

Tropical Timber Market Report

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Top story

Indian private sector proposes new partnership with government

The World Business Council for Sustainable Development has reported that twenty CEOs of India's leading businesses have called for collaboration between government, businesses and civil society to achieve inclusive growth and reduce India's carbon emissions in line with the Paris Agreement.

Specifically, 8 priorities have been identified where businesses can work with the government and civil society to stimulate green growth and create a more resilient India.

See: <https://www.wbcsd.org/Overview/About-us/Our-offices/India/News/Indian-business-leaders-sign-statement-for-a-green-recovery>

See page 7

Central and West Africa

Our apologies for not being able to provide the usual report from the region.

On page XX there is a story under the headline “UK market for African hardwoods ‘recovering well’ after lockdown”.

Other news on the African hardwood trade can be found at:

<https://mailchi.mp/9688a352cfe1/sttc-and-fairprecious-newsletter-1632578?e=41e1008fcb>

August 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% Cl, 40% CE, 20% CS) (China only)	220	220	220
Moabi	350	350	275
Movingui	200	200	-
Niove	160	160	-
Okan	200	200	-
Padouk	250	230	200
Sapele	260	260	200
Sipo/Utile	260	260	230
Tali	300	300	-

August sawnwood export prices

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

Ghana

Air borders open for business

Ghana has opened its international air borders following the easing of pandemic restrictions. Passengers going through the Kotoka International Airport (KIA) face new strict protocols which include providing evidence of a negative COVID-19 PCR test taken 72-hrs earlier in addition to having to submit to a Ghana Health Service (GHS) mandatory antigen test.

Professor Peter Quartey has said the reopening of the airport to international flights could boost the country's economy beyond the projected 0.9% estimated by government to about 1.5% of GDP for this year. The country revised its growth from 6.8% to 0.9% for this year because of the significant impact of the pandemic on the economy.

This was despite recording a 4.9% growth rate in the first quarter of this year. Trading companies have called on government to fully open the sea ports for businesses.

Exports to Asian markets slide

Ghana's export trade with Asian countries, led by India, totalled 44,041 cu.m valued at Eur19.88 million between January and May this year. Exports to Europe and African countries were 15,802 cu.m and 10,870 cu.m respectively.

Asian countries accounted for 58% of Ghana's total export volume to become the leading market destination in 2020 but this was down from the 72% recorded for the same period in 2019. Export to Asian markets included air and kiln dry sawnwood, billets, rubberwood and sliced teak veneer. However, exports to other markets such as Europe and African countries expanded by around 8% and 4% respectively between January and May this year against 2019.

Trade with the ECOWAS bloc accounted for 78% of exports to Africa's 10,870 cu.m (Eur4.14 million) in 2020. While Burkina Faso, Niger and Togo together accounted for 64% (mainly plywood) of ECOWAS total trade volume (8,515 cu.m).

Prioritising national policies to accelerate economic growth

The government has inaugurated a seven-member panel of economists and academics to evaluate public policies and interventions which could be aligned to the National Development Agenda and Sustainable Development Goals (SDGs) to accelerate economic growth.

The panel will invite presentations from various sectors including healthcare, education, economic development and social protection and from the private sector, academia and civil society organizations.

The National Development Planning Commission (NDPC) organised the event in collaboration with the Copenhagen Census Centre.

The NDPC Vice President, Dr. Mahamadu Bawumia in his address, tasked members of the panel to do all necessary to ensure maximise allocation of resources to the best policies that would bring positive impact for society.

Meanwhile, government has unveiled a new interactive electronic platform (www.brr.gov.gh) which allows policymakers to easily consult businesses and individuals in a transparent, inclusive and timely manner on policy issues geared towards achieving the government's objective of making the nation the most business-friendly destination in Africa.

See:

<https://www.businessghana.com/site/news/business/219697/Ghana-explodes-effective-policy-solutions-to-accelerate-economic-growth>

Ghana Export-Import Bank to support growth of businesses

The Ghana Export-Import Bank (GEXIM) has begun a nation-wide campaign 'Made-in-Ghana 4P' to encourage Ghanaians to support the growth and development of indigenous businesses.

The mission of the Bank is to support economic transformation and build Ghana's capacity and competitiveness in the international marketplace through an export-driven economy.

For the past three and half years the Bank has been the main financial institution driving the government's 'One District One Factory' (1D1F) initiative which includes timber processing companies. 1D1F projects have been established in many districts across the country driving industrialisation through value added manufacturing.

Source:

<https://www.eximbankghana.com/singleNews/GHANA%20%20EXPORT%20IMPORT%20BANK%20LAUNCHES%20MADE%20IN%20GHANA%204P%20CAMPAIGN>

Non-traditional exports did well in 2019

Ghana's Non-Traditional Exports (NTEs) earned US\$2.9 billion in 2019 according to the Ghana Export Promotion Authority (GEPA). The GEPA showed the 2019 NTEs grew 3% over the 2018 revenue of US\$2.8 billion.

In a presentation, the Deputy Chief Executive Officer in charge of Operations and Finance at GEPA, Samuel Dentu, highlighted that the top ten products contributed 57% of NTEs earnings and were from the manufacturing sector. Non-Traditional Exports (NTEs) from Ghana included some agricultural wood products.

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	583
Niangon Kiln dry	619

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	360	440
Chenchen	540	631
Ogea	443	590
Essa	543	638
Ofram	350	435

Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	782
Avodire	667
Chenchen	1,083
Mahogany	1,999
Makore	790
Odum	1,000

Export plywood prices

Plywood, FOB BB/CC	Euro per cu.m		
	Ceiba	Ofram	Asanfina
4mm	327	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	Euro per cu.m	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up	860	925
Afrormosia	465	564
Asanfina	404	600
Ceiba	436	423
Dahoma	520	583
Edinam (mixed redwood)	465	591
Emeri	930	988
African mahogany (Ivorenensis)	740	625
Makore	620	1,100
Niangon	649	909
Odum	720	850
Sapele	426	456
Wawa 1C & Select		

Malaysia

14 day quarantine for arriving travelers

The Recovery Movement Control Order (RMCO) in force in Malaysia has been extended until the end of December. Under the RMCO social distancing, face masks and hand hygiene are part of strict guidelines for everyone leaving home. There are travel restrictions with mandatory 14 day quarantine upon arrival in the country. In addition, citizens of 23 countries are currently barred from entering Malaysia until the pandemic is under control.

Malaysia/China trade dialogue

To exchange ideas on how to further develop the timber industry post-Covid-19 the Malaysian Timber Council (MTC) held an online dialogue with Li Peixin, Marketing Director of the Shanghai Timber Trade Association and Guo Liu, General Manager of the Strategic Development Department of Shanghai Furen Group.

Among the topics discussed were the possibility of the US-China trade war being prolonged and how much of a burden is the US tax on Chinese exports. Representing MTC in the dialogue was MTC Acting CEO, Wong Kah Cane who highlighted the Council's transformation plans are in sync with the industry's needs. The speakers highlighted potential areas of collaboration for the timber industries of both countries.

The pandemic has compromised many sectors by disrupting supply chains, logistics, and other activities essential for production. The surge in demand for household and home décor products in some countries, especially the US and Europe, is helping industries stay afloat and orders are expected to pick up further in the third and final quarter of the year.

See:

http://mtc.com.my/pdf/General/20200724%20MTC%20China%20Dialogue_Final.pdf

Weak demand for plywood hurting manufacturers

Malaysian plywood exports are suffering from a decline in imports by Japanese buyers and they are also losing market share to Indonesian plywood manufacturers. According to WTK Holdings, a Sarawak plywood manufacturer, revenue from its plywood operation in the second quarter of 2020 fell 30% mostly because of weaker demand in Japan. A WTK spokesperson said demand in Japan is key to its business.

Jaya Tiasa Holdings Bhd, another plywood maker in Sarawak said the group's timber business incurred an operating loss in the second quarter 2020 due to lower market prices for plywood and other timber products.

See: <https://www.thestar.com.my/business/business-news/2020/09/07/double-whammy-for-plywood-exporters>

Batai and eucalyptus plantations planned

The Forest Research Institute Malaysia in collaboration with Malaysian Panel-Products Manufacturers' Association and Plus Intervest have concluded studies to identify the most appropriate timbers suitable for a Community Plantation Programme in Batu Kikir.

The timbers deemed suitable being fast growing and useful for the wood processing industries were batai (*Falcataria moluccana*) and eucalyptus as they can be harvested in six years.

Idle land, even in of small plots, can be planted and a buy-back guarantee can help increase the income of low income families.

Outlook for furniture exports promising

According to a Public Investment Bank Berhad, PublicInvest Research report the long-term outlook for the Malaysian furniture sector is encouraging as international demand will eventually improve. The report also says demand for Malaysian furniture will benefit from changing China/US supply chains.

Malaysian furniture manufacturers are enjoying increased business with US buyers as they switch orders from China to South-East Asia suppliers. The research report noted that prices of rubberwood, a main raw material for furniture manufacture, fell after the export ban in 2017. PublicInvest Research also believe exporters could benefit from ringgit/dollar exchange rates.

See: <https://www.thestar.com.my/business/business-news/2020/09/04/furniture-makers-long-term-outlook-good>

Huge bamboo production planned in Jingzhou

A company registered in Malaysia, Kanger International Ltd, is set to become one of the largest producer of bamboo products with the opening of a new high-tech bamboo processing plant developed in collaboration with the Jingzhou administration.

The company's main bamboo processing plant was relocated to Jingzhou from its previous location in Ganzhou, Jiangxi Province. The advantage of relocation to Jingzhou is the availability of bamboo raw materials. In partnership with the local administration the company intends to invest in Bamboo plantations.

Indonesia

Exports fall, many furniture businesses close

The Chairman of the Indonesian Furniture and Craft Industry Association (HIMKI), Supriyadi, said the value of Indonesia's exports of furniture and crafts will likely fall below US\$1.2 billion by the end of this year and the downturn in exports is already having a major impact on companies, many of which have either stopped operating or cut production. This has resulted in job losses in the sector and until domestic and international demand picks up prospects are bleak.

The Director General of Small, Medium and Various Industry of the Ministry of Industry, Gati Wibawaningsih, agreed with the forecast export earnings saying this year furniture and craft exports will not reach the US\$2.4 billion level achieved before the pandemic.

The General Chairman of the Association of State-Owned Banks (HIMBARA), Sunarso, has emphasised that the Bank would help small and medium industries in this sector by bringing together HIMKI members and potential buyers at an event in Jakarta in December. Sunarso also said that he would work with HIMKI to find solutions to the issue of raw material supply.

See:

<https://ekonomi.bisnis.com/read/20200825/257/1283113/ekspor-lesu-ini-cara-himbara-bantu-industri-mebel-nasional>

On a brighter note, HIMKI predicts that in 2021 the furniture and craft market will return to normal as it expects demand in the second half of this year will slowly start improving.

See: <https://jogja.tribunnews.com/2020/09/01/industri-mebel-diprediksi-mulai-normal-pada-tahun-2021>

In related news, the Indonesian Furniture and Handicraft Association (Asmindo) conducted a survey on the impact of the pandemic on furniture & craft SMEs in 24 central areas in Indonesia.

This survey was conducted 2-8 July and attracted responses from 1,160 out of 2,500 Asmindo member companies in 24 regions.

The survey revealed that 60% of respondents experienced order delays from the domestic market which amounted to Rp.173.46 billion and 86% of respondents experienced order delays in the export market with a value of Rp.545 billion.

Furthermore, 30% of respondents experienced order cancellation in the domestic market amounting to Rp65 billion with 40% of respondents experiencing export order cancellations with a value of Rp225.52 billion.

See: <https://www.wartaekonomi.co.id/read303156/pengusaha-mebel-curhat-penundaan-hingga-pembatalan-order>

Increase productivity to boost timber exports

Indroyono Soesilo, Chairman of the Association of Indonesian Forest Concession Holders (APHI), has reported there was a decline in the performance of the forestry sector in the first half of this year and to boost exports when demand returns, it will be necessary to improve productivity and the efficient use of natural forest resources.

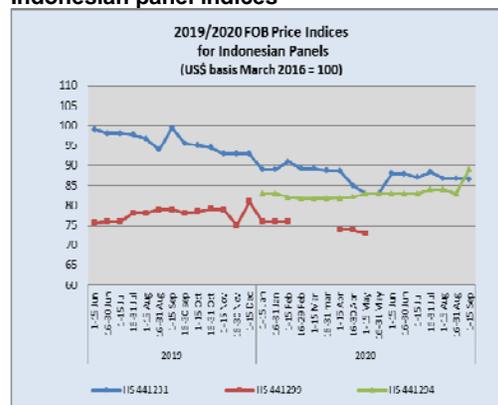
Indroyono expressed his appreciation of government policy initiatives to encourage improvement in natural forest-based upstream and downstream sector performance. The initiatives include relief from payments to the Reforestation Fund, relief from levies on forest product production, relief on land and building taxes, the reduction in export taxes on some products and easing of regulations on importing used plywood machinery.

To increase exports he said the Association must continue to work together to strengthen market intelligence and digital marketing and e-commerce and he recommended establishing an intensive dialogue with Indonesian Embassy officials in countries importing from Indonesia to devise ways to boost demand.

Along with efforts to boost exports, domestic consumption of timber and processed products needs to be encouraged, said Indroyono.

See: <https://republika.co.id/berita/qg911q370/aphi-perlu-naikkan-produktivitas-untuk-genjot-ekspor-kayu>

Indonesian panel indices



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

Myanmar

Second wave - Export control procedures temporarily suspended

Manufacturers in Yangon have been advised that beginning 25 September the Forest Department will cease its control procedure for issuing the Certificate for Legality of Forest Products (CLFP) as a precautionary measure against an apparent second wave of Covid-19.

The number of confirmed cases in Myanmar soared during to over 3,000 on 14 September. The resumption of control procedures will be decided on how the current Covid-19 infection rate expands.

The control procedure comprises many steps beginning with the delivery of logs which were purchased through the Myanmar Timber Enterprise (MTE) open tender, the cutting permit and the outturn measurement all of which are required before the CLFP is issued.

According to the current control procedure, logs can only be purchased from MTE and milling must be carried out under the supervision of Forest Department (FD) which is also responsible for checking input and output volumes and details of the number of pieces in a consignment.

Quantitative control is also applied during container stuffing and the container is sealed by the FD before it leaves the factory. A container will only be accepted at the port if the Customs Department verifies the intact of seal.

This suspension of issuing a CLFP may have an impact on the exporters who have recently been active in securing logs during the recent MTE tender where bid prices were higher reflecting manufacturers plans to resume full production after the slowdown over the past months.

The purchase price of SG6 and SG7 teak logs at the most recent sale rose by about 14%. A comparison of July and August sale prices is shown below.

Grade	Tender	H. Tons	lowest Price US\$/ton	Highest Price US\$/ton
SG 4	Jul-20	66	3,540	4,086
	Aug-20	17	3,311	3,523
SG 5	Jul-20	173	2,801	3,418
	Aug-20	222	2,910	3,417
SG 6	Jul-20	156	2,619	3,261
	Aug-20	85	2,952	3,682
SG 7	Jul-20	971	1,770	2,370
	Aug-20	898	1,928	2,953

Data source: MTE

Second wave – public officers to work from home

The National Committee for Prevention, Control and Treatment of COVID-19 has announced that only 50% of public sector workers should report to their offices, the other half will work from home.

The announcement also stated that government employees will have to report to the authorities if they suspect they are infected or have COVID-19 symptoms or if someone close to them is unwell. A remote working scheme for government employees was adopted in April and May when the outbreak of COVID-19 started but it was cancelled in June.

The same committee has also announced it will, through the Ministry of Finance, continue with the relaxation of some regulations and will extend financial support to businesses until year end.

The measures include extension of tax relief to prioritised sectors from September 30 to December 31. The Ministry of Planning, Finance and Industry had, under Notification 1/2020, extended the corporate income tax and commercial tax payment deadlines for cut, make, pack (CMP) businesses, hotel and tourism firms and small and medium-sized enterprises until September 30 without incurring any penalty. The measure also exempts exporters from the 2% withholding tax on exported goods until 20 September.

Under Notification 3/2020, income tax payments for the second to fourth quarters of the financial year have been extended to December 31. Monthly commercial taxes from March to November can also be paid by 31 December.

Since April, local businesses in selected sectors have been able to apply for a 12-month soft loan from the government at an interest rate of 1%. However, many were unable to qualify for the funds due to incomplete documentation and other reasons.

See: <https://www.mmTimes.com/news/myanmar-extends-financial-support-measures-local-businesses.html>

Discussion on investments which may impact biodiversity

In late August the Myanmar Centre for Responsible Business in cooperation with the Environmental Conservation Department of the Ministry of Natural Resources and Environmental Conservation (MONREC) held a workshop for staff involved in investment in sectors which may have a negative impact on biodiversity. These sectors include oil and gas, mining, tourism and agriculture.

U Hla Maung Thein, Director General of the Environmental Conservation Department, highlighted the Government's policy framework on conservation of biodiversity and protection of the environment specifically mentioning the 2019 National Environmental Policy, the Myanmar Sustainable Development Plan, the 2015 EIA Procedure and recent laws such as the Protection of Biodiversity and Conservation Areas Law and the Forest Law.

August teak log tender prices

Grade	H.tons	Average US\$/H.ton
SG-1	-	-
SG-2	-	-
SG-4	17.00	3,465
SG-5	222.0	3,053
SG-6	85.0	3,284
SG-7	898.0	2,194

India

Early signs of rise in economic activity

Early August economic data has shown that an economic revival has begun with indicators such as power and fuel demand, rail freight demand and car sales recovering. However, this comes with a hefty price as the corona virus infection rates continues to soar. A turn-around would be welcomed as the Indian economy contracted almost 25% in the second quarter compared to the same period in the previous year.

However, IHS Markit economist Shreeya Patel has said, in contrast to the good news jobs continue to be lost.

Read more at:

https://economictimes.indiatimes.com/news/economy/indicators/indias-factory-activity-grows-for-first-time-in-five-months-in-august/articleshow/77865605.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Work-from-Home here to stay

Work-from-Home, especially for the IT sector, seems as if it is here to stay and this will have a profound impact on the housing sector creating opportunities for IT workers and others given the chance to work from home to locate to less costly areas.

That work from home will be the new normal can be judged by the moves being made by IT giants to have the government amend labour laws which the government seems ready to do.

Private sector proposes new partnership with government

Twenty CEOs of India's leading businesses have called for collaboration between government, businesses and civil society to achieve inclusive growth and reduce India's carbon emissions in line with the Paris Agreement.

Specifically, 8 priorities have been identified where businesses can work with the government and civil society to stimulate green growth and create a more resilient India:

- invest in social infrastructure, ensuring greater access and resilience
- accelerate the power sector transition and clean mobility adoption
- deploy solutions for growing and managing food supply
- invest to achieve Land Degradation Neutrality
- pioneer green manufacturing
- transform the green building revolution as the new norm
- invest in research for clean energy sources
- provide access to green finance to support emission saving measures

See: <https://www.wbcsd.org/Overview/About-us/Our-offices/India/News/Indian-business-leaders-sign-statement-for-a-green-recovery>

Teak and mahogany seedlings for farmers

Farmers with unused land are being encouraged to plant commercially demanded trees. Forest Department nurseries have available seedlings ready to distribute.

Under the central government 'National Mission for Sustainable Agriculture' all states were provided with funds to raise commercial species such as teak, mahogany, red sanders as well as prickly padauk (Vengai in Tamil).

In most areas seedlings are ready for distribution but due to the corona virus farmers have been unable to collect the young trees.

Plantation teak

Shipments of plantation teak have started to arrive as more supply countries ramp up their harvesting, transport and port operations. Traders report more countries are offering shipments of teak but domestic consumption has not returned to pre-pandemic levels and prices are flat.

C&F prices at Indian ports from various sources continue within the same range as provided earlier.

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

Demand for locally milled hardwoods has started to firm especially in the main urban areas where construction activity and manufacturing is revving up. Demand for timber and wood products in the rural areas is currently stronger than in the cities.

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

The trade in Myanmar teak is on 'pause' at present. There have been no new shipments in months so what little demand there is being met from stocks.

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

Sales of imported sawn hardwood has shown some life recently and this should continue as the government encourages businesses to get safely back to work.

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

Plywood production and sales are improving and mills are happy to see firming demand as they are keen to raise the prices as domestic log prices for plywood timbers such as poplar, casurina and eucalyptus are rising.

One notable feature of the current business is that deliveries are going first to those who can pay cash.

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

Regulations for Vietnam's Timber Legality Assurance System published

On 1 September 2020 the Prime Minister of Vietnam issued Decree No. 102/2020/ND-CP on Vietnam's Timber Legality Assurance System (VNTLAS).

The Decree includes 6 chapters and 30 articles providing for the legal structure in support of Vietnam's legal timber for import and export as well as criteria, authority and procedures for classifying timber processing and exporting enterprises and for the issuance of FLEGT licenses to be issued by Vietnam's CITES Management Authority.

According to the Decree, legal timber can be defined as timber, wood products exploited, imported, confiscated, transported, traded, processed and exported in accordance with the provisions of Vietnamese laws and regulations, of international treaties to which Vietnam is a signatory and the relevant laws of the country where timber is harvested for export to Vietnam.

The Government of Vietnam assigned the Ministry of Agriculture and Rural Development the major responsibility for implementing the new regulations in coordination with related ministries.

In December 2018 the Ministry of Agriculture and Rural Development of Vietnam issued Decision No. 4852/QĐ-BNN-TCLN on the Implementation Plan of the Voluntary Partnership Agreement on Forest Law Enforcement, Governance and Trade (VPA/FLEGT) between Vietnam and EU. With this VPA/FLEGT Implementation Plan and the VNTLAS recently put in place Vietnam is expected to celebrate first FLEGT licenses in 2021.

See: <https://wto.wco.org/fr/actualites/2020/10/2020-10-20-nd-cp-on-vietnamese-legal-timber-security-system> and <https://wto.wco.org/fr/actualites/2020/10/2020-10-20-nd-cp-on-vietnamese-legal-timber-security-system>

Exports continue to surprise

Vietnam earned US\$7.83 billion from forest product exports in the first eight months of 2020, up 10.3% year-on-year, accounting for almost 30% of agricultural sector exports.

The export value of wood and wood products in the same period was US\$7.32 billion, up 9.6% over the same period last year. The export of non-wood forest products surged almost 22% in the first 8 months of this year.

The main markets remain US, Japan, China, the EU and the Republic of Korea accounting for almost 90% of exports. Timber sector's imports fell 9.3% in the period.

See: <https://en.vietnamplus.vn/eightmonth-wood-export-turnover-up-103-percent/182402.vnp>

Analysts believe this year Vietnam will achieve its 2020 export target of US\$12 billion for wood product exports despite the impact of the COVID-19 pandemic.

Ngoc Ngoi, General Director of the Vinafor Saigon Company, said to achieve the export target the industry needs to innovate an example being the Handicraft and Wood Industry Association of Ho Chi Minh City initiative in developing an online trading platform to connect local wood and furniture businesses with foreign partners.

According to the General Department of Forestry, Vietnam still has many opportunities to expand export markets and increase export of wooden products. Vietnam has ratified free trade agreements with many partners such as the EU, Japan, Chile and the Republic of Korea.

See: <https://en.vietnamplus.vn/vietnam-likely-to-gain-export-target-for-timber-and-wooden-products/182860.vnp>

Brazil

Furniture prices increased as input costs rise

The Brazilian Institute of Geography and Statistics (IBGE) has reported that in July this year furniture manufacturers increased prices by almost 1.5%, this compares to the half percent decline reported for July 2019. The price increase introduced in July reflects the higher costs of inputs which, until July, the manufacturers were absorbing.

The accumulated price increase between January and July was 4.4%. At the current rate of increase year end could see a 6% rise in prices.

Preliminary determination clears Brazil of dumping mouldings

The Brazilian Association for Mechanically Processed Timber (ABIMCI) has reported that the US Department of Commerce (DOC) issued a preliminary determination in its antidumping duty investigation of imports of wood mouldings and millwork products from Brazil. The DOC determined that Brazil has not practiced dumping. Shippers in China were not so lucky as some have been penalized with heavy duties.

This is a preliminary determination and may be subject to review but, for now, this is positive news for Brazil. The final determination will be known in December.

The activities of the ABIMCI Moulding Committee continue to gather information for the defense the injury process (which runs parallel to the antidumping process) through meetings with the producer companies and with business attorneys.

EU to strengthen environmental requirements in trade agreements

A motion by the European Parliament's International Trade Commission calls for the European Union to strengthen the environmental protection requirements in its trade agreements. While this is just a recommendation with no legislative power it does highlight the growing trend in the European Union to use its commercial and financial weight to achieve its environmental policies.

The document says that the EU is a significant importer of commodities with environmental and forestry risk and therefore must implement measures to ensure that its demand and investments follow its responsible economy policy.

The commission recommends "that all new trade or investment agreements and updates to existing ones include more ambitious environmental and climate provisions in relation to the conservation and sustainable management of forests, including" protection of indigenous peoples and the rights of local communities".

The European Union is Brazil's second largest trading partner and the largest direct investor in the country, and the EU member countries have declared that deforestation in the Amazon may be an obstacle to the approval of the agreement between the EU and Mercosur.

Negotiation of the free trade agreement was concluded in 2019, but the agreement needs to be approved by the European Council, the European Parliament and national and regional parliaments.

The document says that trade and international cooperation are important tools for the consolidation of higher standards of sustainability and that the EU should strengthen cooperation with exporters in combating organised crime, encouraging scientific research, innovation in biodiversity, “green business” and circular economy.

See: <https://amazonasatual.com.br/europeus-exigem-provas-de-que-produtos-nao-sao-de-areas-desmatadas/>

Forest sector exports suffer in first half 2020

In the first six months of this year Brazil’s exports of wood products were worth US\$4.2 billion representing 8% of all Brazilian agribusiness exports but, compared to the first half of 2019, earnings were 24% lower according to the Brazilian Tree Industry (IBÁ).

The biggest decline in wood product exports was of the main product, pulp where there was an almost 30% year on year decline. Pulp exports were worth US\$3.1 billion this first half compared to US\$4.4 billion in 2019. The weight of pulp exports increased slightly year on year totalling 10.3 million tonnes. Brazilian pulp production expanded in the first half of the year despite the pandemic.

Paper exports also fell, dropping 7% to US\$950 million. In terms of weight there was an increase of 2% in export sales. Sales in the domestic market in the first half were 2.4 million tonnes. Wood-based panel exports also fell, dropping 9%, to US\$124 million or 580,000 cu.m. Sales in the domestic market totalled 2.8 million cu.m.

Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	162
Jatoba	85
Massaranduba	78
Muiracatiara	82
Angelim Vermelho	77
Mixed redwood and white woods	66

Source: STCP Data Bank

Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	685
Jatoba	346
Massaranduba	333
Muiracatiara	308
Angelim Vermelho	301
Mixed red and white	198
Eucalyptus (AD)	151
Pine (AD)	101
Pine (KD)	124

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

	US\$ per cu.m
Parica	
4mm WBP	395
10mm WBP	328
15mm WBP	274
4mm MR.	314
10mm MR.	234
15mm MR.	212

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	156
15mm MDF	192

Source: STCP Data Bank

Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipê	1,460
Jatoba	858
Massaranduba	841
Muiracatiara	869
Pine (KD)	163

Source: STCP Data Bank

Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	245
12mm C/CC (WBP)	239
15mm C/CC (WBP)	227
18mm C/CC (WBP)	223

Source: STCP Data Bank

Export prices for added value products

	US\$ per cu.m
FOB Belem/Paranagua ports	
Decking Boards Ipê	2,972
Jatoba	1,462

Source: STCP Data Bank

Peru

China, the main buyer throughout the year

China was the main buyer of Peruvian wood products throughout the year to August with purchases worth US\$37.6 mil. while the second place was Mexico with at US\$19.5 mil. says the Association of Exporters (Adex). Adex explained that the United States was in third place with wood product imports of US\$14.7 mil.

Other significant buyers were in Hong Kong (US\$3.7 mil.), the Dominican Republic (US\$2.4 mil.) and New Zealand (US\$1.6 mil.). New markets reported in the period January-August were Lithuania, Bulgaria, the Philippines, Senegal and Austria.

Between January and August forestry sector exports totalled US\$90 million reflecting a year on year decline of 41% according to Adex. The main categories exported were semi-manufactured products at US\$36 million, sawnwood US\$34 million and plywood/veneers, US\$9 million.

Exports of other products are smaller for example furniture and its parts around US\$5 million, followed by builders woodwork, other manufactured products and particleboard.

New listing of forestry company

The Lima Stock Exchange held its first virtual session and celebrated inclusion of Amazonian Forests (BAM) to its portfolio. This company was listed in the Alternative Securities Market (MAV) in July of this year and has currently already made two placements for an amount of US\$2 million.

Bosques Amazónicos is a forestry company whose mission is to finance the conservation of Amazonian ecosystems and the restoration of degraded lands, through investment in commercial and forestry plantations and the sale of carbon credits.

Amazon regions unite to prevent forest fires

During September and October specialists from the regional governments of Loreto, Madre de Dios, Ucayali, San Martín and Amazonas will participate in a "Virtual Training on Risks from Forest Fires" organized by SERFOR. Topics to be addressed include risk management, legal framework, generation of information and forest fire surveillance.

This training has the support of the National Service of Natural Areas Protected by the State (SERNANP), the Peruvian Society of Environmental Law (SPDA), the Center for Amazonian Scientific Innovation (CINCIA), Rainforest Alliance, Law, Environment and Natural Resources (DAR) and the FOREST Program of USAID and the US Forest Service (USFS).

Information campaign for plantation owners

In order to support those who have registered their forest plantations in San Martín, SERFOR and the Regional Government of San Martín will undertake a campaign to guide producers on current procedures. SERFOR supports regional authorities in promoting registration in the National Registry of Forest Plantations where procedure are simple and free.

According to current regulations all plantations, whether for production, protection or restoration installed on private land must be registered in the National Registry of Forest Plantations.

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	637-651
Virola 1-2" thick, length 6'-12' KD Grade 1, Mexican market	576-609
Grade 2, Mexican market	498-523
Cumaru 4" thick, 6'-11' length KD Central American market	973-987
Asian market	1032-1063↑
Ishpingo (oak) 2" thick, 6'-8' length Spanish market	552-573
Dominican Republic	671-681
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)	222-232↓

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

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 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

Domestic prices for other panel products

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

Export prices for added value products

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

Japan

Yoshihide Suga elected president of the ruling party – appointed Prime Minister

The three veteran Japanese policymakers, Yoshihide Suga, Fumio Kishida and Shigeru Ishiba were vying for the post of president of the ruling Liberal Democratic Party (LDP). The winner is guaranteed to be named prime minister in the Diet, given the LDP's overwhelming strength.

Under LDP party rules, the new leader will only serve out the remainder of the previous Prime Minister Abe's three-year term which runs to September 2021.

A general election will have to be called by October 2021 when the four-year term of the members of the Diet's lower house comes to an end.

On 14 September Yoshihide Suga was elected president of the ruling Liberal Democratic Party thus ensuring he will replace Shinzo Abe as prime minister. Suga is expected to announce a new lineup of the party leadership within days,

Signs of economic recovery

Despite the contraction in Japan's economy in the second quarter of 2020 there had, by the end of August been signs of a rebound. However, continued weakness in private consumption and exports, the two main drivers of the economy, along with the current second wave of infections, means a quick recovery is unlikely and the country will be lucky if it can avoid a double-dip recession.

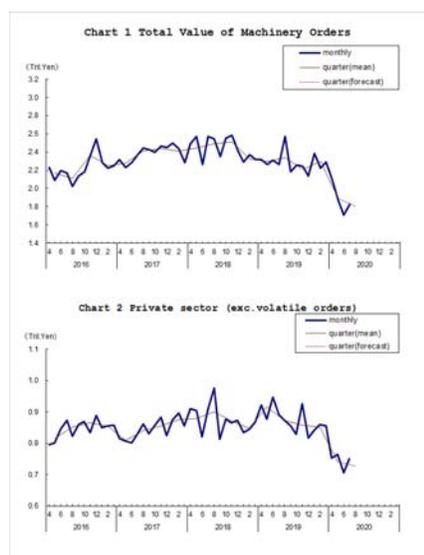
Many analysts are quoted in the domestic press as saying that GDP may rebound by as much as 10% in the July-September quarter as a recovery in consumer spending is anticipated.

Machinery orders

Machinery orders rebounded in July from a sharp fall the previous month which comes as relief for an economy buffeted by the pandemic. However, the outlook for capital spending remains uncertain due to fragile global business conditions.

The total value of machinery orders received by 280 Japanese manufacturers operating in Japan increased by 7% in July from the previous month. Private-sector machinery orders, excluding those for ships and those from electric power companies, increased in July.

See: <https://www.esri.cao.go.jp/en/stat/juchu/2020/2007juchue.html>

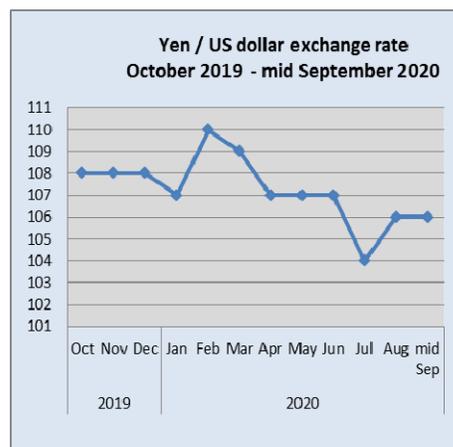


Source: Cabinet Office, Japan

New PM commits to weak yen policy

The new Prime Minister, Yoshihide Suga a veteran politician will face an enormous task to preserve one aspect of Abenomics, the weak yen.

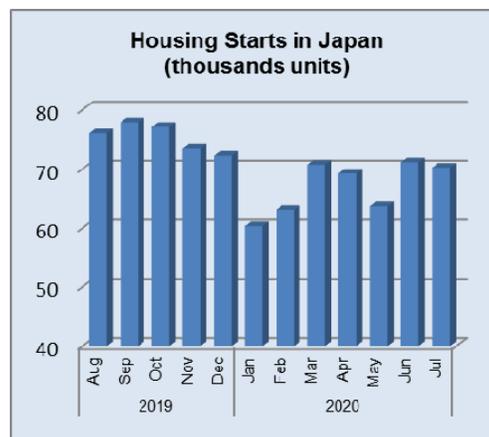
The domestic press speculates that Suga may be less aggressive on fiscal easing than Abe, while still working closely with the Bank of Japan to hold down the yen in support of exports. However, at a press conference Suga suggested the Bank of Japan still has room to expand monetary easing.



Builders report recovery in orders

The Japan Lumber Reports (JLR) has indicated that major house builders are reporting a recovery in orders for new homes. The JLR says "Total new starts during April and June were 12.7% less than the same period of last year and owner's units were 18.2% less.

However, orders placed with major house builders started recovering in June and lumber precutting plants report orders by major house builders are increasing".



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

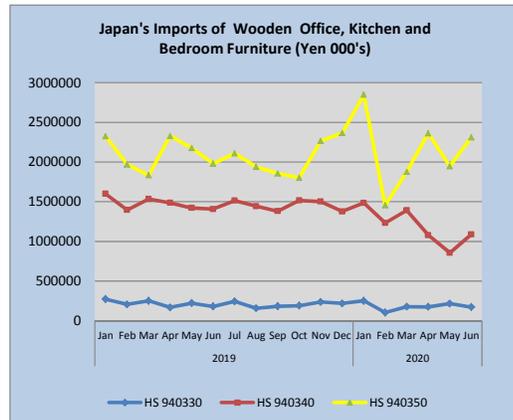
many companies, some of which have already decided 'work from home' brings benefits and have begun to downsize their office space requirements.

As was the case throughout the year most wooden office furniture imports originated in China (80% in June). The other shippers of note in June were the US (5%) and Poland (4%). June shipments from China were around 13% down on May shipments, shipments from Poland dropped 50% in June compared to May but shipments from the US doubled.

Import update

Furniture imports

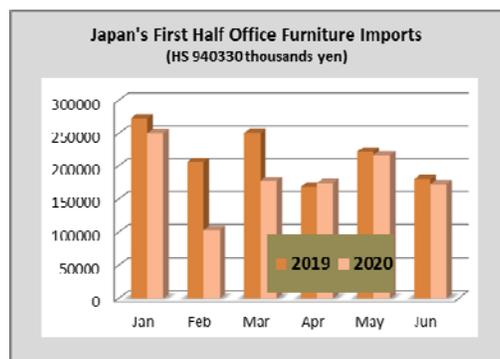
The June 2020 uptick in the value of Japan's wooden kitchen and bedroom furniture corresponds to the general improvement in consumer sentiment and in particular the steady rise in the consumer confidence index for 'willingness to buy durable goods'.



Data source: Ministry of Finance, Japan

Office furniture imports (HS 940330)

The value of Japan's first half 2020 imports of wooden office furniture (HS940330) fell 16% compared to the value of imports in first half of 2019. Throughout the first half of 2020 shippers in China have consistently captured the largest share of wooden office furniture imports. It remains to be seen if the efforts by the Japanese government to encourage Japanese companies relocate out of China will impact future sources of furniture imports.



Data source: Ministry of Finance, Japan

June office furniture imports

The value of June imports of wooden office furniture (HS940330) was around the same as in June 2019 but compared to May the value of June imports was downed 20% following the sharp month on month rise in May.

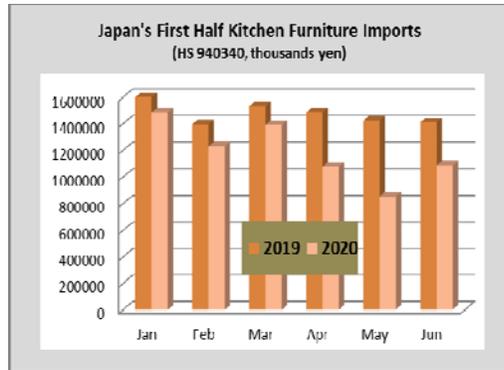
The office furniture market in Japan has been feeling the impact of the 'work from home' approach adopted by

	Imports Jun 2020 Unit, 000's Yen
S. Korea	-
China	139,134
Taiwan P.o.C	490
Vietnam	1,560
Thailand	1,878
Malaysia	1,235
Indonesia	-
UAE	-
Sweden	-
Denmark	365
UK	4,767
Netherlands	-
Belgium	-
France	-
Germany	3,729
Switzerland	-
Portugal	3,263
Italy	632
Poland	5,747
Turkey	-
Lithuania	-
Slovakia	1325
Canada	207
USA	7972
Mexico	-
Australia	-
Total	172,304

Data source: Ministry of Finance, Japan

Kitchen furniture imports (HS 940340)

The value of Japan’s kitchen furniture imports in the first half of 2020 was down almost 20% year on year.



Data source: Ministry of Finance, Japan

June kitchen furniture imports (HS 940340)

	Imports Jun 2020 Unit, 000's Yen
China	142,036
Taiwan P.o.C	4,011
Vietnam	499,641
Thailand	17,329
Malaysia	4,516
Philippines	345,600
Indonesia	7,745
Sweden	-
Denmark	-
UK	820
Netherlands	-
France	244
Germany	47,295
Spain	269
Italy	10,184
Finland	-
Romania	2,769
Turkey	-
Lithuania	-
Czech Rep.	-
Canada	3,281
USA	1,755
Total	1,087,495

Data source: Ministry of Finance, Japan

The value of June imports of wooden kitchen furniture were surprisingly around 25% higher than in May and this was during the partial lockdown.

The explanation for the increase in kitchen furniture could be that, as in other countries when under lockdown, the Japanese also turned to home improvements

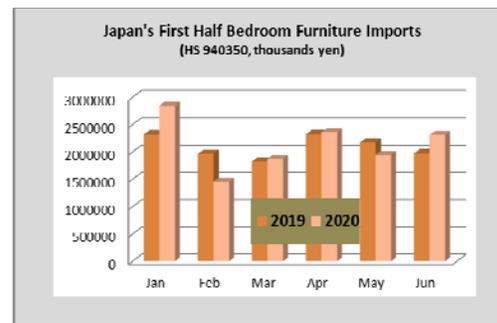
Each of the three main shippers, Vietnam, the Philippines and China saw exports of wooden kitchen furniture to Japan rise in June compared to May.

Vietnam shipped most in June (46% of June imports) followed by the Philippines (32%) and China. Shipments from each of the three main shippers increased in June with a massive almost 70% increase from the Philippines.

Bedroom furniture imports (HS 940350)

Compared to the first half of 2019 the value of Japan’s imports of wooden bedroom furniture in the first half of 2020 rose slightly, something of a surprise since imports of office and kitchen furniture were down year on year.

In these unusual times the most likely explanation for this may be found in relation to the pandemic ‘work from home’ style of work. It could be that many families had to rearrange their bedrooms to create a work space.



Data source: Ministry of Finance, Japan

The value of Japan’s June imports of wooden bedroom furniture (HS940350) was up 17% year on year and also up month on month (27%).

Shippers in China and Vietnam continued to dominate Japan’s imports of wooden bedroom furniture in June with imports from China accounting for 58% of all HS940350 imports followed by Vietnam with 32% of imports.

The third largest shipper of HS940350 in June was Malaysia was cornered a 4% of total June imports. In June the value of shipments from China were 14% up on May and shipments from Vietnam were up 18%.

June bedroom furniture imports (HS 940350)

	Imports Jun 2020 Unit, 000's Yen
S. Korea	843
China	1,342,103
Taiwan P.o.C	1,366
Vietnam	761,988
Thailand	63,764
Malaysia	101,298
Philippines	-
Indonesia	14,594
Sweden	-
Denmark	1,585
UK	-
Netherlands	-
Belgium	-
France	-
Germany	230
Switzerland	-
Italy	4,785
Poland	18,707
Austria	415
Hungary	-
Greece	-
Romania	-
Latvia	-
Lithuania	-
Belarus	-
Bosnia Herzegovina	-
Canada	-
USA	407
Total	2,312,085

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/

Recovering housing orders

Since last June marketing activities by major house builders restarted after the state of emergency during April and May for coronavirus epidemic.

Order values bottomed in April and May and have been increasing since June for eight major house builders, which specialize custom ordered houses.

It is everyone's concern that how house quarantine period of March and May would influence new housing starts.

Total new starts during April and June were 12.7% less than the same period of last year and owner's units were 18.2% less. Orders for large house builders started decreasing since last March. Decreasing starts during the second quarter match declining orders for precutting plants by 10-20%.

Precutting plants see that orders would decline from September because of absence of housing orders during March and May because orders for precutting plants are about six months after house builders firm up orders from house buyers.

Orders for major house builders started recovering since last June and precutting plants report orders by major house builders are increasing.

Eight major house builders' suffered about 30% less orders from the same month in 2019 and speed of recovery is slower than other builders because major builders take time to firm up orders after potential buyers visit house exhibition sites meantime builders to sell units built for sale lost orders until last April but orders sharply recovered. Some builders firm up orders in 40-50 days after catching potential buyers.

Average ordered value for eight major builders (Sekisui House, Daiwa House, Mitsui Home, Misawa Home, Sumitomo Forestry, Panasonic Homes, Asahi Kasei Homes and Sekisui Chemical Industry) was 77% less than the same month last year in March, 64% in April, 67% in May, 85% in June and 91% in July.

Meantime, for six other builders, which sell unit built for sale and low cost models, average ordered value in March was 80% of the same month in 2019, 99% in April, 121% in May, 117% in June and 125% in July.

Imported lumber in depressed market

In Japan lumber market, price competition started by sluggish demand among various products and this results in drop of export prices of producing countries.

With pessimistic forecast, demand shrinkage seems to come so that purchase of main items is decreasing but some items like Russian lumber and European structural laminated lumber supply is more than last year.

Meantime, North American lumber market rebounded sharply by recovering housing starts in the U.S.A. and

production curtailment by sawmills so future export prices of logs and lumber from North America would be firm.

Start of price war is domestic produced Douglas fir lumber. The largest manufacturer of Douglas fir lumber in Japan reduced the prices of KD Douglas fir beam by 2,000-3,000 yen per cbm in last May so KD Douglas fir beam prices are 49,000 yen per cbm delivered, which is the lowest in seven years since 2013.

The reason is that the prices of competing European laminated redwood beam were 54,000-55,000 yen, 2,000-3,000 yen higher than KD Douglas fir beam then the fourth quarter prices of European products were about 53,000 yen and the prices got closer. Four domestic laminated lumber manufacturers decided to compete so the price war has started between domestic made Douglas fir lumber and European made laminated beam.

The export prices by the European suppliers rebounded in the second quarter but supply pressure continues.

Total supply through May of medium size laminated lumber was 12.3% more than 2019 and small size was 11.8% more so the prices of domestic produced beam dropped down to the same level of 53,000 yen. Drop of KD Douglas fir beam lumber prices influenced export prices of other Douglas fir lumber.

North American suppliers maintained the prices by supplying proper volume to meet actual demand in Japan and domestic lumber prices followed the export prices but now domestic supply prices dropped first and the export prices follow so the export prices dropped by about 3,000 yen per cbm compared to previous quarter.

However, this pattern is no longer workable after the North American lumber market recovered steeply so it is likely that the export prices of North American lumber would go up in next quarter.

Russian lumber supply last year was limited but the arrivals have been increasing since last spring and Tokyo Bay ports' inventory at the end of June was 63,000 cbms, 2.6 times more than last year and price drop by oversupply is feared.

Price war weakens Japan's purchasing power and it is necessary to have certain limit of price drop to maintain Japan's purchasing power when the market is rebounding elsewhere in the world.

Orders for new housing in April and May dropped considerably by the State of Emergency order, which would impact housing starts in August and September. It is apparent that new housing starts this year will be much less than last year, which influences building materials demand. Competition will be harder between imported products and domestic, solid wood and laminated lumber.

Plywood

Movement of plywood in the market continues stagnant but the price skidding stopped. Plywood manufacturers decided not to accept any lower offers and the dealers and trading firms agreed on as price reduction does not help move any more volume so the users gave up asking lower prices and feel that the present prices seem to be the bottom. The manufacturers plan to produce for actual demand only to tighten the market.

12 mm structural softwood panel prices are 900-930 yen per panel delivered, 100-150 yen lower than September last year.

Imported plywood supply has been very low so that some items are short in the market so the importers and dealers now sell cautiously with limited on-hand inventory. The price decline has stopped but with weak demand, it is risky to place new orders for the importers so they place orders with absolute minimum.

Future arrivals do not seem to increase and it is hard to see how supply and demand balance would move.

Market prices of 12 mm structural panel are 1,200 yen per sheet delivered, 100 yen lower than September last year.

Log and lumber export for the first half of 2020

Total log export volume for the first six months of this year is 636,356 cbms, 3.7% more than 2019. Cedar is 553,591 cbms, 5.6% more and cypress is 76,658 cbms, 10.1% more.

Lumber export is 74,068 cbms, 0.6% more. Cedar is 41,144 cbms, 8.5% less and cypress is 19,177 cbms, 27.4% more. Log export in the first quarter decreased because of slump in China but export for other markets is steady from the beginning of the year. Export to China recovered in the second quarter so total log export increased over 2019. By species, cedar export for China is 0.8% more.

The volume dropped by 29% in the first quarter by corona virus epidemic but it increased by 23.4% in the second quarter. For other destinations, Korea is 37.8% more, Taiwan is 25.1% more and Vietnam 320% more.

Cypress log export for China is 6.6% more and for Korea 8.2% more and for Taiwan 26.5% more. Vietnam increased by three times and exceeded Taiwan volume. New market of Vietnam is increasing the volume of both cedar and cypress but like China, cedar and cypress may be processed and export for Japan market.

On lumber export, the volume for China and Philippines steadily decreasing and Korean market is not steady. Lumber export for the U.S.A. is increasing every month.

China

Surge in plywood exports to Malaysia

According to China Customs, plywood exports in the first half of 2020 were 4.778 million cubic metres valued at US\$1.92 billion, down 6% in volume and 14% in value over the same period of 2019. The average price for China's plywood exports fell 9% to US\$402 per cubic meter in the first half of 2020.

The markets for plywood exports were diverse. The proportion of plywood exports to the Philippines was largest at nearly 8% and around 60% of exports went to 14 countries with each buying over 100,000 cubic metres.

Exports to most markets fell in the first half of 2020. The decline in exports to the US was the greatest at -26%.

Although the Philippines became a major buyer of China's plywood in the first half of 2020 taking 372,000 cubic metres valued at US\$134 million, there was a 22% drop in volume and a 24% drop in value year on year.

China's plywood exports to Malaysia surged 97% to 252,000 cubic metres in the first half but there was a 27% decline in average prices for exports to Malaysia. Malaysia was once a major supplier of plywood to China but now China's plywood imports from Malaysia totaled just 7,760 cubic metres valued at US\$3.73 million in the first half of 2020.

China's plywood exports to Saudi Arabia and Thailand rose 43% and 27% to 21,000 cubic metres and 172,000 cubic metres respectively in the first half of 2020.

Plywood exports to the main destinations in the first half of 2020

Market	Volume 000s cu.m	YoY % change	Av. Price US\$/cu.m
Philippines	372	-22%	359
UK	314	-3%	389
Japan	274	-8%	435
Vietnam	261	1%	325
Malaysia	252	97%	269
UAE	232	-15%	295
Saudi Arabia	214	43%	306
USA	210	-26%	744
Thailand	172	27%	391
Taiwan P.o.C	142	12%	329
Israel	129	-4%	413
Belgium	125	-4%	587
Canada	107	-7%	814
South Korea	100	-19%	450

Data source: China Customs

Qingdao and Lianyungang the main ports for plywood exports

According to China Customs, Qingdao and Lianyungang Ports were the major exit ports for China's plywood exports in the first half of 2020. 70% of China's plywood exports were through Qingdao and Lianyungang Ports.

China's plywood exports through Beilun Port rose in the first half of this year to 182,000 cubic metres however, the value of China's plywood exports through Beilun Port fell 31%, the average price for China's plywood exports through Beilun Port was the lowest at US\$108 per cubic metre.

US still largest market for China's wooden furniture

According to China Customs the value of China's wooden furniture exports fell 24% to US\$7.439 billion in the first half of 2020. The US was the largest market but imports fell in the first half of 2020 by about 10% compared to 2019.

Although China's wooden furniture exports to most countries fell in the first half of 2020 exports to some countries increased.

For example China's wooden furniture exports to Malaysia, South Korea, Australia and Netherland rose 64%, 11%, 6% and 4 respectively in the first half of 2020.

China's wood furniture exports first half of 2020

	Value US\$ mil.	Yoy % change
USA	2,173	-43%
Japan	611	-1%
Australia	4,961	6%
UK	467	-24%
South Korea	442	11%
Canada	262	-21%
Germany	240	-8%
Hong kong	229	-29%
France	210	-23%
Malaysia	195	64%
Saudi Arabia	184	-16%
Netherlands	143	4%
South Africa	133	-38%

Data source: China Customs

Major ports for China's wooden furniture exports

According to China Customs, China's wood furniture was exported mainly through Dapeng and Shekou ports, accounting for 19% and 15% of the national total, down 37% and 7% in value to US\$1.38 billion and US\$1.15 billion respectively.

In addition, Waigang, Yangshan and Qingdao are also major ports for China's wood furniture exports in the first half of 2020 and the value of China's wood furniture exports through Waigang, Yangshan and Qingdao ports was US\$856 million, US\$773 million and US\$708

million, down 18%, 37% and 30%, accounting for 12%, 10% and 10% respectively.

The value of China's wood furniture exports to Malaysia rose 64% to US\$195 million in the first half of 2020 and 70% were mainly through Qingdao (25%), Shekou (16%), Waigang (15%), Xiamen (11%) and Qingdao Development Zone ports (9%).

Rise in China's wooden furniture imports from Germany

According to China Customs the value of China's wooden furniture imports fell 26% to US\$389 million in the first half of 2020. Italy, Germany and Vietnam are major suppliers of China's wooden furniture imports, over 60% of China's wooden furniture was imported from the three countries.

The value of China's wooden furniture imports from Italy and Vietnam dropped 26% and 44% to US\$146 mil. and US\$38 mil. respectively in the first half of 2020. However, the value of China's wooden furniture imports from Germany rose 21% to US\$66 mil. in the first half of 2020.

Major shippers of wooden furniture to China in the first half of 2020

	Value US\$ mil.	YoY %Change
Italy	146	-26%
Germany	66	21%
Vietnam	38	-44%
Poland	26	-38%
Malaysia	14	-39%
Lithuania	14	-35%
Thailand	12	-27%
France	12	62%

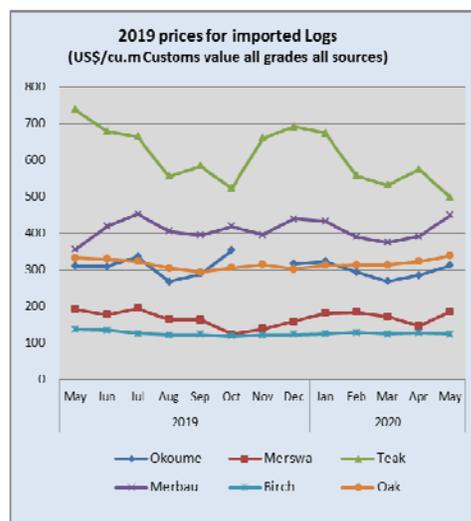
Data source: China Customs

Yangshan was the major port for China's wooden furniture imports as around 45% of all China's wooden furniture imports were through Yangshan Port in the first half of 2020.

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

	2020 Apr	2020 May
Okoume	284	312
Merswa	145	184
Teak	574	498
Merbau	391	449
Birch	127	124
Oak	323	338

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

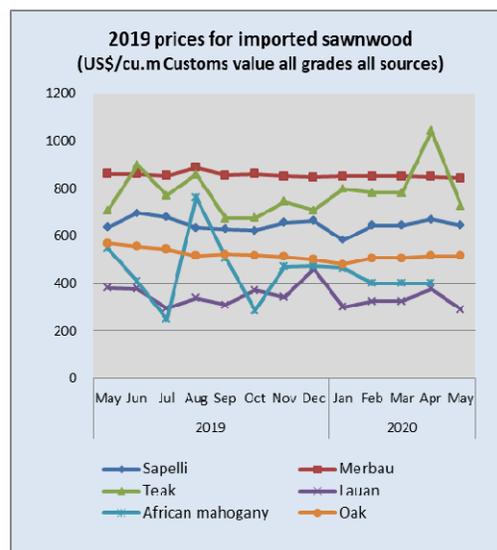


Data source: China Customs. Customs value all grades, all sources

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

	2020 Apr	2020 May
Sapelli	670	645
Merbau	851	845
Teak	1,044	729
Lauan	377	291
African mahogany	1,046	na
Oak	518	518

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



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

UK market for African hardwoods “recovering well” after lockdown

The UK market for sawn hardwood has been recovering well following easing of COVID-19 lockdown measures from June onwards. However, there are significant problems on the supply side with COVID-19 contributing to reduced harvesting and mill operations and a significant reduction in freight capacity.

This adds to the pre-existing challenges imposed by too much focus on a limited range of commercially valuable hardwood species in the UK, a feature of the market which sits uncomfortably with the UK’s strong preference for FSC certified material.

These were key messages from the discussion of the current state of the UK and wider international trade in sawn hardwood at the latest quarterly meeting of the London Hardwood Club (LHC) held online on 9 September.

The virtual meeting was chaired by Rupert Walker of Timberlink International who welcomed over 40 LHC members from across the UK as well as members and invited speakers from the USA, Italy, Belgium and other European countries. Speakers included Ken Walsh of Danzer UK, Hank Marcel of Robinson Lumber, Ben Jenn of NHG, and Rupert Green of Greentimber.

The report on the situation in the African hardwood trade noted that log stocks and sawn timber supplies in the region are comparatively low, partly because of the effects of COVID-19 forcing producers to operate with social distancing measures, and partly because of the long-term focus on a limited range of commercial species, particularly sapele.

Supplies are expected to remain low, both in the short term, now that mills have closed for annual maintenance over the next two months, and longer term with increasing numbers of mills reporting only limited availability of sapele. This is true both of Congo and Cameroon. It was suggested that “for the last decade 10 years, production has been around 70% sapele while other species have been under used. From a sustainability perspective it is necessary to look at other species”.

It was suggested that, despite the pandemic, there is “sufficient demand for all sawmills to receive full order files”.

There is a general trend towards specialisation by African suppliers, with those operators with 100% FSC certified concessions focusing increasingly on premium markets, particularly in Europe, and those with kilns focusing on supply only of kiln dried material to ensure full utilisation of their own capacity and maximum added value at a time when supplies are restricted..

It was suggested that the pandemic has not affected logistics in the African supply regions too much, and in fact congestion for shipment out of Douala is now less of a problem as volumes moving to Asia have fallen. However red tape is still a major problem. The costs of shipping via Douala, already very high compared to other ports elsewhere in the world, are rising.

The new port at Kribi in Cameroon is helping to ease the congestion at Douala. Although Kribi port was built a few years ago, only recently has it been properly linked into the wider road network in Cameroon. Most shipments out of Kribi are destined for Asia with very little to Europe but the port has helped improve the logistics situation at Douala.

Sapele prices on offer to European importers are expected to at least remain stable for the rest of this year with some potential to increase. Although sipo prices have weakened a little in recent months, there may be some increase later in the year. Iroko prices have fallen a little this year but there is no expectation of any further movement in the coming months.

Specifically in the UK, it was noted that trade in the favoured African species (dominated by sapele in the UK) was affected by the COVID-19 in the second quarter but has recovered well and is now at normal levels. The UK is “well stocked but not overstocked” in African hardwoods. However, sapele is currently being traded at unsustainable price levels, below replacement cost.

It was emphasised that the UK is now strongly focused on FSC certified material from Africa. However, prospects for increased supply of FSC certified wood from Africa are limited, it being noted that there is “no sign of an increase [in FSC certified forest area] in Africa – no one is moving in that direction at all. The fact remains it is extremely costly”.

The best way to increase supply of FSC certified wood from Africa lies in broadening the range of utilised species. However, it was also noted that to date generally the UK has been less inclined to use non-traditional species compared to continental European countries.

Several “lesser known species” from Africa that may be of future interest to UK buyers were mentioned during discussion including: tali “a dense species, suitable for external applications”; bosse “well used in France for general joinery”; and kosipo “often thought of as heavy and difficult to machine – but wood of better quality is now available”.

Supplies of Brazilian hardwood tightening but prices remain competitive in Europe

Turning to South America, the LHC was informed that supplies of tropical sawnwood and hardwood decking in Brazil are also tighter than usual at this time of year during the dry season.

Typically, the rainy season in the Brazilian Amazon finishes in June and July but it has lingered on for longer than usual with rain continuing in some areas, impeding logging. COVID-19 is also spreading in rural areas in Brazil acting as a further brake on harvesting and milling operations. Unlike in previous years, Brazilian hardwood mills are now less likely to make unsolicited offers to overseas customers.

Continued weakness of the Brazilian real against other currencies has meant that prices are still competitive on international markets. However, the weak real together with COVID-19 related impacts on trade has also meant that Brazil is importing less. This has greatly reduced availability of containers and pushed up freight rates for shipments out of Brazil.

Firm demand for wood for exterior applications in both the US and Europe during the lockdown period is helping to put a floor under Brazilian hardwood prices. Demand for the cheaper hardwood species is also currently quite strong in Brazil's domestic market.

US importers were heavily stocked in Brazilian sawnwood going into the COVID-19 period and they have been discounting prices for onward sales in the US. At present US importers are not buying in new stocks of Brazilian hardwood in large volumes because of uncertainty surrounding the future development of demand.

Most imports of hardwood from Brazil comprise wood for exterior applications, although some wood for interior joinery is purchased in continental Europe, notably France. There has been shift in continental Europe away from ipe in favour of cumaru. In the UK, cumaru is also now favoured for outdoor construction, and less often ipe, massaranduba and garapa.

Enquiries for FSC certified hardwood from Brazil are rising in Europe. Demand in the UK for hardwood from Brazil is now almost exclusively FSC. This trend is encouraged not only by EUTR due diligence requirements but also by the fact that price premiums for FSC certified Brazilian tropical hardwood are less than in previous years.

The granting of concession contracts for reduced impact logging of larger areas of publicly owned forest by Federal and State authorities, a policy progressively extended in Brazil since 2008, also offers potential to increase supply of FSC certified tropical wood. Some of the tropical forest concession areas are large and capable of producing a large volume of timber on a sustainable basis.

However, according to comments made at the LHC meeting, there are also significant economic constraints to FSC certification in tropical forest concessions in Brazil. The forests are extremely diverse offering only a limited volume of the most commercially valuable species and a large volume of secondary species.

The premiums achievable on the sale of FSC certified volumes of the commercially valuable species are insufficient to offset the certification costs in the absence of any premium for certification of the much larger volume of secondary species.

For other South American countries, the LHC meeting heard that their overall competitiveness in relation to Brazil is impaired due to the weakness of the Brazilian currency. In Guyana, despite COVID-19 related restrictions, harvesting and production levels are near normal for this time of year. However, in the context of Guyana, "normal" still implies slow and quite restricted.

In Peru, the harvest season was truncated due to COVID-19, although some suppliers have managed to maintain production at levels not far short of previous years. FSC certified material is also often easier to source from Peru than Brazil, although Peruvian suppliers are currently struggling to compete on price.

On Malaysian hardwoods, the LHC heard that UK and EU imports of Malaysian meranti are well down on previous years in 2020. In part this is supply related, with shippers telling UK importers that there has been a particularly wet rainy season and many reports of mill closures in the face of the pandemic.

There has also been a dramatic increase in freight rates to European ports from South East Asia, a trend expected to continue for the rest of the year. Carriers are operating the route on severely reduced capacity in response to the COVID-19 pandemic, with numerous blank sailings, and are expected to only slowly increase capacity as demand and trade volumes rise.

COVID-19 delays long-anticipated European oak supply crunch

In relation to European hardwoods, LHC members were reminded that at the start of the year, before the effects of the COVID-19 pandemic were felt, demand for European oak had picked up strongly.

While the signs were encouraging on the demand side, there were concerns about mounting supply problems for prime grade European oak, particularly in wider and longer specifications. This is a problem that has been building for some time as supply of the best quality European oak logs has been falling for the last 10 to 15 years.

As the seriousness of the pandemic became clear in the second quarter of the year, there was severe supply disruption of the prime grades of European sawn oak favoured in the UK as it became increasingly difficult to shift material out of Croatia and Italy.

The profitability of European oak suppliers was also hit hard by a sharp decrease in demand for the lower grades in China and Vietnam in the first half of the year.

As a result, prices for lower grades of European oak have been falling while mills have compensated by pushing up prices for prime grades.

However, the sharp slowdown in demand during the COVID-19 lockdown period has also delayed the supply crunch for European oak. Despite hugely challenging conditions, European oak traders managed to overcome the immediate logistical problems, co-operating to amend delivery schedules and to balance available supply reasonably well with wildly fluctuating demand.

There is now no immediate expectation of significant supply problems for European oak this year, although buyers will be keeping a wary eye on harvesting levels during the next winter logging season which may yet be disrupted.

Demand for European oak in the UK is now picking up in the third quarter as joinery businesses are returning to normal levels. There is particularly good UK demand for thinner stock of European oak which may be a response to shortages in supply of equivalent American white oak specifications.

There was speculation at the LHC meeting that European oak suppliers may start insisting that UK buyers take a proportion of lower grade oak to secure supplies of prime grade, as has been the case in previous years when demand for lower grade oak was weak. However, as things stand with demand still quite weak, the feeling overall was that producers do not yet have enough leverage to require this of their customers.

On European beech, LHC members noted that, even more so than for oak, there is a continuing problem of very weak demand for lower grade material. However, there are some more positive signals of returning demand for beech in Egypt and elsewhere in the Middle East.

American red oak makes inroads into European market
The LHC discussion on American hardwoods highlighted the very challenging market conditions that have emerged in the last 18 months.

The American hardwood industry was hit first by the introduction of swingeing duties on imports into China during the US-China trade dispute, which led to a sharp decrease in US hardwood exports in 2019. This has been followed by another sharp downturn in export sales during the pandemic.

In the US domestic market, house starts have remained quite strong this year, propping up demand for hardwood in the cabinets, flooring and mouldings sectors. However, industrial markets for American hardwoods – such as for gas/oil field board roads, railroad ties and pallets - which have become increasingly important for US hardwood mills in recent years, fell sharply in March and April.

The US hardwood industry reacted quickly to falling demand this year by slowing production. However, the impact has varied widely between species. Red oak kiln dried sawn lumber is still available at prices around 20% less than those prevailing in 2018 before the effects of the US-China trade dispute became apparent. In contrast, availability of white oak kiln dried lumber is very limited and prices are nearly 60% greater than in 2018.

This situation has contributed to red oak making more inroads into the European and UK market this year, although it is still only a relatively small share compared to white oak.

LHC members were advised that supply of American white oak will likely remain very tight for the remainder of this year. This is particularly true of thicker sizes which require longer in the kilns encouraging producers to focus more on thinner stock where turnover is quicker.

Prices are quite firm for higher grades of sawn walnut and tulipwood, the other key American hardwood commodities sold into Europe. However, prices are softening for lower grades. Supply is a problem, with some specifications of both species becoming harder to fulfil since the start of the pandemic.

Freight rates on transatlantic routes are known for their robustness, a contrast to the volatility often seen on the transpacific and Asia-Europe routes, but they are now coming under intense pressure as trade volume has fallen. Transatlantic freight rates are falling and are now about 10% down on 12 months ago, but there are also a lot of blank sailings in response to the low demand and it can be difficult to get bookings out of some US ports.

North America

Tropical hardwood imports rose in July

July imports of sawn tropical hardwood rose 16% month on month but at 12,596 cubic metres, the volume of tropical hardwood imports was down more than 40% from July 2019. Year-to-date imports remained down 39% up to July.

Imports from Ecuador fell by 28% in July and are down 72% year-to-date. Imports from Brazil rose 21% in July but only to a level about 15% less than that of the previous July, with year-to-date imports up to July being down by 22%.

Similarly, imports from Malaysia rose sharply from weak June numbers but remain down 40% year-to-date. On a positive note, imports from Indonesia more than doubled in July over June and are now ahead of last year by 8% for the year.

Imports of jatoba rose 20% in July and imports of keruing, virola and meranti all increased sharply in the month yet all still lag 2019 totals year-to-date.

Imports of balsa, sapelli and acajou d’afrique all fell by more than 10% in July and are down sharply for 2020.

Canadian imports of tropical hardwood held fairly steady in July, rising by 2% over the previous month. Imports for the year so far are down by 9%.

Hardwood plywood imports rose in July

US imports of hardwood plywood recovered somewhat in July, rising by 13% for the month and bringing 2020 totals even with 2019. Imports from China fell 3% in July, ending a four-month streak of improvement after a sharp decline at the beginning of the COVID-19 pandemic.

Imports from China are down 57% for the year. Imports from other key trade partners: Russia, Indonesia, Malaysia, Cambodia, and Vietnam all rose more than 10% in July.

Veneer imports continue to catch up

Imports of tropical hardwood veneer continued to rally, rising by 40% in July after improving 76% in June. Yet, there is still much more ground to make up after imports cratered in May.

Despite the gains, July imports were still down about 50% from the previous July’s figures, while year-to-date imports are down by 30%.

Import volume was particularly volatile in July with imports from Ghana and Cameroon nearly disappearing while imports from Italy almost doubled and imports from China grew by more than 850%.

Year-to-date imports from Cameroon are double what they were last year, while imports from most other nations are down by more than one-third.

Imports of assembled flooring spike to record level

The value of US imports of assembled flooring panels jumped 29% in July to the highest level in more than 10 years at US\$18.6 million. While increases in building supply prices may have contributed to import value rises in recent months, it was a more than 30% rise in the import volume of panels that drove the jump in July.

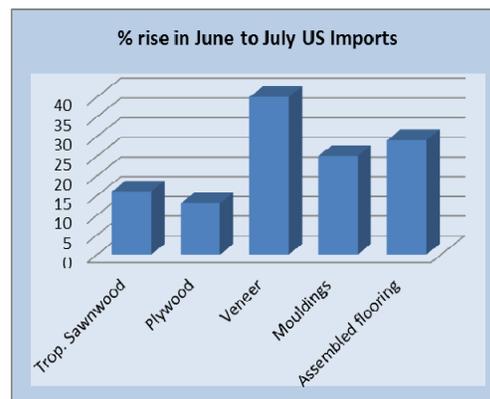
The value of imports from Vietnam was up 68%, while the value of imports from China and Canada rose 35% and 15%, respectively. Despite the record month, the value of imports of assembled flooring panels is down 2% for 2020.

Imports of hardwood flooring also rose (12%) in July but are still at a monthly level only about two-thirds of where they were last July. Imports from China saw their strongest month since February while imports from Malaysia rose by 35%. Imports from Brazil were down 1% and are behind last year by 30% for the year. Overall imports are down 33% year-to-date.

Moulding imports continue recovery, Malaysian scores

Imports of hardwood mouldings rose by 25% in July, outpacing July 2019 imports by more than 10%. Imports from Malaysia rebounded after two dismal months, rising by just under 400%.

Due to the slump, imports from Malaysia are down 34% for 2020. Imports from Brazil are even weaker, down 62% for 2020 after falling by 38% in July. Overall imports are down 11% for the year.



Data source: US Census Bureau, Foreign Trade Statistics

Furniture orders soared in June

New US residential furniture orders continued to bounce back, with a 73% increase in June following up an even larger percentage gain in May. According to the latest Smith Leonard survey of manufacturers and distributors, new orders in June were 30% ahead of June 2019.

New orders were up for 73% of the participants. In May, new orders were down 8% from May 2019. “We had heard from many that June orders had really started to come in better than expected but the increase over June last year was more than we would have thought,” the survey report said.

For the first half of 2020 new orders were down 16% from the same period last year after an 18% decline reported last month. Some 81% of the participants reported a decline in orders year-to-date.

Shipments in June were down 7% from June 2019 which was pretty much in line with the decline in orders reported in May. The results were split, with roughly one-half of the participants reporting increases and the other one-half reporting a decline.

See: <https://www.smith-leonard.com/2020/08/31/august-2020-furniture-insights/>

Cabinet sales fell in July

US cabinet manufacturers reported that cabinet sales were down 5.8% in July 2020 compared to June, according to a press release from the Kitchen Cabinet Manufacturers Association (KCMA) on their monthly Trend of Business Survey. Custom sales decreased 5.4%; semi-custom sales increased 2.6%; and stock sales were down 10.8% compared to the previous month.

US cabinet manufacturers reported an increase in overall cabinet sales of 3% for July 2020 compared to the same month in 2019, Custom sales are up 0.9%, semi-custom increased 3.6%, and stock sales increased 3%.

Overall year-to-date cabinet sales are down 2.9%. Custom sales decreased 4%, semi-custom sales decreased 8.1%, and stock sales are up slightly at 1% year to date.

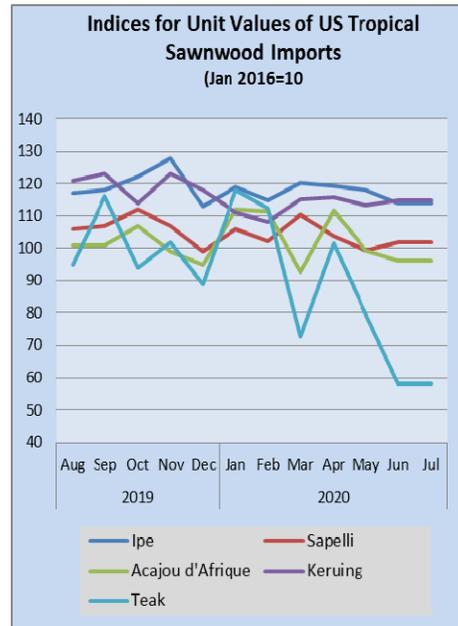
See: <https://www.kcma.org/news/press-releases/july-2020-trend-of-business>

Contract furniture, retailers expand home office partnerships

The trend in ‘work from home’ has been experienced for a number of years but the pandemic has resulted in an escalation of this in the US. Today, workers stuck at home are buying a lot of desks, chairs, and shelves to furnish and expand home offices.

Some of the major contract manufacturers offer their products through online stores but the choices are very limited. Industry experts interviewed by the Woodworking Network found that companies are increasing their offerings and expanding their marketing through a number of outlets.

It has been estimated that about 50% of US office workers are working from home or elsewhere rather than their company’s offices. Many workers will return to the office when the pandemic ends but it is likely that many will continue to work at home, at least part of the time.



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.

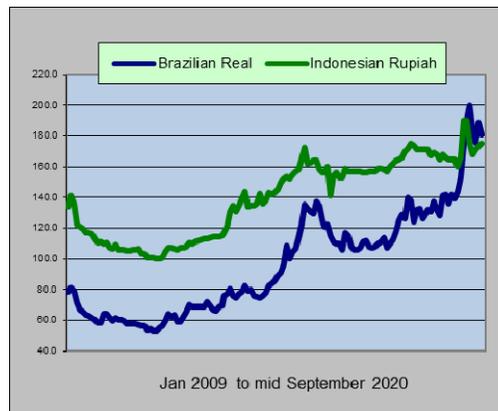
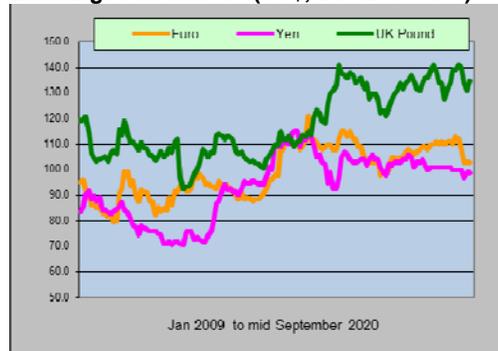
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

Dollar Exchange Rates

As of 10 September 2020

Brazil	Real	5.3075
CFA countries	CFA Franc	553.6
China	Yuan	6.8344
Euro area	Euro	0.8463
India	Rupee	73.44
Indonesia	Rupiah	14855
Japan	Yen	106.16
Malaysia	Ringgit	4.1640
Peru	New Sol	3.50
UK	Pound	0.7807
South Korea	Won	1188.21

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

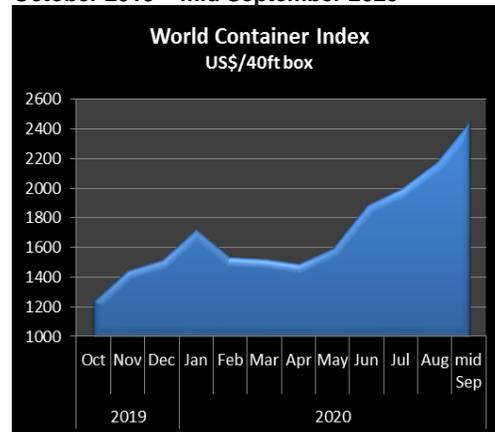


Abbreviations and Equivalences

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

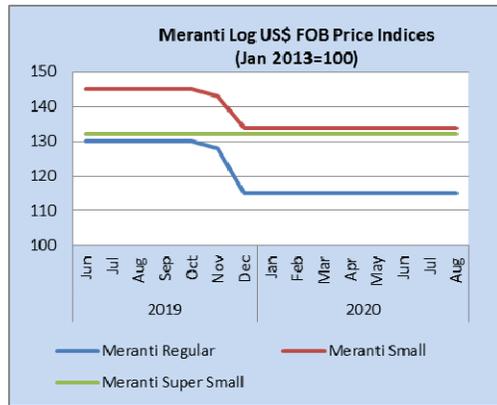
October 2019 – mid September 2020



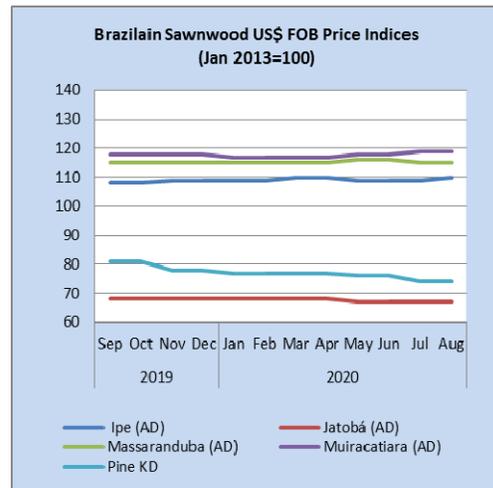
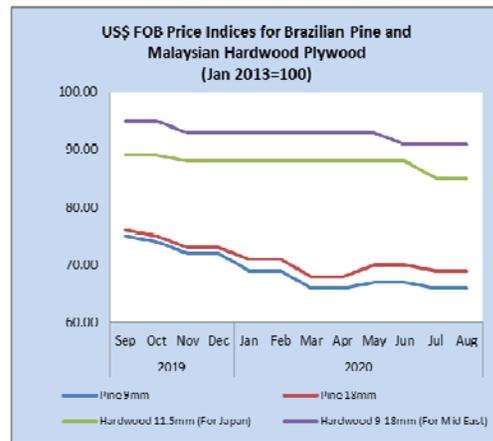
Data source: Drewry World Container Index

Price indices for selected products

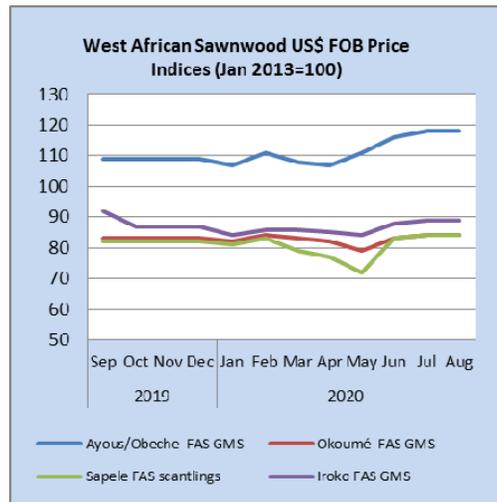
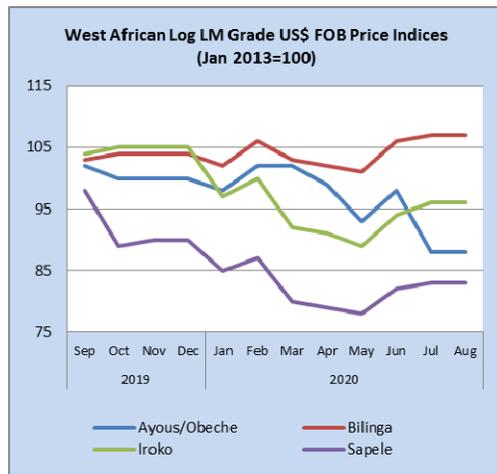
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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