

# Tropical Timber Market Report

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## Top story

### **PEFC suspends certification endorsement process**

The Programme for the Endorsement of Forest Certification (PEFC) has suspended the assessment and thus endorsement process of the Myanmar Forest Certification System until further notice.

PEFC said the arrest of one civil-society representative and pending warrants for officials of the Building Woodworkers Federation of Myanmar were the reasons for the suspension.

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**Exports disrupted**

A serious issue is developing in West Africa, with sawnwood exports from sawmills in the Congo and Gabon being severely curtailed due to a lack of empty shipping containers. It is less of an issue in Cameroon, which imports considerable quantities of goods, thereby freeing up containers for exports.

Most sawnwood leaving the three countries is going to China and the Philippines. The good news is that buyers, who are short of timber, are not cancelling orders. Nevertheless, the container shortage could last a couple more months, according to shipping lines, with containers held up in China and the US.

Prices are holding steady except in the Netherlands, where azobe prices are rising due to competition among exporters and buyers. An Italian company is reportedly becoming involved in the Dutch market, with the effect of pushing prices up.

**Free Zone expansion in Gabon**

Gabon expects that its privileged economic zone (ZERP) in Nkok will reach the milestone of 100 companies in the first half of 2022. Launched in 2012, the Nkok ZERP currently has 85 companies in production, 68 of which are in the timber sector. Fifteen more companies are now in the investment phase and should enter production before the first quarter of 2022.

Some factories in the Nkok ZERP are diversifying away from the traditional sectors of the wood industry and metallurgy towards the production of medicines, plastic waste recycling and cement production.

The ZERP is the result of a public-private partnership between the Gabonese state and the Singapore-based company Olam Gabon. Olam Gabon is now the country’s largest private-sector employer, with more than 9,000 Gabonese nationals on the books. Other free zones have been established in Gabon, such as Port Gentil, Lastourville and Lambarene, which may prove beneficial for many sawmills and veneer plants.

Forest companies are busy obtaining Forest Stewardship Council certification, which, as announced by the country’s president in 2018, will be a legal requirement from 2022.

See: <https://www.lenouveaugabon.com/fr/economie/1709-17470-le-gabon-projet-datindre-le-cap-de-100-entreprises-installees-a-nkok-au-1er-semestre-2022>

**TRACER mandate clarified**

In response to the story under ‘Deliveries to Nkok held up as third party co-opted into enforcing regulations’ in the ITTO Market Report of 17 1st – 15th September 2021 a spokesperson for TRACER offered the following comment.

“The TRACER Agency is contracted by GSEZ, who manages the Nkok SEZ. TRACER’s mandate is to control the legal origin of 100% of the logs entering the industrial wood processing economic zone. The flows are estimated at more than 800,000 cu.m of logs for the year 2021 alone. This mandate has been implemented for 3 years now by TRACER and has made it possible to exclude nearly 50% of the potential log suppliers of the Nkok SEZ who did not meet the criteria required by the TRACER due diligence procedure.

Today, only 40 to 50 log suppliers are approved, the procurement procedure is known to all, it is transparent and applies to all. TRACER's due diligence is not limited to forestry aspects alone, but also covers tax and social aspects, including those related to subcontracting.

The log delivery block mentioned in the article published by the ITTO actually concerns only one company, which accounts for only about 5% of current log deliveries. As this company is in difficulty for the renewal of its TRACER certificate, the Nkok SEZ log supply procedure was applied, which no longer gave the authorisation to deliver logs to the SEZ at the expiry of its previous certificate.

The forestry administration, informed of the situation, hoped that an exceptional solution could be found to this situation while confirming that company's breach of compliance. This company can therefore continue to deliver logs to the Nkok SEZ for a 3 weeks period only, during which the company must finalize the renewal of its certificate.

Upon a proposal by the administration, logs entering the SEZ during this 3-week period will be monitored and segregated including during their processing in the supplied plants, until the certificate is confirmed. Processed volumes will not be allowed to leave the SEZ without this certificate.”

**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	270	270	-
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

## New initiative targets SMEs in DRC

A mission to DRC was conducted by a team of consultants from 23 August to 15 September 2021 under the project, “Support for the Development of Continuing Education for the Forest- and Wood Sector in Central Africa”, targeting very small, small and medium-sized enterprises in the secondary wood processing sector.

The aims of the mission, supported by ATIBT, were to design a system for enabling such enterprises to benefit from continuous training adapted to their needs; identify and mobilise professional organizations interesting in participating in such a system; and initiate a process to build the capacity of these organisations to offer continuous training.

See: <https://www.atibt.org/en/news/13060/first-mission-to-support-smes-vs-es-in-the-forestry-wood-sector-in-the-drc>

## Ghana

### Big increase in half-year wood exports

Ghana exported 145 500 cu.m of wood products in January–June 2021, according to data from the Timber Industry Development Division (TIDD), nearly two-thirds more (+61%) than the volume in the same period last year (90 500 cu.m). The export value climbed by 58%.

Significant increases in exports were observed for all major wood products except rotary veneer. In volume terms, the main exports over the period were air-dried sawnwood, billets, kiln-dried sawnwood and plywood for the regional market. Together, these products comprised 96% of wood exports in the period.

Of the exports, primary, secondary and tertiary products accounted for 14.5% (5.5% in 2020), 80% (86% in 2020) and 5% (8% in 2020) of receipts, respectively.

The major species exported in the first six months of 2021 were teak, ceiba, wawa, denya and essa, and they went mainly to India, followed by Germany, Belgium, China and the Niger.

### First half export volumes (cu.m)

	2020	2021	%
	First half	First half	Change
AD sawnwood	40,638	70,199	73
Billet	6,925	26,969	289
KD sawnwood	18,271	20,838	14
Plywood	10,485	11,123	6
Mouldings	5,128	5,169	1
Sliced Veneer	3,878	5,342	38
Rotary Veneer	4,263	3,801	-11
Others (6)	868	2,045	136
<b>Total</b>	<b>90,456</b>	<b>145,486</b>	<b>61</b>

Data source: TIDD

### First half export values (Eur 000s)

	2020	2021	%
	First half	First half	Change
AD sawnwood	18,864	31,644	68
Billet	2,469	10,235	315
KD sawnwood	10,627	12,217	15
Plywood	3,465	4,327	25
Mouldings	3,681	3,703	1
Sliced Veneer	3,468	5,723	65
Rotary Veneer	1,780	1,783	0
Others (6)	432	927	115
<b>Total</b>	<b>44,786</b>	<b>70,559</b>	<b>58</b>

Data source: TIDD

### Forest operators trained on timber legality requirements

Operators of small and medium forest enterprises (SMFEs) have expressed their readiness to work within the framework of Ghana’s Timber Legality Standards (GhTLAS) after attending a workshop convened by the Kumasi Wood Cluster Association and a non-governmental organization.

The workshop’s 30 participants from SFMEs in Ghana’s high forest zones were taken through the requirements of timber harvesting, as set out in the GhTLAS, by officials from the Forest Services Division, the Resource Management Support Centre and the Timber Validation Department of the Ghana Forestry Commission.

At the end of the workshop, participants said they had a better understanding of legality principles, including on worker health and safety and how to prepare and implement forest operational plans, operational maps and logging maps, which they considered would make their work easier.

Ghana signed a voluntary partnership agreement (VPA) with the EU in 2009 and has completed several stages of the process. VPAs are legally binding trade agreements between the EU and timber-producing countries outside the EU, with the purpose of ensuring that timber and timber products exported to the EU come from legal sources. VPAs are also expected to help timber-exporting countries prevent illegal logging by improving regulation and governance in the forest sector.

See:

<http://www.businessghana.com/site/news/general/247207/Small-and-Medium-Forest-Enterprises-trained-on-harvesting-requirements>

### UK signs memorandum with AfCFTA to deepen global trade

The African Continental Free Trade Area (AfCFTA) Secretariat and the United Kingdom (UK) Government have signed a memorandum of understanding (MOU) to formalize the shared commitment of both parties to the success of the initiative.

The MOU was signed by the UK Minister for Africa, Mr James Duddridge, and the Secretary-General of AfCFTA, Mr Wamkele Mene, at the Secretariat's headquarters in Accra.

Mr Mene described AfCFTA as, "a continent-wide integration project that is built on the intellectual labour of African thinkers, dreamers and negotiators across generations, who imagined and put in place the economic foundation on which a united, integrated and prosperous Africa will be built".

Mr Duddridge said that the UK is the first non-African nation to recognize the trade opportunities offered by AfCFTA.

See: <https://www.gna.org.gh/1.21196073>

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
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	860	925
Afrormosia	465	564
Asanfina	435	600
Ceiba	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

### Vaccination rates up, Malaysia relaxes pandemic measures

Malaysia has recorded just under 25,000 fatalities due to COVID-19 and nearly 2.2 million cases overall since the start of the pandemic.

As of September 2021, about 83% of the adult population (19.3 million people) had been fully vaccinated against the virus, and 94% of adults (21.9 million people) had received at least one dose of the vaccine. Vaccination has now started for people aged under 18.

Health authorities are talking of managing the virus as an endemic rather than a pandemic, given the country's relatively high rate of vaccination. Accordingly, there has been some relaxation of isolation rules, and various parts of the economy are re-opening, including dine-in eating and domestic tourism, although some restrictions still apply.

### Boost to economic recovery

Business leaders have asked for early ratification of the Regional Comprehensive Economic Partnership (RCEP) to give a badly needed boost to exports, according to The Edge.

The RCEP is a free-trade agreement among the Asia-Pacific nations of Australia, Brunei Darussalam, Cambodia, China, Indonesia, Japan, Lao PDR, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, the Republic of Korea, Thailand and Viet Nam.

It is the world's largest FTA, with a market that covers almost one-third of the world's population (2.2 billion people). Malaysia has committed to completing the RCEP ratification process by mid-December this year.

China, Japan and Singapore have already ratified the agreement, Myanmar has sent the instrument of ratification to the ASEAN Secretariat, and Thailand has completed its domestic ratification process. ASEAN member states gathered at the 53rd ASEAN Economic Ministers Meeting on 9 September 2021 indicated an expectation that the RCEP would enter into force on 1 January 2022, as targeted.

See:

<https://ceomorningbrief.theedgemaalaysia.com/article/2021/0252/Home/10/586354>

### **Move to more value-added**

Malaysian Furniture Council Secretary-General Matthew Law said the country's timber players should look to diversify products and services to tap into new growth opportunities, according to an article in The Star.

The value of timber exports was MYR 12 billion in the first half of 2021, with furniture the top contributor, at MYR 5.54 billion.

Law noted continued trade tensions between the US and China and disruptions to supply chains caused by the pandemic. Countries are increasingly taking steps to diversify their supply chains to ensure business continuity.

“Our industry players must look beyond mass production to focus on high value-added products. The sector also must be ready to ramp up capacity to the next level and embrace the Fourth Industrial Revolution to future-proof their businesses, instead of solely relying on foreign workers. It's about digitising and automating where possible to be prepared to tap into new opportunities, be it engineering, software or machinery.”

Law said that Malaysia's timber industry is ready to meet sustainability requirements, noting a rising trend among customers in countries like Japan and Singapore of choosing environmentally friendly products, similar to markets in the US, the UK and Europe.

See: <https://www.thestar.com.my/news/nation/2021/09/15/focus-on-high-value-added-activities>

### **Bamboo industry developing**

The National Bamboo Industry Development Action Plan 2021–2030 was launched recently as a continuation of the 2011–2020 plan to boost Malaysian exports of bamboo and bamboo-based products, according to a Bernama report. The plan's launch took place on World Bamboo Day (18 September).

Plantation Industries and Commodities Minister Zuraida Kamaruddin said that bamboo exports were worth MYR 8.28 million in 2020, down by 10% compared with 2019. “The value recorded was too small in comparison to the size of the global bamboo market,” she said.

Zuraida said that, to ensure an ongoing supply of bamboo, the Malaysian Timber Industry Board would continue providing soft loans for bamboo cultivation under the Forest Plantation Development Programme.

There are about 70 bamboo species in Malaysia, of which 45 occur naturally in the country's forests. About 31% of the cultivated bamboo resource (229 000 hectares) is on the Peninsula, 45% is in Sarawak and 24% is in Sabah.

See:

<https://www.bernama.com/en/business/news.php?id=2004985>

## **Indonesia**

### **Small enterprises - big contributors to exports**

Indonesia's exports in August 2021 were valued at US\$21.4 billion, beating the previous all-time high of US\$18.6 billion in August 2011, according to a report in Antara News. The data coincided with a statement by Coordinating Minister for Economic Affairs Airlangga Hartarto supporting small and medium-scale industries (SMIs—IKM in Bahasa) as major contributors to Indonesia's positive export performance.

“The positive performance of Indonesia's exports cannot be separated from the role of various parties, including the contribution of IKM players, who were able to survive in the midst of the COVID-19 pandemic,” said Minister Hartarto.

The minister said that the contribution of IKMs to Indonesia's exports was apparent from the increase in exports of two commodities based on the IKM sector, timber and wood products (HS 44) and furniture (HS 94). HS 44 increased by about 18%, year-on-year, in the period January–July 2021 and HS 94 grew by 30 percent.

The two commodities were among the top 20 contributors to Indonesian exports over the period. Exports of HS 44 products were valued at US\$2.55 billion over the period, which was just over 2% of the country's total exports, and HS 94 exports amounted to US\$1.63 billion, with a share of 1.4%.

See: <https://en.antaranews.com/news/189469/smis-contribute-significantly-to-indonesias-exports-hartarto>

### **Timber exports still constrained despite SVLK**

The Executive Director of the Indonesian Pulp and Paper Association, Liana Bratasida, has complained that companies still need to obtain certification under the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC) for exports to the European Union (EU), despite also having SVLK certification.

The SVLK is Indonesia's mandatory national timber legality assurance system; under the voluntary partnership agreement (VPA) between the EU and Indonesia signed in September 2013, the SVLK should be sufficient to enable trade between the two entities said Ms Bratasida.

Ms Bratasida, quoted in an article by Iim Fathimah Timorria in *Bisnis.com*, said that most EU countries do not carry out the mandate of Article 13 in the VPA, which holds that the EU has an obligation to promote wood

products in the EU market, including those with SVLK certification.

The acceptance of SVLK is also a challenge for the export of wood products and their derivatives to Japan, said Ms Bratasida, who noted that the Tokyo Metropolitan Government has implemented a green procurement policy (GPP), under which paper products that have been separated from the FSC and PEFC standards cannot be included in the GPP, even though they have SVLK certification.

See: <https://ekonomi.bisnis.com/read/20210923/12/1446225/sudah-kantongi-svlk-eksport-kayu-masih-hadapi-kendala-di-negara-tujuan>

### Strengthening the Korea-Indonesia Forest Center

The Minister of Environment and Forestry Siti Nurbaya said that the function of the Korea-Indonesia Forest Center (KIFC) needs to be strengthened in line with priority programmes in the forest sector, according to Antara News.

Speaking at an online event, “Korea-Indonesia Cooperation: 10 years of Green Partnership and the Way Forward”, Minister Siti said that steps have been taken to align forest governance with various principles, including improving the quality of the environment as a means to achieve sustainable development.

See: <https://www.antaranews.com/berita/2396381/menteri-lhk-kifc-perlu-diperkuat-untuk-fasilitasi-program-kehutanan>

### Furniture industry grows in the first quarter

Minister of Industry Agus Gumiwang Kartasasmita, said the furniture industry grew by 8% in the first quarter of 2021, year-on-year, according to a report in Republika. In the same period in 2020, the industry shrunk by 7.3% due to the impact of the COVID-19 pandemic.

“This [growth] means that the furniture and craft industry has shown to have a high level of resilience during a pandemic,” said Minister Agus.

The export value of furniture products (HS 9401–9403) reached US\$1.91 billion in 2020, an increase of 7.6% over 2019 (US\$1.77 billion), the minister noted.

See: <https://pressrelease.kontan.co.id/release/tumbuh-8-persen-industri-furnitur-tangguh-hadapi-dampak-pandemi>

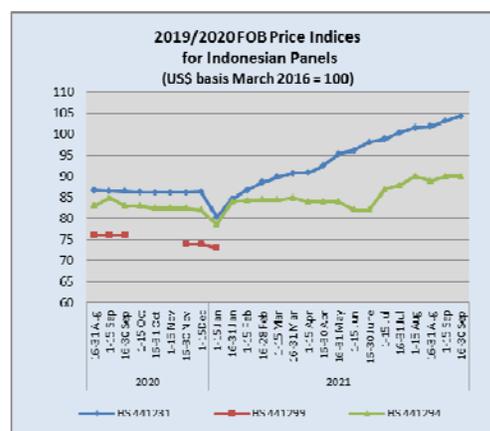
### 2021 Ifex expected to help restore economy—minister

The Indonesia Furniture Expo (Ifex) Virtual Showroom 2021 will aid Indonesia’s economic recovery from the impact of the COVID-19 pandemic, according to Trade Minister Muhammad Lutfi. Indonesian furniture and handicraft products are among Indonesia’s main export products.

The export value of the country’s furniture products was up by 29% in the period January–August 2021, year-on-year, at US\$1.88 billion and the value of Indonesian handicraft exports rose by 23%, to US\$5.8 billion.

Ifex, which is held annually, is one of the largest furniture exhibitions in Southeast Asia.

See: <https://ekonomi.bisnis.com/read/20210922/12/1445166/mendag-sebut-produk-mebel-jadi-salah-satu-andalan-eksport>



### **Economic recovery plan to be based on SDGs**

The Myanmar Economic Recovery Plan will be based on the Sustainable Development Goals, according to a report. The plan, which is not yet public, will reportedly have ten “action plans”, 27 “expectations” and 407 “action lines”. Progress towards key performance indicators will be assessed through a monitoring and evaluation process.

See: <https://www.frontiermyanmar.net/en/regime-seeks-economic-recovery-but-drops-nld-reform-agenda/>

### **UN human rights chief calls for urgent action**

Urgent action is needed to prevent the situation in Myanmar from spiralling into a full-blown conflict, said the UN High Commissioner for Human Rights Michelle Bachelet on 23 September. Her warning came in a new report from the UN Human Rights Office describing the situation in Myanmar, which is also facing an economy in freefall and the devastating impact of the COVID-19 pandemic, as “a human rights catastrophe that shows no signs of abating”.

See: <https://www.ohchr.org/en/newsevents/pages/displaynews.aspx>

### **Four million Covid-19 vaccines arrive in Myanmar**

Myanmar received another 4 million doses of China’s Sinopharm vaccine in September as part of a contract between the two countries for 24 million doses, of which 3.9 million have been donated by the Government of China. About 3.47 million people in Myanmar (less than 10% of the total population) had been fully vaccinated against the COVID-19 virus as of late September, and another 3.47 million people had received their first doses, according to Myanmar’s Ministry of Health. Myanmar has recorded a total of about 461 000 COVID-19 cases since the beginning of the pandemic, according to the Worldometers website, and about 17 600 deaths.

See: <https://newsaf.cgtn.com/news/2021-09-27/Another-4-million-doses-of-Chinese-COVID-19-vaccines-arrive-in-Myanmar-13SCm3Tkeqc/index.html>

### **Poverty likely to double**

Myanmar’s ongoing political turmoil and a third wave of COVID-19 cases are severely affecting an already weakened economy. The economy is expected to contract by 18% in Myanmar’s 2021 fiscal year (October 2020–September 2021), with damaging implications for lives, livelihoods, poverty and future growth.

The share of Myanmar’s population living in poverty is likely to have more than doubled by the beginning of 2022, compared with levels in 2019. Meanwhile, the value of the country’s export trade with neighbouring countries in the period 1 October 2020–3 September 2021 was US\$8.93 billion, down by US\$1.3 billion (12.7%), year-on-year.

See: <https://www.worldbank.org/en/news/press-release/2021/07/23/myanmar-economy-expected-to-contract-by-18-percent-in-fy2021-report>

## **India**

### **COVID-19**

India’s daily count of COVID-19 cases has been declining since May. There were 31,500 new cases on 23 September, down from the May peak of more than 400 000 daily new cases, according to the Worldometers website. The country has about 300,000 active cases, and the official death toll from the virus is 446 000 people. According to the Ministry of Health and Family Welfare, more than 841 million people had received the COVID-19 vaccine as of 24 September 2021.

See: <https://www.mohfw.gov.in/> and <https://www.hindustantimes.com/india-news/indias-fresh-covid-19-infections-fall-to-26-115-active-cases-at-lowest-in-over-6-months-101632196675605.html>

### **GDP forecast to leap in this financial year**

India’s gross domestic product (GDP) is forecast to grow by 10% in the fiscal year 2021–22, driven by a surge in domestic demand and exports, according to the Asian Development Bank (ADB).

The forecast for the 12 months ending 31 March 2022 takes into account disruptions in economic activity caused by the second wave of the COVID-19 pandemic, which had adverse impacts on services, domestic consumption and the urban informal sector, according to an update to the ADB’s Asian Development Outlook.

The forecast is slightly higher than that of the Reserve Bank of India, which expects the economy to grow by 9.5% in the current fiscal year. GDP growth is expected to moderate to 7.5% in 2022–23. The ADB forecast assumes a relatively limited future economic impact of the pandemic because of an accelerated vaccination campaign and better preparedness among businesses, households and the healthcare sector.

See: <https://www.adb.org/publications/asian-development-outlook-2021-update>

### **Container shortage threatens India’s exports**

A report by Lakshmi Ajay in Indian Transport & Logistics News discusses the acute global container shortage, which is having a profound impact on trade. According to Ajay, sea freight rates from Cochin to Melbourne was US\$650 for a 20 ft container and US\$800 for a 40 ft container in March 2020, before the pandemic hit. Now, these rates have climbed by 700% for 20 ft containers, to US\$5200, and by 1000% for 40 ft containers, to US\$8800.

Similarly, freight rates from Mundra port in Gujarat to New York was US\$1,300 for 20 ft and US\$1,600 for 40 ft containers in March 2020 but have leapt by 592% for 20 ft containers (to US\$9,000) and by 650% for 40 ft containers (to US\$12,000).

According to Ajay, the global shipping crisis is crippling Indian exporters, who face multiple challenges, from runaway sea freight rates to transit delays, congestion in leading ports, an acute shortage of containers, and policy constraints.

See: <https://www.itln.in/acute-global-container-shortage-threatens-to-derail-indias-export-juggernaut-shipping>

#### Yamunanagar manufacturers raise film-face prices

The trade magazine Plyreporter says manufacturers of film-faced ply in Yamunanagar, Haryana, have raised prices for the entire range of shuttering ply by Rp. 1 per sq ft, effective from 15 September 2021. The decision was taken at a meeting of film-faced-ply manufacturers chaired by Devinder Chawla, President of the India Plywood Manufacturers Association (AIPMA), on 1 September 2021. The AIPMA reported that the Supreme Court has ruled that the use of formaldehyde is permissible in sealed units, to the relief of some manufacturers.

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

	US\$/cu.m C&F
Benin	330-553
Sawnwood	359-547
Brazil	330—527
Sawnwood	221-777
Cameroon	639
Sawnwood	974
Colombia	238-427
Costa Rica	263-652
Ecuador	254-495
Gabon	370
Sawnwood	485
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	896-1,068
Togo	259-532
S. Sudan	414-676
Sawnwood	633
Nigeria	319-630
El Salvador	349
Nicaragua	385-539
Sawnwood	385-539
Solomon Is.	248

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

#### Kandla plywood prices increased

Kandla-based plywood manufacturers have increased prices by 8% for plywood and by 10% for block boards and flush doors. A meeting of Kandla-based plywood and veneer companies discussed recent increases in the price of imported pine, keruing and face veneer, and other issues, and proposed the price increase to offset the higher cost of inputs.

President of the Kandla Timber Association (KTA) Navnit Gajjar said that the price of imported timber has jumped because of higher container freight rates.

There is also a shortage of labour caused by state elections in Assam and West Bengal and the Holi Festival and harvesting season in Bihar and Uttar Pradesh. The KTA decided that members should sell finished goods on an advance payment basis because they are buying their raw materials on an advance cash basis.

See: <https://www.plyreporter.com/article/92157/breaking-news-kandla-based-plywood-units-increase-prices-from-8-to-10>

### 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

### Vietnam processors shut down temporarily

Although Vietnam's wood and wood exports grew by more than 62% (year-on-year) in the period January–June 2021, they have been curtailed since then by a fourth wave of the COVID-19 virus, which has disrupted supply chains.

Many factories have been forced to close due to strict social distancing, and wood and wood product exports have fallen sharply. Nevertheless, factories are expected to operate at reasonable production levels from the end of September as vaccination rates increase, and trade is expected to recover.

Vietnam's wood and wood product exports declined in September due to disruptions to domestic production. According to VIFOREST, the target of achieving export sales of US\$14.0 billion in 2021 is now unlikely to be reached.

The total value of wood and wood product exports was estimated at US\$750 million in September 2021, down by 35% compared with September 2020; of this total, wood product exports were estimated at US\$420 million, down by 55%, year-on-year. Wood and wood product export turnover has grown overall by 31% in the year to date (January–September 2021), to an estimated US\$11.1 billion. Wood products accounted for US\$8.4 billion of the total (also up by 30.9%).

Wood and wood product exports were valued at US\$177.8 million in the week 14–21 September 2021, up by 2.2% compared with the previous week. Of the total, sales of wooden furniture were worth US\$98.5 million, up by 5.1% compared with the previous week.

Wood imports in September 2021 were estimated at 505 500 cu.m, valued at US\$182 million. This was an increase of 3.2% in volume and 1.9% in value compared with August 2021 but a decrease of 2.8% in volume and 18.3% in value compared with September 2020. In the first nine months of 2021, accumulated wood imports (logs and sawnwood) were estimated at 5.15 million cu.m, valued at US\$1.71 billion, up by 21.7% in volume, year-on-year, and by 33.6% in value.

Log and sawnwood imports into Vietnam accounted for US\$55.2 million in the week 14–21 September 2021, down by 7.1% compared with the previous week.

The COVID-19 pandemic continues to seriously affect production and enterprises. Exports of ceramics and wooden fine arts (wooden handicrafts) decreased sharply in September 2021, to an estimated US\$7 million, down by 45% compared with August 2021 and by 52% compared with September 2020. Exports of ceramics and fine arts were worth an estimated US\$163 million in the first

### Some product groups perform well

Wood products with strong performances in the period January–August 2021 included wooden seats, at US\$2.5 billion (up by 5.1%, year-on-year), guest-room and kitchen furniture, at US\$2.23 billion (up by 40.9%), bedroom furniture, at US\$1.5 billion (up by 29.6%), and sawnwood and wooden floorings, at US\$1.24 billion (up by 50.2%). Exports of kitchen cabinets and office furniture grew strongly on the back of increased demand in the world housing market and the need to furnish offices in the context of the “new normal”.

### Exports by product, Jan-Aug 2021

	Jan-Aug 2021 US\$ 000s	% change 2020-21
<b>Total</b>	<b>10,388.662</b>	<b>41,4</b>
Wood-frame seats	2,530.291	75,1
Living and dining room furniture	2,233.532	40,9
Bedroom furniture	1,522.754	29,6
Sawnwood and flooring	1,240.467	50,2
Woodchips	1,197.649	17,2
Kitchen cabinets	631.073	41,4
Office furniture	330.762	38,5
Wooden doors	28.3	22,4
Wooden fine arts/handicrafts	16.448	-3,8
Mirror frames	3.074	43,6

Data source: Vietnam General Department of Customs

Exports to the US in the period January–August 2021 were worth US\$6.3 billion, a year-on-year increase of 57.2%. The jump was due to the recovery of the US economy, along with robust consumer spending there. Vietnamese exporters have also benefited from US timber legality assurance and trade fraud control measures in the context of the US–China trade dispute.

The EU–Vietnam Free Trade Agreement (EVFTA) came into effect in October 2020, enabling an increase of 27.8% in Vietnamese wood and wood product exports to the EU market in the first eight months of 2021.

Vietnamese exports of wood and wood products also increased to other markets in January–August 2021, including Japan (+13.7%), China (+23.8%) and the Republic of Korea (+15.0%).

#### Vietnamese wood and wood product exports, by market (US\$ 000s)

	2021 Jan-Aug	% change 2020-21
<b>Total</b>	<b>10.388.662</b>	<b>41,4</b>
US	6.339.748	57,2
China	1.018.898	23,8
Japan	931.446	13,7
S. Korea	603.498	15,0
<b>EU</b>	<b>421.243</b>	<b>27,8</b>
<i>Germany</i>	85.081	13,9
<i>France</i>	82.24	19,2
<i>Netherlands</i>	66.75	42,4
<i>Belgium</i>	43.72	46,0
<i>Denmark</i>	30.934	67,9
<i>Spain</i>	25.488	46,6
<i>Italy</i>	21.108	62,0
<i>Sweden</i>	20.11	11,9
<i>Poland</i>	15.486	-0,7
<i>Ireland</i>	14.549	5,8
<i>Romania</i>	3.335	121,0
<i>Portugal</i>	2.522	51,4
<i>Greece</i>	1.465	-7,2
UK	188.213	35,8
Canada	169.314	35,0
Australia	109.253	11,0
Malaysia	74.459	75,5
Taiwan P.o.C	53.348	10,2
Thailand	39.232	31,0
Saudi Arabia	33.016	48,6
UAE	21.447	63,9
New Zealand	20.431	52,1
Singapore	18.467	104,0
Chile	15.643	24,0

Cambodia	14.52	42,9
Mexico	14.071	44,6
Indonesia	13.771	62,0
India	12.819	-14,6
Puerto Rico	12.268	82,4
Philippines	11.232	60,7
Lao PDR	6.831	-64,4
Switzerland	5.021	673,6
Belize	4.671	5.393,6
Kuwait	4.648	48,5
South Africa	4.674	29,3
Israel	4.21	14,2
Russian Fed.	4.168	-17,6
Egypt	3.484	28,4
Andora	2.798	20,8
Hong Kong SAR	2.959	-62,2
Turkey	2.622	10,7
PNG	2.269	-34,6
El Salvador	2.129	836,0
Qatar	2.085	155,9
Norway	2.005	44,8
Algeria	1.599	155,3
Argentina	1.576	7,0
Jordan	1.382	33,4
Honduras	1.187	414,3
Oman	1.067	-27,1

Data source: Vietnam General Department of Customs

#### Local plantation resources increase

About 20 000 ha of commercial plantations was established in Vietnam in August 2021, bringing the total area of new plantings in January–August 2021 to 143 400 ha, up by 3% compared with the same period last year. The harvest of commercial logs amounted to 11 million m<sup>3</sup> in the same period, up by 5.1%, year-on-year.

The total forest loss in January–August 2021 was reported at 1727 ha, an increase of 45%, year-on-year. This comprised 963 ha damaged by fire (up by 67%, year-on-year) and 764 ha lost to illegal cutting (up by 24.6%).

#### Wood imports

An estimated 505 500 cu.m of wood was imported to Vietnam in September 2021 at a value of US\$182 million, up by 3.2% in volume and 1.9% in value compared with the previous month but down by 2.8% in volume, year-on-year, and by 18.3% in value.

Total wood imports, mainly for use as raw material to feed Vietnam's wood processing industry, amounted to about 5.15 million cu.m in the period January–September 2021 at a value of US\$1.71 billion, up by 21.7% in volume, year-on-year, and by 33.6% in 2020.

### Pine imports boom

Pine was the most commonly imported species in January–August 2021, accounting for 21.7% of the total imported wood volume. Some 1.01 million cu.m was imported over the period, an increase of 89% in volume, year-on-year; it was valued at US\$235 million, up by 108%.

Oak imports in January–August 2021 amounted to 213 400 cu.m, with a value of US\$115 million, a year-on-year increase of 17.3% in volume and 35.4% in value.

A total of 192 100 cu.m of pacy wood was imported in January–August 2021 at a value of US\$72 million, up by 4.0% in volume, year-on-year, and by 4.0% in value.

Imports of some other species also increased over the period, such as eucalypt (up by 73%), padouk (+29%), beech (+46%), spruce (+42%), rubber (+156%), mukulungu (+5%) and cedar (+45%).

On the other hand, imports of ash decreased in volume by 14.1% (to 324 000 cu.m) in January–August 2021, year-on-year, and in value by 8% (to US\$75.9 million).

Import volumes declined for some species, including poplar (-7%), tali (-0.2%), sapele (-30%), walnut (-16.5%), acacia (-28.0%) and senna siamea (-82%).

### Wood species imported into Vietnam, January–August 2021

	Volume cu.m	Value US\$ 000s	% change vol	% change Val
<b>Total</b>	<b>4.648.416</b>	<b>1.528.760</b>	<b>25,1</b>	<b>35,7</b>
Pine	1.010.379	235.047	88,6	108,2
Ash	323.907	75.902	-14,1	-7,9
Poplar	274.277	108.754	-6,8	20,6
Tali	274.198	113.601	-0,2	6,4
Oak	213.398	114.998	17,3	35,4
Pachy	192.108	72.032	4,0	4,0
Eucalypt	178.836	38.255	72,6	78,8
Padouk	120.198	52.094	28,8	50,5
Beech	42.591	17.563	45,8	65,4
Spruce	39.603	11.052	42,2	87,9
Teak	38.735	18.599	56,3	42,1
Rubberwood	36.357	11.593	156,4	137,8
Sapele	31.974	11.293	-30,0	-27,7
Mukulungu	27.058	8.927	4,7	2,0
Walnut	25.887	25.223	-16,5	7,5
Cedar	18.189	4.117	44,7	62,3
Hickory	17.373	6.502	294,5	287,4
Pyinkado	17.238	9.139	74,2	104,7
Maple	15.909	7.411	117,6	93,6
L. indica	15.087	4.011	95,6	97,2

Alder	14.849	4.531	0,5	6,8
Dousii	14.734	7.881	122,1	125,4
Douglas fir	10.671	2.677	18,0	38,9
Cashew	10.56	2.384	92,0	107,4
Cherry	7.359	3.426	25,2	58,7
Rosewood	5.736	1.853	13,0	-7,6
Maple	5.513	1.501	51,7	11,3
Menghundur	4.522	1.929	93,9	81,7
Styrax	4.323	1.167	2,7	1,7
Acacia	2.227	401	-28,0	63,5
Basswood	1.896	883	56,2	48,2
Jacquier	1.5	378	169,4	131,5
Acajen	1.308	275	114,1	166,9
Hinoki	1.274	675	14,7	20,3
S. siamea	1.235	598	-82,2	-83,4
Sugi	1.233	300	262,1	80,0
N. orientalis	1.078	216	2.145,2	2.145,2
LKS	1.05	466	799,4	891,1
Terminalia	1.014	375	138,6	147,3
Ebony	942	1.742	284,8	440,8
Meranti	847	217	922,3	626,8
Mersawa	589	267	-5,6	-5,6

Data source: Vietnam General Department of Customs

### Vietnamese imports of logs and sawnwood, January–August 2021

	Vol. cu.m	US\$ 000s	Unit price US\$/cu.m
Logs	1.383.658	370.306	267,6
Sawnwood	1.968.427	727.903	369,8

Data source: Vietnam General Department of Customs

### Vietnam increases wood imports from China

Wood imports increased (year-on-year) from China, the EU, Thailand, Brazil, Chile and Australia in the period January–June 2021 but decreased from the US, Cambodia, Papua New Guinea, Malaysia and the Russian Federation.

Imports from China—Vietnam's biggest source of wood imports—reached 830 500 cu.m (17.9% of total imports) and US\$322 million in the period, up by 100.5% in volume and by 91.5% in value, year-on-year.

Imports from the EU—the country's second-biggest source of wood imports—in the period from January to August 2021 amounted to 611 200 cu.m and US\$177 million, up by 18.2% in volume (year-on-year) and by 37% in value and accounting for 13.1% of total imports. Imports were up from the EU countries of Belgium (+2.5%, year-on-year), France (+21.3%), Germany (+12.3%), Finland (+55.4%), Croatia (+33.8%), Slovenia (+75.4%) and Latvia (+216.9%).

Import from Thailand amounted to 378 400 cu.m in the first eight months of 2021 with a value of US\$89.4 million, up by 27.1% in volume and by 55.1% in value (year-on-year) and accounting for 8.1% of total imports.

Import increased year-on-year in January–August 2021 from Brazil (+146%), Chile (+36.5%), New Zealand (+10.6%), Uruguay (+90.1%), Lao PDR (81.8%) and Nigeria (+24.6%).

Imports from the US decreased by 10.2% in volume (to 492 000 m<sup>3</sup>) and by 14.2% in value (to US\$212 million).

Import volumes also decreased from Cambodia (-17.1%), Papua New Guinea (-32.3%), Malaysia (-11.3%), the Russian Federation (-39.1%), Suriname (-18.2%) and Canada (-21.7%).

## Brazil

### The economy

The Extended National Consumer Price Index was at 0.87% in August, 0.09 percentage points below the rate in July (0.96%). The total index value stands at 5.67% for 2021 and at 9.68% for the 12 months to end August. The average exchange rate ended August 2021 at 5.25 real per US dollar, down by 1.8% compared with the average in July (BRL 5.16 per US dollar).

The Central Bank of Brazil adjusted the basic interest rate by 1.00 percentage points in September 2021, to 6.25% per year.

### Brazilian furniture demand rose in first half 2021

The Brazilian furniture export market grew considerably in the first half of 2021. The woodworking sector was up by 14% in the first quarter of 2021, year-on-year. Export sales for Brazilian furniture grew by 42% in first half of 2021 compared with the previous six months (i.e. July to December 2020).

The number of orders for Italian machinery and tools for the manufacture of wooden furniture doubled in the first half of 2021, year-on-year. Export demand grew by 88%, year-on-year, and orders in the domestic market leapt by 190%.

These huge increases should be viewed in light of results in the first half of 2020, which were severely affected by the COVID-19 pandemic. Nevertheless, the growth trend is significant—it is more than a simple “recovery”, constituting a major structural expansion.

See: *Móveis de Valor* (September 2021)/*Jornal Tribuna* (August 2021).

### Deforestation in the Amazon falls for two consecutive months

Deforestation in the Amazon totalled 819 km<sup>2</sup> in August 2021, according to the National Institute for Space Research (INPE), down by 32% compared with the same month in 2020. This was the second consecutive month in which the deforestation rate fell, year-on-year.

Deforestation was down by 1.2% overall in the period January–August 2021, year-on-year, at 6026 km<sup>2</sup>. Nevertheless, this is still almost double the figure in January–August 2018.

The Brazilian government has doubled the budget for environmental control in an effort to reduce the deforestation rate and plans to hire around 700 new field inspectors, according to the Ministry of the Environment.

### Export update

Total Brazilian exports of wood-based products (except pulp and paper) increased by 41.4% in August 2021, year-on-year, to US\$413.6 million (compared with US\$292.5 million in August 2020).

Pine sawnwood exports grew by 45.3% in value between August 2020 (US\$47.5 million) and August 2021 (US\$69 million); on the other hand, they decreased by 7.2% in volume over the same period, from 275 200 m<sup>3</sup> to 255 300 cu.m.

Tropical sawnwood exports fell by 3.3% in volume in August 2021, year-on-year, to 35 300 cu.m, and by 11.6% in value, to US\$13 million.

Pine plywood exports increased in value by 83% in August 2021, year-on-year, to US\$109.6 million, but decreased in volume by 17.3%, to 195 900 cu.m.

Tropical plywood exports increased in volume by 55.9% in August 2021, year-on-year, to 9200 cu.m, at a value of US\$5.6 million.

Wooden furniture exports increased in value by 26% in August 2021, year-on-year, to US\$66.4 million.

### Acre ends August with positive trade balance

Acre, a Brazilian state in the Amazon and one of the region's largest tropical timber exporters, ended August 2021 with a trade surplus of US\$2.5 million. Its main export product, timber and timber derivatives represented 36% of total exports, at US\$2.7 million in August.

The state had a record trade surplus of US\$32.9 million in the first six months of 2021, which was 49% higher than in the same period in 2020 (US\$22.2 million), according to the Ministry of Economy.

### Privatisation of Port of Santos

Brazil's Ministry of Infrastructure has indicated that it is making progress in structuring the privatisation of the Port of Santos in the country's southeast, with a view to presenting it to a public hearing in October 2021.

The creation of a public–private partnership in the port is expected to raise BRL 16 billion and transform the port into the largest terminal in the Southern Hemisphere. Investments will be made to improve access to the port, including by increasing the depth of the channel, thereby significantly improving the country's export infrastructure.

The Port of Santos is Brazil's most important port and one of the busiest in Latin America. Around two-thirds of Brazil's rail network supplies the port, which has terminals for the outflow of specific products, including products of forest origin.

Source: Agência Brasil (September 2021)

#### 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	
4mm WBP	439
10mm WBP	394
15mm WBP	318
4mm MR.	381
10mm MR.	293
15mm MR.	262

Prices do not include taxes. Source: STCP Data Bank

#### Prices for other panel products

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

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

Source: STCP Data Bank

## Peru

### SERFOR and regional authorities develop control systems to verify timber legality

The regional forest authorities of Loreto, Madre de Dios, San Martín and Ucayali, in coordination with the National Forest and Wildlife Service (SERFOR), held technical meetings recently to finalise a forest administration and accreditation system for ensuring the legal origin of the wood.

The meetings enabled completion of the Control Module of the National Forest and Wildlife Information System (MC-SNIFFS), with the system expected to be up and running in 2022.

The MC-SNIFFS is a joint undertaking between the regional authorities and SERFOR, with international technical assistance. The aim is to increase the efficiency and veracity of the public and private administration of timber supply chains in Peru, from the forest through harvesting, transportation, processing and marketing.

MC-SNIFFS will manage information on forest concessions and forest-use permits, among other things, and also integrate forest management planning and management information with data generated in transportation and processing.

### OSINFOR approves new regulation for the supervision of forest resources

The Forest Resources and Wildlife Supervision Agency (OSINFOR) approved a new regulation for the supervision of forest resources and wildlife after subjecting it to public debate and obtaining views from the public and forest-sector stakeholders.

The regulation, which will come into force on 15 October, updates a previous regulation, taking into account regulatory changes to the administrative inspection and supervision process.

### Support for forest restoration in fire-affected areas in Cusco

The aim of a multisectoral agreement signed between the Ministry of Agrarian Development and Irrigation (MIDAGRI), the Ministry of Environment and the municipalities of Andahuaylillas and Lucre is to restore areas affected by forest fires in the Cusco region. The agreement, which spans three years, will help ensure a coherent and coordinated restoration programme in the two municipalities.

Minister Víctor Maita said MIDAGRI will provide technical assistance for the identification and diagnosis of fire-affected areas and their ecological restoration and supply seeds of forest species for nurseries to be used in the restoration effort.

### Peruvian exports improved in July

Peruvian exports of all products totalled US\$4.2 billion in July 2021, an increase of 16% compared with the same month in 2020, according to the Lima Chamber of Commerce (CCL).

Despite the growth, however, the CCL said there had been a drop in shipments to some main destination markets. Exports in July to China amounted to US\$1.24 billion, down by 5.5%, year-on-year, and exports to the US were valued at US\$564 million, a drop of 12.7%. Exports also declined to Canada and Japan. On the other hand, exports leapt in July to India, the Republic of Korea, Switzerland, the Netherlands, Brazil and Chile.

#### 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 Grade 2, Mexican market	584-612 498-523
Cumaru 4" thick, 6"-11" length KD Central American market Asian market	1009-1033 1093-1131
Ishpingo (oak) 2" thick, 6"-8" length Spanish market Dominican Republic	598-621 ↑ 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

#### State of Emergency lifted

The government has ended the state of emergency for Tokyo and 18 prefectures as infections have declined from their peak. Infections in Japan have been falling since the record of 25,876 cases on 20 August. A total of 1,147 cases were confirmed on 27 September. When lifted, this will be the first time since April that no part of Japan was under restrictions. Restrictions will be eased in stages with Prefectural Governors deciding on which antivirus measures should remain.

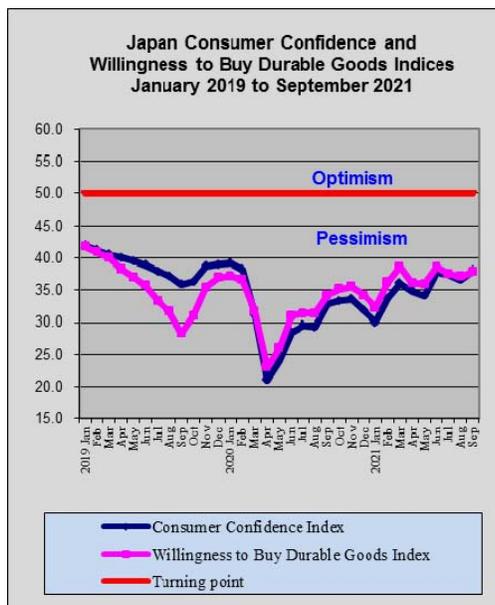
Japan needs to simultaneously curb the spread of COVID-19, promote economic activity and implement reform measures to improve the business environment according to a recent government white paper on the economy. With the nation struggling to contain the pandemic, it is vital to build an economy capable of responding flexibly to emergencies such as supply-chain disruption and climate change, according to the white paper.

The white paper calls for practical approaches, including the use of vaccination certificates, to revive consumption and support corporate activities.

See: <https://english.kyodonews.net/news/2021/09/023a70c43ebd-japan-needs-resilient-economy-to-overcome-new-challenges-white-paper.html>

#### Consumer confidence gets a boost

Household spending is expected to pick up as the state of emergency around the country has been lifted. Although a decision on the lifting of restrictions was not announced until late September anticipation that this would be the case gave consumer confidence a boost. On a more sobering note, hospitals are readying for the next wave of infections as people begin trying to get back to a more normal life and as commuters fill the trains.



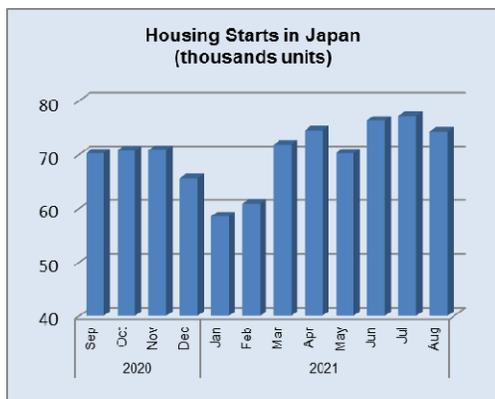
Data source: Ministry of Finance, Japan

### Despite pandemic demand for land firm

Average land prices in Japan as of 1 July fell around half a percent from the previous year, a decline for the second consecutive year. However, housing demand, sustained by low-interest rates, was firm even before the pandemic pushing up residential land prices in urban residential areas.

See: <https://www.mlit.go.jp/hakusyo/mlit/r01/hakusho/r02/pdf/English%20Summary.pdf>

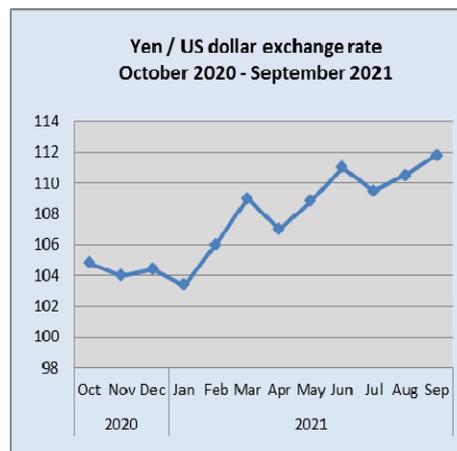
August housing starts were around 7% higher compared to August 2020 but have now reached about the same level as in pre-pandemic August 2019. The slight dip in August starts compared to July is because of the holidays period.



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

### Yen tilts weaker again, exporters happy

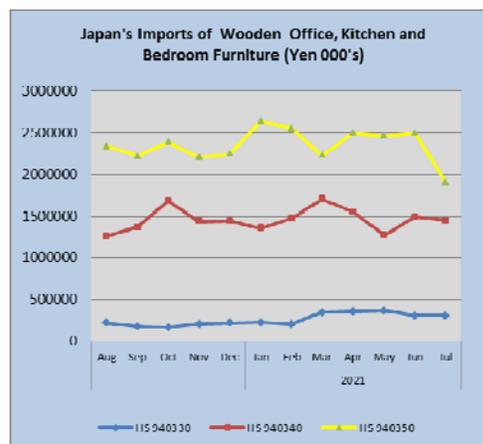
The US dollar continued to show strength against most major currencies in late September including the yen. Market analysts are suggesting the yen could drop to around 112 to the dollar, a level it has not reached since early 2020.



### Import update

#### Furniture imports

Japan's imports of wooden furniture recovered in the second half of 2020 and have continued at levels seen in pre-pandemic years. The country experienced a serious fourth wave of infections that has only now started to subside but even this did not result in any noticeable decline in the value of wooden office and kitchen furniture imports. However, there has been a recent correction in the level of wooden bedroom furniture imports.



Data source: Ministry of Finance, Japan

#### Office furniture imports (HS 940330)

Year on year, the value of imports of wooden office furniture (HS940330) rose over 20% in July, a result of the lower imports in 2020 during the early days of the pandemic. Compared to the value of June imports there was little change in July.

The top shipper of wooden office furniture in July this year was China which saw its share of imports rise to 86%. This dented to arrivals from the other two main suppliers Indonesia and Poland which together could only secure a 3% share each. Compared to the value of June imports shipments from suppliers in China jumped around 30%.

**July imports (HS 940330)**

	Imports July 2021 Unit, 000's Yen
S. Korea	-
China	260,440
Taiwan P.o.C	1,191
Vietnam	3,366
Thailand	3,023
Singapore	-
Malaysia	2,811
Indonesia	8,791
India	-
Denmark	-
UK	265
Belgium	-
France	4,821
Germany	3,319
Switzerland	-
Portugal	-
Italy	236
Finland	-
Poland	4,583
Austria	-
TURKEY	-
Lithuania	1,286
Czech Rep.	-
Slovakia	3,291
Canada	-
USA	975
Mexico	3,428
<b>Total</b>	<b>301,826</b>

Data source: Ministry of Finance, Japan

**Kitchen furniture imports (HS 940340)**

The value of imports of wooden kitchen furniture in July was little changed from that in June which is bringing down the overall third quarter imports. Over 90% of imports of wooden kitchen furniture were from shippers in just 3 countries, the Philippines (51% of imports), Vietnam (33%) and China (9%).

It was only shippers in the Philippines that secured a rise in the share of imports in July. Year on year and month on month July 2021 import values were largely unchanged.

In June this year there were sizeable imports of wooden kitchen furniture from European suppliers notably Germany and Italy but this was not maintained in July.

**July imports (HS 940340)**

	Imports July 2021 Unit, 000's Yen
S Korea	209
China	135,988
Taiwan P.o.C	700
Vietnam	475,739
Thailand	50,972
Malaysia	506
Philippines	732,832
Indonesia	18,001
India	1,945
Denmark	308
UK	-
France	-
Germany	9,732
Spain	-
Italy	2,980
Romania	6,057
Canada	8,580
USA	1,418
<b>Total</b>	<b>1,445,967</b>

Data source: Ministry of Finance, Japan

**Bedroom furniture imports (HS 940350)**

The value of Japan's imports of wooden bedroom furniture plunged in July this year dropping 17% year on year and by a massive 24% compared to the value of June imports. The main suppliers in July were manufacturers in China, Vietnam and Thailand and all three saw the value of shipments fall compared to June.

It is unlikely that the shortage of shipping containers is behind the steep drop in the value of imports as no such drop has been observed for other categories of furniture. There was no similar drop in July imports in either 2019 or 2020 so the correction is likely to be due to domestic demand changes.

In July this year the top shippers were from China (66% of July imports) Vietnam (28%) and Thailand (2%).

## July imports (HS 940350)

	Imports Jul 2021 Unit, 000's Yen
S. Korea	-
China	1,249,288
Taiwan P.o.C	1,649
Vietnam	536,867
Thailand	39,343
Malaysia	10,981
Philippines	-
Indonesia	26,498
India	283
Sweden	738
Denmark	1,010
UK	463
France	-
Germany	-
Switzerland	-
Portugal	8,678
Italy	10,222
Poland	14,126
Lithuania	5,531
Belarus	-
Bosnia-Herzegovina	393
Canada	546
USA	232
Total	1,906,848

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

### **South Sea (tropical) logs and lumber**

Log production in Malaysia remains sluggish as workers are short at logging sites and the administration offices run on short time so log production continues slow. Log orders from India is active. Japanese demand is decreasing for logs with limited number of ships so even if log production improves in producing regions, there will not be any large increase of log demand.

Price increase on Chinese made free board is pausing now since the dealers in Japan are cautious to make future purchase by uncertain future market. Also the manufacturers carry large order balance and deliveries are now delaying. Chinese made Russian red pine lumber prices are firm because Russia is restricting export of red pine lumber.

Indonesian mercusii pine lumber production is affected by decreasing number of workers by COVID 19 and shortage of containers

### **Imported wood fuel in the first half**

The amount of imported wood pellet in January to June 2021 is getting higher than before. Since the amount of wood pellet from Vietnam is over 30% up and also the amount from Canada increased a lot at same months last year. The total amount of imported wood pellet is 150% more than last year.

The amount of PKS is not as much as Japanese companies wanted but Indonesian PKS is increasing. The total amount of imported wood pellet in January to June 2021 is 141,905 tonne, 50.4% higher than the same periods in 2020. About 3,000,000 tonne would be imported in this year.

The imported wood pellet is from Vietnam for 712,297 tonne, 34.6% more, from Canada for 513,440tonne, 76.7% more and from Malaysia for 80,336tonne, 13.9% less than the same months of 2020.

Due to new biomass power generation plants in Japan, such as Makita biomass power generation plant in Fukuoka with power output of 75,000kw, Ichihara biomass power generation plant in Chiba with power output of 4,990kw and Kaita power generation plant in Hiroshima with power output of 112,000kw are in operation which need a lot of wood pellet.

Japan bought only 31 tonne of wood pellet in 2020, but in this year Japan has already bought 26,967 tonne more in 2021. Nearly 4,000,000 tonne in a year by just one American company would be imported to Japan in the future. However, the total amount of imported PKS is 1,114,649tonne, 10.1% increased same months last year. The volume from Indonesia is 918,635 tonne, 20.1% up and Malaysia is 196,014 tonne, 20.8% down.

This is because new biomass power generation plants in Japan prefer to use wood pellet instead of PKS. Also the lockdown in Malaysia 2020 due to COVID-19 caused a confusion the supply of PKS for Japan. According to a trading company in Japan, some biomass power generation plants consume domestic wooden pellet because PKS is very expensive now.

### **North American logs**

After forest fire season is over on the West Coast of the U.S.A., FAS log prices for Japan for September shipment are reported to be down by US\$20 per M Scribner but ocean freight continues escalating and US\$100 increase in last several weeks.

North American lumber market prices of 15 average structural grade lumber for the first week of September are US\$395 per MBM, which stopped skidding after 15 weeks but green Douglas fir 2x4 prices (standard & better) are less than US\$300 at US\$285 per MBM FOB Portland.

Sawmills' profitability is deteriorating and many sawmills are curtailing the production so log purchase activities are simmering down.

Regardless of weaker log prices, Yen's cost for sawmills is higher because of strong ocean freight so the largest lumber manufacturer, Chugoku Lumber raised the sales prices on Douglas fir KD square and beam since October 1 by 10,000 yen per cbm.

Meantime, Canadian side is different with strict harvest restriction in Southern part of Vancouver Island and availability of logs is very difficult and export prices of logs are inflating. Douglas fir log prices have been advancing US\$5 every month and present prices are US\$150 per cbm FAS.

Ocean freight increased by US\$15 per cbm so CIF prices are about 28,000 yen per cbm FOB truck port yard, about 2,500 yen increase. Domestic plywood mills are short of domestic logs with soaring prices and they wish to have Canadian Douglas fir logs even with high prices but the importers are not able to satisfy enough.

#### Forestry Agency's 2022 budget request

Total of 346.2 billion yen is requested for the budget of the Forestry Agency to perform new forest and forest industry plan approved by the Diet in June. This is 14% more than previous budget. 22.4 billion yen is allocated for measures of wood industry green growth including subsidy to deal with increasing wood processing facilities when imported wood products are short in supply.

The main subject is green growth in forestry and forest industry to realize carbon neutral age. 14.6 billion yen is requested for facilities of wood processing and distribution business and of nursery and seedlings.

In particular, wood processing facilities are to deal with shortage of imported wood products and domestic wood should cover such shortage. For instance, such facilities like processing large diameter logs to produce beam lumber, which share of imported materials is high. 2.2 billion yen is requested for non-residential wood buildings in which one billion is allocated for use of fire proof wood in urban areas and another one billion is allocated for promoting use of CLT and LVL.

147.8 billion yen is requested for forest maintenance. Main businesses are thinning and cost saving and energy saving of replantation after clear cutting. Building main logging road system and improvement of existing systems.

Even if timber sales increase, log supply may not increase with many preparations in case of privately owned timber but timber harvest of national forest is much quicker so it helps solving log supply shortage problem. Actually log supply did not disrupt during summer months this year and many agree that increase of national forest timber sales are the reason for smooth log supply.

#### Precutting market in Tokyo region

Supply of softwood plywood is extremely tight for precutting plants. Since middle of August, delivery of plywood is last minutes before processing and there is increasing fear of delay of construction of houses by lack of plywood.

Plywood mills took about ten days for regular maintenance in August so August production is less than normal months while precutting mills took only five days off in August and this gap created more shortage of supply.

Plywood mills are not able to increase the production by tight log supply and working regulation of labor.

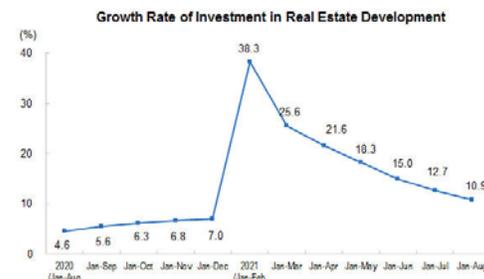
Precutting plants say that 12 mm panel is short as well as thick panel like 30 mm. Wholesalers have not inventory so only thing precutting plants can do is to beg plywood mills.

Shortage of softwood plywood started in July. Production and shipment in July are even with 246 M cbms so there is no surplus at all. Assuming plywood mills carried the inventory, the shipment in July should exceed the production. August situation is much tighter and some precutting plant says that delivery of orders placed two months ago for late August delivery is seven to ten days behind schedule.

### China

#### Real estate development and sales growth slows

National investment in real estate development was CNY 9806 billion between January and August 2021, a year-on-year increase of 10.9% and 15.9% higher than in the same period in 2019; thus, average growth over the last two years has been 7.7%. Within this, residential investment was CNY 7397 billion, an increase of 13%.



Source: National Bureau of Statistics, China

The area of land acquisitions by real estate development enterprises was 107.3 million m<sup>2</sup> in January–August 2021, a year-on-year decrease of 10.2%; the land transaction price was CNY 664.7 billion, down by 6.2%, year-on-year.

The sales area of commercial housing was 1142 million sq.m in January–August, a year-on-year increase of 16% and 12% higher than in the corresponding period in 2019, with an average growth of 5.9% over the two-year period.

See:

[http://www.stats.gov.cn/english/PressRelease/202109/t20210916\\_1822206.html](http://www.stats.gov.cn/english/PressRelease/202109/t20210916_1822206.html)

### **Risk to China's real estate market from Evergrande problems**

Until this year, Chinese property was booming. Demand for real estate in the megacities of Beijing, Shanghai, Shenzhen and Guangzhou drove prices to among the most expensive in the world. Until this year, Evergrande, China's second-largest property developer by sales, invested heavily.

But then came falling property prices in smaller cities and a series of government measures aimed at cracking down on excessive borrowing in the real estate sector. Economists say the potential collapse of Evergrande could "be the biggest test that China's financial system has faced in years".

See: <https://www.abc.net.au/news/2021-09-21/china-property-bust-evergrande/100472190>

More background:

<https://www.japantimes.co.jp/news/2021/09/17/business/corporate-business/china-evergrande-scenarios/>

### **Tariff exemption extended for US hardwood imports**

The Customs Tariff Commission of China's State Council has extended the exclusion period for additional tariffs imposed on certain commodities imported from the US, which was due to end on 16 September 2021. Among the commodities excluded from the additional tariffs are anticorrosive wood (44039100), North American hardwood logs (44039960), cherry sawnwood (44079400), ash sawnwood (44079500) and other North American hardwood sawnwood (44079930). China will now exempt these US products from additional tariffs until 16 April 2022.

See:

[http://gss.mof.gov.cn/gzdt/zhengcefabu/202109/t20210916\\_3753336.htm](http://gss.mof.gov.cn/gzdt/zhengcefabu/202109/t20210916_3753336.htm)

and

[https://www.sohu.com/a/490904997\\_116082](https://www.sohu.com/a/490904997_116082)

### **First wood-fumigation enterprise starts up in Henan**

The first enterprise for fumigating wood packaging for export was established recently in San Men Xia in Henan province.

Demand for wood packaging has risen in San Men Xia in recent years in line with the city's increasing commodity exports. There is a growing need to fumigate wood packaging for export, and the new company will help fill the gap.

See:

[https://baijiahao.baidu.com/s?id=1710414332391886881&wfr=s\\_pider&for=pc](https://baijiahao.baidu.com/s?id=1710414332391886881&wfr=s_pider&for=pc)

### **First timber train arrives from Russian Federation in Xinxiang**

The China–Europe Express arrived recently in Xinxiang from the Russian Federation, carrying about 2500 m<sup>3</sup> of timber worth RMB 3 million. This is the first timber train from the Russian Federation to Xinxiang, a city in Henan province, and it marks the beginning of regular timber shipments on the Xinxiang China–Russian Federation line. The trip takes about ten days, shaving at least two-thirds off the previous travel time.

See: <http://www.henan.gov.cn/2021/09-08/2309347.html>

### **Production line for reed-based formaldehyde-free wood panels set for Yueyang**

The first production line of formaldehyde-free wood panels using reed fibre will be built in Yueyang, Hunan province, according to the local government there. The project will use abundant reed resources in the Dongting Lake District of Yueyang city, opening up a new way to boost the income of reed farmers, promote local economic development, help rural revitalization, and develop a "green" industry.

See:

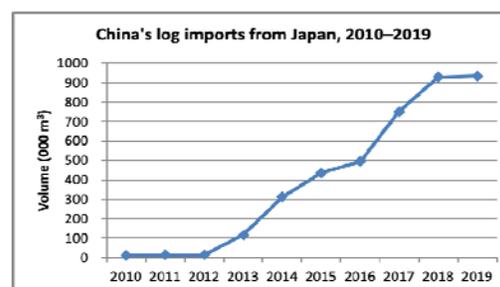
[http://www.yiyang.gov.cn/yyslyj/1822/1823/content\\_1443455.html](http://www.yiyang.gov.cn/yyslyj/1822/1823/content_1443455.html)

### **China–Japan wood seminar held in Nanning**

A China–Japan wood seminar was held recently in Nanning, Guangxi Zhuang Autonomous Region, sponsored jointly by the China Timber and Wood Products Distribution Association and the Japan External Trade Organization.

The aims of the seminar were to increase knowledge among China's wood industrial enterprises of Japanese timber resources and the prospects for Japanese wood in China; lay a foundation for increasing timber trade between China and Japan and thus deepen relationships among industrial wood enterprises in the two countries; and jointly plan an improved timber trade.

Japan's wood exports to China are booming, jumping from about ¥1 billion in 2001 to ¥17 billion in 2020. China's log imports from Japan surged from about 15 000 cu.m<sup>3</sup> in 2012 to more than 900 000cu.mm<sup>3</sup> in 2019.



Data source: China Customs

China imported 671,000 cu.m of logs from Japan in the first half of 2021, at a value of US\$101 million, a year-on-year increase of 36% in volume and 68% in value.

The CIF price rose by 23%, year-on-year. Almost all China's log imports from Japan are softwood.

China's log imports from Japan have increased due to active Japanese promotion of timber exports and in-depth exchanges between Japanese producers, the Chinese government and Chinese enterprises.

See:

<https://baijiahao.baidu.com/s?id=1711022639760314356&wfr=spider&for=pc>

### Concern on COVID-19 variants triggers decline in exporter confidence in Hong Kong

The HKTDC (Hong Kong Trade Development Council) Export Index dropped by 9.7 points in the third quarter of 2021, to 39.0, indicating that market uncertainties in light of COVID-19 variants could be undermining the near-term confidence of Hong Kong exporters. Two-thirds of exporters indicated that they had been adversely affected in the past three months, a 9.7% increase on the previous quarter. Reductions in order sizes (cited by about 60% of exporters) were the most common downside.

See:

[https://research.hktdc.com/en/article/ODQ2ODEyMjg1?utm\\_source=weky\\_edm&utm\\_campaign=edm\\_promo\\_upd&utm\\_medium=edm&DCSext.dept=12&WT.mc\\_id=6251901](https://research.hktdc.com/en/article/ODQ2ODEyMjg1?utm_source=weky_edm&utm_campaign=edm_promo_upd&utm_medium=edm&DCSext.dept=12&WT.mc_id=6251901)

### New "international hub" in development in Yangtze River Delta

Shanghai, the leading city in the Yangtze River Delta (YRD) region, is home to China's first pilot free trade zone, the host city for the China International Import Expo, and an important window for expanding imports and helping businesses venture into the mainland market. Central authorities have given the city the strategic task of promoting cross-border trade, with the State Council approving an overall plan in February 2021 for the construction of the Hongqiao international hub.

High-level planning has been carried out for the construction of the hub to promote the deepening of reform and the coordinated opening up of the YRD. The goal is to complete construction by 2035, with a functional layout of "one core and two belts".

See:

[https://research.hktdc.com/en/article/ODQ3NjE1MTY1?utm\\_source=weky\\_edm&utm\\_campaign=edm\\_promo\\_upd&utm\\_medium=edm&DCSext.dept=12&WT.mc\\_id=6251906](https://research.hktdc.com/en/article/ODQ3NjE1MTY1?utm_source=weky_edm&utm_campaign=edm_promo_upd&utm_medium=edm&DCSext.dept=12&WT.mc_id=6251906)

### GGSC-CN Index Report, August 2021

China's PMI index declined to 50.1% in August 2021, a decrease of 0.5 percentage points from the previous month, indicating that, although the economy continued to pick up, the rate of growth slowed. The wood production and manufacturing industry was in its traditional off-season in August. Domestic and international market demand dropped and manufacturing continued to be tight. The price of raw materials is still rising, the inventory of raw materials has continued to decline, and the cost pressure on the industry has increased.

The GGSC-CN comprehensive index for August was at 43.0% (compared with 47.1% in August 2020 and 42.1% in August 2019), a decrease of 4.7 percentage points from July (Figure below). It has been below the critical value of 50% for two months, showing that the operations of the superior forest product enterprises represented by the GGSC-CN index have been declining.

### GGSC-CN index trend, September 2020–August 2021



### Challenges

- Labour shortage.
- It is difficult to purchase wood, and the supply of imported raw materials is unstable.
- There are few solid wood raw materials to meet demand.
- The price of raw materials is rising, and this situation is becoming the norm.
- The price of ebony and pine core board has increased significantly.

### Products in short supply

- Diperyx, merbau, teak, zingana, chemical raw materials, paint.

### Commodities for which prices increased

- South American materials such as diperyx and tauari.
- Merbau, teak, oak veneer, formaldehyde, fibreboard, paper, paraffin, waterproofing agents, melamine.

### Commodities for which prices decreased

- Chinese fir logs, pine core board, urea.

Four of five sub-indexes of the GGSC-CN fell in August 2021 and one increased.

The production index was at 40.9%, down by 5.2 percentage points compared with July; it has been below 50% for two months now and shows that the production of superior forest product enterprises represented by the GGSC-CN has been falling.

The new-order index was at 40.9%, down by 9.1 percentage points over July, indicating that the ability of enterprises to obtain orders worsened in the last month.

The new-export-order index, which reflects international trade, was at 22.7% in August, down by 0.4 percentage points from July, showing that orders from abroad decreased in the last month.

The main-raw-material-inventory index was at 45.5% in August, up by 0.7 percentage points from July, indicating that raw-material inventories of superior forest product enterprises have been decreasing.

The employment index was at 45.5% in August, down by 8.4 percentage points from July, showing that the employment provided by forest product enterprises was significantly down compared with July.

The supplier-delivery-time index was at 45.5%, up by 7.0 percentage points from the previous month, showing that supply times by raw-material suppliers to forest product enterprises were more drawn out than in July.

See: [http://www.itto-ggsc.org/site/article\\_detail/id/224](http://www.itto-ggsc.org/site/article_detail/id/224)

### GGSC-Gabon Index Report, August 2021

The GGSC-Gabon index was at 54.3% in August (the testing period for the index), an increase of 2.5 percentage points over July.

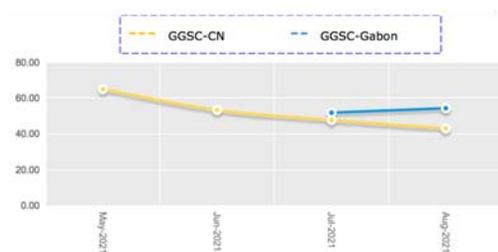
It has been above the critical value of 50% for two consecutive months, indicating that the overall operating situation of key timber companies in Gabon is expanding.

Specifically, on the supply side, the manufacturing of key enterprises decreased slightly; on the demand side, there was rising momentum for enterprise orders. Export orders rose slightly and enterprise orders on hand also increased compared with the previous month. At the same time, the price of raw materials increased significantly.

According to feedback from enterprises, inventories of raw materials and finished products generally increased in August, highlighting problems such as high export logistics and transportation costs and a shortage of containers.

The Figure below compares GGSC-Gabon and GGSC-CN. August is the traditional off-season for the forest product manufacturing industry in China. The GGSC-CN comprehensive index in August 2021 was at 43.0% (compared with 47.1% in August 2020 and 42.1% in August 2019), a decrease of 4.7 percentage points compared with July; it has been below the critical value of 50% for two consecutive months, showing that the operations of the forest product enterprises represented in the GGSC-CN index shrank over the period.

### Trend of GGSC-CN Index and GGSC-Gabon Index, May–August 2021



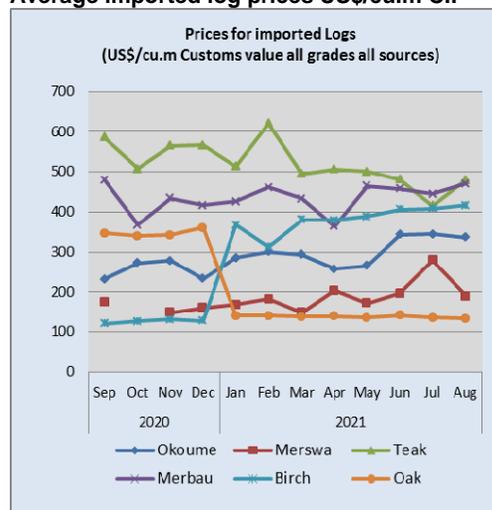
Note: The GGSC-Gabon Index started testing in July 2021; thus, only July and August data are available.

The GGSC-Gabon sub-indices are as follows:

- The production index was at 44.4% in August 2021, down by 13.9 percentage points from July and below the critical value of 50%. It shows that the production of key companies with forest concessions in Gabon decreased compared with July.
- The new-order index was at 66.7% in August, up by 16.7 percentage points from the previous month, reflecting the ability of key companies with forest concessions to obtain more orders than in July.
- The main-raw-material-inventory index was at 57.1% in August, down by 2.9 percentage points from the previous month (but still above the critical value of 50%), showing that the raw-material inventory of key companies with forest concessions increased compared with July.
- The employment index was at 50.0%, showing that there was basically no change in employment numbers for key companies with forest concessions.
- The supplier-delivery-time index was at 41.7%, an increase of 8.3 percentage points compared with the previous month, indicating that the supply time of raw-material suppliers for key companies with forest concessions was significantly slower than in July.

See: [http://www.itto-ggsc.org/site/article\\_detail/id/225](http://www.itto-ggsc.org/site/article_detail/id/225)

### 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

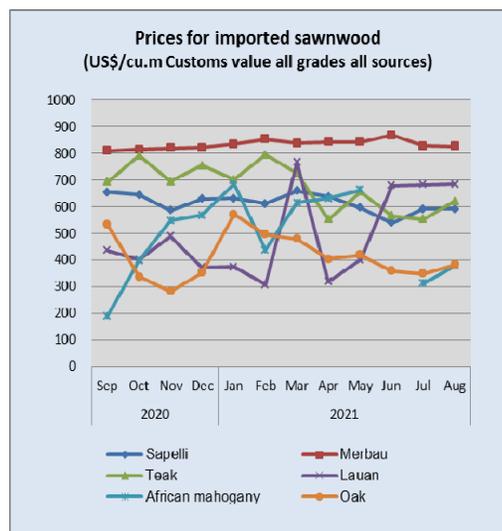
Data source: China Customs. Customs value all grades, all sources

### 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



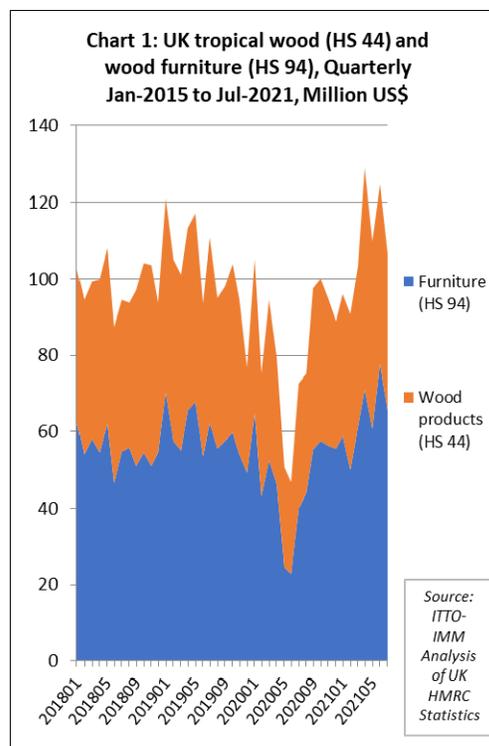
Data source: China Customs. Customs value all grades, all sources

Following the sharp increase in April, when import value was at the highest monthly level since before the financial crises of 2008-2009, imports declined only slightly from this peak between May and July (Chart 1).

While UK import value of tropical and wood furniture was strong compared to the first seven months last year, which was severely affected by COVID lockdowns, import value was marginally down compared to USD762 million in the same period of 2019.

This is disappointing at a time when import prices are inflated by a dramatic rise in freight rates, particularly from Southeast Asia and other tropical supply regions, and overall demand for timber products in the UK is at unprecedented levels.

This year, the UK is experiencing a very robust rise in construction sector activity and in timber trade and consumption. There has been a welcome rebound from the lows of last year in the value of wood product imports from tropical countries into the UK, and importers are benefiting from strong sales, high prices and larger margins. However, much bigger gains are being made in this market by wood products suppliers outside the tropics.



## Europe

### Imports of tropical wood rebound in the UK but lose share in a rising market

The UK imported tropical wood and wood furniture products with a total value of USD760 million in the first seven months of 2021, a 36% increase compared to the same period in 2020.

The latest UK Construction Products Association (CPA) Trade Survey shows construction remained in expansion mode during the second quarter of this year, with private housing and repairs, maintenance and improvement leading the industry. Much of the activity in these sectors has been sustained by government housing policies, an increase in the disposable income across households in the UK, and a homeworking trend that has been driving demand for greater or improved outdoor and office space.

According to the Building Merchants Building Index (BMBI), in the three months between May and July this year, UK sales of timber were at record levels and performing better than all other building material categories. During the three month period, total UK builders' merchant sales were 35% up on a COVID-affected period last year, while sales of timber and joinery products increased 65%. Total sales in May to July were 9% higher than in February to April, while timber and joinery products sales were up 19%.

Sales were also exceptionally strong compared to 2019, before the pandemic. Total builder's merchant sales in May to July 2021 were 17% higher than in May to July 2019, while timber and joinery product sales were 44% higher.

A statement by the UK Timber Trade Federation issued earlier in September suggests that longer term prospects for timber demand in the UK are good, but short term logistical issues are putting severe strain on supply.

"The supply chain has been working hard to satisfy this additional demand, which is expected to continue in the short to medium term according to industry forecasts. While some of this demand may ease as pandemic restrictions subside, the demand for timber is likely to remain strong amidst a construction industry seeking to rapidly decarbonise.

By choosing to build with responsibly sourced timber, architects, engineers and house builders are helping to turn our built environment into a form of carbon capture and storage. There is a significant opportunity for the timber sector to grow into a pillar of the UK's low-carbon economy".

The TTF go on to note that "The main brake on this growth will come from other factors, particularly labour shortages in areas across the supply chain from logistics to skilled on-site labour, with the CBI [Confederation of British Industry] warning this could take at least two years to settle down."

The latest IHS Markit/CIPS UK Construction Purchase Managers Index (PMI) for August suggests that these factors are beginning to act as a drag on the rate of market growth. The PMI dropped to 55.2 in August 2021, from 58.7 in the previous month and below market expectations of 56.9. Although any figure over 50 indicates continuing growth in the UK construction sector, the latest reading points to the softest pace of expansion since February.

Commenting on the slowing growth in August, IHS Markit/CIPS note that "given the amount of stimulus and relatively early stage in the recovery, to be slowing so close to the long-term trend is disappointing. Part of the slowdown can be linked to weaker growth of new orders for construction work, with the survey's New Orders Index slowing for a third consecutive month to register a further cooling of demand growth from May's record high.

"The slowdown can also be partly attributed to ongoing and near-record shortages of raw materials, as measured by suppliers' delivery times, which have in turn led to unprecedented price hikes for building materials in recent months... in August 68% of construction companies reported even longer delivery times for materials compared to July. A combination of ongoing covid restrictions, Brexit delays and shipping hold-ups were responsible as builders were unable to complete some of the pipelines of work knocking on their door".

However, IHS Markit/CIPS end on a positive note, "optimism improved on last month as more than half of building firms believe that output will continue to rise in the year ahead."

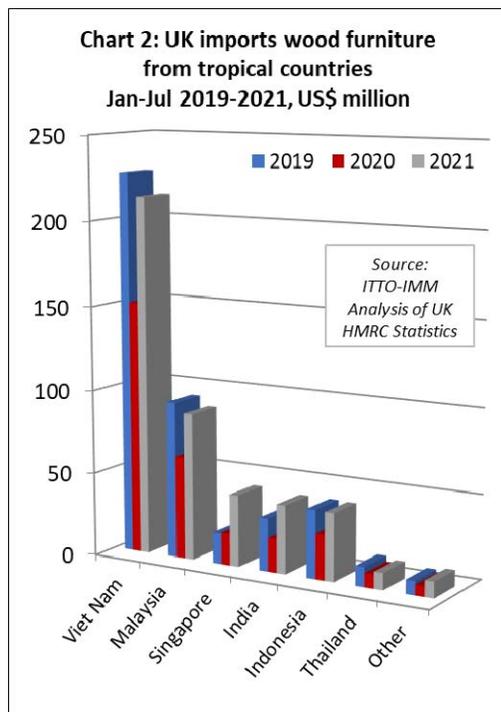
#### **UK tropical furniture imports recover ground lost during the pandemic**

Overall the UK imported USD445 million of tropical wood furniture products in the first seven months of this year, 52% more than the same period in 2020, but just 3% more than the same period in 2019. After a slow first quarter this year, when lockdowns once again disrupted trade, imports strengthened considerably in the second quarter to reach monthly highs not seen for over a decade.

Overall during the first seven months of 2021 compared to the same period last year, UK wood furniture imports were up from all four of the leading tropical supply countries to this market; Vietnam (+41% to USD214 million), Malaysia (+44% to USD88 million), Singapore (+123% to USD43 million), India (+103% to USD41 million), Indonesia (+50% to USD40 million) and Thailand (+19% to USD10 million).

While gains were made across the board when compared to the depressed levels of 2020, wood furniture import value was still trailing the pre-pandemic 2019 level from Vietnam (-6%), Malaysia (-6%), Indonesia (-1%), and Thailand (-15%).

In contrast the pre-pandemic rise from India has resumed, with import value from the country 30% higher this year than in 2019. Import value from Singapore, which has become more important as a supply hub due to logistical problems elsewhere during the pandemic, is 130% higher than in 2019 (Chart 2).

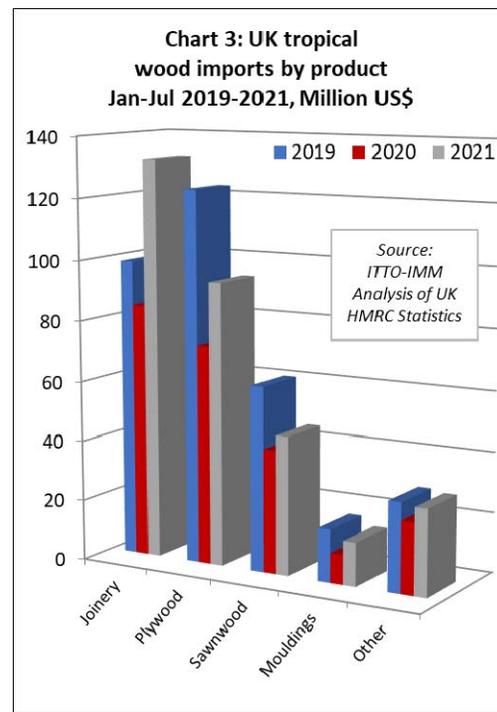


**UK tropical wood imports still down on pre-pandemic level**

UK import value of all tropical wood products in Chapter 44 of the Harmonised System (HS) of product codes was USD315 million in the first seven months of 2021, 36% more than the same period last year but 5% less than the same period in 2019.

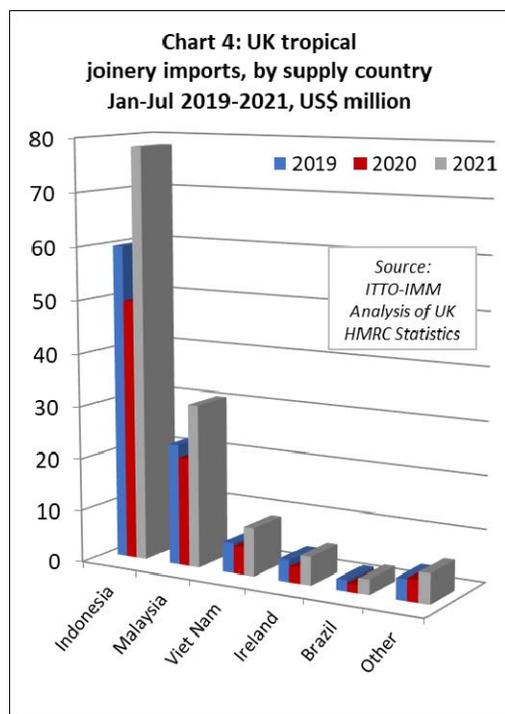
Comparing UK import value in the first seven months of 2021 with the same period in 2020, tropical joinery was up 57% at USD132 million, tropical plywood was up 29% at USD94 million, tropical sawnwood was up 12% at USD46 million, and tropical mouldings/decking was up 47% at USD8 million.

While import value of tropical joinery in the first seven months of this year was also up 34% on pre-pandemic level in 2019, UK import value of all other HS 44 tropical wood products was significantly behind the 2019 level including plywood (-24%), sawnwood (-25%), and mouldings/decking (-17%) (Chart 3).



After the sharp dip in UK imports of tropical joinery products during the first lockdown period in Q2 2020, imports gradually built momentum until March this year and then surged in the second quarter. Imports from Indonesia, mainly consisting of doors, were USD78 million in the first seven months of 2021, 58% more than the same period last year and 31% up on the same period in 2019.

UK imports of joinery products from Malaysia and Vietnam (mainly laminated products for kitchen and window applications) also made strong gains in the first seven months of 2021. Imports from Malaysia were USD31 million between January and July this year, 50% more than the same period in 2020 and 35% up on the same period in 2019. Imports of USD9 million from Vietnam were 76% more than in the same period in 2020 and 60% more than the same period in 2019 (Chart 4).



In contrast to joinery products, UK imports of tropical hardwood plywood have remained at relatively low levels this year. In the first seven months of 2021, the UK imported 172,400 cu.m of tropical hardwood plywood, which is 20% more than the same period in 2020 but still down 26% compared to the same period in 2019.

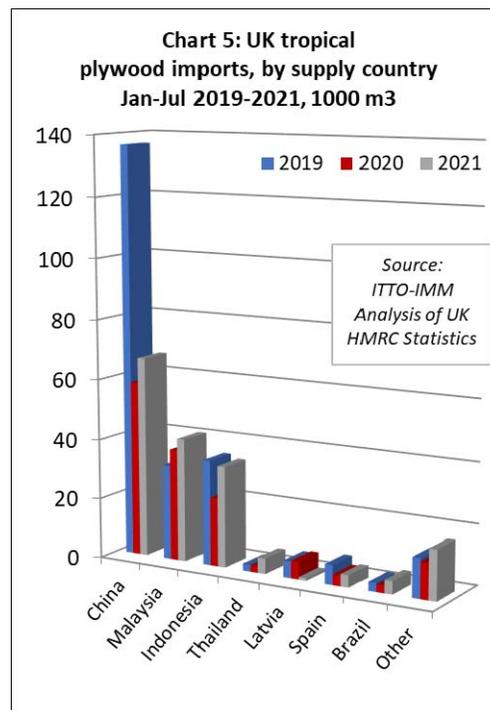
Imports from the UK's three largest suppliers of tropical hardwood plywood – China, Indonesia and Malaysia – have followed very different trajectories this year (Chart 5). The UK imported 66,700 cu.m of tropical hardwood faced plywood from China in the first seven months of this year, 15% more than the same period in 2020 but down over 50% compared to the same period in 2019.

In contrast, Malaysian plywood has made gains in the UK market this year, imports of 41,100 cu.m in the first seven months being 11% more than the same period in 2020 and 30% up on the same period in 2020. But it should be said these gains are being made against historically very low levels after a long period of decline in UK imports of Malaysia plywood in the years before 2019.

So far this year, UK imports of plywood from Indonesia have rebounded from the lows of 2020 but are still below the relatively modest levels of 2019. Imports of 33,600 cu.m in the first seven months of this year are 48% more than the same period in 2020 but 4% less than in 2019.

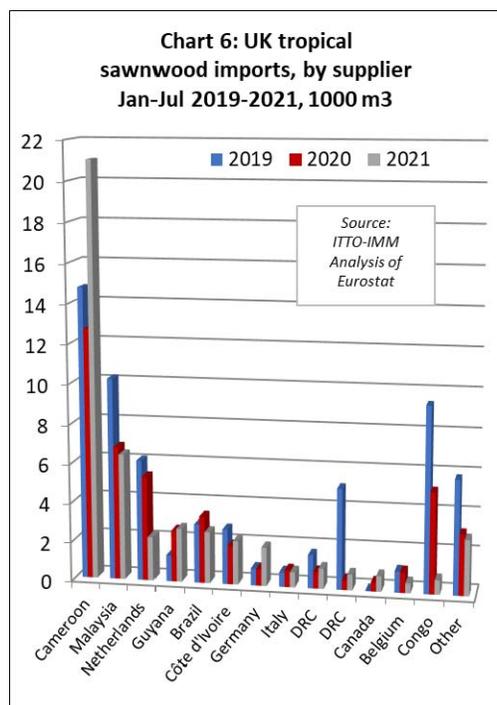
As with other hardwood product groups, UK demand for tropical hardwood plywood has been strong this year, driven by high levels of construction activity and shortages of competing materials. The main market challenges have been on the supply side, notably the considerable escalation in freight rates on Asian routes to the UK.

A 40ft container from Malaysia or Indonesia as late as last autumn cost US\$1,500 -2,000. By Q2 2021 importers were being quoted US\$15,000-20,000 and rates have stayed there.



After falling sharply in May and June last year, UK imports of tropical sawnwood have gradually strengthened, but the strength of the rebound has been impaired by significant logistical problems on the supply side. UK imports were 46,700 cu.m in the first seven months of 2021, just 3% more than the same period in 2020 and 26% less than the same period in 2019.

Although imports from Cameroon, now by far the leading supplier of tropical sawnwood to the UK, were up 66% on 2020 and 43% on 2019 during the seven month period, imports from nearly all other leading tropical sawnwood supply countries have remained weak this year (Chart 6).



The large increase in imports of sawnwood from Cameroon was due to the long lead time in shipment of contracts placed back in 2020. UK importers now report that supply for hardwoods from Cameroon and other African supply countries is very limited.

Global demand for species such as sapele, sipo and iroko, accompanied by production delays and logistical difficulties, have been such that many African mills placed a moratorium on taking new orders in late March and throughout April this year.

UK imports of tropical sawnwood from Côte d'Ivoire were just 2200 cu.m in the first seven months of this year, 13% more than the same period in 2020 but still down 20% on the same period in 2019.

The UK was previously a significant buyer of framire from Côte d'Ivoire but UK importers report that this species is proving increasingly difficult to source, both due to a lack of raw material in the forest and the challenges of obtaining assurances of legality that satisfy UK Timber Regulation requirements.

Meanwhile, UK imports of tropical sawnwood from both the Republic of Congo and DRC have fallen to a trickle since the start of the pandemic.

Imports from the Republic of Congo were just 700 cu.m in the first seven months of the year, down 86% and 92% compared to the same period in 2020 and 2019 respectively. Imports from DRC were 800 cu.m, which is 62% more than the negligible amount imported last year, but 84% less than the same period in 2019.

After an extremely slow start to the year, brought on by pandemic induced production problems and extreme shortages of containers, UK imports of tropical sawnwood from Malaysia picked up a little in the second quarter with the arrival in May of the first breakbulk shipments of Asian meranti and keruing lumber into the UK for nearly 30 years.

UK imports of Malaysian sawnwood were 6,400 cu.m in the first seven months of 2021. That is still 6% less than the same period last year and 37% down on the same period in 2019.

With shortages in supply from other sources, UK importers were turning more to South America in the opening months of this year. Imports from Brazil were quite good in the first quarter but ground to a halt in the second quarter. By the end of the first seven months, total UK imports of tropical sawnwood from Brazil were 2,600 cu.m, 23% less than the same period last year and 13% down on 2020.

Imports from Guyana on the other hand have continued to rise, at 2,700 cu.m in the first seven months this year, a gain of 4% on the same period in 2020 and double the volume imported in the same period in 2019.

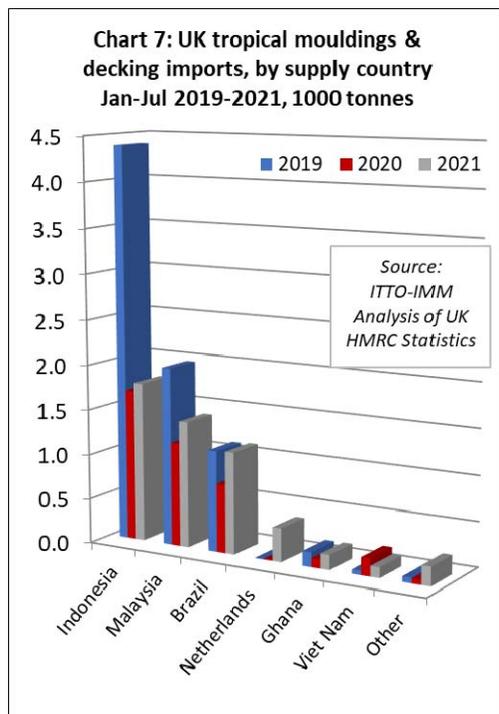
Indirect UK imports of tropical sawnwood from other EU countries have fallen dramatically this year. Total UK imports from EU countries were 6,900 cu.m in the first seven months of 2021, 25% less than the same period last year and 46% down on the same period in 2019.

The UK imported 5,200 tonnes of tropical hardwood mouldings/decking in the first seven months of 2021, 31% more than the same period in 2020 but still 33% less than the same period in 2019. The arrival of the first breakbulk shipments into the UK this year boosted imports a little from Indonesia, which at 1,800 tonnes in the first seven months were 6% more than the same period in 2020, but still down 60% compared to 2019.

Similarly, imports from Malaysia, at 1,400 tonnes, were 21% more than the same period in 2020 but 29% less than in 2019. Imports from Brazil have also picked up a little, at 1,100 tonnes in the first seven months, 49% more than the same period last year 1% more than in 2019 (Chart 7).

The UK market is currently suffering from severe lack of availability of tropical hardwood decking, due both to the freight hikes and also to suppliers preferring to sell the limited stocks they have available to other markets.

This has forced more UK importers to purchase more tropical decking from importers in the Netherlands. The UK imported 400 tonnes of tropical hardwood decking from the Netherlands in the first seven months of this year when previously very little was sourced indirectly from there.



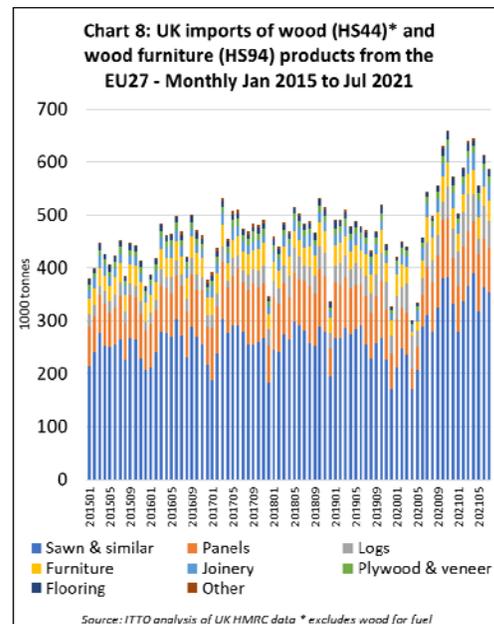
### Big increase in UK timber imports from the EU despite Brexit

An impact of the UK's departure from the EU single market and customs union on 1<sup>st</sup> January this year was meant to be a decline in the quantity of UK timber imports from the EU.

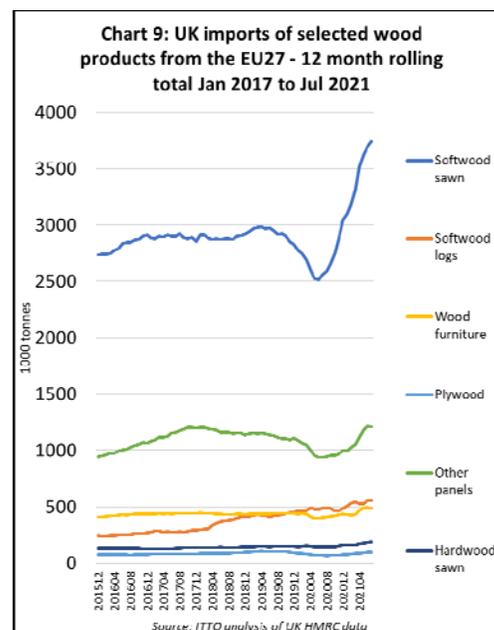
This forecast followed expectations of logistical problems as new controls were introduced at the UK border, increased scrutiny of the plant health and legal status of EU wood products imported into the UK, and sluggish economic activity in the UK due to post Brexit uncertainty.

However, not only did UK imports from the EU fail to decline in the first half of 2021, but they were at record levels. Chart 8 shows the quantity of UK imports of all wood and wood furniture products from the EU (excluding wood for fuel) on a monthly basis since the start of 2017.

In total, the UK imported 4.13 million tonnes of wood products from the EU27 in the first seven months of 2021, 40% more than the previous year, which of course was COVID-affected, but also 21% more than in 2019, the last "normal" year.



Most of this growth was concentrated in softwood sawnwood and logs and panel products, which dominate UK imports from the EU27 (at least in tonnage terms). However, imports of furniture and hardwood products which compete more directly with imports from the tropics also grew strongly from the EU in the opening months of this year.



Of course it is early days for the UK outside the EU single market, and the UK timber market is currently experiencing unprecedented conditions due to the COVID pandemic. The combination of very high levels of consumption in the UK construction and DIY sectors and severe disruption of supplies from sources further afield - in China, Southeast Asia, North and South America, and Africa - has fed a significant upturn in UK demand and prices for timber imports from the EU.

Importers and distributors have had a strong incentive to overcome the new logistical and bureaucratic challenges of sourcing from the EU.

The main question now is whether this situation will be maintained for the long term, and whether there is any genuine potential for the UK to pivot away from the EU as logistical problems ease in other parts of the world.

The market signals are still mixed in relation to this question. The UK's exit from the EU has contributed to a significant fall in indirect imports of tropical sawnwood and plywood from the European continent during 2021. But this has yet to be compensated by any significant rise in direct imports of these same products from tropical countries.

However, the uptick this year in UK imports of wooden doors from Indonesia and of other joinery products from Malaysia to levels exceeding those pre-pandemic, despite very high freight rates, is some grounds for optimism.

## North America

### Single-family housing starts decline further in August

Single-family homebuilding fell for a second straight month in August as builders continued to struggle with shortages of materials and labor, suggesting the housing market could remain a drag on economic growth in the third quarter.

The report from the U.S. Department of Commerce also showed the number of houses authorized for construction but not yet started raced to a record high last month, a sign of reluctance by builders to take on new projects.

Builders' inability to ramp up the production of single-family homes amid a massive housing shortage is driving up prices and keeping some first-time buyers from the market. Building costs remain an issue even though lumber futures have tumbled from a record high of \$1,711 per thousand board feet in May to about \$604 on September 20.

Single-family starts, which account for the largest share of the housing market, dropped 2.8% to a seasonally-adjusted annual rate (SAAR) of 1.076 million units last month. The decline was, however, offset by a surge in starts for the volatile multi-family segment. Starts for buildings with five units or more soared 21.6% to a rate of 530,000 units last month. The multi-family housing segment is being boosted by demand for rentals as COVID-19 vaccinations allow companies to recall workers to offices in city centers.

As a result, overall housing starts advanced 3.9% to a rate of 1.615 million units in August. Data for July was revised up to a rate of 1.554 million units from the previously reported 1.534 million units.

Economists polled by Reuters had forecast starts would rebound to a rate of 1.555 million units. Housing starts jumped 17.4% compared to August 2020.

Single-family starts dropped in the West and Midwest. They rose in the Northeast and the densely populated South. Single-family homebuilding has struggled to gain traction since surging to a rate of 1.255 million units in March, which was the highest level since November 2006.

In Canada, housing starts continued to cool from highs earlier this year. The standalone monthly SAAR of housing starts for all areas in Canada was 260,239 units in August, a decrease of 3.9% from July. However, on a trend and monthly SAAR basis, the level of starts activity remains elevated by historical standards.

See: <https://www.census.gov/construction/nrc/index.html>

### Existing home sales fell in August

Existing-home sales retreated in August, breaking two straight months of increases, according to the National Association of Realtors. Total existing-home sales fell 2.0% from July to a seasonally-adjusted annual rate of 5.88 million in August. Year-over-year, sales dropped 1.5% from a year ago (5.97 million in August 2020).

"Sales slipped a bit in August as prices rose nationwide," said Lawrence Yun, NAR's chief economist. "Although there was a decline in home purchases, potential buyers are out and about searching, but much more measured about their financial limits, and simply waiting for more inventory."

Each of the four major U.S. regions experienced declines on both a month-over-month and a year-over-year perspective. Existing-home sales in the Northeast slid 1.4% in August, recording an annual rate of 730,000, a 2.7% decline from August 2020. Existing-home sales in the Midwest fell 1.4% to an annual rate of 1,370,000 in August, a 2.1% decline from a year ago.

Existing-home sales in the South slipped 3.0% in August, registering an annual rate of 2,550,000, down 0.8% from the same time one year ago. And existing-home sales in the West decreased 0.8%, posting an annual rate of 1,230,000 in August, down 1.6% from one year ago.

See: <https://www.nar.realtor/newsroom/existing-home-sales-recede-2-0-in-august>

### Employment report disappoints

Job creation for August was a huge disappointment, with the U.S. economy adding just 235,000 positions, the U.S. Department of Labor reported. Economists surveyed by Dow Jones had been looking for 720,000 new hires. The unemployment rate dropped to 5.2% from 5.4%, in line with estimates.

August's total — the worst since January — comes with heightened fears of the pandemic and the impact that rising Covid cases could have on what has been a mostly robust recovery.

The weak report could cloud policy for the Federal Reserve, which is weighing whether to pull back on some of the massive stimulus it has been adding since the outbreak in early 2020.

Leisure and hospitality jobs, which had been the primary driver of overall gains at 350,000 per month for the past six months, stalled in August. Instead, professional and business services led with 74,000 new positions, while manufacturing gained 37,000.

The report comes with the U.S. seeing about 150,000 new Covid cases a day, spurring worries that the recovery could stall heading into the final part of the year.

#### **Consumer sentiment steadies in September after August plunge**

Consumer sentiment steadied in early September after plunging the month before to its lowest level in nearly a decade, but consumers continue to have a bleak view of the outlook amid a stiff bout of inflation, a University of Michigan survey showed.

The University of Michigan said its consumer sentiment index edged up to 71 in the first half of September from 70.3 in August - the lowest since December 2011. Economists polled by Reuters had forecast a reading of 72.

"The steep August falloff in consumer sentiment ended in early September, but the small gain still meant that consumers expected the least favorable economic prospects in more than a decade," the survey's director, Richard Curtin, said in a statement.

See: <http://www.sca.isr.umich.edu/>

#### **Manufacturing growth slowed in July**

Economic activity in the manufacturing sector grew in August, with the overall economy notching a 15th consecutive month of growth, say the nation's supply executives in the latest Manufacturing ISM Report on Business.

The report's key metric increased by 0.4% to from July's 59.9 reading, with 50 or higher denoting overall growth. ISM reported that 15 of the 18 manufacturing sectors saw gains in August, including the Wood Products sector, while the Furniture & Related Products made the strongest reported gains.

A survey respondent from the Furniture & Related Products sector noted that bookings and sales continue to be strong, while persistent supply issues — including availability of materials, freight/logistics/containers, and allocation of key commodities—continue to hamper production's ability to meet demand.

See:  
[https://www.scmr.com/article/manufacturing\\_stays\\_on\\_strong\\_footing\\_in\\_august\\_reports\\_ism](https://www.scmr.com/article/manufacturing_stays_on_strong_footing_in_august_reports_ism)

#### **Customs finds importers evaded duties by transshipping through third country**

U.S. Customs and Border Protection has found that a group of cabinet importers is evading anti-dumping and countervailing duty orders on Chinese products by transshipping them through a SE Asian country.

In April 2020, the Kitchen Cabinet Manufacturers Association won one of the largest anti-dumping cases ever brought against China. The ITC unanimously found injury to the U.S. cabinet industry, and Commerce imposed duties of 70% on Chinese imports of cabinets and vanities.

But some importers appear to be trying to skirt these duties. After noticing that cabinet imports from countries like Vietnam, Malaysia, and Indonesia were rising out of all proportion to production. MasterBrand Cabinets filed 11 EAPAs (requests for investigations under the Enforce and Protect Act). Five of them the CBP vowed to investigate. CPB said it has found "substantial evidence" that four companies circumvented AD/CVD duties by transshipping goods.

CPB said two of the importers - Pacific Building Material and GreenTree Trading - never answered its requests for information. The other two - Deco Kitchen and Skyview Cabinet - failed to show that their cabinets were made in Malaysia and contained other "discrepancies and omissions."

See:  
<https://www.woodworkingnetwork.com/news/woodworking-industry-news/customs-finds-cabinet-importers-evaded-chinese-duties-transshipping>

#### **Furniture maker MCS wins lawsuit against shipper**

American home furniture manufacturer and supplier MCS Industries has prevailed in federal court in its lawsuit against Cosco Shipping. MCS filed the lawsuit in early August against both Cosco and Mediterranean Shipping Co. for \$600,000. Mediterranean has not yet settled, but Cosco has agreed to do so for an undisclosed sum.

MCS, which produces home decor, and architectural moldings, claimed that since the pandemic, shippers have colluded to manipulate the market. The collusion is made possible by the fact that three shipping alliances now control more than 90% of the primary east-west shipping routes. Both Cosco and MCS hope the settlement will rekindle their relationship. Mediterranean initially said it was "shocked" by the suit and rejected claims of collusion. It's unclear if it will opt to settle.

Shipping costs continue to rise. MCS says a container shipped from China to the U.S. West Coast in 2019 would have cost US \$2,700. Now that same voyage would cost more than US\$15,000.

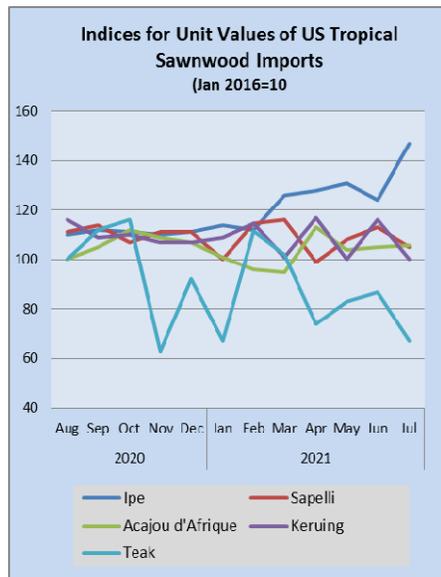
See:  
<https://www.woodworkingnetwork.com/news/woodworking-industry-news/furniture-maker-mcs-wins-lawsuit-against-shipper>

**China extends hardwood tariff exemptions**

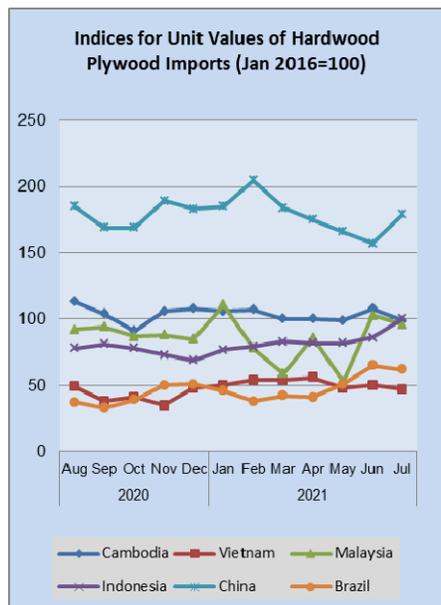
According to the American Hardwood Export Council and the National Hardwood Lumber Association NHLA, Chinese tariff exemptions that were set to expire on September 17 have been extended until April 16, 2022. The tariffs apply to hardwood logs and lumber products exported to China from the U.S.

China implemented these tariffs in May 2019 as a retaliatory measure to the tariffs placed on it by the Trump Administration. In February 2020, China first announced exclusions. Of the 65 initial exclusions, seven were wood products, including hardwood logs; jointed and non-jointed-end lumber; "other" oak logs; and cherry, ash, and other lumber with thickness over six millimeters.

See;  
<https://www.woodworkingnetwork.com/news/woodworking-industry-news/china-extends-hardwood-tariff-exemptions>



Data source: US Census Bureau, Foreign Trade Statistics



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.

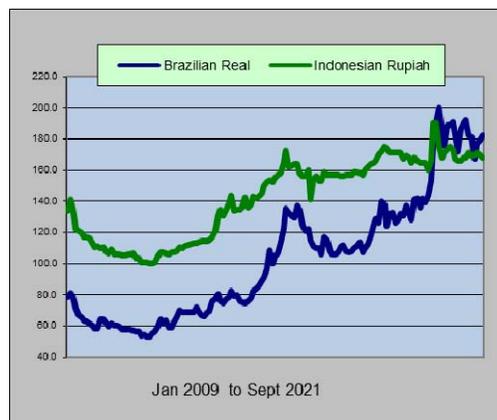
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

## Dollar Exchange Rates

As of 25 September 2021

Brazil	Real	5.3356
CFA countries	CFA Franc	559.74
China	Yuan	6.4667
Euro area	Euro	0.8532
India	Rupee	74.046
Indonesia	Rupiah	14258
Japan	Yen	111.74
Malaysia	Ringgit	4.1885
Peru	Sol	4.10
UK	Pound	0.7312
South Korea	Won	1180.22

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

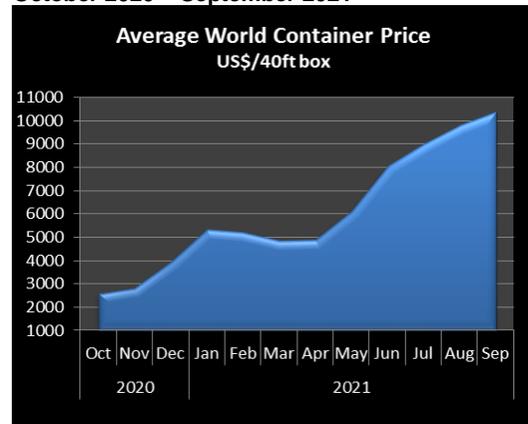


## Abbreviations and Equivalences

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

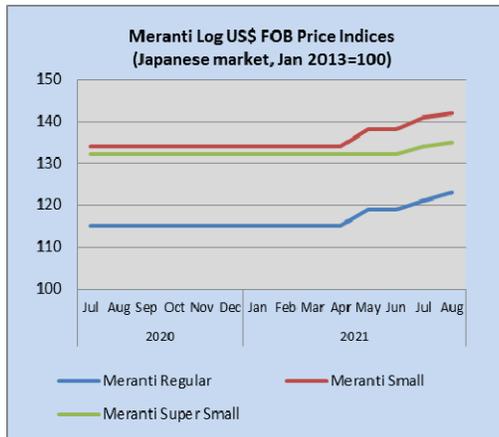
October 2020 – September 2021



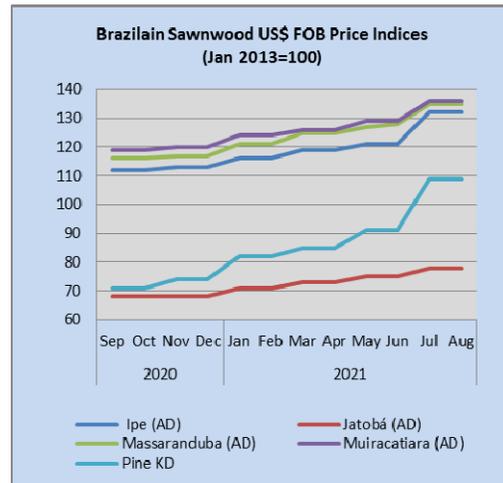
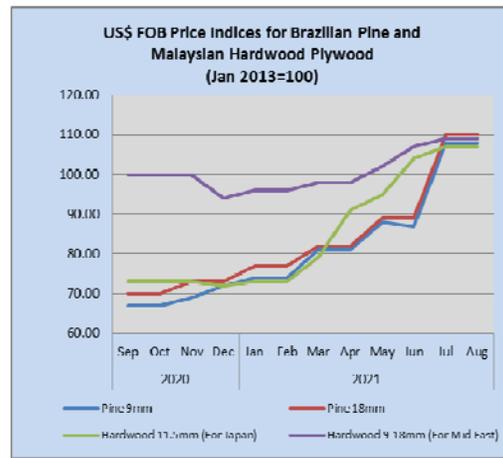
Data source: Drewry World Container Index

**Price indices for selected products**

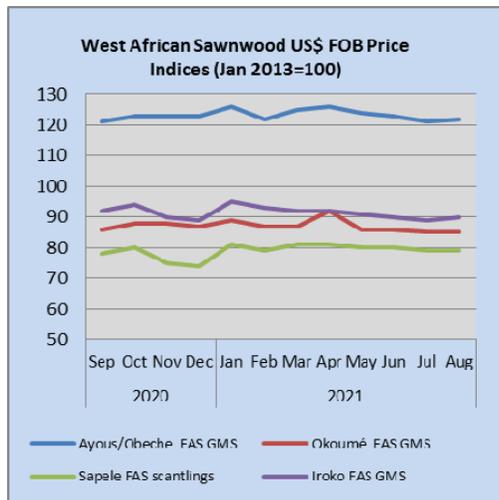
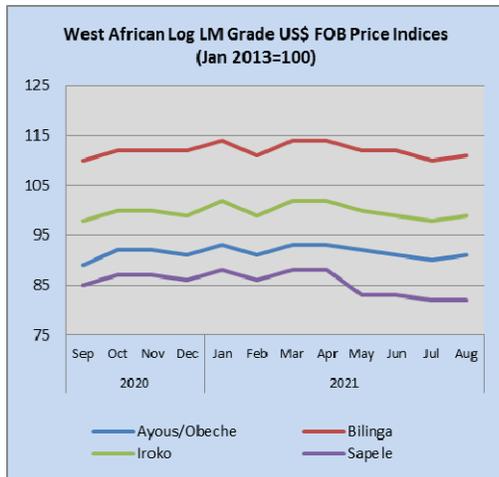
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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