Tropical Timber Market Report

Volume 26 Number 6 16th – 31st March 2022

Contents

Top story

Indonesia overtakes China as largest tropical plywood supplier to EU27+UK

EU27+UK imported tropical plywood valued at US$312 million in 2021, up 31% compared to 2020 but only just matching the 2019 level. In volume terms, imports of 474,600 cu.m in 2021 were 3% up compared to 2020 but 18% down compared to 2019.

EU27+UK imports from Indonesia were 153,400 cu.m in 2021, 37% more than in 2020 and a gain of 4% compared to 2019. Plywood imports from Indonesia increased to such an extent that the country overtook China as the largest supplier of tropical plywood into the region.

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Headlines

TAG Alerts

ITTO’s Trade Advisory Group (TAG) has released the first edition of ‘TAG Alerts’ designed to inform ITTO members and other stakeholders about pressing matters affecting the tropical timber industry and trade.

See: www.itto.int

or specifically:

https://www.itto.int/news/2022/03/28/itto_s_trade_advisory_group_publishes_new_alerts_on_tropical_timber_trade/

Central and West Africa

Producers stocking up on fuel

While no significant price movements have been mentioned by producers in the region there is expectation that the invasion of Ukraine by Russia will have an impact. The mostly likely of which will be demands from producers for price increases to off-set the rising costs of fuel and energy. Petrol prices have already started to rise for commercial users so producers are stocking up on fuel.

Shipping company suggests new deal for delivery of empty containers

The lack of shipping containers remains a problem across the region. Producers say a major shipping company has proposed an advance one-time yearly payment to secure weekly delivery of 10 empty containers. The figure mentioned for the advance payment by producers is extremely high and probably way beyond what many companies could pay which would leave those that cannot pay in an even worse situation in terms of securing containers than at present.

It has been learnt that producers in Gabon made a much lower counter offer to the shipping company which was rejected so, for now, exporters in Gabon have to settle for the 3-5 containers every 7-10 days.

DRC joins East African Community

The media in DRC has reported that the country will join the East Africa Community (EAC). This will bring some order to the trade in commodities, timber, textiles and food especially between the DRC and Uganda where legitimate business arrangements are undermined by smuggling.

See: https://www.eac.int/press-releases/151-international-relations/2339-drc-reaffirms-her-willingness-to-join-east-african-community

Steady enquiries for okoume

Producers in Gabon and Cameroon report conditions for harvesting are normal as the weather is good with only occasional rain. In Congo the wet weather, which is expected to worsen, has impacted harvesting in some areas. No issues with trucking to mills have been reported in Gabon and Cameroon but in Congo, as usual during the rains, the quality of laterite roads suffers.

Producers in Gabon report steady enquiries for okoume, ovangkol and padouk. Order books are satisfactory for the next 2 months. In Cameroon a firming of enquiries for redwoods and azobe has been mentioned. As is the case in Gabon, producers in the Congo have seen growing interest in okoume, primarily for the Chinese market.

Gabon sawnwood production forecast

As in 2021 Gabon plans to increase production of sawnwood. The Ministry of the Economy forecasts production of 1 .17 million cu.m 3 of sawnwood in 2022, an increase of 3.2% year on year. The authorities anticipate an increase in production by mills especially in the Nkok Economic Zone.

In related news producers have suggested the government may extend to 2025 the period for country wide adoption of certification as the 2022 deadline is considered difficult for companies to meet

See: https://www.lenouveaugabon.com/fr/economie/2103-18213-le-gabon-renouvelle-son-v-u-de-produire-1-17-million-de-m3-de-bois-debite-en-2022-en-hausse-de-3-2

Log export prices

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

Digital technologies for the timber industries

ATIBT has announced the release of a series of online guides to digital technologies for the timber industries. Six movies on digital technology at the service of the forest/timber industry are now available.

See: https://www.atibt.org/en/news/13134/digital-technology-at-the-service-of-the-forest-wood-industry-6-movies-are-now-available-online

Ghana

Good start to the year

Ghana's wood product exports in the first month of 2022 grew by 22% year-on-year to 23,349 cu.m earning Eur10,041 million according to Timber Industry Development Division (TIDD). In January 2021 exports stood at 19,173 cu. m valued at Eur 10,295 million.

Export volumes, cu.m

	Jan-21	Jan-22	% Change
AD sawnwood	9,112	11,889	31
KD sawnwood	2,942	4,298	46
Billets	4,040	3,190	-21
Plywood (regional)	1,173	1,741	48
Mouldings	782	707	-10
Sliced Veneer	562	330	-41
Rotary Veneer	490	490	0
Boules (AD)	42	26	-38
Others	30	678	
Total	19,173	23,349	22

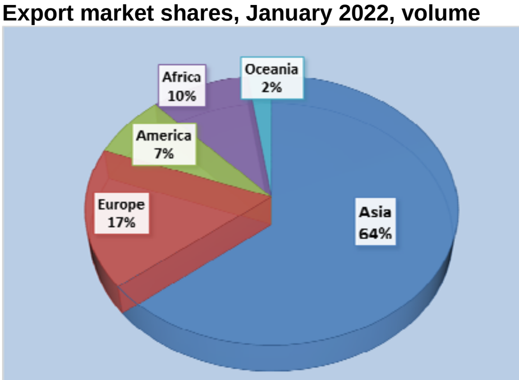
Data source: TIDD

The leading export products were air-dried sawnwood (51%), kiln-dried sawnwood (18%), billets (14%), plywood (7% for the regional market) and mouldings (3%). Together this accounted for 93% of the total volume of wood products exports in January 2022.

According to the TIDD report seventy-seven companies were involved in the export of ten different products for the month. These products were produced from about 43 different species from including teak, wawa, denya, ceiba and mahogany.

The major drivers of export growth were sawnwood and plywood destined for regional markets. Of the 35 importing countries the leading destinations in terms of volumes were India, USA, Vietnam, Belgium and Germany. Asian markets accounted for over 60% of total export volumes.

Export market shares, January 2022, volume



Data source: TIDD

Controversial tax approved

Parliament has voted to approve the E-levy, a 1.5% tax on electronic money transfers. The government says this will generate almost US$1 billion to boost government spending. This is proving unpopular as the tax is an additional burden in the face of the rising cost of living from surging fuel prices following the Russian invasion of Ukraine.

See: https://www.africanews.com/2022/03/29/ghana-parliament-approves-controversial-tax-bill/

BoG survey – low business confidence due to slow economic activity

The Bank of Ghana (BoG) has raised interest rates by the largest margin ever to slow rampant inflation that threatens the economy. The BoG raised its main lending rate to 17% by the biggest hike in more than 20 years.

The business and consumer confidence surveys conducted by the BoG in February 2022 revealed that consumer and business confidence had fallen. The results showed that consumers were mainly concerned about the persistent increases in fuel prices, increases in transportation fares and rising inflation. While businesses, in addition to these factors, were also concerned about the impact of these on macroeconomic conditions and on their short-term targets and profitability for 2022.

See: https://www.myjoyonline.com/business-confidence-declines-economic-activity-slows-down/

Reduce damage to forests and trees

Tropenbos Ghana recently organised a forum for forestry stakeholders on the need to guard against possible damage to the environment from dependence on harvests from natural forests. This was contained in a statement issued by the Environmental Non-Governmental Organisation (Tropenbos Ghana), in line with the International Day of Forests (IDF) on the theme "Forests and Sustainable Production and Consumption".

See://www.businessghana.com/site/news/general/259437/Stakeholders-urged-to-secure-forest-reserves

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
Asanfina	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	Asanfina
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
Afrormosia	860	925
Asanfina	465	564
Ceiba	290	353⬆
Dahoma	537⬆	417⬇
Edinam (mixed redwood)	520	640⬇
Emeri	560	510⬇
African mahogany (Ivorensis)	1,239	762
Makore	560	893⬆
Niangon	685⬆	586
Odum	491	846⬇
Sapele	800	820⬆
Wawa 1C & Select	422	449⬆

Malaysia

Covid restrictions eased further

From 1 April fully vaccinated travellers moving overland between Malaysia and Singapore will no longer need to undergo quarantine or testing, neither pre-departure nor on-arrival tests. The new ruling will apply to all categories of travellers and modes of transport via the land border.

RCEP to bring many advantages

The business community is anticipating that the Regional Comprehensive Economic Partnership Agreement (RCEP) will pave the way for the country to integrate more fully with the 15 member countries with a total population of more than 2 billion. Malaysia will eventually benefit from the elimination of most tariffs among members. Malaysia's International Trade and Industry Ministry (MITI) noted other advantages such as further liberalisation of trade through removal of non-tariff barriers, increased trade facilitation as well as greater security in the business environment through a variety of regulations.

See: https://www.theedgemarkets.com/article/malaysia-says-rcep-regional-trade-pact-comes-force

'In-person' furniture fair MIFF

The Malaysian International Furniture Fair (MIFF) will be held 6-9 July 2022 at the Malaysia International Trade & Exhibition Centre (MITEC) and World Trade Centre Kuala Lumpur (WTCKL).

In addition to an in-person exhibition experience, MIFF 2022 will also provide a digital exhibition solution, MIFF Furniverse, to reach a wider audience and continue to serve the sourcing needs of the global furniture community.

The organisers say the exclusive 'Valued Visitor Programme' will continue to offer complimentary hotel stays to buyers who are interested in visiting the physical show. MIFF is an opportunity for Malaysian furniture manufacturers.

See: https://2022.miff.com.my/visitors/register-now/

Saga of PNG log shipment

The Malaysian press has reported the Maritime Enforcement Agency (MMEA) seized two barges and two tugboats close to Sungai Kemena, Bintulu. The barges were loaded with logs said to have been shipped from Papua New Guinea. In some reporting there has been a suggestion that these logs are illegal however, the MMEA says the crew are being investigated for offences under the Customs Act including failing to submit valid permits to unload the logs and failure to submit the necessary port clearance authorisation.

See: https://www.theborneopost.com/2022/03/18/mmea-bintulu-seizes-700-logs-believed-from-papua-new-guinea-15-held/
and
https://pngicentral.org/reports/malaysia-seizes-shipment-of-logs-from-papua-new-guinea/

Malaysia's wood products exports

Units: Million RM	2020	2021
Total all products	22,077.0	22,744.4
Builders Joinery/Carpentry	972.9	997.2
Chip/particleboard	266.5	254.8
Fibreboard	726.9	690.1
Logs	509.6	538.7
Mouldings	707.6	764.5
Plywood	2,839.8	3,278.4
Sawnwood	2,408.1	2,509.0
Wooden furniture	10,634.5	10,414.4

Indonesia

Promotion to capture larger share of German Market

Indonesia plans to initiate joint promotion with a number of stakeholders as part of an effort to expand the market share of Indonesian wood products in Germany. This was announced by Arif Havas Oegroseno, Indonesia' ambassador in Germany, when opening a dialogue between Indonesian-German wood product business players facilitated by the Embassy, "It is very important to carry out a joint campaign to stimulate the German market for Indonesian FLEGT-licensed products."

Ambassador Havas also explained the cooperation programme between Indonesia and the University of Freiburg to study the market for industrial wood products in Europe and how Indonesian products can help satisfy the market demand.

Data from Indonesia's Ministry of Environment and Forestry shows that in 2021 the value of Indonesian wood product exports to Germany reached US$171.1 million, an increase of 23% from 2020. The main product exported was furniture generating US$73.9 million in earnings followed by wood panels (US$37.9 million).

Nils Olaf Petersen, Head of the Foreign Trade Department at GD Holz, (German Wood Trade Assoc.) explained his Association would support activities to promote Indonesian wood products saying "The market is very good and there is an increasing demand for wood products in Germany". Petersen also explained that the market opportunities are widening with the cessation of timber imports from Belarus and Russia due to the invasion of Ulraine.

See: https://forestinsights.id/2022/03/10/promosi-bersama-produk-kayu-indonesia-untuk-rebut-pasar-jerman/

Opportunities in Europe, but furniture makers focus on America

Although there are opportunities for greater furniture exports to Europe most furniture makers in the country focus on the US market where demand is predicted to continue growing significantly until 2024 as US importers reduce purchases from China.

Chairman of the Indonesian Furniture and Craft Industry Association (HIMKI), Abdul Sobur, said there is a market opportunity of up to US$24 billion left by China in the US and that Indonesia still has the capacity for furniture export growth, especially to the US, over the next three years. HIMKI projects that furniture exports in 2024 could reach US$5 billion.

Over the past year the value of furniture and craft exports reached US$3.42 billion, up 26% year-on-year. As for this year, the export value is targeted at US$3.69 billion.

See: https://ekonomi.bisnis.com/read/20220316/257/1511494/ada-peluang-di-eropa-pengusaha-furnitur-enggan-bergeser-dari-amerika.

Carbon pricing promises business opportunities

According to the Executive Director of the Belantara Foundation, Dolly Priatna, the carbon pricing scheme developed by Indonesia can support achievement of the country's commitment to reduce greenhouse gas (GHG) emissions and will be a business opportunity for Forest Utilization Licensing Companies (PBPH) and communities that manage forests.

See: https://forestinsights.id/2022/03/18/indonesias-carbon-pricing-scheme-promises-business-opportunities/

Minister urges shipping companies to open direct international routes

The Minister of Transportation, Budi Karya Sumadi, has urged ships owners and shipping companies to open direct international routes to improve Indonesia's logistics competitiveness. He made the request while attending the inaugural launch of the shipping company PT Meratus Indonesia-China shipping route in collaboration with the operator of the Container Terminal of Tanjung Priok Port.

See: https://en.antaranews.com/news/219941/minister-urges-shipping-companies-to-open-direct-international-routes

Forestry sector to contribute to reduction in carbon emissions

The government, through the Ministry of Environment and Forestry, has determined that the forestry sector and other land use sectors could contribute to reducing carbon emissions by 60% by 2030. The government has prepared an operational plan to increase carbon absorption by the forestry and other land use sectors as described in a Decree of the Minister of Environment and Forestry Number 168 of 2022.

In a press statement the Minister of Environment and Forestry, Siti Nurbaya, indicated that with this legal basis Indonesia will continue to meet climate control targets especially reducing deforestation and forest degradation.

See: https://en.antaranews.com/news/219893/forestry-sector-to-contribute-to-60

BMKG forecasts higher potential of forest, land fires in 2022

The Indonesian Meteorology, Climatology and Geophysics Agency (BMKG) has warned of the potential for forest and land fires to be greater in 2022. Acting Deputy of Climatology at BMKG, Urip Haryoko, noted that this year the dry season is expected to normal compared to last year when there was unexpected rain during the dry season. During a press conference Haryoko commented that several hotspots were currently being monitored such as in Aceh, Riau, South Sumatra, North Sumatra, Bangka Belitung Islands and West Kalimantan.

See: https://en.antaranews.com/news/220713/bmkg-forecasts-higher-potential-of-forest-land-fires-in-2022

Indonesia has shown tremendous effort to reduce deforestation - FAO

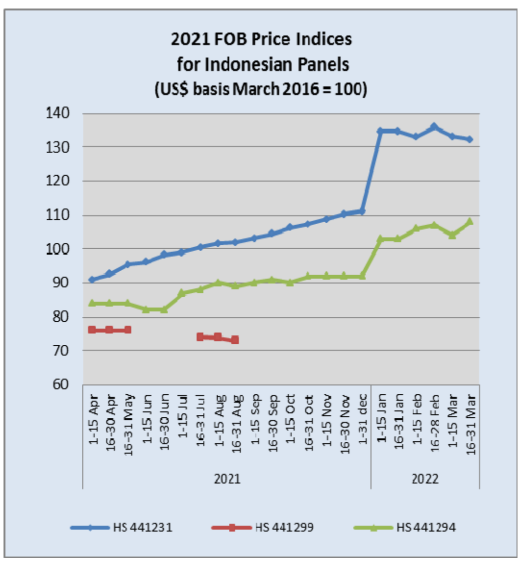
FAO Indonesia noted in a statement to welcome the International Day of Forests that, despite all the priceless ecological, economic, social and health benefits forests provide, global deforestation continues at an alarming rate. The world is losing 10 million hectares of forest a year – more than half the size of Sulawesi – and land degradation affects almost 2 billion hectares, an area larger than South America.

Forest loss and degradation emit enormous quantities of climate-warming gases and it is estimated that more than eight percent of forest plants and five percent of forest animals and birds are at “extremely considerable risk” of extinction.

The statement says “the government of Indonesia has shown tremendous effort to reduce deforestation. We need to appreciate this effort by supporting the Indonesian government to enforce the law to protect the forest and the forest community as the fundamental aspects in managing sustainable forest”.

Indonesia’s G-20 presidency also boosts Indonesia's programme to achieve sustainable economic development and the year 2045 targets to include sustainable management of forests.

See: https://www.fao.org/indonesia/news/detail-events/ru/c/1479558/



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

Myanmar

ASEAN Envoy - little hope of breakthrough

Cambodian Foreign Minister Prak Sokhonn, the ASEAN envoy, has met with Myanmar’s military rulers. Prak Sokhonn’s trip comes amid frustration in ASEAN over Min Aung Hlaing’s failure to honour the five-point ASEAN “consensus” to end hostilities and start a peace process that he agreed to last year at a summit in Jakarta. Sokhonn said there is no sign of negotiations aimed at achieving reconciliation and that many factions in the conflict are not ready to talk”.

Speaking to the domestic press in Myanmar the envoy said the Myanmar issue was complicated and would take a long time to solve as the “stakeholders were not ready to cooperate and still insist on fighting and eliminating one another.”

Sokhonn became ASEAN’s special envoy for Myanmar after Cambodia took the rotating ASEAN chair this year. His appointment came after Cambodian Prime Minister Hun Sen visited Myanmar to meet the coup leader in January. That visit has been criticised for seeming to legitimising the regime.

During discussions Myanmar made clear that the Five-Point Consensus (proposed by ASEAN and supported by USA, EU and Japan) must be led by Myanmar. Wunna Maung Lwin, Foreign Minster said that the implementation of the Five-Point Consensus must be a ‘Myanmar-owned’ and ‘Myanmar-led’ process. A press statement from Myanmar’s Foreign Ministry said that the special envoy’s first visit to Myanmar would pave the way for confidence building and understanding to promote cooperation in ASEAN.

See: https://www.irrawaddy.com/news/burma/asean-envoy-sees-little-hope-of-breakthrough-in-myanmar.html

GDP Growth 3.7% Expectation of Myanmar SAC

Myanmar’s State Administration Council (SAC) has predicted 3.7% GDP growth in the next fiscal year whereas the World Bank has predicted just 1%. The leader of the SAC, Senior General Min Aung Hlaing, was also quoted as saying that SAC would try to achieve the objectives of the 5-Year National Plan which begins soon.

This news attracted a variety of views from the critics inside and outside the country. The factors which will influence growth prospects are first, the power supply which is seriously disrupting manufacturing, the second are external factors. Investment in the country is in decline and the sanctions imposed are biting. The third factor likely to undermine growth prospects is the non-functioning banking system.

see - https://thediplomat.com/2019/04/erin-murphy-on-the-state-of-myanmars-economy/)

Thai firm takes over after Chevron, Total pull out

Thai energy company PTTEP has said it will take over the running of Myanmar's vital Yadana gas field following the withdrawal of Chevron and Total Energies. PTTEP, a unit of Thailand's majority state-owned energy firm PTT, will take control of operations from July.

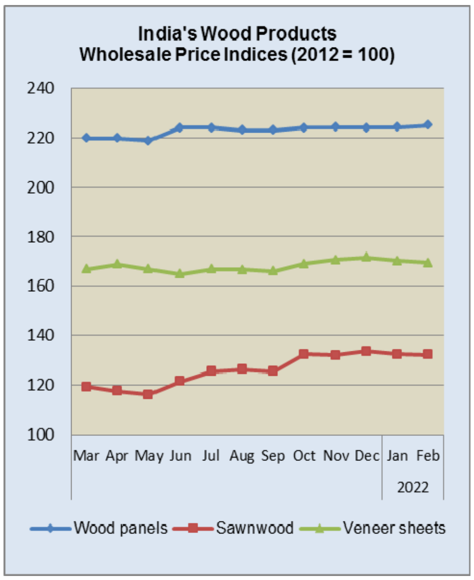
The Yadana gas field in the Andaman Sea provides electricity to Myanmar and Thailand, one of a number of gas projects that Human Rights Watch says make up the government's largest source of foreign currency earnings of around US$1 billion annually. The gas concession accounts for roughly 50% of Myanmar's gas demand and around 11% of Thailand's consumption.

See: https://www.irrawaddy.com/news/burma/thai-firm-takes-over-myanmar-gas-field-after-withdrawal-of-chevron-total.html)

India

Wholesale price indices for February 2022

The Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade has published wholesale price indices for February 2022.



Data source: Ministry of Commerce and Industry, India

The index for manufactured products rose to 138.4 in February from 137.1 for January. Out of the 22 groups of manufactured products in the index for 18 increased there were price increases while 3 saw a drop in prices. The increase in prices was for basic metals, textiles, paper and paper products, chemical and chemical products.

The overall index for manufactured wood and wood products has drooped from a high of 5.76% in October 2021 to 4.55% as of February 2022.

The annual rate of inflation was 13.1% in February 2022 compared to 4.83% in February 2021.

The high rate of inflation in February 2022 was primarily due to rise in prices of mineral oils, basic metals, chemicals and chemical products, crude petroleum and natural gas, food articles and some non-food articles such as plywood where the index titled slightly higher in February.

See: https://eaindustry.nic.in/pdf_files/cmonthly.pdf

Log exports from Sabah welcomed

India importers of hardwood logs have welcomed the decision of the Sabah State Government to resume log exports. Currently, India import logs mainly from Sarawak.

Prices for recent shipments of teak logs and sawnwood

	US$/cu.m C&F
Benin	359-712
Sawnwood	359-712
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

Shortage of domestic peeler logs

During a webinar organised by Plyreporter on 'Shortage of Wood in North India', experts have clearly indicated that by 2025, there will be a severe shortage of peeler logs in North India.

It was pointed out that this situation presents a big challenge for the industries located in Haryana, Punjab and Uttar Pradesh. It is clear that due to the imbalance in supply and demand of wood in North India, prices will increase further and plywood prices are likely to increase by at least 10-12% in the next few quarters.

See: https://www.plyreporter.com/magazine-February-2022

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

High costs hit wood product manufacturers

The local media outlet, 'Vietnamnews' has reported that rising input costs are eroding the profits of wood product manufacturers putting them at risk. Additionally, sanctions on Russia are likely to cause a decline in supplies of timber raw materials from Russia. As timber supplies become tighter, Vietnamese firms will have to compete more fiercely in international markets especially for timbers from the EU and the US.

According to VIFOREST Vietnam has been importing 5.5 – 6.5 million cubic metres of timber raw material every year. Higher raw material prices coupled with mounting transportation costs have added to import bills driving down profitability.

Vietnamnews quotes Phan Văn Phước, director of Tân Phước Co. Ltd., forecasting that the timber shortage will last for some months. He said his firm had to raise prices to remain operational and would not import additional timber in the short term due to high costs.

Tran Quoc Manh, general director of Sai Gon Trading Production Development JSC is more concerned about fuel costs than timber prices. He said petrol prices had hit up to VND27,000 (US$1.18) per litre exceeding manufacturers' capacity to absorb the rise. Accordingly, manufacturers are reluctant to sign new contracts for fear that petrol prices will continue to go up further.

"Many manufacturers of wood products have to stay idle amid high fuel costs and freight rates. They are unwilling to sign new contracts due to cost uncertainties," he explained.

Rising oil prices have pushed up freight rates bringing transportation costs to a new high. Freight rates have increased fivefold since the pandemic began and the Russian invasion of Ukraine has made things worse.

The Chairman of Dong Nai Province's Association of Wood and Handicraft, Le Xuan Quan, has urged the authorities to discuss with shipping lines how to stabilise freight rates. He also called for close cooperation between forest growers and timber-processing firms to develop sustainable sources of timber for the industry to lower the dependence on imported materials.

A spokesperson for General Import and Export Van Xuan Corp. has suggested a data portal on timber to help manufacturers monitor prices and supply to better manage input costs and inventories.

See: https://vietnamnews.vn/economy/1163524/high-input-costs-hit-wood-product-manufacturers.html

Imports from Russia fall

At a recent event hosted by VIFOREST to exchange information on the possible impacts of Russia's invasion of Ukraine furniture manufactures discussed the search for timbers to substitute for Russian birch. Locally produced acacia and rubberwood higher quality were identified as possible alternatives.

Vietnam's imports of wood raw materials from Russia in 2021 accounted for 130,220 cu.m or about 2% of total wood raw imports. In January 2022 the volume of imports of wood from Russia continued to drop to just 8,560 cu.m. Over 90% of the timber imports from Russia in 2021 was sawnwood with the balance being plywood, veneer and other wood-based panels.

The top species Vietnam imports from Russia is birch followed by pine, spruce and fir. In 2021, birch sawnwoodr imported from Russia into Vietnam accounted for 81% of the total sawnwood imports.

Wood and wood product trade highlights

According to statistics from the General Department of Custom, Vietnam's wood and wood product (W&WP) exports to South Korea in February 2022 reached US$48,400, up 1% compared to February 2021.

Vietnam's office furniture exports in February 2022 reached US$20 million, down 26% compared to February 2021. In the first 2 months of 2022 exports of office furniture were worth US$55 million, down 26% compared to the same period in 2021.As wood product export growth was positive in the first two months of 2022 many firms are increasing capacity to meet current orders until the end of the second.

Products from Vietnam are very competitive and exporters benefit from the various free trade agreements signed. Trade will get a boost as international arrivals are now possible.

Vietnam's pine imports in February 2022 reached 50,300 cu.m, worth US$14.6 million, down 4% in volume and 4% in value compared to January 2022. Compared to February 2021 they were down 57% in volume and 42% in value.

US$20 billion in wood product exports in 2025

Vietnam is targeting US$20 billion in wood product exports in 2025, an increase of more than US$9 billion compared to the present. The goal is to develop a sustainable and efficient wood processing industry for 2021-2030 said the Deputy Prime Minister Lê Văn Thành.

The total export value of wood and forest products is targeted at US$25 billion by 2030. The value of wood products for domestic consumption will reach US$5 billion in 2025 and over US$6 billion in 2030.

By 2030 the domestic wood processing industry will become an important economic sector and will have built a good reputation in domestic and export markets. To achieve this it will be necessary to further develop infrastructure and expand the scale of production. There are plans for five forestry zones with high technology applications to attract investment from wood processing enterprises. The country will build an international furniture exhibition centre and encourage research and design centres.

Expanding forest cover

Thirty year ago due to over-exploitation and the war only 27% of the country was covered by forests however, by 2021 that had risen to 42% and the goal is to reach 45% by 2030.

The Ministry of Natural Resources and Environment has called for the increasing application of science and technology in the reforestation and the association of forests with environmental services, ecotourism and biodiversity conservation. The national reforestation program includes the creation of a digital map of trees aimed at improving the conservation efforts and the forestry industry.

See: https://www.plenglish.com/news/2022/03/21/vietnam-reaffirms-will-to-expand-forest-coverage/

In related news, Deputy Prime Minister, Le van Thanh, has approved a 10-year project to improve forest rangers' capacity in management, protection and firefighting. The project aims to reduce at least 10 to 15% of law violations in the forestry sector compared to the 2015-20 period, especially deforestation, illegal harvesting and transportation and forest burning.

To realise the targets, personnel training is key. At least 50% of forest protection and firefighting forces must be trained with professional skills and be equipped with forest protection devices.

Brazil

Demand for timber from natural forests increased during pandemic

According to the Union of Wood Industries in the North of Mato Grosso (Sindusmad), in 2020 the timber industry in the region earned R$368 million due to firm demand and rising prices. Since 2020 prices for some species doubled, for example the price of cambará (Moquiniastrum polymorphum) jumped from R$1,000 to R$2,000 per cu.m. The pace of price increase was also driven by demand in the construction sector which caused a rise in construction materials which had a knock-on impact on wood prices.

Brazilian system to help wood identification

The “Interactive Wood Identification Key” system created by the Brazilian Forest Service forest products laboratory (LPF/SFB) is a tool for species identification. The system utilises an on-line database with details of 275 tropical timber species ranging from the most commercialised to some endangered species. Recently, several species that share a common name were added. For instance the number of species that are known commercially as ipê (Handroanthus) has increased.

The LPF system contributes to combating the illegal timber trade as timber identification is key to allowing enforcement agents to curb environmental crimes. In 2021, the system enabled employees working in the environmental inspection division of the Federal Highway Police (Polícia Rodoviária Federal - PRF) in the state of Maranhão to identify 6,214 cu.m of suspect wood, some 50% more than what was seized the previous year. The Federal Police are partnerin the “Interactive Timber Identification Key” system for technical support.

The BioAmazônia Project and the Amazon Cooperation Treaty Organization also collaborate to develop the system.

Export update

In February 2022 Brazil’s exports of wood-based products (except pulp and paper) increased 45% in value compared to February 2021, from US$284.8 million to US$413.9 million.

Pine sawnwood exports grew significantly (49%) in value between February 2021 (US$46.2 million) and February 2022 (US$68.9 million). In volume terms exports increased around 7% over the same period, from 238.500 cu.m to 254.300 cu.m.

Tropical sawnwood exports in February increased slightly (2%) in volume, from 30,100 cu.m in February 2021 to 31,800 cu.m in February 2022. In value, exports decreased 1.6% from US$12.6 million to US$12.4 million, over the same period.

In February pine plywood exports experienced a 37% increase in value compared to February 2021, from US$66.3 million to US$90.5 million.

In volume terms pine plywood exports increased 18% over the same period, from 194.500 cu.m to 229.700 cu.m.

As for tropical plywood, exports increased in volume (13.5%) and in value (26%), from 5.200 cu.m (US$2.3 million) in February 2021 to 5.900 cu.m (US$2.9 million) in February 2022.

Wooden furniture exports increased from US$55.1 million in February 2021 to US$60.3 million in February 2022, an almost 10% growth.

Online system to raise efficiency of timber exports

The Brazilian National Confederation of Industry (CNI) has launched a Single Consent Platform for Brazil (Pau-Brazil) developed by the Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA).

This initiative was developed over three years and provides for the registration of Brazilian biodiversity-based products from the natural forest. The expectation is that the digitisation of the procedure will provide advantages in terms of processing time and costs as paperwork is eliminated.

The system integrates IBAMA's CITES information with the SINAFLOR (National System for the Control of Origin of Forest Product) licenses process to create one-stop portal. Around 35,000 wood and non-wood products from natural forests are exported throughout Brazil every year. Most of these products are exported from the four main ports in Pará, Paraná, Santa Catarina and Amazonas through which more than 90% of the exported biodiversity-based pass.

Brazilian furniture at Expo Dubai

The Brazilian furniture sector is participating in Expo Dubai which began in February. The event attracts professionals, companies and buyers from all over the world related to the furniture industry.

27 Brazilian brands associated with the Brazilian Furniture Sector Project have participated in Dubai Trade Mission organized by the Brazilian Furniture Industry Association (ABIMÓVEL) and the Brazilian Trade and Investment Promotion Agency (Apex Brazil).

To promote business networking round-tables will be held through a matchmaking process between Brazilian brands and around 35 international buyers from the UAE and other Middle Eastern countries.

The Middle East is one of the most relevant target markets for the Brazilian furniture industry. Exports to Saudi Arabia, the main destination for Brazilian furniture in the Middle East, increased by 290% last year. The UAE, the second largest destination, registered an over 80% increase in furniture imports from Brazil in 2021.

Domestic log prices

Brazilian logs, mill yard, domestic	US$ per cu.m
Ipê	259⬆
Jatoba	116⬆
Massaranduba	104⬆
Miiracatiara	104⬆
Angelim Vermelho	104⬆
Mixed redwood and white woods	79⬆

Source: STCP Data Bank

Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US$ per cu.m
Ipé	1,120⬆
Jatoba	544⬆
Massaranduba	541⬆
Muiracatiara	483⬆
Angelim Vermelho	480⬆
Mixed red and white	319⬆
Eucalyptus (AD)	221⬆
Pine (AD)	163⬆
Pine (KD)	201⬆

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

Parica	US$ per cu.m
4mm WBP	498⬆
10mm WBP	433⬆
15mm WBP	362⬆
4mm MR.	451⬆
10mm MR.	335⬆
15mm MR.	308⬆

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

Domestic ex-mill prices	US$ per cu.m
15mm MDParticleboard	248⬆
15mm MDF	314⬆

Source: STCP Data Bank

Export sawnwood prices

Sawnwood, Belem/Paranagua Ports, FOB	US$ per cu.m
Ipe	2,142⬆
Jatoba	1,122⬆
Massaranduba	1,150⬆
Muiracatiara	1,142⬆
Pine (KD)	290⬆

Source: STCP Data Bank

Export plywood prices

Pine plywood EU market, FOB	US$ per cu.m
9mm C/CC (WBP)	360⬆
12mm C/CC (WBP)	337⬆
15mm C/CC (WBP)	327⬆
18mm C/CC (WBP)	359⬆

Source: STCP Data Bank

Export prices for added value products

FOB Belem/Paranagua ports		US$ per cu.m
Decking Boards	Ipê	4,406⬆
	Jatoba	1,968⬆

Source: STCP Data Bank

Peru

Sawnwood shipments rising

ADEX, the Association of Exporters, has reported the value of sawnwood exported in January this year was US$2.5 million, up 9% compared to the same month in 2021. There was strong demand in Mexico and the Dominican Republic.

However, the January 2022 value was below that in 2020 (US$3.4 million) due to the high level of Chinese imports (US$1.5 million) that accounted for 46 % of the total. In January of this year the main export destination was Mexico (US$0.7 million) a growth of 127% year on year, the Dominican Republic (US$0.65 million), an increase of 91%.

Sawnwood was also shipped to Vietnam (US$0.55 million), China (US$0.23 million), Ecuador (US$0.12 million), the US (US$0.10 million) and smaller amounts to Germany, Belgium and Spain. These last three destinations are recent additions. With 26% of all wood products sold abroad, sawn wood ranked second after semi-manufactured products (US $5.9 million).

In addition, construction products were shipped (US$0.31 million); other manufactured products (US$0.29 million); furniture and parts (US$0.18 million and plywood (US$0.16 million).

According to figures from the ADEX Data Trade Commercial Intelligence System, in 2021 (January-December) shipments of sawn wood reached US$33.6 million, an increase of 35% compared to 2020 (US$24.9 million) and the highest in five years.

The largest buyer was China (US$10.7 million) with a 32% share and an increase of 5.4% year on year followed by the Dominican Republic (US$8.7 million, up 75%, Vietnam (US$4.8 million up 67%), Mexico (US$3.1 million, down 17% and Ecuador (US$2.4 million, up 89%.

Last year six new markets were added; Singapore, Belgium, Martinique, Finland, New Caledonia and Puerto Rico.

IMF – country faces uncertain economic outlook

A recent IMF report says Peru faces an uncertain outlook after its strong recovery. The strong policy response in 2020 mitigated the worst impact of the pandemic and created conditions for a rapid recovery. Firm international demand, higher commodity prices and pent-up domestic demand contributed to real GDP rising by 13.3% in 2021, exceeding its pre-pandemic level in the third quarter of 2021. In addition formal employment fully recovered.

However, Peru is still suffering high social and economic costs from the pandemic. Many lives were lost as Peru had one of the highest death rates globally.

Real GDP remains below its pre-pandemic level and labour force participation and employment has not fully recovered and poverty increased in 2020 and is still above pre-pandemic levels despite some improvement in 2021, says the IMF. Overall says the IMF "the outlook is very uncertain and downside risks prevail. Growth is expected to slow to 3 percent in 2022 as external conditions tighten and the policy stimulus is withdrawn".

See:
https://www.imf.org/en/News/Articles/2022/03/07/mcs030722-peru-staff-concluding-statement-of-the-2022-article-iv-mission

National Forestry Fair - FENAFOR

Entrepreneurs and professionals in the forestry sector will have the chance to visit the National Forestry Fair – FENAFOR scheduled for 10-12 November 2022. This fair features technology, raw material suppliers, accessories and services for the forestry industry. The Fair will be held in an exhibition centre in Lima.

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US$ per cu.m
Pumaquiro 25-50mm AD	
Mexican market	671-685
Virola 1-2" thick, length 6"-12" KD	
Grade 1, Mexican market	589-615
Grade 2, Mexican market	498-523
Cumaru 4" thick, 6"-11" length KD	
Central American market	1044-1077⬆
Asian market	1125-1143
Ishpingo (oak) 2" thick, 6"-8" length	
Spanish market	599-629
Dominican Republic	703-719
Marupa 1", 6-11 length KD	
Grade 1 Asian market	575-599

Domestic sawnwood prices

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

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

All restrictions lifted

The government has lifted all covid restrictions in the remaining 18 prefectures where they were in place. This decision comes as daily cases are around half the number at the peak of the sixth wave and the hospital bed occupancy rate for covid continues to decline.

See:
https://www.japantimes.co.jp/news/2022/03/16/national/coronavirus-emergency-travel-cases/

In related news, the government will raise the limit on daily international arrivals in Japan to 10,000 from April from the current 7,000 as strict border regulations have been criticised by the private sector.

Economy faces downside risks

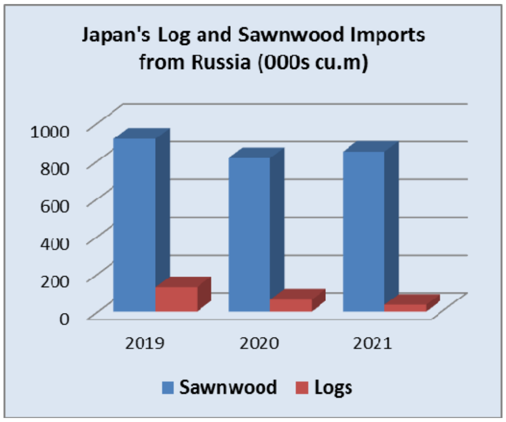
The March Cabinet Office report says country's economy "continues to show movements of picking up, although some weaknesses are seen". This assessment is unchanged from the February report in which the government lowered its basic economic view for the first time in five months, citing weakness in private consumption. However, the report warns there are downside risks arising from the Russian invasion of Ukraine.

See:
https://www.japantimes.co.jp/news/2022/03/25/business/economy-business/japan-economy-view-unchanged/

Russia bans wood product exports to Japan

The Russian government announced on 10 March that it has stopped exporting logs, wood chip and veneer to unfriendly countries in retaliation for the imposition of sanction. Japan is one of the countries deemed 'unfriendly' by Russia.

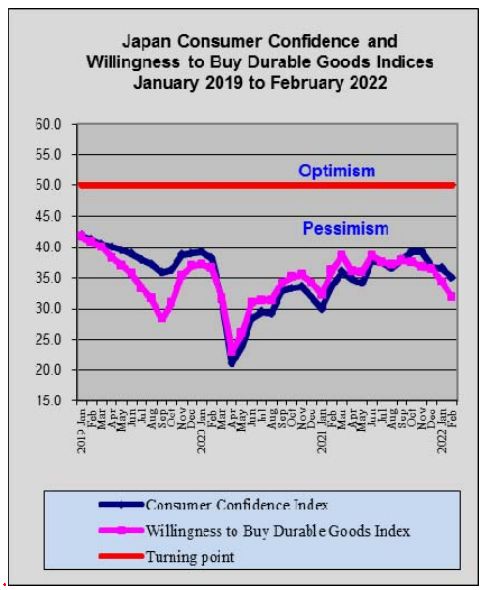
Seemore on page 15



Data source: Ministry of Finance, japan

Risng prices drives down confidence
Government data showed that consumer prices rose for the sixth straight month in February as households paid more for gasoline and electricity.

The data indicated that energy prices surged 20%, the biggest rise in over 40 years. Petrol prices surged 22% and food prices rose by around 3%. If this continues consumer confidence will be driven lower.



Data source: Ministry of Finance, Japan

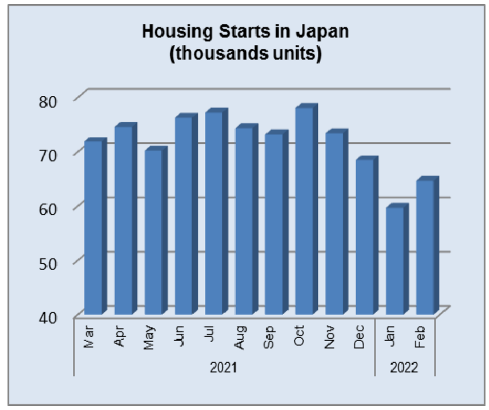
Serious earthquake rocks eastern Japan
A very strong earthquake shook Japan mid-month damaging a large number of homes and leaving 3 people dead. The quake also disrupted transportation systems and supply chains in northeast of the country.

Marriages drop to post war low
The Ministry of Health, Labor and Welfare has released population statistics showing a further decline in the birth rate in 2021, the sixth consecutive year of decline. The number of marriages also declined to a postwar low.

The decline in births is bound to continue as the marriage rate drops and this will have an impact on demand for new homes.

See: https://www.nippon.com/en/japan-data/h01267/?cx_recs_click=true

February 2022 housing starts rose 8% year on year and jumped 11% compared to January. As the weather improves building activity picks up.

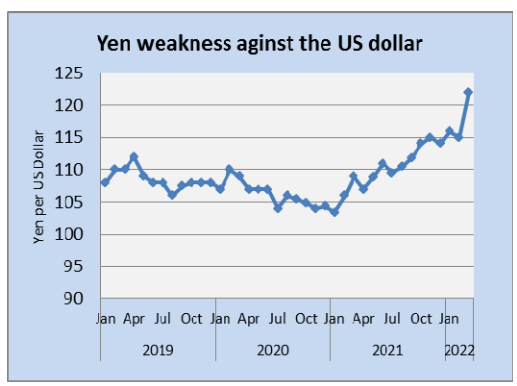


Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Yen at 5 year low
The yen is facing strong downward pressure against the US dollar raising the risk to the Japanese economy as the cost of imports will rise, a situation aggravated by the Russian invasion of Ukraine.

A recent decision by the Bank of Japan (BoJ) to extend the loose monetary policy while other developed countries are scaling back economic stimulus to dampen inflation drove the yen to its lowest in five years. Mid March the yen was trading at 119 to the US dollar.

See: https://www.nippon.com/en/news/yjj2022031501080/



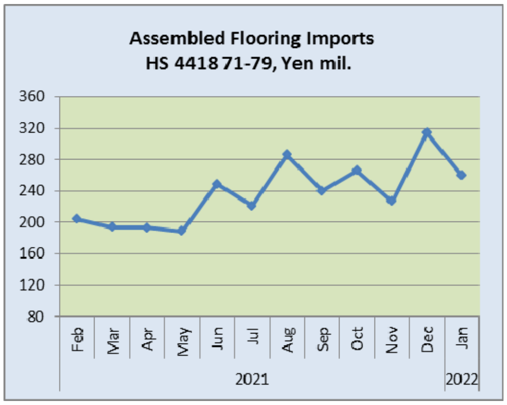
Import update

Wooden door and window imports
The Ministry of Finance has not published January 2022 import data for either wooden doors (HS441820) or wooden windows (HS441810).

Assembled wooden flooring imports

Despite the dip in the value of assembled flooring (HS441871-79) imports in January this year there has been a steady upward trend in the import value since May 2021. Year on year, assembled wooden flooring imports were up 56% in January 2022 but the January figure was down by 17% compared to that in December 2021.

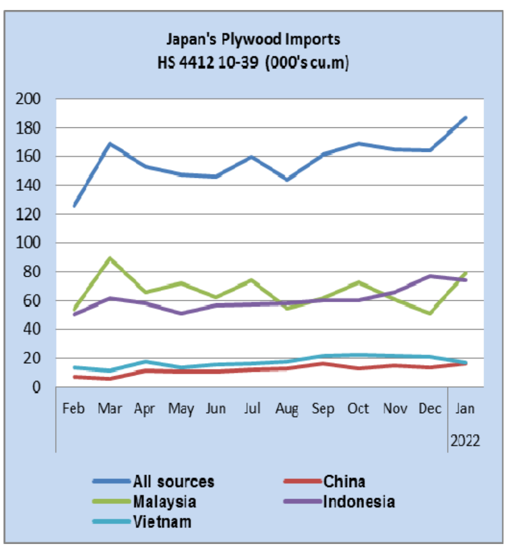
The main category of assembled flooring imported by Japan is HS441875 accounting for around 70% of January 2022 imports with the main suppliers being China and Vietnam and Malaysia. The second ranked category in terms of value of imports was HS441879 shipped mainly from China, Thailand and Vietnam.



Data source: Ministry of Finance, Japan

Plywood imports

There was a surge in imports of plywood (HS441210-39) in January this year due to rising demand and a drop in the availability of plywood manufactured from domestic raw materials. Year on year, January 2022 plywood import volumes rose 14% and compared to a month earlier January import volumes were also 14% higher.



Data source: Ministry of Finance, Japan

Malaysia and Indonesia are the main plywood shippers to Japan and in January 2022 shipments from Malaysia rose sharply to a level not seen since March 2021. In contrast shipments from Indonesia eased slightly in January.

The other significant shippers of plywood to Japan are China and Vietnam and in January shipments from China were up month on month while those from Vietnam fell slightly.

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

Data source: Ministry of Finance, Japan

Of the various categories of plywood imported in January 2022 (as in other months) HS441231 was the most common accounting for almost 90% of imports.

Trade news from the Japan Lumber Reports (JLR)

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

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

Russia bans export of wood products

The Russian government announced on March 10 that it stops exporting logs, wood chip and veneer to unfriendly countries for retaliation of the sanctions the Western nations taken for the invasion of Russia to Ukraine.

Log export has been banned already so there is no damage but users of wood chip and veneer will suffer greatly. Particularly veneer is important material to maintain quality of plywood so the Japanese plywood manufacturers need to find substituting sources in a hurry. Lumber is not included in this measure.

For Japan, larch KD veneer from Terneiles, Plastin, Primorski Krai and RFP, Khabarovsk are immediate product. Both exports about 250,000 cbms a year from these two sources. Larch veneer has high strength and it is kiln dried so plywood mills in Japan do not have to dry it, which makes operations efficiently.

Since plywood mills struggle to secure enough raw material like domestic cedar logs, stop of Russian veneer supply is really hard blow. Plywood mills are now looking for substitutions such as eucalyptus, beech, birch, Douglas fir, radiate pine but immediate supply is difficult.

Actually target of this measure is European countries, where Russian wood chip is consumed in large volume for fuel and paper manufacturing. In Europe, wood products supply from Russia, Ukraine and Belarus are significantly important.

It is said that lumber export from Russia to the European countries is 5.2 million cbms so once such supply is disrupted export of European wood products for the North America and Japan would drop down and the prices would soar. This could be another wood shock.

Plywood supply

The shipping of domestic plywood has been exceeding production. The volume of imported plywood was over 250,000 cbms for the first time in three years. About 80,000 cbms of plywood were imported from Malaysia, same volume as Indonesia. Volume of over 80,000 cbms continued from Indonesia for straight two months.

The volume of imported plywood from Malaysia and Indonesia increased because there was a delay of arrival by a Japanese New Year’s holiday.

There was another reason that a busy exporting plywood to North America from Malaysia or Indonesia peaked out and they shipped more for Japan.

Shortage of imported South Sea hardwood plywood had slightly solved. However, since one of major plywood companies in Malaysia stopped accepting new orders in November, 2021, the imported volume would be low in February 2022. This situation would continue until March. Some plywood companies in Malaysia and Indonesia are suffering a lack of logs. They have a very few orders which are a half of usual amount of orders.

There is not enough supply of softwood plywood in Japan due to a New Year’s holiday and a heavy snow covered in North Eastern Japan. There were not enough domestic logs and larch laminated veneer from Russia. Plywood mills are not able to increase the production despite active orders.

On the other hand, the shipping was firm. According to Japan Plywood Manufacturers’ Association, a final inventory at the end of January was 77,000 cbms, which was 1,400 cbms less than December, 2021. This is only 0.3 month supply based on shipping volume. Some plywood manufacturers in Japan say that shipping will be more than production in February and March.

South Sea logs and lumber

Malaysia and Indonesia are in the middle of rainy season so log production is extremely low since late February. Local plywood mills in Malaysia continue struggling to secure logs then labor shortage continues after Indonesian workers are not able to work in Malaysia because of corona epidemic.

PNG is also in rainy season so log production is way down and arranging ship’s space become difficult after volume for Japan becomes minimal.

South Sea lumber manufacturers secure ample logs to cut but truck body lumber demand is inactive because truck manufacturing is delayed by shortage of semi-conductor. South Sea hardwood veneer started arriving after it delayed by container shortage.

Dealers of Chinese made laminated free board in Japan have ample inventory and contract balance so they are in no hurry to make future contract. Chinese manufacturers maintain present prices with high cost of Russian red pine lumber and adhesive.

There is no influence of Russian invasion to Ukraine but it may be good reason to maintain the prices.
Indonesian mercusii pine lumber is arriving much smoothly after container shortage problem eased but there is no excessive import. After all, supply and demand balance well by tight supply during rainy season and stagnating demand in Japan.

Sumitomo Forestry's business plan

Sumitomo Forestry Co., Ltd., announced a mid- to-long term business plan. The plan is about aiming carbon zero society by expanding forest and using wood in the future. The company sets the goal at 2,500 billion yen of recurring profit in 2030.

Reducing CO2 by maintaining and expanding forest is one of the goals and logging and reforestation at aged man-made forest in Japan is as well. For details, Sumitomo keeps a total of 279,000 hectares in Indonesia, Papua New Guinea, NZ and including 48,000 ha in Japan. Then it will expand the forest land to 500,000 hectares by adding the area in Australia, North America and South America. 10,000 billion yen will be used for managing plan of global forest fund.

The company also launches a new section which involves a management of forest business and a weather satellite for controlling the forest growing. It will build wooden industrial complex in Japan by investing 200 billion yen for three years. Target is about 1,000,000 cbms of domestic logs will be consumed as of 2030.

As the first step, Sumitomo will build a new biomass energy plant at Shibu city in Kyusyu area and starts operating it in 2025. In this area, majority of logs are exported but Sumitomo plans to make value added products from local logs and export will be four locations of wood processing complex, which are medium size wood processing plant with consumption of 200,000-300,000 cbms of logs.

In section of construction department, Sumitomo will promote decarbonizing and LCCM housing as standard on the process of planning. Sumitomo will build a six-story building in London, the United Kingdom with calculating the volume of CO2. Sumitomo has built 11,230 units in the United States, 3,169 units in Australia and 2,534 units in other countries. They will build 23,000 units in the United States and 5,500 units in Australia and 11,500 units in other countries. 10,000 units will be built in Japan as well. The total units will be 50,000 units in 2030.

Sumitomo's target figure for sales of building materials in 2024 is 2,640 billion yen, 21.7% more than December, 2021. Housing in overseas and the real estate business is 9,540 billion yen, which will be 48% more from December, 2021.

Housing and construction in Japan are 5,470 billion yen, 7.1% increasing. Resource and environment are 265 billion yen, 18.8% more than December, 2021. The total sales will be 1 trillion and 7,700 billion yen, 27.7% more than December 2021 and the recurring profit will be 1,730 billion yen, 25.6% increasing.

Sumitomo plans for building 9,750 units in Japan, 0.4% increasing from December, 2021. 16,000 units in the United States. This is 42.5% more than before. 4,000 units in Australia. This is 26.2% increasing.

China

US remains largest market for China's wooden furniture

According to China Customs the value of China's wooden furniture exports rose 28% to US$25.62 billion in 2021. The US was the largest accounting for 32% of the total exports. The value of China's wooden furniture exports to the US rose 32% to US$8.15 billion in 2021. Other markets are very diverse but the top 10 destinations accounted for 70% of exports.

Chinese furniture manufacturers have seen raw material cost rising which puts pressure on their profit margins. Despite this, overall exports still showed a good performance in 2021.

The value of China's wooden furniture exports to the main markets grew at different rates in 2021.

Markets for China's wooden furniture in 2021

	Value (bil. US$)	% change	Proportion
Total	25.62	28%	100%
USA	8.15	32%	32%
UK	1.71	23%	7%
Australia	1.55	16%	6%
Japan	1.48	11%	6%
South Korea	1.30	27%	5%
Canada	0.95	22%	4%
Hong Kong	0.87	45%	3.4%
Germany	0.78	29%	3.0%
France	0.71	30%	2.8%
Saudi Arabia	0.70	44%	2.7%

Data source: Customs, China

Increase in China's wooden furniture imports from Italy

According to China Customs, the value of China's wooden furniture imports rose 9% to US$995 million in 2021. Italy was the largest supplier and accounted for 44% of the 2021 total. The value of China's wooden furniture imports from Italy grew 30% to US$441 million in 2021.

The second largest supplier was Germany. In 2021 Germany provided 15% of the total value of imports. Vietnam and Poland were significant shippers of wooden furniture to China in 2021shipping US$93 million and US$51 million respectively in 2021.

In addition, Lithuania, Thailand, Malaysia, France, Indonesia, Slovakia, Romania and Laos shipped wooden furniture valued at over US$10 million in 2021.

China's wooden furniture imports from the top 12 suppliers made up 89% of the national total.

The main suppliers of China's wooden furniture imports in 2021

	Value(mil.US$)	%change	Proportion
Total	995	9%	100%
Italy	441	30%	44%
Germany	153	-3%	15%
Vietnam	93	-9%	9.0%
Poland	51	-8%	5.0%
Lithuania	34	7%	3.4%
Thailand	29	4%	2.9%
Malaysia	20	-32%	2.0%
France	20	-11%	2.0%
Indonesia	18	20%	1.8%
Slovakia	13	-2%	1.3%
Romania	11	5%	1.1%
Laos	10	-9%	1.0%
Sub total			89.0%

Thailand the main supplier of sawn rubberwood in 2021

According to China Customs, sawn rubberwood imports in 2021 rose 6% to 3.86 million cubic metres and of this total over 95% came from Thailand.

Over 80% of imported sawn rubberwood is processed in Shunde District of Foshan City in Guangdong Province. The full utilisation of sawn rubberwood has played an irreplaceable role in stabilising China's timber imports for many years. Rubberwood imports are still remarkable compared with other kinds of timber although domestic demand for furniture has weakened in recent years.

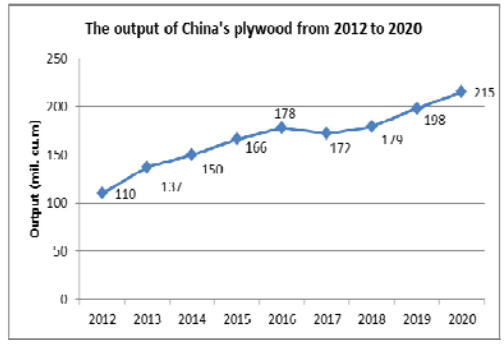
China's plywood exports hit a record high

According to China Customs plywood exports were 12.35 million cubic metres valued at US$5.896 billion in 2021, up 19% in volume and 40% in value year on year.

The volume of China's plywood exports hit a record high in 2021. China's plywood exports have been more than 10 million cubic metres since 2012.

The output of China's plywood industries has been rising since 2012 except for a dip at the end of 2019 due to the covid pandemic. In 2020 output rose 9% to 215 million cubic metres.

Plywood produced in China is mainly used domestically. The proportion of China's plywood output to exports is around 5%.



Data source: China Forestry Statistical Yearbook

Philippines the largest destination for China's plywood exports

The Philippines was the largest market for China's plywood exports in 2021 and accounted for 9% of the national total. China's plywood export markets are very diverse and the volume of the top 10 destination countries made up of just 50% of the national total in 2021. China's plywood exports to Vietnam fell 20% to 560,000 cubic metres in 2021, the only country where there was a decline.

Top destinations for China's plywood exports in 2021

	mil.cu.m	% change yoy
Total	12.35	19%
Philippines	1.13	4%
UK	0.97	47%
Japan	0.73	41%
USA	0.72	65%
Vietnam	0.56	-20%
Belgium	0.52	105%
UAE	0.51	27%
Nigeria	0.45	65%
Mexico	0.39	79%
Thailand	0.38	15%

Data source: China Customs

	mil. US$	% change yoy
Total	5,896	40%
Philippines	438	26%
UK	435	61%
Japan	373	65%
USA	497	49%
Vietnam	235	-5%
Belgium	287	82%
UAE	174	47%
Nigeria	152	72%
Mexico	182	90%
Thailand	170	31%

Data source: China Customs

Rise in China's plywood imports from Japan

According to China Customs, plywood imports from Japan were 160,302 cubic metres valued at US$153 million, down 29% in volume year on year. China no longer imports large quantities of plywood because the output capacity of plywood in China has been increasing in recent years.

The top suppliers for China's plywood imports in 2021

	cu.m	% change
Total	160,302	-29%
Russia	72,124	-7%
Indonesia	21,991	-11%
Malaysia	17,107	-23%
Japan	14,341	83%

Russia, Indonesia, Malaysia and Japan were the top 4 suppliers of plywood to China in 2021 accounting for nearly 80% of the national import. China's plywood imports from Russia, Indonesia and Malaysia fell 7%, 11% and 23%in 2021. However, China's plywood imports from Japan surged 83% to 14,341 cubic metres in 2021.

Change in China's 2022 HS code for wood products

Tariff codes for some commodities have been adjusted according to China Customs. The following HS codes for wood products have been deleted as of 1 January 2022.

- Sawdust wood waste and scrap (4401.4000)
- Teak log（4403.4910)
- Teak sawnwood（4407.2910)
- Plywood (4412.9410, 4412.9491, 4412.9492, 4412.9499, 4412.9910, 4412.9991, 4412.9992, 4412.9999)
- Wooden frames for paintings, photos and mirrors (4414.0010, 4414.0090)
- Woodworking for construction, including doors and windows, frames, thresholds, poles and beams (4418.1010, 4418.1090, 4418.2000, 4418.6000)
- Wood or bamboo carvings (4420.1011, 4420.1012, 4420.1020, 4420.1090)
- Rattan, willow and Bamboo seats (9401.4010、9401.4090)
- Wood furniture parts (9403.9000)

The following HS codes for wood products have been added as of 1 January 2022.

- Wood pellets or sawdust (4401.3200, 4401.4100, 4401.4900)
- Wood charcoal (4402.2000)
- Teak log（4403.4200)
- Teak sawnwood(4407.2300)
- Sawnwood (4407.1300、4407.1400) ;
- Plywood（4412.1093, 4412.1094, 4412.1095, 4412.4100, 4412.4200, 4412.4911, 4412.4919, 4412.4920, 412.4990, 4412.5100, 4412.5200, 4412.5911, 4412.5919, 412.5920, 4412.5990, 4412.9100, 412.9200, 4412.9920, 4412.9930, 412.9940, 4412.9990)
- Wooden frames for paintings, photos and mirrors (4414.1000, 4414.9010, 4414.9090)
- Woodworking for construction, including doors and windows, frames, thresholds, poles and beams (4418.1100, 4418.1910, 4418.1990, 418.2100, 4418.2900, 4418.3000, 4418.8100, 4418.8200, 4418.8300, 、4418.8900, 418.9200)
- Tropical wood tableware and kitchen utensils (4419.2000)
- Tropical wood carving or bamboo carvings (4420.1110, 4420.1120, 4420.1190, 4420.1911, 4420.1912, 4420.1920, 4420.1990)
- Coffins (4421.2000)
- Wooden seats (9401.3100, 9401.3900, 9401.4110, 9401.4190, 9401.4910, 401.4990, 401.9100, 9401.9910, 9401.9990)
- Wood furniture parts (9403.9100, 9403.9900)

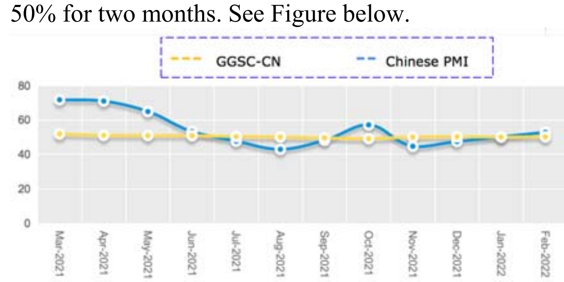
See:
http://gss.mof.gov.cn/gzdt/zhengcefabu/202112/t20211215_3775137.htm

GGSC-CN Index Report (February 2022)

In February with the end of the Spring Festival all workers have resumed work and production has increased. China's PMI index registered 52.9% in February, a slight increase from the January and has been above 50 for 4 consecutive months indicating that the macro economy has been stable.

In February timber production and manufacturing continued its steady upward trend, industrial demand rebounded, enterprise production was rising and prices for the main raw materials fell making four consecutive monthly declines.

The GGSC-CN comprehensive index for February registered 52.9% (37.5% for last February and 14.1% for February 2020) an increase of 2.7% from the previous month and has been above 50% for two months. See Figure below.



Challenges

Pinus sylvestris logs export was restricted by Russia and forced a change other species.

Wood resources are scarce and the supply problem is serious.

Products in short supply

Merbau, teak, base material, cumaru and oak

Commodity for which the price has increased
Teak, cumaru oak, panels, solid wood, leather, sponge, paint, paperboard, glue, firewood, base material and paraffin.

Commodity of which the price has decreased
Taun, fibreboard, cloth, glass, melamine, urea and formaldehyde.

In February 2022 four GGSC-CN sub-indices increased and one declined.

The production index registered 53.9%, an increase from the previous month and above 50% after four months.

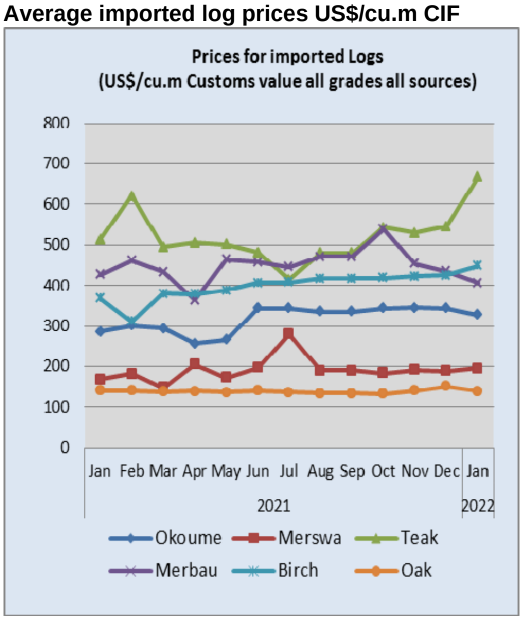
The new order index registered 57.7%, an increase from the previous month, reflecting the ability of enterprises to obtain orders is better than last month. Among them the new export order index, reflecting international trade, registered 46.2%, down from the previous month.

The main raw material inventory index registered 42.3%, indicating that the raw material inventory of the forest products enterprises surveyed is less than that of last month.

The employment index registered 46.2% and the supplier delivery time index was 57.7% indicating that the supply time of raw material suppliers was much faster than the previos month.

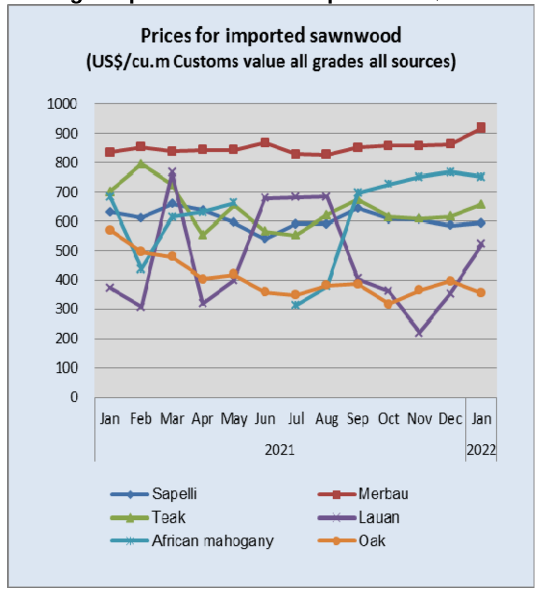
See: http://www.itto-ggsc.org/site/article_detail/id/234

Average imported log prices US$/cu.m CIF



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

Average imported sawnwood prices US$/cu.m CIF



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

Average imported log prices US$/cu.m CIF

	2021 Dec	2022 Jan
Okoume	343	327
Merswa	188	195
Teak	545	667
Merbau	435	406
Birch	425	448
Oak	151	139

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

Average imported sawnwood prices US$/cu.m CIF

	2021 Dec	2022 Jan
Sapelli	587	595
Merbau	863	918
Teak	617	658
Lauan	354	522
African mahogany	768	752
Oak	398	356

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

Europe

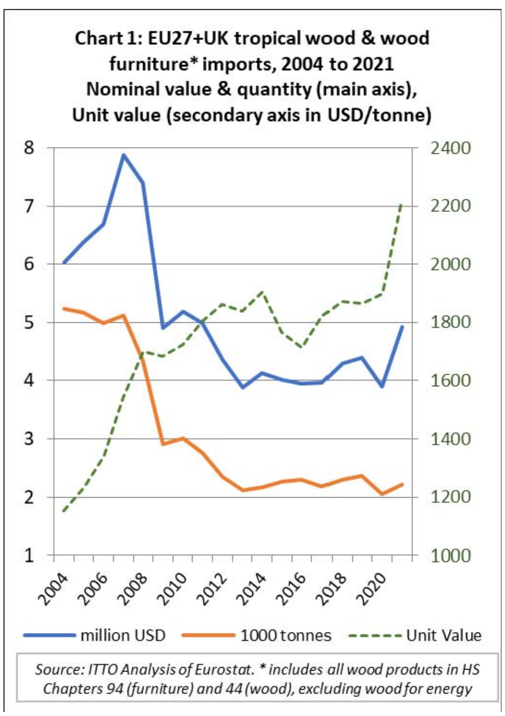
Prices rises drive increase in EU27+UK tropical wood import value

In 2021, the EU27+UK imported 2.22 million tonnes of tropical wood and wooden furniture with a total value of USD4.93 billion, a gain of 8% and 27% respectively in quantity and value terms. Compared to the pre-pandemic level of imports in 2019, imports last year were up 12% in value terms but still down 6% in quantity terms.

Chart 1 showing EU27+UK trade trends for the period 2004 to 2001 puts last year's trade figures into long term perspective. The only other increase in tropical wood import value comparable to 2021 occurred in 2007, the last year of the bubble economy driven by abundant liquidity and the real estate boom which immediately preceded the financial crash of 2008-2009.

However, unlike in 2007, the actual quantity of imports last year was in line with the long term average – which has remained static at around 2.2 million tonnes for the last decade.

The increase in trade value last year was driven mainly by the sharp increase in prices. The average unit price of all EU27+UK tropical wooden furniture imports increased by 17% from USD1900 per tonne to USD2220 per tonne. This occurred as severe supply shortages and a big rise in freight rates coincided with the short-term surge in demand due to higher refurbishment activity during COVID lockdowns was further boosted last year by COVID-recovery stimulus measures.



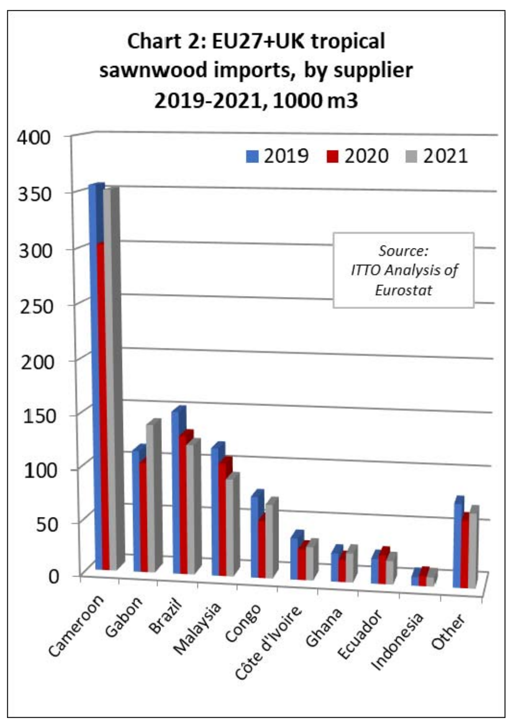
EU27+UK imports of tropical sawnwood down on pre-COVID level

EU27+UK import value of tropical sawnwood was US$806 million in 2021, up 14% on 2021 but down 1% compared to 2019 before the pandemic. In quantity terms, imports of 930,200 cu.m in 2021 were 11% higher than in 2020 but down 6% compared to 2019.

Average unit value of EU27+UK tropical sawnwood imports was USD867 per cu.m in 2021. This was only a slight increase compared to USD842 per cu.m in 2020, a reflection of European importers heavy reliance on tropical sawnwood from Africa for which prices increased less dramatically during the pandemic than in other parts of the world. The share of EU27+UK imports of tropical sawnwood from African countries increased in 2021, mainly at the expense of Brazil and Malaysia.

Imports of 351,200 cu.m from Cameroon in 2021 were 16% higher than in 2020 but 1% less than in 2019. For Gabon, imports were 138,700 cu.m in 2021, up 35% on 2020 and 22% on 2019. Imports from Congo were 69,300 cu.m in 2021, 29% more than the previous year but still down 9% compared to the pre-pandemic level in 2019. Imports from Côte d'Ivoire were 31,300 cu.m in 2021, up 8% compared to 2020 but down 20% on 2019. Imports from Ghana were 27,200 cu.m in 2021, a gain of 31% compared to 2020 and 2% up on 2019.

While EU27+UK imports of tropical sawnwood from African countries recovered ground last year, imports from Brazil and Malaysia continued to slide. Imports of 121,200 cu.m in 2021 from Brazil were 6% less than in 2020 and 20% down on 2019. For Malaysia, imports of 91,400 cu.m were 13% less than the previous year and 23% down compared to 2019 (Chart 2).



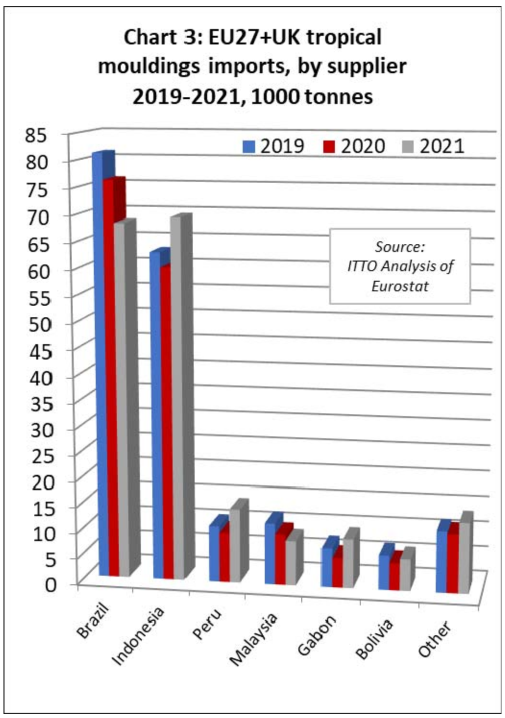
Switch from Brazil to Indonesia in EU27+UK decking imports

EU27+UK import value of tropical decking/mouldings was US$350 million in 2021, up 25% and 6% compared to 2020 and 2019 respectively. In quantity terms, imports of 190,100 tonnes in 2021 were 7% higher than in 2020 but down 2% compared to 2019.

Average unit value of EU27+UK tropical mouldings/decking imports was USD1840 per tonne in 2021, a 17% increase compared to USD1570 per tonne the previous year. The sharp increase in unit value is indicative of significant supply shortfalls and rising freight rates at a time when demand was booming in Europe.

As for sawnwood, imports of decking/mouldings from both Brazil and Malaysia continued to slide in 2021. Imports from Brazil, at 68,300 tonnes, were 10% less than in 2020 and 16% less the pre-pandemic level in 2019. Imports from Malaysia were 8,700 tonnes, down 12% compared to 2020 and 28% less than in 2019.

In contrast, and despite widespread reports of supply shortages for Indonesian bangkirai decking, imports of mouldings/decking from Indonesia were 69,500 tonnes in 2021, 16% more than the previous year and 10% up on 2019. Imports of mouldings/decking from Peru were 14,300 tonnes last year, 48% more than in 2020 and 31% up on 2019. Imports from Gabon were 9,500 tonnes in 2021, 65% and 25% more than in 2020 and 2019 respectively. (Chart 3).



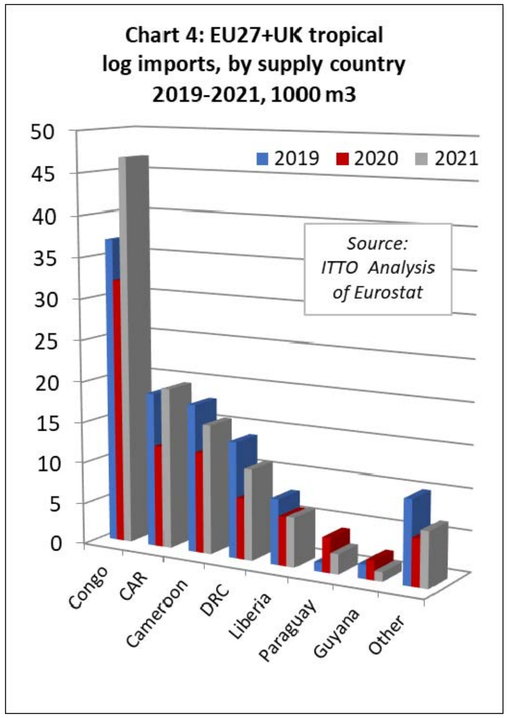
Rebound in EU27+UK log imports from Congo

EU27+UK import value of tropical logs was US$60 million in 2021, 43% more than in 2020 and a gain of 10% compared to 2019.

In quantity terms, imports of 109,300 cu.m were 33% more than in 2020 but only 1% compared to 2019. Unit value increased from USD506 per cu.m in 2020 to 546 per cu.m last year.

Imports of 46,700 cu.m from Congo, now by far the largest supplier of tropical logs to the European region, were 46% and 27% more than in 2020 and 2019 respectively. EU27+UK log imports from CAR also recovered significant ground last year, at 19.500 cu.m, 58% more than in 2020 and 4% up on 2019.

Imports from DRC were 11,000 cu.m last year, 49% more than in 2020 but still down 21% compared to 2019. Imports from Liberia increased 2% to 6,000 cu.m in 2021 but still trailed the 2019 level by 24% (Chart 4).



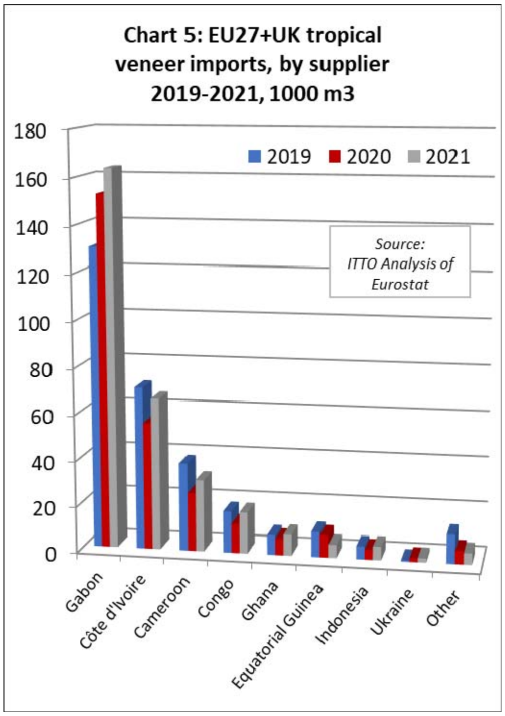
Gabon more dominant in EU27+UK imports of tropical veneer

EU27+UK import value of tropical veneer was US$208 million in 2021, 18% more than in 2020 and a 6% gain compared to 2019. In quantity terms, imports were 306,600 cu.m in 2021, a gain of 11% compared to 2020 and 4% compared to 2019. Unit value of veneer imports was USD680 per cu.m in 2021, 6% more than in 2020.

EU27+UK tropical veneer imports are almost exclusively derived from Africa, with Gabon by far the largest supplier. Imports from Gabon were 163,700 cu.m in 2021, 7% more than in 2020 and 25% more than in 2019.

At 66,000 cu.m, veneer imports from Côte d'Ivoire were 20% more than in 2020 but still down 7% compared to 2019. Imports of 31,300 cu.m from Cameroon were 23% more than in 2020 but 18% less than in 2019.

Veneer imports from Congo were 18,000 cu.m in 2021, 41% more than in 2020 and exactly matching the 2019 level. Imports from Equatorial Guinea were 5,700 cu.m in 2021, 41% down compared to 2020 and 48% less than in 2019 (Chart 5).



Indonesia overtakes China as largest tropical plywood supplier to EU27+UK

EU27+UK import value of tropical plywood was US$312 million in 2021, up 31% compared to 2020 but only just matching the 2019 level. In volume terms, imports of 474,600 cu.m in 2021 were 3% up compared to 2020 but 18% down compared to 2019. Unit value of tropical plywood imported into the EU27+UK last year was USD658 per cu.m, 27% more than the previous.

In addition to the sharp rise in freight rates and generally higher international prices for plywood, the increase in unit value is also due to a significant shift in the balance of EU27+UK imports away from cheaper Chinese product towards higher value products, particularly from Indonesia, Gabon and Morocco.

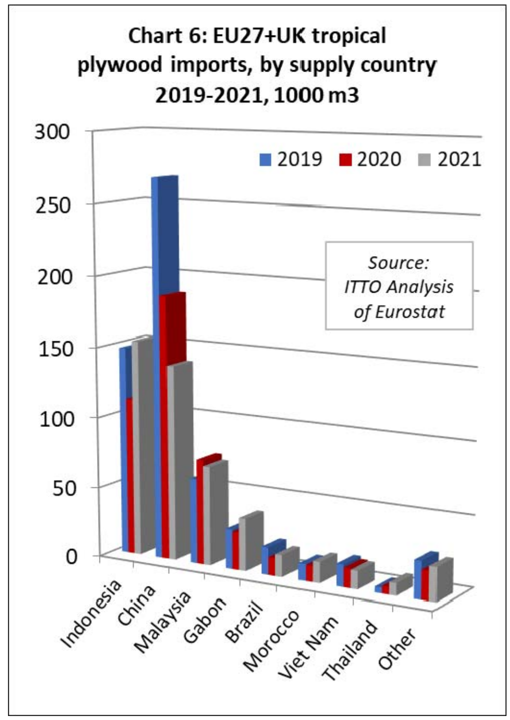
EU27+UK imports of tropical hardwood faced plywood from China were 138,500 cu.m in 2021, 26% less than in 2020 and 48% down compared to 2019. Meanwhile, imports from Indonesia increased to such an extent that the country overtook China as the largest supplier of tropical plywood into the region.

EU27+UK imports from Indonesia were 153,400 cu.m in 2021, 37% more than in 2020 and a gain of 4% compared to 2019. In contrast imports from Malaysia lost ground in 2021, falling 6% to 70,000 m3, after rising 23% the previous year despite logistical problems created by the pandemic.

There were positive trends in EU27+UK imports of tropical hardwood plywood from Gabon, Morocco and Thailand in 2021.

Imports from Gabon were 37,300 cu.m during the year, 39% and 32% more than in 2020 and 2019 respectively. Imports from Morocco were 14,800 cu.m, 32% and 26% more than in 2020 and 2019 respectively. Imports of plywood from Thailand were 8,600 cu.m last year, 65% more than in 2020 and more than double the 2019 level.

EU27+UK imports of tropical hardwood plywood from Brazil were 15,400 cu.m last year, a gain of 23% compared to 2020 but still down 20% compared to 2019 (Chart 10).



Indonesia extends lead in EU27+UK imports of tropical joinery products

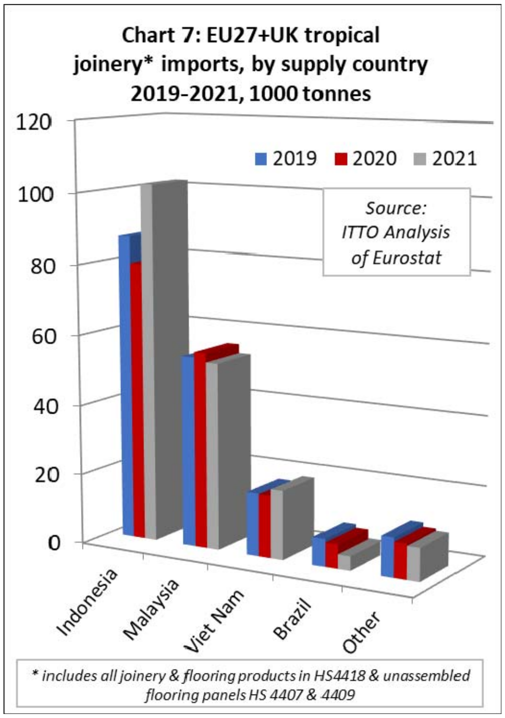
The value of EU27+UK imports of joinery products from tropical countries - mainly comprising wood doors, laminated window scantlings and kitchen tops, and flooring components - increased 32% to US$510 million in 2021. Import value was also up 24% compared to the pre-pandemic level in 2019.

In quantity terms, imports of 188,300 tonnes in 2021 were 11% more than the previous year and up 6% compared to 2019. Unit value of tropical joinery imports was USD2710 per tonne, 20% more than USD2270 per tonne the previous year.

By far the largest gains in the European market for tropical joinery products were made by Indonesia last year. The EU27+UK imported 102,000 tonnes of joinery products from Indonesia in 2021, 28% more than the previous year and 17% up compared to 2019.

Imports from Viet Nam also made gains last year, at 19,600 tonnes, 11% more than in 2020 and 10% up on 2019.

This contrasts with Malaysia, for which imports of 53,100 tonnes were 5% less than in 2020 and down 2% compared to the 2019 level. Imports from Brazil fell even more dramatically, at only 4,100 tonnes in 2021, down 41% compared to the previous year and 48% less than in 2019 (Chart 7).



Rising EU27 wooden furniture imports from Vietnam, Indonesia, and India

EU27+UK import value of wooden furniture from tropical countries was US$2.32 billion in 2021, 33% and 21% higher than in 2020 and 2019 respectively. For all three leading tropical supply countries of wooden furniture to the EU27+UK – Vietnam, Indonesia, and India - import value in 2021 was significantly higher even than in 2019 before the pandemic.

However, the rise in value was due more to rising prices and freight costs than to an increase in the quantity of furniture being traded. In tonnage terms, EU27+UK imports of wooden furniture from tropical countries increased only 9% to 548,200 tonnes.

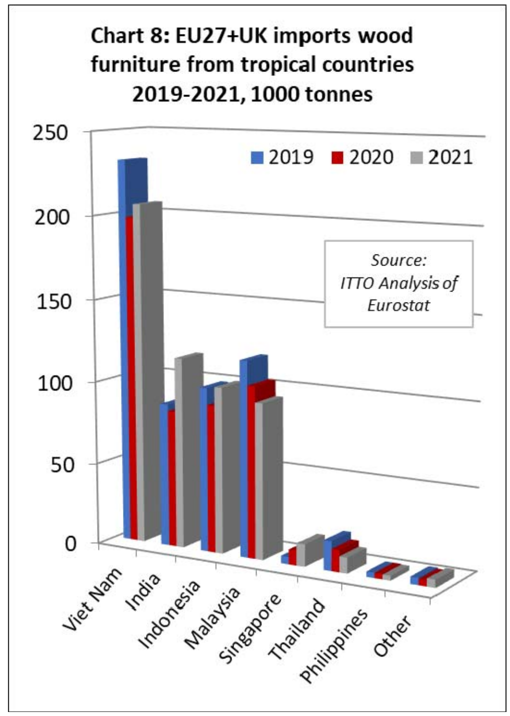
Import quantity last year was still 3% down compared to the pre-pandemic level in 2019. The unit value of wooden furniture imported into the EU27+UK was USD4,224 per tonne in 2021, 22% more than the previous year.

In 2021, the EU27+UK imported 206,300 tonnes of wooden furniture from Vietnam with a total value of USS928 million, respectively 4% and 24% more than the previous year.

Imports from India were 115,800 tonnes with a total value of US$450 million in 2021, respectively 40% and 61% more than the previous year.

Imports from Indonesia last year were 100,800 tonnes with a total value of US$537 million, 13% and 46% more than in 2020.

For Malaysian wood furniture, import quantity declined 9% to 94,200 tonnes while value increased 9% to US$241 million in 2021 (Chart 8).



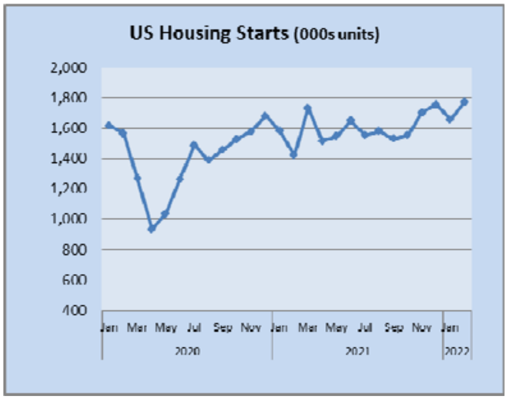
North America

Housing starts rose more than expected in February

Construction of new homes in the US rose in February more than reversing a decline registered the previous month according to data from the U.S. Department of Commerce.

Housing starts increased 6.8% in February over January, to a seasonally adjusted annual rate of 1.769 million. Economists polled by The Wall Street Journal expected housing starts to rise 3.8% to an annual pace of 1.70 million. Housing starts are 22.3% above the same month a year earlier, when harsh weather across the U.S. hampered construction activity.

Single-family housing starts surged by 5.7% to an annual rate of 1.215 million, while multi-family housing starts soared by 9.3% to a rate of 554,000. Single-family homebuilding rose in the Northeast, Midwest, and South, but fell in the West.



Data source: U.S. Department of Commerce

Residential permits, which can be a bellwether for future home construction, fell 1.9% in February to a seasonally adjusted annual rate of 1.859 million. The figure compares with economists' forecasts of a 2.6% decline to an annual pace of 1.85 million.

Housing demand remains solid but construction of homes has been hampered for months due to material shortages and high costs. However, an indicator compiled by the National Association of Home Builders showed that confidence in the single-family housing market deteriorated in March to a six-month low.

Canadian housing starts rose 8% in February compared with the previous month on gains in both multiple urban starts and single detached urban starts. The seasonally adjusted annualized rate of housing starts rose to 247,256 units in February, beating analyst expectations of 238,000 and up from a revised 229,185 units in January, Canadian Mortgage and Housing Corporation data showed.

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

Existing home sales tumble

Home sales fell by the most in a year in February as an ongoing shortage of houses and double-digit price growth continued to squeeze first-time buyers out of the market.

With mortgage interest rates rising above 4% for the first time in nearly three years sales are likely to slow this year, though that would do little to curb house price inflation. Contracts to buy previously owned houses, a leading indicator of home sales, fell for three straight months through January.

"It will take a sharper drop in sales to bring the market back into balance and allow prices to increase at a more modest pace," said David Berson, chief economist at Nationwide in Columbus, Ohio.

Existing home sales dropped 7.2% to a seasonally adjusted annual rate of 6.02 million units last month, the largest decrease since February 2021, the National Association of Realtors reported. Though the decline reversed January's jump, sales remained above their pre-pandemic level.

Economists polled by Reuters had forecast sales would decrease to a rate of 6.10 million units. Home sales fell in all four US regions.

Existing home resales account for the bulk of US home sales. They dropped 2.4% on a year-on-year basis in February.

Mortgage rates surged in February, with the 30-year fixed rate approaching a three-year high, according to data from mortgage finance agency Freddie Mac. It averaged 4.16% in the week ending March 17, breaking above 4.0% for the first time since May 2019.

Still low by historical standards, mortgage rates are set to increase further after the Federal Reserve raised its policy interest rate by 25 basis points, the first hike in more than three years, and laid out an aggressive plan to push borrowing costs to restrictive levels by 2023.

See: https://www.nar.realtor/newsroom/existing-home-sales-surge-6-7-in-january

Surprising job gains again in February

US job growth accelerated in February posting the biggest monthly gain since July as the employment picture got closer to its pre-pandemic strength.

Nonfarm payrolls for the month grew by 678,000 and the unemployment rate was 3.8%, the Labor Department’s Bureau of Labor Statistics reported. That compared with predictions of 440,000 for payrolls and 3.9% for the jobless rate.

And, in a sign that inflation could be cooling, wages barely rose for the month, up just 1 cent an hour, or 0.03%, compared with estimates for a 0.5% gain.

“This report indicates that the job market is healthy and resilient to the ebbs and flows of the pandemic,” said Daniel Zhao, senior economist for job placement site Glassdoor. “We’ve seen that job gains have been over 400,000 for 10 months in a row.”

While leisure and hospitality led job gains, other sectors showing strong gains included professional and business services (95,000), Health care (64,000), construction (60,000), transportation and warehousing (48,000) and retail (37,000). Manufacturing contributed 36,000 and financial activities rose 35,000.

Surging gas prices drives down consumer sentiment

Consumers in the US turned even more gloomy in March amid the rise in gasoline prices and overall concern about the economy’s future according to the University of Michigan’s consumer sentiment index.

The index fell almost 5% to 59.7 from 62.8 in February, with the index of future economic conditions dropping 8.4% to 54.4. That is 31.7% lower than a year ago.The index of current economic conditions dipped slightly to 67.8.

"Consumer Sentiment continued to decline due to falling inflation-adjusted incomes, recently accelerated by rising fuel prices as a result of the Russian invasion of Ukraine," said Richard Curtin, who oversees the survey. "The year-ahead expected inflation rate rose to its highest level since 1981 and expected gas prices posted their largest monthly upward surge in decades."

With gas prices topping $4 a gallon and inflation running at an annual rate of 7.9%, the highest level in four decades, it is no surprise that consumers are feeling gloomy. But they have continued to spend even when faced with higher prices. That could begin to slow and economists have begun reducing their estimates for growth this year while also predicting inflation will linger throughout 2022.

See: http://www.sca.isr.umich.edu/
and
https://www.msn.com/en-us/money/markets/surging-gas-prices-drive-consumer-sentiment-even-lower/ar-AAUWuAO?ocid=BingNewsSearch

Manufacturing growth continued in February, except for wood products

Economic activity in the manufacturing sector grew in February with the overall economy achieving itsa 21st consecutive month of growth according to the nation's supply executives in the latest Manufacturing ISM Report on Business.

The February Manufacturing PMI registered 58.6%, an increase of 1% from the January reading of 57.6%. This figure indicates expansion in the overall economy for the 21st month in a row after a contraction in April and May 2020.

"The COVID-19 omicron variant remained an impact in February; however, there were signs of relief, with recovery expected in March," said Timothy Fiore, chair of the Institute for Supply Management Manufacturing Business Survey Committee.

Of the 18 manufacturing sectors followed by ISM, 16 reported growth in February, with the Wood Products industry being the only sector reporting a decrease compared with January.

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

Builders call on government to end tariffs

The National Association of Home Builders (NAHB) urged the Biden administration to increase domestic production of softwood timber from federal lands and to work with Canada on a new softwood lumber agreement that will eliminate tariffs.

A discussion took place in March during a virtual White House listening session on resolving the timber and building material supply chain crisis.

According to a statement released by the NAHB after the meeting, NAHB Chairman Jerry Konter told administration officials that home building material costs are up 20% year-over-year. And, since last August, the price of framing lumber has more than tripled and oriented strand board prices have doubled.

"These supply chain price increases have only added to the ongoing housing affordability crisis," Konter said. "Few things would have a more immediate impact on lumber markets than a swift resolution to our ongoing trade dispute with Canada over softwood lumber."

Konter called on policymakers to do their part to help boost domestic production by seeking higher targets for timber sales from publicly owned lands and opening up additional federal forest lands for logging in an environmentally sustainable manner.

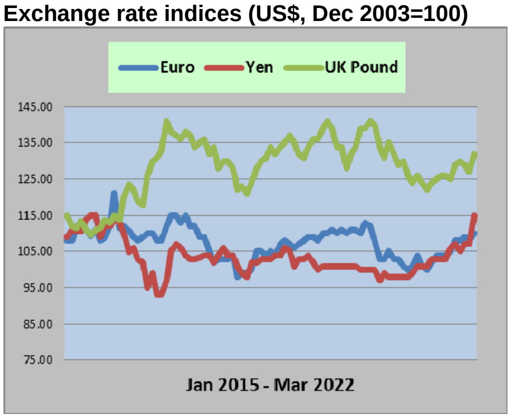
See: https://www.woodworkingnetwork.com/architectural-products/builders-group-tells-white-house-end-tariffs-boost-production
and
https://nahbnow.com/2022/03/nahb-chairman-calls-for-ending-lumber-tariffs-boosting-output-at-white-house-event/

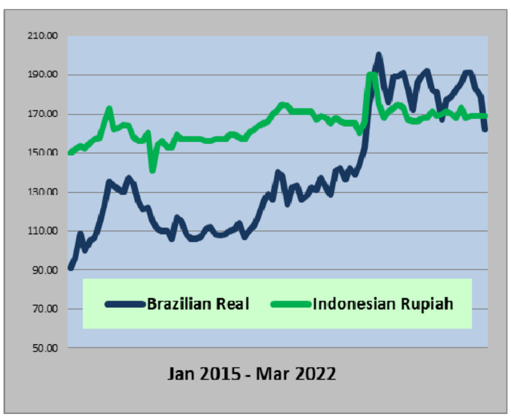
Dollar Exchange Rates

As of 25 March 2022

Brazil	Real	4.7645
CFA countries	CFA Franc	591.75
China	Yuan	6.3642
Euro area	Euro	0.9019
India	Rupee	75.67
Indonesia	Rupiah	14364
Japan	Yen	124.0
Malaysia	Ringgit	4.2135
Peru	Sol	3.92
UK	Pound	0.7637
South Korea	Won	1209.05

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



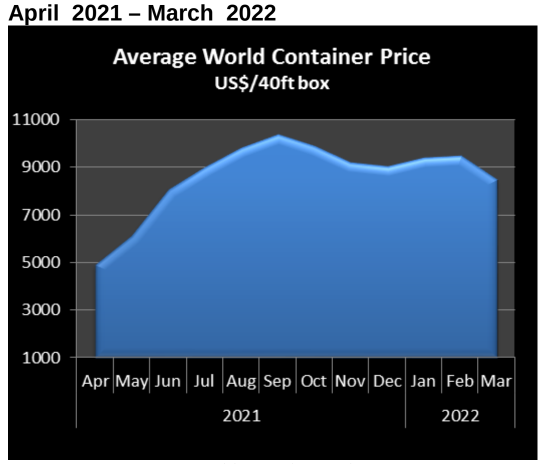


Abbreviations and Equivalences

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

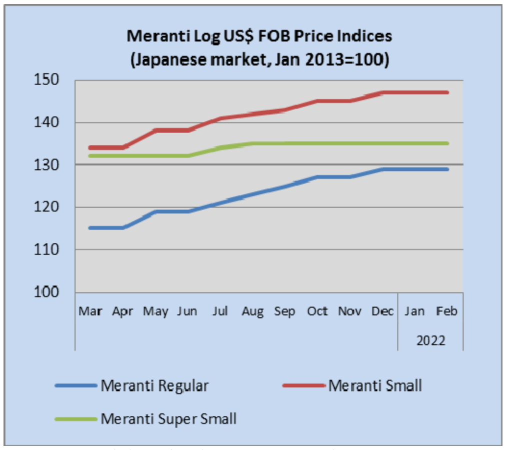
Ocean Container Freight Index

April 2021 – March 2022

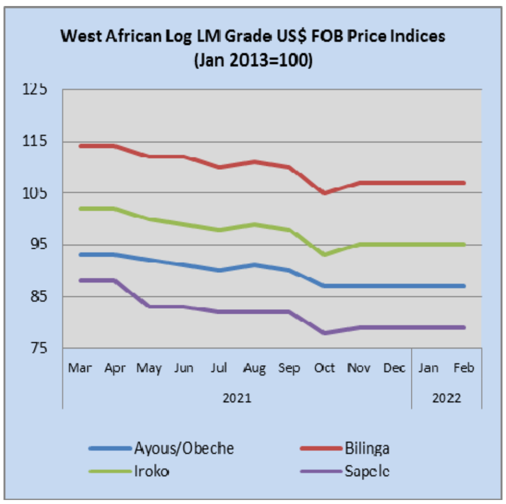


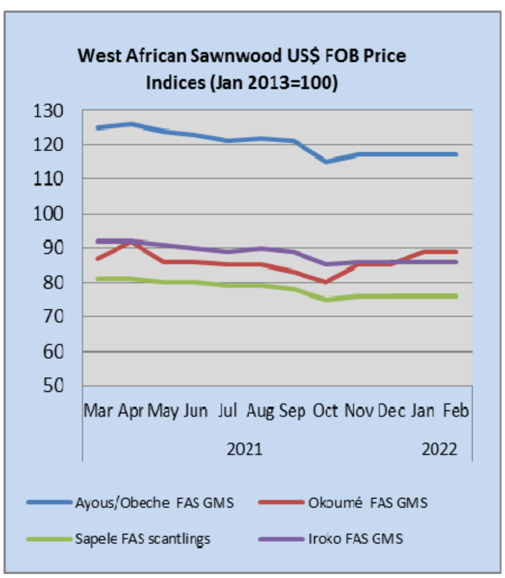
Data source: Drewry World Container Index

Price indices for selected products
The following indices are based on US dollar FOB prices

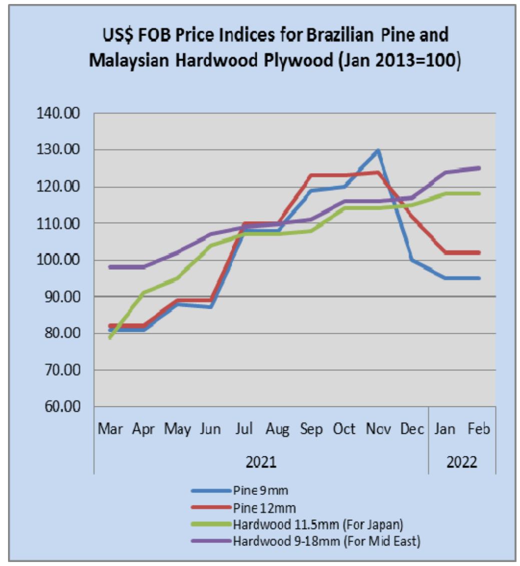


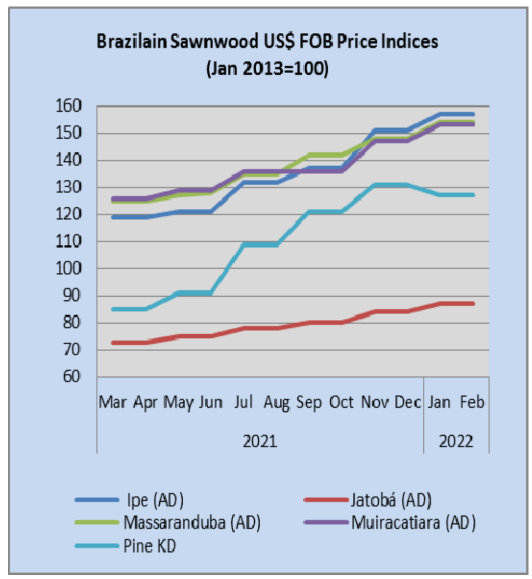
Note: Sarawak logs for the Japanese market





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





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