

Tropical Timber Market Report

Volume 24 Number 16, 16th – 31st August 2020



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

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Top story

Blazing first half export performance by Vietnam

The stunning performance in timber exports in the first 6 months of 2020 has demonstrated the resilience of the Vietnamese timber industry even in the face of the impact from COVID-19 control measures around the world.

As the top market the US accounted for 52% of total export revenues, up 18% year-on-year. Wood product exports to China contributed 13% to total exports and were 12% higher than in the first half of 2019.

See page 8

Central and West Africa

Okoume prices under pressure

Producers report that demand, especially from Europe, is quiet mainly because of the August holidays. Also, demand for the Chinese market is said to be quiet but stable for species such as ovankol, belli, okan and the redwoods, sapelli, douka and moabi. However, okoume prices are under downward pressure, the response to soft demand.

Increased capacity in Gabon's SEZ

The companies operating in Gabon's Special Economic Zone (SEZ) have emerged as the largest suppliers of peeled veneer shipping out mainly to China and India. It has been reported that the Indian peeler mills in the SEZ are operating a single shift instead of the previous two shift operation. It has also been reported that Chinese owned mills are operating and that there has been a significant increase in production capacity. One plant has reportedly installed 30 additional peeler lines but this cannot be confirmed.

The Chinese owned peeler mills in Gabon continue to try and penetrate the EU veneer market but have found resistance as buyers have long term arrangements with the European owned mills that have been operating in Gabon for years.

The plan for exports of processed kevazingo appear to have run into a bureaucratic wall as it is reported a shipment of tables destined for China has been delayed for months as the shipping documents are awaiting governmental approval.

Sawnwood overmeasure an issue for authorities in Cameroon

In Cameroon the persistent rain is disrupting some operations and it will not be until year end that harvesting and transport conditions will improve. Truckers complain that the roads are not being maintained despite the collection of tolls.

The authorities in Cameroon have for some time been enforcing strict log measurement and weight limits on trucks carrying timber. The latest issue of concern to exporters is the questioning by the authorities on the overmeasure allowance (shrinkage allowance) for sawnwood shipments.

Stocks of logs in Douala Port are slowly falling as the pace of shipments has increased and some fresh logs have been arriving from the Congo. Some logs that have been in storage for months have started to deteriorate.

The quiet demand for redwood timbers and the unabated spread of the corona virus has slowed the return to production of some mills in Cameroon.

No logging in Ebo forest range

The government in Cameroon has overturned its decision to allow logging in around 70,000 hectares of the Ebo forest range.

This is apparently in response to concerns raised locally by the Banen community and internationally that this forest area supports many floral and faunal species found nowhere else in the world.

See: <https://www.afrik21.africa/en/cameroon-ebo-rainforest-logging-project-cancelled/>

Log export prices

West African logs	FOB Euro per cu.m		
	LM	B	BC/C
Acajou/ Khaya/N'Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & ekki	275	275	175
Belli	280	280	-
Bibolo/Dibétou	215	215	-
Bilinga	275	275	-
Iroko	300	280	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	220↓	220↓	220
Moabi	350	350	275
Movingui	200	200	-
Niove	160	160	-
Okan	200	200	-
Padouk	250	230	200
Sapele	260	260	200
Sipo/Utile	260	260	230
Tali	300	300	-

Sawnwood export prices

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

Ghana

Forestry Commission mourns of Kwdwo Owusu Afriyie

The Deputy Chief Executive Officer of the Forestry Commission John Allotey has been appointed as the CEO of the institution following the death of the previous CEO, Kwdwo Owusu Afriyie. The Minister of Lands and Natural Resources, Kwaku Asomah-Cheremeh, swore in the new CEO.

See: <https://www.fcghana.org/news.php?news=170>

Over 40% drop in exports

The TIDD export statistics show that Ghana's wood product exports for the first five-months of 2020 slipped to 76,551 cu.m (Eur38.00 million), from 128,842 cu.m (Eur 66.05 million) in 2019. The market was particularly dull as could be expected and buyers were very cautious taking smaller volumes of their favoured species and products.

According to the TIDD report, wood exports for the period were just 40% of the volume and value of exports in the same period in 2019.

Volume of Exports (cu.m)

	Jan-May 2019	Jan-May 2020	Y-O-Y % change
AD sawnwood	79,465	36,081	-54.60
KD sawnwood	17,636	14,515	-17.70
Plywood (Overland)	10,113	8,265	-18.27
Billets	11,423	6,089	-46.70
Sliced Veneer	3,212	3,449	7.38
Mouldings	3,214	4,233	31.71
Rotary Veneer	1,638	3,659	123.38
Others	2,141	260	-87.86
Total	128,842	76,551	-40.59

Data Source: TIDD Statistics

In the first half of the year 14 products from 34 species were exported to 32 countries. The three products which recorded increased volumes y-o-y were rotary veneer, mouldings and sliced veneer but these products only accounted for around 5% of the total export volume in the period reported. The leading species included teak, wawa, ceiba, mahogany and denya.

Value of Exports (Euro 000s)

	Jan-May 2019	Jan-May 2020	Y-O-Y % change
AD sawnwood	41,031	16,592	-59.56
KD sawnwood	10,398	8,626	-17.04
Plywood (Overland)	3,405	2,712	-20.35
Billets	4,190	2,188	-47.78
Sliced Veneer	3,158	3,098	-1.90
Mouldings	2,219	3,125	40.83
Rotary Veneer	811	1,506	85.70
Others	835	150	-82.04
Total	66,047	37,997	-42.47

Data Source: TIDD Statistics

Export earnings from primary, secondary and tertiary wood products were respectively Eur2.19 million (6%), Eur32.68 million (86%) and 3.13 million (8%) respectively.

The average unit price for exported wood products dipped from Euro 513/cu.m in 2019, to Euro 496/cu.m for the period reported.

US congratulates Ghana on AfCFTA

The US Embassy in Accra has congratulated Ghana and the African Union Commission on the official handing over of the African Continental Free Trade Area (AfCFTA) Secretariat to Ghana.

A statement from US representatives in Ghana said the AfCFTA is an important milestone in promoting a sustainable trade and investment environment in Ghana as well as the integration of African economies.

The US is hopeful of partnering with the Secretariat to support regional integration.

The AfCFTA has been referred to as the world's largest free-trade zone and is expected to boost trade amongst African countries and contribute to growth and prosperity.

See: <https://hi-in.facebook.com/USEmbassyGhana/posts/the- united-states-congratulates-ghana-and-the-african-union-commission-on-the-of/3152726458176415/>

Partnership to restore degraded forests

Ghana's Forestry Commission (FC) and the United Nations Development Programme (UNDP) will, along with other stakeholders and civil society organisations, cooperate to utilise a US\$54 million fund to address deforestation and forest degradation challenges in the Northern Savannah Zone of Ghana.

The Green Climate Fund provided the funding as an intervention to improve landscape emission reductions through the restoration of tracts of degraded open forest lands. The project will also establish about 25,500 hectares of forest plantations in highly degraded forests in the savannah region.

See: <https://www.undp.org/content/undp/en/home/news-centre/news/2020/new-partnership-with-gcf-to-to-reduce-deforestation-and-carbon-e.html>

Ghana and India to boost trade

The Ghana - India Trade Advisory Chamber (GITAC) has signed a Memorandum of Understanding (MoU) with the Chamber of Agribusiness at the Ministry of Business Development. The aim is to strengthen GITAC's efforts to bring together investment and technology to boost production and trade. GITAC is an advisory body that promotes trade and investment to support the agriculture sector which includes bamboo and wood products.

The President of the GITAC, Dominic Oduro, explained that the key components of the partnership are trade, business development, investment and funding which is a critical issue in the sector.

See: <https://agrictoday.com.gh/2020/08/21/gitac-forms-signage-with-the-chamber-of-agribusiness-ghana-to-harness-the-accessibility-of-funds-trade-and-technology-in-the-agric-sector/>

In a related development, India is one of Ghana's main markets and a top importer. Indian imports from Ghana are largely air-dried timber and billets of teak and gmelina.

Boule export prices

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

Export rotary veneer prices

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

Export sliced veneer

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

Export plywood prices

Plywood, FOB BB/CC	Euro per cu.m		
	Ceiba	Ofram	Asanfina
4mm	327▲	580	641
6mm	412	535	604
9mm	377	446	560
12mm	516	476	480
15mm	450	338▼	430
18mm	450	441	383

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

Export sawnwood prices

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

Malaysia

Export performance January to April

National trade statistics for the first four months of this year illustrate the impact of the pandemic on the performance of timber exporters. Export earnings for the period January to April 2020 fell 10% year on year to RM6.4 billion.

Sawnwood export volumes for January to April 2020 dropped 36% in volume year on year and by 38% in value (399,934 cu.m and RM734.5 million). Exports of sawnwood to the EU in April were badly affected, dropping 65% year on year to 2,599 cu.m.

In contrast, exports of MDF in April fell just 2% to 38,366 cu m but were reported to have increased in value compared to the previous month.

In April wood product exports to ASEAN countries fell 47% to 3,575 cu m from 6,801 cu m in the previous month. Exports to Indonesia and the Philippines dropped by 23% and 86% to 2,083 cu m and 438 cu m respectively. However, Vietnam increased its buying by 16%.

While there was a recovery in plywood exports in April, cumulative exports for January-April 2020 were down 5% in volume year on year and by 13% year on year in value. April exports to ASEAN and East Asia increased by around 5% to 95,517 cu m compared to the previous month.

April exports of mouldings increased 11% month on month in volume and by (a surprising) 157% in value to 8,981 cu.m worth RM32.6 million.

Moulding exports for the period January to April 2020 decreased by 34% in volume and by 28% in value to 57,731 cu.m worth RM219.4 million as compared to the corresponding period in 2019. Exports to the EU for April were recorded at 4,006 cu.m, a decline of 40% compared to the previous month.

Rubberwood export quota

The Ministry of Plantation Industries and Commodities has tentatively approved the sawn rubberwood export quota for 2020 at 50,000 cu. m.

All registered exporters are required to apply for the sawn rubberwood quota. The approval of quotas is subject to the current export requirement as well as MTIB control mechanisms. From 1 July 2019 exports of finger-jointed rubberwood products were subject to an export ban.

Paulownia considered for plantation programme

A technical committee recently met to discuss the Government's proposal to include paulownia as one of the approved species in the Forest Plantation Development Programme which will provide soft loans to eligible companies participating in the programme.

Representatives of a company familiar with paulownia briefed the committee on the mechanical properties of the wood, planting and maintenance methods, seedling propagation, pests and disease control and timber utilisation.

Plywood export prices

Traders based in Sarawak reported the following July export prices:

FB (11.5 mm) US\$580 C&F
CP (3'x 6') US\$450 – 475 C&F
UCP (3'x 6') US\$550 C&F

Indonesia

Furniture industry needs help to be ready for demand up-turn

Indonesian furniture manufacturers are optimistic that production will be back to normal by the end of the first quarter of 2021 but, because average production utilisation will be stuck at around 30%, they asked the government to provide support for the industry so that it can be ready to take immediate advantage of the anticipated rise in demand at the end of the first quarter 2021.

The optimism of the industry hinges on the relaunch of the Indonesia Furniture Expo (IFEX), which is scheduled to take place at the end of the first quarter of 2021, assuming that a vaccine has become available. Abdul Sobur, Secretary General of the Indonesian Furniture and Craft Industry Association HIMKI, said last year IFEX attracted 12,000 buyers.

Despite the request for direct financial support submitted to the Ministry of Industry, the Association has not had a response. Because of this Sobur said the Association will instead propose an easing of costs associated with imports of raw materials by furniture exporters at least at this critical time when government efforts are focused pandemic control measures.

See:
<https://ekonomi.bisnis.com/read/20200817/257/1280197/industri-furnitur-minta-stimulus-hadapi-lonjakan-permintaan-2021>

Furniture entrepreneurs – firmly 'No' to log and raw rattan exports

Supriyadi, General Chairman of HIMKI in Cirebon is still strongly objecting to attempts to allow log and raw rattan exports which, he said, would run counter to the downstream development programme launched by the government.

Supriyadi said he was concerned that there were people who wanted the government to allow log and raw rattan exports saying this is more practical and profitable than exporting finished goods in the form of furniture and crafts.

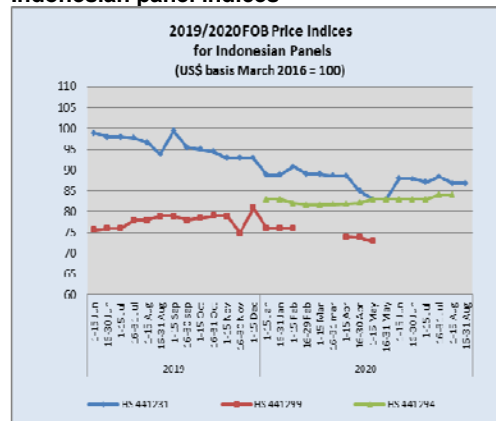
Supriyadi was reported as saying "We (the Association) firmly reject the opening of the export of logs and raw rattan materials because if it is opened the raw materials will be exported massively as happened with rattan raw materials several years ago."

See: <https://www.antaranews.com/berita/1678690/kalangan-industri-mebel-jangan-buka-ekspor-kran-kayu-log-dan-rotan>

Trade surplus for July 2020

Indonesia recorded a trade surplus of US\$3.26 billion in July 2020 as exports improved to US\$13.73 billion and imports slowed to US\$10.47 billion according to the Central Bureau of Statistics (BPS). The BPS Head, Suhariyanto, said the July surplus is higher month on month and year on year.

Indonesian panel indices



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

Myanmar

Another step forward as some travel restrictions lifted

In another move to stimulate their economies, Japan and Myanmar have agreed to relax border controls for foreigners and long-term residents. This is particularly important for Japanese companies which have operations in Myanmar. The next step will be to ease restrictions and allow short-term business travel.

See:
<https://www.japantimes.co.jp/news/2020/08/25/national/japan-myanmar-reopen-borders/#.X0yziZlzbIU>

MTE Tender Sale

In the August the Myanma Timber Enterprise (MTE) tender the MTE offer around 1,200 tons of teak ILogs and over 5,000 tons of other hardwoods. As of 31 August the results from the sale were not available. The August sale was only the second since sales were suspended in March.

Covid-19 cases surge in Rakhine State

In early August it appeared that Myanmar had stemmed the spread of the corona virus as there were only a few infections confirmed over the past three months.

Against this background it came as a surprise when the Ministry of Health reported new 16 cases in Rakhine State. On 30 August the number of cases rose to 319 in Rakhine State. The Authorities issued 'Stay at Home' orders for the more than 3 million people in Rakhine State.

Border Trade

Trade between Myanmar and other members of the Association of Southeast Asian Nations (ASEAN) reached over US\$9.9 billion in the first nine months of this fiscal year.

Between October 2019 to June 2020 Myanmar earned over US\$3.6 billion from exports to ASEAN member states while imports from ASEAN totalled US\$6.3 billion with Thailand, Singapore and Malaysia being the main trading partners.

In related news, the border trade with China, Thailand, Bangladesh and India continues to flourish. The Ministry of Commerce estimates the value of trade at 18 border trade camps exceeded US\$9.6 billion between October 2019 and August this year of which over US\$6.45 billion was exports.

July teak log tender prices

Grade	H.tons	Average US\$/H.ton
SG-1	8.1	5,312
SG-2	17.6	4,413
SG-4	66.3	3,912
SG-5	173.0	2,903
SG-6	155.5	2,869
SG-7	970.6	1,929

India

Impact of pandemic on housing

The pandemic has drastically altered the work style for many and, with the prospect of 'work from home' being here to stay in many sectors, commentators on the real estate sector see a change coming in investment preferences in the real estate sector.

As house prices are unlikely to rise for some time and with home loan interest rates at record lows new homebuyers may consider first looking at larger homes and secondly looking for homes in areas out of the main cities as they no longer have a daily commute.

This is especially likely for IT workers who can now abandon the formerly popular 'walk-to-work' culture to one that focusses on the home environment.

Today, the work from home concept has become the new driver of investment decisions by homebuyers. The focus of the buyers is less on proximity to office but more on the at-home comfort, amenities and affordability of the project.

Reeza Sebastian, President, Residential Business, Embassy Group has identified a growing interest among Indian home buyers in gated townships which provide security and recreation facilities. She points out that most of the new gated townships, because they demand large areas of land, have been established in areas with good access but out of the urban areas.

See: https://www.youtube.com/watch?v=AwtLR_9E6gM

Association appeal - Plant trees to supply industry

An appeal has emerged from some timber sector associations for the planting of trees that are the raw material for the wood products sector.

A large number of mills in India are dependent on imported hardwood and softwood logs and the associations are asking that planting be focussed on species that can substitute for imports.

The suggestion is that domestic species such as pali (*Palaquium ellipticum*), poon (*Calophyllum tomentosum*), bijasal (*Pterocarpus marsupium*), laurel (*Terminalia tomentosa*), rosewood (*Dalbergia latifolia*), sissoo (*Dalbergia sissoo*), mango (*Mangifera indica*), jamun (*Eugenia jambolana*), neem (*Azadirachta indica*), arjun (*Terminalia arjuna*) and teak (*Tectona grandis*) should be planted.

Over 80,000 sawmills and handicraft enterprises are ready to use domestic resources to give a boost to self-sufficiency calls by the authorities.

Two new industrial parks for Punjab

The Punjab Cabinet has approved the construction of industrial parks for an integrated manufacturing cluster over 2,000 acres on land near Mattewara in Ludhiana and at Rajpura in Patiala District. The initiative is seen as core in accelerating industrialisation and job creation.

According to a spokesperson, the Mattewara project site had been under active consideration of the state government for several years and it was originally conceived and pursued by the industries department. The integrated manufacturing cluster near Rajpura will be developed with the help of the National Industrial Corridor Development Corporation on 1,000 acres of government and panchayat (village) land.

Plantation teak

Traders report the arrival at Indian ports of a few shipments of teak logs and say more shipments are being despatched from the supply countries. However, trading conditions have been completely disrupted by the lockdowns and a recovery in demand and shipments is a long way off.

C&F prices at Indian ports from various sources have not changed from pre-pandemic levels.

Pre-pandemic prices

Plantation teak C&F prices (as of end February 2020)

	US\$ per cu.m C&F
Angola logs	389-574
Belize logs	350-400
Benin logs	290-714
Benin sawn	530-872
Brazil logs	344-540
Brazil squares	333-556
Cameroon logs	405-616
Colombia logs	478-743
Congo D. R. logs	450-761
Costa Rica logs	357-780
Côte d'Ivoire logs	289-756
Ecuador squares	333-454
El-Salvador logs	320-732
Ghana logs	294-452
Guatemala logs	324-646
Guyana logs	300-450
Kenya logs	515-876
Laos logs	300-605
Liberia logs	265-460
Malaysian logs	225-516
Mexican logs	295-808
Nicaragua logs	402-505
Nigeria squares	434-517
Panama logs	335-475
PNG logs	443-575
Sudan logs	358-556
Tanzania teak, sawn	307-613
Thailand logs	511-700
Togo logs	334-590
Trinidad and Tobago logs	603-753
Uganda logs	411-623
Uganda Teak sawn	680-900

Price range depends mainly on length and girth.

Locally milled sawnwood

While most urban markets are still locked down analysts report there has been a modest revival of demand for imported hardwoods in some rural areas.

Pre-pandemic prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,000-4,200
Balau	2,500-2,700
Resak	1,800-2,000
Kapur	2,000-2,200
Kempas	1,550-1,750
Red meranti	1,500-1,650
Radiata pine	800-850
Whitewood	800-850

Price range depends mainly on length and cross-section of sawn pieces.

Myanmar teak

What little trade there is in Myanmar teak is being conducted from previously landed stocks. There have been no new arrivals from Myanmar.

Pre-pandemic prices

Sawnwood (Ex-yard)	Rs. per cu.ft
Teak AD Export Grade F.E.Q.	15,000-22,000
Teak A grade	9,500-11,000
Teak B grade	7,500-8,500
Plantation Teak FAS grade	5,000-7,000

Price range depends mainly on lengths and cross-sections.

Sawn hardwood prices

Importers say they have no confidence to place orders with overseas sawnwood shippers as what little demand there is can be satisfied from existing stocks.

Reports suggest oak is gaining in popularity and there has been a price rise in some areas. On the other hand, demand for walnut has weakened.

Pre-pandemic prices

Sawnwood, (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,700-1,850
Sycamore	1,800-2,000
Red Oak	2,000-2,200
White Oak	2,500-2,600
American Walnut	5,000-5,500
Hemlock STD grade	2,200-2,400
Western Red Cedar	2,300-2,450
Douglas Fir	1,800-2,000

Price range depends mainly on lengths and cross-sections.

Plywood

Plywood mills are making efforts to identify domestic log sources. In some states plans are being made to expand the number of wood processing plants to support India's self-sufficiency drive.

Mills are also busy trying to automate operations as much as possible to overcome the persistent problem of labour shortages. Plywood prices are unchanged.

Pre-pandemic prices

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	76.00
6mm	101.00
9mm	126.00
12mm	157.00
15mm	206.00
18mm	211.00

Pre-pandemic prices

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	39.00	55.00
6mm	57.00	72.50
9mm	72.50	89.00
12mm	89.00	105.00
15mm	105.00	126.00
19mm	121.50	141.00
5mm Flexible ply	77.00	

Vietnam

Stunning first half exports

According to Vietnam Customs, at the end of June, wood and wood product (W&WP) export revenues amounted to US\$4.903 billion, 4% up compared to the same period of 2019 and 22% higher than in May.

The W&WP export growth over the first 6 months of 2020 demonstrates the strong resilience of the Vietnamese wood industry despite the impact of COVID-19 control measures. The US, China, Japan, South Korea and EU are the top destinations for Vietnamese W&WP exports.

First half export up-date

As the top market the US accounted for 52% of total export revenues or US\$2.53 billion, up 18% year-on-year in the first half. In particular, exports to the US in June increased by 42% compared to May.

W&WP exports to China contributed 13% to total exports at US\$648.5 million, 12% higher than the same period of 2019. In June 2020, exports to China declined by 12% month on month.

The Japanese market consumed US\$587.5 million in exports equivalent to 12% of total W&WP export revenue. In June, export to Japan rose US\$75.57 million but this was 9% down against May.

Exports to EU-27 dropped to US\$254.47 million or 5% of the total export revenue in the first half of 2020. June exports totaled US\$39.8 million, 8% up compared to May.

W&WP shipped to South Korea in the first half of 2020 were worth US\$400.38 or around 8% of all first half exports but were down 5% over the same period of 2019. Exports during June have been reported as US\$ 56.39 million, 27% down compared to May.

W&WP export to other markets including Australia, India, Taiwan P.o.C, Malaysia, UK, Indonesia and the Philippines declined during the first half of 2020, while exports to Hong Kong, Canada and Thailand grew.

W&WP export markets, first half 2020 (US\$)

	First half 2020	% Change yoy
US	2,534,042,579	18%
Japan	587,507,379	-4%
China	648,522,137	12%
EU-27	254,471,285	-11%
South Korea	400,385,597	-5%
Australia	56,524,184	-8%
Canada	78,609,533	1%
Hong Kong	6,041,018	247%
India	9,212,396	-48%
Taiwan P.o.C	37,782,206	-4%
Malaysia	27,959,441	-16%
UK	92,716,492	-40%
Thailand	23,101,838	38%
Indonesia	6,177,942	-91%
Philippines	5,395,309	-21%
Others	134,973,523	-23%
Total	4,903,422,859	4%

Data source: Vietnam Customs

Wooden furniture, chair, woodchip, plywood/laminated wood and wood pellets remain as the top export commodities.

The export of these 5 commodities made up 92% of the W&WP export revenue during the first 6 months of 2020.

Wooden furniture: The export of this group of wooden products generated US\$2.25 billion in the first half 2020, 6% higher compared to the same period of 2019 and accounted for 46% of W&WP export earnings. Of significance is that June exports of wooden furniture increased 48% over the previous month.

Chairs: Chair exports alone were valued at US\$0.93 billion a 10% year on year rise. In June, chair export stood at US\$203.3 million, 51% higher than that was recorded in May.

Woodchips: The value of woodchip exports earned US\$0.81 billion, 6% down year-on-year and contributed 16% to total W&WP export earnings. Woodchip exports in June were valued at US\$88.7 million a decline of 21% compared to the previous month.

Plywood/Laminated wood: Exports of these wood-based panels earned at US\$0.34 billion, a 6% year on year rise. In June, plywood/laminated wood product exports fell 29% compared to May.

Wood pellets: The earning from wood pellet export accounted for US\$0.15 billion, 17% down compared to what was achieved over first half of 2019. Wood pellet exports accounted for just 3% of W&WP export revenues in the first half 2020. In June woodpellet exports were 19% down compared to May.

Export of key wood products, First half 2020

	unit	First half	% change
		2020	yoy
Woodchip	tonne	5,974,348	-1%
	US\$	807,562,780	-6%
Woodpellet	tonne	1,424,281	-6%
	US\$	154,081,273	-17%
Veneer	tonne	223,929	25%
	US\$	33,974,304	47%
Particleboard	tonne	18,021	-35%
	US\$	3,860,427	-33%
Fibreboard	tonne	53,330	-34%
	US\$	20,491,517	-8%
Plywood & Laminated boards	tonne	1,026,158	7%
	US\$	345,182,090	6%
Chairs	US\$	927,084,142	10%
Wooden Furniture	US\$	2,259,276,199	6%
Others	US\$	351,910,128	20%
Total	US\$	4,903,422,859	4%

Data source: Vietnam Customs

Brazil

Concessions to be allocated in Amapá national forest

The Ministry of Agriculture, Livestock and Supply (MAPA) has authorised the allocation of concessions in the Amapá National Forest (FLONA do Amapá). This was done based on provisions in the Annual Forest Grant Plan (PAOF) 2020 which listed the Amapá National Forest among federal public forests available for harvesting concessions.

The Brazilian Forest Service (SFB) is the managing body for Federal Public Forests and forest concession activities. The areas set to be allocated were subject to assessment by the Chico Mendes Institute for Biodiversity Conservation (ICMBio) which also provided management plans for the areas.

ICMBio allocated approximately 58% of the total area of Amapá FLONA for the sustainable harvesting and the allocated area will be divided into four Forest Management Units totalling 265,000 hectares.

Currently, there are 18 concession contracts in operation at the federal level distributed in six national forests in the states of Pará and Rondônia which total more than one million hectares.

On average, four to six trees are logged per hectare and the concessionaire can only return to the same area for additional harvesting after 25 to 35 years.

Slide in Bento Gonçalves furniture sales bottoms-out

According to the Furniture Industry Association of Bento Gonçalves (Sindmóveis), in the first half of 2020 Bento Gonçalves furniture manufacturers were severely impacted by the pandemic control measures and saw a decline in revenues and reduced production. Revenues in the first half of the year amounted to R\$826.59 million, down almost 3% year on year. However, this was a better performance than furniture sales in the entire state of Rio Grande do Sul which dipped over 10%.

While March and April 2020 were the worst months for sales in history for the furniture industry of the Bento Gonçalves, May and June sales started to recover according to Sindmóveis, despite the accumulated losses in the first half, the furniture sector seems to have managed to stem the decline in sales. The expectation is that the numbers will continue to improve in the second half of this year but still finish the year negative.

Sindmóveis pointed out that the national furniture industry has suffered more than the general average of the processing industry. The fall in furniture manufacturing in Brazil was 19% in the first half of 2020 when compared to the same period in 2019 while output in manufacturing in general fell only 12%.

One of the main problems during the first half was delays in the delivery of raw materials due to the isolation measures that stopped production and hampered logistics.

Export update

In July 2020 the value of Brazilian exports of wood-based products (except pulp and paper) increased 14.8% compared to July 2019, from US\$234.1 million to US\$268.8 million.

The value of pine sawnwood exports increased 24% between July 2019 (US\$39.4 million) and July 2020 (US\$48.9 million). In volume terms exports increased 38% over the same period from 199,100 cu.m to 275,200 cu.m.

In contrast the volume and value of tropical sawnwood exports declined with a 35% drop in volumes from 47,400 cu.m in July 2019 to 30,900 cu.m in July 2020. The value, exports fell 34% from US\$18.3 million to US\$ 12.0 million over the same period.

The value of pine plywood exports increased almost 57% in July 2020 in comparison with July 2019, from US\$31.7 million to US\$49.6 million. The volume of exports increased almost 58% over the same period, from 134,700 cu.m to 212,700 cu.m.

Sadly, tropical plywood exports declined in volume (-39.3%) and in value (-39.4%), from 8,400 cu.m (US\$3.3 million) in July 2019 to 5,100 cu.m (US\$2.0 million) in July 2020.

There was a slight decline in the value of wooden furniture exports which went from US\$47 million in July 2019 to US\$ 46.6 million in July 2020.

Way forward to 'new normal' difficult to envision

In late June 2020, FAO organised a Covid-19 Forestry Webinar Week event. The presentations and discussions focused on the economic, social and environmental impacts of the crisis caused by Covid-19 and noted the impact will be different in each country.

The participants noted quantification of the impact and the way forward to a 'new normal' is still difficult foresee as there is a great diversity of situations and a lack of information.

In terms of the economy, recovery will depend on the demand for Brazilian wood products both domestically and in international markets.

Brazil's exports of wood products are concentrated in a few countries such as the US, China and some European countries. Each country has a different recovery track with less impact expected for pulp than for solid wood products.

In the US, for example, beginning in March, there was a sharp reduction in the construction of houses which led to a 30% drop in the production of sawnwood. On the other hand, in the second quarter of 2020, China increased log imports from Brazil.

In general, export prices for solid wood products have declined in recent months. However, the effect on the export industry was relatively small as a result of the currency depreciation which generated a false perception of the impact of the pandemic on business.

Acre state wood exports remain stable

Total exports from the state of Acre totalled US\$3.3 million in July 2020 according to the Ministry of Economy. Forest sector exports in July 2020 increased by 53% compared to the same month of the previous year.

In the first half of this year wood product exports from Acre state remained stable compared to the same period in 2019. The top five markets in 2020 by export values were: the United States (32.5%), France (20.6%), the Netherlands (14.4%), China (12%) and Portugal (4%).

UK law to challenge exporters

Brazilian exporters are anxious to see how the British government's plan to introduce a law requiring companies to ensure that imports do not contribute to deforestation. This law aims to reduce the UK's deforestation footprint associated with the supply of commodities such as soy, palm oil, beef, cocoa, pulp and paper.

See: <http://www.madeiratotal.com.br/reino-unido-obrigara-empresas-a-rastrear-desmatamento-no-exterior/>

Domestic log prices

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

Source: STCP Data Bank

Domestic sawnwood prices

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

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

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

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

	US\$ per cu.m
<i>Domestic ex-mill prices</i>	
15mm MDParticleboard	156▲
15mm MDF	192▲

Source: STCP Data Bank

Export sawnwood prices

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

Source: STCP Data Bank

Export plywood prices

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

Source: STCP Data Bank

Export prices for added value products

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

Source: STCP Data Bank

Peru

Timber sector severely affected by pandemic

The Peruvian timber sector has been severely affected by the pandemic isolation measures and all productive sectors including. The wood and furniture sectors are some of the worst affected.

Export data for the first half of 2020 show that it was only in January and February when trade was undisturbed, the downturn began in March. The closure of borders, confinement and other measures taken worldwide contributed to the decline in demand for wood products.

Exports in the first half of 2020 were US\$28 million a decline of over 50% compared to the same period of 2019 (US\$61 million).

The timber sector in Peru contributes just 1% to GDP but it provides around 300 jobs for every US\$1 million exported. In 2019 the sector generated about 300,000 direct and indirect jobs.

In the first half of the year there was a decline in the export value of all wood products such as sawnwood, decking, wooden flooring, plywood, veneers, wooden furniture and wooden furniture parts.

Commentators write “The Peruvian reality is not different from other countries in the region, for example, in Brazil there was a drop of 43%, in Chile there was a decline of 24%, in Ecuador of 20%, however, Peru registers the sharpest decline in the region”.

Fenafor fair rescheduled for 2021

Due to the pandemic which has been affecting the majority of timber fairs worldwide the National Forest Fair (Fenafor) has been rescheduled for 25 - 28 November 2021.

Fenafor is the only fair for the wood sector in the country where machinery, supplies, accessories and services for the forestry wood and furniture industries are exhibited.

Measures proposed for survival of the timber sector

As a consequence of the pandemic timber industry production fell drastically in the first half of the year. What little production there utilised logs that were harvested last year.

The Committee for the Wood and Derivatives Industry of the National Society of Industries (SNI), chaired by Alfredo Biasevich Barreto, presented proposals to the government on measures that could be taken to reactivate the sector and create the basis for medium and long-term survival.

The Committee presented the following suggestions:

- Promote an effective reactivation of the construction sector, since this activity generates demand for the primary and secondary transformation of wood;
- Prioritise the public purchase of products made with Peruvian wood for schools;
- Ensure flexible approval of management plans for the forest concession harvesting;
- Do not relax the traceability controls that ensure wood raw materials are of legal origin;
- Raise the drawback percentage so that wood exports do not lose competitiveness;
- Revive the Forestry Board, which has not had meetings since May in order to once again discuss and solve the problems that affect the sector;
- Establish the minimum area for future forest concessions at 80,000 hectares since it has been found that this area provides for profitable, sustainable and successful businesses (currently, areas can be as low as 5,000 hectares and the maximum is 40,000 hectares).

Forest fires double that of last year

The Satellite Monitoring Unit of the National Forest and Wildlife Service (Serfor) reported that, between January and August 2020, 838 forest fires were detected nationwide, 121% more than in the same period in 2019.

The most affected departments were Puno and Cusco, with 144 and 141 fires respectively; followed by Huánuco and Junín with 73 and Ayacucho with 67.

According to Serfor one of the main causes of these fires is the burning of agricultural residues and natural pastures.

Serfor has alerted those responsible for fires that causing forest fires and burning the forest resources that are part of the heritage are Very Serious Offenses according to Section 29763 of the Forestry and Wildlife Law. The penalties range from 10 to 5000 Tax Units (UIT) and the Penal Code provides for prison sentences.

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	637-651
Virola 1-2" thick, length 6'-12' KD Grade 1, Mexican market	576-609
Grade 2, Mexican market	498-523▲
Cumaru 4" thick, 6'-11' length KD Central American market	973-987
Asian market	1009-1052
Ishpingo (oak) 2" thick, 6'-8' length Spanish market	552-573
Dominican Republic	671-681
Marupa 1", 6-11 length KD Grade 1 Asian market	569-598

Domestic sawnwood prices

Peru sawnwood, domestic	US\$ per cu.m
Mahogany	-
Virola	241-265
Spanish Cedar	342-355
Marupa (simarouba)	233-242

Export veneer prices

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

Export plywood prices

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

Domestic plywood prices (excl. taxes)

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

Domestic prices for other panel products

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

Export prices for added value products

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

Japan**Is this the end of Abenomics?**

The Japanese Prime Minister, Shinzo Abe, has resigned and this comes just days after achieving the record as the longest serving Japanese Prime Minister. His departure may signal the end of the 'abenomics' experiment which was designed to reverse the persistent deflation in Japan through massive monetary easing and a 2% annual inflation target adopted by the Bank of Japan.

Critics of 'abenomics' had, until Abe's resignation, been circumspect but now there has been more open criticism of the policy which, even, before the corona virus pandemic, was not delivering on raising consumer spending or company capital investment.

Even before the pandemic 'abenomics' failed to deliver the domestic conditions that would drive higher growth beyond reliance on international demand and now, as the economy has been decimated by pandemic control measures, Japan is paying a big price as any short-term benefits brought by 'abenomics' have been wiped out. Perhaps the greatest disappointment with 'abenomics' was the elusive reforms to reshape the economy which suffers low productivity, rigid labour market and a rapidly ageing population.

The aim of 'abenomics' to encourage companies to increase capital expenditure did not succeed but access to cheap money allowed companies to build up cash reserves. This policy, which is now paying off as companies have a huge cash resource, is serving as a liquidity buffer to survive the shock from the pandemic. The pandemic has reassured corporations that cash is indeed king.

The priority at the moment is recovery of the economy which will now fall on the next Prime Minister who will be chosen by the ruling Liberal Democratic Party.

See: <https://www.nasdaq.com/articles/analysis-abenomics-fails-to-deliver-as-japan-braces-for-abe-resignation-2020-08-28>

Recovery not until 2022

The Japanese economy recorded its biggest decline in the second quarter of this year and many commentators warn that the country must be prepared for a long drawn out recovery and a weak job market.

The Cabinet Office has suggested annual growth could fall a further 5% for the year to March 2021.

Although recent data indicates the slowdown in consumption and production may have slowed, it could be until 2022 that the economy could return to levels before the pandemic. June unemployment figures were low compared to many other countries but analysts warn underemployment is emerging as a problem.

Saito Taro, executive research fellow at NLI Research Institute, predicts that the jobless rate will climb to four percent by the end of this year.

See: <https://www.nli-research.co.jp/en/report/detail/id=65192?site=nli> and <https://www3.nhk.or.jp/nhkworld/en/news/backstories/1258/>

Machinery orders

The total value of machinery orders received by manufacturers operating in Japan declined by 8.4% in June from the previous month and in the second quarter fell by 17.7% compared with the previous quarter. Weak private consumption and international demand took its toll on machinery orders. Orders from overseas, an indicator of future exports, declined 4% in the second quarter following the fall in the first quarter.

Machinery orders are a key advance indicator for corporate capital spending and the government uses this key data to predict the strength of business spending in six to nine months.

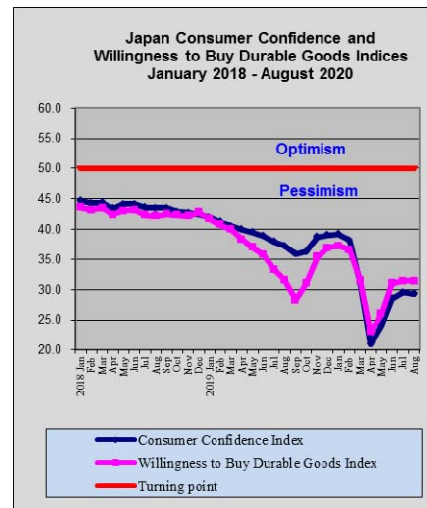
See: <https://www.esri.cao.go.jp/en/stat/juchu/2020/2006juchue.html>



Consumer confidence stalls as corona-virus second wave expands

The latest Cabinet Office survey shows Japan's consumer confidence index fell slightly in August dropping for the first time in three months as the coronavirus crisis continues to cloud the outlook for jobs and the economy.

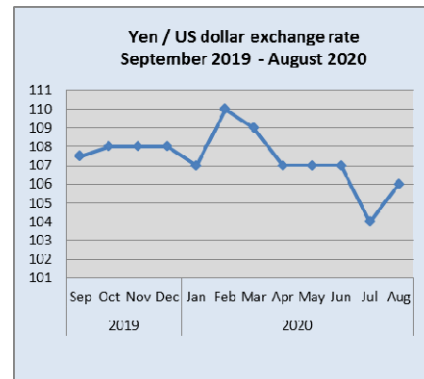
See: <https://www.todayonline.com/world/japans-consumer-confidence-index-slips-august>



Data source: Cabinet Office, Japan

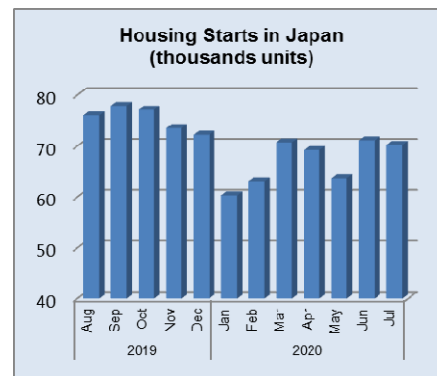
Bank of Japan holds the key to exchange rates

The combined effect of a weakening dollar and the resignation of the Japanese Prime Minister lifted the yen against the US dollar but the change was short lived. What is more likely to impact the longer term yen/dollar exchange rate will how the policy of the Bank of Japan may change.



July housing starts down 11% year on year

The month end release of housing statistics shows that July housing starts were little changed from the level seen in June but, year on year, July starts were around 11% down.

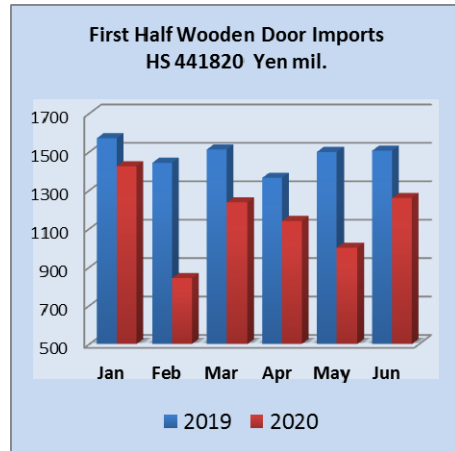


Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Import update

Wooden door imports

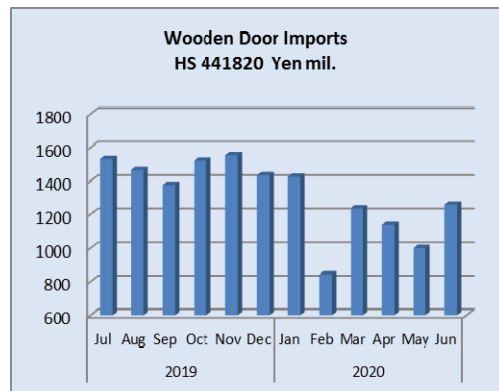
In the first half of 2020 the value of Japan's imports of wooden doors (HS441820) were down 26% from the same period in 2019.



Data source: Ministry of Finance, Japan

After several months of declines the value of door imports in June moved higher compared to levels in May. Month on month there was a 26% rise in the value of June imports but year on year the value of imports dropped 16%.

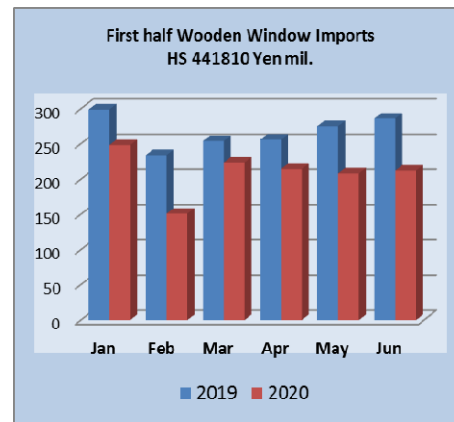
In June the main shippers of wooden doors to Japan were China (68% of June imports), the Philippines (13%), followed by Indonesia and Malaysia with around 5% each.



Data source: Ministry of Finance, Japan

Wooden window imports

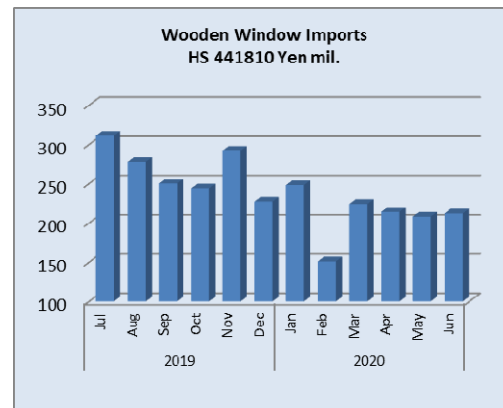
In the first half of 2020 the value of Japan's imports of wooden windows (HS441810) was down 26% from the same period in 2019.



Data source: Ministry of Finance, Japan

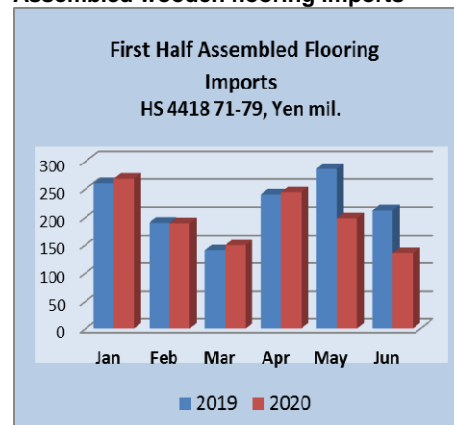
The pattern of imports of wooden windows (HS441810) mirrors that of door imports. The value of June 2020 imports of wooden windows was down 26% year on year but was about level with the value of May imports and as such arrested the slight decline in monthly import values that was first seen in April.

Shipments from three supply countries made up 80% of all June imports of wooden windows with exporters in China accounting for over half of the total followed by the US (15%) and the Philippines (12%). Much of the 20% balance was sourced from shippers in Europe.



Data source: Ministry of Finance, Japan

Assembled wooden flooring imports

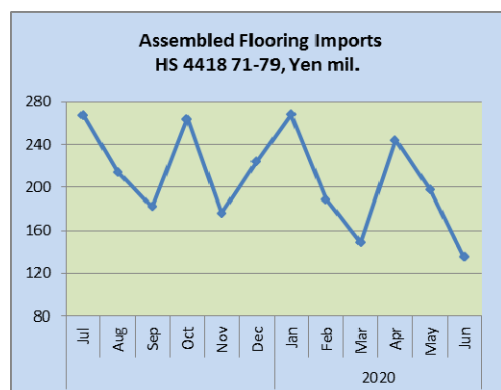


Data source: Ministry of Finance, Japan

The two consecutive monthly declines (May and June) in the value of assembled flooring imports underlines the depressed state of the housing market in Japan.

Year on year the value of assembled flooring imports dropped 36% in June 2020 and month on month there was a 32% decline adding to the drop in imports seen in May.

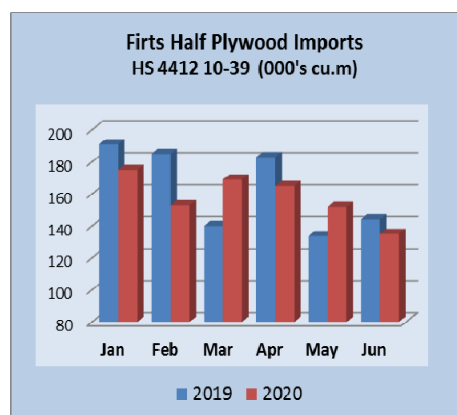
Of the various categories of flooring imported HS 441875 accounted for over 70% of June imports as it has done in past months and was supplied mainly by shippers in China and Vietnam. A further 17% of imports was of HS441879 supplied by shippers in mainly Thailand and Vietnam.



Data source: Ministry of Finance, Japan

Plywood imports

There has been a steady decline in the volume of Japan's plywood imports in the first half of 2020. Year on year the volume of plywood imports dropped 28% in the first half of 2020.

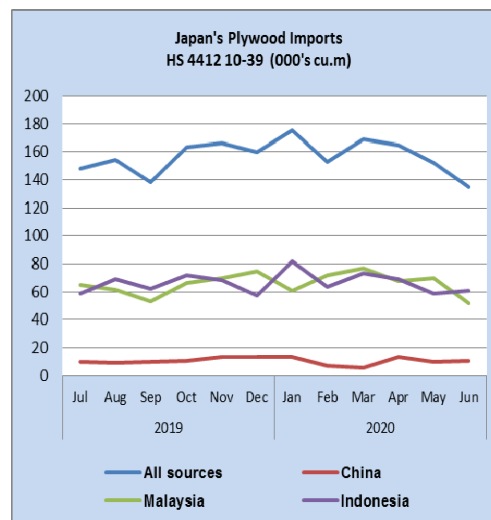


Data source: Ministry of Finance, Japan

Indonesia and Malaysia are the top shippers of plywood to Japan accounting for over 80% of all plywood imports.

In June arrivals from Malaysia were down 26% compared to May and year on year June imports were around 13% down. In contrast, the volume of June imports from Indonesia was around the same level as in May and were marginally lower than in June 2019.

Plywood imports from China are small at about 10,000 cu.m monthly but was noticeable in the first half import data is that shipments of plywood from Vietnam were for the first time greater than from China.



Data source: Ministry of Finance, Japan

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

		China	Malaysia	Indonesia
2017	Jan	16	130	80
	Feb	7.5	93.3	59
	Mar	11.5	99	76.5
	Apr	11.2	92.6	58
	May	12.9	99.2	73.8
	Jun	11	74.8	65
	Jul	10.6	100	54.8
	Aug	12.3	91.8	64.5
	Sep	9.9	86.7	56.6
	Oct	12.2	86.4	63.7
	Nov	10.7	112.4	82.0
	Dec	12	95.2	50
2018	Jan	12	100.5	80
	Feb	12.5	83.0	69
	Mar	4.9	79.4	66.5
	Apr	13.4	92.4	84.4
	May	15.2	94.0	82
	Jun	12.4	77.5	79
	Jul	14.3	79.2	58.3
	Aug	12.4	86	70.5
	Sep	9.7	68.6	62.6
	Oct	12.3	108.2	75.6
	Nov	14.5	97.1	81.1
	Dec	13	68	74.7
2019	Jan	14	91.2	66.4
	Feb	11.1	85.3	75
	Mar	4.4	70.1	61.2

	Apr	11.4	94.2	65.9
	May	12.4	61.8	48.9
	Jun	9.3	59.6	62.8
	Jul	9.8	65.1	59
	Aug	12.1	61.8	68.9
	Sep	10	53	62
	Oct	10.6	66.3	72
	Nov	13.1	69.5	68.1
	Dec	13	74.4	57.4
2020	Jan	13.4	61.1	81.6
	Feb	6.8	72.2	63.8
	Mar	5.8	76.5	73
	Apr	13	68	69
	May	9.6	69.7	59
	Jun	10.3	52	61

Data source: Ministry of Finance, Japan

Trade news from the Japan Lumber Reports (JLR)

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

For the JLR report please see:

https://jfpj.jp/japan_lumber_reports/

Prospect of market after August

Market of building materials continues weak. New housing starts until in June are 398,120 units, 11.4% less than 2019. This is not so bad considering corona virus epidemic started in early this year but many fears more drop in coming months so dealers hesitate to procure building materials.

Structural materials market such as beam lumber got into price war. Softwood plywood manufacturers started production curtailment by 20% before the market deteriorated but count not stop price skid. Market prices of structural softwood panel are now about 900 yen per sheet delivered, the lowest in four years.

According to the survey made by the Japan Forest Products Journal, orders through July are more than 90% (for processing capacity), which is about 10% less than 2019 but considering negative factors, it is rather high level.

This coordinates to decrease of new housing starts by about 10% so the first half of this year was not so bad.

Major house builders' orders in last April and May drop sizably by 30-40% because of house quarantine for corona virus epidemic so this will lead drop of housing starts in summer months but such builders' orders in June recovered to only 15% less than June last year so there are optimistic comments now.

Major builders report that number of people visiting house exhibition sites are back to normal and large sales campaign events also started. Order made house builders suffered after face to face negotiations became prohibitive by corona virus epidemic while builders, which have ample information on web site are successful in getting enough customers.

However, the generation visiting exhibition sites are young while aged people hesitated to go out in fear of catching the virus. Wealthy aged generation, which is likely to have property to put up house, is the target of order made house builders but they quarantine at home.

Younger people may not be immediate buyers but they are potential buyers so the builders think it is seeding time now. In the U.S.A., major cities were lock-down to prevent spread of corona virus so new housing starts of 1.56 million units nosedived to 930,000 in April then after economic activities started in May, housing starts made V shape recovery of 1.01 million in May and 1.18 million in June.

In Japan, there were no lock-down so number of new housing starts did not drop so much compared to the U.S.A. and as the orders are recovering after the State of Emergency was lifted in late May, there might not be so sharp drop.

As to building materials, dealers in Japan anticipate further drop of the demand so procurement activities are down so if there is no sharp drop of housing starts in coming months, supply of the materials may get tight like the U.S.A. where lumber market steeply climbed with increase of housing starts because many mills curtailed the production and the supply was tight so structural lumber's average prices reached the record high.

It is unlikely that the same would happen in Japan but weak materials market may bottom out and rebound on tight supply items. Some items are over-supplied like the European laminated lumber and the Russian lumber while North American logs and lumber are firm and the European lumber market is recovering.

Radiata pine logs and lumber supply this year is way down. Log import through June was 21.0% less than 2019 and Chilean lumber import was 35.9% less. The demand for crating is much slower than construction materials. Japanese domestic radiata pine lumber mills' production in April was 10-20% less than 2019 and May through July was 30-40% less.

There are mixed views for future market and many thinks that things are not as bad as initially feared. Others think that there will be steep cliff ahead but nobody knows when and how deep.

South Sea (tropical) logs

Supply of South Sea logs for the first six months of this year is 56,700 cbms, 25.6% less than 2019. Users carry two to three months inventory. The shipment of products is slow. Users like plywood manufacturers are reducing purchase of logs since orders from the customers are declining.

Low arrival seems to continue. Suppliers' export prices of Indonesian mercusii pine free board dropped so the market prices in Japan declined. In every year, August is busy season for interior repair works of schools during summer vacation but this year is different as school summer vacation is shortened to catch up closed period in spring when corona virus started spreading so such works are postponed. Demand of free board is slow as orders of repair of shops and stores are down.

Plywood

Plywood movement continues stagnant. Down trend of market prices seems to be bottoming as softwood plywood manufacturers determined to stop further skidding of market prices and imported plywood inventory is getting low and the dealers have started cautious marketing.

Market prices of domestic softwood plywood sharply dropped in June and early July then the manufacturers notified dealers that they would not accept any lower offers. The dealers are following the move of the manufacturer since lowering sales prices does not help move any more volume.

August is vacation month with many holidays so the manufacturers decided to reduce the production more than 30% in hope of the prices bottoming out but future outlook of the market is very ambiguous and the market continues having uneasiness. Movement of imported plywood is improving since last July.

The dealers' activities have been passive with fear of demand retreat and price deterioration but there are many supply short items and it is reported that shipments from warehouses in Tokyo Bay exceeded incoming volume for two straight months of June and July so the port inventory is further dropping. June supply of imported plywood was 180,460 cbms, first time to dip below 200,000 cbms in four months.

With uncertain future market, the importers made very little purchase since April but September is interim book closing month so that the importers try not to increase order balance. Therefore, the arrivals seem to continue low for coming months.

Clean-up of Aomori's dead stock logs

Local cedar logs produced in Aomori prefecture increased as dead stock after the demand dropped by corona virus epidemic.

There were about 60,000 cbms of logs at log yards in June and quality deterioration was feared in warm weather.

The prefecture and the Forest Association of Aomori tried hard to dispose of produced logs and succeeded to move about 37,000 cbms to local LVL and lumber mills.

The prefecture decided to subsidize two third of transportation cost of stocked logs so the Forest Association succeeded to export 15,000 cbms of logs to China. By these efforts, fear of quality deterioration and resultant drop of market prices is avoided.

For log export, there are three shipments from three different ports in Aomori prefecture. Aomori has long experience of log export to China together with neighboring Akita prefecture and it plans to keep looking for more buyers in China.

China

Investment in real estate

In the first seven months of this year domestic investment in real estate increased by 3.4% year-on-year, and the growth in investment in July continued the upward trend.



Source: National Bureau of Statistics, China

As an indicator of future prospects for the balance of 2020 in the real estate sector the area of land purchased for development fell slightly in July when compared to July 2019.

See:

http://www.stats.gov.cn/english/PressRelease/202008/t20200817_1783486.html

Sharp decline in China's log imports

China's log imports fell sharply in the first half of 2020 to 24.51 million cubic metres valued at US\$3.558 billion, down 60% in volume and 62% in value from the same period of 2019.

Of total log imports, softwood log imports fell 61% to 17.64 million cubic metres, accounting for 72% of the national total. Hardwood log imports fell 55% to 6.87 million cubic metres (28% of the national total log imports).

Of total hardwood log imports, tropical log imports were 4.11 million cubic metres valued at US\$956 million, down 59% in volume and 64% in value from the same period of 2019 and accounted for 60% of all hardwood log imports.

US no longer largest log supplier

The main countries supplying more than 1 million cubic metres of logs to China in the first half of 2020 were New Zealand, Russia, Germany, Australia, PNG, Czech Rep., US and Solomon Islands. Shipments of logs to China from all main suppliers fell in the first half of the year. The decline of more than 70% in shipments of logs from the US was the most significant.

In the first half of the year New Zealand was the main log supplier to China accounting for 26% of total log imports. Imports from New Zealand totalled 6.33 million cubic metres, down 64% from the same period of 2019.

The second ranked supplier of logs was Russia at 3.29 million cubic metres, down 56% from the same period of 2019 and accounting for about 13.5% of the national total.

The third ranked supplier of logs was Germany at 3.29 million cubic metres, down 22% from the same period of 2019 and accounting for just over 13% of the national total. Germany has become the most important supplier of China's log imports.

Log imports from main suppliers, first half of 2020

	Cu.m mil.	Yoy % change
New Zealand	6.33	-64%
Russia	3.29	-56%
Germany	3.29	-22%
Australia	2.09	-60%
PNG	1.4	-57%
Czech Rep.	1.39	-40%
USA	1.21	-73%
Solomon Is.	1.02	-57%
Total	24.51	-60%

Data source: China Customs

Major entry ports for log imports from Germany

Over 90% of China's log imports from Germany in the first half of 2020 were through Qingdao Port in Shandong Province which handled around 45% of all log imports.

The other major entry points for logs were Yanshan in Shanghai, Dapeng Port in Guangdong Province, Tianjin Port and Xiamen Haicang Port in Fujian Province.

The average price for China's log imports from Germany through Qingdao port was the lowest at US\$96 per cubic metre just below the average price for logs of US\$100 per cubic metre. Logs supplied to China from Germany arrived via the China-Europe Railway Express.

Major entry ports for log imports from Germany, first half of 2020

	Vol. cu.m mil.	Value US\$ (000s)
Qingdao	1,480	141,850
Yangshan	783	94,967
Dapeng	430	49,359
Tianjin	213	23,906
Xiamen Haicang	183	19,583
Total	3,296	361,180

Data source: China Customs

Decline in tropical hardwood log imports

Tropical log imports in the first half of 2020 amounted 4.11 million cubic metres valued at US\$965 million, down 59% in volume and 64% in value over the same period of 2019 and accounted for 17% of the national total log imports volume.

In the first half of 2020 China imported tropical logs mainly from Papua New Guinea (34%), Solomon Islands (25%), Brazil (8.3%), the Republic of Congo (5.9%), Cameroon (5.0%), Equatorial Guinea (4.8%), Mozambique (3%) and Suriname (3%). Just 8 countries supplied nearly 90% of China's tropical log requirements in the first half of 2020.

Tropical hardwood log imports from the main suppliers were sharply down in the first half of 2020. Log imports from Equatorial Guinea and Mozambique fell 70% and 69% respectively.

Before their log export bans, Laos and Myanmar were major sources of tropical logs for China. However, China's log imports from Laos in the first half of 2020 fell to just 15,500 cubic metres valued at US\$18 million, down 82% in volume and 83% in value.

China's log imports from Myanmar fell to just 1,300 cubic metres valued at US\$1.45 million, down 88% in volume and 89% in value.

Tropical hardwood log imports in the first half of 2020

Shipper	Volume	% change
	000s cu.m	y-o-y
PNG	1,404	-57%
Solomon Is.	1,023	-57%
Brazil	342	-45%
Congo, Rep	243	-62%
Cameroon	207	-60%
Eq. Guinea	195	-70%
Mozambique	131	-69%
Suriname	126	-29%
Subtotal	3,861	-64%
All shippers total	4,110	-59%

Data source: China Customs

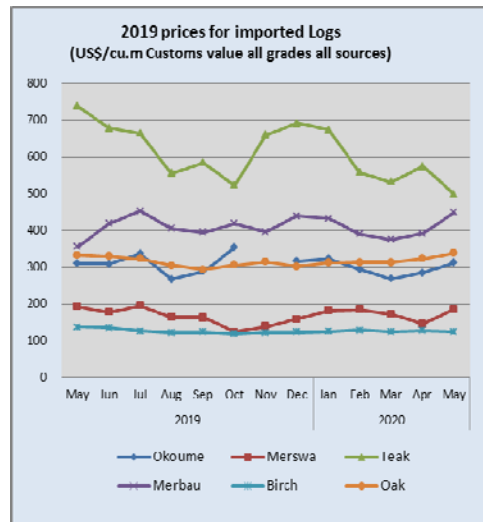
Shipper	Value US\$ 000s	% change y-o-y	Av. Price C&F/cu.m US\$
PNG	258,174	-57%	184
Solomon Is.	161,807	-60%	158
Brazil	36,317	-47%	106
Congo, Rep	79,033	-63%	325
Cameroon	55,573	-61%	268
Eq. Guinea	53,631	-72%	274
Mozambique	69,084	-71%	528
Suriname	32,718	-31%	260

Data source: China Customs

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

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

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

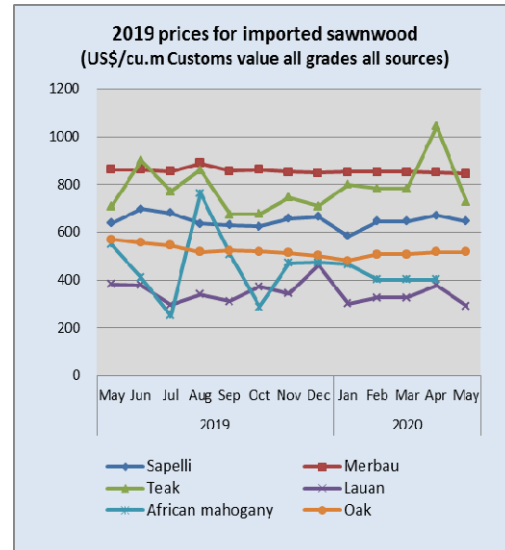


Data source: China Customs. Customs value all grades, all sources

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

	2020 Apr	2020 May
Sapelli	670	645
Merbau	851	845
Teak	1044	729
Lauan	377	291
African mahogany	1046	na
Oak	518	518

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



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

Europe

Downturn in EU27 tropical imports may be less severe than forecast

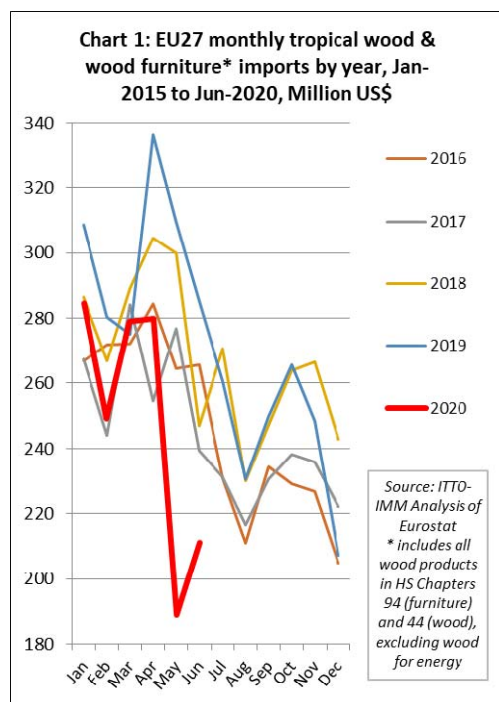
The downturn in EU imports of wood and wood furniture products during the initial period of the COVID-19 pandemic may be less severe than first forecast. As expected, EU27 (i.e. excluding the UK) tropical wood and wood furniture product imports fell sharply in May in response to supply side problems and the lockdown measures in most of the main EU markets, losing around one third of value against the five-year average for the month.

However, imports were already recovering in June, a month which in a more typical year is when imports tend to slow before the summer holiday period (Chart 1).

Imports during June were only around 20% below the 5-year average for that month. In total, EU27 imports of all tropical wood and wood furniture products in the first half of 2020 were US\$1.49 billion, 17% less than the same period in 2019.

There is a reasonable chance that, if the recovery continues over the summer months, overall imports of tropical wood and wood furniture in 2020 will not be too far below 2019 or the five-year average.

This does assume, however, that there is no significant uptick in COVID-19 cases in the EU with the onset of winter leading to widespread resumption of lockdown measures. As things stand, there is a still concern in the EU about the possibility of a second wave.



More positively, anecdotal reports suggest that the DIY sector in the EU remained quite buoyant in some countries throughout the lockdown months with many people taking the opportunity to carry out home improvement work. In those EU countries with less stringent lockdowns, such as the Netherlands and Sweden, commercial construction and some manufacturing activity also continued, at a slower pace but without interruption.

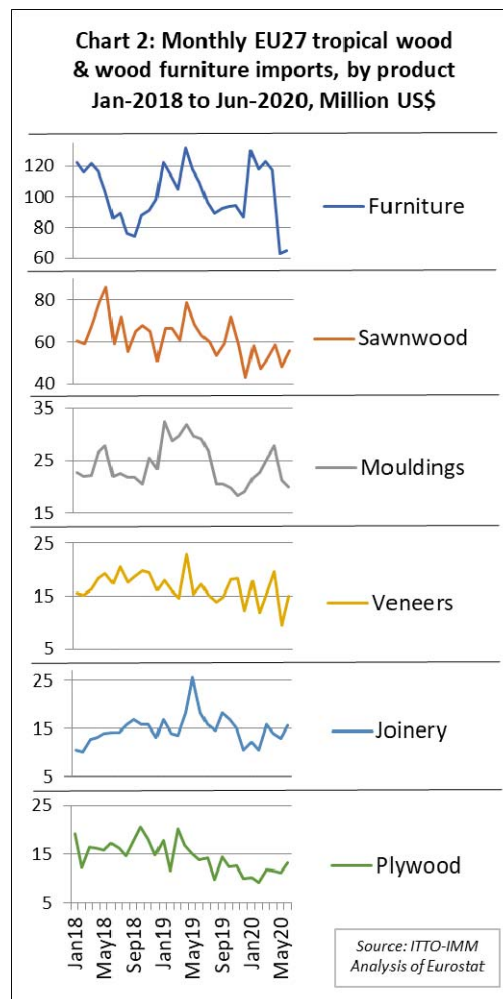
Another reason for optimism is the agreement reached between the leaders of the 27 EU Member States at a summit on 21st July 2020 on a comprehensive fiscal stimulus package worth €1.85 trillion over the next seven years.

The package consists of a €1.1 trillion budget, 30% of which will be spent on tackling climate change, and a further €750 billion in grants and loans, all of which must be tied to meeting the bloc's carbon emission-cutting targets. This has potential to create new market opportunities for timber products in the EU.

EU27 tropical wood furniture imports down in the first half of 2020

The path of decline and recovery in EU27 tropical wood and wood furniture imports varied widely between product groups (Chart 2). EU27 imports of tropical wood furniture started the year strongly but fell sharply in April and May with only a slight recovery in June. Total EU27 wood furniture imports from the tropics in the second quarter of 2020 were 19% less than the average for the same period in the previous 5 years.

At US\$616 million, EU27 imports of tropical wood furniture in the first six months of 2020 were 12% less than the same period last year.



EU27 imports of tropical sawnwood were already weak in the first quarter of 2020 and remained at a historically low level in the second quarter. Total EU27 sawnwood imports from the tropics in the second quarter of 2020 were 21% less than the average for the same period in the previous 5 years.

At US\$320 million, EU27 imports of tropical sawnwood in the first six months of 2020 were also 21% down on the same period last year. In quantity terms, the EU27 imported 382,000 m³ of tropical sawnwood in the first six months of 2020, 21% less than the same period last year.

EU27 imports of tropical hardwood decking/mouldings started the year particularly slowly and were just building momentum when the lockdown measures were first implemented in March. This led to imports falling sharply in May and June. EU27 imports of decking/mouldings during the second quarter of 2020 were 8% below the average for the same period in the previous 5 years.

At US\$139 million, EU27 imports of tropical hardwood decking/mouldings in the first half of 2020 were 23% less than the same period last year. In quantity terms, the EU27 imported 88,500 tonnes of tropical decking/mouldings in the first six months of 2020, 17% less than the same period last year.

EU27 imports of hardwood veneer from the tropics fell very sharply in May, to only around 50% of the long-term average for that month but recovered ground quickly in June. Overall EU27 imports of tropical hardwood veneer in the second quarter of 2020 were 21% below the average for the same period in the previous 5 years.

EU27 imports of tropical hardwood veneers were US\$89 million in the first half of 2020, 14% less than the same period last year. In quantity terms, the EU27 imported 140,000 m³ of tropical veneer in the first six months of 2020, 10% less than the same period last year.

EU27 imports of joinery products from the tropics (much of which comprises laminated window frames and kitchen tops, together with finished doors) held up well during the COVID lockdown period, with no significant decline in May and June.

Overall EU27 imports of tropical joinery products in the second quarter of 2020 were only 6% below the average for the same period in the previous 5 years. The EU27 imported tropical joinery products with a total value of US\$81.2 million in the first six months of 2020, 24% less than the same period last year.

EU27 imports of tropical plywood, already declining before the lockdown period, fell sharply in the second quarter of 2020, 22% below the average for the same period in the previous 5 years. EU27 imports of tropical plywood were US\$67.4 million in the first half of 2020, 29% less than the same period in 2019. In quantity terms, imports of tropical plywood were 112,000 m³ in the first six months of 2020, 28% less than the same period last year.

EU27 imports from Indonesia better than expected in May and June

The fortunes of individual tropical supply countries also varied widely in the EU27 market during the lockdown period (Chart 3).

EU27 imports of wood and wood furniture from Indonesia, which are dominated by garden furniture, decking and plywood, tend to be strongest in the spring season.

The sharp decline in imports from Indonesia in April this year, at a time when trade is usually rising, did not bode well.

However, trade held up better than expected in May and June, perhaps bolstered by the continuing strength of demand for exterior furniture products and decking. Overall, EU27 imports of wood and wood furniture from Indonesia in the second quarter of 2020 were 12% below the average for the same period in the previous 5 years. EU27 imports of these products from Indonesia were US\$340 million in the first half of 2020, 16% less than the same period in 2019.

In contrast to Indonesia, EU27 imports from Vietnam are dominated by interior furniture and tend to be strongest at the turn of the year, in time for the January sales, and to be very slow during the summer and early autumn. While EU27 imports from Vietnam did fall very sharply in May and June, the decline was not significantly out of alignment with the seasonal fall that usually happens at this time of year.

Overall EU27 imports of wood and wood furniture from Vietnam in the second quarter of 2020 were only 8% down on the average for the same period in the previous 5 years. EU27 imports of these products from Vietnam were US\$337 million in the first half of 2020, 5% less than the same period in 2019.

The full effects of COVID-19 on EU imports from Vietnam will only become truly apparent later this year when furniture products for next season begin (or fail) to arrive.

EU27 imports of wood and wood furniture products from Malaysia, which were sliding before onset of the pandemic, suffered a very sharp decline in May, but then rebounded quite strongly in June. Overall, EU27 imports from Malaysia were down 40% in the second quarter of this year compared to the average for the same period in the previous 5 years.

EU27 imports of wood and wood furniture from Malaysia were US\$133 million in the first half of 2020, 24% less than the same period in 2019. The decline was apparent in all four of the main product groups supplied by Malaysia into the EU; interior furniture, sawnwood, mouldings/decking, and joinery.

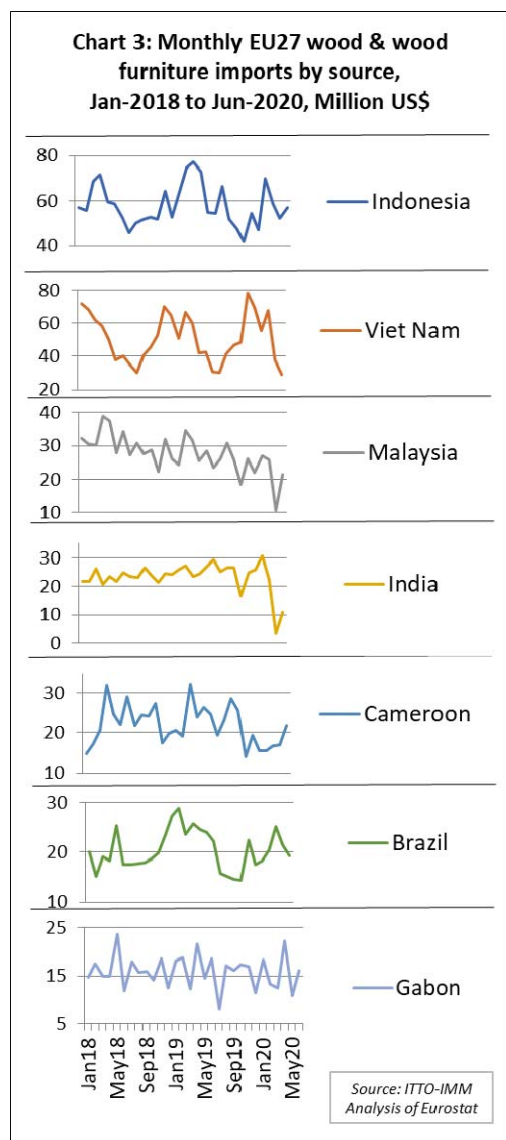
EU27 imports from India suffer severe decline this year

EU27 imports of Indian wood and wood furniture products, dominated by interior furniture, suffered a very severe decline in May, falling to negligible levels during the month and rebounded only quite weakly in June.

Overall, EU27 imports from India were down 38% in the second quarter of this year compared to the average for the same period in the previous 5 years. EU27 imports of wood and wood furniture from India were US\$118 million in the first half of 2020, 21% less than the same period in 2019. This was the first reversal for several years of a long-term rising trend in imports from India.

EU27 imports from Cameroon are dominated by sawnwood and tend to be volatile even in a “normal” year. This year the trade trend has been even more unusual and less predictable. EU27 imports from Cameroon were very low at the end of 2019 and the opening weeks of this year and even picked up slightly during the COVID lockdown period.

EU27 imports from Cameroon in the second quarter of 2020 were down 25% against the average for the same period in the previous 5 years. However, they were 10% more than the extremely weak level of trade in the first quarter of this year. Overall, EU27 imports of wood and wood furniture from Cameroon were US\$105 million in the first half of 2020, 26% less than the same period in 2019.



EU27 imports of tropical hardwoods from Brazil, mainly sawnwood and decking, held up quite well during the lockdown period. Imports from Brazil were higher in the second quarter this year compared to the average for the same period in the previous five years.

However, this follows a period of continuous growth between 2015 and 2019 and imports from Brazil during the second quarter of this year were 21% less than the same period in 2019. Overall, EU27 imports of wood and wood furniture from Brazil were US\$122 million in the first half of 2020, 21% less than the same period in 2019.

For the first time for many years, if sawnwood and decking/mouldings are considered together, Brazil this year has emerged as the largest tropical supplier of this product group to the EU, overtaking both Cameroon and Malaysia which formerly dominated this trade.

The lockdown appears to have had very little impact on EU27 imports from Gabon. Overall EU27 imports of wood and wood furniture from the country, which consist mainly of sawnwood and veneer, in the second quarter of 2020 were down only 5% against the average for the same period in the previous 5 years.

Although imports of sawnwood from Gabon weakened slightly in the second quarter this year, this was offset by a rise in veneer imports. Overall, Overall, EU27 imports of wood products from Gabon were US\$93 million in the first half of 2020, 10% less than the same period in 2019.

EU27 imports from most other tropical wood and wood furniture supplying countries also fell sharply in the first half of 2020 including Congo (-23% to US\$35 million), Cote d’Ivoire (-29% to US\$24 million), Ghana (-19% to US\$13 million), Peru (-29% to US\$10 million), DRC (-54% to US\$4.7 million) and Bolivia (-36% to US\$5.9 million). Indirect EU27 imports of tropical hardwood products (mainly plywood) also fell from China (-24% to US\$15 million) and the UK (-28% to US\$8.8 million).

However, one tropical country increased trade with the EU27 during the first half of the year: imports from Ecuador increased 28% to US\$32 million, presumably benefitting from expansion of the renewable energy sector (balsa wood is widely used for wind turbines).

Impact of COVID-19 varies across member states

Chart 4 highlights that the impact of COVID-19 on imports of tropical wood and wood furniture on individual EU27 countries has varied widely, dependent on underlying economic and trade trends before the onset of the pandemic, the differing level of each country’s exposure to the pandemic, and variation in the timing and scope of the policy response.

Due to the integrated nature of the EU market, for those countries like Belgium and the Netherlands which distribute a significant proportion of products to other EU countries, the trends are not necessarily driven by the domestic market situation.

The Netherlands is currently the largest destination for tropical wood and wood furniture imports. Imports into the country were less affected than most other major destinations during the lockdown period.

The Dutch government won plaudits earlier in the pandemic for a so-called “intelligent lockdown” strategy that relied on people abiding by social-distancing measures while keeping large parts of the economy open.

Netherlands imports of tropical wood and wood furniture were down 11% in the second quarter of this year compared to the average for the same period in the previous 5 years. In total, Netherlands imports of tropical wood and wood furniture were US\$299 million in the first half of 2020, 21% less than the same period in 2019.

This is a large decline, but it follows a particularly buoyant year for tropical wood imports in the Netherlands in 2019.

Particularly sharp fall in French imports in May

France imports of tropical wood and wood furniture started the year quite strongly before falling very sharply in May. In June there were signs of a robust rebound. France's lockdown was imposed on 17 March, but restrictions began to ease from 11 May.

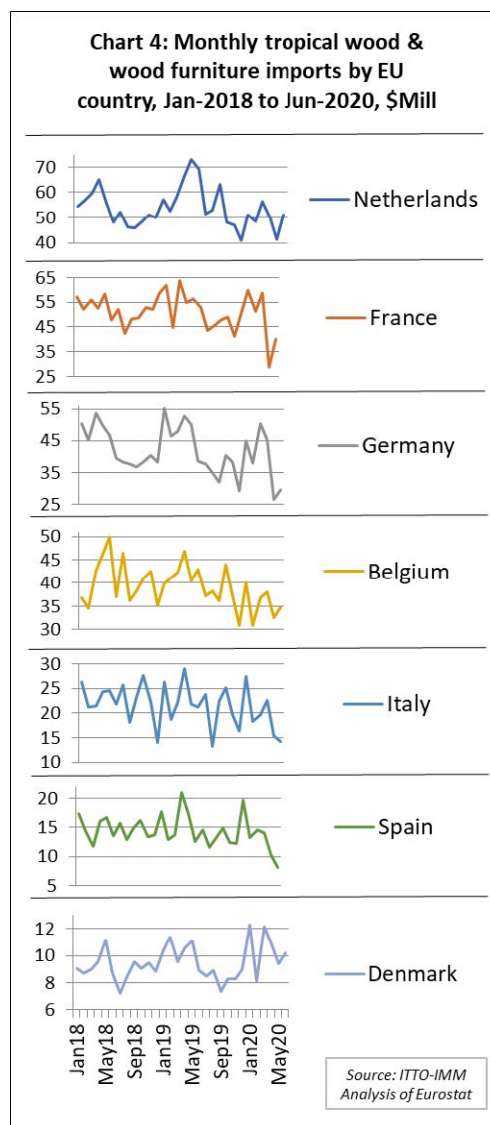
Overall, France imports of tropical wood and wood furniture were down 19% in the second quarter of this year compared to the average for the same period in the previous 5 years. In total, France imports of tropical wood and wood furniture were US\$290 million in the first half of 2020, 15% less than the same period in 2019.

Signs of weakness in the German economy contributed to slowing German imports of tropical wood and wood furniture in 2019. A partial recovery in trade in the opening weeks of 2020 was halted with the onset of the pandemic.

German imports of tropical wood and wood furniture fell very sharply in May and were yet to show any real recovery in June. In total, German imports of these products were down 27% in the second quarter of this year compared to the average for the same period in the previous 5 years.

For the first half of 2020, German imports of tropical wood and wood furniture were US\$234 million, 20% less than the same period in 2019.

This is despite Germany managing to keep the number of corona cases relatively low compared to many European neighbours and the easing of lockdown measures since April.



Belgium was hit particularly hard early in the pandemic, encouraging the government to introduce tougher restrictions than many of its neighbours. Nevertheless, trade has continued to flow and, in terms of tropical wood and wood furniture imports, Belgium has seen less of a downturn than most of its neighbours.

Belgium imports of tropical wood and wood furniture products were down 18% in the second quarter of this year compared to the average for the same period in the previous 5 years. In total, Belgium imports of tropical wood and wood furniture were US\$213 million in the first half of 2020, 16% less than the same period in 2019.

Like Belgium, Italy was hit early and hard by the pandemic leading to imposition of a tough national lockdown starting on 7 March. The three-month lockdown took a heavy toll on the economy. The Italian government forecasts that GDP will contract 8% in 2020, while analysts see a 10% decline. Italy's imports of tropical wood and wood furniture fell sharply in May and continued to slide in June.

Imports were down 27% in the second quarter of this year compared to the average for the same period in the previous 5 years. In total, Italy's imports of tropical wood and wood furniture were US\$117 million in the first half of 2020, 16% less than the same period in 2019.

Spain is another European country hit particularly hard by the pandemic. Spain started easing the lockdown, one of the strictest in Europe, in phases from 4 May. Spain's imports of tropical wood and wood furniture fell steeply in May and this trend continued in June.

Overall, Spain's imports of tropical wood and wood furniture were down 30% in the second quarter of this year compared to the average for the same period in the previous 5 years. In total, Spain's imports of tropical wood and wood furniture were US\$80 million in the first half of 2020, 16% less than the same period in 2019.

Denmark is unusual for experiencing a rise in tropical wood and wood furniture imports this year, despite the pandemic. In total, Denmark's imports of tropical wood and wood furniture were US\$63 million in the first half of 2020, 2% more than the same period in 2019.

Imports remained strong even as much of the rest of Europe went into lockdown. Danish imports of tropical wood and wood furniture products were up 12% in the second quarter of this year compared to the average for the same period in the previous 5 years.

Denmark's imports from Vietnam, the largest supplier, increased 10% in the first 6 months of this year, while imports from Ecuador were up 50%. Ecuador overtook Brazil and Indonesia to become Denmark's second largest tropical wood supplier in the first half of 2020. Denmark is a primary location for manufacture of wind turbines in the EU creating demand for Ecuadorian balsa wood.

Denmark was one of the first countries in Europe to emerge from lockdown. According to a recent international survey by the Pew research Centre, 95% of people in Denmark believe their government did a good job in handling the crisis. That is the highest rating for any country in the analysis, which encompassed 14 advanced economies.

North America

Wood products once again lead manufacturing growth

Economic activity in the manufacturing sector grew in July with the overall economy notching a third consecutive month of growth say the nation's supply executives in the latest Manufacturing Report On Business.

The survey indicates expansion in the overall economy for the third month in a row after a contraction in April, which ended a period of 131 consecutive months of growth.

Panel sentiment was generally optimistic (two positive comments for every one cautious comment), continuing a trend from June. Demand expanded, with the New Orders Index growing at a strong level.

The growth cycle continues for the second straight month after three prior months of COVID-19 disruptions. Demand and consumption continued to drive expansion growth, with inputs remaining at parity with supply and demand.

For the second consecutive month, wood manufacturers reported the highest growth. Of the 18 manufacturing industries, 13 reported growth in July with Wood Products, Furniture & Related Products, and Textile Mills leading the way.

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

Sweeping antidumping and countervailing duty changes proposed

The Department of Commerce published a proposed rule that would make sweeping changes to the administration and enforcement of the antidumping (AD) and countervailing duty (CVD) laws.

Specifically, the Department proposes:

- to modify its regulation concerning the time for submission of comments pertaining to industry support in AD and CVD proceedings;
- to modify its regulation regarding new shipper reviews; to modify its regulation concerning scope matters in AD and CVD proceedings;
- to promulgate a new regulation concerning circumvention of AD and CVD orders;
- to promulgate a new regulation concerning covered merchandise referrals received from US Customs and Border Protection (CBP);
- to promulgate a new regulation pertaining to Commerce requests for certifications from interested parties to establish whether merchandise is subject to an AD or CVD order;
- to modify its regulation regarding importer reimbursement certifications filed with CBP; and
- to modify its regulations regarding letters of appearance in AD and CVD proceedings and importer filing requirements for access to business proprietary information.

Stakeholders have until 14 September to submit comments on the proposal. After considering comments, Commerce would have to publish a Final Rule before these changes would go into effect.

See: <https://www.federalregister.gov/documents/2020/08/13/2020-15283/regulations-to-improve-administration-and-enforcement-of-antidumping-and-countervailing-duty-laws>

Implementation of new Lacey Act declaration requirement delayed

In March, the Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS) published a notice in the Federal Register of the United States announcing plans to implement phase six of the Lacey Act enforcement schedule, effective October 1, 2020.

This would have required importers to file a Lacey Act declaration for new goods including Oriented Strand Board, several musical instruments, and certain wooden boxes, crates, and pallets. In response to stakeholder concerns about operational and economic setbacks caused by the COVID-19 pandemic, APHIS has delayed implementation of this requirement.

See: <https://content.govdelivery.com/accounts/USDAAPHIS/bulletins/2988be2>

Housing starts surge in July in rare pandemic bright spot

Homebuilding accelerated at the fastest rate in nearly four years in July. The housing sector has emerged as one of the few areas of strength in an economy suffering a record slowdown because of the COVID-19 pandemic.

Housing starts increased 22.6% - the biggest gain since October 2016 - to a seasonally adjusted annual rate of 1.496 million units last month, according to the US Commerce Department. Data for June was revised up to a 1.22 million-unit pace from the previously reported 1.186 million.

July's construction pace was the fastest since February, when a record-long US economic expansion abruptly ended as the coronavirus began spreading rapidly around the country, triggering business shutdowns and widespread stay-at-home orders. With last month's increase, new home building is just 4.5% below February's pace of 1.567 million units.

The largest increases in homebuilding were in the Northeast, up 35% from June, and the South, up 33% from the prior month. Construction starts were up by around 6% in the Midwest and West.

Building permits issuance, considered a more forward-looking gauge of residential construction activity, also accelerated in July. Permits issuance totaled 1.495 million units at an annualized rate, up 18.8% from June.

The National Association of Home Builders reported confidence among housing construction firms surged in early August to its highest reading in the 35-year history of the series, matching the record that was set in December 1998.

See: <https://www.woodworkingnetwork.com>

Second quarter custom home building outperformed the market

Custom home building performed better than the overall building market during the challenging second quarter of 2020, according to an analysis of Census Data by the National Association of Home Builders. This relative outperformance is at odds with the conventional narrative that spec home building saw outsized gains during the April to June time period.

There were 45,000 total custom building starts during the second quarter of 2020. While this marks a 6% decline relative to the second quarter 2019 total of 48,000, this decline was smaller than the overall decline for single-family housing starts of almost 11%. Over the last four quarters, custom housing starts totaled 177,000, which was a 5% increase over the prior four quarter total of 168,000 starts.

See: <http://eyeonhousing.org/2020/08/custom-home-building-outperformed-the-market-during-2q20/>

Softwood lumber costs up nearly 30% over three months

Prices paid for goods used in residential construction continued their upward trend in July, increasing 1.8% according to the latest Producer Price Index (PPI) report released by the Bureau of Labor Statistics. It is the third consecutive monthly increase since the index declined three months straight by a total 5.4%. Prices rose in the Northeast, Midwest, and South regions by 2.7%, 2.7%, and 1.1%, respectively, while prices paid in the West fell 5.6% month-over-month.

The index has decreased 1.3% year-to-date (YTD), a larger decline than the prior record for a July YTD decrease (-0.9% in 2000). Prices paid for goods used in residential construction have only fallen five times between January and June since 2000.

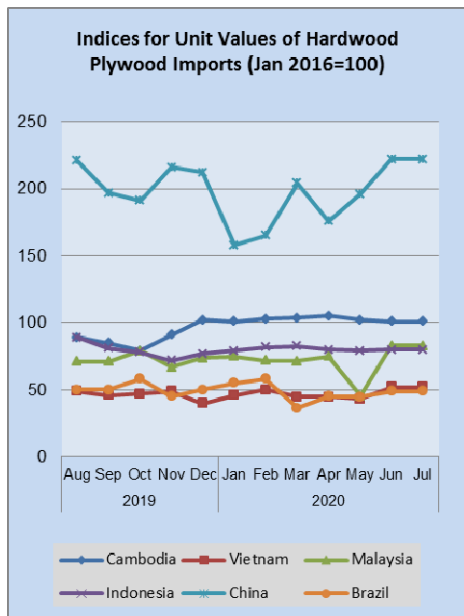
See: <https://www.marketplace.org/2020/08/18/housing-starts-prices-are-up-in-ju/>

Unemployment claims again top 1 million

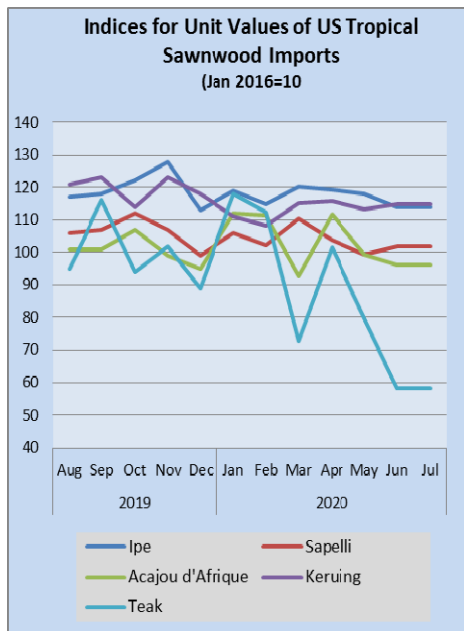
The number of Americans applying for the first time for unemployment insurance rose in the second week of August to 1.1 million from 970,000 the week before, a sign that job losses continue to plague the labour market five months into the pandemic.

The weekly jobless claims had sunk slowly in recent months, but have remained well above historic highs, averaging about 1.18 million a week for the last four weeks. Initial claims, as well new claims for Pandemic Unemployment Assistance, the programme available to help self-employed workers, both went up.

More than 28 million people are receiving some form of unemployment benefits as of August 1, the most recent week for that statistic, about equal to the previous week.



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



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

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

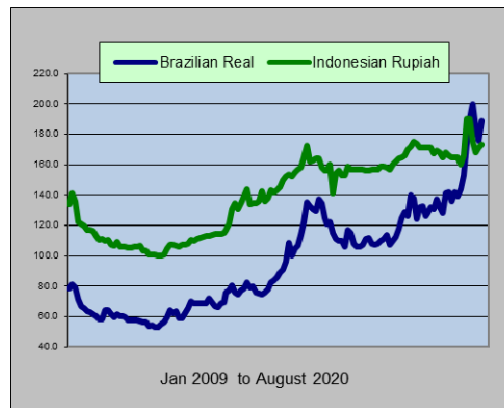
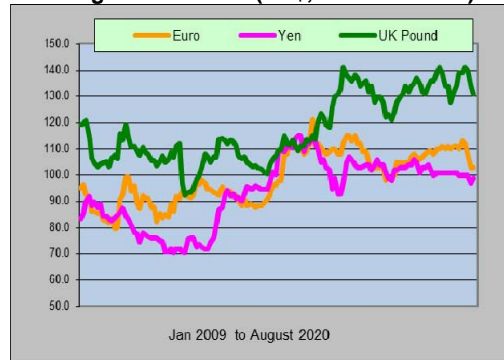
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

Dollar Exchange Rates

As of 25 August 2020

Brazil	Real	5.5681
CFA countries	CFA Franc	555.61
China	Yuan	6.8898
Euro area	Euro	0.8459
India	Rupee	73.78
Indonesia	Rupiah	14660
Japan	Yen	106.59
Malaysia	Ringgit	4.1725
Peru	New Sol	3.51
UK	Pound	0.7575
South Korea	Won	1187.56

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

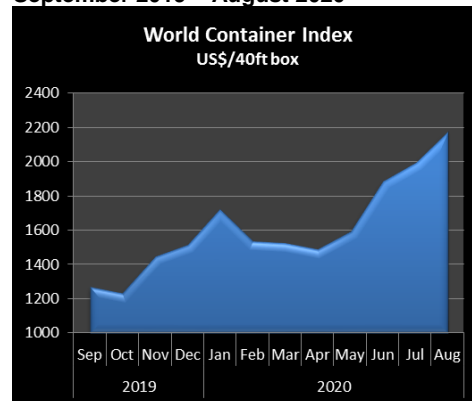


Abbreviations and Equivalences

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

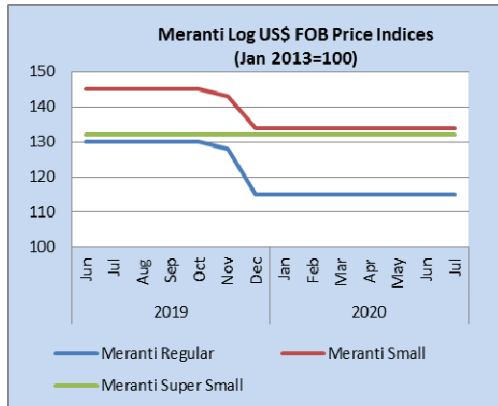
September 2019 – August 2020



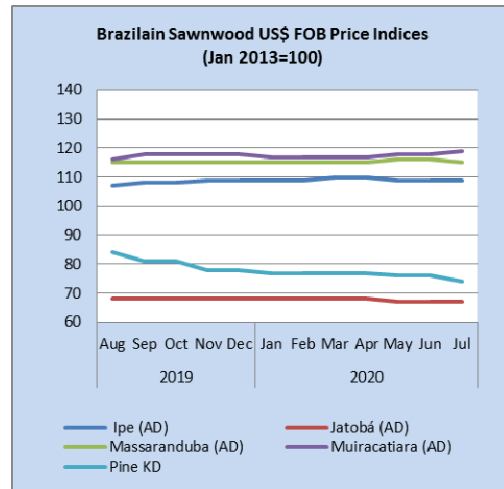
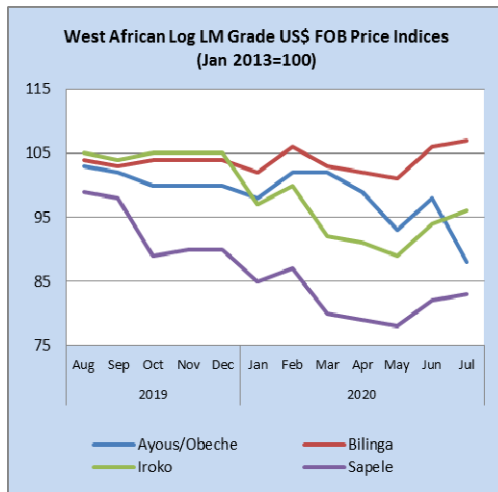
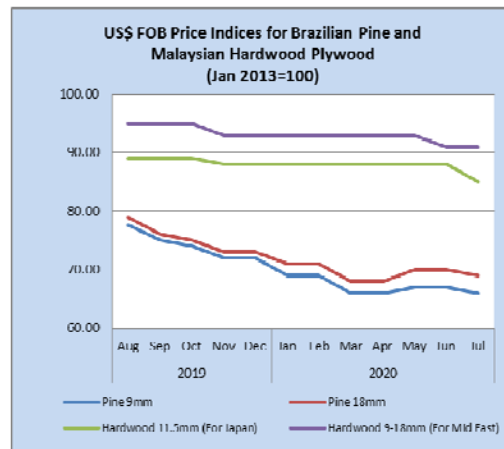
Data source: Drewry World Container Index

Price indices for selected products

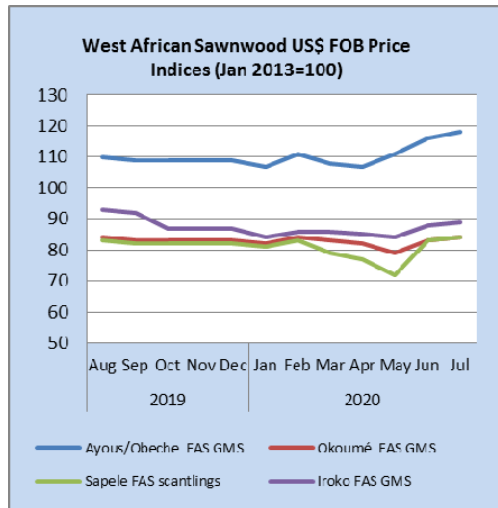
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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