

# Tropical Timber Market Report

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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](mailto:ti@itto.int).

## Contents

Central/West Africa	2
Ghana	3
Malaysia	3
Indonesia	4
Myanmar	6
India	6
Vietnam	8
Brazil	10
Peru	11
Japan	13
China	17
Europe	19
North America	23
Currencies and Abbreviations	25
Ocean Freight	25
Price Indices	26

## Headlines

	Page
Rise in beech prices, a hopeful sign for okoume	2
Myanmar - the currency and banking issues	6
Positive outlook for Indian real estate sector	7
Vietnam's wood imports from Southeast Asia increasing	9
Recovering export shipments of wood products from Peru	11
Japan - private sector anticipates improvement in business environment	13
EU27 tropical wood imports at highest level for a decade	19
Association -include plywood and hardwood veneer in 'Build America' Act	24

## Top story

### Housing markets stressed around the world

- Japanese house builders to get relief from surging timber prices  
Page 14
- Assistance for Chinese real estate developers  
Page 18
- Sharp fall in EU construction orders in April  
Page 22
- White House announces plans to ease housing costs  
Page 24

## Central and West Africa

### Abandoned boats to be cleared from Port Gentil

Abandoned boats in Port Gentil have been seized by the authorities and the owners advised that the boats will be disposed of. The issue of abandoned vessels in the port has been a headache for the authorities and has hampered development of the port infrastructure.

According to the Director General of the Merchant Navy, Fidèle Angoué Mba, these vessels are an obstacle to navigation and a threat to the environment.

See: <https://www.lenouveaugabon.com/fr/transports-logistique/2005-18471-port-gentil-la-marine-marchande-dechoit-de-leur-droit-les-propriteaires-de-135-navires-abandonnes>

### Chinese exporting veneer to India at competitive prices

The rain season is ending in Gabon. Producers say the occasional storms are not affecting either production or transportation. The good news on rail transport is that there have not been any derailments for around a month.

Some mills in the NKOK economic zone have recently reported a slowdown in the deliveries of okoume logs which has meant a cut in production. They also complain that, in recent weeks, degraded logs with pinholes and stain have been arriving.

Any disruption of peeler veneer production by Indian companies which ship back home is quickly taken advantage of by other producers and it is reported that Chinese veneer producers are exporting to India at very competitive prices.

### Rise in beech prices a hopeful sign for okoume

The news from Cameroon suggests mills have healthy order books with contracts for the next 2-3 months. The rain season is over so production and transportation can forge ahead. Efforts are being made to encourage millers to move to downstream production as in other parts of the region.

Producers are anticipating an improvement in okoume prices if rumours of a shortage of European beech prove to be accurate. Okoume is an alternative for beech in the production of faced plywood and finger jointed products.

### Food crisis

The President of the African Development Bank (AfDB), Akinwumi Adesina, said at the recent Afdb meeting that "With 30 million tonnes of agricultural products, notably wheat and maize, which will not arrive from Russia or Ukraine Africa is facing a food crisis".

See: <https://www.jeuneafrique.com/1349020/economie/bad-inflation-crise-agricole-climat-des-assemblees-annuelles-sous-pression/>

In related news, the World Bank is to set up new projects in the next 15 months and has US\$18.7 billion undisbursed which will be dedicated to financing projects related to food and nutritional security issues.

### Impact study on Ikolo investment zone available

The environmental and social impact study (ESIA) for the Ikolo Investment Zone in Lambaréné has been made available for public scrutiny at the premises of the General Directorate for the Environment according to a May press release. Stephen Stanislas Mouba, Director General of the Environment, said this study was submitted by the company Gabon Special Economic Zone Ikolo (GSEZ).

See: <https://www.lenouveaugabon.com/fr/agro-bois/2705-18494-zone-economique-d-ikolo-les-populations-ont-jusqu-au-2-juin-pour-contester-l-etude-environnementale>

### Log export prices

West African logs Asian market	FOB Euro per cu.m		
	LM	B	BC/C
Acajou/ Khaya/N" Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & ekki	275	275	175
Belli	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	230	210	-
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	430
Bilinga FAS GMS	540
Okoumé FAS GMS	480
Merchantable KD	420
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

### Surging inflation a major challenge

The Producer Price Inflation (PPI) rate for April 2022 was 31.2%, around 2% up from March 2022. Inflation in the manufacturing sub-sector, which constitutes more than two-thirds of the total industry, increased to 38.6%. In the wood products sector the PPI rose almost 18% in April 2022 compared to a year earlier. The Producer Price Index (PPI) measures the average change over time in the selling prices received by domestic producers for their output.

In related news, year-on-year consumer inflation for April 2022 surged to 23.6 per cent compared to 19.4 recorded in March this year says the Ghana Statistical Service

See:

[https://statsghana.gov.gh/gssmain/fileUpload/Price%20Indices/PPI%20Newsletter\\_April%202022-rev.pdf](https://statsghana.gov.gh/gssmain/fileUpload/Price%20Indices/PPI%20Newsletter_April%202022-rev.pdf)

### Trade surplus in first four months of 2022

Ghana recorded a trade surplus of US\$1.33 billion in the first 4 months of 2022 and this was higher than the total US\$1.107 billion recorded for the entire year 2021. The increase was due to the higher price for crude oil and improved gold production in the country.

The export data show that gold dominated exports at US\$1.87 billion in April 2022. Cocoa exports however, declined to US\$1.11 billion in April 2022, from US\$1.29 billion in April 2021. According to the Bank of Ghana the summary data excluded the value of wood product exports.

See: <https://www.bog.gov.gh/wp-content/uploads/2022/05/Summary-of-Economic-Financial-Data-May-2022.pdf>

### President challenges business leaders - expand trade within Africa

Speaking at the 22nd Academy of African Business and Development Conference at the University of Professional Studies, Accra Ghana's President, Nana Addo Dankwa Akufo-Addo, called on African countries to increase trade within the continent and to add value to their raw materials before exporting them. This comment was prompted as a result of the global impact to the Russian invasion of Ukraine.

With the coming into force of AfCFTA Ghana has the opportunity to expand regional trade beyond ECOWAS countries which accounted for 11% of Ghana's timber exports in 2019, 13% in 2020 and 12% in 2021.

In related news, 57 Trade Promotion Organisations met in Accra to deliberate on trade and investments growth on the theme: "Bold Solutions for Resilience and Recovery." The event was jointly organised by the Ghana Export Promotion Authority (GEPA) and the International Trade Centre (ITC).

See: <https://www.graphic.com.gh/news/general-news/use-networks-to-boost-trade-on-continent-afcfta-boss.html>

### Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	530
Niangon Kiln dry	659

### Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	370	441
Chenchen	375	612
Ogea	469	590
Essa	513	619
Ofram	350	435

### Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfin	1,096
Avodire	811
Chenchen	1,289
Mahogany	1,870
Makore	1,424
Odum	1,500
Sapele	1,196

### Export plywood prices

Plywood, FOB	Euro per cu.m		
BB/CC	Ceiba	Ofram	Asanfin
4mm	232	580	641
6mm	412	535	604
9mm	370	490	560
12mm	583	476	480
15mm	450	414	430
18mm	460	463	383

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

### Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
FAS 25-100mmx150mm up x 2.4m up	Air-dried	Kiln-dried
Afromosia	860	925
Asanfin	465	564
Ceiba	290	353
Dahoma	537	417
Edinam (mixed redwood)	520	640
Emeri	560	510
African mahogany (Ivorenensis)	1,239	762
Makore	560	893
Niangon	685	586
Odum	491	846
Sapele	800	820
Wawa 1C & Select	422	449

## Malaysia

### Strategies for the post-COVID 19 pandemic era

In its February newsletter the Malaysian Timber Council (MTC) said what is needed is "a reassessment of the industry's short-term and medium-to-long-term strategies for the post-COVID 19 pandemic era".

The MTC continued "After a moderately strong expansion in 2021 the timber sector is expected to expand at between 3%-4% in 2022 with factors lingering around log supply constraints and compliance with the national forestry policy on the annual allowable cut agreed by each state.

Industry players need to accelerate upgrading and move up the value chain by embracing digital technologies and innovations. Upstream and downstream industry players will need to adopt new strategies to manage potential permanent shifts in logistics, production and supply patterns as well as explore new business models and strategies to capitalise on opportunities presented by changes in consumption patterns and consumer behaviour caused by the pandemic.

The outlook of the timber industries has improved significantly on the further strengthening of global timber demand along with the expected containment of the pandemic. Domestically, the availability of log supplies that are prone to disruption by bad weather conditions, alleviation of labour shortages and containment of input cost increases are among the key determinants of growth prospects for the industry”.

See:

[https://mtc.com.my/images/publication/236/Timber\\_Malaysia\\_Jan-Feb\\_2022\\_Final\\_2\\_compressed.pdf](https://mtc.com.my/images/publication/236/Timber_Malaysia_Jan-Feb_2022_Final_2_compressed.pdf)

#### **Sarawak/Australia deal on forest plantation development**

The Ministry of Plantation Industries and Commodities has initiated collaboration between Sarawak and Australia on forest plantation developments including R&D and technology transfer from Australia. Recently, meetings were held with the timber industry in Sarawak and the Sarawak Timber Association.

Accompanying the Ministry delegation were the Counsellor (Agriculture) at the Australian High Commissioner to Malaysia, Sanjay Boothalingam and Research Officer (Agriculture), Hafiz Burkhan.

The Sarawak State Government aims to establish 1 million ha. of forest plantations by 2025 to provide a new source of timber for the downstream processing industries.

See:

[https://mtc.com.my/images/publication/237/Timber\\_Malaysia\\_Mar-Apr\\_2022.pdf](https://mtc.com.my/images/publication/237/Timber_Malaysia_Mar-Apr_2022.pdf)

In other news from Sarawak, the State government has adopted legislation regulating carbon storage and the reduction of carbon emissions following amendments to the state Land Code.

The amendments deal with regulation and control the use of land for the storage, retention, capture and sequestration of carbon dioxide and other greenhouse gases as part of measures to mitigate climate change and global warming.

This made Sarawak the first state to enact legislation enabling industries operating in the state to comply with international requirements to reduce carbon emissions under the United Nations Framework Convention on Climate Change. Sarawak is said to have the largest carbon storage capacity in Malaysia.

The Sarawak forest industries now have an investment framework to promote conservation and reforestation activities for carbon sequestration and thus generate carbon credits.

Read more about the Forests (Amendment) Bill, 2022 which was passed together with the Land Code (Amendment) Bill:

<https://www.theborneopost.com/2022/05/19/awg-tengah-amendment-bill-to-see-licences-issued-for-forest-carbon-activities/>

and

<https://www.thestar.com.my/news/nation/2022/05/18/sarawak-first-state-to-legislate-carbon-storage-regulation-says-deputy-minister>

#### **Added value products from oil palm stems**

Malaysia has approximately 6 million hectares of oil palm plantations that need to be cleared and replanted every 20 to 25 years. Of the felled palms only a small percentage is utilised for value-added goods. It has been suggested that oil palm trunks could be a raw material for furniture and construction materials.

A company established in June 2020 is Malaysia’s first manufacturing plant to commercially convert unused oil palm trunks into high-performance wood panels for the furniture and building industry.

See again the MTC Newsletter:

[https://mtc.com.my/images/publication/236/Timber\\_Malaysia\\_Jan-Feb\\_2022\\_Final\\_2\\_compressed.pdf](https://mtc.com.my/images/publication/236/Timber_Malaysia_Jan-Feb_2022_Final_2_compressed.pdf)

### **Indonesia**

#### **Ministry seeks Presidential Regulation on social forestry**

The Ministry of Environment and Forestry (KLHK) has asked the government to immediately enact a Presidential Regulation on Integrated Planning for the Acceleration of Social Forestry Management. Secretary General of the Ministry of Environment and Forestry, Bambang Hendroyono, said social forestry is a national strategic programme that needs support from every ministry or institution in Indonesia.

A presidential regulation is considered vital in accelerating the distribution of social forestry so that the target area of 12.7 million hectares can be achieved.

There are three main elements for accelerating the distribution of legal access namely forest management, technical assistance and improving forestry business development.

See: <https://lampung.antaranews.com/berita/627113/klhk-desak-perpres-perencanaan-perhutanan-sosial-segera-diresmikan>

## Strengthening Global Cooperation – the answer to world forest management

Indonesia believes that innovative solutions and strengthened cooperation are needed to address the challenges of sustainable forest management around the world and much will depend on economic recovery after the Covid-19 pandemic and efforts to mitigate climate change. This was the view of the Indonesian delegation at the High Level Roundtable of the 17th Sessions United Nation Forum on Forest (UNFF).

Agus Justianto, Head of the Indonesian Delegation said it was necessary to emphasise the role of the UN Strategic Plan for Forests (UNSPF) as a tool to encourage sustainable forest management based on the principle of "common but differentiated responsibility and respective capabilities" in accordance with the sovereignty of each country.

Some of the issues that must be resolved are bringing together public and the private sectors in the framework of sustainable forest management and to promote sustainable timber trade and food production.

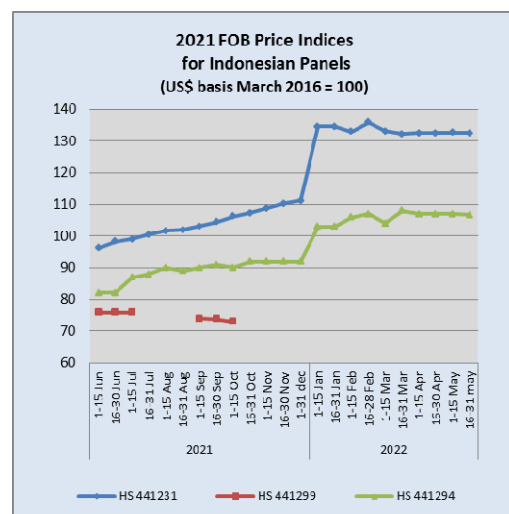
See: <https://forestinsights.id/2022/05/14/unff17-sepakati-aksi-pengelolaan-hutan-lestari-indonesia-andalkan-folu-net-sink-2030/>

## Perhutani's products expand to Europe

Perum Perhutani's non-timber forest products (NTFPs) have successfully penetrated Asian markets of India, Pakistan, Turkey, Vietnam, UAE and in 2022 expanded to European countries such as Portugal and Italy through direct selling supported by the Perhutani online sales application (POTP).

Head of the Commercial Division of NTFPs, Perhutani Sukasno, said that the sales of NTFP products, namely Gum Rosin, Turpentine and derivatives contributed more than 40% to the company's total revenue.

See: <https://www.medcom.id/ekonomi/bisnis/GNIW81GK-produk-perhutani-tembus-pasar-asia-dan-meluas-ke-eropa>



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

## Indonesia/US MoU to support forestry

Indonesia, through the Ministry of Environment and Forestry (MoEF) and the United States, through the United States Agency for International Development (USAID), agreed to work in partnership on the Government of Indonesia's long-term vision for climate-resilient, low-emission development.

A memorandum of understanding (MOU) was signed by MoEF Secretary General Bambang Hendroyono and USAID Mission Director Jeff Cohen.

"Through this MOU, we are pleased to deepen our partnership with the Government of Indonesia to address the challenges of climate change by supporting the MoEF's leadership on sustainable land use and protecting valuable forests across the country that are so vital for Indonesia's prosperous, resilient, green future," said Jeff Cohen.

Among the activities envisioned under the MOU, MoEF and USAID plan to partner to support ongoing reduced deforestation and forest degradation; sustainable forest management, including tree planting and land rehabilitation; management and restoration of peatlands and mangroves to limit greenhouse gas emissions and Indonesia's efforts in conservation and biodiversity.

See: <https://id.usembassy.gov/indonesia-and-united-states-sign-memorandum-of-understanding-to-support-forestry-and-other-land-use-net-sink-2030-goals/>

## Forest Biomass power, Association explores funding

Indroyono Soesilo, chairman of the Association of Indonesian Forest Concession Holders (APHI), said the Association supports the government's programme to develop forest biomass power plants as an alternative and renewable energy source. Indroyono said APHI is seeking green financing for the development of forest biomass power generation.

In a meeting with Nina Jacoby, Senior Advisor at Business Finland, Indroyono said he hopes that developed countries can provide green investments for the development of clean energy to reduce greenhouse gas emissions. Ms. Jacoby said she was ready to facilitate potential investors in Indonesia communicate with financing sources in Finland.

See: <https://forestinsights.id/2022/05/20/kembangkan-listrik-berbasis-biomassa-hutan-aphi-gali-sumber-pendanaan/>

## April exports a record

The value of Indonesia's exports reached the highest on record at US\$27.33 billion in April this year according to Statistics Indonesia Head, Margo Yuwono. Compared to April 2021, the export value surged by almost 48%. By sector, non-oil and gas export between January–April 2022 increased 29% compared to the corresponding period of 2021 while exports of agricultural, forestry and fishery products swelled 12% and exports of mining and other products shot up by 106%.

See: <https://en.antaranews.com/news/229869/indonesias-exports-touch-record-us2733-bln-in-april-bps>



## Myanmar

### New developments - the currency and banking issues

According to the latest order from the administration private and government institutions can now accept only MMK for all payments. Most hotels quote their rates both in US dollars and MMK and many restaurants popular with foreigners have been accepting dollars. The change is notable since it now includes government institutions.

It is not clear how the recent order will be enforced for all government institutions including the Myanma Timber Enterprise (MTE) which has required payment for logs in US dollars. MTE's sales of logs have declined because products milled from MTE logs cannot be marketed in the EU (for logs sold after June 2021) and US (for logs sold after April 2021).

For the US and EU markets manufacturers source earlier harvested logs from private stocks but asking prices are higher than for fresh logs from MTE. Manufacturers are paying strict attention to the requirements in the EU and US markets and continue to buy old and often lower quality-logs but output recovery is lower than from fresh logs.

Millers complain that, as yet, there has been no official information from MTE on its tender sale procedures under the new rules. Currently incoming US dollars must be converted into MMK so millers are unsure how to retain dollars to meet the MTE requirement that payment for logs must be in dollars. MTE has not yet reset their regulation to accept only MMK in line with the new regulation.

Previously, MTE accepted direct international remittance from the importers on behalf of millers however, after MTE was sanctioned by the EU and US last year direct remittances to MTE were halted. Now, because of the new banking regulation, millers have no dollars to pay MTE.

Exporters have urged MTE to accept MMK in equivalent to their sale price in dollars.

In other news, companies which had export licenses withdrawn have been attempting to get them reactivated but the process is complicated (and according to some inconsistent) involving the commercial banks, the Central Bank of Myanmar and the Trade Department.

### Economic uncertainty and growing poverty

Over the past two weeks Myanmar has experienced a fuel shortage and this is further undermining the economy. According to Focus-Economics the economy is expected to have contracted significantly in FY 2021 but likely improved in FY 2022 (October 2021–September 2022).

However, current business activity has been impacted by energy shortages, sanctions and currency controls which are now impacting the lives of ordinary people in the country as Myanmar depends on imports for many daily necessities including edible oil, fuel oil and medicines.

The United Nations Office for the Coordination of Humanitarian Affairs (OCHA Myanmar) has said of the 54 million people in Myanmar about 14.4 million are in need of humanitarian assistance. The statement said that 25 million people about half of Myanmar's population, were living in poverty.

As of 2 May this year, according to OCHA, 249,500 people have been displaced since February 2021 in southeastern Myanmar due to the conflict and humanitarian access to conflict-affected areas is immediately needed to provide assistance.

See: <https://www.focus-economics.com/countries/myanmar>. and (<https://elevenmyanmar.com/news/about-144-million-of-54-million-people-in-myanmar-need-humanitarian-assistance-ocha-myanmar>)

## India

### Wholesale price indices for April 2022

The Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade, has published wholesale price indices for April 2022. The index for manufactured products increased to 144 in April 2022 from 141.6 in March.

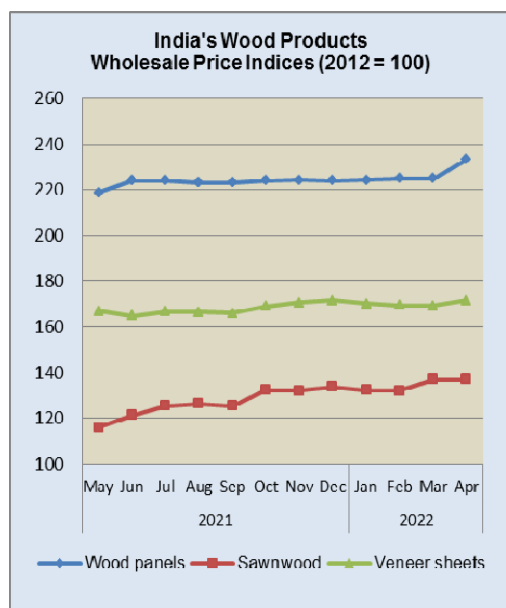
The increase in the overall index was mainly contributed by rises in prices of basic metals, chemicals and chemical products, textiles, machinery and equipment, electrical equipment and food products. Some of the groups that saw prices drop were motor vehicles, trailers, computers, electronic and optical products and leather goods.

The year on year change in annual rate of inflation was reported at 15.1% for April 2022.

The high rate of inflation in April 2022 was primarily due to rise in prices of mineral oils, basic metals, crude petroleum & natural gas, food articles, non-food articles, food products and chemicals & chemical products.

Price inflation for wood products and cork items over the past six months to April 2022 were 5.49%, 5.32, 4.11%, 4.55% , 4.65% and 4.77%.

See: [https://eaindustry.nic.in/pdf\\_files/cmonthly.pdf](https://eaindustry.nic.in/pdf_files/cmonthly.pdf)



Data source: Ministry of Commerce and Industry, India

### Heatwave – 49 degrees

The Indian economy has been impacted on many fronts and a recent heatwave and then floods caused disruption of transport and manufacturing. Delhi saw a new record with temperatures rising to 49 degrees. Many other parts of the country including Uttar Pradesh, Rajasthan and Madhya Pradesh continue to suffer.

### First quarter growth likely below expectations

Local economists expect a downward revision in 2022-23 growth forecasts and also a lower than expected growth in the first quarter 2022 which could mean growth for fiscal 2021-22 will be lower than expected.

The National Statistical Office will publish GDP figures for the first quarter 2022 at the end of May and on 8 June the Monetary Policy Committee of the Reserve Bank of India will publish its GDP growth forecasts for 2022-23.

Corporate leaders attending the World Economic Forum said, when meeting the media, that addressing the surging cost of commodities and food items should be the top priority of the government and the Reserve Bank of India.

They added, while Covid control measures caused disruptions and the Russian invasion of Ukraine has resulted in an uncertain world the Indian economy is set to grow in the mid-to-long term.

In related news, Borge Brende, President of the World Economic Forum said India's GDP is set to grow 7-8% in the current fiscal year, much higher than the global rate of 3%.

See: <https://www.businesstoday.in/wef-2022/story/taming-inflation-will-help-bring-consumption-back-on-track-india-inc-at-wef-334769-2022-05-23>

### Positive outlook for Indian real estate sector

The India Real Estate Show (IRES 2022) in Dubai will bring together some of India's biggest real estate players and provide both non-resident Indians and foreign investors in the UAE with the opportunity to secure purchases and financing opportunities.

Analysts write, "the outlook for the real estate sector in India remains positive as growth delivers wealth to the expanding middle class driving demand for housing and office space". According to Knight Frank's latest market evaluation report, despite the third wave of the Covid pandemic, quarterly sales in the first quarter of 2022 were robust with Mumbai recording the highest sales and Delhi-NCR recording the highest year-on-year growth in the sales.

See: <https://www.zawya.com/en/world/indian-sub-continent/india-real-estate-show-offers-lucrative-deals-skyc1rdq>  
<https://indianrealestateshow.com/>

### Particleboard production to expand

Kerala is emerging as another centre for particleboard manufacturing according to authors of a story from Plyreporter, the India timber sector magazine. There are five new production lines to be installed in the state this year. Presently Kerala has 4 particleboards manufacturing lines producing around 600 cubic metres of particleboard.

See: <https://www.plyreporter.com/article/92998/kerala-adding-5-new-particle-boards-lines>

### Prices for recent shipments of teak logs and sawnwood

	US\$/cu.m C&F
Benin	-
Sawnwood	325-712
Brazil	313-600
Sawnwood	489-777
Cameroon	-
Sawnwood	974
Colombia	245-615
Costa Rica	350-652
Ecuador	246-495
Gabon	370
Ghana	270-559
Sawnwood	485
Guatemala	277-594
Ivory Coast	263-458
Sawnwood	375-752
Mexico	322-439
Sawnwood	373-585
Panama	252-539
PNG	389-595
Sawnwood	492-677
Tanzania	344-930

Sawnwood	471-1,068
Togo	259-532
S. Sudan	367-676
Sawnwood	342-633
Nigeria	290-630
El Salvador	328-520
Nicaragua	-
Sawnwood	328-564
Solomon Is.	248
Surinam	222
Myanmar sawn	791-980

Price range depends mainly on length and girth.

#### Locally milled sawnwood prices

Ex-mill prices have started to rise.

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

Price range depends mainly on lengths and cross-sections

#### Sawn hardwood prices

No price increases have been reported.

Sawnwood (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,750-1,850
Sycamore	1,900-2,000
Red Oak	2,100-2,200
White Oak	2,700-3,000
American Walnut	4,500-5,000
Hemlock STD grade	1,350-1,600
Western Red Cedar	2,220-2,450
Douglas Fir	2,000-2,200

Price range depends mainly on lengths and cross-sections.

#### 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

#### Trade Highlights

Wood and wood product (W&WP) exports in April 2022 topped US\$1.59 billion, up 12% compared to April 2021. In particular, WP exports reached US\$1.14 billion, up 5.5% compared to April 2021.

In the first 4 months of 2022, W&WP exports totalled US\$5.6 billion, up 6.7% over the same period in 2021. WP exports accounted for US\$4.17 billion of the total, up 2.6% over the same period in 2021.

In April 2022 Vietnam's W&WP exports to the EU reached US\$57 million, down 10.9% compared to April 2021. In the first 4 months of 2022 exports of W&WPs to the EU reached US\$259.3 million, up 3.2% over the same period in 2021.

W&WP exports to Australia in April 2022 reached US\$18.3 million, up 27.5% compared to April 2021. In the first 4 months of 2022 W&WP exports to the Australian market amounted to US\$64.3 million, up 17.8% over the same period in 2021.

Data from the General Department of Customs show that W&WP imports in April 2022 were valued at US\$273.7 million, up 15.0% compared to March 2022 and up 3.8% compared to April 2021.



In the first 4 months of 2022 imports of W&WP reached US\$952.1 million, down 4.2% compared to the same period in 2021.

Vietnam's imports of tali wood in April 2022 reached 31,100 cu.m worth US\$12.7 million, up 1.9% in volume and 1.5% in value compared to March 2022. Compared to April 2021 the imports of this species increased by 9.7% in volume and 11.2% in value.

In the first 4 months of 2022, tali wood imports from all sources reached 160,100 cu.m worth US\$65.2 million, up 20.6% in volume and 20.7% in value over the same period in 2021.

Imports of log and sawnwood from Southeast Asia in April 2022 were 88,000 cu.m worth US\$31.0 million, up 24% in volume and 17% in value compared to March 2022.

#### **Tali log and sawnwood imports**

In the first 3 months of 2022 tali log imports were recorded at 72,900 cu.m, worth US\$27.1 million, up 14.6% in volume and 11% in value over the same period of 2021.

Imports of tali sawnwood reached 54,600 cu.m worth US\$5.0 million, a year-on-year growth of 39% in volume and 40% in value.

#### **Tali log and sawnwood imports**

	2022 000s cu.m	% change YoY cu.m
Logs	72.91	14,6
Sawnwood	54.602	39,1

Data source: Customs Vietnam

#### **Price of imported tali**

The average price of tali wood from non-African sources reached US\$436.4 US\$/cu.m, down 17% compared to the same period of 2021.

The price of tali from Nigeria was reported US\$242.0/cu.m, down 4.8%; from China US\$394.3/cu.m, down 25.4%. In contrast, the price of this wood from Cameroon reached US\$409.1 /cu.m, up 3.7% over the same period of 2021.

#### **Tali sources**

In the first 3 months of 2022 Vietnam's tali wood imports from Cameroon, China, Nigeria, Laos, Cambodia and EU increased.

Tali wood imports from Cameroon contributed 66.6% of total imports in the first 3 months of 2022 .

After Cameroon, imports of tali wood from China, as an intermediary supplier, reached 8,300 cu.m worth US\$3.3 million, a sharp increase in volume and value over the same period of 2021.

Tali wood imports from Nigeria amounted to 5,480 cu.m worth US\$1.3 million, up 137% in volume and 125% in value.

Tali wood imports from some other sources in the first 3 months of 2022 increased compared to the same period in 2021 such as from Laos where imports increased sharply, from Cambodia, from the EU and from British Virgin Islands.

In contrast imports of tali wood from some sources dropped. In particular, imports from Congo decreased by 29%, from Gabon they dropped 17%, from Hong Kong down by 18.5% and from Thailand imports dropped 1.5%.

#### **Vietnam's wood imports from Southeast Asia increasing**

According to the General Department of Customs imports of wood from Southeast Asia in the first 3 months of 2022 was 208,580 cu.m and valued at US\$72.72 million, down 23.5% in volume and 5.9% in value over the same period of 20.

Imports of wood from Southeast Asia in April 2022 amounted to 88,000 cu.m, worth US\$31.0 million, up 24% in volume and 17% in value compared to March 2022. The total imports from this market region in the first 4 months of 2022 reached 296.58 thousand m3, worth US\$ 103.72 million, down 21.5% in volume and 5.6% in value compared to the same period in 2021.

#### **SE Asia suppliers**

In the first 3 months of 2022 Vietnam's imports of wood from Southeast Asia decreased due to a drop in shipments from Thailand, Malaysia, Cambodia, Indonesia and Singapore.

In contrast, imports from Laos continued to increase. The detailed information and data on wood imports from this region is as follows:

##### **Thailand:**

Thailand is a major supplier of wood material (mostly, wood-based panels) for Vietnam. Imports from Thailand in March 2022 reached 36,002 cu.m, worth US\$9.79 million, down 23% in volume and 5% in value compared to February 2022 and decreased by 54.4% in volume and 45.5% in value compared to March 2021.

In the first 3 months of 2022 imports of wood from Thailand reached 126,390 cu.m, worth US\$31.14 million, down 29% in volume and 21% in value over the same period in 2021.

Wood materials imported from Thailand are mainly fibreboard and particleboard accounting for 97% of the total wood imported from this source.

##### **Laos:**

The Laos government has issued regulations to reinforce the control of logging as well as the inspection of timber transportation and trade.

Accordingly, except for wood harvested from planted forests, export of all wood materials of natural forest is banned. However, roundwood and sawnwood derived from natural forests in Laos continues to pose a threat for Vietnam's wood industry

Imports of wood from Laos in March 2022 amounted to 23,640 cu.m worth US\$12.74 million, up 135% in volume and 126 in value compared to February 2022 and increased by 95.7% in volume and 102.9% in value compared to March 2021.

Over 90% of the wood imported from Laos into Vietnam in the first 3 months of 2022 was sawnwood that amounted to 51,300 cu.m worth US\$31.14 million, up 89% in volume and 73% in value compared to the same period in 2021.

Imports of round wood from Laos in the first 3 months of 2022 were 4,450 cu.m, worth US\$980,000, up 42% in volume and 74% in value over the same period in 2021.

Malaysia:

Vietnam's wood imports from Malaysia in March 2022 reached 5,685 cu.m worth US\$2.04 million, up 190% in volume and 163% in value compared to February 2022 showing a decrease of 42% in volume and 34% in value compared to March 2021.

The accumulated imports of wood materials of all kinds from Malaysia over the first months of 2022 reached 11,580 cu.m worth US\$ 4.13 million, down 61% in volume and 52% in value compared to the same period in 2021. The overall decline was because of a drop in imports of

The 3 major types of wood materials imported from the Southeast Asia into Vietnam are fibreboard, particleboard and sawnwood.

#### **National Strategy on Climate Change**

The Vietnam Law and Legal Forum magazine provides an analysis of how forest protection and management will be a part of the National Strategy on Climate Change for 2050 with a focus on enhancing restoration, community participation and employment opportunities in the forestry sector.

This was compiled from the proceedings of a workshop jointly organised by the Ministry of Natural Resources and Environment, UNDP, and GIZ in Hanoi to discuss the draft National Strategy on Climate Change for 2050.

More information can be found at:

<https://www.vn.undp.org/content/vietnam/en/home/presscenter/speeches/consultation-workshop-on-draft-viet-nam-national-climate-change-.html>

and

<https://vietnamlawmagazine.vn/national-strategy-on-climate-change-for-2050-to-focus-on-forest-protection-48528.html>

## **Brazil**

#### **Project to create economically sustainable forests**

A project "Amazon Movement" developed as a partnership between an environmental conservation organisation and the Federal University of Amazonas (UFAM) aims to find a balance between people, agriculture and the forest.

With support from the Secretary of the Environment and the Government of the State of Amazonas 20,000 trees will be planted to create agroforestry plots in three communities in the Amazon Forest. The seedlings will be special selected taking account of the biome of the area.

#### **Incentives for conserving the Amazon**

The "Forest+ Amazon" project, an initiative of the Ministry of the Environment and the United Nations Development Program (UNDP) with resources from the Green Climate Fund will reward those who protect and recover the forest and contribute to the reduction of greenhouse gases emissions.

The initiative will recognise the work of small rural producers and family farmers, support projects by indigenous peoples and traditional communities as well as innovation focused on sustainable development in the Legal Amazon.

#### **Export update**

In April 2022 Brazilian exports of wood-based products (except pulp and paper) increased 22% in value compared to April 2021, from US\$380.5 million to US\$465.3 million.

Pine sawnwood exports grew significantly (29%) in value between April 2021 (US\$59.7 million) and April 2022 (US\$77.2 million). In volume, exports declined slightly over the same period from 285,500 cu.m to 281,100 cu.m.

In April tropical sawnwood exports increased 17% in volume from 35,000 cu.m in April 2021 to 40,900 cu.m in April 2022. In value exports grew 31% from US\$14.4 million to US\$18.8 million over the same period.

Pine plywood exports faced a 4.5% drop in value in April 2022 compared to April 2021, from US\$104.7 million to US\$100.0 million.

In volume exports also decreased (2.9%) over the same period, from 241,000 cu.m to 234,100 cu.m.

As for tropical plywood, exports increased in volume (7.7%) and in value (34.3%), from 7,800 cu.m (US\$3.5 million) in April 2021 to 8,400 cu.m (US\$4.7 million) in April 2022.

As for wooden furniture, the exported value declined from US\$72.2 million in April 2021 to US\$52.8 million in April 2022, a 27% fall.

## Record exports to the US

According to the Brazilian-American Chamber of Commerce (AMCHAM Brazil) in the first quarter of 2022 bilateral trade between Brazil and the United States totalled US\$19 billion with unprecedented exports and imports between the two countries.

In regional terms, trade between Paraná (southern state of Brazil) and the US recorded growth of almost 40% in the first three months of 2022 compared to the same period of the previous year.

The state's exports to the US had the highest value in the historical series for a first quarter, equivalent to US\$411.3 million, a 50% growth. Shipments from Paraná accounted for 5% of total exports by Brazil and the positive result was driven by sales of processed wood products (+47%), coffee (+47%) and pulp (+96%) among others.

Exports from Paraná to the US in the first quarter 2002 were the highest ever since records were kept. Overall, total Brazilian exports to the US grew 36%, reaching US\$7.6 billion while imports totalled US\$11.4 billion in the first quarter, both figures are records for the period. The general increase in Brazilian shipments was driven mainly by sales of wood products and other agricultural and mining items.

## Sustainable forest management drives exports

In the first quarter of this year Acre, one of timber producing states in the Amazon region, registered US\$20 million in exports and surpassed the value in the same period last year. In 2021 Acre exported US\$48.8 million and imported US\$3.7 million which represented a new record in foreign trade. Wood product exports were the main driver of the increase.

The most exported timber species from the state of Acre is *Dipteryx odorata*, known as tonka-bean. Although this species is not the most valuable in the forest it is abundant. The main exported product made from tonka-bean is decking. The main export markets were in Europe such as Germany, France, Belgium, Denmark and the Netherlands. There were also sales to New Zealand, Australia and China.

## Domestic log prices

Brazilian logs, mill yard, domestic	US\$ per cu.m
Ipê	309
Jatoba	138
Massaranduba	125
Muiracatiara	124
Angelim Vermelho	120
Mixed redwood and white woods	94

Source: STCP Data Bank

## Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US\$ per cu.m
Ipê	1,351
Jatoba	660
Massaranduba	647
Muiracatiara	577
Angelim Vermelho	573
Mixed red and white	383
Eucalyptus (AD)	255
Pine (AD)	190
Pine (KD)	234

Source: STCP Data Bank

## Domestic plywood prices (excl. taxes)

Parica	US\$ per cu.m
4mm WBP	579
10mm WBP	489
15mm WBP	427
4mm MR.	526
10mm MR.	390
15mm MR.	358

Prices do not include taxes. Source: STCP Data Bank

## Prices for other panel products

Domestic ex-mill prices	US\$ per cu.m
15mm MDParticleboard	293
15mm MDF	371

Source: STCP Data Bank

## Export sawnwood prices

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

Source: STCP Data Bank

## Export plywood prices

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

Source: STCP Data Bank

## Export prices for added value products

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

Source: STCP Data Bank

## Peru

## Shipments of semi-finished wood products recovering

The export of semi-manufactured wood products in the first quarter of this year reached US\$20.5 million, up around 24% compared to the first three months of 2021 according to the Management of Services and Industries Extractives Division of the Association of Exporters (ADEX).

The rise is explained in part by greater demand from countries such as France (2nd place in the ranking) and Belgium (3rd position) which increased their orders by 37% and 212%, respectively.

The main markets were China (US\$6.8 million a 33% share) up around 3%. The other top five markets were France (US\$6.1 million), Belgium (US\$3.1 million), Denmark (US\$1.8 million) and the US (US\$0.82 million). The main export product molded tropical which represented 55.2% of the total.

Other products exported were other profiled wood, slats and unassembled parquet friezes (US\$ 3.6 million); slats for unassembled parquet (US\$3.5 million) and misc. profiled wood (US\$1.5 million).

The main producing regions for semi-manufactured wood goods were Lima (US\$10.8 million), Ucayali (US\$5.8 million) and Madre de Dios (US\$3.9 million). These products were mostly exported from Callao Port.

#### Cooperation on degraded land restoration

The National Forest and Wildlife Service (Serfor) and a consortium made up of international organisations have agreed financing and technical assistance for projects that will contribute to meeting Peru's goal of restoring 2,150,000 ha. of degraded hectares.

The Executive Director of Serfor welcomed this initiative to help Peru implement and promote restoration through the Forest Landscape Restoration Implementation Hub (FLR-Hub Center), a technical facility involving IUCN, WRI and WWF as this will contribute to the Sustainable Development Goals and the fulfillment of Nationally Determined Forest Contributions.

#### Promoting investment

Andina has reported that Cesar Landa, Minister of Foreign Affairs and Oscar Graham, Minister of Economy and Finance participated in a Americas Society/Council of the Americas (AS/COA) event aimed at promoting business opportunities in Peru.

AS/COA is a leading US organisation in the promotion of understanding and dialogue as well as in discussion of strategic issues of foreign policy, development, trade, economy and politics.

The meeting, chaired by AS/COA CEO Susan Segal, served to deliver the Peruvian Government's interest in promoting business and investments.

See: <https://andina.pe/Ingles/noticia-peru-fa-finance-ministers-meet-with-businesspeople-and-investors-at-ascoa-event-894842.aspx>

#### Technical internship on timber industry cluster

In May at Tarma, Oxapampa and Villa Rica a forest-industry cluster internship was conducted aimed at strengthening awareness, knowledge and skills in technologies and good practices in the production chain for plantation eucalyptus, pine and some native species.

In Oxapampa and Villa Rica professionals from public and private entities involved in the wood chain, including senior management from Serfor, Sede Central y administraciones técnicas forestales y de fauna silvestre

(ATFFS) as well as the private sector observed harvesting in a 500 hectare plantation as well as a housing complex with houses built entirely with eucalyptus wood from commercial plantations. A visit was also made to a nursery and groforestry plots with commercial and native species.

#### Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	682-695
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	589-615
Grade 2, Mexican market	507-538
Cumaru 4" thick, 6"-11" length KD Central American market	1044-1077
Asian market	1129-1147
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	599-629
Dominican Republic	709-726▲
Marupa 1", 6-11 length KD Grade 1 Asian market	588-608

#### Domestic sawnwood prices

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

#### Domestic plywood prices (excl. taxes)

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

#### Export plywood prices

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

#### Export veneer prices

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



### Domestic prices for other panel products

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

### Export prices for added value products

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

## Japan

### Private sector anticipates improvement in business environment

In March 2022 private-sector machinery orders by domestic companies, an indicator of private sector prospects, rose just over 7% from a month earlier according to Cabinet Office data. The orders, which exclude those for ships and from utility companies, totalled around yen 870 billion.

This increase in machinery orders has been interpreted as signaling the private sector anticipates an improvement in the business environment. However, surging commodity prices due to Russia's invasion of Ukraine will pull down private consumption and is likely to slow a recovery from the impact of the coronavirus pandemic.

See:

<https://www.nippon.com/en/news/kd899810464173785088/japan/s-march-machinery-orders-rise-7-1-on-month.html>

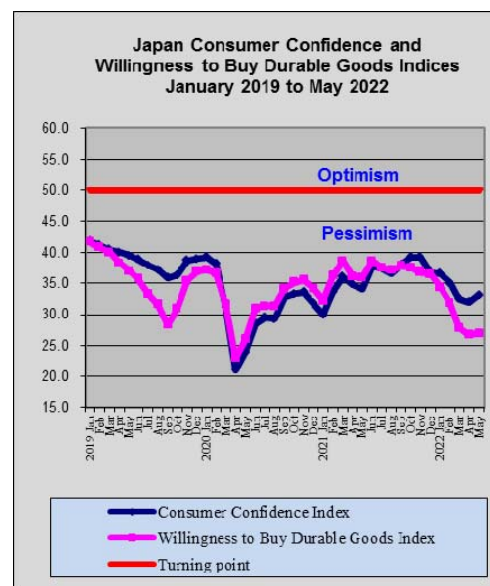


Source: Cabinet Office, Japan

### Imported inflation – not what is needed

The consumer price index for April rose by 2.1% year-on-year, the biggest increase in over 13 years excluding the effects of the consumption tax hike. The Bank of Japan (BOJ) Governor has forecast core consumer inflation will remain around the Bank's 2% target for 12 months unless energy prices drop sharply.

However, he anticipates that prices would not rise "sustainably and stably" unless accompanied by wage increases. This has been interpreted as indicating the recent increase in (largely imported) inflation alone would not lead to a tapering down of monetary stimulus.



Data source: Cabinet Office, Japan

### Center for Economic Research - growth will gradually lose momentum

The Japan Center for Economic Research has said heightened uncertainties linked to "tensions in international relations and military conflicts" will continue to undermine growth prospects.

Japan's economy shrank 0.2% quarter-on-quarter in the January-March period, slightly less than expected. This followed the slight increase in the final quarter of 2021. The impact of covid-19 and the rising cost of imports with energy prices surging along with the weakening yen has pushed up import costs.

GDP forecasts by economists surveyed by the Japan Center for Economic Research averaged an annualised 5.18% expansion in the second quarter of 2022 but they anticipate growth will gradually lose momentum in the following quarters. For fiscal 2022 growth of just over 2% is expected.

See: <https://japantoday.com/category/business/japan-1st-quarter-gdp-shrank-as-omicron-wave-hit> and <https://japantoday.com/category/business/focus-japan-economy-may-rebound-but-faces-headwind-amid-price-surge>



### Opening the borders

It has been announced that entry rules for non-Japanese will be eased from 1 June raising the entry limit to 20,000 people per day and exempting some from testing on arrival and quarantine rules.

To be exempt from arrival testing and quarantine procedures, countries and regions will be divided into three groups depending on the Covid-19 situation in their respective countries

See: [https://www.mofa.go.jp/ca/fna/page4e\\_001053.html#title28](https://www.mofa.go.jp/ca/fna/page4e_001053.html#title28)

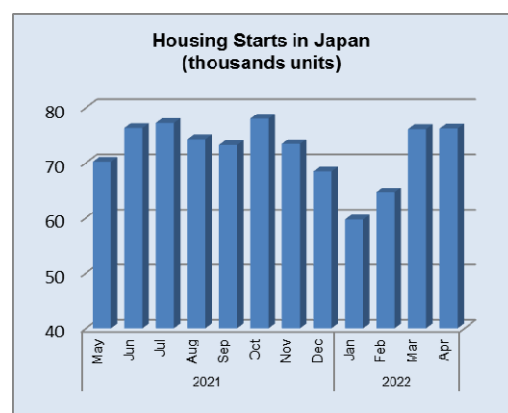
### House builders to get relief from surging timber prices

The domestic media has reported a decision by the Forestry Agency to provide incentives to companies which use of domestic sawnwood. This follows the government's ban on sawnwood imports from Russia. It is reported that around yen 4 billion will be made available from the government's reserve fund.

It is understood the Agency will provide subsidies to cover half of costs of domestic sawnwood transportation if the distance is 100 kilometres or more. The agency will also cover half of sawnwood storage costs and support sawnwood consumption by house builders.

See:

[https://www.nippon.com/en/news/yjj2022051600695/?cx\\_recs\\_click=true](https://www.nippon.com/en/news/yjj2022051600695/?cx_recs_click=true)

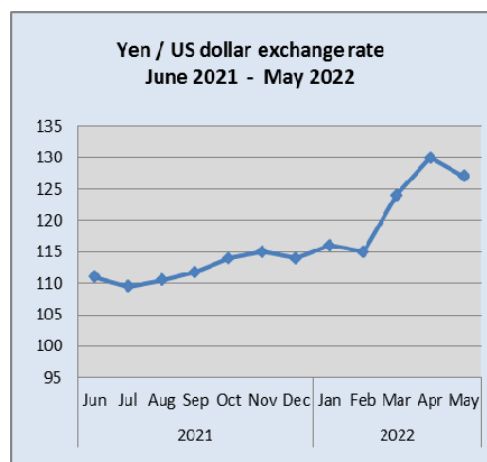


Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

### Increased perception of risk – yen strengthens

Until the end of April the yen had been steadily weakening against other major currencies driven mainly by the widening interest rate gap between the Bank of Japan and its counterparts. Investors are now concerned that the US economy might tip into recession and this has, once again, boosted the yen as a safe haven. The yen has strengthened against the US dollar over the past two weeks.

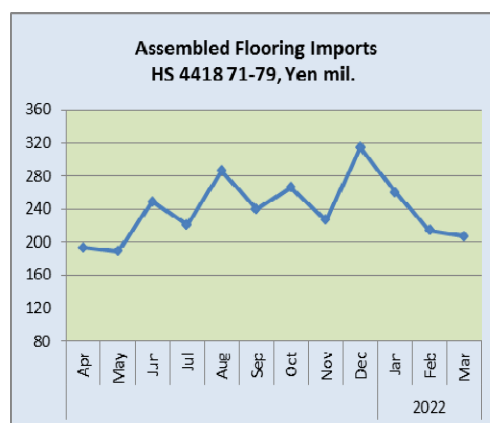
Recent US housing data has been weak and the US Federal Reserve has embarked on an aggressive rate-hike cycle aimed at slowing the economy and containing inflation. These moves have increased the perception of risk.



### Assembled wooden flooring imports

The downward trend in the value of assembled wooden flooring imports (HS441871-79) extended into March marking the third consecutive decline. This is in contrast to the steady rise in housing starts in the three months to March.

Year on year, assembled wooden flooring imports were up 7% in March 2022 but the value of March imports was down 3% from February 2022. The main category of assembled flooring imported by Japan continues to be HS441875 and this accounted for 61% of March 2022 imports with the main suppliers being China and Vietnam. The value of imports of HS441873 and HS441879 together accounted for around 30% of the value of assembled flooring imports in March.



Data source: Ministry of Finance, Japan

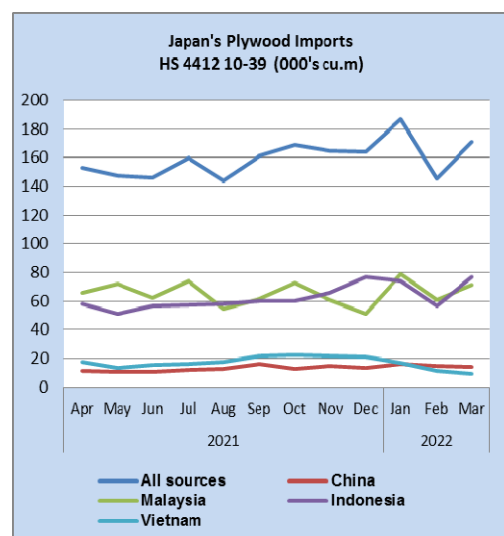
### Plywood imports

The volume of plywood imports in March this year was up 18% from a month earlier, reversing the dip seen in February. March 2022 import volumes were unchanged from March 2021.

Malaysia and Indonesia were the main plywood shippers to Japan and in March this year shipments from Indonesia surged around 35% compared to the volumes imported in February. Imports from Malaysia also rose from a month earlier being up 16%.

The other two shippers of plywood to Japan, China and Vietnam each saw March shipments come in below those in February. Shipments from China dipped 7% while shipments from Vietnam were down 23% month on month in March.

Of the various categories of plywood imported in March 2022 (as in other months) HS441231 was the most common accounting for 90% of total 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
	Dec	13.6	51.2	76.5	21.0
2022	Jan	15.9	78.6	73.9	16.8
	Feb	14.7	61.0	56.8	11.4
	Mar	13.7	71.0	76.9	8.8

Data source: Ministry of Finance, Japan

#### Trade news from the Japan Lumber Reports (JLR)

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

For the JLR report please see:

[https://jfpj.jp/japan\\_lumber\\_reports/](https://jfpj.jp/japan_lumber_reports/)

#### Forestry Agency's business plan

The Forestry Agency announced supply volume from the national forest. According to the plan, log sales would be 3,073,000 cbms, 6% more than last year and timber sales would be 3,877,000 cbms, 5% more. This is the first time in 30 years that log sales are over three million cbms since 1992.

Log sales have been about 2,600,000 cbms a year since 1993 but I increased to 2,824,000 cbms last year.

In 3,073,000 cbms of log sales, 1,971,000 cbms, 64% will be system sales, which log buyers make contract with the Forestry Agency for certain volume so buyers have stable supply of logs as opposed to auction sales. A balance of 1,102 M cbms will be sold at auction markets.

The Forestry Agency is well aware that demand of logs increased by wood shock so it increases sales volume but in timber sales, if the buyer does not harvest timber, log supply does not increase. The Forestry Agency plans to sell timber ahead of schedule if log demand climbs. Rough estimate of timber sales last year increased to 1,655,000 cbms, the largest in last ten years.

Other than logs and timber sales, plans of newly planting areas will be 5,600 hectares, 4% more than last year. Under brush clearing areas will be 22,200 hectares, 1% less.

Newly build logging road will be 113 kilometers, 8% less. Logging road building has been decreasing for last three years but the Agency plans to reinforcement and improvement of existing roads.

#### **Marutama developed birch plywood**

Marutama Plywood Co., Ltd., Hokkaido announced that it has succeeded trial product of thin plywood with birch so it becomes possible to manufacture and supply floor base with birch veneer for face and back.

Supply of thin plywood relies on import products and Marutama tries to develop manufacturing with local wood. Marutama started 'birch project' to utilize unused local species in Hokkaido.

Key to this project is how to accumulate birch logs stably. It has been working together with local government offices and log supply companies and finally succeeded to have 200 cbms of birch logs a month with average diameter of 24 cm. Birch log inventory has been steadily increasing.

It installed veneer jointer. Birch thin plywood is 3 mm thick with three 1 mm veneer. It plans to produce 5,000 sheets a month, which is used for base board of printed plywood. At the same time, it has been manufacturing floor base plywood of fir core with birch face and back of 12 mm thick 3x6. Thickness of birch veneer is 1.75 mm and that of fir is 3.03 mm and three layers make 11.8 mm plywood. Monthly production will be 15,000 sheets.

Hokkaido has abundant resource of hardwood but utilization of many species has not developed yet like birch, which is considered junk wood. Marutama targets to utilise such unused species to make with 100% Hokkaido products.

#### **Excellent performance of trading firms**

Major trading firms closed their books in March and wood products contributed largely particularly companies, which are engaged in North American business by booming housing market in the U.S.A.

- Itochu Corporation registered 31.5 billion yen profit from North American businesses, 2.17 times more than last term.
- Sojitz Corporation registered 2.9 billion yen profit by Sojitz Building Materials Corporation, 5.8 times more than last term.
- Itochu has subsidiary companies in North America such as CIPA, veneer manufacturer, PWT, LVL manufacturer registered 22.6 billion yen by active housing market in the U.S.A.
- Itochu Kenzai and Daiken Industry are also partly owned by Itochu and both companies made record profit.
- Sojitz Building Materials Corporation made record high profit of 2.9 billion yen.

#### **South Sea lumber and logs**

Export prices of Indonesian mercusii pine lumber are about US\$950 per cbm C&F, US\$40 lower than April. Order balance is decreasing and confusion of transportation by container shipment is gradually solved. Then pine harvest will start in May so that lumber mills want to have some orders. Market prices in Japan are unchanged at 125,000 yen per cbm FOB.

There used to be price difference of 10,000-20,000 yen between Chinese lumber and Indonesian lumber but a difference has been narrowing as worldwide inflation of wood prices. Chinese red pine lumber prices are unchanged at US\$1,030-1,050 per cbm C&F.

The manufacturers are busy to cope with active domestic demand and Russian lumber prices stay up high so they do not have to reduce the prices to have orders. Market prices in Japan are about 130,000 yen per cbm FOB truck. There is possibility that the prices would advance because of weakening yen.

Rainy season is over in South East Asia but log production has not increased because of shortage of workers. Log prices of meranti regular in Sarawak, Malaysia are US\$410 per cbm FOB.

#### **An increase of the volume of imported fuel**

There has been a lot of announcements of planning to start an operation of biomass power plants. The output will be huge with low cost and be sold to overseas.

Some huge biomass power plants consider using domestic pellets instead of Northern American pellets. Most of huge biomass power plants sign up long-term contracts for importing Northern American pellets. It is predicted that there will be a peak of the volume of imported fuel in a few years so the government policy for renewable energy will be very important to this situation.

According to Agency for Natural Resources and Energy, there had been 30% of all biomass power plants in Japan, which were under the FIT (Feed-in Tariff), in operation at the end of last September. The FIT has been ten years by July in this year and operations at huge biomass power plants have been standing out in recent years. It takes over five years to start an operation due to the environmental assessments, agreements with local area, designs, construction, tests and so on.

The number of authorized small biomass power plants with its output is less than 2000kw, has increased 45 cases in a year. It does not take a lot of fuel fee at one case because the fuel consumption is small. However, there is a problem of using the heat against stable operation.

There is a huge biomass power plant in Iwaki city, Fukushima prefecture by Able Energy, which was established by Kansai Electric Power Company, Incorporated.

The output is 112,000kw and it started operation since April in this year. About 440,000 ton of imported pellet will be consumed in a year. There will be several huge biomass power plants in Japan in the future.

The volume of imported pellet and PKS has increased since last year and it became 5,600,000 ton in a year. Especially, the volume of imported pellet in 2021 was 3,116,523 ton, 53.7% more than the year of 2020. The volume of pellet from Vietnam was the highest volume and the pellet from Canada was the second. The volume of imported pellet will be about 10,000,000 ton by 2024 or 2025.

There will be a big difference between the imported pellet and the domestic pellet. One of reasons is that people prefer using pellet instead of PKS because the prices of pellet are fixed for 15 years to 18 years by long term contracts.

A long-term contract includes not only unchangeable prices but also exchange rates and freights but there is a force majeure included when a sudden rise of exchange rates or freights occurred.

The spot prices of pellet soared to US\$ 300, FOB per ton, in Europe due to an invasion in Ukraine by Russia. There is large demand in Europe so the Northern America supplies pellets to Europe mainly and also buy the pellets in Asia for other areas so that is why the prices of pellet in Asia have been increasing. There is a possibility that the volume of imported pellets will be 10,000,000 ton in a year and this situation seems to continue for several years.

### The prices of biomass fuel

The invasion of Ukraine by Russia influenced the prices of lumber and plywood in Japan but the prices of wood for wooden biomass power plants are not as much increased as lumber and plywood.

Some areas in Western Japan have high-priced biomass fuel though. Since there is much demand for domestic lumber caused by the wood shock last year and even the low-quality lumber is used as building materials. Therefore, it is difficult to buy fuels for biomass power companies and buy wood chips to plants.

The unused wood materials cost around 7,000 – 7,500 yen per ton, arrived at a plant in Southern Kyushu. Some biomass power plants showed their condition that they buy the unused materials for 8,000 yen to get those for sure and there is a time limit.

In Kansai area and Shikoku area, it is also difficult to buy the unused materials and the prices are 7,500 – 8,000 yen. If the materials include barks, the prices are cheaper. There was a biomass power plant which stopped operating in last autumn because lumber companies bought much materials and there were no materials available for biomass power plants.

In Chugoku area, the prices are slightly cheaper than other areas. It is 6,000 yen. In Tohoku area, it is less than 6,000 yen and in Northern Kanto, it is 5,500 – 7,000 yen. There is a big difference between Western Japan and Northern Japan. The prices in Western Japan are high and low in Northern Japan.

It is basic to use the unused materials which were around the plant within 50 km, so it is hard to buy the materials from distant area. of income and reduce fixed costs for continuing operations. There is also a rule that the prices are fixed due to the FIT. There are some biomass power plants that to find a new source.

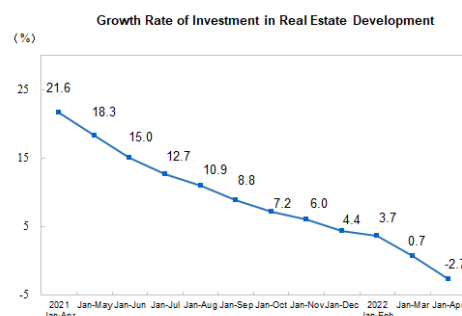
## China

### Housing sector slump continues

A press release from the National Bureau of Statistics provides data on housing sector developments between January and April this year.

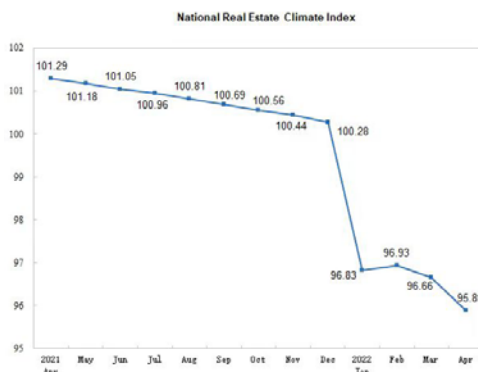
Total investment in real estate development in the four months to April 2022 declined 2.7% year on year while residential investment dropped 2.1%. The construction area of new homes was down 26% and the area of completed housing was down 11.9%.

### Real estate sales January to April 2022



### National Real Estate Climate Index

In April this year the real estate development climate index was 96 and has been falling since December 2021.



See:

[http://www.stats.gov.cn/english/PressRelease/202205/t20220517\\_1857527.html](http://www.stats.gov.cn/english/PressRelease/202205/t20220517_1857527.html)

### **Assistance for real estate developers**

China's financial regulators have instructed the country's state-owned asset management companies and local banks to extend assistance to real estate developers that are in financial trouble.

The sectors liquidity situation has deteriorated with many companies struggling to refinance debt and pay creditors as home sales fall and investment slows. Efforts to stabilise the crisis-hit sector are critical as this sector accounts for around a quarter of GDP and consumption of wood products in housing is at the core of the development of the timber industries.

In the past two months the government has introduced a variety of measures to restore stability in a sector hit by defaults on offshore debt obligations, credit rating downgrades and share sales.

A surge of covid infections began in April which disrupted trade and production. Although there was a slight recovery in May demand for wood products for construction remains weak. A notice was recently released jointly by the People's Bank of China and China Banking Insurance Regulatory Commission outlining plans for assistance.

It has been stated that the covid epidemic is under control in Shanghai and production is expanding. The pace of resumption in more than a dozen regions in China has reportedly reached 70-90%.

See:  
[https://www.wood365.cn/Industry/IndustryInfo\\_273917.html](https://www.wood365.cn/Industry/IndustryInfo_273917.html)  
and  
<http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1051459&itemId=915>  
and  
<https://asia.nikkei.com/Spotlight/Caixin/Chinese-banks-and-bad-debt-managers-urged-to-rescue-real-estate>

### **Debut of faced plywood from automatic production line**

The first production of faced plywood has rolled off and automatic continuous production line marking a success for plywood mills in Linyi City, Shandong Province. This paves the way for the transformation of the Linyi wood industry in production of high-quality products to international standards.

As the largest plywood production and export base Linyi City has more than 3,300 plywood production enterprises with an annual output of 36 million cubic metres, accounting for 60% of the provincial total.

At present, the "automatic continuous production line of one-step faced plywood" has successfully completed the batch trial production and can be formally put into operation in May 2022.

It is reported that one production line can produce 20,000 standard plywood panels per day (equivalent to the capacity of 20 traditional enterprises).

The number of workers has been reduced from 1,500 to 70 and the mill area has been reduced from more than 13 hectares to 7 hectares. The new mill can produce 300,000 cubic metres of faced plywood annually.

See:  
<https://baijiahao.baidu.com/s?id=1733219516611729330&wfr=spider&for=pc>

### **Overstocking at Taicang Port**

At present, the covid control measures in Taicang City remain strict and timber transport is limited which has created storage headache for Taicang Port. It is reported that timber stocks have risen to about 1.7 million cubic metres, a record high. Shanghai and Taicang areas of the Yangtze River Delta have been heavily affected by the current covid outbreak and are still not fully open.

As of mid May around 8,000 containers have been moved out from the port but more than 1,000 containers of North American timber are still stranded. It has been reported that timber is not allowed to be unloaded at Taicang Port and is being directed to other regional ports such as Qingdao and then barged back along the Yangtze River.

See:  
<https://baijiahao.baidu.com/s?id=1733215695519442093&wfr=spider&for=pc>  
and  
<https://baijiahao.baidu.com/s?id=1733215695519442093>

### **'Intelligent' production of bamboo particleboard**

It has been reported that a company in the Daling industrial zone, Shaoguan City has produced 200,000 cubic metres of bamboo particleboard using an 'intelligent' production line.

It is estimated that the annual utilisation of bamboo and bamboo residues will reach 260,000 tonnes creating an output value of more than RMB300 million and expanding employment.

### **Sterilising wood panels the "new vogue"**

Consumers have high expectations for safe products used in the home and are no longer satisfied only with the concept of environment-friendly and no formaldehyde. The current trend is to antibacterial and sterilised products, the new standard for the wood panel in the industry.

Products now marketed have antibacterial and mold treatment such as the photocatalyst antibacterial ecological panel, natural bean fragrance antibacterial ecological panel and zinc antibacterial panel. Some enterprises add chitin, nano-silicon titanium self-cleaning agent and zinc and other active ingredients on the decorative surface of wood panel to form a protective cover claiming this blocks bacteria.

Household consumption has quietly changed during the epidemic. The preference for antibacterial products has also prompted manufacturers to step up research and development, even though the market share for antibacterial products in China remains small.



For home building materials enterprises such a trend means new business opportunities.

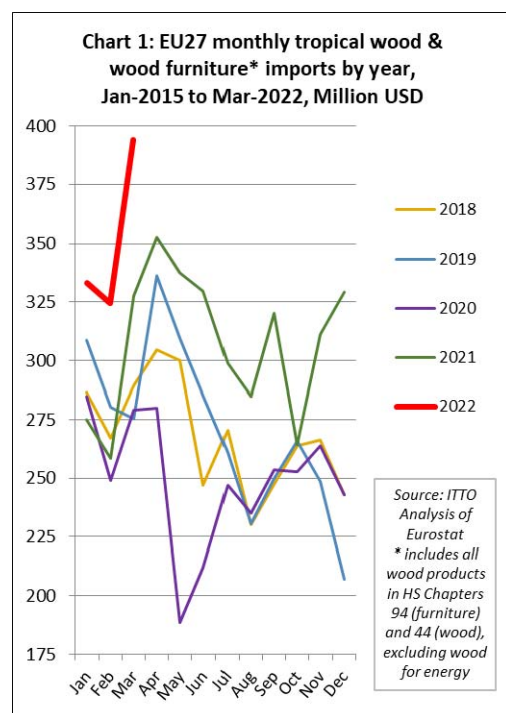
See: <http://www.zgmdbw.com/brand/article-read-41009.html>

## Europe

### EU27 tropical wood import value at highest level for a decade

In the first three months of this year, the value of EU imports of tropical wood and wooden furniture was at a level not seen for over a decade.

Import value was US\$1.05 billion in the first quarter, a gain of 22% compared to the same period last year. It was also 16% up on the last quarter in 2021 when trade was already at a decadal high for that period of the year (Chart 1).



A large part of the gain in tropical wood import value in the first quarter this year reflected a rise in CIF prices, driven both by continuing high freight rates and severe shortages of wood and other materials due to logistical challenges during the global pandemic. In quantity terms, EU imports of tropical wood and wooden furniture products in the first quarter this year were, at 459,000 tonnes, up only 10% compared to the same period in 2021 and slightly below the pre-pandemic level of 479,000 tonnes in the first quarter of 2020.

The Drewry World Container Index shows that global rates for a 40 foot container, after peaking at US\$10400 in the middle of September 2021 compared to US\$2000 in the same month in 2020, were still in excess of US\$9000 for most of the first quarter this year.

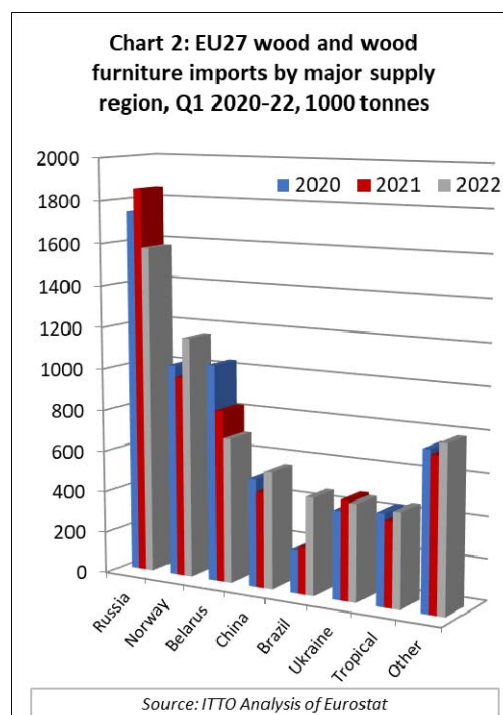
The index began to fall from mid-March this year but remains at an historically high level of US\$7600 in May.

Nevertheless, a robust rebound in EU economic activity following the COVID downturn did play a role to underpin stronger trade in tropical wood products during the first quarter this year. Rising activity in key sectors such as furniture and construction, particularly in private sector renovation, maintenance, and improvement (RMI), coincided with severe shortfalls in the supply of tropical wood alternatives.

These shortfalls have become even more pronounced since Russia's invasion of Ukraine on 24 February greatly curtailed availability from Russia, Belarus and Ukraine. Together these three countries accounted for over 50% of all wood fibre imported into the EU for outside the bloc last year.

The curtailment of supplies from these countries is opening up new opportunities in the EU market for some tropical wood products, notably plywood and decking for which Russian birch and larch products have been important substitutes.

The first quarter import data doesn't reveal any increase in share for tropical wood in the EU market, unsurprising as the full impact of the war in Ukraine on wood supply in the EU had yet to be felt in that period. However, EU imports from Russia and Belarus did begin to decline during this period and early beneficiaries of the opening supply gap appear to have been Norway, China and, most notably, Brazil (non-tropical products only) (Chart 2).



Meanwhile the war in Ukraine is having a severely detrimental effect on the wider European economy. Before the invasion, the EU economy was well positioned for robust recovery as COVID restrictions have been eased and as funds from the €723.8 billion Recovery and Resilience Facility are now being rolled out across the EU Member States.

But now growth projections are being severely cut back in the face of rapidly rising energy costs as EU countries are under considerable pressure to reduce dependence on Russian gas and oil. Rising energy costs, combined with the direct impact of the war and trade sanctions on availability of agricultural and other essential commodities, is driving inflation in the EU to historically high levels.

The inflation shock has been made worse by the impact on supply chains from Covid lockdowns in China.

To dampen inflation, European central banks are now under pressure to raise interest rates. But this would bring borrowing costs to levels unseen since the recession caused by the 2008 financial crisis and would likely undermine fragile consumer confidence and reduce business investment. So while EU demand for wood products was high at the start of this year, it may tail off later in the year.

#### **Strong growth in EU27 imports of wooden furniture, sawnwood and decking**

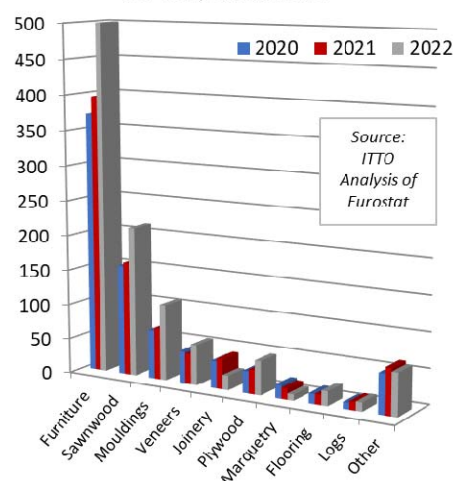
The increase in the value of EU27 imports from tropical countries in the first quarter this year was concentrated in wooden furniture products, sawnwood and mouldings/decking (Chart 3).

For wood furniture, import value of US\$500m during the three month period was 26% more than the same period last year. For tropical sawnwood, import value of US\$214m was 31% up on the same period last year. Import value of tropical mouldings/decking was US\$108m in the first quarter this year, a gain of 47% compared to the same period in 2021.

There were also significant gains, but from a smaller base, in the value of EU imports of tropical veneer (+32% to US\$57m), plywood (+41% to US\$48m), and flooring (+41% to US\$20m) in the first quarter this year. Import value of tropical logs was US\$13m in the first quarter this year, just 6% more than the same period last year.

In contrast, EU import value of other tropical joinery products (mainly doors and laminated window scantlings and kitchen tops) declined by 52% to just US\$21m in the first quarter of this year.

**Chart 3: EU27 tropical wood and wood furniture imports\* by product Jan-Mar, Million USD**

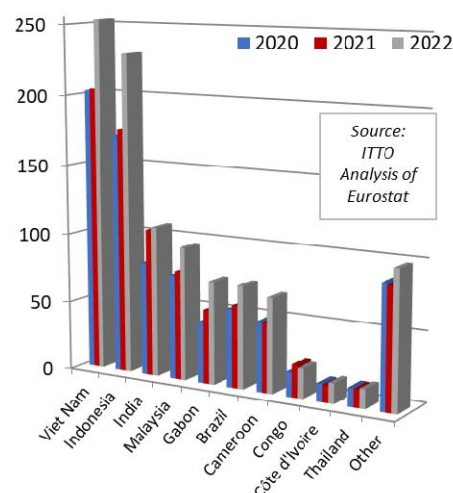


\*Includes all products in HS Chapter 44 (wood) from countries wholly located in the tropics plus products identified as "tropical" from Brazil and all other non-EU countries

In terms of source countries, EU27 import value of wood and wooden furniture in the first quarter this year was up significantly compared to the same period last year from Viet Nam (+24% to US\$253m), Indonesia (+31% to US\$230m), Malaysia (+22% to US\$96m), Gabon (+39% to US\$74m), Brazil (+25% to US\$74m), Cameroon (+38% to US\$68m), and Cote d'Ivoire (+18% to US\$14m).

However, import value from India increased only 2% to US\$108m while import value from the Republic of Congo declined 9% to US\$21m (Chart 4).

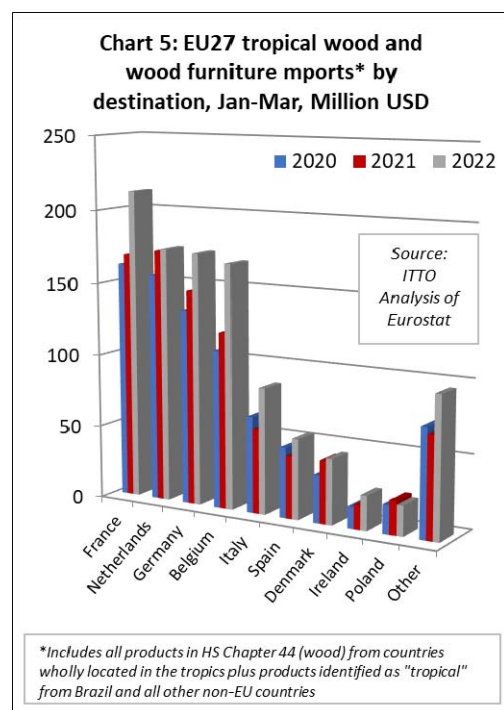
**Chart 4: EU27 tropical wood and wood furniture imports\* by source country, Jan-Mar, Million USD**



\*Includes all products in HS Chapter 44 (wood) from countries wholly located in the tropics plus products identified as "tropical" from Brazil and all other non-EU countries

In terms of destinations, EU27 import value of tropical wood and wooden furniture in the first quarter this year was up significantly compared to the same period in 2021 in France (+25% to US\$212m), Germany (+17% to US\$173m), Belgium (+39% to US\$168m), Italy (+50% to US\$86m), Spain (+28% to US\$55m), and Ireland (+42% to US\$24m).

Import value was little changed compared to last year in Netherlands (US\$175m) and Denmark (US\$45m). Import value was down 11% to US\$21 million in Poland (Chart 5).



### EU wood sanctions against Russia and Belarus

Since March 2014 the EU has progressively imposed sanctions against Russia, initially in response to Russia's annexation of Crimea and Sevastopol and deliberate destabilisation of Ukraine. On 23 February 2022, the EU expanded the sanctions in response to the recognition of the non-government controlled areas of the Donetsk and Luhansk oblasts of Ukraine and the ordering of Russian armed forces into those areas.

After 24 February 2022, in response to Russia's invasion of Ukraine, the EU massively expanded the sanctions. It added a significant number of persons and entities to the sanctions list and adopted unprecedented measures with the aim of significantly weakening Russia's economic base, depriving it of critical technologies and markets, and significantly curtailing its ability to wage war.

EU economic sanctions now directly target exchanges with Russia in a wide range of economic sectors. The wood sector is specifically identified as subject to EU sanction so that all EU wood product imports from Russia into the EU are now banned according to EU legislation.

In addition, in response to Belarus role in support of Russia's invasion of Ukraine, the EU has banned all trade in wood products with Belarus, and all transshipment of Belarus wood products to other countries via the EU.

Other measures indirectly affect the wider trade in timber, including a ban on access of all Russian ships to EU ports and a ban on the entry of Russian and Belarusian road transporters into the EU.

Overall the measures are expected to add to volatility of wood markets in the EU and contribute to a significant wood supply deficit as around 45% of wood imports, by tonnage, into the EU from outside the bloc were formerly derived from Russia and Belarus. Certification systems are also affected as timber sourced from Russia and Belarus is considered as "conflict timber" and therefore cannot be FSC or PEFC certified.

More details EU sanctions against Russia and Belarus are available at:

[https://ec.europa.eu/info/business-economy-euro/banking-and-finance/international-relations/restrictive-measures-sanctions/sanctions-adopted-following-russias-military-aggression-against-ukraine\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/international-relations/restrictive-measures-sanctions/sanctions-adopted-following-russias-military-aggression-against-ukraine_en)

### Reduction in EU growth forecast due to conflict in Ukraine

According to the EU's Spring Forecast published on 16 May, the outlook for the EU economy before Russia's invasion of Ukraine on 24 February was for a prolonged and robust expansion. But the war in Ukraine has posed new challenges just as the EU had recovered from the economic impacts of the pandemic.

By exerting further upward pressures on commodity prices, causing renewed supply disruption and increasing uncertainty, the war is exacerbating pre-existing headwinds to growth, which were previously expected to subside. This has led the European Commission (EC) to revise the EU's growth outlook downwards, and the forecast for inflation upwards.

Real GDP growth in both the EU and the euro area is now projected by the EC at 2.7% in 2022 and 2.3% in 2023, down from 4.0% and 2.8%, respectively, in the Winter 2022 interim Forecast. Continued growth is due to the combined effect of post-lockdown re-openings of service industries and the strong policy action taken to support growth during the pandemic.

A strong and still improving labour market, lower accumulation of savings and fiscal measures to offset rising energy prices are set to support private consumption. Investment is set to benefit from the full deployment of the EU's Recovery and Resilience Facility and the implementation of the accompanying reform agenda.

The main hit to the global and EU economies due to the war in Ukraine comes through energy commodity prices.

Although they had already increased substantially before the war, from the low levels recorded during the pandemic, uncertainty about supply chains has pressured prices upwards, while increasing their volatility. This is true for food and other basic goods and services, with households' purchasing power declining.

War-induced logistics and supply chain disruptions, as well as rising input costs for a broad array of raw materials, add to the disturbances in global trade caused by the drastic COVID-19 containment measures still applied in parts of China, weighing on production.

Together these factors have led to a sharp rise in inflation in the EU. Inflation is expected to increase from 2.9% in 2021 to 6.8% in 2022 and fall back to 3.2% in 2023.

More encouragingly, the EU labour market is entering the new crisis on a strong footing. In 2021, more than 5.2 million jobs were created in the EU economy, which attracted nearly 3.5 million more people into the labour market. In addition, the number of unemployed decreased by nearly 1.8 million people.

Unemployment rates at the end of 2021 fell below previous record lows. Labour market conditions are expected to improve further with unemployment rates forecast to decline to 6.7% this year and 6.5% in 2023.

Despite the costs of measures to mitigate the impact of high energy prices and to support people fleeing Ukraine, the aggregate government deficit in the EU is set to decline further in 2022 and 2023 as temporary COVID-19 support measures continue to be withdrawn. From 4.7% of GDP in 2021, the deficit in the EU is forecast to fall to 3.6% of GDP in 2022 and 2.5% in 2023 (3.7% and 2.5% in the euro area).

The EC notes that risks to the forecast for economic activity and inflation are heavily dependent on the evolution of the war, and especially on its impact on energy markets. For example, an outright cut in EU gas supply from Russia – which is possible given rising tensions – would lead to GDP growth rates around 2.5 and 1 percentage points below the baseline forecast in 2022 and 2023.

On top of such potential disruptions in energy supply, worse than expected problems in supply chains and further increases in non-energy commodity prices, especially food, could lead to additional downward pressures on growth, and upward pressures on prices. COVID-19 also remains a risk factor.

#### **Sharp fall in EU construction orders in April**

Mounting economic uncertainty in the EU since the start of the Ukraine war is feeding through into a slowdown in construction sector growth. This is evident from the latest S&P Global Eurozone Construction Purchasing Managers Index (PMI) issued 5 May.

S&P Global note that "The upturn in the eurozone construction sector may have extended to a seventh month in April, but the rate of growth eased considerably to reach the slowest in this sequence. The slowdown in activity came amid the sharpest reduction in new order inflows since February 2021 as supply shortages and headwinds from the war in Ukraine weighed increasingly on confidence and potential tenders".

S&P Global also highlight that construction firms continued to report widespread shortages of raw materials across the bloc and beyond in April, which placed sustained strain on supply chains and cost burdens.

As a result the rate of input price inflation accelerated from March to the second-highest in the survey history. Increased headwinds from supply chains and the impact of the war dampened confidence, with firms signalling the greatest degree of pessimism since November 2020.

At the national level, S&P Global report that Italian firms indicated a solid rise in activity that was the slowest for six months, while French companies saw a renewed rise. However constructors in Germany reported the sharpest fall in activity since August 2021.

#### **Tropical timbers added to EU Endangered Species Regulation**

In January 2022, the European Commission listed new species in Annex D of the EU Regulation of 16 December 2021 amending the Regulation on the protection of species of wild fauna and flora by regulating trade therein and the EC Regulation.

Annex D: includes species which are not listed in CITES but whose import volumes the EU considers justify monitoring. Species listed in EU Annex D include:

- Okoumé: *Aucoumea klaineana*
- Ipe: *Handroanthus* spp
- Sapelli: *Entandrophragma cylindricum*
- Moabi: *Baillonella toxisperma* :

All imports of Annex D species must be covered by an Import Notification. Blank import notification forms for specimens of species listed in Annex D are available from the CITES Management Authority of the EU Member State of destination.

The EU importer is responsible for completing the form and presenting the notification to the Customs service at the first point of introduction into the EU. After verification of the documents presented, the customs service completes and endorses the import notification sheets.



### Housing starts fell in April

Construction of new homes in the U.S. decreased in April for the second straight month, driven by a decline in single-family units, data from the U.S. Commerce Department showed. Housing starts slipped 0.2% to a rate of 1.724 million units last month. Single-family housing starts, which account for the biggest share of homebuilding, plunged 7.3% to a rate of 1.100 million units, the lowest level since last October.

Permits for future U.S. homebuilding tumbled to a five-month low in April, suggesting the housing market was slowing as rising mortgage rates contribute to reduced affordability for entry-level and first-time buyers.

Building permits dropped 3.2% to a seasonally adjusted annual rate of 1.819 million units in April, the lowest level since last November.

The decline was concentrated in the single-family housing segment, where permits plunged 4.6% to a rate of 1.110 million units, also the lowest level since last October. But the report from the Commerce Department also showed a record backlog of houses still to be constructed.

"Housing construction appears to be undergoing a transition, with the sector caught between sharply rising mortgage rates and declining affordability on the one hand and supply-chain constraints on the other that continue to result in rising backlogs of projects," said Conrad DeQuadros, senior economic advisor at Brean Capital in New York.

In Canada, the annual pace of new home construction in April rose 8% compared with March, according to the Canada Mortgage and Housing Corporation. The housing agency says the seasonally adjusted annual rate of housing starts in April was 267,330 units, up from 248,389 in March.

See: <https://www.census.gov/construction/nrc/index.html>

### Existing home sales fell in April to the lowest level since the start of the pandemic

Existing-home sales recorded a third straight month of declines, slipping slightly in April, according to the National Association of Realtors. Sales declined 2.4% compared with March to a seasonally adjusted annualized rate of 5.61 million units. Sales were 5.9% lower than in April 2021. That is the slowest rate since June 2020, which was artificially slow since the economy was struggling with sweeping shutdowns due to the coronavirus.

"We are moving back to pre-pandemic sales activity, but I expect further declines," said Lawrence Yun, chief economist for NAR, citing rising interest rates.

Existing-home sales in the Northeast rose 1.5% in April, reaching an annual rate of 670,000, a 10.7% drop from April 2021. The median price in the Northeast was up 8.1% from one year ago.

Existing-home sales in the Midwest grew 3.1% from the prior month to an annual rate of 1,310,000 in April, a 1.5% slide from April 2021. The median price in the Midwest was 8.7% higher than one year ago.

Existing-home sales in the South fell 4.6% in April, posting an annual rate of 2,490,000, which represents a decrease of 5.7% from one year ago. The median price in the South was up 22.2% climb from one year prior. For the eighth consecutive month, the South recorded the highest pace of price appreciation in comparison to the other three regions.

Existing-home sales in the West dipped 5.8% compared to the previous month, registering an annual rate of 1,140,000 in April, down 8.1% from one year ago. The median price in the West was up 4.3% from April 2021.

Softwood lumber prices fell to a new 2022 low on the news. Lumber futures fell as much as 6% to below \$700 per thousand board feet, its lowest level since November according to data from Finviz.

See: <https://www.nar.realtor/newsroom/pending-home-sales-descend-3-9-in-april>

### Job recovery continues

America's employers added 428,000 jobs in April extending a streak of solid hiring that has defied punishing inflation, chronic supply shortages, the Russian war against Ukraine and much higher borrowing costs.

The jobs report from the U.S. Labor Department showed that last month's hiring kept the unemployment rate at 3.6%, just above the lowest level in a half-century. The economy's hiring gains have been strikingly consistent in the face of the worst inflation in four decades. Employers have added at least 400,000 jobs for 12 straight months.

Manufacturing added 55,000 jobs in April, while construction companies, which have been slowed by shortages of labor and supplies, added just 2,000. The Labor Department provided further evidence that the job market is still booming. It reported that only 1.38 million Americans were collecting traditional unemployment benefits, the fewest since 1970.

However, the latest employment figures contained a few cautionary notes about the job market. The government revised down its estimate of job gains for February and March by a combined 39,000. And the number of people in the labor force declined in April by 363,000, the first drop since September.

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

### Consumer sentiment approaches 11-year low

U.S. consumer sentiment slumped to its lowest level in nearly 11 years in early May as worries about inflation persisted, but household spending remains underpinned by a strong labor market and massive savings, which should keep the economy expanding.



The University of Michigan's survey on Friday showed the deterioration in sentiment—which some economists said pushed it into recessionary territory—was across all demographics, as well as geographical and political affiliation. Gasoline prices and the stock market have a heavy weighting in the survey.

The University of Michigan's preliminary consumer sentiment index tumbled 9.4% to 59.1 early this month, the lowest reading since August 2011. Consumers viewed buying conditions for long-lasting manufactured goods as the worst since the survey started tracking the series in 1978.

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

#### **Manufacturing index hits 20-month low as consumption slows**

The U.S. manufacturing sector is still bustling, but it's beginning to lose momentum. The Institute for Supply Management (ISM) Manufacturing PMI index — a closely watched gauge of the health of manufacturers — hit a 20-month low in April.

At 55.4%, the figure was lower than March's 57.1% and is the lowest since it was 55.4% in August 2020. Any percentage over 50% denotes growth.

ISM's Timothy Fiore said in a statement that consumer demand remains strong but that there are signs of it "softening." He also pointed to labor shortages as worsening in April, undermining productivity.

Both the Furniture and Related Products sector and the Wood Products sector reported growth in April.

See: <https://www.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/pmi/march/> and <https://www.axios.com/2022/05/02/ism-manufacturing-index-pmi-april-2022>

#### **Include plywood and hardwood veneer in 'Build America' Act**

In an effort to support the plywood and hardwood veneer industry, the Decorative Hardwood Association filed comments on May 23 arguing that unfinished hardwood plywood and hardwood veneer should be considered a "construction material" under the Build America, Buy America Act.

Under the act, the U.S. government would be required, in many instances, to buy 100% U.S.-made hardwood plywood and veneer.

In April the Administration issued "Guidance relating to sourcing requirements under the Build America, Buy America" portion of the Infrastructure Investment and Jobs Act (IIJA).

See: <https://www.woodworkingnetwork.com/news/woodworking-industry-news/plywood-and-hardwood-veneer-petitioned-consideration-under-build>

#### **Whitehouse announces plans to ease housing costs**

The Biden administration released an action plan May 16 aimed at boosting the supply of affordable housing despite rising home prices and overall high inflation.

The actions will help close the affordable housing gap and "ease the burden of housing costs," noting that house prices are a key driver of inflation according to a White House statement.

CNN reports that the move is the latest step by the administration to show it is working to get a handle on high prices nationwide.

New policies are meant to leverage existing federal funding to encourage state and local reforms to zoning and land use policies, a senior administration official told reporters, via funding from the bipartisan infrastructure law and the Department of Transportation.

There are also steps to finance or produce more manufactured housing, accessory dwelling units — also known as garage apartments, basement apartments or backyard homes — 2–4-unit properties and smaller multifamily buildings, according to a White House fact sheet.

The administration will also direct supply of affordable housing for owner-occupants, and the administration will "work with the private sector to address supply chain challenges and improve building techniques to finish construction in 2022 on the most new homes in any year since 2006," the fact sheet said.

See: <https://www.whitehouse.gov/briefing-room/statements-releases/2022/05/16/president-biden-announces-new-actions-to-ease-the-burden-of-housing-costs/> and <https://www.woodworkingnetwork.com/news/woodworking-industry-news/president-biden-announces-plans-ease-housing-costs>

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

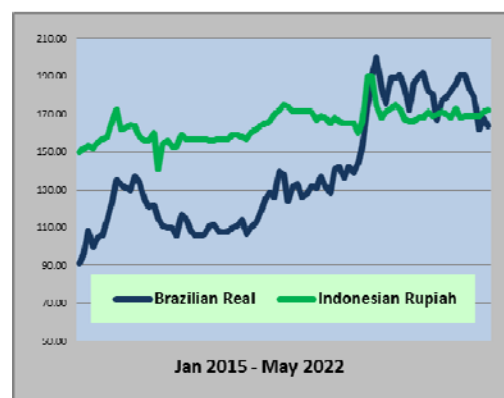
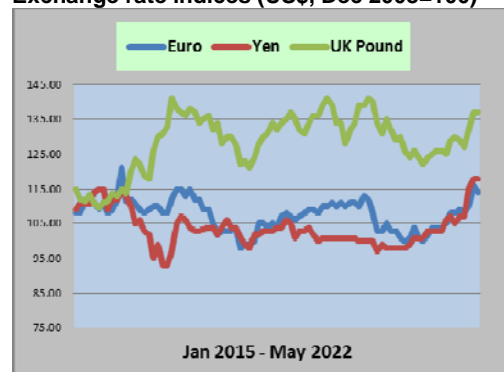
**The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO**

## Dollar Exchange Rates

As of 25 May 2022

Brazil	Real	4.8267
CFA countries	CFA Franc	615.58
China	Yuan	6.6928
Euro area	Euro	0.9363
India	Rupee	77.45
Indonesia	Rupiah	14633
Japan	Yen	127.27
Malaysia	Ringgit	4.395
Peru	Sol	4.31
UK	Pound	0.7952
South Korea	Won	1266.55

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

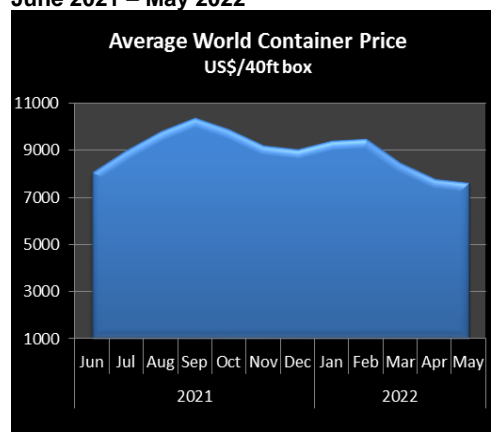


## Abbreviations and Equivalences

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

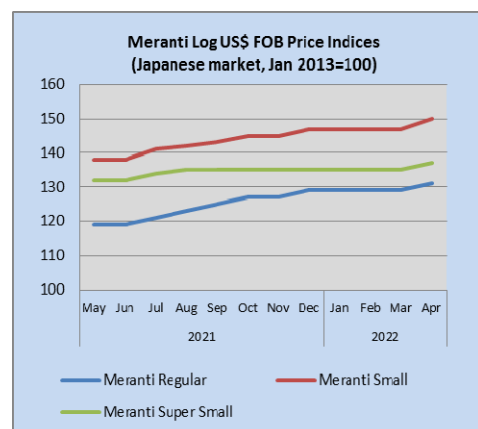
June 2021 – May 2022



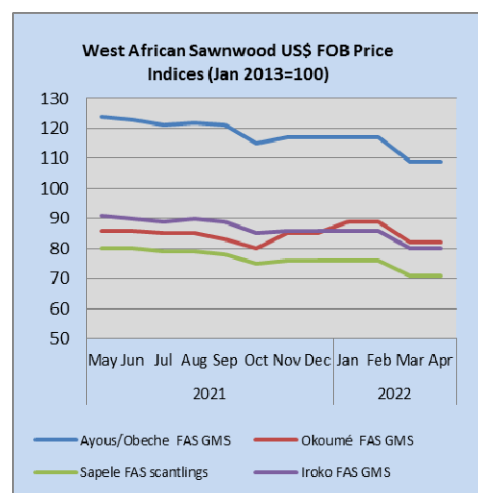
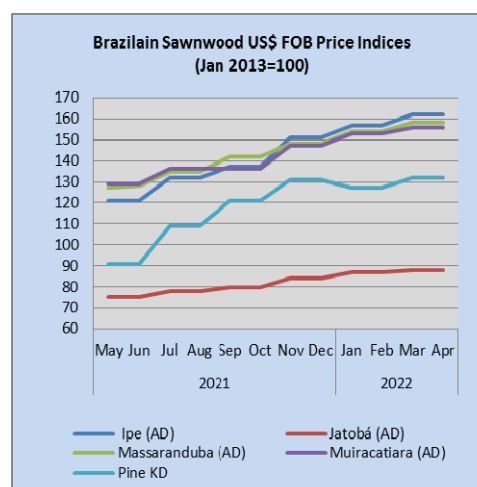
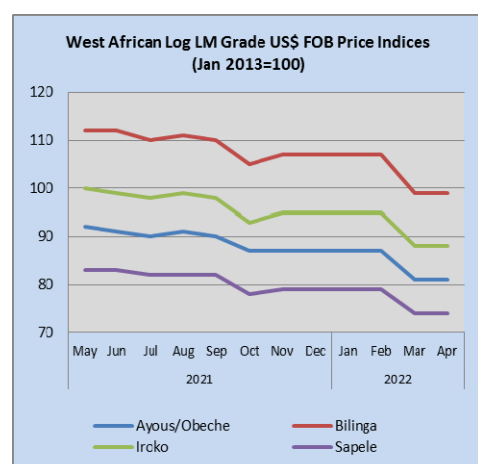
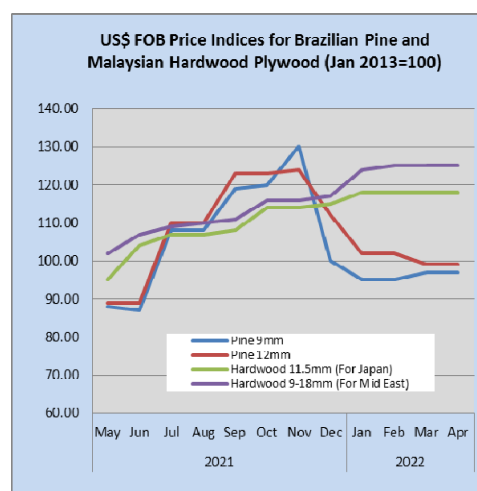
Data source: Drewry World Container Index

## Price indices for selected products

The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Indices for W. African logs and sawnwood are calculated in US dollar terms.

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