

# Tropical Timber Market Report

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## Top story

### **New EU sanctions – does this mean no timber imports from Myanmar?**

The Council of the European Union has announced additional sanctions on individuals and entities in Myanmar.

Included are the Myanma Timber Enterprise, the Forest Joint Venture Corporation and the Minister of Natural Resources and Environmental Conservation.

Although the new EU sanctions do not refer to a ban on EU imports of wood products from Myanmar exporters and EU importers are seeking clarification before resuming shipments of wood products including sawnwood now that export licenses are being issued.

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## Central and West Africa

### Will certification mean reduced exports?

Government efforts requiring operators to adopt certification, along with stronger measures to eliminate illegal timber from the domestic and international trade are having an impact on operators in Congo and Gabon.

When forestry regulations are enforced and companies adopt certification production and trade is likely to decline at least in the short-term.

### Azobe seized in Europe

In mid-June Rotterdam authorities seized a shipment of azobe sawnwood said to have been shipped from Gabon and Cameroon as the importer could not provide adequate documents to satisfy the EUTR.

The seizure was the result of a joint Dutch and Belgian police and Customs investigation as well as 'Team Nature' of the Dutch Food and Consumer Product Safety Authority.

Peter Hartog, Project Leader of the environment team in the Rotterdam police has been quoted as saying azobe is used in the Netherlands and Germany for heavy construction and there are importers who buy azobe for which the origin cannot be determined with certainty which raises suspicions that it could have been illegally harvested. Shippers in Gabon have disputed the suggestion that the azobe from Gabon is illegal.

See: <https://www.rijnmond.nl/nieuws/1280396/Politie-neemt-820-kubieke-meter-illegaal-gekapt-hout-in-beslag>

As pressure mounts on operators in the region to verify the legality of their operations some have decided to use the services of audit firms to achieve third party verification.

### 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)	220	220	220
Moabi	280	280	250
Movingui	180	180	-
Niove	160	160	-
Okan	210▲	200	-
Padouk	270	240	200
Sapele	260	260	200
Sipo/Utile	260	260	230
Tali	300	300	-

### Sawnwood export 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	320
Sipo FAS GMS	425
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	900
FAS scantlings	950
Strips	350
Sapele FAS Spanish sizes	420
FAS scantlings	450
Iroko FAS GMS	600
Scantlings	620
Strips	370
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550▼
Movingui FAS GMS	380

### Exporters turn to triangulation as container shortage worsens

Shippers in the region continue to face a serious container shortage which has led to the careful management of available inventory. Shipping companies servicing the region are seeing a rise in triangulations, sometimes without their agreement and this can result in penalties.

### GGSC/ATIBT partnership

The GGSC-China initiative has partnered with ATIBT to gather assessments of production and trading conditions from the private sector in the region similar to the information compiled from those responsible Chinese enterprises which contribute to the GGSC-CN index. See page XXX.

The following is a summary of the main points from the May GGSC-Africa report. Full details can be found at:

GGSC-African Index Report(May 2020) [http://www.ito-ggsc.org/site/article\\_detail/id/152](http://www.ito-ggsc.org/site/article_detail/id/152)

### GGSC-Africa overview

#### Cameroon

The government has recently relaxed restrictive measures to combat the epidemic notably reopening bars after 6 p.m. and lifting restrictions on the number of passengers on public transport. Epidemiologists point to a risk of further infections. Timber industry activities are recovering.

#### Congo

For some companies located in the South of Congo logging activities and trucking have resumed. Most companies in the North continue to ship through Cameroon. The port of Pointe-Noire operates efficiently with little risk of interruption in export shipments. However, most sawmills are still closed.

### *Democratic Republic of Congo*

Logging companies are not among the priority services so there is no production and exports have been suspended. According to a buyer “Due to the huge volumes of illegal wengué, the wengué price is now lower than tali. This destroyed the most stable timber market we had”.

### *Gabon*

In spite of the Covid-19 pandemic in the country the Minister in charge of Forestry was present at the Port of Owendo to witness the largest timber export shipment in Gabon's history, 26,000 cu.m to China.

In response to the Gabonese government's call for solidarity in the fight against COVID-19 timber companies have adopted measures to protect employees. Each company is responsible for management of COVID-19 measures at forest sites, at living quarters. They are also supporting the local administrations and others that have specific problems related to the COVID crisis.

### *Ivory Coast*

The ban on exit and entry of persons and vehicles covering Abidjan hinders the delivery of supplies to industrial units as well as shipment of finished products in the interior whose port of embarkation is Abidjan. However, logging trucks can now move without prior authorisation

## Ghana

### **First quarter exports hit record**

The volume of first quarter 2021 wood product exports from Ghana recorded 27% year-on-year growth according to data from the Timber Industry Development Division (TIDD) of the Forestry Commission.

The report indicated a total of 68,617 cu.m of wood products were exported in the first quarter 2021 compared to 54,022 cu.m in the first quarter 2020.



Data source: TIDD

The top products exported were air-dried sawnwood (33,394 cu.m), billets (13,693 cu.m), kiln-dried sawnwood (9,725 cu. m) and plywood for regional markets (4,632 cu. m). These four products accounted for close to 90.00% of total wood product exports in the first quarter of 2021.

First quarter 2021 exports earned Eur36.44 million compared to Eur26.58 million in the first quarter of 2020.

The top four export products all recorded corresponding increased earnings compared to 2020 for example billet (275%), air-dried sawnwood (33%), overland plywood (16%) and kiln-dried sawnwood (6.48%).

In the first quarter 2021 there were 92 producers who exported twelve different products from 47 different species including teak, wawa, ceiba, denya and essa to 41 markets with the first top five being India, the United States, Belgium, Germany and Italy.

The Average Unit Price for the quarter increased to Eur531/cu.m from Eur492/cu.m in 2020 representing a rise of 8%.

### **AFCFTA targets raising intra-Africa trade from 12% to 50%**

The Deputy Trade and Industry Minister nominee, Nana Ama Dokua Asiamah-Adjei, said Intra-African Trade will soon compete with other developed trading blocs. According to her, the African Continental Free Trade Area (AfCFTA), aims to expand intra-African trade by over 50% in 2022.

In related news, according to the Ghana Statistical Service survey most firms in Ghana are hopeful that AFCFTA will help transformation their businesses. The Business Tracker survey showed that a reduction in the cost of credit is also likely to be a great help.

The African market accounted for almost 11% of Ghana's international markets for wood products in the first quarter of 2021 and involved timber shipments to ECOWAS members including Burkina Faso, Niger, Togo, Senegal, Benin, Gambia and Mali.

See:

<https://peacefmonline.com/pages/business/industry/202106/447181.php>

### **Private forest operators appeal to government for resources**

A coalition of private operators in the forestry sector has appealed to government to ensure the reliable allocation of resources for efficient and sustainable production systems in the sector.

The Chief Executive Officer (CEO) of the Forestry Industries Association of Ghana (FIAG) in making the appeal said even some well financed companies cannot operate even at 50% capacity because of a shortage of timber raw materials.

The private forestry sector is said to provide jobs for over 400,000 people in Ghana and generates an annual income of Eur200 million.

See:

<https://www.businessghana.com/site/news/business/240926/Help-save-the-forestry-industry-Forestry-Association-cries>

### France supports Ghana green value chains

Ghana and France have signed a Memorandum of Understanding to support Ghana's efforts to develop green value chains in and around selected protected areas in the country.

The project, which is in response to threats to forests reserves and protected areas, seeks to create over 10,000 jobs for people living around the Mole national park, the Wildlife Western corridor in the northern part of the country and the Atiwa and the Ankasa forests.

The Minister of Lands and Natural Resource, Samuel Abu Jinapor, signed the MOU on behalf of the government while the French Ambassador, Anne Sophie Avé, signed for her country.

See: <https://www.graphic.com.gh/news/general-news/france-supports-ghana-to-develop-green-value-chains.html>

### Boule export prices

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

### Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9mm)	FACE (>2mm)
Ceiba	324▲	441
Chenchen	540	612
Ogea	443	590
Essa	543	606▼
Ofram	350	435

### Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfinia	882▼
Avodire	573
Chenchen	814▼
Mahogany	1,607▲
Makore	832▼
Odum	2,305▲

### Export plywood prices

Plywood, FOB	Euro per cu.m		
BB/CC	Ceiba	Ofram	Asanfinia
4mm	388▲	580	641
6mm	412	535	604
9mm	370	499	560
12mm	495	476	480
15mm	450	414	430
18mm	450	463	383

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

### Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfinia	465	564
Ceiba	435	600
Dahoma	410▼	581▼
Edinam (mixed redwood)	520	690▲
Emeri	540	615
African mahogany (Ivorenensis)	1,195▲	852▼
Makore	710	822▲
Niangon	556▼	600▼
Odum	1,290▲	1,000▲
Sapele	720	732▼
Wawa 1C & Select	420	433▼

## Malaysia

### Covid update

Despite administering more than 250,000 vaccines daily the number of positive Covid cases is alarmingly high. Towards the end of June daily new cases were around 6,000. The first dose of vaccines has been given to 4.8 million while 1.8 million have had two doses. The population of Malaysia is about 32 million. The country is in its third lockdown.

### Recovery depend on a resilient and sustainable private sector

On 23 June the World Bank office for Malaysia issued a press release on the findings in its 'Malaysia Economic Monitor June 2021: Weathering the Surge' The following captures the main points from the press release.

Malaysia's economy is projected to grow by 4.5 percent in 2021 amid a dramatic resurgence of the COVID-19 virus beginning in mid-April 2021. This recent spike in infections is raising concerns about the overall capacity of Malaysia's health system and the effects of the ongoing cycle of opening and closing the economy on households and firms.

This latest projection is lower than earlier forecasts of 6.0 percent growth, reflecting a slower pathway toward suppressing the pandemic and a slower-than-expected vaccine rollout.

According to the report, Malaysia's immediate priority must focus on the efficient and sustained management of the ongoing pandemic and its effects on individuals, households and firms.

Protecting the lives and health of citizens - and thereby preventing further strains on the country's health system - is vital to ensure a safe resumption of economic activities and a prevention of a more protracted economic downturn.

Despite the challenges posed by the pandemic, external economic conditions are improving - helping to facilitate an economic recovery in the country. Exports are expected to jump to 11.2 percent in 2021, a significant rebound from the -8.9 percent seen in 2020, as global demand stabilises and investments in export-related activities continue to improve.

“While the government’s main focus now is on managing the pandemic it will not let up in supporting the more medium-to-longer term priority of promoting the emergence of a resilient and sustainable private sector.

A better understanding of the COVID-19 shock in terms of its severity and distribution; and what adjustment mechanisms firms have adopted in the face of this shock, are necessary components in our recovery efforts,” said Datuk Seri Mustapa Mohamed, Minister in the Prime Minister's Department (Economy).

“Such information will enable us to design better policies to help smooth the impact of the shock and support a recovery led by a more resilient private sector.”

Malaysia’s economic recovery hinges on policies to promote immediate relief and on clear, accessible and targeted support programs to enable firms to preserve liquidity.

Recovery efforts should include the extension of conditional wage subsidies, improving the predictability of Standard Operating Procedure (SOP) regulations and expediting approvals and disbursements for existing loans.

In the medium and long term, however, deep and structural reforms will be required for a private-led post-pandemic economic recovery.

The World Bank Group’s Inclusive Growth and Sustainable Finance Hub in Malaysia has worked closely with the Government to address and monitor the effects of the pandemic on the country’s economy.

Real-time surveys have shown that Malaysian firms vulnerable and that the pandemic is exacerbating issues that the country’s private sector was already grappling with before the pandemic, said Victoria Kwakwa, World Bank Vice President for the East Asia and Pacific Region.

“As a post-pandemic recovery will largely be driven by the private sector, efforts should be made to enhance the resilience of this sector over the medium-to-long term.”

See: <https://www.worldbank.org/en/news/press-release/2021/06/23/emerging-economic-growth-trends-in-malaysia-threatened-by-resurging-pandemic-says-latest-world-bank-economic-monitor>

and

<https://www.theedgemarkets.com/article/world-bank-cuts-malaysias-2021-gdp-growth-projection-45-amid-covid19-flareup>

### Sarawak statistics

Log production in Sarawak in the first 4 months of 2021 totalled 733,733 cu.m compared to the 804,678 in the same period in 2020. In the first 4 months of 2021 log exports amounted to 193,552 cu.m metres to just two countries India (177,671 cu.m) and Taiwan P.o.C (15,881 cu.m).

Exports Jan – Apr (cu m, chips tonne)	2020	2021
Logs	392,826	193,552
Sawn timber	91,534	55,425
Plywood	429,655	345,943
Veneer	14,954	13,129
Moulding	2,466	1,137
Particleboard	11,859	3,177
MDF	59,482	55,087
Laminated flooring	2,277	2,902
Woodchips (tonne)	108,987	115,072

Data source: STA, Sarawak

### Plywood Prices

Plywood traders based in Sarawak reported the following export prices:

FB (11.5 mm)	US\$730 C&F
CP (3'x 6')	US\$600 C&F
UCP (3'x 6')	US\$690 C&F
Middle East	US\$480 FOB
South Korea	
(9 mm and up)	US\$500 C&F
Taiwan P.o.C	
(9 mm and up)	US\$480 FOB
Hong Kong	US\$480 FOB

## Indonesia

### Indonesian furniture exports to Canada

Statistics Canada reported 2020 imports of Indonesian furniture increased by 21% compared to the previous year. In the first quarter of 2021 furniture exports to Canada increased by almost 50% compared to the same period in 2020.

Recently, the Indonesian Consul General in Toronto, Leonard F. Hutabarat, held a virtual meeting with Sinthusan Sivagnanam, CEO of Avancia Inc., a Canadian company that has a wooden furniture factory in Jepara, Central Java. The meeting was to discuss latest developments in the export of Indonesian wooden furniture to Canada as despite the huge potential, Indonesia's furniture exports are still faced with a number of challenges including the scarcity and high cost of shipping containers.

See: <https://kemlu.go.id/portal/en/read/2580/berita/export-of-indonesian-furniture-products-to-canada-by-avancia-incorporation#>

### Digital services for Indonesian exporters

The Deputy Minister of Foreign Affairs, Mahendra Siregar, expressed optimism that Indonesia companies are on track to revive exports especially to Europe where there is good demand for Indonesian products such as seafood, rattan, wood products and furniture.



The Ministry of Foreign Affairs facilitates virtual business matching between Indonesian entrepreneurs and importers and distributors in Europe, the latest of which involved 35 Indonesian companies with business partners from Western and Southern Europe.

Mahendra said the Ministry will continue to arrange business meetings as they provide benefits for entrepreneurs including Indonesian and European MSMEs.

See: <https://www.neraca.co.id/article/147921/kemenlu-berikan-layanan-digital-bagi-eksportir-indonesia-perluas-pasar-ke-eropa-barat-dan-selatan>

### Social forestry delivers higher incomes for communities

The Director General of Social Forestry and Environmental Partnership (PSKL) in the Ministry of Environment and Forestry (KLHK), Bambang Supriyanto, said that social forestry is having an impact on the finances of communities living around forests.

He pointed out that the social forest programme has generated job opportunities for over 1 million families. According to KLHK data, as of May 2021 the social forestry programme extended over 4.7 million hectares distributed throughout Indonesia.

Up to June 2021 an additional 276,550 ha. have been assigned to the programme. Bambang reported that, based on a survey on the impact of social forestry on 103 social forest business groups in 2020, 46% felt that their family income had doubled and 26% said that their family income increased 2-3 times with another 26% said the increase was less than double.

See: <https://www.antaranews.com/berita/2216202/klhk-perhutanan-sosial-berikan-dampak-nyata-untuk-masyarakat>

### Online sales platform for forest products

Perum Perhutani, a [State-Owned Enterprise](#) which has the duty and authority to carry out the planning, management, exploitation and protection of [forests](#) in its working area has developed a platform in order to support marketing via mobile apps. Perum Perhutani Commercial Director, Ahmad Ibrahim, said this application will be boosted to facilitate trade in Perhutani products making it easier for consumers to shop.

Perhutani provides the guarantees on the quality, the origin and the legality of the wood products it markets. Ibrahim said Perhutani implements Sustainability Forest Management and holds 49 FSC Controlled Wood certificates and eight FSC FM-CoC certificates.

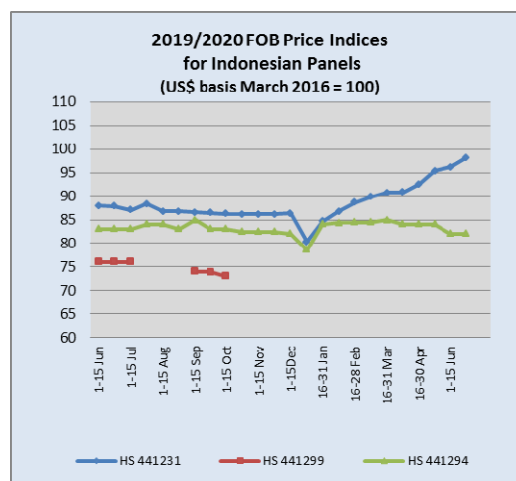
See: <https://www.liputan6.com/bisnis/read/4443577/perhutani-kembangkan-platform-penjualan-online-pertama-untuk-produk-kehutanan>

### Steep drop in fire hotspots

The Environment and Forestry Ministry has satellite data showing that between January to mid-June 2021 the number of fire hotspots representing potential forest fires dropped substantially compared to the same period last year.

The satellite-based evidence is derived from Terra/Aqua (LAPAN) data in hotspots with a confidence level of more than 80% indicating that from 1 January to 15 June 2021, 268 hotspots were detected, a fall from the 745 hotspots in the same period last year.

See: <https://foresthints.news/report-details-impressive-declines-in-hotspots/>



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

## Myanmar

### Rising Covid-19 infections

Residents in Maungdaw, a border town close to Bangladesh in Rakhine State, are concerned about a new virus outbreak in the town after three people who had received two vaccinations tested positive.

Despite increased COVID-19 cases, including among people who have not traveled, there is currently still no plan to close Rakhine's schools, said the head of the state education office, U Tin Thein. Basic education schools opened on 1 June in Rakhine and more than 300,000 or almost all pupils have attended schools in the state, according to the office. Sagaing Region has seen the largest number of infections followed by Yangon Region and Chin State. Clusters of infections have also been reported in Yangon and Bago regions.

According to the Ministry of Health, Myanmar has recorded 152,356 COVID-19 cases with 3,290 deaths nationwide. In the border area with India the fatality rate is reported as rising.

See: <https://www.irrawaddy.com/news/burma/vaccinated-rakhine-residents-catch-covid-19-on-myanmar-bangladesh-border.html>

### Third round of EU sanctions over the military coup and subsequent repression

On 21 June 2021 the Council of the European Union issued a press release with details of the additional sanctions imposed on individuals and entities in Myanmar.

See: <https://www.consilium.europa.eu/en/press/press-releases/2021/06/21/myanmar-burma-third-round-of-eu-sanctions-over-the-military-coup-and-subsequent-repression/>

The press release says “The Council today imposed sanctions on 8 individuals, 3 economic entities and the War Veterans Organisation in relation to the military coup staged in Myanmar/Burma on 1 February 2021, and the ensuing repression against peaceful demonstrators. The EU's restrictive measures are largely aligned with those of major international partners.

The individuals targeted by sanctions include ministers and deputy ministers, as well as the attorney general, who are responsible for undermining democracy and the rule of law and for serious human rights violations in the country. The four entities are either state-owned or controlled by the Myanmar Armed Forces (Tatmadaw), contributing directly or indirectly to the military's revenues or activities.

By targeting the gems and timber sectors these measures are aimed at restricting the junta's ability to profit from Myanmar's natural resources, while being crafted so as to avoid undue harm to the people of Myanmar.

Restrictive measures, which now apply to a total of 43 individuals and 6 entities, include an asset freeze and a prohibition from making funds available to the listed individuals and entities. Additionally, a travel ban applicable to listed persons prevents them from entering or transiting through EU territory.

Pre-existing EU restrictive measures also remain in place. These comprise an embargo on arms and equipment that can be used for internal repression, an export ban on dual-use goods for use by the military and border guard police, export restrictions on equipment for monitoring communications that could be used for internal repression, and a prohibition on military training for and military cooperation with the Tatmadaw.

The restrictive measures come in addition to the withholding of EU financial assistance directly going to the government and the freezing of all EU assistance that may be seen as legitimising the junta. The EU remains a steadfast supporter of Myanmar/Burma's people and of the country's democratic transition.”

As a result of the latest EU sanctions which imposed restrictive measures on the Myanma Timber Enterprise, the Forest Joint Venture Corporation and the Minister of MONREC, timber exporters have been advised to await an evaluation of the impact of the new measures.

Recently the authorities resumed issuing export licenses for sawnwood. The licenses had been suspended by the State Administration Council (official name of military government) from the beginning of April this year.

The private sector understands that exports of sawnwood will be permitted until 31 December 2022 after which only exports of semi-finished and finished products will be allowed.

Although the latest EU sanctions do not refer to a ban on EU imports of wood products from Myanmar exporters in Myanmar and EU importers wish to seek clarification on this issue before resuming shipments of wood products including sawnwood.

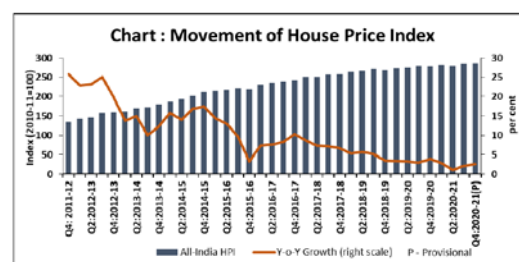
It has been learned that a Wood-based Industries Development Committee was formed last month with the Deputy Minister as Chair and the Managing Director of the Myanma Timber Enterprise as Secretary along with private sector representatives. It is understood that the natural forest log export ban will remain in place.

## India

### House price index continues up

The Reserve Bank of India released its quarterly Housing Price Index (HPI) for the period January-March 2020-21 based on transaction-level data received from housing registration authorities in ten major cities. The HPI increased 2.7% year-on-year in the March quarter 2020-21 compared to 3.9% growth a year ago. The cities covered are: Ahmedabad, Bengaluru, Chennai, Delhi, Jaipur, Kanpur, Kochi, Kolkata, Lucknow and Mumbai.

The HPI growth showed large variation across major cities, from an increase of 15.7% in Bengaluru to a contraction of 3.6% in Jaipur.



Source: RBI

See: [https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=51771](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51771)

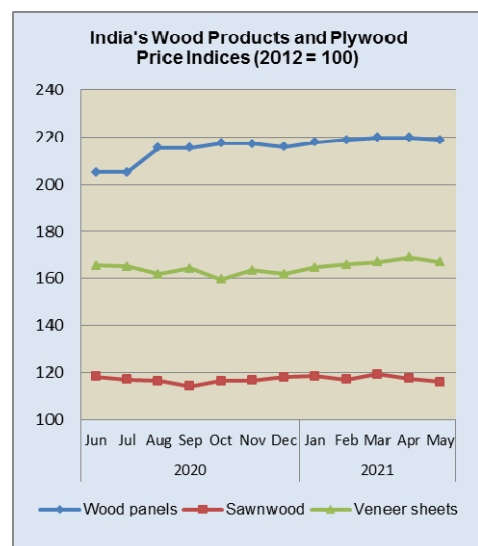
### Wood product price indices rise

The Ministry of Commerce and Industry has reported the official Wholesale Price Index (WPI) for 'All Commodities' (Base: 2011-12=100) for May increased to 132.7 from 129.3 in April 2021.

The annual rate of inflation, based on the monthly WPI, was, year on year, 12.94% in May, 2021. The high rate of inflation in May was primarily due to effect of a low base, the rise oil and mineral prices and a rise manufactured product prices.

The index for manufactured products, which accounts for 64% of the index, increased. Out of the 22 groups of manufactured products making up the index 17 increased in May. The 4 groups for which prices declines were reported included non- metallic mineral products; wood and of products of wood and cork; textiles; tobacco products. For one group there was no change.

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



Data source: Ministry of Commerce and Industry, India

#### Industrial production and exports recovering

India's [exports](#) rose by over 4% to US\$14.06 billion in the first two weeks of June driven higher by shipments from the engineering, [gems and jewellery](#) and petroleum product sectors. [Imports](#) also rose nearly doubling to US\$19.59 billion during the same period.

Industry leaders in India anticipate an improvement in domestic demand this year despite the economic setback due to the COVID-19 pandemic as there are some signs of a revival of economic activities as restrictions are rolled back.

The industry has also been encouraged by a recent report from the Reserve Bank of India in which the bank says industrial production and exports have surged recently and despite the second wave, goods and services tax (GST) collection in 2021-22 so far has been better than in 2020-21.

See: <https://www.outlookindia.com/newscroll/industry-leaders-expect-major-uplift-in-market-sentiment-in-202122-despite-pandemic-bottlenecks/2106978>

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

	US\$/cu.m C&F
Benin	294-658
Brazil	427
Brazil	330—511
Brazil	221-777
Cameroon	639
Cameroon	974
Colombia	238-382
Costa Rica	314-382
Ecuador	216-495
Gabon	370
Ghana	234-559
Ghana	485
Guatemala	594
Ivory Coast	752
Mexico	369-439
Mexico	373-585
Panama	258-450
PNG	492-677
Tanzania	192-294
Tanzania	896
Togo	206-445
Surinam	222
S. Sudan	633

#### Locally milled sawnwood prices

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

Price range depends mainly on lengths and cross-sections



**Sawn hardwood prices**

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

**Plywood**

Prices remain unchanged.

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

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

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

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	52.00	75.00
6mm	74.00	92.00
9mm	93.00	113.00
12mm	113.00	135.00
15mm	135.00	164.00
19mm	159.00	183.00
5mm Flexible ply	100.00	

**Vietnam****Vietnam's imports of wood from Europe soaring**

In the first 10 days of June 2021 Vietnam's imports of wood products from all sources reached US\$62.9 million.

According to the Center for Industry and Trade Information (Ministry of Industry and Trade) the recently concluded EU-Vietnam Free Trade Agreement (EVFTA) has given a boost to the trade in wood and wood products (W&WP) between Vietnam and EU.

The high quality, verifiable origin and zero export/import tax on wood products imported from EU play an increasingly important role providing raw materials for Vietnamese enterprises.

In the first 5 months of 2021 Vietnam imported 177,590 cu.m of logs from the EU, up 21% over the same period of 2020. Of the total volume of imported logs ash accounted for 84% (148,850 cu.m), up 9.5% over the same period of 2020. Imports of poplar increased sharply.

Imports of sawnwood from the EU also increased reaching over 130,000 cu.m, up 76% over the same period in 2020. Pine remains the most important species imported at 49,260 cu.m.

Of the EU suppliers, imports from Belgium increased by 21%, France by 45%, Germany by 18% and Finland by 63%.

Vietnamese enterprises say imports of wood raw material from the EU have risen because they have full order books exports through to year end.

See: [Nhập khẩu gỗ nguyên liệu từ Châu Âu tăng mạnh \(msn.com\)](https://www.msn.com)

**Rising exports Canada**

According to data from the General Department of Customs, Vietnam's W&WP exports to Canada in May 2021 reached US\$20.8 million, up 138% compared to May 2020. In the first 5 months of 2021 W&WP export to Canada amounted to US\$104.3 million, up 69% over the same period in 2020.

Wooden furniture is Vietnam's main export to Canada. In the first 4 months of 2021 exports of wooden furniture accounted for 89% of the total exports of W&WP to Canada.

In Canada, as the impact of the pandemic receded, the housing market heated up and there are no signs of it cooling. This is the main reason behind the surge in wooden furniture demand in recent months. According to data from the Statistics Agency of Canada, imports of wooden furniture into Canada in the first 4 months of 2021 reached US\$847.84 million, up 46% over the same period in 2020.

In particular, Canada increased imports from China and Vietnam. Imports from China reached US\$326 million, up 74% and that from Vietnam reached US\$152 million, an increase of around 63% over the same period in 2020.

The rapid growth of W&WP exports from China and Vietnam into the Canadian market presents a challenge. From 5 May 2021 the Canadian Border Services Agency (CBSA) decided to apply anti-dumping and anti-subsidy duties on upholstered seats from China and Vietnam.

For Vietnam, in addition to the 7 foreign enterprises that are subject to anti-dumping and anti-subsidy duties of between 17.44% - 89.77%, all other exporters are subject to tax rate of 101.5%.

### Export of office furniture rising

In May 2021 Vietnam's office furniture exports reached US\$46 million, up 96% compared to May 2020. In the first 5 months of 2021 exports of office furniture reached US\$216 million, up 73% over the same period in 2020.

According to data from the General Department of Customs of Vietnam exports of office furniture in April 2021 reached US\$45.8 million, up 132% compared to April 2020. In the first 4 months of 2021 office furniture exports reached US\$169.8 million, up 67% over the same period in 2020.

### Office furniture export by market in the first 4 months of 2021

	Jan-Apr 2021 US\$ 000s	% change
US	110,095	79.1
Japan	24,555	15.4
China	8,222	123.9
EU	5,958	104.9
Netherlands	1,670	74.9
Belgium	1,088	153.8
Sweden	770	484.8
France	716	108.5
Germany	511	23.9
Denmark	364	33.3
Spain	251	114.8
Ireland	175	83
Lithuania	164	158.6
UK	5,285	68.1
South Korea	2,688	13.4
Australia	2,580	106.9
Canada	1,497	26.0
Taiwan	1,139	10.7
UAE	556	60.2
South Africa	414	42.6
New Zealand	399	180.6
Saudi Arabia	310	144.8
Mexico	247	64.6
Puerto Rico	169	128.4
Laos	154	62.4
Malaysia	143	1114.4
Cambodia	82	36.6
Liberia	44	
Chile	38	-74
Hong Kong	31	-53.8
Total	170,315	67.3

Data source: General department of Customs, Vietnam

From the end of April because of a resurgence of corona infections Vietnam's economy slowed as enterprises cut production and exports. Office furniture exports, however, were the exception. The international demand for wooden office furniture remains strong.

The US topped the list of office furniture imports from Vietnam in the first 4 months of 2021 reaching US\$110 million, up 79% over the same period in 2020.

Exports of office furniture to China, EU, Australia, New Zealand, Saudi Arabia, Puerto Rico and Malaysia also maintained high growth in the first 4 months of 2021.

### Overseas investments

The government's Foreign Investment Agency has reported Vietnamese firms invested over US\$540 million overseas in the first half of 2021, an almost three fold rise year on year. Of the total some US\$400 million was top-up investments to existing projects.

Among the 12 fields of investment Vietnamese firms channeled US\$270 million into science-technology projects and this accounted for 50% of all first half investments. Wholesale and retail project attracted almost US\$150 million.

The US was the top destination for Vietnamese capital, Cambodia ranked second followed by Canada and France.

See: <https://en.vietnamplus.vn/vietnamese-firms-overseas-investment-rises-nearly-25fold-in-h1/203671.vnp>

## Brazil

### Interest rate hike as inflation grows

Inflation measured by the Extended National Consumer Price Index (IPCA) was 0.83% the highest for a May since 1996. The Central Bank raised its benchmark interest rate by 75 basis points in May as it continues to wind down its stimulus measures in the face of rising inflation which was over 8% over the past 12 months.

The Bank's monetary policy committee said in a statement it expected "another adjustment of the same magnitude or more at its next meeting in August".

Inflation has emerged as a central concern for policy-makers in Brazil as the economy begins to show signs of recovery. Data for the first three months of this year showed that GDP grew 1.2% from the previous quarter bringing the size of the economy back to where it was before the pandemic.

### Investment in rail network to raise demand for sleepers

After months of economic decline due to pandemic 2021 prospects are improving and looking good for the country's infrastructure and services sectors.

According to the Ministry of Infrastructure, Land and Transport Secretariat in the coming years there will be an expansion and renovation of the Brazilian railway network and this will raise demand for wooden sleepers. The Ministry's goal is to attract more than R\$40 billion in private investments in the Brazilian railway system.

An example of where investment is required is the construction of "Ferrogrão" (Iron-grain) railway, a project that will run 933 kilometers between Sinop (Mato Grosso State) and Miritituba (Pará state). This will be one of the largest initiatives in the rail network construction.

According to projections by the Brazilian Chamber of Construction Industry (CBIC) spending in the civil construction sector could increase by around 4% in 2021 after falling 2.8% in 2020.

#### More support for small businesses

On 4 June 2021 a law (No.14.16) on the National Programme to Support Micro and Small Businesses (PRONAMPE) was enacted by the federal government. This law enables the government to extend more assistance to small and medium-sized companies affected by the pandemic. The scheme will provide low-interest loans, subsidised through the Operations Guarantee Fund (Fundo Garantidor de Operações - FGO). PRONAMPE will also create at least a R\$5 billion credit line for micro and small businesses.

This amount could rise to R\$25 billion depending on the participation of public and private banks.

In 2020 nearly half a million entrepreneurs benefited from PRONAMPE including companies in the timber sector.

Micro-enterprises with annual sales of up to R\$360,000 and small businesses with annual sales from R\$360,000 to R\$4.8 million can access loans. Each loan is guaranteed by the Federal government for up to 85%. The money can be used for investments such as acquiring equipment or carrying out renovations and for operating expenses such as employee wages, paying business bills and purchasing office supplies/goods.

#### Export update

In May 2021 Brazilian exports of wood-based products (except pulp and paper) increased 76% in value compared to May 2020, from US\$235.5 million to US\$414.8 million.

Pine sawnwood exports grew 54% in value between May 2020 (US\$43.2 million) and May 2021 (US\$66.5 million). In volume, exports increased almost 20% over the same period, from 250,400 cu.m to 300,200 cu.m.

Tropical sawnwood exports increased 17% in volume from 35,200 cu.m in May 2020 to 41,200 cu.m in May 2021. In value terms exports rose 14.5% from US\$14.5 million to US\$ 16.6 million, over the same period.

Demand in international markets for plywood is strong and Brazil's pine plywood exports increase over 200% in value in May 2021 in comparison with May 2020, from US\$39.9 million to US\$125.3 million. In terms of volume exports increased 59% over the same period from 155,800 cu.m to 247,000 cu.m.

There was also a surge in demand for tropical plywood and the volume of exports increased 62.5% and in value by 100% from 4,000 cu.m (US\$1.6 million) in May 2020 to 6,500 cu.m (US\$3.2 million) in May 2021.

As for wooden furniture export earnings jumped from US\$31.8 million in May 2020 to US\$69.7 million in May 2021 an almost 120% rise.

#### Timber exports soaring

Brazil exported 1.18 million tonnes of wood products between January and mid-June 2021 which represents 86% of the total shipped in 2020. In the first two weeks of June 2021 the country exported 173,000 tonnes compared to only 40,000 tonnes in the same period in 2020.

#### Furniture exports increase

After two years of decline Brazilian furniture exports registered strong growth in the first five months of 2021. Between January and May export earnings reached US\$385.9 million, 69% above US\$228 million reported in the same period of 2020. Despite the overall increase among the five main importing countries, imports by Chile stand out as the country doubled imports of Brazilian wooden furniture.

#### Domestic log prices

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

Source: STCP Data Bank

#### Domestic sawnwood prices

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

Source: STCP Data Bank

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

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

Prices do not include taxes. Source: STCP Data Bank

#### Prices for other panel products

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

Source: STCP Data Bank

#### Export sawnwood prices

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

Source: STCP Data Bank

#### Export plywood prices

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

Source: STCP Data Bank

#### Export prices for added value products

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

Source: STCP Data Bank

## Peru

#### Opportunities in Malaysia for timber exporters

Agustin Palacios, Minister Counselor and Charge d'Affaires of the Peruvian Embassy in Malaysia said during a virtual forum, Malaysia is a major timber exporter but is currently promoting the manufacture of value-added products and requires additional timber raw materials to manufacture furniture, doors, frames and flooring. He pointed out that Malaysia could diversify its timber raw material base with Peruvian species.

In order to promote Peruvian timbers a representative of the Ministry of Foreign Affairs suggested Peru would benefit from participation in Malaysia trade fairs. It was also suggested that companies in Peru should explore e-commerce opportunities to reach out to Malaysian companies.

#### Public-private cooperation the way forward for the forestry sector

The president of the Wood and Wood Industries Committee of the Association of Exporters (ADEX), Enrique Toledo, highlighted efforts by the government, the private sector and civil society in creating opportunities for constructive dialogue. He pointed out that it is important to generate trust and commercial actions that contribute to the establishment of a credible and legal trade in sustainably harvested products from Peruvian forests.

#### Exports to rebound this year - Minister

Peru's Minister for Foreign Trade and Tourism, Claudia Cornejo, has said that Peru's exports are expected to recover to pre-pandemic levels by December this year.

Between January and April this year exports rose around 30% year on year. Peruvian exports totalled US\$46.4 billion in 2019 but fell almost 16% in 2020 according to the Global Business and Economy Research Center of the Association of Exporters (Adex).

The export recovery will be driven by trade in traditional products (minerals) and non-traditional exports including agricultural and forest products.

#### Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD	659-673
Mexican market	
Virola 1-2" thick, length 6"-12" KD	
Grade 1, Mexican market	584-612
Grade 2, Mexican market	498-523
Cumaru 4" thick, 6"-11" length KD	1009-1033↑
Central American market	
Asian market	
Ishpingo (oak) 2" thick, 6"-8" length	596-617
Spanish market	
Dominican Republic	
Marupa 1", 6-11 length KD	694-710
Grade 1 Asian market	
	569-598

#### Domestic sawnwood prices

Peru sawnwood, domestic	US\$ per cu.m
Mahogany	-
Virola	247-269
Spanish Cedar	340-349
Marupa (simarouba)	237-242

#### Export veneer prices

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

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

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

#### Export plywood prices

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

#### Domestic prices for other panel products

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

#### Export prices for added value products

Peru, FOB strips for parquet	US\$ per cu.m
Cabreuva/estoraque KD12% S4S, Asian market	1327-1398
Cumarú KD, S4S Swedish market	986-1119
Asian market	1089-1119
Cumarú decking, AD, S4S E4S, US market	1204-1237
Pumaquiro KD Gr. 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market	544-577
2x13x75cm, Asian market	582-611↓

## Japan

### Signs of another COVID-19 rebound in Tokyo

As the number of corona virus cases continued to decline nationwide and the fourth wave of infections appeared to have peaked, the Japanese government lifted the state of emergency in all prefectures except Okinawa. However, strict measures remain in place in seven of the nine prefectures where the state of emergency was in place.

Behind this move was evidence that the burden on the health care system is beginning to lessen. However, signs of another COVID-19 rebound in Tokyo were emerging towards month end. During a meeting at the Tokyo Metropolitan Government infectious disease experts warned that new cases in the capital have been increasing steadily for two weeks, foot traffic has grown since virus measures were loosened and highly contagious variants are spreading rapidly.

### Inflation is back for the first time in 14 months

According to the Bank of Japan (BoJ) inflation has turned positive for the first time in 14 months driven by rising commodity costs, especially fuel, and this has resulted in consumer prices.

This is welcome news for the Bank but to have any meaningful impact the rise needs to be higher and sustained because it is far below that in most other developed economies where interest rate hikes are being considered. The BoJ forecasts inflation staying below its 2% target for the foreseeable future as a revival of consumer spending is a distant dream.

In its latest assessment of the economy the BoJ has warned that consumption was "stagnating". Despite this the Bank kept its assessment that the economy was showing signs of recovery thanks to strong exports. The Governor of the BoJ said if the vaccine rollout can be speeded up there's a chance that consumption may recover faster than expected,

See:

<https://www.japantimes.co.jp/news/2021/06/18/business/japan-inflation-june/>

In related news the BoJ has announced a plan to boost funding to address climate change following decisions by central banks in several OECD countries to address the risks from climate change on their economies.

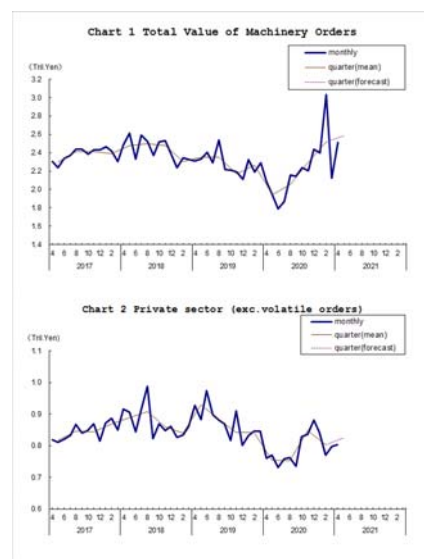
The BoJ said it will launch a climate change scheme this year which will provide funds to financial institutions that increase loans and investment for activities aimed at combating climate change.

While details are yet to be decided the BoJ said the scheme will be similar to its programme that offers cheap loans to financial institutions that boost lending in sectors considered to be growth industries.

See: <https://www.reuters.com/world/asia-pacific/boj-may-extend-pandemic-relief-scheme-keep-stimulus-intact-2021-06-17/>

### Machinery orders hint at private sector optimism

Japan's core private-sector machinery orders rose slightly in April from the previous month. The orders, which exclude those for ships and from electricity utilities due to their volatility, totalled 802.9 billion yen (\$7.3 billion), according to the Cabinet Office. Machinery orders, seen as a leading indicator of corporate capital spending, rose for the second straight month.



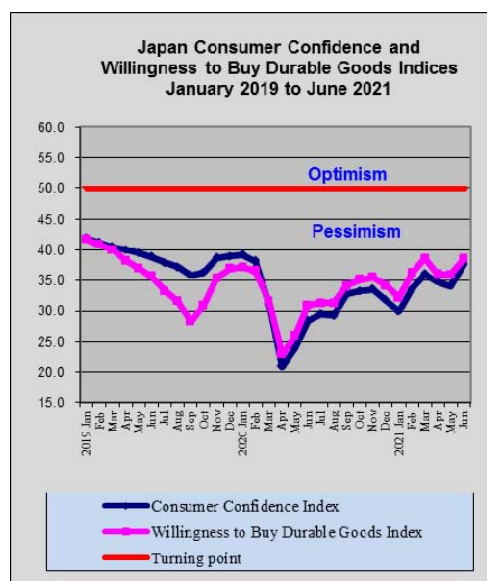
Source: Cabinet Office, Japan

### The faster the vaccine roll-out the earlier consumption will rise

Assets held by Japanese families have been rising steadily compared to last year and stood at a record yen1,946 trillion yen at the end of March. Households have naturally cut back on unnecessary spending as they are unsure what the future holds in store. The negative impact of the pandemic on spending will only be pushed back when the vaccine roll-out is speeded up.



Economists say people will, as in other countries, open wallets once the pandemic ends. While pent-up demand may eventually support private consumption, which makes up more than half of the economy, exporters face major challenges from a global chip shortage and shipping problems.

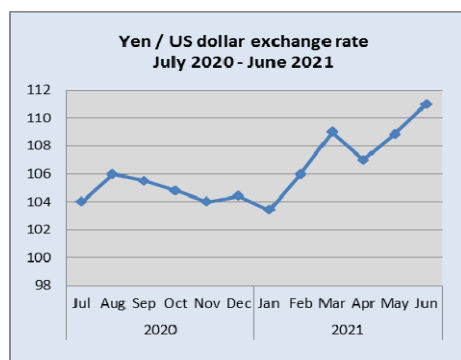


Data source: Ministry of Finance, Japan

#### Combination of issue drives yen lower

The yen dollar exchange rate in recent days has followed the general US dollar recovery seen with other currencies because of the US Federal Reserve stance on inflation along with a dip in Japan's PMI data. Sentiment was weakened further by the outlook for the Japanese economy revealed in the latest BoJ meeting minutes.

Towards month end the yen was at 110.9 to the US dollar, a level not seen in two months.



#### Rethinking housing priorities in Japan in the wake of COVID-19

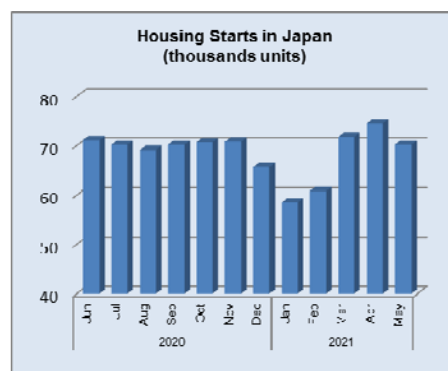
With remote work likely to remain beyond the pandemic house builders are assessing how they can adjust to better meet the needs of those working from home.

In Japan floor space is a critical issue because of high land costs especially in the cities so homes tend to be small and cramped.

The pandemic, however, has scrambled the real estate market as quarantines, states of emergencies and self-imposed isolation prompt millions to work from home and rethink their housing priorities.

The job placement company Biz Hits conducted a survey and this is reported in the Japan Times. Most respondents (85%) said they used the living room or bedroom as their workspace which, they pointed out, was unsatisfactory. Most said they wanted a dedicated home office space.

According to the Japan Productivity Center, while the number of people working from home has started to fall it still hovers around 25% of the workforce and it is the needs of these people home builders will seeking to satisfy through innovative use of space.

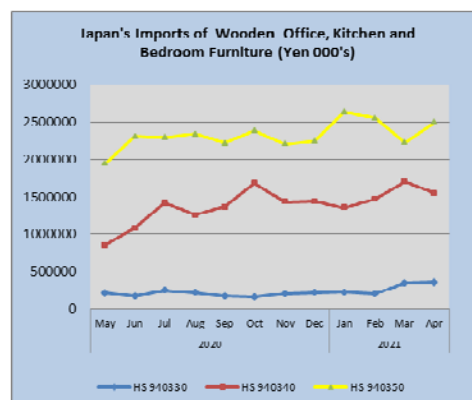


Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

#### Import update

##### Furniture imports

After an uptick in the value of wooden office and kitchen furniture at the beginning of the year as the second quarter opened there were signs of a downward correction. In contrast, wooden bedroom furniture imports to Japan fell in the first quarter but picked up in April.



##### Office furniture imports (HS 940330)

Year on year the value of Japan's imports of wooden office furniture (HS940330) in April doubled. This is more a reflection of the low level of imports in April 2020 rather than increased demand.

Compared to the value of imports in March there was virtually no change in the value of imports in April.

Shipments of wooden office furniture (HS940330) from the main suppliers China, Vietnam and those in SE Asia were little changed from levels reported for March, the exception being those from France. In March shippers in France jumped into the top league of suppliers accounting for around 30% of imports but in April arrivals from France represented just 19% of the value of April arrivals.

Data from the Japanese Ministry of Finance shows China was the main supplier of wooden office furniture in April accounting for 66% of imports followed by France at 19% and the US 4%.

#### April imports (HS 940330)

	Imports Apr 2021 Unit, 000's Yen
S. Korea	-
China	199,855
Taiwan P.o.C	7,703
Vietnam	9,147
Thailand	655
Malaysia	5,054
Indonesia	2,646
India	261
Denmark	-
UK	2,145
Belgium	-
France	64,237
Germany	-
Portugal	-
Italy	7,859
Poland	5,816
Turkey	-
Lithuania	2,778
Czech Rep.	523
Slovakia	1,381
Canada	281
USA	14,682
Mexico	-
<b>Total</b>	<b>325,023</b>

Data source: Ministry of Finance, Japan

#### Kitchen furniture imports (HS 940340)

The steady rise in wooden kitchen furniture (HS940340) imports came to an end in April. Compared to the value of March imports April saw a 9% decline. Given the low level of imports in April 2020 it is not surprising that April 2021 imports were worth over 40% more.

Shippers in the Philippines continue to dominate Japan's wooden kitchen furniture imports accounting for around 41% of April imports but shipments from the Philippines dropped 14% month on month.

Shipments from Vietnam were close behind those from the Philippines accounting for 37% of April imports but this again was a drop (7%) compare to a month earlier. The big winners in April were exporters in China who saw exports of wooden kitchen furniture jump by over 30%. In March shipments of wooden kitchen furniture from Thailand were high but in April arrivals dropped 50%.

#### April imports (HS 940340)

	Imports Apr 2021 Unit, 000's Yen
China	211,696
Taiwan P.o.C	3,722
Vietnam	573,467
Thailand	51,823
Malaysia	8,860
Philippines	631,664
Indonesia	14,450
UK	-
France	-
Germany	15,135
Spain	455
Italy	21,205
Romania	5,638
Canada	5,255
USA	3,311
<b>Total</b>	<b>1,546,681</b>

Data source: Ministry of Finance, Japan

#### Bedroom furniture imports (HS 940350)

Year on year the value of Japan's imports of wooden bedroom furniture rose 6% and compared to March arrivals in April were 12% up.

The big winners in April were shippers in China who saw a 35% increase in the value of shipments. This came at the expense of shippers in Vietnam, Thailand and Malaysia where shipments were well down. The value of Japan's wooden bedroom furniture in April from Vietnam and Thailand dropped around 10% while imports from Malaysia were down around 30% in April.

In April shipments of wooden bedroom furniture from China accounted for 58% of the value of Japan's total wooden bedroom furniture imports. Shipments from Vietnam accounted for 32%, Malaysia 4% and exporters in Poland saw a doubling of the value of exports which accounted for around 4% of Japan's total wooden bedroom furniture imports.

**April imports (HS 940350)**

	Imports Apr 2021 Unit, 000's Yen
S. Korea	569
China	1,435,949
Taiwan P.o.C	7,055
Vietnam	808,838
Thailand	54,819
Malaysia	89,713
Philippines	459
Indonesia	13,363
Sweden	1,996
Denmark	205
France	791
Germany	-
Portugal	-
Italy	15,126
Poland	54,638
Austria	-
Romania	795
Latvia	-
Lithuania	10,572
Belarus	1,892
USA	-
Total	2,496,780

Data source: Ministry of Finance, Japan

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

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

For the JLR report please see:

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

**Softwood plywood price hike**

Softwood plywood manufacturers announced price hike since June. New price is 1,000 yen per sheet delivered on 12 mm 3x6. The manufacturers' inventory continues low then orders are increasing. Material log cost continues high and adhesive prices are climbing so the manufacturers decided to increase the prices by increasing demand and cost push.

There was worry about demand decline when precutting operations slow down by lack of building materials but the orders for plywood continues active and June plywood production is all sold out.

Inventory of structural softwood plywood by the manufacturers at the end of April was 85,900 cbms, less than 0.4 month then many plywood plants shutdown for about a week during holidays in early May for maintenance so May production dropped and the inventory further dropped.

The dealers are trying to build up inventory in case of supply shortage. The manufacturers ship out the products as soon as they are made so delay of delivery started since March.

Some wholesaler says that delivery is only 20% of what they ordered so the business is running on hand to mouth basis. The most concern to plywood manufacturers is inflating production cost. Cedar log prices in the North East are 12,000 yen per cbm delivered and in the Western Japan are 13,000-14,000 yen.

With shortage of imported wood products, demand for domestic cedar is getting strong and some sawmills started using B class logs, which are normally for plywood so further price escalation is likely all over Japan. Also demand for larch and cypress is increasing like cedar, which are used for face and back of plywood.

Some plywood mills increase use of North American Douglas fir to supplement tight supplied larch and cypress but Douglas fir supply is also tight. Adhesive prices are also rising by worldwide demand increase for chemical products. Present market prices of 12 mm 3x6 panel are 930-950 yen per sheet delivered so the manufacturers increase the prices by 50-70 yen per sheet since June 1.

**Russia imposes export duty on green lumber**

The Russian government announced to impose export duty on green lumber since July 1.

Green lumber means lumber with moisture content of 22% or more. This applies to not only softwood but hardwood lumber like oak and ash. Duty rate is 10% but minimum prices are set like more than Euro 13 per cbm on softwood lumber and more than Euro 15 on hardwood lumber. There is no definite regulation to specify how to prove moisture content.

The most affected market by this is China, which imports large volume of Russian hardwood lumber and also some in Europe. In Japan market, main imports are KD lumber but some larch lumber could be affected by this regulation.

**Plywood**

Movement of domestic softwood plywood is very active. It was forecast that the demand for plywood would decline when operations of precutting plants slow down because of shortage of imported building materials but orders of plywood from precutting plants remains active and dealers are trying to build up inventory in distribution channel so the orders are filling up of plywood manufacturers' production schedule.

The manufacturers' inventory dropped more in May because of shutting down for maintenance and shipment is more than production now and it takes more time for delivery. The manufacturers asked higher prices since June and the buyers are hastily accepting the proposal to secure the volume.

Imported South Sea hardwood plywood supply is in critical stage. The largest supplier in Sabah, Malaysia stopped taking any order in May because of shortage of log supply and workers and other suppliers' offer volume is minimal because of log supply shortage so delayed shipment becomes now normal.

Then since June 1, Malaysia locked down for two weeks, which further reduce log supply. Indonesia is also suffering log supply shortage and with brisk orders for the North America, there is no chance that the volume for Japan would increase.

#### Domestic logs and lumber

Supply shortage of imported wood products is getting severe since last March and substituting materials are scrambling so that the prices keep soaring without end. In Kanto region, prices of KD cedar 105 mm square and stud skyrocketed to about 90,000 yen, 15,000-20,000 yen up and of 4 meter cypress sill are 100,000 yen, 25,000-30,000 yen up. The prices change day after day.

House builders normally set the prices for several months but now they are asking dealers to get the necessary volume regardless of the prices.

The domestic KD lumber prices of all type such as post, beam, stud, purlin and brace regardless of species and sizes are now reaching level of 100,000 yen.

Sawmills increase the production so mills are scrambling logs. Log prices, therefore, have been soaring sharply since last April. National average of cedar post cutting logs are 13,000-14,000 yen but in Kyushu and Northern Kanto, they are about 17,000 yen with spot prices of 20,000 yen.

This is the highest in forty years. 4 meter sill cutting cypress log prices are 20,000-23,000 yen but in Kyushu, spot prices are 30,000 yen, the highest in forty years. Stimulated by high prices, log production is active but rainy season is coming so log production may decrease in June and July.

#### Soaring New Zealand radiate pine log prices

Export prices of New Zealand radiate pine logs are soaring. Late May and early June shipment prices steeply increased by US\$24-25 per cbm and future increase is certain.

Sawmills cutting radiate pine logs in Matsunaga area in Hiroshima prefecture decided to increase the sales prices of radiata pine lumber by 10,000 yen per cbm since August.

Radiata pine log prices sharply jumped up since late last year by aggressive purchase by China. February shipment log prices of Japan increased by US\$23 per cbm FOB from January shipment, which is record high increase so the sawmills in Japan increased the sales prices of lumber by 5,000 yen per cbm since April and the market accepted.

However, log prices for China continue to advance to renew the highest prices. Now the prices are US\$ 188-190 per cbm C&F and in late May, US\$200 offer is made. Prices of German spruce logs, which China buys in large volume, climbed to US\$184 per cbm C&F.

Affecting such bullish Chinese purchase, log prices for Japan for late May shipment are up by US\$24-25 per cbm FOB. Total increase since last spring is US\$65. Based on these prices, the increase in Japan would be as high as 10,000 yen per cbm.

Late June shipment log prices would be up by US\$15. Ocean freight is also escalating so it is hard to predict how high log cost would be. Sawmills have no choice but to accept high prices without any inventory.

Sawmills say that it is impossible to see how high log prices climb and price increase is only solution to minimize the loss. Cedar crating lumber prices are also up by 3,000 yen per cbm. Sawmills need to keep increasing lumber prices because cedar log prices also keep climbing.

### China

#### Real estate investment continues to grow despite signs of overheated market

The National Bureau of Statistics has released details of real estate developments and sales in the first five months of 2021. Between January and May this year investment in real estate development rose 18.3% year on year and was 17.9% higher than in January to May 2019. Investment in residential buildings in the first five months of 2021 increased almost 21%.



Source: National Bureau of Statistics, China

Real estate investment in the Eastern Region was up 16.8 percent year on year; in the Central Region investment rose 25.5%; the Western Region by 16.4% and investment in the Northeast increased 13.2%. In contrast to the construction activity, investment in land for real estate development dropped 7.5% year on year and land prices declined.

The authorities have intensified efforts to take some heat out of the rise in house prices. Mortgage rates have risen and local regulations have capped prices.

See:

[http://www.stats.gov.cn/english/PressRelease/202106/t20210617\\_1818518.html](http://www.stats.gov.cn/english/PressRelease/202106/t20210617_1818518.html)

### Sharp drop in log imports from PNG

Papua New Guinea has been the number one source for China's tropical hardwood log imports for many years. According to China Customs, tropical log imports from PNG fell 37% to 450,000 cubic metres in the first quarter of 2021 and this resulted in an overall decline in China's tropical log imports.

China's tropical log imports totalled 1.92 million cubic metres valued at US\$471 million the first quarter of 2021, down 4% in volume and 3% in value from the same period of 2020. Tropical logs accounted for around 13% of total log import volume in the first quarter of 2021.

The average price for imported tropical logs was US\$246 CIF per cubic metre, up 1.4% on levels in the same period of 2020.

China imported tropical logs mainly from Papua New Guinea (23%), Solomon Islands (20%), Brazil (12%) and Republic of Congo (9%). Just 4 countries supplied over 60% of China's tropical log requirements the first quarter of 2021.

### Main tropical log suppliers in Q1 2021

	Volume 000s. cu.m	% Change Q1 2020-21
PNG	450	-37
Solomon	392	-2
Brazil	228	42
Congo Republic	163	48
Cameroon	79	9
Suriname	49	-21
Sierra Leone	38	63
Central Africa	33	-19
Equatorial Guinea	28	-81
Laos	11	49

Data source: China Customs

The CIF price for China's tropical log imports from Equatorial Guinea soared 43% from US\$273 per cubic metre in the first quarter of 2020 to US\$390 per cubic metres in the first quarter of 2021. China's tropical log imports from Equatorial Guinea in the first quarter of 2021 were 28,400 cubic metres valued at US\$11.07 million, down 81% in volume compared to the same period in 2020.

In contrast, the CIF price for China's tropical log imports from PNG rose 15% from US\$179 per cubic metres in the first quarter 2020 to US\$206 per cubic metres in the first quarter of 2021. The sharp price increase is partly the reason why imports from PNG declined in the first quarter.

### Tropical logs from Myanmar

Myanmar was a major source of tropical logs for China before its log export ban. China's tropical log imports from Myanmar had been declining before the ban however, China's log imports from Myanmar in the first quarter of 2021 amounted to 1,740 cubic metres valued at US\$202.56 million (CIF), a sharp rise year on year. The average price for imported logs from Myanmar fell to US\$1,188 (CIF) per cubic metre, down 6% over the same period of 2020.

### Decline in China's tropical sawnwood imports in Q1 2021

According to China's Customs data tropical sawnwood imports were about 1.40 million cubic metres valued at US\$452 million in the first quarter of 2021, down 2% in volume but up 4% in value from the same period of 2020 and accounted for 23% of the total sawnwood import volumes in the first quarter of 2021.

Nearly 80% of China's tropical sawnwood imports were from Thailand (59%), Gabon (11%) and Philippines (8%) in the first quarter of 2021.

China's tropical sawnwood imports from Myanmar and Laos rose 36% and 48% to 33,000 cubic metres and 14,000 cubic metres respectively however, imports fell 5% from Gabon and 16% from Indonesia, to 147,000 cubic metres and 30,000 cubic metres respectively.

### Main tropical sawnwood sources in Q1 2021

	Volume 000s cu.m	% change Q1 2020-21
Thailand	821	22
Gabon	147	-5
Philippines	111	78
Myanmar	33	36
Indonesia	30	-16
Malaysia	28	5
Cameroon	27	3
Laos	14	48

Data source: China Customs

### Rise in China's hardwood log imports

According to China's Customs data hardwood log imports from the main suppliers rose 21% to 131,154 cubic metres in the first quarter 2020. The US still is the main supplier of hardwood logs to China and hardwood log imports from the US rose 26% to 115,353 cubic metres which resulted in an increase in total import volumes.



The average CIF for China's imported North America hardwood logs grew 12% to US\$477 per cubic metre.

It's worth noting that the volumes of China's hardwood log imports from Serbia surged about 400% to 405 cubic metres in Q1 2021. This result benefits better trade cooperation between China and Serbia, especially One Belt and One Road initiatives. It has been reported that the total value of bilateral goods import and export between China and Serbia rose 52% to US\$122.188 billion in 2020.

#### Main sources of hardwood logs (volume)

	2021 Q1 cu.m	% change Q1 2020-21
USA	115,353	26
Canada	9,489	-40
Mexico	4,460	0
France	619	0
Serbia	405	388
Denmark	361	0
Hungary	204	-19
Belgium	151	0
Nicaragua	92	0
Total	131,134	

Data source: Customs, China

#### Main sources of hardwood logs (value)

	2021 Q1 US\$	% change Q1 2020-21
USA	55,161,343	39
Canada	3,736,149	-39
Mexico	3,078,700	0
France	151,584	0
Serbia	125,204	526
Denmark	90,600	0
Hungary	160,577	3
Belgium	36,623	0
Nicaragua	41,846	0
Total	62,582,626.00	

Data source: Customs, China

#### Panel producers in Shuyang City stop production

It has been reported that many wood panel enterprises in Shuyang city of Jiangsu province stopped or limited production between from 22 June to 2 July. There are two main reasons for this, one is the local wood processing enterprises need to carry out safety inspections, the other is that the soaring prices of raw materials led to weak demand.

A large number of enterprises in both Shuyang City and some cities in Shandong Province have stopped production as prices for raw materials have soared after the New Year.

The price of urea has risen from RMB1,800 to RMB2,800 per tonne. The price of melamine, which used to be RMB4,000-5,000 per tonne, is now unmanageable with prices in Shuyang reaching RMB13,000 per tonne.

Enterprises complain that trading is now a challenge. The domestic market environment for home furnishing and wood panels is weakening largely because the housing market is subject to tough regulations. Those families needing to furnish their home are now looking for lower priced items.

Only producers of branded products are doing well. For wood panel enterprises, the home interior furnishing sector is a challenge as end consumers are on a new track. Small and medium-sized enterprises do not have the ability to change quickly to meet these changing demands.

See: [https://www.sohu.com/a/473852711\\_121089594](https://www.sohu.com/a/473852711_121089594)

#### Large number of timber mills in Taicang to close

Numerous mills in Jiangsu province are planning or will be required to close because they find it too expensive to retrofit to meet current environmental and safety regulations. This will impact timber imports. Analysts write that the domestic timber sector and market is in transition to a safe, standardised, orderly and healthy green industrial environment. Measures to ensure timber quarantine will be upgraded.

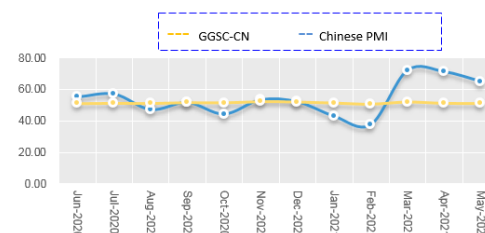
See:

[https://baijiahao.baidu.com/s?id=1703165275730734849&wfr=s\\_pider&for=pc](https://baijiahao.baidu.com/s?id=1703165275730734849&wfr=s_pider&for=pc)

#### Raw material prices rising

In May 2021, China's PMI index declined to 51%. It has remained at this around level for three consecutive months indicating that the economy continued to recover. In May the wood products and manufacturing sectors maintained a good recovery and production rose along with domestic demand but raw material prices accelerated pushing up production costs.

The GGSC-CN overall index for May registered 65.0% (56.1% for last May and % 51.5% for May 2019), a drop of 6% from the previous month but has stayed above the critical value of 50% for three consecutive months signaling an expansion by the forest products enterprises represented in the GGSC-CN index. See below.



Source: CCSC-CN

## GGSC\_CN overview

Respondents raised the following issues:

### Challenges

The price of raw materials is rising, and raw materials are in short supply. Unstable supply of solid wood raw materials.

### Products in short supply

Veneer, okan, red oak, hackberry, black walnut logs/boards, European oak and imported hardware

### Commodities for which the price has been increased

taun, fibre core, black walnut, oak, fiberboard, reinforced paper, core board, veneer, base material, glue, melamine, formaldehyde, urea, hardware connectors.

### Commodity of which the price has decreased

None

In the May 2021 GGSC-CN index two out of five sub-indices rose and three fell. The production index registered 70%, a decline of 8.6% from the previous month but remained above 50% for three consecutive months indicating production by forest products enterprises represented by GGSC-CN was better than the previous month.

The new order index registered 70%, a drop of almost 16% from the previous month but still indicates that the ability of enterprises to obtain orders is better than that of the previous month. Among them, the new export order index reflecting international trade registered only 30%, a big decline from the previous month. This indicates orders from abroad in May fell compared to the previous month.

The main raw material inventory index registered 50%, a decline of 14% from the previous month. It shows that the raw material inventory of the superior forest products enterprises is stable.

The employment index registered 70%, an increase of 6% from the previous month signaling a rise in employment from the previous month. The supplier delivery time index was 50%, an improvement from the previous month.

See: <http://www.itto-ggsc.org/>

And GGSC-CN Index Report (May 2021) [http://www.itto-ggsc.org/site/article\\_detail/id/220](http://www.itto-ggsc.org/site/article_detail/id/220)

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

	2021 Mar	2021 Apr
Okoume	294	257
Merswa	148	204
Teak	495	506
Merbau	433	364
Birch	380	379
Oak	138	139

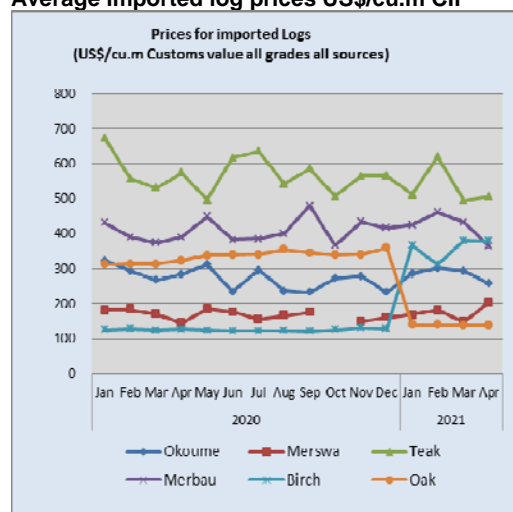
Data source: China Customs. Customs value all grades, all sources

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

	2021 Mar	2021 Apr
Sapelli	660	638
Merbau	839	843
Teak	725	552
Lauan	767	319
African mahogany	614	632
Oak	480	404

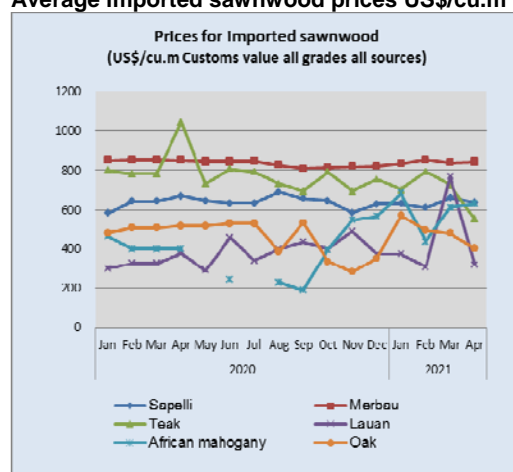
Data source: China Customs. Customs value all grades, all sources

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



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

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

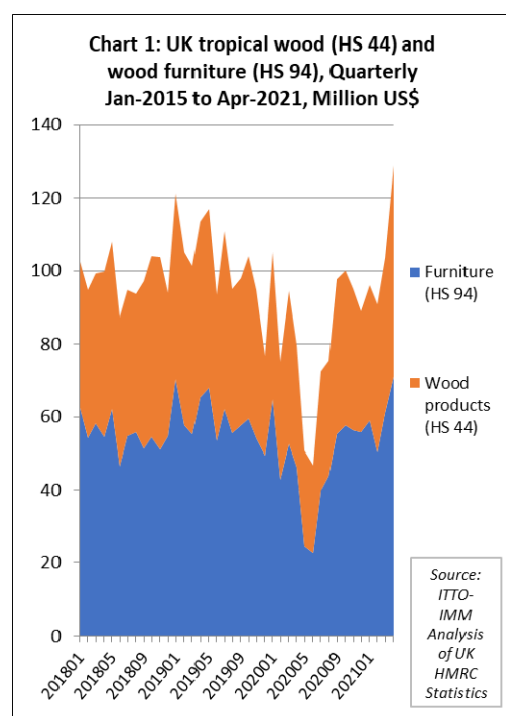


Data source: China Customs. Customs value all grades, all sources

### UK April tropical wood imports at highest since 2008-09 financial crises

The UK imported tropical wood and wooden furniture products with a total value of USD419 million in the first four months of 2021, an 18% increase compared to the same period in 2020. There was a particularly sharp increase in April when imports were USD129 million, the highest monthly import value recorded since before the financial crises of 2008-2009.

The strong performance in the first four months of this year reflect both a robust rise in consumption in the UK, supported by strong government stimulus measures, and the late arrival of delayed shipments from the previous year. The rise occurred despite severe logistical problems that have emerged in shipment of tropical wood products to the UK since the start of the pandemic.



Britain's economy surged in June as private-sector businesses secured extra work and created thousands of new jobs, but analysts warned the boom could be short-lived if shortages of skilled staff and hold-ups to vital supplies continue into the autumn.

The manufacturing and services industries, which account for more than 80% of business activity, expanded at near-record rates in June, according to a survey by IHS Markit, building on the unprecedented burst in output growth in May.

Firms were in a confident mood after the easing of Covid-19 restrictions and a rush by consumers to shop and visit bars and restaurants. Survey respondents were enjoying higher domestic sales and higher demand from the US, China and much of Europe for British goods and services.

The IHS Markit/CIPS flash UK output index measures the difference between the proportion of employers who say activity is above or below normal levels, where a figure of 50 separates contraction from expansion. The composite index was 61.7 in June, while the manufacturing sector posted a 64.2 figure, and the services industry stood at 61.7.

The UK construction sector, the leading driver of timber demand in the country, has recovered even more strongly. According to the IHS Markit/CIPS UK Construction Purchasing Managers Index (PMI), UK construction companies signalled an exceptionally strong increase in output volumes in May, with continued recoveries seen in civil engineering activity, commercial work and house building.

The PMI posted 64.2 in May, up from 61.6 in April with construction output growth reaching its strongest since September 2014. New order volumes increased at the fastest pace since the survey began just over 24 years ago.

Input cost inflation in the UK construction sector was also at a survey-record high during May, reflecting a surge in demand for construction materials and severe supply shortages.

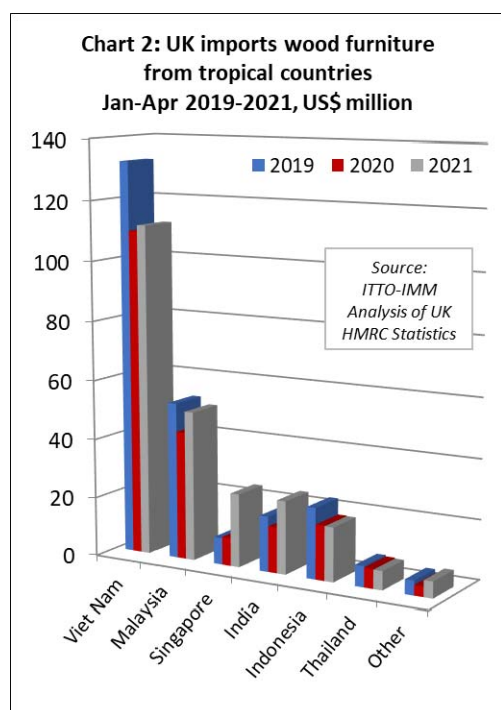
### UK wooden furniture imports up 17% this year

Overall the UK imported USD241 million of tropical wooden furniture products in the first four months of this year, 17% more than the same period in 2020. In contrast to 2020, when imports began to nose-dive in April with the onset of the first COVID lockdown, UK imports of wooden furniture in April this year, at USD71 million, were at a higher level than in any other single month for over a decade.

In April this year, imports of wooden furniture surged from all the leading tropical countries supplying the UK including Vietnam, Malaysia, India and Indonesia. Imports from Singapore, which had been filling the supply gap due to problems of shipment out of other South East Asian countries earlier in the year, began to moderate during the month.

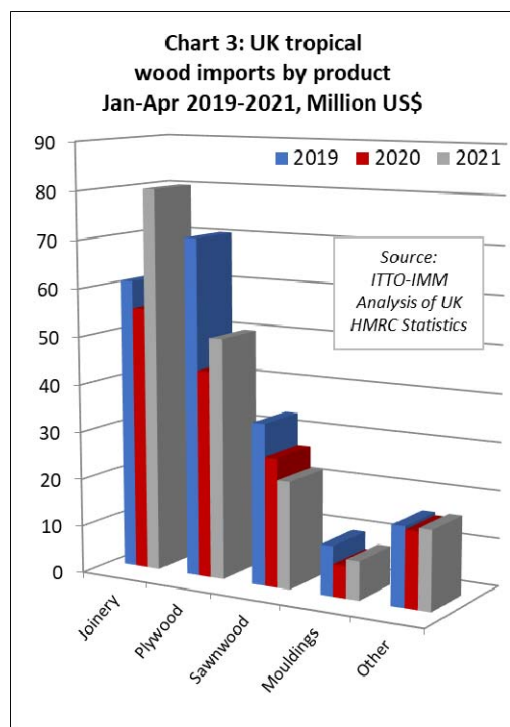
Overall during the first four months of 2021, UK wooden furniture imports were up from all four of the leading tropical supply countries to this market; Vietnam (+2% to USD112 million), Malaysia (+17% to USD50 million), Singapore (+160% to USD25 million) and India (+59% to USD25 million).

In contrast, imports from Indonesia, at USD18 million, were still 1% behind the same period in 2020, while imports from Thailand, at USD6 million, were 4% down on last year (Chart 2).



#### UK tropical wood imports rise 20%

UK imports of all tropical wood products in Chapter 44 of the Harmonised System (HS) of product codes were USD178 million in the first four months of 2021, 20% more than the same period last year. With imports of USD58 million in April 2021, this was the highest monthly import value recorded since before the 2008-09 financial crises.



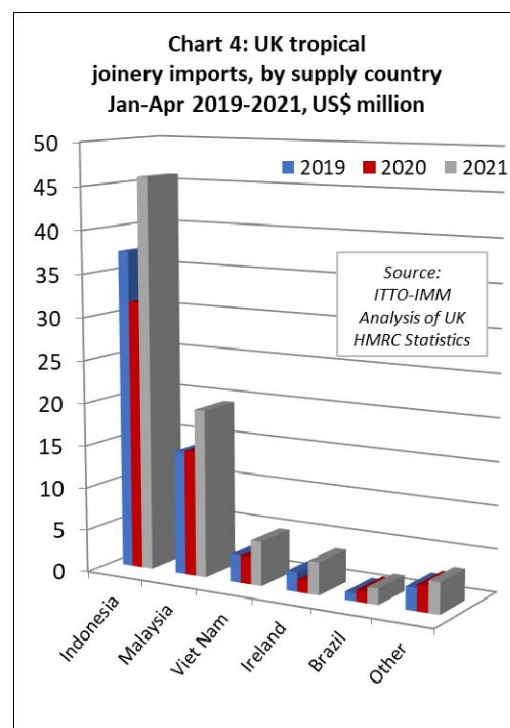
Comparing the first four months of 2021 with the same period in 2020, UK imports of tropical joinery products

increased 45% to USD80 million while imports of tropical plywood increased 16% to USD50 million and imports of tropical mouldings/decking increased 20% to USD8 million. These gains offset a 16% decline in tropical sawnwood imports to USD23 million (Chart 3 above).

After the sharp dip in UK imports of tropical joinery products during the first lockdown period in Q2 2021, imports gradually built momentum until March this year and then surged in April. Imports from Indonesia, mainly consisting of doors, were USD46 million in the first four months of 2021, 46% more than the same period last year.

UK imports of joinery products from Malaysia and Vietnam (mainly laminated products for kitchen and window applications) also made strong gains in the first four months of 2021.

Imports from Malaysia were USD20 million between January and April this year, 34% more than the same period in 2020. Imports of USD5.2 million from Vietnam were 63% more than in the same period in 2020. UK imports of joinery products consisting of tropical hardwood from neighbouring Ireland also increased by 159% during this period, to USD3.8 million (Chart 4).



In the first four months of 2021, the UK imported 99,100 cu.m of tropical hardwood plywood, 22% more than the same period in 2020. 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).

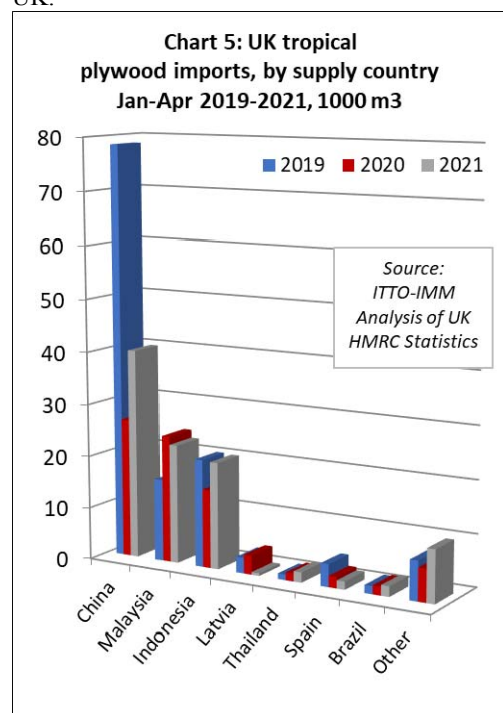
The UK imported 40,000 cu.m of tropical hardwood faced plywood from China in the first four months of this year, 51% more than the same period in 2020.



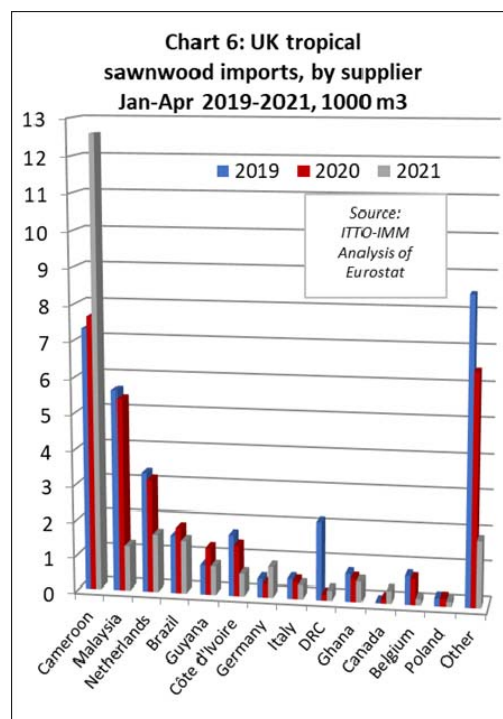
Imports from Indonesia also made gains during this period, rising 36% to 20,400 cu.m. In contrast, imports of 22,700 cu.m from Malaysia in the first four months of 2021 were 6% down on the same period in 2020.

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. In the past six months there was a 4-5 fold increase in container freights from South East Asia. During December and January, this virtually halted shipments of hardwood products from the region to the UK.



After falling sharply in May and June last year, UK imports of tropical sawnwood strengthened between July and December but the momentum has slowed this year. UK imports were 23,000 cu.m in the first four months of 2021, 23% less than the same period in 2020. Although imports from Cameroon, now by far the leading supplier to the UK, increased by 64% during the four month period, imports from all other leading tropical sawnwood supply countries declined (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.

The few mills with capacity to take orders which can be produced and shipped relatively quickly are taking advantage with high premiums being requested.

Even African hardwood species such as ayous and okoume are limited in supply, in part due to the fact that consumer markets are seeking new alternatives to their customary products such as American tulipwood which is hardly available at present.

UK imports of tropical sawnwood from Côte d'Ivoire were no more than 630 cu.m in the first four months of this year, 56% less than the same period in 2020.

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.

UK imports of tropical sawnwood from Malaysia were only 1,300 cu.m in the first four months of 2021, 77% less than the same period last year.

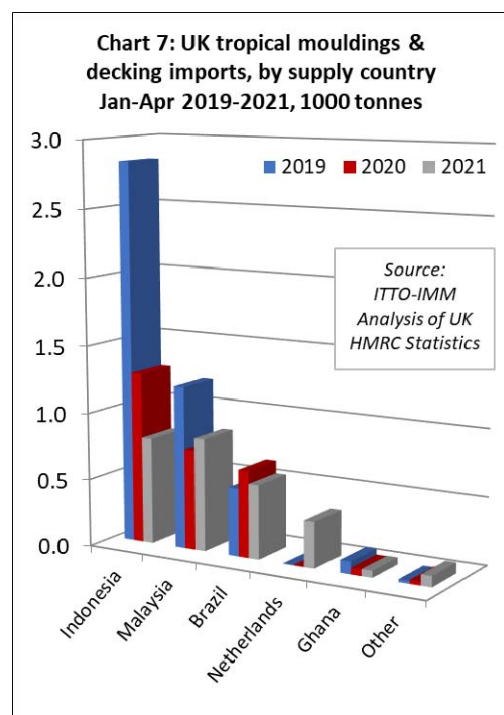


Imports from Malaysia have been severely affected both by production problems during pandemic and extreme shortages of container space. The latter has led to the first breakbulk shipments of Asian meranti and keruing lumber into the UK for nearly 30 years, with the first arrivals in May (and therefore not appearing in these statistics).

With shortages in supply from other sources, UK importers were turning more to Brazil in the opening quarter of the year, but imports from the country slowed again in April. In the first four months of 2021, total UK imports of tropical sawnwood from Brazil were 1,500 cu.m, 20% less than the same period last year.

Indirect UK imports of tropical sawnwood from other EU countries also fell dramatically in the opening months of this year. Total UK imports from EU countries were 3,800 cu.m in the first four months of 2021, 29% less than the same period last year.

The UK imported 2,700 tonnes of tropical hardwood mouldings/decking in the first four months of 2021, 7% less than the same period in 2020. Imports declined 38% from Indonesia to 800 cu.m and were down 15% from Brazil to 500 cu.m. These losses were only partly offset by a 13% rise in imports from Malaysia to 800 cu.m and by imports from the Netherlands rising from close to zero to 300 cu.m this year (Chart 7).



The TTF reports that the UK market is currently suffering from severe lack of availability of bangkirai decking, “initially due to the freight hikes at the beginning of the year but, it seems, in the past 3 months or so, due to suppliers selling UK bound stocks to other markets at a time when the availability of (replacement) logs and lumber suddenly dried up”.

The number of Indonesian mills offering bangkirai for sale to UK importers is now very restricted and the few offers being made are “at prices about 50% higher than where they were back in December which has led to significant interest in cheaper Brazilian Decking species”, according to the TTF.

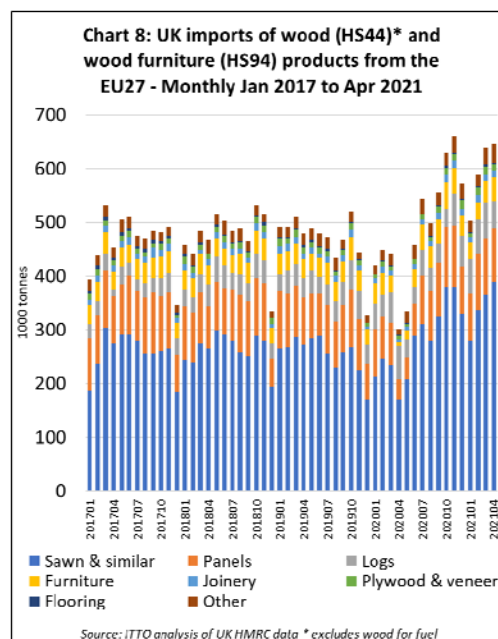
#### UK timber imports from the EU at record levels despite Brexit

An impact of the UK’s departure from the EU single market and customs union on 1st 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 opening months of 2021, but they were at record levels for the time of year.

Chart 8 shows the quantity of UK imports of all wood and wooden furniture products from the EU (excluding wood for fuel) on a monthly basis since the start of 2017. Following the dip in imports with the introduction of the first lockdown in April and May last year, imports recovered strongly through to November. They cooled a bit in December and January, but less than usual for the time of year, and then rebounded rapidly between February and April.



In total, the UK imported 2.38 million tonnes of wood products from the EU27 in the first four months of 2021, 47% more than the previous year, which of course was COVID-affected, but also 21% more than in 2019, the last “normal” year. In fact, the quantity of UK imports of wood and wooden furniture from the EU27 in the first four months of 2021 was at the highest level since at least 2005.

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.

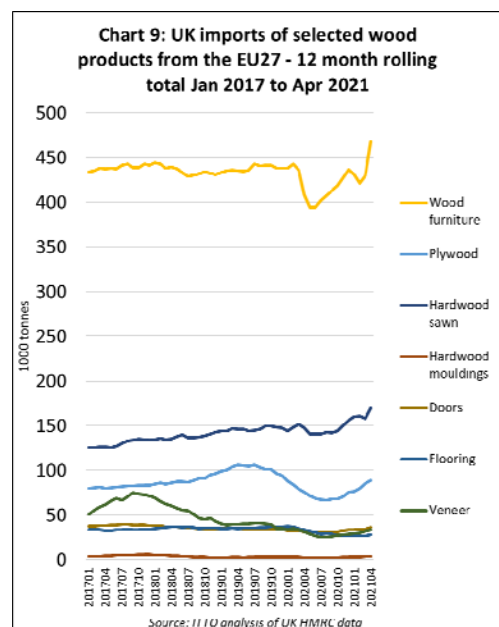


Chart 9 showing 12 month rolling total imports into the UK from the EU27, highlights that following a sharp fall in UK imports of wooden furniture from the continent during the first lockdown in April/May last year, imports gradually recovered in the second half of 2020. They then weakened only slightly in January this year and surged in March and April.

In contrast, a gradual long term rise in UK imports of sawn hardwood from the EU seems to have been little impacted by either the COVID lockdown or the UK’s departure from the single market.

UK imports of plywood from the EU27 fell sharply from the middle of 2019, when the market was seriously affected by over-stocking, and this downward trend continued until the last quarter of 2020. However, UK imports of plywood from the EU27 have been recovering again this year.

Similarly, UK imports of flooring, doors and veneer were all sliding throughout 2019 and 2020, but the downward trend has halted this year and there has been a slight upturn.

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. A massive government stimulus, including low interest rates, a stamp duty holiday, and an additional £2bn spending on infrastructure, has combined with a huge surge in home and garden renovation activity as people have either moved house or improved their existing homes. Cash usually spent on vacations and other recreational activities has instead poured into construction.

Meanwhile supplies of wood products from sources further afield, in China, South East Asia, North and South America, and Africa, have been severely disrupted. All this has fed a huge upturn in UK demand for timber imports from the EU and in prices which, for now, have encouraged importers and distributors to overcome the new logistical and bureaucratic challenges of sourcing from the EU.

The only questions now are: for how long will this extraordinary market situation in the UK continue; and, if and when there is a return to “normality”, will the long-expected UK pivot away from the EU to other supply sources then take place or will the UK’s renewed dependence on EU suppliers be maintained for the long-term?

## North America

### Housing starts slow - builder optimism falls

US homebuilding rebounded less than expected in May as expensive lumber and shortages of other materials continued to constrain builders’ ability to take advantage of an acute shortage of houses on the market.

The latest report from the US Department of Commerce also showed permits for future home construction falling to a seven-month low. Housing completions also declined while the number of homes authorized for construction but not yet started rose to the highest level since 1999, indicating supply will likely remain tight for a while and boost house price inflation.

Housing starts rose 3.6% to a seasonally adjusted annual rate of 1.572 million units last month. Data for April was revised down to a rate of 1.517 million units from the previously reported 1.569 million units. Groundbreaking activity rose in the Midwest, the West and the densely populated South, but fell in the Northeast.

Single-family homebuilding, the largest share of the housing market, increased 4.2% to a rate of 1.098 million units. Starts for the volatile multi-family segment rose 2.4% to a pace of 474,000 units.

A June 15 survey from the National Association of Home Builders showed confidence among single-family homebuilders at a 10-month low. The NAHB blamed the ebb in sentiment on the high costs and unavailability of building materials.

In Canada, housing starts increased by 3.2% in May. However, starts in the major cities of Toronto, Vancouver, and Montreal all trended lower as these markets continued to moderate from the historic highs they recorded in the first quarter of the year.

See: <https://www.census.gov/construction/nrc/pdf/newresconst.pdf>

#### **Home sales fall for the fourth straight month**

Existing-home sales fell for a fourth straight month in May as prices grew by the most on record. The number of contracts closed slipped 0.9% in May to a seasonally adjusted annual rate of 5.8 million from 5.85 million in April, according to the National Association of Realtors.

"Home sales fell moderately in May and are now approaching pre-pandemic activity," said Lawrence Yun, NAR's chief economist. "Lack of inventory continues to be the overwhelming factor holding back home sales, but falling affordability is simply squeezing some first-time buyers out of the market."

The decline in contracts closed in May came as the median existing-home price surged by a record 23.6% year over year to US\$350,300. Prices have posted 111 straight months of year-over-year gains since March 2011. For the second straight month sales were only higher in the Midwest, where they rose 1.6%. They fell 4.1% in the West, 0.4% in the South, and 1.4% in the Northeast.

See: <https://www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales>

#### **More jobs added in May but below target**

US Job creation disappointed again in May, with nonfarm payrolls up what normally would be considered a solid 559,000 but still short of lofty expectations, the US Department of Labor reported.

The unemployment rate fell to 5.8% from 6.1%, which was better than the estimate of 5.9%. An alternative measure of unemployment that includes discouraged workers and those holding parttime jobs for economic reasons edged lower to 10.2%.

May's letdown came after April sharply undershot expectations, with the upwardly revised 278,000 still well short of the initial 1 million estimate that came with high hopes for an economy trying to recover from the COVID-19 pandemic.

The jobs miss comes as employers widely cite a labor shortage as a critical factor in why more hiring is not happening.

Some have attributed the situation to generous unemployment benefits as well as child-care issues and continuing fears about the coronavirus as obstacles to filling the 8 million vacant positions. Manufacturing added 23,000 jobs in May, while construction lost 20,000 positions and retail was down 6,000.

#### **Consumer confidence rebounds but inflation fears remain**

Consumer sentiment in the US rose in early June, according to the University of Michigan's index, recouping two-thirds of May's loss. The early June gain was mainly among middle- and upper-income households and for future economic prospects rather than current conditions. Stronger growth in the national economy was anticipated, with an all-time record number of consumers anticipating a net decline in unemployment.

Rising inflation remained a top concern of consumers, although the expected rate of inflation declined in early June. Spontaneous references to market prices for homes, vehicles, and household durables hit their worst level since November 1974. These unfavorable perceptions of market prices reduced overall buying attitudes for vehicles and homes to their lowest point since 1982. These declines were especially sharp among those with incomes in the top third, who account for more than half of the dollar volume of retail sales.

"Fortunately, in the emergence from the pandemic, consumers are temporarily less sensitive to prices due to pent-up demand and record savings as well as improved job and income prospects," said Chief Economist Richard Curtin. "The acceptance of price increases as due to the pandemic, makes inflationary psychology more likely to gain a foothold if the exit is lengthy."

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

#### **Timber prices retreat from May's record highs**

After a year that saw record-high softwood lumber prices and shortages nationwide, the price for softwood lumber has finally begun to drop. Softwood lumber futures plunged on 10 June to US\$1,009.90 per thousand board feet, down 41% from the record of US\$1,711.20 in May according to the Wall Street Journal.

Before the COVID-19 pandemic it traded in the range of US\$300 to US\$500 per thousand board feet. The price increase was so high, it added about US\$36,000 to the price of a new home, according to the National Association of Home Builders.

Despite the pullback a projected rise in US homebuilding will keep lumber prices above US\$500 per thousand board feet for the next five to eight years according to Scott Reaves, Forest Operations Director at Domain Timber Advisors.

### US manufacturing gains steam; raw material, labour shortages emerge

US manufacturing activity picked up in May as pent-up demand amid a reopening economy boosted orders, but unfinished work piled up because of shortages of raw materials and labour. The overall economy notched a 12th consecutive month of growth, say the nation's supply executives in the latest Manufacturing ISM Report on Business.

According to the ISM, worker absenteeism and short-term shutdowns because of shortages of parts and workers continued to limit manufacturing's growth potential.

See: <https://www.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/pmi/may/>

### New Orleans Port rejects Suriname sawnwood

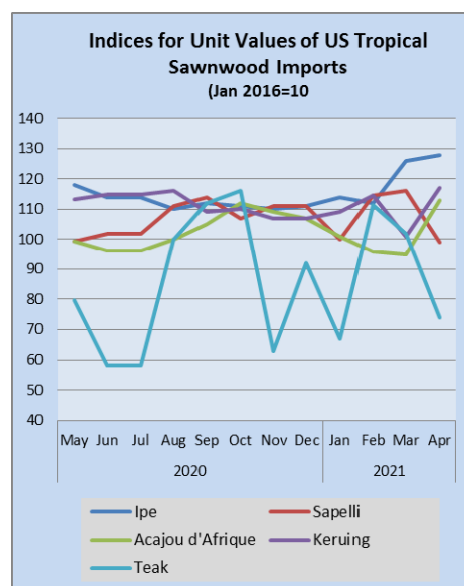
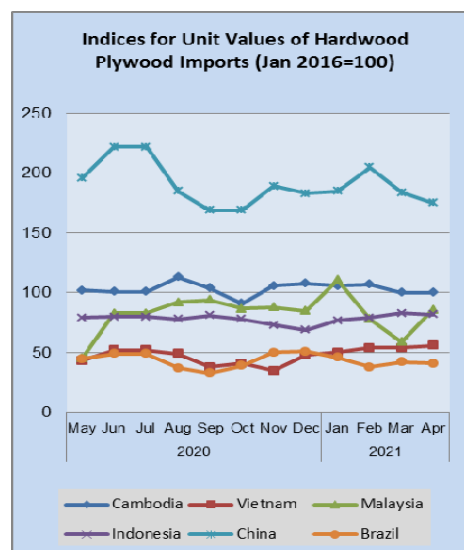
In May, US Customs and Border Protection (CBP) agriculture specialists at the Port of New Orleans rejected two non-compliant cargo shipments from South America. The first shipment was gum rosin from Brazil and the second shipment was lumber with bark still attached, shipped from Suriname.

CBP returned the containers back to Brazil and Suriname because their wood packing materials lacked International Plant Protection Convention (IPPC) 15 stamps. The IPPC has an international standard for wood packaging material to certify that it has been subjected to an approved treatment measure to keep dangerous insects and their larvae from burrowing into the wood materials then escaping the ship or port into the nearby environment.

"Inspecting wood packing materials of otherwise lawful shipments is one of the many, lesser-known ways Office of Field Operations helps keep our country safe," said New Orleans Area Port Director Terri Edwards. "An invasive species can gradually wreak havoc on the environment and our economy. Just look at the US Forest Service's list of invasive insects that have had a significant impact on the forests of North America."

CBP may issue a penalty for the missing stamps, but usually brokers are swift to manipulate or re-export the non-compliant shipment. The costs incurred by the importer while they wait to get the shipment re-exported adds up quickly in the port, and there are daily container charges.

See: [https://www.cbp.gov/newsroom/local-media-release/unknown-danger-wood-packing-materials-two-may-seizures-port-new-orleans?\\_ga=2.199442734.1045177818.1624495425-1658567841.1624495425](https://www.cbp.gov/newsroom/local-media-release/unknown-danger-wood-packing-materials-two-may-seizures-port-new-orleans?_ga=2.199442734.1045177818.1624495425-1658567841.1624495425)



**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.

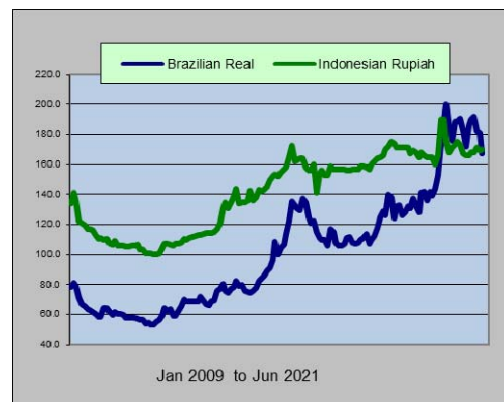
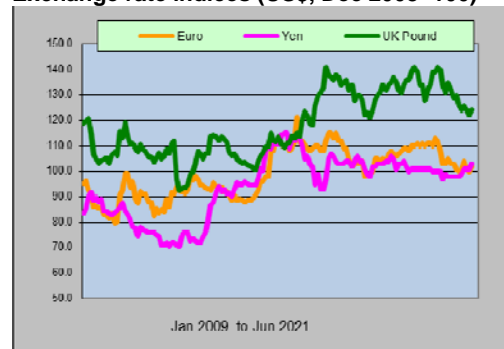
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

## Dollar Exchange Rates

As of 25 June 2021

Brazil	Real	4.9139
CFA countries	CFA Franc	549.56
China	Yuan	6.472
Euro area	Euro	0.8382
India	Rupee	74.272
Indonesia	Rupiah	14440
Japan	Yen	110.89
Malaysia	Ringgit	4.16
Peru	Sol	3.98
UK	Pound	0.7183
South Korea	Won	1131.87

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

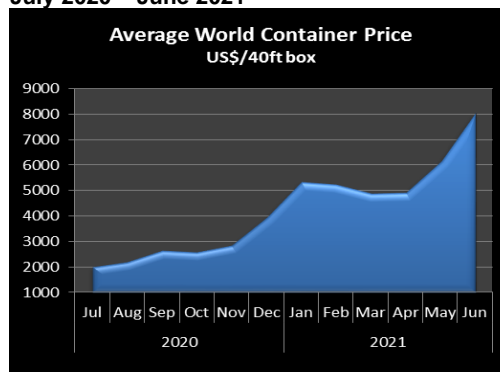


## Abbreviations and Equivalences

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

July 2020 – June 2021

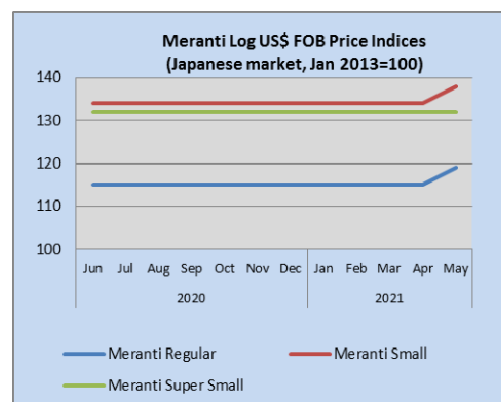


Data source: Drewry World Container Index

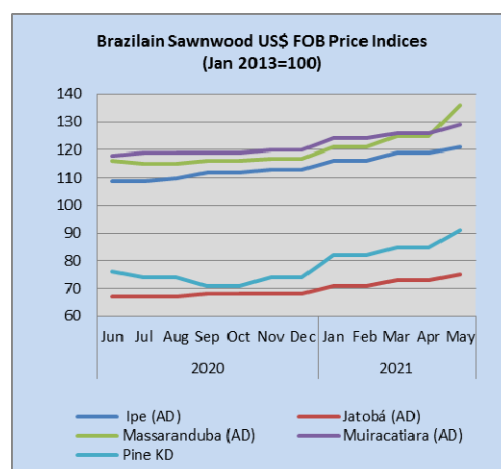
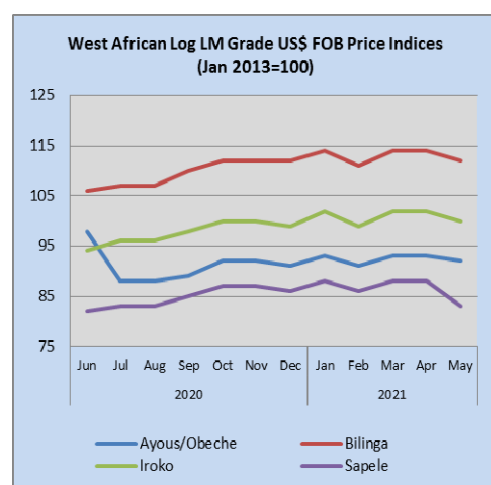
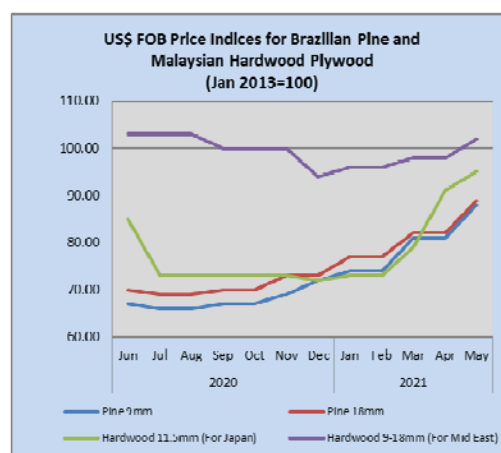


## Price indices for selected products

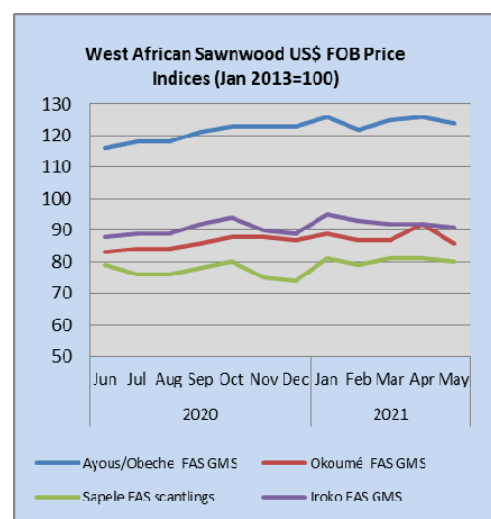
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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