

# Tropical Timber Market Report

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## Top story

### **Peru's strategy to combat illegal logging and trade in illegal timber**

After a long period of debate and planning Peru will launch the 'National Multi-sectoral Strategy to Fight Illegal Logging 2021 – 2025'.

The aim is to combat the trade in illegal timber as well as protection of the rights of people involved in the sustainable use, conservation and protection of forests.

A permanent multi-sectoral commission to address illegal logging (CMPLTI) will be responsible for the implementation and management of activities to support this strategy.

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## Central and West Africa

### Production in full swing as weather improves

With the arrival of the dry season in Cameroon, Congo, Gabon and Equatorial Guinea production is in full swing. Operators are focused on ramping up production to try and recoup output lost over the past months.

Shipping opportunities in the region appear to be improving as CMA-CGM is offering services in competition with the main shipping companies servicing the region, Maersk and MSC. Producers say all they now see are the blue CMA-CGM containers.

### Call for action in sub-Saharan Africa

News from the region over the past months shows that the timber industries are beginning to recover production however this disguises the challenges ahead in dealing with the corona pandemic.

The IMF has warned sub-Saharan Africa is in the grips of a third wave of COVID-19 infections that threatens to be even more brutal than the two that came before. This is yet more evidence of a dangerous divergence in the global economy; one track for countries with good access to vaccines, where strong recoveries are taking hold, but another for countries still waiting and at risk of falling further behind.

IMF Managing Director, Kristalina Georgieva and IMF African Department Director Abebe Aemro Selassie write:

“The only way for the region to break free from this vicious pandemic cycle is to swiftly implement a widespread vaccination programme. Without significant, upfront, international assistance and without an effective region-wide vaccination effort the near-term future of sub-Saharan Africa will be one of repeated waves of infection which will exact an ever-increasing toll on the lives and livelihoods of the region’s most vulnerable while also paralyzing investment, productivity and growth. In short, without help the region risks being left further and further behind”.

See: [https://blogs.imf.org/2021/06/28/sub-saharan-africa-we-need-to-act-now/?utm\\_medium=email&utm\\_source=govdelivery](https://blogs.imf.org/2021/06/28/sub-saharan-africa-we-need-to-act-now/?utm_medium=email&utm_source=govdelivery)

### Satellite surveillance for carbon credit mechanism

The Government in Gabon has proposed satellite surveillance of the forests with each concession holder paying CFA300 per hectare. Analysts write that this, so-called, AGEOS system is an element in the development of a carbon credit payment mechanism rather than a forest management system.

In related news, representatives of a hedge fund were recently in Gabon to discuss a reforestation project with the aim of creating okoume plantations and creating a carbon bio-mass to earn carbon credits.

### Challenges in complying with Forest Code

Operators in Gabon have drawn attention to the difficulties of dealing with local communities as problems have arisen in satisfying provisions in of Article 251 of Law 16/2001 relating to the Forestry Code which stipulates that: "to promote the social aspect of the sustainable management policy forests operators will pay a contribution to local communities.

The current payment required is said to be CFA800/cu.m. Problems in identifying members of the community have been raised and operators say they face the risk of concessions being withdrawn for failing to fully satisfy the regulation in the forest code.

### 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	280	280	250	
Movingui	180	180	-	
Niove	160	160	-	
Okan	210	200	-	
Padouk	270	240	200	
Sapele	260	260	200	
Sipo/Utile	260	260	230	
Tali	300	300	-	

### Sawnwood export

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	440
Bilinga FAS GMS	540
Okoumé FAS GMS	440
Merchantable	310
Std/Btr GMS	320
Sipo FAS GMS	425
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	900
FAS scantlings	950
Strips	350
Sapele FAS Spanish sizes	420
FAS scantlings	450
Iroko FAS GMS	600
Scantlings	620
Strips	370
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

### **Shippers Council DG speaks on timber sector obligations**

The Director General of the Gabonese Shippers Council (CGC), Pierre Moïse Mba, recently met with timber exporters. The purpose of the meeting was to remind exporters of their obligation to pay the required government taxes and comply with decree N ° 008187/MT of 20 February, 2015.

Mba indicated that, since his appointment, he has undertaken to defend the interests of the government, in particular through strict application of all regulations.

See: <https://www.lenouveaugabon.com/fr/agro-bois/0807-17195-exportation-du-bois-le-conseil-national-des-chargeurs-du-gabon-recadre-les-consignataires-hors-la-loi>

### **Togo and Gabon to promote more wood use in construction**

The Minister of Water and Forests from Gabon, Lee White and the Togolese Minister of the Environment and Forest Resources, Katari Foli-Bazi, recently signed a memorandum of understanding on cooperation on the import of Gabonese processed wood products.

The Gabon media has reported the two countries want to strengthen cooperation in the sustainable management of forest resources and promote consumption of Gabon's timber in the Togolese real estate market.

See: <https://www.gabonreview.com/industrie-du-bois-le-gabon-et-le-togo-signent-un-accord-dexportation/>

## **Ghana**

### **Port authorities intercept containers stuffed with rosewood**

Authorities at Tema Port have intercepted five containers of rosewood meant for export. This came about after their initial suspicion that the containers held illegal charcoal. In 2018 the Forestry Commission of Ghana, in consultation with the Ministry of Lands and Natural Resources (MLNR), placed a ban on the harvesting, trucking and export of rosewood effectively making any activity related to rosewood illegal in Ghana.

The ban was necessary stop unauthorised felling particularly in the Northern and Savannah Regions of the country and to save this endangered species. For an interim period rosewood stocks accumulated before the ban were auctioned by the Forestry Commission after which exported was permitted.

Lawyers for the freight forwarder that was handling the shipment have vehemently denied any knowledge of the involvement of their client in the export documentation processing of the seized rosewood. The matter is now under investigation. The Minister for Lands and Natural Resources Minister, Samuel Abu Jinapor, reiterated the ban on rosewood, first instituted in 2013, is still in force.

See: <https://www.myjoyonline.com/re-5-containers-of-rosewood-impounded-at-tema-port-2/>

### **Forest Industries Association of Ghana (FIAG) formally launched**

The Association comprises 10 timber trade associations that have operated independently over the past several decades and seeks to strengthen the private forestry sector to respond to current challenges of climate change, sustainability of forestry resources and trends in global trade.

The Association members are the Ghana Timber Millers Organisation (GTMO); Ghana Timber Association (GTA); Furniture and Wood Products Association of Ghana (FAWAG); Wood Workers Association of Ghana (WAG); Ghana Sawn Timber Sellers Association (GSTSA); Domestic Lumber Traders Association (DOLTA); Domestic Lumber Manufacturers Association of Ghana (DOLMAG); National Association of Handicraft Exporters (NAHE); Kumasi Wood Cluster (KWC); and Ghana Canoe Carvers Association (GCCA) as its membership.

The Chairman of FIAG, Richard Nsenkyire, called on the government to create an enabling environment for forestry industry to thrive in the country, adding that the sector creates many job opportunities for Ghanaians.

Speaking at the FIAG launch the Deputy Minister of Lands Natural Resources, Benito Owusu-Bio announced the government had secured a US\$7 million loan facility from the International Development Association (IDA) to support private sector investment in the forestry and wildlife sector, the ultimate aim of which is protection of the natural forest.

He further explained that the facility, which will soon be made available to investors, forms part of government's initiative on promoting private sector involvement in the preservation of Ghana's forest resources. The private forestry sector supports about 400,000 direct jobs.

See: <https://www.graphic.com.gh/news/general-news/forest-industries-association-of-ghana-launched.html>

### **Association calls for tax review**

Ken Ofori-Atta, Minister for Finance, recently attended a forum arranged by the Association of Ghana Industries (AGI). This forum brought together top business executives to discuss current issues in the business environment with government officials. The chairman for the occasion Gopal Vasu, welcomed the plan to establish a Ghana Development Bank and appealed to the Finance Minister consider a review of the current tax regime that handicaps the private sector.

Mr. Vasu continued that the AGI members appreciate that taxes are the source of government revenue but pointed out that many in the private sector consider that some tax policies are disincentives.

For more see the AGI press release at: [https://www.agighana.org/news\\_details.php?nw=192](https://www.agighana.org/news_details.php?nw=192)

### AfCFTA MoU with African Shippers Council

The African Continental Free Trade Area (AfCFTA) Secretariat has signed a memorandum of understanding with the African Shippers Council (ASC). This is expected to support the free flow of goods across the continent.

According to Wamkele Menethe, AfCFTA Secretary-General, this agreement will contribute to addressing problems associated with the transportation and clearing of goods at the various ports on the continent. He mentioned transportation and clearance of goods through Customs and Customs procedures are areas such agreements seek to address.

See:

<https://www.ghanaweb.com/GhanaHomePage/business/AfCFTA-Secretariat-signs-MoU-with-African-Shippers-Council-1307362>

### Ghana and EU to start trade under iEPA

In a 1 July 2021 joint statement the EU and Ghana announced the start of trading under the EU-Ghana interim Economic Partnership Agreement.

The statement says “Executive Vice-President and European Commissioner for Trade, Valdis Dombrovskis, and Hon. Alan Kyerematen, Minister of Trade and Industry of Ghana are pleased to announce that July 1, 2021 marks the start of effective implementation by Ghana of the interim Economic Partnership Agreement (iEPA) between the European Union and Ghana”.

The iEPA guarantees duty-free quota-free access to the EU market for products made in Ghana and as of 1 July Ghana starts liberalising access to its market for 80% of the total volume of EU exports.

This is crucial for developing and diversification of bilateral trade between the two partners. It also creates better opportunities for EU companies to trade and invest in Ghana and produce goods for export to the wider African market under the preferences available under the African Continental Free Trade Area.

See: <https://trade.ec.europa.eu/doclib/press/index.cfm?id=2281>

### Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	570
Niangon Kiln dry	659

### Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	344▲	441
Chenchen	540	612
Ogea	443	590
Essa	543	606
Ofram	350	435

### Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	889▲
Avodire	573
Chenchen	1,310▲
Mahogany	1,324▼
Makore	930▲
Odum	2,305▲

### Export plywood prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC 4mm	362▼	580	641
6mm	412	535	604
9mm	370	499	560
12mm	495	476	480
15mm	430▼	414	430
18mm	450	463	383

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

### Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up	860	925
Afrormosia	465	564
Asanfina	435	600
Ceiba	403▼	575▼
Dahoma	520	703▲
Edinam (mixed redwood)	540	615
Emeri	1,195▲	1,075▲
African mahogany (Ivorenensis)	710	951▲
Makore	650▲	600▼
Niangon	950▼	964▼732
Odum	800▲	▼
Sapele	373▼	432
Wawa 1C & Select		

## Malaysia

### Covid update

Malaysia recorded an all-time high of 9,353 Covid-19 cases in a single day in July. On a per capita basis this is considered very high. The country is under a third lockdown to try and slow the spread of infections but most people see vaccination is the only way forward.

Currently some 340,000 vaccine doses are administered daily and more vaccination centres are being set up to increase the rate. The number of vaccines administered nationwide was 10,750,748 in early July.

Vaccination centres are set up in timber producing areas in Sarawak. Three in-situ industrial centres will be set up in Bintulu and Miri to cater for 5,776 timber sector employees. The new in-situ industrial vaccination centres were approved for Shin Yang Plywood Miri, Shin Yang Plywood Bintulu and Samling Plywood Bintulu.

The industrial vaccination programme, at a cost of RM30 for two shots, will be borne by the companies and is intended to cover the services of healthcare personnel. The vaccine is provided by the government free of charge.

### **Strong first quarter export performance**

A press release from the Malaysian Timber Council provides an overview of first quarter 2021 trade. Exports of wood products recorded a strong performance in the first quarter 2021 even though the country is still facing a pandemic crisis. Total exports increased 9.9% to RM6.04 billion over the same period in 2020.

#### Europe

Total exports to European markets increased almost 10% to RM561.2 million. This is due to the increasing demand for wood products and furniture. The three main products to the market are wooden furniture (RM242.9 million), mouldings (RM96.5 million) and sawnwood (RM73.9 million).

#### N. America

Exports rose over 45% to RM2.44 billion. The US market accounts for 60% of Malaysia's wooden furniture exports and these increased 47% to RM1.93 billion. The drivers of this rise were the US economic stimulus package as well trade disruption between the US and China that has opened opportunities for Malaysian manufacturers.

#### Oceania

Exports increased of 19% to RM297.7 million.

#### African and Asia

Declines were reported for both regions, -5% for African markets and -11% for Asian markets.

#### India

The second wave of COVID-19 in India has limited business activity. Imports were also affected by the lack of container capacity. In addition, Malaysia has to compete with China which offers competitive prices in the Indian markets as transportation from China is much lower than from Malaysia.

See:

[http://www.mtc.com.my/images/media/832/KENYATAAN\\_MEDIA\\_v5\\_for\\_staff.pdf](http://www.mtc.com.my/images/media/832/KENYATAAN_MEDIA_v5_for_staff.pdf)

### **Third Lockdown - timber industry seeks permission to operate**

Two timber industry groups are seeking special permission to operate in the current third lockdown.

(a) The Malaysia Furniture Council (MFC) wants the timber supply chain to operate which will require reopening the logging sector. This is necessary according to the MFC as the furniture export sector has reopened under Phase Two of the National Recovery Plan.

(b) The Malaysia Timber Association (MTA) has pleaded with the government to allow its members to operate during the lockdown as the previous lockdown cost them over RM3 billion in losses for June alone.

Timber companies have not been allowed to operate since 1 June under the lockdown except for factories producing furniture for hospitals and other medical-related matters.

MTA president Goh Chee Yew said, under the present restrictions, its members had lost a total of RM67 million every day last month. He said placing the industry on a blanket negative list from 1 June was unfortunate as demand in the United States and European markets has risen.

See: <https://www.thestar.com.my/news/nation/2021/07/10/allow-timber-supply-chain-to-operate-says-malaysian-furniture-council>

### **Kedah Timber Association face huge losses**

In Malaysia, revenues derived from logging operations go to the States so the lockdown has impacted State revenues. As logging is not allowed the state of Kedah has said it is set to lose around RM5 mil. daily in revenue from the timber sector.

Logging, which is classified as a non-essential industry under the lockdown, is on the brink of collapse according to some operators. In Kedah, where the industry is a substantial contributor to the state economy, loggers and wood product manufacturers are angry at having to bear huge financial losses.

Kedah Timber Association chairman, Amin Mokhtar, said the month-long lockdown has led to accumulated losses of RM1.8 bil. for the timber industry in the country.

See: <https://www.thestar.com.my/metro/metro-news/2021/06/26/state-set-to-lose-rm5mil-daily-in-timber-revenue>

### **PEFC campaign to support SE Asian forest owners**

Rubberwood plantations around the world produce about 63 million green tonnes of rubberwood annually but timber is a 'by-product' from the main output, natural rubber. In 2019, natural rubber production reached 13.6 million tonnes.

In recognition of the essential role that natural rubber plays in meeting the UN Sustainable Development Goals, the forest certification organisation PEFC is launching a campaign to support local forest owners in Southeast Asia in their push for sustainability.

The campaign recognises the role that millions of smallholders play in the creation of more than 40,000 kinds of essential rubber goods. For the past decade, PEFC has played a leading role supporting the entire natural rubber value chain including rubberwood which is the most widely traded tropical hardwood.

See: <http://mtcc.com.my/pefc-launches-a-new-campaign-to-certify-the-rubber-in-your-shoes-and-tyres/>

## **Indonesia**

### **Hard work delivers first half successes**

The Indonesian forestry sector has achieved two major goals in the first half of the year; a significant fall in the number of hotspots that could have resulted in forest fires and a substantial growth in wood product exports.

The Environment and Forestry Minister, Siti Nurbaya, said these successes have been achieved through hard work amidst the increasingly widespread pandemic.

The Minister reported that there has been a decline in the number of hotspots detected by the Terra/Aqua satellite system (LAPAN). She also pointed out the solid progress in exports in the first half of the year when a 20% year on year increase was recorded.

She added - looking at our forestry export growth the first thing that crosses my mind is that companies have done so much to avoid laying-off workers and that is commendable.

See: <https://foresthints.news/indonesian-forestry-sector-delivers-two-major-points-of-progress-in-first-half-of-2021>

### Furniture and handicraft exports surge

In the first 4 months of this year Indonesia's exports of wooden furniture and handicrafts increased by almost 40% compared to the same period in 2020.

Abdul Sobur, Chairman of the Presidium of the Indonesian Furniture and Craft Industry Association (HIMKI), anticipates that this year exports could rise to US\$2.75-3 billion. He added that the furniture and craft sectors are important industries and have been pillars of the economy during the current pandemic.

The sectors absorbs a lot of labour so it is good that the furniture and craft industries have survived, generated foreign exchange and supported the workforce force, he added.

In related news, exports of Indonesian handicrafts to Japan reached US\$10.32 million in the first 5 months of 2021, an encouraging figure amid the pandemic as most are from SMEs. Products exported to Japan included wooden frames valued at US\$2.18 million, rattan baskets worth US\$562,000, woven baskets made from natural material US\$435,000 thousand and synthetic wigs worth US\$423,000.

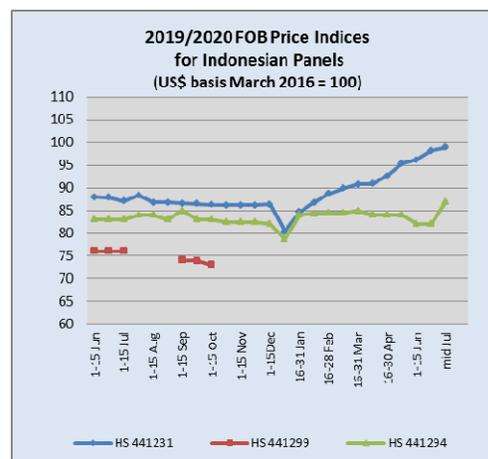
See: <https://pressrelease.kontan.co.id/release/beri-angin-segar-ekspor-produk-kerajinan-ke-jepang-tembus-usd-1032-juta?page=all>

**Exploring potential for wood biomass trade with Japan**  
Indonesian forestry sector operators are considering cooperating with companies in Japan in the utilisation of wood biomass. Indonesian Ambassador to Japan, Heri Akhmadi, has said Indonesia has a large biomass potential while Japan has the technology to utilise biomass so there are opportunities for both sides.

He explained that Sumitomo Forestry in Japan already has an urban biomass power generation plant in Kawasaki. Meanwhile, Mitsubishi owns and develops biomass co-firing technology. Renova Inc. and Kyudenko Corporation own biomass power plants and may be interested in building biomass power plants in Indonesia.

Chairman of the Indonesian Forestry Community Communication Forum (FKMPI), Indroyono Soesilo, stated that the potential for developing biomass from energy plantations in Indonesia is large.

See: <https://www.medcom.id/ekonomi/bisnis/ObzVdZ0b-industri-kayu-indonesia-diharap-gandeng-jepang-gali-potensi-biomassa-kayu>



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

## Myanmar

### 4,320 new corona cases with 64 deaths on 9 July

The Myanmar Ministry of Health and Sports confirmed 4,320 new COVID-19 cases on July 9 bringing the total number of patients identified to 184,375. Some health experts say Myanmar's real rate of infection is likely to be far higher given a collapse in testing since the military takeover and because health workers joined strikes to protest.

Hospitals and COVID-19 centers in Myanmar are overwhelmed and turning away patients in some areas, including Yangon. The main problem is oxygen supplies and some towns are experiencing shortages. Myanmar's military rulers have indicated Russia will supply two million doses of coronavirus vaccines.

Chinese authorities locked down a city bordering Myanmar shutting most businesses and requiring residents to stay at home as a fresh outbreak of COVID-19 expanded.

See: <https://www.irrawaddy.com/news/burma/myanmar-hospitals-run-out-of-beds-amid-covid-19-surge.html>

### Growing risk of economic instability

According to U Ye Min Aung, Chairman of the Myanmar Rice Federation and Vice-chair of Union of Myanmar Federation of Chambers of Commerce and Industry, this is a challenging time for all sectors of the economy. The domestic media report U Ye Min Aung as mentioning the biggest challenge for enterprises is banking and finance as they face many problems with transactions.

Other challenges include security, transportation and logistics. The biggest challenge for exporters is the rising cost of transport and international shipping. He called on the military regime to quickly adopt sound economic policies and plans

See: <https://www.frontiermyanmar.net/en/if-theres-no-recovery-all-businesses-will-be-in-trouble/>

### **Navigating trade sanctions**

Exporters as well as importers are facing a difficult time trying to navigate the sanctions that have been imposed by some major importing countries. The Trade Department in the Ministry of Commerce is now issuing export licenses for sawnwood but shippers are unsure on the application of the sanctions asking, do they apply to products milled from logs purchased before the date of the sanctions, the date the Trade Department issued the export license or the date of documents from the Myanmar Timber Enterprise?

The EU and the UK government have provided guidance notes which can be found at:

See: [https://ec.europa.eu/info/files/guidance-note-implementation-council-regulation-eu-no-401-2013-myanmar-burma\\_en](https://ec.europa.eu/info/files/guidance-note-implementation-council-regulation-eu-no-401-2013-myanmar-burma_en)

and  
<https://www.gov.uk/government/publications/overseas-business-risk-myanmar-burma/overseas-business-risk-myanmar-burma>

### **Myanmar Witness secures UK funding for new task force**

A new task force has been launched to investigate evidence of human rights violations in Myanmar, the British-government funded project, Myanmar Witness. The Centre for Information Resilience (CIR), an independent, non-profit social enterprise, is undertaking the project.

See: <https://www.reuters.com/world/asia-pacific/myanmar-rights-violations-under-scrutiny-new-task-force-2021-07-05/>

### **US Treasury sanctions officials and family members connected to Myanmar military**

The Treasury press release says the following:

Among the 22 individuals sanctioned are seven key members of Burma's military which continues to repress the pro-democracy movement in the country and use lethal force against the people of Burma, including children and members of ethnic minority groups.

The other 15 individuals are the spouses or adult children of previously designated senior Burmese military officials whose financial networks have contributed to military officials' ill-gotten gains.

The Treasury's Office of Foreign Assets Control (OFAC) OFAC designated all these individuals pursuant to Executive Order (E.O.) 14014, "Blocking Property with Respect to the Situation in Burma." These sanctions are not directed at the people of Burma.

See: <https://home.treasury.gov/news/press-releases/jy0260>

### **EITI Board temporarily suspends Myanmar**

The EITI Board has expressed its strong concern about the safety of members of the multi-stakeholder group in the country and concluded it is not possible to envisage the EITI operating under the current circumstances. Consequently EITI has suspended Myanmar temporarily.

The EITI Board indicated it will monitor the situation and consider if further action is necessary including the possibility of delisting. Myanmar EITI has issued four volumes of 'Forestry Sector Reports'.

See: <https://eiti.org/board-decision/2021-05>

## **India**

### **Title**

A review of ultra-high frequency data such as power consumption and vehicle sales provides a clear indication that economic growth is beginning to recover after the lockdown-induced collapse in May. Restrictions people's movement and on businesses are gradually being eased. Early data suggests the economic damage from the current lockdown has been less severe than during the 2020 lockdown.

According to the National Council of Applied Economic Research (NCAER) the economy is likely to grow 8.4-10% in the current fiscal year as against a contraction of 7.3% in the previous fiscal year.

See: <https://www.livemint.com/news/india/across-indian-states-economic-activity-picked-up-in-june-11625551636249.html>

### **Exports surge**

Union minister Piyush Goyal said it is the highest ever merchandise exports in a quarter in the history of the nation.

India's exports during the April to June quarter in 2021 jumped to US\$95 billion this, according to the Minister was because of growth in the engineering, rice, oil meal and marine products sectors.

The Minister said that merchandise exports were worth \$82 billion in the second quarter (April-June 2018-19) and US\$90 billion during the last quarter of 2020-21.

### **Real estate developers experience project delays - sector seeks urgent relief**

The Confederation of Real Estate Developers' Associations of India released findings of its first ever industry survey conducted across North, East, West and South zones between 24th May and 3rd June, 2021, to assess the impact of second wave of COVID-19 on real estate sector in India.

A total of 4,813 developers from 217 cities across India participated in one of the most extensive real estate surveys conducted during the pandemic. It was found that 90% of developers feel that the second wave is more devastating on the business than the first.

Labour shortage, financial constraints, approval delays, increased construction costs and weak customer demand are key challenges highlighted by the developers.

The survey also spotlights changing consumer behaviour which has resulted in slower demand and fewer enquiries and site visits.

A staggering 98% developers are facing reduced customer enquiries and 42% developers are experiencing a 75% decline in customer enquiries. Furthermore, the report reveals that the second wave has caused 95% of customers to postpone their purchase decisions.

Mr. Harsh Vardhan Patodia, President, CREDAI “We have made a representation to the government citing the current survey and requesting the government to infuse urgent financial stimulus and initiate quick progressive measures to assist recovery.

See: <https://www.credai.org/media/view-details/220>

#### Plantation teak prices C&F Indian ports

Teak logs and sawnwood shipments to India from multiple sources are recovering. Landed prices are impacted by the exceptionally high freight costs.

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

	US\$/cu.m C&F
Benin	294-658
Sawnwood	359-547
Brazil	330—511
Sawnwood	221-777
Cameroon	639
Sawnwood	974
Colombia	238-382
Costa Rica	263-574
Ecuador	216-495
Gabon Sawnwood	370
Ghana	234-559
Sawnwood	485
Guatemala	594
Ivory Coast Sawnwood	752
Mexico	369-439
Sawnwood	373-585
Panama	258-450
PNG Sawnwood	492-677
Tanzania	192-294
Sawnwood	896
Togo	206-462
Surinam Sawnwood	222
S. Sudan	316
Sawnwood	633
Nigeria	319-541

#### Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,000-4,200
Balau	2,500-2,700
Resak	-
Kapur	-
Kempas	1,550-1,750
Red meranti	1,550-1,750
Radiata pine	850-890
Whitewood	850-890

Price range depends mainly on lengths and cross-sections

#### Sawn hardwood prices

Sawnwood (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,750-1,850
Sycamore	1,850-2,000
Red Oak	2,100-2,200
White Oak	2,650-2,800
American Walnut	4,050-4,500
Hemlock STD grade	1,350-1,600
Western Red Cedar	2,350-2,450
Douglas Fir	1,850-2,000

#### Plywood

The recently increased prices are holding but with log and veneer prices rising manufacturers are looking for an opportunity to raise panel prices but this will depend on how quickly the construction and housing markets recover.

#### Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	78.00
6mm	110.00
9mm	130.00
12mm	164.00
15mm	216.00
18mm	236.00

### Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	52.00	65.00
6mm	74.00	92.00
9mm	93.00	113.00
12mm	113.00	135.00
15mm	135.00	164.00
19mm	159.00	183.00
5mm Flexible ply	100.00	

## Vietnam

### Vietnam's forestry and timber industry – solid growth in the first 6 months

According to Vietnam Forestry Administration (VNFOREST) in the first 6 months of 2021 about 658 million seedlings of all planting species have been propagated to meet the national planting target defined for 2021.

To-date the area of newly planted forest is 108,258 hectares or 41.6% of the year plan and over 20% up on the first half of last year. In particular, under the project 'plant 1 billion trees' over 48.5 million trees have been planted.

By the middle of 2021 sustainable forest management certificates had been granted over 306,726 ha of forest (including both FSC and VFCS/PEFC certificate schemes) of which the forest area certified by the VFCS (Vietnam Forest Certificate Scheme) is 55,002 ha.

In the first half of the year the volume of timber harvested from domestic forests is 6.8 million cu.m, equal to 32% of the year plan and 114% over the same period in 2020.

The export value of wooden and non-wood forest products in the first 6 months of 2021 amounted to US\$8.71 billion, up 62% over the same period in 2020 and included wood products US\$6.35 billion, up 75% and non-wood forest products US\$0.6 billion, up 73%.

It is forecast that in 2021 the export earnings from W&WP and non-wood forest products will be around US\$15.5 – 16.0 billion, a year-on-year growth of between 17 - 20%.

Imports of W&WP in the first 6 months of 2021 were valued at US\$1.54 billion, up 39% over the same period of last year when imports of wood raw materials was US\$1.15 billion.

In the first half of 2021 government income from the payment for forest ecosystem service (PFES) increased by 67% over the same period of 2020. VND 1,431.7 billion (about US\$65 million) was collected through PFES.

Most of this money is distributed to upland dwellers as payment for their contribution to catchment/watershed forest protection.

See: <http://tongcuclamnghiep.gov.vn/LamNghiep/Index/nganh-lam-nghiep-tang-truong-toan-dien-trong-6-thang-dau-nam-4387>

### Made-in-Vietnam wood products a success in US market

Vietnam has overtaken China as the largest exporter of wooden furniture to the US according to the US-based Furniture Today website. Despite the trade disruptions the country shipped over US\$7.4 billion worth of furniture to the US in 2020, up 31% compared to 2019. China's exports of wooden furniture were valued at US\$7.33 billion in 2020.

While the gap is relatively small, Vietnam's position in global markets illustrates how the industry in Vietnam has grown in importance over the years.

Julie Hundersmarck, a Programme Specialist at the US Forest Service said that the US market is opening to Vietnamese furniture exporters adding that the authorities in the US have deployed various tools to ensure exporters comply with legal timber rules.

Experts commented that Vietnamese exporters need to prevent origin fraud, since the US is a large and strict market in terms of trade fraud and tax evasion.

See: <https://en.vietnamplus.vn/madeinvietnam-wooden-products-conquer-us-market/202085.vnp>

### Vietnam, the second largest exporter of woodpellets

After the US, Vietnam has become the second largest producer of woodpelletss. In 2020 Vietnam exported 3.2 million tonnes of woodpellets mostly to Japan and Korea for power generation. In the period from 2013-2020, exports increased more than 18.2 times from about 175.5 tonnes to 3.2 million tonnes; export value increased more than 15.3 times, from nearly \$23 million to \$351 million.

EU, Japan and South Korea are the top consumers of this wooden product.

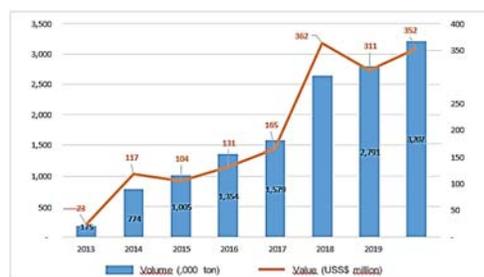
The decline in export prices for pellets may be partly due to the increasing number of enterprises involved in production. General Department of Customs data shows that in 2020 there were 74 enterprises participating in export, up slightly from 72 enterprises in 2018.

In 2020 the number of large-scale exporters (export volume over 50,000 tonnes/enterprise) was 17, equivalent to over 23%. The number of medium-sized enterprises (export volume from 20,000 - 49,000 tonnes/enterprise) was 10 accounting for 13.5%, the balance were small enterprises (less than 20,000 tonnes/enterprise).

According to VIFOREST, Vietnam currently maintains 74 woodplellet factories with the total production capacity of about 4.5 million tonnes per year.

At present the raw materials used by these factories are mostly wood waste collected from a large number sawmills, veneer plants and and furniture factories.

### Volume and value of wood pellets exports from Vietnam

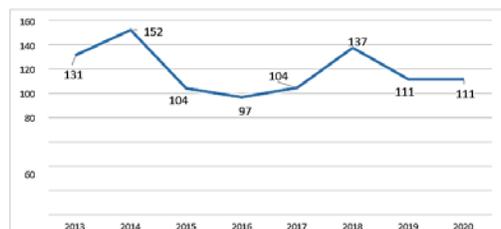


Data source: General Department of Customs

### Woodpellet price

The graphic below shows the fluctuations in woodpellet prices between 2013 and 2020. In 2013, when Vietnam started woodpellet production and export, price of this product was US\$131/tonne. The price of woodpellets surged in 2014, dropped down below US\$100 in 2016, recovered to US\$137 in 2018 and stood at US\$111/tonne over the past 2 years.

### Price of woodpellets exported from Vietnam (FOB, US\$/tonne)



## Brazil

### Draft Bill aims to create a price for forest conservation

The Commission for Economic Development, Industry and Commerce presented a draft Bill (528/2021) which proposes regulation of the Brazilian carbon market. This comes twelve years after the Climate Change Policy was enacted. At the core of the Bill is the proposal to create a value for forest conservation and create a legal framework that brings legal security to investments and remuneration for environmental services.

The draft Bill will be discussed at the Environment Commission which will undertake a public hearing process. It is anticipated that the draft Bill will be carried to UN Climate Change Conference of the Parties (COP26) in November.

### 'Verde Brazil' operation continues in the Amazon

The Federal Government issued a Guarantee of Law and Order decree which authorises the use of the military in combating environmental crimes in the Amazon.

The period covered by the latest Decree extends operations for just a short period (28 June to 31 August) this year.

According to the National Council for the Amazon the cost of the operation is estimated at R\$50 million. During the operation the military will work in specific municipalities that are high rates of illegal deforestation and forest fires. The Decree also establishes that the actions of the military will be carried out exclusively in public areas such as indigenous lands, Federal protection areas among others.

Since 2019 two military operations have been authorised in the Amazon called the Operation "Verde Brazil (Green Brazil) 1" and "Verde Brazil 2". The most recent ended in April this year.

### Brazilian exports face higher than average import tariffs

A study prepared by the National Confederation of Industry (CNI) shows that Brazilian exports are subject to import tariffs that, on average, are much higher than those faced in most neighboring countries or countries with geographic and economic characteristics similar to those of Brazil.

The average import tariff applied to Brazilian products abroad is 4.6% while the average of the other countries analysed in the study is 2.3%. Among the 18 countries selected by the study Brazil is the one that is subject to the third highest import tariff (4.6%) when exporting its products.

The country is only behind Argentina (5.3%) and India (4.8%). In Latin America, with the exception of Argentina and Brazil, other countries stand out for the low average tariff they face in international markets:

Colombia	(1.2%)
Chile	(1.2%)
Peru	(1.1%)
Mexico	(0.4%)

The study also shows that, considering only industrial products, Brazil faces the fourth highest tariff (3.3%) among the selected countries.

One factors that contributes to Brazil facing high import tariffs among the selected countries is the fact that Brazil has few preferential trade agreements. Currently, the countries with which Brazil has an agreement represent only 7% of world trade. The report suggests the country needs to work to secure bilateral or multilateral trade agreements to lower tariff barriers faced by exporters.

### Dry ports can raise efficiency for timber exports

With an estimated area of 3.7 million hectares of forest under sustainable management the state of Mato Grosso continues to be one of the largest timber producers in the country. However, excessive bureaucracy hinders exports of products from processing legally harvested wood.

In order to reverse this and encourage sustainable production the accreditation of dry ports for clearing wood shipments in Mato Grosso has been proposed to the Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA).

*A dry port (sometimes referred to as an inland port) is an inland terminal with good access to a sea port. Dry ports may also include facilities for storage and consolidation of goods and Customs clearance services. The location of these facilities at a dry port relieves competition for storage and Customs space at the seaport.*

The proposal highlights the numerous problems faced by the timber sector in exporting wood products from natural forests. The proposal also highlights the need for a quick, legal and effective flow of forest-based products destined to overseas markets.

#### Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	195
Jatoba	96
Massaranduba	87
Muiracatiara	89
Angelim Vermelho	85
Mixed redwood and white woods	70

Source: STCP Data Bank

#### Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	802
Jatoba	391
Massaranduba	391
Muiracatiara	349
Angelim Vermelho	348
Mixed red and white	232
Eucalyptus (AD)	174
Pine (AD)	115
Pine (KD)	146

Source: STCP Data Bank

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

	US\$ per cu.m
Parica	
4mm WBP	404
10mm WBP	365
15mm WBP	303
4mm MR.	354
10mm MR.	268
15mm MR.	239

Prices do not include taxes. Source: STCP Data Bank

#### Prices for other panel products

Domestic ex-mill prices	US\$ per cu.m
15mm MDParticleboard	178
15mm MDF	222

Source: STCP Data Bank

#### Export sawnwood prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per cu.m
Ipê	1,599
Jatoba	958
Massaranduba	932
Muiracatiara	939
Pine (KD)	201

Source: STCP Data Bank

#### Export plywood prices

Pine plywood EU market, FOB	US\$ per cu.m
9mm C/CC (WBP)	326
12mm C/CC (WBP)	308
15mm C/CC (WBP)	295
18mm C/CC (WBP)	277

Source: STCP Data Bank

#### Export prices for added value products

FOB Belem/Paranagua ports	US\$ per cu.m
Decking Boards	
Ipê	3,520
Jatoba	1,648

Source: STCP Data Bank

## Peru

#### Wood product exports rise over 60%

According to the Association of Exporters (ADEX) in the first 5 months of this year wood product exports amounted to US\$48.9 million FOB, a vastly different situation during the same time in 2020 when exports were just US\$29.3 million.

As of May 2021 semi-manufactured products accounted for over 60% of exports, up over 80% year on year followed by sawnwood exports which were higher by 28% year on year. Exports of furniture and parts remain small as do exports of veneers and plywood.

Of the US\$48.9 million exported during the first 5 months of 2021 China was the main export destination accounting for an almost 35% which was higher than the share in the first 5 months of 2020.

France was the second largest market with a share of 17%. This was much higher than in the same period in 2020. The United States and Mexico are the third and fourth placed export destinations. Exports to the US more than doubled year on year in the first 5 months of this year but there was only a modest rise in exports to Mexico.

Sawnwood exports between January and May this year went mainly to China (37% of sawnwood exports), the Dominican Republic (18% and up 23%) and Vietnam (13%, a 200% rise year on year).

Exports to Ecuador accounted for just under 10% of all sawnwood exports but were very much higher year on year.

#### Strategy to combat illegal logging and trade

The Government has approved the "National Multi-sectoral Strategy to Fight Illegal Logging 2021 - 2025".

The strategy was approved by Supreme Decree No. 013-2021-Midagri, signed by the President, Francisco Sagasti, and nine Ministers of State.

The aim of this is to combat the trade in illegal timber as well as the protection of the rights of people involved in the sustainable use, conservation and protection of forests with special emphasis on communities and indigenous people.

A permanent Multi-sectoral Commission to Fight Illegal Logging (CMPLTI) will be responsible for the implementation and management of activities to support this strategy. The new strategy covers not only the illegal logging but also the trade in products of illegal origin as well as the prevention of crimes such as forced or child labour.

See: <https://agraria.pe/noticias/gobierno-aprueba-estrategia-nacional-multisectorial-de-lucha-24811>

#### Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	664-679 ↑
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	1009-1033
Asian market	1093-1121
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	596-617
Dominican Republic	694-710
Marupa 1", 6-11 length KD Grade 1 Asian market	569-598

#### Domestic sawnwood prices

Peru sawnwood, domestic	US\$ per cu.m
Mahogany	-
Virola	247-269
Spanish Cedar	340-349
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	582-611 ↑
2x13x75cm, Asian market	774-831 ↑

## Japan

#### Fourth state of emergency covers Tokyo

The Japanese government has declared another COVID-19 state of emergency in Tokyo until 22 August to combat a recent surge in infections. This period covers the duration of the Olympics.

To assist countries struggling to contain the virus Japan will donate 1 million vaccine doses each to Indonesia, Malaysia, the Philippines and Thailand. The Tokyo government will also offer 1 million doses each to Taiwan P.o.C and Vietnam in addition to the 1.24 million and 1 million already provided.

Japan has secured enough AstraZeneca vaccine doses for 60 million people and approved their use in June but does not intend to use them immediately in public inoculation programmes due to uncertainty over the risk of blood clots reported from overseas.

In related news, the government announced a suspension of the private sector and university vaccination programme it promoted a few weeks ago. Under this scheme companies and educational institutions were encouraged to set up vaccination programmes for staff and students.

As local authorities ramped up their vaccination efforts and as the private sector began vaccinating workers demand for vaccine doses began to outpace availability. This resulted in the central government warning the stock of vaccines was running out so the pace of vaccinations should be slowed.

See: <https://www.japantimes.co.jp/news/2021/07/01/national/vaccine-supply-crunch/>

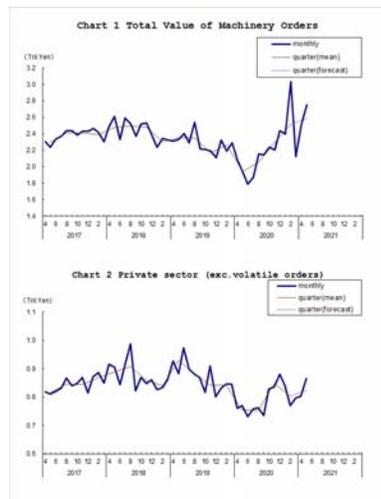
#### International demand growth behind positive business outlook

In the second quarter of 2021 business confidence among big Japanese manufacturers rose to a 36 month high according to the latest Bank of Japan (BoJ) survey. It was improved demand in international markets that was behind the more positive business outlook.

The BoJ survey even suggested service sector sentiment had started to improve for the first time in five quarters. The question is how quickly can the economy emerge from the pandemic with a resurgence in infections and the slow vaccination programme which is having a negative impact on domestic consumption.

**Corporate spending rises**

Orders for machinery by Japanese companies rose for the third consecutive month in May, a sign companies believe the country is closer to overcoming the coronavirus pandemic. The rise in orders reveals a revival in corporate spending which is essential to accelerate growth.



**Bank of Japan plots support for ‘Green Lending’**

The latest challenge for Japanese banks is how to contribute to greening the economy through helping polluters transform to greener enterprises. The easiest solution would be to cut lending to companies identified as big polluters but this would undermine efforts to a transition to cleaner industries.

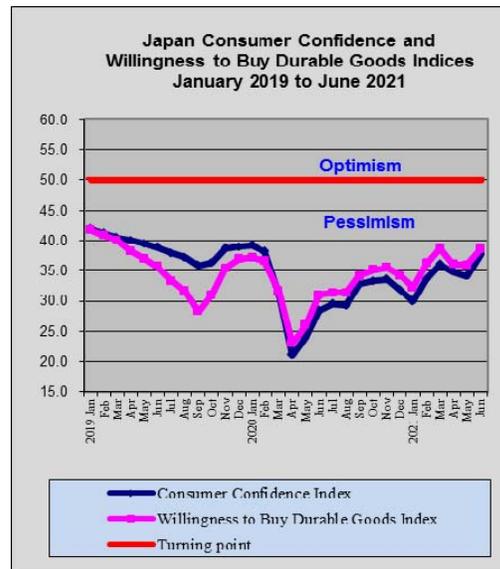
The Bank of Japan has indicated support for commercial banks that take on innovative financing of companies but it will involve careful balancing ensuring the overall economy is unaffected by targeted funding for green projects.

<https://www.japantimes.co.jp/news/2021/07/01/business/economy-business/banks-climate-transition/>

**Household spending on the rise**

Household spending in Japan rose almost 12% in May, the third month of year-on-year increases and the second highest increase since 2001.

However, spending on travel and entertainment was far below pre-pandemic levels. Caution is required when viewing the steep rise as this was from a very low level in May 2020 when spending crashed due to the announcement of the first state of emergency.

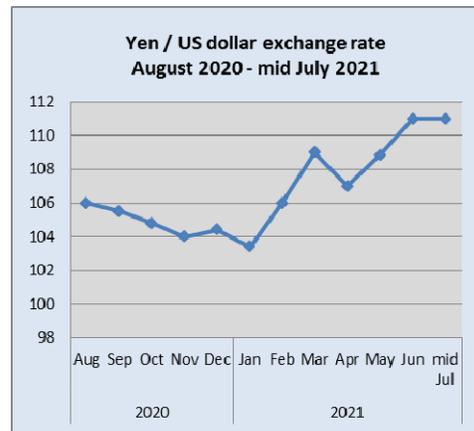


Data source: Ministry of Finance, Japan

**State of emergency puts brake on yen appreciation**

Reports from around the world of surging infections due to the Delta variant resulted in a movement of cash to ‘safe-haven’ currencies such as the yen and the Swiss franc.

The early July hint of dollar weakness boosted the euro but had little impact on the yen. With Japan facing a fourth state of emergency in the capital the yen is unlikely to experience any major strengthening.

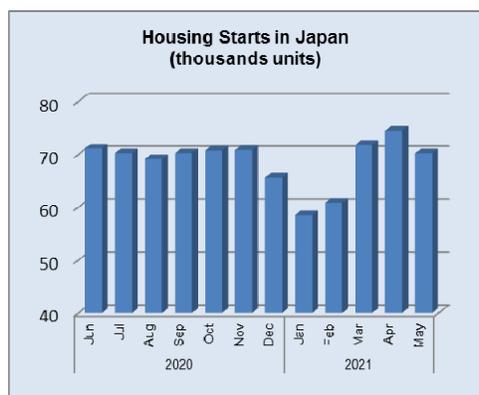


**Commercial real estate sector a winner**

While Japan’s recovery rate is yet to catch up with that in other advanced economies it has been one of the best-performing commercial real estate investment markets since the pandemic began. In the first quarter of this year Tokyo attracted more investment in real estate than most other big cities accounting for nearly US\$8 billion in transactions. Demand for office space, even as work from home continues, accounted for over 50% of investment in Japan in the first quarter, virtually unchanged from pre-pandemic days.

See:

<https://www.scmp.com/comment/opinion/article/3138980/japan-economy-may-be-lagging-its-property-market-star-performer>



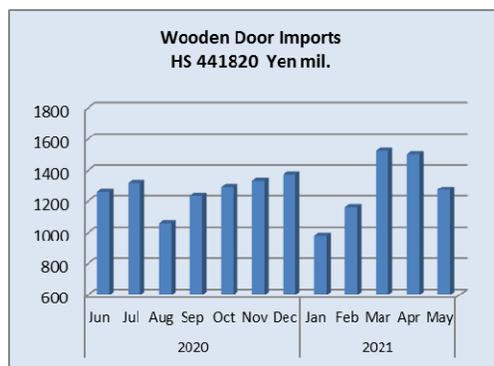
Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

### Import update

#### Wooden door Imports

Shippers in China and the Philippines accounted for over 80% of Japan's May imports of wooden doors (HS441820) a slight drop on the value of April imports due mainly to the success of Malaysian shippers to capture a 4% share of May imports with another 2% from US shippers.

Year on year, the value of May 2021 imports were 27% higher but compared to the value of April imports there was a 15% decline. The correction was not surprising after the high level of imports in March and April.



Data source: Ministry of Finance, Japan

#### Wooden window imports

The value of Japan's wooden window imports continued to rise in May. Compare to a month earlier, the value of May imports were 7% up and year on year, May imports were 15% higher. There has been a steady rise in the value of wooden window imports between January and May this year bring average monthly imports back the around the same level as in 2020 but well below the value in the same period in 2019 before the impact of the pandemic..

For the first time in years shippers in the US emerged as the top shippers in May accounting for 43% of Japan's imports of wooden windows (HS441810). Shippers in China accounted for a further 37% of May imports followed by the Philippines at 19%.



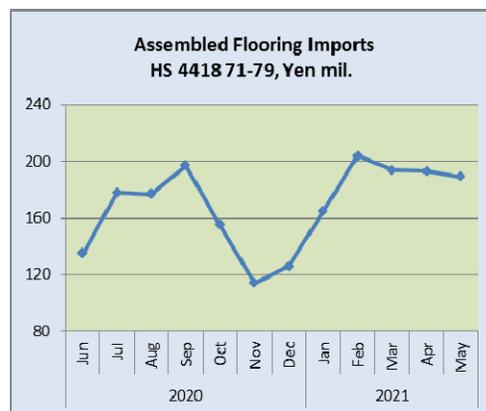
Data source: Ministry of Finance, Japan

#### Assembled wooden flooring imports

Year on year, the value of Japan's imports of assembled wooden flooring (HS441871-79) in May was down 4% but compared to a month earlier May imports were down once again.

As in previous months imports of HS441875 were the highest category of wooden flooring imported with most coming from China. In March imports of HS441875 accounted for around 60% of imports but in May the figure jumped to 75%. Shippers in China accounted for 61% of HS441875 arrivals in May followed by Vietnam at 19%.

Malaysia and Indonesia together accounted for around 5% of the value of May imports and shipments from these two countries were about equal.



Data source: Ministry of Finance, Japan

#### Plywood imports

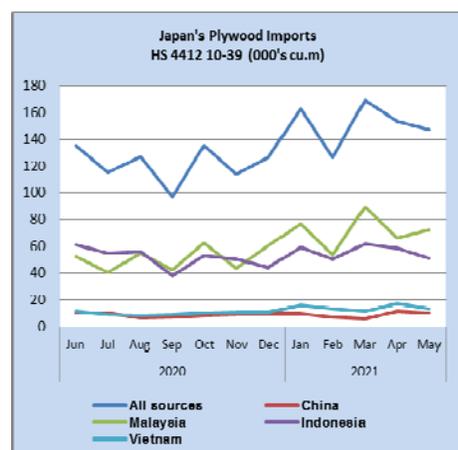
Out of the four main suppliers of plywood to Japan it was only shippers in Malaysia that saw the volume of May shipments rise. Shipments of plywood from Indonesia, Vietnam and China all dropped month on month in May. Shippers in Indonesia have now seen a decline in the volume of shipments to Japan drop for two consecutive months. Year on year the volume of Japan's May imports of plywood (HS441210-39) was little changed from May 2020 but compared to April the volume of imports dipped around 4%.

Of the various categories of plywood imports, HS441231 accounted for most of May imports. Shipments from Malaysia comprise 95% of HS441231, Indonesia 98%, Vietnam 69% and China 56%.

#### 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
	Nov	8.6	43.1	50	10.9
	Dec	9.2	60.5	43.9	10.8
2021	Jan	9.7	76.9	59.3	15.7
	Feb	6.8	53.5	50.1	13
	Mar	5.7	89.4	61.5	11.5
	Apr	11.4	65.9	58.2	17.3
	May	10.3	72	51	13

Data source: Ministry of Finance, Japan



Data source: Ministry of Finance, Japan

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

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

For the JLR report please see:

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

#### Domestic lumber market

In Tokyo region, lumber prices have been steadily climbing since last March. In early April, cedar post prices exceeded over cypress post prices and reached 80,000 yen per cbm FOB yard.

Since then the prices continued soaring week after week and in late May, the prices seem to be lulled momentarily with the prices of 110,000-120,000 yen on cedar post and stud, 120,000-130,000 yen on cypress sill.

Since the supply of lumber became tight, auction market prices led the lumber prices and after early May holidays, the prices took off without any ceiling and by late May, cedar post prices are 120,000-145,000 yen and cypress sill are 120,000-150,000 and large volume moved with these prices.

KD cedar 105 mm post prices are 53,000 yen up until last March, which soared to 110,000-120,000 yen by early June. KD 105 mm cypress sill prices are 63,000 yen until last March, jumped up to 120,000-130,000 yen by June so both prices doubled in three months.

Supply shortage and high prices continue in June but upward momentum seems to be easing now. Demand is shifting to lower priced air dried or green lumber from KD.

Panic buying is slowing down but in auction market, prices stay up high on supply tight items like post, stud, sill and beam but there is no record high prices any more. The dealers seem to be seeking settling level of prices and try to cool overheated market.

Lumber dealers are concerned to contractors' move, which withhold house sales since lumber prices keep soaring so rapidly and the prices keep changing week after week so the dealers wish to stabilize lumber market prices.

They mix lower priced old inventory with high priced fresh products to lower the average prices down but low cost inventory is decreasing rapidly. There is no possibility that the prices go downward but steep increase seen in last three months is over now.

#### Radiata pine crating lumber

The New Zealand Log Sawmillers Conference of Japan held meeting by web to exchange the information on May 27.

Export prices of New Zealand radiata pine logs continue climbing by aggressive purchase by China so the sawmills in Japan cutting radiata pine logs announced lumber sales price hike in April by 5,000 yen per cbm and they plan to raise the prices by 10,000 yen since August as log cost continues climbing.

Export log prices for China keep soaring and degree of price increase is record high. Log prices for China are \$190 per cbm in late May and \$195 by the end of May so the prices keep advancing week after week and \$200 is in sight. This pushes log prices for Japan and further increase is likely toward fall.

Sawmills in Matsunaga area (Hiroshima prefecture) announced 10,000 yen hike since August 1 and five sawmills in Susaki area (Kohchi prefecture) also announced 10,000 yen increase after August.

Movement of crating lumber is not active so sawmills are running four to five days a week. They increase the prices by 5,000 yen in April and in some areas, they are all accepted but in other areas, price increase is still progressing slowly little by little.

In Susaki, June ship's arrival is delayed by two weeks so log inventory is getting very low and some mills need to curtail the production.

With 5,000 yen increase in last April, total increase in August will be 15,000 yen per cbm but this does not cover all the cost yet.

#### Impact of wood shock for small contractors

The National Federation of Construction Workers Union made survey of impact of wood shock for small contractors and found out about cost of 20% of newly built houses cannot be passed onto buyers.

The survey made by sending out questionnaires to small member contractors and 166 replied. The members are small contractors to build one or two units of house a year. Total units built in 2019 was 303 and 277 in 2020.

Regarding the price and delivery term of the contracts of 183, 46% is no change, 26% needs to be discussed for change and 17% cannot change. About 20% of contracts remain unchanged as to the prices and delivery term. Majority of change is refused by the house buyers so it is impossible to pass higher cost onto buyers so the contractors need to absorb increased cost, which about US\$5,000 per unit.

Reasons of unchangeable contracts are that it cannot get estimate by pre-cutting plant for processing (17%), uncertain delivery time (15%) and uncertain specifications and species of materials of building materials.

Prospect of contracts the members for new houses are 216 but more than half is not firmed up because of uncertainty of price and delivery term. Because of delay of delivery, extension of housing loan tax reduction, which ends in September is necessary.

#### South Sea logs

It should be full log production season in Malaysia but labor shortage continues and it takes time to get harvest permit so there is slim chance that log production recovers and rainy season is getting near. India continues purchasing aggressively in Sarawak, Malaysia and PNG.

There is very little demand for logs in Japan so there is not much concern to the log supply situation.

Chinese laminated free board production is steady and the prices are getting higher. There are some orders of building materials like laminated post so the manufacturers are in no hurry to take orders.

### China

#### Standards for forestry biomass materials announced

The State Forestry and Grassland Administration has approved three industrial Standards for forest biomass materials as recommended by the National Technical Committee of Forestry Biomass Materials:

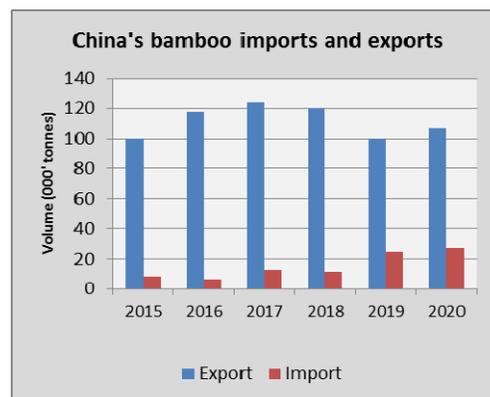
- Classification and Grade Classification of Wood-plastic Composite Material (LY/T 3274-2021)
- Wood-plastic Composite Wood Panel for Outdoor Use (LY/T 3275-2021)
- Jute Fiber Composite Wood Panels for Interior Decoration (LY/T 3276-2021)

These industrial standards will come into force on 1 January 2022.

See: <http://ntcfbm.criwi.org.cn/news/?pid=335>

#### Growth in bamboo product exports

China is the main global bamboo product exporter and exports are far higher than imports. The volume of China's bamboo exports was rising until 2018 then in 2019 exports declined but began a recovery in 2020.

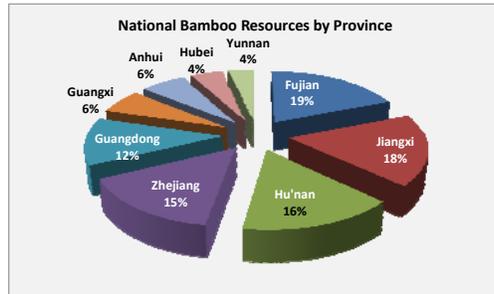


Data source: China Customs

The bamboo products industries are varied and have a high economic, environmental and unique cultural value. The Chinese government has been supporting the development of the bamboo industry for many years.

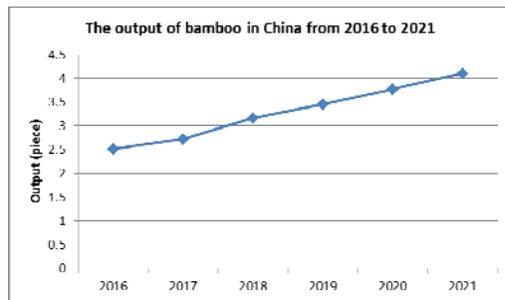
In 2013 a development plan for the national bamboo industry was formulated with a goal to establish 1 million hectares of additional bamboo resources which would have an estimated output value of US\$48 billion. Currently there are more than 5 million hectares of bamboo forests and they are mainly distributed in Fujian, Jiangxi and Zhejiang Provinces.

See: [https://www.sohu.com/a/474929464\\_120064387](https://www.sohu.com/a/474929464_120064387)



Data source: China Business Information Network

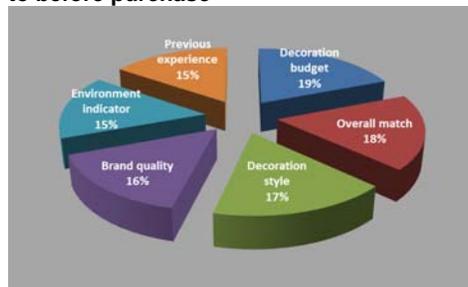
The output from China's bamboo forests increased to 3.77 billion pieces in 2020 from 2.51 billion pieces in 2016. According to the forecast by the China Business Information Network (<https://www.askci.com/>) the output of bamboo forests in China is expected to reach 4.1 billion pieces in 2021.



Data source: China Business Information Network

In addition to the economic benefits, bamboo home furnishing also supports the “green” objectives of the government, businesses and consumers. With the gradual development of economy both the government and consumers have higher requirements for environmental integrity. The environmental credentials of products is a feature of consumer purchasing.

#### Main points that household consumers pay attention to before purchase



See: [https://www.sohu.com/a/474929464\\_120064387](https://www.sohu.com/a/474929464_120064387)

#### Growth in timber shipments through Xinmingzhou Port

Xinminzhou Port, in Zhenjiang City, Jiangsu Province is the largest single port for timber imports and it has been reported that the port has been operating at full capacity all this year. The port handled imports of 1.65 million cubic metres in the first 5 months of this year, about 20% higher than in the same period in 2020.

Timber prices, especially for US timbers, have been very volatile since the start of the year. After rising for several months US lumber futures fell sharply from late May. The high price of US timber pushed prices for other species. The price for imported eucalyptus is currently RMB800 and RMB950 per cubic metre around RMB120 to RMB150 per cubic metre down from its high in early 2021.

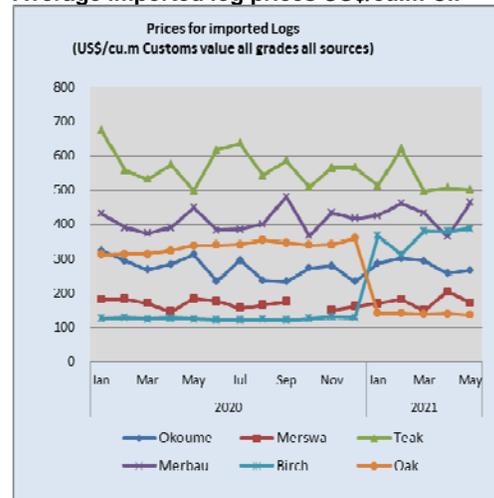
See: <https://baijiahao.baidu.com/s?id=1704408411025969272>

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

	2021	2021
	Apr	May
Okoume	257	266
Merswa	204	172
Teak	506	501
Merbau	364	464
Birch	379	388
Oak	139	136

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

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



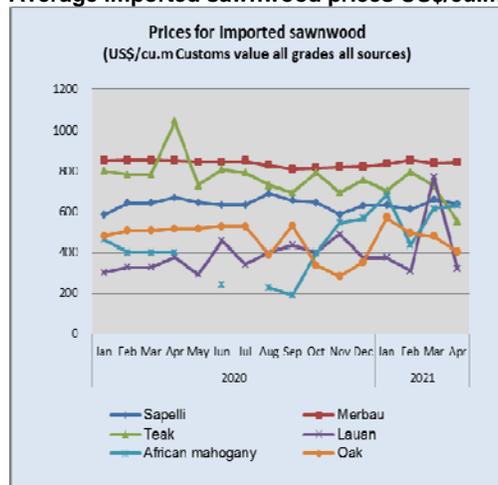
Data source: China Customs. Customs value all grades, all sources

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

	2021	2021
	Apr	May
Sapelli	638	597
Merbau	843	843
Teak	552	656
Lauan	319	401
African mahogany	632	663
Oak	404	419

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

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



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

## Europe

### Encouraging signs for European furniture sector

The global significance of the European furniture sector, and some positive signs for the sector after the turmoil caused by the COVID pandemic, are highlighted in recent reports in World Furniture, the trade journal of CSIL, the Milan-based furniture market research organisation ([www.worldfurnitureonline.com](http://www.worldfurnitureonline.com)).

In the editorial to the most recent edition (June 2021) of World Furniture, Paola Govoni notes that “the disruptive consequences of the last 18 months are there for all to see. A lot has changed on every level and some of these developments could be here to stay.

At the time of writing there are encouraging signals in Italy and most of Europe showing that the summer could be the beginning of an exit-phase from the pandemic. Major international economies have entered a recovery path and the strengthening of the increasing trend resulted in an upward revision of growth forecasts in many countries”.

In a report on the Italian furniture sector, which while less dominant in terms of production volume than in previous years is still extremely influential for international furniture design and branding, CSIL Market Researcher Cecilia Pisa observes that “despite the disruptive effects of Covid-19 both on the demand and supply side, the year ended with a better outcome than expected”.

According to Ms. Pisa, Italy’s total furniture sales at home and abroad were down around 10% overall in real terms in 2020, a significant decline of more than 25% in sales on the domestic market in the first half of 2020 was followed by a rebound in the second half of the year. Italian companies managed to contain losses, some even increasing sales due to ongoing investments in the development of new products, in technological innovation and the opening of new stores.

Ms. Pisa notes that a major driver of purchases of furniture in Europe during the pandemic was renewed interest in home renovation and improvement as the home “acquired a new centrality both for living and working, becoming a new fulcrum of our daily activities”. Furthermore, money saved in travel or entertainment expenses has been partly invested in improving living spaces, positively influencing consumption.

Ms. Pisa emphasised that there has been particular attention paid to “the home office environment (ergonomic office chairs, small desks and lighting fixtures), to the kitchen, the comfort segments (from mattresses to upholstery) and the outdoor furniture”.

There is also a growing demand for flexible/transformable furniture and sustainable solutions with a preference for natural materials, formaldehyde-free products and water-based paints free of volatile organic compounds. And, of course, the pandemic also led strong acceleration in sales through e-commerce.

While focusing on the furniture sector, these comments have wider significance for the wood sector, both due to the scale of wood consumption by European manufacturers and the importance of Europe as a market for imported finished furniture, including from the tropics.

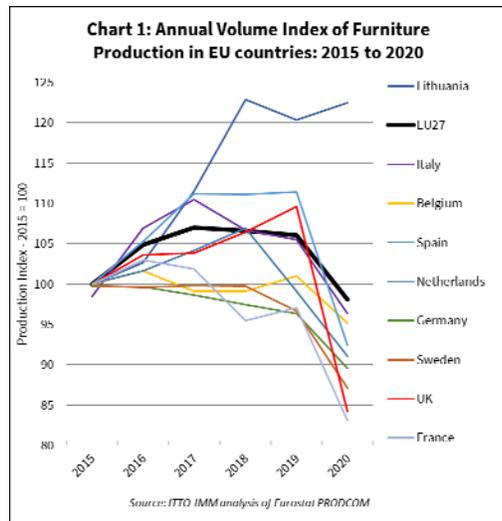
According to CSIL’s own figures, with a market value of nearly €100 billion (USD120 billion), Europe is the second largest furniture market in the world, accounting for around 26% of all world furniture consumption, second only to Asia and the Pacific region (43%) and larger than the North American market (23%).

In contrast to the North American market, the European market is more heavily dependent on domestic production with manufacturers in the region accounting for well over 80% of consumption.

Wood material is by far the most dominant base material for furniture production in Europe. In those categories of furniture for which material data is available, wood accounted for 74% of the value of furniture production in the EU28 in 2019, compared to 25% for metal and just 1% for plastic furniture.

Eurostat data on actual furniture production in the EU in 2020 has yet to be published, but the Eurostat furniture production index suggests that overall production was down around 8% in the EU27 and 23% in the UK during the year (Chart 1).

In the EU27, this followed on from a slight 1% fall in 2019 when production was already weakening in response to sluggish growth of the EU economy and intense competition in global markets, particularly from Chinese manufacturers whose sales in the US market were being diverted elsewhere due to the on-going trade dispute.



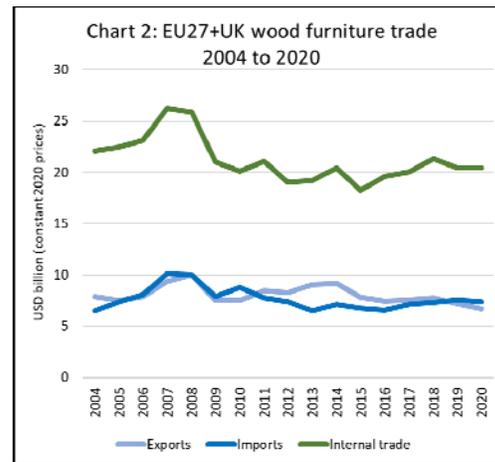
The Eurostat index shows that the production trend varied widely between European countries during 2020, with particularly large declines in the UK (-23%), Spain (-17%), Romania (-16%), and France (-14%), and moderately large declines in Sweden (-10%), Italy (-9%), Netherlands (-8%), Germany (-7%), Belgium (-6%), and Portugal (-5%). In Denmark production was stable in 2020 while in Lithuania, where there has been a lot of investment in furniture production in recent years, notably by IKEA, the production index actually increased 2% during the year.

Eurostat's monthly furniture production index shows that the decline in EU furniture manufacturing activity was heavily concentrated during the first lockdown period in March and April 2020, when there was a precipitous and unprecedented fall (for example down as much as 90% on normal levels in Italy), but that activity rose sharply throughout the rest of the year. In 2021, the monthly index shows that production in most countries has rebounded to at least as high as the pre-COVID level and in some cases - notably in Italy, Denmark and Lithuania - now exceeds the pre-COVID level.

#### EU furniture trade surprisingly stable

While the production index gives an insight into the highly volatile market conditions for furniture in Europe during the COVID pandemic, the trade data seems surprisingly stable. In terms of USD trade value, trade in 2020 was little changed from the previous year.

This aligns with a longer term trend of relative stability, at least when assessing annual changes in the USD dollar value of wood furniture trade adjusted for inflation (Chart 2).



Looking from the outside, the reality is that while the European market for wood furniture is certainly large, it has experienced only limited growth in the last decade and barely recovered from the large decline experienced during the 2008-2009 financial crises.

Considering the EU27+UK as a whole, wood furniture imports from outside the bloc were USD7.4 billion in 2020, 3% less than the previous year. This represents a partial reversal of the gradual rising trend in import value from USD 6.6 billion in 2016 to a decadal high of USD7.6 billion in 2019.

While imports of wood furniture into the EU27+UK have been tending to rise in recent years, the USD value of exports from the bloc have been sliding, a trend which has accelerated since the start of the pandemic. In 2020, EU27+UK exports of wood furniture to countries outside the bloc fell 7% to USD 6.7 billion 2020. This continues a decline in export value from a high of USD 9.17 billion in 2014 to USD7.2 billion in 2019.

Overall these trends suggest that even before the pandemic, EU wood furniture manufacturers were gradually losing competitiveness in global markets. The competitive benefits of the relative weakness of the euro against the dollar, particularly between 2015 and 2017, and of the cost saving efforts by EU wood furniture manufacturers in the last decade have waned.

In recent years, competition for EU-based manufacturers has intensified from newly emerging producers in Eastern European countries outside the EU and from Vietnam which in the last 5 years has rapidly overtaken all other tropical countries in the global league table of wood furniture producing nations.

In addition to the market and logistical challenges of the COVID pandemic, EU wood furniture manufacturers have suffered in higher-end export markets in Asia, the CIS and Middle East from a range of factors including diversion of Chinese products away from the US to other markets, a sharp fall in global equity markets towards the end of 2018, extreme weakness of the Russian rouble, and low oil prices.

Overall, the combined effects of rising imports and declining exports is that the slight trade surplus in EU27+UK wood furniture trade that persisted between 2011 and 2018 became a trade deficit of USD 420 million in 2019 rising to USD 690 million last year.

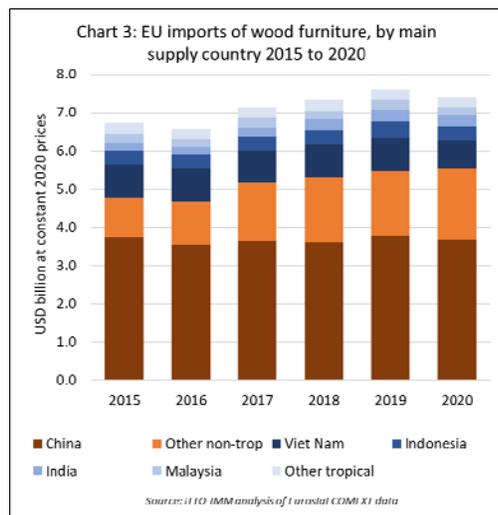
While EU27+UK furniture manufacturers have struggled to maintain sales in external markets they remain the dominant players in their home markets, exploiting to good effect the benefits of close proximity and ease of access to consumers, their depth of knowledge of fashion trends, technical standards and distribution networks, and their strong design skills and brands.

These long-term benefits have been reinforced by the serious logistical problems and rising container rates during the pandemic that have made shipment into the region more difficult and costly.

Internal trade in wood furniture in the EU27+UK region was USD 20.5 billion in 2020, the same level as the previous year and only slightly less than USD 21.3 billion in 2018 when it was at the highest level since before the 2008-2009 financial crises.

**EU27+UK wooden furniture imports fell in 2020**

EU27+UK imports of wooden furniture from non-EU countries fell 3% to USD 7.4 billion in 2020 after rising 4% in 2019 (Chart 3). Imports from China, by far the largest external supplier, decreased 3% to USD 3.66 billion in 2020, but imports from other non-tropical countries increased 10% to USD 1.86 billion.

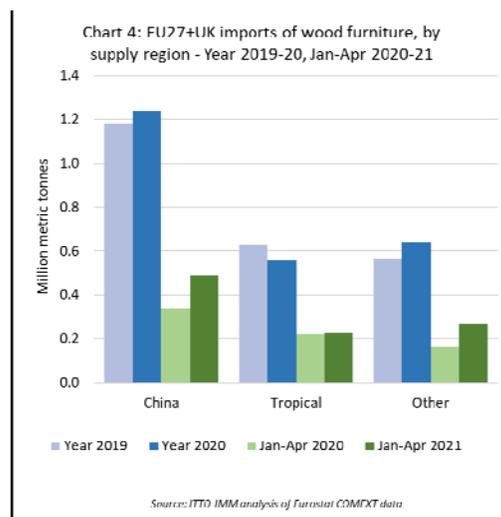


Tropical countries, for which EU27+UK imports fell 12% to USD 1.87 billion in 2020, were the major losers, being particularly hard hit by supply problems and rising shipping costs during the year.

While USD value of wood furniture imports into the EU27+UK decreased in 2020, import tonnage actually increased, rising 3% to 2.44 million tonnes. The decline in unit value is likely associated with a shift in the balance of imports away from tropical countries in favour of increased imports from China and countries in Eastern Europe neighbouring the EU.

This probably also implies a shift in the balance of furniture imports to include less products for exterior applications (which still dominate in imports from tropics) and more products for interior applications.

In 2020, import tonnage increased by 5% from China to 1.18 million tonnes and by 13% from other non-tropical countries to 640,000 tonnes. In contrast imports from tropical countries fell by 11% to 560,000 tonnes (Chart 4).

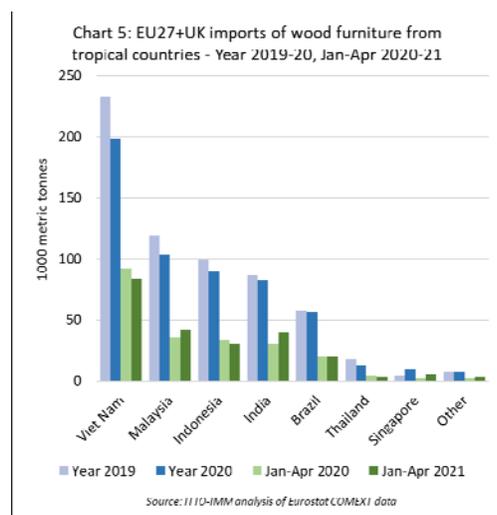


Continuing the trend of recent years, in 2020 there was another significant increase in import tonnage of wood furniture from several countries bordering the EU, including Ukraine (+17% to 123,000 tonnes), Turkey (+26% to 120,000 tonnes), Belarus (+20% to 115,000 tonnes), Bosnia (+4% to 68,000 tonnes), Serbia (+4% to 62,000 tonnes), and Russia (+29% to 40,000 tonnes).

Despite a significant decline in EU27+UK imports of wood furniture from Vietnam last year, down 15% to 198,000 tonnes, the country remained by far the largest tropical supplier to the bloc in 2020.

Imports also declined steeply from Malaysia (-13% to 104,000 tonnes), Indonesia (-10% to 89,000 tonnes) and Thailand (-26% to 13,000 tonnes). Imports fell less steeply from India (-5% to 83,000 tonnes) and Brazil (-2% to 56,000 tonnes).

Imports from Singapore nearly doubled, but from a small base to 9,000 tonnes, due to greater availability of containers for shipment out of the country. (Chart 5).



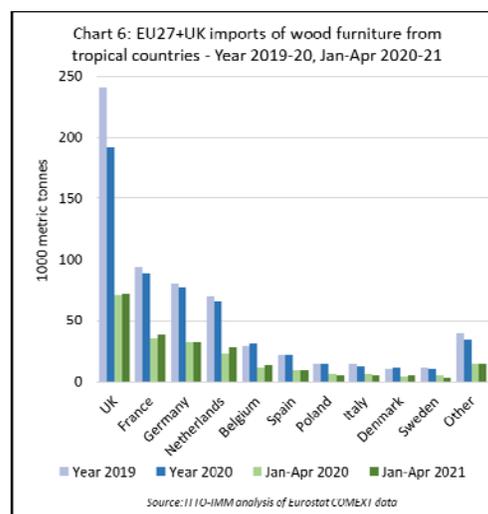
Imports of wood furniture into the EU27+UK strengthened considerably in the opening months of this year, but once again tropical countries lagged behind other supply countries.

In total, the EU27+UK imported 980,000 tonnes of wood furniture in the first four months of 2021, 37% more than the same period in 2020. Imports increased by 46% from China, to 490,000 tonnes, and by 63% from other non-tropical countries to 270,000 tonnes. However, imports from tropical countries increased by only 4%, to 230,000 tonnes.

The biggest increases in EU27+UK imports of wood furniture from tropical countries in the first 4 months of 2021 were from India (+35% to 40,000 tonnes), Malaysia (+18% to 42,000 tonnes) and Singapore (+175% to 5,000 tonnes). Imports from Brazil increased only marginally, by 5% to 21,000 tonnes, but imports continued to decline from Vietnam (-9% to 84,000 tonnes) and Indonesia (-8% to 31,000 tonnes).

Much of the decrease in EU27+UK imports of wood furniture from tropical countries in 2020 was concentrated in the UK which recorded a 20% fall to 192,000 tonnes during the year. Imports from tropical countries fell less dramatically into the other leading markets including France (-5% to 89,000 tonnes), Germany (-3% to 78,000 tonnes), Netherlands (-5% to 66,000 tonnes), and Spain (-4% to 22,000 tonnes).

Imports of furniture from tropical countries made some gains in Belgium (+7% to 32,000 tonnes) and Poland (+5% to 15,000 tonnes) in 2020. (Chart 6).



In the first four months of 2021, EU27+UK imports of wood furniture from tropical countries recovered some of the ground lost in the previous year, rising 4% to 228,000 tonnes.

A rise in imports was recorded in nearly all the leading markets including UK (+2% to 72,000 tonnes), France (+8% to 39,000 tonnes), Germany (+2% to 33,000 tonnes), Netherlands (+18% to 28,000 tonnes), and Belgium (+24% to 14,000 tonnes). Imports into Spain were level at 10,000 tonnes while imports into Poland fell 20% to 5,000 tonnes.

### Brexit boosts UK wooden furniture imports from China

During 2021, there are some early signs that the departure of the UK, Europe's second largest economy, from the EU single market and customs union at the start of the year, may be increasing opportunities for non-EU suppliers of wood furniture to the UK market.

The immediate impact of the pandemic on UK trade in wood furniture was to marginally increase reliance on imports from within the EU. In 2020, UK imports from non-EU countries fell 9% to USD 2.4 billion while imports from EU27 countries fell only 5% to USD 1.2 billion.

However in the first quarter of this year, immediately following the UK's departure from the EU single market, UK imports from outside the EU surged to over USD 800 million, nearly 40% more than the same period in 2020. Meanwhile imports from the EU increased by only 4%. Nearly all the gains in UK imports in the first quarter of 2021 came from China which alone accounted for 60% of all UK imports from non-EU countries.

### Consolidation and reorganisation amongst world's largest furniture manufacturers

The global furniture sector is renowned for being relatively fragmented, dominated in most countries by large numbers of small and medium sized enterprises with a relatively low degree of concentration.

But that is not say that there are no significant large companies (IKEA immediately comes to mind) nor that there has been no consolidation in recent years.

This is immediately apparent from the March 2021 edition of the CSIL report on the “Top 200 Furniture Manufacturers Worldwide”. The report shows that the 200 largest furniture companies have a total turnover of over USD 160 billion of which nearly USD 100 billion is related to the furniture sector, accounting for about 20% of world furniture production.

Together the top 200 furniture manufacturers employ about 740,000 people and are headquartered in 30 countries. Nearly 45% of the Top 200 are headquartered in the EU, 20% in North America, 30% in the Asia Pacific region, and 5% in Russia, Turkey, South America, the Middle East and Africa.

According to CSIL preliminary estimates, world furniture production was worth about USD 422 billion in 2020, 7% less than in 2019. The Top 200 companies appear to have performed relatively well compared to the wider sector in 2020, with turnover falling less than 2% during the year. This is linked to those companies’ larger financial resources which allowed quicker re-alignment of business strategies, development of new on-line sales channels, and repositioning of their supply chains.

According to the CSIL report, the relative performance of the Top 200 companies has been significantly affected by lockdown policies which have varied significantly across countries, production segments and retail activities. Companies have been affected to varying degrees by store closures and delivery delays. To mitigate risk in the future, CSIL suggest that large furniture companies will diversify their supply bases, reduce dependence on single suppliers and source from a wider range of locations.

CSIL note that a strategy of manufacturing location repositioning has been accelerated in recent years, driven by the increasing need for flexibility and to reduce the time-to-market and minimise overall costs, including production, tariffs, and transportation.

About half of Top 200 companies now have manufacturing activities outside the country where their headquarters is based. Companies that have gone furthest in shifting part of their production activities abroad are those headquartered in Europe (40%), followed by those in Asia (30%) and North America (nearly 30%).

Preferred countries for investment in furniture manufacturing by European companies are across Europe (mostly Eastern European countries), followed by the Asia Pacific (in particular China and Vietnam) and North America (mainly the USA for office furniture production).

Almost all Top 200 companies headquartered in Asian countries that have operations elsewhere have concentrated on opening plants in other Asian countries (notably Vietnam, Thailand and Malaysia).

However some more export-oriented manufacturers have also opened facilities in North America (particularly Mexico and the USA) to reduce time to market and overcome the recent trade tensions between the US and China (and other Asian countries).

The majority of North American companies that have established production activities abroad have chosen to open facilities in Mexico and to a lesser extent in the Asia Pacific region (particularly China).

CSIL note that mergers and acquisitions (M&A) activity has increased amongst the Top 200 companies. Around 30 M&A operations were identified between 2015 and 2016 rising to over 60 between 2017 and 2017. Much of this activity involved US companies acquiring other US firms, but Chinese firms were also involved in several large investments, mostly of foreign companies and particularly in Europe, to increase sales in some key markets and/or expand their manufacturing capacity.

All CSIL reports can be purchased online and downloaded from: [www.worldfurnitureonline](http://www.worldfurnitureonline)

## North America

### Sawn tropical hardwood imports rise

Imports of sawn tropical hardwood rose by 5% by volume in May. The 9,931 cubic metres imported in May was the highest monthly volume so far this year. The rise was fueled by a 22% increase in imports from Ecuador, a 29% increase in imports from Malaysia, and a 258% increase in imports from Congo (Brazzaville).

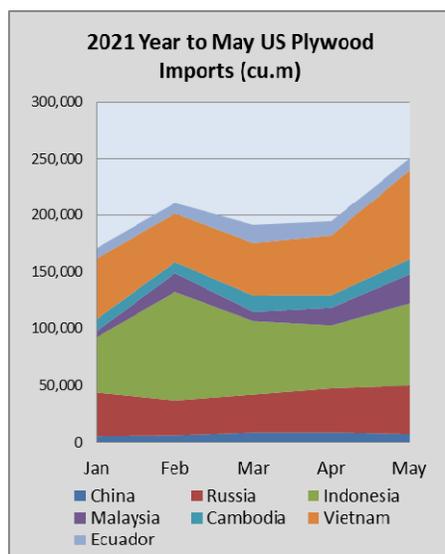
Imports of sapelli and acajou d’Afrique both rose around 50% over the previous months to levels more than double that of May 2020. Imports of mahogany fell 89% from their strongest month in 5 years. Despite the drop, mahogany imports were still about even with May 2020 volume and are still up 77% year to date through May.

Imports of ipe and jatoba, no longer included in the overall reported totals, were both up handily. Jatoba imports gained 58% in May and are up 10% year to date while ipe imports rose 29% in May and are up 17% year to date. Total tropical hardwood import volume (including ipe and jatoba) is up 9% year to date.

Canadian imports of sawn tropical hardwood cooled in May after a strong April, falling by 8%. Imports of iroko, mahogany and balsa all fell sharply.

### Hardwood plywood imports soar

Imports of hardwood plywood jumped 24% by volume in May to the highest volume in more than 4 years. At 306,116 cubic metres, volume was more than 20% higher than the previous May and the highest since February 2017.



Data source: US Census Bureau, Foreign Trade Statistics

Imports from Vietnam rose 51%, while imports from Malaysia rose 65%, imports from Indonesia rose 31%, and imports from Cambodia rose 21%. Year-to-date imports are up by 20% overall with imports from Indonesia and Cambodia both up more than 40%. Imports from China fell by 16% in May and are down 7% year to date.

#### Veneer imports surge again

Imports of tropical hardwood veneer surged again in May, rising 41% by volume as imports continue to recover from a weak winter. Imports from Italy and India were the reason. Imports from Italy rose by 33% while imports from India nearly tripled. This more than offset a 98% drop in imports from China.

Total imports for the month were nearly double that of the previous May, yet year-to-date imports are still 11% behind 2020 through May.

#### Hardwood flooring imports rebound

Imports of hardwood flooring grew by 16% by volume in May, gaining back most of April's loss. Imports from Indonesia and China, which have been down considerably so far this year, both made strong gains in May with imports from China rising 31% and imports from Indonesia up 41%.

Imports from Brazil were up 24% in May and are ahead 172% year to date. Overall hardwood flooring imports are up 35% year to date through May.

#### Moulding imports gain

Imports of hardwood mouldings rose 14% by volume in April as imports from Brazil and other key suppliers returned to more traditional levels. Imports from Brazil rebounded from an uncharacteristically bad April, rising 643% to return to its March level.

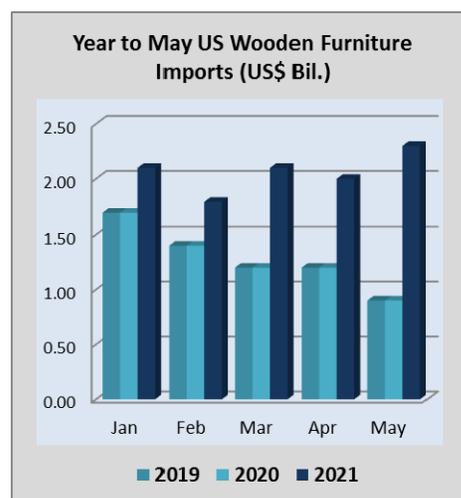
Imports also rose sharply from China (72%), Malaysia (31%) and Canada (15%). Overall imports are up 14% year to date.

#### Wooden furniture imports advance again

Imports of wooden furniture grew by 12% in May, producing another record month. May's more than US\$2.25 billion in imports is a new high month, well over twice that of last May and surpassing the all-time high set in January.

Imports from Vietnam rose 20% in May and are up 73% year to date. Imports from China grew 10% in May and are up 57% year to date. Overall imports are up 60% year to date.

Meanwhile, the overall US furniture market remains sturdy. New orders for furniture remained strong in April, up 239% from the same month last year, and a healthy 30% ahead of a more meaningful comparison with April 2019.



Data source: US Census Bureau, Foreign Trade Statistics

According to the latest Furniture Insights survey of residential furniture manufacturers and distributors, year-to-date orders are up 73% compared with 2020's first four months – and up 36% compared with January-April 2019. Ken Smith, partner at accounting and consulting firm Smith Leonard, which produces the monthly Furniture Insights report, called that performance “really impressive.”

#### Cabinet sales hold steady

According to the Kitchen Cabinet Manufacturers Association's monthly Trend of Business Survey, participating cabinet manufacturers reported net sales near level in May. Overall sales increased 0.8% in May compared to April. Custom sales were down 2.0%, semi-custom sales up 2.1%, and stock sales increased 0.5%.

Sales are vastly better than in 2020, with an increase in overall cabinet sales of 32.9% for May 2021 compared to the same month in 2020. Custom sales are up 26.9%, semi-custom increased 32.6%, and stock sales increased 34.4%. These numbers reflect the continued recovery from the height of the pandemic lockdown.

Overall, year-to-date cabinet sales are up 21.6% over 2020. Custom sales up 23.5%, semi-custom sales increased 21.3% and stock sales increased 21.4%.

See: [https://www.kcma.org/news/press-releases/May\\_2021\\_trend\\_of\\_busines\\_press\\_release](https://www.kcma.org/news/press-releases/May_2021_trend_of_busines_press_release)

**Lumber prices retreat but analyst says they'll head back up**

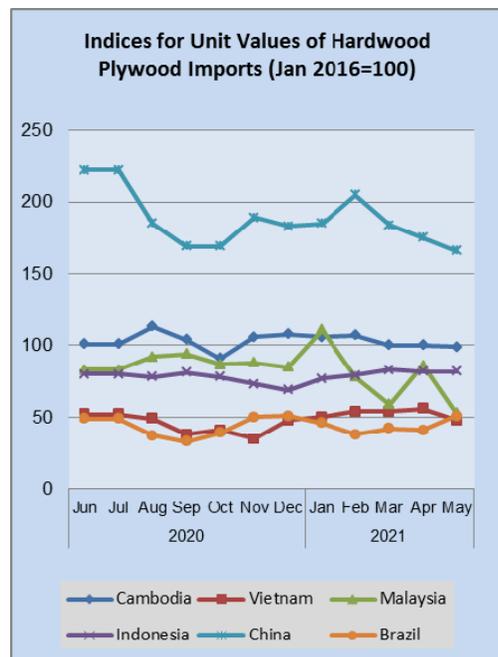
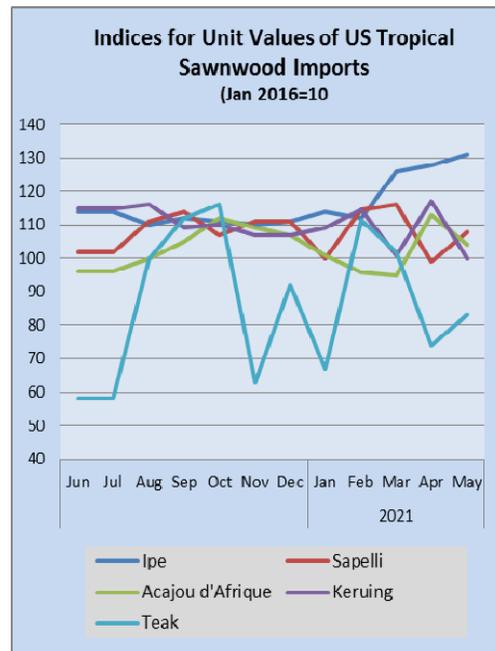
The softwood lumber bubble has finally popped due to eased demand and growing supplies in June. Lumber futures tanked by more than 40% in June, the biggest monthly drop in data kept since 1978, according to CNBC.

Lumber futures fell for six straight weeks, with the price ending June at about US\$710 per thousand board feet. This comes after prices hit an all-time high closing price of US\$1,670.50 on May 7.

John Duncanson, Executive VP of Corton Capital and timber analyst on the Corton Global Timber Fund, who forecasted the rise and the subsequent crash, says right now we are seeing the lowest prices we will get this year.

Duncanson told Yahoo Finance that the lower prices will bring demand back up while harsh wildfires in the US and Canada will squeeze supply. He predicts a price over US\$1,000 by September.

See: <https://therealdeal.com/2021/07/01/lumber-prices-are-splintering/>



**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.

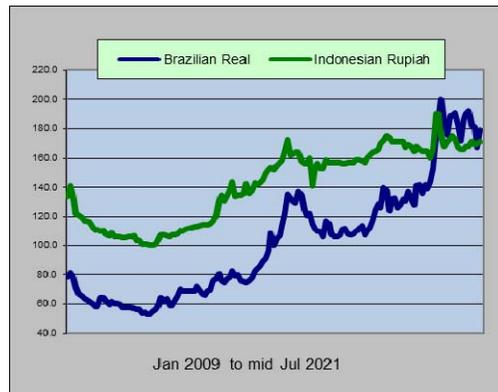
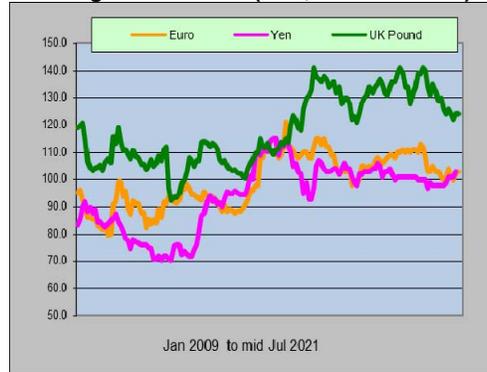
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

## Dollar Exchange Rates

As of 10 July 2021

Brazil	Real	5.2598
CFA countries	CFA Franc	553.18
China	Yuan	6.4789
Euro area	Euro	0.8419
India	Rupee	74.49
Indonesia	Rupiah	14528
Japan	Yen	110.12
Malaysia	Ringgit	4.19
Peru	Sol	3.98
UK	Pound	0.7192
South Korea	Won	1145.33

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

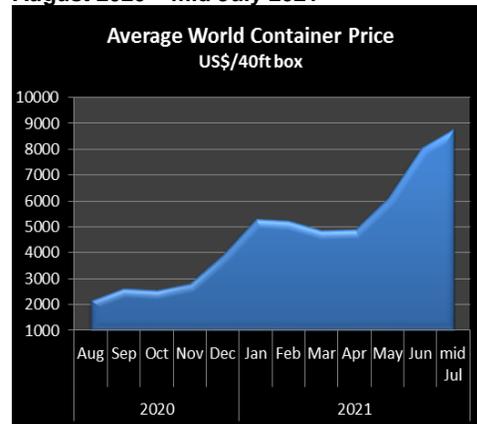


## Abbreviations and Equivalences

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

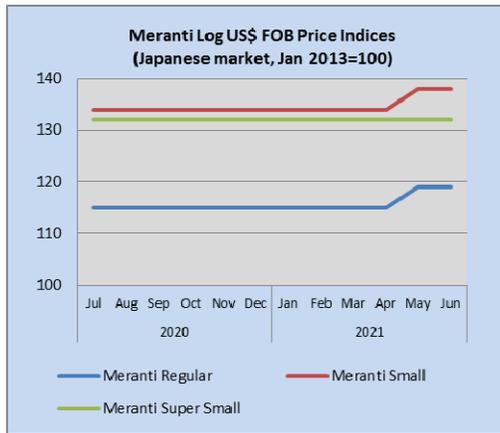
August 2020 – mid July 2021



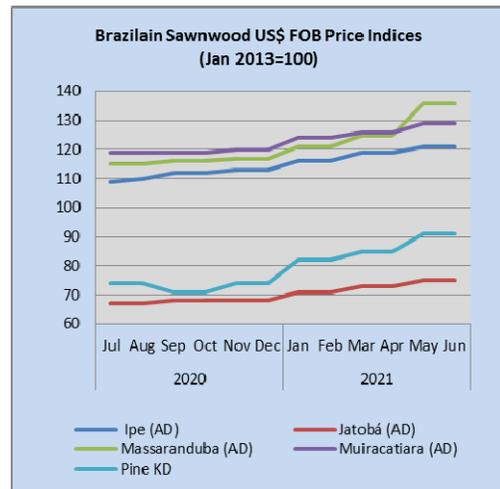
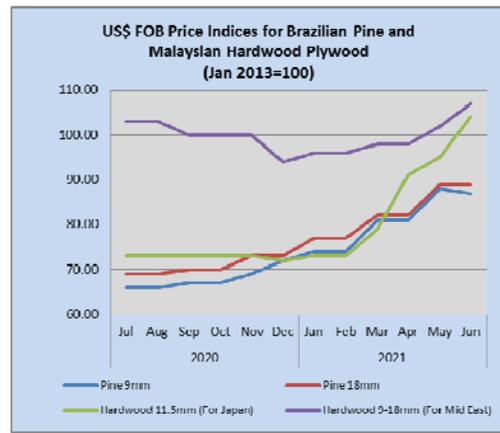
Data source: Drewry World Container Index

**Price indices for selected products**

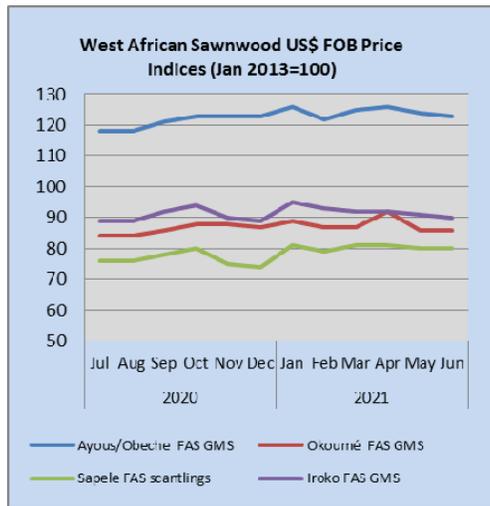
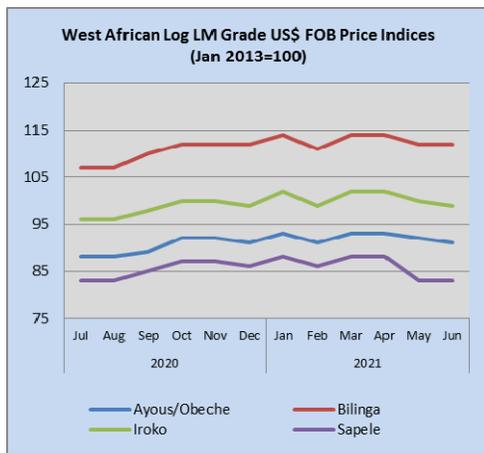
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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