

Tropical Timber Market Report

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

Contents

Central/West Africa	2
Ghana	3
Malaysia	4
Indonesia	5
Myanmar	6
India	6
Vietnam	8
Brazil	10
Peru	11
Japan	12
China	17
Europe	19
North America	24
Currencies and Abbreviations	26
Ocean Freight	26
Price Indices	27

Headlines

	Page
Ovangol and gheombi - buyers seeking alternative timbers	2
Ghana Chamber calls for government action on inflation	3
Public/private promotion of Indonesian lightwood	5
Export registrations revoked in Myanmar – timber companies included	6
High domestic transport and shipping cost defeating Indian exporters	7
China introduces financial measures to support enterprises	17
Indonesia leads rise in tropical wooden furniture imports into the UK	21
US wooden furniture imports set record at over US\$2.4 billion	25

Top story

Shift in sources of tropical sawnwood in the UK

There were big changes in the countries supplying tropical sawnwood to the UK in the opening months of this year.

This reflects the major disruptions in tropical hardwood supply chains since the start of the pandemic which have led to significant supply shortages and sharply increasing prices in many supply regions on the back of continuing high levels of demand in markets like the UK.

Page 23

Central and West Africa

Ovangol and gheombi - buyers seeking alternative timbers

In Cameroon the weather is good for harvesting and no problems have been reported with either road and rail transport. However, Douala Port is reportedly severely congested with timber. Log stocks are accumulating and old stocks are being buried under new arrivals and the fresh logs are first to be shipped.

Reports say prices for bubinga/kevazingo are falling due to CITES regulations and that buyers for the Chinese market are now looking at alternative species such as ovangol and gheombi (*Sindoropsis* sp.) which is decorative and said to be good for furniture production.

In the 1970s Cameroon was a major source of azobe found along the border with Equatorial Guinea and the coastal areas in Campo and Kribi. These southern and eastern forests no longer have much azobe so the harvesting has shifted to the middle of the country where the redwoods such as sapelli and sipo along with ayous and dabema are present.

Producers report stable order books stretching 2 months as there is regular demand from China.

Campaign to check the legality of mills

The slow processing of documents by the forestry administration in Gabon is delaying operations and export shipments.

It is reported that around 20 concession agreements have been withdrawn which has put pressure on log supplies. Millers have been trying to secure logs from companies with concessions but some have been in operation for 25 years or more so the choice of species is limited.

The readily available woods include andoung, gheombi and omvong relatively unknown in Europe. Omvong is said to be an alternative for azobe. Interestingly, azobe is used in Europe for dragliner sheets (wood/metal mats for cranes/diggers moving over fields especially when laying pipelines).

Forestry officials in Gabon have started the campaign to check the legality of processing plants. Unconfirmed reports say 11 companies have been told to cease operations as the source of logs cannot be verified. The forestry officials started the checking in the northern provinces and will extend to other areas.

More on DRC forestry audit

The government audit of forestry contracts in the Democratic Republic of Congo identified serious management failures and says there have been serious breaches of the country's forest code and violations of a 2002 moratorium on new concessions.

The Minister of Environment, Conservation of Nature, Water and Forests announced the immediate suspension of forestry contracts deemed illegal by the audit adding that where a special commission confirms the Inspectorate General's audit those contracts will be canceled.

See: <https://news.mongabay.com/2022/05/drc-logging-contracts-suspended-as-audit-uncovers-serious-violations/>

Log export prices

West African logs Asian market	FOB Euro per cu.m		
	LM	B	BC/C
Acajou/ Khaya/N" Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & ekki	275	275	175
Belli	300	300	-
Bibolo/Dibétou	215	215	-
Bilinga	275	275	-
Iroko	300	280	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	225	225	220
Moabi	280	280	250
Movingui	180	180	-
Niove	160	160	-
Okan	230	210	-
Padouk	270	240	200
Sapele	260	260	200
Sipo/Utile	260	260	230
Tali	280	280	-

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	430
Bilinga FAS GMS	540
Okoumé FAS GMS	480
Merchantable KD	420
Std/Btr GMS	370
Sipo FAS GMS	425
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	900
FAS scantlings	1,000
Strips	350
Sapele FAS Spanish sizes	420
FAS scantlings	450
Iroko FAS GMS	600
Scantlings	620
Strips	370
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

Ghana committed to UN strategic plan for forests

The Deputy Minister for Lands and Natural Resources, Benito Owusu-Bio, has said Ghana is ready to commit to the achievement of the goals and targets of United Nations' Strategic Plan for Forests.

At the 17th Session of the United Nations Forum on Forests the Minister said his Ministry will mobilise all key stakeholders such as the security agencies, traditional authorities, media groups, schools and local communities, civil society groups and the private sector to work on recovering degraded forest landscapes, farm lands and watersheds.

Ghana has set a target to plant about 20 million trees of various species across the country in 2022 as part of the Green Ghana Project. The strategy is to plant 10 million seedlings in degraded forest reserves and another 10 million seedlings outside forest reserves within and around farm boundaries and communities.

Seedlings will include fruit trees, multipurpose trees, shade trees, ornamentals, timber trees and fuel wood tree species. Seedling distribution will commence from the third week of May 2022.

The Green Ghana Project was launched last year and some 5 million trees were planted. This is an annual event to significantly increase the forest cover of Ghana, halt forest degradation and restore Ghana's depleted forest cover.

See: <https://mlnr.gov.gh/index.php/deputy-lands-minister-projects-green-ghana-at-united-nations-forum-on-forests/>

AGI wants development banks support long term projects

The Association of Ghana Industries (AGI) is trying to encourage development banks such as the National Investment Bank (NIB) and the Agricultural Development Bank (ADB) to develop long term funding schemes for local industries to enable them expand their industrial projects.

According to its Chief Executive, Seth Twum Akwaboah, industries in the country can only be competitive when given the access to capital. Long term financing will ensure companies continue to be competitive and fully benefit from the African Continental Free Trade Agreement (AfCFTA).

AGI is a leading voice of the private sector manufacturing industries when making suggestions to the government and statutory bodies in support of economic growth and development of industries in Ghana. It is also working to create a supportive and competitive business climate, to make Ghana companies internationally competitive.

See: <https://www.myjoyonline.com/scale-up-long-term-funding-for-industry-agi-to-nib-adb/> and <https://www.agighana.org/greater-accra-investment-opportunities-conference/>

Chamber calls for government action on inflation

Rising inflation has become a major concern for the private sector and calls have been made for government intervention to check the rising prices of goods and services.

The CEO of the Ghana National Chamber of Commerce and Industry (GNCCI), Mark Badu Aboagye, has warned that as inflation drives up production costs businesses have to raise prices for their products.

Businesses have called on government to develop an economic rescue plan to address the inflation crisis and economist, Courage Boti, has warned that this situation will deter foreign investors.

According to the Ghana Statistical Service (GSS) inflation rate hit 23.6% in April 2022, the highest since January 2004.

See: <https://www.myjoyonline.com/high-inflation-rate-will-dampen-investor-confidence-gncci/>

Ghana likely among fastest growing economies in Africa

An April 2022 Regional Economic Outlook Report from the International Monetary Fund (IMF) has said that Ghana could become the 12th fastest growing economy in sub-Saharan Africa. In the region Ghana's economy stands in 6th position.

See: <https://www.imf.org/en/Publications/REO/SSA/Issues/2022/04/28/regional-economic-outlook-for-sub-saharan-africa-april-2022>

Boule export prices

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

Export rotary veneer prices

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

Export sliced veneer

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

Export plywood prices

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

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

Export sawnwood prices

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

Malaysia**No new plantation projects says ministry**

Malaysia has announced there will be no new licences issued for forest plantation projects.

Meanwhile, no state has been reported to have exceeded the annual felling quota set by the government or issued new licences for forest plantation projects says the Federal Energy and Natural Resources Ministry which claims this was due to the government's proactive action which focuses on protecting the country's natural resources.

The Ministry of Energy and Natural Resources homepage explains "Under the Malaysian Constitution, forestry comes under the jurisdiction of the respective State Governments. As such, each State is empowered to enact laws on forestry and to formulate forestry policy independently.

The executive authority of the Federal Government only extends to the provision of advice and technical assistance to the States, training, the conduct of research and in the maintenance of experimental and demonstration stations.

In order to facilitate the adoption of a coordinated and common approach to forestry, as well as reconcile cross-sectoral policies that interface with the forestry sector, a National Land Council was established.

The aim of the Council is to enable the Federal and the State Governments to discuss and resolve common problems and issues relating to forestry policy, administration and management, as well as to enhance cooperation between the Federal and State Governments, so as to ensure a coordinated approach in the implementation of policies and programs related to forestry".

See:

<https://www.ketsa.gov.my/en-my/Pages/default.aspx>

In related news, the Sarawak government aims to establish one million ha. of forest plantation by 2025 to provide new sources of raw material for downstream industries this, says the State government, will relieve pressure on natural forest and also to increase the state's forest cover to reduce the greenhouse effect.

The change to utilising plantation logs is slow but steady as more plantations become ready for harvesting. An example can be seen with Ta Ann Holdings companies in Sarawak. The group raised its log production from planted forest by 63% to 50,319 cu m in 2021.

Ta Ann's forest plantation projects in Sarawak are mainly acacia mangium but other species are planted including kelampayan, sawi, benuang and engkabang.

See: <https://www.thestar.com.my/business/business-news/2021/05/24/ta-ann-records-increase-in-log-harvest#:~:text=Ta%20Ann%20is%20one%20of,species%20suit>

ed%20for%20plywood%20manufacturing.

Labour shortage needs a solution

The shortage of workers continues to plague industries in Malaysia as it had even before the Covid pandemic hit but has been exacerbated by the slow return to the country of workers. This issue needs to be resolved but there challenges in finding a solution.

In February this year the government reported 671,800 people (4% of Malaysian labour force) were unemployed and unemployment among young people. The Star newspaper analysis says the share of low-skilled jobs in Malaysia increased significantly to around 14% in 2017 from only 8% in 2010 while high-skilled employment shrank to 37% from 45% over the same time period. Skill-related under-employment in Malaysia increased by 6.3% to record 1.9 million persons in 2021 (2020: 1.8 million persons).

In an effort help solve the worker issue the government has announced that the minimum wage is to be increased to RM1,500 per month.

See: <https://www.thestar.com.my/business/business-news/2022/05/07/structural-issues-in-the-labour-market>

MIFF 2022

Over 200 suppliers are preparing to exhibit furniture products and reconnect with international buyers after the long Covid break. Visitors to MIFF 2022 can expect to witness high-quality designs in home furniture, office furniture and wooden furniture.

Exhibition details can be found at:

<https://2022.miff.com.my/about-miff/the-big-picture/?cid=edm280422hoteldeals>

Expanding SVLK at the global level

At the recent Forest Governance, Markets and Climate (FGMC) Stakeholder Forum held in London the FLEGT-VPA cooperation between Indonesia and the UK was strengthened.

The UK Government Minister in charge of International Environment and Climate, Animal Welfare and Forests expressed appreciation for the achievements by Indonesia in improving forest governance. Purwadi Soeprihanto, Secretary General of the Association of Indonesian Forest Concession Holders, supports efforts to expand the recognition and the acceptance of SVLK at a global level saying "business to business cooperation needs to be strengthened to promote the FLEGT VPA between Indonesia, European Union and UK as well as to build broad recognition of the Indonesian national standard at the global level.

See: <https://industri.kontan.co.id/news/sistem-verifikasi-legalitas-kayu-svlk-diperluas-ekspor-kayu-indonesia-makin-moncer>

Low cost and efficient timber identification

Indonesia will develop a standardised system for wood identification to support the promotion of sustainable timber to the global market.

The Head of the Instrument Standardisation Agency in the Ministry of Forestry, Ary Sudijanto, said that an accurate and efficient species identification system and data centre for easy and cheap identification and tracking of timber will support verification and trade in sustainable timber. This system could be the answer to the current situation where customs officials and law enforcement officers have difficulty to validate timber export documents.

A researcher from the National Research and Innovation Agency (BRIN), Ratih Damayanti, revealed that to support the development of a wood identification system Indonesia has developed an Automatic Wood Identification Application (AIKO-KLHK). She added "There are about 1,300 timbers that can be identified using AIKO-KLHK". A portable device is currently being developed.

See: <https://forestinsights.id/2022/05/06/indonesia-kembangkan-standar-sistem-identifikasi-kayu-murah-dan-efisien-cegah-perdagangan-ilegal/>

Public/private promotion of Lightwood

The Ministry of Trade, through the Directorate General of National Export Development and Fairventures Worldwide signed a memorandum of understanding on the development of lightwood especially sengon (*Albizia* sp) and jabon (*Anthocephalus* sp). The MoU was signed by the Director General of National Export Development, Didi Sumedi and CEO of Fairventures Worldwide Megan King. In addition to the MoU, the Ministry of Trade and Fairventures Worldwide also signed a Technical Arrangement (TA) to follow up on the MoU in detail.

Activities to be undertaken include educating consumers about the benefits of lightwood, establishing a lightwood innovation centre and conducting training on the use of lightwood. In addition, the Ministry of Trade and Fairventures Worldwide will also promote the Timber Legality Verification System (SVLK) in Europe fostering 2000 sengon wood farmers with an area of 2000 ha of sengon plantations and distribute two million sengon seedlings.

See: <https://wartaekonomi.co.id/read410073/kemendag-tanda-tangani-mou-pengembangan-kayu-ringan-berkelanjutan>

Social forestry aids economic recovery

Indonesia's social forestry policy can deliver alternative livelihood sources to rebuild the economy after the Covid-19 pandemic as it will provide communities with access to managed forests and assistance in marketing. This was stated by Agus Justianto, Director General of Sustainable Forest Management at the Ministry of Environment and Forestry at the Asian Forest Cooperation Organization Ministerial Meeting at the World Forestry Congress in Seoul.

See: <http://agroindonesia.co.id/perhutanan-sosial-bantu-indonesia-pulihkan-ekonomi-pasca-pandemi-covid-19/>

Indonesia seeks ASEAN cooperation in peatland management

Indonesia has invited countries in Southeast Asia to work closely together for sustainable peatland management in support of economic growth and maintenance of ecological balance. Indonesian Ambassador to the Republic of Korea, Gandi Sulistyanto, said that tropical peatland in Southeast Asia provides many benefits for the region from providing timber and non-timber forest products, water reserves and helping in flood control. Ambassador Gandi said the Indonesian government is strongly committed to managing peat ecosystems by building a monitoring and control system for forest and land fires.

A document outlining a sustainable peat management strategy has been released which can serve as a guide for ASEAN countries. Vong Sok, Head of the Environment Division and Assistant Director of the Sustainable Development Director at the ASEAN Socio-Cultural Community said that a project for implementing sustainable peat management is currently being piloted in countries in the Mekong Delta.

See: <https://republika.co.id/berita/rbfn70383/ri-undang-negaranegara-dunia-untuk-bantu-pengelolaan-gambut-lewat-itpc>

Economic Growth in the first quarter

Statistics Indonesia reported a 5.01% year on year growth in the first-quarter attributed to recovering economic activities post Covid-19 pandemic. Statistic Indonesia Head, Margo Yuwono, also mentioned the growth was built on a very low baseline. In the same quarter of 2021 economic growth was minus 0.7%.

See: <https://en.tempo.co/read/1589865/statistics-indonesia-breaks-down-5-01-percent-economic-growth-in-q1>



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

Myanmar

Export registrations revoked - timber companies included

According to the Ministry of Commerce over 300 exporter registrations have been revoked for the failure to abide by the Central Bank regulations on foreign currency exchange.

The Central Bank issued a rule that foreign currency export earnings must be deposited in a domestic bank account within a defined time from the export date.

Export earnings for exports to Asian countries must be credited within 45 days of the export date and export earnings from exports to other countries must be deposited to the bank account within 90 days of the export date.

According to a 6 May statement from the Ministry of Commerce and the Central Bank the government will take action against exporters who do not follow the amended laws. Their export certificates will be suspended until the earnings are banked as required.

In addition to the 346 companies who had their export licenses revoked in 2021, this year, as of 27 April, 177 exporters have also had their licenses revoked for non-compliance with the banking regulation.

It is learnt that about 40 timber manufacturers are among the companies effected. Some complain they were wrongly placed on the list of companies whose export credentials should be revoked.

See: <https://www.mizzima.com/article/companies-have-export-licences-suspended-not-following-banking-rules>)

Energy companies withdrawing

ENEOS from Japan, Petronas from Malaysia and PTTEP from Thailand announced their withdrawal from the Myanmar energy sector.

ENEOS Holdings said it will withdraw from a gas project in Myanmar days after its Thai and Malaysian partners announced they would pull out. ENEOS is the latest energy giant to retreat from the Southeast Asian country. Malaysia's Petronas and Thailand's oil and gas conglomerate PTTEP also announced their withdrawal. Companies from France, the UK and Norway have left the country.

See:

https://www.hd.eneos.co.jp/english/newsrelease/upload_pdf/20220502_01_02_0960492.pdf

Solar projects cancelled

Myanmar's administration has cancelled tenders invited by the previous government for 26 solar power projects and blacklisted the companies for breaching tender regulations. In May 2020, the government of the day invited bids for the construction of 29 ground-mounted solar projects capable of generating a total of 1 gigawatt of power under a 20-year build, operate and own contract.

Chinese companies and their consortia won the bids to build 28 out of the 29 plants according to a release by the Ministry of Electricity and Energy in September 2020. However, only three solar projects are currently being implemented and the local media report Chinese firms have delayed the other projects.

See:

<https://www.irrawaddy.com/news/burma/myanmar-junta-cancels-chinese-backed-solar-power-projects.html>

Myanmar to resume issuing tourist visas

Myanmar announced on 12 May that it will resume issuing visas for visitors in an effort to help the tourism industry devastated by the coronavirus pandemic and the political situation.

Tourism is an important source of revenue for most Southeast Asian nations and over the past six months most have reopened and gradually dropped testing requirements. Myanmar hosted 4.36 million visitor arrivals in 2019 before the pandemic but the number fell to 903,000 in 2020 the latest year for which official statistics are available.

See: <https://www.thestar.com.my/aseanplus/aseanplus-news/2022/05/13/myanmar-to-resume-issuing-tourist-e-visas-starting-on-sunday-may-15>

India

Rising costs impacting housing sector

An 'Impact Assessment Survey' reported in a press release from the Confederation of Real Estate Developers' Associations of India (Credai) says almost 40% of developers have expressed concern that it is becoming difficult to sustain their business owing to the rise in input costs. 46% of developers foresee a delay in delivery timelines of ongoing projects and 76% of developers will only be able to continue for another six months if they cannot find ways to bring down costs.

The survey also reports that the majority of respondents predicted that the impact of rising input costs will add around 10% in the price of properties. Credai points out that while the rise in prices has been an ongoing issue for the past two years the current situation, which has resulted in prices of some of the raw materials skyrocketing by over 110%, has made it impossible for developers.

Around two thirds of respondents said they will be forced to temporarily stop procurement and shut construction sites if raw material prices do not correct and if they cannot find immediate relief from the ongoing situation. As the second largest employer in the country any slowdown or stoppage would directly impact the labour force and the security of allied industries.

Credai's President, Harsh Vardhan Patodia, said "For the last one year, developers have been able to absorb the rise in the cost of construction to steer the industry's growth post the pandemic. However, with thin margins this will eventually have to be passed on to the buyers which may not augur well for the industry's growth momentum. As the apex body for the real estate in the industry Credai have been in dialogue with concerned ministries to seek their intervention to avoid any delay in the delivery of projects for homebuyers, help kickstart delayed projects and save jobs.

Our recommendations included measures such as setting fixed prices for raw materials, providing GST input credit on these materials, incentivising or subsidising customers through stamp duty discounts or waivers and reducing interest rates".

See: <https://www.credai.org/media/view-details/268>

High domestic transport and shipping cost defeating exporters

The impact on Indian exporters from rising sea freight charges and container shortages is worse for those companies in the east as goods have to be transported by road to Mumbai, Visakhapatnam or Cochin to find shipping opportunities. From Kolkata Port goods are shipped either to Colombo or Singapore for trans-shipment.

It is generally agreed by businesses and the government that this issue is unlikely to be resolved for several more months.

One exporter has, according to the report in the Times of India, said transport cost per container adds around Rs.1 lakh and then are other charges such as for warehousing, loading and unloading, which add up to another Rs.30,000-40,000 per container. What is worse is that few shipping lines are taking consignments from Kolkata to Chittagong countries, resulting in Indian exporters losing out to competitors.

See:
<https://timesofindia.indiatimes.com/business/india-business/exporters-in-east-go-to-west-indian-ports/articleshow/87748529.cms>

Federation seeks policy change to release potential in agroforestry sector

Plyreporter has highlighted a presentation 'Small Policy Shift – Big National Change' prepared by the Federation of Indian Plywood and Panel Industry (FIPPI) which was sent to the government. This offers suggestions on how the industry can support the ambition for an Atmanirbhar Bharat (self-reliant India).

A letter written by the Federation President, Sajjan Bhajanka, requested intervention in affecting a policy change with potential for immense national impact through self-sufficiency in production of agro-forestry wood and development of wood based industry in India.

The FIPPI has said at present wood produced from farmlands is classified as forest products requiring regulatory clearances which it says discourages farmers from growing trees. FIPPI proposed shifting agro-forestry from forestry to the agriculture sector to release all the economic benefits given agriculture to the farmers engaged in agroforestry.

They also propose the removal of licensing requirements for wood-based units and all other industries that primarily use 'farm wood' as raw materials.

See: <https://www.plyreporter.com/article/92931/pms-intervention-needed-by-fippi-due-to-changes-affecting-policy>

Prices for recent shipments of teak logs and sawnwood

	US\$/cu.m C&F
Benin	-
Sawnwood	325-712
Brazil	313-600
Sawnwood	489-777
Cameroon	-
Sawnwood	974
Colombia	245-615
Costa Rica	350-652
Ecuador	246-495
Gabon	370
Ghana	270-559
Sawnwood	485
Guatemala	277-594
Ivory Coast	263-458
Sawnwood	375-752
Mexico	322-439
Sawnwood	373-585
Panama	252-539
PNG	389-595
Sawnwood	492-677
Tanzania	344-930
Sawnwood	471-1,068

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

Price range depends mainly on length and girth.

Locally milled sawnwood prices

Ex-mill prices have started to rise.

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

Sawn hardwood prices

No price increases have been reported.

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

Price range depends mainly on lengths and cross-sections.

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	86.00
6mm	122.00
9mm	144.00
12mm	181.00
15mm	238.00
18mm	260.00

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	57.00	72.00
6mm	81.00	102.00
9mm	103.00	125.00
12mm	125.00	149.00
15mm	149.00	181.00
19mm	176.00	202.00
5mm Flexible ply	110.00	

Vietnam

Exports of wood and wood products to rise in 2022

According to the General Department of Customs exports of wood and wood products (W&WP) in April 2022 are estimated at US\$1.5 billion, up by 7.3% compared to April of 2021.

Exports of wood products alone in April of 2022 are estimated at US\$1.13 billion, up by 6.4% compared to April of 2021.

In the first 4 months of 2022 there were 5 product groups with export values over US\$1 billion including wood and wood products according to the Ministry of Agriculture and Rural Development.

The Vietnam Wood and Forest Products Association has indicated the focus of exports is on high value-added items such as wooden chair frames, living and dining room furniture and bedroom furniture reflecting Vietnam's manufacturers strengths.

The timber industries still face many difficulties such as the prolonged Covid-19 infections and control measures which disrupted the flow of workers and the Russian invasion of Ukraine. These issues have pushed up energy and fuel costs and impacted production costs.

In particular the price of wood raw materials continues to rise but businesses had to maintain production to meet orders.

With the positive results achieved in the first months of 2022 it is forecast that Vietnam's exports of wood and wood products in the first half of 2022 will increase by around 5-8% compared to the same period of 2021.

See:

<http://www.aseconnectvietnam.gov.vn/default.aspx?ZID1=8&ID1=2&ID8=119356>

CORRECTION

In the previous report from Vietnam it was stated that "of the total wood and wood product export revenue of US\$14.8 million around half was manufactured from acacia". It should read US\$14.8 billion.

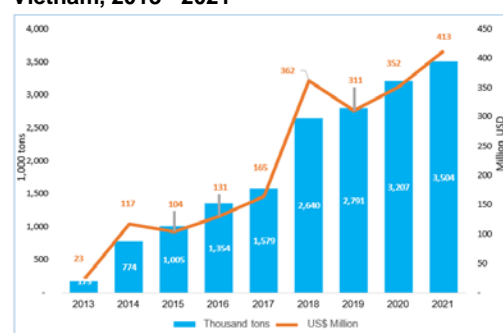
Vietnam becoming major wood pellet exporter

Wood pellets are an emerging export commodity in Vietnam. The production and export of this wood product has expanded rapidly over the past 5 years and Vietnam has become the second largest exporter of wood pellets in the world after the US with exports of over 3 million tonnes per year worth around US\$400 million. Japan and South Korea are Vietnam's largest wood pellet markets. Exports to these two markets account for over 95% of the total export from Vietnam.

Vietnam's wood pellet exports 2013 – 2021

Vietnam's wood pellet exports are rising. In 2021 the export volume reached 3.5 million tonnes, worth US\$413 million. Exports have been growing at between 10-20% annually.

Volume and value of wood pellet export from Vietnam, 2013 - 2021

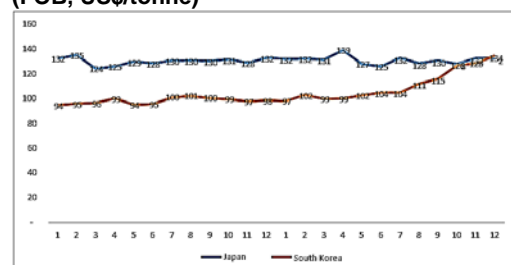


At present the volume and value of wood pellet exports to Japan and South Korea are almost the same. In 2021 the export to Japan and South Korea accounted for 43.8% and 56% of total wood pellet exported by Vietnam in volume and 48.5% and 51% in value, respectively.

Wood pellet price

The price of wood pellets exported to Japan is more stable than the export price to S. Korea. However, the price growth rate in the Korean market is faster than the growth rate in Japan. In particular, in the first months of 2020 the price of wood pellets exported to S. Korea stood at about 70% of that exported to Japan. However, at the end of the fourth quarter of 2021 the difference in prices in these two markets narrowed.

Price of wood pellet by month, 2020 - 2021 (FOB, US\$/tonne)



Data source: Customs, Vietnam

In the first months of 2022 the price of wood pellet exported to Korea increased sharply (US\$150-160/tonne) while the price in Japanese market ranged between US\$140 - 145 per tonne. The difference in price growth in these two markets is mainly due to differences in the duration and term of contracts signed by the Vietnamese enterprises.

Size of export companies

The number of companies directly involved in wood pellet export is relatively small and has not changed much in recent years. In 2021 83 companies were involved in wood pellet export, just 9 companies more than in 2020 and 6 companies added in 2019.

In 2021 of the 83 companies directly involved in exporting wood pellets 8 companies have export volumes over 100,000 tonnes per company.

The annual export volume of these 8 companies accounted for nearly two-thirds (67%) of the total exports. Of these 8 exporters there are 3 companies with export volume of 400,000 tonnes or more including 1 company with a large export volume (714,000 tonnes, equivalent to 20% of the total Vietnam's wood pellet export in the year).

Information on the export size of the enterprise reveals the following observations:

- In general, the number of wood pellet exporters is quite small (less than 100 companies) partly due to limited direct access to overseas markets;
- Wood pellet export remains mostly with some 15 large-scale producers and exporters;
- The small and micro companies represent a large number of exporters but of small volumes.
- The number of companies engaged in wood pellet export business (83 companies) is not corresponding to the number of the producers (over 300 actors).

Raw material sourcing

Wood raw material input for pellet production, is usually residues from harvesting plantations and mill residues. At present Vietnam's wood pellet production relies on 2 types of raw material inputs:

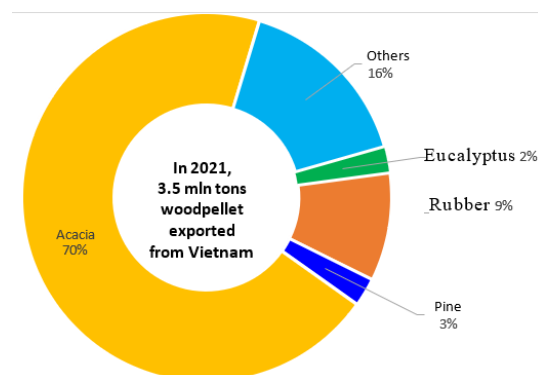
Wood pellet as a byproduct of sawmilling and furniture-manufacturing factories

This type of wood pellet is produced mainly in the South-Eastern provinces, including Binh Duong, Dong Nai, Ho Chi Minh City which represents the major hub of Vietnam's wood industry. Producers in this area are using imported raw material.

Wood pellet produced by using branches, tops of plantation wood and other small-sized wood

Vietnam's plantation area and farm forests are concentrated mainly in the Northern and Central regions of the country. Wood pellet factories distributed in these localities rely on raw material collected during plantation harvesting and a smaller volume of residues from local wood processing plants.

Share of wood pellet by raw material species 2021



Source: <https://goviet.org.vn/bai-viet/vien-nen-mat-hang-moi-noi-cua-viet-nam-va-mot-so-khia-can-h-can-quan-tam-9729>

Brazil

Concession in the northern region of Brazil

The Brazilian Forest Service (SFB) has published details of the forest concessions available in the Amana National Forest in Pará State. Concessionaires will be permitted to harvest timber and non-wood forest products under sustainable forest management plans.

The concessions comprises three forest management units totaling 229,300 hectares with an estimated annual cut of 120,000 cu.m of logs for an annual fee of around R\$4,1 million. The concession notice was posted for public consultation during two public hearings.

It should be noted that between 2019 and 2021 concessions in federal forests delivered R\$73.3 million in fees and produced 787,850 cu.m of roundwood which corresponded to 47% of forest production in federal concessions since 2010.

Technology and innovation in the Brazilian Amazon

Technology is being used in Brazil to increase productivity, generate jobs, strengthen biomes and ecosystems and simultaneously build wealth and sustainability. These technologies are innovative, capable of securing the forest and support local communities.

The Brazilian programme AMAZ, coordinated by the Institute for Conservation and Sustainable Development of the Amazon (IDESAM), selected several companies to receive an initial investment of R\$200,000 each with the possibility of reinvesting another R\$400,00 per year at end of the process.

Altogether the companies in the north of the country in the states of Acre, Amazonas, Mato Grosso, Pará, Rondônia and Roraima have the potential to guarantee more than one million hectares of preserved forests and absorb more than 700,000 tons of carbon annually.

The businesses that participate in AMAZ have very diverse areas delivering direct and indirect support for conservation of the Brazilian Amazon forest such as implementation of agroforestry production; forest recovery; manufacture of food supplements produced with ingredients predominantly from Amazonian communities, reduction of negative environmental impacts through production chains with the participation of local communities and promoting tourism through visits in Brazilian Conservation Units.

Furniture sector exports grow

The Brazilian furniture sector started the year 2022 with a high level of exports. In January exports of furniture totalled R\$275.6 million, an increase of 27% in relation to the first month of the previous year. Timber products led exports (87%) and traded R\$238.6 million according to data from IEMI, ABIMÓVEL and Apex-Brazil.

The main destinations for furniture exports were the United States (the main market) accounting for 36% of exports followed by the United Kingdom at 11%. Exports to the UK increased by 79% compared to December 2021 and by 30% over the past 12 months. Significant growth was seen in the value of furniture exports to the Netherlands.

After the positive great export performance in 2021 the furniture market started 2022 on a good note optimism according to the Bento Gonçalves Furniture Industry Union (Sindmóveis). The main companies in the furniture cluster in Bento Gonçalves and nearby regions (one of the largest furniture clusters in the Southern Brazil) traded more than US\$14.2 million in the first quarter of this year, a 13% increase compared to the same period in 2021.

In the first quarter of 2022 the three main buyers of furniture “made in Bento Gonçalves” were the United States, Chile and Uruguay. The fastest growth among the top ten export markets was in the United Kingdom (an increase of 95% compared to the same period last year).

Domestic log prices

Brazilian logs, mill yard, domestic	US\$ per cu.m
Ipê	285
Jatoba	128
Massaranduba	115
Muiracatiara	114
Angelim Vermelho	111
Mixed redwood and white woods	87

Source: STCP Data Bank

Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US\$ per cu.m
Ipê	1,233
Jatoba	599
Massaranduba	596
Muiracatiara	532
Angelim Vermelho	5280
Mixed red and white	352
Eucalyptus (AD)	243
Pine (AD)	179
Pine (KD)	221

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

	US\$ per cu.m
Parica	
4mm WBP	549
10mm WBP	477
15mm WBP	399
4mm MR.	496
10mm MR.	369
15mm MR.	340

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

Domestic ex-mill prices	US\$ per cu.m
15mm MDParticleboard	273
15mm MDF	346

Source: STCP Data Bank

Export sawnwood prices

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

Source: STCP Data Bank

Export plywood prices

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

Source: STCP Data Bank

Export prices for added value products

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

Source: STCP Data Bank

Peru

Jump in particleboard imports from Brazil

Peruvian particleboard (PB) imports exceeded US\$50 million in the first quarter of 2022 growing 78% in March 2022 and this drove first quarter 2022 year on year growth to almost 40%,

Ecuador was, once again, the main supplier of PB with shipments of US\$18.1 million which represented an increase of 24.5% year on year. Spain was the second supplier at US\$13 million, an increase of 25.2% compared to the US\$16.5 million shipped Q1 2021.

Shippers in Brazil achieved strong export growth of 66% and were the third largest supplier of PB in the first quarter of 2022 at US\$11.4 million.

Peru commits to promote the use of sustainable wood

Peru, through the National Forestry and Wildlife Service (SERFOR), participated in the XV World Forestry Congress where it supported the declaration to promote the sustainable production of wood that will conserve forests, provide added value and mitigate climate change.

This declaration seeks to promote technical exchange, experiences and learning in order to promote innovations in sustainable forest management and value chains. It also seeks to increase the use of sustainable wood-based solutions within the Nationally Determined Contributions by 2030.

In related news, during the 17th United Nations Forum on Forests SERFOR General Manager, German Jaimes, affirmed that Peru is committed to promoting sustainable forest management to achieve the Global Forest Goals and the implementation of the United Nations Strategic Plan for Forests.

IMF - policy response in 2020 helped mitigate impact of the pandemic

In cooperation with Peruvian officials the International Monetary Fund completed a consultation on the state of the economy at the end of April 2022.

A statement from the IMF says "Economic activity in Peru rebounded strongly in 2021 from its deepest downturn in decades.

The strong policy response in 2020 helped mitigate the impact of the pandemic and created the conditions for a rapid recovery. Progress in the vaccination campaign allowed a gradual lifting of Covid-19 mobility restrictions.

Real GDP rose 13.3% in 2021, supported by robust external demand, favorable terms of trade, and pent-up domestic demand. Real GDP surpassed its pre-pandemic level but remains below its pre-pandemic trend".

See: <https://www.imf.org/en/News/Articles/2022/05/02/pr22138-imf-executive-board-concludes-2022-article-iv-consultation-with-peru>

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD	
Mexican market	682-695
Virola 1-2" thick, length 6"-12" KD	
Grade 1, Mexican market	589-615
Grade 2, Mexican market	507-538
Cumaru 4" thick, 6"-11" length KD	
Central American market	1044-1077
Asian market	1129-1147
Ishpingo (oak) 2" thick, 6"-8" length	
Spanish market	599-629
Dominican Republic	703-719
Marupa 1", 6-11 length KD	
Grade 1 Asian market	588-608▲

Domestic sawnwood prices

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

Domestic plywood prices (excl. taxes)

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

Export plywood prices

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

Export veneer prices

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

Domestic prices for other panel products

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

Export prices for added value products

Peru, FOB strips for parquet	US\$ per cu.m
Cabreva/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**Companies concerned about the weakening yen**

A Kyodo News survey found almost all major companies in the country are concerned about the weakening yen despite this generally benefitting exporters. The yen has shed around 15% against the US dollar since March and dropped to a 20-year low.

The Governor of the Bank of Japan maintains that the positive effects of a weak yen outweigh the negative and the Bank will continue its easy monetary policy. This could drive the yen down further. Households are feeling the strain of a weak yen as the cost of imports, especially energy, are rising fast.

The government will fund subsidies and other measures aimed at cushioning the economic impact from rising fuel and raw material prices.

The record low yen would encourage inbound tourism and have a positive impact on the economy but only recently has the government indicated it is considering lifting the border closure to tourists.

It has been observed that the border closures late last year failed to prevent a domestic outbreak calling into question the scientific rationale for continued border restrictions.

See:

<https://mainichi.jp/english/articles/20220502/p2g/00m/0bu/053000c>

and

<https://www.eastasiaforum.org/2022/05/05/depreciating-yen-threatens-japans-economy/>

and

<https://thediplomat.com/2022/05/whats-behind-japans-continued-covid-19-border-restrictions/>

Private sector continues call for easing travel restrictions

Japan's economy is at risk of shrinking again due to the spread of covid variants and because of rising food and fuel prices which are driving down consumer spending.

In pre-pandemic days the weak yen would have attracted international tourists but the border restrictions have shut the door to tourism income.

The government's reluctance to reopen the border to tourists has to take account of public opinion because the common view is that foreigners bring covid. However, Japan is likely to remove border controls in June bringing Japan in-line with other G7 countries.

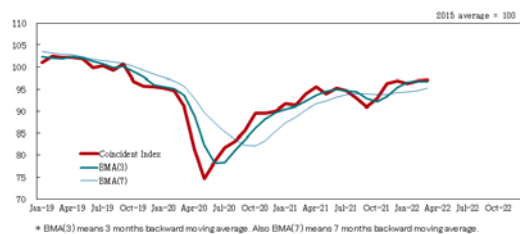
The infection situation has been stabilising in Japan and the Prime Minister has said his government will consult with public health experts before easing the entry of tourists. The private sector has been calling for easing travel restrictions and members of a Japanese government panel recommended entry controls should be normalized as soon as possible.

Business index trends positive

A major index on business sentiment which is said to gauge the direction of the overall economy rose in March for the second consecutive month driven higher by activity in the retail and services sectors.

In light of this positive news the Cabinet Office maintained its assessment that the economy is "improving".

The latest data showed the index for business conditions which is interpreted as the likely situation in the coming months rose in March, the first time increase in three months.



Source: Cabinet Office, Japan

Look no hands - autonomous container ship trial

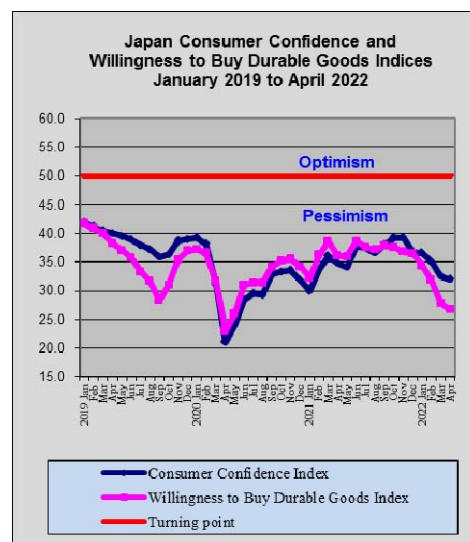
The Nippon Foundation has announced it successfully deployed an autonomous container ship on a 790-kilometre round-trip between Tokyo Bay and a port in Mie Prefecture. The Foundation says that it is the first time that such a voyage has been attempted and this was a comprehensive trial complete with sea-to-ground communication links.

See: <https://www.nippon.com/en/japan-topics/g02078/>

Dive in consumer confidence flattens out

Japan's consumer confidence index reversed course in April and rose, the first rise in six months and came as the Covid-19 restrictions were lifted. Despite the positive turn the index is well below what it was at the end of 2021.

The consumer confidence survey found almost all consumers expect prices of goods to rise in the next 12 months. In this they are correct as price increase for food and fuel has been noticeable. The government recently increased its fuel subsidy.



Data source: Cabinet Office, Japan

Population declines for 11th year

A report from the Ministry of Internal Affairs and Communications shows that Japan's population as of 1 October 2021 was 125,502,000. This was a drop of 644,000 from the previous year the largest decline since 1950. This was the eleventh consecutive year that the population declined.

See: https://www.nippon.com/en/japan-data/h01310/?cx_recs_click=true

Japanese homebuyers supporting overseas timber businesses

Unlike other countries homes in Japan become nearly valueless after 20-30 years. If someone moves out of a home before that period the house is considered as having no value and is demolished to release the value of the land which is seen as being high value.

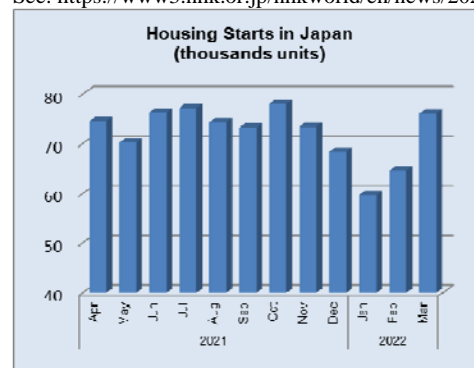
This approach to home building has been explained by the historic rush to rebuild after the second world war where little attention was paid to longevity and also the frequently changes to the building codes to improve quake resistance. With most of the timber used in home building being imported it is the overseas timber suppliers who benefit most from Japanese home replacement.

See: <https://www.archdaily.com/980830/built-to-not-last-the-japanese-trend-of-replacing-homes-every-30-years>

Error detected in construction order data

Japanese experts are studying the government's compilation of construction order data. The experts estimate that statisticians in the Ministry of Land, Infrastructure, Transport and Tourism inadvertently inflated the order values by almost US\$40 billion annually for the past eight years as a result of a double counting error. The data is a component of Japan's gross domestic product.

See: https://www3.nhk.or.jp/nhkworld/en/news/20220513_31/

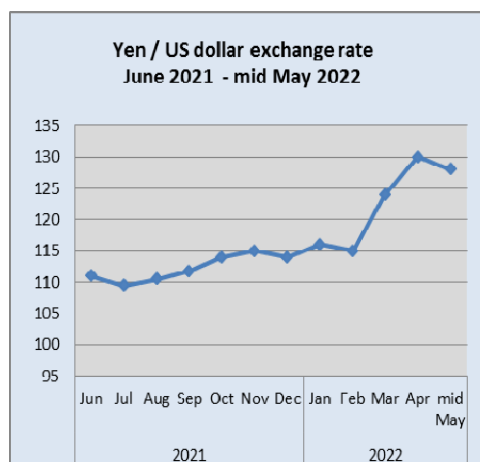


Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Yen

The yen's decline against the US dollar over the past two months has ended as concerns over a slowdown in China's growth and the likely negative impact of interest rate increases in the US make the yen attractive as a safe-haven. The yen gained to 128 to the US dollar mid-month after falling below 130.

See: <https://www.japantimes.co.jp/news/2022/05/13/business/yen-freefall-dollar-over/>



Furniture imports

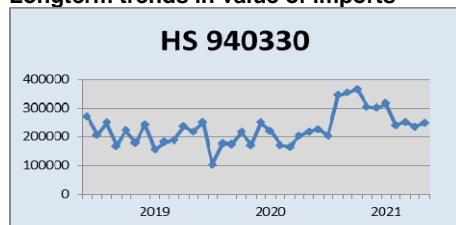
The covid-19 pandemic disrupted furniture imports but the impact was short lived. Looking at the trend in the value of imports of wooden office, kitchen and bedroom furniture from 2019 to 2021 there was a dip in the value of imports in early 2020 but the recovery took hold very quickly. Clearly consumer purchases of furniture continued which mirrors the recovery in consumer willingness to purchase durable goods (see consumer confidence index above).

In response to the spread of infection the government imposed lockdowns which restricted travel, eating out and entertainment which resulted in consumers turning to improvements at home including furniture replacement.

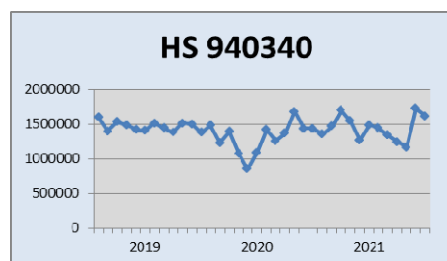
The office furniture segment got a boost from the move to remote working as people needed office work space and office furniture for the home.

This sector also got a boost in sales as companies adapted to the need for social distancing and invested in 'tele-work cubes' designed for a single occupant. The combined demand for tele-work and secure work cubicles among others meant demand for imported office furniture recovered and expanded in late 2020 and 2021.

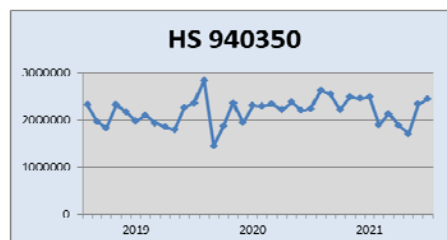
Longterm trends in value of imports



Data source: Ministry of Finance, Japan



Data source: Ministry of Finance, Japan



Data source: Ministry of Finance, Japan

February office furniture imports (HS 940330)

	Imports Feb 2022 Unit, 000's Yen
S. Korea	-
China	163,475
Taiwan P.o.C	1,175
Vietnam	1,302
Thailand	-
Malaysia	210
Indonesia	2,522
Sweden	521
UK	1,389
Netherlands	-
France	-
Germany	527
Italy	4,816
Poland	20,387
Lithuania	849
Czech Rep.	241
Slovakia	2,092
Canada	1,996
USA	4,739
Total	206,241

Data source: Ministry of Finance, Japan

February saw a correction in the value of wooden office furniture imports.

Year on year the value of imports of wooden office furniture (HS940330) were largely unchanged but there was a 35% downward correction in the value of February imports compared to a month earlier.

February kitchen furniture imports (HS 940340)

After two consecutive months of decline the value of Japan's imports of wooden kitchen furniture (HS 940340) rose around 5% in February and there was a 6% increase in the value of imports compare to February 2021. There were two major shippers of wooden kitchen furniture in February, the Philippines and Vietnam.

Shipments from the Philippines were up on January and accounted for 47% of all wooden kitchen furniture imports in February. Shipments from Vietnam accounted for 36% of wooden kitchen furniture imports but were flat compared to a month earlier. China was the third ranked shipper of wooden kitchen furniture in February accounting for 8% of imports.

February imports (HS 940340)

	Imports Feb 2022 Unit, 000's Yen
S Korea	-
China	125,599
Taiwan P.o.C	-
Vietnam	560,212
Thailand	78,269
Malaysia	12,723
Philippines	728,377
Indonesia	20,242
UK	1,095
Germany	10,628
Italy	12,634
Romania	1,547
Canada	3,568
USA	486
Total	1,555,380

Data source: Ministry of Finance, Japan

February bedroom furniture imports (HS 940350)

After the record high value of wooden bedroom furniture imports seen in January this year there was a correction in February but still the total value was very high compared to the average over the past 12 months.

China was the main supplier of wooden bedroom furniture in February accounting for 54% of the value of imports of HS 940350 but this was down from the over 60% in January this year. The second ranked shipper in terms of import value was Vietnam at 37% and this was an improvement on the value of January imports.

Shippers in Malaysia continue to be ranked third in terms of shipment values at around 3%.

Year on year, February 2022 imports were flat but month on month February imports were down 7%.

February imports (HS 940350)

	Imports Feb 2022 Unit, 000's Yen
China	1,434,716
Taiwan P.o.C	1,074
Vietnam	989,246
Thailand	40,077
Malaysia	91,492
Philippines	513
Indonesia	40,850
India	-
Sweden	5,471
France	2,538
Spain	1,043
Italy	7,834
Finland	-
Poland	21,920
Austria	470
Romania	1,187
Turkey	1,364
Latvia	1,021
USA	1,445
Total	2,642,261

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/

Confusing Russian lumber business

There are so many disrupting factors of Russian lumber trade. The Japanese government has not banned import of Russian lumber but many Japanese trading firms have started curbing Russian lumber business since environment of trading with Russia has been confusing.

One (Japanese shipping line) is transportation of lumber from Siberian sawmills to loading ports. Availability of rail car containers is very tight and even if containers become available, rail car transportation system is not working smoothly.

Even if lumber is railed to loading ports like Nakvodka and Vradiostock there is no guarantee to tie-up with ocean going vessels to Japan after major container shipping companies like Maersk line stopped calling Russian ports and the Japanese container shipping company 'One' decided to stop calling at Russian ports so only available line is Russian shipping company of Fesco but available containers Fesco has is very limited.

If the cargo is diverted to other countries ports like Dalien, Chingtao and Shanghai of China or Busan of Korea it is very difficult to pin point arrival time to Japan. Also price of container including Siberian rail climbed to US\$1,000 (US\$20 per cbm).

Another problem is payment. Normally payment is made when lumber is loaded on rail cars but now even if rail car arrives loading port, lumber may be left in the yard for indefinite period without any ship to load so for buyers, it is safe to make payment on FOB ship basis rather than CIF but for lumber suppliers, quick payment is necessary since their financial condition does not allow time consuming payment. Also banking system in Russia is confusing after major Russian banks are excluded from SWIFT system so international trade system in Russia is now very limited.

Further trade restrictions may be imposed by the government so everybody thinks it is safe to minimize business with Russia.

In 2021, import of Russian lumber was 851,000 cbms. It has been over 800 M cbms since 2016 so the market in Japan has this much demand for Russian lumber. Some companies have special connection with Russian partners like Tairiku Trading, which has exclusive right to handle Leslisurus and TM Baikal, which is run by Tajima Lumber plan to continue steady business to guarantee stable supply of Russian lumber

Change of import duty on Russian products

After the government cancelled the most-favored-nation treatment for Russia, import duty of Russian products is changed. Import duty of red pine and whitewood lumber is 8% from 4.8%, spruce lumber is 6% from 4.8%, larch lumber is 10% from 6%.

Duty on structural laminated lumber and semi-finished product of red pine and redwood is unchanged at 3.9% and 4.8%. Laminated stud duty is raised from 6% to 15%. Prior to this announcement, import of Russian veneer, wood chip and logs is banned

Plywood

Domestic and imported plywood are very tight supply and the prices have been rising. Especially, domestic softwood plywood will be a short supply.

Usually, the inventory is full in March but pre-cutting companies delayed working so the shipment is not good. Production depends on availability of workers, the supply of logs and a number of working days.

There are holidays at the end of April through May and plywood companies in Eastern Japan have been stop operating a week before the holiday due to maintenance of equipment. So, there is a possibility of a smaller production in April and May.

There is another problem that there is no Russian veneer available anymore. Plywood companies in Japan tried to use domestic cedar or domestic larch as substitution.

South Sea hardwood plywood companies in South East Asia do not accept many new contracts due to lack of logs. Japanese companies take a lot of higher importing cost because the logs are high-priced, the minimum wages in Malaysia have increased and a weak yen hit the dollar. There are many inquiries for structural plywood to replace tight supplied domestic softwood plywood.

Domestic logs and lumber

Log production in April was steady so that log auction markets, sawmills are loaded with full of logs. Log supply tightened and the prices soared last year but there is no such supply shortage this year.

Normally winter harvest is over and sawmills shy away purchasing of spring harvest logs as log quality deteriorates with more moisture, which causes blue stain so log prices would keep skidding toward summer but this year, plywood demand is far stronger by supply disruption of Russian larch veneer so there is not surplus of logs this year.

Log prices are firming all over Japan as plywood mills' aggressive purchase pushes the prices up. In particular, orders for pine and larch are very strong. Cedar log prices soared to 16,000-18,000 yen to substitute Russian wood so that orders of non-structural lumber are increasing. Cypress log prices had been sliding but finally stopped by strong demand of plywood mills so the now the prices are leveling off at about 25,000 yen.

Substituting demand to cedar non-structural lumber started in Tokyo region after Russian invasion to Substituting demand of Russian red pine taruki to cedar ceiling joist and of European whitewood stud to cedar stud. Supported by this move, the prices of cedar post and cypress sill stopped sliding.

Market prices of KD cedar stud (30x105 mm) are 90,000-100,000 yen and KD cedar post (105 mm square) are 100,000-110,000 yen. Sawmills try to push the prices further up because of higher log cost. Sudden demand increase of cedar stud seems to be speculative move to buy lower cost cedar stud now.

Increasing prices of imported hardwood plywood

Despite continuous climbing suppliers' export prices, market of imported hardwood plywood has been stagnating and the prices are slow to move up in Japan. Circumstances changed all at once after Russian invasion to Ukraine and sudden depreciation of the yen since late March.

Supply of Russian larch veneer is totally stopped so that domestic plywood supply gets tight by supply disruption of Russian veneer.

Demand for imported hardwood structural plywood gets stronger and the market prices are more than 2,000 yen per sheet, more than 100 yen up from April in Tokyo market. Market prices of concrete forming panel moved up to 2,000 yen. It was less than 1,800 yen before March then finally moved up to 1,900 yen in March.

April export prices are US\$830-840 per cbm C&F on JAS 3x6 concrete forming panel and structural panel prices are about US \$790, more than US\$20 up from March.

The suppliers say that log supply is tight and labor cost is up by higher minimum wage in Malaysia and they see that worldwide wood supply is likely to get tight after Ukraine dispute so the export prices will definitely be higher than meantime yen's exchange rate changed drastically from 115 yen per dollar to 130 yen so the dealers in Japan have no choice but to increase the sales prices.

Future cost of concrete forming panel is 2,300 yen, which will arrive in July and August so present 2,000 yen is way below cost.

A price hike of domestic softwood plywood

Plywood companies in Eastern and Western Japan decided to raise the prices of 3 x 6 of 12mm as of May 1. It will be 1,900 yen per sheet delivered and this is 100 yen up from April. It will be 95,000 yen as per cbm and this is 5,000 yen more than last month. The manufacturers had no other choices but to raise the prices.

The prices of 3 x 6 of 24mm will be 3,800 yen delivered and 3 x 6 of 28mm will be 4,450 yen. These are 250 yen up from last month.

The prices of logs keep increasing. Western larch 4 meters logs cost 30,000 yen as per cbm arriving at plant. This is over 3,000 yen up from April. One of reasons for price hike is that there is no more larch veneer supply from Russia. There are not enough Douglas fir logs either.

Some plywood companies started to use cedar to substitute Douglas fir. In the North East, cedar logs cost 15,000 – 17,000 yen arriving at wholesaler. This is steady but the prices might go up because there is demand for cedar logs by other users like sawmill and laminated lumber mill.

The prices of crude oil and natural gas are soaring and a weak yen hits the dollar, so the glue prices are also increasing.

There is much demand of plywood but plywood companies are not able to produce enough to satisfy the demand even though the workers have been in full operation.

The reasons are that there was a long holiday at the end of April through May and there was a regular inspection at plants before the holiday. Some plywood companies took a holiday a week earlier.

China

Financial measures to support enterprises

The State Council decided measures are needed to support micro, small and medium enterprises whose finances have been disrupted by measures introduced to slow the spread of covid-19.

The State Council called for immediate implementation of the measures which include tax rebates, tax reductions and fee reductions, delayed the payment of social insurance premiums, help with logistics services all aimed at encouraging enterprises to resume work and production.

Tax rebates and tax reduction are key measures to stabilise the macroeconomic. It is estimated that RMB2.5 trillion of tax reductions will be completed for the current financial year. More than 20 tax support policies will be implemented this year.

It is reported that financial and tax departments at all levels are closely cooperating to speed up the progress of tax refunds. As of 28 April 2022, a total of RMB625.6 billion had been refunded. According to the Ministry of Finance it will advance the refund of tax credits for small and medium-sized enterprises in May and will speed up refunds for larger enterprises.

Large state-owned banks will increase small and micro loans up to RMB1.6 trillion this year and the Ministry of Finance is encouraging banks to strengthen proactive services. For small, medium and micro enterprises and individual industrial and commercial households loan renewal and extension or adjustment of repayment arrangements will be adopted. The State Council adopted measures to "remove burdens" and "add vitality" to enterprises.

See: <http://www.cinic.org.cn/xw/zcdt/1285307.html>

Slight decline in timber prices

It has been recently reported that timber prices have been unstable and have been trending down by around RMB20 per cubic metre for radiata pine, hemlock, spruce and fir, scots pine from Jiangsu Province; radiata pine and scotch pine from Shandong Province; radiata pine in Hebei Province and Tianjin Municipality; radiata pine, spruce and fir, hemlock in Fujian Province.

Timber prices are closely related to activity in the housing sector. According to the National Bureau of Statistics housing construction started on 298.38 million square metres in the January-March period, down 17.5% year on year.

The utilisation rates of downstream projects have been relatively low as demand for all types of building materials is still weak and sales of construction timbers are flat.

As the epidemic is brought under control production will be resumed and market demand is expected to recover driven by government initiatives but timber prices are likely to fluctuate for some time to come.

Increase in OSB output

China's oriented strand board (OSB) sector has grown fast as production by overseas mills has slowed and international demand has expanded. China's OSB output in 2021 surged 70% to 3.4 million cubic metres, a record high. Of the total, output of faced OSB was 850, 000 cubic metres.

The capacity of China's OSB output in 2021 was 4.42 million cubic metres annually. An additional 13 continuous flat press production lines with a capacity of 3.62 million cubic metres per year have been brought on stream.

	Number of lines	Output 000's cu.m
Shandong	5	1,600
Hubei	3	740
Guangxi	2	600
Guizhou	1	200
Anhui	1	300
Jiangsu	1	180
Total	13	3,620

In addition to the continuous flat press production line China also has some single-layer and multi-layer press production lines to produce OSB. Most of these have a production capacity of 10,000 to 50,000 cubic metres annually with a maximum production capacity of 100,000 cubic metres per year and these mills are mainly in Shandong, Jiangsu, He'nan and Yun'nan Provinces. 13 OSB continuous flat-pressing production lines are under construction in 2022.

These OSB production lines will be completed and put into operation during 2022-2024 period, and the national production capacity of OSB will exceed 8.5 million cubic metres annually.

See:

https://baijiahao.baidu.com/s?id=1730154286396762941&wfr=s_pider&for=pc

OSB imports

According to China Customs OSB imports in 2021 totalled 182, 000 tonnes valued at US\$86 million, down 9% in volume but up 14% in value year on year. The CIF price for China's OSB imports in 2021 was US\$475 per tonne, up 26% year on year. China's OSB imports in 2021 were from Russia, (35%), Canada (19%), Germany (13%), Brazil (12%), Thailand (9%) and Romania (7%).

Chinese analysts suggest the OSB market in China is in a period of development as OSB is rapidly replacing other wood panels. There are many OSB manufacturers in China but most of them are small scale and inefficient such that imported panels are deemed superior.

With the growth of the domestic OSB market imports will rise but domestic investment in new production capacity will also grow. The output of China's OSB increased year on year by 31% in 2019, 43% in 2020 and 70% in 2021.

China's OSB exports in 2021 totalled 273,000 tonnes valued at US\$135 million, surging 224% in volume and 323% in value. The CIF price for China's OSB imports in 2021 was US\$494 per tonne, up 30% year on year.

80% of China's OSB exports in 2021 were exported to Chile (25%), Mongolia (16%), UK (12%), South Korea (9%), Mexico (7%), USA(6%) and Peru (5%).

China's OSB exports in 2021

	Volume 000s tonnes	Value US\$ mil.
Total	273	135
Chile	69	35
Mongolia	43	7
UK	34	21
S. Korea	24	12
Mexico	20	8
USA	16	9
Peru	13	7

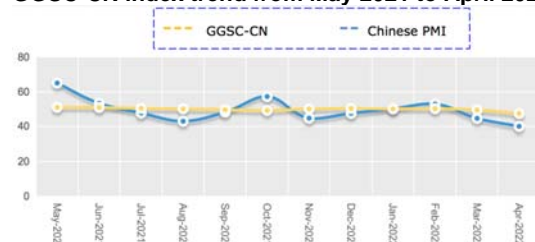
GGSC-CN Index Report (April 2022)

In April 2022 because of the spread of COVID-19 in many places and the impact of the invasion of Ukraine the logistics and employment potential of the manufacturing sector have been seriously affected. Raw material prices continue to rise and the output of the middle and upstream industries has dropped significantly.

In April China's PMI index registered 47.4, a drop of 2.1 points from the previous month marking the lowest level since March 2020. Against this background the timber manufacturing industries have been impacted, order levels have fallen and difficult logistic operations along with increased transport and freight charges are damaging.

The GGSC-CN comprehensive index for April registered 40.0 (71.1 for last April and 60.4 for April 2020) a decline of 4.6 points from the previous month and has been below the critical value of 50 for two months. This indicates that the operation of the forest products enterprises represented in GGSC-CN index shrank from last month. See Figure below.

GGSC-CN index trend from May 2021 to April 2022



Source: GGSC

Challenges

COVID-19 has repeatedly appeared, trans-province transportation is disrupted and transportation costs are high.

Freight rates have increased significantly.

Products in short supply

None.

Commodity for which prices have increased

Methanol, melamine, paraffin, waterproof agent and other chemical raw materials.

Commodity for which prices have dropped

Miscellaneous firewood, eucalyptus firewood, pine firewood, core board, eucalyptus logs, melamine, urea.

In the April 2022 GGSC-CN index three sub-indexes were flat two declined. The production index registered 41.7, a decrease of 8.3 points from the previous month. The new order index registered 25.0, a decrease of 8.3 points from the previous month reflecting the ability of enterprises to obtain orders is worse than in March.

The new export order index reflecting international trade registered 25.0 same as the previous month and has been below the critical value of 50 for seven months indicating that the flow of orders from overseas remains weak.

The main raw material inventory index registered 58.3 the same as the previous month. The employment index registered 50.0 the same as the previous month. The supplier delivery time index was 41.7 the same as the previous month.

See: http://www.itto-ggsc.org/site/article_detail/id/238

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

	2022 Feb	2022 Mar
Sapelli	583	574
Merbau	869	926
Teak	513	683
Lauan	226	324
African mahogany	741	738
Oak	508	397

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

	2022 Feb	2022 Mar
Okoume	264	340
Merswa	231	269
Teak	642	669
Merbau	479	432
Birch	459	479
Oak	141	141

Europe

Record start to the year for UK tropical imports

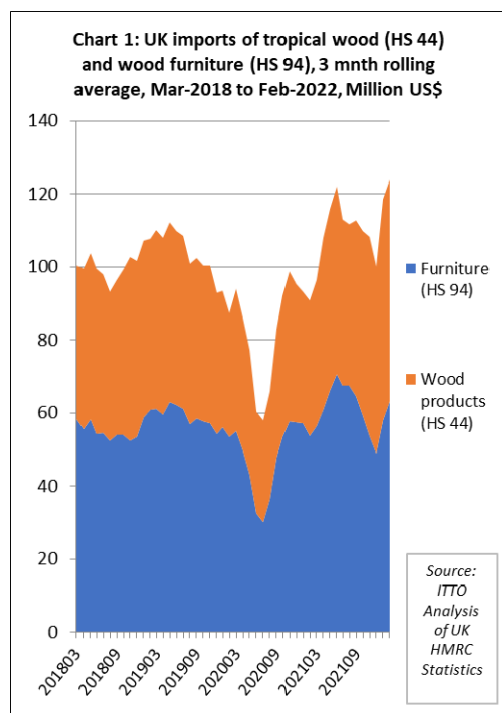
The import value of tropical wood and wood furniture into the UK in the opening two months of this year were at record levels. In the January to February period, import value totalled US\$270 million, 47% more than the same period in 2021 when imports were also high following a strong rebound after the downturn during the first COVID lockdown in 2020.

In fact, this was by far the highest value import of tropical wood and wood furniture products into the UK in any two month period since at least before the 2008 financial crises.

The strong performance in the first three months of this year reflect both high consumption in the UK, still supported by post-COVID government stimulus, and the late arrival of delayed shipments from the previous year.

Demand has remained particularly good in housing repair, maintenance, and improvement, always a big driver of hardwood demand and the fastest growing part of the UK construction sector following the initial COVID lockdown. Meanwhile, the availability of hardwood and furniture products from the UK's traditionally largest suppliers in Europe and the United States was very tight even before Russia's invasion of Ukraine in the last week of February, encouraging importers to look more to tropical products.

Importers also tend to thrive when prices are high and margins wide, so there has been a strong incentive to look around for supplies and build stock.



The high level of UK import value in the opening months of the year is also partly owing to high material prices and freight costs. Although hardwood product prices were declining steadily from the middle of last year to February this year, they are still very high compared to the beginning of last year. Freight rates also declined from the heights reached in the third quarter of last year but were still at a historically very high level at the end of February.

The downward trend in hardwood prices has reversed since Russia's invasion of Ukraine. This event seriously disrupted all supplies of European and Russian hardwood products, partly because of the direct effects of sanctions against Russia, partly the immediate effects of the war on Ukrainian supply, and partly because of the large numbers of Ukrainians, who contribute a disproportionately large number of truck drivers operating in Europe, who returned home during the conflict.

The war has also driven up energy costs, filtering through into rising prices for all European manufactured products, including for wood and furniture.

According to statistics provided by the UK Department for Business, Energy & Industrial Strategy (BEIS), timber prices in the UK have been significantly affected by the war in Ukraine. The price of sawn or planed wood imported into the UK increased on average by 2.5% in March this year following five months of steady decline.

The price was also 11% more than in March 2021. The price of imported plywood also increased 2.5% in March this year and was up 28% compared to March 2021.

Less positive outlook for UK market in 2022 and 2023

Prospects for strong demand for wood products in the UK continuing this year and into 2023 look increasingly uncertain. In early May the Bank of England warned that Britain's economy could plunge into recession before the end of this year.

The gloomy outlook statement came as the Bank's monetary policy committee (MPC) raised interest rates from 0.75% to 1% to tackle spiralling inflation made worse by Russia's war in Ukraine and the impact on supply chains from COVID lockdowns in China. With a fresh jump in UK home energy bills expected in October, when a government-imposed cap on energy charges is due to be removed, it forecast inflation would rise above 10% this year, the highest level since 1982.

Squeezed between rising borrowing costs and high levels of inflation, the Bank said that British households this year are likely to suffer the second biggest squeeze on their incomes since records began in 1964.

Economists at the Resolution Foundation said the Bank's projections showed the average household in Britain would lose about £1,200 this year from the cost of living squeeze, laying the ground for a weaker period of growth ahead as families rein in their spending.

The pound fell sharply after the rate decision as the City reacted to Britain's weaker economic prospects. Sterling tumbled by almost 3 cents against the dollar on the currency markets and by more than a cent against the euro.

The MPC said the sharp rise in energy costs projected in October this year would likely result in a fall in GDP in the fourth quarter. Although a modest recovery is expected at the start of next year, ensuring two consecutive quarters of falling GDP (the technical definition of a recession) is likely to be avoided, the Bank warned Britain's economy would shrink by 0.25% over the course of 2023 as a whole, in effect a slow-burn recession.

Reflecting this uncertainty in the wider economy, the UK Construction Products Association (CPA) sees a dramatic slowing in growth in its latest forecast published in early May.

In previous years, the predicted 2.8% growth in construction output anticipated by the CPA team would be cause for celebration. However, while a robust figure, this is a sharp revision down from the 4.3% growth forecast just three months ago.

According to CPA, demand has continued to be strong across the UK construction industry in the second quarter, and the current project pipeline suggests that this will support activity levels until at least the third quarter of this year. The downward revision to the growth forecast stems from concern around a host of price pressures arising from both local and global issues.

Prior to the conflict in Ukraine, UK construction was already facing labour and product availability issues due to disruption during COVID pandemic and effects of Brexit. Rising energy costs were driving near-record price increases in construction products and the conflict has exacerbated this issue, according to CPA.

Across all sectors of UK construction, the picture is one of positive market conditions in the short term with anticipation of tougher times ahead. Conditions are expected to be particularly volatile in the private housing repair, maintenance, and improvement sector. While booming at present, this is the sector arguably most exposed to current price inflation, falls in consumer confidence and pressures on household incomes. Overall, CPA expects output in this sector to fall by 3% in 2022 and 4% next year from current all-time highs.

Private housing, the largest construction sector in the UK, remains strong, with housebuilders reporting resilient demand. Longer term, there must be questions over consumer confidence but CPA forecasts output in this sector to rise by 1% in both 2022 and 2023.

This contrasts with the 3% per year growth forecast three months ago.

The fastest growth is expected in the industrial sector, in which output is forecast to rise by 9.8% in 2022 and 9.3% in 2023, due to a strong pipeline of warehouse projects, resulting from a long-term shift towards online shopping.

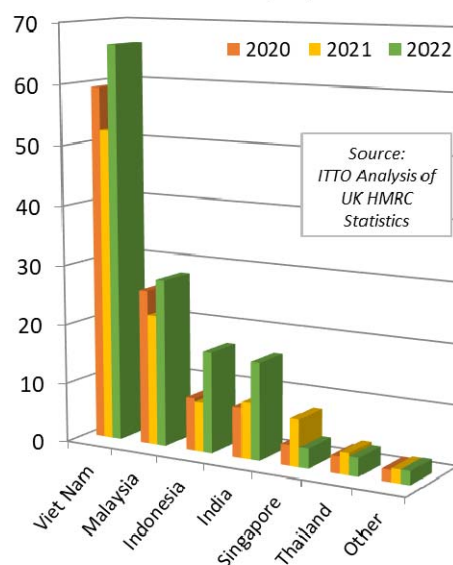
Indonesia leads rise in tropical wooden furniture imports into the UK

Overall the UK imported US\$136 million of tropical wood furniture products in the first two months of 2022, which is 29% more than the same period in 2021. It is also 23% more than the same period in 2020, before trade was affected by the first COVID lockdown which began in the UK on 23 March 2020.

UK imports of wooden furniture from all four of the leading tropical supply countries were very strong in the opening two months of this year compared to last year including Vietnam (+27% to US\$66 million), Malaysia (+28% to US\$28 million), Indonesia (+103% to US\$17 million) and India (+71% to US\$16 million).

Imports from Singapore, which increased sharply last year due to shipping problems elsewhere in Southeast Asia, fell back 57% to more a "normal" level of just US\$3 million in the two month period (Chart 2).

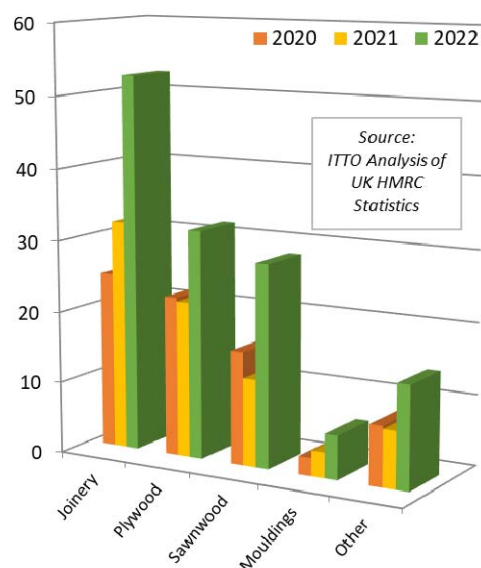
Chart 2: UK imports wood furniture from tropical countries
Jan-Feb 2020-2022, US\$ million



UK tropical wood imports up 72% in the first two months of 2022

UK imports of all tropical wood products in Chapter 44 of the Harmonised System (HS) of product codes were US\$134 million in the first two months of 2022, 72% more than the same period in 2021 and 81% up on the (pre-COVID) level in the same period in 2020.

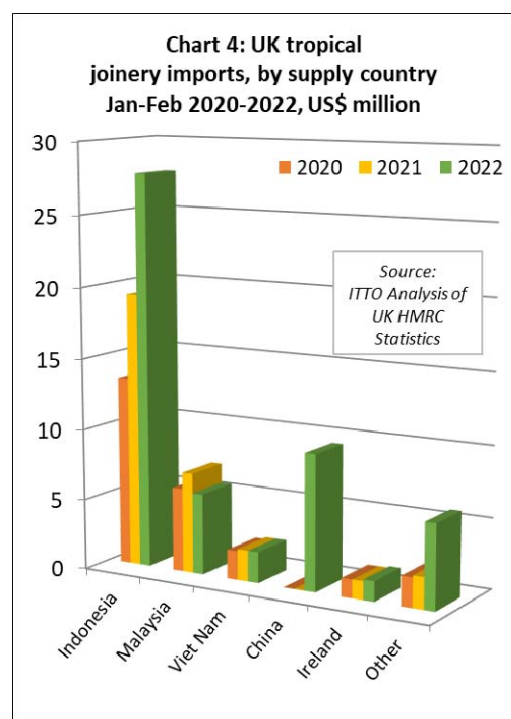
Chart 3: UK tropical wood imports by product
Jan-Feb 2020-2022, Million US\$



Compared to the first two months last year, UK imports of tropical joinery products increased 64% to US\$53 million, imports of tropical plywood were up 46% to US\$32 million, imports of tropical sawnwood were up 132% to US\$28 million, and imports of tropical mouldings/decking increased 71% to US\$6 million (Chart 3 above).

After the sharp dip in UK imports of tropical joinery products during the first lockdown period in the second quarter of 2020, imports of this commodity group have progressively built momentum.

This trend is mainly driven by Indonesia for which UK joinery imports, mainly consisting of doors, were US\$28 million in the first two months this year, 44% more than the same period in 2021 and 108% more than the pre-COVID level in the first two months of 2020 (Chart 4).

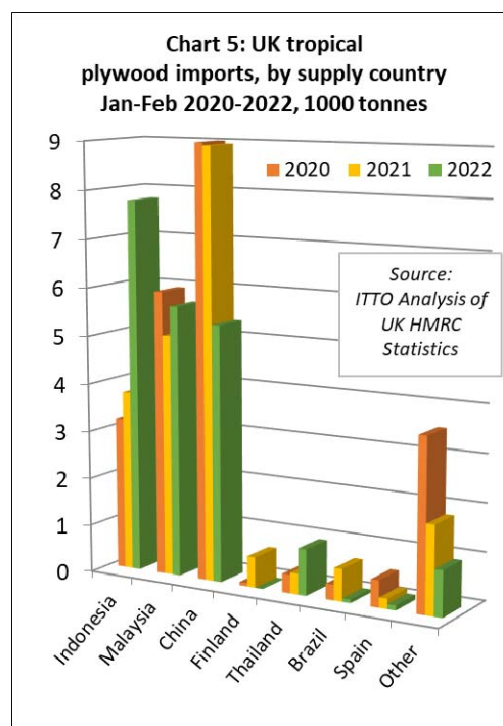


UK imports of joinery products from Malaysia and Vietnam (mainly laminated products for kitchen and window applications) started this year more slowly. Imports from Malaysia were US\$6 million in the two month period, 20% less than the same period last year. Imports of US\$2 million from Vietnam in the first two months this year were the same level as last year.

UK import value of Chinese joinery products, nearly all comprising doors, was US\$10 million in the first two months of 2022, up from negligible levels in previous years. Due to introduction from 1st January 2022 of new product codes in the EU Combined Nomenclature (still mirrored by the UK post-Brexit) it is now possible to identify wood doors and windows manufactured using a wider range of tropical wood species in UK and EU trade statistics.

The apparent rise in imports of "tropical" wood joinery from China is very likely due to these products now being identifiable as of tropical species, whereas previously they were classified as "other non-coniferous" in the trade statistics and excluded from the figures for tropical wood imports.

In the first two months of 2022, the UK imported 20,900 tonnes of tropical hardwood plywood, 3% less than the same period last year and 9% down on the same period in 2020. Imports from the UK's three largest suppliers of tropical hardwood plywood – Indonesia, Malaysia, and China – have followed very different trajectories in recent years (Chart 5).



UK imports of tropical plywood from Indonesia were 7,800 tonnes in the first 2 months of this year, a gain of 107% compared to the same period last year and 144% more than the pre-pandemic level in the first two months of 2020.

This suggests a potentially significant shift towards Indonesia in the UK plywood sector, all the more remarkable because it was occurring before economic sanctions against Russia, imposed from March onwards, effectively removed Russian birch plywood from the UK and wider EU supply equation.

The likelihood is that the UK will have to turn more to Indonesia for hardwood plywood supply in the future, if only Indonesian exporters are able, or willing given potentially strong demand elsewhere, to make sufficient volumes available to the UK market.

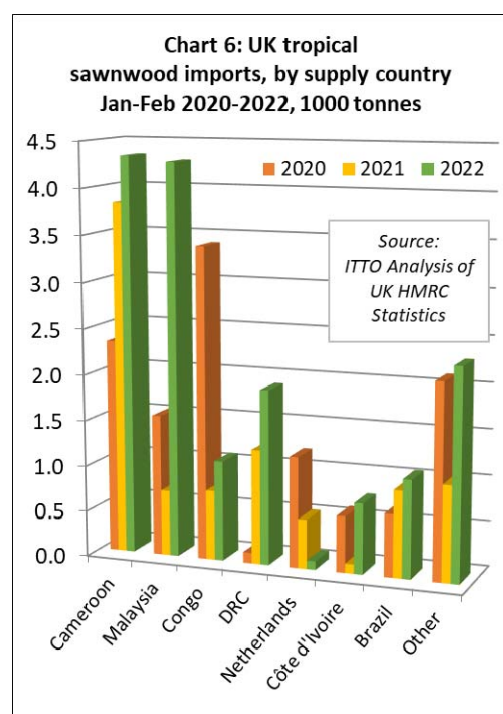
However, too much shouldn't be read into just two months of data, particularly when logistical challenges and high container rates have led to more dependence on less frequent breakbulk shipments into the UK from Indonesia.

In contrast to the very large gains in UK imports of plywood from Indonesia in the first two months of 2022, imports of 5,700 tonnes from Malaysia were just 12% more than the same period last year and 5% less than the same period in 2020. UK tropical hardwood plywood imports from China started this year even more slowly, at 5,300 tonnes in the first two months, down 40% on the same period in 2021 and 41% less than this period in 2020.

Big shift in countries supplying tropical sawnwood to the UK

UK imports of tropical sawnwood started this year strongly. Imports were 15,800 tonnes in the first two months of 2022, 72% more than the same period last year and 32% more than the same period in 2020.

In addition to making major gains overall, there were big changes in the countries supplying tropical sawnwood to the UK in the opening months of this year (Chart 6). This is indicative of the major shifts in hardwood markets since the start of the pandemic which have led to significant supply shortages and sharply increasing prices in many supply regions along with continuing high levels of demand in markets like the UK.



UK imports of tropical sawnwood from Cameroon were 4,300 tonnes in the first two months of this year, 13% more than the relatively high level in the same period last year and 86% more than the same period in 2020.

UK imports from Malaysia, which had fallen to little more than a trickle in recent years, were 4,300 tonnes in the first two months this year, a 5-fold increase compared to the same period last year and nearly a 3-fold gain compared to the pre-pandemic level in the opening two months of 2020.

In contrast, UK imports of tropical sawnwood from the Republic of Congo (RoC) were only 1,100 tonnes in the first two months of this year which, while 43% more than the same period last year, were 68% less than the same period in 2020. Before the pandemic, the UK had been sourcing more sawn hardwood from RoC but this trend has faltered in the last two years.

However, there has been a big rise in UK imports from DRC, which were 1,900 tonnes in the first two months this year, a gain of 52% compared to the same period last year. UK imports from DRC were negligible before the pandemic.

UK imports of tropical sawnwood from Côte d'Ivoire were 800 tonnes in the first two months this year, a big increase compared to negligible imports in the same period last year and a 25% increase compared to the same period before the pandemic in 2020.

Imports of tropical hardwood sawnwood from Brazil also made gains from a small base, at 1,100 tonnes in the first two months of this year, 13% more than the same period last and 55% more than the same period in 2020.

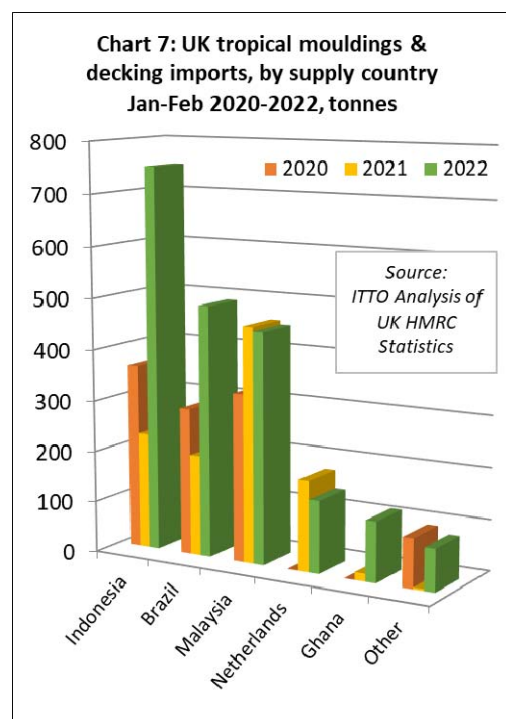
Indirect UK imports of tropical sawnwood from other EU countries have fallen dramatically since the UK's departure from the EU single market on 1st January 2021. Total UK imports from EU countries were 2,600 tonnes in the first two months of this year, 30% less than the same period last year and 39% down on the same period in 2020.

UK imports of tropical hardwood mouldings/decking were relatively high in the opening two months of 2022, at 2000 tonnes, 88% more than the same period the previous year and 90% more than the pre-pandemic level in the first two months of 2020.

This is another commodity group for which there has been particularly strong demand in the UK, combined with sharply tightening supply since the start of the pandemic. And like in the plywood sector, the war in Ukraine and sanctions on Russia are expected to lead to even tighter supplies of non-tropical decking products that directly compete with tropical decking in the short to medium term.

UK imports of decking/mouldings increased sharply from Indonesia and Brazil in the first two months of this year. Imports of 751 tonnes from Indonesia were 230% more than the same period last year and 108% more than the same period in 2020. Imports of 490 tonnes from Brazil were 149% up on the same period in 2021 and 71% more than the same period in 2020.

Imports from Ghana, at 117 tonnes in the first two months of this year, while still very small were potentially significant for representing the first notable increase in imports of this commodity from Ghana for several years. (Chart 7).



North America

Imports set records in March

US imports of tropical hardwood, hardwood plywood and related wood products rose to record levels in March. While record dollar figures may be due partly to inflation import volume records were set for both sawn tropical hardwood and hardwood plywood.

Wooden furniture imports shattered their previous all-time high while imports of assembled floor panels and mouldings saw their highest values since well before the pandemic.

Tropical hardwood imports rise to a record high

US imports of sawn tropical hardwood rose by 21% in March to their highest level in more than 10 years. The 28,129 cubic metres imported in March marked the fourth straight month above the 20,000 cubic metres.

Total imports through the first quarter of 2022 were more than three times that of Q1 of 2021. Most of the increase for the month came in the category of “other tropical” woods which would appear to include woods counted as jatoba until this year. Official Jatoba imports are down 96% through the first quarter most likely due to reclassification rather than a marked change in trade volume. Imports of mahogany rose 13% in March and are up 103% year to date while imports of padauk rose 77% and are ahead 20% year to date.

Imports from Brazil and Indonesia were very strong throughout the first quarter of 2022. Imports from Brazil rose 34% in March and are up more than 10-fold year to date. Imports from Indonesia gained 87% in March and are up more than 15-fold year to date.

Imports from nearly all trading partner nations are up more than 10% through the first quarter with the exception of Ecuador. Imports from Ecuador rose 6% in March but are down 57% for the first quarter.

Canada’s imports of sawn tropical hardwood rose 10% in March. The rise was driven by a 37% increase in imports from Cameroon and an 89% increase in imports from the US. Imports from Cameroon, Canada’s leading supplier, are up 120% for the first quarter over 2021.

Imports from Brazil fell 75% in March and are down 37% so far this year. Total imports are up 38% through the first quarter.

Hardwood plywood imports soar to record level

Monthly US imports of hardwood plywood rose above the 400,000 cubic metre level for the first time ever in March. Imports rose 22% for the month and are up 64% year to date versus 2021. Imports from Russia have yet to see a drop-off as a result of the Ukraine invasion. Imports from Russia gained 13% in March and are up 16% through the first quarter.

Imports from all major trading partner nations were up more than 10% in the first quarter with Vietnam leading the way. Imports from Vietnam rose 11% in March were up 157% through the first quarter. Imports from Malaysia rose 61% in March and were up through the first quarter by 118%.

Veneer imports rebound

US imports of tropical hardwood veneer rebounded from a slow February, rising 76% in March.

Imports from Italy rose more than 7-fold in March while imports from China and India more than doubled. Imports from Cameroon fell by 24% in March but still managed to surpass last year’s pace by 70% through the first quarter.

Overall imports of tropical hardwood veneer are up 68% so far this year, with imports from Italy and India both more than doubling last year’s first quarter totals.

Hardwood flooring imports surge

US imports of hardwood flooring moved higher in March, rising 36% to mark the strongest month since November 2018. Imports from Brazil rose 74% in March and are up 24% over 2021 through the first quarter.

Imports from Malaysia are ahead 44% through the quarter after more than tripling in March over the previous month. Despite falling in March, imports from China and Indonesia remained well ahead of 2021 totals through the first quarter. Total imports are up 13% year to date.

Imports of assembled flooring panels rose 14% in March to fall just short of the record dollar amount set in January. Total imports are up 86% through the first quarter as imports from most major trading nations are up strongly.

Imports from Vietnam jumped 49% in March and are ahead 72% year to date, and imports from Canada are up 35% for the month and 29% year to date. Imports from Thailand cooled 31% in March but are up 10-fold through the first quarter and lead all other nations. Imports from China fell 44% in March and are down 4% through the first quarter.

Moulding imports set post-pandemic high

US imports of hardwood mouldings leapt 43% in March to reach their highest level in nearly five years.

Imports from Brazil more than doubled in March and are up 44% over 2021 through the first quarter of the year. Imports from Malaysia nearly tripled in March and are up 30% year to date.

Imports from Canada remain solid, growing 44% in March and up 49% year to date. Imports from China fell 7% in March but are up 23% year to date. Total imports of hardwood moulding are ahead 41% over 2021 through the first quarter.

Wooden furniture imports set record at over US\$2.4 billion

US imports of wooden furniture moved back into record territory in March, rising 27% to reach their highest level for a single month. The US\$2.437 billion imported in March was 19% higher than last March.

Imports from Mexico, Indonesia, and India all rose sharply and are well ahead of last year's totals through the first quarter of the year. Imports from Vietnam, which have been falling over the last few months, rebounded rising 45% in March, but are still trailing 2021 imports by 7% through the first quarter. Imports from China fell 3% in March but are up 11% year to date. Total imports of wooden furniture are ahead by 10% through March.

Economy dipped in first quarter

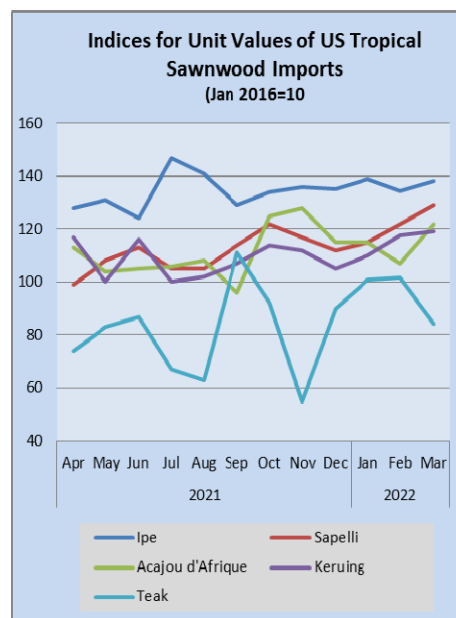
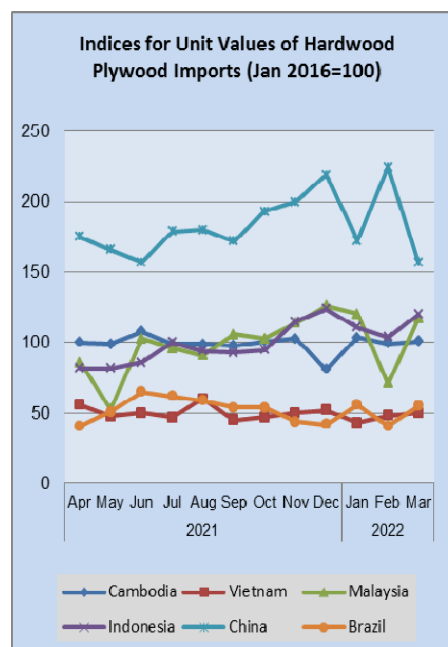
The nation's gross domestic product -- the broadest measure of economic activity -- declined at an annualised rate of 1.4% between January and March according to the "advance" estimate released by the Bureau of Economic Analysis.

This was an abrupt reversal of the prior year's strong growth and the 6.9% growth pace recorded in the final quarter of last year, and the worst performance since the pandemic recession in the second quarter of 2020.

The decrease in real GDP reflected decreases in private inventory investment, exports, federal government spending, and state and local government spending, while imports, which are a subtraction in the calculation of GDP, increased.

Personal consumption expenditures (PCE), nonresidential fixed investment, and residential fixed investment increased.

See: <https://www.bea.gov/news/2022/gross-domestic-product-first-quarter-2022-advance-estimate>



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.

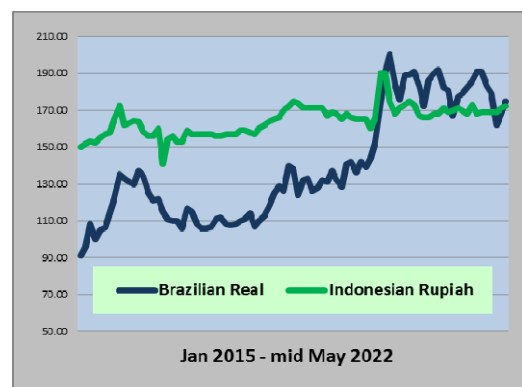
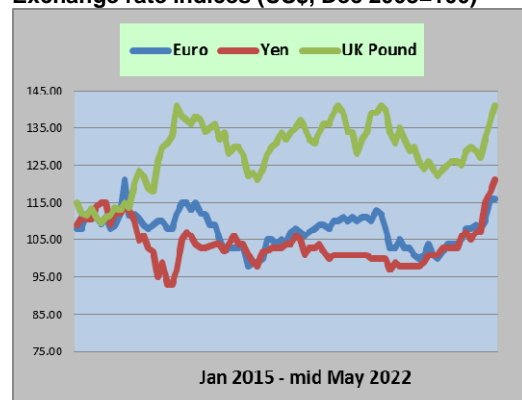
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Dollar Exchange Rates

As of 10 May 2022

Brazil	Real	5.13934.9416
CFA countries	CFA Franc	621.58
China	Yuan	6.7217
Euro area	Euro	0.9511
India	Rupee	777.42
Indonesia	Rupiah	14588
Japan	Yen	130.0
Malaysia	Ringgit	4.3765
Peru	Sol	4.31
UK	Pound	0.8163
South Korea	Won	1279.12

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

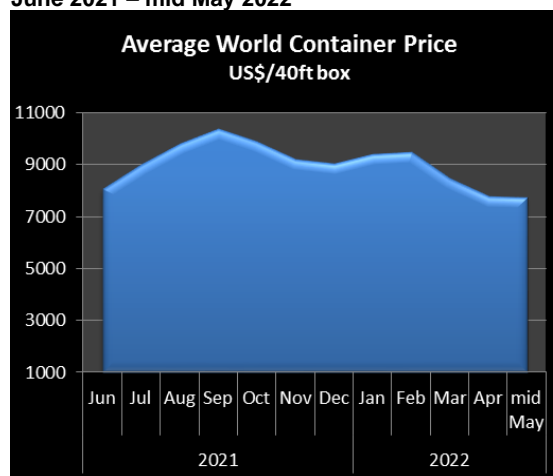


Abbreviations and Equivalences

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

Ocean Container Freight Index

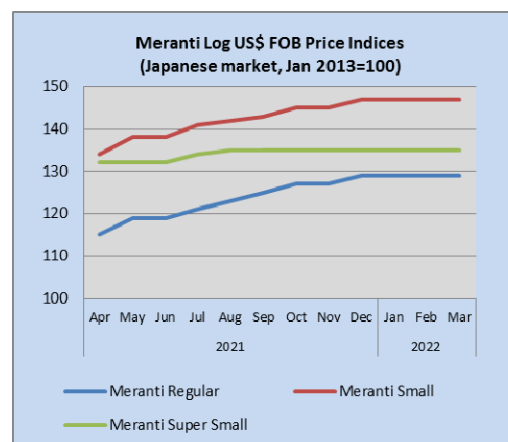
June 2021 – mid May 2022



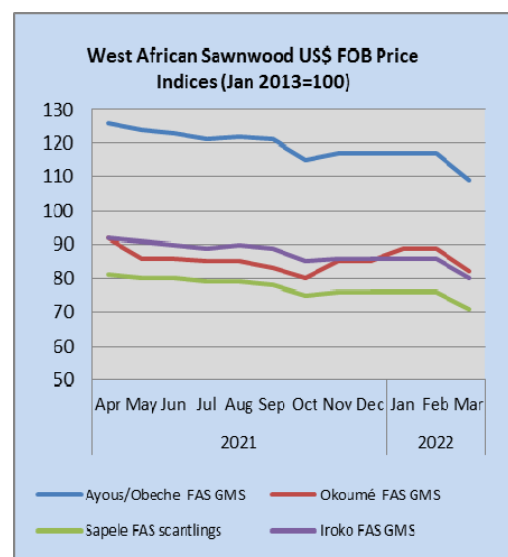
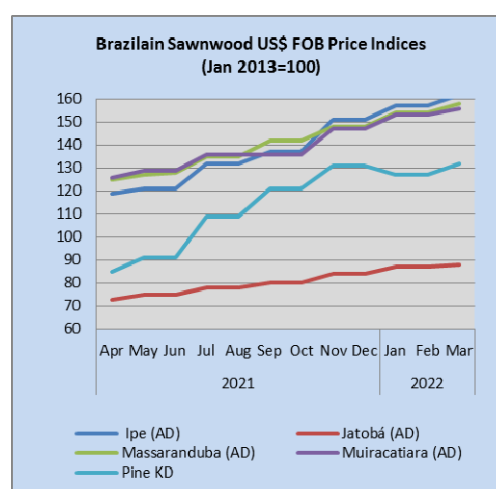
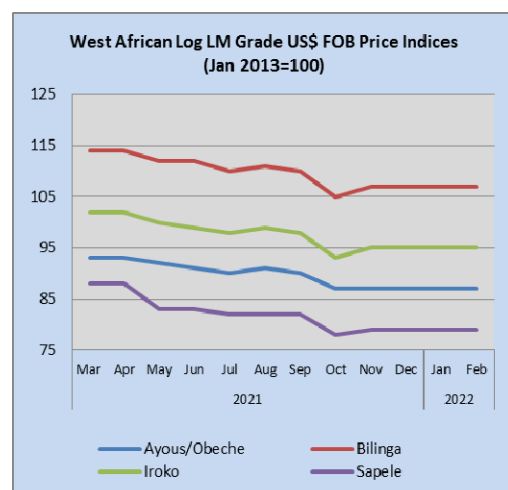
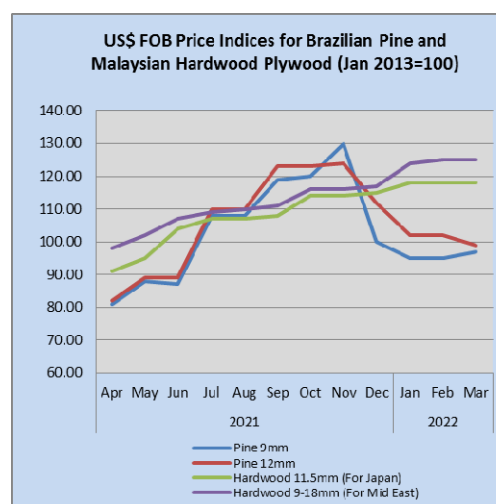
Data source: Drewry World Container Index

Price indices for selected products

The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



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

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