

# Tropical Timber Market Report

Volume 25 Number 16 16th – 31st August 2021



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

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## Top story

### Highest EU tropical imports since 2012

The value of EU27 imports of most tropical wood products increased in the first six months of 2021 compared to the same period in 2020:

- EU27 import value of wooden furniture from tropical countries was 39% higher than in 2020 and 26% higher than in 2019.
- For tropical joinery products the value of imports was 29% higher than in 2020 and 6% higher than in 2019.
- For tropical wood flooring the value of imports was 15% higher than in 2020 and 5% higher than in 2019.

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## Central and West Africa

### Matadi Port in DRC to be expanded

Exporters using the Matadi Port have long complained the port facilities are inadequate to meet expanded exports. The current Matadi Port was built in the 1950s. In January 2014 International Container Terminal Services, through a subsidiary, entered a joint venture agreement with La Société De Gestion Immobilière Lengo to develop a container and general cargo terminal on the Congo River at Mbengu Matadi.

The international shipping press has reported that International Container Terminal Services (ICTSI) has plans to expand the Matadi Gateway Terminal. The media report says the investment will double the terminal's yearly throughput capacity to 400,000 twenty-foot equivalent units (TEU).

See: <https://www.ship-technology.com/news/ictsi-congo-port/>

### Gabon to remove many highway check-points

Sandrine Gaingne, writing for *lenouveaugabon*, says the authorities in Gabon plan to remove many of the checkpoints along the roads linking the country with Cameroon, Equatorial Guinea and Congo.

According to the Ministry of Commerce this decision covers the Libreville-Bitam route which run to the border with Cameroon, Libreville-Doussala and Libreville-Oyem. According to the Ministry of Commerce, between Eboro (border with Cameroon) and Libreville there are around 100 checkpoints set up by various administrations. Truckers using the road complain of constant harassment.

See: <https://www.lenouveaugabon.com/fr/transports-logistique/1908-17316-le-gabon-supprime-des-postes-de-contrôle-sur-ses-corridors-pour-reduire-le-poids-de-la-corrupcion-sur-le-prix-des-produits>

### Shipping challenges - producers consider reducing production

Problems with trucking due to the bad weather, problems with having export documents processed and problems securing shipping containers are weighing heavily on producers in Gabon. In addition, there was a very short dry period only one month instead of the usual 3 to 4 months and this has seriously affected operations.

In the face of the many challenges some producers have cut back production saying it is useless to produce if you cannot ship.

### Operating conditions for Asian concession holders in Gabon

In July 2021 a trial construction of a GGSC-Gabon index was undertaken. This was compiled by the GGSC (China) Secretariat with the support of Forest Union of the Asian Industry in Gabon (UFIAG). The indices reflect the operating conditions of the main Asian companies with forest concessions participating in this trial and are reported on page 19.

## Log export prices

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

## Sawnwood export prices

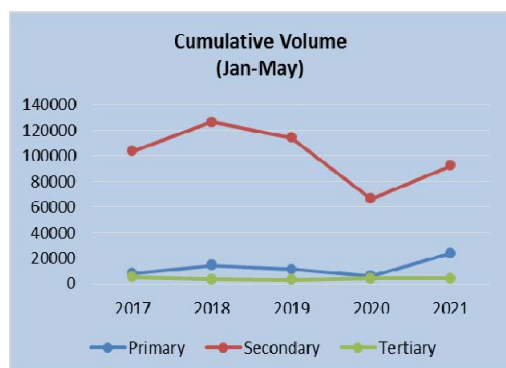
West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	440
Bilinga FAS GMS	540↓
Okoumé FAS GMS	440
Merchantable	310↓
Std/Btr GMS	330
Sipo FAS GMS	425
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	900
FAS scantlings	950
Strips	350
Sapele FAS Spanish sizes	420
FAS scantlings	450
Iroko FAS GMS	600
Scantlings	620
Strips	370
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

## Ghana

### SWPs Ghana's top export items

Ghana classifies its wood products into three main categories, Primary Products (PP), Secondary Wood Products (SWP) and Tertiary Wood Products (TWP).

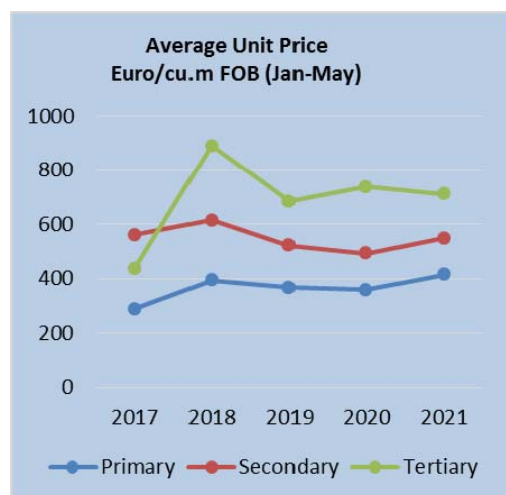
According to data distributed by the Timber Industry Development Division (TIDD) in the first 5 months of the years 2017 to 2021 SWPs topped the list of export products followed by PP and TWP as shown in the graphic below;



Data source: TIDD

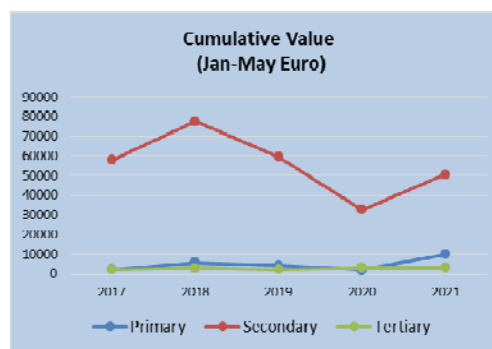
The SWPs registered the highest volume of 126,317 cu.m in 2018 and the lowest in 2020 (66,229 cu.m) when trading activities slumped due to the global pandemic. For the same period in 2021 SWP export volumes, however, improved to 92,238 cu.m registering a year on year growth of 39%. Export earnings for the period under review also followed the same yearly pattern as that of volumes.

For the period under review the Average Unit Prices (AUPs) for TWP's shown below were at the highest in 2018. For the years AUPs were within the range Eur685/cu.m to Eur890/cu.m, except in 2017 when an AUP of Eur438/cu.m was recorded.



Data source: TIDD

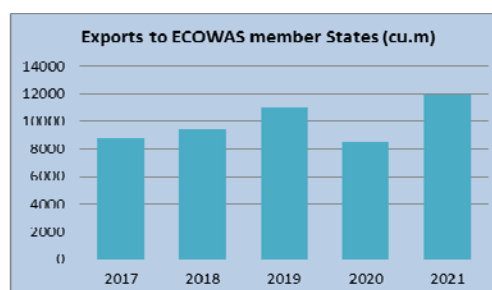
While the AUP for both PPs and SWPs improved in 2021 over that of 2020 that of the TWP's declined in 2021 against 2020.



Data source: TIDD

### Wood product trade with ECOWAS picking up

Ghana's wood export volume to the ECOWAS sub-region for the first 5-months in 2021 picked up registering a total 11,951 cu.m which, when compared to the same period in 2020 (8,515 cu.m), showed a growth of 40% year-on-year. The graphic below shows the wood export volumes to the member states for Jan to May, from 2017 to 2021;



Data source: TIDD

Prior to the dip in 2020, wood export volumes to the regional market showed consistent increasing growth from 8,846 cu.m in 2017 to 9,456 cu.m in 2018 till it reached a peak of 10,974 cu.m in 2019 for the same period.

The lowest export volume was in the January to May 2020 (8,515 cu.m) and was due to the impact of the COVID-19 pandemic when the government introduced travel restrictions, border closures and lockdowns all which affected the global supply chain.

Ghana's major trading countries within the sub-region in the first 5 months of 2021 were Burkina Faso, Togo, Senegal, Niger, Benin, Mali, Cape Verde, Cote D'Ivoire and Gambia which traded in products including plywood, air-dried lumber and sliced veneer.

### AGI – calls for reposition of businesses for AfCFTA

The Association of Ghana Industries (AGI) has called on government to do more to reposition local industries to compete with their counterparts in the AfCFTA's single market. The AGI President made this known at an Industrial Summit and Exhibition on the theme "Repositioning Ghanaian industries to leverage the AfCFTA". He mentioned affordable electricity, tariff negotiations, liberalisation strategy and incentives as some of the major concerns of industry players like the timber and wood processors as these issues impact production and export capacity.

At the same event Yaw Osafo-Maafa, the Senior Advisor to the President of Ghana indicated that the government desires to work closely with the Association of Ghana Industries (AGI) in strategising on how jobs could be created within the space of the African Continental Free Trade Area (AfCFTA).

He indicated that the government sees AGI as an ally in finding a solution to youth unemployment, adding “the important role manufacturing and value addition play in job creation cannot be overemphasized. And this falls under AGI”.

He said the government had a target of 1 million jobs in the 2021 Mid-Year Fiscal Policy Review of the Budget Statement and Economic Policy of the Government presented by the Finance Minister recently. He said the target could be achieved largely through private sector-led initiatives.

#### Manufacturing sector experiencing a modest recovery

The Bank of Ghana (BoG) has indicated that the manufacturing sector experienced a modest recovery for the year to May 2021. In its recent overview of Real Sector Development, the BoG reported that the improvement was seen in indicators such as port activity, private sector contributions and social security payments among others.

The BoG report says “Domestic economic activity continued to reflect strong economic recovery from the adverse effects of the COVID-19 pandemic. The latest high frequency indicators recorded broad-based improvement in May 2021 compared to a year ago. Domestic VAT collections, industrial consumption of electricity, private sector contributions to social security, vehicle registration, port activity, cement sales and passenger arrivals at the airport all improved in the review period”.

See: [https://www.bog.gov.gh/mpc\\_press\\_release/real-sector-developments-report-july-2021/](https://www.bog.gov.gh/mpc_press_release/real-sector-developments-report-july-2021/)

#### Boule export prices

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

#### Export rotary veneer prices

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

#### Export sliced veneer

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

#### Export plywood prices

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

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

#### Export sawnwood prices

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

## Malaysia

#### New government

The country experienced a political upheaval recently when the Prime Minister and the entire Cabinet resigned on 16 August. A new Prime Minister, Ismail Sabri, has been sworn in and the Minister of Plantation Industries and Commodities, Zuraida Kamaruddin, has been appointed.

#### Covid update

The battle to control the spread of the corona virus has become critical as daily cases top 20,000 despite various levels of lockdown in the country. It now seems the fight will be won or lost depending on the pace of vaccinating the population.

Nation-wide the percent of the adult population who had completed two vaccine doses by the end of August was 57%. The rate of vaccination differs among the states. Sabah, a major timber producing state, reported over 30% of the adult population had obtained two shots while 52% had received the first dose.

Sarawak, another major producer of wood products, reported 90% of the adult population had one shot and 85% two shots.

### Factory Transformation Programme

A Memorandum of Understanding was signed between the Malaysian Timber Industry Board (MTIB), SIRIM and Malaysian Timber Council (MTC) to implement, what has been termed, the 'Factory Transformation Programme' (FTP) which will support timber companies with digitalisation.

The FTP aims to assist SMEs in the manufacturing sector in improving their manufacturing capabilities through the application of Green 5S, Quality Tools and Techniques, Lean Management, and Innovation Management.

The government, through SIRIM, has allocated a RM1.4 million grant for the programme which began in December last year and will benefit 14 selected timber companies.

See: <https://www.mtib.gov.my/aktiviti/majlis-menandatangani-memorandum-persefahaman-mou-antara-lembaga-perindustrian-kayu-malaysia-mtib-,sirim-sts-sdn-bhd-dan-majlis-kayu-kayam-malaysia-mtc>

### Malaysia Export of Major Timber Products (RM million)

	Jan – Jun 2020	Jan – Jun 2021	% Change
Sawlogs	239	264	10
Sawnwood	1,078	1,161	8
Fibreboard	381	350	-8
Plywood	1,491	1,537	3
Mouldings	313	381	22
Veneer	46	45	0
Builders woodwork	424	520	23
Wooden furniture	4,132	5,583	35
Particleboard	129	134	4
Other products	1,369	1,617	18
Total	9,601	11,592	21

Data source: MTIB

## Indonesia

### Exports projected to reach US\$12 billion

Chairman of the Association of Indonesian Forest Concessionaires (APHI), Indroyono Soesilo, said the value of wood product exports is estimated to climb to US\$12 billion by the end of this year. 2020 wood product exports earnings totalled US\$11 billion.

He said that up to July this year exports of wood products amounted to US\$7.5 billion and projecting this to the end of the year results in a figure of US\$12 billion. He commented that production from the natural forest rose over 16% up to July compared to the same period last year but production from industrial forest plantations was lower year on year.

In related news, the Indonesian furniture sector anticipates that international orders could rise due to the inevitable slow-down in production and trade in Vietnam as the country deals with the latest surge in infections.

See: <https://ekonomi.bisnis.com/read/20210815/257/1429898/vietnam-lockdown-bawa-harapan-order-industri-furnitur-ri-terdongkrak>

### Furniture imports continue to climb

The Indonesian Furniture and Craft Industry Association (HIMKI) noted that, during the first half of 2021, furniture imports rose 36% and craft imports rose 21% year on year. Over 75% of furniture and craft imports come from China.

See: <https://ekonomi.bisnis.com/read/20210815/257/1429895/import-mebel-masih-naik-himki-siapkan-strategi-pertahankan-kinerja-industri-furnitur>

### Ease of business licensing to attract investment

Coordinating Minister for Economic Affairs, Airlangga Hartarto, has identified that easing of the business licensing process could encourage more foreign investment. He said Indonesia is committed to improve the investment climate through structural reforms one of which is the combining of 76 regulations into one through the Omnibus Law no. 11 of 2020, the Job Creation Law.

To implement the Job Creation Law digital registration and licensing procedures have been made easier with the launch of the latest version of the Online Single Submission (OSS) which is based on the Risk-Based Approach (RBA) and the shift from the Negative Investment List (DNI) to the Investment Positive List (DPI).

See: <https://en.antaranews.com/news/184978/ease-of-business-licensing-to-attract-investment-to-indonesia-govt>

### Accelerated recognition of customary forests

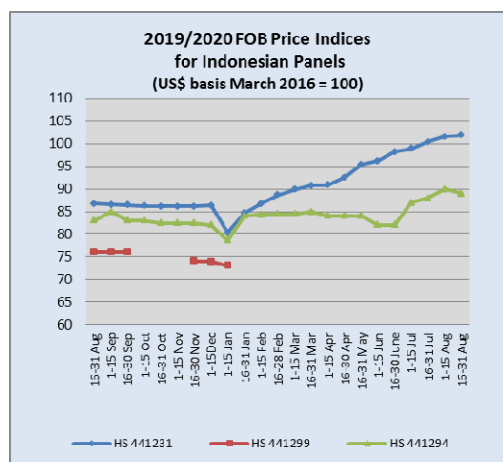
The Minister of Environment and Forestry (LHK), Siti Nurbaya Bakar, has indicated government recognition of customary forests now extends over 59,442 hectares with a total of 80 units involving 42,038 families. The Minister said efforts continue to facilitate indigenous peoples in dealing with these matters with local authorities.

See: <https://www.antaranews.com/berita/2331198/menteri-lhk-tegaskan-pemerintah-terus-percepat-pengakuan-hutan-adat>

### Net Zero emissions by 2060 or sooner

The Indonesian government has raised its net zero emissions target to 2060, a decade faster than previously estimated according to the Minister of Environment and Forestry. Indonesia updated its Nationally Determined Contribution (NDC) submitted to the UN Framework Convention on Climate Change ahead of the climate summit to be held in Glasgow in November.

See: <https://jakartaglobe.id/news/indonesia-aims-to-reach-net-zero-emissions-by-2060-or-sooner>



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

## Myanmar

### Covid update

While Covid-19 infections appear to be declining in Yangon, according to the website <https://www.worldometers.info/coronavirus/country/myanmar/>, 389,134 cases have been recorded in the country and 15,077 people have died. The number of cases stood at 159,347 on 1 July and jumped to 380,879 on 27 August.

Government offices are closed until 31 August but banks are open but individuals face problems withdrawing cash.

### No cash available, currency depreciating and inflation rising

The Central Bank has limited individual cash withdrawals to Ks20 million but allows extra withdrawals for Covid-19 medicine. However, banks are facing cash shortages so at times they cannot even pay the amount the Central Bank allows. Private and government banks are in the same situation.

In related news, the Myanmar kyat continues to weaken against the US dollar, despite the sale of dollar reserves by Central Bank of Myanmar (CBM). Since 1 February 2021 the CBM has released more than US\$120 million into domestic markets in an attempt to combat the rapidly devaluing kyat.

In addition to a weakening local currency the inflation rate, which was 6% in mid August, is expected to increase in the coming months according to the World Bank's Myanmar Economic Monitor.

With the depreciation of Myanmar kyat trade and logistical restrictions prices of imported goods have increased significantly. Fuel prices have jumped nearly 50%.

See: <https://elevenmyanmar.com/news/continued-cash-shortages-pose-dim-prospects-for-banks-in-myanmar>

### Forest Joint Venture Corporation General Assembly

The Forest Joint Venture Corporation (FJV) held a General Assembly on 31 July 2021 to review activities for the period of 1 October 2019 to 30 September 2020. A profit of 1.815 billion MMK (approx. US\$1.10 million) was reported.

Myanmar Timber Enterprise (MTE) owns a 45% share of FJV and the Forest Department a 10% share. On 21 June 2021 an EU Council decision put both MTE and FJV under the restrictive measures preventing any financial dealings with the EU.

At the General assembly the Minister of Ministry of Natural Resources and Environmental Conservation assured participants that conservation of natural resources will be given priority over exploitation. However, local reports say that, since the coup, rare-earth mining has increased in the Kachin region and illegal logging has expanded in the Sagaing region but security concerns and communication restrictions have limited journalists trying to report on post-coup Myanmar.

See: <https://www.mizzima.com/article/military-rule-could-mean-few-environmental-protections-myanmar>

### August 2021 teak log tender prices

Grade	H.tons	Average US\$/H.ton
SG-1	-	-
SG-2	-	-
SG-4	-	-
SG-5	62.6	3,000
SG-6	653.0	2,650
SG-7	477.4	2,095

## India

### Rapid decline in infections after second wave

India has started to emerge from a second wave of COVID-19. The decline in the number of reported infections has been surprisingly sharp and has been similar to the trends seen in parts of Europe. About 15% of adults in India have received both vaccine shots and nearly 40% a single shot. A record 8.8 million shots were administered on 17 August. Health officials are forecasting a likely third wave particularly in States with a low vaccination rate.

See: <https://theconversation.com/after-indias-brutal-coronavirus-wave-two-thirds-of-population-has-been-exposed-to-sars-cov2-165050>

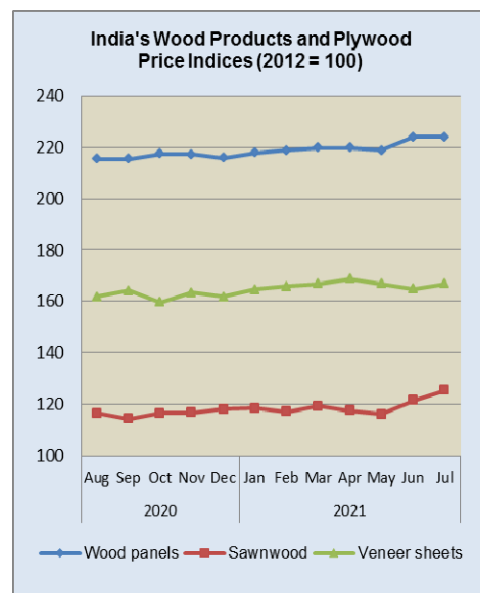
### Sawnwood and veneer wholesale prices moved higher in July

The Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade, has released wholesale price indices for July, 2021. The index for manufactured products increased to 132.0 in July from 131.5 for June.

Out of the 22 manufactured product groups, 13 saw an increase in prices; 8 groups saw a decline and for one group the prices remained unchanged in July compared to June. Included in the group that witnessed a drop in prices was the furniture sector.

The annual rate of inflation in July was 11% higher than in July 2020 but slightly down compared to June.

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

### Export recovery continues

After a record US\$35.2 billion exports in July export shipments in August got off to a good start beginning in US\$7.4 billion in the first week of the month. Early data from the Ministry of Commerce showed while exports grew 50% in the first week of August, imports shot up 70% to US\$10.5 billion pushing up the trade deficit. After the second wave of infections there was a significant increase in domestic economic activities.

The US accounted for most of the increase in exports during the first week of August followed by UAE and Saudi Arabia. United Arab Emirates led the increase in Indian imports followed by China and Nigeria during the same period.

### Uttar Pradesh government to make more land available for industry

In an effort to attract investment in manufacturing the Uttar Pradesh government has decided to make more land available for industry. At a recent meeting between the State Minister of Industry, the Chief Secretary and key officials it was suggested that the process of acquiring land should be simplified.

The state is also considering an amendment of regulations that could provide for leasing of agricultural land for industrial parks.

In related news, the massive plantation drive by the Uttar Pradesh government over the past four years has increased the state's forest cover by 127 square kilometres. The Forest Survey of India says the forest cover in Uttar Pradesh is 3.05% against the national average of 2.89%. The state government's plantation campaigns have increased the awareness in people about trees and environment.

### Plantation teak

Shipments of Teak logs and sizes have taken place from these countries. The price curve is showing that freight factor is coming down.

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

	US\$/cu.m C&F
Benin	294-658
Sawnwood	359-547
Brazil	330-527
Sawnwood	221-777
Cameroon	639
Sawnwood	974
Colombia	238-427
Costa Rica	263-541
Ecuador	392-495
Gabon	370
Sawnwood	370
Ghana	260-559
Sawnwood	485
Guatemala	594
Ivory Coast	311-458
Sawnwood	369-752
Mexico	369-439
Sawnwood	373-585
Panama	257-539
PNG	389
Sawnwood	492-677
Tanzania	192-294
Sawnwood	896
Togo	259-532
S. Sudan	414-676
Sawnwood	633
Nigeria	319-630
El Salvador	349
Nicaragua	385-522
Sawnwood	385-522
Solomon Is.	248

### Locally milled sawnwood prices

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

Price range depends mainly on lengths and cross-sections

### Sawn hardwood prices

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

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

Plywood Ex-warehouse	Rs. per sq.ft
4mm	83.00▲
6mm	117.00▲
9mm	138.00▲
12mm	174.00▲
15mm	229.00▲
18mm	250.00▲

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

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	55.00▲	69.00▲
6mm	78.00▲	98.00▲
9mm	99.00▲	120.00▲
12mm	120.00▲	143.00▲
15mm	143.00▲	174.00▲
19mm	169.00▲	194.00▲
5mm Flexible ply	106.00▲	

## Vietnam

### Expanding domestic timber production

Vietnam aims for a 5-5.5% expansion in domestic forestry production annually between 2021-2025 according to a government decision approving an investment policy for sustainable forestry development over the next five years.

In 2025 income from planted production forest is expected to rise about 1.5 times compared to that in 2020. Under Resolution No. 84/NQ-CP Vietnam's forestry sector "be developed into a modern, effective and competitive sector with strong production chains".

The sustainable forestry development programme targets the sustainable management, protection, development and exploitation of forests to create jobs, protect the ecosystem, strengthen capacity to adapt to climate change, and protect national defence and security. The programme will focus on maintaining the forest coverage at 42% and developing new areas in 2021-2025.

See: <https://en.vietnamplus.vn/forestry-production-expected-to-rise-55-percent-annually-in-20212025-period/206054.vnp>

### Production suspended – exports affected

In the first seven months of this year Vietnam's wood and wood product (W&WP) exports earned US\$9.6 billion, up 55% year-on-year. However, the suspension of production at local wood processing enterprises due to the COVID-19 pandemic is having effects on exports, according to the Vietnam Timber and Forest Product Association (VIFOREST).

Many members of the Ho Chi Minh (HCM) City Fine Arts and Woodworking Association (HAWA) have outstanding orders from overseas but because of the recent surge in infections and the control measures being enforced factories have experienced severe production problems and more than half the works force in the industry has been laid off according to VIFOREST.

In the Southern region, a major producer of wood products for export, had 265 wood processing enterprises with a total of 119,300 employees before the covid control measures were introduced, now only 141 enterprises are now in operation with 30,700 employees.

HCM City, Dong Nai, Binh Duong and Tay Ninh have reported 134 wood processing enterprises suspended production as they were unable to implement the "3 on-site" model, which involves workers living on site. Businesses implementing this model face additional costs due to the testing of thousands of employees.

The other issue is that to maintain production enterprises still have to secure raw materials, chemicals, packaging and other requirements and also process export documents through Customs and their banks which creates a risk of infection.



VIFOREST has proposed that the Government allows the association and the businesses to buy COVID-19 vaccines and vaccinate staff and workers. The association also said the Government should consider financial support to wood processing enterprises. This could be in the form of a reduction or delay in paying corporate income tax and other taxes, delay of social insurance payments and land rent exemption for this year. The Government could also allow enterprises to extend loan payments and restructure debts.

The association has requested the Ministry of Industry and Trade to add raw materials for the wood processing industry to the list of essential goods to ensure the supply chain.

See: <https://vietnamnews.vn/economy/1016895/covid-19-production-suspension-hampering-timber-exports.html>

#### **Export/import update**

According to data from the General Department of Customs Vietnam's W&WP exports to South Korea in July 2021 reached US\$81.1 million, up 46.7% compared to July 2020. In the first 7 months of 2021, the exports of W&WP to the South Korean market amounted to US\$534.5 million, up 17% over the same period in 2020.

Exports of guest and dining-room furniture in July 2021 totalled US\$304 million, up 10.5% compared to July 2020. In the first 7 months of 2021, export earnings from guest and dining-room furniture is estimated at US\$2.1 billion US\$, up 58% over the same period in 2020.

Exports of W&WP in the last week of August dropped around 14% compared to the previous week. In particular there was a sharp drop in wooden furniture exports.

Imports of pine in July 2021 were estimated at 124,100 cu.m worth US\$29 million, up 5.3% in volume and up 5.0% in value compared to June 2021; compared to July 2020, there was an increase of 116.4% in volume and an 146.3% in value.

In the first 7 months of 2021, pine imports were estimated at 896,500 cu.m worth US\$203.5 million, up 93% in volume and 108% in value over the same period of 2020.

Imports of log and sawn wood from Africa in June 2021 reached 75,020 cu.m worth US\$26.75 million, down 8.8% in volume and 14% in value compared to May 2021; up 0.9% in volume but down 1.3% in value over the same period of 2020.

## **Brazil**

#### **Interest rate jumps 1%**

In August the Central Bank of Brazil (BCB) increased the basic interest rate (Selic) by 1% to 5.25%. The increase was aimed at dealing with rising inflation as the country experiences surging prices because the economy is recovering fast. Inflation in Brazil exceeded 8% in the 12 months to June, more than double the target of 3.75% for 2021.

#### **Forest concessions represent a tool to eliminate degradation and deforestation**

The State of Pará, one of the main timber producing states in the Amazon Region, considers forest concessions an instrument to reduce the risks to forests and generate direct jobs. In the state public forests in the Mamuru-Arapiuns Region were included in the 2009 Annual Forestry Grant Plan (PAOF) and licensed in 2010.

Since 2010 forest degradation in concession areas has fallen and this coincided with the enforcement of SFM by the Pará State Institute for Forestry Development and Biodiversity (IDEFLOR-Bio). Currently any deforestation in the Mamuru-Arapiuns area is outside the forest concessions.

The State Secretariat of the Environment (SEMAS), through its Integrated Center for Environmental Monitoring (CIMAM) carries out the environmental monitoring of Sustainable Forest Management Plans (SFMP) in forest concessions in Pará state.

#### **Furniture production booming**

Furniture production in Brazil reached 31.7 million pieces in May 2021 representing a 6.5% increase in the number produced compared to the previous month according to the Brazilian Association of Furniture Industries (ABIMÓVEL).

The accumulated production in this sector between January and May expanded 29.5% over the same period in 2020.

By way of comparison, production in the manufacturing industry as a whole saw a 15% increase in the first five months of 2021 compared to the same period of the previous year when all industrial sectors were affected by the Covid-19 control measures.

In terms of employment, despite just a slight increase in May 2021 in the furniture sector, for the first five months of the year there was a significant rise in job creation and this pushed up average earnings for workers.

#### **Export update**

In July 2021, Brazilian exports of wood-based products (except pulp and paper) increased almost 74% in value compared to July 2020, from US\$269.7 million to US\$468.9 million.

Pine sawnwood exports grew 51% in value between July 2020 (US\$48.9 million) and July 2021 (US\$73.7 million). In volume terms, exports increased 4% over the same period, from 275,200 cu.m to 286,100 cu.m.

Tropical sawnwood exports increased 33% in volume, from 30,900 cu.m in July 2020 to 41,200 cu.m in July 2021. In value terms exports rose 26% from US\$12.0 million to US\$5.1 million, over the same period.

Pine plywood exports recorded a massive increase in value in July 2021 in comparison with July 2020, from US\$50.6 million to US\$162.7 million. In volume terms exports increased just 20% over the same period, from 212,900 cu.m to 255,800 cu.m.

As for tropical plywood, exports increased in volume (43%) and in value (110%), from 5,100 cu.m (US\$2 million) in July 2020 to 7,300 cu.m (US\$4.2 million) in July 2021.

As for wooden furniture export earnings increased from US\$6.6 million in July 2020 to US\$71.7 million in July 2021.

#### Ensuring transparency in the supply chain

The members of CIPEM (Center for Timber Producers and Exporters of Mato Grosso State), through the adoption of Sustainable Forest Management Plans, have been able to satisfy the requirements of European importers in terms of verified legal origin and sustainability.

In September 2021, CIPEM will implement an integration of a control system for timber and forest products between the Forest Products Trade and Transport System 2.0 (SISFLORA) of Mato Grosso State and the National System for the Control of the Origin of Forest Product (SINAFLOR) under IBAMA to ensure transparency in the supply chain.

This technology will provide improvements in timber monitoring and inspection activities as well as providing a guarantee that the forest product are of legal origin and produced sustainably.

#### Domestic log prices

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

Source: STCP Data Bank

#### Domestic sawnwood prices

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

Source: STCP Data Bank

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

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

Prices do not include taxes. Source: STCP Data Bank

#### Prices for other panel products

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

Source: STCP Data Bank

#### Export sawnwood prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per cu.m
Ipê	1,752
Jatoba	997
Massaranduba	989
Muiracatiara	993
Pine (KD)	239

Source: STCP Data Bank

#### Export plywood prices

Pine plywood EU market, FOB	US\$ per cu.m
9mm C/CC (WBP)	401
12mm C/CC (WBP)	381
15mm C/CC (WBP)	366
18mm C/CC (WBP)	348

Source: STCP Data Bank

#### Export prices for added value products

FOB Belem/Paranagua ports	US\$ per cu.m
Decking Boards Ipê	4,000
Jatoba	1,813

Source: STCP Data Bank

## Peru

#### Covid update

As of 27 August the number of citizens infected with COVID-19 rose to 2,148,419. A total of 18,151,872 vaccine doses have been administered and 7,955,486 people have received two doses.

Peru has reported 199 cases of the COVID-19 Delta variant in different regions across the country according to the Ministry of Health. The ministry and regional governments have developed a national plan to face an eventual third wave of COVID-19.

The aggressive delta variant is not yet widespread because the gamma variant is currently the predominant strain but the delta variant continues to pose a major risk.

#### **Export shipments rising**

The Association of Exporters (ADEX) has reported that in the first half of the year exports of wooden furniture and furniture parts reached US\$1.9 million representing a 60% increase compared to the same period of 2020 (US\$1.2 million).

The ADEX Trade Data Intelligence System shows shipments of wooden furniture and furniture parts increased 15% more than in the first 6 months of 2019, before the pandemic when earnings amounted to US\$1.7 million.

Export earnings from wooden furniture and parts ranked fourth in overall wood product exports (US\$56.7 million) being surpassed by semi-manufactured products (US\$5.6 million), sawnwood (US\$13.1 million) and wooden construction products (US\$3.4 million). Other main export products were veneers and plywood (US\$1.2 million) and manufactured products (US\$0.7 million).

Of wooden furniture exports the category "other wooden furniture" accounted for an almost share and included sideboards, tables, chairs, centerpieces, benches, stools, desks, shelves, among others.

Between January and June 2021 the main export market was the United States at US\$1.3 million, an increase of 56% compared to the same period in 2020. The North American market as a whole accounted for 66% of total shipments. Other export markets were Chile, Italy, Colombia and Panama.

ADEX pointed out that 2020 was the worst in the last ten years in terms of exports of wooden furniture and parts.

Although this can be explained by the paralysis of economic activities as a result of the pandemic, it is also true that exports had been very volatile and irregular over the past ten years.

#### **Public sector investment boost to construction**

Investments by regional governments has been one of the drivers of growth in the construction sector this year according to the Peruvian Chamber of Construction Executive Director, Guido Valdivia,

He explained that much of the investment was in support of the Arranca Peru (Get off the Ground, Peru) programme implemented by the Government which aimed to revive the economy. The National Institute of Statistics and Informatics (INEI) has reported that the construction sector grew over 90% year on year in June this year.

See: <https://andina.pe/ingles/noticia-peru-local-governments-public-investment-boosts-construction-sector-858047.aspx>

#### **Regions with the highest forest fire alerts this year**

The National Forest and Wildlife Service (Serfor) reported that, to date, it has conducted 54 virtual training courses with the participation of 4,200 people in forest fire risk management. The training was extended to more than 18 regions of the country.

For effective preventive work Serfor also provided technical assistance and training aimed at local authorities, institutions and agricultural producers to promote good practices for the management of forest and agricultural residues.

According to information from the Civil Defense Institute - INDECI, during 2020 more than 10,391 hectares of vegetative cover and 16,301 hectares of agricultural crops were lost to fire.

In almost all cases fires are caused by human activity and usually start with the burning of agricultural residues and get out of control to become devastating forest fires. .

So far in 2021 Serfor has reported 374 forest fire alerts. The Departments with the highest number of forest fire alerts are: Cusco, where 66 forest fire alerts were issued; Junín with 47 alerts and Puno with 35 alerts.

The implementation of the ITTO-Serfor project which seeks to raise public awareness about the danger of open burning the number of fires is expected to drop. This initiative is carried out in the Cajamarca, Huánuco, Pasco, Junín and Ucayali regions.

#### **Building skills for forestry professionals**

The Forest Resources and Wildlife Supervision Agency (Osinfor), in agreement with the National University of Ucayali (UNU), the Forest programme of the Agency for International Development (USAID) and the United States Forest Service organised course in forest harvesting supervision which seeks to strengthen knowledge and capacities of forestry professionals to face the challenges of the sector.

After a rigorous selection process 32 young people from thirteen regions of the country participated in the training. The Country Director of the Forest Programme of USAID Peru and the US Forest Service, Juan Pablo Silva, highlighted the importance of the course for sustainable forest use as it will allow qualified personnel to be more skilled in supervision and they will have skills to build trust among key actors in the forestry sector.

### Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	664-679
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	584-612
Grade 2, Mexican market	498-523
Cumaru 4" thick, 6"-11" length KD Central American market	1009-1033
Asian market	1093-1129▲
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	596-617
Dominican Republic	703-719
Marupa 1", 6-11 length KD Grade 1 Asian market	569-598

### Domestic sawnwood prices

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

### Export veneer prices

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

### Domestic plywood prices (excl. taxes)

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

### Export plywood prices

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

### Domestic prices for other panel products

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

### Export prices for added value products

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

## Japan

### Corona update

In response to the resurgence in coronavirus infections the Japanese government is adding eight prefectures, including Aichi and Hiroshima, to the list of those under a state of emergency. In a 25 August meeting the Coronavirus Expert Advisory Board said the number of new coronavirus cases has been "continuously exceeding record-high levels for nearly a month," and reported infections have been increasing at a higher rate in regions outside the greater Tokyo area, compared to the capital region. Japan's Cabinet has decided to use yen 1.4 trillion (US\$13 billion) of the fiscal 2021 reserve funds for purchases of more vaccines as well as medicines.

Japan lags behind other developed economies in its inoculation drive but aims to finish vaccinating all eligible people in the nation who wish to receive shots sometime between October and November.

The Japan Times has commented that this latest and worst outbreak has highlighted the inability of the country's highly regarded medical system to adapt quickly to emergencies.

Quoting the Japan Times "Japan's health care system has an abundance of medical equipment and hospital beds and near universal health care coverage. But it is built on the strength of preventative and primary care at private hospitals and cracks in its emergency care provision resulting in a notorious "death by delay", a problem that has existed for decades and has not been addressed.

See:  
<https://www.japantimes.co.jp/news/2021/08/26/national/japan-hospitals-covid-19/>

### GDP growth

In the April-June period Japan's economy grew at an annualised 1.3% supported by exports which compensated for the weak domestic consumption, the result of the latest surge in corona infections.

Cabinet Office data shows growth was better than the average projection of 0.7% annualised growth forecast by private-sector economists. The view among many economists is that Japan is lagging behind other major economies in its vaccine rollout which is holding back the recovery.

In late August the Japanese government retained its view on the domestic economy saying “increased weakness has been seen in some sectors” and warned of downside risks from the recent resurgence of coronavirus infections.

The Cabinet Office said the economy shows "further" weakness in some areas and remains in a severe situation due to the pandemic. This coincided with the expanded state of emergency to 21 out of Japan's 47 prefectures. Looking ahead, the Cabinet Office report said the economy is expected to continue picking up but warned full attention should be given to a "further increase in downside risks" due to the spread of the virus.

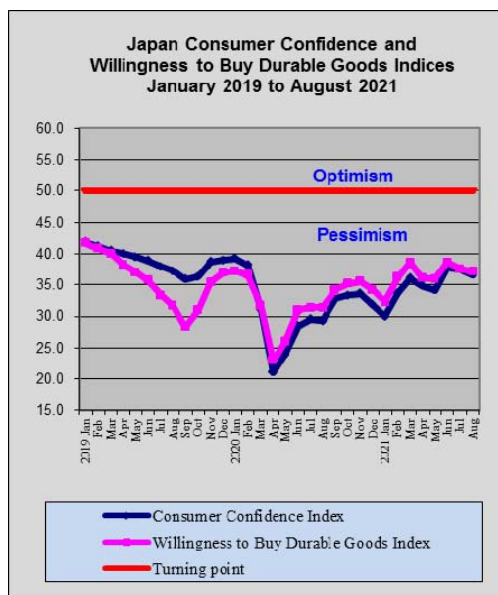
See:  
<https://mainichi.jp/english/articles/20210826/p2g/00m/0bu/034000c>

**Consumer prices continue down**

The government announced that Japan’s core consumer prices, excluding volatile fresh food, dropped by 0.2% in August from a year earlier marking 12 consecutive months of decline underscoring and the challenge for the government and Bank of Japan in their efforts to spur inflation.

With booming demand in many advanced economies some analysts have speculated that an inflation wave could trickle down to Japan where the government has been trying to break the cycle of deflation for a decade.

See:  
<https://www.japantimes.co.jp/news/2021/08/20/business/economy-business/japan-inflation-sluggish/>



Data source: Ministry of Finance, Japan

The August dip in the consumer confidence index was anticipated as the virus situation and state of emergency measures implemented in the country.

**Private sector investment dips**

Private sector machinery orders fell 1.5% in June from the previous month, the first decline in four months but, despite a serious surge in corona infections the government remains optimistic on its recovery forecast.

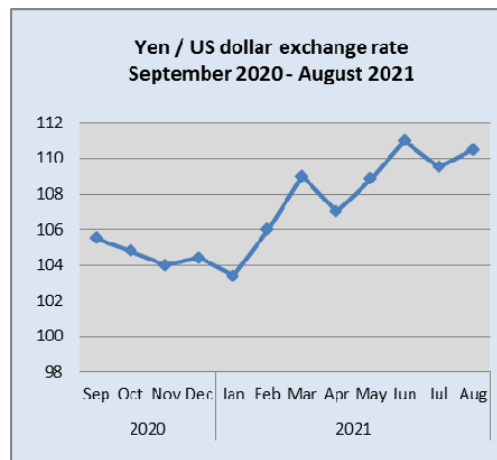
The Cabinet Office maintained its assessment that machinery orders, seen as a leading indicator of corporate capital spending, are showing “signs of picking up.” In May, the office revised upward the evaluation for the first time in five months.



See: <https://www.esri.cao.go.jp/en/stat/juchu/2021/2106juchue.html>

**Yen exchange rate remain steady**

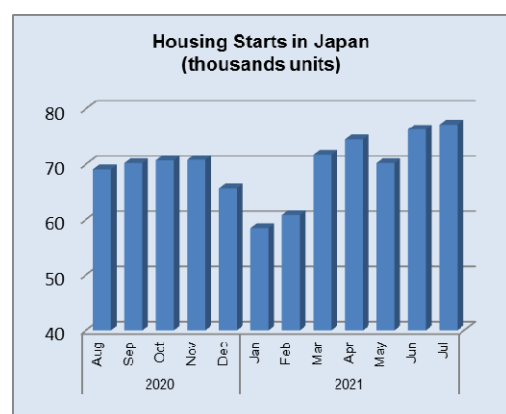
The US dollar gained some strength in mid August achieveing highs against most major currencies over continued concerns about the Delta variant but the advance was short lived and the US dollar/Yen exchange rate fell back to the narrow 110 range it has maintained for the past months.



### Jump in wood product prices

Data from the Bank of Japan (BoJ) shows July wholesale prices jumped almost 6% year on year, the fastest pace in nearly 13 years driven higher by rising energy and commodity prices.

The BoJ latest survey showed that petroleum and coal product prices soared 39% from a year earlier and prices for wood products surged 33% on supply shortages, in part because of growing demand for new homes and renovations. Such a steep rise, if prolonged, will inevitably affect the cost of homes.



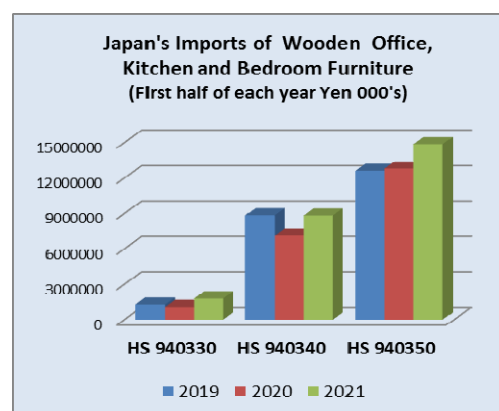
Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

July 2021 housing starts were around 10% higher than in July 2020 but compared to June there was little growth.

### Furniture imports exceed pre-pandemic level

Quite remarkably, Japan's imports of wooden office, kitchen and bedroom furniture in the first half of 2021 have exceeded those in pre-pandemic 2019. For office and kitchen furniture the value of imports in 2020 were below that of 2019 but again, remarkably, imports of wooden bedroom furniture in 2020 were higher than in 2019 and in 2021 they were above the level seen in 2020.

The combined effect of adjusting home furnishing to adapt to remote working and the effect of restricted travel and curtailed holidays put extra cash into household budgets some of which, it appears, was spent on furniture.



Data source: Ministry of Finance, Japan

### Office furniture imports (HS 940330)

Imports of wooden office furniture dipped slightly (-2%) in June this year compared to May but compared to June 2020 they were over 70% higher.

The top shippers of wooden office furniture in June this year were China and Poland, accounting for 80% of all wooden office furniture imports in the month. Arrivals from France which was in the top league in May were down, accounting for just 6% of imports and a relative new comer, Singapore, was the fourth ranked shipper in June.

### June imports (HS 940330)

	Imports June 2021 Unit, 000's Yen
S. Korea	298
China	198,867
Taiwan P.o.C	2,825
Vietnam	3,448
Thailand	-
Singapore	10,289
Malaysia	1,262
Indonesia	4,309
India	-
Denmark	-
UK	-
Belgium	-
France	19,350
Germany	4,133
Switzerland	2,962
Portugal	-
Italy	8,090
Finland	-
Poland	45,106
Austria	-
TURKEY	-
Lithuania	-
Czech Rep.	1,507
Slovakia	1,955
Canada	217
USA	965
Mexico	-
<b>Total</b>	<b>305,583</b>

Data source: Ministry of Finance, Japan

### Kitchen furniture imports (HS 940340)

After 2 months of decline Japan's imports of wooden kitchen furniture picked up in June. Month on month the value of June imports rose 17% and year on year there was a 37% increase.

Over 90% of imports of wooden kitchen furniture were from shippers in just 3 countries, the Philippines (48% of imports), Vietnam (36%) and China (10%).

### June imports (HS 940340)

	Imports June 2021 Unit, 000's Yen
China	155,383
Taiwan P.o.C	882
Vietnam	541,190
Thailand	13,131
Malaysia	17,203
Philippines	713,825
Indonesia	12,124
Denmark	-
UK	4,844
France	263
Germany	15,215
Spain	-
Italy	11,609
Romania	510
Canada	4,299
USA	-
Total	1,490,478

Data source: Ministry of Finance, Japan

### Bedroom furniture imports (HS 940350)

For 2 consecutive months the value of Japan's imports of wooden bedroom furniture has remained at around the same level and current imports are below the highs seen at the beginning of the year. Never-the-less, June imports were just under 10% higher than in June 2020.

### June imports (HS 940350)

	Imports June 2021 Unit, 000's Yen
S. Korea	553
China	1,518,366
Taiwan P.o.C	6,311
Vietnam	744,776
Thailand	61,038
Malaysia	85,785
Philippines	-
Indonesia	30,402
Sweden	688
Denmark	-
France	-
Germany	751
Switzerland	-
Portugal	-
Italy	4,421
Poland	19,392
Austria	-
Greece	-
Romania	6,744
Turkey	2,479
Latvia	1,364
Lithuania	9,740
Belarus	2,164
Bosnia-Herzegovina	-
USA	219
Total	2,495,193

Data source: Ministry of Finance, Japan

The main suppliers of wooden bedroom furniture to Japan in June were manufacturers in China and imports from China accounted for over 60% of total June imports of wooden bedroom furniture.

Shippers in Vietnam claimed the second spot accounting for 30% of Japan's imports. Shippers in SE Asia captured around 7% of market share with the main SE Asian supplier being Malaysia followed by Indonesia and Thailand.

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

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

For the JLR report please see:

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

#### **Domestic logs and lumber**

Movement of domestic logs and lumber settled down and is pausing since late July. Overheated market in the Western Japan is easing down. Cypress log prices in the Western Japan shot up to 50,000 yen in early July then this was the peak and the prices slightly dropped in late July.

Heavy rain hit the Western Japan in August and log production started slowing down. Slackening lumber market should tighten again in late August with fear of declining supply.

If the supply decreases in large scale, the market of both logs and lumber may rebound again in September. Reason of peaking off of domestic lumber prices is that the imported materials have been increasing gradually since last month so panic of supply shortage is easing.

#### **South Sea log and products**

In Malaysia, lockdown restriction is lifted but in Sarawak, stricter measures are taken to stop spreading of COVID

It is about time that log harvest should be active before rainy season arrives but by short time office hours of administration offices delays renewing of harvest permit with labor shortage, log harvest is largely hampered. Therefore, it is struggle to secure log supply for every plywood mills.

With higher prices of laminated free board, supply of Indonesian mercusii pine is unstable so the dealers continue aggressive purchase of Chinese free board. Production of mercusii pine lumber face difficult time to increase because of log shortage and labor shortage by COVID 19 then tight container space causes delay of arrivals.

Chinese laminated free board is made of Russian red pine and by export restrictions by the Russian government, the prices are constantly increasing.

#### **June plywood supply**

Total plywood supply in June is 491,900 cbms, 19.7% more than June 2020 and 7.4% more than May.

The volume of plywood in last year decreased a lot because the domestic plywood production was reduced nearly by 30%. Also the import plywood was less 200,000 cbms in 2020 which made the numbers of supply in this year higher percentage than last year.

There is still not enough inventory because of a lively demand even though the plywood manufacturing companies are going into full commercial production.

The domestic softwood plywood's shipment is exceeded production. The inventory of softwood plywood is 85,000 cbms and the structural softwood plywood is 74,500 cbms. Especially, the inventory of structural softwood plywood falls below 0.3 months.

It is very hard for some manufacturers to deliver goods by deadline. The holiday in July and the periodical inspections in August are the reasons which might cause delays.

The number of imported plywood exceeded over 200,000 cbms for four months consecutively. Malaysian volume is 19.5% more than the same month of last year but Indonesian volume is 8.3% less. Producing regions of Malaysia and Indonesia continue suffering raging COVID 19, which hampers plywood manufacturing and log production due to labor shortage so recovery of South Sea hardwood plywood supply is very unlikely through the year.

If this situation continues, the inventory of softwood plywood will remain low in a second half of this year.

#### **Import of European lumber**

For the first half of this year, import of European lumber is 1,043,388 cbms, 18.2% less than the same period of last year. This is four consecutive year's decline. The export prices advanced and they are more than double of the same period of last year.

By items, whitewood KD stud and taruki are 397,964 cbms, 11.8% less and semi-finished products like lamina and genban are 645,517 cbms, 21.6% less. By source, 347,043 cbms from Finland, 14.3% less, 354,760 cbms from Sweden, 19.7% less, 103,389 cbms from Austria, 15.0% less, 77,674 cbms from Rumania, 7.0% less, 22,270 cbms from Germany, 50.1% less.

Reason of decreased volume for Japan is that many sawmills in Europe concentrate manufacturing dimension lumber for the North American market. In central Europe, supply of whitewood logs is very tight and many sawmills struggle to secure enough logs.

Export prices of KD whitewood stud are Euro 350 and of taruki are Euro 360 for January and February shipment, about Euro 20 up then the prices advanced to Euro 500 for May and June shipments. They soared to Euro 700-800 for July and August shipments.



## China

### Rise in CIF prices for sawnwood imports

According to China Customs in the first half of 2021 sawnwood imports totalled 14.06 million cubic metres valued at US\$3.573 billion, down 17% in volume and down 3% in value.

Of total sawnwood imports sawn softwood imports fell 24% to 9.66 million cubic metres, accounting for 69% of the national total, down 6% over the same period of 2020.

Sawn hardwood imports rose 3% to 4.41 million cubic metres because imports from the top sources Thailand, USA, Russia and the Philippines rose 6%, 2%, 7% and 98% respectively.

Of total sawn hardwood imports tropical sawnwood imports were 2.84 million cubic metres valued at US\$942 million, down 5% in volume and down 3% in value and accounted for about 20% of all imports.

It is worth noting that the CIF prices for imported sawnwood rose in the first half of 2021. CIF prices for imported sawn softwood, sawn hardwood and tropical sawnwood were US\$254, US\$196, US\$381 and US\$321 per cubic metre, up 17%, 15%, 7% and 2% respectively over the same period of 2020.

Possible reasons for the increase are because prices in global timber markets have soared as a result of demand recovery in advanced markets and because some producing countries have reduced harvests. In addition, the global logistics efficiency has been disrupted, container turn-around is not smooth.

Another reason is because domestic demand in China continues to rise and there is a ban on domestic harvesting of natural forests. It is expected that the price of timber will continue to rise in the near future.

### China's sawnwood imports, first half 2021 (mil. cu.m)

Volume	1st half 2021 (mil. cu.m)	% Change 1st half 2020-21
Total imports	14.06	-17%
Sawn softwood	9.66	-24%
All sawn hardwood	4.41	3%
<b>(of which tropical)</b>	2.84	-5%

Data source: China Customs

Value	1st half 2021 (mil. US\$)	% Change 1st half 2020-21
Total imports	3,573	-3%
Sawn softwood	1,891	12%
All sawn hardwood	1,681	9%
<b>(of which tropical)</b>	911	-3%

Data source: China Customs

### Average sawnwood prices, first half 2021

CIF prices	1st half 2021 (US\$/cu.m)	% Change 1st half 2020-21
Total imports	254	17%
Sawn softwood	196	15%
All sawn hardwood	381	7%
<b>(of which tropical)</b>	321	2%

Data source: China Customs

### Decline from major sawn softwood suppliers

In the first half of 2021, China's sawn softwood imports came to 9.66 million cubic metres, down 24% and accounted for 69% of the national sawnwood import total. One reason for sharp drop in sawnwood imports was the decline in shipments from the major suppliers.

Russia remained the main sawn softwood supplier in the first half of 2021. 63% of China's sawn softwood was imported from Russia. However, sawn softwood imports from Russia fell 21% to 6.02 million cubic metres which drove down the volume of overall imports.

In addition imports from Canada and Finland previously major shippers to China fell 51% and 28% respectively. In contrast, China's sawn softwood imports from both Brazil and New Zealand surged and from Ukraine rose 16% in the first half of 2021.

### Main countries shipping sawn softwood to China, first half 2021

	1st half 2021 mil. cu.m	% change 1st half 2020-21
Total	9.66	-24%
Russia	6.02	-21%
Canada	0.78	-51%
Ukraine	0.54	16%
Finland	0.37	-28%
Brazil	0.31	121%
New Zealand	0.29	106%
Belarus	0.25	-6%
Germany	0.25	-44%
Chile	0.23	-16%
Sweden	0.22	-55%

Data source: China Customs

CIF prices for almost all sawn softwood suppliers rose in the first half of 2021. CIF prices for imported sawn softwood from Canada, Sweden, Chile, Belarus, Finland, Germany, Ukraine and Russia grew 41%, 36%, 27%, 26%, 24%, 23%, 19% and 13% respectively. However, CIF prices for imported sawn softwood from New Zealand and Brazil fell 59% and 42% respectively.

**Average sawn softwood prices from top 10 suppliers, first half 2021**

Top suppliers	1st half 2021 (US\$ per cu.m)	% Change 1st half 2020-21
Russia	195	13%
Canada	207	41%
Ukraine	197	19%
Finland	234	24%
Brazil	102	-42%
New Zealand	87	-59%
Belarus	206	26%
Germany	202	23%
Chile	261	27%
Sweden	243	36%

Data source: China Customs

**Substantial rise in China's sawn hardwood imports from Philippines**

China's sawn hardwood imports rose 3% to 4.41 million cubic metres. Hardwood imports from the top sources, Thailand, USA and Russia grew 6%, 2% and 7% respectively but the biggest rise was in imports from the Philippines which rose 98% year on year in the first half of 2021. This was mainly because of a 5% decline in average price for hardwood imports from the Philippines.

In addition, China's sawn hardwood imports from Romania, Germany and Malaysia rose 28%, 25% and 16% respectively. Vietnam is no longer in the list of main countries shipping sawn hardwood to China because most of its sawn hardwood was utilised domestically particularly by Chinese furniture factories in Vietnam. China's sawn hardwood imports from Vietnam plummeted 49% year on year to 30,132 cubic metres in the first half of 2021.

CIF prices for sawn hardwood imports from USA, Germany and Romania rose 27%, 12% and 9% respectively.

**Main countries shipping sawn hardwood to China, first half of 2021**

Top suppliers	1st half 2021 mil. cu.m	% Change 1st half 2020-21
Total	4.41	3%
Thailand	1.77	6%
USA	0.6	2%
Russia	0.48	7%
Philippines	0.28	98%
Gabon	0.27	-3%
Romania	0.12	28%
Germany	0.08	25%
Malaysia	0.07	16%
Cameroon	0.06	-13%
Indonesia	0.05	-42%

Data source: China Customs

**Average sawn hardwood prices from top 10 suppliers, first half of 2021**

Top suppliers	CIF prices (US\$/ cu.m)	% Change 1st half 2020-21
Total	381	7%
Thailand	270	Less than 1%
USA	681	27%
Russia	265	1%
Philippines	88	-5%
Gabon	414	-4%
Romania	436	9%
Germany	462	12%
Malaysia	358	3%
Cameroon	546	-1%
Indonesia	591	Less than 1%

Data source: China Customs

**Decline in China's tropical sawnwood imports**

Of total sawn hardwood imports, tropical sawnwood imports in the first half of 2021 were 2.84 million cubic metres valued at US\$911 million, down 5% in volume and 3% in value and accounted for about 20% of the national total.

The average price for imported tropical sawnwood was US\$321 per cubic metre, up 2% over the same period of 2020.

Thailand remained the main supplier of tropical sawnwood for China. Tropical sawnwood imports from Thailand in the first half of 2021 were 1.77 million cubic metres valued at US\$479 million up 6% in both volume and in value.

The CIF price for China's tropical sawnwood imports from Thailand fell 0.2% slightly to US\$270 per cubic metre in the first half of 2021.

In addition, the Philippines and Gabon were the second and third largest suppliers of tropical sawnwood to China in the first half of 2021 accounting for 10% and 9% of the total tropical sawnwood imports respectively.

The Top 10 countries supplied 93% of China's tropical sawnwood requirements in the first half of 2021 namely Thailand (62%), Philippines (10%), Gabon (9%), Malaysia (2.5%), Cameroon (2.0%), Indonesia (1.9%), Myanmar (1.8%), PNG (1.2%), the Republic of Congo (1.14%) and Vietnam (1.06%).

### Main countries shipping tropical sawnwood to China, first half of 2021

Top suppliers	1st half 2021 mil, cu.m	% Change 1st half 2020-21
Total	2.84	-5%
Thailand	1.77	6%
Philippines	0.28	98%
Gabon	0.27	-3%
Malaysia	0.07	16%
Cameroon	0.06	-13%
Indonesia	0.05	-43%
Myanmar	0.05	-13%
PNG	0.03	50%
Congo Republic	0.03	1%
Vietnam	0.03	-49%

Data source: China Customs

### Main countries shipping tropical sawnwood to China, first half of 2021

Top suppliers	1st half 2021 US\$ mil,	% Change 1st half 2020-21
Total	911	-3%
Thailand	479	6%
Philippines	24	87%
Gabon	111	-8%
Malaysia	25	19%
Cameroon	31	-15%
Indonesia	32	-43%
Myanmar	14	-17%
PNG	21	17%
Congo Republic	18	-4%
Vietnam	12	-47%

Data source: China Customs

### Decline in CIF prices for imported tropical sawnwood

Data from China Customs shows CIF prices for most of China's imported tropical sawn hardwood fell in the first half of 2021. For PNG there was a 21% decline to US\$598 per cubic metre. Prices from the Philippines, Myanmar and the Republic of Congo dropped around 5%. Of the top suppliers of tropical sawn hardwood imports it was only for Malaysia and Vietnam that CIF prices increased.

### Average prices, First half 2021

Top suppliers	Average price (US\$ per cu.m)	% Change 1st half 2020-21
Total	321	2%
Thailand	270	Less than 1%
Philippines	88	-5%
Gabon	414	-4%
Malaysia	358	3%
Cameroon	546	-1%
Indonesia	591	Less than 1%
Myanmar	277	-5%
PNG	598	-21%
Congo Republic	545	-5%
Vietnam	404	4%

Data source: China Customs

### Battling the housing market

After many attempts to take the heat out of the property market the Chinese government has increased efforts to break the cycle of growth in the sector that has pushed homeownership out of reach of most people. Mortgage rates in a major city have been increased substantially and the government has pledged to expand the stock of subsidised rental housing.

The National Bureau of Statistics has reported national real estate developments and sales in the first seven months of 2021. Between January and July this year there was a year-on-year increase of 12.7% in investment in real estate with a 15% rise in investment in the residential sector. In the same seven month period the area of commercial building rose 21% year on year.



### Operating conditions of Asian companies in Gabon

In July 2021 a trial construction of a GGSC-Gabon index was undertaken. The results are reported below. The index model and data collection will be further improved.

The GGSC-Gabon indices are compiled by the GGSC Secretariat with the support of Forest Union of the Asian Industry in Gabon (UFIAG). The index reflects the operating conditions of Gabon's main Asian companies with forest concessions.

In July the overall GGSC-Gabon index registered 51.8%, indicating that the operating conditions of participating companies has improved compared to the previous month.

Specifically, production and manufacturing activities of participating enterprises are active; demand was stable, export orders have shown a good growth and the number of orders received by enterprises has increased compared with the previous month.

At the same time, the price of raw materials has increased significantly and the delivery time has been extended. In July most companies increased their inventory of raw materials and finished products.

The GGSC-Gabon sub-indices are as follows:

- The production index registered 58.3%, which is above the critical value of 50% indicating a rise in production month on month.
- The new order index registered 50.0% reflect the ability of companies granted to obtain orders is almost same as last month.
- The main raw material inventory index registered 60.0% which is above the critical value of 50%. This indicates that the raw material inventory of companies increased in July from last month.
- The employment index registered 50.0%, same as the previous month
- The supplier delivery time index registered 41.7% sharply lower than the critical value of 50% indicating the delivery of raw materials has slowed compared to a month earlier.

See: [http://www.itto-ggsc.org/site/article\\_detail\\_zsbg/id/223](http://www.itto-ggsc.org/site/article_detail_zsbg/id/223)

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

	2021 Jun	2021 Jul
Okoume	343	344
Merswa	197	280
Teak	481	415
Merbau	457	445
Birch	407	408
Oak	141	136

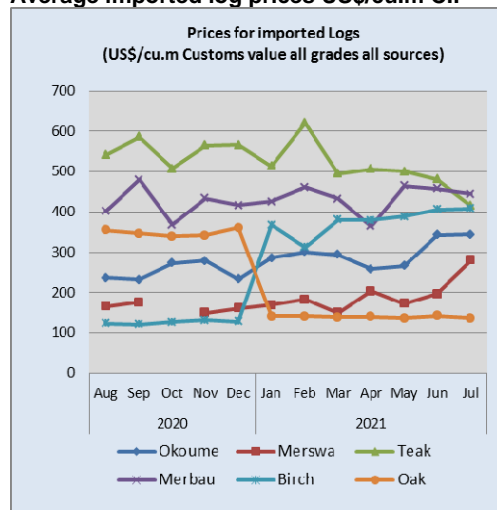
Data source: China Customs. Customs value all grades, all sources

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

	2021 Jun	2021 Jul
Sapelli	539	591
Merbau	869	829
Teak	566	553
Lauan	680	683
African mahogany		312
Oak	359	349

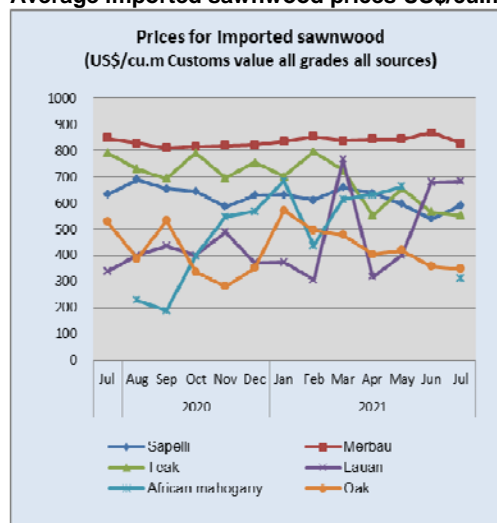
Data source: China Customs. Customs value all grades, all sources

#### 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

## Europe

### EU27 imports close to record levels

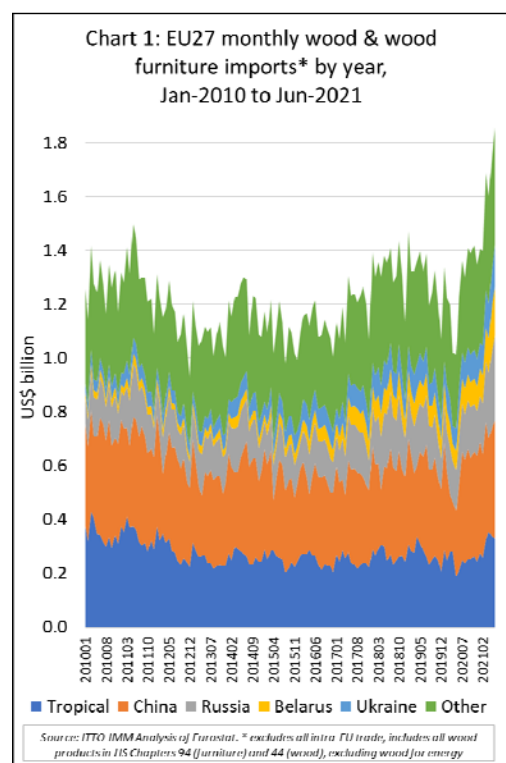
EU27 imports of tropical wood and wooden furniture products in the first six months were at the highest level for a decade. But perhaps surprisingly, even this has not led to an increase in share for tropical products in the EU market. EU27 imports from non-tropical countries have increased even more rapidly.

In fact, the extraordinary market conditions that have emerged during the COVID-19 pandemic have driven total EU27 imports of wood and wooden furniture products this year close to the record levels of 2007 and 2008, just prior to the global financial crises.

Total EU27 import value of wood and wooden furniture in the first six months of this year was US\$9.7 billion, 38% more than in the same period in 2020. Import value of tropical products was US\$1.88 billion, 26% more than the same period in 2020. However import value from non-tropical regions was US\$7.82 billion, a 42% increase.

Imports were up by 44% from China to US\$2.42 billion, by 50% from Russia to US\$1.43 billion, by 71% from Belarus to US\$810 million, and by 50% from Ukraine to US\$770 million.

Of course, the comparison to a particularly slow trading period during the first lockdown last year makes this year's rise seem even larger. But trade this year is unprecedented even compared to the long-term. Total EU27 imports were valued at US\$1.86 billion in June this year, by far the largest amount of any single month in the last decade (Chart 1).



Monthly import values this high have only ever before been seen in the boom years of 2007 and 2008, just before the crash brought on by the global financial crises.

### Positive signs of EU recovery

The sharp rise in the value of EU27 wood product imports this year is partly due to rising timber product prices, the dramatic and unprecedented increases in freight rates from October last year, and to the arrival of a backlog of orders delayed during the pandemic. However, it also comes at a time when more positive signs are emerging on the demand side as the economic recovery in the EU gains momentum.

This trend is expected to continue as vaccination rates are rising, lockdown measures are eased and the full effects of NextGenerationEU, the EU's large fiscal stimulus programme, begin to be felt.

According to the EU's 'Summer 2021 Economic Forecast' published in July, following a 6.0% decline in 2020, the EU economy is now forecast to expand by 4.8% in 2021 and by 4.5% in 2022. This represents a significant upgrade of the growth outlook compared to the 'Spring 2021 Economic Forecast' which the Commission presented in May.

The contraction of EU GDP in the first quarter of this year turned out to be marginal and milder than expected. Upbeat survey results among consumers and businesses, as well as data tracking mobility, suggest that a rebound in consumption is already underway and set to strengthen in the coming months.

There is also evidence of a beginning revival in tourism activity, which should also benefit from the new EU Digital COVID Certificate. Together, these factors are expected to outweigh the temporary production input shortages and rising costs hitting parts of the manufacturing sector.

Economic growth rates will continue to vary across the EU. Some Member States (e.g. Germany, Netherlands, Sweden, Denmark, Poland) are now expected to see economic output return to their pre-pandemic levels by the end of 2021. Others (e.g. Spain, France, Italy, Portugal) will take longer, but all should see their economies return to pre-crisis levels before the end of 2022.

According to the EU's forecast, uncertainty and risks surrounding the growth outlook are high but remain overall balanced. The threat posed by the spread and emergence of variants of concern underscores the importance of a further rapid increase in full vaccination. Economic risks relate in particular to the response of households and firms to changes in restrictions and the impact of emergency policy support withdrawal.

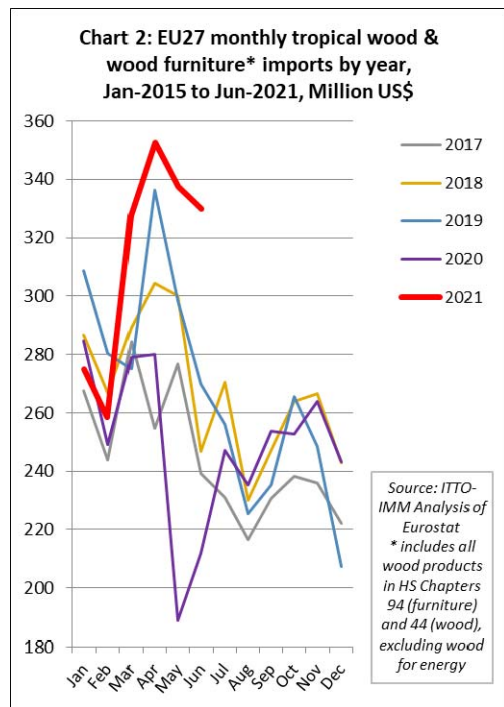
Forward looking indicators show that economic momentum in the EU27 has picked up since the start of the year, although business and consumer confidence is still quite fragile, particularly in the construction sector, a key driver of timber demand in the region.

At 49.8 in July, the IHS Markit Eurozone Construction Total Activity Index fell from 50.3 in June and pointed to a marginal reduction in overall construction activity.

This marked the first fall in Eurozone construction activity since February, with companies often linking the decline to rising costs and raw material shortages. On a brighter note, Eurozone construction firms remained confident that activity will increase over the next 12 months amid forecasts of strengthening economic conditions, improved supplier performance and new projects.

### Highest EU tropical imports since 2012

EU27 imports of tropical wood and wooden furniture started this year slowly in January and February but surged to US\$327 million in March and then again to US\$353 million in April, the highest monthly import recorded since January 2012. Import value fell away only slightly to US\$338 million in May and US\$330 million in June (Chart 2).



The value of EU27 imports of most tropical wood products increased in the first six months of 2021 compared to the same period in 2020. For wooden furniture, joinery and flooring from tropical countries, imports were higher even than in 2019 before the pandemic.

In the first 6 months of 2021, EU27 import value of wooden furniture from tropical countries was US\$859 million, 39% and 26% higher than the same period in 2020 and 2019 respectively. For tropical joinery products, import value of US\$105 million in the first 6 months this year was 29% and 6% higher than the same period in 2020 and 2019 respectively.

For tropical wood flooring, import value of US\$33 million in the first 6 months this year was 15% higher than in 2020 and 5% higher than in 2019.

EU27 imports of other tropical wood products in the first six months of 2021 were higher than the same period last year but still down on levels achieved in 2019.

Import value of tropical sawnwood was US\$358 million, up 12% on 2020 but down 11% on 2019.

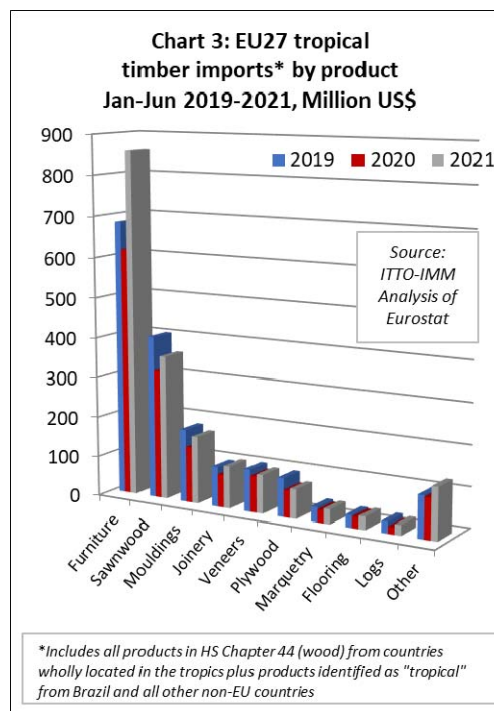
Import value of tropical mouldings was US\$167 million, up 21% on 2020 but down 8% on 2019.

Import value of tropical veneer was US\$95 million, 7% more than in 2020 but 9% less than 2019.

Import value of plywood was US\$73 million, up 8% compared to 2020 but down 24% on 2019.

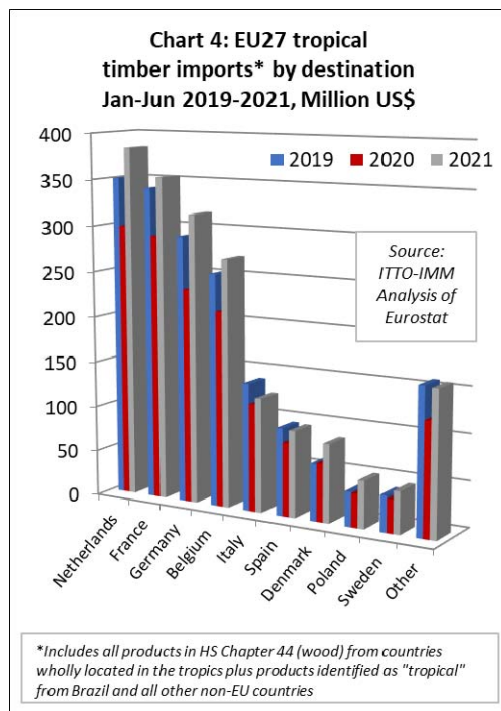
Import value of tropical marquetry was US\$37 million, 15% more than 2020 but 2% less than 2019.

Import value of tropical logs was US\$26 million, 44% up on 2020 but 12% less than 2019 (Chart 3).



In the first six month this year, import value into all the largest EU27 destinations for tropical wood and wooden furniture products was higher than in the same period in 2020. Even more remarkable, of the largest markets, only in Italy was import value in the first half of this year less than in the same period in 2019 before the pandemic.

In the first six months of 2021, import value was up 28% in the Netherlands to US\$384 million, 22% to US\$353 million in France, 35% in Germany to US\$316 million, 27% in Belgium to US\$270 million, 6% in Italy to US\$124 million, 18% in Spain to US\$94 million, 34% to US\$85 million in Denmark, 41% in Poland to US\$51 million, and 27% in Sweden to US\$46 million. (Chart 4).



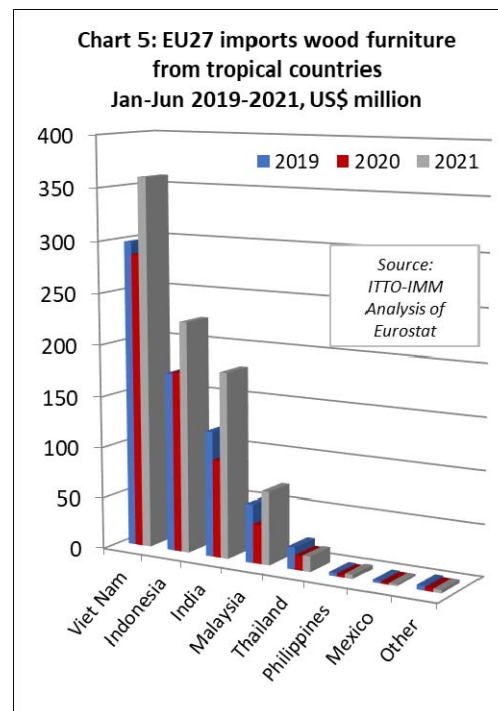
**Strong recovery in EU27 wooden furniture imports from tropical countries**

After a slow start to the year, the value of EU27 wooden furniture imports from the two largest tropical suppliers – Vietnam and Indonesia – increased sharply in the second quarter. By the end of the first 6 months, import value was up 26% from Vietnam to US\$360 million and up 28% from Indonesia to US\$224 million.

Meanwhile imports from India and Malaysia, already strong in the first quarter this year, continued to rise sharply in the second quarter.

After six months this year, import value from India was US\$180 million, 91% greater than the same period in 2020, while import value from Malaysia was US\$71 million, a gain of 83%.

For all four leading tropical suppliers, EU27 wooden furniture import value in the first 6 months of 2021 was higher even than in 2019 before the pandemic (Chart 5).



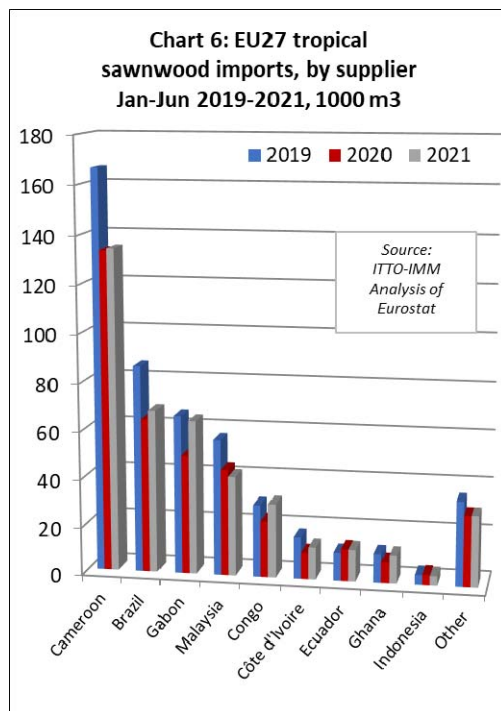
**EU27 imports of sawnwood less impressive on a volume basis**

EU27 import performance of tropical sawnwood so far this year is rather less impressive when considered on a volume basis. Total imports of 410,000 cu.m in the first 6 months were 7.4% higher than the same period in 2020 but still down nearly 16% compared to the same period in 2019 before the pandemic.

Imports of 134,000 cu.m of sawnwood from Cameroon in the first 6 months this year were just 1% higher than the same period in 2020 and still 19% down compared to 2019. Imports of 68,000 cu.m from Brazil were up 6% compared to 2020 but down 21% compared to 2019.

Sawnwood imports from Gabon and Congo fared a little better during the first six months of this year. Imports from Gabon, at 64,000 cu.m, were up 29% on 2020 and down only 3% compared to 2019. For the Congo, imports were 31,000 cu.m in the six month period, up 31% on 2020 and 2% on 2019.

Imports of sawnwood from Côte d'Ivoire were 13,500 cu.m in the first 6 months of this year, up 22% compared to 2020 but down 23% on 2019. The long term decline in EU27 imports of sawnwood from Malaysia continued in the first 6 months this year, at 41,100 cu.m 6% less than the same period in 2020 and 27% down on 2019 (Chart 6).



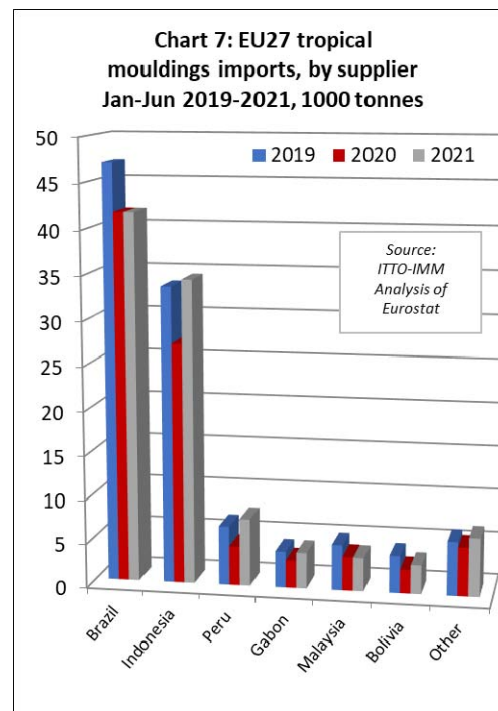
EU27 imports of tropical mouldings/decking increased 15% to 101,500 tonnes in the first half of this year compared to last.

However import quantity was still down 5% compared to 2019. Imports of 41,600 tonnes from the largest supplier Brazil, were unchanged on the same period last year and 12% less than in 2019.

Despite widespread reports of supply shortages for Indonesian bangkirai decking, imports of moulding/decking from Indonesia were 34,400 tonnes during the first six months of 2021, 26% more than the same period in 2020 and 2% more than in 2019.

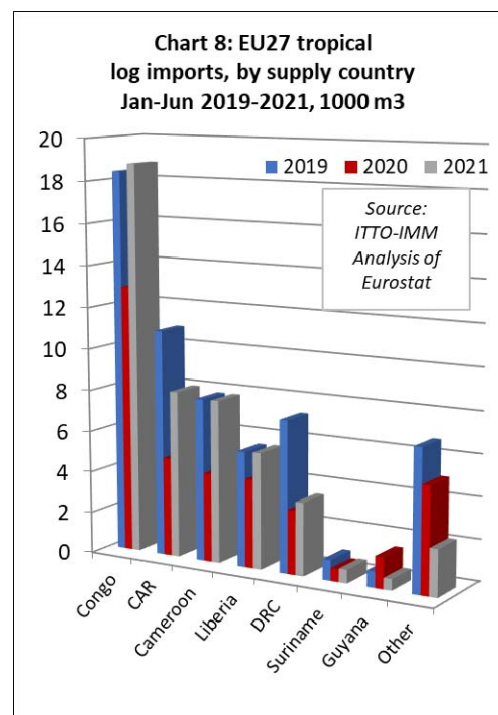
Imports of mouldings/decking from Peru were 7,600 tonnes, 71% more than in 2020 and 14% up on 2019.

Sawnwood imports from Gabon just exceeded 4,000 tonnes in the first 6 months this year, 30% more than the same period in 2020 but down 1% compared to 2019. Imports from Malaysia were 3800 tonnes in the first six months this year, 1% less than in 2020 and 22% down compared to 2019. (Chart 7).



#### Log imports

EU27 imports of tropical logs, which have been in long term decline and are now a shadow of their former level, did rebound 29% to 47,000 cu.m in the first six months of this year.



However, this is still 19% less than the same period in 2019. Imports in the first six months of 2021 from Congo (18,800 cu.m), Cameroon (7,900 cu.m), and Liberia (5,600 cu.m) were all big increases on the same period in 2020 and close to the level of 2019 before the pandemic.



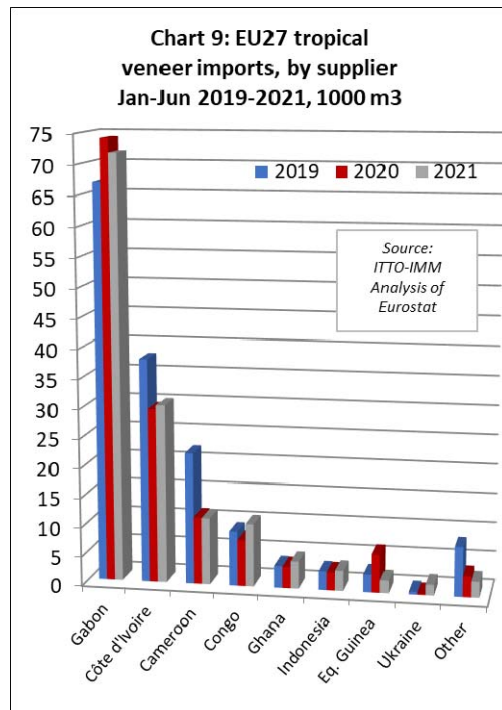
Imports in the first six months this year from CAR (8,000 cu.m) and DRC (3,500 cu.m), while significantly more than the same period in 2020 were still well down on the 2019 level (Chart 8 above).

**Slow EU27 imports of tropical veneer and plywood**

EU27 imports of tropical veneer declined 1% to 138,900 cu.m in the first six months of this year. After a rapid rise last year, veneer imports from Gabon declined 3% to 71,700 cu.m.

Imports were also down 1% to 11,400 cu.m from Cameroon and 67% to 2,200 cu.m from Equatorial Guinea. At 30,300 cu.m, veneer imports from Côte d'Ivoire were 2% more than in 2020 but still down 20% compared to 2019.

Larger gains were made in EU27 veneer imports from Congo (+36% to 10,700 cu.m), Ghana (+27% to 4,700 cu.m), and Indonesia (+11% to 3,400 cu.m) (Chart 9).



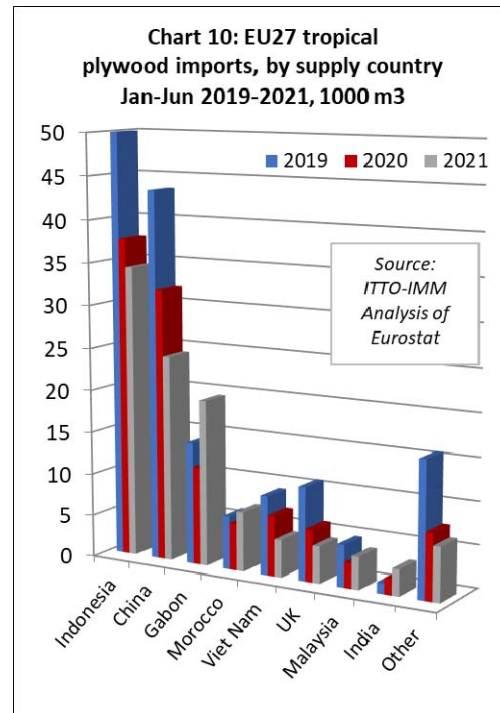
Overall the signs are that tropical hardwood plywood has been a big loser in the competitive battle for dominance of the EU plywood market, particularly against Russian birch plywood. EU27 imports of tropical plywood were 107,000 cu.m in the first six months this year, that is 5% less than the same period in 2020 and 31% down compared to 2019.

Imports from Indonesia were 34,400 cu.m, 9% less than in 2020 and 31% less than in 2019. Imports of tropical hardwood faced plywood from China were 24,000 cu.m, 24% less than in 2020 and 44% down compared to 2019.

EU27 imports of tropical hardwood plywood from Vietnam and indirect imports from the UK also continued to slide in the first half of this year.

More positively, imports of tropical hardwood plywood from Gabon and Morocco made more inroads into the EU27 market in the first half of this year.

Imports from Gabon were 19,500 cu.m in the first six months, 69% more than the same period in 2020 and 36% more than in 2019. Imports from Morocco were 7,000 cu.m, 27% more than in 2020 (Chart 10).

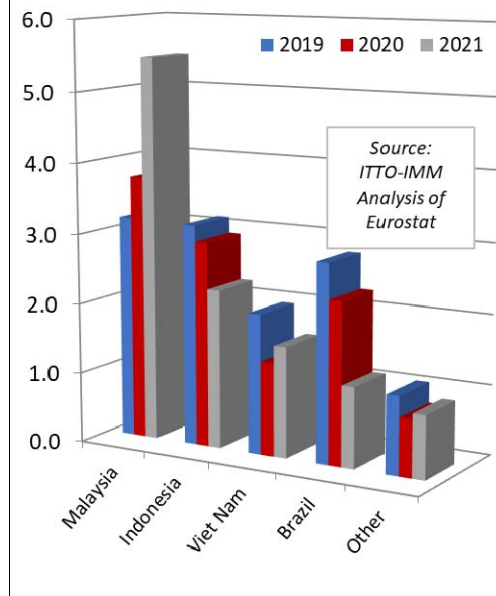


**Rise in EU27 imports of tropical flooring from Malaysia continues**

EU27 imports of flooring from tropical countries were 11,300 tonnes in the first 6 months of 2021, 2% more than in 2020 but still 7% down compared to 2019. The rise in EU27 wood flooring imports from Malaysia, that began last year, has continued into 2021.

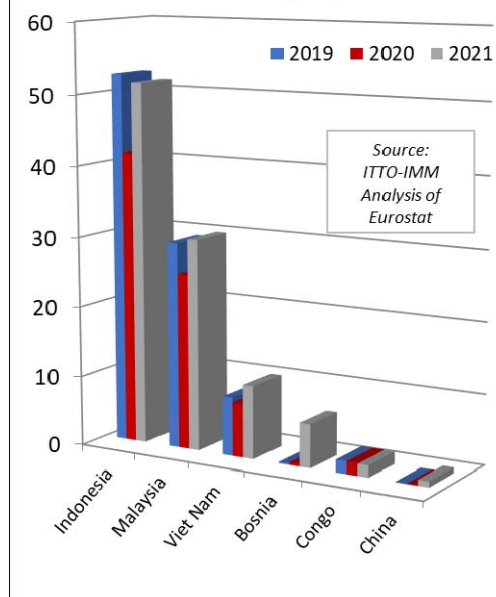
Imports of 5,500 tonnes from Malaysia in the first six months this year were 45% more than the same period in 2020 and 72% greater than in 2019.

**Chart 11: EU27 tropical flooring imports, by supply country Jan-Jun 2019-2021, 1000 tonnes**



In contrast, flooring imports from Indonesia of only 2,300 tonnes were 23% less than in 2020 and 28% down compared to 2019. Imports from Brazil have also continued to slide, at just 1,150 tonnes in the first six months, 50% less than in 2020 and 59% down on 2019 (Chart 11 above).

**Chart 12: EU27 tropical joinery imports, by supply country Jan-Jun 2019-2021, US\$ million**



The value of EU27 imports of other joinery products from tropical countries - which mainly comprise laminated window scantlings, kitchen tops and wood doors - increased 29% to US\$104 million in the first six months of this year.

Imports were up 24% to US\$51.5 million from Indonesia, up 21% to US\$30.1 million from Malaysia, and up 36% to US\$10.4 million from Vietnam.

This year the EU27 has also begun to import joinery products manufactured using tropical hardwood from Bosnia. Import value from Bosnia was US\$6.2 million in the first six months of 2021 (Chart 12 above).

## North America

### Second quarter GDP growth below estimates

The U.S. economy grew at a disappointing rate in the second quarter, the U.S. Department of Commerce reported in a sign that the U.S. continues to rebound from the damage of the Covid-19 pandemic but still has more work to do.

Gross domestic product, a measure of all goods and services produced during the April-to-June period, accelerated 6.5% on an annualized basis. That was slightly better than the 6.3% gain in the first quarter, which was revised down narrowly.

While in the years prior to the pandemic, the Q2 improvement would have been the strongest since the third quarter of 2003, the gain was considerably less than the 8.4% Dow Jones estimate.

Gross private domestic investment fell 3.5% as declines in private inventory and residential investment held back gains. Rising imports and a 5% decline in the rate of federal government spending, despite the ballooning budget deficit, also were factors, the Bureau of Economic Analysis report said.

The overall increase came thanks to increasing personal expenditures, which rose 11.8% as consumers accounted for 69% of all activity. Nonresidential fixed investment, exports and state and local government spending also helped boost output.

See: <https://www.bea.gov/news/2021/gross-domestic-product-second-quarter-2021-advance-estimate-and-annual-update>

### Homebuilding stumbles amid supply constraints

Homebuilding fell more than expected in July, the latest sign that surging construction costs and home prices continued to constrain the housing market early in the third quarter of the year.

The Department of Commerce reported that housing starts dropped 7.0% to a seasonally adjusted annual rate of 1.534 million units last month. Data for June was revised up to a rate of 1.650 million units from the previously reported 1.643 million units. Economists polled by Reuters had forecast starts would fall to a rate of 1.600 million units.

Homebuilding fell in the Northeast, Midwest, and West, but rose in the populous South. Starts increased 2.5% on a year-on-year basis in July. Single-family starts, which account for the largest share of the housing market, fell 4.5% to a rate of 1.111 million units.

Though the report showed a rebound in building permits after three straight monthly declines, the gain was in the volatile multi-family home segment, which will do little to ease an acute housing shortage that is driving up prices. The number of houses authorised for construction but not yet started last month was the third highest on record, indicating builders remained hesitant to undertake new projects.

The report followed on the heels of a survey from the National Association of Home Builders showing confidence among single-family homebuilders dropped to a 13-month low in August because of higher material costs and home prices, which are cooling demand for houses.

Housing starts also cooled in Canada. The stand alone monthly SAAR of housing starts for all areas in Canada was 272,176 units in July, a decrease of 3.2% from June. While the market has moderated in total starts from the highs recorded earlier this year, the level of activity remains elevated by historical standards.

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

#### **Home sales gain in July**

Home sales rose for the second straight month but were barely higher than in July 2020. Sales of existing homes in July rose 2% from June to a seasonally adjusted, annualized rate of 5.99 million units, according to the National Association of Realtors.

Sales were 1.5% higher than July 2020, continuing a trend of gains following a pullback in the spring. Sales are likely improving due to rising supply. The inventory of homes at the end of July stood at 1.32 million, down 12% from a year ago, but that is a smaller annual decline than in recent months. Despite the slight increase in supply, demand continued to outpace it, pushing prices to another all-time high.

Existing-home sales in the Northeast remained steady in July, registering an annual rate of 740,000 for the second straight month, a 12.1% rise from July 2020.

Existing-home sales in the Midwest rose 3.8% to an annual rate of 1,380,000 in July, a 1.4% decline from a year ago. Existing-home sales in the South rose 1.2% in July, recording an annual rate of 2,630,000, up 1.2% from the same time one year ago. Existing-home sales in the West grew 3.3%, posting an annual rate of 1,240,000 in July, equal to the level of a year ago.

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

#### **Consumer sentiment plunges to lowest since 2011**

Consumer sentiment fell in early August to the lowest level in nearly a decade as Americans grew more concerned about the economy's prospects, inflation, and the recent surge in coronavirus cases.

The University of Michigan's preliminary sentiment index fell by 11 points to 70.2, the lowest since December 2011. The figure fell well short of all estimates in a Bloomberg survey of economists.

The slump in confidence risks a more pronounced slowing in economic growth in coming months should consumers rein in spending.

The recent deterioration in sentiment highlights how rising prices and concerns about the delta variant's potential impact on the economy are weighing on Americans.

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

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

Manufacturing activity grew at a slower pace in July for the second straight month as raw material shortages persisted, though there are signs of some easing in supply-chain bottlenecks.

The survey from the Institute for Supply Management (ISM) showed a measure of prices paid by manufacturers fell by the most in 16 months, while the supplier deliveries index retreated further from a 47-year high touched in May. Part of the decline could be because spending is rotating back to services from goods.

"Manufacturing is slowing from unsustainable boom to sustainable strength," said Chris Low, chief economist at FHN Financial in New York.

The ISM's July index of national factory activity fell to 59.5 last month, the lowest reading since January, from 60.6 in June. A reading about 50 indicates expansion in manufacturing. Seventeen of 18 manufacturing industries reported growth in July as Furniture and Related Products reported the strongest growth while Wood Products reported only slight growth for the month. Only textile mills reported a decline.

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

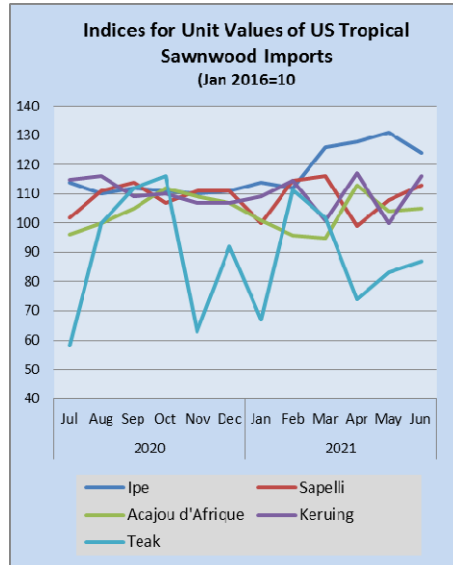
#### **IWPA announces new Executive Director**

The International Wood Products Association has named Bradley McKinney as the organisation's new Executive Director. McKinney is the former Vice President of Economic Security and Operations for the Export-Import Bank of the United States.

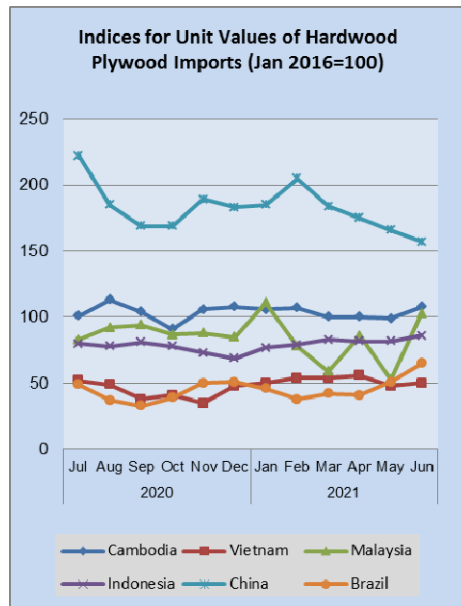
McKinney also served as Chief of Staff for the International Trade Administration at the U.S. Department of Commerce. He has also provided legislative and regulatory affairs services on a range of international trade, agriculture and manufacturing issues while on staff at the National Association of State Departments of Agriculture and two private consulting firms.

McKinney assumes the role in September, following the departure of Cindy Squires who left IWPA in July to become President and CEO of the American Composites Manufacturers Association.

See: <https://www.iwpawood.org/news/578273/Bradley-McKinney-Hired-as-New-IWPA-Executive-Director.htm>



Data source: US Census Bureau, Foreign Trade Statistics



Data source: US Census Bureau, Foreign Trade Statistics

**Disclaimer: Though efforts have been made to ensure prices are accurate, these are published as a guide only. ITTO does not take responsibility for the accuracy of this information.**

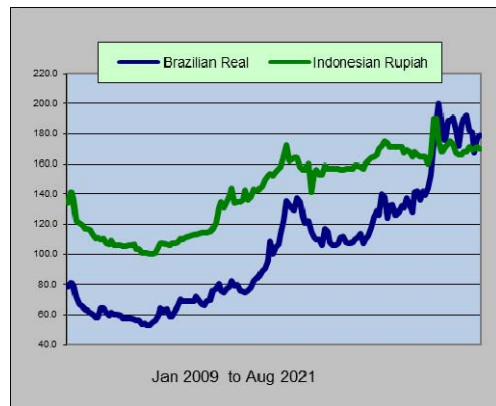
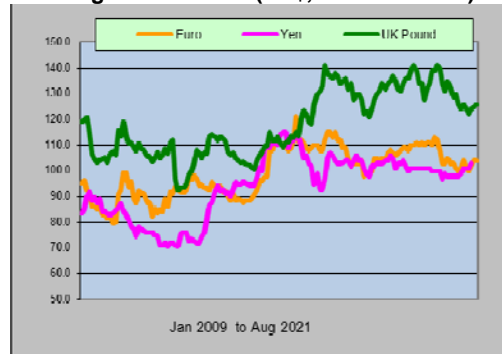
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

## Dollar Exchange Rates

As of 25 August 2021

Brazil	Real	5.2551
CFA countries	CFA Franc	557.45
China	Yuan	6.4814
Euro area	Euro	0.8509
India	Rupee	74.15
Indonesia	Rupiah	14418
Japan	Yen	110.09
Malaysia	Ringgit	4.195
Peru	Sol	3.92
UK	Pound	0.73
South Korea	Won	1170.71

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

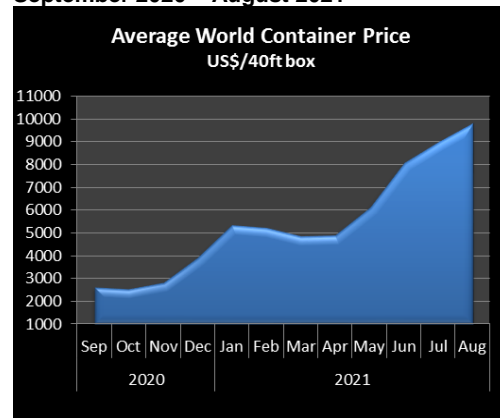


## Abbreviations and Equivalences

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

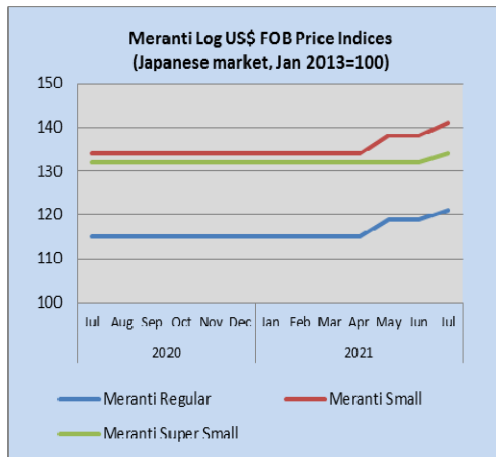
September 2020 – August 2021



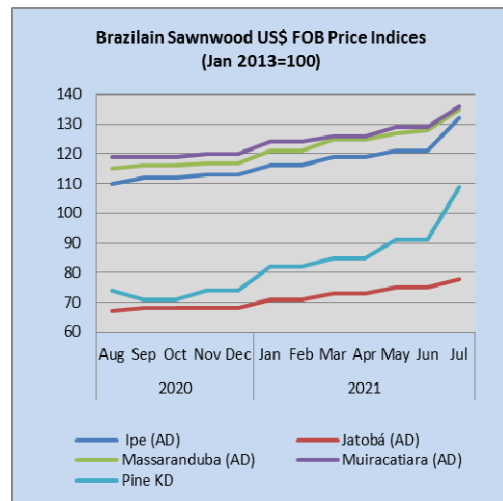
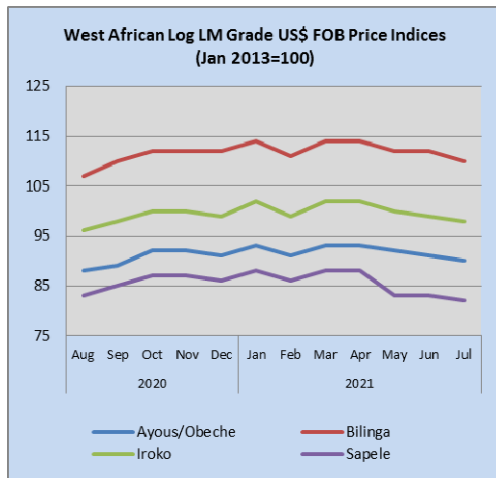
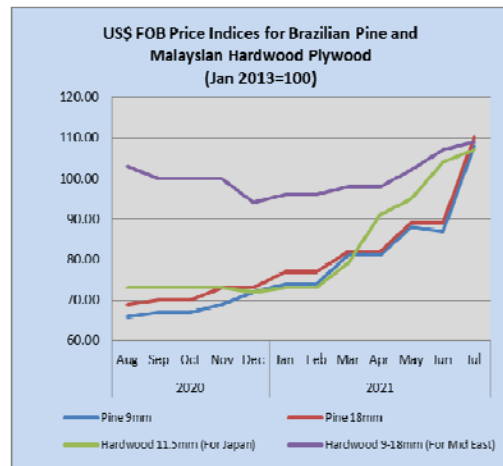
Data source: Drewry World Container Index

**Price indices for selected products**

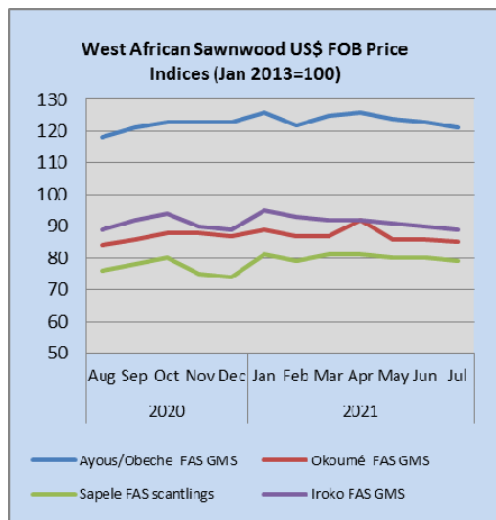
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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