

Tropical Timber Market Report

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Top story

Indonesian furniture factories going under as shipping costs soar

The Indonesian Furniture and Crafts Industry Association (HIMKI) reports high container shipment costs have become critical for furniture exporters pushing many SMEs into bankruptcy. HIMKI estimates that around 25% of the 2,500 HIMKI businesses have gone bankrupt.

The cost of shipping a 40 ft. container to the US is currently US\$19,100 whereas in 2020 it was only US\$2,000.

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Central and West Africa

Crackdown on operations in Ivory Coast classified forests

Boris Ngounou, writing for AFRIK21, reports that logging is strictly prohibited in classified forests in Ivory Coast. Decree No. 221-437 of 8 September 2021 signed by the Head of State, Alassane Ouattara, further strengthened this ban.

According to the latest national forestry and wildlife inventory (IFFN) the forest cover in Ivory Coast has fallen from 22 million hectares in 1960 to 2.97 million hectares in 2021. Over the past 60 years, 90% of the forest has disappeared making Ivory Coast one of the countries in Africa with the highest annual deforestation rate.

The Ivory Coast Minister of Water and Forests, Alain Richard Donwahi, has pledged to halt illegal logging and has ordered the forest law enforcement units of his ministry to crackdown on operations in the country's classified forests. During the week of November 2021 three logging companies were found to be breaking the law after operations by the Directorate of Forestry and Water Police as well as the Special Brigade of Surveillance and Intervention (BSSI).

See: <https://www.afrik21.africa/en/ivory-coast-three-logging-companies-closed-for-illegal-logging>

Nigeria/Cameroon agreement on SFM

The Nigerian Minister of State for Environment says the country will soon sign an agreement with Cameroon on ecosystem conservation and sustainable management of forestry and wildlife resources. This is to address biodiversity loss given the alarming rate of over-exploitation of natural resources.

Many agencies have reported extensive illegal harvesting of rosewood in Cameroon and rampant smuggling into Nigeria from where the rose wood is exported.

See: <https://www.thecable.ng/fg-to-sign-pact-on-ecosystem-conservation-with-cameroon>

Changes in tax compliance requirement

The business media in Cameroon has reported changes in the regulations concerning tax certificates. It is reported that forest operators are no longer required to present tax compliance certificates. This information came from a government statement on 28 January issued by Modeste Mopa Fatoing, Director-General of taxes.

Article L94 of the General Tax Code states that a tax clearance certificate is the "only document proving the lawfulness of a taxpayer's tax situation". The new rule is aimed at reducing the number of documents required from forest operators.

Until the change operators were required to secure a document on their tax compliance status and get a tax clearance certificate which was found an unnecessary duplication which resulted in additional expenses for the operators.

See: <https://www.businessincameroon.com/economy/0202-12276-cameroon-certificate-of-tax-compliance-no-longer-required-in-forest-procedures>

In related news, Cameroon's timber production dropped by 20% between 2018 and 2020 according to the French Ministry of Economy. This decline, according to the French document, was due to the security crisis in the Anglophone regions (South-West and North-West). Indeed, confronted with threats to their employees, abductions and ransom demands many forest operators had to relocate their operations from those two regions or simply stop operations.

The government in Cameroon recently decided to support logging companies operating in the Anglophone regions by dedicating nearly 300,000 hectares of forest concessions in the East and the Centre of the country.

See: <https://www.businessincameroon.com/economy/0202-12279-cameroon-timber-production-dropped-20-in-2018-2020-due-to-the-anglophone-crisis> and <https://www.businessincameroon.com/public-management/1401-12215-cameroon-dedicates-287-562-hectares-of-forest-management-units-to-support-operators-affected-by-the-anglophone-crisis>

Emphasis on added value production

The domestic media in Gabon, quoting French government data, says over the past nine years timber production has doubled from 1.9 million cu.m in 2012 to almost 3.7 million in 2021 with most being logs. Despite this increase in wood production the Minister of Water and Forests has indicated the emphasis is now on domestic processing and export of added value products as this will result in more earnings and increased job opportunities.

See: <https://www.lenouveaugabon.com/fr/agro-bois/3101-17994-bois-le-gabon-double-sa-production-en-10-ans-et-atteint-3-7-millions-m3-en-2021>

Changes at ATIBT

Françoise Van de Ven has been appointed President of the ATIBT, she succeeds Olman Serrano. In a statement Ms. Van de Ven said she thanked the Board of Directors and the members of the General Assembly for appointing her as President and for placing their trust in her to guide the Association in this exceptional year.

See: <https://pfbc-cbfp.org/news-partner/Fran%C3%A7oise-Van-Ven.html>

Alain Tiotsop, ATIBT Congo Representative, writing in an ATIBT NewsFlash says “Since the promulgation of Law 33-2020 of 8 July 2020 on the Forestry Code in Congo, a technical and legal analysis of the law and the draft application texts have been carried out by a group of EFI experts. The results of this work were presented at a participatory workshop with all stakeholders in March 2021.

On 9 February 2022 an inaugural session of the Multi-Stakeholder Working Group in charge of drafting the implementation texts was held and chaired by the Minister of Forest Economy.

The major issue says Tiotsop “is the production sharing regime and ATIBT Congo is working with the professional associations Unicongo and Unibois and exchanges are being initiated with Gabon, an approach foreseen in the draft of the new forestry code”.

Log export prices

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

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	430-
Bilinga FAS GMS	540
Okoumé FAS GMS	480
Merchantable KD	420+
Std/Btr GMS	370
Sipo FAS GMS	425
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	900
FAS scantlings	1,000
Strips	350
Sapele FAS Spanish sizes	420
FAS scantlings	450
Iroko FAS GMS	600
Scantlings	620
Strips	370
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

Ghana

2021 exports exceed 2020

A total of seventeen different wood products were exported from Ghana in 2021 totalling 302,229 cu.m which earned the country Eur136.75 million according to data from the Research and Statistics Unit of the Timber Industry Development Division (TIDD).

Export volumes 202 (cu. m)

	2020	2021	% change
	cu.m	cu.m	2020-21
AD sawnwood	113,032	151,010	34
Billets	25,890	44,256	71
KD sawnwood	35,166	43,700	24
Plywood (Overland)	21,409	25,227	18
Plywood	819	5,271	543
Mouldings	10,443	10,577	1
Sliced Veneer	9,258	12,312	33
Rotary Veneer	8,330	7,994	-40
Boules (AD)	1,263	702	-442
Boules (KD)	240	34	-86
Others	408	1,146	181
Total	226,258	302,229	34

Data source: TIDD

The figures show a significant growth of 34% and 18% in volume and value respectively when compared to the same period in 2020 but when compared to 2019 while export volumes had recovered the value of exports in 2021 was still below that of 2019.

In 2021 revenue from all wood product exports recorded positive growth in against 2020 except for rotary veneer which ended the year down 12% and kiln dried boules for which exports crashed 85%.

Export earnings 2021

	2020 Eur 000s	2021 Eur 000s	% change 2020-21
AD sawnwood	56,421	61,121	8.33
Billets	10,233	15,225	48.78
KD sawnwood	20,835	24,093	15.64
Plywood (Overland)	7,434	9,818	32.07
Plywood	273	1,969	621.25
Mouldings	7,304	7,512	2.85
Sliced Veneer	8,699	12,440	43
Rotary Veneer	3,959	3,475	-12.23
Boules (AD)	677	721	6.5
Boules (KD)	155	23	-85.16
Others	251	356	41.83
Total	116,241	136,753	17.65

Source: TIDD

Markets in Asia accounted for 62% of total export volumes and were the leading market destination. Markets in Europe, Africa, America and the Middle East accounted for 17%, 13%, 4.6%, and 3.6% respectively of the total market. Teak, ceiba, wawa, black ofram and denya were some of the top species exported.

Levy on tree crops being considered

The Board of Directors of the Tree Crops Development Authority (TCDA) is considering a levy on selected tree crops that could yield about US\$10 million per year to help in sustaining the growth and development of the industry in the country.

The Chief Executive Officer of the TCDA, Williams Agyapong Quaitoo, indicated a proposed broader regulatory framework for the levy would require government approval.

The CEO said the levy would be paid by buyers, exporters and processors of tree crops but not farmers. The tree crops to be levied include rubber which is harvested for production of sawnwood and rotary veneers for export.

The Tree Crops Development Authority (TCDA) is a body established by an Act of Parliament, the Tree Crops Development Authority Act 2019 (Act 1010, 2019). TCDA is required to regulate and develop in a sustainable environment production, processing and trading of six tree crops: Cashew, Shea, Mango, Coconut, Rubber and Oil palm in Ghana.

See: <https://thebftonline.com/2022/01/31/tree-crops-levy-to-generate-us10m-tcda-ceo/>

Reduce power charges and interest rates to boost manufacturing

The new president of the Association of Ghana Industries (AGI) has recommended the government prioritise reducing the cost of electricity and the cost of credit for Ghanaian businesses.

According to the AGI president, Humphrey Ayim-Darke, these two cost centres undermine the competitiveness of Ghanaian which is unfortunate as the era of the African Continental Free Trade Area begins. The Institute of Economic Affairs (IEA) business confidence preliminary survey report also identified high utility tariffs as “the most important constraints” businesses faced in 2021.

See: <https://www.businessghana.com/site/news/business/254658/New-AGI-President-calls-for-affordable-power-credit-to-drive-industrial-growth> and <https://thebftonline.com/2021/12/06/high-tariffs-cost-of-credit-top-business-concerns-in-first-half-iea-survey/>

Boule export prices

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

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	351	441
Chenchen	375	612
Ogea	443	590
Essa	464 ▲	619
Ofram	350	435

Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	906↑
Avodire	811
Chenchen	900↓
Mahogany	1,339↑
Makore	1,027↑
Odum	2,083
Sapele	1,527↑

Export plywood prices

Plywood, FOB	Euro per cu.m		
BB/CC	Ceiba	Ofram	Asanfina
4mm	393	580	641
6mm	412	535	604
9mm	370	490	560
12mm	583↑	476	480
15mm	450	414	430
18mm	460	463	383

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

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
FAS 25-100mmx150mm up x 2.4m up	Air-dried	Kiln-dried
Afromosia	860	925
Asanfina	320↓	564
Ceiba	277↓	377
Dahoma	388	464
Edinam (mixed redwood)	520	600↑
Emeri	560↑	634↑
African mahogany (Ivorenensis)	1,239	732
Makore	560↓	805↑
Niangon	581↓	586
Odum	491↓	964↑
Sapele	800	762↑
Wawa 1C & Select	422	437↑

Malaysia

Furniture the most important sub-sector

A recent report by Hong Leong Investment Bank Research (HLIB Research) provides a positive outlook for the Malaysian furniture industry this year although it continues to face some challenges.

The general bullish outlook is due to a number of factors that include the relaxation of movement restrictions which allows furniture manufacturers resume operations and address their supply chain issues.

There is robust demand in North America driven by work-from-home arrangements and the trade diversion from the United States-China trade dispute. However, challenges such as rising raw material costs, persistent labour shortage and concerns on labour practices continue to cloud the outlook, says HLIB Research.

Also, due to severe flooding in parts of Peninsular Malaysia in mid-December 2021 rubberwood harvesting and transport is still disrupted so prices for logs and sawnwood are likely to rise. The research unit notes that the country's wooden furniture export earnings in the first 10 months of 2021 declined by almost 3% year-on-year to RM8.15 bil. due to the lower production from June to mid-September last year as a result of movement restrictions.

The US continues to be the largest export market, making up 62.8% of the total export value. Costs of raw materials (rubber wood, glue, steel, foam, leather and packing materials) had been on an increasing trend since the fourth quarter of 2020.

See: <https://www.thestar.com.my/business/business-news/2022/02/05/malaysian-furniture-makers-back-on-growth-track>

Sharjah Ports deal to strengthen trade ties

The Malaysian Timber Council has announced the Timber Exporters' Association signed a Memorandum of Understanding (MoU) with the Sharjah Ports Authority in the United Arab Emirates which it says will help increase partnerships between the timber industry in Malaysia and the UAE through logistics services.

The MTC says the MoU will encourage Malaysian timber companies to capitalise on Sharjah Ports' sought-after logistics services as well as its strategic location in the Middle East, a market that is growing exponentially

See:

https://mtc.com.my/images/media/955/MOU_With_Sharjah_Ports_Authority_Hails_New_Trade_Chapter_For_Malaysian_Timber_Industry_In_The_Middle_East_BusinessToday.pdf

Kelantan state halts certification

The domestic press has said according to Sahabat Alam, an environmental watchdog, the Kelantan state government had suspended a certification system that required logging companies to meet sustainable forest management standards.

A programme under the Malaysian Timber Certification System was introduced as a way to bind logging firms to sustainable practices by reserving licenses for only those that meet the certification standards.

It appears that the state administration has repeatedly insisted that logging in the state is safe for the environment.

Critics, however, say data and studies on logging in the state suggest the opposite and are often played down or dismissed by state officials.

See:

<https://www.malaymail.com/news/malaysia/2022/01/31/sahabat-alam-kelantans-halt-of-sustainable-logging-certs-casts-doubts-over/2038700>

and

<https://malaysia.news.yahoo.com/sahabat-alam-kelantan-halt-sustainable-073402762.html>

Sarawak timber export earnings recovered slightly in 2021

Sarawak recorded export earnings from wood products at RM3.89 billion in 2021, a 4% rise on 2020 however, 2019 export earnings were RM4.7 billion. Plywood was the main export product accounting for over 50% or RM2.15 billion of total timber export earnings. In 2021 log exports earned RM509 million, sawnwood RM381 million, fibreboard RM334 million and other timber products RM213 million.

Japan was the biggest importer of the State's wood products at RM2.04 billion. Other main markets were India, RM476 million, Taiwan P.o.C RM206 million Philippines RM179 million, China RM175 million and South Korea RM123 million.

See: <https://mtc.com.my/resources-TradeInfo-2021.php>

Plywood export prices

Plywood traders based in Sarawak reported following export prices:

FB (11.5 mm)	US\$ 860 C&F;
CP (3' x 6')	US\$720 C&F;
UCP (3' x 6')	US\$820 C&F;
Middle East	
DBBCC	US\$580 FOB
UTY grade	US\$560 FOB;
9 mm and up	
S. Korea	US\$535 C&F;
Taiwan P.o.C	US\$510 FOB;
Hong Kong	US\$530 FOB.

Indonesia

Furniture factories going under as shipping costs soar

Container costs continue to rise and this has become critical for furniture exporter pushing many SMEs into bankruptcy. Data compiled by the Indonesian Furniture and Crafts Industry Association (HIMKI) shows the cost of container shipments have risen 900% with the current cost for shipping a 40 ft. container to the US is US\$19,100 whereas in 2020 it was only US\$2,000.

The cost for shipping a 20 ft. container is US\$15,100, up 907% from 2020 which was only US\$1,500.

Container shipping cost also increased for the EU market +900%, Middle East +400%, Japan +350%, Australia +500%. There are difficulties regarding the availability of containers, especially to America. At these costs it is not profitable to ship the products.

It has been estimated by the HIMKI that around 25% of the 2,500 businesses registered as HIMKI members have gone bankrupt as a result of the high cost of shipping.

See:

<https://www.cnbcindonesia.com/news/20220127131139-4-310925/kiamat-kontainer-serius-pabrik-pabrik-furnitur-bertumbangan>

Indonesia's exports of 'Light Wood' products can grow even more

According to Setyo Wisnu Broto, Chairman of the Indonesian Lightwood Association (ILWA), Indonesian exporters have benefitted from the shift by buyers in N. America from China to Indonesia.

He said two major US buyers are able to absorb as many as 2,500 containers per month. He said that the highest demand for 'Light Wood Products' is in America and is said to be worth IDR172 billion of which Indonesia only supplied a fraction. This must be increased said Setyo but much will depend on the availability of raw materials.

See: <https://merahputih.com/post/read/imbis-perang-dagang-amerika-dan-tingkok-ekspor-produk-kayu-ringan-indonesia-meningkat>

Economic recovery appears on track

Febrio Kacaribu, Head of the Fiscal Policy Agency at the Ministry of Finance, has said the successful control of the pandemic, public participation in implementing health protocols and vaccinations, the effectiveness of fiscal stimulus policies by the government and good coordination between ministries has helped accelerate economic recovery. In 2021 the Indonesian economy grew by 3.69% which was close to the forecast by the Ministry of Finance.

In related news the Minister of Finance, Sri Mulyani Indrawati, expressed optimism that Indonesia's economy will grow strongly in the first quarter of 2022 despite the increase in Omicron infections. She said "If the health protocols are maintained the impact of the pandemic on the economy will not be as severe as seen in the first quarter of 2021.

See: <https://en.antaranews.com/news/213069/economic-sector-to-show-growth-in-first-quarter-minister> and <https://en.antaranews.com/news/214021/despite-challenges-strong-economic-recovery-appears-on-track>

Social forestry is the way forward for Indonesia: Ministry

Erna Rosdiana, Secretary at the Directorate General of Social Forestry and Environment Partnership in the Ministry of Environment and Forestry, has said social forestry is the future of Indonesia's forestry. Social forestry has opened opportunities for many parties after legal access was provided for the people, she noted.

In Indonesia, social forestry (perhutanan sosial), also referred as community-based forest management, is defined as a sustainable forest management system in the state or non-state forest areas carried out by the local or indigenous communities to improve their welfare, environmental outcomes and protect the socio-cultural heritage.

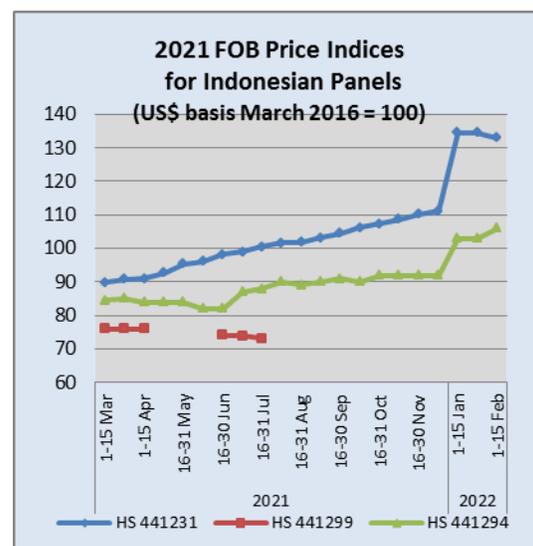
See: <https://en.antaranews.com/news/211633/social-forestry-is-the-way-forward-for-indonesia-ministry>

Regulation to boost rehabilitation of degraded ecosystems

The government is will soon issue a regulation that will support a carbon offset mechanism in the forestry and other land-use sectors, a decision that will strengthen rehabilitation of degraded ecosystems, including mangrove forests.

This new regulation will be included in the recently signed carbon pricing rule that forms the basis of Indonesia's carbon pricing scheme.

See: <https://www.thestar.com.my/aseanplus/aseanplus-news/2022/01/31/indonesia-new-government-regulation-expected-to-boost-mangrove-restoration>



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

Myanmar

Our apologies, we are unable to provide a report from Myanmar in this issue.

India

Risk of imported inflation

The Indian economy continues to face many structural challenges that existed prior to the pandemic and new challenges brought on by the pandemic.

The latest Economic Survey 2021-22 presented by the Finance Minister, Nirmala Sitharaman, has forecast the economy will grow by 8-8.5% in the fiscal year beginning in April.

The Survey notes that supply chain disruptions and slow economic growth have contributed to an increase in inflation, also the unwinding of stimulus measures in developed economies is likely to affect capital flows into the country.

The survey says “The surge in energy, food, non-food commodities and input prices, supply constraints, disruption of global supply chains and rising freight costs have brought risks of imported inflation.

See: <https://www.firstpost.com/business/economic-survey-of-india-2021-22-gdp-expected-to-expand-at-9-2-key-points-10335451.html>

Covid altered real estate business dynamics

The Confederation of Real Estate Developers' Associations of India (CREDAI) held a Finance Conclave in late 2021 to explore new avenues of financing given the sudden post-covid rise in housing demand.

Satish Magar, chairman of CREDAI National said covid has been a great teacher and has altered business dynamics and led to significant changes in customer buying patterns. He also mentioned that more and more millennials are now looking to invest in a house.

He also mentioned that in response to the many challenges posed by covid control measures, especially labor movement, the thought process of developers has changed and they have begun to embrace new technology and they have become more financially disciplined.

The optimistic outlook at the end of 2021 has been tempered by the pandemic's third wave which has dented sales of new homes reversing the upward trend in sales late last year.

The March quarter is considered as a seasonally strong period for sales of residential properties but with consumer concerns over infections and government restrictions on mobility causing delays in site visits with potential buyers the sector is bracing for a slow start to the year.

Sector players had hoped for a boost from the budget but there was little in it for the housing sector. Even though real estate sales were almost back to the pre-pandemic late last year builders were hoping the budget would deliver something to boost demand such as relaxation in GST on under-construction properties, a reduction of GST on key raw materials, a higher interest exemption for homebuyers and granting 'infrastructure' status to the real estate sector but were disappointed.

However, the Finance Minister did announce increased spending on infrastructure and made massive allocations for subsidised housing.

See:

http://timesofindia.indiatimes.com/articleshow/89293011.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

and

<https://www.credai.org/media/view-details/253>

Online Transit Pass facility at Kandla Port

As part of its efforts to improve the ease of doing business for timber importers and traders the state Government of Gujarat has implemented a Transit Pass Management System for Imported Timber, an online process for facilitating transit passes.

The system provides seamless issuance of transit passes that helps in monitoring and recording transit permits for inter-state and intra-state transportation of timber.

Before the new system was introduced obtaining the Transit Pass was very time consuming. Kandla Port has become India's first port to facilitate online transit pass. Navneet Gajjar, president of Kandla Timber Association (KTA) said members greatly appreciate the efforts of the Gujarat Government adding that now the process of securing the Transit Pass has become very efficient.

See: <https://www.plyreporter.com/article/92813/timber-import-online-transit-pass-facility-announced-at-kandla-port>

Pay attention to treatment

Media reports say some overseas buyers have complained of insect infestation in mango wood handicrafts shipped from the Jodhpur handicraft and furniture sector. It has been reported that the mango wood coming from Bengal is to blame.

There has been a strong reaction from exporters who are suffering financially and the reputation of Jodhpur handicraft and furniture industry is becoming tarnished.

Prices for recent shipments of teak logs and sawnwood

	US\$/cu.m C&F
Benin	359-712
Sawnwood	359-712
Brazil	345-600
Sawnwood	221-777
Cameroon	639
Sawnwood	974
Colombia	305-615
Costa Rica	263-652
Ecuador	318-495
Gabon	370
Ghana	260-559
Sawnwood	485
Guatemala	277-594
Ivory Coast	263-458
Sawnwood	375-752
Mexico	356-439
Sawnwood	373-585
Panama	288-539
PNG	389-595
Sawnwood	492-677
Tanzania	376-930
Sawnwood	243-1,068
Togo	259-532
S. Sudan	367-633
Sawnwood	342-633
Nigeria	290-630
El Salvador	328-520
Nicaragua	328-564
Sawnwood	385-564
Solomon Is.	248
Surinam	222
Myanmar sawn	791-980

Price range depends mainly on length and girth.

Locally milled sawnwood prices

No price increases have been reported.

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	3,800-4,200
Balau	2,500-2,700
Resak	-
Kapur	-
Kempas	1,455-1,750
Red meranti	1,455-1,750
Radiata pine	800-900
Whitewood	800-900

Price range depends mainly on lengths and cross-sections

Sawn hardwood prices

No price increases have been reported.

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	2,500-2,800
American Walnut	4,050-4,500
Hemlock STD grade	1,350-1,600
Western Red Cedar	2,220-2,450
Douglas Fir	1,850-2,000

Plywood

Manufacturers across India are facing steep increases in raw material costs which, coupled with the higher price of fuel, many are seeing rapidly weakening bottom lines with some having to downsize operations to stay in business.

Producers have said fuel costs have risen at least three times in the past six months such that with ever-increasing fuel costs transportation has also become a cost centre of concern. Soon timber end-users will have to pay more.

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	86.00
6mm	122.00
9mm	144.00
12mm	181.00
15mm	238.00
18mm	260.00

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	57.00	72.00
6mm	81.00	102.00
9mm	103.00	125.00
12mm	125.00	149.00
15mm	149.00	181.00
19mm	176.00	202.00
5mm Flexible ply	110.00	

2021 State of Forest report

The Ministry of Environment, Forests and Climate Change recently released the India State of Forest Report 2021. The report showed a continuing increase in forest cover across the country but experts flagged some of its other aspects as causes for concern such as a decline in forest cover in the Northeast and a degradation of natural forests along with the definition of forest..

See: <https://fsi.nic.in/forest-report-2021-details>

Vietnam

Wood product export prospect for 2022

Vietnam aims to achieve wood and wood products (W&WP) exports of US\$18 billion in 2022. Export prospects in the US, South Korea and many other markets look quite bright but not without challenges for Vietnamese businesses.

W&WP exports in 2021

In 2021 W&WP exports reached US\$14.8 billion, up by 19.7% against 2020. Of this, WP exports generated US\$11.1 billion, up by 16%.

W&WP exports in 2021

	2021	% Change
	US\$ 000s	2020-21
Wooden seats	3,531,322	32.9
Guest and dining room furniture	3,051,237	12.3
Bedroom furniture	2,031,735	-0.5
Wood-based panels	2,018,810	52.9
Woodchips	1,733,411	17.9
Kitchen cabinets	938,472	22.9
Office furniture	440,058	2.6
Wooden doors	43,526	10.6
Fine art & handicrafts	23,941	2.0
Mirror frames	4,214	24.3
Others	992,288	9.7
Total	14,809,014	19.7

Data source: Vietnam General Department of Customs

Vietnam's W&WP export outlook

Do Xuan Lap, chairman of the Vietnam Timber and Forest Production Association, stated that in 2022 Vietnam's wood and wood products export would aim for US\$17.5 – 18 billion. In particular, wooden chair export would aim to account for US\$4.1 billion, wooden furniture US\$10 billion.

In the US the trend of working from home may continue and spending on home and home office furniture is expected to increase in 2022. The US market still has plenty of room for growth in wooden furniture and wood products because the housing market is growing well.

The share of Vietnamese furniture in total US imports increased to 38.7% in 10 months of 2021, from 36.9% in 10 months of 2020. However, challenges remain when exporting W&WPs to the US. Trade barriers are the foremost challenge for Vietnam's wood exporting companies.

Although Vietnam and the US have reached an agreement on controlling the origin of wood several Vietnamese products could be investigated. In addition, due to a shortage of empty containers, logistics fees will be a problem for Vietnam's wood and wood product exporters.

The cost of transporting one container of wooden furniture to the US ranges from US\$20,000 to US\$30,000, four times higher than pre-pandemic.

According to statistics from the Korea International Trade Association, on average S. Korea imports nearly US\$1.1 billion of wooden furniture every year of which imports from Vietnam account for about 18%. Vietnamese wood and wood products still have room to expand in the Korean market. The Korean economy shows strong signs of recovery and domestic consumption is recovering.

Source: https://vietnamcredit.com.vn/news/vietnams-wood-exports-prospect-for-2022_14623

and

<https://en.vietnamplus.vn/wood-furniture-exports-to-us-expected-to-hit-10-billion-usd/220865.vnp>

Government circular on classifying wood processing and export enterprises

As a further step toward VPA/FLEGT implementation, on December 29, 2021, the Ministry of Agriculture and Rural Development of Vietnam issued Circular No.21/2021/TT-BNNPTNT to specify the classification of wood processing and export enterprises. This Circular will take effect from May 1, 2022.

The Circular specifies the classification of wood processing and export enterprises. The targets of this Circular are enterprises that have simultaneous wood processing and wood export businesses and organisations and individuals with activities related to the processing and export of wooden furniture.

The Circular stipulates the classification of enterprises based on the principle of ensuring publicity, transparency, competence, order and procedures specified in the Government's Decree No.102/2020/ND-CP dated September 01, 2020, to promulgate Vietnam's Timber Legality Assurance System (VNTLAS).

The forest/wood industry sectors will be focused on three key product groups including: W&WPs, non-timber forest products (NTFPs) and forest ecosystem services to generate revenue and investment in forestry development. Based on specific advantages, local conditions and market demands, local authorities will be encouraged to have policy mechanisms and prioritise investment resources to develop key forestry products at the provincial level, ensuring products of high quality, high value, with geographical indications and traceability.

In order to achieve the targets VNFOREST has proposed a number of tasks and solutions such as continuing to innovate policy mechanisms, mobilising resources, strengthening communication

and raising awareness; developing and improving the level of research, application of science and technology, innovating and improving the quality of human resource training; synchronous forestry infrastructure construction, modernisation of forestry industry and logistics services; improving operational efficiency, production and business organisation; strengthening international cooperation, better utilising market opportunities provided by international agreements and commitments.

See:

<https://tongcuclamnghiep.gov.vn/LamNghiep/Index/co-cau-lai-nganh-lam-nghiep-theo-chuoi-va-nang-cao-gia-tri-gia-tang--4491>

Forestry to become modern economic-technical sector

The Prime Minister has recently approved the Vietnam Forestry Development Strategy for 2021-30 with a vision toward 2050. Under Decision 523/QD-TTg dated 1 April 2021 the strategy is to convert the forestry sector into a modern economic-technical sector and establish, manage, protect, develop and sustainably optimise forests and forest land areas.

This strategy aims at guaranteeing equal participation of economic components to forestry activities, mobilising social engagement and boosting scientific and technological applications to forestry development.

The strategy also centres on the role of forests in socio-economic development, protecting the environment and water security, mitigating natural disasters, responding to climate change and preserving natural resources and biological diversity.

Through this strategy Vietnam can become one of world's leading manufacturing and trading centres for wood products. Application of technology is expected to contribute up to 30% of sector growth.

See: <https://vietnamlawmagazine.vn/forestry-to-become-modern-economic-technical-sector-37702.html>

Vietnam to pilot carbon trade exchange

On 7 January the government issued a decree requiring the establishment and trial operation of a carbon trading exchange by 2025.

According to Decree 06 on mitigation of greenhouse gas emission and protection of the ozone layer by the end of 2027 legal norms on management of carbon credits, commercial exchange activities and carbon credits will be issued and a regulation on operation of a carbon credit exchange will be enacted.

A pilot mechanism for exchanging and offsetting carbon credits in potential sectors will be implemented, while guidance on implementation of the domestic and international carbon credit exchange and offsetting mechanism will be provided in accordance with Vietnam's law and treaties to which the country is a contracting party.

By 2028, the carbon credit exchange will be put into official operation and activities of connecting and exchanging domestic carbon credits with regional and global carbon markets will be regulated. Under the new Decree, exchange of greenhouse gas emission quotas and carbon credits must be carried out on the carbon credit exchange and domestic carbon market.

See: <https://vietnamlawmagazine.vn/vietnam-to-pilot-carbon-trade-exchange-48233.html>

Brazil

More time at home – furniture sales get a boost

The pandemic has meant people spend more time at home which has stimulated investment in home improvements and one sector that benefited from this is the furniture sector.

The firm demand seen in 2020 extended into 2021 and it is estimated that furniture sales in Minas Gerais State have grown about 2% over the previous year. The increase could have been higher but for the problems the sector faced in securing production inputs and the rising prices of raw materials. For example, prices for one of the main inputs, MDF panels, more than doubled.

Expectations for 2022 are positive for the furniture sector. Demand growth will be driven by civil construction which is on the rise and job growth which will lead to increased purchases.

The advance of the vaccination efforts and the resumption of social activities also favoured the furniture sector.

Overall, the timber sector achieved positive results in 2021 despite the pandemic, global economic uncertainty, rising production costs and logistics problems. In 2021 forest production and processing were little affected. International market demand was firm in 2021 and Brazilian products could satisfy some of this demand in North America, European and Asia.

In the domestic market the timber industry was able to supply the main consumer markets such as construction, packaging and furniture. The timber sector was successful in maintaining jobs despite the official unemployment rate of 12% in late 2021. The outlook for 2022 is positive in terms of the resumption of global economic growth, investments in infrastructure and resumption of domestic and international demand.

Mato Grosso manufacturers increased wood product exports in 2021

The Mato Grosso State, one of the largest tropical timber producing states in the Amazon region, achieved an 18% increase in export earnings in 2021 to reach US\$21.5 billion. According to FIEMT (Federation of Industries of Mato Grosso State) it is likely that exports of wood products in 2022 will grow even more due to the advance of vaccinations and the improving the pandemic situation.

According to IEMI (Market Intelligence Institute) furniture production in the country in 2021 grew 2.7% in volume and 9.8% in revenue compared to 2020 recovering most of what had been lost in the previous year. Exports jumped 50% in 2021 compared to 2020 and earned US\$898.7 million.

Even though Brazil is the sixth largest furniture producer in the world the country is placed in the 28th position in the ranking of the largest exporter, well below its potential. The United States remains the main destination for Brazilian furniture importing 35% of Brazilian furniture exports in 2021.

Domestic log prices

Brazilian logs, mill yard, domestic	US\$ per cu.m
Ipê	236
Jatoba	106
Massaranduba	96
Muiracatiara	96
Angelim Vermelho	93
Mixed redwood and white woods	73

Source: STCP Data Bank

Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US\$ per cu.m
Ipê	1,020
Jatoba	492
Massaranduba	500
Muiracatiara	446
Angelim Vermelho	443
Mixed red and white	294
Eucalyptus (AD)	211
Pine (AD)	151
Pine (KD)	191

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

	US\$ per cu.m
Parica	476
4mm WBP	414
10mm WBP	340
15mm WBP	414
4mm MR.	312
10mm MR.	286
15mm MR.	

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

	US\$ per cu.m
Domestic ex-mill prices	
15mm MDParticleboard	227
15mm MDF	289

Source: STCP Data Bank

Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipe	2,080
Jatoba	1,108
Massaranduba	1,127
Muiracatiara	1,117
Pine (KD)	288

Source: STCP Data Bank

Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	532
12mm C/CC (WBP)	335
15mm C/CC (WBP)	325
18mm C/CC (WBP)	352

Source: STCP Data Bank

Export prices for added value products

	US\$ per cu.m
FOB Belem/Paranagua ports	
Decking Boards	
Ipê	4,360
Jatoba	1,954

Source: STCP Data Bank

Peru

Furniture imports – Brazil the top shipper

In November 2021 Peruvian imports of wooden furniture reached US\$6.5 million, more than double that in October. Brazil remained the biggest supplier in November 2021 shipping US\$4.2 million and accounting for almost 65% of the total imported in the month. The second largest supplier was China (\$0.9 million) and Colombia (\$0.4 million).

Wood product exports began recovery in 2021

The Association of Exporters (ADEX) has reported that the value of wood product exports in 2021 totalled US\$122.8 mil., up 31% compared to 2020 (US\$93.9 million) however, the value of 2021 exports was still below that in 2019 (US\$124.9 million).

ADEX also pointed out exports by the forestry sector represented just 0.75% of the total of all non-traditional exports and that this needs to be corrected through government measures that promote the development of the sector since it generates formal employment much of which is in rural areas.

The Commercial Intelligence unit 'ADEX Data Trade' has reported of total timber shipments semi-manufactured (US\$72.2 million) were the most important with growth of 30% in 2021 and an almost 60% share of all shipments. ADEX said of manufactured wood products ipe mouldings, unassembled strips and friezes for parquet flooring and other profiled products accounted for most of the balance.

The second ranked export product was sawnwood (US\$33.6 million) demand for which increased by 34%. Sawnwood accounted for 24% of wood product exports.

In addition, products for construction (US\$6.2 million) were exported; furniture and parts (US\$4.2 million); plywood (US\$3.1 million); other manufactured products (US\$1.4 million); sheets/veneers (US\$1.3 million), firewood and charcoal (US\$0.9 million) and fibre and particleboard (US\$0.8 million).

Despite declining purchases (-27% in 2021) China was the top buyer of Peruvian wood products taking US\$36.9 million or around 30% of exports. Other shipments were to France (US\$22.3 million), the US (US\$12.9 million), the Dominican Republic (US\$9.4 million) and Mexico (US\$8.8 million). Also in the top 10 export destinations were Vietnam (US\$5.5 million), Belgium (US\$5.3 million), Denmark (US\$4.4 million), Ecuador (US\$2.8 million) and New Zealand (US\$2.6 million).

Direct financing programme for forest plantations

In coordination with the Ministry of Agriculture the Forest Service (SERFOR) managed to access the AGROPERÚ Fund which was created in 2009 and supports small sized forestry operations with an area of up to ten hectares registered in the National Registry of Plantations.

SERFOR will be the implementing agency for the Direct Financing Programme for Forest Plantations approved by the Board of Directors of AGROPERU. Funds available up to December 2023 amount to US\$12.9 million.

It is estimated that this can support about 3,300 small forest plantation producers helping the establishment of 16,500 hectares. The programme will finance up to 70% of the total cost of the forest plantation.

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	671-685
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	589-615
Grade 2, Mexican market	498-523
Cumaru 4" thick, 6"-11" length KD Central American market	1024-1043
Asian market	1111-1139
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	599-629
Dominican Republic	703-719
Marupa 1", 6-11 length KD Grade 1 Asian market	575-599

Domestic sawnwood prices

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

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

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 prices for other panel products

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

Export prices for added value products

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

Japan

Forecast decline in growth in Q1

Prominent economists have suggested the Japanese economic growth is likely to decline in the first quarter of 2022 because the latest surge in Omicron cases has dented prospects. The number of reported covid cases in Japan topped 100,000 in early February as the country struggles to contain a sixth wave of infections driven by the Omicron variant. The total number of coronavirus cases reported in Japan is around 4 million.

Consumer confidence fell in January suggesting consumer had cut back on spending. In addition, prospects for manufacturing output weakened with one of the top car makers saying it had cut production. The general view is that until the booster shot programme is speeded up confidence will be undermined.

GDP had a roller coaster ride in 2021 falling an annualised 2.9% in January–March 2021 after which it recovered growing 2% in April–June quarter but fell back again in the July–September quarter only to move back into positive numbers in the fourth quarter of the year as restrictions were lifted and the chip and parts supply issue was partially overcome.

In fiscal 2022 GDP is forecast to increase around 3% but the full impact of the Omicron variant has not been factored into this estimate.

See:

<https://www.japantimes.co.jp/news/2022/02/02/business/economy-shrink-covid-omicron/>

and

See: <https://www.nippon.com/en/in-depth/d00778>

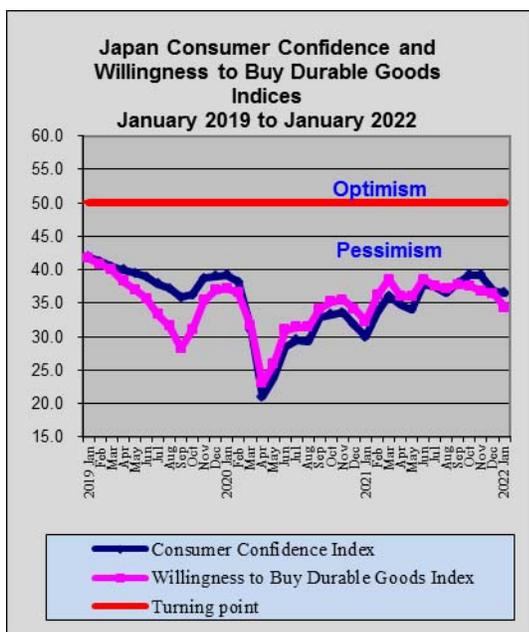
More foreigners allowed to enter

The government has changed its view on the entry of foreigners after lobbying by Japanese businesses. Masakazu Tokura, chairman of the Japan Business Federation (Keidanren) said it is unrealistic for the government to ban the entry of foreign nationals with the new omicron coronavirus variant having become prevalent within the country”.

On the issue of the government’s suggestion that wages should be raised by 3% Tokura commented that having a standard level for wage increases was unrealistic as conditions vary from company to company and sector by sector.

Last year major Japanese companies offered the lowest wage increases (below 2%) in eight years as the pandemic hit corporate profits.

<https://www.japantimes.co.jp/news/2022/01/24/business/keidanren-travel-ban-japan-unrealistic/>



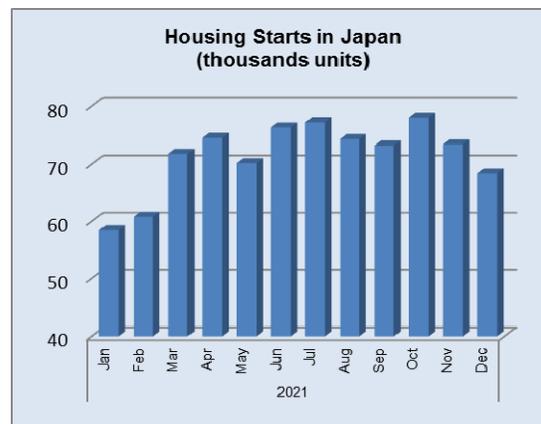
Data source: Ministry of Finance, Japan

Remote working cause of relocation from Tokyo

More people moved out of Tokyo than moved in during 2021, the first time this has been recorded. The Ministry of Internal Affairs and Communications has reported the number of people moving into Tokyo outnumbered those leaving by 5,433 last year. This change if sustained will impact demand for housing. The capital's total population also declined for the eighth consecutive month since June 2021, down 9,872 from the previous month.

A Cabinet Office survey found people who decided quoted "the implementation of teleworking" was 35.4% before the pandemic, the current figure is at 47.9%.

Yutaka Murayama, a Director General at the Cabinet Office said, "People who already had an interest in moving out of the city were prompted to move by the fact that the coronavirus pandemic made teleworking in regional areas possible."



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

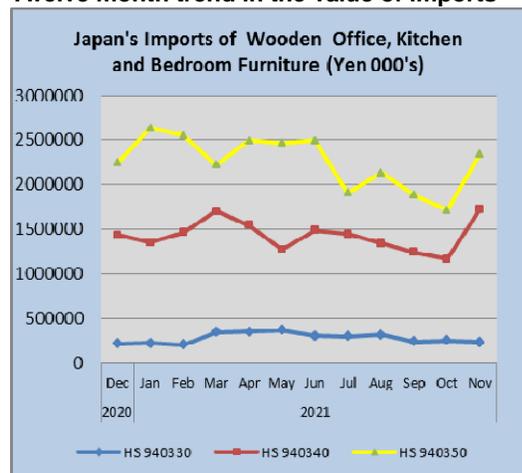
Labour shortages and supply side disruptions could drag down production

Between January 2021 (a 9-month high) and January 2022 (a 4-year low) the yen depreciated about 13% against the US dollar but has stabilised recently. Looking ahead to 2022 it is likely that labour shortages, made worse by self-isolation rules and the continuing supply side shortages are likely to further pull down production output thus undermining the ability of manufacturers/exporters to fully benefit from a competitively priced yen.



Furniture imports

Twelve month trend in the value of imports



Data source: Ministry of Finance, Japan

Office furniture imports (HS 940330)

The value of Japan's wooden office furniture imports (HS940330) remained on a steady track throughout 2021 and are set to end the year higher than in 2020 and even higher than in 2019.

In November 2021 the year on year value of imports of wooden office furniture were 15% up on 2020 but compared to the value of October's imports there was a 7% decline.

The top shipper of wooden office furniture to Japan in November 2021 was China taking an 82% share of the total value of wooden office furniture imports. This was a significant rise on the 66% share in October this year.

The US was the second ranked supplier in November providing a further 4% of imports but this was less than half than in October. Imports from Taiwan P.o.C dropped by half in November and there were small imports from Vietnam, Poland and Thailand.

November imports (HS 940330)

	Imports Nov 2021 Unit, 000's Yen
S. Korea	-
China	191,661
Taiwan P.o.C	5,634
Vietnam	6,597
Thailand	3,538
Singapore	-
Malaysia	3,239
Indonesia	1,037
India	833
Denmark	-
UK	-
Netherlands	338
Belgium	-
France	-
Germany	720
Switzerland	-
Portugal	-
Spain	-
Italy	3,261
Finland	-
Poland	4,465
Austria	-
Turkey	-
Lithuania	234
Czech Rep.	971
Slovakia	1,074
Canada	-
USA	10,360
Mexico	1,278
Australia	-
Total	235,240

Data source: Ministry of Finance, Japan

Kitchen furniture imports (HS 940340)

After four months of steady decline the value of Japan's imports of wooden kitchen furniture (HS940340) more than doubled in November and year on year there was a 20% increase in imports in November last year. Monthly imports of wooden kitchen furniture were volatile in 2021 moving from peaks and dips, unlike the more steady flow of imports in 2019. The value of imports in the first 11 months of 2021 were higher than in 2020 and had reached almost the same level as in 2019.

Year on year, the value of November 2021 imports was 20% up on November 2020 with the Philippines being the major shipper accounting for around 48% of November 2021 import values. Shippers in Vietnam came a close second in November accounting for 32% of imports with China accounting for a further 9%.

November imports (HS 940340)

	Imports Nov 2021 Unit, 000's Yen
S Korea	-
China	156,577
Taiwan P.o.C	-
Vietnam	551,951
Thailand	97,799
Malaysia	13,962
Philippines	820,507
Indonesia	31,795
India	-
Denmark	-
UK	4,194
Netherlands	-
France	3,895
Germany	18,080
Spain	-
Italy	1,492
Romania	1,712
Canada	3,189
USA	20,949
Total	1,726,102

Data source: Ministry of Finance, Japan

Bedroom furniture imports (HS 940350)

Since mid-2021 there has been a downward trend in the value of Japan's imports of wooden bedroom furniture (HS940350) but this was reversed in November when the value of Japan's imports shot higher. Compared to October there was a more than 35% rise in the value of November imports.

November imports (HS 940350)

	Imports Nov 2021 Unit, 000's Yen
S. Korea	-
China	1,451,536
Taiwan P.o.C	1,381
Vietnam	681,441
Thailand	38,601
Malaysia	91,334
Philippines	418
Indonesia	30,272
India	601
Sweden	-
Denmark	866
UK	-
Netherlands	331
France	-
Germany	1,319
Switzerland	-
Portugal	-
Italy	8,644
Finland	-
Poland	27,449
Austria	-
Greece	-
Romania	205
Turkey	-
Latvia	1,959
Lithuania	4,633
Belarus	-
Bosnia and Herzegovina	-
Canada	-
USA	5,173
Total	2,346,163

Data source: Ministry of Finance, Japan

In the first 11 months of 2021 the value of imports of wooden bedroom furniture was around 7% higher than in 2020 but had recovered to the same level as in 2019.

The top suppliers in terms of value in November, as was the case throughout 2021, were China 62% (72% in October) and Vietnam 29% (20% in October).

Shipments from both China and Vietnam in October were down being impacted mainly by logistic problems. With these two main shippers accounting for over 90% of the value of November imports, other shippers had to be content with small shipments. Only shippers in Thailand managed to maintain the same level of exports to Japan in November.

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://ifpj.jp/japan_lumber_reports/

Projection of import wood products

The Japan Lumber Importers Association disclosed projection of imported wood products for the first half of this year. It becomes obvious that log import will decrease after Russia bans log export so North America becomes main source of log import. On lumber import, North America and Europe hold 74% of lumber supply share.

Estimated volume will exceed last year's volume except for South Sea lumber. Confusion of supply chain continues but volume of imported lumber is increasing at major ports.

Supply of logs and lumber from North America seems uncertain because of active housing starts in the U.S.A, and supply is confused by weather factors like flood and handling at loading ports by lack of workers and increased cargoes.

European supply should improve but high cost remains. Russian lumber is expected to recover as it is all dried products now so increase of supply of stud and lamina is expected.

Price hike in domestic softwood plywood

Some plywood companies in Eastern and Western Japan decided to raise the price of 3x6 of 12mm as of February. The price will be ¥1,600 per sheet delivered. This is ¥100 up from January. As per cbm, it will be ¥80,000 and this is ¥5,000 up.

Domestic logs are now very high-priced due to tight supply and the imported logs are high-priced as well. So the domestic plywood companies had no choice but to raise the prices. 3x6 of 24mm is ¥3,200, ¥200 up from last month and 3x6 of 28mm is ¥3,750, ¥250 up from last month.

The reason of raising prices is that the prices of logs increased at the year-end and New Year holiday. There is a competition for cedar logs for plywood in Eastern Japan by laminated lumber companies. Since there was a heavy snow covered Eastern Japan, there were not enough logs at the markets and that made an increasing price of logs.

The cedar logs for plywood in some areas of Eastern Japan costs ¥2,500 as per cbm and it is about ¥1,000 more than last month. Other areas of Eastern Japan, it costs ¥17,000 as per cbm because of intensification of competition by laminated lumber companies.

Plywood companies in Western Japan also try to collect cedar logs from various markets including Eastern Japan, so the prices went up as well as Eastern Japan's situation. Not only cedar logs, but also larch logs cost higher. It is ¥20,000 - ¥22,000 as per cbm, ¥2,000 increased. It is very difficult to buy cypress logs in Western Japan as well.

The imported Russian larch veneer has not arrived to Japan on time, which is one of main materials to produce plywood because of confused of vessels and bad weather in Russia. It is influencing the production of laminated 12mm lumber in Japan.

There are not enough supply of logs from North America and export prices are climbing. So it is very hard to cover a shortage of logs in Japan. The demand of plywood in Japan is still lively so the difficult situation keeps going for some time.

Imported substitution materials like tropical structural plywood and wooden board also tight in supply so the market has no choice but to wait for supply from domestic plywood mills. Like precutting plants, plywood supply is key to the operations and there is no complaint on prices.

A delay of vessels

There is still delay of importing European lumber due to difficulty of loading and unloading at ports in the world. There is no confusion of production and transfer from plants to the ports in Europe, but there is a delay at ports which further stagnate container handlings.

There are not enough containers as well. This situation will continue for a while because Chinese New Year and Beijing Winter Olympics were held in February which stagnate transshipment of containers. For example, it takes a week to transport from northern Europe to Central Europe normally, but it takes three to four weeks because of shortage of feeder vessels in Europe. Around Singapore through China, electric products and food are given priority on loading and unloading at ports.

Also, a delay occurs at Busan port in Korea and that makes a schedule of vessels delay to Japan. The other reason of delay is that the sea around Japan is rough in winter.

As a result of these confusions, third quarter contracted cargoes continue arriving through February and the fourth quarter contracted cargoes will not arrive Japan until April. Arrival of the first quarter volume will be in May. In short, the prices of earlier quarters will influence the market for prolonged time.

Review of 2021

On 7 January 2021 the state of emergency was declared on COVID 19 pandemic, which was the second emergency declaration since April 2020. Everybody anticipated stormy year with this declaration since imported wood prices soared with expansion of the demand in the North America and China in 2020 and available volume decreased.

However, nobody anticipated that wood products prices skyrocketed with very tight supply until wood shock hit the market.

New demand by nesting to avoid pandemic increased worldwide then unexpected confusion of marine transport occurred, which resulted in very tight supply of imported wood products. Grave situation became apparent in March when container ship ran aground at the Suez Canal, which blocked canal traffic.

This is the route of European wood products for Japan and lamina supply stopped. Major laminated lumber manufacturers had to reduce the production

and this impacted precutting operations. This created chaos in the market and precutting plants bought materials haphazardly and the demand centered on domestic wood products since imported

products are not available. Domestic wood products prices rocketed up. In the third quarter negotiations with overseas suppliers, volume is priority than prices. The prices are record high. Canadian SPF lumber prices shot up to US\$1,800 per MBM C&F, 3.6 times higher than the bottom then European laminated lumber prices soared to Euro 850-1,150 per cbm C&F, two to three time higher.

Supply shortage and higher prices are common on all the wood products and the market prices increased to coordinate climbing future contract prices of overseas products.

There was no resistance to higher prices so the importers, dealers and precutting plants could pass higher prices without any problem so they enjoyed unprecedented profit. In particular, domestic lumber mills made record breaking profit. However, shortage of softwood plywood was unexpected incident.

Raw material is 90% domestic wood so supply shortage of imported wood was thought nothing to do with domestic plywood supply but the demand was so large that full production cannot satisfy the demand. One of the reasons is difficulty of log procurement because of competition with lumber and laminated lumber manufacturers.

In short, everything was tight and the prices are high. Fortunately, house builders accepted higher prices to secure the necessary materials when demand of house recovered and house buyers are aware of inflation of building materials.

Covid 19 pandemic continues worldwide in 2022. Confusion of marine transport and shortage of containers seems to continue in 2022. Overshot prices of wood products are likely to drop but not to the level before the wood shock days.

Covid 19 pandemic changed housing market. Because of stay-home quarantine and remote work, demand of suburban house increased and people are restricted to travel so they spend more money for house renovation. Not only wood products but prices of other basic materials such as steel and crude oil escalated in 2021. Crude oil prices renewed seven years high in October. Higher oil prices pushed prices of oil based products such as chemical products like adhesive.

China

Rise in log imports in 2021

According to China Customs, log imports in 2021 totalled 63.58 million cubic metres valued at US\$11.594 billion (CIF), a year on year growth of 6% in volume and 38% in value. The average price for imported logs was US\$182 (CIF) per cubic metre, up 29% on levels in 2020.

Of total log imports 2021 softwood log imports rose 7% to 49.88 million cubic metres and accounted for 78% of the national total. The average price for imported softwood logs was US\$158 (CIF) per cubic metre, up 35% on levels in 2020.

Hardwood log imports in 2021 grew 6% to 13.7 million cubic metres (22% of the national total log imports). The average price for imported hardwood logs in 2021 was US\$271 (CIF) per cubic metre, up 17% on 2020.

Of total hardwood log imports, tropical log imports were 5.42 million cubic metres valued at US\$1.746 billion, down 2% in volume and up 15% in value from 2020 and accounted for 9% of the national total import volume.

2021 log imports, volume

Volume	2021 mil. cu.m	% change 2020-21
Total log imports	63.58	6%
Softwood logs	49.88	7%
All hardwood logs	13.70	6%
Tropical Logs	5.42	-2%

Data source: China Customs

2021 log imports, value

Value	2021 US\$ mil. CIF	% change 2020-21
Total log imports	11,594	38%
Softwood logs	7,879	44%
All hardwood logs	3,714	26%
Tropical Logs	1,746	15%

Data source: China Customs

Average log prices, 2021

	2021 Average CIF Price US\$/cu.m	% change 2020-21
Total log imports	182	29%
Softwood logs	158	35%
All hardwood logs	271	17%
Tropical Logs	322	40%

Data source: China Customs

Log imports from Uruguay and Brazil soared

According to China Customs the volume of log imports from Uruguay and Brazil in 2021 soared 128% and 120% to 2.08 million cubic metres and 2.03 million cubic metres respectively which contributed to the increase in log imports even during the outbreak of the novel coronavirus.

New Zealand and Germany were the main suppliers of logs to China and the proportion from the two countries was 51% of the national total in 2021.

New Zealand still was the largest supplier of logs to China's in 2021 accounting for 32% of the national total. China's log imports from New Zealand in 2021 were 20.47 million cubic metres valued at US\$3.356 billion, up 26% in volume and 77% in value. The average price for imported logs from New Zealand was US\$164 (CIF) per cubic metre, up 41% sharply on levels in 2020.

Germany was ranked the second largest log supplier to China in 2021 accounting for 19% of the national total. China's log imports from Germany came to 12.1 million cubic metres valued at US\$1.927 billion, up 15% in volume and 54% in value. The average price for imported logs from Germany was US\$159 (CIF) per cubic metre, up 35% on levels in 2020.

China's log imports from Russia grew only 0.4% in 2021 and log imports from France and the USA rose 52% and 23% respectively, imports from both Canada and Japan increased 6%.

China's log imports from the Czech Rep. fell 52% to 1.62 million cubic metres and log imports from PNG and Solomon Is. also fell 18% and 15% respectively.

Main log sources in 2021

	2021 mil. cu.m	% change 2020-21
New Zealand	20.47	26%
Germany	12.10	15%
Russia	6.36	0.4%
USA	4.12	23%
PNG	2.18	-18%
Uruguay	2.08	128%
Brazil	2.03	120%
Solomon Is.	1.75	-15%
Czech Rep.	1.62	-52%
France	1.49	52%
Canada	1.37	6%
Japan	1.22	6%

Main softwood log sources in 2021

	2021 mil. cu.m	% change 2020-21
New Zealand	20.36	26%
Germany	11.72	17%
Russia	3.77	-15%
USA	3.24	24%
Uruguay	2.01	127%
Czech Rep.	1.59	-53%
Canada	1.32	11%
Japan	1.21	6%

Data source: China Customs

Rise in hardwood log imports in 2021

Hardwood log imports in 2021 grew 6% to 13.7 million cubic metres (22% of the national total log imports). Nearly 80% of hardwood log imports were from Russia (19%), PNG (16%), Solomon Is. (13%), Brazil (9%), USA (6%), France (4%), the Republic of Congo (4%), Cameroon (3%), Germany (3%) and Mozambique (3%).

China's hardwood log imports from Russia and Brazil rose 36% and 65% respectively however, imports from PNG and Solomon Is. fell.

Main hardwood log sources, 2021

	2021 mil. cu.m	% change 2020-21
Russia	2.59	36%
PNG	2.18	-18%
Solomon Is.	1.75	-15%
Brazil	1.20	65%
USA	0.88	22%
France	0.55	43%
Congo Rep.	0.54	-7%
Cameroon	0.46	6%
Germany	0.38	-33%
Mozambique	0.36	62%

Data source: China Customs

Slight decline in volume of tropical log imports

Of total hardwood log imports, tropical log imports were 5.42 million cubic metres valued at US\$1.746 billion CIF, down 2% in volume but up 15% in value on 2020. Tropical logs account for 9% of the national total import volume.

The average price for imported tropical logs was US\$322 CIF per cubic metre, up 17% on levels in 2020.

Import volumes from the top 3 suppliers (PNG, Solomon Is. and the Republic of Congo) fell 5%, 10% and 7% to 1.7 million cubic metres, 1.06 million cubic metres and 0.54 million cubic metres respectively which resulted in the decline of tropical log imports in 2021.

Tropical hardwood log sources, 2021

Volume	2021 mil. cu.m	% change 2020-21
PNG	2.18	-18%
Solomon Is.	1.06	-15%
Congo Rep.	0.54	-7%
Cameroon	0.46	6%
Mozambique	0.32	75%
Equatorial Guinea	0.24	-2%
Congo DR.	0.20	49%
Sierra Leone	0.16	4%
Suriname	0.14	-36%

Data source: China Customs

Rise in China's log imports from Myanmar

Myanmar was a major source of tropical logs for China before its log export ban and China's log imports from Myanmar have been declining for many years. However, log imports from Myanmar in 2021 soared to 10,732 cubic metres valued at US\$13.55 million, up 331% in volume and 390% in value. The average price for imported tropical logs from Myanmar in 2021 fell to US\$420 (CIF) per cubic metre, down 13% over 2020.

Rise in CIF prices for main suppliers

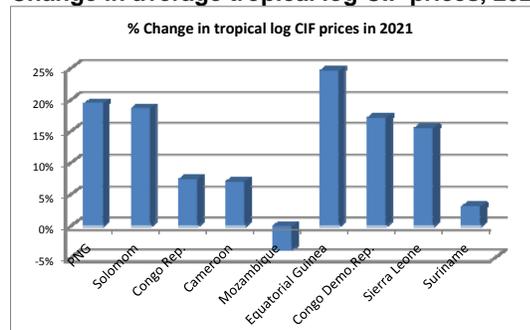
The average price for imported logs was US\$182 (CIF) per cubic metre, up 29% on levels in 2020. The CIF prices of all the main suppliers rose in 2021. The supplier with the lowest rise in CIF price for was Russia (10%). The Czech Rep. saw the largest rise in CIF price (42%) and New Zealand (41%). The rise in CIF price for log imports from Germany was 35%.

Average log CIF prices in 2021

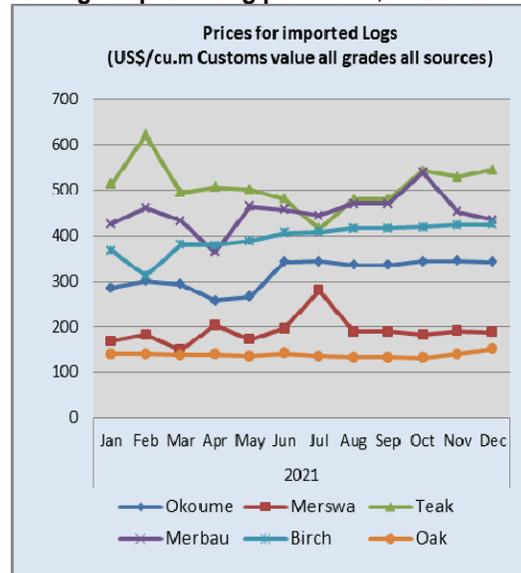
	2021 US\$ CIF	% change
All	182	30%
New Zealand	164	41%
Germany	159	35%
Russia	130	10%
USA	240	20%
PNG	226	25%
Uruguay	141	28%
Brazil	123	22%
Solomon Is.	182	19%
Czech Rep.	167	42%
France	238	25%
Canada	215	29%
Japan	160	29%

Data source: China Customs

Change in average tropical log CIF prices, 2021

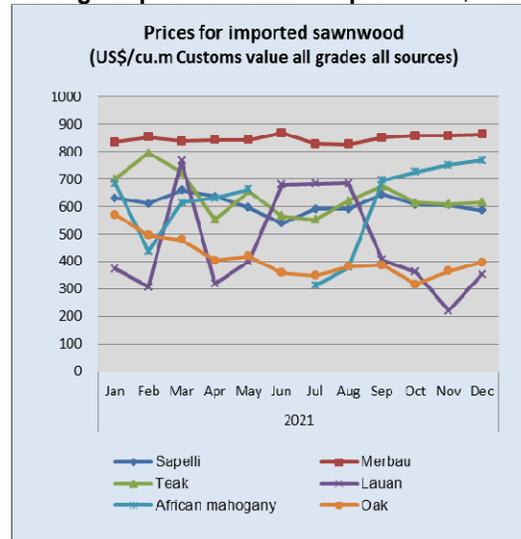


Average imported log prices US\$/cu.m CIF



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 log prices US\$/cu.m CIF

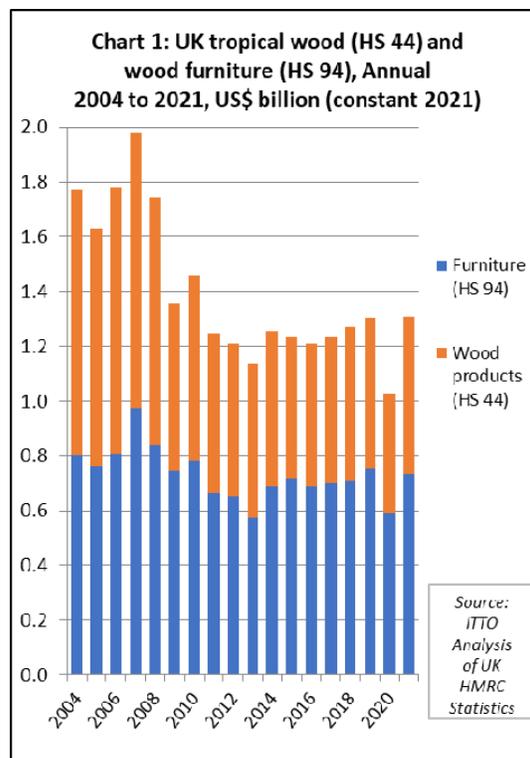
	2021 Nov	2021 Dec
Okoume	345	343
Merswa	191	188
Teak	529	545
Merbau	453	435
Birch	423	425
Oak	140	151

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

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

	2021 Nov	2021 Dec
Sapelli	606	587
Merbau	858	863
Teak	609	617
Lauan	220	354
African mahogany	751	768
Oak	366	398

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



While UK imports of tropical wood and wood furniture increased last year, tropical products have suffered a significant loss of market share during the pandemic (Chart 2). The total value of UK imports of wood and wood furniture products from all countries increased from US\$8.94 billion in 2020 to US\$12.65 billion last year, a gain of 42% after a 5% fall the previous year.

The share of tropical products in total imports was only around 10% last year, well below the long term average of between 13% and 14% share.

In contrast to tropical products the share of UK import value of non-tropical products from China remained level at 23.5% in 2021 as the value increased by 43% to US\$2.99 billion during the year. The share of UK imports of non-tropical products from other lower and middle income (LMI) countries increased from 5% to 6% as the value increased by 57% to US\$720 billion in 2021. This was largely due to a near doubling in UK imports from Russia and Turkey during the year.

However, in terms of absolute value, the largest gains in UK imports during 2021 were made by EU27 countries.

Europe

Rollercoaster ride for UK tropical wood imports

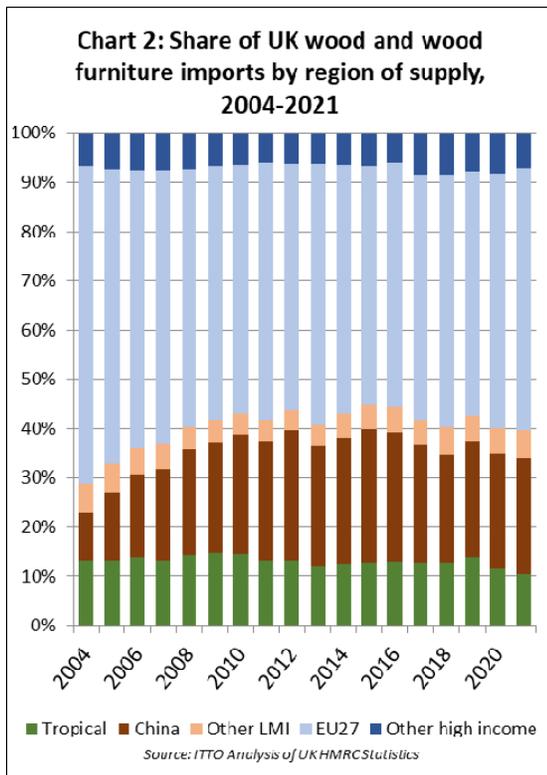
UK GDP increased 7.5% in 2021, the fastest annual growth rate in the UK since the Second World War and making the UK one of the world's fastest growing economies last year. But this "rise" must be considered in the light of the UK being amongst countries worst affected by the COVID-19 pandemic which led to a 9.4% fall in GDP in 2020 at a time when there was already uncertainty due to the country's departure from the EU.

UK imports of tropical wood and wood furniture products have mirrored the rollercoaster ride in the wider economy. Total UK tropical wood and wood furniture imports in 2021 were US\$1.31 billion, 27% more than the previous year. This followed a 21% decline in 2020 when supply and demand were severely affected in the early phase of the pandemic.

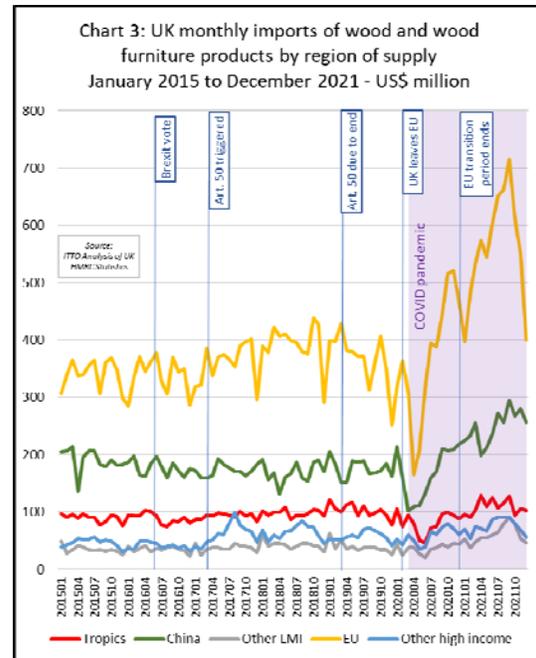
In practice, the value of UK imports of tropical products last year was only a marginal gain compared to US\$1.30 billion in 2019 before the pandemic and is no significant increase on the long-term average in the last ten years (Chart 1).

The total value of UK imports of wood and wood furniture from the EU27 increased 46% to US\$6.73 billion in 2021. This followed only a 1% decline the previous year despite the onset of the pandemic.

The share of EU countries in UK imports increased progressively from 49.5% in 2019 to 52% in 2020 and 53% in 2021. Expectations that the UK's departure from the EU might lead to a decrease in the share of imports of wood and wood furniture from the EU and a switch to other regions have yet to be realised.



Recent trends in UK wood and wood furniture imports were strongly influenced by the combined effects of the pandemic and Brexit (Chart 3).



In the two and a half years following the UK's decision to trigger Article 50 of the EU Treaty on 29 March 2017 which began the formal process for withdrawal from the EU, a process eventually completed January 2020, UK imports of wood and wood furniture from the rest of EU were more volatile than usual. However, there was no significant change in share of overall UK imports sourced from the EU and other regions of supply during this period.

The pattern changed dramatically from February 2020 just after the UK's departure from the EU and with the onset of the pandemic. This led to a sharp, but very brief, downturn in UK imports of wood and wood furniture from all regions, including the EU, during the first period of lockdown in April and May 2020.

But UK demand for wood products increased rapidly thereafter as consumers spent less money on transport, holidays and eating out, and invested large sums in home and garden improvement. Spending was further boosted by low interest rates and a huge injection of government support to tide the economy over the pandemic.

The sharp recovery in demand in the UK in the second half of 2020 and in 2021 coincided with a severe shortage of container space and other logistical problems in other parts of the world leading to a big rise in UK wood products imports from the EU.

At the same time, the full effects of the new customs controls on imports from the EU following the UK's departure from the EU were yet to be felt last year. Unlike the EU, which immediately imposed full inspections on imports from the UK in January 2021, when the Brexit transition period came to an end, the UK introduced a phased approach.

A grace period was granted to UK importers to give them more time to adapt to the new rules and ways of working.

The UK's originally intended that requirements for phytosanitary certification of UK imports from the EU would be introduced from April 2021 while requirements for full customs declarations on entering the UK market, rather than submitting forms at a later date, would be introduced from July 2021.

However, these deadlines were progressively pushed back during 2021. In the end, full customs declarations and controls on UK imports from the EU were only introduced on 1 January 2022, while requirements for phytosanitary certification and physical sanitary checks on controlled products are now only due to be introduced on 1 July 2022.

It seems likely that the huge surge in UK imports of wood products from the EU in the first three quarters of 2021 was partly driven by the desire of UK importers to build stock in advance of introduction of full customs checks.

The pace of UK imports from the EU fell dramatically in the last quarter of last year, with importers carrying higher stocks into the (typically slower) winter season and with some signs of slowing construction sector activity.

Uncertain prospects in UK as economic and logistics problems mount

Now there is a considerable uncertainty as to how UK imports will develop during 2022, both in terms of absolute numbers and in the balance between imports from the EU and the rest of the world.

The headline figures look quite promising. The latest OECD outlook indicated that the UK economy will continue to recover in 2022 with overall growth moderating to 4.7% during the year. Construction activity in the UK has been robust and seems quite resilient, despite material shortages and rising energy costs.

The IHS Markit/CIPS UK Construction Purchasing Managers index registered 56.3 in January, up from 54.3 in December, the strongest rate of output expansion since July 2021.

At the same time, concerns about the effects of the COVID omicron variant have waned in the UK as cases and deaths have fallen sharply in recent weeks and the UK government has indicated that all COVID restrictions should be lifted before the end of February.

On the downside, consumer price inflation in the UK is currently around 5.4%, with energy prices rising very rapidly. A recent article in the Financial Times (FT) notes that UK growth rate has also been artificially boosted by £25bn of corporate tax incentives and that real business investment remains weak.

In the third quarter of 2021, investment was still 4% below pre-pandemic levels, lower than any other economy in the G7. And UK exports have not joined in the global boom. According to the FT, "all this suggests that businesses are looking relatively unfavourably on the UK, even before corporation tax rates rise from 19 per cent to 25 per cent in 2023".

As to where the UK will turn to for wood products during 2022, that will heavily depend on supply side issues, including access to log supplies, availability and prices for containers, shifting exchange rates, level of demand in other markets, as well as policy measures.

It seems unlikely that UK imports from the EU in 2022 will be anywhere close to the level of 2021 as customs controls are finally introduced and merchants are carrying heavier stocks than the same time last year.

On the other hand, problems of shipping and transport logistics have become particularly prominent in the UK market in recent months and these may yet tie importers even more closely to their traditional European suppliers of wood products, irrespective of Brexit.

A recent study conducted by global logistics platform Container xChange and applied research organisation Fraunhofer-CML revealed that the UK currently has the world's longest turnaround times for processing shipping containers.

Due to the combined effects of Brexit and COVID, it is taking an average of 51 days for cargo boxes carrying goods from China and Southeast Asia to be processed in UK ports due to port congestion, shortage of warehousing space and lack of truckers and other qualified staff. This compares to around 25 days in Germany (the next worst performing European country) and as little six days in China.

The problems of shipping into the UK have led to more calls for distributors and manufacturers to shift away from their existing "just-in-time" business model to a "just-in-case" model of bringing more manufacturing closer to home and increasing inventories once again.

In practice, this implies a continuing high level of dependence on the large suppliers in continental Europe for which turnaround times, while much longer than before the UK left the EU single market, still compare favourably to imports from other parts of the world.

There are a few positive signs that global supply chains may start to unclog before the end of this year. For example, the FT was told by shipping giant AP Moller-Maersk that it expects global supply chain struggles to slowly get back toward normal in the latter part of 2022. And while global container prices have been very volatile around Chinese New Year, they have eased a little from the heights reached in the third quarter last year.

But overall, on-going supply side problems, which are particularly pronounced for shipments into the UK, suggest that there is unlikely to be a more significant upturn in UK imports of wood and wood furniture products from tropical countries during 2022.

North America

Imports gained in 2021

Imports of sawn tropical hardwood grew by 25% in 2021 according to figures released by the US Department of Agriculture and the US Census Bureau. The data also show substantial gains over 2020 in several hardwood categories.

Imports of hardwood plywood rose in volume by 32% while spending on imports rose 35% for hardwood flooring and 64% for assembled flooring panels. Imports of wooden furniture rose 27% to nearly US\$24 billion in 2021 and cabinet sales grew by 14.6%. Imports of tropical hardwood veneer, however, fell by 1%.

Tropical hardwood imports

US import volumes of sawn tropical hardwood rose 2% in December remaining steady to close out the year. Imports of Sapelli rose 9% over the previous month and ended the year 36% higher than 2020. Imports of Mahogany and Padauk both fell in December but more than doubled in 2021. Imports of Balsa fared the worst in 2021, falling by 27%, while imports of Iroko were down 24% for the year.

Imports of Jatoba fell by 3% in December but grew by 77% in 2021 and were by far the most imported species of the tropical hardwood. Second was Ipe imports, which rose 63% in December, but ended the year down 6% from the previous year. (Both Ipe and Jatoba were removed from the tropical hardwood imports category by the USDA earlier this year).

Counting Jatoba and Ipe imports, 2021 saw a 25% gain in US imports of tropical hardwood lumber over 2020 figures.

Canada also saw steady tropical hardwood imports in December and for the year imported 8% more than in 2020. In 2021, imports from Cameroon grew by 34% as that country distanced itself as Canada's top trading partner, while imports from the US fell 55% among US/Canada trade dispute.

Hardwood plywood imports soar

US imports of hardwood plywood rose 33% in December to record their highest level in more than six years. The December import volume of 379,185 cubic metres was the most since June 2015. Imports from Indonesia jumped by 171% in December and ended 2021 49% higher for the year as Indonesia emerged as the top supplier for the US. Vietnam was the second largest supplier, up 30% for the year.

All major supplying countries increased volume by more than 10% for the year except China which saw a decline of 1%. Total imports for 2021 were 32% higher than 2020.

Veneer imports slide

US imports of tropical hardwood veneer fell 27% in December as 2021 imports came up just short of the previous year's totals. Imports from Italy, by far the top trading partner, fell 60% in December but ended the year up 11% over their 2020 total.

Imports from China gained 2% in December but for the year ended down 19%. Imports from Cameroon in December rallied to their highest month since 2017 but still ended down 2% for all of 2021. Total imports for 2021 lagged 2020 imports by just under 1%.

Hardwood flooring imports retreat

After a strong November, US imports of hardwood flooring declined by 21% in December. A monthly decrease of 16% from Brazil and 28% from Malaysia lead to the overall drop.

Despite the loss, imports for 2021 surpassed 2020 totals by 35% as imports from Brazil grew by 88% and imports from Malaysia grew 28%. Imports from China and Indonesia were both down significantly in 2021 although both saw strong gains in December. Imports of assembled flooring panels also fell in December, dropping 7% from November totals.

Vietnam emerged as the top trading partner for the year after gaining 58% over 2020, while Canada fell to second after rising only 6% for the year. Total imports for the year came in up 64% over 2020 as imports from Brazil increased more than 10 times and imports from Thailand nearly quadrupled.

Moulding imports reach three-year high

US imports of hardwood moulding rose 23% in December to their highest level since December 2018. Imports from Malaysia and Brazil both rose more than 70% for the month.

Imports from Malaysia ended the year up 25% over the previous year. Imports from Canada, by far the top trade partner, increased by 51% in 2021 despite falling 9% in December. Imports from China fell by 39% in 2021 but did manage a 33% increase from November to December. Overall hardwood moulding imports rose 27% in 2021.

US wooden furniture imports rise to end record year

The US imported nearly US\$24 billion of wooden furniture in 2021, an average of just under US\$2 billion per month and 27% higher than in 2020. Imports rose 27% in December to US\$1.94 billion as imports from Vietnam rose 60% for the month.

For the year, Imports from Vietnam, the top US trade partner, rose by 23%, while imports from Mexico and India both grew by more than 60%. Imports from every chief trading partner grew by more than 10% in 2021, with the exception of Malaysia, where imports rose only 2%.

Cabinet sales rose nearly 15% in 2021

US cabinet manufacturers reported an 1.1% overall gain in sales in December, according to the Kitchen Cabinet Manufacturers Association's (KCMA) monthly Trend of Business Survey. The month-to-month comparison showed stock sales gaining 2.1%, semi-custom sales rising 0.4%, and custom sales dropping by 1.8%.

The numbers look much better compared with last year. The survey showed that participating cabinet manufacturers reported an increase in overall cabinet sales of 15.2% for December 2021 compared to the same month in 2020. Custom sales rose 14.7%, semi-custom sales were up 8.9%, and stock sales jumped by 19.5%.

December capped a very strong year, with overall cabinet sales in 2021 up 14.6% when compared to 2020. Custom sales were up 19.5%, semi-custom sales were up 10.7% and stock sales increased 16.4% compared to last year.

See: https://www.kcma.org/news/press-releases/October_2021_trend_of_business_press_release

US lumber prices fluctuate wildly

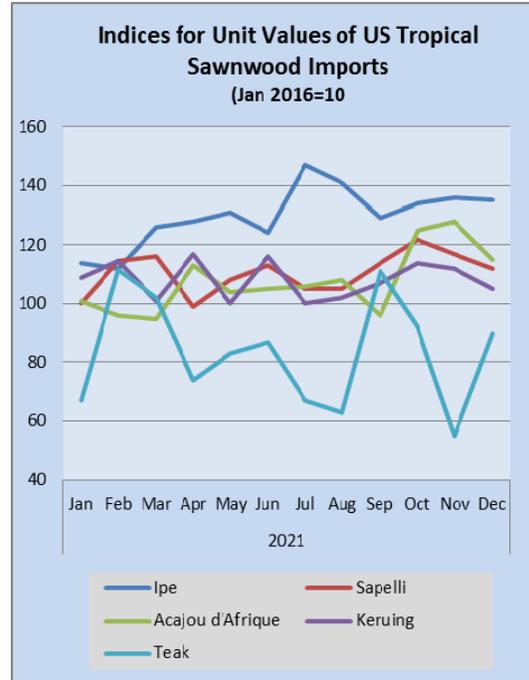
Softwood lumber prices fell 30% over the last two weeks of January, only to spring back to their previous levels in early February. Business Insider reported that lumber hit a low of US\$934 per thousand board feet on 1 February. That was down from US\$1,338 as recently as 14 January. That slump was the softwood lumber industry's longest since July, Bloomberg reported.

The slump was a prospect of a cooling housing market tied to higher mortgage rates and ongoing supply-chain issues. Part of the decline has been attributed to rising mortgage rates, which some industry experts say will lead to a slowdown in home sales.

The average 30-year fixed mortgage rate increased 50 basis points to 3.55% between late December 2021 and late January, according to Freddie Mac. The Mortgage Bankers Association projects that the rate will climb to 4% by the end of 2022.

But after the brief cool off, softwood lumber futures rose for each of the first six sessions of February Wednesday, hitting US\$1,204.90 per thousand board feet on February 9.

See: <https://www.gobankingrates.com/investing/real-estate/lumber-prices-crash-30-as-mortgage-rates-start-going-up/>



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

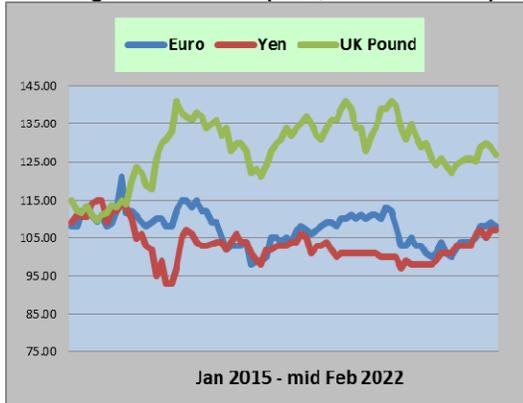
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Dollar Exchange Rates

As of 10 February 2022

Brazil	Real	5.2532
CFA countries	CFA Franc	574.55
China	Yuan	6.355
Euro area	Euro	0.8811
India	Rupee	75.643
Indonesia	Rupiah	14352
Japan	Yen	115.45
Malaysia	Ringgit	4.1895
Peru	Sol	3.91
UK	Pound	0.7374
South Korea	Won	1199.79

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

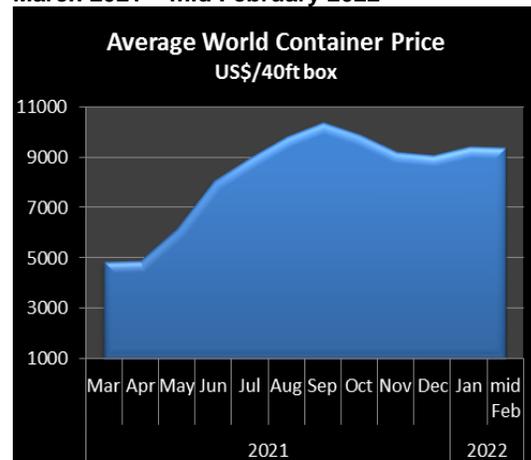


Abbreviations and Equivalences

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

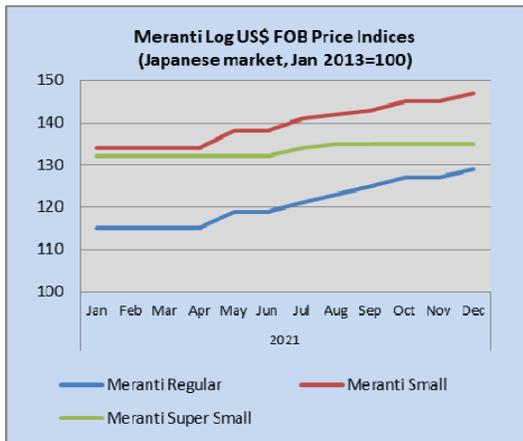
March 2021 – mid February 2022



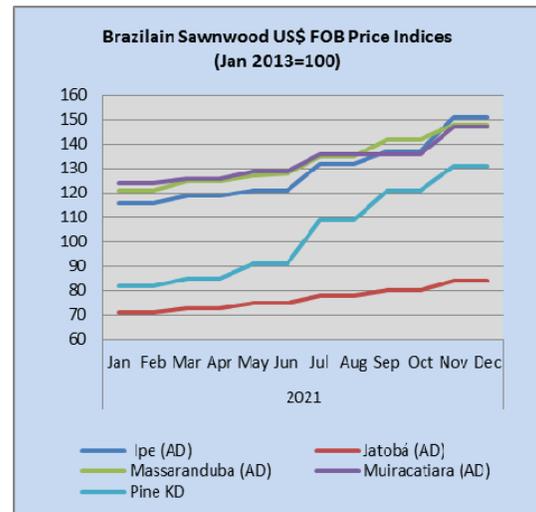
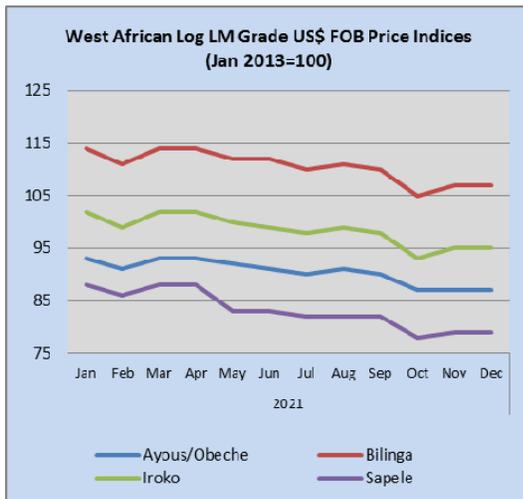
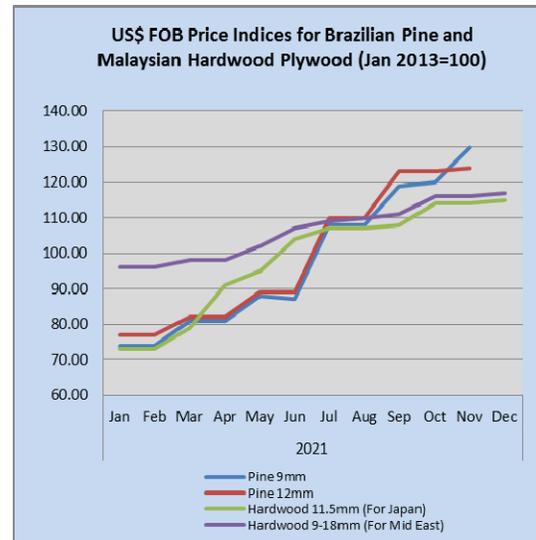
Data source: Drewry World Container Index

Price indices for selected products

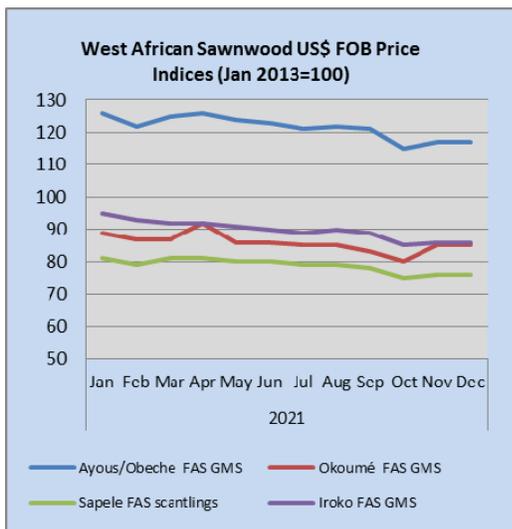
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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