Tropical Timber Market Report

Volume 25 Number 1 1st – 15th January 2021

Contents

Headlines

Top story

US ends anti-dumping investigation of Brazilian moulding exports

On 29 December the US Department of Commerce announced its final antidumping duty (AD) and countervailing duty (CVD) determinations on wood mouldings and millwork products from Brazil and China. It found no dumping of wood mouldings and millwork products from Brazil and, therefore, there will be no anti-dumping or duty deposit requirements for imports from Brazil.

The Brazilian government has welcomed the decision of the US authorities on the anti-dumping investigation of wood mouldings exported by Brazil.

See pages 10 and 24

Central and West Africa

Okoume log prices rising in Gabon

Heavy rain and thunder storms continue to disrupt forest operations and transportation in Gabon. There are reports that mills in the GSEZ are running low on okoume logs and that delivered prices are rising.

The news from Moyen Ogooué Province is that the network involved in the disappearance of seized logs has been dismantled and arrests have been made and senior government officials have been questioned by the police. It appears that the logs have not yet been traced but the police are trying to locate a Chinese buyer in connection with the disappearance of the 4,000 cu.m of logs.

Demand slows in China as New Year approaches

Importers in China have cut back on orders in advance of the slowdown in manufacturing associated with the New Year celebrations. Chinese New Year, the year of the ox, falls on 12 February this year.

Late last year there were rumours that demand for beli had weakened sharply which proved to be unfounded and producers report that demand remains firm and that prices for sawn beli (especially red beli) are trending higher.

On the other hand, towards the end of 2020 prices for sawn okoume in China softened slightly as demand slowed. The main species of demand in China are ovangkol, okan, bilinga, padouk and ayous. In contrast to the price trend for okoume in China buyers in the Philippines continue to purchase sawn okoume and sapeli mainly from Cameroon.

Legal timber only for public works in Cameroon

News from Cameroon suggests few operators are ready to resume operations as the concession bidding process is ongoing. Every year in Cameroon millers with concessions have to negotiate for concessions and can find themselves out-bid at which point they have to rely on the open log market for raw material leaving them without a secure source of logs.

In other news from Cameroon, the Ministers of Forestry, Public Works and the Minister in charge of Public Contracts signed a joint order setting the terms for the use of only legal timber in public procurement in Cameroon. This is a requirement in the implementation of the VPA in the country.

See: https://www.businessincameroon.com/public-management/1812-11151-cameroon-legal-origin-of-wood-to-be-proven-in-public-procurement-procedures

Implementation of African free trade agreement could be slow

Events across the region are planned to explain to the timber sector opportunities from the African Continental Free Trade Area (La zone de libre-échange continentale africaine, Zlecaf).

The Zlecaf Secretary General, Wamkele Mene, has said it is likely that implementation of intra-African free trade agreement could be slow as many states do not have adequate border facilities ready to apply the terms of the Agreement which entered into force on 1 January 2021.

Fifty-four African nations have pledged to join the Zlecaf and 33 have ratified the Agreement so far but many lack the customs procedures and infrastructure to facilitate free trade.

See: https://www.jeuneafrique.com/1099588/economie/zlecaf-les-pays-africains-ne-sont-pas-prets/

log export prices

West African logs	FOB Euro per cu.m		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & ekki	275	275	175
Belli	270⬇	270	-
Bibolo/Dibétou	215	215	-
Bilinga	275	275	-
Iroko	300	280	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	220	220	220
Moabi	330⬇	330⬇	250⬇
Movingui	180	180	-
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	420
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	640
FAS scantlings	675
Strips	320
Sapele FAS Spanish sizes	420
FAS scantlings	450
Iroko FAS GMS	575
Scantlings	620
Strips	350
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	620
Scantlings	640
Movingui FAS GMS	420

Ghana

First 10 month exports – signs of improvement
Ghana exported a total of 179,835 cu.m of wood products valued at Eur92.17 million during the first 10-months of 2020. This represented a decline in volume of 32% when compared to the 266,015 cu.m for the same period in 2019 but also represented an improvement (+13%) over the volume of exports in the first 9 months of 2020.

In the 10 months to October 2020 there were 78 producers who exported 16 different products including sawnwood, billets, mouldings, veneer and plywood (to regional markets).

Export volumes cu.m

Product	Jan-Oct 2019	Jan-Oct 2020	Y-o-Y % Change
AD sawnwood	153,357	90,047	-41
KD sawnwood	39,534	29,191	-26
Plywood (Overland)	18,622	18,059	-3
Billets	20,674	17,228	-17
Mouldings	7,785	8,665	11
Sliced Veneer	16,103	7,209	-55
Rotary Veneer	5,394	7,240	34
Boules (AD)	844	1,070	27
Others (8)	3,702	1,126	-70
Total	**266,015**	**179,835**	**-32**

Data source: TIDD

Air-dried sawnwood accounted for 50% of exports with kiln-dried sawnwood and plywood accounting for 16% and 10% respectively. TIDD data also showed air-dried boules, mouldings and rotary veneer registered increased export values in the first 10 months of 2020 against that of 2019.

Export value (Eur '000)

Product	Jan-Oct 2019	Jan-Oct 2020	Y-o-Y % Change
AD sawnwood	75,420	44,733	-41
KD sawnwood	23,491	17,405	-26
Plywood (Overland)	6,258	6,122	-2
Billets	7,591	6,658	-12
Mouldings	4,918	6,097	24
Sliced Veneer	8,253	6,677	-19
Rotary Veneer	2,130	3,397	59
Boules (AD)	470	576	23
Others (8)	1,323	504	-62
Total	**129,854**	**92,169**	**-29**

Data source: TIDD

Total revenue from shipped wood products fell to Eur92.17million in the first 10 months of 2020, from Eur129.85 million in the same period in 2019 reflecting the decline in volumes shipped.

Ghana starts trading under AfCFTA
Ghana has officially started trading goods under the 54 member signatories of the African Continental Free Trade Agreement (AfCFTA) which became operational early this year.

At a Business Forum in Accra in January to kick-start trading and implementation of the AfCFTA, its Secretary-General, Wamkele Mene, indicated the African union has transferred all functions related to the African Continental Free Trade Area (AfCFTA) Agreement from Addis Ababa to Accra.

In his State of the Nation address the President of Ghana said the global pandemic threatened to derail the progress the country has made in recent years but stressed the economy remains resilient and the country is attracting investment in wood product manufacturing.

IMF trade statistics show Ghana is ranked 12th among African countries that export to signatories to the AfCFTA and accounts for 17% of AfCFTA exports.

Ghana to conclude trade deal with UK
Ghana and the United Kingdom have reached a consensus on the main elements of a trade agreement, following Brexit.

The UK Department of International Trade released the following announcement from Alan Kyerematen, Ghana's Minister of Trade and Industry and Liz Truss MP, UK Secretary of State for International Trade.

"Today we are pleased to announce that we have reached a consensus on the main elements of a new trade agreement. This provides the basis to replicate, the effects of the existing trade relationship between the UK and Ghana – a relationship which is underpinned by our strong people to people connections and has driven economic growth, created jobs and inspired creativity and innovation in both our countries.

The intention is for the Agreement to provide duty free and quota free access for Ghana and the same preferential tariff reductions for British exporters as provided by the arrangement that is currently in force."

Stable local currency to drive business growth
The Ghana cedi ended last year depreciating almost 4% against the US dollar but espite this has been described as one of the best-performing currencies in Sub Saharan Africa. Analysts forecast the cedi will maintain its stability in 2021.

A stable currency is good for the manufacturing sector which includes timber processing companies, which have frequently complained of the negative impact on exports of an unstable exchange rate.

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	530↓
Niangon Kiln dry	650

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	347↑	366
Chenchen	540	631
Ogea	443	590
Essa	543	626↑
Ofram	350	435

Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	1,077↑
Avodire	573
Chenchen	934↓
Mahogany	1,444↑
Makore	1,604↑
Odum	667

Export plywood prices

Plywood, FOB	Euro per cu.m		
BB/CC	Ceiba	Ofram	Asanfina
4mm	315↓	580	641
6mm	412	535	604
9mm	377	446	560
12mm	516	476	480
15mm	450	414↑	430
18mm	450	441	383

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

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	465	564
Ceiba	404	600
Dahoma	492↓	565↑
Edinam (mixed redwood)	520	595↑
Emeri	465	590
African mahogany (Ivorensis)	886	1,036↓
Makore	740	916↑
Niangon	583↓	656
Odum	649	1.020↑
Sapele	720	873
Wawa 1C & Select	426	431↑

Malaysia

Surge in Covid 19 cases

Malaysia reported the highest number of patients in intensive care and those requiring ventilators as the New Year began. Malaysia is experiencing its third wave of Covid-19 which began in September last year and the cumulative number of cases stands at 131,108. The government has announced tighter restrictions on peoples movement for some parts of the country and this will impact businesses.

Commodity sector to benefit from RCEP

Guanie Lim, when interviewed by The Star newspaper in late 2020, said Malaysian commodity industries are likely to be the main beneficiaries of the Regional Comprehensive Economic Partnership (RCEP) as the Agreement removes tariffs on most commodities.

Specifically he mentioned palm oil and related products, rubber and wood products including wooden furniture as seeing opportunities as the Agreement will provided greater market access for raw materials and manufactured products.

See: https://www.thestar.com.my/business/business-news/2020/12/11/commodities-based-sectors-early-rcep-beneficiaries

MTIB centre for furniture design

The Star has also reported on an initiative by the Malaysian Timber Industry Board (MTIB) which aims create a design hub to support the domestic furniture industry by bringing together everyone with ideas on designs. MTIB plans to establish a new design centre as part of the National Timber Industry Policy Roadmap for Furniture and Timber-based Products 2013 - 2020.

See: https://www.thestar.com.my/lifestyle/living/2021/01/10/designing-the-future-of-timber

Port Klang congestion resolved

The Port Klang Authority (PKA) said the recent congestion at Port Klang has shown improvement after measures implemented by a task force directed by the Ministry of transport. The task force was established to identify the causes of delays in moving cargo and identify measures to expedite the movement of vessels through the port. PKA chairman, Datuk Chong Sin Woon, said container yard occupancy dropped from 90% to 82% as additional staff were deployed to process import and export documents,

Malaysian International Furniture Fair set for September

The organiser of the Malaysian International Furniture Fair (MIFF) has moved MIFF 2021 from March 8-11 to September 1- 4. The 2021 event will be held at the Malaysia International Trade & Exhibition Centre (MITEC) and Putra World Trade Centre (PWTC).

MIFF 2021 will have 60,000 sq. m. of exhibition space, featuring 500 furniture manufacturers and exporters. Exhibitors are expected from Malaysia, Indonesia, Japan, New Zealand, Portugal, Sri Lanka, Taiwan, Thailand, Turkey, USA, Vietnam, and Romania.

Correction

In our December report it was stated Malaysia exported 10 mil. cu.m of builders woodwork and joinery. Please disregard this number as it is incorrect. Export value is a better measure for this diverse category of products.

Indonesia

Forestry exports exceed 2020 target

The 2020 export target for forest and wood products has been exceeded despite the impact of the corona pandemic on production and trade. Early in 2020 the export target was lowered from US$10 billion to US$7 billion to take account of the anticipated disruption of businesses however, export earnings in 2020 topped US$11 billion even exceeding the original target.

Bambang Hendroyono, the Secretary General in the Ministry of Environment and Forestry, said the ministry is very proud of the performance of Indonesian forestry sector adding that 2020 forestry export earnings were only 5% below that of 2019. He added that government incentives and relaxation of regulations helped achieve this success.

See: https://foresthints.news/despite-global-pandemic-indonesias-forestry-exports-far-exceed-target/

Raw material prices undermining competitiveness

According to the Executive Board of the Indonesian Furniture and Craft Industry Association (DPP HIMKI) despite the country having vast forest resources the wood processing sector struggles to make a real contribution to national economic growth because the high price of raw materials undermines competitiveness in the domestic market and international markets.

During a recent online meeting it was concluded that downstream SMEs cannot afford to purchase top quality raw materials so must process low quality wood raw materials which reduces productivity. The problem of raw material supply has been raised by Purwadi Soeprihanto, Executive Director of the Association of Indonesian Forest Concession Holders (APHI), who said the growth in wood product processing was hampered by raw matetila supply and that is why Indonesia has fallen behind Vietnam in terms of competiveness

Purwadi said one way to raise the competitiveness of Indonesian furniture products is to accelerate the development of plantation forests.

See:
https://www.fordaq.com/news/Indonesia_Raw_material_prices_undermining_70929.html

Over 4 million hectares of forest land reallocated

The Minister of Environment and Forestry (MOEF), Siti Nurbaya, said her ministry will support the efforts to restore the national economy in 2021. She said Indonesia's forests can support nature tourism and environmental services. Also, she indicated by changing the allotment of forest such as land for the object of agrarian reform productivity for the land can be increased. As of December the forest land reallocation effort has provided around 4.4 million hectares to about 882,072 farmers.

See: https://nasional.kontan.co.id/news/realisasi-perhutanan-sosial-capai-44-juta-hektare-hingga-awal-desember

Strategy to encourage the furniture and craft industries

The Indonesian Furniture and Craft Industry Association (HIMKI) prepared several strategies to encourage the national furniture and craft industry in 2020. Abdul Sobur, HIMKI chairman, said the first issue to be addressed should be a sustainable supply of wood and rattan raw materials. This, he said, could be achieved with the formation of a state run 'Rattan Logistics Agency'. Another priority area is the elimination of wood and rattan smuggling.

HIMKI has continued its call for the elimination of the mandatory SVLK for downstream industries saying this holds back the competiveness of the sector and urges the government to support promotion and marketing of wood and rattan products.

Additional suggestions from the HIMKI include the call for efforts to raise the quality of rattan furniture and craft products which should include training and support for design and advanced technologies.

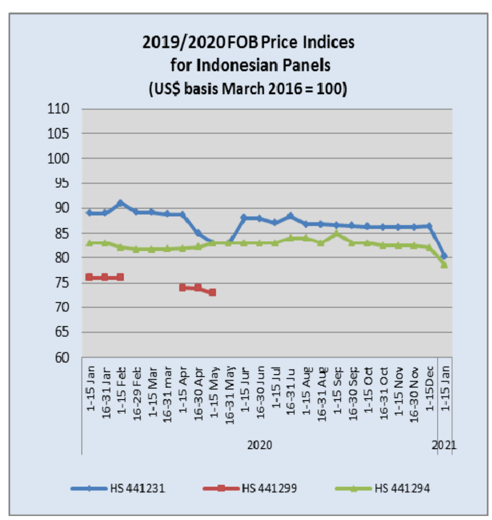
Finally, Sobur encouraged the government to attract investment in production in areas with adequate raw materials

See: http://www.jurnas.com/artikel/84663/Strategi-HIMKI-Dorong-Industri-Mebel-dan-Kerajinan-Nasional/

Indonesia's 2020 forestry success stories

Amid the ongoing global COVID-19 pandemic Indonesian Environment and Forestry Minister, Siti Nurbaya, has in an interview with Foresthints.News, highlighted the major successes achieved in 2020, a year marked by great difficulties.

The full text can be found at https://foresthints.news/minister-dont-lose-sight-of-indonesia-2020-forestry-success-stories/



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

Myanmar

First ever financial release from MTE

The Myanma Timber Enterprise (MTE) recently announced consolidated income statements for the three fiscal years from 2016-17 detailing sales, operational cost, taxes, contributions to the state and net profit. This is the first such disclosure in the history of MTE and is a significant initiative from MTE to ensure transparency.

Full details can be found at: (http://www.mte.com.mm/index.php/en/activities/1386-myanma-timber-enterprise-activities)

From 1st April 2014 to 30th November 2020 MTE sold 1,864,921 tons of teak logs, other hardwood logs and sawnwood earning US$531 million for 414,173 tons of teak logs. In addition, MTE sold 925,074 tons of logs and sawnwood in local currency earning around US$349 million (approximately equivalent).

Myanmar exports plunge

In the last two months of 2020 export earnings plummeted to US$2.647 billion. In the corresponding period in the previous financial year exports stood at US$3.847 billion according to the Ministry of Commerce.

Both sea and border trade dropped as neighbouring countries tightened border security and limited trading to contain the spread of the virus. While agricultural exports increased those of livestock, forest products, minerals, fishery products and finished industrial goods declined. To make matters worse the severe container shortage has become the biggest headache for shippers in Myanmar.

In related news, Myanmar's trade deficit is rising. Between 1 October and 18 December in the current FY, Myanmar's external trade drastically plunged to US$6.14 billion from US$8.206 billion recorded in the same period a year ago.

The government is trying to reduce the trade deficit by eliminating imports of non-essentials. Myanmar mainly imports essential goods such as construction materials, capital goods, hygiene items and inputs for export manufacturing.

Over 9,000 jobs created

According to the Directorate of Investment and Company Administration (DICA) domestic and foreign enterprises and other regional and state investment bodies created 9,031 jobs in the first two months (October and November) of the current financial year 2020-2021 but for October and November the rate was lower than in September .

(Note: The Ministry of Planning and Finance announced in 2019 a change to the financial year which now ends 30 September each year)

According to the DICA domestic and foreign projects created over 96,000 jobs in the FY2016-2017, 110,000 jobs in the FY2017-2018, over 53,000 jobs in the 2018 mini-budget period, over 180,000 jobs in the FY2018-2019 and 210,000 jobs in the FY2019-2020.

Health Insurance required for travel

Thailand has imposed tougher measures for foreign travelers entering the country including a requirement for a US$100,000 health insurance plan with at least six months validity.

The Myanmar government plans to resume flights to Southeast Asian neighbours and the MTE has launched a Travel and Health Insurance (Thailand) service to facilitate visa applications for those travelling to Thailand.

28 December 2020 teak and other hardwood log tender prices

Grade	H.tons	Average US$/H.ton
SG-1	-	-
SG-2	-	-
SG-4	-	-
SG-5	68.1	3,594
SG-6	155,7	3,202
SG-7	638.5	2,594

		Hoppus ton	Average US$/H.ton
Kanyin	1st	140.4	585
Kanyin	2nd	4,863	659
Pyinkado	2nd	32,3	843
In	2nd	498.0	299
Thitya	2nd	78.1	471
.0Ingyin	2nd	22.1	444
Sagawa	2nd	8.1	415

India

Infections contained in a few States

The New Year has brought further relief from the coronavirus pandemic in India. Daily new cases are now averaging around 19,000 per week, the lowest in six months. The worst of the pandemic now seems concentrated in Kerala and Maharashtra States. The country has strated the world's largest vaccination drive.

A Hindustan Times editorial says even when the pandemic is under control action will be needed to help people suffering from pandemic induced stress, anxiety, depression and insomnia.

Strong GDP growth in 2021 forecast

The National Statistical Office (NSO), on Thursday, announced its projections for India's GDP in 2020-21, pegging the Indian economy to contract by 7.7%, compared to a growth rate of 4.2% in 2019-20.

In its latest review the Reserve Bank of India (RBI) has projected an economic contraction of 7.5%, an improvement on its earlier forecast of a 9% plus decline for fiscal 2020.

However, two successive phases of economic contraction in the year drove the economy into and times continue to be tough even though the Purchasing Managers' Index for manufacturing is continuing to claw into positive territory.

The services and agricultural sectors have been supporting recovery and this, along with a proposed increase in government expenditure targeting agriculture as a vehicle of growth, could lift growth prospects higher.

Analysts suggest the future of the Indian economy will also hinge on expanded private investment. Of greatest concern is the financial state of the millions of SMEs in the country as the temporary relief from the government is set to end in the months ahead.

Panel makers happy to see resin plant back in operation

To the delight of plywood and panel makers the Haryana State Government has approved resumption of formaldehyde product manufacturing in the factories in the State subject to clearance by the Environment Department.

Within days of the announcement resin products for the wood panel industry dropped sharply.

Plyreporter has reported that the Haryana Plywood Manufacturers' Association Vice President, Satish Chopal thanked the State Government for this decision.

See: https://www.plyreporter.com/article/71922/big-relief-to-industry-by-re-opening-of-formaldehyde-units-in-haryana

Home buyers looking for bigger homes

In pre-pandemic days the real estate sector in India had been adjusting to demand for moderately priced and smaller homes but this has changed. Now buyers are looking for and can afford due to low interest rate bigger floor space.

The Economic Times reports that Himanshu Parekh a property adviser in Mumbai as saying people are looking to upgrade to bigger homes due to work from home and for online education and that they can now afford the bigger space housing loan rates are lower now and home prices have eased. Late in 2020 the preferred size for a one bedroom unit was 500 sq.ft. up from round 400 sq. ft. in March 2019.

See: https://economictimes.indiatimes.com/topic/Home-buyers

New furniture park planned

The Yamuna Expressway Industrial Development Authority (YEIDA) intends to construct a furniture park and some 15 firms have expressed an interest in opening facilities in the Park.

Rakesh Kumar, Executive Director in the Export Promotion Council, said a furniture park near Jewar airport would help boost exports and encourage furniture and handicraft manufacturers.

See: https://timesofindia.indiatimes.com/topic/furniture-park

Plantation teak

Ship owners are not in a mood to reduce freight rates and plantation teak shippers are anxious to maintain export volumes putting Indian importers in a tough spot as they want to see freight rates come down before committing to purchases. Indicative FOB prices as of December 2020 are shown below. It is not possible to provide C&F prices given the volatile freight rates.

Plantation teak logs ex-Brazil

Girth cm	US$ FOB/Cu.m
70-79	341
80-89	372
90-99	415
100-109	450
110-119	484
120-129	553
130-139	570
140-149	614
150+	639

Plantation teak logs ex-Nicaragua

Girth cm	US$ FOB/cu.m
40-49	230
50-59	280
60-69	320
70-79	380
80-89	430
90-99	490
100-109	520
110-119	560
120-129	620
130-139	660
140-149	695
150+	730

Locally milled sawnwood

Early January 2021 prices for locally milled hardwoods are shown below. Because of the increased freight costs exmill prices tend to be at the higher rates.

Millers face the problem of trying to pass on the higher transport charges but that is difficult even though the housing market is active.

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	850
Whitewood	850

Myanmar teak
There were no teak deliveries from Myanmar in December 2020 and as of mid January no shipments have arrived in India. In the domestic market prices can be considered at the top end of the range shown below.

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	7,500-9,000
Plantation Teak FAS grade	5,500-7,000

Price range depends mainly on lengths and cross-sections.

Sawn hardwood prices
Demand for imported hardwoods is reported as firm which will eventually give traders the opportunity to lift prices to take account of the increased freight charges.

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	2,600-2,800
American Walnut	4,000-5,000
Hemlock STD grade	1,300-1,600
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 in the north of the country have resumed opeartions as most workers are back on the job. This is in contrast to the situation in mills in the south of the country and in the Mumbai/Puna area which still face worker problems along with rising log costs.

It is reported that mills in the Kerala area are taking to opportunity to retool their presses and boilers in order to raise productivity.

The short fall in domestic plywood production has given exporters an opportunity and recently Russian plywood has been entering the Indian market.

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	80.00
6mm	108.00
9mm	133.00
12mm	166.00
15mm	218.00
18mm	240.00

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	43.00	61.00
6mm	61.00	77.00
9mm	77.00	94.00
12mm	94.00	111.00
15mm	111.00	134.00
19mm	130.00	150.00
5mm Flexible ply	82.00	

Vietnam

W&WP export/impor int first 11 months of 2020

Exports
In November 2020, Vietnam's wood and wood product (W&WP) exports were valued at US$1,236 billion, 3.5% less than that of October, but 20% higher compared to the same month of 2019.

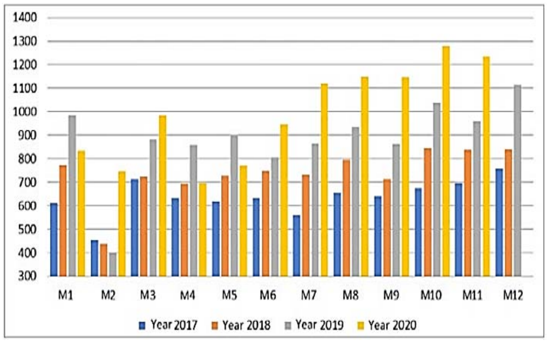
Of this, WP export accounted for US$1,005 billion, 4.8% lower compared to the previous month, but 33% up as compared to the same month of 2019.

In 11 months of 2020 W&WP exports amounted to US$11,023 billion a 15.6% year on year growth.

In the first 15 days of December W&WP exports were US$618 million, 20% higher compared to the first 15 days of November.

All data that follows was provided by the General Department of Customs, Vietnam and analyzed by GoViet.

W&WP exports, 2017 – 2020, by months (Unit: US$ million)



During November 2020 W&WP exports by FDI enterprises were worth US$696 million, up almost 9% over October and 60% up year on year. In 11 months of 2020 W&WP exports by FDI enterprises amounted to US$5,395 billion, 28% year on year higher and a 49% share of total W&WP exports from Vietnam.

Export destinations

Compared to October, W&WP shipped to top destinations declined. Exports to the US declined by 3%, Japan, 1%, and South Korea, 5%.

Top destinations of Vietnam's W&WP product exports over 11 months of 2020 (Unit: US$ 1,000)

Thị trường/Market	November 2020	Compared to October 2020 (%)	Compared to November 2019 (%)	First 11 months of 2020	Compared to first 11 months of 2019 (%)
US	793,508	-3.13	47.49	6,369,976	34.56
Japan	115,390	-0.91	17.46	1,159,351	-3.79
China	90,322	13.04	24.46	1,082,737	3.84
South Korea	67,250	-5.25	10.16	727,570	1.09
UK	18,888	-30.95	-18.81	207,223	-27.03
Canada	24,331	-0.38	-0.82	195,834	14.63
Australia	19,380	4.03	46.75	154,287	11.12
Germany	9,730	-22.29	-4.82	103,908	2.74
France	8,195	-18.60	-37.74	95,172	-16.55
Malaysia	7,130	-19.12	21.08	66,124	2.73
Netherlands	7,124	22.23	-12.97	64,105	-7.59
Taiwan	4,597	-33.29	0.92	63,969	-5.27
Thailand	5,008	10.65	12.22	44,179	19.21
Belgium	3,773	-8.35	17.51	41,207	15.35
Arab Saudi	4,125	14.55	59.46	33,533	-3.89
Denmark	3,415	12.97	-18.90	27,703	2.86
Spain	2,074	-35.64	-48.16	24,878	-18.50
India	2,713	-3.35	-10.80	23,252	-30.93
Laos	993	8.53	-123.43	23,174	-49.77
Sweden	1,551	-16.84	-37.35	22,687	-10.35
Newzealand	2,820	9.90	35.12	22,150	0.58
Poland	2,162	20.58	77.79	21,059	18.04
Italy	2,738	49.20	-39.37	18,830	-36.16
UAE	2,158	7.23	18.80	18,692	-15.34
Chile	1,356	9.95	-0.69	17,043	8.37
Mexico	1,782	-8.60	4.27	14,777	-16.03
Cambodia	1,424	81.21	-23.80	13,485	35.85
Singapore	1,537	8.12	3.16	12,978	-43.80
Hong Kong	134	-60.66	-61.58	9,383	133.15
Russia	518	4.25	15.59	6,267	40.78
South Africa	687	-19.00	14.26	5,546	-40.97
Kuwait	852	23.24	-4.46	5,140	-26.01
Turkey	149	-71.46	76.92	3,849	85.71
Portugal	115	-39.75	-67.46	2,119	-21.96
Norway	167	-38.32	-36.22	1,962	-45.34
Greece	165	413,252.50	20.16	1,827	-46.99
Austria	57	-79.90	-39.57	1,460	-10.65
Switzerland	318	41.42	107.02	1,314	-1.77
Czech	29	-52.17	-95.08	1,261	-43.70
Finland	122	*	-60.40	729	-47.41

With European markets such as the UK, Germany, France and the Netherlands the decline was even greater. In contrast exports to China continued to grow, rising to US$90 million, 13% up as compared with the previous month.

The US topped the list Vietnam's W&WP export markets with a share of almost 60%. Over 11 months of 2020 the US market consumed US$6.369 billion, a year on year growth of 35%. Following the US, the 3 big consumers of Vietnam's W&WP included Japan, China and South Korea.

Imports

Following a significant increase in October, November 2020 imports of W&WP into Vietnam were valued at US$252 million, just 1.5% over the previous month, but 15% higher than in the same month of 2019.

W&WP imports from top suppliers in 11 months of 2020 (Unit: US$ 1,000)

Thị trường/Market	November 2020	Compared to October 2020 (%)	Compared to November 2019 (%)	First 11 months of 2020	Compared to first 11 months of 2019 (%)
China	103,613	25.43	33.27	741,373	29.19
US	28,685	2.24	14.82	288,097	-6.85
Thailand	12,629	-27.31	14.54	113,205	10.50
Newzealand	7,540	-1.08	-4.44	60,272	-2.60
Chile	7,928	67.34	-2.02	57,496	-23.02
France	4,306	27.46	-4.75	56,371	-5.75
Brazil	7,695	-16.75	50.80	55,624	-14.65
Russia	2,567	-47.80	11.39	53,223	98.36
Laos	4,702	-36.91	-24.50	48,580	4.73
Congo	5,951	43.30	*	47,890	*
Germany	3,265	-23.83	-9.91	45,563	-29.22
Malaysia	4,844	16.10	-17.46	41,220	-30.91
Indonesia	3,280	46.38	5.91	23,869	-1.05
Canada	1,741	-26.49	61.28	20,728	-12.52
South Korea	2,117	334.44	-7.93	17,001	2.75
Finland	2,032	-14.43	56.18	14,843	-6.19
Italy	1,736	25.05	11.07	14,103	-31.97
Australia	-458	-172.62	-160.22	13,442	40.15
Ghana	1,003	-6.13	12.04	13,386	-35.21
Japan	605	-30.75	-28.94	8,036	7.49
Argentina	1,271	40.89	25.89	7,897	-13.87
Belgium	224	-52.12	-76.20	7,680	-37.43
Switzerland	1,129	16.97	80.86	7,294	-8.77
Cambodia	647	-30.62	40.92	7,134	-77.57
South Africa	894	12.92	109.30	5,293	-24.39
Taiwan	242	-33.48	-5.48	3,164	-27.47
Myanmar	39	111.36	-43.53	815	-3.46

In 11 months of 2020 imports of W&WP into Vietnam totalled at US$2,266 billion, down 1.6% year on year. During the first 15 days of December, 2020 W&WP imports amounted to US$156 million.

In November 2020 FDI enterprises imported US$118 million of W&WP, 20% higher than the previous month and 60% higher than in November 2019. During 11 months of 2020 W&WPs imported by FDI enterprises amounted to US$921 million, 32% up year on year and contributed 41% of the total value of W&WP imported into Vietnam.

In November, 2020, W&WP imports from China, Chile and Congo increased by 25%, 67% and 43% respectively as compared to the previous month. Conversely, November imports from Thailand, Brazil and Laos dropped sharply compared to October 2020.

Imports from Russia experienced a year on year expansion of almost 100%. In contrast imports from the US, Brazil, Germany and Malaysia declined compared to the same period in 2019.

Vietnam's forest certification scheme endorsed by PEFC

In late October 2020, Vietnam's Forest Certificate Scheme submitted by Vietnam PEFC Council Member was endorsed by the PEFC Council General Assembly.

Sustainable Forest management has been implemented in Vietnam since the 1990s. In 2017, the Ministry of Agriculture and Rural Development (MARD) assigned the Vietnam Administration of Forestry (VNFOREST) and the Vietnamese Academy of Forest Science (VAFS) to develop Sustainable Forest Management (FM) and Chain of Custody standards for Vietnam Forest Certification Scheme (VFCS).

In 2018, the Prime Minister of Vietnam approved the 'Project on Sustainable Forest Management and Forest Certification' through Decision No. 1288/QD-TTg, in which the Vietnam Forest Certification Scheme (VFCS) was established and operated under Vietnam Administration of Forestry, Ministry of Agriculture and Rural Development.

On 11 January 2019 the Minister of Agriculture and Rural Development issued a Decision to establish the Vietnam Forest Certification Office (VFCO). VFCO is responsible for all activities in terms of sustainable forest management and forest certification and issues national standards and guidelines of the VFCS.

The benefits of Vietnam being part of the PEFC alliance lie in the following:

- To manage and use sustainable forest resources, biodiversity conservation; to protect ecological environment and values of forest environmental services; and to promote forest certification in Vietnam to meet the requirements of domestic and international markets.

- To create a legal source of plantation timber in forest areas implemented by sustainable forest management.

- To improve the value of plantation timber and contribute to poverty reduction for people who depend on forestry for their livelihoods, as well as increase the export values of timbers and forest products for the forestry sector.

See:
https://pefc.org/discover-pefc/our-pefc-members/national-members/viet-nam-forest-certification-scheme-vfcs
and
https://laodong.vn/kinh-te/he-thong-chung-chi-rung-quoc-gia-cua-viet-nam-da-duoc-pefc-cong-nhan-863742.ldo

Brazil

Action by Amazon Protection Task Force

The Amazon Protection Task Force was created by the Brazilian government in 2019 and since it became operational has filed 114 public civil actions and collected more than R$2.6 billion in fines from environmental offenders. Lawsuits were filed against 230 people charged with illegal deforestation of 135,000 hectares of the Legal Amazon in the states of Mato Grosso, Pará, Amazonas, Roraima, Rondônia, Maranhão and Acre.

The task force has also blocked assets worth around R$169.7 million for three defendants accused of deforesting 8,400 hectares of the Amazon Forest in the municipality of Novo Aripuanã, Amazonas State.

In another lawsuit the task force secured the blocking of R$130.7 million of assets for four environmental offenders in the municipality of Gaúcha do Norte, in Mato Grosso due to deforestation of more than 9,000 hectares in the Amazon.

Support for small businesses

The federal government has approved the third phase of the 'National Program to Support Micro and Small Businesses' (PRONAMPE) releasing an additional R$10 billion from the Operations Guarantee Fund (FGO to be used as guarantees for loans made through the programme.

From May to December 2020 more than 440,000 entrepreneurs received support from PRONAMPE. During this period loans were granted in the total amount of R$33 billion. This programme was created by the federal government to secure resources for small businesses so that they could maintain jobs and business operations during the pandemic.

The recipient companies have to commit to keep employees and use the resources to finance business activities such as investments and working capital.

The other programme, SEBRAE (Brazilian Service of Support for Micro and Small Enterprises) has reported that, while almost companies are operating, the level of their revenue is still below that recorded before the beginning of the pandemic (on average -39%) so continued access to the fund is vital.

The Ministry of Economy has indicated this is the largest programme of credit support for micro and small businesses in the country's history.

US ends anti-dumping investigation of Brazilian moulding exports

The Brazilian government has welcomed the decision of US authorities to end anti-dumping investigations of wood moulding exports from Brazil.

In a joint statement released 31 December 2020 the Ministry of Economy and the Ministry of Foreign Affairs reported that they have closely followed the US actions and provided support to Brazilian exporters. Brazil maintains that exporters do not practice dumping as products are sold at fair market prices.

In 2020 Brazil exported approximately US$377 million in wood mouldings to the US which is around 70% of all Brazil's moulding exports.

Tighter control of timber exports

Since the beginning of 2020 the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) has strengthened its oversight of Brazilian timber exports. Around 35,000 forest products made from timber coming from natural forests are exported annually with 90% being shipped through four main ports in the states of Pará, Paraná, Santa Catarina and Amazonas.

In addition to the monitoring and on-site inspection work carried out IBAMA has required mandatory inclusion of the Document of Forest Origin (DOF) registration number in the Single Export Declaration (Documento Único de Exportação - DUE).

The DOF is required for transportation, processing, trade, consumption and storage of forest products and by-products coming from native forests.

Details are now loaded directly into the Integrated Foreign Trade System (Portal Único de Comércio Exterior do Sistema Integrado de Comércio Exterior) SISCOMEX. The requirement for a DOF registration number for wood products export has brought an improvement in inspection procedures and a significant reduction in the possibility for corruption.

Domestic log prices

Brazilian logs, mill yard, domestic	US$ per cu.m
Ipê	165
Jatoba	83
Massaranduba	74
Miiracatiara	79
Angelim Vermelho	74
Mixed redwood and white woods	62

Source: STCP Data Bank

Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US$ per cu.m
Ipé	691
Jatoba	337
Massaranduba	334
Muiracatiara	302
Angelim Vermelho	299
Mixed red and white	198
Eucalyptus (AD)	152
Pine (AD)	100
Pine (KD)	125

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

Parica	US$ per cu.m
4mm WBP	379
10mm WBP	324
15mm WBP	269
4mm MR.	310
10mm MR.	235
15mm MR.	212

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

Domestic ex-mill prices	US$ per cu.m
15mm MDParticleboard	153
15mm MDF	188

Source: STCP Data Bank

Export sawnwood prices

Sawnwood, Belem/Paranagua Ports, FOB	US$ per cu.m
Ipe	1,490
Jatoba	872
Massaranduba	853
Muiracatiara	876
Pine (KD)	162

Source: STCP Data Bank

Export plywood prices

Pine plywood EU market, FOB	US$ per cu.m
9mm C/CC (WBP)	257
12mm C/CC (WBP)	252
15mm C/CC (WBP)	228
18mm C/CC (WBP)	217

Source: STCP Data Bank

Export prices for added value products

FOB Belem/Paranagua ports		US$ per cu.m
Decking Boards	Ipê	3,038
	Jatoba	1,450

Source: STCP Data Bank

Peru

Wood exports unlikely to take off in 2021

The negative consequences of the pandemic affected the economic growth of all countries and has impacted Peruvian exports of traditional and non-traditional products.

Enrique Toledo, Vice President of the Committee of Wood and Wood Industries of the Association of Exporters (ADEX), has reiterated that the Peruvian forestry sector represents a great opportunity for economic growth, job creation and social inclusion but the government seems not to recognize this.

Toledo speculated that timber production and trade will continue to be impacted by the effects of the pandemic in 2021 and export shipments are unlikely to be more than in 2020.

To address this he suggested the implementation of measures to support private investment such as the granting of new forest concessions, the development of forest plantations and the creation of financial mechanisms that promote production in the Peruvian Amazon.

Training/technical assistance for companies in Loreto and Ucayali

The CITEforestal Maynas Institute in coordination with the ProBosques Project has undertaken activities in various regions of the Amazon providing technical assistance and training for forest companies in the region. In Loreto training on sharpening of stellite tipped saw blades was conducted late last year.

This training was aimed at raising the technical and operational skills in sawmilling with the aim of promoting efficiency in sawmilling and competitiveness in companies.

Technical assistance was also started for downstream processors and included guidance on semi-serial production systems for wood products. Simultaneously, in Ucayali, work was carried out on the production of doors to international standard.

In related news the Regional Government of Ucayali requested technical support for local companies that aimed to contribute items for the government's wooden school furniture purchases saying this will involve 350 Ucayali SMEs and will generate around 1,500 jobs in the region.

Work continues with micro, small and medium-sized enterprises in Ucayali on the transition to a semi-serial production system for doors manufacturing using six commercially promising local species which are abundant and have the required technological properties.

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US$ per cu.m
Pumaquiro 25-50mm AD	
Mexican market	647-659
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	584-612
Grade 2, Mexican market	498-523
Cumaru 4" thick, 6'-11' length KD	
Central American market	973-987
Asian market	1048-1074
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	583-597⬆
Dominican Republic	694-704
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)	237-242

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

Domestic plywood prices (excl. taxes)

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

Export plywood prices

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

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

Recent infection surge puts break on recovery

A recent survey found the majority of large Japanese companies anticipate moderate economic growth in fiscal 2021. However, those in doubt said they are not sure when sales will return to pre-pandemic levels.

The January 2021 surge in the spread of infections has put a brake on the early signs of recovery reported in late 2020. The December 2020 and January 2021 the third wave of infections has become critical and the government has announced a state of emergency in the worst affected prefectures.

The chairman of the Japan Business Federation has urged cooperation between the public and private sectors to slow the spread of the corona virus.

He said 2021 will be the year of revival, the key to which is a digital transformation of the economy pointing out that the administrative, medical and education systems in Japan have been slow to see the advantages of expanded digitalization.

See: https://japantoday.com/category/business/business-leaders-vow-to-revive-pandemic-hit-economy-with-innovation

Not surprising – consumer confidence falls

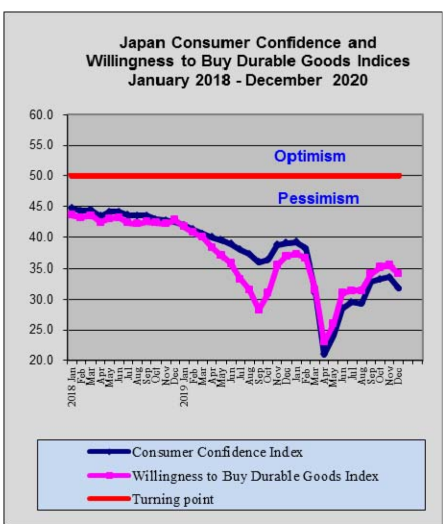
For the first time in four months the consumer confidence index for December released by the Cabinet Office declined, driven down by a resurgence of coronavirus infections across the country.

The index of sentiment among households fell to 31.8 from 33.7 in November. The index provides an indication of consumers expectations for the coming six months. A reading below 50 suggests pessimists outnumber optimists. Of concern for exporters of wood products the index for the December index for willingness of Japanese consumers to purchase durable goods dropped sharply from a month earlier.

The result of the latest survey was conducted in late December as the country began to see a third wave of virus infections. In response to the rapid spread of infections the government has declared a state of emergency for 11prefectures and it went into effect on 7 January and will remain in place for a month.

Late 2020 retail sales continued the downtrend and Tokyo consumer prices declined at the fastest rate in 10 years as record virus cases kept shoppers at home and darken the recovery outlook. Retail sales fell 2% in November from the prior month, as consumers continued to cut back on apparel purchases, the economy ministry reported Friday.

See: https://financialpost.com/pmn/business-pmn/japans-retail-sales-resume-falling-amid-virus-resurgence

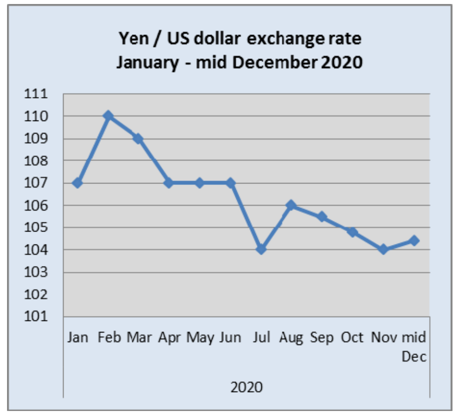


Data source: Cabinet Office, Japan

BoJ determined to stem any yen rise

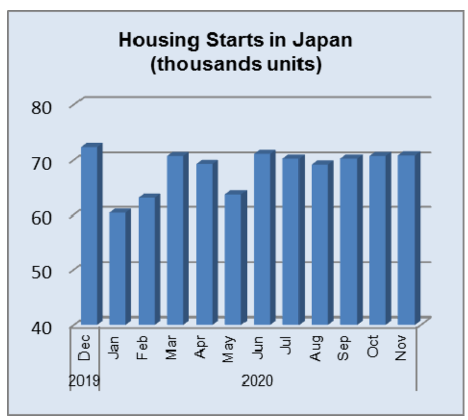
The Japanese government and Bank of Japan (BoJ) have reaffirmed they will work together to ensure the stability of the yen after the currency recently rose to a 10-month high of 102 against the US dollar.

Rising perceptions of risk and an uncertain economic outlook as a third wave of corona infections spreads across Japan could impact the exchange rate but the government has made it clear that it will take all appropriate measures to ensure a strengthening of the yen will not undermine the price competitiveness of Japanese exports.



Land prices falling

Land prices in 38 of 100 commercial and residential districts in Tokyo, Osaka, Nagoya and other cities have been falling according to the latest land value report issued by the Ministry of Land, Infrastructure, Transport and Tourism. The data marked the first time since 2012 that the number of districts seeing price declines outnumbered areas with rising prices. Experts say the scale of the drop is similar to that in 2008 during the global financial crisis.

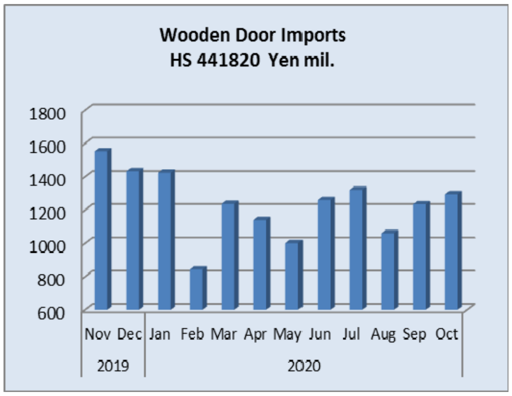


Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Wooden door Imports

October imports

In October 2020 two shippers accounted for 86% of Japan's imports of wooden doors (HS 441820), China, 54% and the Philippines 32%. Year on year the value of October 2020 imports was down 15% but month on month the value of imports barely changed.

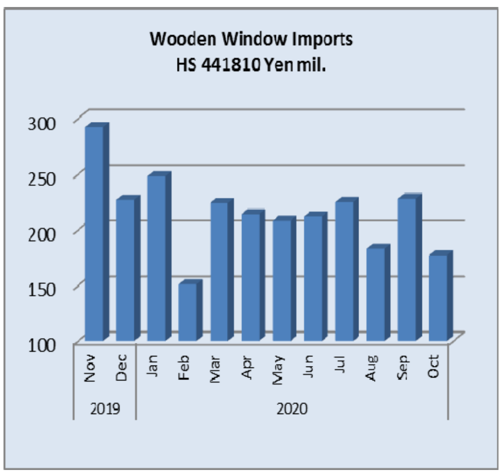


Data source: Ministry of Finance, Japan

Wooden window imports

October imports

The value of October 2020 wooden window (HS441810) imports dropped 28% year on year and month on month imports were down 25%. Some 95% of October 2020 wooden window imports were provided by three shippers, China (49%), the US (23%) and the Philippines (23%).



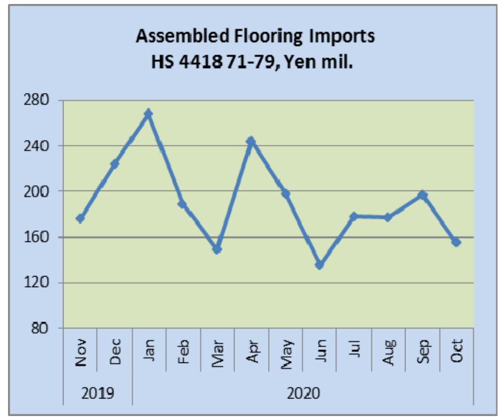
Data source: Ministry of Finance, Japan

Assembled wooden flooring imports

October imports

HS441875 continued to dominate Japan's imports of assembled flooring in October 2020 accounting for around 73% of the various categories imported most shipped from China, Malaysia and Indonesia.

HS441879 accounted for 14% of the value of October imports. Year on year the value of October 2020 imports dropped a massive 41% and compared to the value of September imports there was a 21% decline.



Data source: Ministry of Finance, Japan

Plywood imports

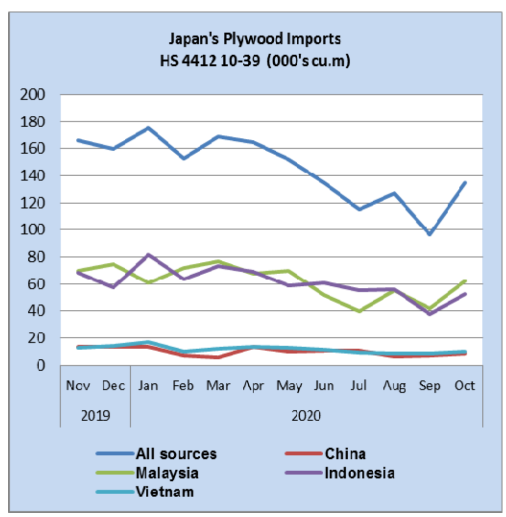
October imports

Between February and July 2020 there was a steady decline in the volume of plywood imports. Imports in August tipped higher only to be followed by a further decline in September. This decline was reversed in October 2020 when the volume of imports jumped 40% compared to a month earlier. However, year on year October 2020 impoirt volumes were down 17%

Year on year the main plywood suppliers to Japan saw sharp declines in the volume of shipments except Malaysia. October 2020 shipments from Indonesia were down 27% year on year and there was a 20% decline in shipments from Vietnam.

It is noteworthy that the volume of shipments from Vietnam exceeded those from China for the 10 months to Octber 2020. The surge in the volume of October 2020 imports benefitted all the main suppliers with Malaysia notching up a 40% increase in shipments.

Of the various categories imported HS441231 accounted for over 80% of imports with a further 5% each being of HS441233 and HS441234.



Data source: Ministry of Finance, Japan

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

		China	Malaysia	Indonesia	Vietnam
2019	Jan	14	91.2	66.4	11.9
	Feb	11.1	85.3	75	4.2
	Mar	4.4	70.1	61.2	9.8
	Apr	11.4	94.2	65.9	8.5
	May	12.4	61.8	48.9	10.6
	Jun	9.3	59.6	62.8	11.3
	Jul	9.8	65.1	59	12.1
	Aug	12.1	61.8	68.9	11
	Sep	10	53	62	12
	Oct	10.6	66.3	72	12
	Nov	13.1	69.5	68.1	12.6
	Dec	13	74.4	57.4	14
2020	Jan	13.4	61.1	81.6	17
	Feb	6.8	72.2	63.8	9.5
	Mar	5.8	76.5	73	12.2
	Apr	13	68	69	13.6
	May	9.6	69.7	59	12.6
	Jun	10.3	52	61	11.3
	Jul	10.2	40	54.9	8.9
	Aug	6.6	55	56	8.4
	Sep	6.8	42.2	37.8	8.7
	Oct	8.3	62.4	52.7	10.1

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/

2020 Agriculture and Forestry census

The Ministry of Agriculture, Forestry and Fisheries announced 2020 agriculture and forestry census.

This is the investigation made every five years to see actual status of domestic agriculture and forestry in terms of production, employment and resources. 2020 census was made based on the replies of questionnaires made in February 2020. Management bodies of forest industry were 140,000 in 2010 then 87,000 in 2015 and 34,000 in 2020.

Percentage of number of timber owners with more than 20 hectares was 19.4% in 2010, 22.1% in 2015 and increased to 32.6% in 2020. This shows increase of timberland one owner has. Timber harvest volume by forest management bodies was 15,621,000 cbms in 2010, 19,888,000 cbms in 2015 and 22,597,000 cbms in 2020.

Production per owner increased by introducing high performance harvesting machines.

Size of forestland is 24,770,000 hectares and percentage of forestland in total area is 66.4%. In forestland, 13,560,000 hectares are privately owned, 54.7%, 7,150,000 hectares of national forest, 28.9% and 3,410,000 hectares of public owned, 13.8%. 650,000 hectares of independent administrative corporation.

By the areas, Hokkaido, North East and Chubu region have heavy percentage of forestland. As to log production, Hokkaido, North East and Kyushu are top three. Number of forest management body is heavy in Hokkaido, Miyazaki prefecture in Kyushu and Iwate prefecture in the North East region.

Percentage of agricultural community reserves local resources such as agricultural drainage, reservoir, farmland and forestland increased since 2015. Percentage of community to preserve forest resources increased from 22.8% in 2015 to 27.4% in 2020.

Active domestic lumber market

Domestic lumber market in Tokyo region has been firming with active demand. As the housing starts did not drop as much as initially feared, movement of lumber is getting busy since late October. Sawmills are not able to increase the production because of tight log supply. Supply of KD cedar post, cedar stud and cypress sill and post is tight.

The prices of 3 meter KD cedar post were less than 40,000 yen in August but now they climbed to 48,000-50,000 yen. 4 meter KD cypress sill prices were 55,000 yen in August but now they are up to 58,000-61,000 yen.

Compared to the bottom of last summer, the prices are generally increased by 5,000-10,000 yen but sawmills want to increase another 2,000- 3,000 yen because of high log prices but the dealers say that the prices do not climb despite supply shortage because total demand is about 10% less than last year so the demand has no strength to push the prices further.

Post and sill moved actively in last two months so by order of construction, purlin and girder should move in December.

South Sea (tropical) logs

8,031 cbms of logs arrived in October, which is the last shipment for Daishin Plywood, which will quit in March. Other buyers have been using Daishin's ships to carry logs jointly but it becomes difficult in 2021. The log importers say that there will be two or three shipments of logs in 2021.

South Sea logs users need to switch to use veneer instead of logs or use something other than South Sea logs. Demand of Chinese and Indonesian made South Sea laminated free board is very active in the market and the suppliers plan to increase the prices.

Then container freight is climbing by supply shortage and nobody know how high it would climb so the importers are in a hurry to import as soon as possible. However, demand at end users is not real active so if arrivals come together, there would be over-supply.

North American logs

Export prices of Douglas fir logs of December shipment for Japan are reported to stay unchanged after North American lumber market prices plunged. Log market prices in North American are firm and unchanged from November.

Export prices are not so profitable for the suppliers but the export prices for Japan increased successively for four months from August to November. Compared to the bottom of last July, the increase is US$140 per M Scribner or by 17.1%.

Meantime, Douglas fir lumber prices in Japan are up by 5-6% or 3,000 yen per cbm after the largest manufacturer made price hike on square and other standard lumber but the prices of the main product of KD beam remain unchanged due to competition with European redwood laminated beam.

The supplier considers protection of Japan market. Two years ago, Douglas fir log FAS prices for Japan climbed over US$1,000, which resulted in drop out of the second largest Douglas fir lumber manufacturer in Japan. This is bitter experience for the log supplier.

China

Adjusted import tariffs

On 1 January 2021 China adjusted import tariffs on commodities including some of those in the most favored nation (MFN) category, conventional tariffs and provisional tariffs commodities. This was in response to the various trade deals agreed including the Free Trade Agreement between China and Mauritius.

Further tariff reductions will be made under the free trade agreements China has signed with countries including New Zealand, Peru, Costa Rica, Switzerland, Iceland, Pakistan, Chile, Australia, the Republic of Korea, Georgia as well as the Asia-Pacific trade agreement, the Regional Comprehensive Economic Partnership (RCEP).

Among the changes and in order to encourage domestic demand for imported materials the import duties on more than 100 wood products will be reduced. China will continue to apply preferential tariff rates to goods from the 43 of the least developed countries that have established diplomatic ties with China.

See:
http://gss.mof.gov.cn/gzdt/zhengcejiedu/202012/t20201223_3636578.htm
and
http://www.gov.cn/xinwen/2021-01/12/content_5579005.htm

Tariff concessions under China-Mongolia Asia-Pacific Trade Agreement

Also on 1 January 2021 China and Mongolia implemented tariff changes under RCEP. Mongolia reduced tariffs on 366 tariff lines including, among others, aquatic products, vegetables and fruits, animal and vegetable oil, mineral products, chemical products, timber, yarn, chemical fibers, mechanical products, and transport equipment. At the same time, China’s schedule under RCEP is applicable to Mongolia.

China’s tariff schedule under the RCEP APTA is applicable to Mongolia. Specific tariff can be seen on the website of China Free Trade Arrangement Service Network.

See:
http://fta.mofcom.gov.cn/enarticle/enrelease/202101/44179_1.html

New quarantine requirements for logs from Australia

As a result of finding pests in imported Australian logs on three occasions (31 October, 11 November and 3 December 2020) China’s Customs issued warning notices to suspend the import of Australian logs from Queensland, Victoria, Tasmania and South Australia.

Live forest pests were found in logs from New South Wales State and Western Australia State by Tianjin, Nanjing, Xiamen, Guangzhou, Shenzhen and Huangpu Customs.

In accordance with the provisions of the Animal and Plant Quarantine Law of the people's Republic of China the country is implementing regulations and International Standards for Phytosanitary measures. China has decided to suspend the import of logs from New South Wales and Western Australia.

See:
http://gkml.customs.gov.cn/tabid/1165/InfoID/46567/Default.aspx

New national standard for interior wood doors

According to an announcement by the State Forestry and Grassland Administration a new standard for interior wood door (LY/T 1923—2020) has been drafted and will take effect on 1 June 2021. The new standard replaces the interior wood door (LY/T 1923—2010) which has been in effect for nearly 10 years.

The three concepts of "solid wood door "," solid composite door" and "laminated door" are clearly defined in the new national standard on interior wood door. There are also clear requirements for the quality requirements of wood doors, such as machining accuracy, appearance quality, physical and chemical properties and environmental protection properties (formaldehyde emissions).

See: https://www.sohu.com/a/443834117_825819

New national standard on laminated and laminated solid composite flooring

The new national standard on "laminated wooden flooring" (GB/T 18102—2020) and " laminated solid composite flooring" (GB/T 24507—2020) have been announced and will be effective as 1 July 2021.

The new national standard on "laminated wood floor" (GB/T 18102—2020) is a revision of the GB/T 18102—2007. Part of the product quality technical indicators have been modified, added or adjusted in the new standard to upgrade the standard.

The original standard name "laminate multilayer solid composite floor" (GB/T 24507—2009) was revised to "laminated solid composite floor". Some terms, product classification, appearance quality, specification size and deviation, grade requirements of surface scratch resistance and surface wear resistance, requirements and inspection methods of formaldehyde emission in the GB/T 24507—2009 edition were modified in the new standard and the requirements and inspection methods of surface moisture and heat resistance were added.

The release and implementation of the two new standards will play an important role in standardising the production and trade of wood floor and impregnated paper laminated solid composite floor products, promoting the technological progress of wood flooring industry and upgrading product quality and standards and leading the development of wood floor industry.

According to statistics from the flooring committee of the China National Forest Products Industry Association sales of wood and bamboo flooring enterprises with annual operation revenue of more than RMB20 million in 2019 was 424.6 million square metres of which laminated wood floor was 216.2 million square metres, accounting for 50% of total wood and bamboo flooring sales.

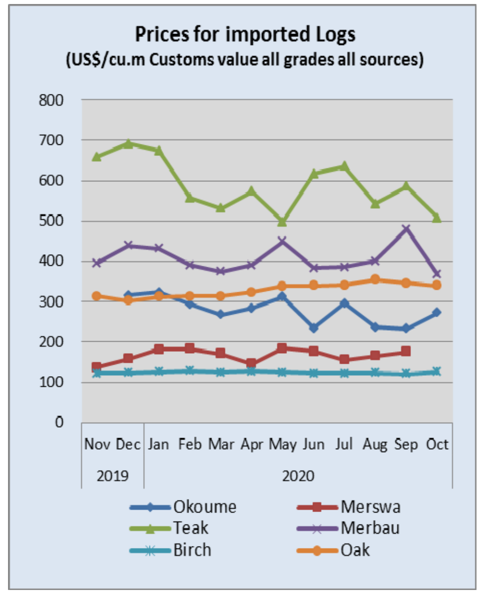
It has been estimated that there are more than 500 laminated solid composite floor manufacturing enterprises whose annual sales tops RMB20 billion. These enterprises are mainly in Nanxun City of Zhejiang Province, Changzhou City of Jiangsu Province, Wuhan City of Hubei Province and Linyi City of Shandong Province.

See: https://www.cnwood.cn/news/show-19858.html

Average imported log prices US$/cu.m CIF

	2020 Aug	2020 Sep	2020 Oct
Okoume	236	232	272
Merswa	165	175	
Teak	542	586	508
Merbau	401	480	367
Birch	123	121	126
Oak	355	346	339

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

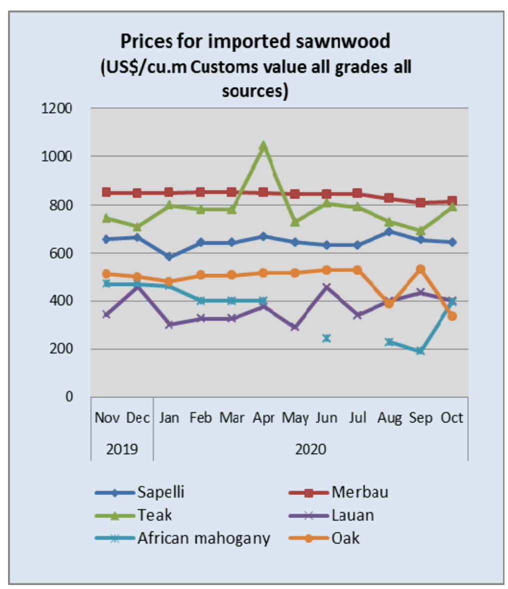


Data source: China Customs. Customs value all grades, all sources

Average imported sawnwood prices US$/cu.m CIF

	2020 Aug	2020 Sep	2020 Oct
Sapelli	689	655	645
Merbau	828	809	815
Teak	729	693	792
Lauan	401	436	401
African mahogany	229	191	398
Oak	387	533	337

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



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

Europe

EU tropical timber trade faces double dip recession

Total EU27 (i.e. excluding the UK) import value of tropical wood and wood furniture products was US$2.48 billion between January and October last year, 12% less than in 2019.

This is a significantly higher level of import than forecast earlier in the year when the first waves of the COVID-19 pandemic hit the continent leading to widespread lockdowns with severe implications for the EU27 economy and on the supply side in tropical countries. However, with the onset of a second wave of the virus, and signs that the EU27 is now experiencing a double dip recession, trade may be receding once again.

Chart 1, which shows the value of EU27 imports of tropical wood and wood furniture products each month during the last five years, highlights that while imports fell sharply in May last year there was a very strong rebound in June and July. Although imports declined again in August, they were at a five year high for that month (which is typically very slow during the European summer vacation period), and then recovered well in September.

With the easing of lockdown measures from May onwards and boosted by the introduction of large government stimulus measures, the economy picked up across the EU27 in the third quarter.

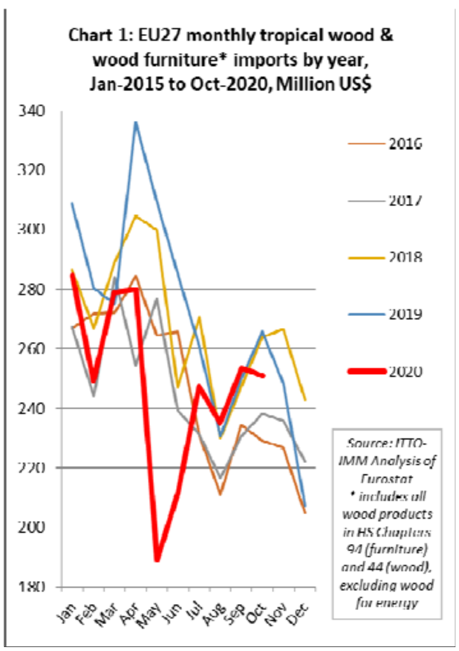


Chart 1: EU27 monthly tropical wood & wood furniture* imports by year, Jan-2015 to Oct-2020, Million US$

According to Eurostat, seasonally adjusted GDP in the EU27 increased by 11.5% during the three month period. The rebound was almost sufficient to offset the 11.3% decline in EU27 GDP in the second quarter of 2020. During this period, EU27 imports were given a boost by the relative strength of the euro on international exchange markets, the euro-dollar rate rising sharply from a low of 1.06 in March to 1.22 by the end of the year.

The dollar's weakness is due to political uncertainty during and after the presidential elections and the continuing severity of the pandemic in the United States.

Renewed signs of stress in the EU27 economy

A slight dip in EU27 tropical wood product imports in October is more worrying as it coincides with renewed signs of stress in the EU market in the last quarter of 2020. The second waves of COVID infection across Europe during the winter months have grown to be significantly larger than the first waves last year leading to renewed and more widespread lockdowns.

According to the Oxford "stringency index", which records the strictness of 'lockdown style' policies to limit the spread of COVID-19, since mid-October most of Europe has been subject to restrictions as severe as those imposed in the first lockdown between March and June last year. The expectation is that these renewed measures will be in force in most European countries at least until mid-February and probably much longer.

Meanwhile, the relative strength of the euro is creating a headache for the European Central Bank which has become alarmed at the impact on export competitiveness of EU27 manufacturers at a time when other factors are weighing down heavily on demand.

Bloomberg Economics estimates euro-zone GDP fell 1.5% in the last quarter of 2020, bringing the decline for 2020 as a whole to 7%. Bloomberg Economics now expects another 4.1% decline in eurozone GDP in the first quarter of 2021. Two consecutive quarterly falls is the formal definition for a recession. The Bloomberg forecast therefore implies that Europe is in the grips of a "double dip" recession following the downturn already recorded in the first two quarters of 2020.

However, there have been sizable divergences among EU member states. Germany has benefited from its greater reliance on manufacturing, with factories staying open while government-mandated lockdowns shut non-essential shops and much of the hospitality sector. Bloomberg Economics says Europe's biggest economy probably managed to post some growth in the fourth quarter and may have avoided the "double dip". Economists polled by Reuters in the first week of January now expect German economic growth to come in at minus 5.1 per cent for the whole of last year.

European countries like France that are more reliant on services have been hit harder. The French central bank reported that the economy likely contracted by 4% in the final quarter of 2020, which would confirm a previous estimate that the economy shrank by 9% last year.

Forward looking indicators show that economic momentum in the EU27 is unlikely to pick up pace in the first quarter of 2021. The IHS Markit Eurozone PMI Composite Output Index rose from 45.3 in November to 49.1 in December.

However a score below 50 indicates that a majority of those surveyed recorded a decline in purchasing during the month. Services were the principal drag on economic output, with activity here falling for a fourth successive month in December. Manufacturing remained the principal bright spot of eurozone economic performance, expanding for a sixth successive month and at a faster rate than in November.

The latest PMI data for eurozone construction is also not encouraging. IHS Markit, who undertakes the survey, commented in their 6th January report that "Eurozone construction companies reported a continued downturn in activity during December, while incoming business also fell at a solid, albeit softer pace.

Concerns surrounding the longer term impact that the pandemic will have on the wider construction sector, alongside a lack of new projects in both the public and private sector being bought to tender resulted in an extension to the pessimistic outlook held by eurozone-based builders for a fifth month in a row".

IHS Markit noted in relation to individual countries that "France and Germany continued to report further declines in construction activity, with the former signalling the steepest fall since May. Italian firms on the other hand registered marginal growth for the first time since September."

Most economists now predict that it will be the second quarter that a recovery in the EU economy ultimately gets under way. Looking positively, the bounce-back could be sharp, at least initially, once restrictions are eased and infections subside, as more of the population is vaccinated.

Pent-up demand could see a chunk of the hundreds of billions of euros of consumers' involuntary savings being unleashed. By the second half of the year, the EU's unprecedented 1.8 trillion-euro (US$2.2 trillion) recovery fund and multi-year budget should be supporting growth.

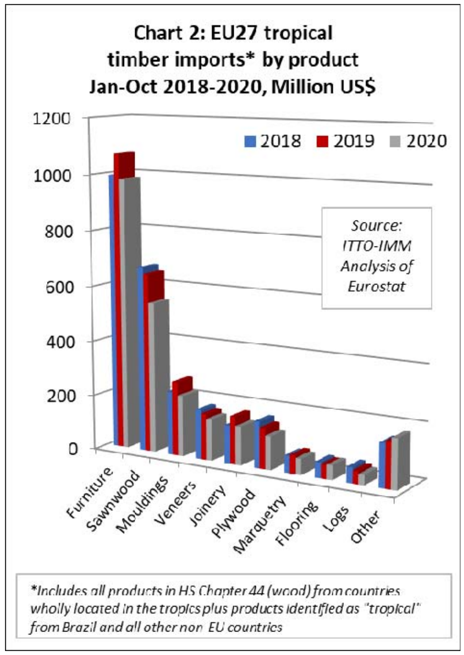
EU tropical wood product imports down across the board

Unsurprisingly, EU27 imports of all the main tropical wood products fell in the first ten months of 2020, but in each case the decline was less dramatic than expected earlier in the year when the scale of the pandemic and associated lockdown measures were becoming apparent.

In the year to October, EU27 import value of wood furniture from tropical countries declined 8% to US$982 million, while import value of tropical sawnwood declined 16% to US$545 million.

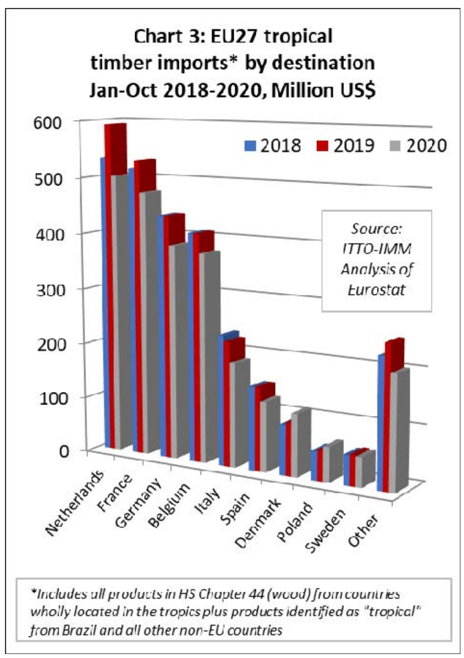
Tropical mouldings were down 18% to US$220 million, veneer down 10% to US$150 million, joinery down 19% to US$139 million, plywood down 18% to US$121 million, marquetry and ornaments down 14% to US$58 million, and logs down 21% to US$36 million.

The import value of tropical flooring actually increased slightly, up 3% to US$52 million (Chart 2).



Data source: ITTO-IMM Analysis of Eurostat

Import value fell into all six of the largest EU27 destinations for tropical wood and wood furniture products in the first ten months of the year.



Import value was down 15% to US$502 million in the Netherlands, 11% in France to US$475 million, 12% in Germany to US$384 million, 8% in Belgium to US$375 million, 16% in Italy to US$187 million, and 16% in Spain to US$126 million.

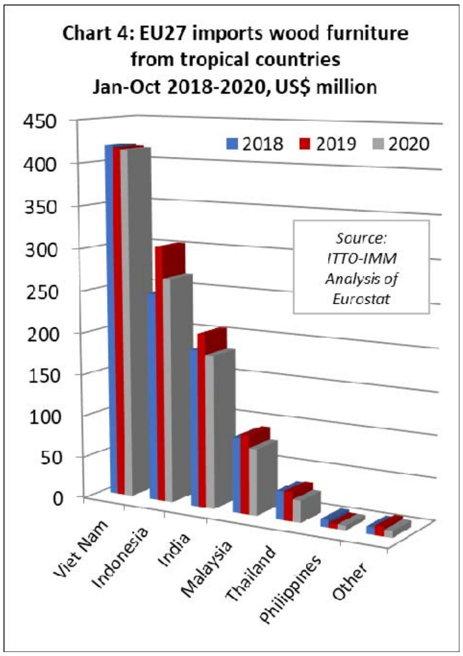
However, import value increased in Denmark, by 19% to US$113 million, and in Poland, by 12% to US$63 million.

Import value in Sweden declined, but by only 4% to US$53.3 million (Chart 3 above).

EU27 wood furniture imports from Vietnam close to last year's level

In the furniture sector in 2020, EU27 import value from Vietnam almost matched the previous years' level in the first ten months, down only 0.4% to US$415 million.

Imports from Indonesia were down 12% to US267 million in the first ten months of 2020, although this compares with a relatively strong performance in 2019 and imports were still higher than in the same period during 2018 (Chart 4).



EU27 imports of wood furniture declined sharply from Malaysia and Thailand in the first ten months of 2020, respectively down 16% to US$79 million and 25% to US$26 million. However imports from the Philippines were more stable, falling only 2% to US$5.5 million.

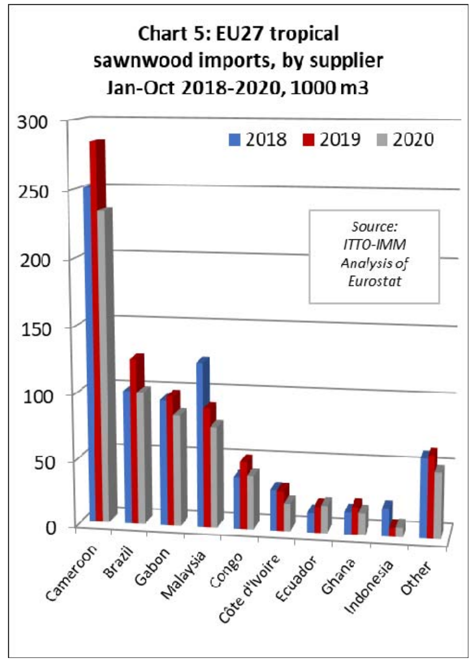
EU27 imports of wood furniture from India were down 12% to US$182 million in the first ten months of 2020. Partly due to supply side issues, imports from furniture from India almost came to a complete halt in May last year, but then rebounded very strongly in the third quarter to record levels for that time of year.

EU27 tropical sawnwood imports fall 17%

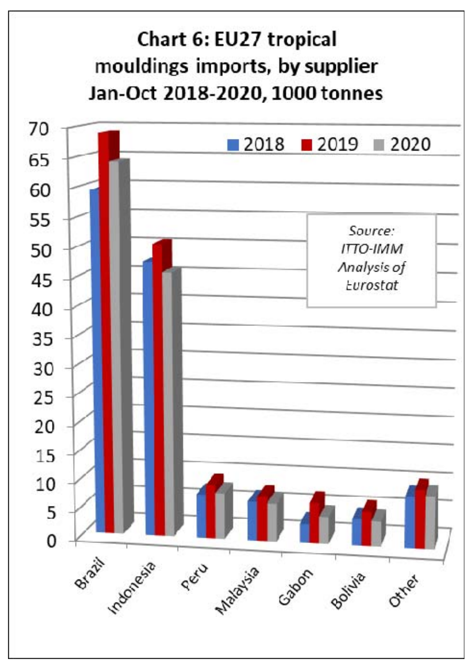
In quantity terms, EU27 imports of tropical sawnwood declined 17% to 650,800 cu.m in the first ten months of 2020.

Imports fell sharply from all major supply countries; down 18% from Cameroon to 234,600 cu.m, 20% from Brazil to 100,300 cu.m, 14% from Gabon to 84,400 cu.m, 15% from Malaysia to 76,400 cu.m, 20% from Congo to 40,700 cu.m, 31% from Côte d'Ivoire to 20,900 cu.m, and 22% from Ghana to 16,400 cu.m.

However, Ecuador bucked the downward trend with EU27 imports of sawnwood from the country rising 6% to 20,700 cu.m, much destined for Denmark and likely driven by strong demand for balsa for wind turbines. Imports of sawnwood from Indonesia also increased slightly, by 9% to 7,100 cu.m, but this follows a 74% reduction in 2018 (Chart 5).



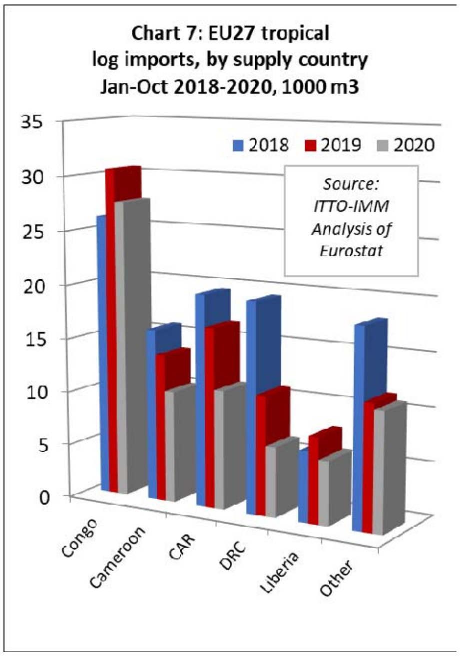
The decline in imports of tropical sawnwood in the first ten months of 2020 was mirrored by a similar decline in EU27 imports of tropical mouldings/decking.



Imports of this commodity were down 11% overall at 143,000 tonnes, falling 7% from Brazil to 64,200 tonnes, 9% from Indonesia to 45,800 tonnes, 15% from Peru to

8,000 tonnes, 15% from Malaysia to 6,600 tonnes, 33% from Gabon to 4,700 tonnes, and 27% from Bolivia to 4,400 tonnes (Chart 6 above).

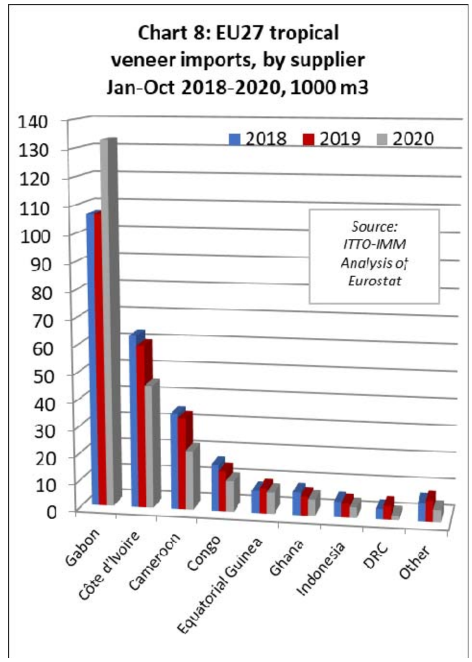
EU27 imports of tropical logs were down 21% to 72,400 cu.m in the first ten months of last year. Imports held up reasonably well from the Republic of Congo, down only 10% to 27,600 cu.m, but fell sharply from all other leading supply countries including Cameroon (-24% to 10,400 cu.m), Central African Republic (-34% to 11,000 cu.m), DRC (-41% to 6,500 cu.m), and Liberia (-26% to 5,900 cu.m) (Chart 7).



EU27 tropical veneer imports from Gabon on the rise despite pandemic

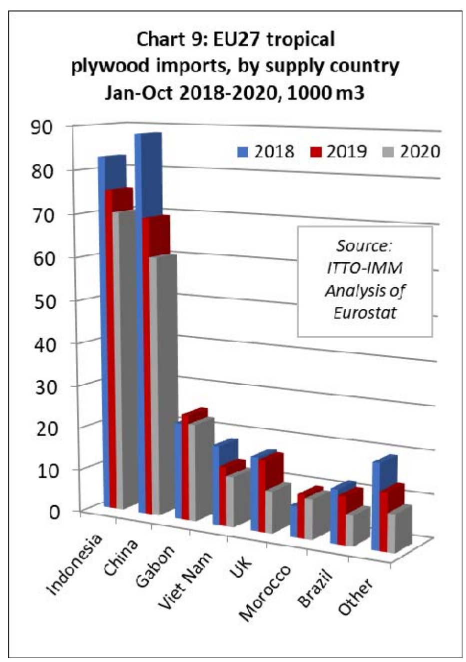
EU27 imports of tropical veneer declined 6% to 235,000 cu.m in the first 10 months of 2020. Imports from Gabon bucked the wider downward trend, the EU27 importing 133,100 cu.m from the country between January and October last year, 25% more than the same period in 2019, mainly destined for France.

Veneer imports declined from all other major tropical suppliers, including Côte d'Ivoire (-24% to 45,200 cu.m), Cameroon (-36% to 21,700 cu.m), Equatorial Guinea (-16% to 7,800 cu.m), Ghana (-14% to 6,000 cu.m), Indonesia (-24% to 3,900 cu.m) and DRC (-69% to 1,600 cu.m). (Chart 8).



Although there were signs of an uptick in the pace of EU27 imports of tropical hardwood faced plywood in September and October last year, total imports of 207,000 cu.m in the first ten months were still down 15% compared to the same period in 2019.

Imports fell from all the leading supply countries including Indonesia (-7% to 70,200 cu.m), China (-13% to 60,400 cu.m), Gabon (-8% to 22,700 cu.m), Vietnam (-15% to 11,700 cu.m), Morocco (-8% to 9,300 cu.m) and Brazil (-37% to 7,000 cu.m).

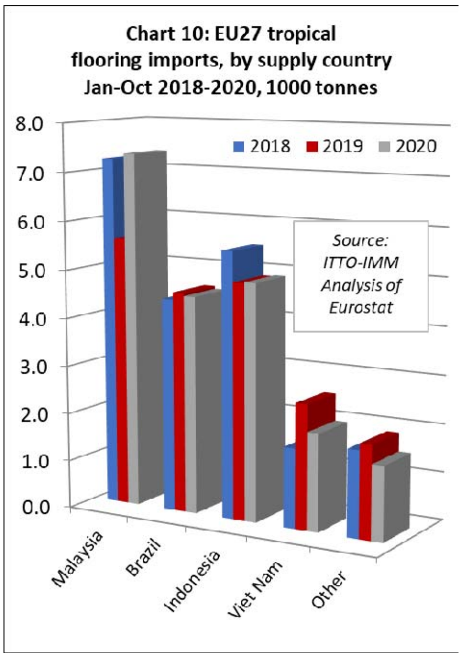


EU27 imports of tropical hardwood faced plywood from the UK – a re-export since the UK has no plywood manufacturing capacity - declined 41% to 9,700 cu.m (Chart 9 above).

EU27 tropical flooring imports rise while other joinery imports decline

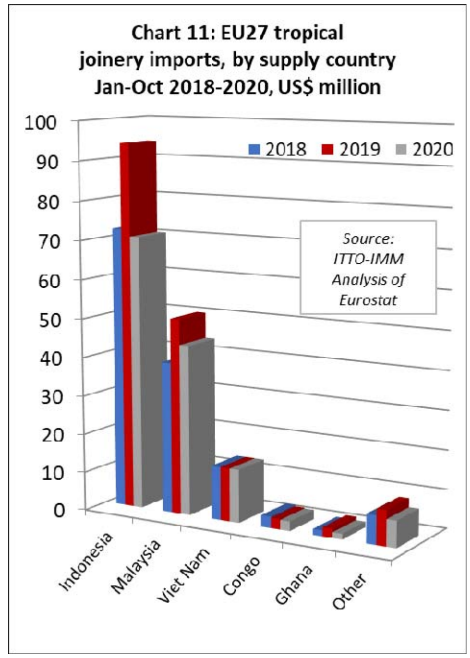
Given the situation in the wider market, one of the least expected trends in EU27 import data was a slight recovery in imports of tropical flooring products in the first ten months of last year. This follows a long period of continuous decline. Imports increased 4% to 20,400 tonnes, with the gain due to a 31% rise in imports from Malaysia to 7,600 tonnes, mostly destined for Belgium.

Imports from Indonesia increased slightly, by 0.4% to 4,900 tonnes and declined only moderately from Brazil, down 1% to 4,500 tonnes. Imports from Vietnam fell more rapidly, by 22% to 2,000 cu.m (Chart 10).



EU27 import quantity of other joinery products from tropical countries, which mainly comprise laminated window scantlings, kitchen tops and wood doors, declined 19% to 139,000 tonnes in the first ten months of 2020. Imports were down 25% to 70,600 tonnes from Indonesia and 13% to 44,000 tonnes from Malaysia. Imports from Vietnam were static at 13,700 tonnes.

For African countries, EU27 imports of this commodity fell 8% to 2,500 tonnes from the Republic of Congo and were down 39% to 1,400 tonnes from Ghana. (Chart 11).



North America

Private sector urges peaceful transfer of power

US business groups urged a peaceful transfer of power and calm after a pro-Trump protest turned into a violent insurrection in the US Capitol Building. Late in the evening on Jan. 6th, Congress in a Joint Session reconvened after the Capitol was secured and Vice President Pence announced the results of the certified electoral votes affirming a Biden/Harris win.

This ceremonial action paved the way for the inauguration on 20 January. Concern and outrage about the violent protest continue to reverberate in Washington and nationwide.

The US Chamber of Commerce summed up the alarm of the business community with this statement: “The Chamber and our members will lend all assistance necessary to ensure a successful and peaceful transfer of power on 20 January and to help President-elect Biden and the new Congress address the many challenges that confront our nation, most notably ending the pandemic that has killed more than 360,000 Americans, imperiled our economy, closed tens of thousands of small businesses, and put millions out of work.”

See: https://www.nam.org/mobs-attack-capitol-and-the-nam-responds-11638/?stream=policy-legal&utm_source=link&utm_medium=social
and
https://www.nam.org/mobs-attack-capitol-and-the-nam-responds-11638/?stream=policy-legal&utm_source=link&utm_medium=social
and
https://www.uschamber.com/media/press-release
and
https://www.iwpawood.org/blogpost/1813919/363615/IWPA-Statement-About-the-Violence-at-the-Nation-s-Capitol-Today

US tropical hardwood imports fall
US imports of sawn tropical hardwood fell in November. The 12,787 cubic metres imported in November was nearly 23% below the volume imported in November of last year. Year to November 2020 imports were down 35% from 2019.

Imports from Brazil rose 18% in November and imports from Cameroon were more than double that of the previous month. However, November imports from Ecuador, Malaysia, Cote d'Ivoire, and Congo (Brazzaville) were all roughly half of October's numbers.

Imports of ipe rose 49% in November 2020 and are now ahead of 2019 year on year, if only by 1%. Except for iroko (up 133%), imports of all other hardwood sawnwood species were trailing that of last year.

Canadian imports of tropical hardwood fell by 16% in November and are down 17% year to November.

Hardwood plywood imports up 9%
US imports of hardwood plywood rose for the third straight month in November 2020, gaining 9%. The volume of 277,149 cubic metres was the highest since May 2017. Imports from Vietnam and Russia were both up by more than 20%.

Imports from Indonesia rose 13% in November 2020and are ahead of 2019 by 38%. Imports from China were down 29% for the month and are now down 40% year to November 2020. However, overall US hardwood plywood imports were up 7% for the year to November 2020.

November bump helps veneer imports rebound
US imports of tropical hardwood veneer vaulted a much needed 40% in November 2020 marking a third straight month of growth.

Imports for the month were nearly 7% better than in November 2020 marking the only month this year where imports outpaced the previous year's total. Year to November imports trail by nearly 30% even with the recent improvement. Despite more than doubling in November, year to date imports from Ghana were still down by 57%.

Hardwood flooring imports surged
US imports of hardwood flooring grew by 18% in November, surging to the highest level of 2020. While imports for the month were more than 22% higher than the previous November, imports are still down 23% year to November.

The November gain was fueled by a 46% increase in imports from Brazil. Imports from Brazil were now down only 4% for the year to November after lagging much further behind most of the year.
Imports from China and Malaysia were behind by more than 50% up to November and dipped further in November.

Imports of assembled flooring panels fell by 4% in November but remain ahead 8% year to November. A nearly 40% increase in imports from Indonesia in November was more than offset by sharp declines in imports from China and Vietnam. Imports from Indonesia were up nearly 20% for the 11 months to November 2020.

US moulding imports up slightly
US imports of hardwood moulding rose 2% in October, continuing their climb after a poor autumn. Imports were down 14% year to November despite a rise in November. Imports from China grew by 30% in November but remained down by 25% for the year. Similarly, imports from Brazil were up 21% in November but were down 48% compared to November 2019.

US wooden furniture imports surpass US$2 in November 2020
Monthly US imports of wooden furniture surpassed US$2 billion for the first time in November. Imports rose 4%, growing for the sixth straight month.

Despite the record growth, year to November imports were down about 1% from last 2019 due to the impact of the pandemic this spring.

Imports from India rose by 15% in November, while imports from most other partners stayed fairly stable, neither rising nor falling by more than 10%. Imports from Vietnam rose 8% and were up 31% year to date.

This growth mirrored that of the residential furniture market. According to the Smith Leonard Furniture Insights report, new orders in October increased over the same period from a year ago for the fifth straight month, increasing 40% over October 2019.

Some 77% of Smith Leonard survey participants reported increased orders in October. The increase in October brought the year-to-date gain to 14%, up from 11% reported last month. For the 10 months ended October, orders were up for 59% of the participants.

Residential furniture manufacturers continued to report strong order performance, though they are saying the size of the increases has slowed.

See: https://www.smith-leonard.com/2020/12/29/december-2020-furniture-insights/

US housing starts rise for a third-straight month
US new home construction rose more than forecast to a nine-month high in November 2020 highlighting the strength of a residential housing market that's been supported by strong demand amid low interest rates.

Residential starts rose 1.2% to a 1.547 million annualised rate from a downwardly revised 1.528 million a month earlier according to government reports. New construction strength was broad-based nationally.

Starts climbed in all four regions, led by a 12.9% rise in the Northeast, according to the report, which is published jointly by the Census Bureau and the Department of Housing and Urban Development.

A separate report Wednesday showed that US homebuilder confidence eased slightly in December to the second-best level on record following the prior month's peak.

Meanwhile, sales of existing homes turned lower in November after five consecutive months of gains. They fell 2.5% on a month-to-month basis to a seasonally adjusted annualized rate of 6.69 million units, according to the National Association of Realtors. Sales were a strong 25.8% higher from a year earlier.

While demand for homes is still high, fueled in part by the stay-at-home culture of the coronavirus pandemic, supply is incredibly low. That is hurting sales and affordability.

See: https://www.nar.realtor/newsroom/existing-home-sales-decrease-2-5-in-november

Canadian construction sector to rebound in 2021

The Canadian construction sector is set to rebound in 2021 after a pandemic-related dip in 2020, according to a recent report from Vancouver-based real estate and infrastructure advisory firm BTY Group.

Overall construction starts are projected to rebound from C$60 billion in 2020 to C$80 billion in 2021, according to BTY. The outlook is positive for all segments – though multifamily residential, industrial, and engineering and roadwork will see the strongest upticks.

Infrastructure and renewables will be the top performing sectors, driven by substantial government stimulus spending and mega projects in BC, Quebec, and Ontario.

See: https://www.consulting.ca/news/2050/canadian-construction-sector-to-rebound-in-2021

USTR hearing on Vietnam's import of timber

On 28 December the Office of the US Trade Representative (USTR) held a virtual hearing for the Section 301 investigation concerning Vietnam's import and use of timber that may have been illegally harvested or traded.

The International Wood Products Association Executive Director ,Cindy Squires, testified at the hearing that Vietnam is important to the wood products trade both for import and export and that damaging tariffs can be avoided by better use of the US-Vietnam Trade and Investment Framework Agreement.

"We believe this framework provides for a high-level dialogue that can appropriately address both the subject of this hearing as well as Vietnam's currency policies," Squires testified.

She added that tariffs could lead to a number of unintended consequences including retaliation by Vietnam and a loss of influence as the EU continues its trade process with Vietnam.

The Section 301 currency investigation, along with a separate inquiry into Vietnam's alleged use of illegal timber in furniture and other products will determine whether the US government imposes tariffs on Vietnamese goods shipped to the United States. The USTR is expected to complete its timber and currency investigations before 20 January.

See: https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-vietnam

Democratic Republic of the Congo Reinstated in AGOA Preference Program

On 22 December 2020 President Trump issued a proclamation reinstating the Democratic Republic of the Congo's eligibility for trade preferences under the African Growth and Opportunity Act (AGOA) effective1 January 2021.

Goods imported from the DRC to the US entered for consumption, or withdrawn from warehouse for consumption are now eligible to claim preferential tariff treatment under AGOA. The goods must meet the 35% value-added rule and all applicable AGOA requirements.

See: https://www.state.gov/reinstatement-of-the-democratic-republic-of-the-congo-to-agoa/

Brazil not dumping wood mouldings but shippers in China face problems

On December 29, the Department of Commerce announced its final antidumping duty (AD) and countervailing duty (CVD) determinations on wood mouldings and millwork products from Brazil and China. Commerce found no dumping on wood mouldings and millwork products from Brazil and, therefore, there will be no AD order and duty deposit requirements for imports from Brazil.

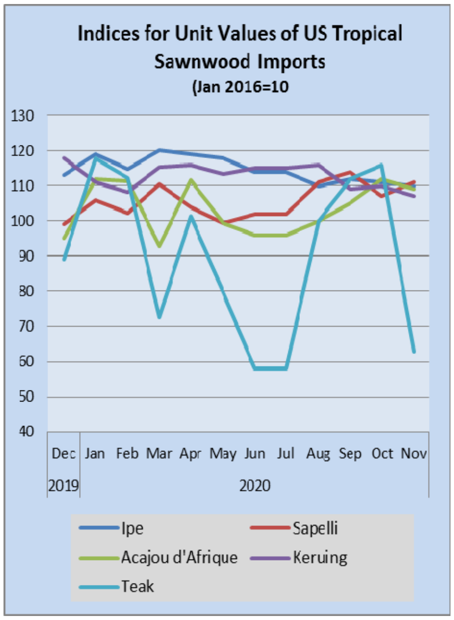
New rates for China were outlined in decision memoranda for China and the rates will go into effect when Commerce publishes its AD/CVD final determinations in the *Federal Register*, which usually takes between two and five business days from the date of its final determinations.

A full list of companies with the applicable AD cash deposit rates for wood mouldings and millwork products from China is available in the draft Federal Register notice.

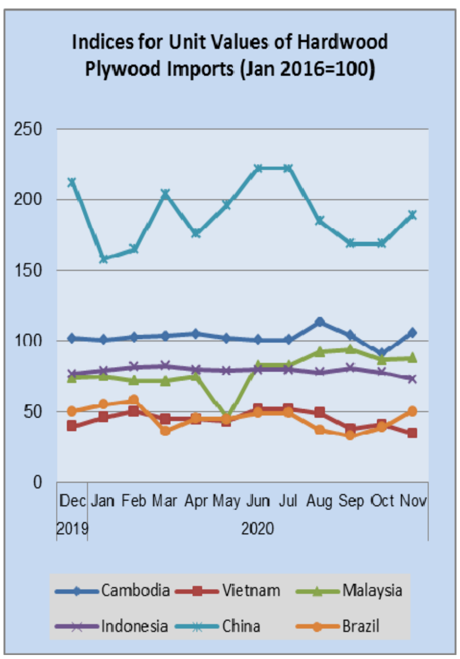
Upon the issuance of Commerce's final determinations on wood mouldings and millwork products, the International Trade Commission (ITC) must make its final determination on whether the domestic industry is injured or threatened with injury by way of imported wood mouldings and millwork products from Brazil and China.

If the ITC votes in the negative, no duties will be imposed, and any duties that were previously collected will be refunded. The ITC vote is currently scheduled for 22 January.

See: https://files.constantcontact.com/4ea55c81401/05b537dc-80a6-4290-9acf-0cdbd3e5ee41.pdf



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.

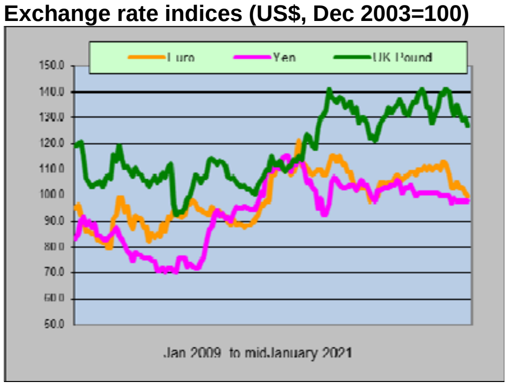
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Dollar Exchange Rates

As of 11 January 2021

Brazil	Real	5.4177
CFA countries	CFA Franc	535.47
China	Yuan	6.4754
Euro area	Euro	0.8184
India	Rupee	73.35
Indonesia	Rupiah	14020
Japan	Yen	103.96
Malaysia	Ringgit	4.0325
Peru	New Sol	3.50
UK	Pound	0.7371
South Korea	Won	1093.01

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

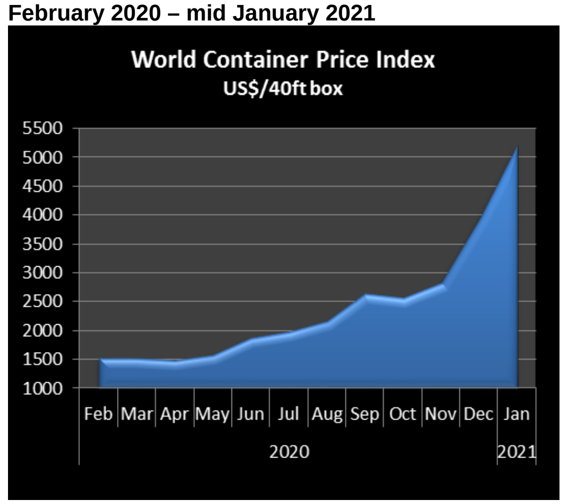


Abbreviations and Equivalences

Arrows ⬇⬆	Price has moved up or down
BB/CC etc	quality of face and back veneer
BF, MBF	Board foot, 1000 board foot
Boule	bundled boards from a single log
TEU	20 foot container equivalent
CIF	Cost insurance and freight
C&F CNF	Cost and freight
cu.m cbm	cubic metre
FAS	First and second grade of sawnwood
FOB	Free-on board
Genban	Sawnwood for structural use in house building
GMS	General Market Specification
GSP	Guiding Selling Price
Hoppus ton	1.8 cubic metre
KD, AD	Kiln dried, air dried
Koku	0.28 cubic metre or 120 BF
LM	Loyale Merchant, a grade of log parcel
MR.., WBP	Moisture resistant, Weather and boil proof
MT	Metric tonne
OSB	Oriented Strand Board
PHND	Pin hole no defect
QS	Qualite Superieure
SQ,SSQ	Sawmill Quality, Select Sawmill Quality

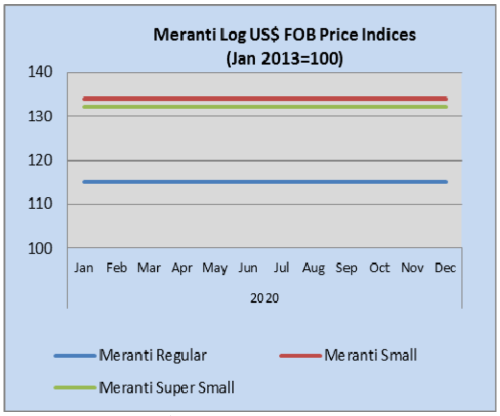
Ocean Container Freight Index

February 2020 – mid January 2021

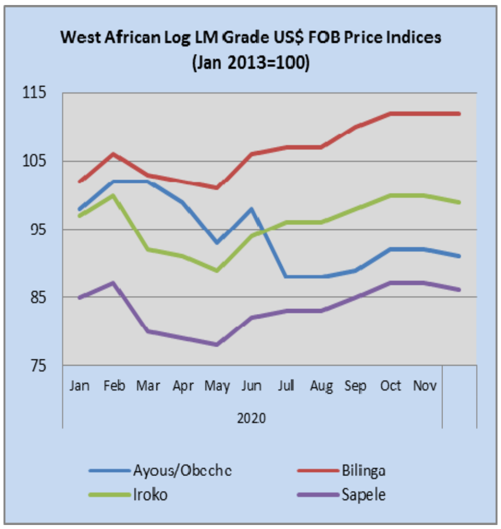


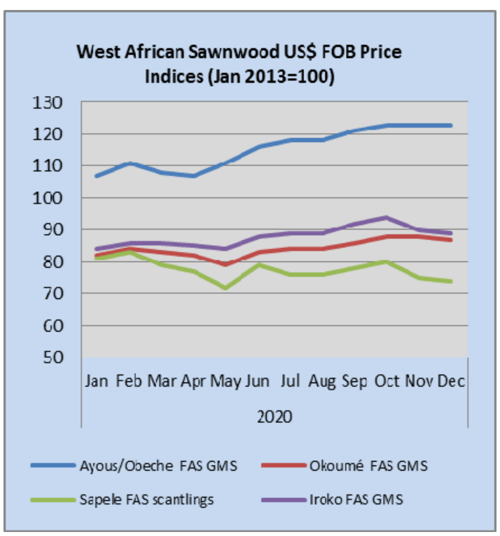
Data source: Drewry World Container Index

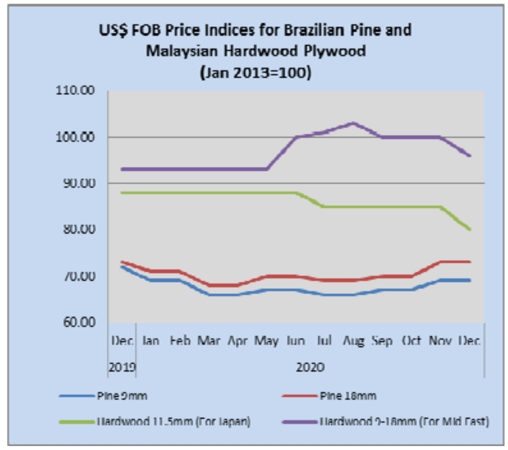
Price indices for selected products
The following indices are based on US dollar FOB prices

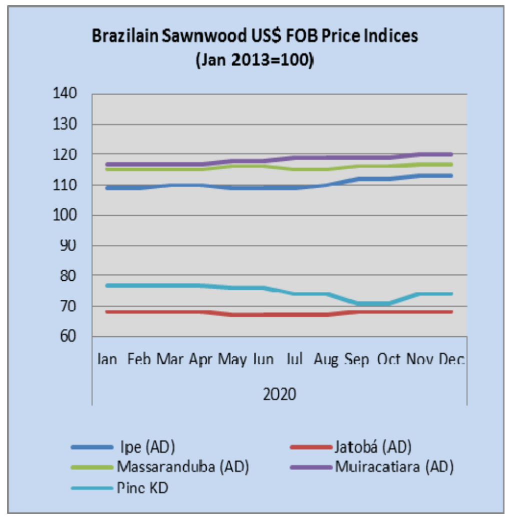


Note: Sarawak logs for the Japanese market









Note: Jatobá is mainly for the Chinese market.

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

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