

# Tropical Timber Market Report

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## Top story

### **US and Vietnam reach agreement on timber sourcing**

The governments of United States and Vietnam signed an agreement on 1 October 2021 resolving an investigation under Section 301 of the US Trade Act into allegations of importation of illegal timber into Vietnam.

The negotiated agreement secures commitments that will help keep illegally harvested or traded timber out of Vietnam's supply chain.

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## Central and West Africa

### Slowdown in orders for okoume

No major price movements have been reported. Producers say overall demand is stable but still production is being disrupted by the continual rain. This is also making it difficult to keep the roads in good condition and there have been cases of delays in deliveries to mills.

There have been indications of a slowdown in orders for okoume for the Chinese market which is perhaps a relief as securing containers for export shipments is a challenge.

Demand in Middle East markets is firm but shipment is a problem because of container availability.

Producers say demand in the main EU markets is stable. Buyers for the Belgium market have returned for padouk scantlings and flooring strips. The recent issue of oversupply of azobe for the Netherlands market has faded and purchases are back to normal.

There has been a buzz among producers that the French government aims to boost housing construction which could result in rising demand for West African timbers. In related news ATIBT has launched a website promoting a range of West African timbers.

See: <https://www.atibt.org/en/news/13069/discover-the-extraordinary-variety-of-african-timbers>

### Preparations for launch of 'Stminef' Gabon's tracking system

In Gabon around 200 personnel have been trained in the computerised timber traceability system of the Ministry of Forests called "Stminef". The training is in advance of the launch of the traceability system in 2022.

An article in 'lenouveaugabon' says "It (Stminef) will also make it possible to control national forest production, reduce the loss of wood resources, curb corruption in the sector and forest crime, improve the contribution of the forestry sector to the gross domestic product, optimise forestry taxation, and monitor statistics".

### 'Tracer' recognised as supporting EU due diligence requirement

The Tracer-Nkok, a certification and traceability system for logs arriving at Gabon's Special Economic Zone (SEZ) at Nkok is, according to the management of the GSEZ, recognised by the European Union as a system in support of the Due Diligence requirements of the European Union Timber Regulation (EUTR).

See: <https://new.in-24.com/News/249197.html>

Gabon is participating in Expo Dubai 2020 and promoting the public-private partnership the Nkok Special Economic Zone. This SEZ is responsible for around 40% of the country's exports of which wood products are a major part.

## 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	210	200	-
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	440
Bilinga FAS GMS	540
Okoumé FAS GMS	440
Merchantable	310
Std/Btr GMS	330
Sipo FAS GMS	425
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	900
FAS scantlings	950
Strips	350
Sapele FAS Spanish sizes	420
FAS scantlings	450
Iroko FAS GMS	600
Scantlings	620
Strips	370
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

## Ghana

### Unseasonal rains hamper timber harvesting

Heavy rain far in excess of usual for the short rain season has caused floods, disrupted timber harvesting and seriously affected business operations. A statement on the Ghana Meteorological Agency website warned of a likely early start and heavy rainfalls around the short rain season from September this year.

The heavy rain has made trucking difficult but most mills say they have adequate log stocks to meet current orders. Overall, demand in overseas markets is said to be firm and prices are stable.

See: <https://www.meteo.gov.gh/gmet/meteorologist-warns-of-heavy-rainfall-in-coming-months/>

### Business confidence trending lower

A survey by the Bank of Ghana (BoG) that assesses sentiment among local business owners has, for the fourth consecutive time this year, shown a dwindling level of confidence. The data cited economic challenges which have contributed to increased cost of production, created some raw material shortages along with weak consumer demand as the underlying reasons.

Data from the BoG Economic and Financial report for September 2021 suggested that business confidence has consistently declined from a 100% baseline to 97.9% in February, 96.9% in April, 96.3% in June and 93.2% in August 2021.

The Governor of BoG, Dr. Ernest Addion, made this known at a press briefing of the Monetary Policy Committee (MPC) meeting. He indicated the survey results revealed the inability of businesses to meet their short-term company targets because of high input costs, unavailability of raw materials, weak consumer demand and rising labour costs. Wood processors in the manufacturing sector face the same challenges.

However, the recent TIDD report showed that timber and wood exports volume and value for the half-year period January to June 2021, registered increases of 61% and 58% respectively over same period in 2020 but are yet to match 2019 levels.

See:

<https://www.ghanaweb.com/GhanaHomePage/business/Business-es-confidence-declines-over-economic-challenges-1374493>

### New Ghana-UK trade agreement operational

Ghana's new Interim Trade Partnership Agreement with the United Kingdom came into effect on 1 October 2021. The Agreement reaffirms the interests of Ghana and the UK to strengthen their longstanding trade and economic relationship by ensuring tariff-free trade transactions in both markets.

The agreement, which also establishes a new framework for Ghana-UK collaboration, will contribute to sustained economic growth in Ghana according to the Minister of Trade and Industries, Alan Kyerematen.

The UK is one of Ghana's wood top markets in Europe and imports sawnwood, mouldings and briquettes from Ghana.

### Forecast 4.9% GDP growth

The World Bank has revised Ghana's projected GDP growth to 4.9% in its latest 'Africa Pulse Report' for October 2021 from the earlier forecast of 1.4%. The Bank has also forecast a 5.5% expansion in the economy in 2022 as exports are expected to grow.

The Bank report says "Ghana was not immune to rising COVID-19 infections in July 2021. The measures used to contain the spread of the pandemic thwarted the recovery in mid-2021 as business activity slowed.

However, the country has managed to keep the virus from spreading and provided adequate support to affected households. The country benefited largely from a good performance in the first half of the year on the back of higher demand for its exports, particularly in the agriculture and industrial sectors".

Ghana's forestry sector is a significant foreign exchange earner but contributes less than 10% to GDP.

See:

<https://www.worldbank.org/en/region/afr/publication/africas-pulse>

Boule export prices	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	567
Niangon Kiln dry	659

### Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	317	441
Chenchen	540	612
Ogea	443	590
Essa	543	619
Ofram	350	435

### Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	972
Avodire	573
Chenchen	1,575
Mahogany	899
Makore	930
Odum	1,689

### Export plywood prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	402	580	641
6mm	412	535	604
9mm	370	499	560
12mm	495	476	480
15mm	430	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	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up		
Afromosia	860	925
Asanfina	465	564
Ceiba	435	600
Dahoma	447	586
Edinam (mixed redwood)	520	687
Emeri	540	603
African mahogany (Ivorenensis)	1,195	1,080
Makore	710	800
Niangon	599	667
Odum	950	930
Sapele	800	755
Wawa 1C & Select	373	438

## Malaysia

### Some travel restrictions lifted

As of mid-October 65% of Malaysians were fully vaccinated and 75% had one dose. Of the adult population 90% are fully vaccinated and 95% have at least one dose. However, new daily infections are still over 7,000 but have dropped sharply in the past three months. Interstate travel for fully vaccinated adults is allowed and Malaysians are also permitted to travel overseas. October marks the first time since January that interstate travel will be possible without police permission.

### Malaysian Criteria and Indicators for SFM updated

The Malaysian Timber Certification Council (MTCC) has released an updated version of the Malaysian Criteria and Indicators for Sustainable Forest Management (MC&I) SFM. This is the certification standard for sustainable management of natural forest and forest plantation under the Malaysian Timber Certification Scheme (MTCS).

In order to ensure that MTCS standards fulfil the conditions for PEFC endorsement, minor amendments were made to the MC&I SFM (MTCS ST 1002:2021) and the Group Forest Management Certification Standard (MTCS ST 1003:2021). The amendments were deliberated and agreed by the Standards Review Committee. Subsequently, both standards were approved by the MTCC Board of Trustees and came into effect.

See: <https://mtcc.com.my/mtcc-releases-updated-malaysian-criteria-and-indicators-for-sustainable-forest-management-mci-sfm-standard/>

In related news, the Malaysian Timber Certification Council (MTCC) explained that the implementation of sustainable development for the timber industry will be an important narrative for visitors and trade delegations to the Malaysia Pavilion at the Expo 2020 Dubai. MTCC Officer-in-Charge, Siti Syaliza Mustapha, said sustainable forest management has been practiced in Malaysia for a long time and the materials used in the pavilion are certified under the Malaysian Timber Certification Scheme (MTCS) which provides assurance that the materials are from sustainably managed forests.

See: [http://mtc.com.my/images/media/900/Berita\\_Harian\\_-\\_Malaysia\\_pamer\\_kayu-kayan\\_di\\_Ekspo\\_2020\\_Dubai.pdf](http://mtc.com.my/images/media/900/Berita_Harian_-_Malaysia_pamer_kayu-kayan_di_Ekspo_2020_Dubai.pdf)

### Association initiative on LCA

The Malaysian Wood Industries Association (MWIA) will undertake Life Cycle Assessments for some Malaysian wood products. The Star newspaper has quoted MWIA president, Goh Chee Yew, as saying “the Association is constantly involved in product development with local experts such as Forest Research Institute Malaysia (FRIM) and the Forestry Department on products that can increase and maximise the optimal consumption and adding more value for local timber, which is where LCA comes into play in the move towards zero waste and the circular economy”.

See: <https://www.thestar.com.my/starpics/2021/09/29/leading-change-for-a-sustainable-circular-industry>

## Malaysia's exports of wood products (RM million)

	Jan – Jul 2021	Jan – Jul 2020
Logs	324	293
Sawnwood	1,322	1,313
Fibreboard	55	66
Plywood	1,762	1,733
Mouldings	415	386
Veneer	51,956	7
Builders woodwork	559	523
Wooden furniture	6,046	5,208
particleboard	144	153
Other products	1,876	1,641
Total	12,904	11,752

Data source: MTIB

### Plywood Prices

Plywood traders based in Sarawak reported the following export prices:

FB (11.5 mm)	US\$780 C&F
CP (3' x 6')	US\$650-670 C&F
UCP (3' x 6')	US\$750-770 C&F
Middle East	US\$520 FOB
Hong Kong	US\$515 FOB
9 mm and up	
South Korea	US\$520 C&F
Taiwan P.o.C	US\$500 FOB

## Indonesia

### Forestry sector performance improving

The Secretary General of the Ministry of Environment and Forestry, Bambang Hendroyono, has indicated that from the beginning of July 2020 the performance of the forestry sector has been improving. The timber sector plays an important role in the economy as it is a major employer in upstream and downstream sectors in Indonesia.

Bambang said the government's initiatives and support for the sector helped alleviate the worst effects of the covid control measures on output and support employment. The government has reported that growth in the agriculture, forestry and fisheries sectors recorded by Statistics Indonesia grew around 13% in second quarter of this year.

The increased performance of forestry sector included production logs from natural and plantation forests in the first and second quarters of 2021 amounting to 25.6 mil. cubic metres, an increase of about 6% compared to the first and second quarters of 2020.

Processed wood production in the first and second quarters of 2021 totalled 23,285,433 cubic metres, an increase of almost 2.5% compared to the same period in 2020.

The production of Non-Timber Forest Products in the first and second quarters was 192,269 tonnes, an increase of 48% compared to the first and second quarters of 2020. The export value in the first and second quarters was around US\$7.5 billion, an increase of 40% compared to the same period in 2020.

See: <https://ekbis.sindonews.com/read/557586/34/sektor-usaha-kehutanan-mulai-rebound-di-kuartal-iii-2020-1633187455/10>

In related news Indonesian Forest Entrepreneurs Association (APHI) noted that in the first nine months of this year exports by downstream product manufacturers increased 28% despite the challenges from rising shipping costs.

Paper product exports recorded the highest value at US\$2.8 billion followed by pulp at US\$2.1 billion, panels at US\$2.1 billion and wooden furniture at US\$2.1 billion.

See: <https://ekonomi.bisnis.com/read/20211010/257/1452575/ekspor-industri-hilir-hutan-tumbuh-28-persen>.

The Director of Forest and Plantation Products in the Ministry of Industry, Emil Satria, is confident on the growth of furniture exports as this sector has proven to be resilient despite the pandemic.

The Ministry of Industry noted that in the first eight months of this year furniture exports (HS code 9401-9403) reached US\$1.61 billion, a 36% rise from the same period in 2020. Data was not provided on how the 2021 exports compare to those in 2019 before the pandemic.

See: <https://bisnis.tempo.co/read/1515667/kemenperin-targetkan-ekspor-furnitur-tembus-rp-284-triliun-tahun-ini/full&view=ok>

### SMEs to get help upgrading machinery

The Acting Director General of Small and Medium Scale Industry in the Ministry of Industry, Reni Yanita, said the ministry is working to upgrade the machinery used by small and medium-scale furniture industries to improve productivity as well as quality so as to create export opportunities for these industries.

The Ministry plans to partly reimburse SMEs that buy machinery during the period of the plan. The ministry will provide 25% for imported machine and 40% for locally-made machines.

See: <https://en.antaranews.com/news/191149/industry-ministry-optimizes-furniture-machinery-restructurization>

### Breakbulk cargo shipments

The Deputy Minister of Environment and Forestry, Alue Dohong in a meeting with the media, reported that a private company exported plywood and blockboard to United States using breakbulk shipping.

The press reported Alue as saying "It turns out that the use of breakbulk is more efficient and 50% cheaper than shipment using containers." The Deputy Minister urged other companies to explore this shipping option.

In related news, the Chairman of the Indonesian Furniture and Craft Industry Association (HIMKI), Abdul Sobur, responded to the suggestion by the Minister of Trade that furniture exporters should utilise air freight when shipping containers are not available.

Sobur said Indonesian furniture products were mostly large sized and as such not all types of furniture can be shipped profitably by air. Since the end of last year, the furniture industry has been suffering increased shipping costs especially for transcontinental shipments.

See: <https://www.msn.com/id-id/ekonomi/bisnis/ongkos-pengapalan-naik-900-persen-industri-mebel-sulit-beralih-ke-kargo-udara/ar-AAP6AAP?ocid=BingNewsSearch> and <https://www.antaranews.com/berita/2415465/inovasi-breakbulk-tingkatkan-daya-saing-plywood-indonesia>

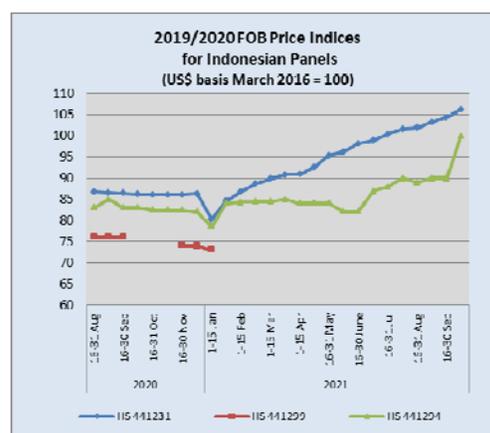
### A commitment to sustainable trade

In a press release the government reaffirmed its commitment to supporting and implementing a sustainable trade by signing a memorandum of understanding with the Global Initiative Report through the launch of a 'Sustainability Reporting for Responsible Business in Indonesia.'

The Director General of National Export in the Ministry of Trade, Didi Sumedi, said Indonesia has shown a commitment to sustainable trade. One of which is for the sustainable trade in wood products through the timber legality verification system (SVLK) which is recognised in Europe.

The collaboration with the Global Initiative Report is expected to help SMEs improve their understanding of sustainability aspects in their business processes.

See: <https://pressrelease.kontan.co.id/release/gandeng-global-initiative-report-kemendag-berkomitmen-dalam-sustainable-trade>



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

## Myanmar

### Declining timber exports

According to data released by the Ministry of Commerce timber exports are declining. The value of timber exports reached at US\$175 million in 2018-19, US\$154 million in 2019-20 and US\$116 million for the 11 months of 2020-21.

Verification of legality is one of the major causes of the decline followed by the effect of pandemic control measures and political developments. Timber exports were stalled for the three months of April, May and June 2021 as a result of a review of export regulation by the new administration. Then the US and EU imposed restrictions on trade handled by the Myanmar Timber Enterprise (MTE), the state-owned enterprise responsible for supplying of log to mills in the country.

Since MTE is sole organisation to supply the logs to mills the trade restrictions are having a serious impact on the timber industry.

### Exchange rate nose dives

Myanmar's currency, the kyat, is at an all-time low. Against the US dollar the Kyat was trading at 1,395 in February, it dropped to 1,695 in September and in mid-October stood at 2,700 to the dollar. The depreciation will make it hard for the administration revive the country's economy

### Manufacturing sector attracts most investment

The Directorate of Investment and Company Administration has reported that the majority of foreign enterprises investing in Myanmar in the last financial year 2020-2021 opted for the manufacturing sector and invested around US\$290 million in 27 projects.

Manufacturing enterprises create jobs so are prioritised according to the Myanmar Investment Commission. Currently, labour intensive businesses are facing very challenging conditions due to the pandemic and the political situation.

## India

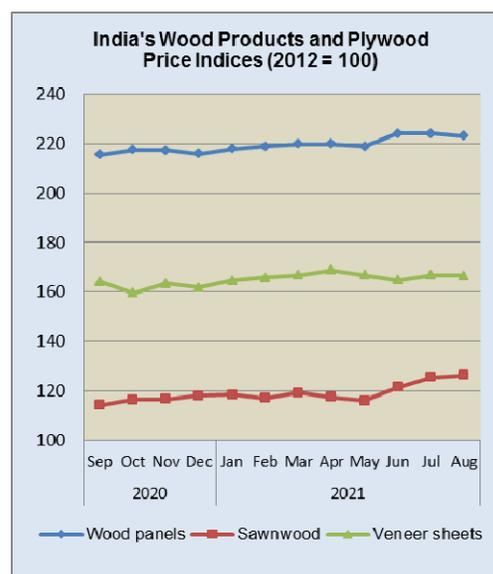
### Rising raw material costs for timber industry yet to impact wholesale indices

The Ministry of Commerce and Industry has reported the official Wholesale Price Index for 'All Commodities' (Base: 2011-12=100) for August 2021 increased to 135 from 132 in July 2020.

The index for manufactured products which accounts for almost 65% of the overall index, increased to 133.0 in August 2021 from 132.0 for July 2021. Out of the 22 groups of manufactured products, 14 saw increased prices; 6 groups witnessed a decline and for two groups the prices remained unchanged in August 2021 as compared to July 2021.

The increase in prices was mainly contributed by the manufacture of basic metals; food products; chemicals and chemical products; electrical equipment and textiles. The recent rise in costs of raw materials for the wood processing industry is expected to appear in the September and October indices.

The press release from the Ministry of Commerce and Industry can be found at: <http://eaindustry.nic.in/cmonthly.pdf>



Data source: Ministry of Commerce and Industry, India

The press release from the Ministry of Commerce and Industry can be found at: <http://eaindustry.nic.in/cmonthly.pdf>

### Firm signs of economic recovery

In its report on the economy for September the Ministry Finance said India's economy has started to strengthen as the second wave of infections ebbed. Citing a rise in industrial output and modest inflation India on a path to recovery. Sustained agriculture output, the rebound in manufacturing and resumption of services are all positive indicators. In parallel to growth signals bank credit growth improved in September.

See: <https://www.thehindu.com/business/Economy/indias-economic-recovery-at-90-of-pre-pandemic-level-in-september-finance-ministry/article36938469.ece>

### Home buyer confidence to lift housing growth

There was firm growth in the Indian residential and commercial property sectors in the third quarter of this year as the country slowly began to return to normal due to the efficient vaccination programme. Record-low home loan interest rates and other benefits offered by real estate companies helped lift demand after the decline in the second quarter.

Looking ahead, Kailash Babar writing in the Economic Times of India, says the real estate sector could see sustained growth in the coming quarters on the back of renewed buyer confidence.

See:

[https://economictimes.indiatimes.com/industry/services/property-/construction/brick-by-brick-indian-real-estate-market-is-climbing-out-of-the-covid-hole/articleshow/86769925.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/industry/services/property-/construction/brick-by-brick-indian-real-estate-market-is-climbing-out-of-the-covid-hole/articleshow/86769925.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

### Teak logs and sawnwood

Freight rates for logs and sawnwood are showing no signs of easing. Importers are saying that in some cases the cost of freight per unit volume is higher than the cost of the timber.

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

	US\$/cu.m C&F
Benin	359-547
Sawnwood	359-547
Brazil	330—553
Sawnwood	221-777
Cameroon	639
Sawnwood	974
Colombia	238-615
Costa Rica	263-652
Ecuador	254-495
Gabon	370
Ghana	260-559
Sawnwood	485
Guatemala	594
Ivory Coast	311-458
Sawnwood	375-752
Mexico	369-439
Sawnwood	373-585
Panama	257-539
PNG	389
Sawnwood	492-677
Tanzania	192-294
Sawnwood	896-1068
Togo	259-532
S. Sudan	414-676
Sawnwood	633
Nigeria	319-630
El Salvador	349
Nicaragua	
Sawnwood	385-564
Solomon Is.	248
Surinam	222

Price range depends mainly on length and girth.

### Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,000-4,200
Balau	2,500-2,700
Resak	-
Kapur	-
Kempas	1,550-1,750
Red meranti	1,550-1,750
Radiata pine	800-900
Whitewood	800-900

Price range depends mainly on lengths and cross-sections

### Sawn hardwood prices

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

### Plywood production costs rising

Despite the recent increase in plywood prices plywood manufacturers are struggling with rising production costs. The high cost of credit, slack order flow and increased prices for raw materials including logs and veneer, formaldehyde, preservatives, phenol and shuttering base paper are challenging the sector.

Poplar log prices have jumped around 25% in a few months driven higher by the drop in harvesting as workers had to stay home.

See: <https://www.tribuneindia.com/news/haryana/yamunanagar-plywood-industry-struggles-hard-for-survival-313591>

### 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**

**USTR agreement to resolve timber investigation**

Through a press release quoted below the United States Trade Representative, Katherine Tai, announced an agreement with Vietnam that addresses U.S. concerns in the Vietnam Timber Section 301 investigation. This is the first 301 investigation to address environmental concerns.

“The Agreement secures commitments that will help keep illegally harvested or traded timber out of the supply chain and protect the environment and natural resources. Ambassador Tai determined that the Agreement provides a satisfactory resolution of the matter subject to investigation and that no trade action is warranted at this time.

Going forward, the Office of the U.S. Trade Representative (USTR) will monitor Vietnam’s implementation of the Agreement.

“I commend Vietnam for its commitment to address our concerns regarding the importation and use of timber that is illegally harvested or traded,” said Ambassador Katherine Tai.

“With this Agreement, Vietnam will provide a model – both for the Indo-Pacific region and globally – for comprehensive enforcement against illegal timber. USTR looks forward to working with Vietnam to deepen collaboration and information exchange, including through a newly created Timber Working Group.”

The Agreement contains multiple commitments by Vietnam on issues related to illegal timber, including commitments to improve its Timber Legality Assurance System; keep confiscated timber (i.e., timber seized for violating domestic or international law) out of the commercial supply chain; verify the legality of domestically harvested timber regardless of export destination; and work with high-risk source countries to improve customs enforcement at the border and law enforcement collaboration.

“Illegal timber in the supply chain damages the global environment and the natural resources on which we all depend, and is unfair to U.S. workers and businesses who avoid such timber,” added Ambassador Tai.

“USTR’s first use of Section 301 in this investigation shows the strength of using this tool to address concerns regarding environmental risks or the enforcement of environmental laws.”

The USTR investigation was initiated in October 2020 under Section 301 of the Trade Act of 1974. The full text of the Agreement is available here. The Federal Register notice summarizing the Trade Representative’s determination provides additional background”.

See: <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2021/october/ustr-announces-agreement-between-united-states-and-vietnam-resolve-timber-section-301-investigation>

**Vietnam’s wood products trade highlights**

Vietnam’s W&WP exports to Japan in September 2021 were valued at US\$90 million, down 17% compared to September 2020. In the first 9 months of 2021 the exports of W&WP to Japan totaled at US\$1.02 billion showing an increase of 10% over the same period in 2020.

However, due to the Covid-19 fourth outbreak, W&WP export to Japan declined beginning in August. W&WP exports to Japan are expected to recover in the last quarter of 2021 as the Government eases social distancing and lockdowns allowing the resumption of production.

Wooden furniture exports have grown an average 17% per year since 2016. In the first 8 months of 2021 the accumulated export earnings from wooden furniture exports reached US\$7.25 billion, an increase by 48% over the same period in 2020.

Softwood wood imports into Vietnam in September 2021 were estimated at 123,900 cu.m, worth US\$32.8 million up 4.4% in volume and 2% in value compared to August 2021. Compared to September 2020 softwood wood import increased by 49% in volume and 78% in value.

In the first 9 months of 2021 softwood wood imports were reported at 1,132 million cu.m, worth US\$267.3 million, up 83% in volume and 104% in value over the same period in 2020.

In September 2021, the Covid-19 epidemic continued to be complicated across the country and greatly affected the production and business operation of all enterprises.

Following 15 months of continued increase the exports of rattan, bamboo and other types of NTFPs in September 2021 declined to US\$50 million, down 9% compared to the same period in 2020.

In the first 9 months of 2021 exports of all NTFPs were valued at US\$631.6 million, up 50% over the same period in 2020.

### Exports to Japan falling for the second month

In September 2021 Vietnam's exports of W&WP to the Japanese market were valued at US\$90 million, down 17% compared to September 2020.

In the first 9 months of 2021 W&WP export to Japan totalled at US\$1.02 billion, an increase of 10% over the same period in 2020. Due to the Covid-19 control measures in Vietnam W&WP exports to Japan declined in August and September. However, a recovery of trade is anticipated in the last quarter of the year as the Vietnamese government eases control measures.

In the first 8 months of 2021 of the W&WP exports to Japan wooden furniture was the main item valued at US\$341 million, up 1% over the same period in 2020.

Guest-room and dining-room furniture topped exports with the revenue of US\$928 million, up 7% over the same period in 2020 followed by wooden-frame seats (US\$81 million, up 7%) and bedroom furniture (US\$64 million, down 16%).

After wooden furniture were woodchip exports valued US\$ 325 million, up 26% over the same period in 2020. Joinery panels and floorings, as the third WP group contributed US\$117.3 million, up 27%.

#### Vietnam's W&WP exports to Japan

	Jan-Aug 2021 US\$ 000s	% change 2020-21
Total	931,446	13.7
Wooden furniture	341,205	1.2
Guest and dining-room furniture	91,983	6.9
Wooden frame seats	81,341	7.2
Bedroom furniture	63,884	-16.2
Kitchen cabinet	53,106	0.7
Office furniture	50,892	9.9
Woodchips	325,301	25.9
Wood-based panel and flooring	117,274	27.1
Wooden doors	895	-11.6
Fine arts/handicrafts	681	-31.4
Mirror frame	10	-80.9

Source: VIFOREST using data and information provided by the Newsletter TCMN – so 40 – 2021

#### Price of imported softwood wood

The average price of imported sawn softwood in the first 8 months of 2021 was US\$264/cu.m, up 10.4% over the same period in 2020.

In particular, the price of sawn softwood imported from Brazil increased by 21% to US\$248/cu.m; from Chile by 23% to US\$273/cu.m; from New Zealand by 23% to US\$95.4/cu.m; from the EU by 24% to US\$263/cu.m.

In the first 8 months of 2021, Vietnam imported 794,000 cu.m of sawn softwood worth US\$210 million, up 65.6% in volume and 97.5% in value over the same period in 2020.

Imports of softwood logs were reported at 212,400 cu.m, worth US\$23.5 million, up 278% in volume and 252% in value over the same period in 2020. The average price of softwood logs imported into Vietnam was US\$110.8/cu.m.

#### Main softwood suppliers to Vietnam – Jan-Aug 2021

	cu.m	US\$/cu.m
<b>Total</b>	<b>1,010,379</b>	<b>232.6</b>
Brazil	256,130	247.9
Chile	224,284	273.1
Australia	137,115	105.6
New Zealand	107,681	295.4
EU	78,509	263.3
US	55,234	132.2
Uruguay	52,530	245.7
Argentina	32,860	271.8
China	27,650	191.5
Others	38,386	

Source: VIFOREST using data and information provided by the Newsletter TCMN – so 40 – 2021

### Brazil

#### Companies commit to fighting climate change

The Brazilian Business Council for Sustainable Development (CEBDS) presented the Ministry of Economy a document titled 'Entrepreneurs for the Climate' which was signed by over 100 private sector entities in which they defend a low carbon economy and take responsibility for implementing change.

At the time the document was delivered the business community highlighted the opportunities generated from a sustainable business model such as job and income generation and how the action by the private sector is essential for the country to achieve its goal of reducing greenhouse gas emissions.

The CEBDS brings together around 80 of the country's largest business groups responsible for 47% of the Brazilian GDP and 1.1 million jobs. Thirteen of the fifteen largest companies by market value in the country are members of CEBDS.

In related news, a study 'Opportunities for Brazil in Carbon Markets', produced by the Brazil International Chamber of Commerce (ICC) shows that the carbon market has a potential to generate revenues of up to US\$100 billion by 2030 as well as creation of employment opportunities.

### Floresta+ programme now includes bioeconomy

The Floresta+ Program has a new feature, Floresta+ Bioeconomy aimed at payments for the provision of environmental services by those who preserve the environment. The idea of this new programme is to raise awareness among buyers of extractive products of the contribution that these workers make to the preservation of forests.

The Forest+ Program has among its objectives:

- Recognition of the direct contribution of sustainable forest management activities, whether timber or non-timber, for the protection of forests
- The creation of commercial arrangements and encouragement of innovation to highlight, recognize and remunerate the environmental services performed by those who work in forest conservation
- Encouraging timber and non-timber forest production from natural forests in Brazil, fostering innovation, structuring and development of this chain through Payment for Environmental Services
- Encouraging remuneration for monitoring, conservation and recovery activities of natural vegetation, enabling the guarantee of income, generating stability and incentives for the maintenance of forest areas
- Business actions that have the potential to enhance the market for payments for environmental services.

### Furniture exports

In August 2021 the furniture sector in Brazil exported more than US\$75 million (FOB). This represented an increase of over 30% when compared to August 2020. This success demonstrates the consistent performance of the furniture sector and shows Brazilian products are gaining market share in international markets. Wooden furniture accounted for most of the exports and was worth US\$63 million.

The main export market for Brazilian made wooden furniture is the United States which accounted for over a third of exports followed by Chile at 15%.

### Timber industries resume shipments from Port of Vila do Conde

The refusal by wood product exporters to ship through the Vila do Conde Port in Barcarena a municipality in the state of Pará which is one of the largest tropical timber exporting states in Brazil was recently lifted.

This decision was made after commitments by the Port authorities to streamline and reorganise the system for processing export documents so as to avoid unnecessary delays. Unfortunately it has been estimated that it will take around three months to clear the backlog of export shipments.

The refusal to use the Port by the timber sector was called not only because of the delays in issuing export authorisations but also because of the lack of an efficient inspection service, excessive bureaucracy, high customs fees and because IBAMA did not have a presence at the Port .

IBAMA has informed that the problem in issuing export authorisations was due to the decision of the Federal Supreme Court (STF) which was issued without a deadline for IBAMA to adapt to the regulatory effects of the judicial measure and that this led to the disruption in document processing. IBAMA has been discussing with the exporters the consequences of the court decision that increased the demand for documents for export procedures of timber from natural forests.

### Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	211
Jatoba	104
Massaranduba	94
Muiracatiara	96
Angelim Vermelho	92
Mixed redwood and white woods	75

Source: STCP Data Bank

### Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	876
Jatoba	431
Massaranduba	431
Muiracatiara	386
Angelim Vermelho	386
Mixed red and white	255
Eucalyptus (AD)	193
Pine (AD)	130
Pine (KD)	165

Source: STCP Data Bank

### Domestic plywood prices (excl. taxes)

	US\$ per cu.m
Parica	439
4mm WBP	394
10mm WBP	318
15mm WBP	381
4mm MR.	293
10mm MR.	262
15mm MR.	

Prices do not include taxes. Source: STCP Data Bank

### Prices for other panel products

	US\$ per cu.m
Domestic ex-mill prices	
15mm MDParticleboard	196
15mm MDF	248

Source: STCP Data Bank

### Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipe	1,819
Jatoba	1,018
Massaranduba	1,036
Muiracatiara	1,032
Pine (KD)	267

Source: STCP Data Bank

### Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	445
12mm C/CC (WBP)	424
15mm C/CC (WBP)	417
18mm C/CC (WBP)	392

Source: STCP Data Bank

#### Export prices for added value products

FOB Belem/Paranagua ports		US\$ per cu.m
Decking Boards	Ipê	4,228
	Jatoba	1,908

Source: STCP Data Bank

## Peru

### 'Yacu Kallpa' case concluded

In late September Peruvian prosecutors filed charges in the Yacu Kallpa case named after the ship that carried illegally harvested wood from the forests of Iquitos to Houston, Texas.

Charges were brought against 14 people in export companies, 38 logging concession owners and 41 former Peruvian officials. They have been charged with crimes that include the illegal granting of rights and illegal timber trafficking.

See:

<https://ojo-publico.com/3046/yacu-kallpa-90-funcionarios-y-empresarios-acusados-por-tala>

### Exports higher but not yet at 2019 levels

Wood product exports reached US\$77 million in the first eight months of this year a figure that indicates a growth of almost 40% compared to the same period in 2020 (US\$50 million) however, export earnings have not yet reached the same level as seen in 2019 (US\$80 million).

This was reported by the Association of Exporters (ADEX) who pointed out that demand was highest for semi-manufactured products (US\$47.5 million), highlighting mouldings, slats and friezes for unassembled parquet and other profiled products.

Exports of sawnwood (US\$18.8 million), construction products (US\$4.5 million), furniture and parts (US\$2.7 million), veneer and plywood (US\$1.7 million), manufactured products (US\$0.8 million) were also exported.

The main destination was China, with a 31% share, followed by France (17%) and the United States (12%). Mexico, the Dominican Republic, Denmark, Belgium, Vietnam, New Zealand and Ecuador complete the top ten.

### Remote monitoring project

It has become a challenge to ensure the monitoring of forests in Peru while complying with social distancing. Since March the US Forest Service has been providing technical assistance to OSINFOR (Agency for Supervision of Forest Resources and Wildlife) for the design and implementation of a remote forest monitoring system.

This initiative has also involved the World Resources Institute (WRI) and the University of Sheffield to test in Peru an algorithm to detect and monitor selective logging activities in the rainforest using satellite imagery.

Recently the university refined and adapted its algorithm for Peru and training sessions will be held in October for OSINFOR staff to use it.

As part of the preparatory activities OSINFOR held a workshop to identify and generate consensus around the technical and institutional support requirements required to use remote sensing technologies in the supervision processes for qualifying titles.

The main objective of the workshop was to strengthen capacities for the development of the project roadmap, optimise institutional performance and ensure the financial sustainability of this initiative.

### Peru to be one of fastest-growing economies in Latin America

The International Monetary Fund (IMF) has forecast Peru's GDP growth will be 10% this year making Peru one of the fastest-growing economies in Latin America. This growth, says the IMF will be because of higher prices for metal exports.

According to its latest World Economic Outlook, Latin America's economic growth for this year will be 6.3%, half a point above what was considered in July (5.9%), mainly due to the good performance of the commodity export sector.

### Vaccination roll-out up-date

The Ministry of Health has reported that 46% of the target population for COVID-19 vaccination in Peru has received the two doses that prevent severe cases. As of early October 29,761,806 doses have been administered in Peru. Out of that total, 16,870,122 were administered to first dose recipients, while 12,891,684 as second shots.

### Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	664-679
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	584-612
Grade 2, Mexican market	498-523
Cumaru 4" thick, 6"-11" length KD Central American market	1009-1033
Asian market	1093-1131
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	598-621
Dominican Republic	703-719
Marupa 1", 6-11 length KD Grade 1 Asian market	569-598

### Domestic sawnwood prices

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

#### Export veneer prices

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

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

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

#### Export plywood prices

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

#### Domestic prices for other panel products

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

#### Export prices for added value products

Peru, FOB strips for parquet	US\$ per cu.m
Cabreuva/estoraque KD12% S4S, Asian market	1327-1398
Cumaru KD, S4S Swedish market	986-1119
Asian market	1089-1119
Cumaru decking, AD, S4S E4S, US market	1204-1237
Pumaquiro KD Gr. 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market	582-611
2x13x75cm, Asian market	774-831

## Japan

#### Fully vaccinated residents expected to top 70% in October

The government has lifted the state of emergency, the first time since April that the entire country is not subject to strict measure to curb the spread of the virus. The lifting was possible as there has been a steady decline in new infections easing of the strain on the country's medical system.

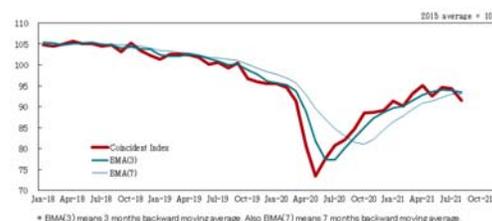
The government plans to ease restrictions in stages to bring back social and economic activities while also preventing another wave of infections.

As of mid-October just over 60% of the people in Japan have received two COVID-19 vaccine shots with 71% having received their first shot. The proportion of fully vaccinated residents is expected to top 70% this month. The government plans to finish administering two vaccine shots to all willing residents by the end of November and it plans to begin booster shot for medical workers before the end of this year.

#### Business conditions worsened in September

The Cabinet Office index of business conditions reflecting the state of the Japanese economy marked its sharpest fall in 15 months in September. A government official reported in the domestic press said that the indices for industrial output and shipments dropped mainly because of lower output from the auto industry, the result of a chip shortage.

The index for retail sales also trended lower as the covid restrictions stopped people moving around.



#### Conditions severe says Bank of Japan

Largely because of the drop in car exports the Bank of Japan (BoJ) downgraded its economic assessments for five of the country's nine regions.

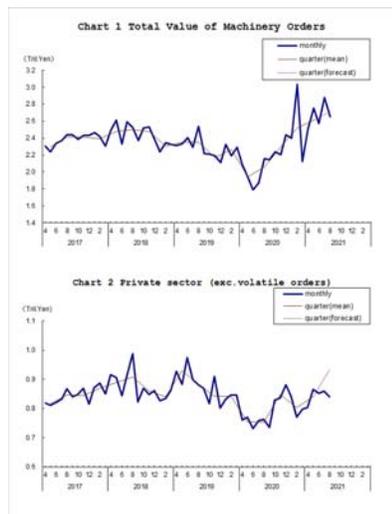
In its quarterly Sakura report, the BoJ said the Japanese economy remains in a "severe" situation despite its recovery trend. This assessment was released before the state of emergency covering 19 of the country's 47 prefectures was lifted.

In the BoJ's Tankan survey for September the index for current business conditions rose for the fifth straight quarter at both large manufacturers and large non-manufacturers. But the survey also showed that large manufacturers are cautious about their business conditions. Medium and small companies are experiencing extremely tough conditions.

See: [www.japantimes.co.jp/news/2021/10/07/business/boj-regional-downgrade/](http://www.japantimes.co.jp/news/2021/10/07/business/boj-regional-downgrade/)

#### Private sector investment stalls

Private sector machinery orders by Japanese manufacturerse declined in August from a month earlier. The Cabinet Office downgraded its assessment for the first time since February, saying machinery orders, which are considered a leading indicator of corporate capital expenditure, showed "signs of stalling in their recovery."



**Energy costs rising, another damper on household spending**

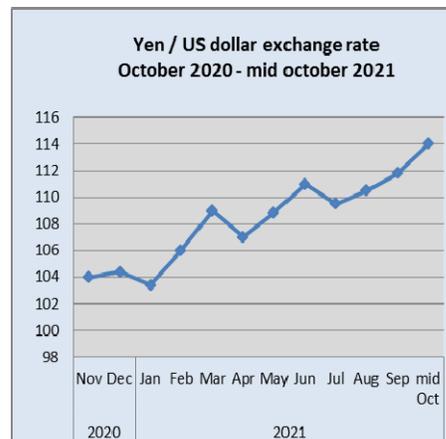
Household spending had been falling more sharply than expected during the state of emergency and was particularly impacted by curbs on holiday travel. The 3% year-on-year decrease in spending in August was worse than forecast and followed a 0.7% increase in July.

The latest data are a challenge for the new Prime Minister Fumio Kishida as the country prepares for the late October general election. Analysts expect consumption to rebound in the coming months as the state of emergency has been lifted and progress in the vaccination roll-out lifts people’s spirits.

Electricity prices in Japan jumped to a nine-month high in mid-October as prices for oil, natural gas and coal are starting to impact the cost of power generation. Japan imports most of its energy needs so higher oil, gas and coal prices will drive inflation higher.

**Yen at 3 year low**

The yen’s slipped to its lowest level in almost three years (113.45 to the US dollar) in mid-October. This, along with rising costs for imported energy could create a big challenge for the government which hopes to get the economy moving again. With Brent crude at US\$85 a barrel and rising further yen weakness is likely.

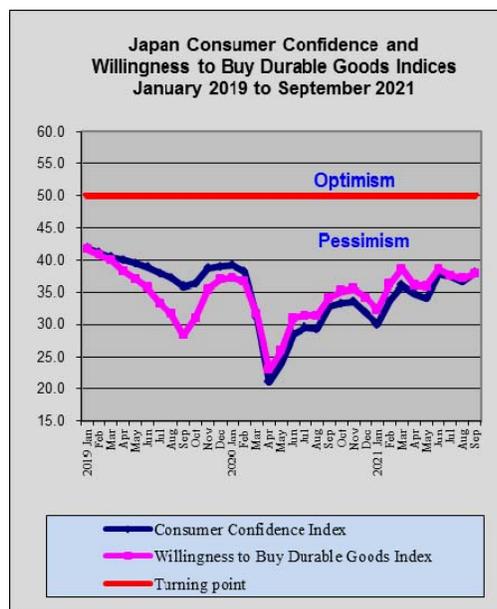


**Import update**

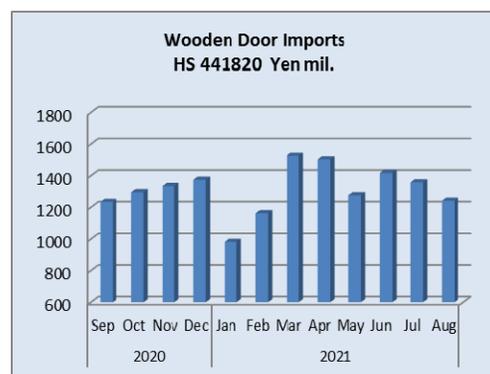
**Wooden door imports (HS441820)**

Year on year, August wooden door imports (HS441820) were 17% higher than in 2020 but still well below the value of August 2019 imports. August marked the second consecutive drop in the value of wooden door imports. Compared to July, the value of August imports was almost 9% down.

China accounted for 61% of Japan’s August 2021 imports of wooden doors with a further 25% being shipped to Japan from the Philippines. The only other significant supplier in August was Malaysia which provided an additional 3% of the total value of wooden door imports.



Data source: Ministry of Finance, Japan



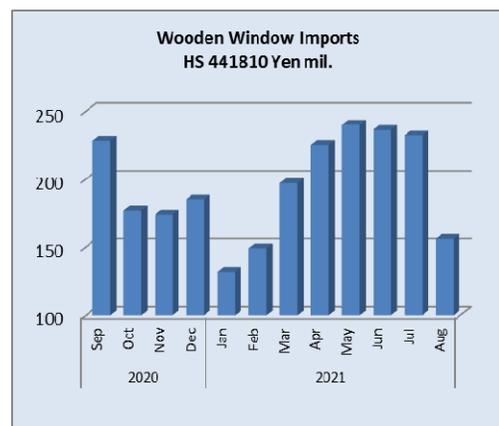
Data source: Ministry of Finance, Japan

**Wooden window imports (HS441810)**

Data from the Ministry of Finance shows a dramatic decline in the value of August imports of wooden windows (HS441810). If correct August imports dropped by almost half from a month earlier. The largest decline in August arrivals was because of reduced shipments from the US (down 90%), the Philippines (down almost 50%) and China, the largest supplier (down 24%).

If the data is correct then the value of August imports of wooden windows was 15% below that in 2020 and sharply down on the value of August 2019 imports.

Over 90% of Japan's imports of wooden windows came from shippers in just three countries, China (54%), the Philippines (15%) and the US (14%). Shippers in these three countries continue to dominate Japan's imports of wooden windows.

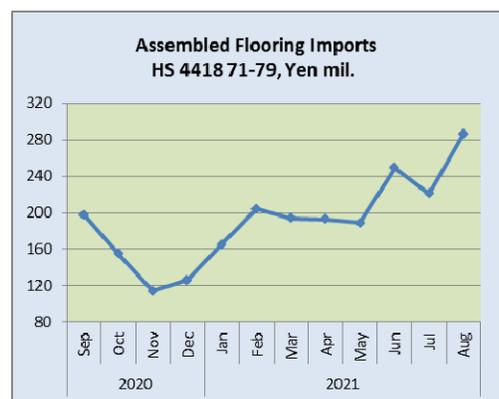


Data source: Ministry of Finance, Japan

#### Assembled wooden flooring imports

The dip in the value of assembled flooring (HS441871-79) in July this year no looks like a blip as imports shot up again in August exceeding the high reported in June. Year on year, the value of Japan's imports of assembled wooden flooring in August this year rose 62% and they were well up on the value of August 2019 imports.

As in previous months imports of HS441875 was the main category (85%) of assembled flooring imports with 42% being shipped from China. Shippers in Vietnam continue to do well accounting for 27% of August 2021 imports. The other major supplier in August was Thailand.



Data source: Ministry of Finance, Japan

#### Plywood imports

Japan's plywood imports have been slipping since the beginning of the year but the volume of August imports was above that in August 2020 during the height of the corona spread in Japan.

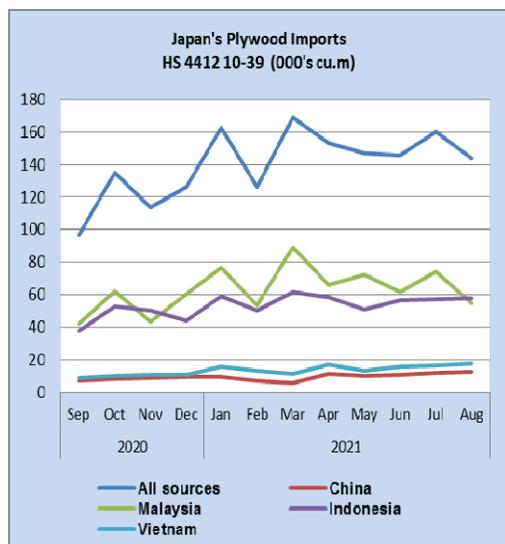
Augst 2021 imports were below that in August 2019. Month on month, August 2021 imports were down 10% with most of the decline being accounted for by a 25% drop in the volume of imports from Malaysia.

Of the four main suppliers of plywood to Japan shippers in China and Vietnam maintained their small market share in August. Shippers in Indonesia also delivered around the same volume in August as in July. It was shippers in Malaysia that saw the sharp decline.

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

		China	Malaysia	Indonesia	Vietnam
2019	Jan	14	91.2	66.4	11.9
	Feb	11.1	85.3	75	4.2
	Mar	4.4	70.1	61.2	9.8
	Apr	11.4	94.2	65.9	8.5
	May	12.4	61.8	48.9	10.6
	Jun	9.3	59.6	62.8	11.3
	Jul	9.8	65.1	59	12.1
	Aug	12.1	61.8	68.9	11
	Sep	10	53	62	12
	Oct	10.6	66.3	72	12
	Nov	13.1	69.5	68.1	12.6
	Dec	13	74.4	57.4	14
2020	Jan	13.4	61.1	81.6	17
	Feb	6.8	72.2	63.8	9.5
	Mar	5.8	76.5	73	12.2
	Apr	13	68	69	13.6
	May	9.6	69.7	59	12.6
	Jun	10.3	52	61	11.3
	Jul	10.2	40	54.9	8.9
	Aug	6.6	55	56	8.4
	Sep	6.8	42.2	37.8	8.7
	Oct	8.3	62.4	52.7	10.1
	Nov	8.6	43.1	50	10.9
	Dec	9.2	60.5	43.9	10.8
2021	Jan	9.7	76.9	59.3	15.7
	Feb	6.8	53.5	50.1	13
	Mar	5.7	89.4	61.5	11.5
	Apr	11.4	65.9	58.2	17.3
	May	10.3	72	51	13
	Jun	10.5	61.9	56.6	15.6
	Jul	11.8	74.1	57.1	16.4
	Aug	12.8	54.7	57.8	17.5

Data source: Ministry of Finance, Japan



Data source: Ministry of Finance, Japan

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

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

For the JLR report please see:

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

### Price increase of softwood plywood

Shortage of domestic softwood plywood supply is getting critical with brisk demand by precutting plants. Plywood manufacturers have been running full but the manufacturers' inventory is drying up. Because of difficulty of getting enough logs to manufacture plywood, the manufacturers are not able to increase the production so delayed deliveries are now common so precutting plants are facing difficulty of smooth operations.

The manufacturers decided to increase the sales prices of 12mm 3x6 to 1,200 yen per sheet delivered since October 1. The prices of 24 mm 3x6 panel prices are now 2,400 yen and 28 mm 3x6 are 2,800 yen. Also non-structural softwood floor base prices are 1,050 yen, 50-70 yen up from September.

Log procurement by plywood mills is getting more difficult. In Western Japan, purchasing cedar and cypress logs is struggle and the log prices stay up high and some mills are using more imported Douglas fir logs, which prices are high. In Eastern Japan, plywood mills face hard competition with local sawmills and laminated lumber mills to buy cedar and larch logs at open market. Cost of manufacturing floor base is climbing as prices of cypress and Hokkaido fir logs to use face and back of floor base.

Shipment of softwood plywood was more than the production in August and inventory of structural softwood plywood inventory was 73,100 cbms, 600 cbms less than July end.

Delay of delivery of one to two month is becoming normal now. Wholesalers and DIY stores also keep chasing softwood plywood with high prices.

The market prices of 12 mm 3x6 are 1,130-1,150 yen. With short supply, the price hike this time seems to be accepted in no time.

Floor manufacturers showed negative attitude to higher prices at the beginning but imported falcate floor base prices are up because of higher log cost then delay of delivery by shortage of containers is critical and supply of other plywood and floor base is also difficult so to keep stable supply of floor, they are accepting higher domestic softwood plywood prices

### National forest timber sales increased

By sudden demand increase of domestic wood as a result of wood shock, the National Forest moved up timber sale plans and the sale for April through July this year is 40% more than the same period of 2019.

Log supply from the national forest takes about 15% of total log demand and it is functioning as adjustment factor. In 2020, log demand decreased by COVID 19 pandemic so the national forest sales dropped by about 30%.

System sales to particular purchasers, which takes about 70% of log sales had been around 1,800,000 cbms but in 2020, it declined to 1,640,000 cbms because there was not enough purchasers.

In 2021, things turned around and demand for logs sharply increased. Actually it is difficult to produce logs in short time so the National Forest moved up timber sale plan in each district stations.

Front loading of timber sales do not promise immediate increase of log production but compared to private timber harvest, National forest harvest is much quicker than private timber harvest as it has clear and definite management plan by the forestry agency. Actually log supply last summer did not disrupt because increase of national forest timber sales.

### Domestic log market

In Kanto region, despite active housing starts, movement of domestic logs is slowing since late August and downward pressure of prices is getting stronger in September. Green lumber and 120 mm lumber have been weakening then 105mm square, which was firm. Is getting softer. Only firm item is cypress sill. Dealers say that the market should firm up in October with fall demand.

Weakness started showing since late August and mood changed in September and steady movement of KD 105 mm post and cypress sill is holding the market.

Bearish mood is forming by factors like sharp drop of North American lumber market, recovery of supply of imported wood products and entry of new products like poplar LVL stud.

Meantime, sawmills continue bullish and if the prices drop, they refuse to deliver lumber to dealers but the volume of high price lumber is declining and the dealers need to find settling level.

Only firm item of KD 105 mm square cypress sill prices are holding 140-150,000 yen per cbm with spot high price of 160,000 yen. Meantime, prices of KD 105 mm cedar square, which led the market, are getting hard to hold 130,000 yen and the maximum now is 120,000 yen. KD cedar stud (30, 45 x 105 mm), which was front runner of high prices, turned from firm to soft with 120,000 yen but there are less than this prices in the market now. Cedar post and stud prices are also softening with 120,000 yen on 105 mm lumber and 100,000 yen on 120 mm lumber.

Green lumber needs to move fast as seasonally quality deterioration is concern so the prices are weakening. Green cedar purlin 4 meter 90 mm square prices were 55,000 yen until September but now 52,000 yen or lower.

#### **Survey of small contractors - (impact) of wood shock**

The National Federation of Construction Worker's Unions made survey through 270 small member contractors about wood building materials supply because supply shortage and higher cost put pressure on small builders. These contractors average number of building house is only 1.7 units a year. This is the second survey after last May survey.

About half replied that supply of building materials got worse and the prices soared. Impact to orders is that 60% says unchanged but 40% is struggling, which fail to conclude the contract because of higher cost. 20% stopped taking orders because of materials shortage. Potential house buyers are waiting to see how long the wood shock would last.

As to building materials supply, 51% says getting worse since last May and 42% says unchanged. For the prices, 56% says considerable increase and 37% says small increase. For degree of price increase compared to last May, 41% says 10-20%, 34% 30-40% and 15% more than 50%. 5% says more than double.

For precutting cost, 29% says flat, 23% says increase of less than 10,000 yen, 23% 10,000-20,000 yen up, 12% 20,000-30,000 yen up. 13% more than 30,000 yen up. 13% absorbs higher cost by themselves, 48% bears a part of increase and 39% passes onto the buyers.

For outlook of wood materials procurement, 79% says uncertain or unknown. 15% says gradual improvement and 4% says back to normal by the end of the year.

For financing, 51% says no problem, 35% says it depends on how long this situation would last and 8% says already has problem and 5% is having public financing. 85% says OK until the end of the year and 15% says OK until March next year.

#### **Plywood**

Supply tightness of domestic softwood plywood is getting grave despite full operations of plywood mills. Demand for both structural and non-structural continues brisk and the manufacturers' inventory is absolute minimum.

Precutting plants' operation is now depends on how soon plywood is delivered. Wholesalers are also frantic to secure the volume to deal with orders from local contractors for renovation.

Shortage would last as long as direct demand such as precutting plants continues brisk and log shortage and high log prices would last as long as lumber market stays bullish so the domestic manufacturers plan to keep price hike after October.

Higher prices and supply shrinkage continue on imported South Sea hardwood plywood. Malaysia and Indonesia are in rainy season now and log supply continues dropping and plywood mills face higher container freight so C&F prices have to go higher. Japanese buyers say that further increase of the prices are not acceptable since future demand is uncertain but the supplying mills do not mind losing orders if Japan does not accept the proposed prices.

#### **Vietnamese crating panel**

Shipments of Chinese and Vietnamese panels for crating have been delayed because of COVID 19 problem in producing regions and confused ocean transportation. Also the cost is being pushed up by high raw materials, adhesives and container freight.

Market prices in Japan have been climbing since last summer on poplar LVL and plywood. Prices of Chinese poplar LVL are affected by busy demand for housing and higher cost of veneer. Adhesive prices have been climbing since last summer.

Confusion of shipping is the main problem of delayed arrivals. Many ships are idling and tied up at ports around Shanghai, where labor shortage caused by COVID 19 causes slower cargo handling and transshipment so deliveries for Japan is becoming chronic now. It takes more than three months to arrive Japan after the cargoes ship out manufacturing plants.

Higher cost and delayed deliveries push the market prices up in Japan. Now 50,000 yen per cbm delivered is common and there are offers of more than 55,000 yen. Compared to average prices of 2019, they are 30-40% higher now.

Vietnamese plywood production is hampered by lockdown. The plants are ready for production but not in operation because of raw materials supply, transportation and movement of workers. The prices are more than 20% higher than average prices in 2020 and it is forecasted that the prices would further advance by another 20% toward December.

Particularly container freight is the largest concern. Freight on direct service from Vietnam to Japan is 20 times higher than late 2020 rate. Even with this rate, it is hard to find enough containers. In Japan, market prices of Vietnamese plywood B are 850-900 yen per sheet delivered, about 60 yen higher than last spring prices.

## China

### **Power rationing - wood processing capacity drops**

Power rationing policies are in effect in many provinces in order to limit activities of energy-intensive industrial enterprises. There are two issues behind this one is that the government is trying to achieve lower energy consumption the other reason is that there is a shortage of electricity production capacity across the country.

Measures to limit electricity use in factories are currently being enforced in 10 provincial regions including the economic centres of Jiangsu, Guangdong and Zhejiang Provinces.

Many companies and factories in Guangdong province have been required to operate on a staggered schedule in which production lines are allowed to run for two to three days a week. Household power use is not limited.

Wood processing enterprises are facing challenges in terms of environmental impact assessment and the power issue will further affect processing and production will decline further.

See: <https://news.chinabm.cn/2021/09271762880.shtml>

### **Furniture orders are coming back to China from Vietnam**

It has been reported that Vietnam's lockdown, which was due to end on 15 September 2021, has been extended until the end of September 2021 and many off-shore Chinese furniture companies say that they are directing orders back to China.

Vietnam surpassed China as the largest overseas supplier of veneer and plywood to the US at the end of 2020. Vietnam surpassed China as the largest furniture exporter to the US in May 2021.

But the corona virus ravaged Vietnam in mid-year and the government ordered factories to shutdown resulting in a sharp drop in output. Factory closures in Vietnam have forced Chinese investors in Vietnam to put expansion plans on hold

Due to the spread of the epidemic, Thailand, Vietnam, Malaysia and Indonesia have suffered renewed outbreaks. Most countries have declared a "lockdown", resulting in the suspension of production in many factories and the return of orders from ASEAN countries to China.

See:  
<http://www.vnexpo.org/ArticleShow1.asp?id=7896&BigClassid=68&SmallID=173>

### **Guangxi Chongzuo City was honored as China Panel Furniture Industry Base**

A conference on 'China National Light Industry Science and Technology Innovation and Industry Development' was held recently. Guangxi Chongzuo City was honored as the China Panel Furniture Industry Base jointly by China National Light Industry Council (CNLIC) and China National Furniture Association (CNFA).

The authorities in Chongzuo City attach great importance to the development of the wood processing industry and have observed that the furniture cluster development has achieved remarkable results with annual output value of exceeding RMB10 billion.

There are more than 1,000 wood processing enterprises in this City of which 108 wood processing enterprises have an annual output value of RMB200 million. At present the production of high-end panels and high-end furniture in Chongzuo City equals that of the same industry in Guangxi Province and thus meets the standard and requirements of characteristic regions and industrial cluster management by the China Light Industry Council.

With this honor the popularity of the Chongzuo brand will be enhanced which is of great significance to the improvement of Chongzuo panel furniture industry. Product exhibition, publicity and investment promotion will be conducted. The China Light Industry Council will provide guidance, supervision and services for the panel furniture industry development in the City together with industrial associations.

See: <https://view.inews.qq.com/a/20211007A0ALRU00>

### **Record braking outdoor leisure furniture export from He'nan Province**

Outdoor leisure furniture is one of the emerging segments with high export potential in He'nan Province and its products are exported to more than 60 countries and regions, which is a new trade growth point in He'nan Province.

According to the Zhengzhou Customs the value of outdoor leisure furniture and parts exports in He'nan Province between January and August 2021 surged 78% to RMB5.73 billion.

The exported outdoor leisure furniture includes cane sofas and deck chair, items which are sought by European and the US families.

Pingyu County, Zhumadian City in He'nan Province has attracted leading enterprises in the outdoor leisure industry such as Taipusen Group and Yongqiang Group and has developed as one of the best outdoor leisure products production bases in central China.

Data show that as of 20 September 2021 the value of outdoor leisure furniture exports was RMB610 million, a year-on-year growth of 52%, both export value and growth were a record high.

The success of exports of outdoor leisure furniture from Pingyu County is partly explained by the efforts of the local customs authorities to provide efficient Customs clearance and policies to support enterprise. Exporters can clear Customs formalities online bringing down transaction costs and enhances competitiveness.

See:  
[https://baijiahao.baidu.com/s?id=1712234921724277946&wfr=s\\_pider&for=pc](https://baijiahao.baidu.com/s?id=1712234921724277946&wfr=s_pider&for=pc)

### GGSC-CN Index Report (September 2021)

In September 2021, China's PMI index registered 49.6%, a decrease of 0.5 percentage points from the previous month. After operating in the expansion range for 18 consecutive months, China's PMI fell below 50%, indicating that the growth rate of manufacturing industry has been decreased.

In September the timber manufacturing industry is still not prosperous enough and there is no prosperity of "golden September and silver October". The performance of the production side and demand side is flat, and the International orders have picked up slightly. Although the price of raw materials is still rising, the inventory of raw materials has increased.

The GGSC-CN comprehensive index for September registered 48.2% (51.6% for last September and 55.3% for September 2019), an increase of 5.3 percentage points from the previous month, and was below the critical value of 50% for three months. It shows that the operations of the forest products enterprises represented by the GGSC-CN index shrank from last month. See below.

### GGSC-CN index trend from October 2020 to September 2021



### Challenges

- The transportation cost of raw materials is too high.
- The price of all South American timber has risen and the timber is in short supply. There is no way to solve it for the time being.
- The price of pine core board and Zingana has risen seriously.
- The supply of raw materials is unstable.

### Products in short supply

Fibreboard, okan, diperyx, merbau, zingana, pine core board and thermo wood

### Commodity for which the price has been increased

- Fibreboard, taun, eucalyptus, okan, diperyx, dahoma, oak, teak
- melamine, formaldehyde, diethylene glycol and other chemical materials.
- Colored paper, balance paper, wear-resistant paper, glue and paraffin.

### Commodity for which the price has declined

Oak, miscellaneous firewood.

### The GGSC-CN indices

In September 2021 all five sub-indexes of GGSC-CN changed. The production index registered 42.9. But still below 50% for three months. This indicates that the production of forest products enterprises represented by GGSC-CN is worse than that of last month.

The new order index registered 42.9 reflecting that the ability of enterprises to obtain orders is worse than last month. Among the indices, the new export order index reflecting international trade, registered 57.1%, an increase from the previous month showing that orders from abroad this month is increased from last month.

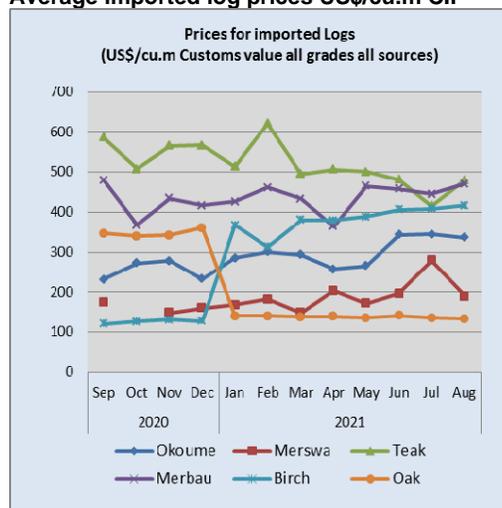
The main raw material inventory index registered 57.1%, an increase from the previous month. It shows that the raw material inventory of the surveyed forest products enterprises increased in September from last month.

The employment index registered 57.1%, an increase from the previous month. It shows that the employment of the forest products enterprises is higher than that of last month.

The supplier delivery time index was 50.0%. It indicates that the supply time of raw material suppliers of the superior forest product enterprises is the same as last month.

See: [http://www.itto-ggsc.org/site/article\\_detail/id/226](http://www.itto-ggsc.org/site/article_detail/id/226)

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



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

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

	2021 Jul	2021 Aug
Okoume	344	336
Merswa	280	190
Teak	415	480
Merbau	445	470
Birch	408	417
Oak	136	133

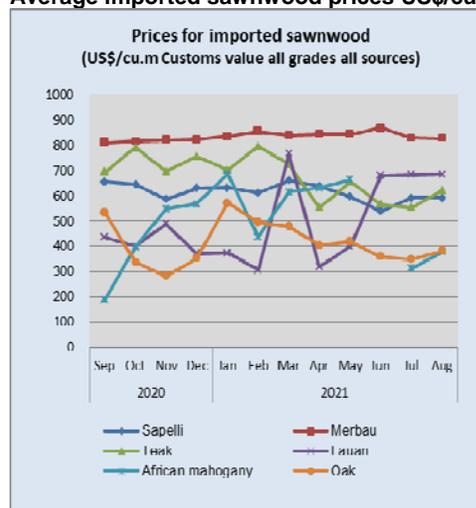
Data source: China Customs. Customs value all grades, all sources

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

	2021 Jul	2021 Aug
Sapelli	591	591
Merbau	829	826
Teak	553	621
Lauan	683	684
African mahogany	312	379
Oak	349	383

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

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



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

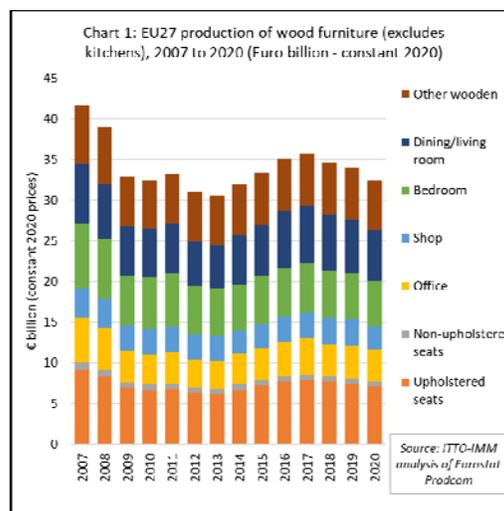
## Europe

### European wood furniture production down 5% last year

The latest Eurostat PRODCOM data reveals that the total value of wood furniture production in the EU27 declined 5% to €32.4 billion in 2020. This performance for the year is significantly better than initially anticipated at the start of the pandemic.

It is also an improvement on the 8% decline in total EU27 furniture production in 2020 implied by the Eurostat furniture production index published earlier this year.

Nevertheless, the decline was a major setback for a sector that has been sliding since 2018. Production value last year was the lowest since 2014 when the EU27 was just emerging from the depths of the Euro Debt Crisis in the aftermath of the 2007-2008 global financial crash (Chart 1).

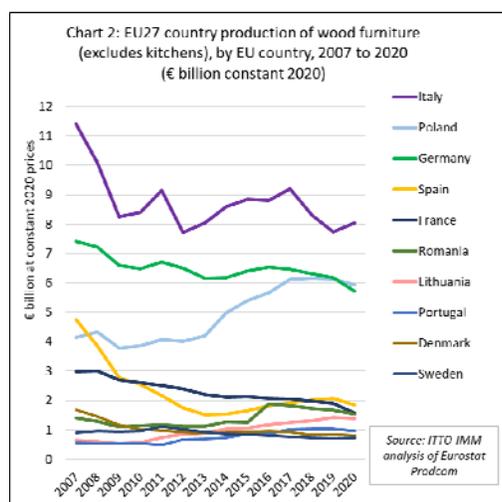


The production downturn in 2020 was particularly dramatic for shop furniture which saw a decline of 13% to €2.8 billion. This was the result of widespread closure of retail outlets and increased reliance on online shopping as much of Europe went into lockdown early in the pandemic.

The decline was much less severe in other sectors including upholstered seating (-5% to €7.0 billion), office furniture (-1% to €4.0 billion), bedroom furniture (-3% to €2.8 billion), dining/living room (-4% to €6.3 billion), and "other wooden furniture" (-6% to €6 billion). Production value of non-upholstered seating was flat at €0.6 billion.

Wooden furniture production value in Italy, the largest producer in the EU27, increased last year, rising 4% to €8.0 billion and recovering ground lost in 2019.

Production was down in all other leading supply countries including Poland (-3% to €5.9 billion), Germany (-8% to €5.7 billion), Spain (-11% to €1.9 billion), France (-17% to €3.2 billion), Romania (-9% to €1.5 billion). Lithuania (-2% to €1.4 billion), Portugal (-7% to €1.0 billion), and Denmark (-5% to €0.8 billion) (Chart 2).



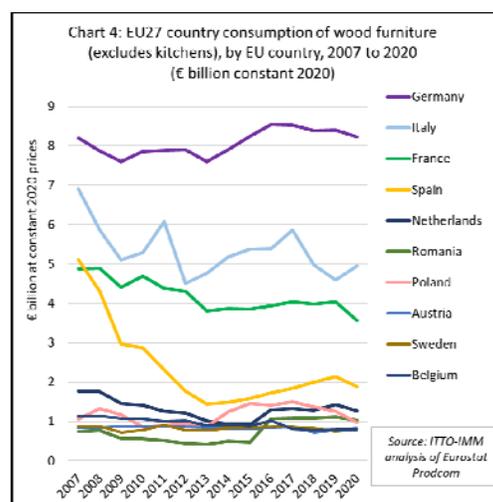
The value EU27 wooden furniture consumption fell 4% to €28.3 billion in 2020. As for production, the consumption downturn was most pronounced for wooden shop furniture, down 10% at €2.4 billion. The total value of EU27 consumption of wooden office furniture increased in 2020, rising 1% to US\$3.6 billion, probably a result of workers purchasing office equipment for their own homes during the lockdown.

Consumption of all other furniture types declined in 2020 including upholstered seating (-6% to €6.0 billion), other seating (-5% to €0.7 billion), bedroom furniture (-4% to €5.0 billion), dining/living room (-4% to €5.7 billion), and "other wooden furniture" (-4% to €5 billion).

Wooden furniture consumption in Germany, by far the largest single market in the EU27, was relatively stable in 2020, as it has been for the last 4 years, falling only 2% to €8.2 billion. Italy, again surprising given the severe effects of the pandemic in the country during the year, recorded an 8% increase in wood furniture consumption value in 2020, to €4.9 billion.

Gains in consumption were also recorded in Austria (+5% to €0.8 billion) and Sweden (+7% to €0.8 billion). Elsewhere there were large falls in consumption in France (-12% to €3.6 billion), Spain (-12% to €1.9 billion), the Netherlands (-11% to €1.3 billion), Romania (-7% to €1.0 billion), and Poland (-22% to €1.0 billion).

Consumption in Belgium was flat at €0.8 billion during the year (Chart 4).

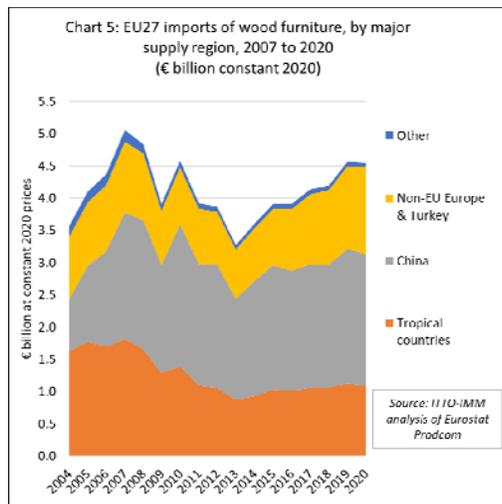


### EU27 wood furniture imports from tropical countries hit by freight problems

In 2020, the EU27 imported €4.5 billion of wooden furniture from outside the bloc, only 0.3% less than the previous year. Imports of €1.1 billion from the tropics were down 4% at €1.1 billion, while imports from China fell 2% to €2.0 billion.

In contrast imports from other countries outside the tropics increased 5% to €1.4 billion. The large decline from tropical countries was partly due to the severe shortages of containers and sharp rises in freight rates for shipments from Southeast Asia to Europe during the year.

However, this is also a continuation of a long term trend of rising share of EU27 wooden furniture supplies being sourced from other temperate countries, particularly in the European neighbourhood, notably Turkey, Bosnia Herzegovina, Ukraine, Belarus and Serbia (Chart 5).



In recent years, tropical countries have made some slight gains in the EU27 market for wooden furniture, with their total share of consumption value rising slowly from 3.5% in 2014 to 3.8% in 2019, a level maintained into 2020, despite pandemic-related problems. Vietnam's share crept up from 1.4% to 1.6%, Indonesia's from 0.9% to 1%, and India's from 0.5% to 0.7% during this period.

However, these gains came only after a long period of decline between 2007 and 2014. Before the global financial crises, tropical countries accounted for around 5% of all wooden furniture consumed in the EU27.

The long-term shift away from tropical suppliers in the EU27 wood furniture market was due particularly to loss of share for tropical wood in the outdoor sector, both to other wood products and, more significantly, to non-wood materials.

Furniture manufacturers in tropical countries have so far been relatively unsuccessful in accessing EU markets for interior furniture - unlike in the United States where tropical countries, particularly Vietnam, are rapidly increasing share.

To put EU27 wood furniture imports from tropical countries into perspective, it can be noted that the total value last year – in dollar terms around USD1.24 billion from all tropical countries - was slightly less than USD1.26 billion of US wood furniture imports just from Vietnam in the month of July this year.

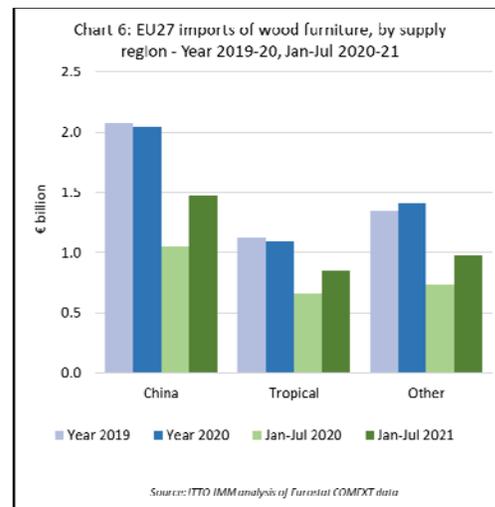
Meanwhile, in recent years, larger gains in the EU27 wood furniture market were made by Chinese suppliers, whose share of EU27 consumption increased from 6.7% in 2014 to 7.2% in 2020, and by other temperate suppliers, rising from 3.3% to 5.0% over the same period.

These gains were at the expense of domestic producers, but only around the margins without at all threatening the overwhelming market dominance of EU27 manufacturers.

Domestic production in the EU27 accounted for around 84% of all wood furniture consumption in the EU27 in 2020, a decline from 87% in 2014.

EU27 imports of wooden furniture have picked up pace this year, although again suppliers outside the tropics have benefited more than tropical suppliers (Chart 6).

The total import value in the first seven months of 2021 was €3.3 billion, 35% more than the same period in 2020 when much of the continent was operating under strict lockdown conditions. However, import value during the seven month period was also up 22% compared to the same period in 2019.



While it is a positive sign that EU27 importers are willing to spend more on wooden furniture from tropical countries this year, these gains in import value must be seen against the background of a five-fold increase in freight rates from Southeast Asia to Europe between September 2020 and July this year. Many tropical manufacturers are probably benefitting very little in terms of improved sales value.

EU27 wood furniture import value from China in the first seven months this year was €1.47 billion, 40% and 21% more than the same period in 2020 and 2019 respectively. The equivalent figure for import value from tropical countries was €850 million, up 28% and 19% compared to 2020 and 2019 respectively.

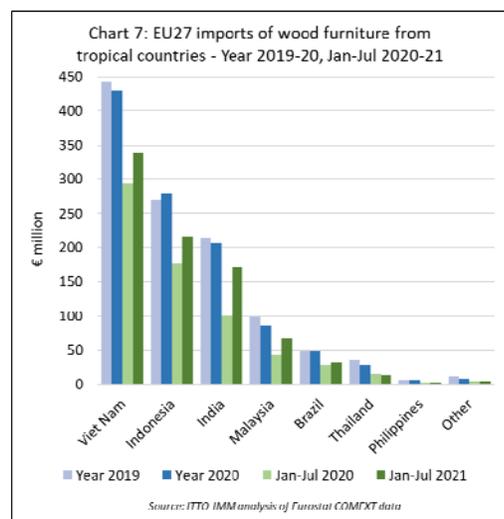
Import value from other countries (almost all neighbouring countries in Europe outside the EU) in the first seven months was €970 million, up 33% and 26% compared to 2020 and 2019 respectively.

Of the main tropical suppliers of wooden furniture to the EU27, import value from Vietnam was €340 million in the first seven months of 2021, 16% and 15% more than the same period in 2020 and 2019 respectively. Import value from Indonesia was €216 million, up 23% compared to 2020 and 25% compared to 2019.

India made even more spectacular gains, import value of €171 million in the first seven months this year being 71% and 36% more than the same period in 2020 and 2019 respectively.

Growth in import value of €67 million from Malaysia was more modest, up 53% compared to 2020 but only 14% more than 2019. Import value of €32 million from Brazil was just 10% and 16% more than the same period in 2020 and 2019 respectively.

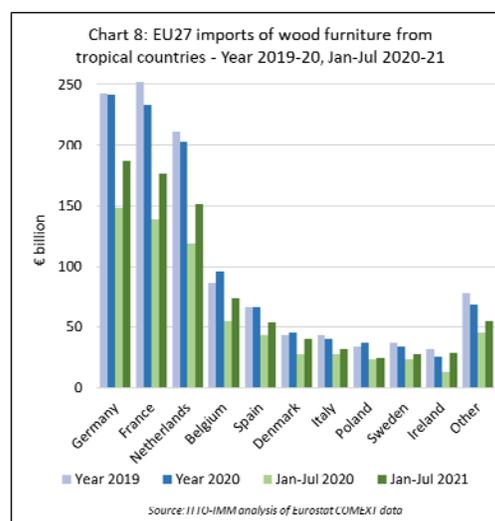
The import value from Thailand, at €15 million, was still 3% down compared to the first seven months of 2020 and 34% less than the same period in 2019 (Chart 7).



There were universal gains in import value of wooden furniture from tropical countries across all the leading EU27 markets in the first seven months this year including:

- Germany (€187 million, +26% on 2020 and +19% on 2019),
- France (€177 million, +27% on 2020 and +15% on 2019),
- Netherlands (€151 million, +27% on 2020 and +13% on 2019),
- Belgium (€74 million, +35% on 2020 and +48% on 2019),
- Spain (€54 million, +24% on 2020 and +25% on 2019),
- Denmark (€40 million, +43% on 2020 and +48% on 2019)
- Italy (€32 million, +14% on 2020 and +6% on 2019)

See Chart 8.



### Procedures for assessing effectiveness of EUTR are inadequate - European Court of Auditors

In a report published 4 October, the European Court of Auditors concluded that EC procedures for assessing effectiveness of the EU Timber Regulation (EUTR) are inadequate.

In the Special Report 21/2021: EU funding for biodiversity and climate change in EU forests: positive but limited results", the Court of Auditors conclude that:

"Reporting under the Timber Regulation does not provide the information with which the Commission can analyse the quality of Member States' monitoring activity, the national rules defining illegal logging or the procedures used for checks. Nor does it require Member States to substantiate their replies with supporting documents that would allow it to verify the accuracy or completeness of the information".

The Court goes on to note that "we reviewed the national procedures for checking domestic logging in Germany, Spain and Poland in order to assess the content and extent of the checks and confirm the importance of the Commission's role in monitoring. We found that procedural weaknesses and missing checks reduce the Timber Regulation's effectiveness in practice".

As background, the Court of Auditors note that the EUTR prohibits the placing of illegally harvested timber and timber products on the EU market. In general, illegal logging means any illegal practices relating to the harvesting or trading of timber and timber products.

The rules in place in the Member State define whether timber is illegally harvested. To minimise the risk of illegally harvested timber reaching the market the Timber Regulation requires operators to exercise due diligence. To this end, they must collect information on timber type, country of harvest, supply chain and compliance with the rules, assessing any risk and, where necessary, taking remedial action.

According to the Court of Auditors, in 2020, the European Commission (EC) published a report on Member States' checks under the Regulation. According to the EC report, all Member States were compliant with the formal requirements of the Regulation.

The Commission concluded that, despite progress, continuous efforts were needed to ensure that the Regulation was put into practice consistently and effectively in all Member States. It found that the number of checks remained low compared to the number of operators and doubted that these low frequency checks would have a dissuasive effect.

According to the EC report, there were an estimated 3,042,884 domestic operators in 21 Member States, and checks were made on 13,078 (0.43 %) during the two-year reporting period. The next review of the effectiveness of the Timber Regulation, together with a fitness check, is due in December 2021.

The Court of Auditors go on to explain that the EC is responsible for reviewing the functioning and effectiveness of the Timber Regulation. Member State reporting is the main source of information for its reviews.

The Timber Regulation requires Member States to make available information on the application of the regulation and leaves it up to the Commission to establish a format and procedure by an implementing act.

The Commission has not issued an implementing act but it has set up an online reporting system to collect information on Member State checks in a standardised way.

According to the Court of Auditors, "Reporting focuses on the risk criteria for selecting operators, the number of checks, the time taken for checks, the type of information recorded, and penalties.

Reporting under the Timber Regulation does not provide the information with which the Commission can analyse the quality of Member States' monitoring activity, the national rules defining illegal logging or the procedures used for checks. Nor does it require Member States to substantiate their replies with supporting documents that would allow it to verify the accuracy or completeness of the information".

The Court of Auditors report is available at <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=59368> The Court's analysis of EUTR is in paragraphs 33-39 starting at page 23 of the report.

**Tropical hardwood imports fell back in August**

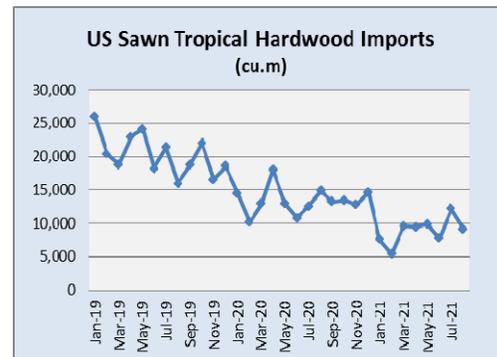
After spiking in July imports of sawn tropical hardwood fell by 25% in August, returning to the levels seen this spring. The 9,190 cubic metres imported is up 10% from that of August 2020 and about 5% below the volume we saw in March and April.

After smashing monthly records with 5,425 cubic metres imported in July, imports fell to 783 cubic metres for August, more in line with historic levels and about the same level seen last August. Imports of Mahogany rose sharply for a second straight month and are now ahead 146% year to date. Virola imports are up 47% for the year so far after also gaining strongly in August.

Imports from Malaysia fell by 90% in August, due to Keruing, but remain ahead 14% year to date. Imports from Brazil rose 51% in August but are down 83% year to date, although that may be more due to how the U.S. is now measuring this import category than to actual imports.

Total tropical hardwood imports are down 33% for the year so far, but that number is due to the removal of Ipe and Jatoba totals from the category beginning this year. When the two woods are included, US imports of sawn tropical hardwood are up 21% so far this year versus last year.

Meanwhile, Canadian imports of sawn tropical hardwood fell for the fourth straight month in August. Monthly imports dropped 5% as imports from Ghana, Brazil, and the United States all fell sharply. Despite the continued decline total imports for the year are ahead 16% over last year through August.



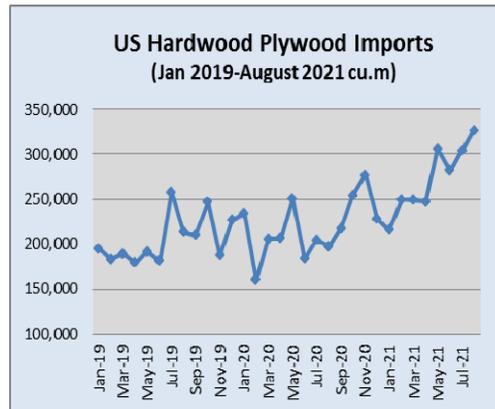
Data source: US Census Bureau, Foreign Trade Statistics.

**Hardwood plywood imports rise to four year high**

Imports of hardwood plywood continued their rise in August. Import volumes were up 7% in August to 326,682 cubic metres, the highest level since January 2017. Imports from Indonesia accounted for nearly one-third of the volume, rising 72% in August.

Imports from Indonesia are ahead of last year's volume by 54% through August. Imports from Malaysia rose sharply in August (up 204%), while imports from Vietnam fell by 34%.

Total US imports of hardwood plywood are ahead 33% from 2020 year to date with all major trading countries seeing improvement over last year's volume.



Data source: US Census Bureau, Foreign Trade Statistics.

### Veneer imports down 12%

Imports of tropical hardwood veneer fell for a second straight month, dropping 12% in August. Very weak imports from India fueled the decline. Imports from India fell by 89% in August and were only at about 10% of the level from August 2020.

Imports from China and Cameroon were also down for the month and imports from all three countries are behind 2020 year-to-date numbers by more than 10%. However, imports from Cote d'Ivoire and Ghana have nearly made up for the losses.

Imports from Cote d'Ivoire nearly quadrupled in August and are ahead 26% year to date while imports from Ghana were up 41% in August and up 37% year to date. Overall imports for the year are down 2% versus 2020 year to date through August.

### Hardwood flooring imports hit post-pandemic high

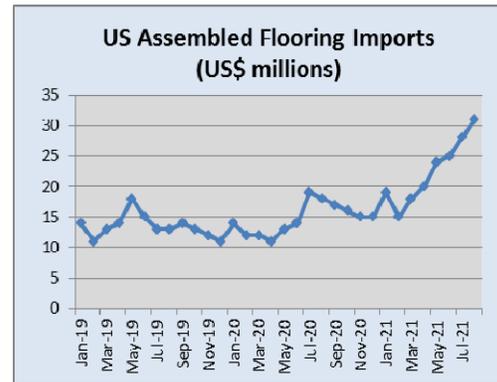
Imports of hardwood flooring rebounded in August, rising 26% to reach their highest level since 2019. Imports from Brazil rose 39% in August to a level more than 50% higher than the previous August and are up 116% year to date. Imports from China and Indonesia, which have been off for most of the year, both saw strong gains in August, up 46% and 84%, respectively.

Imports from Malaysia fell 40% in August but were still more than 15% better than the previous August and remain ahead 36% year to date. Total U.S. imports of hardwood flooring are ahead 40% year to date over 2020.

Imports of assembled flooring panels continued to expand, rising 9% in August for a sixth straight month of growth. Despite the growth, imports from Canada have remained flat, rising only 2% in August and are down 1% year to date. Imports from China and Indonesia have fueled much of the expansion this year, but both fell in August: China down 21% and Indonesia down 31%.

Regardless, imports from Indonesia remain up 73% year to date while imports from China are up 34% year to date. Imports from Vietnam were up 64% in August and are ahead 66% year to date. Overall imports are ahead of last year by 61% through August.

However, all year-to-date numbers should be viewed as inflated as the USDA added two additional categories to the Assembled Flooring Panels category in May.



Data source: US Census Bureau, Foreign Trade Statistics.

### Moulding imports also reach post-pandemic high

U.S. imports of hardwood moulding also hit a post-pandemic high in August, rising 9% to their highest level since December 2018. Imports from China were responsible for the gain, rising 71% in August for their strongest month since imports took a nosedive in August 2020.

However, imports from China are still well below historic levels and are down 55% year to date. While August imports fell from Malaysia (down 29%) and Canada (down 4%), year-to-date totals are up from both countries by more than 40%. Overall U.S. imports of hardwood moulding are ahead by 19% over 2020 totals so far this year.

### Wooden furniture imports up slightly

Imports of wooden furniture rose by 2% in August, remaining at a historically high level. At more than US\$2.24 billion in August, imports were at a level more than 26% higher than the previous July and at a year-to-date pace 54% above 2020.

See: <https://www.woodworkingnetwork.com/news/almanac-market-data/despite-july-drop-residential-furniture-orders-up-year-date>

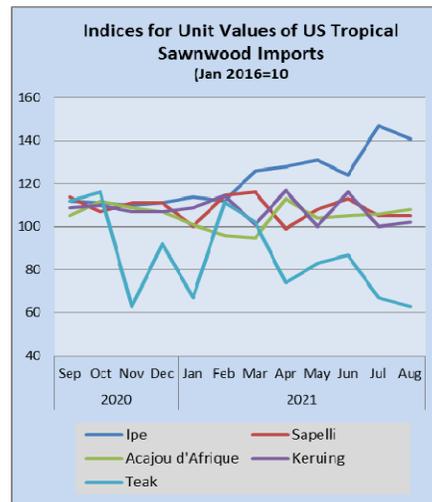
Imports from most countries were fairly flat, with nearly all not raising or falling more than 5% for the month. However, imports from Malaysia fell 32% in August while imports from India rose 14%.

Meanwhile, new orders for residential furniture dropped 11% in July compared to a year ago, an impact of the continuing COVID issues facing the nation, reported Smith Leonard in the latest issue of Furniture Insights.

It marks the first time since June 2020 that new orders were down from the same month in the previous year. New orders were up 39% year to date through July.



Data source: US Census Bureau, Foreign Trade Statistics.



Data source: US Census Bureau, Foreign Trade Statistics

### Cabinet sales retreat in July

Kitchen cabinet and vanity manufacturers saw sales retreat in July according to the latest monthly survey by the Kitchen Cabinet Manufacturers Association (KCMA). The KCMA's latest "Trend of Business Survey" saw overall sales decrease 11.5% in July compared with June. Custom sales were down 15.1%, semi-custom sales were down 17.2%, and stock sales decreased 6.6%.

However, sales remain strong in comparison with last year. Domestic kitchen cabinet and vanity manufacturers enjoyed a year-to-date sales increase of 18.3% through July, compared to the same seven-month period in 2020.

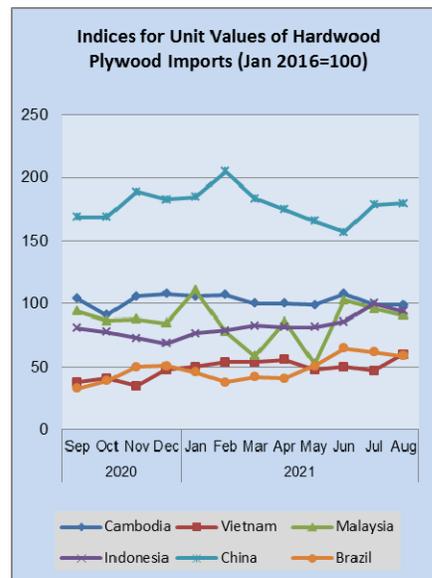
Custom cabinet sales through the first seven months were reported up 21.5% over the same period last year, while semi-custom sales rose 17.6% and sales of stock cabinets gained 18.1%, KCMA said.

July sales were up 7.2% compared to the same month last year, the association added.

See: [https://www.kcma.org/news/press-releases/July\\_2021\\_trend\\_of\\_busines\\_press\\_release](https://www.kcma.org/news/press-releases/July_2021_trend_of_busines_press_release)

### US and Vietnam reach agreement on timber sourcing

United States Trade Representative Katherine Tai said an agreement has been reached with Vietnam that addresses concerns regarding the use of illegally harvested timber in products such as furniture. Thus, the U.S. will not impose any trade-related tariffs on Vietnam relating to this issue at this time.



Data source: US Census Bureau, Foreign Trade Statistics

**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.

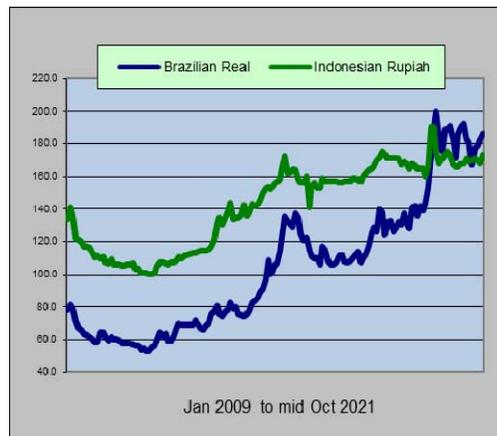
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

## Dollar Exchange Rates

As of 10 October 2021

Brazil	Real	5.4603
CFA countries	CFA Franc	565.38
China	Yuan	6.4358
Euro area	Euro	0.8622
India	Rupee	75.03
Indonesia	Rupiah	14674
Japan	Yen	114.26
Malaysia	Ringgit	4.158
Peru	Sol	4.09
UK	Pound	0.7274
South Korea	Won	1182.78

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

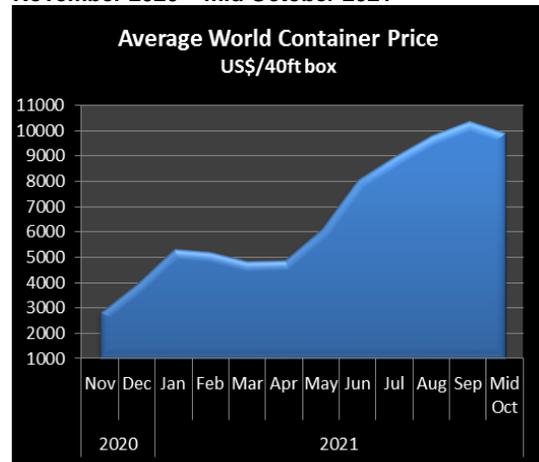


## Abbreviations and Equivalences

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

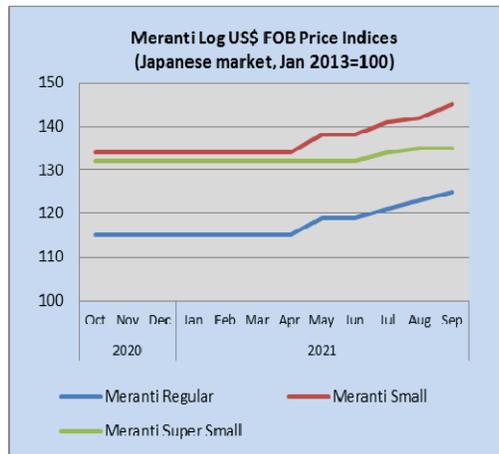
November 2020 – mid October 2021



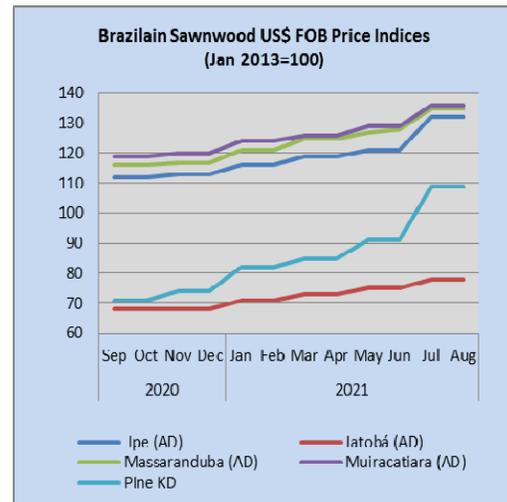
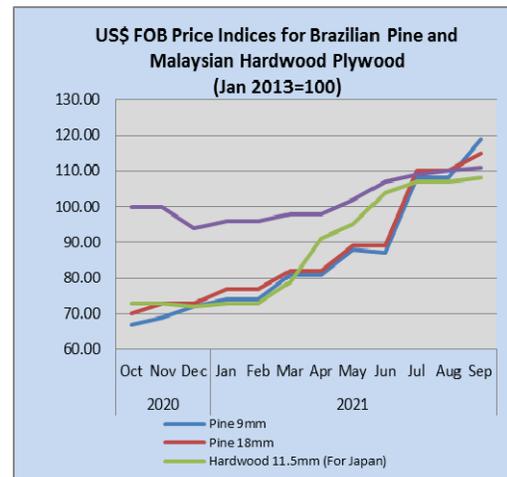
Data source: Drewry World Container Index

### Price indices for selected products

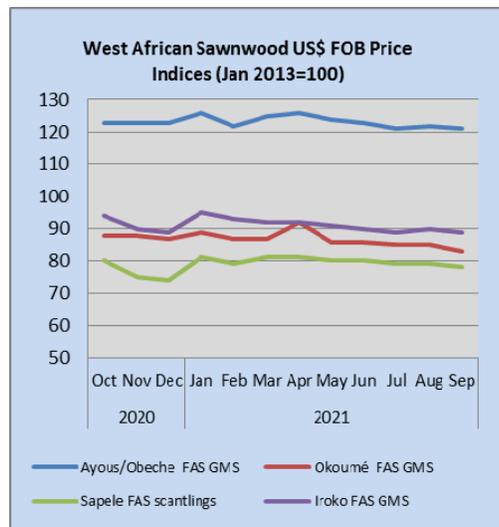
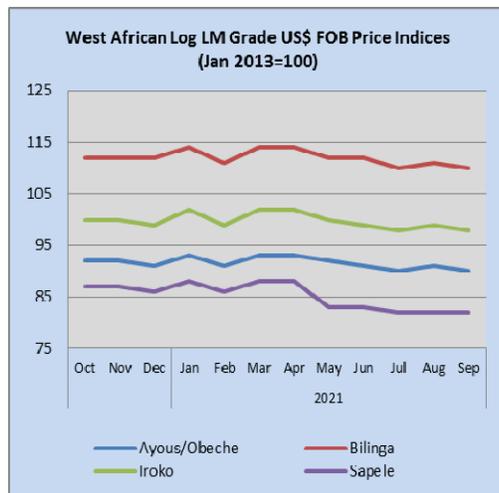
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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