspection and supervision of imported wood, especially tropical wood imported from risky/non-active geographic areas set out in the VNTLAS Decree*

- *request all members of the associations to strictly comply with VNTLAS Decree; absolutely not to use risky wood for manufacturing wood products to meet demands from local and overseas markets*
- *call on the corporate community to promote the use of locally planted wood and wood imported from low risk sources; priority is given to wood harvested in certified forest.*
- *promote the development of the domestic market in the direction of using legally sourced wood, enhance wood traceability, transition from risky imported wood to locally planted wood as well as that of wood products made of locally planted wood and low risk imported wood*
- *request the Government of Viet Nam to issue a public procurement policy towards completely eliminating risky wood species from public procurement, giving priority to products made of plantation wood*
- *closely collaborate with related authorities to detect, prevent and avoid commercial fraud and investment circumvention in wood industry sector, solicit transparent and responsible trade and investment operations to generate higher value for the wood sector*
- *call on the business community and relevant stakeholders to join hands in building a sustainable forestry, enhancing the protection of natural forests, conserving biodiversity, encouraging the expansion of certified forest and supporting the development of improved livelihood for forest reliant communities*

To proceed with the implementation of this Commitment, each association will develop a road-mapped Action Plan and allocate sufficient resources for its effective implementation.

These Action plans will include the following components:

- (1) Collaborate with State’s authorities to propose, counter-audit and implement related mechanisms and policies effectively;
- (2) Advocate training and provide information for member businesses, encourage business association, including links with tree growers and micro-business households from wood villages;
- (3) Coordinate with media and relevant stakeholders for long-term communication campaigns aimed at improving images of the wood industry in production, trade, markets and products development, contribute to promote the development of a responsible and legal Vietnamese timber industry and a sustainable forestry sector.

The leaders of the committed associations have reiterated their statement “WE SAY NO TO ILLEGAL TIMBER”.

As an immediate step in the implementation of the Commitment and a joint effort to overcome the severe damage caused by the natural disaster in the central Vietnam in October – November this year, the signatories have decided establish Green Vietnam Fund.

See: <https://goviet.org.vn/bai-viet/doanh-nghiep-che-bien-go-noi-khong-voi-go-bat-hop-phap-9204>

Export update

Vietnam’s wood and wood product exports increased further in October 2020. In the first 10 months of 2020 export earnings from wood and wood product exports totalled US\$9.8 billion (14% up year-on-year), while wood and wood products imports stood at US\$2.0 billion (-3% year-on-year).

At the end of October 2020 the export of wood and wood product plus non-wood forest products from Vietnam were valued at US\$ 10.3 billion.

Exports, January – October, 2020 (US\$ billion)

	30/10/2019	30/10/2020	-/+
Export			
W&WP	8.58	9.78	14%
WP	6.19	7.46	21%
NTFP	0.38	0.49	26%
Import			
W&WP	2.08	2.01	-3%
Top export markets			
			-/+
US	4.20	5.60	32%
China	0.96	0.99	3%
Japan	1.08	1.04	-3%
S. Korea	0.70	0.70	0%
UK	0.26	0.19	-28%

Source: General Department of Customs, Vietnam

Brazil

Evolving Standards for wood products

The Brazilian Association for Mechanically Processed Timber (ABIMCI) has reported significant progresses in the standardisation of timber products.

As the coordinator of the Brazilian Wood Committee (CB-31) of the Brazilian Association of Technical Standards (ABNT), ABIMCI focuses on establishing minimum performance standards for wood products with the aim of expanding market acceptance.

In October this year technical standards for sawnwood, wooden doors and wooden-frames were published. Rule ABNT NBR (Brazilian Technical Standard) No.16864 consolidates an important stage in the process of developing a standard for sawnwood which aims to establish its greater use in civil construction, in the packaging segment, for furniture and for general use.

The committee for wooden doors approved part 3 of ABNT NBR 15930 that refers to wooden doors for buildings and deals with doors with special characteristics, including requirements for acoustic door, fire resistant and accessibility.

For the wood-frame construction standard one of the main demands and expectations of the wood sector is in relation to the development of the standard for wooden houses (light wood frame).

The expectation of ABIMCI is that the national consultation, an official stage in a process for the preparation of a technical standard (NBR) that allows interested parties to evaluate the proposed contents and present suggestions/contributions will take place this year.

Operation Green Brazil extended

Operation 'Green Brazil' (Operação Verde Brasil) aimed at combating illegal deforestation and forest fires in the Amazon with support of the Armed Forces began in May 2020 and has been extended until April 2021.

The government decided to send troops to the region in order to take action against those committing environmental crimes. According to the Brazilian government, R\$ 400 million was allocated to the Operation and there is unspent funds to allow the extension.

The National Institute for Space Research (INPE) has reported that forest fires in the Amazon in 2020 have already exceeded those from the previous year. According to INPE, 89,604 hot spots were detected by satellites so far this year. In 2019, 89,176 were detected.

INPE's deforestation alert system has reported that deforestation in the Legal Amazon registered 964 sq. km in September this year, down 34% from September 2019. That follows a 27% decline in July and a 21% decline in August compared to 2019 when deforestation in the region hit the highest level since 2008.

The alerts were made by the Real Time Deforestation Detection System (Deter), which emits signals of changes in forest cover for areas larger than 3 hectares, both for areas that are fully deforested and for those in the process of forest degradation.

Domestic demand recovering and exports of most wood products rising

At the beginning of the pandemic there were forecasts of reductions in domestic demand and exports, notably of solid wood products. The expectation was for a decline in domestic and international demand for all forest products throughout 2020 and into 2021.

After six months and with the pandemic affecting 30 million people, the scenario is markedly different from that forecast. The Brazilian domestic market is already showing signs of recovery with resumption of civil construction and exports of most wood products have increased.

Although there was a drop in exports for some products, overall there was growth in the first seven months of this year. Exports of veneers stand out although export volumes are still small. However, other products such as non-coniferous roundwood exports increased 23% year on year to a record 700,000 cu.m.

International demand for wooden doors expanded over 20% with some 70% of exports going to the US. Exports of value-added products were expected to be severely impacted by the pandemic but this proved wrong. The pandemic did affect exports at the beginning of the year but the situation has changed dramatically over the past two or three months.

Comparing August 2020 with the same month in 2019 exports of tropical plywood almost doubled, pine plywood exports were up 45% and pine sawnwood exports increased 68%. However, furniture exports have not yet recovered.

This picture is totally different from that foreseen at the beginning of the pandemic when a 30% to 40% reduction in Brazilian exports of solid wood products was projected.

Source: Revista Referência Florestal (October, 2020)
<https://www.yumpu.com/en/document/read/64591979/outubro-2020-referencia-florestal-223>

Furniture exports fall even with favorable exchange rates

With less than two months left to the end of 2020, Brazilian furniture exports have not risen as in some other producer countries despite the highly favourable exchange rate which has clearly benefitted wood panel exporters. In the case of furniture, 2020 is expected to end with export earning at about the same level as in 2017, that is around US\$650 million.

Between January and September 2020 furniture exports totalled US\$465.2 million, 10% less than in the same period of 2019. The main exporters are concentrated in the southern region of the country. The states of Santa Catarina, Rio Grande do Sul and Paraná together account for 80% of total exports with half of this coming from Santa Catarina.

Among the states that exported over US\$1 million in the first 9 months of the year Rio de Janeiro in the south eastern region, showed the greatest expansion a doubling of exports going from US\$929,000 to US\$1.9 million dollars. At the other extreme is the state of Pernambuco in the north eastern region of Brazil where exports dropped 38%.

Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	161
Jatoba	83
Massaranduba	75
Muiracatiara	80
Angelim Vermelho	7
Mixed redwood and white woods	63

Source: STCP Data Bank

Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	676
Jatoba	334
Massaranduba	332
Muiracatiara	302
Angelim Vermelho	298
Mixed red and white	196
Eucalyptus (AD)	150
Pine (AD)	100
Pine (KD)	122

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

	US\$ per cu.m
Parica	
4mm WBP	381
10mm WBP	324
15mm WBP	269
4mm MR.	309
10mm MR.	234
15mm MR.	209

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

	US\$ per cu.m
Domestic ex-mill prices	
15mm MDP/Particleboard	154
15mm MDF	186

Source: STCP Data Bank

Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipê	1,483
Jatoba	863
Massaranduba	848
Muiracatiara	869
Pine (KD)	157

Source: STCP Data Bank

Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	248
12mm C/CC (WBP)	243
15mm C/CC (WBP)	222
18mm C/CC (WBP)	210

Source: STCP Data Bank

Export prices for added value products

	US\$ per cu.m
FOB Belem/Paranagua ports	
Decking Boards Ipê	3,025
Jatoba	1,450

Source: STCP Data Bank

Forest concessions study in the final stage of preparation

The National Forest and Wildlife Service (SERFOR) is in the final stage of finalisation of its study on the functioning and effectiveness of the timber forest concession model from the economic, financial, sustainability and legal perspectives so as to develop an improved model for Peru.

It has been more than 15 years since government held public tenders for forest concessions. Over this time more than 800 concessions were granted covering an area of about 10 million hectares.

For the preparation of the study, information dating back 15 years was collected on concessions in Loreto, Ucayali and Madre de Dios. This data has been ordered, analysed and will be reported online.

The study will make it possible to understand how the forest structure has been impacted and what measures must be taken in order to improve the ecological sustainability of forest concessions.

Participation of women in the forestry sector

In order to evaluate the participation of women in the forestry sector the National Forest and Wildlife Service (SERFOR) reported on a study 'Challenges of female employment in the forestry sector: a first approximation' prepared through cooperation with the German GIZ.

The report contains testimonies of the situations of women who work in the forestry sector and their difficulties in participating in this area especially in the forest use stage. It concludes with proposals for a public policy to improve working conditions and raise awareness among institutions on the role of women in forestry. The report recommends that companies would do well to recruit more women professionals.

ADEX: forest plantation plan needed

A report by the CIEN-ADEX Global Business and Economy Research Center indicates that the pandemic will result in around one million jobs being lost so that it is vital that economic activities be stimulated.

The timber sector is identified as one where economic reactivation should be focused. According to figures from the ADEX Data Trade Business Intelligence System in 2019 Peru exported wood products worth US\$124 million by way of contrast exports from Chile were worth over US\$5 billion despite the country having only 17 million ha. of commercial forests.

The Center reported that over the past 50 years around ten million hectares have been deforested in Peru with most being the consequence agricultural expansion. The current challenge is to fully value forest resources as they have enormous potential.

ADEX reported that some 3 million ha. of degraded land in Ucayali, Huánuco, San Martín, Loreto and Madre de Dios has been abandoned by migrant farmers and ranchers and suggested medium and long-term financing plans are needed for the implementation of forest plantations in these areas.

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	647-659
Virola 1-2" thick, length 6'-12' KD Grade 1, Mexican market	576-609
Grade 2, Mexican market	498-523
Cumarú 4" thick, 6'-11' length KD Central American market	973-987
Asian market	1048-1074
Ishpingo (oak) 2" thick, 6'-8' length Spanish market	561-582↑
Dominican Republic	689-699
Marupa 1", 6-11 length KD Grade 1 Asian market	569-598

Domestic sawnwood prices

Peru sawnwood, domestic	US\$ per cu.m
Mahogany	-
Virola	241-265
Spanish Cedar	342-355
Marupa (simarouba)	232-239↑

Export veneer prices

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

Domestic plywood prices (excl. taxes)

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

Export plywood prices

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

Domestic prices for other panel products

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

Export prices for added value products

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

Japan

Third wave imminent

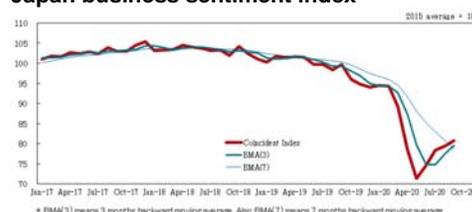
The number of coronavirus infections in Japan from July to September was four times higher than the figure for March to May. Although Tokyo still accounts for most of the new cases virus hotspots are emerging in many prefectures. It would appear that Japan is about to experience a third wave of infections and that the numbers of infections could exceed those in the period of the second wave.

The Japan Medical Association has urged the government take action before it's too late. However the Prime Minister remains undecided on declaring a state of emergency or reviewing the "Go To Travel" (subsidized travel) campaign.

Manufacturers more optimistic but jobs disappearing

The Cabinet Office survey of business conditions in Japan has reported an upswing leading government analysts to talk of signs of recovery even as the country appears set for a serious third wave. The survey also signaled that retail sales remained sluggish and the job market worsened. Business sentiment among Japanese manufacturers and service-sector firms was the least pessimistic in nine months in November.

Japan business sentiment index



Source: Cabinet Office, Japan

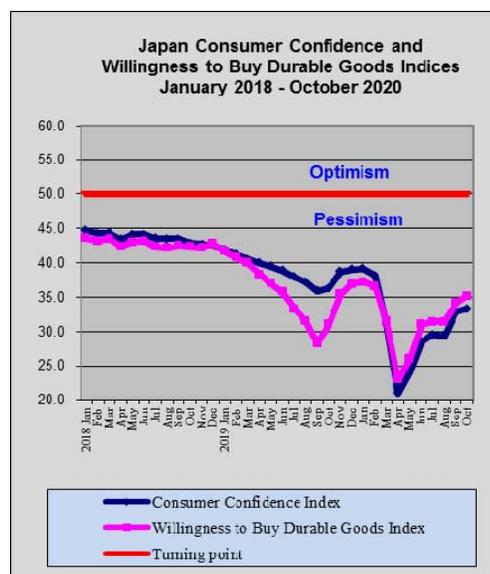
In related news, the Japan Center for Economic Research has reported Japan's real gross domestic product expanded 1.1% in September from the previous month due to increases in domestic and external demand.

Housing investments rose 1.3%, while consumer spending climbed 0.8%. Japan's exports increased over 5% driven by car sales to the US.

The latest data on household spending shows that there was a 10% decline in September year on year. This marked the fourth largest decline so this year and came as real wages dropped for the seventh consecutive month.

The high year on year September decline was exaggerated because in September 2019 consumers rushed to buy goods in advance of the consumption tax increase in October of that year which pushed up spending.

However, the economy is beginning to revive after the worst postwar slump in the second quarter of the year as exports have increased. The government is expected to announce the plan for extra stimulus measures by the end of November.

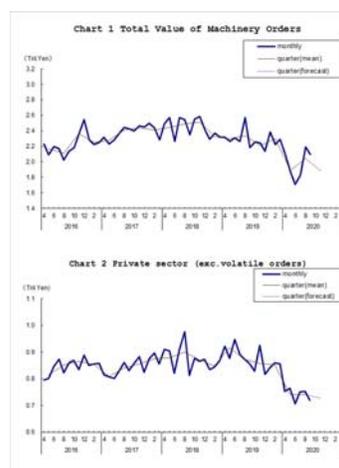


Data source: Cabinet Office, Japan

Manufacturers cut back on machinery orders

The value of orders for machinery by Japanese manufacturers, a gauge of economic prospects, fell by 4.4% in September from the previous month.

In the July-September period orders increased almost 8% compared to the second quarter. In the final quarter of 2020 it has been forecast that there could be a further decline in private-sector orders.

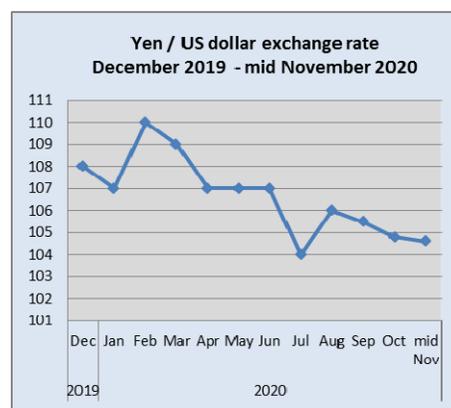


Source: Cabinet Office, Japan

Yen steady despite uncertainty in US election outcome

The Bank of Japan (BoJ) is monitoring foreign exchange rates following Joe Biden's victory in the US presidential election as there is concern that uncertainty will drive inflows to the yen which would undermine export growth upon which the Japanese economy is very dependent.

After Trump's surprise victory in the 2016 US presidential election the yen strengthened drastically. This time round there has been some inflows to the yen but there has been only a modest strengthening to around 104 to the dollar from about 105 prior to the US election result.



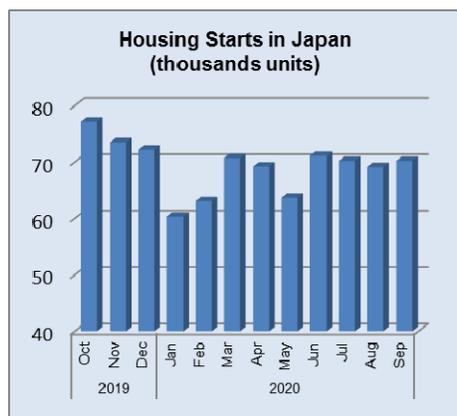
Land prices fall – first drop in 3 years

According to the Land, Infrastructure, Transport and Tourism Ministry average prices for land in Japan fell this year the first decline in three years as the pandemic caused a drop in demand for commercial properties.

The rapid growth in the tourism sector pushed up demand for commercial land prior to the pandemic and average land prices had been moving higher for the first time in 27 years since the collapse of the country's bubble economy in the early 1990s. If the pandemic is not brought under control in the coming months land prices may fall further.

Kengo Kuma and Associates (KKAA) an architectural firm in Japan has designed asemi-open and temporarily placed pavilion for events which can be deconstructed and moved. The designers used a steel frame as the structure’s base over which CLT panels were overlaid to create a multi-paneled façade. The CLT panels were made from Japanese Cypress.

See: <https://www.yankodesign.com/2020/11/13/a-glittering-timber-pavilion-in-tokyo-is-preparing-for-a-journey-back-home-to-the-hiruzen-mountains/>



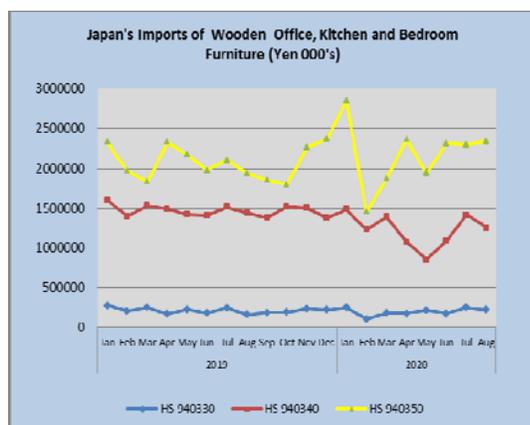
Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Import update

Furniture imports

With available data on the value of furniture imports for the first 8 months of the year it is possible to gauge the impact of the pandemic. Imports of wooden office, kitchen and bedroom furniture (HS940330/40/50) fell as could be expected as economic activity was curtailed because of a lock-down and because consumers stopped spending in the early days of the pandemic.

Imports of bedroom furniture recovered quickly in the second quarter of the year but it was not until the third quarter that imports of wooden kitchen furniture started to recover. With the adoption of ‘work-from-home’ culture demand for office furniture held up well and imports increased from the end of the first quarter.



Data source: Ministry of Finance, Japan

Office furniture imports (HS 940330)

The value of Japan’s August imports of wooden office furniture (HS940330) marked a correction with a 12% month on month fall. Year on year, wooden office furniture imports are up 45% which probably reflects the new and well established ‘work-from-home’ culture.

August Office furniture imports

	Imports Aug 2020 Unit, 000's Yen
S. Korea	-
China	136,473
Taiwan P.o.C	868
Vietnam	3,704
Thailand	-
Malaysia	16,132
Indonesia	542
UAE	-
Sweden	-
Denmark	1,373
UK	-
Netherlands	-
Belgium	-
France	526
Germany	6,745
Switzerland	-
Portugal	14,065
Italy	9,100
Poland	21,122
Austria	-
Turkey	-
Lithuania	1,892
Slovakia	1,018
Canada	2,010
USA	3,261
Mexico	773
Brazil	1,567
Australia	-
Total	221,171

Data source: Ministry of Finance, Japan

For the past 5 years China, Poland and Italy have been the main shippers of HS 940330 but recently sourcing has become more diversified and in August exporters in Malaysia secured a 7% share of the value of imports, up by a factor of x8 from July and the best performance so far.

As was the case in previous months, China secured the largest share of imports at 62% followed by Poland with an almost 11% share with Portugal and Malaysia making up most of the balance.

Kitchen furniture imports (HS 940340)

Three suppliers, the Philippines, Vietnam and China once again captured the largest share of Japan's imports of wooden kitchen furniture HS 940340 but all three saw the value of shipments in August fall both month on month and year on year. Japan's imports of wooden kitchen furniture fell 13% year on year and by 11% month on month.

Exporters in the Philippines accounted for 41% of Japan's August imports, Vietnam 38% and China 11%. Imports from Thailand double giving Thai shippers a 4% share of the value of August imports.

August kitchen furniture imports

	Imports Aug 2020 Unit, 000's Yen
China	141,782
Taiwan P.o.C	1,496
Vietnam	473,210
Thailand	55,759
Malaysia	11,270
Philippines	520,243
Indonesia	15,537
Sweden	411
Denmark	229
UK	1,436
Netherlands	-
France	-
Germany	12,876
Spain	-
Italy	11,890
Finland	-
Austria	-
Romania	1,562
Turkey	-
Lithuania	-
Czech Rep.	-
Canada	7,385
USA	-
Total	1,255,086

Data source: Ministry of Finance, Japan

Bedroom furniture imports (HS 940350)

Year on year, the value of Japan's August imports of wooden bedroom furniture HS 940350 was up over 20% and there was a modest (2%) month on month increase.

Shipments from manufacturers in China and Vietnam accounted for over 90% of August wooden bedroom furniture imports with China providing 60%, about the same as in July and Vietnam 31%, up on July imports. SE Asian exporters in Malaysia and Thailand between them secured around 5% of the value of August imports.

August bedroom furniture imports (HS 940350)

	Imports Aug 2020 Unit, 000's Yen
S. Korea	-
China	1,414,988
Taiwan P.o.C	5,948
Vietnam	726,235
Thailand	51,292
Malaysia	79,617
Philippines	-
Indonesia	13,179
Sweden	2,420
Denmark	278
UK	-
Netherlands	-
Belgium	-
France	-
Germany	-
Switzerland	1,203
Portugal	-
Italy	18,321
Poland	18,972
Austria	895
Hungary	-
Greece	-
Romania	-
Turkey	2,675
Latvia	310
Lithuania	2,421
Belarus	-
Bosnia Herzegovina	-
Canada	-
USA	1,037
Total	2,339,791

Data source: Ministry of Finance, Japan

Trade news from the Japan Lumber Reports (JLR)

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

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

Struggling plywood mills in Malaysia and Indonesia

There are successive mill operations of Malaysian and Indonesian plywood manufacturing plants. Climbing labor cost puts pressure on management then plywood export prices for Japan continue depressed then came corona virus epidemic so they are cornered in predicament.

Shing Yang, the largest plywood manufacturers in Sarawak, Malaysia stopped one mill's plywood manufacturing and became veneer producing Olant in last July. Shing Yang produces about 40-50,000 cbms a month of plywood by three plants, out of which 20,000 cbms are for Japan market. Another major plywood manufacturer, WTK closed down one of three mills.

In Indonesia, two companies stopped the operation at the end of August. Both companies were producing about 5,000 cbms a month of thin plywood, floor base and block board for Japan market. Even running mills are forced to reduce the production. Reason of stop of operations is climbing producing cost by higher labor cost. In Indonesia, minimum wage has been increased every year. In last January, it was raised by 8.5% all over Indonesia.

In Malaysia, many plywood mills rely on migrant workers from Indonesia and when the wage in Indonesia is raised, Malaysian mills need to match the wages to have them stay in Malaysia. Poll tax is necessary to hire Indonesian workers in Malaysia so rising labor cost is becoming heavy burden to plywood mills. Also log procurement is becoming difficult not only by weather factor but harvest restriction by environmental reasons so log cost has been rising.

With these reasons, plywood mills in both countries suffer deterioration of profit margin. To improve it, they have tried to increase the export prices for Japan market but to no avail by depressed market of Japan. In particular, the orders from Japan decreased after the corona virus epidemic in 2020 and the governments restrict movement of people between countries and states in Malaysia and Indonesia, which makes hard to secure labor force. Under this situation, many plywood mills decided to shut-down.

Rainy season this year started in September, two months earlier than normal years. Log cost would climb in rainy season so there will be more mills shutting down in the fourth quarter.

Log demand in China

World wood market got chaotic by outbreak of corona virus and impacted import of export of wood products.

Large wood consuming country of China suffered the same and log import in the first half of 2020 decreased but arrivals of beetle damaged European logs are steady and the demand recovered in the second half. Percentage of imported logs is high from Russia and New Zealand then European beetle damaged logs are becoming another major source.

In 2019, logs from New Zealand are about 17-18 mil. cbms, about 3% more than 2018 and logs from Russia are 5-6mil. cbms, 27% less. European logs are estimated about 7-8 mil. cbms, 470% more.

Removal of beetle damaged logs is priority matter in Europe and more volume is expected in next year and on. Despite corona virus epidemic, European supply sources prefer to sell to China probably because of prices. Meantime, Russian logs declined because of export duty and logs from the U.S.A. decreased triggered by the trade war between two countries.

In the first half of 2020, New Zealand logs decreased by more than 25%, Russian logs decreased by more than 30% and logs from the U.S.A. contracted by more than 45% as both supplying countries and China suffered extreme slowdown of economic activities to fight with corona virus.

European logs are big relief for China but total softwood log import in the first half of 2020 is more than 16% less than the same period of 2019.

World market recovered after the summer and log demand in China got active so that New Zealand radiate pine logs for China increased both in volume and price to make up slow first half.

Russian supply in future is uncertain after the president Puchin mentioned to ban export of logs and semi-finished wood products after 2022. To supplement Russian supply, China would increase import of New Zealand radiate pine and European beetle damaged logs.

Plywood

Tight supply of domestic softwood plywood continues and shortage feeling is spreading. Regular orders are filled without any problem but additional spot orders need minimum of one week waiting for delivery. Tightness was on particular items like thick panels but now standard commodity item of 12 mm takes time.

In particular, in Western Japan, orders from Kyushu are busy for restoration of typhoons and heavy rain damages so delivery takes time but now even in Tokyo market, orders from precutting plants are climbing so immediate delivery is getting difficult. Market prices are tightening and low offers are gone.

The manufacturers seek for timing to increase the prices to the level before the prices weakened. Distributors are prepared to hear price hike proposal in any day.

Imported South Sea plywood in Tokyo market suffers several short items. Record low arrivals results in rapid decrease of port inventories. With dull movement, dealers procured short items in distribution inventory but now standard plywood and 12 mm concrete forming panel and structural panel are getting tight rapidly.

Domestic logs and lumber

Log supply is increasing gradually with higher log prices since last August but the supply is not getting enough compared to normal years so log supply is not enough all over Japan so log prices continue climbing in the regions where large sawmills are like Kyushu and Northern Kanto.

Particularly in Northern Kanto, where is close to consuming market of Tokyo, increase of log prices is conspicuous. By higher log cost, sawmills have been asking higher lumber sales prices so lumber sales prices have started climbing since middle of October but log price increase is much faster than lumber price hike.

Normally in every year, log supply increases in October and November but low log prices since last spring, which discouraged log suppliers so this year's log supply in fall is much less than normal years and sawmills aggressively procure logs. 3 meter post cutting cedar log prices in Northern Kanto are 16,500 yen when the prices in other regions are about 12,000-13,000 yen. 4 meter sill cutting cypress log prices are 19,000-20,000 yen all over Japan, which is the highest in one year.

Lumber demand is increasing particularly for non-residential buildings so impact of COVID-19 is not as bad as initially feared. Since sawmills and lumber dealers have been asking higher prices for more than a month, lumber prices are finally firming. 3 meter KD cedar 105 mm post prices are about 48,000 yen and 4 meter KD 105 mm sill are about 58,000 yen.

With uncertain future market, there is no speculative purchase with high prices. Sawmills continue to suffer high log cost and not high enough lumber sales prices.

Honda Lumber developed water repellent plywood

Honda Lumber (Tokyo) and Meiwa Sangyo (Tokyo) have developed new type of Vietnamese plywood for crating. This is named 'water and mold block plywood for packaging'. Water repellent and anti-mold agent Sumika Environmental Science developed are sprayed over plywood.

Six months is assumed for period of use from manufacturing plywood in Vietnam, shipping to Japan, spraying process and opening of packages at the destination.

Normally packages are covered with blue plastic sheet to prevent from rain water but with this process, such works are not necessary so that labor cost is saved and helps keep cargoes inside package from getting wet even if packages are left for long time by congestion.

This project started by request of large logistic company and they plan to keep the inventory at major ports like Yokohama, Moji, Nagoya and Hakata and by customers' request, the inventory will be stored at other ports like Sendai, Osaka and Kobe.

For the time being, handling volume will be about 450 cbms a month. Initially, they are sold to the company requested to make this product then it will start marketing in open market since 2021

China

Log imports from State of Victoria banned

China has banned imports of logs from Victoria in Australia as of 11 November according to a notice on the Australian Department of Agriculture's website. This is because the quarantine service in China once again detected pests in a log shipment. Customs clearance for logs shipped from the state of Queensland after October 31, 2020 will not be cleared.

Since the beginning of this year, the Chinese customs has repeatedly detected live pests such as *Cerambycidae* and *Buprestidae* in logs imported from Australia.

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

See:
https://www.wood365.cn/Industry/IndustryInfo_267683.html

Rise in the output of China's wood-based panel

It has been reported that the output of China's wood-based panel sector in 2019 rose 3% year on year to 308.59 million cubic metres. Production included 180 million cubic metres of plywood, 62 million cubic metres of fibreboard, 30 million cubic metres of particleboard and 37 million cubic metres of other wood-based panels (48% of which was blockboard).

The domestic consumption of wood-based panel in 2019 increased year on year to just over 1% to 293 million cubic metres.

The rate of expansion of production capacity is slowing, panel supply is adequate and the structural reform of the wood-based panel sector is being vigorously pursued and this has seen a reduction in sales of low-quality panels.

See:
<http://www.forestry.gov.cn/xdly/5197/20201028/085638579384898.html>

Shortage of red cedar stocks

It has been reported that the domestic stocks of Thuja plicata Donn. ex D. Don (Western Red Cedar) is tight and only a few traders holding stocks. This situation is related to the increase in market demand. At present, domestic red cedar FAS shorts prices have been quoted at RMB6,000 per cubic metre while long FAS is quoted at RMB10,000 per cubic metre.

Because of the shortage attention has turned to American cedar (Sabina pingii var. wilsonii). According to merchants downstream manufacturers like this cedar because of its price advantage and its scent is similar to red cedar. Cedar is favoured by a Guangxi coat hanger as there is a huge demand for coat hangers.

See: http://www.yuzhuwood.com/news/details_ff808081751fb8f001753e7c3e0b0c12.htm

and
See: http://www.yuzhuwood.com/news/details_ff808081751fb8f001753e77d9260ba0.htm

Paulonia trading centre

Zhuangzhai town is one of the main wood-based panel production bases and it is home to the national paulownia trading center and has a large paulownia export processing sector.

There are more than 600 enterprises of various types and 37 industrial enterprises with an output value of more than RMB20 million, employing more than 60,000 people and with an annual wood processing capacity of 3 million cubic metres.

See: <http://www.yybnet.net/heze/caoxian/202010/10948481.html>

Nankang Furniture and Imported Wood Exposition

It has been reported that more than 400 people gathered at the newly completed Ganzhou International Wood Distribution Center to participate in the 2020 China Furniture & Imported Timber Exposition held in Nankang district, Ganzhou City of Jiangxi Province.

The exhibition hall covers a total area of 18,000 square metres and the expo show cased imported timber from more than 50 countries. Nine wood exhibition booths were set up, including African timber, South American timber, North American timber, Southeast Asian timber, Russian timber, European timber, Canadian timber, Brazilian timber, New Zealand and Australia timber. A total of more than 100 precious timber species were be exhibited.

Ganzhou International Wood Electronic Trading Platform, which is a timber electronic trading platform using block chain technology attracted the most attention of exhibitors at the exhibition site. This will have a profound impact on the timber market in Ganzhou, South China and even the whole country.

See: https://www.sohu.com/a/427165581_362042

7th World Wood-Based Panel Conference postponed

Because of the pandemic the Linyi Wood Industry Exposition 2020 the 7th World Wood-Based Panel Conference has been rescheduled for 28 to 30 March 2021.

See: https://baijiahao.baidu.com/s?id=1680608423604832873&wfr=s_pider&for=pc

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

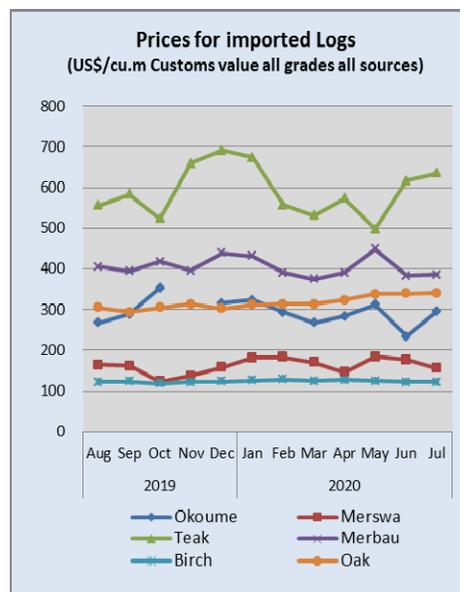
	2020 June	2020 July
Okoume	234	296
Merswa	177	155
Teak	617	635
Merbau	383	385
Birch	122	122
Oak	340	341

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

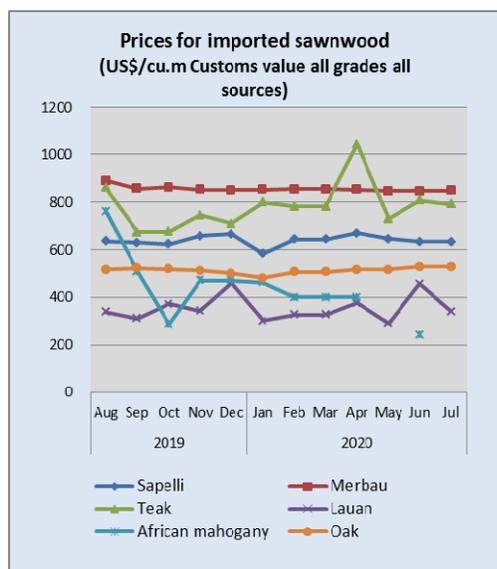
Average imported sawnwood prices US\$/cu.m CIF

	2020 June	2020 July
Sapelli	633	633
Merbau	845	847
Teak	807	791
Lauan	457	340
African mahogany	242	
Oak	529	530

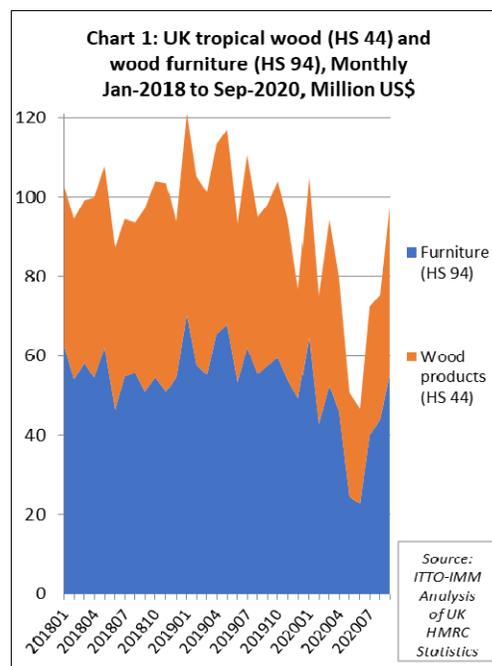
Data source: China Customs. Customs value all grades, all sources



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



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



Source: ITTO-IMM Analysis of UK HMRC Statistics

Europe

Rebound in UK imports continued in September but prospects less certain

UK imports of tropical wood and wood furniture products continued to rebound in September, with total value rising to USD97.6 million, 30% more than the previous month and the same level as in September 2019 (Chart 1).

UK imports strengthened significantly in the third quarter, in line with the recovery in the broader economy and in construction activity and the housing market as lockdown measures eased during the period.

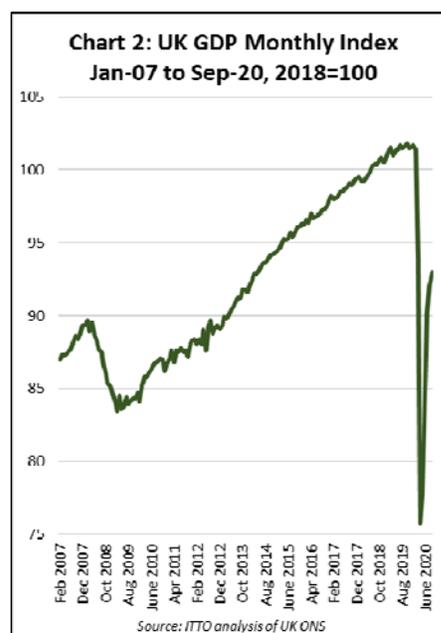
Prospects for the final quarter of the year are less certain, with signs that the economic recovery is losing momentum and the reintroduction of lockdown measures nationwide in England from 5 November, due to last for at least four weeks, in response to a sharp rise in COVID-19 cases.

Meanwhile, the Brexit transitional period comes to an end on 31 December and according to the Economist, reporting on 12th November, there is “no trade deal in sight”.

The Economist observes that “talks are continuing, but agreement is elusive on the most contentious issues: a level playing-field for competition (including limits to state aids), fisheries, and dispute resolution. Michel Barnier, the EU negotiator, says the talks are not currently on a path to a deal”.

The total value of UK imports of tropical wood and wood furniture into the UK in the third quarter of 2020 was USD245 million, 39% more than the second quarter of the year.

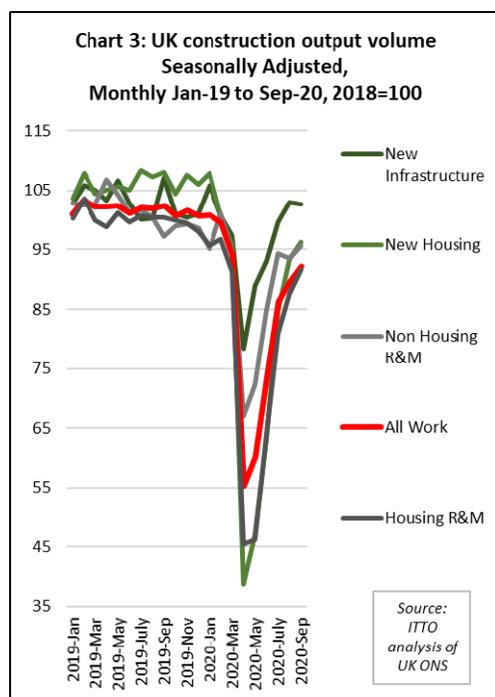
However, import value in the third quarter of this year was 19% below the same period of 2019. Import value in the January to September period this year was USD697 million, 27% less than the same period in 2019.



According to official UK statistics, GDP grew by 15.5% in the third quarter as restrictions on movement eased across June, July, August and September. Monthly GDP grew by 1.1% in September 2020, the fifth consecutive monthly increase following a record fall of 19.5% in April 2020.

September 2020 GDP was 22.9% higher than its April 2020 low. However, it remains 8.2% below the levels seen in February 2020, before the full impact of the COVID-19 pandemic. There was also a loss in momentum through the third quarter of 2020 (Chart 2 above).

UK construction output volume rebounded strongly between May and August this year following a record fall of 41.2% in April. However the pace of recovery in the sector slowed in September with growth of only 2.9% during the month. The latest increase is being driven primarily by new housing (Chart 3).



Despite recent recovery in the UK construction sector, output in September was still 7.3% lower than the level in February 2020 before the full impact of the coronavirus. The infrastructure and private new housing sub-sectors are the only components of construction to return to their peak since February 2020.

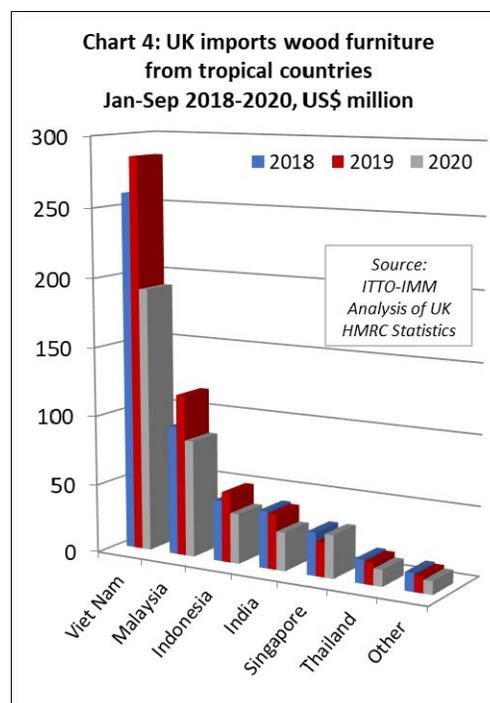
On a quarterly basis, the UK construction sector grew by 41.7% in the third quarter this year following a record fall of 35.7% in the second quarter.

UK tropical wood furniture imports gain momentum in September

Overall UK imports of tropical wood furniture products in the nine months to end September this year were USD392 million, 28% less than the same period in 2019. However, imports gained momentum during September, rising to USD55.3 million compared to USD43.9 million in August and a low of only USD24.5 million in May during the first lockdown period.

However, comparing the first nine months of 2020 with the same period last year, UK imports of wood furniture declined sharply from all the leading tropical supply countries (Chart 4).

Imports from Vietnam were down 33% to USD191 million, imports from Malaysia fell 28% to USD84 million, imports from Indonesia declined 29% to USD36 million, imports from India fell 30% to USD28 million and imports from Thailand were down 25% to USD12 million. In contrast, there was a 25% rise in imports from Singapore, to USD31 million.

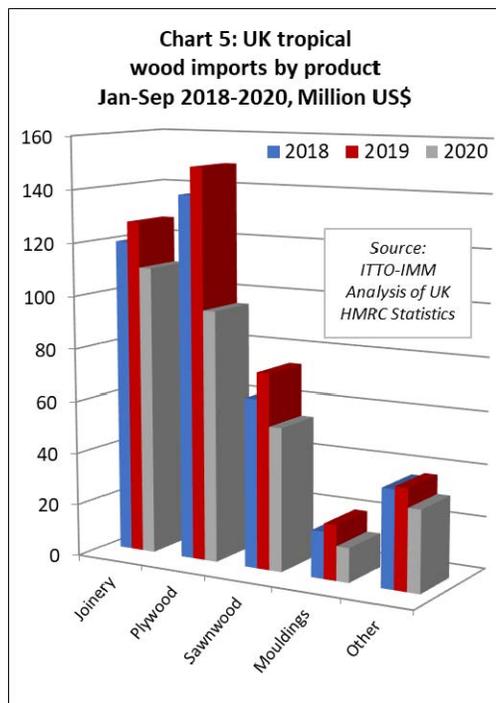


Recovery in value of tropical wood products

UK imports of all tropical wood products in Chapter 44 of the Harmonised System (HS) of product codes in the month of September were USD42 million, a significant recovery from only USD31 million in the previous month and well up on the historic low of only USD24 million in June. Imports in September this year were 5% more than in the same month of 2019.

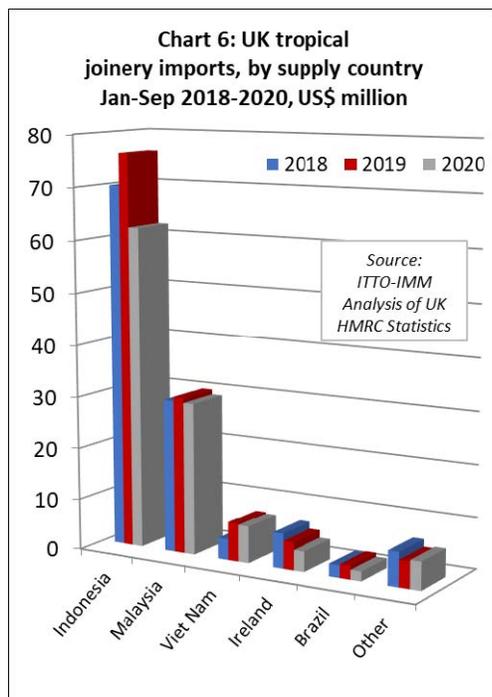
However, comparing the first nine months of 2020 with the same period in 2019, total UK import value of tropical wood products was, at USD305 million, 26% less than the same period in 2019.

Import value of joinery products was down 14% at USD110 million, tropical plywood was down 36% at USD95.7 million, tropical sawnwood fell 26% to USD54.7 million, and mouldings/decking declined 38% to USD13.1 million (Chart 5).



Signs of recovery in UK imports of wooden doors from Indonesia

After making gains in 2019, UK imports of tropical joinery products from Indonesia, mainly consisting of doors, fell 19% to USD62 million in the first nine months of this year (Chart 6). UK imports of wooden doors from Indonesia made up ground in September after very low imports in June, July and August.



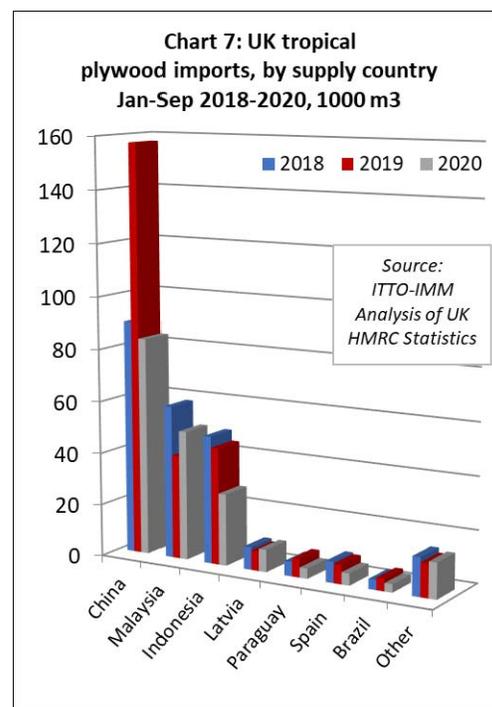
After a strong start to the year, UK imports of joinery products from Malaysia and Vietnam (mainly laminated products for kitchen and window applications) stalled almost completely in May before recovering slowly in the summer months and gaining momentum in September. Total joinery imports in the first nine months were down 3% from both Malaysia and Vietnam, to USD29.4 million and USD7.5 million respectively.

UK trade in joinery products manufactured from tropical hardwoods in neighbouring Ireland have also fallen dramatically this year, down 27% to USD3.9 million in the first nine months.

UK imports of tropical hardwood plywood from China rising

The UK imported 83,500 cu.m of tropical hardwood faced plywood from China in the first nine months of this year, 47% less than the same period last year (Chart 7). UK imports of plywood from China ground to halt earlier this year when China went into lockdown.

There were hardly any deliveries from February through to early April and UK importers were forced to live off inventories. However imports picked up during the summer months, rising into September with the arrival of significant volumes under delayed contracts.



Likely due to supply problems in China, UK imports of plywood from Malaysia, which were in long term decline before this year, have recovered some ground during the pandemic period. Despite significant slowing in May, imports from Malaysia were still up 24% at 49,500 cu.m for the first nine months of the year.

In contrast to Malaysian plywood, UK imports of Indonesian plywood fell 39% to 27,500 cu.m in the first nine months of the year. In addition to supply problems during the pandemic, Indonesian plywood has come under very intense competitive pressure from Russian birch plywood this year.

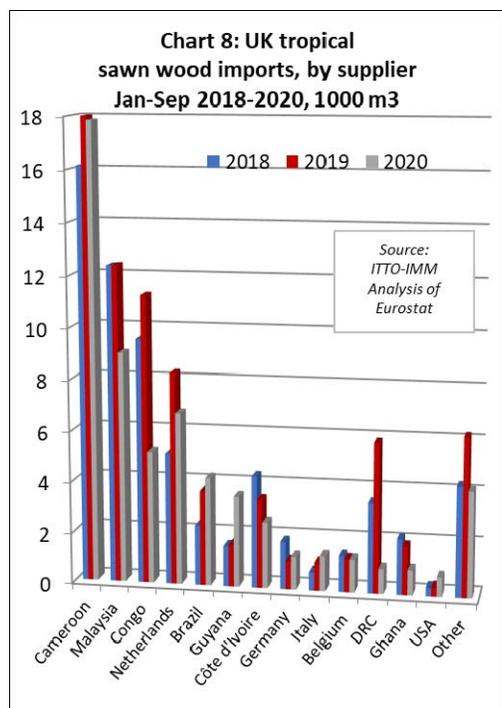
UK imports of tropical hardwood plywood from South America declined in the first nine months of this year, down 44% from Paraguay to 3,900 cu.m and down 44% from Brazil to 3,100 cu.m.

In recent years, the UK has been importing small volumes of tropical hardwood plywood from Latvia and Spain. In the first nine months of 2020, imports increased 13% to 8,500 cu.m from Latvia but fell 38% to 4,600 cu.m from Spain.

UK tropical sawn hardwood imports recover ground in the third quarter

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).

While the UK trade in sawn tropical hardwood fell sharply in May and June this year, there was some recovery in the third quarter, particularly from Cameroon and Latin America. However imports were still down from most major supply countries by the end of September (Chart 8).



UK imports from Cameroon, the leading supplier, declined sharply in June this year to just below 1000 cu.m for the month, but rebounded strongly to an average of 2600 cu.m per month in July, August and September.

Total UK imports from Cameroon in the first nine months of the year were down only 4% compared to the same period in 2019.

In contrast to Cameroon, UK imports from other African supply countries have been extremely slow this year, declining sharply during the first lockdown and yet to show any signs of recovery.

In total in the first nine months of the year, imports from the Republic of Congo declined 54% to 5,200 cu.m, imports were down 25% to 2,600 cu.m from Côte d'Ivoire, down 84% to only 976 cu.m from DRC and down 48% to 985 cu.m from Ghana.

UK imports from Malaysia were 9,000 cu.m in the first nine months of 2020, 27% less than the same period in 2019. However imports from Malaysia, having fallen to just 315 cu.m in June (which surely must be an all-time monthly low for this trade), had recovered to 1356 cu.m for the month of September.

The UK imported 6,750 cu.m of tropical sawnwood indirectly via the Netherlands in the first nine months of 2020, 19% less than during the same period last year. However, there was significant growth in this indirect trade in 2019 and imports so far this year are higher than in the same period in 2018.

UK imports of sawn tropical hardwood from South America, although still limited, have been more buoyant this year than in 2019 despite the pandemic. Imports from Brazil increased 14% to 4,200 cu.m in the first nine months of 2020, with particularly good volumes arriving in July before falling away in August and September.

UK imports from Guyana increased 113% to 3,550 cu.m in the first nine months of the year with reasonably consistent volume averaging around 600 cu.m arriving each month since April. The UK is currently the only European country importing commercial volumes of wood from Guyana on a regular basis.

STTC Conference - tropical wood contribution to green recovery in Europe

The core theme of the online 2020 Sustainable Tropical Timber Coalition (STTC) Conference, due to be held online on 19 November, will be how the sustainable tropical timber sector can take the opportunity of and contribute to a post-pandemic reboot of the global economy on cleaner, greener lines.

In introducing the Conference, STTC - an alliance of industry, business, government and NGOs dedicated to increasing European demand for verified sustainable tropical timber - notes that:

“the priorities of businesses worldwide are shifting due to the economic uncertainties caused by the Covid-19 pandemic. Many are in survival mode. At the same time, there is growing appreciation across industry, amongst politicians and societies more broadly that we should not

aim simply to go back to business as usual. In line with such strategies as the EU Green Deal and as stated among others by the new European Green Recovery Alliance of NGOs, businesses and politicians, the goal should be a lower environmental impact new normal. The focus is increasingly on establishing a sustainable circular bioeconomy”.

The circular bioeconomic model will be a central STTC Conference topic; how it operates, its benefits and how the timber sector and the tropical timber sector in particular can form a key component of a bioeconomic future. Perspectives will come from circular economy specialists, producer countries, urban authorities and bioeconomic business innovators.

STTC Conference speakers will examine the wider effects of the pandemic, notably, by underlining our interdependence and vulnerability, the renewed focus it has put on that other global crisis facing us – the climate emergency. The EU Green Deal will also be discussed, with its pledges to support deforestation-free value chains, restore biodiversity, eliminate net EU greenhouse gas emissions by 2050 and boost efficient use of resources by moving to a clean, circular economy.

The event will include presentations, panel discussions, question and answer sessions and delegate thematic sessions. One of the keynotes will be delivered by Lee White, Minister of Water and Forestry in Gabon, responsible for the implementation of the announcement by President Ali Bongo in 2017 that all Gabonese forests have to be certified for sustainable forest management by 2022.

Another keynote will be delivered by Hugo Schally, Head of Sustainable production, products and consumption, DG Environment, who is coordinating and developing the European Commission’s work on the links between trade and environment as well as on deforestation and forest degradation.

The STTC Conference is free of charge and takes place online on Zoom from 09.00am to 13.00pm CET on Thursday November 19. For registration:

See: <http://www.europeansttc.com/19-november-2020-online-conference-holding-the-line/#tab-id-1>

North America

Economy grew at record pace in Q3

The US economy grew at a record pace in the third quarter of 2020, bouncing back from an unprecedented COVID-19-induced collapse early this year but activity has slowed again as the infection rate rises.

GDP increased at a seasonally adjusted annual rate of 33% in the July-September period as consumer and business spending soared according to the Department of Commerce and consumer spending jumped 41% and business investment increased 20%. Forecasts suggest growth will slow to 2.5% in the fourth quarter.

See: <https://www.bea.gov/news/2020/gross-domestic-product-third-quarter-2020-advance-estimate>

Wooden furniture imports buoyant, strong demand for residential furniture

US imports of wooden furniture rose by 7% in September, marking the fourth straight month of growth. At nearly US\$1.9 billion for the month, imports are more than 29% higher than the previous September as furniture remains a bright spot in the 2020 US economy.

Imports from Vietnam grew by 14% in September while imports from Malaysia rose 15%. Year-to-date imports from Malaysia are ahead 47% and imports from Vietnam are up 26%.

Demand for residential furniture remained high during the summer months and into autumn according to the Smith Leonard Furniture Insights report. The report says August orders were 51% higher than August 2019 orders, following a 39% increase reported for July and 30% in June. Orders were reported to be up for about 88% of the participating companies, about the same as last month.

See: <https://www.woodworkingnetwork.com/furniture/furniture-orders-jump-august-smith-leonard>

Cabinetmakers cry foul

A bipartisan coalition of US senators and representatives sent a letter to the US Commerce Department and to Customs and Border Protection expressing concern over alleged fraud on kitchen cabinet imports from China. The letter says “There is evidence that Chinese cabinet manufacturers have sought to undercut the US industry by circumventing antidumping and countervailing duties.”

The US industry was provided with protection in the form of antidumping (AD) and countervailing (CVD) duties in April 2020 ranging from 13.33% to 269.91%. Since that time, the cabinet makers say evidence suggests Chinese producers may be engaged in transshipment, circumvention and evasion of the AD/CVD duties.

The industry has taken steps to combat customs fraud and as a result, filed a series of e-allegations and an allegation through the Enforce and Protect Act to end these fraudulent practices and restore a level playing field for the domestic industry. These allegations remain pending at Customs.

See:
<https://www.woodworkingnetwork.com/news/woodworking-industry-news/cabinetmakers-say-china-committing-customs-fraud-pursuit-response>

US tropical hardwood imports hit slowdown in September

US imports of sawn tropical hardwood slowed in September, falling by 11% from the previous month after steady gains throughout the summer. The 13,384 cubic metres imported was nearly 30% below the volume imported in September of last year. Year-to-date imports remain down 36% from last year.

Imports from Brazil jumped 41% in September and were ahead of imports from September 2019 by more than 15%. Imports from most other trading partner state were down this September and are down year-to-date between 13% (Ghana) and 68% (Ecuador).

Imports of nearly every type of tropical hardwood are below 2019 levels year-to-date, the exceptions being Iroko, which is up by 170% and Mahogany, which is up 1%. Balsa imports fell by 16% in September and are down 67% year-to-date while Teak imports fell 40% in September and are down 61% year-to-date.

Canadian tropical hardwood imports surge

Canadian imports of tropical hardwood more than doubled in September over the previous month to reach their highest dollar amount of the year. The majority of the gain appears to come in the form of Sapelli from Cameroon, as imports from Cameroon more than tripled in September and Sapelli imports rose 134%.

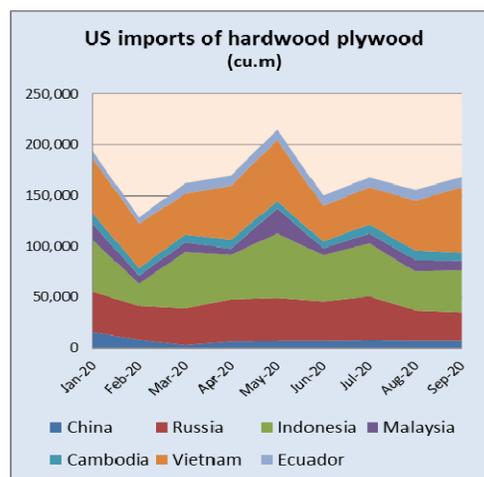
Despite the gain, overall imports are still down 16% year-to-date with most woods other than Sapelli down much sharper than that.

See: <http://www.ic.gc.ca/eic/site/tdo-ded.nsf/eng/Home>

Surge in hardwood plywood imports from Vietnam

US imports of hardwood plywood rose by 10% in volume in September making it the strongest month of 2020. Imports from Vietnam were especially notable for the month as volume rose by 31% yet unit values of its plywood fell sharply, resulting in import dollar amounts rising by only 2%.

The US is importing from Vietnam more than of any other country and volume is up 17% year-to-date through September. Imports from Indonesia gained 8% in September and are ahead 28% year-to-date. Total US hardwood plywood imports are up 3% year-to-date.



Data source: US Census Bureau, Foreign Trade Statistics

Veneer imports fall sharply in September

While US imports of tropical hardwood veneer usually decline late in the year the 52% drop from August was even steeper than in previous years. Year-to-date imports are down 29%. September saw absolutely no imports from Italy and Cameroon.

Despite there being no imports in September, year to date imports from Cameroon are up 114%. Imports from Ghana were up 406% in September but are still down 65% from 2019 year-to-date.

Imports of hardwood flooring continue steady growth

US imports of hardwood flooring rose 7% in September, the fourth monthly gain. Yet the gains are still not enough to catch last year's imports as the monthly total was still more than 20% less than that of the previous September and year-to-date totals remain down nearly 30%.

Imports from Indonesia, for example, rose 51% in September but were still not half that of the September 2019. The bump in imports from Indonesia accounted for much of the month's growth as imports from most other countries were relatively flat.

Imports of assembled flooring panels fell for a second straight month, dropping 5% in September. However, even with the modest step down, import levels for the month were 23% higher than the previous September and remain near the 10-year high reached in July. Year-to-date totals are ahead by 5%.

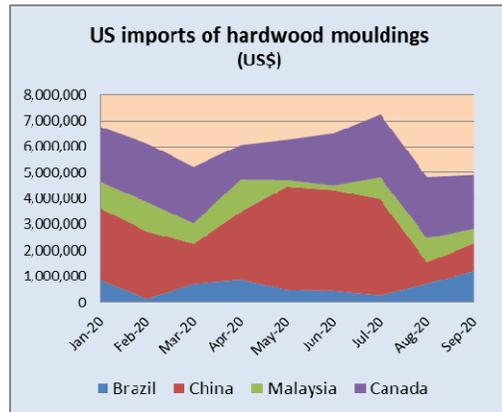
Imports from China fell 41% in September while imports from Vietnam rose 12% for the month and are ahead 45% year-to-date.

US moulding imports continue to slide

US imports of hardwood mouldings fell below US\$8 million in September, an 8% drop from August that dragged imports below the worst months of the pandemic and to the lowest totals in more than 10 years.

Imports were down more than 35% from the previous September and year-to-date totals are off by 17%.

Imports from Brazil are down 52% year-to-date despite rising 69% in September. Imports from China also gained considerably while imports from Malaysia and Canada declined.



Data source: US Census Bureau, Foreign Trade Statistics

Industry not impacted as much as feared

According to the latest survey results from Woodworking Network the impact of the COVID-19 pandemic on the woodworking industry is diminishing even as there seems to be a new surge in infections.

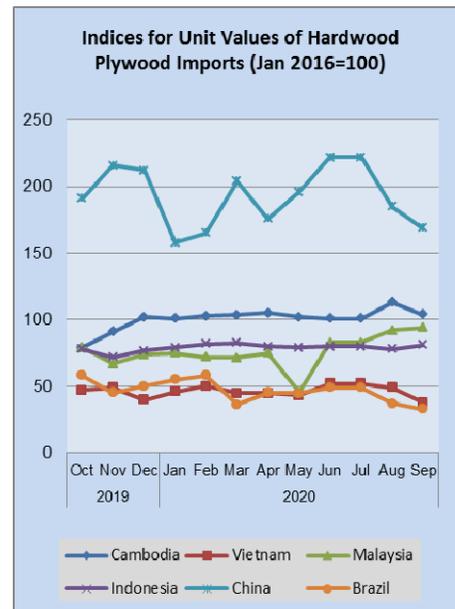
When Woodworking Network first surveyed the woodworking industry about the pandemic in March, some 36.5% predicted it would have a major impact on their businesses. Today, that number has dropped to 21.3%.

The number who predicted the impact would be serious but not major is relatively unchanged, going from 35.8% in March to 34.7% in the October survey. By contrast, respondents who predicted a minor impact in March (23.7%) swelled to more than one-third (34.7%) in October. Similarly, the percentage who saw no impact from the pandemic in March (4.1%) has more than doubled to 9.4% in the October results.

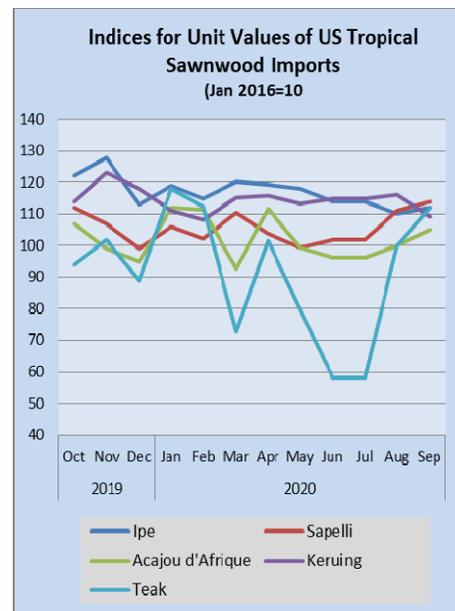
When it comes to specific impacts from the pandemic, disrupted schedules were cited the most by respondents in March (69%) and in October (61.8%). More respondents cited disrupted supply as an impact in October (53.7 percent) compared to March (46.8%).

While more than half of respondents reported loss of business in March (55.1%), for October, that number has dropped to 47.8%. Similarly, the impacts of mandated shutdowns (39% in March) dropped to just 26.5% in October. Cancelled orders plagued more than a third of respondents (34.5%) in March but have dropped to 26.5% in October.

See: <https://www.woodworkingnetwork.com/news/woodworking-industry-news/updated-survey-charts-pandemic-impact-woodworking-industry>



Data source: US Census Bureau, Foreign Trade Statistics
Note: Unit values are based on Customs value and exclude shipping, insurance and duties



Data source: US Census Bureau, Foreign Trade Statistics
Note: Unit values are based on Customs value and exclude shipping, insurance and duties

Disclaimer: Though efforts have been made to ensure prices are accurate, these are published as a guide only. ITTO does not take responsibility for the accuracy of this information.

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

Dollar Exchange Rates

As of 10 November 2020

Brazil	Real	5.4585
CFA countries	CFA Franc	555.19
China	Yuan	6.6064
Euro area	Euro	0.8448
India	Rupee	74.582
Indonesia	Rupiah	14170
Japan	Yen	104.70
Malaysia	Ringgit	4.1225
Peru	New Sol	3.50
UK	Pound	0.7576
South Korea	Won	1108.12

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

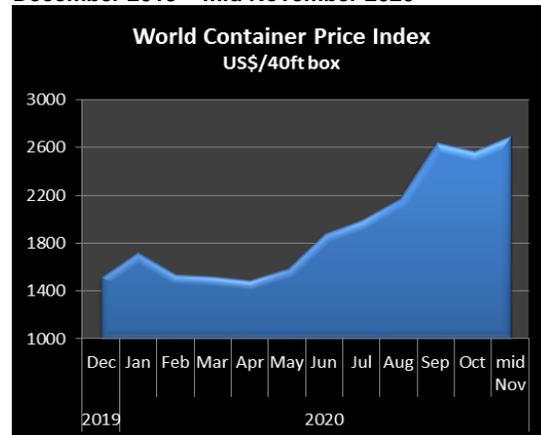


Abbreviations and Equivalences

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

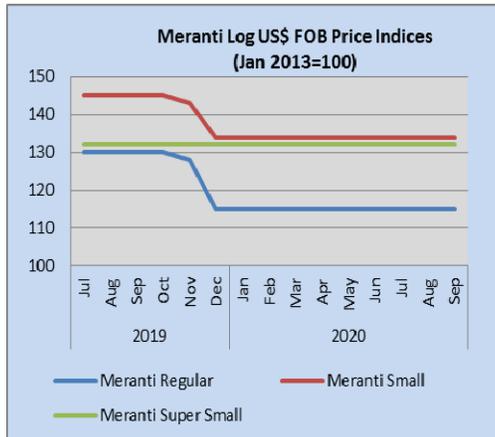
December 2019 – mid November 2020



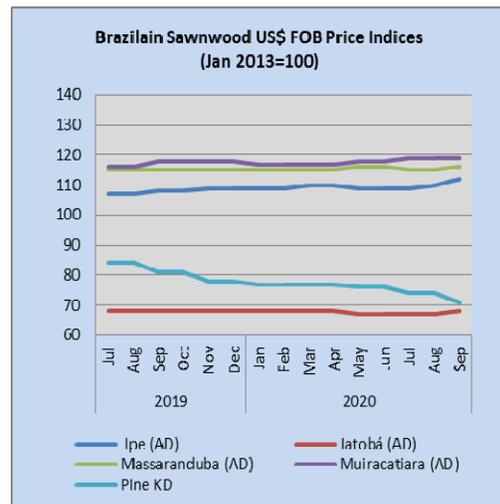
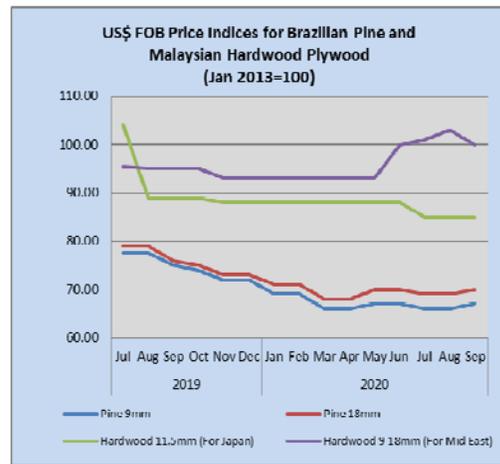
Data source: Drewry World Container Index

Price indices for selected products

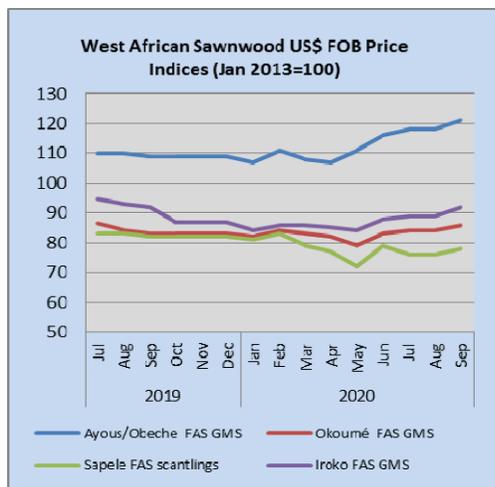
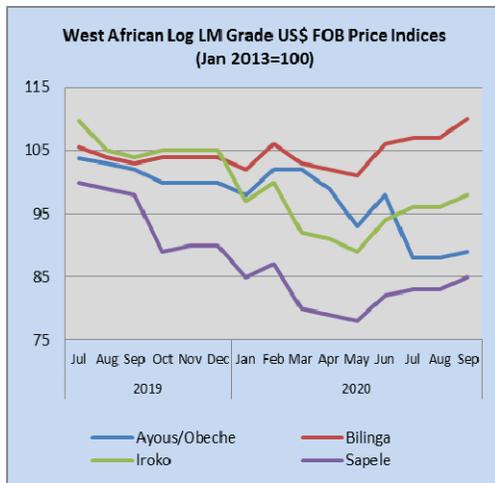
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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