

Tropical Timber Market Report

Volume 26 Number 2 16th – 31st January 2022



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.

Contents

Central/West Africa	2
Ghana	3
Malaysia	5
Indonesia	5
Myanmar	6
India	8
Vietnam	10
Brazil	14
Peru	16
Japan	17
China	21
Europe	24
North America	29
Currencies and Abbreviations	31
Ocean Freight	31
Price Indices	32

Headlines

	Page
Large number of concession agreements withdrawn in Gabon	2
Industrial log production rising in Indonesia	5
Rains disrupting rubberwood harvesting and trucking in India	8
Quality and sustainable timber from the Amazon - CIPEM promotes SFM	14
COVID casts long shadow over the European furniture sector	24
US home improvements expected to peak in 2022	30

Top story

Russia bans log exports

As of January this year the Russian government banned log exports and placed a high export duty on green sawnwood exports. Since July 2012 there has been a 10% duty on green sawnwood exports.

The Japan Lumber Reports (JLR) says there are some exceptions, for example trade with North Korea and Finland. As noted by the JLR - this (ban) ends the long story of the Russian log trade with Japan ending 67 years of history.

In response to the ban the EU lodged a challenge with the WTO saying the ban is illegal and harms the EU wood processing industry.

Page 20

End of rains in Cameroon, harvesting back on schedule

Cameroon has, at last, started to welcome the beginning of the dry season so harvesting conditions have improved. Despite the rise in covid infections mills report no problem with the work force and that production is back to normal after the dismal situation during the extended rains. The availability of containers for exports is still an issue and is disrupting shipments and leading to a build in stocks of sawnwood.

Large number of concession agreements withdrawn in Gabon

The timber industry in Gabon is trying to assess the impact of an announcement from the government on 17 January withdrawing of a large number of concession agreements. Companies affected reportedly have concession agreements arranged many years ago and do not have the appropriate documentation. This is likely to cause considerable problems for the companies concerned. Concession holders had just 8 days from 17 January to respond.

As with Cameroon, the availability of containers is hindering shipments from Gabon which producers say is unfortunate as demand is firm in international markets.

According to the daily newspaper l'Union the governor of Moyen-Ogooué Province, Barnabé Mbagalivoua, called a crisis meeting with government labour officers and workers' unions to decide action against a forestry company which reportedly unfairly dismissed workers, employed workers without a formal contract and also failed to pay employee contributions to the National Social Security Fund (CNSS).

See: <https://www.lenouveaugabon.com/fr/securite-justice/1701-17944-lambarene-des-exploitants-forestiers-chinois-interpelles-pour-violation-des-droits-des-employes>

Rumours that felling tax to be raised in Congo

Opposition to the proposed log export quota in Congo set to be introduced by the end of this year is growing with exporters saying the 75%/25% quota needs to be reconsidered.

Producers have indicated that there is a steady demand for okoume especially and that buyers continue to show interest in the redwoods such as sapelli and sipo. News is circulating indicating changes in top management of the forest authority have been made and that the change has not impacted dealings between concessionaires and mills and the government. In related news, it has been learnt that the felling tax will be increased possibly in June this year.

Congo Basin certification system achieves PEFC endorsement

The PEFC website has announced the Pan African Forest Certification (PAFC) Congo Basin regional system has achieved PEFC endorsement marking the first PEFC regional forest certification system to be recognised.

PEFC says “members in Cameroon, Congo and Gabon joined forces under the name of PAFC Congo Basin to develop this regional certification system. The shared language and the similar forestry conditions in the three neighbouring countries enables them to share one system.

See: <https://pefc.org/news/pafc-congo-basin-regional-certification-system-achieves-pefc-endorsement>

ATIBT launches carbon commission

A wide range of stakeholders including producers, donors, professional associations, certification bodies and various experts recently met to discuss advancing an understanding of carbon trading and carbon markets. One of the main observations from the group was that forest operators lack information on carbon financing and dialogue with carbon market actors.

There were questions raised on the potential for carbon storage through SFM in West African forests which it was felt was not sufficient to be profitable at current prices. The group identified objectives which were included in an initial roadmap to address the overall objective.

See: <https://www.atibt.org/en/news/13114/launch-of-the-atibt-carbon-commission-making-the-link-between-forest-operators-and-carbon-market-actors>

Wood decking market study

Le Commerce du Bois has published the results of a study conducted by Jean-Marc Mornas on prospects for wood decking in France: ‘2017-2022 evolution, 2021 estimate and 2025 prospects’.

See: https://www.lecommercedubois.org/files/upload/actualites/Marche_CP_Etude_Mornas_-_Marche_terrasse_bois_et_derives_2017_a_2021___VF_LCB.pdf

Log export prices

West African logs	FOB Euro per cu.m		
	Asian market	LM	B BC/C
Acajou/ Khaya/N" Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & ekki	275	275	175
Belli	300	300	-
Bibolo/Dibétou	215	215	-
Bilinga	275	275	-
Iroko	300	280	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	225	225	220
Moabi	280	280	250
Movingui	180	180	-
Niove	160	160	-
Okan	210	200	-
Padouk	270	240	200
Sapele	260	260	200
Sipo/Utile	260	260	230
Tali	280	280	-

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	440
Bilinga FAS GMS	540
Okoumé FAS GMS	480
Merchantable KD	380
Std/Btr GMS	370
Sipo FAS GMS	425
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	900
FAS scantlings	1,000
Strips	350
Sapele FAS Spanish sizes	420
FAS scantlings	450
Iroko FAS GMS	600
Scantlings	620
Strips	370
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

Ghana

Wood product export markets

According to data from the Timber Industry Development Division (TIDD), a total of 248,658 cu.m of wood products were exported during the first 10-months of 2021. This compares to 179,835 cu.m recorded for the same period in 2020 and was a 38% year on year growth. The table below shows the market performance for 2021 compared to 2020.

Export destinations (000s cu.m)

	2020	2021	% change yoy
	Jan-Oct	Jan-Oct	
Asia	106.16	156.47	47.0
Europe	34.3	41.46	21.0
Africa	25.64	30.14	18.0
America	9.74	11.62	19.0
Middle East	3.97	8.92	125.0
Oceania	0.02	0.06	2.0
Total	179.84	248.66	38.0

Source: TIDD, Ghana

Of the 248,658 cu.m shipments to Asia (63%), Europe (17%) and Africa (12%) accounted for 92% of the total export volume for the period with three other geographic zones accounting for the balance.

Total shipments to the ECOWAS sub-region increased to 25,632 cu.m in 2021 from 21,541 cu.m in 2020, a growth of 19%. The table below shows the ECOWAS market destinations with their corresponding volume, value and unit price.

ECOWAS exports 2020

	Volume cu.m	Value Euro	Unit Price price
Togo	3,225	1,197,056	371
Burkina Faso	5,614	1,885,806	336
Niger	4,894	1,584,376	324
Senegal	2,680	839,152	313
Benin	3,595	1,212,614	337
Mali	684	255,230	373
Cape Verde	644	282,338	438
Cote d'Ivoire	95	72,104	759
Gambia	111	48,135	434
Total	21,542	7,376,811	342.00

ECOWAS exports 2021

	Volume cu.m	Value Euro	Unit Price price
Togo	6,481	2,844,170	439
Burkina Faso	6,832	2,393,430	350
Niger	5,025	1,901,249	378
Senegal	4,217	1,378,294	327
Benin	1,842	802,193	436
Mali	522	238,013	456
Cape Verde	515	231,836	450
Cote d'Ivoire	87	78,123	898
Gambia	111	44,321	399
Total	25,632	9,911,629	387

Burkina Faso, Togo, Niger and Senegal were the leading importers of Ghana's wood products and recorded significant volume growth in 2021 compared to 2020. These countries together accounted for the 88% of the total 25,632 cu.m shipped to ECOWAS member countries in 2021.

The average unit price for ECOWAS member countries trading with Ghana improved in 2021 compared to 2020, except Gambia. The average price increased from Euro342/cu.m in 2020 to Euro387/cu.m in 2021.

West African countries have for several years been the major markets for Ghana's plywood with Togo, Niger and Burkina Faso topping the list. Currently, about 80% of Ghana's plywood exports are shipped to West African markets.

Land use map to identify forest cover

The Forestry Commission, in partnership with local and international agencies, has developed a land use map which delivers a detailed view of the country's forest cover. Based on the latest map it has been established that Ghana has a total of 6.5 million hectares of both open and closed forests.

The land use map which, a project of the Resource Management Support Center (RMSC) of the Forestry Commission, received support of the UK space agency, Ecometrica, the technical wing of the Forestry Commission (Resource Support Center), Faculty of Renewable Natural Resources of the Kwame University of Science and Technology (KNUST) and the Forest Research Institute of Ghana (FORIG).

See: <https://ghana-national-landuse.knust.ourecosystem.com/interface/>

Two online applications for forestry sector

The Forestry Commission has launched two online applications; the Digitalised Property Mark Registration and Renewal (e-property mark registration) and the Electronic Wood Tracking System.

When launching the applications the Minister for Lands and Natural Resources, Samuel A. Jinapor, said it is the President's vision to promote socio-economic development through digitisation and the Forestry Commission is playing its part.

The E- Property Mark Registration App. allows applicants to register, renew and extend contracts online while the electronic Wood Tracking System platform is designed to track wood from the point of harvest to the point of sale in order to ensure transparency and to be able to verify the origin of wood products.

See: https://fcghana.org/news_summary.php/

Correction, In addition to a duplication of tables our correspondent has found some errors in the export statistics he provided. Revised export volume and value tables are provided below.

Export Volumes, Jan – Oct cu.m 2020 and 2021

	Jan-Oct 2020 cu.m	Jan-Oct 2021 cu.m	% change YoY
AD Sawnwood	90,047	124,807	39
Billet	17,228	38,717	125
KD sawnwood	29,191	34,623	19
Plywood (Overland)	18,059	20,713	15
Plywood	724	3,168	338
Mouldings	8,665	8,879	2.5
Sliced Veneer	7,209	9,558	33
Rotary Veneer	7,343	7,083	-3.5
Boules (AD)	1,070	678	-36
Boules (KD)	159	34	-79
Others	140	398	
Total	179,835	248,658	38

Export earnings, Jan – Oct Euro 000s 2020 and 2021

	Jan-Oct 2020 Euro 000s	Jan-Oct 2021 Euro 000s	% change YoY
AD sawnwood	44,733	51,479	15
Billet	6,658	13,578	104
KD sawnwood	17,405	19,408	12
Plywood (Overland)	6,122	8,166	33
Plywood	250	1,217	387
Mouldings	6,097	6,323	4
Sliced Veneer	6,677	9,592	44
Rotary Veneer	3,397	3,088	-9
Boules (AD)	576	426	-26
Boules (KD)	103	23	-78
Others	151	223	48
Total	92,169	113,523	23

Boule export prices	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	567
Niangon Kiln dry	659

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	880	441
Chenchen	540	612
Ogea	443	590
Essa	433	619
Ofram	350	435

Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	869
Avodire	811
Chenchen	1,022
Mahogany	1,190
Makore	633
Odum	700
Sapele	1,415

Export plywood prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	393	580	641
6mm	412	535	604
9mm	370	490	560
12mm	495	476	480
15mm	450	414	430
18mm	460	463	383

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

Export sawnwood prices

Ghana sawnwood, FOB FAS 25-100mm x 150mm up x 2.4m up	Euro per cu.m	
	Air-dried	Kiln-dried
Afromosia	860	925
Asanfina	465	564
Ceiba	435	-
Dahoma	388	-
Edinam (mixed redwood)	520	578
Emeri	550	540
African mahogany (Ivorenensis)	1,239	840
Makore	710	713
Niangon	593	586
Odum	950	804
Sapele	800	710
Wawa 1C & Select	422	428

Malaysia

Reduce dependence on natural forest resources says minister

Malaysia recorded a slight increase in earnings from timber exports between January and October 2021 compared to 2020. Among the products that contributed most were wooden furniture, sawnwood, plywood and mouldings.

The Ministry of Plantation Industries and Commodities (MPIC) aims to achieve RM24 bil. from timber exports in 2022 as the industries take advantage of the latest advanced technologies, introduce new products and solve the problem of finding skilled workers.

MPIC Deputy Minister, Willie Mongin, called on the industry to be imaginative in coming up with alternative raw material thus reducing dependence on tropical timber and rubberwood. He also stressed the importance of providing good accommodation for workers in order to meet the Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446).

See:

<https://www.nst.com.my/news/nation/2022/01/763184/malaysia-gained-rm179-billion-timber-exports-2021?topicID=1&articleID=763184>

Regional Comprehensive Economic Partnership (RCEP)

The timber industry is looking at RCEP as a new driver of Malaysian domestic and international business activities in the post-pandemic period. Malaysia is likely to be the 12th RCEP signatory as the Instrument of Ratification was submitted to the ASEAN Secretariat on 17 January. RCEP will enter into force for Malaysia on 18 March 2022 as Malaysia joins 11 other signatories Singapore, China, Japan, Brunei, Cambodia, Laos, Thailand, Vietnam, Australia, New Zealand and South Korea.

Malaysia is expected to be a major beneficiary of the RCEP agreement in terms of gains in exports, with a projected US\$200 mil. increase. These gains would result from tariff eliminations and price reductions for merchandise goods.

See: <https://www.thesundaily.my/business/rcep-a-key-enabler-to-revitalise-malaysia-business-activities-EL8782789>

High Conservation Value area management

The High Conservation Value Malaysia Steering Committee has launched the Malaysian National Interpretation (MYNI) for the Management and Monitoring of HCV Forests. The document, which was produced through a multi-stakeholder consultation process, can be used as a guidance to achieve or maintain sustainability certification for a range of commodities, including palm oil and timber.

The document adapts and interprets the general management and monitoring of HCVs, which are globally established, as well as defining generic terms and values outlined in HCV Network Common Guidance, according to the local context in Malaysia.

See: <https://www.pressreader.com/malaysia/the-borneo-post-sabah/20220118/282114934942487>

Tree plantations in Sabah

Sabah Chief Minister, Hajiji Noor, has said industrial tree plantations (ITP) can be a game-changer to revive Sabah's timber industry to its former peak production of 12 million cubic metres.

He said he hopes for an innovative public-private partnership between the Sabah Government and timber industry to reduce and relieve pressure on the tropical forest. Hajiji said under the ITP initiative the timber industry in Sabah aims to plant 80 million trees in 10 to 12 years involving an investment of RM4 bil..

It has been estimated, based on input from the timber industry, that the establishment of 400,000 hectares of forest plantations can potentially create employment of 40,000 skilled and semi-skilled workers in the upstream sector.

MIFF rescheduled

The Malaysian International Furniture Fair (MIFF) has been rescheduled from the original 8-11 March 2022 to 6-9 July 2022. In addition to the face to face exhibition experience MIFF 2022 will also provide a digital exhibition solution - MIFF Furniverse - to reach a wider audience and continue to serve the sourcing needs of the global furniture community.

Indonesia

Industrial log production rising

The chairman of the Association of Indonesia Forest Concession Holders (APHI), Indroyono Soesilo, has indicated that natural forest wood production reached 6.03 million cu.m in 2021 a growth of 14.4% year-on-year. In addition plantation production was 46.4 million cu.m just 1% higher compared to 2020.

Indroyono said exports increased around 30% to US\$14.48 billion from the 2020 value of US\$11.07 billion. For 2022 Indroyono projects exports could be US\$15-16 billion saying the markets are getting close to a pre-covid condition.

Among the nine major downstream products exported those that recorded the highest increase were wood chips with a growth of 91% year on year and panels at 83%. Even though the export performance has improved logistical constraints are still a crucial problem that has not eased.

See: <https://ekonomi.bisnis.com/read/20220113/257/1488800/nilai-ekspor-industri-kehutanan-melesat-30-persen-secara-tahunan>.

In related news, according to Statistics Indonesia (BPS) log production fluctuated in every quarter of 2020. Production declined in the second quarter from 14.58 million cu.m in the first quarter to 13.87 million cu.m. However, there was a significant increase of log production in the third quarter and by 16.2 million cu.m in the fourth quarter of 2020.

Forests in Sumatra provide most logs and in 2020 68% of log production in Indonesia came from Sumatra (41.73 million cu.m). Acacia species topped the list of species at 69%. Kalimantan is the second largest producer of logs with an amount of 9.71 million cu.m in 2020 with the Meranti group as the dominant species at 36% of all log production. The 3rd largest log producer in 2020 was Java producing of 7.76 million cu.m or about 13%. In java mixed tropical hardwood was the most widely harvested group of species.

See: <https://www.goodnewsfromindonesia.id/2022/01/14/menilik-persebaran-produksi-kayu-bulat-di-indonesia>

Anticipated rise in domestic demand for furniture

The Ministry of Industry anticipates there will be an increase demand for furniture in the domestic market this year. The Director of Forest and Plantations Product in the Ministry, Emil Satria, reported that, to service the domestic market, the Indonesian Furniture and Craft Industry Association (HIMKI) will open more sales outlets. However, international markets are the foundation of the domestic furniture industry. The industry's challenges still revolve around the supply of raw materials, both wood and rattan, capital and labour, said Emil.

See: https://ekonomi.bisnis.com/read/20220113/257/1488708/per-mintaan-furnitur-dalam-negeri-diramal-meningkat-tahun-ini?utm_source=Desktop&utm_medium=Artikel&utm_campaign=BacaJuga_1.

Entrepreneurs prepare for fire season

The chairman of APHI reported that Association members have been preparing to start fire mitigation efforts as the fire risk is highest during the early months of the year especially March and April. Some fires have already been seen in Sumatra. Forest fires do immense damage and also severely impact harvesting and the supply of logs.

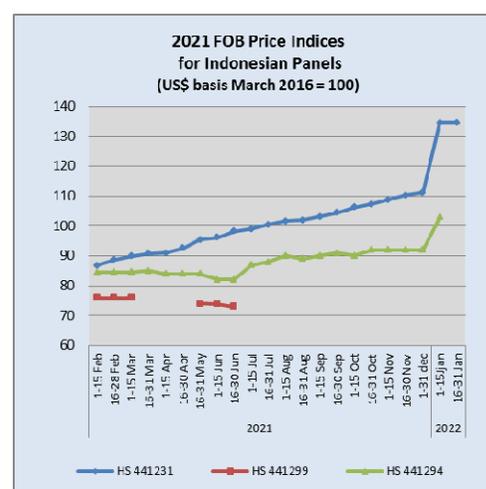
See: <https://ekonomi.bisnis.com/read/20220113/257/1488776/awal-tahun-pengusaha-hutan-hilir-bersiap-hadapi-musim-kebakaran>.

Increasing the number of entrepreneurs

Presidential Regulation (Perpres) Number 2 of 2022 on National Entrepreneurship Development for 2021-2024 aims to boost the number of entrepreneurs in Indonesia. To strengthen the structure of the national economy the government wants to increase the percent of entrepreneurs in 2024 to 3.95% from the current 3.47 %. The Perpres provides convenience, incentives and a means of recovery for entrepreneurs who had started their business before the pandemic and those just starting out.

The support from Perpres will comprise electronic licensing registration, facilitating domestic and export standardisation and certification as well as access to financing in addition to prioritising the domestic procurement by government agencies. Entrepreneurs will have access to the digital market for State-Owned Enterprises (PaDi BUMN).

See: <https://en.antaranews.com/news/211317/entrepreneurship-regulation-to-increase-the-number-of-entrepreneurs>



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

Myanmar

Strict action by overseas banks

According to a source close to exporters, bank transactions for receivables for exports are being tightened by overseas banks especially for the timber sector. One exporter said that, in particular, banks in Singapore have been taking the strictest action over the past three months.

There have been no comments from exporters regarding bank action in other markets outside of the EU and US. It is difficult to assess how this will impact producers in Myanmar as they struggle to keep business going.

The challenge of tough sanctions

Very recently, a popular pro-human right NGO, Justice for Myanmar, published an article asking US and major markets for a ban on all Myanmar timber trade. The article says that the United States has imported 1,565 metric tonnes of teak from Myanmar even though sanctions began soon after the military takeover in February 2021.

The US Department of the Treasury's Office of Foreign Assets Control (OFAC) imposed sanctions on the Myanmar Timber Enterprise (MTE) with the justification that the timber industry is a key economic resource for the Myanmar military junta.

From February to the end of November 2021 US businesses continued to import teak from Myanmar according to data from the global trade database. Shipments consisted of teak boards and scantling. This trade between companies in the US and MTE may not have been subject to sanctions or attracted penalties by the US Office of Foreign Assets Control (OFAC).

Sanctions imposed by the United States on MTE prohibit "the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any blocked person". It is understood that importers in the US refused to buy products milled from the logs sold to Myanmar millers by MTE after 21 April 2021 and for EU importers the cut-off date was 21 June 2021.

A view expressed by enterprises in Myanmar is that sanctions on the timber industry should be reviewed because as long as it is in place the industry will be severely affected and mills may have to close with the loss of a large number of jobs.

See: <https://www.justiceformyanmar.org/stories/us-companies-imported-nearly-1-600-tonnes-of-myanmar-teak-circumventing-sanctions>)

In related news, it has been reported that the US Departments of State, Treasury, Commerce, Labor and Homeland Security along with the US Trade Representative have warned companies to be extremely wary of doing business in Myanmar citing the risks of being linked to a military government involved in lawlessness and human rights abuse.

Those involved with businesses controlled by the military regime "run the risk of engaging in conduct that may expose them to significant reputational, financial and legal risks including breaking sanctions and money-laundering laws".

See: <https://www.mizzima.com/article/us-warns-firms-over-doing-business-myanmar>

Massive job losses and underemployment

A 28 January press release from the International Labour Organisation (ILO) says "as many as 1.6 million jobs were lost in Myanmar in 2021 with the military takeover compounding the impact of the COVID-19 pandemic".

The press release continues "One year on from the military takeover in Myanmar on 1 February 2021, the labour market remains fragile. Working hours are estimated to have decreased 18% in 2021 relative to 2020, equivalent to the working time of at least 3.1 million full-time workers. These working-hour losses were driven by employment losses as well as increased underemployment.

The losses in both working hours and employment were disproportionately greater for women than men overall. Women also accounted for an overwhelming majority of job losses in garments as well as tourism and hospitality".

The military takeover and COVID-19 pandemic have put millions of workers in Myanmar in a grim situation. We are witnessing a reversal of years of progress in the labour market. Should this continue it can only lead to increased poverty and insecurity across the country, said Donglin Li, ILO Myanmar Liaison Officer/Representative. The crisis has "reversed years of progress in the labour market and if not addressed will continue to widen gaps in decent work particularly for the most vulnerable workers and businesses," says the ILO.

See: https://www.ilo.org/yangon/press/WCMS_835953/lang-en/index.htm and <https://abcnews.go.com/Business/wireStory/labor-group-16m-jobs-lost-myanmar-2021-82528319>)

Economy to remain weak in 2022

According to the latest update on Myanmar from the World Bank the economy will remain critically weak for much of 2022 and will be "severely tested" by the impact of the military takeover a year ago but there are recent signs of stabilisation in manufacturing and exports.

See: <https://www.worldbank.org/en/news/press-release/2022/01/26/economic-activity-in-myanmar-to-remain-at-low-levels-with-the-overall-outlook-bleak#:~:text=%E2%80%9CThe%20situation%20and%20outlook%20for,and%20Lao%20PDR%20Mariam%20Sherman.> and <https://www.worldbank.org/en/country/myanmar/publication/myanmar-economic-monitor-january-2022-economic-activity-in-myanmar-to-remain-at-low-levels-with-the-overall-outlook-bleak>

The Bank projects growth of 1% in the year to September 2022 adding there are substantial supply and demand issues, cashflow shortages for businesses and reduced credit access. Half the firms surveyed reported difficulties last year due to a sharp depreciation of the kyat.

The World Bank said events since the coup were likely to limit Myanmar's growth potential, with most indicators suggesting private investment had fallen markedly while the cost of imports has risen and kyat-denominated revenues are worth less in foreign currency terms.

Following an expected 18% contraction of the economy in the year ended September 2021, the World Bank's Myanmar Economic Monitor, released on January 26, projects growth of 1 percent in the year to September 2022.

While reflecting recent signs of stabilisation in some areas the projection remains consistent with a critically weak economy, around 30 percent smaller than it might have been in the absence of COVID-19 and the February 2021 coup.

“The situation and outlook for most people in Myanmar continues to be extremely worrying,” said World Bank Country Director for Myanmar, Cambodia and Lao PDR, Mariam Sherman. “Recent trends of escalating conflict are concerning, firstly from a humanitarian perspective but also from the implications for economic activity. Moreover, with a low vaccination rate and inadequate health services, Myanmar is highly vulnerable to the Omicron variant of COVID-19.”

Teak substitution in boat building

As a result of the fading possibility to secure a stable teak supply in long term there is a growing tendency to substitute the teak from Myanmar with teak from other sources and with other similar species and also non-wood products.

In a recent issue of Yachtingworld it is noted that natural forest teak from Myanmar has long been revered in the boatbuilding industry and no one to-date has been able to find a really good alternative for Myanmar teak.

See: <https://www.yachtingworld.com/features/the-grave-human-cost-of-teak-wood-135147>)

India

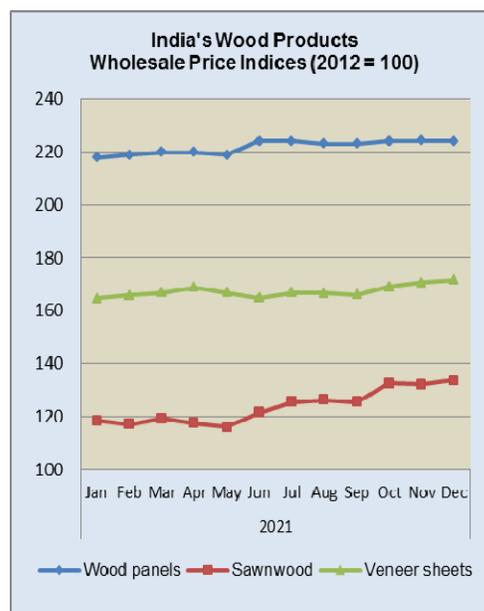
Wholesale price indices for December 2021

The Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade has published wholesale price indices for December 2021. The index for manufactured products increased to 136.4 in December 2021 from 136.1 for November 2021. Out of the main 22 manufactured products, 16 saw increases in prices while 5 decreased in December 2021 compared to November 2021.

The Wood and Wood Products index rose to 142.9 in November but fell back slightly in December. The index for sawnwood rose adding to gains that began in September. The index for veneer sheets marked a sharp rise in December 2021.

The annual rate of price inflation in December was 13.56% higher than in December 2020. The high rate of inflation in December 2021 was primarily due to rise in prices of basic metals, crude petroleum and natural gas, chemical products, food, textiles and paper products.

See: https://eaindustry.nic.in/display_data_201112.asp



Data source: Ministry of Commerce and Industry, India

Poor got poorer

A survey conducted by *People's Research on India's Consumer Economy (PRICE)* a Mumbai-based think-tank and reported by India Express shows the annual income of the poorest 20% of Indian households fell 53% in the pandemic year 2020-21 from levels in 2015-16.

Over the last five-year period the richest 20% saw their annual household income grow 39% reflecting the sharp contrast Covid's economic impact has had on incomes. The survey also showed that while the richest 20% accounted for 50.2% of the total household income in 1995, this had jumped to 56.3% in 2021. On the other hand, the share of the poorest 20% dropped from 5.9% to 3.3% in the same period.

See: <https://indianexpress.com/article/india/income-of-poorest-fifth-plunged-53-in-5-yrs-those-at-top-surged-7738426/>

Logs cost and freight rates continue to punish

The cost of shipping a single container from Mangaluru to Rotterdam is now around US\$6,000, more than ten times what it was while the cost of shipping to Dubai is around US\$3000, where it was anywhere between US\$300 and US\$500 before the pandemic.

With the ongoing global container shortage and exorbitant freight costs the government is exploring a proposal to extend tax and other incentives to draw large players to establish shipping lines in India. The incentives may be announced as early as in the upcoming budget for 2022-23.

Rains disrupting rubberwood harvesting and trucking

The Kerala based wood panel and plywood industries are experiencing a sharp rise in log costs. The price of rubberwood logs has gone up from Rs6,000 per tonne to Rs7,500 per tonne as availability has dipped following incessant rains in Kerala which have disrupted harvesting.

A representative of the Kerala Sawmill Owners Association, Shaji Raphael, said that instead of the usual 400 loads of rubberwood logs coming to Perumbavoor every day now mills are seeing only 100 loads. The heavy rain in the State has affected plywood and particleboard production in mills located in Perumbavoor, Kannur and the surrounding area. Kerala has more than 400 plywood mills which rely on the steady supply of rubberwood logs.

See:

<https://www.onmanorama.com/news/business/2021/12/04/rubberwood-stock-dries-up-rains.html>

Prices for recent shipments of teak logs and sawnwood

	US\$/cu.m C&F
Benin	359-712
Sawnwood	359-712
Brazil	345-600
Sawnwood	221-777
Cameroon	639
Sawnwood	974
Colombia	305-615
Costa Rica	263-652
Ecuador	254-495
Gabon	370
Ghana	260-559
Sawnwood	485
Guatemala	277-594
Ivory Coast	263-458
Sawnwood	375-752
Mexico	356-439
Sawnwood	373-585
Panama	257-539
PNG	389-595
Sawnwood	492-677
Tanzania	376-930
Sawnwood	243-1,068
Togo	259-532
S. Sudan	414-676
Sawnwood	365-633
Nigeria	290-630
El Salvador	328-349
Nicaragua	290-630
Sawnwood	385-564
Solomon Is.	248
Surinam	222
Myanmar sawn	791-980

Price range depends mainly on length and girth.

Locally milled sawnwood prices

No price increases have been reported.

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

Price range depends mainly on lengths and cross-sections

Sawn hardwood prices

No price increases have been reported.

Sawnwood (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,750-1,850
Sycamore	1,850-2,000
Red Oak	2,100-2,200
White Oak	2,500-2,800
American Walnut	4,050-4,500
Hemlock STD grade	1,350-1,600
Western Red Cedar	2,220-2,450
Douglas Fir	1,850-2,000

Plywood

No price increases have been reported.

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	86.00
6mm	122.00
9mm	144.00
12mm	181.00
15mm	238.00
18mm	260.00

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	57.00	72.00
6mm	81.00	102.00
9mm	103.00	125.00
12mm	125.00	149.00
15mm	149.00	181.00
19mm	176.00	202.00
5mm Flexible ply	110.00	

Vietnam

Wood and wood product (W&WP) trade highlights

In 2021 after the first wave of Covid-19 Vietnamese wood-product manufacturers received many orders but encountered numerous problems in satisfying them including the scarcity/interruption of wood and hardwares/accessories supply.

In addition, the shortage of shipping vessels, the lack of containers, the rising rates of sea freight led to the disruption of the supply chain for inputs and outputs from the wood industries. This trend tends to continue affecting W&WP exports into early 2022.

Log and sawnwood availability and price a major issue

Due to the impact of covid-19 imported wood raw materials from major suppliers is now problematic. Availability and supply chain disruptions have pushed up prices for imported wood which is affecting the willingness of Vietnamese manufacturers to accept orders with a long delivery period. In addition to the high cost of imports prices of local plantation timber have jumped about 5%.

Practical solutions taken by the Government and the private sector have helped industries grasp market opportunities and record impressive growth in 2021. By the end of 2021 W&WP exports reached US\$14.8 billion, up by 20% compared to 2020 and accounting for 4.4% of the total export earnings by the country.

In particular, the share of high value-added WPs (wooden furniture, floorings, doors etc.) rose sharply. W&WP exports to top markets, such as the US, China, Japan, EU, South Korea, Canada all grew.

The high growth rate in 2021 has enabled the wood industry sector to set the W&WP export target for 2022 at US\$16 billion. To reach this target when still impacted by the pandemic enterprises will to focus higher value furniture production as well as wood legality assurance. A new generation of free trade agreements (FTAs) have recently been concluded which will help boost trade.

In 2022, free trade agreements will continue to give tariff incentives for W&WPs exports from Vietnam and attract investment to increase W&WP production capacity. As a result, W&WP exports are expected to be a bright spot for the nation's economy.

Imports of wood raw materials stood at US\$2.4 billion in 2021 as it was in previous years indicating that domestic supplies of wood are gaining acceptance.

Stimulus package to revive growth

The National Assembly of Vietnam has passed a resolution on fiscal and monetary policies to support socio-economic recovery and development. In particular interest rates applicable for enterprises affected by covid-19 will be reduced in 2022 – 2023 but still the industry faces many challenges such as:

- The growth rate of the global economy in the period of late 2021 and early 2022 has signaled a slowdown due to prolonged inflation and problems associated with the interrupted supply chain and scarcity of workforce.
- Many governments have been considering plans to scale back the post-pandemic support programs and therefore the recovery of many economies encounters with the risk of slowing down.
- Consumers preferences in many European markets are changing from using out-door wooden furniture to alternative plastic, iron and steel and environmentally friendly material-made accessories.
- Many wood processing factories located in key wood industry clusters in Vietnam face tough competition with other sectors for labour force and facilities needed for further development.
- With FTAs becoming effective Vietnam has to cut tariffs imposed on wood product import and made-in-Vietnam wood products have to compete with the wooden furniture imported into Vietnam from free trade partners.
- Major W&WP markets are increasingly demanding strict implementation of timber legality regulations. The risk of trade fraud as well as trade protection tends to increase may negatively affect Vietnam's wood industries.
- Covid-19 makes it difficult for businesses to interact with each other in the supply chain as well as with customers to promote W&WP export.
- The competitiveness of Vietnamese wood processing and trading enterprises remains low in comparing with FDI enterprises which are operating in Vietnam.
- Scarcity of shipping vessels, shortage of containers and excessively high freight rates are leading the interruption of the supply chain.

To assure further growth of W&WP exports a package of solutions should be adopted by businesses and the government. In particular wood enterprises are recommended to tackle the following solutions:

- Continue to implement countermeasures towards prevention and control of Covid-19 pandemic;
- Further develop wood industry in the direction of enhancing added value by production of higher quality furniture, use of legally sourced wood and effective utilization of new generation FTAs;
- Secure the supply of raw materials and diversify wood products to meet demands from more diverse markets rather than too much target at the US;
- Promote E-commerce and applicate digital transformation to improve business governance.

To support the industry, the Government should:

- Scrutinise FDI-related policies to avoid the risks associated with tax circumvention, trade fraud and possible use of illegally sourced timber;
- Policy-making agencies, especially diplomatic agencies and trade representatives abroad, need to be more proactive in providing information so that wood businesses could be able to adapt to market fluctuations and possible trade protection remedies applicable in various markets;
- Improve logistics services to facilitate import/export transactions and support businesses to utilize trade incentives through certification of origin;
- Facilitate vocational training and education to provide skill labor force for the industry.
- Strengthen early warning mechanisms to support the private sector to avoid trade protection countermeasures and minimize the loss that may be caused to Vietnamese businesses

Export products

In 2021, most of W&WP exports saw a high growth rate except bed-room furniture. Wooden frame seats topped the export with the turnover of US\$3.5 billion, year-on-year up by 33%. Next to wooden frame seats was guest room and kitchen furniture with an export value of US\$3.05 billion, 12.3% up, followed by bedroom furniture, US\$ 2.03 billion, 0.5% down.

The export of wood-based panels and flooring reached US\$2.02 billion, up 53%,; woodchip US\$1.7 billion, up 18%.

W&WP exports by product in 2021

	2021 US\$ 000s	2020-21 % change
Total	14,809,014	19.7
Wooden frame seats	3,531,322	32.9
Guest room furniture	3,051,237	12.3
Bed room furniture	2,031,735	-0.5
Wood-based panels & floorings	2,018,810	52.9
Woodchips	1,733,411	17.9
Kitchen furniture	938,472	22.9
Office furniture	440,058	2.6
Wooden doors	43,526	10.6
Wooden fine arts	23,941	2.0
Mirror frame	4,214	24.3
Others	992,288	9.7

Data source: General Department of Customs, Vietnam

Export markets

The US continued to top the list of export markets in 2021 consuming US\$8.77 billion, up 22% compared to 2020. The rapid growth rate of W&WP exports to the US market greatly contributed to the positive growth of the wood industry.

The Chinese market ranked number 2 with US\$1.5 billion, up 25% percent. Exports to China are mostly with primary processed/non-value added products including woodchips and un-finished floorings while the proportion of value-added furniture remains minor.

W&WP export to the Japanese market in 2021 valued at US\$1.4 billion, up 11% compared to 2020; South Korea US\$888.2 million, up 8.5%; EU US\$ 619.3 million, up 19%.

W&WP export markets in 2021

	2021 US\$ 000s	2020-21 % change
Total	14,809,015	19.7
US	8,772,686	22.4
China	1,496,070	24.7
Japan	1,436,795	11
South Korea	888,205	8.5
EU	619,306	19.1
UK	266,939	16.4
Canada	234,107	6.5
Australia	169,246	-1.6
Malaysia	128,257	69.1
Taiwan	75,655	5.8

Thailand	66,229	30.1
Saudi Arabia	40,130	5
Singapore	30,508	103.1
UAE	30,101	37.5
New Zealand	30,664	24.5
Cambodia	23,018	52.1
Chile	23,020	29.8
Indonesia	20,478	44.3
India	20,358	-18.8
Puerto Rico	17,555	17.3
Others	125,778	

Data source: General Department of Customs, Vietnam

Supply of locally sourced wood

In 2021 the area of newly established plantations is estimated at 277,800 hectares, an increase of 2.8% compared to the previous year (the fourth quarter added 101,900 hectares, up 3% compared to the same period last year). The number of planted trees (mainly on farms) was 99 million, up 3%. Harvesting of planted trees yielded 18.1 million cu.m, up 5.4% year on year.

Prospects for 2022

In 2022 Vietnam's W&WP exports are expected to secure a variety of support measures to upscale export volumes especially to the US and EU markets that are the targeted destinations of the industry. In addition, wood enterprises also intend to increase exports to Japan, China, South Korea, Canada and the UK.

To assure timber legality, the Government of Vietnam has signed a Voluntary Partnership Agreement (VPA) with the EU to implement FLEGT. This legally binding agreement aims to improve forest governance and promote legal timber trade between Vietnam and the EU.

Following this agreement, the Government has also issued Decree No. 102/2020/ND-CP to regulate Vietnam's timber legality assurance system (VNTLAS).

In addition, Vietnam Timber and Forest Products Association (VIFOREST) has sent letter to the Ministry of Agriculture, Forestry and Fisheries of Cambodia, requesting the Cambodian side to share legal evidence required for timber exported from Cambodia to Vietnam.

The Government has further issued Resolution 84/NQ-CP approving the Sustainable Forestry Development Program for the period of 2021-2025 which is focused on development of the Vietnamese forestry as an important economic and technical sector.

Boosting W&WP exports requires an increased material supply. With the target of US\$16 billion by 2022, Vietnamese wood industry will use 1.2 times of the total input material used in previous year.

To secure raw materials for the wood processing industry, in addition to domestic supply, in 2022 Vietnam's wood industry is forecasted to spend US\$2,37 billion, up by 10% compared to 2021, for wood imports.

Varieties of imported wood

In 2021 pine topped imports with a share of 21% of total wood imports amounting to 1.314 million cu.m, worth US\$325.2 million, up 34% in volume and 54% in value compared to 2020.

Top timbers imported in 2021

	2021 cu.m	2020-21 % Change
Total	6,323,964	2.9
Pine	1,314,269	33.6
Ash	426,859	-14
Poplar	418,612	-10.9
Tali	380,987	-6.6
Oak	301,192	1.6
Doussie	273,419	-3.7
Eucalyptus	258,403	19.2
Padouk	179,272	27
Beech	61,171	28.8
Teak	59,828	60.1
Rubberwood	48,591	129.2
Sapele	47,466	-24.4
Spruce	45,596	-3.6
Walnut	39,839	-11.4
Mukulungu	33,270	-19.6
Pyinkado	25,639	60.3
Pecan	22,923	270
Cedar	20,933	6.0
Mahogany	20,817	48.2
Maple	20,256	73.6
Lagerstromia	19,005	34.2
Alder	18,738	-18.4
Fir	13,780	-20.7
Cashew	13,200	53.1
Cherry	10,687	23.8
Menghundo	8,830	81.2
Ekop/Burma padauk	7,888	-39
Rosewood	7,155	-0.7

Data source: General Department of Customs, Vietnam

Oak imports reached 301,200 cu.m, worth US\$170.4 million, up 1.6% in volume and 21% in value.

Eucalyptus wood import accounted for 258,400 cu.m worth US\$55.7 million, up 19% in volume and 25% in value.

The import volume of some other types of wood increased compared to 2020 such as padouk ,up by 27.0%, beech 29%, teak increased by 60%, rubberwood up 129%, pyinkado up by 60% and pecan by 270%.

In contrast, imports of ash in 2021 decreased by 4% in volume and 10% in value compared to 2020 accounting for 426,900 cu.m, worth US\$99.6 million and contributing 6.9% of total wood imports.

Import of some other timbers fell in 2021 compared to 2020. Poplar imports dropped as did imports of tali, dousse sapele, spruce, walnut and mukulungu.

Average prices

In 2020 and the first 5 months of 2021 world wood prices increased continuously and peaked in May 2021. The reason for the surge in prices was the reduced supply as many countries applied social distancing and lock-downs which negatively affected logging.

The surge in prices was also the result of increased demand for house renovation and new construction. From June 2021 price started to ease and then increased sharply again in the last months of 2021 due to the scarcity supply and high demand.

The mean import price for wood in Vietnam was rather low in the first month of the 2021 (US\$304.1/cu.m for logs) then it increased continuously until May and decreased slightly in June 2021. However the price of wood gradually increased and reached a peak in December 2021 (US\$392.6/cu.m log). In December 2021, the mean import price of logs was US\$392.6/cu.m, up by 14% compared to November 2021. As compared to December 2020 it was up 28.5%.

Main suppliers

In 2021 Vietnam's imports of wood from major markets, such as China, EU, Brazil, Chile, and Laos increased as compared to 2020 while imports from the US, Thailand, Cambodia, New Zealand, Malaysia, Papua New Guinea dropped.

China was the largest supplier of wood raw material to Vietnam in 2021 reaching 1.0 million cu.m worth US\$411.4 million, up 29% in volume and 32% in value compared to 2020, accounting for 16% of total imports.

The EU ranked second with a supply of 799,900 cu.m worth US\$237.5 million, up 3.5% in volume and 18% in value compared to 2020 and accounting for 12.6% of total imports.

In particular, imports from some EU countries increased remarkably such as from Germany, France, Finland, Slovenia, Latvia and Spain. Some other suppliers saw shipments to Vietnam rise such as Brazil (up 62%), Chile (6.9%), Laos (127%), Australia (722%) and Uruguay by 28.3%.

In contrast, imports from the US fell by 20.3% in volume and 7.4% in value compared to 2020, accounting for 683,700 cu.m worth US\$318.2 million. Other countries from which imports dropped in 2021 included Thailand, Cameroon, New Zealand, Malaysia, Papua New Guinea and Russia.

Wood imports by source 2021

	Volume cu.m	2020-21 % change
Total	6,323,964	2.9
China	1,000,209	29.1
EU	799,864	3.5
US	683,709	-20.3
Thailand	504,294	-12.5
Brazil	439,014	62.1
Cameroon	433,323	-20.7
Chile	308,942	6.9
Laos	223,783	127.3
New Zealand	212,438	-13.4
Australia	202,588	722.1
Malaysia	143,563	-5.4
Papua New Guinea	139,207	-38.1
Uruguay	134,688	28.3
Russia	130,222	-15.7
Nigeria	111,755	4
South Africa	96,655	14
Suriname	86,966	-15.7
Congo	84,205	-5.3
Angola	67,491	121.1
Gabon	53,540	2
Argentina	45,979	-3.1
Canada	45,777	-42.6
Cambodia	38,970	33.1
Ghana	36,729	-20.3
Hong Kong	34,849	9.9
Indonesia	31,090	-23.7
Ivory Coast	28,446	49
Japan	26,383	1.5
Ukraine	20,715	-10.1
Kenya	15,072	-29.4
Singapore	14,237	5.3
Zambia	12,511	-16.6

Colombia	10,315	-68.1
Mozambique	9,861	38.4
Costa Rica	9,317	5.6
Peru	9,138	46
Belize	6,886	-24.5
Taiwan P.o.C	6,593	-32.7
UK	6,183	-24.6
Solomon Island	6,157	-88.7
Equatorial Guinea	5,443	306.1
Myanmar	4,392	19
Panama	3,037	22.5
Guyana	2,999	-35.5
UAE	2,918	54.6
Venezuela	2,826	225.9
Ecuador	2,788	95.4
Cuba	2,614	487.7
Sierra Leone	2,386	-32.6
Liberia	1,522	45.2
Zambia	1,437	33.1
Mexico	1,029	93.8
Angola	974	-65.7
Tanzania	952	85.9

Data source: General Department of Customs, Vietnam

Brazil

Performance of the furniture sector in Bento Gonçalves in 2021

The furniture sector in Bento Gonçalves saw an increase in revenue growth in 2021. The State Finance Secretariat (Sefaz/RS) reported that the increase in the first ten months of 2021 was 49% compared to the same period in 2020.

Despite this sign of recovery the timber and furniture sectors have been affected by a range of problems such as increased taxes and rapidly rising input costs such that the growth in revenue did not translate into improved profitability.

The Bento Gonçalves furniture cluster accounted for 26% of State revenue in 2019 and 27% in 2020 and this rose to 29% by December 2021. This growth is partly due to the low basis of comparison, especially in the first half of 2021 compared to the same period in 2020.

In 2021 furniture produced in the Bento Gonçalves furniture cluster in the state of Rio Grande do Sul generated a revenue of US\$75.1 million, some 58% higher than in 2020 and the highest since 2009. The increase was due to a good performance in the national and state markets as well as exports.

According to the Bento Gonçalves Furniture Industry Union (Sindmóveis) this result was due to innovation, quality and design of the furniture produced.

The top 10 destinations for furniture produced in the Bento Gonçalves furniture cluster in 2021 were the United States followed by Chile, Uruguay, Peru, the United Kingdom, Colombia, Mexico, Panama, Puerto Rico and Saudi Arabia. Together, these represented around 81% of total exports.

According to Sindmóveis, international sales have the potential to remain stimulating in 2022 especially driven by Fimma the International Fair of Suppliers of the Wood and Furniture Production Chain and the Movelsul Furniture Fair which will take place in Bento Gonçalves in March 2022.

Quality and sustainable timber from the Amazon - CIPEM promotes SFM

An event “Living Forest”, organised by the Center for Timber Producers and Exporters of Mato Grosso State (CIPEM) was attended by representatives of the embassies of the United States, Mexico and the European Union and aimed to promote forest products coming from sustainably managed forests in the State of Mato Grosso.

Representatives from the State Secretariat of the Environment of Mato Grosso State (SEMA-MT) and the Brazilian Institute for Environment and Renewable Natural Resources (IBAMA) also participated. Together they emphasised the efficiency of forest monitoring and control and the strengthened dialogue with international representatives which made possible a reliable trade in quality and sustainable timber from natural forests in the Amazon.

Other issues discussed dealt with the update of the SFM Study of Ipê tree species and the integration of multiple systems including the Integrated Environmental Monitoring and Licensing System (SIMLAM), Forest Products Trade and Transport System (SISFLORA) 2.0 (SEMA-MT) and the National System for the Control of Origin of Forest Product (SINAFLOR)/(IBAMA).

Export update, November and December 2021

November

In November 2021 Brazilian exports of wood-based products (except pulp and paper) increased 27% in value compared to November 2020, from US\$299.8 million to US\$381.0 million.

Pine sawnwood exports jumped 58% in value between November 2020 (US\$47.2 million) and November 2021 (US\$74.4 million). In volume terms exports declined slightly (- 2.4%) over the same period, from 267,600 cu.m to 261,100 cu.m.

Tropical sawnwood exports fell 16% in volume, from 38,300 cu.m in November 2020 to 32,300 cu.m in November 2021. In value terms exports fell 11% from US\$5.5 million to US\$13.8 million, over the same period.

Pine plywood exports experienced an almost 11% increase in value in November 2021 compared to November 2020, from US\$64.5 million to US\$71.3 million. In volume, however, exports decreased 21% over the same period, from 226,400 cu.m to 180,000 cu.m.

As for tropical plywood, exports declined in volume (8%) but increased in value (19%), from 7,500 cu.m (US\$3.2 million) in November 2020 to 6,900 cu.m (US\$3.8 million) in November 2021.

The value of wooden furniture exports increased from US\$57.7 million in November 2020 to US\$77.8 million in November 2021, a 35% growth.

December

In December 2021 Brazilian exports of wood-based products (except pulp and paper) increased 31% in value compared to December 2020, from US\$ 27.4 million to US\$29.1 million.

Pine sawnwood exports grew significantly (53%) in value between December 2020 (US\$53.2 million) and December 2021 (US\$81.5 million). In volume terms exports increased slightly (0.5%) over the same period, from 292,800 cu.m to 294,200 cu.m.

Tropical sawnwood exports fell 15% in volume from 45,700 cu.m in December 2020 to 39,000 cu.m in December 2021. In value exports dropped around 5% from US\$16.7 million to US\$15.9 million over the same period.

In contrast, pine plywood exports rose about 3% in value in December 2021 compared to December 2020, from US\$66.3 million to US\$68.1 million but the volume of exports fell 21% over the same period, from 233,900 cu.m to 185,900 cu.m.

It came as a surprise that the volume of tropical plywood exports increased sharply (25.8%) and in value (67%), from 6,600 cu.m (US\$2.7 million) in December 2020 to 8,300 cu.m (US\$4.5 million) in December 2021.

Building on the previous months gains wooden furniture export increased from US\$59.8 million in December 2020 to US\$74.5 million in December 2021, an almost 25% growth.

Advances and challenges in the Brazilian forest sector

The impact of the COVID-19 pandemic has affected all production sectors but for the wood products sectors 2021 ended with production and market demand at satisfactory levels.

In early 2021 the wooden frame segment managed to overturn an anti-dumping lawsuit promoted by a coalition of US manufacturers through the US Department of Commerce. This was a complex and costly process but a success for Brazilian products.

Despite the performance of the Brazilian timber sector which saw rising exports, logistics and international freight remains a challenge. According to the Brazilian Association of Mechanically-Processed Timber Industry (ABIMCI) the timber sector has great potential to start 2022 in a positive way with good market demand, an economic recovery and rising global consumption.

Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	236▲
Jatoba	106
Massaranduba	96
Muiracatiara	96
Angelim Vermelho	93
Mixed redwood and white woods	73▲

Source: STCP Data Bank

Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	1,020▲
Jatoba	492▲
Massaranduba	500▲
Muiracatiara	446▲
Angelim Vermelho	443▲
Mixed red and white	294▲
Eucalyptus (AD)	211▲
Pine (AD)	151▲
Pine (KD)	191

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

	US\$ per cu.m
Parica	
4mm WBP	476▲
10mm WBP	414▲
15mm WBP	340▲
4mm MR.	414▲
10mm MR.	312▲
15mm MR.	286▲

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

	US\$ per cu.m
Domestic ex-mill prices	
15mm MDParticleboard	227▲
15mm MDF	289▲

Source: STCP Data Bank

Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipe	2,080▲
Jatoba	1,108▲
Massaranduba	1,127▲
Muiracatiara	1,117▲
Pine (KD)	288

Source: STCP Data Bank

Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	532▲
12mm C/CC (WBP)	335▲
15mm C/CC (WBP)	325▲
18mm C/CC (WBP)	352▲

Source: STCP Data Bank

Export prices for added value products

	US\$ per cu.m
FOB Belem/Paranagua ports	
Decking Boards Ipê	4,360▲
Jatoba	1,954▲

Source: STCP Data Bank

Training in forest and wildlife management

During 2021 a total of 2,135 Peruvians including members of native communities, indigenous representatives and those linked to the forestry sector reinforced their capacities in forestry and wildlife management with courses and workshops held by the Forest Resources Supervision Agency and of Wild Fauna (Osinfor). Among the regions with the greatest participation were Ucayali, Madre de Dios, Loreto and San Martín.

Engineered wood has a future in Peru

The use of engineered wood has a future in Peru and is being promoted by an association, American Softwoods. The promotion will focus on the competitive advantages of engineered wood products especially those manufactured from US yellow pine.

American Softwoods aims to gain a firm foothold in the Peruvian market and will provide training for construction and manufacturing enterprises.

See: <https://agraria.pe/noticias/american-softwoods-busca-ingresar-con-mas-fuerza-al-mercado--26605>

Silicon carbide from wood waste

A team of researchers from the Universidad Católica San Pablo de Arequipa has been taking advantage of the country's wood waste to use it in the design and manufacture of new low-cost, environmentally friendly ceramic and mechanical materials.

The project aims to develop a methodology utilising wood waste to manufacture silicon carbide. The principal investigator, Fredy Huamán Mamani, said the current method of manufacturing this material involves high energy consumption and emits large amounts of CO₂ into the atmosphere.

The new manufacturing process begins with the collection of wood waste from which carbon is produced and then combined with silicon to obtain silicon carbide.

This projects call is being conducted in collaboration with the National University of the Peruvian Amazon and the Seville University of Spain and is financed by National Council for Science, Technology and Technological Innovation (Concytec) with support from the World Bank.

Serfor and Korea Forest Service cooperation

The National Forest and Wildlife Service (Serfor) and the South Korean Forest Service (KFS) signed a Memorandum of Understanding to strengthen cooperation between the two countries and work together to improve sustainable forest management. Choi Byeong-am, Minister for the Korea Forest Service, expressed his commitment to promoting forestry cooperation between Peru and Korea.

Officials from both countries highlighted the importance of promoting scientific research related to the implementation of measures for mitigation and adaptation to climate change in the forestry field as well as forestry research applied to the production of natural forest assets.

They also agreed on the need to work together to promote forest plantations and generate a productive uses that deliver economic benefits for the population and expand exports. The MoU also addressed advancing industrialisation and added value production of forest products.

See: <https://agraria.pe/noticias/serfor-y-servicio-forestal-de-corea-impulsaran-la-cooperacio-26758>

Expanding forest plantations

Serfor has released details of registered forest plantations saying in 2021 19,039 ha. of forest plantations were registered in the National Registry of Forest Plantations (RNPF) led by Serfor.

During 2020 some 7,011 ha. were registered while in 2019 the figure was 11,674 ha. 2018 was the year when there was the highest area registered at 18,420 ha.. Including the latest data there are 148,845 ha. of plantations registered throughout the country.

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	671-685
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	589-615
Grade 2, Mexican market	498-523
Cumaru 4" thick, 6"-11" length KD Central American market	1024-1043
Asian market	1111-1139
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	599-629
Dominican Republic	703-719
Marupa 1", 6-11 length KD Grade 1 Asian market	575-599

Domestic sawnwood prices

Peru sawnwood, domestic	US\$ per cu.m
Mahogany	-
Virola	247-269
Spanish Cedar	340-349
Marupa (simarouba)	239-246

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)

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

Export plywood prices

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

Domestic prices for other panel products

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

Export prices for added value products

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

Japan

Changing tactics to beat Omicron

Japan is in the grip of its sixth wave of Covid infections due to the Omicron variant. In less than two months the number of infections has surged with daily cases nationwide exceeding 70,000. Emergency measures have been introduced in 34 prefectures. However, calls are growing in to classify Omicron/Covid as endemic which would see the beginnings of a return to normal life. This idea is advanced as the booster shot programme finally gets underway and the number of people with serious symptoms has fallen with this variant.

As Omicron poses a less severe risk than previous variants there have been calls from the Tokyo governor, the former Prime Minister, Shinzo Abe and others for downgrading the legal status of the virus in Japan which would broaden health care services.

Health experts in Japan have called for a review of the current approach to the Omicron wave sweeping the country. They recommend that young people with virus symptoms should automatically be considered infected thus dispensing with tests. They also advised that tough restrictions on people's movements and other activities are not necessary.

More than 20 experts, including Shigeru Omi chairman of the government's expert panel on the COVID-19 pandemic, presented a draft proposal at a meeting of an advisory board for the health ministry on 20 January. The government has said it will review these suggestions and gather more information.

To avoid straining medical services if the virus continues to spread the experts said tests and treatment should be focused on people at a higher risk of becoming seriously ill. They said the spread of the Omicron variant could peak in mid February.

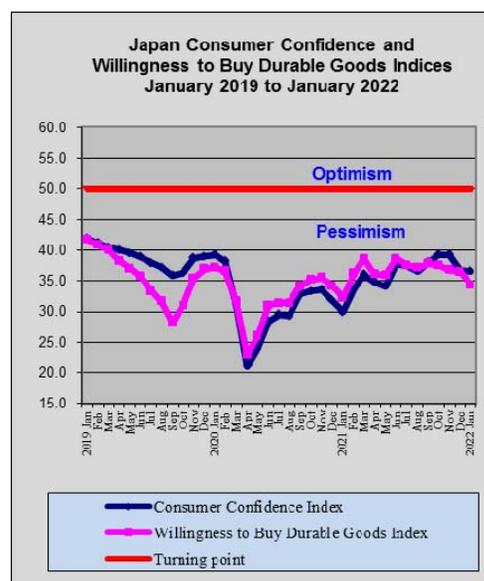
See: <https://www.asahi.com/ajw/articles/14527160>

Rising household assets but not spending

According to the Cabinet Office assets of Japanese households have been rising as consumers cut spending due to uncertainty on how long it will take to bring the corona virus under control. Data for 2020 shows that asset increases were the highest level since 1994. Some of the asset increase is due to the government cash handout aimed at stimulating consumption but many people opted to save the money or pay off debt. Stimulating domestic consumption is key to lifting GDP.

Household spending fell 1.3% in November 2021 year on year marking the fourth month of decline. Spending for housing decreased 15.8 percent in reaction to the previous year's expansion.

See: <https://www.japantimes.co.jp/news/2022/01/25/business/economy-business/household-assets-japan-2020/>



Data source: Ministry of Finance, Japan

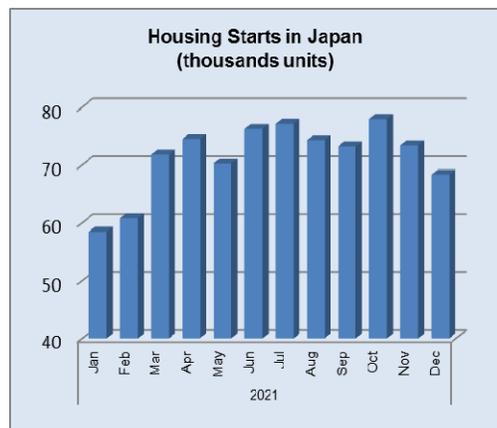
Record prices for condos

The Real Estate Economic Institute has reported the price of new apartments in Tokyo rose above a 30 year record in 2021 as demand from dual-income households and investment purchases by foreigners, especially Chinese, pushed up prices.

The average price of a new apartment in Tokyo and surrounding areas in 2021 was yen 63 million yen rising over the record set in 1990 at the peak of Japan's economic bubble.

See:

<https://www.fudousankeizai.co.jp/share/mansion/493/s2021.pdf>

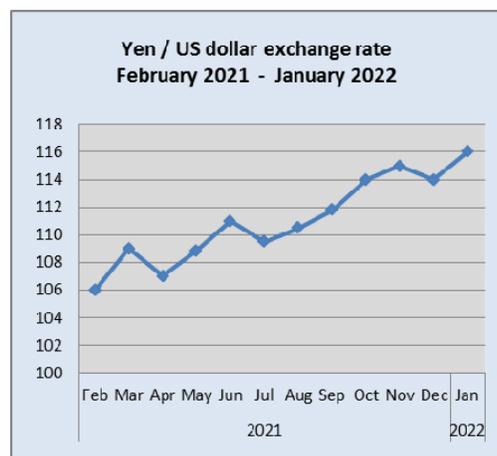


Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Housing starts in 2021 came to 8.6 million, up from the 8.2 million in 2020 but still below the 9.1 million in 2019.

More yen weakness anticipated

The yen was the weakest of the G10 currencies in 2021 and this underperformance has continued into 2022 as the rate against the dollar fell to a five-year low of 116.4 recently. Several commentators have suggested the yen could fall further in the coming weeks. JPMorgan Chase cautioned in a report that "if the yen continued to depreciate sharply in 2022 it could trigger a long-predicted capital flight".

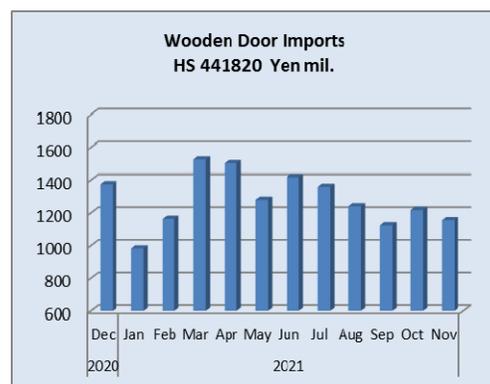


Import update

Wooden door Imports (HS441820)

Shipments of wooden doors (HS441820) from China regularly account for over 50% of Japan's wooden door imports. The other main shippers are the Philippines, Malaysia and Indonesia. The Philippines accounted for 21% of the value of Japan's November 2021 imports with a further 5% arriving from each of Malaysia and Indonesia.

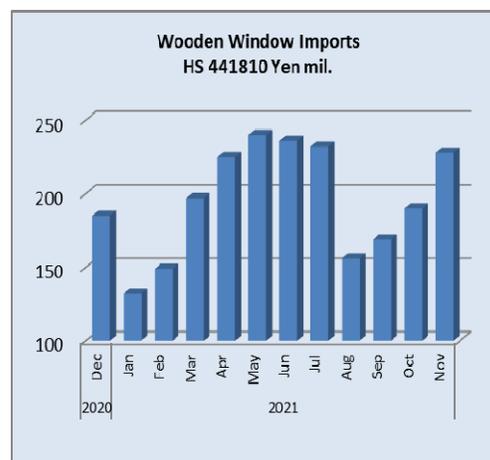
Year on year, November wooden door imports were 13% lower than in than in 2020 and still below the value of October 2019 imports. Ignoring the slight increase in the value wooden door imports in October there has been a decline in imports that began in mid 2021. Month on month the value of November door imports were down 5%.



Data source: Ministry of Finance, Japan

Wooden window imports (HS441810)

In sharp contrast to wooden door imports the value of Japan's wooden window imports (HS441810) have been marching ahead since August 2021 and the value of November imports are around double that of August.



Data source: Ministry of Finance, Japan

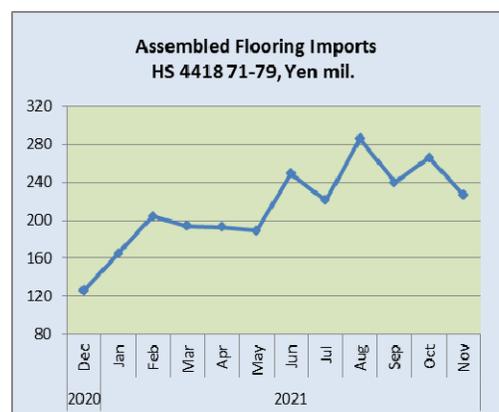
Wooden window imports are small compared to wooden door imports as most modern family home are built with metal window frames, wooden window frames are uncommon.

November 2021 marked the fourth consecutive increase in the value of wooden window imports. Year on year November imports were 30% higher and month on month imports jumped 20%. China and the US together accounted for almost 70% of November imports of wooden windows with a further 18% being shipped from Vietnam and 10% from Sweden.

Assembled wooden flooring imports

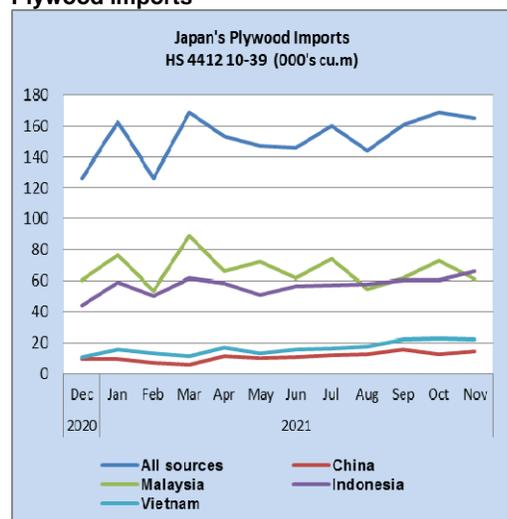
After the low seen in December 2020 the value of Japan's assembled wooden flooring imports (HS441871-79) steadily increased and the level of August 2021 imports lifted the value back to 2019 levels. Following the regular peaks and dips, the norm for flooring imports, the value of November 2021 imports while 17% down month on month was 100% higher than in 2020 and higher than in 2019 (although November 2019 imports were well below the average for the year).

The main category of assembled flooring imported by Japan is HS441875 accounting for over 70% of November 2021 imports with the main suppliers being China and Vietnam. The second ranked category in terms of value of imports was HS441879 coming mainly from China, Thailand and Vietnam.



Data source: Ministry of Finance, Japan

Plywood imports



Data source: Ministry of Finance, Japan

Main sources of Japan's plywood imports (000's cu.m)

		China	Malaysia	Indonesia	Vietnam
2019	Jan	14.0	91.2	66.4	11.9
	Feb	11.1	85.3	75.0	4.2
	Mar	4.4	70.1	61.2	9.8
	Apr	11.4	94.2	65.9	8.5
	May	12.4	61.8	48.9	10.6
	Jun	9.3	59.6	62.8	11.3
	Jul	9.8	65.1	59.0	12.1
	Aug	12.1	61.8	68.9	11.0
	Sep	10.0	53.0	62.0	12.0
	Oct	10.6	66.3	72.0	12.0
	Nov	13.1	69.5	68.1	12.6
	Dec	13.0	74.4	57.4	14.0
2020	Jan	13.4	61.1	81.6	17.0
	Feb	6.8	72.2	63.8	9.5
	Mar	5.8	76.5	73.0	12.2
	Apr	13.0	68.0	69.0	13.6
	May	9.6	69.7	59.0	12.6
	Jun	10.3	52.0	61.0	11.3
	Jul	10.2	40.0	54.9	8.9
	Aug	6.6	55.0	56.0	8.4
	Sep	6.8	42.2	37.8	8.7
	Oct	8.3	62.4	52.7	10.1
	Nov	8.6	43.1	50.0	10.9
	Dec	9.2	60.5	43.9	10.8
2021	Jan	9.7	76.9	59.3	15.7
	Feb	6.8	53.5	50.1	13.0
	Mar	5.7	89.4	61.5	11.5
	Apr	11.4	65.9	58.2	17.3
	May	10.3	72.0	51.0	13.0
	Jun	10.5	61.9	56.6	15.6
	Jul	11.8	74.1	57.1	16.4
	Aug	12.8	54.7	57.8	17.5
	Sep	16.0	61.8	60.4	21.8
	Oct	12.6	72.8	60.4	22.5
	Nov	14.6	60.6	66.0	21.8

Data source: Ministry of Finance, Japan

In the last months of 2021 the volume of Japan's plywood imports have clawed back to levels seen in 2019, the year 2020 was dismal.

Year on year, November the volume of imports of plywood (HS441210-39) jumped 45% but there was little change in the volume of imports compared to October.

Indonesia and Malaysia dominate the supply of plywood to Japan and in November deliveries from Indonesia were about the same as in October but Malaysia saw a slight increase in volumes shipped compared to October.

Of the various categories of plywood imported in November (as in other months) HS441231 was the most common accounting for almost 90% of imports.

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/

South Sea logs and lumber

As reported separately, State of Sabah, Malaysia reopens log export but reaction in Japan is indifferent after South Sea log demand largely decreased while Sabah stopped exporting logs for almost four years and even concerned people say that how they can rely supply source, which banned export twice in the past.

Chinese made South Sea laminated freeboard is facing confusing factors. In China, prevention measures of COVID 19 are getting stricter for the Winter Olympic, which include restrictions people's movement so logistics are confusing. Production cost is climbing so there is no room for the manufacturers reduced the export prices. Indonesia is experiencing the same situation with shortage of containers. Japan has ample inventory so the market is quiet.

Sabah, Malaysia reopens exporting log

The state government of Sabah, Malaysia, has cancelled a prohibition on exporting logs of May, 2018 in 3rd January, 2022. There will be a new rule to export logs. According to a local newspaper in Sabah, a new rule is that 20% as an upper limit of harvested logs from natural forest in a year will be exported. Also, the exporting companies are required to have certain status and standard and to apply for a ship with documents.

Sabah province used to be a main place for tropical logs once before. The total volume of tropical logs imported in 2017 was 146,806 cbms out of which 48.5% came from Sabah. It was 71,202 cbms.

After Sabah province banned exporting logs in 2018, Japan looked for another source such as Papua New Guinea, but it did not work because Papua New Guinea had announced they would ban for exporting logs too. All those factors affected in a Japanese plywood company named Daishin Gouhan Kogyo in Japan to stop manufacturing plywood of tropical logs. This is the last large South Sea log consuming plant.

The supply of tropical logs shrunk in Japan and the total volume of January to November in 2021 was only 20,871 cbms. There is still uncertain about whether the logs would be exported from Malaysia due to Covid-19 spreading in Malaysia even now and a lack of workers.

So many Japanese companies are not really interested in about reopening exporting tropical logs from Sabah, Malaysia.

Plywood

Softwood plywood supply continues extremely tight and precutting plants run the business on a hand-to-mouth basis by lack of plywood. Plywood mills are running in full but consumption is over the production. Also it is time for log harvest but competition with lumber and laminated lumber plant is fierce and plywood mills are not able to procure ample logs. Russian larch veneer arrivals are also delayed so mills struggle to procure raw materials.

Orders from precutting plants are increasing since early January so short supply seems to continue for some time. Prices of imported plywood continue escalate on both supply side and market in Japan. The largest manufacturer in Malaysia stopped accepting orders in last November but it started taking orders in limited basis with higher prices. Log supply is tight in the rainy season and log prices are high and also adhesive prices inflated.

Export prices of JAS concrete forming 3x6 are over \$800 per cbm C&F and further increase is likely. Buyers in Japan have to accept the prices if they need it. Further bad news is weakening yen and confusion of logistics. In port warehouses, delay of devanning by heavy arrivals of other cargoes, which stagnates plywood distribution. Confusion of shipping hampers smooth distribution and on demand side, there are many short items.

Russia bans log exports

It is reported that the Russian government bans log export since January then it imposes export duty of Euro 200 on green lumber with more than thickness and width of 10 centimeter (moisture content of more than 22%).

Since July 2012, 10% duty has been imposed on green lumber such as taruki and stud but now with Euro 200 duty, it is not possible to buy larger size lumber and re-saw into smaller size lumber. The government set softwood log export duty in 2007 with 6.5% on contracted prices then increased to 20% since July 2007, 25% since April 2008, 80% since January 2009 to promote domestic processing.

There are some exceptions on border trade near North Korea and Finland but duty rate is 80% so it is not practical for log trade. This ends long history of Russian log trade with Japan. It started back in 1954 then closes 67 years' history.

In response to the ban the EU lodged a challenge with the WTO saying the ban is illegal and harms the EU wood processing industry.

Domestic logs and lumber

A demand of domestic lumber has been decreasing slowly since last autumn. This situation seems continuing in February too. The prices of domestic lumber would decrease but plants and distributors hesitate to cut the prices, so an extent of decrease is low.

The price of Japanese cedar KD post is ¥100,000 - ¥120,000 for 3m x 105mm. Japanese cypress KD foundation is ¥130,000 - ¥140,000 for 4m x 105mm. This is slightly stabilizing.

120mm of cedar posts and cypress foundation is ¥20,000 - ¥30,000 cheaper than 105mm of same kinds because there is little demand for 120mm recently. Some plants started reducing product of 120mm to balance supply and demand. Since the temperature in Eastern Japan dropped suddenly at the end of the year, logs froze and that made production of lumber declining by 20 - 30%.

In the middle and western part of Japan, the prices of domestic logs are dropping quickly due to excessive inventory of logs and lumber. Especially, in the western part of Japan, the price of cypress is now ¥25,000 - ¥30,000 which is ¥15,000 - ¥20,000 cheaper than before.

Usually, there are small volumes of logs at the end of the year but there are still enough logs in this season. On the other hand, it had been foul weather in Eastern Japan and Hokkaido so there is lack of logs in those area.

People are rushing to buy cedar and larch logs because logs are tight for lumber and plywood. The price of cedar post had increased in the Eastern Japan and decreased in the middle and western part of Japan. It costs around ¥14,000 - ¥16,000 through the nation.

Daiken to chart bulk ship for MDF

Daiken Corporation had decided to chart a general cargo ship to bring MDF made in Sarawak, Malaysia to Yokkaichi port, Japan without stopping at any ports for the first time.

Due to a delay at a port of transshipment, there are many MDF unshipped which have been affecting the sales in Japan. The problem of transshipment in Malaysia affects two companies called Daiken Sarawak Sdn. Bhd and Daiken Miri Sdn. Bhd which produce MDF of tropical hardwood.

The container ship usually ships to Johor Bahru, Malaysia for transshipping from Sarawak, Malaysia and then ships to Japan.

A delay of transshipment of wood product occurs in other ports like Kaohsiung or Taipei, Taiwan, Busan, Korea and Shanghai, China.

Daiken Corporation charts a 9,000 ton ship named ‘Apollo Beni’ at early to middle of January, 2022. This ship brings 3,000 cbms of plywood and 6,000 cbms of MDF from Indonesia to Nagoya via Yokkaichi port, Japan. It takes about a month to arrive to Japan normally, but this time, it is going to take only two weeks.

China

Real estate downturn and inflation the greatest challenges this year

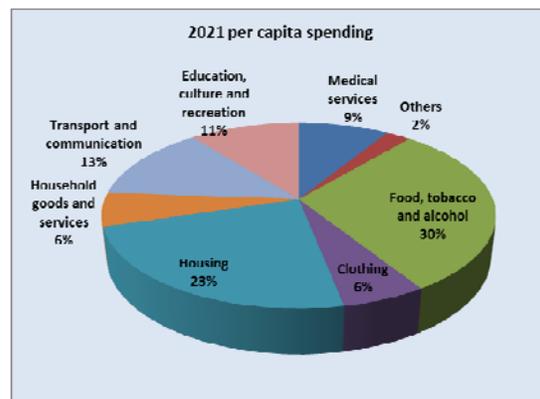
China’s economy saw many challenges in 2021 due to the ongoing China/U.S. trade dispute, COVID-19 restrictions, power shortages and weakness in the real estate sector.

The Chinese government has prioritised economic stability for 2022. Han Wenxiu, Deputy Director of the Office of the Central Committee for Finance and Economics, is on record as saying introducing policies that may have an economic tightening effect should be avoided. 2022 will be tough, the World Bank forecasts China’s 2022 growth at 5.1%, a much slower pace of growth than average in previous decades.

While the economy will continue to be impacted by the ongoing trade dispute and the likelihood of the widespread Omicron infections it will be the real estate downturn and inflation that will present the greatest challenge. In response China is likely to boost GDP by investing in infrastructure.

Household income and consumption in 2021

A press release from the National Bureau of Statistics reports that in 2021 per capita disposable income in China reached 35,128 yuan, up 9% over the previous year. The average growth in disposable income over the past two years was 6.9%. The per capita disposable income of urban residents was 47,412 yuan, an increase of 8.2% and the per capita disposable income of rural residents was 18,931 yuan, an increase of 10.5%.



Source: National Bureau of Statistics, China

In 2021, the per capita consumption nationwide was 24,100 yuan a real increase of 12.6% after deducting the influence of price factors. Consumption increased by almost 12% compared to 2019. Consumption by urban residents was 30,307 yuan, up 12.2% and that of rural residents was 15,916 yuan, an increase of 16%. The per capita expenditure on household goods and services averaged 1,423 yuan, an increase of 13% year on year and expenditure on furniture rose 14% in 2021.

See: http://www.stats.gov.cn/english/PressRelease/202201/t20220118_1826649.html

2021 Real estate development

In 2021 investment in real estate development nationwide was 14,760.2 billion yuan, an increase of 4.4% year on year and an increase of 11.7% over 2019. Investment in residential buildings increased 6.4% over the previous year. It will be seen from the graphic below that the pace of growth in real estate investment has slowed almost throughout 2021.



Source: National Bureau of Statistics, China

2020 output of wood-based panels

In 2020, despite the effects of the pandemic, China's woodbased panel industry quickly resumed production such that output was maintained at pre-pandemic levels.

The output of China's woodbased panel sector in 2020 rose almost 1% to 311 million cubic metres, a record high. Plywood was the main contributor to the increase rising 12% to 256 million cubic metres.

Domestic consumption of wood-based panels in 2020 was 296 million cubic metres. Plywood was the largest category accounting for 63% of total consumption of wood-based panels.

Exports were 11.94 million cubic metres with an export value of US\$5.218 billion in 2020, down 6% year on year. Woodbased panel imported totaled 1.51 million cubic metres at US\$496 million.

The structural reform of China's wood-based panel industry continues and the elimination of outdated production capacity accelerated in 2020. 17,500 plywood manufacturers had stopped production by the end of 2020. 781 fibreboard production lines had been closed, dismantled or suspended and 33.16 million cubic metres of outdated production capacity had cut.

A total of 1,123 particleboard production lines were closed, dismantled or suspended and 27.72 million cubic metres of outdated production capacity was cut.

At the end of 2020 China had 136 continuous flat-pressed fibreboard production lines with an annual production capacity of 26.92 million cubic metres accounting for around half of the national total fibreboard production capacity.

There were 73 continuous flat-press particleboard production lines by the end of 2020 with a total production capacity of 17.63 million cubic metres. Some large automated plywood production lines have been put into operation and continuous plywood production lines were under construction.

Green innovation helped Chinese wood-based panel enterprises to further improve their market competitiveness.

Functional wood-based panel products continue to develop and explore and low-density and high-performance wood-based panel products become the focus of market attention. Formaldehyde-free wood-based panel products continue to be recognised in the custom home furnishing market.

In 2020 the supply of wood-based panel materials in China was increasingly tight due to raw material supply issues. Fast-growing plantation of eucalyptus and poplar are still the main raw materials for wood-based panel production in China.

The proportion of waste wood recycling is expanding and the use of non-wood materials such as straw and reed is further mature.

There are wood-based panel production in 26 provinces (autonomous regions and municipalities), among which 7 provinces, namely Shandong, Jiangsu, Guangxi, Anhui, Hebei, He'nan and Guangdong each produce more than 10 million cubic metres of wood-based panel products.

The output of wood-based panels in China will remain stable during the 14th Five-Year Plan period. The proportion of low - or formaldehyde-free wood-based panel products is increasing. The biggest problem in 2020 and at present is the supply of raw materials. *This text is Based on a report provided to members of the China Forest Products Industry Association and summarized at:*

<https://new.qq.com/omn/20211217/20211217A05Y7100.html>

South Korea joins RCEP

The General Administration of Customs has announced that South Korea is now a member of the Regional Comprehensive Economic Partnership (RCEP). RCEP entered into force on 1 January 2022 with six ASEAN member countries, Brunei, Cambodia, Laos, Singapore, Thailand and Vietnam and four non-ASEAN member countries, China, Japan, New Zealand and Australia.

Rise in VAT rebate for wood based panels

A notice has been issued jointly by the Ministry of Finance and the State Taxation Administration increasing the VAT rebate rate from 70% to 90% for woodbased panels (fibreboard, particleboard and blockboard) and a range of other products.

See:

<http://www.chinatax.gov.cn/chinatax/n359/c5171843/content.html>

Man Wah to build factory in Mexico

In a press statement Man Wah Holdings Limited has reported the purchase 339,000 square metres of land in Mexico where a factory will be built. This company says this will help them address the risk of global sea freight fluctuations, reduce related logistics costs and create better opportunities in the North American market.

Since its establishment in Hong Kong in 1992 Man Wah Holdings Ltd together with its subsidiaries has been mainly engaged in services of sofas, mattresses and smart homes.

See:

http://www.manwahholdings.com/en/show_list.php?id=9

Bamboo exports from Shaoyang city

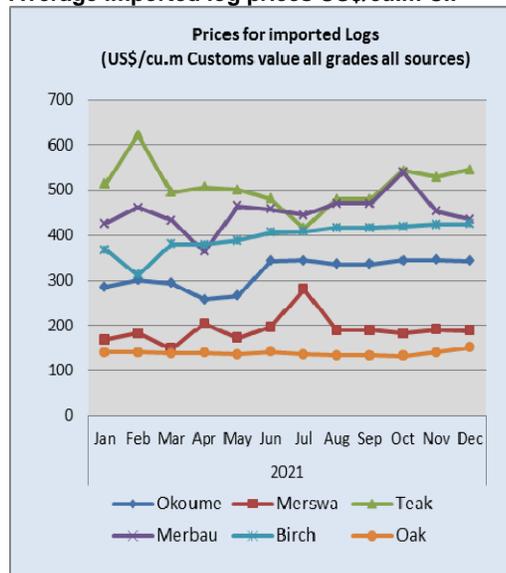
According to Shanyang Customs the value of bamboo products exports from Shaoyang City in Hu'nan Province rose 21% year on year to RMB90.83 million in 2021.

Bamboo products exports from Huali Bamboo and Wood Co. Ltd in Shaoyang City rose over 30% year on year to RMB25 million in 2021. Until recently the company used imported timber for its products but due to the problems of securing supplies the company turned to domestic bamboo which not only reduced costs but the products were well received in the market.

See:

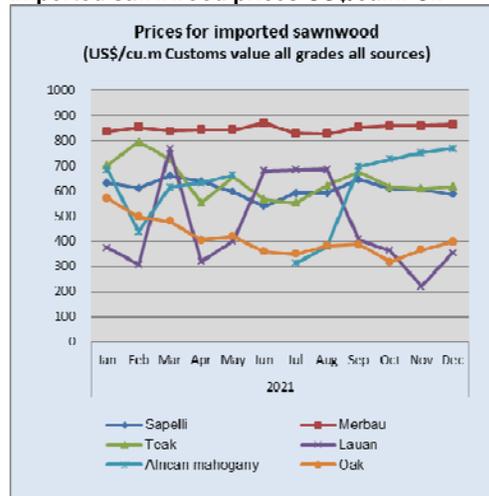
<http://www.customs.gov.cn/customs/ztzl86/302414/302415/dsxxjy/xxdt/4110274/index.html>

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



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

Imported sawnwood prices US\$/cu.m CIF



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

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

	2021 Nov	2021 Dec
Okoume	345	343
Merswa	191	188
Teak	529	545
Merbau	453	435
Birch	423	425
Oak	140	151

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

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

	2021 Nov	2021 Dec
Sapelli	606	587
Merbau	858	863
Teak	609	617
Lauan	220	354
African mahogany	751	768
Oak	366	398

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

COVID casts long shadow over the European furniture sector

For the European furniture sector, as in other industries, the COVID pandemic is casting a long shadow, with no certainty yet that the most dramatic swings in supply and demand are in the past. Several European countries, including France and Italy, were reporting record numbers of new daily COVID cases in the last week of January, the increase due to the emergence and rapid spread of the new Omicron variant, first detected in South Africa.

As a result, several European countries are once again in the grip of tight government lockdowns. This is clear from Oxford University's "Stringency Index", a composite measure of the level of lockdown across nine metrics (such as school and workplace closures, restrictions on public gatherings, stay-at-home requirements, restrictions on travel etc).

On a scale of 0 (no measures) to 100 (strictest response), at the end of January the score for Germany (84) was the highest in the world, while Italy (77) and France (69) were also very high by international standards.

More positively, the Stringency Index for the UK, where the full effects of the Omicron variant first became apparent in Europe, was down at 48 as the government has moved to reduce restrictions as the current wave of the virus seems to have peaked.

This has contributed to rising optimism that the Omicron variant, while highly infectious and still dangerous, does not lead to the same proportion of hospitalisations and deaths as previous variants, at least where a large proportion of the population is vaccinated or has been previously exposed to the virus.

So, while there is still no certainty, there is more confidence that the market situation for furniture in Europe will begin to "normalise" during 2022, at least to the extent that it will be less affected by sharp changes in demand and clogged up supply chains than in the previous two years.

There is also greater clarity now on the immediate impact of the first few waves of the pandemic and a widening pool of data to work out what the longer-term effects of the pandemic might be.

Data on global furniture consumption just published by CSIL, the Italy-based furniture industry research organisation, shows that, after the initial shock when the pandemic hit in the first half of 2020, the European and wider global market for wood furniture picked up rapidly. According to CSIL "the prolonged period at home has influenced consumers' priorities and how to buy products, with a strong growth in online purchases".

CSIL also note that "the lockdown experience highlighted the importance of the home which acquired a new centrality both for living and working, becoming a new fulcrum of our daily activities".

This in turn fed into changes in the types of furniture required by European consumers. According to CSIL, "spending more time at home pointed out the usefulness of having functional spaces for the whole family, possibly modular furniture also suitable for working from home. Thus, great attention has been put to the home office environment, but also to the kitchen, the comfort segments (from mattresses to upholstery) and the outdoor furniture".

This led to a greater proportion of spending being directed towards furniture as "consumers invested in improving their living spaces, often allocating to furniture substantial portions of income made available because of decreased expenditure for restaurants, vacations and other leisure activities".

The overall effect was to limit the scale of the contraction in furniture consumption during the initial phase of the pandemic. CSIL estimates that the value of furniture purchased worldwide in 2020 was US\$415 billion, around 6% less than the previous year (when considered in apparent consumption valued at production prices excluding retail mark-up).

The contraction in 2020 was particularly large in the office furniture sector, following the decline in investment by both industry and the service sector, but demand in other sectors including kitchens and outdoor furniture remained more resilient.

Such was the strength of the rebound last year, driven by the boom in consumer spending on furniture, CSIL reckon that worldwide furniture consumption was already back to the pre-pandemic level in 2021. The recovery is expected to strengthen and widen, in terms of geographic scope, during 2022.

The CSIL forecast for furniture consumption growth in the EU, UK, and European Economic Area (EEA) countries - at 4.4% in 2022 - is particularly encouraging, being the largest for any global region. However, this partly reflects a weaker rebound compared to other regions - particularly the US - last year.

CSIL reckon that the extra government stimulus from the EU Recovery and Resilience Facility - which is filtering through rather more slowly than national level stimulus measures around the world - will be a particularly important driver of consumption in the EU during 2022.

CSIL reckon that furniture consumption worldwide will grow by around 3.9% this year, with growth in North America expected to be 4.0%.

Growth in other areas of the world is expected to be somewhat slower including Asia and the Pacific forecast (3.8%), the Middle East and Africa (3.3%), Europe outside the EU inclusive of Russia and Turkey (3.0%) and Central and South America (3.0%).

CSIL's optimistic assessment of near-term strong furniture market growth at a global level is reflected in other analysis. For example, Statista's Consumer Market Outlook estimates that revenue from the global furniture industry, which hit \$1.3 trillion in 2020, will rise consistently to reach \$1.6 trillion by 2025.

Furniture supply chain disruption leading to rising prices

While long-term prospects for the European and global furniture sector look very promising, the shorter-term impact of the pandemic continues to be felt in supply chain disruption.

In the last two years, furniture suppliers have had to respond to temporary, but unpredictable and often lengthy, shutdowns in manufacturing facilities, staff shortages, severe limits on travel by business managers and sales and maintenance staff, material shortages and sharp rises in material and energy prices, limited container space and a massive hike in freight rates, store closures and other restrictions on retailing activities.

The combination of continuing strong demand, rising costs and tight supply is now being felt in sharply rising consumer prices for furniture in Europe. For example, a report in the Guardian, a UK newspaper, on significant price hikes after Christmas, quotes an IKEA representative as follows:

“Since the start of the pandemic, IKEA has managed to absorb the significant cost increases experienced across the supply chain while keeping prices as low and stable as we possibly can. Now, like many other retailers, we have had to raise our prices to mitigate the impact on our business. Price increases vary but remain in line with what we are seeing globally at IKEA, which is approximately a 9% average increase across countries and the product range”.

The sharp rise in prices is also reflected in the latest figures from the UK Office of National Statistics (ONS). These show that UK furniture retail prices reached another all-time high in November last year, following previous records in the preceding 2 months.

Prices in November 2021 were up by 12.2% compared to the same month in 2020. The annual rises recorded in October and September were 11.3% and 10.5% respectively.

The price rises in the UK were significantly higher for imported products than for domestic production. Factory gate price of all UK furniture destined for the home market was up by 4.7% compared to November 2020.

Strong consumer demand combined with constraints on supply of imported products have bolstered the position of domestic furniture producers in the UK. ONS data shows that during the first three-quarters of 2021, the total value of turnover and orders for UK furniture manufacturers was £6.6 billion, up 28% on the same period the previous year. Orders of £901.6 million in September 2021 were the highest for any single month since the series began in 1998.

However, domestic furniture producers in the UK, as elsewhere in Europe, are now suffering the effects of record price rises for materials and energy supplies. ONS figures show that the cost of materials and fuel for UK furniture manufacturers in November 2021 were 22.1% higher than the same month in November 2020.

Similarly, the British Furniture Manufacturers (BFM) State of trade survey for October 2021 showed that while furniture manufacturers were still confident in the trading environment, the price of raw materials was pressurising margins and cash flow. Labour costs were also on the rise. Skill shortages were reported by more than three quarters of respondents and in some cases the lack of suitable labour was severe.

The BFM survey reported an average cost increase of more than 20% for Board, Plywood, Timber, Steel and Springs. And, across all materials covered in the survey, the average increase stated was 15%, up from 8% recorded in April, with surcharges being applied to some materials.

This led to a significant proportion of manufacturers to raise product prices. Therefore, the recent relative competitiveness of domestic furniture manufacturers in the UK may prove short lived.

European furniture companies diversify supply to spread risk

While recent logistical challenges may have given a temporary boost to the European furniture industry in their home market, the longer-term trend is towards increasing import penetration.

In their latest report on the global furniture sector, CSIL note that “the European market is highly integrated, with major chains and manufacturers working on a European scale. However, slight but continuing market openness is registered. The origin of products sold on the market has also changed and markets are continuously open to imported items.

This is evident if we consider the last decade when national production share has been decreasing, while Asian and Pacific imports have been increasing”.

CSIL also highlight that one significant effect of the pandemic may be to encourage European retailers to diversify their suppliers as a means of spreading risk.

According to CSIL “Diversifying industry suppliers may occur, not relying on single suppliers, but finding ways to make use of components that can be sourced from many

different locations. Some large players in the global furniture industry implement strategies of diversification of manufacturing plant's locations".

CSIL also point to the fact that, while the furniture sector everywhere, including Europe, tends to be highly fragmented with limited consolidation, Europe is host to a relatively large share of the large players that do exist. In fact, 87 of the top 200 furniture manufacturers worldwide are based in Europe. Some of these companies have internationally integrated supply chains and have started to produce more product outside Europe.

European companies are particularly significant at the luxury end of the market and joint ventures with European players have been particularly attractive to other global firms keen to enter this segment.

The larger firms in Europe are also tending to outperform the smaller companies, a trend which so far has been reinforced by the pandemic. CSIL data shows that between 2015 and 2020 period, the top 100 companies in Europe increased revenues by 15% during a period when total European furniture production was almost stagnant.

During the pandemic, the larger companies have had more resources to draw on to tide them over periods of lockdown and to respond to supply chain disruption and to build new sales channels. There has been a very substantial shift to selling furniture online in Europe, a trend that has been driven by giants such as Amazon and IKEA.

In 2019, IKEA saw revenue fall to €39.6 billion in 2020 due to the pandemic, after two decades of growth. However last year, IKEA's sales bounced back to €41.9 billion, slightly exceeding 2019, with e-commerce sales up 73%.

New on-line business models in the furniture sector

It's not only the existing names like Amazon and IKEA that have benefited from the shift to on-line furniture sales. There is also a new breed of companies focused almost exclusively on selling furniture online.

This breed is exemplified by MADE, a UK based company launched with £2.5 million of funding in 2010, but which last year completed its IPO on the London Stock Exchange with a market capitalisation of £775 million. MADE sales in 2020 reached £315 million, around 50% in the UK and 50% in continental Europe. Sales in the first half of 2021 were £214 million, up 54% year-on-year growth.

The MADE business model is very different from that of IKEA, avoiding overheads by not owning any factories and with only a very small number of showrooms. Instead, the company relies on online sales and building close working relationships with designers and factories and sourcing products globally.

But of course, companies experiencing such rapid growth in sales are not immune to the current supply chain challenges. In December MADE issued a profit warning stating that up to £45m-worth of orders have been delayed blaming factory shutdowns in Vietnam, clogged ports and extended shipping times. Sales this year are now expected to be around £365 million, down from £410 million estimated earlier, but still a gain of 16% compared to the previous year.

Another exemplar of a new business model in the furniture sector, again exploiting new technology and innovative sales channels.

This time for the benefit of small-scale craft-based production in the tropics, is provided by Artisan Furniture. This company featured in a recent article in Forbes, the business journal, under the heading "innovation to maintain market access for artisans".

Artisan Furniture is a U.K. business wholly reliant on village craftsmen in Jaipur, India, which Forbes notes has proved resilient throughout the pandemic, racking up double-digit growth and now on an expansion path with financial support from Goldman Sachs GS. The company markets and claims a price premium for authentically Indian-made and hand-crafted wood furniture products to retail partners such as TKMaxx, the European subsidiary of apparel and home goods group TJX Companies, and Spain's leading department store group El Corte Inglés.

The Artisan Furniture business model has also involved creating a niche online marketplace for artisan-only products. The company's "dropship furniture programme" is described as a "no storage model that lets retailers ship products directly to their client's doorstep while also giving artisans the freedom to craft products using techniques they know best".

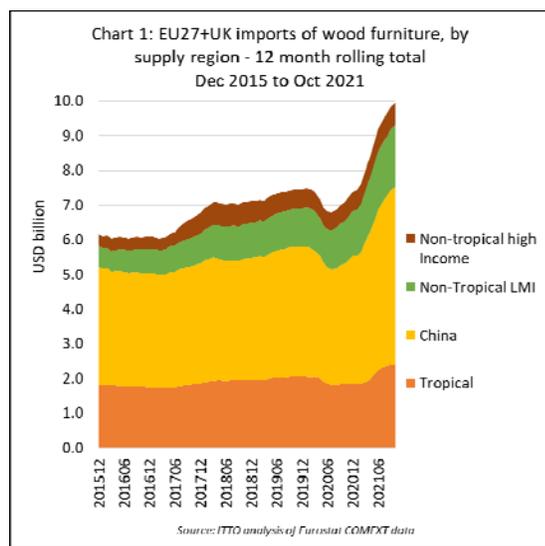
The company is exploiting rising consumer awareness about the environment and corporate social responsibility with an emphasis on support for local craftspeople and their communities, and products made from sustainable, commercially planted woods like mango and sheesham. The Forbes article suggests that Artisan Furniture has helped ensure long-term prosperity for several villages around Jaipur where more than 350 artisans form part of the furniture company's supply chain.

China makes biggest gains as EU27+UK wood furniture imports rise

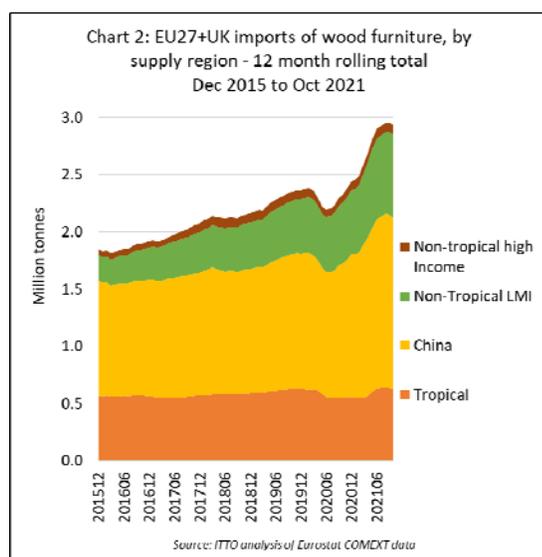
Recent trends in European imports of wood furniture need to be seen against the background of rapidly increasing demand, irregular availability of supplies from many countries, sharply increasing prices across the board, and efforts by European retailers to mitigate risks by diversifying supply sources.

From the trade data, it is clear that a very large increase in the value of wood furniture into the EU27+UK followed on immediately from the more minor dip during the early stages of the pandemic in the first half of 2020.

In fact, the 12-month rolling total level of imports was close to US\$10 billion by the end of October last year, which compares to less than US\$7.5 billion just before the pandemic in the opening months of 2020 (Chart 1).



The rise in import value was partly driven by increasing product prices and freight rates. The average unit value of EU27+UK wood furniture imports increased from US\$3030 per tonne in the first ten months of 2020 to US\$3460 in the same period last year. However, import quantity did rise from 2.4 million tonnes in the 12 months to February 2020, just before the onset of the pandemic, to nearly 2.9 million tonnes in the 12 months to October 2020 (Chart 2).



In the first 10 months of 2021, the EU27+UK imported US\$2.08 billion of wood furniture products from tropical countries, 36% more than the same period the previous year. While a significant rise, it should be noted that, for tropical countries, around two thirds of the gain in European import value was due to price increases and rising freight rates.

EU27+UK import quantity from tropical countries in the first 10 months last year was 523,000 tonnes, only 14% more than the same period the previous year.

Import quantity from tropical countries for the whole of last year is projected to be around 600,000 tonnes, no more than the long-term annual average between 2015 and 2019.

The rise in import value of wood furniture from tropical countries last year also pales in comparison to the rise in import value from China. In the first 10 months of 2021, the value of EU27+UK imports of wood furniture from China totalled US\$4.34 billion, 50% more than the same period the previous year (Chart 3).

Import quantity from China was also up over 50%, at 1.25 million tonnes. Imports from China have benefitted from more reliable shipping and higher availability of containers compared to tropical countries in Southeast Asia. One legacy of the US-China trade dispute has also been to increase China's focus on exports to the European market as exports to the US have declined.

The gains in EU27+UK imports of wood furniture from other Lower and Middle Income (LMI) countries in non-tropical regions also exceeded the gains made by tropical countries. Import value from non-tropical LMIs in the first 10 months of 2021 was US\$1.50 billion, 47% more than the same period the previous year. Import quantity from these countries increased 37% to 606,000 tonnes.

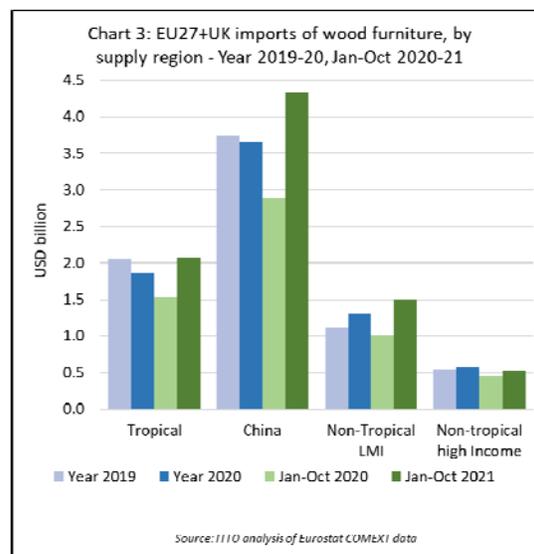
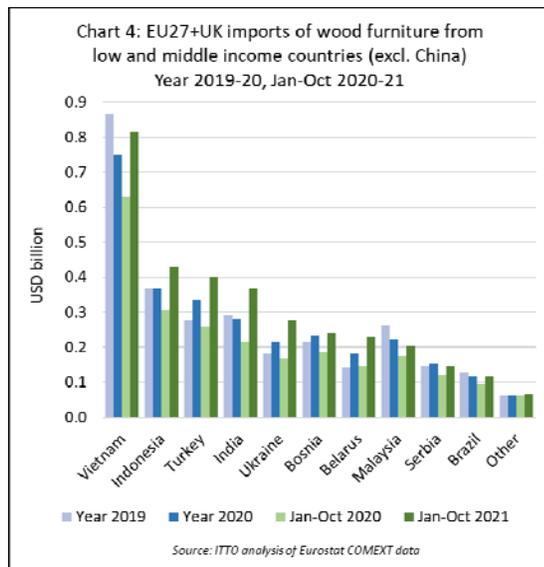


Chart 4 highlights that the major gains in EU27+UK import value of wood furniture from tropical countries in the first 10 months of 2021 were made by Vietnam (+30% to US\$820 million), Indonesia (+40% to US\$430 million) and India (+72% to US\$370 million). Import growth from Malaysia was more moderate, rising 16% to US\$200 million.



The signs are that Indonesia is seeing some benefit from the commitment to market development in the EU building on industry-wide SVLK certification and being the only country offering FLEGT licenses. Suppliers in India, most of which are selling craft products into the EU27+UK, are benefitting from the development of innovative on-line sales channels like that described earlier for Artisan Furniture.

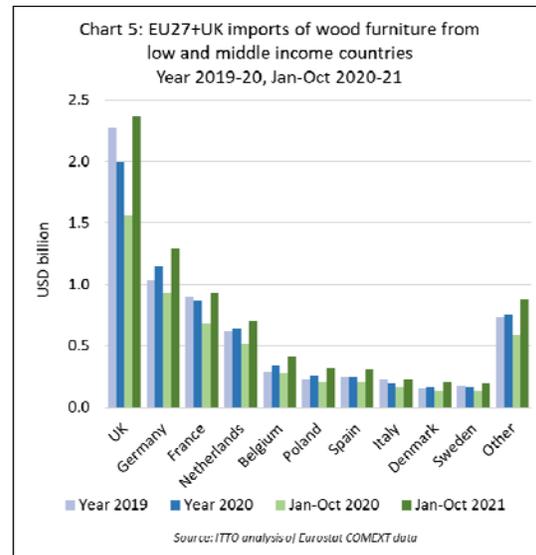
The slightly slower rate of increase of EU27+UK imports from Vietnam is probably only a reflection of supply bottlenecks, particularly as Vietnam is also now shipping vast quantities of wood furniture out to the US. Of non-tropical LMI countries, EU27+UK imports of wood furniture increased particularly strongly in the first 10 months of 2021 from Turkey (+56% to US\$400 million), Ukraine (+64% to US\$280 million, Bosnia (+30% to US\$240 million) and Belarus (+59% to US\$230 million).

These countries in the European neighbourhood have been major beneficiaries of supply and logistical problems in more distant supply countries. One sign of this was the announcement by IKEA in October last year of a plan to shift more production to Turkey to shorten the supply chain, and minimize problems associated with rising shipping costs and lengthening delivery times from other parts of the world.

The UK is by far the largest European importer of wood furniture from Low and Middle Income countries, importing 83% more than the next largest, Germany, in the first ten months of last year.

During that period, imports by the UK increased 51% to US\$2.37 billion, although this followed a particularly large 12% fall the previous year.

In the first ten months of last year, there was also a large increase in wood furniture imports from LMI countries into all the leading markets including Germany (+40% to US\$1.29 billion), France (+36% to US\$940 million), Netherlands (+36% to US\$700 million), Belgium (+52% to US\$410 million), Poland (+57% to US\$320 million), Spain (+54% to US\$310 million), and Italy (+42% to US\$230 million) (Chart 5).



Milan furniture show pushed back to summer

Instead of being held in April this year, the 60th edition of Salone del Mobile in Milan will be held from 7-12th June 2022, prompted by "the desire to organise an event that fully reflects the importance and the quality of the fair" according to the event organiser.

Show president Maria Porro comments: "The decision to postpone the event will enable exhibitors, visitors, journalists and the entire international furnishing and design community to make the very most of an event that promises to be packed with new things, in total safety."

As well as celebrating a major anniversary, the event will focus on the theme of sustainability, acting as a showcase for the progress made in this regard by creatives, designers and companies.

Moving the event to June will ensure a strong presence of foreign exhibitors and professionals, which has always been one of the Salone's strong points, and it will also give the participating companies time to plan their presence at the fair as thoroughly as possible given that, as we know, the progression from concept to final installation takes months of preparation".

Housing starts unexpectedly surged in December

US homebuilding increased to a nine-month high in December amid a surge in multi-family housing projects but soaring prices for materials after the government nearly doubled duties on imported Canadian softwood lumber could hamper activity.

The Department of Commerce reported that housing starts rose 1.4% to a seasonally adjusted annual rate of 1.702 million units last month, the highest level since March. Housing starts totaled 1.595 million in 2021, up 15.6% from 2020.

The volatile multi-family housing segment accounted for the rise in homebuilding last month, with starts for buildings with five units or more surging 13.7% to a rate of 524,000 units, in part due to strong demand for rental housing.

The report also showed the number of homes authorized for construction but not yet started surged to a record high last month, underscoring the challenges builders are facing from supply constraints. Rising mortgage rates could also hurt homebuilding this year.

Single-family housing starts, which account for the largest share of the housing market, dropped 2.3% to a rate of 1.172 million units last month. Single-family homebuilding soared in the Northeast and Midwest, likely boosted by unseasonably mild temperatures in December.

The densely populated South, where the bulk of homebuilding occurs reported an 8.2% decrease in single-family starts. Homebuilding also fell in the West.

The outlook for US home building in 2022 is cloudy. In November the US nearly doubled the duties on imported Canadian softwood lumber to 17.9% after a review of its anti-dumping and countervailing duty orders.

The National Association of Home Builders/Wells Fargo Housing Market index of confidence among U.S. single-family homebuilders slipped in January after four straight monthly increases. Homebuilders' upbeat view of current sales conditions remained unchanged, but expectations for the next six months fell amid concerns about inflation, interest rates and material costs. NAHB Chairman Chuck Fowke said in a statement.

Meanwhile, Canadian housing starts cooled in December, following a strong gain in the previous month, although they remain at historically high levels. For the 2021 calendar year, starts were higher from the previous year, bringing some relief to a housing market in which prices are accelerating at a record pace.

Housing starts for December came in at a seasonally adjusted annualized rate of 236,106 units, a 22% drop from a revised 303,813 units in November the Canada Mortgage and Housing Corporation said.

CMHC said that actual housing starts for 2021 were 21% higher than the previous year.

See: <https://www.census.gov/construction/nrc/index.html> and <https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/housing-data/data-tables/housing-market-data/monthly-housing-starts-construction-data-tables>

Existing-home sales inch

Existing-home sales declined in December, snapping a streak of three straight months of gains, according to the National Association of Realtors.

Total existing-home sales dropped 4.6% from November to a seasonally adjusted annual rate of 6.18 million in December. From a year-over-year perspective, sales waned 7.1% (6.65 million in December 2020).

"December saw sales retreat, but the pullback was more a sign of supply constraints than an indication of a weakened demand for housing," said Lawrence Yun, NAR's chief economist. "Sales for the entire year finished strong, reaching the highest annual level since 2006."

Despite the drop, overall sales for 2021 increased 8.5% over 2020 sales. With 6.12 million homes sold, it was the strongest year since 2006.

Each of the four major U.S. regions saw sales fall in December from both a month-over-month and a year-over-year basis. Existing-home sales in the Northeast fell 1.3% in December, registering an annual rate of 750,000, a 15.7% decrease from December 2020.

Existing-home sales in the Midwest slid 1.3% to an annual rate of 1,500,000 in December, a 2.6% decline from a year ago. Existing-home sales in the South retreated 6.3% in December, posting an annual rate of 2,700,000, a drop of 5.3% from one year ago.

Existing-home sales in the West decreased 6.8%, reporting an annual rate of 1,230,000 in December, down 10.2% from one year ago.

"We saw inventory numbers hit an all-time low in December," Yun said. "Homebuilders have already made strides in 2022 to increase supply but reversing gaps like the ones we've seen recently will take years to correct."

See: <https://www.nar.realtor/newsroom/annual-existing-home-sales-hit-highest-mark-since-2006>

US hiring again falls short of estimates

The US economy added far fewer jobs than expected in December just as the nation was grappling with a massive surge in Covid cases, the US Department of Labor reported. Non-farm payrolls grew by 199,000, while the unemployment rate fell to 3.9%, according to Bureau of Labor Statistics data. That compared with the Dow Jones estimate of 422,000 for the payrolls number and 4.1% for the unemployment rate.

The unemployment rate was a fresh pandemic-era low and near the 50-year low of 3.5% in February 2020. That decline came even though the labor force participation rate was unchanged at 61.9% amid an ongoing labor shortage in the US.

Construction employment rose by 22,000 in December, while Manufacturing added 26,000 jobs in December, primarily in durable goods industries. Manufacturing employment is down by 219,000 since February 2020.

See: <https://www.bls.gov/news.release/laus.nr0.htm>

Consumer sentiment nears 10-year low

US consumer sentiment soured in early January falling to the second lowest level in a decade as Americans fretted about soaring inflation and doubted the ability of government economic policies to fix it.

The University of Michigan said its preliminary consumer sentiment index fell to 68.8 in the first half of this month from a final reading of 70.6 in December. Lower income households held a more negative outlook than wealthier ones, with sentiment dropping by 9.4% among households with total incomes below \$100,000 but rising by 5.7% among households above that threshold.

Richard Curtin, the survey director, said in a statement in early January three-quarters of consumers ranked inflation as the most serious problem facing the country.

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

Wood products manufacturing reports decline in December

Economic activity in the manufacturing sector grew in December, with the overall economy achieving a 19th consecutive month of growth, said the nation's supply executives in the latest Manufacturing ISM Report on Business.

"The manufacturing sector remains in a demand-driven, supply chain-constrained environment, with indications of improvements in labour resources and supplier delivery performance. Shortages of critical lowest-tier materials, high commodity prices and difficulties in transporting products continue to plague reliable consumption.

Of the 18 manufacturing sectors followed by ISM, the category 'Furniture and Related Products' was among the sector with the highest gains in December. The Wood Products sector joined the Paper Products sector as two of only three sectors that reported a decrease in December.

See: <https://www.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/pmi/december/>

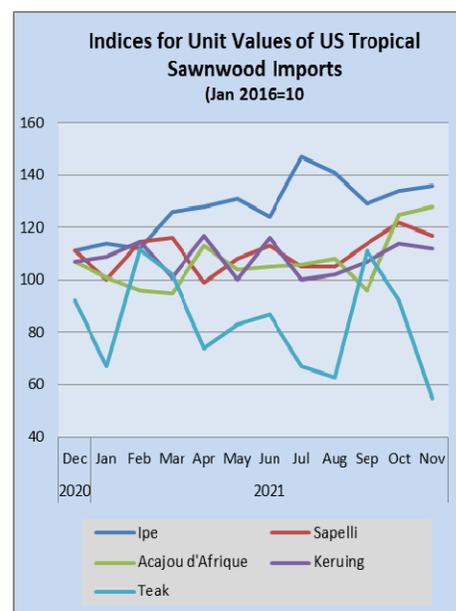
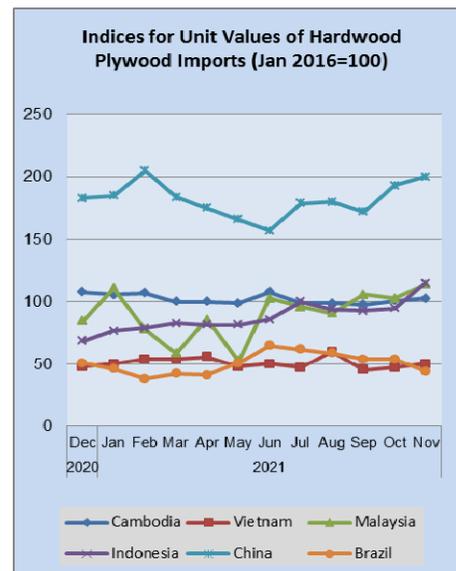
Home improvements expected to peak in 2022

Spending for home improvements and repairs is expected to expand at a faster pace in 2022, but signs point to some easing of growth by year-end, according to the Leading Indicator of Remodeling Activity (LIRA) by the Remodeling Futures Program at the Joint Center for Housing Studies of Harvard University.

The LIRA projects double-digit gains in annual homeowner renovation and maintenance expenditure will top out in the third quarter of 2022 before beginning a deceleration toward more sustainable rates of growth.

"Strong increases in home sales activity, household incomes, and home equity levels are supporting a faster expansion of the home remodeling market over the coming year," said Carlos Martín, project director of the Remodeling Futures Program at the Center. "As owners continue to navigate the ups and downs of the pandemic's trajectory, the focus on home improvements for changing wants and needs remains in sharp relief."

See: <https://www.woodworkingnetwork.com/design/home-improvements-expected-peak-2022>

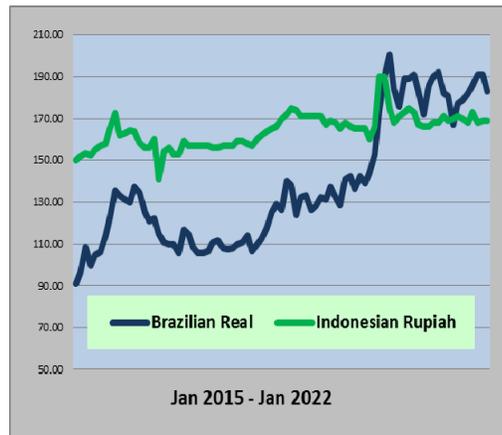


Dollar Exchange Rates

As of 25 January 2022

Brazil	Real	5.3677
CFA countries	CFA Franc	588.93
China	Yuan	6.361
Euro area	Euro	0.897
India	Rupee	75.21
Indonesia	Rupiah	14388
Japan	Yen	115.23
Malaysia	Ringgit	4.19
Peru	Sol	3.91
UK	Pound	0.7458
South Korea	Won	1209.71

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

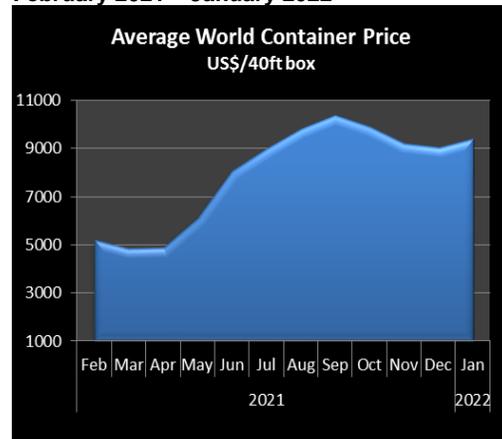


Abbreviations and Equivalences

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

February 2021 – January 2022



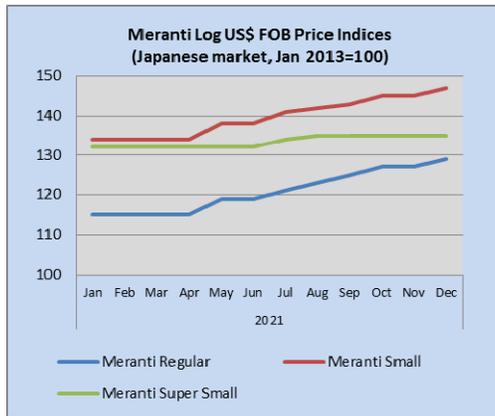
Data source: Drewry World Container Index

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.

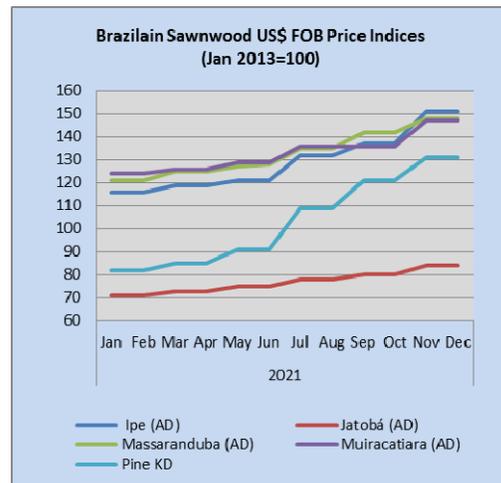
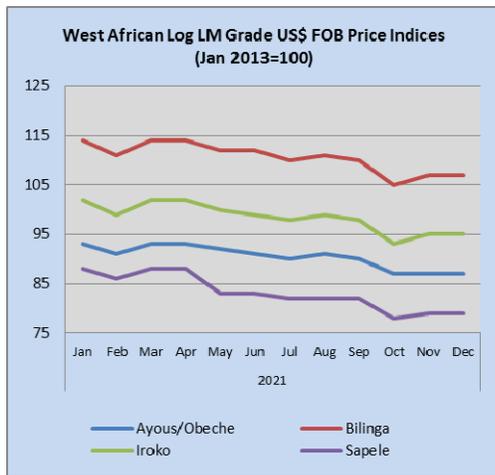
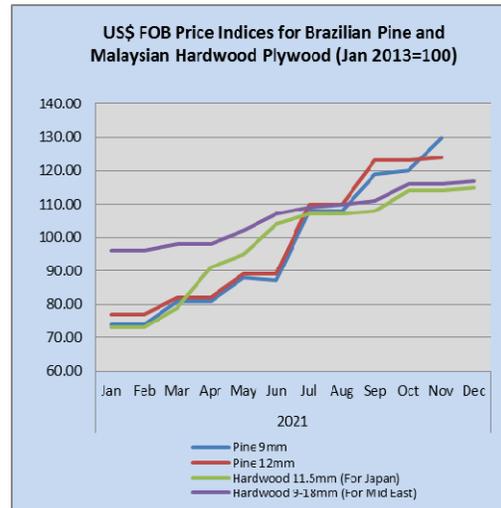
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Price indices for selected products

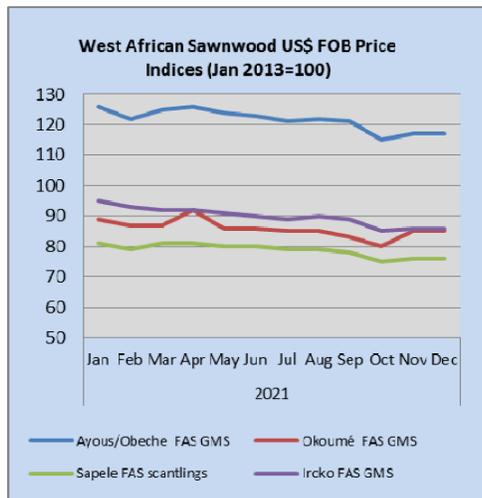
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



To have a free copy of this twice-monthly ITTO Market Information Service bulletin emailed to you on the day of production, please register at:

http://www.itto.int/en/mis_registration/