

# Tropical Timber Market Report

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## Top story

### **IMM webinar on tropical timber trade trends during the pandemic**

Tropical timber trade trends through the pandemic will be discussed during an Independent Market Monitor (IMM) webinar at 10 am-12 noon on CET June 24.

The IMM's mandate is to monitor trade impacts and perceptions of FLEGT Voluntary Partnership Agreements (VPAs) and market performance of FLEGT-licensed timber in the EU and UK.

The webinar will feature IMM's analysis of the tropical trade over the last 12 months and the effect of the COVID-19 health crisis on supply and demand.

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## Central and West Africa

### Quiet market demand

No major price changes have been reported. Demand for logs for the Chinese market is focused on ovankol, okan, iroko. Demand for sawn okoume in China is reported as steady.

Securing shipping containers remains a big problem for exporters. Shippers in Equatorial Guinea have around 3,000 cu.m of kevazingo ready for shipment but no containers. The end of the rain season is approaching which will give mills an opportunity to increase production.

### Gabon looks to raise sawnwood production

According to the domestic media the Ministry of the Economy in Gabon has forecast production of sawnwood will increase by 2.5% to 1.17 million cubic metres this year compared to the 5.4% decline in 2020.

The Ministry reported sawnwood exports of 835,299 cubic metres in 2020 due to slow international demand. However, sales in the domestic market expanded 2.3%.

See: <https://www.lenouveaugabon.com/fr/gestion-publique/0906-17043-bois-debités-le-gabon-projeté-de-produire-1-17-million-m3-en-2021-en-hausse-de-2-5>

### Tax hike undermines competitiveness say producers

The staff in the Ministry of Forestry in Gabon are still on strike and this is delaying the processing of export documents. It has been reported that the staff are demanding payment of allowances which they claim have not been paid for six years. The Minister has returned to Gabon and is busy with projects on the environment and re-planting.

Producers in Gabon continue to raise concerns over increases in sawnwood export taxes saying this puts them at a competitive disadvantage with shippers in other countries such as Cameroon. The tax increases have started to affect prices in the sector and mills in the GSEZ are angry as they see prices for raw materials increasing.

What with the weather and delayed log deliveries due to washed out roads and train derailments, mills in the GSEZ are working 3 days a week or half days. Hope is pinned on the end to the rain season.

### Webinar - regional sustainable forest certification system PAFC Congo Basin

ATIBT invites participation in a webinar on the PAFC Congo Basin, Friday 18 June 2021, 10 AM (CET). The theme of the webinar will be sustainable forest management certification in the Congo Basin and, more specifically, the new regional sustainable forest certification system PAFC Congo Basin.

See: <https://www.atibt.org/en/news/13011/webinar-on-forest-certification-in-central-africa-focus-on-the-pafc-congo-basin>

## Log export prices

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

## Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	440
Bilinga FAS GMS	540
Okoumé FAS GMS	440
Merchantable	310
Std/Btr GMS	320
Sipo FAS GMS	425
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	900
FAS scantlings	950
Strips	350
Sapele FAS Spanish sizes	420
FAS scantlings	450
Iroko FAS GMS	600
Scantlings	620
Strips	370
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	580
Movingui FAS GMS	380

## Ghana

### Digitised trade information to support exporters

The Ghana Export Promotion Authority (GEPA) has launched a one-stop site for up-to-date information for exporters including timber processing industries. The Minister of Trade and Industry, Alan Kyeremanteng, acknowledged during the launch that providing digitised trade information will help improve the competitiveness of Ghanaian exporters as they prepare to take advantage of the AfCFTA.

One unique feature of the GEPA facility is the provision of information from the Ghana Standards Authority (GSA), the Food and Drugs Authority (FDA) and the Plant Protection and Regulatory Services Directorate (PPRSD) which are key export-support agencies.

In related news, the GEPA has launched an online diploma in 'International Trade' in collaboration with the International Trade Center (ITC) and the Institute of Export and International Trade (IOEIT).

See: <https://www.gepaghana.org/ghana-export-promotion-authority-launches-gepa-impact-hub/>

#### Businesses welcome interest rate cut

For the first time since March 2020 the Bank of Ghana has reduced its policy rate which now stands at 13.5%. The rate was kept at 14.5% during the past six Bank Policy Board meetings.

This reduction has been welcomed by the business community, particularly the timber industry which has consistently lobbied for a reduction to enable banks to lower their lending rates. Bank lending rates are currently averaging 21%, this is higher than in most other countries in the region.

The Bank of Ghana has called on banks to respond positively to the new development which, along with the already increased demand for loans, will boost credit growth.

See: <https://www.modernghana.com/news/1084803/bog-cuts-monetary-policy-rate-to.html>

#### Agri-businesses not yet recovered from lockdown

A survey by the Ghana Statistical Service (GSS) with support from the UNDP and GiZ has found that about 16,000 agribusinesses have not recovered from the financial shock as a result of the pandemic.

The study, which focused on firms' survival as measured from their operational status and the impact on wages and employment, reports that 42,396 agribusiness firms were closed during the lockdown. Ghana's agriculture sector contributes about a fifth of the country's population.

See: <https://www.gh.undp.org/content/ghana/en/home/presscenter/pre-releases/2021/businesses-may-need-more-time-and-support-to-recover-from-covid-.html>

#### Seedlings for nationwide for Green Ghana Day

Government officers from the executive, judiciary and legislature along with participants from the media, associations, institutions (schools, churches etc.) and individuals planted five million seedlings across the country on the occasion of 'Green Ghana Day'.

The President, H.E. Nana Akufo-Addo planted a Moringa (tree of life) seedling in commemoration of the Green Ghana day. The 'Green Ghana' project is expected to run for the next 5 years.

#### Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	540↑
Niangon Kiln dry	659↑

#### Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	315	441
Chenchen	540	612↓
Ogea	443	590
Essa	543	695↓
Ofram	350	435

#### Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	910
Avodire	573
Chenchen	1,073
Mahogany	995
Makore	933
Odum	700

#### Export plywood prices

Plywood, FOB	Euro per cu.m			
	BB/CC	Ceiba	Ofram	Asanfina
4mm		360↑	580	641
6mm		412	535	604
9mm		370	499	560
12mm		495↓	476	480
15mm		450	414	430
18mm		450	463	383

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

#### Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up	860	925
Afrormosia	465	564
Asanfina	435↑	600
Ceiba	482	592
Dahoma	520	670
Edinam (mixed redwood)	540	615↑
Emeri	886	1025↓
African mahogany (Ivorenensis)	710↓	755
Makore	583	680
Niangon	649	870↓
Odum	720	742
Sapele	420↑	465↑
Wawa 1C & Select		

### Malaysia

#### Corona update

Malaysia reported average daily Covid-19 cases relative to the population at one of the the highest levels in the world towards the end of May according to Johns Hopkins University. Malaysia reported 185 daily new Coronavirus infections per million people on 23 May compared to 184 cases and 76 new cases per million people in India and the United States respectively.

#### New lockdown a risk for manufacturing sector

Economic recovery in Malaysia will be seriously slowed by the two-week lockdown which ran from 1 to 14 June. Only essential services were allowed to operate.

The lockdown has impacted domestic demand and a major concern is just how much manufacturing and exports will be affected. Manufacturing plants were only allowed to operate at 60% capacity during the lockdown.

### Timber sector performance

Data released by the Malaysian Timber Industry Board (MTIB) show for the period January to April 2021, 39% of total exports went to the Americas, 9 % to Europe, 1.4% to Africa and 45% to Asia. The country's timber exports were from Peninsular Malaysia (83.5%), Sarawak (12.8%) and Sabah (3.7%).

### Exports of wood products (RM mils.)

	2020	2021
April	906	2,236
Jan – Apr	6,408	8,280

### Skills training programme

The Malaysian Timber Industry Board has signed a Memorandum of Understanding with the Malaysian Furniture Council to implement an 'Agri Commodity Skills Training Programme' (SLAM) for the wood-based industry.

Plantation Industries and Commodities Minister, Dr. Mohd Khairuddin Aman Razali, said "The strategic cooperation between the two entities is seen as the best platform to help in the issues of the shortage of manpower and dependency on foreign labour in the sector." In 2021 it is anticipated a total of 500 youths would be trained. Trainees will be provided with accommodation, transport and insurance and a RM500 monthly allowance.

### Strong first quarter export performance

The Malaysian Timber Council (MTC) has reported first quarter 2021 wood product exports in a recent press release.

Exports by the wood-based sector recorded a strong performance in the first quarter 2021 even though the country is still facing a pandemic crisis. Total exports increased 9.9% to RM6.04 billion over the same period of last year. The three main markets were Europe, America and Oceania.

Wood product exports to Europe saw an encouraging recovery, increasing almost 10%. The three main export products were wooden furniture (RM242.9 million), joinery products (RM96.5 million) and sawnwood (RM73.9 million).

The United States is a major market for Malaysia accounting for 60% of the country's wooden furniture exports. Exports to the US increased 47% to RM1.93 billion.

Exports to African and Asian markets declined in the first quarter of this year. In India and the UAE the second wave of COVID-19 has limited commercial activity. In addition, Malaysia has to compete with China which offers competitive prices in the Indian and UAE markets.

MTC is helping wood based companies expand exports through a programme on digitisation and e-platforms as well as opening up business opportunities through webinars, virtual dialogues and online business matching (B2B).

MTC's regional offices in Houston, USA, Rotterdam, the Netherlands, Dubai, UAE, Guangzhou and Bengaluru are hosting online B2B sessions.

To strengthen marketing in the Middle East a new 'Commodities Integration Marketing Company' will be established by Ministry of Plantation Industries and Commodities in Jeddah, Saudi Arabia.

See:

[http://www.mtc.com.my/images/media/832/KENYATAAN\\_ME\\_DIA\\_v5\\_for\\_staff.pdf](http://www.mtc.com.my/images/media/832/KENYATAAN_ME_DIA_v5_for_staff.pdf)

### Timber Certification

FSC Malaysia is calling for participants for the National Consultative Group as Consultative Panel members. Since the call for candidates opened on 17 May 2021 there have been changes at the global level relating to the FSC Policy on Conversion. Two ongoing processes are relevant to Malaysia:

- The development of a conversion remedy procedure related to the FSC Policy on Conversion
- The development of a Policy for Association (PfA) remediation framework

The National Consultative Group, which is intended to represent the full range of forest interests, comprises: a Consultative Panel (6 member), a Consultative Assembly (18 member), a Technical Facilitator, a Consultation Coordinator and an Advisory Committee.

## Indonesia

### Wood product export growth to be 7 - 8% this year

Scarcity and the high cost of containers are major challenges for wood product exporters. The Chairman of the Indonesian Furniture and Craft Industry Association (HIMKI), Abdul Sobur, has been quoted as saying "Scarce container space causes very high shipping prices and the price has increased many times for American destinations."

The chairperson of the Indonesian Forwarder Logistics Association (ALFI), Yukki N. Hanafi, recently said container shipping costs increased by 200%-300% especially for 40 ft. containers to Australia, Europe, Middle East and the US. Despite the container issue, Sobur expects wood product export growth to be 7-8% this year with a value of USD2.2 billion so he is optimistic that the export target can be achieved as exports last year were very successful rising to US\$1.9 billion compared to US\$1.7 billion in 2019.

See: <https://www.cnbcindonesia.com/news/20210608162341-4-251509/fenomena-eksportir-ramai-ramai-teriak-ada-apa>

### International demand good news for upstream companies

The chairman of the Association of Indonesian Forest Concessionaires (APHI), Indroyono Soesilo, has said, as of April 2021, the forest products industry achieved a 21% increase in export earnings to US\$4.42 billion.

Indroyono noted that the export performance by downstream manufacturers was good news for upstream producers and the reports he has seen suggest orders for raw materials will remain firm for the next 5 months. He added that to expand exporters need to diversify markets so as not to rely too heavily on traditional markets.

Indroyono added there is scope for expanding markets as in the EU Indonesia's exports are worth only US\$1 billion annually while the overall market is worth around US\$52 billion. Likewise, in the US Indonesia's exports are only around US\$1-1.52 billion whereas China exports to the US were around US\$35-36 billion annually.

See:  
<https://ekonomi.bisnis.com/read/20210526/257/1398222/industri-hasil-hutan-jangan-bergantung-pasar-ekspor-tradisional>

In related news the Ministry of Trade is encouraging light wood exports to the European market as this market has great potential to become a growth market for the light wood sector.

The Indonesian Light Wood Association (ILWA) has reported world demand for wood products is growing and, as a raw materials for building materials and furniture, light wood such Albasia (*Albizia sp*) and Jabon (*Anthocephalus cadamba*) are in demand in international markets.

See: <https://timlo.net/baca/144515/kebutuhan-kayu-dunia-tembus-rp-294-ribu-triliun-per-tahun/>

### Raising productivity and meeting product Standards the key to competitiveness

The Ministry of Industry has praised the efforts of the wood processing sector as it continues to recover from the contraction in 2020. In the first quarter of this year the industry clocked an 8 % year on year expansion.

Agus Gumiwang Kartasasmata, Minister of Industry, noted that productivity in the domestic wood processing industry continues to rise so the country can maintain its position among the group of major exporters of furniture products such as China, Germany, Poland, Italy and Vietnam.

In related news the Chairman of the Association of Indonesian Forest Concessionaires (APHI) urged downstream manufacturers to pay attention to meeting applicable Standards so as to be able to compete with imported products. He gave an example of furniture retailers such as IKEA which can satisfy all required Standards and be competitive.

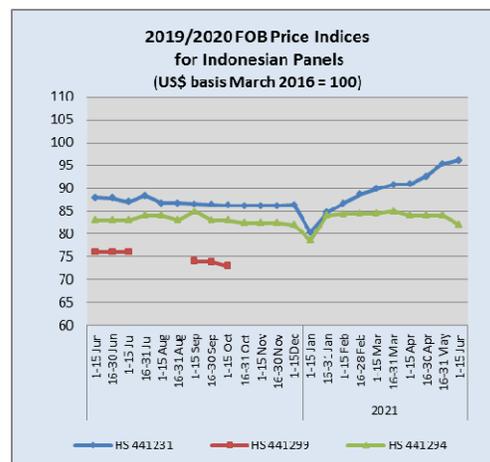
Local furniture makers supplying the domestic market are worried about rising competition especially as the IKEA franchise holder, PT Hero Group, plans to almost triple the number of IKEA outlets in Indonesia.

The Indonesia domestic furniture and homeware market is expected to grow around 12% annually over the next four years to US\$6.98 billion by 2025.

Responded to IKEA's expansion plan in Indonesia the Chairman of the Indonesian Furniture and Craft Industry Association (HIMKI) Abdul Sobur said IKEA is a major force in the furniture market and has seen an opportunity in Indonesia.

To help protect domestic manufacturers he suggested the government examine how the Indonesian National Standard (SNI) and the Domestic Component Level (TKDN) can help protect domestic industries. According to Sobur, competitiveness is the main issue for local manufacturers noting that last year furniture imports were valued at US\$624 million, an increase from 2019 when they were worth US\$594 million.

See:  
<https://www.thejakartapost.com/paper/2021/06/08/indonesian-furniture-makers-fear-losing-ground-as-ikea-expands.html>  
and  
<https://ekonomi.bisnis.com/read/20210526/257/1398223/bersaing-dengan-furnitur-impor-pemain-lokal-harus-disiplin-standar>.  
and  
<https://www.msn.com/id-id/ekonomi/bisnis/tanggapan-himpunan-industri-mebel-soal-rencana-hero-perbanyak-gerai-ikea/ar-AAKpUo4?ocid=BingNewsSearch>



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

## Myanmar

### Sawmillers warn - investment in retooling for added value manufacturing risky

According to data released by Ministry of Commerce, timber exports for the period October 2020 to March 2021 were just US\$65 million.

It is unlikely that the value of timber exports up to June 2021 will have increase because of the administration's suspension of sawnwood export licenses and exorbitant freight costs. In its latest sale the Myanma Timber Enterprise advised buyers that only finished products could be exported.

Under the present circumstances export earnings are likely to be less than US\$100 million up to the end of September. Myanmar's Fiscal Year starts from October to September. Sawmillers have warned that retooling to manufacture finished products will take time and that investing under the current circumstances in the country is very risky.

Prices for teak Logs ( 27 May 2021)

Grade	H. Ton	Average US\$/H.Ton
SG-5	138	3039
SG-6	96	2722
SG-7	105	2181
SG-6	52	Unsold
Total	391	

### UN urges businesses in Myanmar to uphold their human rights responsibilities

In statement, United Nations independent rights experts called on businesses in Myanmar to uphold their human rights responsibilities and apply pressure on the military junta to halt grave human rights violations against its own people.

See: <https://news.un.org/en/story/2021/05/1091792>

The UN statement reads:

“While some businesses have reiterated their public support for the rule of law and human rights, and cut ties with the junta in the aftermath of the [1 February coup](#), many continue to engage in business with the military as if nothing has happened, Tom Andrews, UN [Special Rapporteur on the situation of human rights in Myanmar](#), and members of the [Working Group on Business and Human Rights](#), said in a news release.

As military leaders are intensifying their campaign of repression, companies must act in line with the [Guiding Principles on Business and Human Rights](#) to avoid contributing to human rights violations, or becoming complicit in crimes if they continue to operate in the country, the experts [highlighted](#).

Surya Deva, Vice-Chair of the Working Group, said that because “the risk of gross human rights violations has greatly increased in Myanmar, action by States and human rights due diligence by business, and investors, should be rapidly and proportionately heightened”.

“Businesses, both individually and collectively, should exert the maximum leverage on the military in Myanmar to halt what the High Commissioner for Human Rights has said [may amount to crimes against humanity](#)”, Special Rapporteur Tom Andrews added.”

In related news, UN Special Envoy Christine Schraner Burgener said in a statement widespread, systemic attacks on civilians in Myanmar orchestrated by leaders of the military coup demand a “firm, unified and resolute international response”.

The statement continues:

“As the world watches in horror as Myanmar's military continues to defy calls, including by UN [Security Council](#), to end fundamental human rights violations and “return to the path of democracy”, she told a closed session of the Council that more than 520 people have been killed since the coup began, adding that “the urgency for a solution to this crisis could not be clearer”.

Against the backdrop of the [COVID-19](#) pandemic, she had [warned](#) ambassadors in a briefing earlier this month, that the crisis was rapidly unravelling an already fragile public health sector and risking multiple emergencies.

The UN envoy explained that lives that could be saved under normal circumstances were being lost, a banking collapse “appears imminent”, and shockwaves to businesses have “toppled the supply chain while fundamentally impacting the labour force”. Moreover, the military's cruelty has prompted ethnic armed groups in Kayin and Kachin states to denounce the coup, “increasing the possibility of civil war at an unprecedented scale”.

See: <https://news.un.org/en/story/2021/03/1088822>

## India

### Fears second quarter growth has been dragged down

India's economic growth picked up in the first quarter 2021 compared with the previous three months. Consumer spending rose 2.7% year on year in the first quarter 2021 following a drop in the previous quarter. However, economists are pessimistic about the second quarter after the devastating second wave of infections.

Rising unemployment is the greatest concern as it has mostly affected the informal economy and poorer households.

See: <https://www.indiatoday.in/business/story/explained-how-covid-19-battered-indian-economy-during-2nd-wave-1810532-2021-06-03>

### Exporters did well in May

Exports continue to perform well with May export earnings estimated at US\$32 billion, up 67% year on year and 8% up compared with May 2019. The May 2021 growth can be attributed to the low base in 2020 the result of the nationwide lockdown.

In other news, India's trade deficit fell to an eight-month low in May due to reduced domestic demand for gold and oil amid the second Covid-19 wave and lockdown restrictions.

### Calls for even more investment in housing

India experienced an exodus of migrant workers in early 2020 with as many as 50 million leaving the living quarters provided by companies and returning to their home areas. In April this year it happened again after a lockdown was announced. This migration has reignited debate about the housing gap in Indian cities.

The government has a 'Housing for All' plan which aims to provide around 20 million homes but some are now saying the numbers involved in the recent exodus suggest the 20 million target may need revising up. Greater investment in housing would make good economic sense as the real estate sector contributes 7-8% to India's GDP and more than 50 million workers depend on construction for their living.

See: <https://www.downtoearth.org.in/blog/urbanisation/lessons-from-covid-19-need-better-demand-estimation-factors-to-provide-housing-for-all-77199>

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

	US\$/cu.m C&F
Benin	294-658
Brazil	330—511
Sawnwood	221-543
Cameroon	639
Colombia	314-374
Costa Rica	314-316
Ecuador	216-495
Ghana	234-485
Sawnwood	485
Mexico	369-439
Sawnwood	373-585
Panama	258-450
Tanzania	192-294
Sawnwood	896
Togo	206-445
PNG logs	153-219
S. Sudan sawn	633

### Locally milled sawnwood prices

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

Price range depends mainly on lengths and cross-sections

### Sawn hardwood prices

Sawnwood (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,750-1,850
Sycamore	1,850-2,000
Red Oak	2,100-2,200
White Oak	2,650-2,800
American Walnut	4,050-4,500
Hemlock STD grade	1,350-1,600
Western Red Cedar	2,350-2,450
Douglas Fir	1,850-2,000
Merbau	4,000-4,200
Balau	2,500-2,700
Kempas	1,550-1,750

### Plywood

Prices remain unchanged

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

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

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

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	52.00	75.00
6mm	74.00	9200
9mm	93.00	113.00
12mm	113.00	135.00
15mm	135.00	164.00
19mm	159.00	183.00
5mm Flexible ply	100.00	

### Plywood market forecast

According to IMARC Group's latest report "Indian Plywood Market: Industry Trends, Share, Size, Growth, Opportunity and Forecast 2021-2026" the Indian plywood market reached a value of INR222.5 billion in 2020. Looking ahead, IMARC Group expects the market to exhibit moderate growth during 2021-2026.

See: <https://manometcurrent.com/indian-plywood-market-2021-size-growth-driving-factors-demand-and-competitive-outlook/>

### Higher temperatures and an erratic monsoon – rise in forest fires

After recording a seven-year low in 2020 in rural Maharashtra's there has been a worrying rise in forest fires this year. Data from NASA's Fire Information for Resource Management System (FIRMS) show a steep increase in fire counts in Thane this year. There was a more than doubling the number of forest fires (2,477) between 1 January and 28 March this year.

Rising temperatures and an erratic monsoon season have led to a drying of vegetation in parts of Maharashtra creating conditions in which fires can spread easily according to a scientist at the Indian Institute of Tropical Meteorology in Pune. Most fires are the result of human activity but their frequency and impact can be exacerbated by climatic conditions.

See: <https://www.hindustantimes.com/cities/mumbai-news/up-in-flames-maha-s-saga-of-forest-fires-101617045227064.html>

## Vietnam

### Tali imports rising

In May 2021 Vietnam's imports of tali from Gabon amounted to 32,300 cubic metres worth US\$13.1 million, rising 14% in volume and 14.7% in value compared to April 2021, but dropping by 6.4% in volume and 1.1% in value compared to May 2020

In the first 5 months of 2021 imports of tali from all sources amounted to 158,400 cubic metres worth US\$60.3 million, up 4.2% in volume and 11.5% in value over the same period of 2020.

### Prices (FOB) for tali imports

In April 2021 the average price of imported tali was US\$402.4/cu.m, down 1.8% compared to March 2021 and up 3.2% against April 2020.

In the first 4 months of 2021 the price of tali averaged at US\$407.6 US\$/cubic metres, up 6.7% over the same period in 2020.

### Suppliers of tali

In the first 4 month of 2021 imports of tali from Gabon, Hong Kong, Nigeria, Thailand and Ghana declined year on year while imports from Cameroon, Congo, and China increased.

In the first 4 month of 2021 Cameroon was the largest supplier of tali accounting for 65% of total imports at 86,700 cubic metres worth US\$34.6 million, down 1.2% in volume and 6.7% in value compared to the same period of 2020.

Following Cameroon, Gabon was the second largest supplier shipping 11,600 cubic metres, worth US\$5.3 million, up 32.9% in volume and 30.7% in value compared to 2020.

Hong Kong is the third supplier supplying 4,700 cubic metres, worth US\$1.6 million, up 335% in volume and 334% in value compared to 2020.

In addition, there are other countries re-exporting tali to Vietnam with an increasing volume, including Papua New Guinea increasing by 280.0%; Thailand by 911.3%; Ghana by 89.4%; Laos by 96.8%; Cambodia by 1,691.6%; EU up 1,806.6% etc.

In contrast imports of tali from certain suppliers decreased against 2020, including Cameroon dropped by 1.2%, Congo 4.3%; China 81% in volume.

### Top 10 tali suppliers in the first 4 months of 2021

	Volume cu.m rwe	Value US\$ 000s
<b>Total</b>	<b>132,700</b>	<b>54,094</b>
Cameroon	86,676	34,586
Gabon	11,635	5,263
Congo	11,481	6,010
Hong Kong	4,665	1,589
Nigeria	3,314	846
Thailand	3,228	845
Ghana	2,044	572
Singapore	1,340	644
China	1,325	660
EU	778	355

Source: Analysis of Customs data by Industry and Trade Information Center MoIT.

### Vietnam's export of W&WP to EU show positive growth

In May 2021 Vietnam's export of W&WP to the EU reached US\$64 million, up 130% compared to May 2020. In the first 5 months of 2021 W&WP exported from Vietnam to EU amounted to US\$314 million, up 45% over the same period in 2020.

In spite of the negative impact of the Covid-19 pandemic, Vietnam's W&WP exports to EU recorded a positive growth rate in the first 4 months of 2021.

With the recovery of EU economic growth and the recently concluded European Union – Vietnam Free Trade Agreement (EVFTA) the export of W&WP from Vietnam to EU is expected to grow even faster in the coming months.

### W&WP exports to EU in the first 4 months of 2021

	Jan-Apr 2021 US\$ 000s	YoY % change	% share 2021
<b>Total</b>	<b>250.377</b>	<b>32,6</b>	<b>100,0</b>
<b>Wooden furniture</b>	<b>211.162</b>	<b>33,7</b>	<b>84,3</b>
<i>Dining room</i>	104.501	27,9	41,7
<i>Wood-frame seats</i>	77.639	35,6	31,0
<i>Bedroom</i>	15.69	37,9	6,3
<i>Kitchen</i>	7.374	57,6	2,9
<i>Office</i>	5.958	104,9	2,4
Wood-based panels and flooring	25.914	27,5	10,4
Artificial items	2.194	101,1	0,9
Doors	770	-10,0	0,3
Mirror frames	131	24,1	0,1

Data source: General Department of Customs, Vietnam

### Export markets

In the first 4 months of 2021 Vietnam's W&WP export to EU increased especially to Germany where the value of imports was US\$52.83 million, up 16% over the same period in 2020.

Following Germany was France where imports from Vietnam were US\$47 million, up 28%, the Netherlands US\$38.9 million, up 56%, Belgium US\$22 million, up 43%. Exports to Romania reached US\$2.4 million, up 157% over the same period in 2020.

### Exports of W&WP to EU in the first 4 months of 2021

	Jan-Apr 2021 US\$ 000s	YoY % change	Share %
<b>Total</b>	<b>250,227</b>	<b>32.6</b>	<b>100</b>
Germany	52,823	15.6	21.1
France	47,019	28	18.8
Netherlands	38,913	56	15.5
Belgium	22,061	42.9	8.8
Spain	15,921	54.6	6.4
Denmark	16,946	61.9	6.8
Sweden	13,336	7.9	5.3
Italy	13,161	65.1	5.3
Poland	11,101	10.6	4.4
Ireland	7,892	29.8	3.2
Romania	2,387	156.9	1
Portugal	1,883	23.3	0.8
Czech Rep.	1,149	79.9	0.5
Greece	1,047	-9	0.4
Bulgaria	799	24	0.3
Croatia	731	86.9	0.3
Lithuania	654	-52.8	0.3
Austria	626	64.9	0.2
Slovenia	540	22.5	0.2
Finland	428	-2.2	0.2
Latvia	389	-12.4	0.2
Hungary	229	-5.3	0.1
Cyprus	192	109.2	0.1

Source: Analyzed by Industry and Trade Information Center, MoIT using Customs data.

### Wood product exports hit record high

Exports of W&WP plus NTFP surged 62% year on year to reach a record high of over US\$6.628 billion in the first 5 months of 2021 despite global supply chain disruptions. Of this figure US\$5.120 billion came from high value-added wooden furniture, up 80% against the same period last year.

Domestic producers have adapted well to the “new normal” by stepping up digital trade meetings and product promotion with foreign buyers in order to boost sales, said Deputy Minister of Agriculture and Rural Development Ha Cong Tuan.

There is plenty of room for the global wood and furniture market to grow, said Bui Chinh Nghia, Vice Director General of the Vietnam Forestry Administration under the Ministry of Agriculture and Rural Development.

Vietnam now makes up 9% of the global market he noted, stressing that with the current growth rate Vietnam will soon rise to the fourth or even third place among the world's largest exporters of wood products.

According to several foreign importers, COVID-19-induced social distancing orders and travel restrictions have forced people in many countries to work from home triggering increased demand for home furniture.

Made-in-Vietnam furniture has been more and more favoured by importers as producers have strictly complied with rules of origin. Insiders, however, warned that rising orders may cause trouble for Vietnamese producers as disruptions in supply of material wood remain of concern.

#### W&WP export/import over the 5 months of 2021

		US\$ bil.	Yoy growth
Export	W&WP plus NTFP	6.628	62%
Export	WP	5.12	80%
Import	W&WP	1.274	39%

Data source: Customs, Vietnam

#### Top export destinations

Destinations	Value (US\$ billion)	Growth % (-/+)
US	4.016	+99
China	0.677	+23
Japan	0.580	+11
South Korea	0.369	+7
UK	0.120	+46
Canada	0.104	+69
Australia	0.070	+50
Germany	0.062	+17
France	0.056	+30
Spain	0.018	+62

See: <https://en.tg.vn.com.vn/wood-exports-hit-record-high-despite-covid-19-in-five-months-147843.html>

## Brazil

### Sustainable forest management can supply demand in Pará

According to the Institute of Forest and Agricultural Management and Certification (Imaflora) Pará State, the second largest timber producing state in Brazil, has enough forest area to implement sustainable forest management capable of supplying, indefinitely, its current rate of log production.

According to an Imaflora study the state has the potential to double its log production from 3 million to 6 million cubic metres of roundwood a year using around 18 million hectares of public land.

Over the past few years logging in Pará has shifted to the regions of the Calha Norte in the Amazon River area (the northernmost region of the Brazilian Amazon) and to the west of the State due to the exhaustion of forests on the former forest frontiers.

This is worrying because of the risk that forests will continue to be logged at an accelerated pace in those regions and possibly encroach further into pristine forests.

The study points to four actions to address this risk:

- Speed up implementation of forest concessions and make them more attractive from an economic point of view.
- Extend support from public and private entities to communities that own forests with an interest in forest management so that environmental and social values are preserved.
- Develop a marketing strategy which promotes legality and emphasises preference for timber produced under sustainable forest management.
- Promote investment in technological development in the timber processing industry to improve the efficiency of timber production process.

Pará has a very large potential to maintain and even increase timber production if sustainable forest management is further promoted.

### Implementation of New Forest Code advances

The Forest Code (Law N° 12.651/2012) established the Environmental Rural Registry (CAR) system, an important tool for regularising data collection. Among the advances made has been streamlining CAR's analysis system.

The Brazilian Forest Service (SFB) and the Federal University of Lavras (UFLA) developed a system that automates analysis of the registration records sent by rural producers replacing the manual recording system.

Automation will speed up inspection and make producers with environmental liabilities (e.g. setting aside forest protection areas, such as permanent preservation areas and legal reserve areas) regularise their areas, thus, making Brazil comply with the commitments assumed at the Summit on Climate Change, that is, its goals to reduce greenhouse gas emissions.

This new system was initially tested in the state of Amapá and will now be implemented in the state of Paraná.

### Roundwood exports

Brazil has never exported so much roundwood as in the past two months according to the Secretariat of Foreign Trade in the Ministry of Economy. Some 537,000 tonnes of roundwood were shipped in April and May 2021, about 3 times more when compared to the same period in 2020.

In the first five months of the year the country has exported 1 million tonnes, representing 116% more than the volume exported from January to May 2020. The revenue rose to US\$84 million in the first five months, an 80% increase compared to the same period in 2020.

### Bento Gonçalves furniture cluster increases exports

The furniture industry continues its recovery process that began in the second half of 2020. The performance in the first quarter of this year reflects an increase in demand for furniture according to Sindmóveis (Furniture Industry Association of Bento Gonçalves).

In the Bento Gonçalves Region, the main furniture cluster in Brazil, revenue in the first quarter was R\$710 million, a 70% growth compared to the same period of 2020. This contributed almost 30% of the Rio Grande do Sul State revenue.

While the growth rate is high it should be viewed with caution as the comparison is related to the first months of the pandemic in 2020 when March was one of the worst periods in history for the furniture industry with a high level of uncertainty and production restrictions

According to the Ministry of Economy, furniture export shipments from the Bento Gonçalves region reached US\$12.6 million in the first quarter 2021, a 33% growth compared to the same period of 2020. The main destinations were the United States, Uruguay, Chile, Peru, the United Kingdom (UK), Colombia, Saudi Arabia, Mexico, Ecuador and Bolivia.

The State as a whole exported US\$54.5 million from January to March/2021, a 35% increase compared to the same period in 2020.

### Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	181
Jatoba	89
Massaranduba	80
Muiracatiara	83
Angelim Vermelho	79
Mixed redwood and white woods	65

Source: STCP Data Bank

### Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	744
Jatoba	363
Massaranduba	363
Muiracatiara	324
Angelim Vermelho	323
Mixed red and white	215
Eucalyptus (AD)	162
Pine (AD)	107
Pine (KD)	136

Source: STCP Data Bank

### Domestic plywood prices (excl. taxes)

	US\$ per cu.m
Parica	
4mm WBP	375
10mm WBP	339
15mm WBP	281
4mm MR.	329
10mm MR.	248
15mm MR.	222

Prices do not include taxes. Source: STCP Data Bank

### Prices for other panel products

	US\$ per cu.m
Domestic ex-mill prices	
15mm MDParticleboard	165
15mm MDF	206

Source: STCP Data Bank

### Export sawnwood prices

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

Source: STCP Data Bank

### Export plywood prices

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

Source: STCP Data Bank

### Export prices for added value products

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

Source: STCP Data Bank

## Peru

### Online tool to verify the legal origin of wood

The National Forest and Wildlife Service (SERFOR) has announced progress with the construction of a 'Control Module of the National Forest and Wildlife Information System of Peru (MC-SNIFFS)', a tool that will contribute to verifying the legal origin of wood. The system is expected to be operational in 2022.

SERFOR, together with the Regional Forest and Wildlife Authorities of the Amazon, is leading this development that will allow monitoring in the forest, during transportation and during processing and marketing.

The MC-SNIFFS system will contain information on forest concessions, utilisation permits, management plans, operational plans and management declarations among others in order to provide an efficient and transparent public service.

In addition, the MC-SNIFFS will boost the competitiveness of the private sector and help boost productivity in the Amazonian region.

In related news the Regional Government of San Martín will launch a web portal for transparency and access to forest and wildlife information. This development is supported by SERFOR.

The portal will make it possible to quickly identify illegal practices during the administration and management of forest and wildlife resources. The Regional Government of San Martín in coordination with the SERFOR Forestry Program carried out a virtual trial to present the web portal as an easy to use system.

## Opportunities to export timber to Israel and Saudi Arabia

Staff in Peru's embassies in Israel and Saudi Arabia have determined these countries represent opportunities for wood product exporters.

Israel depends on timber imports and is a potential market for profiled wood according to Estefany Jordán, head of the Consular Section of the Peruvian Embassy in Israel. This was reported during a virtual forum 'Profiled wood market in Israel and materials for construction in Saudi Arabia' organised by the Association of Exporters (ADEX) and the Ministry of Foreign Affairs.

The head of the Consular Section of the Embassy of Peru in Saudi Arabia, Rafael Vallejo, pointed out that demand for wood products in the construction sector in that country is huge and a good part of this demand is provided by imports.

## SERFOR approves regulations for wood products

SERFOR recently approved regulations defining a range of wooden constructional products. These regulations describe how these products should be made to a unified standard.

SERFOR is coordinating with the Center for Productive Innovation and Technology Transfer of Wood (CITE Wood) in the Ministry of Production to conduct tests based on the regulated products.

Additionally, SERFOR, through the Promotion and Competitiveness Directorate, is working on the preparation of regulations for school furniture made of wood which will enable small and medium-sized companies to offer products.

## Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	659-673
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market Grade 2, Mexican market	584-612 498-523
Cumarú 4" thick, 6"-11" length KD Central American market Asian market	997-1029 1088-1111
Ishpingo (oak) 2" thick, 6"-8" length Spanish market Dominican Republic	596-617 694-710
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)	237-242

## Export veneer prices

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

## Domestic plywood prices (excl. taxes)

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

## Export plywood prices

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

## Domestic prices for other panel products

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

## Export prices for added value products

Peru, FOB strips for parquet	US\$ per cu.m
Cabreuva/estoraque KD12% S4S, Asian market	1327-1398
Cumarú KD, S4S Swedish market	986-1119
Asian market	1089-1119
Cumarú decking, AD, S4S E4S, US market	1204-1237
Pumaquiro KD Gr. 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market	544-577
2x13x75cm, Asian market	756-822

## Japan

### New strategy - focus on economic security

The government is set to approve a new growth strategy and the domestic media anticipate the focus will be on economic security reflecting the rising tension between the United States and China. During a press briefing on the strategy a government spokesperson is quoted as saying "I doubt there were growth strategies in the past that played up economic security as a pillar like this one does."

Masaya Sasaki, Senior Economist at the Nomura Research Institute commented that under the current situation it will be difficult to promote free trade and the transfer of data so Japan will shift direction.

The Japan Times reports that in the new growth strategy document the chapter on economic security says that Japan:

- aims to secure technological advantages by analysing, identifying, fostering and protecting technologies in which the country has a competitive edge
- will focus on reducing risks of supply chain disruptions for vital products such as semiconductors, medical items, batteries and rare earths
- pledges to prop up the competitiveness of the chip industry
- seeks to attract cutting-edge production bases to the country
- plans to build more domestic data centres to store sensitive data within the country

The draft of the growth strategy states that the changing international environment has prompted other nations to make “unprecedented levels of investment to secure production bases that are vital in terms of economic security within their home countries.”

The changing economic direction will require the private sector to face issues of economic security that it unaccustomed to. Companies will need to have tighter control of supply chains and on raw material sourcing which could push up costs.

See:

<https://www.japantimes.co.jp/news/2021/06/10/business/economy-business/suga-economic-security/>  
and

<https://www.cas.go.jp/jp/seisaku/seicho/seichosenryakukaigi/dai11/siryou1-1.pdf>

### OECD cuts growth forecast

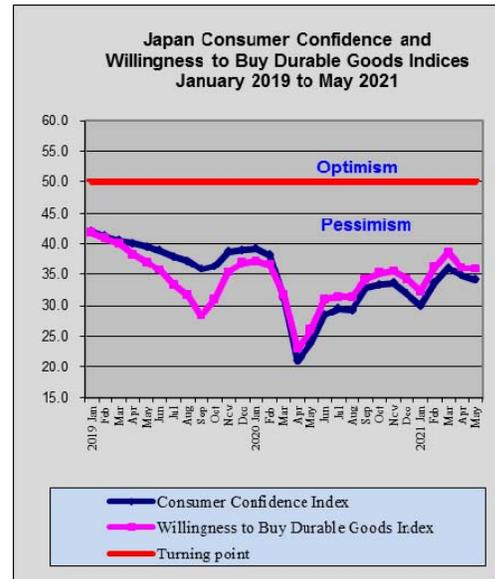
The Organisation for Economic Co-operation and Development (OECD) has upgraded its forecast for global economic growth this year but cut its projection for Japan. Japan's growth estimate for 2021 as downgraded to 2.6% from the previous estimate of 2.7% due to the introduction of strict virus control measures and the slow progress in Japan's vaccination campaign compared with other OECD countries.

### Third virus emergency holding down recovery prospects

The Cabinet Office has said its latest survey shows sentiment among large Japanese companies in the April-June period became more pessimistic for the second straight quarter. The confidence index, which surveys firms capitalised at yen1 billion or more declined to minus 4.7 from minus 4.5 in the January-March period, the second consecutive negative quarter.

The index for manufacturers turned negative for the first time in four quarters. The index for non-manufacturers remained negative although it improved slightly.

The report says the third virus emergency and lockdown is having a damaging impact on the non-manufacturing sector.

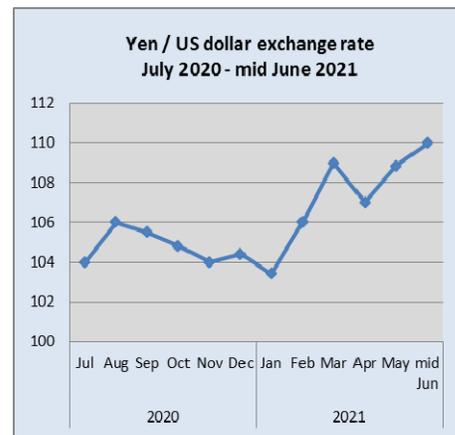


Data source: Ministry of Finance, Japan

### No shift in yen/dollar exchange rate anticipated

The yen dipped slightly mid-month to below yen 109 to the US dollar but there is unlikely to be any major shift in exchange rates in the short term.

The short lived strengthening of the US dollar was triggered by a faster than expected increase in the US consumer price index. Analysts do not foresee any major strengthening of the dollar against the yen under the current interest rate regime in the US.

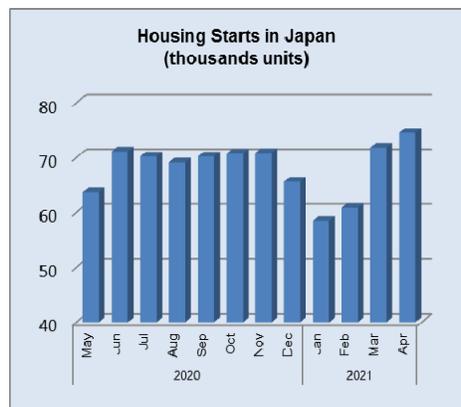


### Local governments offering (almost) free homes

Japan's Housing and Land Survey which is conducted every five years found there are more than 8 million empty homes in rural Japan. Now local governments with a stock of empty homes are making it easy for anyone willing to come and renovate by selling them for as little as yen 50,000.

Some local authorities have what are called "akiya bank" websites listing abandoned homes. The central government is offering financial incentives and renovation subsidies.

See: <https://www.insider.com/japanese-government-selling-rural-homes-cheap-akiya-banks-2021-5>



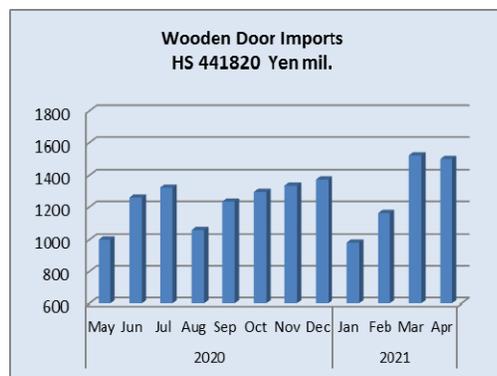
Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

### Import update

#### Wooden door Imports

In April 2021 manufacturers in China, the Philippines and Indonesia provided most (92%) of Japan's wooden door imports. Shippers in China accounted for 62% of April door imports, the same proportion as in March. Most of the balance was shipped from Europe and the US.

Year on year, April 2021 imports were 10% higher but compared to the value of March imports there was a slight decline in April.



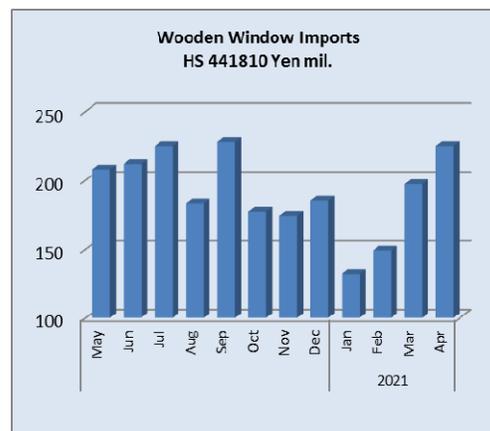
Data source: Ministry of Finance, Japan

#### Wooden window imports

The value of Japan's wooden window (HS441810) imports in April 2021 were some 15% higher than in March but year on year there was a decline of around 12%.

Three shippers, China (50%), the Philippines (14%) and the US (12%) accounted for most of Japan's wooden window imports in March 2021. Shipments from the US fell by half in April compared to a month earlier.

Most of the balance not provided by the top three shippers came from the EU (17%) with Germany contributing 9% to Japan's overall wooden window imports.

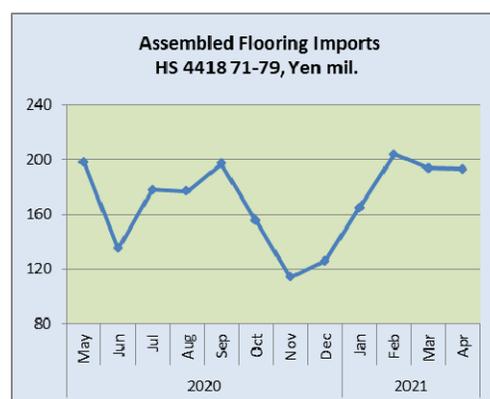


Data source: Ministry of Finance, Japan

#### Assembled wooden flooring imports

As in previous months around 60% of flooring shipments were of HS441875 with most coming from China and Malaysia. The second largest category of wooden flooring was HS441879 which accounted for just over 30% of all wooden flooring imports. In this case, Indonesia and the US were the main suppliers.

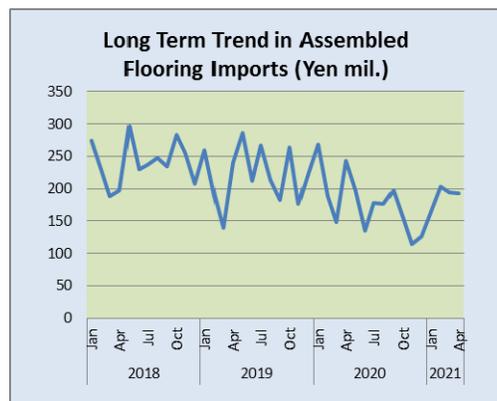
Year on year the value of Japan's imports of assembled wooden flooring (HS441871-79) in April fell 20% adding to the 7% drop in March. Month on month assembled flooring imports in April were largely unchanged from March figures.



Data source: Ministry of Finance, Japan

The Long term trend in assembled flooring imports is illustrated below. In early 2020 there was a sharp downturn as the seriousness of the corona virus infection became clear.

The recovery in the first quarter 2020 was short lived and despite the peaks and dips in the value of imports there has been a steady decline. This is a largely a response to falling housing starts and declining investment in commercial property.

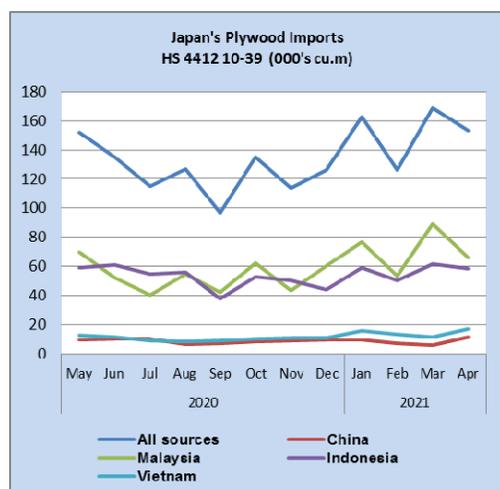


### Plywood imports

Year on year the volume of April imports of plywood (HS441210-39) was down 7% and compared to March the volume of imports dipped almost 10%, a correction after the peak in March.

Plywood shipments from Malaysia and Indonesia, the main suppliers, dropped with shipments from Malaysia showing a significant decline month on month. In contrast, shipments from China jumped while the volume of shipments from Vietnam remained at around the same level as in March.

Of the various categories of plywood imports, HS441231 accounted for most of April 2021 imports with HS441234, the second highest category.



Data source: Ministry of Finance, Japan

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

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

Data source: Ministry of Finance, Japan

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

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

For the JLR report please see: [https://jfpj.jp/japan\\_lumber\\_reports/](https://jfpj.jp/japan_lumber_reports/)

### 2021 National Forest business

The forestry Agency disclosed main subjects of 2021 national Forest business.

Planned sales of logs and timber are 4,882,000 cbms, 6% more than 2020 but it states that there could be changes depending on COVID 19 pandemic and supply of imported wood products.

Business plan based on the budget is 7,163,000 cbms of main cut (1% more) and 7,064,000 cbms of thinning (2% more) Sales volume is 2,891,000 cbms of logs (4% more) and 1,991,000 cbms of timber (9% more) in sales.

System sales are 1,990,000 cbms of logs (3% more) and 20,000 cbms of timber (67% less). System sales are direct sales to large consumers like lumber mills and plywood manufacturers.

In 2020, because of COVID 19 pandemic, supply was adjusted nationwide so that actual sales decreased from initial plan on both logs and timber. In 2021, time limit of harvest and hauling out of timber sold is off and there is no restriction of timber harvest and extension of public sales so this year's result should be higher than last year.

The Forestry Agency says supply and demand of logs vary by the area so it is necessary to keep watching the situation closely and exchange information with private timber owners and forest unions.

Plan of building new logging road is 122 kilometers (15% less) as the Agency mainly spends budget to maintain existing logging road system. Planned plantation is 5,400 hectares (14% less) and underbrush cleaning is 22,400 hectares (8% more). 57,400 million yen is allocated to maintain forests for repair of flood damaged areas.

#### **2020 wood statistics**

The Ministry of Agriculture, Forestry and Fisheries publicized 2020 wood statistics on April 30.

Total demand for logs including imports is 23,550,000 cbms, 10.6% less than 2019. This is the first time that the volume dropped less than 24,000,000 cbms in ten years. Domestic logs are 19,882,000 cbms, 9.1% less and imported logs are 3,668,000 cbms, 17.8% less so domestic share moved up by 1.3 points to 84.4%.

New housing starts in 2020 are 815,340 units, 9.9% less than 2019. Increased consumption tax in late 2019 and COVID 19 outbreak in 2020 are reasons of decline. Decrease of log demand and drop of housing is almost the same. Domestic log supply had been climbing from bottom of

2009 with 16,620,000 cbms for last ten years the turned downward in eleventh year. Volume of less than 20,000,000 cbms is the lowest in six years since 2014. Reasons are decrease of logs for lumber by 9.8% from 2019 and logs for plywood also decreased by 11.6%.

By species, cedar decreased by 8.3%, cypress did by 8.9%, larch did by 9.4% and fir declined by 21.5%.

Imported logs have decreased for four consecutive years since 2016 and the volume dropped less than 4,000,000 cbms. By source, North American logs dropped down by 17% to 2,840,000 cbms, which takes 77% share in total imported logs.

Logs from New Zealand decreased by 18.1%. Russian logs did by 15.9% and South Sea logs did by 37.2%. Among imported wood products, lumber decreased by 13%, plywood did by 13% and wood chip did by 22%.

Housing starts in 2021 are estimated about the same as 2020 so far but variable factor is supply of imported wood products, which seem to decrease considerably so demand shifts to domestic wood. Accordingly domestic log supply should be up.

#### **South Sea logs**

Rainy season is over in the South East Asian countries but there is not enough foreign workers at logging sites because of COVID 19 outbreak. Then since last March, India started buying logs aggressively in Malaysia and PNG. India had been buying logs from Myanmar but due to political confusion in Myanmar, India goes to other supplying countries including Africa.

In Japan, there is not enough reaction to what's happening in producing countries with limited demand and ample inventory now. Prices of South Sea log based Chinese and Vietnamese products such as laminated free board continues up because raw materials cost is getting higher

#### **Anxiety of house builders in "Wood Shock"**

Nightmarish month of April is over for house builders. Since late March, supply of wood building materials became critically short and building materials market got into real confusion. Housing starts have started delaying since May. House builders say this is as bad as natural disaster and majority comments that housing starts this year would decrease by 20-30%. Only thing house builders can do is to secure the imported materials even with high prices.

House builders could select any precutting plant with desirable building materials so it has been buyer's market all the time for years so some builders are not aware of change of the situation until last minute while others have been collecting information through precutting plants and trading companies and felt the change sooner.

After the largest precutting company has started restricting taking orders in late March, majority realized seriousness of the situation and construction has actually started delaying since May because of shortage of structural materials and precutting companies started turning down orders one after another. There are many orders without any precutting process so these orders are pushed behind so the situation turned to sellers' market totally.

Precutting companies are now reviewing relationship with house builders and select builders with which they can continue business in fair attitude.

Builders, which have been arrogant, are now dumped so good past relationship becomes main factor to continue business. Even local contractors, advanced contractors use more quality domestic wood so that even when imported materials are short, they have enough domestic wood materials so far.

For house builders, sold houses have fixed prices for house buyers but after they sold, precutting cost jumped up which builders need to absorb.

Then new orders have no place to pre-cut so completion time is pushed forward so builders are not able to tell house buyers time of completion. Also delay of construction gives grave impact to builder's finance.

Sales of detached unit built for sale have been very active for last one year and the inventory has decreased rapidly so that builders can sell without any discount but lack of building materials is the same but builders with sufficient materials would enjoy good business.

Since COVID 19 pandemic, business of restaurants, bars and hotels has been badly damaged by the State of Emergency declaration but housing business in 2020 dropped only by 10% or so which is lucky compared to other business but now housing market is seriously damaged by material shortage and the starts this year may decrease by 20-30%, which is much worse than last year. This is unexpected incident nobody has experienced before.

#### **South Sea hardwood plywood market**

Market prices of 12 mm panel are climbing. In Tokyo market, prices of 3x6 coated concrete forming panels are about 1,430 yen per sheet delivered, 70-80 yen higher than last month.

Export prices by the suppliers continue climbing and future prices are as high as 1,500 yen sheet so the dealers in Japan need to increase the sales prices to catch up future high prices. Export prices of 12 mm panel have been climbing by \$30 every month since late last year.

General view was that once rainy season is over in March and April, log supply increases and export prices would be easing and low cost panel of 1,300 yen contracted in late last year should arrive so supply shortage would be solved so the price increase has been small like 20-30 yen at a time but actually the suppliers in Malaysia like Shing Yang stopped taking new orders in March to produce order balance first.

They started taking orders in April but the volume is very small and the prices are up by US \$30 again so JAS 3x6 coated concrete forming panel prices climbed to US \$650 per cbm C&F. The suppliers do not care about having future orders unless offered prices are accepted so the Japanese importers had to accept the offered prices because the inventory is extremely low in Japan.

Local plywood manufacturers are experiencing labor shortage because of restriction of moving people across provinces, which influence logging and plywood mill operations. Log prices are abnormally high at this time of year because of aggressive purchase by India. In this situation, the suppliers ship out mixture of old contracts and newer high priced contracts so the importers need to increase the prices much faster now.

#### **Price increase by various manufacturers**

##### *Daiken Corporation*

Daiken Corporation (Osaka) raised the prices of flooring with South Sea plywood base. Others are composite floor, insulation board. MDF manufactured in Malaysia and New Zealand will be raised by about 15%.

Reasons of price hike are soaring South Sea hardwood plywood, higher cost of petrochemical products and higher cost of energy. Prices of composite floor with South Sea hardwood plywood base and related products are up by 10% and these of composite floor for condominiums with 9 mm base are up by 15%.

Daiken's total production of floor is about 1.5 million square meters and products for price hike is 231,000 square meters, only 15% in total floor products.

On MDF, prices of wood chip and adhesive climbed and transportation cost soared.

Daiken has been shifting to use planted species and domestic plywood to reduce use of South Sea hardwood plywood and now 85% of floor is made with such materials plus MDF, which is named 'E hard base' meaning eco base material. It still uses South Sea hardwood plywood for high performance floor and sound proof floor for condos but because of high cost of South Sea hardwood plywood, it will continue to try using eco base more.

##### *Nankai Plywood*

Nankai Plywood Co., Ltd. (Kagawa prefecture) announced to increase the prices by 10-20% of all the products with South Sea hardwood plywood base such as ceiling board, panel for closet, 12 mm floor and 6 mm floor.

South Sea plywood supply gets tight with log supply shortage, labor shortage by restriction with COVID 19 outbreak and the prices continue to climb by high price dealings with busy North American market and container shortage. Other domestic costs such as adhesive, cardboard for packaging, trucking and labor continue escalating.

##### *Asahi Woodtech Corporation*

Asahi Woodtech Corporation (Osaka) announced price hike on products like composite floor since July 1. Items of price increase are products with South Sea hardwood plywood and lumber.

Reasons of price increase are sizable increase of South Sea hardwood plywood and lumber, higher cost of logistics and other materials. 10-15% price increase is for five kinds of composite floor, 5-10% up for seven kinds of composite floor with South Sea hardwood plywood base. Besides flooring, products with South Sea hardwood lumber are up by 5-10%.

### *Eidai*

Eidai Co., Ltd. (Osaka) decided to increase the prices of all the products listed in the catalogue. Price increase of sound proof floor is about 15%. Other floor prices will be up by 5-10%.

Solid wood flooring is manufactured in the subsidiary company in Vietnam. Raw material cost is climbing and ocean freight is up so price increase is unavoidable. Eidia has been trying to change floor base from South Sea plywood to domestic softwood plywood and it targets to use domestic plywood base up to 50% by 2025.

## China

### **Investment for forest recovery**

In order to improve the operational status of state-owned forest farms and improve the overall quality of forests some RMB448 million has been invested to create national reserve forests in Guiyang city of Guizhou Province

The Guiyang municipal government will eventually build a forest industrial complex along with the national reserve forest project which is expected to produce high value timbers.

See:

[https://baijiahao.baidu.com/s?id=1701727485532380164&wfr=s\\_pider&for=pc](https://baijiahao.baidu.com/s?id=1701727485532380164&wfr=s_pider&for=pc)

### **Forest authorities in China and Eastern Europe expand cooperation**

The forest authorities in China and 15 Central and Eastern European countries have agreed to further strengthen forestry cooperation and promote the development of forestry bio-economy in order to mitigate climate change, achieve globalisation and contribute to the United Nations Sustainable Development Goals.

The countries pledged to work on the following:

- To adopt and strengthen policy exchanges among forestry authorities
- To carry out joint research, innovation and product research and development
- To promote forest product trade and investment and strengthen forestry education and skills
- To cultivate technical exchanges
- To promote cooperation between enterprises
- To promote sustainable and multi-functional forest management
- To strengthen cooperation in tourism and other fields
- To accelerate the development of forestry bio-economy

See:[http://www.gov.cn/xinwen/2021-06/02/content\\_5615051.htm](http://www.gov.cn/xinwen/2021-06/02/content_5615051.htm)

The Assistant Minister of Commerce, Ren Hongbin, said at a recent press conference held by the State Council Information Office that trade between China and 17 Central and Eastern European countries was over RMB30 billion in the first quarter of this year.

See: [http://www.gov.cn/xinwen/2021-05/12/content\\_5606053.htm](http://www.gov.cn/xinwen/2021-05/12/content_5606053.htm)

### **Drop in production due to pest control measures**

Nankang District in Ganzhou City, Jiangxi Province is the largest solid wooden furniture production and manufacturing base in the country with more than 6,000 furniture enterprises with an annual output value of RMB200 billion. Around 3 million cubic metres of pine panels are imported annually. The enterprises support over 100,000 jobs.

After the implementation of pinewood nematodes control measures a ban on pine panel processing was introduced which meant furniture enterprises were unable to export products. This resulted in a drastic reduction in production and sales, the suspension of business and unemployment. In response the Nankang District approved the import of pine panels to help industry recover.

See: <http://jx.people.com.cn/n2/2021/0531/c190181-34752338.html>

### **Earnings by furniture enterprises continue to grow**

According to financial data from National Bureau of Statistics on industrial enterprises from January to April 2021 profits of enterprises with annual revenue of RMB20 million reached RMB2.59 trillion, up 1.06 times over the same period of 2020. The income of furniture manufacturing enterprises was RMB228.42 billion, up 35% year on year and the total profit by furniture manufacturing enterprises was RMB9.77 billion, up 51% over the same period of 2020.

From January to April 2021 the income of wood, bamboo, cane, palm and grass product industries reached RMB282.19 billion, up 29% year on year. The profit of this group of industries was RMB9.27 billion, up 15% over the same period of 2020.

See: [https://www.sohu.com/a/468934321\\_410741](https://www.sohu.com/a/468934321_410741) and [http://www.stats.gov.cn/english/PressRelease/202105/t20210528\\_1817938.html](http://www.stats.gov.cn/english/PressRelease/202105/t20210528_1817938.html)

### Correction

The statistics on China's first quarter 2021 imports reported in the TTMR (25/10 16-31 May 2021) Page 17 'Rise in log and sawnwood imports from Germany' as published on a trade website have been found to be incorrect.

The following is what we have determined from China's Customs statistics:

The volume of China's log imports in the first quarter 2021 rose 25% to 14.95 million cubic metres and the value of log imports grew 33% due to imports of a higher volume of higher quality logs.

#### First quarter 2021 log imports

Volume	Q1 2020 mil. cu.m	Q1 2021 mil. cu.m	% Change 2021-20
Total log imports	11.94	14.95	25
Softwood logs	8.80	11.80	34
All hardwood logs	3.14	3.15	0.3
of which tropical	1.995	1.92	-4

Data source: Custom, China

The volume of China's sawnwood imports in the first quarter 2021 fell 11% to 6.18 million cubic metres and the value of sawnwood imports fell slightly.

#### First quarter 2021 sawnwood imports

	Q1 2020 mil. cu.m	Q1 2021 mil. cu.m	% Change
Total sawnwood imports	6.97	6.18	-11%
Sawn softwood	5.16	4.13	-20%
All sawn hardwood	1.81	2.06	13%
of which tropical	1.42	1.397	-2%

Data source: Custom, China

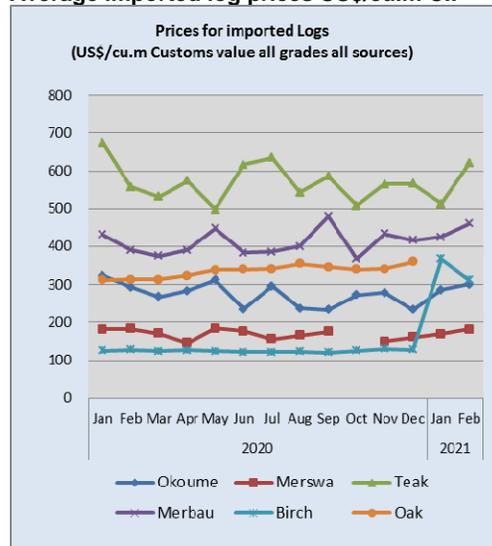
When first quarter 2021 hardwood import volumes broken down by source become available these will be published.

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

	2021 Jan	2021 Feb
Okoume	286	301
Merswa	169	182
Teak	514	621
Merbau	461	426
Birch	367	312
Oak		

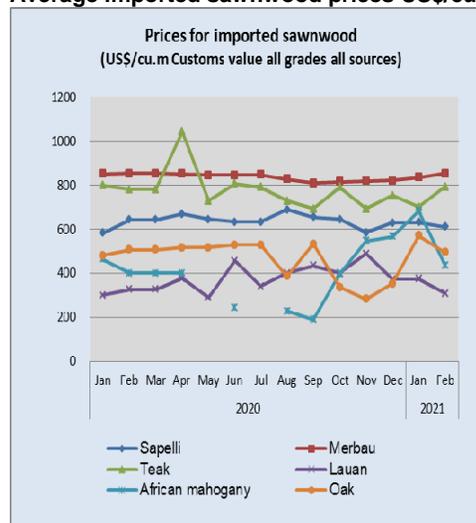
Data source: China Customs. Customs value all grades, all sources

#### 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

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

	2021 Jan	2021 Feb
Sapelli	632	612
Merbau	835	853
Teak	702	794
Lauan	374	308
African mahogany	684	438
Oak	571	496

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

### Benefits of FLEGT licensing to European market prospects

A survey of over 130 companies in the EU+UK, including a significant proportion of the region's largest importers of tropical timber products, highlights that FLEGT licensing has helped boost market prospects for Indonesian products. It also shows that implementation of the EU Timber Regulation (EUTR) and associated rising dependence on certified products has led to a narrowing in the range of tropical companies supplying the region overall.

But while EUTR contributed initially to the fall in share of tropical timber products in the EU+UK market, the survey reveals that this effect may be moderating and a significant minority of respondents now suggest that the existence of EUTR is helping to reduce reputational problems surrounding trade in tropical timber.

The survey was undertaken in 2020 by the FLEGT Independent Market Monitor (IMM), the ITTO project supported by EU funding, and covered tropical timber trading companies in six countries (Belgium, France, Germany, Italy, the Netherlands and the UK) which together account for over 90% of EU+UK timber imports from VPA partner countries.

The 2020 survey built on earlier IMM surveys undertaken each year between 2015 and 2019 and covered a broad range of private sector players, including importers and agents as well as manufacturers, retailers, wholesalers and building contractors.

In response to a question on which country respondents believed would be the most important supply country for tropical timber five years from now, Indonesia received by far the most individual votes in the 2020 survey, overtaking all four countries identified as potentially more important when the same question was asked in 2018 (Cameroon, Brazil, Malaysia and Congo Republic).

Indonesia received 45 out of a total of 293 votes in 2020 (survey respondents were allowed multiple answers), compared to 38 votes for Malaysia, 36 votes for Cameroon, and 32 votes for Brazil. Vietnam ranked only 9th in the 2020 survey, a result likely due to the fact that most respondents are importers of HS44 wood products, rather than furniture which dominates imports from Vietnam.

India (3 votes) emerged for the first time as a potential key supplier in the 2020 survey. Over the last decade, Indian exports of wood products and especially furniture increased substantially to a number of countries in the EU+UK including Germany, the Netherlands, the UK and France.

Brazil made a sharp recovery in 2020, after a drop to just 12 votes and 9th place in the ranking in 2019.

However, according to survey respondents, doubts still persist regarding the political situation in Brazil and the implications for timber legality and EUTR due diligence.

Several other South American countries were mentioned as having potential to gain in importance as suppliers to Europe, including Peru (8 votes), Bolivia (3 votes) and Suriname (3 votes). Among South American VPA partner countries, Guyana (3 votes) was considered to have slightly more potential as a supplier than Honduras (1 vote) in 2020.

Surveyed companies were asked whether FLEGT Licensing and the introduction of the EUTR has had any direct impact on the share of tropical timber in their overall timber imports.

Two thirds of respondents confirmed fully or partially that, where possible, they would give preference to FLEGT-licensed timber from Indonesia over unlicensed timber from competing sources. The proportion of respondents reporting small increases in Indonesian timber product imports due to introduction of FLEGT-licensed timber rose sharply to 28% last year; this compares to 12% in both 2018 and 2019. A few respondents indicated that Indonesia had gained market share from South American and Malaysian suppliers.

Nevertheless, a significant majority (71%) of respondents reported that FLEGT-licensing has led to "no change" in the share of Indonesian products in their purchases, a fact at least partly due to Indonesia supplying limited, even negligible, volumes of some key timber products (notably rough sawn hardwood).

The 2020 survey also showed that 60% of respondents found that the administrative process of importing FLEGT-licensed timber was easily understandable and manageable, a rise from around 50% in 2019 and less than 20% in 2017 survey. The number of respondents highlighting challenges in the FLEGT licensing procedure stabilised at a low level in 2020, after declining sharply in 2018 and again in 2019.

The number of respondents stating that they are "fully aware of the FLEGT process and what it involves" increased by 10 percentage points to nearly 60% between 2019 and 2020, the third year of increase. The proportion of respondents that was partially aware was close to 40% in 2020 and those stating they were "unaware of FLEGT" fell to a negligible level in 2020.

### EUTR shifting from negative to a positive factor for tropical timber

On the impact of EUTR, the proportion of respondents reporting either small or large decreases in the share of tropical timber in their overall timber imports due to introduction of EUTR fell from 38% in 2019 to 24% in 2020. In 2020, 67% of respondents said there was no change in their purchase of tropical timber as a result of EUTR and 8% said the regulation was encouraging increased purchases of tropical timber.

Respondents who noted an increase in tropical timber imports due to EUTR said that this was a result of an increased level of trust in the legality of tropical timber amongst their customers. Although only a minority had this view, it seems to be a rising trend. No respondents in 2018 and just 2% of respondents in 2019 said their imports of tropical timber had increased as a result of EUTR.

Survey respondents reporting negative impacts on market share of tropical timber said that EUTR due diligence had narrowed their supply base in tropical countries. Also noted was an increasing concentration of tropical timber and timber product import trade in the hands of “specialist” exporters and importers. This means that overall volumes produced and traded are not necessarily declining, but the number of companies involved in trade is, with larger companies typically taking over from smaller competitors.

Respondents also indicated that EUTR has caused the sector to reconsider its supply chain relationships, which sometimes resulted in increasing substitution of tropical hardwoods with alternatives, including temperate hardwoods and chemically or thermally modified timber as a result of EUTR.

Around two thirds of respondents reckoned that the preference for certified timber products has increased since introduction of EUTR, although not necessarily to a large extent and with FSC benefiting more than PEFC. 12% of respondents noted a big increase in the share of FSC certified tropical timber and an additional 43% a small increase due to EUTR. This compares to 5% noting a big increase and 32% a small increase in share of PEFC certified tropical timber as a result of EUTR.

Some respondents to the survey suggested that the extent to which certified products has increased share is significantly constrained by capacity and cost constraints for certified tropical timber against the background of limited further progress towards forest certification in tropical countries.

As a result, the stronger focus on certified products, both to support EUTR compliance and to achieve goals set by procurement policies, has, according to a number of IMM survey respondents, further intensified substitution of tropical timber products with alternatives made of temperate wood, which are much more readily available with FSC or PEFC certification.

#### **Interaction between certification and licensing**

When asked whether the market introduction of FLEGT-licensed timber from Indonesia has had any impact on their purchases of certified timber a large majority of respondents (around 80%) answered “no change” in 2020, similar to previous IMM surveys. Only a very small proportion of respondents (less than 5%) suggested that introduction of licensing had reduced the share of tropical timber certified by FSC or PEFC.

In 2020, there was a significant change with several respondents from the Netherlands and the UK, in particular, reporting increases in the share of certified timber due to FLEGT-licensing. These companies said that they had started buying from Indonesia as FLEGT-licensing had increased their trust in the country’s environmental performance. However, due to company policy they still only buy certified products, so certification benefitted indirectly from FLEGT-licensing in Indonesia.

In short, the evidence from this survey is that FLEGT licensing does not detract from market demand for certified tropical wood. Instead, it can assist market development of certified timber from countries also offering FLEGT licenses by improving confidence in the overall framework of forest governance in those countries.

While the IMM survey indicates that confidence in certified products may be boosted by FLEGT licensing, a significant proportion of respondents believed that FLEGT Licenses should themselves be recognised as evidence of sustainability in procurement policies.

In 2019, 42% of survey respondents either fully or partially agreed that Licensing should be recognised as evidence of sustainability. In 2020, this proportion increased sharply to 61%. Only 12% of respondents fully or partially disagreed with such a recognition in 2020, down from 22% the year before. The remaining respondents were neutral on the subject.

On the other hand, the response to another question implied a greater level of uncertainty in the European trade on the extent to which FLEGT licensing should be regarded as evidence of sustainability. In each annual survey between 2018 and 2020 respondents have been asked to indicate the extent to which they agree or disagree with the statement “FLEGT means ‘just legal’ and has nothing to offer in terms of sustainability”.

In every survey to date, the proportion wholly or partially agreeing with this statement (and thereby implying that FLEGT did not provide proof of sustainability) has been significantly higher than those disagreeing. In 2020, 55% wholly or partially agreed while 25% wholly or partially disagreed (20% were neutral). This result was less favourable than in 2019 when 43% tended to agree and 33% tended to disagree.

This highlights the still significant need for consistent communication on FLEGT and what it delivers in relation to sustainability. It also emphasises that if FLEGT licensing is to fulfil its full market development potential, it needs to be endorsed more widely as evidence of sustainability in public sector and corporate procurement policies.

Further details are available from the FLEGT Independent Market Monitor ([www.flegtim.eu](http://www.flegtim.eu))

### **IMM webinar on tropical timber trade trends during the pandemic**

Tropical timber trade trends through the pandemic and the latest on FLEGT, including UK promotion of the initiative, are topics of an Independent Market Monitor (IMM) webinar at 10 am-12 noon on CET June 24. The IMM's mandate is to monitor trade impacts and perceptions of FLEGT Voluntary Partnership Agreements (VPAs) and market performance of FLEGT-licensed timber in the EU and UK.

The webinar will feature IMM's analysis of the tropical trade over the last 12 months and the effect of the COVID-19 health crisis on supply and demand. It will also include a summary of recommendations and conclusions around the FLEGT initiative from four years of IMM market surveys and trade consultations.

A key point voiced by the trade in IMM studies is the need to raise the market profile and awareness of FLEGT. The UK Timber Trade Federation is among the most active players in promotion of the initiative and will outline the initiatives and impacts of its FLEGT communications programme to date and plans for the future.

To sign up to this free event visit:

[https://us02web.zoom.us/webinar/register/WN\\_vwZH7ihs061CM2JN5vX6w](https://us02web.zoom.us/webinar/register/WN_vwZH7ihs061CM2JN5vX6w)

### **Record penalty imposed for illegal timber import into the EU**

According to a report by the Environmental Investigation Agency (EIA), WOB Timber, a logging company based in Hamburg, Germany, has been ordered by a court to pay a €3.3 million fine for illegally trading Myanmar timber. The April 27 decision was one of the highest financial penalties for this type of crime in the European Union.

On 27 April, the Regional Court in Hamburg found that WOB Timber had evaded the EU sanctions on 31 separate shipments of timber worth millions of euros from 2008-11, when the previous military junta –the State Peace and Development Council (SPDC) – was sanctioned by the EU.

According to an investigation by EIA, many of the shipments involved timber being processed in Taiwan P.o.C and declared as originating from that country, rather than Myanmar, to evade the sanctions.

In addition to fining the company, the Court sentenced director Stephan Bührich to a 21-month suspended prison sentence and a fine of €200,000 and warned further cases would result in even harsher penalties.

More details at <https://eia-international.org/news/german-firm-investigated-by-eia-convicted-for-breaking-eu-sanctions-by-trading-illegal-myanmar-teak/>.

### **EU and Honduras sign FLEGT agreement**

On 27 of April the European Parliament adopted a non-legislative resolution regarding the draft Council decision on the conclusion of the voluntary partnership agreement (VPA) between the European Union and the Republic of Honduras.

This resolution follows the agreement on forest law enforcement, governance and trade in timber, which – after several years of negotiations – the EU and Republic of Honduras reached at the end of February this year. It aims at ensuring that timber and timber products from Honduras that enter the EU market have been legally sourced and licensed, and thereby fulfill the requirements of the EUTR.

### **TTF webinar on UK Timber Regulation**

The Timber Trade Federation hosted a webinar on UK Timber Regulation with the participation of the Office for Product Safety & Standards (OPSS) – the competent authority for enforcing the UK Timber Regulation.

The webinar provided the audience with detailed information about the scope, contents, enforcement and potential market implications of the UK Timber Regulation, particularly how it compares to the EU Timber Regulation. It highlighted that a major distinction lies in the fact that all imports of wood products into the UK from the EU must now be subject to due diligence and that, even if certified, wood imported from the EU can no longer be assumed to be legally sourced.

In addition only direct imports into the UK of FLEGT licensed timber from Indonesia are exempt from due diligence. Indirect imports by way of the EU are not exempt.

The full webinar can be viewed at:

<https://www.youtube.com/watch?v=JUHmiYQPoxw>

### **EU Forestry Crime project – events held by WWF, Interpol and ClientEarth**

On the 1st and 2nd of June, the EU Forestry Crime project group held workshops for civil society organisations on forestry crime. The event aimed at providing the participants with practical knowledge on tackling illegal logging and related issues and presenting the main results of the report “Recommendations for improvement of forestry crime law enforcement”.

This report can be downloaded at

<https://www.wwf.de/fileadmin/fm-wwf/Publikationen-PDF/Wald/WWF-EU-Forest-Crime-Recommendations.pdf>.

It is notable for the focus on illegal logging in European countries dealing with the main gaps in forestry legal frameworks of Belgium, Bulgaria, France, Romania, Slovakia, and Ukraine. The final conference evaluating the project is being held on 15th and 16th of June.

The event is addressed to both EU and national decision-makers dealing with the EUTR, foresters, customs agents, prosecutors, judges, competent authorities, police,

investigation and anti-corruption bureaus, representatives of environment/agriculture ministries, as well as civil society organisations.

Details of the conference are at:

<https://hopin.com/events/joining-forces-against-illegal-timber-on-the-eu-market>

### **Claim of rising European harvest relies on flawed reading of satellite data**

Is forest harvesting increasing in Europe? Yes, but not as much as reported last July in a controversial study published in Nature. This is the conclusion of a response article published in April, also in Nature, joint authored by 30 scientists from 13 European countries which set out to demonstrate that the large harvest changes reported by the European Commission's Joint Research Centre (JRC) was the result of methodological errors.

The contents and implications of the response article are explained in a blog posted by Dr Marc Palahí, the Director of the European Forest Institute (EFI), on the EFI website in May

See: <https://blog.efi.int/is-forest-harvesting-increasing-in-europe/>

Dr Palahí, who co-led the response, notes that the original report authored by the JRC in Nature, entitled "Abrupt increase in harvested forest area over Europe after 2015", used satellite data to assess forest cover and claimed an abrupt increase of 69% in the harvested forest in Europe from 2016. The JRC suggested that this increase resulted from expanding wood markets encouraged by EU bioeconomy and bioenergy policies.

According to Dr Palahí, the publication of the JRC report in Nature triggered a heated debate, both scientific and political, as the EU Parliament and Council were discussing the Post-2020 EU Forest Strategy. This encouraged preparation of the co-ordinated response from forest scientists across Europe.

Dr Palahí states that "our response showed methodological errors, relating to satellite sensitivity improving markedly over the period of assessment, as well as to changes in forests due to natural disturbances – for example drought and storm related die-back and tree-falls – being often attributed wrongly to timber harvests".

"In the future forest information should be more carefully assessed, taking into account a wide variety of methodological issues and factors, before drawing hasty conclusions. This requires enhanced collaboration as well as scientifically robust and common approaches between the European Commission and Member States to enable better informed forest-related policies in the context of the EU Green Deal."

In his blog, Dr Palahí goes on to quote Professor Gert-Jan Nabuurs from Wageningen University, an IPCC lead author who contributed to the response: "the harvest across Europe's forests has increased in recent years, but by just 6%, not the 69% claimed by the JRC study.

This is due primarily to a moderate economic recovery after the 2008–2012 recession. What is really striking is the unprecedented levels of natural disturbances affecting our forests in many parts of the continent in recent years."

Dr Palahí concludes "The implications of the errors found by Palahí and colleagues are of global relevance, as many studies to inform policy-makers and society at large on the state of the world forests are nowadays based on remote sensing.

The analysis of products based on satellite imagery is becoming key for instance to understand the extent of global deforestation, and thus we need scientifically robust remote sensing methods for sound policy-making".

### **More than enough wood in European forests, according to EFI experts**

In a related EFI blog post, Professor Gert-Jan Nabuurs, Bas Lerink and Mart-Jan Schelhaas argue that the sharp increases in timber prices worldwide since the middle of 2020 do not reflect any long-term shortfall in the supply of wood. Rather the trend is due to the combined effects of a spike in demand driven by economic stimulus measures at a time when supplies have been severely disrupted during the pandemic.

The authors argue that in Europe the supply imbalance will even out in the medium term but that does not mean that changes to forestry policies and practices are not needed to help satisfy the anticipated long-term rise in demand for carbon-neutral wood products. Specifically, there needs to be increased harvesting (not an easy process by the way), more investment in reforestation and efficient processing capacity, and increased recycling.

The authors note that during the corona lockdowns, many people in Europe and North America started home renovations or building new homes. These and other construction activities have been boosted by central bank policies in the EU and USA, which have kept interest rates record low. Also, fiscal stimulus packages due to the corona crises have supported public investments, for example to fund construction. All these activities contributed to increasing demand for wood.

In addition, say the EFI authors, there is simply a shortage in wood processing capacity so that supply has been lagging behind demand now for several years. In addition, in 2020 as many sawmills and logistics were partly closed down due to corona restrictions, the supply of timber declined and deliveries were delayed.

The EFI authors also suggest that the US softwood dispute with Canada has contributed to rising timber prices. As early as 2018, to protect the US domestic market, the Trump administration significantly increased import tariffs on Canadian timber. As a result, Canada now supplies timber to China, and the United States purchases much more softwood from Europe, including from Austria, Germany and Scandinavia.

With increased demand for European timber, there are now shortages, according to the EFI authors. Even the oversupply from Germany and Czech Republic caused by the increased loggings in forests affected by bark beetles have not made up for these shortages, as a fair share of their supply was exported to China. Also, in this central European region, coniferous log prices are still below the level of five years ago.

The EFI authors ask the question, “Is there really a shortage of wood [in Europe]?” and offer the response, “No, definitely not... There is more wood in the European forests than at any time since the late Middle Ages. Including countries in eastern Europe such as Ukraine and Belarus, this stock of wood amounts to almost 35 billion cu.m. Due to forest growth, a billion cu.m of wood is added every year. The harvest is only 600 million cu.m/year. So there is certainly no physical shortage”.

They note that building more buildings with wood in Europe would do little upset this supply balance: “even if the EU were to build 30% of its new homes with wood (equivalent to 300 000 dwellings per year), that would mean only an extra demand of 15 million cu.m of sawn timber (for comparison: Sweden alone produces annually 18 million cu.m). A small increase”.

The EFI authors also emphasise that “For clarity, it is important to stress that the current price increase has nothing to do with the bioenergy market, because these are completely different types of wood and qualities”.

They conclude “If we must get rid of fossil fuels, the demand for wood may increase. That is possible under two requirements: we should further improve efficiency and reuse of wood products. And in addition, we need to invest in good forest management and reforestation. The EU Green Deal and Timmermans’ Green Deal’s 3 billion trees are a good start” (a reference to the EU’s ambitious strategy published last year to plant 3 billion trees alongside other measures to protect the region’s natural resources for which EU aims to raise €20 billion per year).

See <https://blog.efi.int/more-than-enough-wood-in-the-european-forest/>

## North America

### Tropical hardwood imports hold steady - Canadian imports rise sharply

After a strong recovery in March, US imports of sawn tropical hardwood held steady in April, falling a modest 2% from March. At 9,457 cubic metres, volume is only slightly more than half that of last April, which saw a spike early in the pandemic.

Additionally, last April’s numbers counted ipe and jatoba imports, which are no longer included in the totals from the beginning of 2021. Imports from Congo (Brazzaville) were down 66%, while imports from Ecuador and Brazil fell 11% and 16%, respectively.

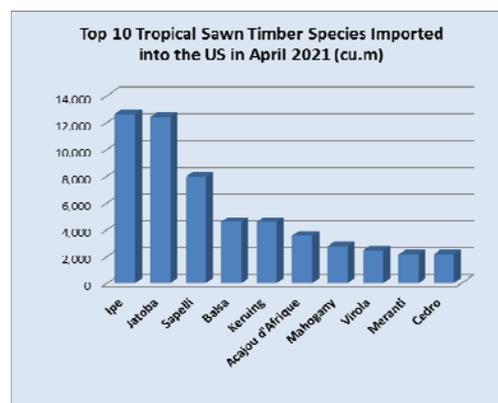
Imports this year from Brazil, by far the largest supplier of sawn tropical hardwood to the US in 2020, are down 83% year to date through the first four months of 2021.

However, there is no single species that is significantly down in volume. Teak imports fell by 77% in April and are behind 24% year to date, yet cedro fell 21% in April but is up 67% year to date, and acajou d’Afrique imports are ahead 22% year to date despite falling 22%.

While overall year to date imports are technically down 42% through April, nearly all of that loss is due to the adjusted statistics. If ipe and jatoba imports are included then US imports of sawn tropical hardwood are actually up 3% year to date through April.

Meanwhile, Canadian imports of sawn tropical hardwood soared in April, gaining 79% over March to mark the strongest month since October 2019. Thanks to the strong monthly numbers, imports for the year to date climbed virtually even with 2020 totals after a weak first quarter.

Imports of mahogany rose 20% and imports of iroko rose 30%, while imports of virola, imbuia and balsa more than doubled. Imports from Congo (Brazzaville), the Democratic Republic of Congo, Cameroon, and Ghana were all up sharply.



Data source: US Census Bureau, Foreign Trade Statistics

### Hardwood plywood imports remain flat

The volume of US imports of hardwood plywood was relatively unchanged for the second straight month, falling by 1% in April. At 247,188 cubic metres, volume for the month was 40% above that of the previous April and up 19% year to date. Imports from Russia and Vietnam were both up by about 15% while imports from Indonesia were down 15%.

### Veneer imports gain but remain uneven

The value of US imports of tropical hardwood veneer recovered somewhat in April, rising 38% from March, but still only reaching about 75% of the numbers of the previous April. Year to date imports are behind 2020 by 26% as month-to-month imports remain extremely uneven, especially from Italy.

Imports from Italy were practically zero in March but then rose more than 20,000% in April, to a level more than 50% above that of the previous April. Yet, year to date, imports from Italy are down 32%.

Similarly, imports from India were up 408% in April, but are still off by 54% year to date. More consistent trade has come from Cote d'Ivoire and Ghana, which were both down slightly in April but are ahead 86% and 29%, respectively, year to date.

#### Hardwood flooring imports cool

The value of US imports of hardwood flooring fell 17% in April, pulling back from a strong March. Despite the decline, imports were still more than 30% higher than April 2021 and are up 29% year to date. Imports from Brazil fell 17% in April but remain up by 168% year to date.

Conversely, imports from Indonesia gained 5% in April, but are far behind last year's totals, down 74% year to date. Imports from China are also plunging, falling 46% in April and off by 29% year to date.

Imports of assembled flooring panels continued their rise in April, moving up 9% from March. Imports from China rose 65% in April while imports from Thailand rose 58% and imports from Indonesia moved up by 24%.

Overall imports are up 48% year to date, with year to date totals from China up 73% and totals from Indonesia and Vietnam both more than double their totals through the first four months of the year.

#### Moulding suppliers change while imports remain steady

While the value of US imports of hardwood mouldings remained steady in April, rising 1%, imports from Brazil and China continued their downward path. Imports from Brazil fell 87% in April to its lowest level in more than a decade, while imports from China fell 58%, also to a record low.

Imports from China are now down 49% year to date, while imports from Brazil are behind last year 33% year to date.

The benefactors from this decline appear to be Canada, Malaysia, and various other supplying nations. Imports from Canada rose 5% in April and are up 30% year to date. Imports from Malaysia rose 10% in April and are ahead 7% year to date. Overall imports are up 10% year to date.

#### US wooden furniture imports dip slightly

The value of US imports of wooden furniture fell 2% in April. Despite the dip, the monthly total of over US\$2 billion was more than 66% above that of April 2020. While imports from most countries stayed relatively steady, imports from Canada fell 10% in April while imports from Indonesia grew by 17%. Overall imports are up 45% year to date.

The US furniture market continues to roar along at a strong pace, according to the latest Smith Leonard survey of residential furniture manufacturers and distributors. New orders in March 2021 were up 96% over March 2020.

However, that number may be misleading since many businesses were partially shut down in March 2020 due to the pandemic. A more meaningful assessment might be that orders were 40% higher than that of March 2019, still a very favorable comparison.

See: <https://www.smith-leonard.com/2021/05/27/may-2021-furniture-insights/>

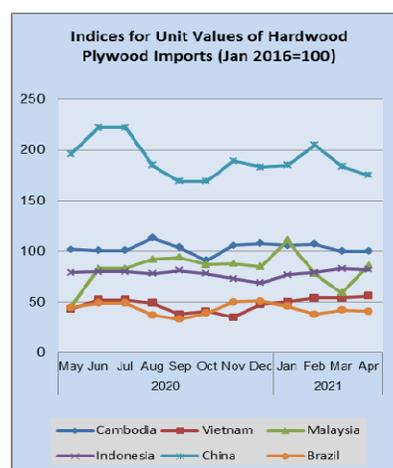
#### Cabinet sales slow in April

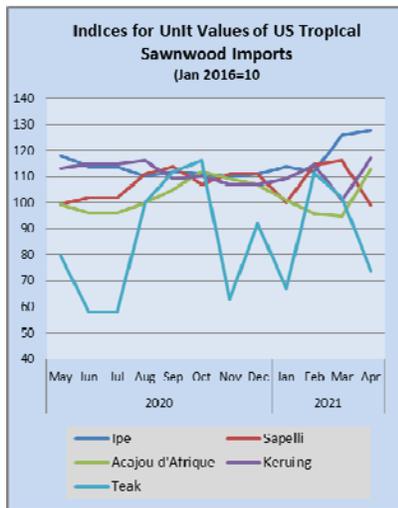
Cabinet sales have showed signs of slowing, in part due to the labor shortage and rising home costs, according to the Kitchen Cabinet Manufacturers Association's (KCMA) monthly Trend of Business Survey. Overall sales decreased 14.5% in April compared to March. Custom sales were down 10.3%, semi-custom sales down 16.1%, and stock sales decreased 14.2%.

Despite the pullback, 2021 sales remain strong. Overall year to date cabinet sales are up 18.8% when compared to the same time period in 2020. Custom sales up 22.8%, semi-custom sales increased 22.7% and stock sales increased 15.4%.

The April numbers skew high versus last years, as they reflect the recovery from the height of the pandemic lockdown. Participating cabinet manufacturers reported an increase in overall cabinet sales of 46.8% for April 2021 compared to the same month in 2020. Custom sales are up 65.8%, semi-custom increased 49.3%, and stock sales increased 41.8%.

See: [https://www.kcma.org/news/press-releases/april\\_2021\\_trend\\_of\\_busines\\_press\\_release](https://www.kcma.org/news/press-releases/april_2021_trend_of_busines_press_release)





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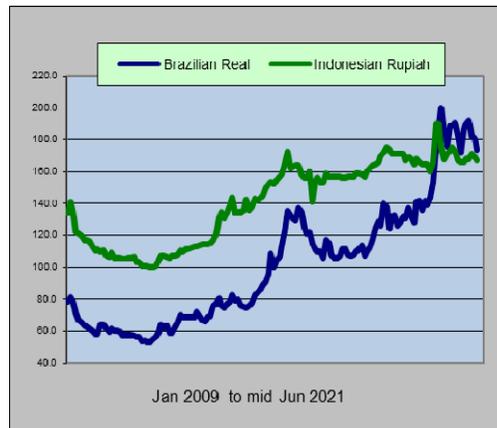
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

## Dollar Exchange Rates

As of 10 June 2021

Brazil	Real	5.1183
CFA countries	CFA Franc	540.89
China	Yuan	6.3987
Euro area	Euro	0.8257
India	Rupee	73.232
Indonesia	Rupiah	14189
Japan	Yen	109.68
Malaysia	Ringgit	4.108
Peru	Sol	3.60
UK	Pound	0.7089
South Korea	Won	1116.55

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

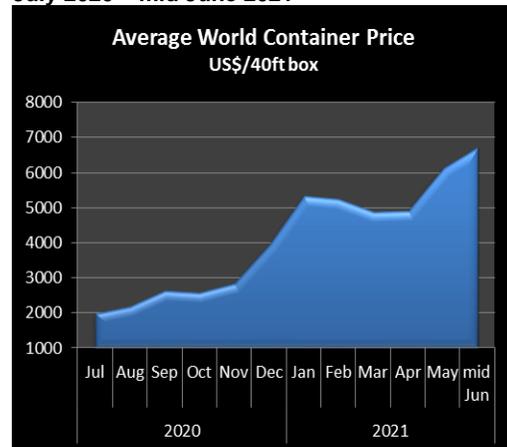


## Abbreviations and Equivalences

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

## Ocean Container Freight Index

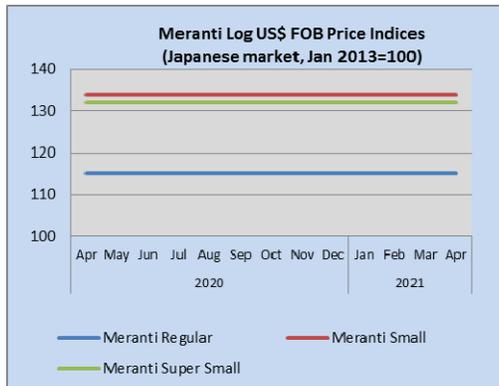
July 2020 – mid June 2021



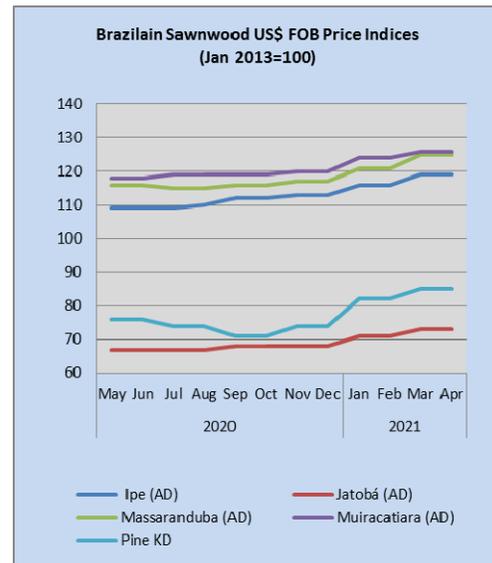
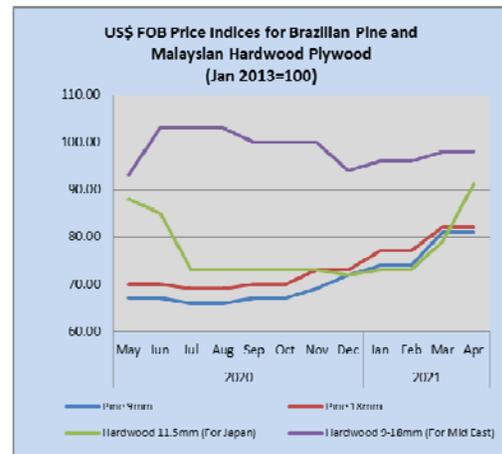
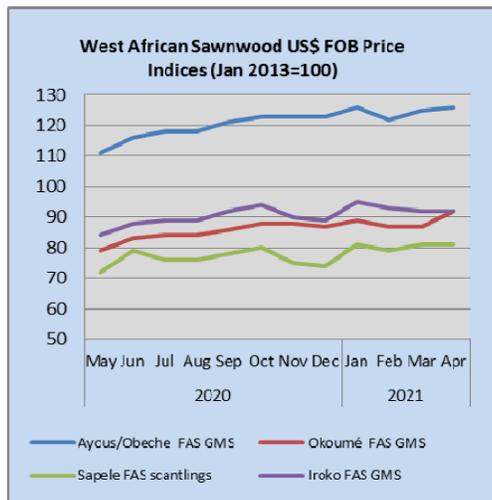
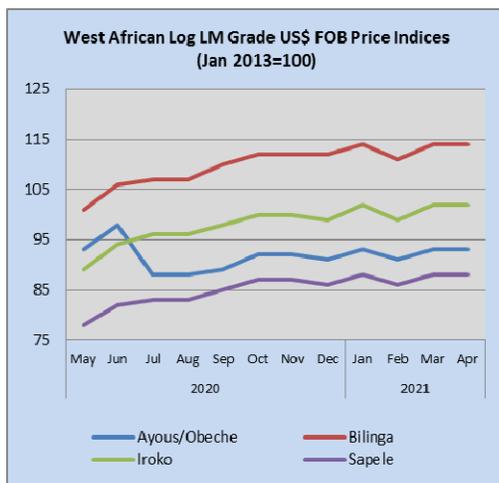
Data source: Drewry World Container Index

### Price indices for selected products

The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.

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