

# Tropical Timber Market Report

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## Top story

### **Japan launches Circular Economy initiative**

The Japanese government and the Japan Business Federation have launched discussions on a 'Partnership on Circular Economy'.

This aims to bring the private sector and government together to advance the circular economy in Japan. The partnership is expected to evolve through collaboration with the World Economic Forum's Circular Economy Initiative. Timber could be the ultimate Circular Economy resource as well as the ultimate renewable resource.

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## Central and West Africa

### Vaccinations begin but no sign yet of firming demand

The much anticipated revival of demand in the first quarter has not yet materialised and with just a few weeks left in the quarter prospects are not good. The roll-out of vaccines in Europe and in the US, while raising consumer sentiment, has not translated into increases in orders.

### Log supply becoming a problem in Gabon

Delays in trucking (and now bad weather) is impacting the flow of logs in Gabon. The corona control measures imposed has resulted in trucks being able to only make 1-2 trips per week instead of the usual 2-3 trips.

Peeler mills in the GSEZ, which utilise mainly okoume, are having to accept sawmill grade logs and to recover peeler billets from these lower quality logs. Producers report prices for okoume sawnwood, which have been rising, are now under pressure from Chinese buyers.

### Finance is available for companies up-to-date with taxes

In response to the current crisis the Gabonese government, with the support of the banks, established an emergency financing window to provide assistance to companies.

Because of criticisms that the system was not working well, in an interview with the media, the Minister of the Economy and Recovery, Nicole Janine Lydie Roboty Mbou, reconfirmed the government's intention to provide support and reiterated that companies can take advantage of the financing provided they can show they are up to date with Gabon's National Social Security Fund (CNSS), National Health Insurance and Social Guarantee Fund (CNAMGS) and taxes.

### Pirate attacks rise in Gulf of Guinea

Maritime security around the Horn of Africa has improved but the seas off the West African coast have become more risky for shipping. Early attacks were close to the Niger Delta but now pirates have extended their activities beyond the Nigerian coast as far as Benin and Togo. Nigeria, which has a powerful naval force, has joined with its neighbours, Benin and Togo to launch joint patrols. Similar cooperation is taking place between Cameroon, Equatorial Guinea and the DRC.

There is a regional anti-piracy effort supported by France, the US, Spain and Denmark. The US and French navy exercises with the security forces in the region. However, despite this collaboration, pirate attacks remain frequent.

In Benin the International Maritime Bureau confirmed that off the coast of Benin 11 ship attacks occurred in 2020 and in Nigerian waters there were 34 incidents last years. On 10 March pirates attacked a Dutch tanker in the Gulf of Guinea kidnapping 15 crew members but 6 others were safe and unharmed on the ship.

See: <https://newsghana.com.gh/pirates-attack-dutch-ship-off-west-africa/>

## log export prices

West African logs Asian market	FOB Euro per cu.m		
	LM	B	BC/C
Acajou/ Khaya/N'Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & ekki	275	275	175
Belli	270	270	-
Bibolo/Dibétou	215	215	-
Bilinga	275	275	-
Iroko	300	280	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	225▲	225▲	220
Moabi	330	330	250
Movingui	180	180	-
Niove	160	160	-
Okan	200	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	460
Merchantable	310
Std/Btr GMS	320
Sipo FAS GMS	420
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	640
Strips	370
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	620
Scantlings	640
Movingui FAS GMS	420

## Ghana

### AGI urges reduction in lending rates

The Association of Ghana Industries (AGI) is lobbying for a further cut in the lending rate so businesses can compete with their counterparts in neighbouring countries. Though the cost of loans have fallen by about 10% since 2017 to 21% the Policy Rate set by the Bank of Ghana still stands at 14.5%. The Chief Executive of AGI, Seth Twum Akwaboah, believes lending rates in the country are still not competitive enough. He, however, applauded the current Bank of Ghana administration for pushing the rates down since assuming office.

See: <https://www.myjoyonline.com/agi-wants-lending-rates-to-go-down-further/>

### National Bank to support businesses

The government has reiterated its plan to create a National Development Bank to support the manufacturing sector. The plan is to utilise the 100 billion cedi Ghana COVID-19 Alleviation and Revitalization of Enterprise Support Initiative. The aim of this initiative is to revitalise and modernise the economy.

To prepare for post-COVID recovery Ghana will implement projects such as;

- Supporting commercial forest plantations and attracting educated youth into commercial farming
- Building the country's manufacturing sector
- Establishing Ghana as a regional market hub

The Ministry of Finance has allocated US\$50 million towards the operationalisation of the proposed National Development Bank.

### Ghanaians urged to participate in nationwide tree planting

With the launch of the Green Ghana Project which will encourage all Ghanaians to participate in a nationwide tree planting exercise the President vowed to implement an extensive afforestation programme this year. This was announced in his State of the Nation Address. Last year an estimated 24 million seedlings were supplied for planting under the government's Youth in Afforestation and Reforestation project. Species planted included teak, cedrela, gmelina, oram, emire, mahogany and rosewood.

On the economy, the President said he expected economic growth to rebound to around 5% this year which is above the IMF's 4.2% projection for Ghana. Early this year the government eased some corona control restrictions to boost economic activity in tandem with the nation-wide vaccination exercise. The government expects about 20 million people will have been vaccinated by mid-year.

### Traditional Chiefs urged to support forest protection

The Chief Executive of the FC, Mr. John Allotey has proposed to Chiefs and community leaders in forest reserve communities that they could reintroduce the traditional ways through which the forest was protected from excessive or illegal activities. He said this at a forum to mark this year's World Wildlife Day on the theme: "Forests and livelihoods: Sustaining People and Planet."

In the past local and traditional systems restricted people in the community from entering forests at times and in areas considered sacred. These were no-go areas on certain days and occasions, and any entry required the explicit permission of the local Chiefs.

This traditional system served as a check to protect the forest and the biodiversity. Unauthorised activity in defiance of the traditions was immediately addressed by local Chiefs and opinion leaders according to the traditional rules and this helped ensure discipline and eliminated unauthorised activities.

Allotey also said a lack of awareness, poverty and negligence were root causes of the destruction of forests and wildlife and called on the media, law enforcement agencies and the judiciary to help protect the forest to sustain the people and the planet.

See: <https://www.gna.org.gh/1.19974806>

### Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	530
Niangon Kiln dry	622

### Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9mm)	FACE (>2mm)
Ceiba	315↓	441
Chenchen	540	631
Ogea	443	590
Essa	543	705↑
Ofram	350	435

### Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanфина	1,029↑
Avodire	573
Chenchen	1,166↑
Mahogany	2,022↑
Makore	837↑
Odum	700

### Export plywood prices

Plywood, FOB BB/CC	Euro per cu.m		
	Ceiba	Ofram	Asanфина
4mm	347↓	580	641
6mm	412	535	604
9mm	377	499	560
12mm	516	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 FAS 25-100mm x 150mm up x 2.4m up	Euro per cu.m	
	Air-dried	Kiln-dried
Afromosia	860	925
Asanфина	465	564
Ceiba	404	600
Dahoma	470↓	609↑
Edinam (mixed redwood)	520	670↑
Emeri	465	570↓
African mahogany (Ivorenensis)	886	992↓
Makore	740	755
Niangon	583	600↑
Odum	649	1,059↑
Sapele	720	742
Wawa 1C & Select	355	459

## Malaysia

### Everything hinges on vaccination programme

In early March, Malaysia recorded 316,000 cases at a rate of over one thousand a day. A great deal now rests on the national vaccination effort launched for medical and other frontliners. In April senior citizens and people in high risk groups will get an opportunity to be vaccinated.

### Manufacturers need to embrace automation and digitalisation

Looking ahead to the post-pandemic times many in the timber industry are seeking ways to ways to boost productivity. According to Dr. Mohd Khairuddin Aman Razali, the Minister for Plantation Industries and Commodities, the wood products manufacturing sector needs to embrace automation and digitalisation to secure its future.

He said the industry cannot continue to be dependent on foreign workers and must take the first steps in employing experienced engineers who could lead modernisation strategies.

The Education and Plantation Industries and Commodities Ministries have launched a Timber Industry Engineer Placement and Internship Programme in Kuala Lumpur involving the Malaysian Timber Council, six timber associations and eight universities.

### Raw material supply and labour will be a challenge post-pandemic

The Sabah State timber industry experienced a decline in almost all sub-sectors in 2020 according to the Sabah Timber Industries Association (STIA) president, Tan Peng Juan. He said the two main exports, plywood and sawnwood experienced a 44% decline in the volumes exported during the year.

Tan said he anticipates that many upstream and downstream companies will be faced with two key challenges when demand picks up - long term issues affecting raw material supply and a labour shortage. The Sabah timber sector needs to address efficiency and competitiveness.

See: <http://www.dailyexpress.com.my/news/166613/raw-material-labour-key-challenges-says-timber-association/>

### Sarawak 2019 and 2020 exports

Sarawak export volumes collapsed in 2020 for all of the main export products except wood chips.

	2019 cu.m	2020 cu.m	% change yoy
Logs	1,290,133	925,162	-28
Sawnwood	318,544	258,090	-19
Plywood	1,122,641	1,037,090	-18
Veneer	68,668	34,913	-49
Mouldings	7,291	5,569	-24
Particleboard	48,463	27,635	-42
MDF	188,169	175,184	-7
Laminated flooring	10,277	5,828	-43
Woodchips	353,174	456,438	29

Data source: STA, Sarawak

## Indonesia

### Five point strategy to boost exports

The Director General of National Export Development in the Ministry of Trade, Kasan, has said exports are one of the components of GDP that can promote national economic recovery. To realise this the Ministry of Trade has developed a five point export boosting strategy: maintaining export markets and the main products, prioritising export-oriented small and medium enterprises (SMEs), penetrating non-traditional markets, utilising trade agreements and conducting regulatory reforms particularly through the Job Creation Act.

Kasan believes emerging markets and non-traditional markets will play an even greater role in the future. He pointed out that emerging market countries will soon contribute around 70% to the world economy and about half of this will be from Asian countries.

### Large potential for growth in US market

Demand for wood products in the United States is projected to increase this year and two executives of major exporters said their companies are optimistic there will be a further rise in demand from the United States.

The executives said Indonesia's market share for furniture in the US is still small so there is a huge opportunity for export growth. A fibreboard exporter also plans a stronger focus on the US market this year.

See: <https://www.msn.com/id-id/berita/other/potensi-pasar-cerah-sejumlah-emiten-kayu-garap-pasar-amerika-serikat/arr-BB1e2JsR?ocid=BingNewsSearch>

### Non-timber forest products can generate income and lift the economy

During a recent technical guidance and capacity building training exercise for communities in forest areas the Minister of Environment and Forestry, Siti Nurbaya said non-timber forest products have enormous potential and can have a role in increasing household income, improving local economies and preserving the forest. She said however, NTFPs have not received much attention from the community, especially forest farmer groups.

The Minister expressed optimism that NTFP will become part of main stream forest utilisation in Indonesia

Non-timber forest commodities that have the potential include eucalyptus leaves, coffee, latex, bamboo, corn, lemongrass, elephant grass, palm sugar, gamal, rattan, sugar palm, cloves, resin, gaharu, sap, bark, incense, candlenut, walnuts and honey, said the Minister.

See: <https://www.medcom.id/ekonomi/sustainability/akWLjPMK-hasil-hutan-bukan-kayu-berpotensi-tingkatkan-ekonomi>

**Urgently expedite negotiations on international agreements**

The Indonesian President, Joko Widodo, has urged the Ministry of Trade to quickly expedite negotiations on international agreements between Indonesia and partner nations. The President said this will open up new markets such as the IA CEPA (Indonesia-Australia Comprehensive Economic Partnership Agreement) and deals with South Korea and the EU.

The Indonesia-Australia CEPA was signed on 4 March 2019 and took effect on 5 July 2020, after the ratification process spanning 10 months. Meanwhile, Indonesia and South Korea officially signed a Comprehensive Economic Partnership Agreement 18 December. The Indonesia-European Union Comprehensive Economic Partnership Agreement (I-EU CEPA) negotiations are still on-going.

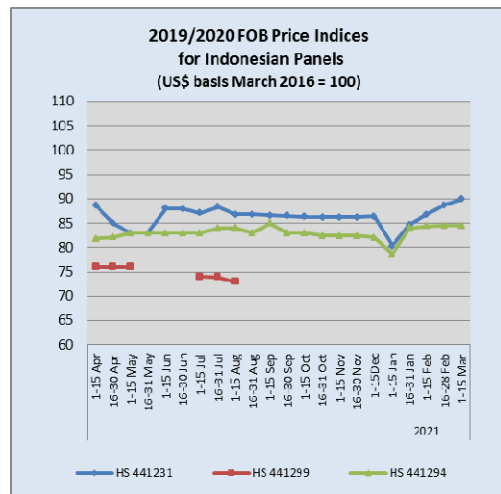
**Plan to restore 1.2 million hectares of peat by 2024**

Acting Director General of Forestry Planning and Environmental Management in the Ministry of Environment and Forestry (KLHK), Ruandha Agung Sugardiman said the ministry plans to restore 1.2 million hectares of peatland by 2024 in order to achieve Indonesia's international commitment to achieve carbon emission target. In addition, the Ministry of Environment and Forestry will also carry out mangrove restoration in nine provinces. The total area to be restored is 600.000 hectares.

In related news, Indonesian's Environment and Forestry Minister, Siti Nurbaya, has revealed a dramatic fall in the country's deforestation rate during the 2019/2020 period. The data suggest a 75% decline compared to deforestation in the 2018/2019 period.

Deforestation of 462,500 hectares was reported in the 2018/2019 period and this dropped to just 115,500 hectares in the 2019/2020 period. These figures refer to net deforestation.

See: <https://foresthints.news/indonesia-deforestation-rate-drops-dramatically-by-75/>



Data source: License Information Unit. <http://silk.depht.gov.id/>

**Myanmar news**

Communication and the flow of news from Myanmar has been disrupted. The following news summary is from multiple sources.

- Myanma Timber Enterprise (MTE) continues the suspension of log sales.
- Most shipping lines have suspended services for the safety of staff.
- There is growing concern among international investors.
- A planned online meeting between the army appointed Investment Minister and business associations led by the Union of Myanmar Federation of Commerce and Industries was cancelled because of non-participation by the business sector.
- The State Administration Council (current military regime) has revoked the permits of major print and online media companies. This was done after the media reported on the killings by the army and police.
- The civil disobedience movement continues. MPs elected on 8 November 2020 have formed what is termed, the Committee Representing Pyidaungsu Hluttaw (translation Committee Representing Union Parliament) and is issuing statements on behalf of the elected NLD-Government.
- Most commercial banks are closed but they have now been threatened, open or have license revoked.

See:

<https://www.frontiermyanmar.net/en/tax-chief-brushes-off-public-campaign-to-starve-the-regime-of-revenue/>

<https://www.frontiermyanmar.net/en/nothing-is-moving-cdm-freezes-foreign-trade-raising-fears-of-shortages/>

**Myanmar Federations call for support**

On 5 March the Myanmar Union Federations called for international support.

Source:

<https://labornotes.org/blogs/2021/03/myanmar-union-federations-call-international-support-against-coup>

The statement from the Federation reads:

“Kyae Zin (F), 19 years, Mandalay University, Mandalay, Nyein Thu Aung (M), 19 years, Magwe Institute of Technology, Magwe region, Arkar Moe (M), 25 years, N. Okkalapa, Yangon, Nay Myo Aung, (M), 16 years, Mandalay regional, Min Khant Kyaw (M), 17 years, Sagaing region, Htet Wai Htoo (M), 17 years, Mon state.

These are some of the future of Burma shot by Min Aung Hlaing's military in the cities of Burma. More than 50 have been accounted for.



Some were lucky to have funerals by their families while many have disappeared. The people's movement against the military regime that staged a coup has continued all over Burma for over a month and is still continuing. More walks of life are participating and all sectors of work are participating.

The following are some areas where our members have successfully demonstrated that a soldier or a military officer cannot run each and all technical issues.

As of 5 March all spheres of energy extraction are stopped. The Thanpayakan refinery has been stopped—the military took away three weeks' supply of processed fuel (some two weeks ago)—and no reserve left.

The Nyaungdone gas production that gets about 270 million kays per day is shut down. The Ayadaw gas production that feeds the gas to run the turbines of the military-owned factories in WAZI township, Magwe region, are stopped, and none of the factories are operating. That is why they can't print the bank notes and bullets and so are buying the bullets and the bank notes are printed—with Chinese words on the paper packing.

No trains are running.

Of all the CDM activities, the Foreign Affairs Office personal CDM led by UN Permanent Representative U Kyaw Myo Tun—from the UN Permanent Representative office—5 persons in Washington D.C., 4 persons in Geneva, 1 person in Berlin, have rocked the regime.

The U.S. government has blocked \$1 billion by U.S. Executive Order 14014.

The American Chamber, the Euro Chamber, the Italy Myanmar Business association, the French Chamber of Commerce, and the British Chamber of Commerce in Myanmar have declared they will not meet with the regime.

The World Bank has informed the regime that all drawdowns are suspended at the moment

The Karen National Union/Kachin Independence Army have announced that the coup is not acceptable and that it takes away the credibility of the peace process.

Shooting with machine guns/using snipers/using planes are their last resort.

What we request now is a harsh comprehensive sanction that can finish off the regime and its structure.

It will hurt everybody. More the grassroots, the daily income of people. And these are the people who die now for want of change. After suffering abuse of the eco-social system by the military over five decades, now facing death from bullets shot by our own military in our own homes, without external invasion, and we now call for clear-cut international sanctions on the country.

We will suffer another five years to be rid of these military thugs and their “we hold weapons, we can do whatever, whenever we want” insolence, their doctrine, and practice. And that is the only way, to rebuild Burma from scratch—without any interference from the military.”

## India

### India's Manufacturing PMI

The IHS Markit India Manufacturing Purchasing Managers' Index (PMI) showed a decline in India's manufacturing activity in February 2021. The manufacturing sector activity rose to an almost eight-year high in January.

See: [https://www.business-standard.com/article/economy-policy/india-s-manufacturing-pmi-at-57-5-in-feb-2021-against-57-7-in-jan-121030100280\\_1.html](https://www.business-standard.com/article/economy-policy/india-s-manufacturing-pmi-at-57-5-in-feb-2021-against-57-7-in-jan-121030100280_1.html)

### Expand timber trade with Russia

According to the Indian Foreign Secretary, Harsh Vardhan Shringla, India and Russia should diversify their trade beyond the traditional sectors and mention was made of opportunities for expanded trade in wood products.

India-Russia trade amounted to US\$10.11 billion in 2019-2020 but they have agreed a bilateral trade target of US\$30 billion by 2025. To achieve this consideration is being given to cooperation on transport and logistics, ship building, pharmaceuticals, agro-industry products and timber among others.

See: <https://www.india-briefing.com/news/india-russia-to-triple-bilateral-trade-by-us5-billion-per-annum-21768.html/>

### Strong demand for bigger homes

Demand for homes in India is said to be at an all-time high thanks to low interest rates, changes buyer preferences and some tax cuts in various States. Home buyers have shifted preferences to bigger homes to make 'work-from-home' more convenient. Niranjana Hiranandani, President, National Real Estate Development Council (NAREDCO) has expressed appreciation of the government initiatives that have led to a boost in home demand.

See: <https://www.thehansindia.com/business/housing-demand-in-india-at-all-time-high-675476>

### Economy gets boost from budget

The Indian economy experienced a sharper contraction in growth than most Western economies and where these countries cushioned the shock to their economies with quick and massive financial stimulus, India's stimulus was slow and smaller. As a result India has seen a sharp contraction in growth over the past 12 months but the economic policies implicit in the country's 2021–22 Central government budget now focuses on boosting public infrastructure and capital expenditure whose share in GDP has increased from 1.5 per cent in 2017–18 to 2.5 per cent in the 2021–22 estimates.

The Organisation for Economic Co-operation and Development (OECD) has projected that the Indian economy will grow at 12.6% in Fiscal 22, the highest among G20 countries driven by the recent stimulus proposals. For the timber manufacturing sector the budget is expected to boost demand and drive production higher.

#### Sawn hardwood prices

Sawnwood, (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,700-1,850
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

Price range depends mainly on lengths and cross-sections.

#### Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,000-4,200
Balau	2,500-2,700
Resak	1,800-2,000
Kapur	2,100-2,200
Kempas	1,550-1,750
Red meranti	1,500-1,650
Radiata pine	850-890
Whitewood	850-890

Price range depends mainly on lengths and cross-sections.

#### Plywood

The wood based panel sector should see sustained growth this year. The panel sector has seen sales recover close to pre-pandemic levels but the decorative veneer sector is still suffering slow sales mainly because demand from the hospitality sector remains sluggish according to PlyReporter. (February 2021 editorial).

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

Plywood Ex-warehouse	Rs. per sq.ft
4mm	68.00
6mm	94.00
9mm	114.00
12mm	140.00
15mm	185.00
18mm	200.00

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

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	45.00	64.00
6mm	64.00	80.00
9mm	80.00	98.00
12mm	98.00	116.00
15mm	116.00	140.00
19mm	136.00	157.00
5mm Flexible ply	86.00	

### Vietnam

#### US\$14.5 billion from forestry exports in 2021

Forest product exports are expected to rise to US\$14.5 billion this year, up 12% against 2020. This was announced by the Deputy Minister of Agriculture and Rural Development, Ha Cong Tuan, in an interview with the Lao Dong newspaper. Exports are likely to reach US\$20 billion 2025.

Over the next five years efforts will be made to sustain the forest cover at 42%, expand markets, develop long-term trade partnerships and promptly address trade issues for mutual benefits in line with international commitments.

The minister mentioned that despite COVID-19 the timber industry had a good year. Vietnam exported forest products worth over US\$13.22 billion, up 16.9% year on year almost 6% higher than targeted. Vietnam ranks fifth globally, second in Asia, and first in Southeast Asia in terms of forestry exports.

He pointed out that the US, Japan, China, the EU and the Republic of Korea are the top five importers of Vietnam's timber and the combined value exceeded US\$11 billion or about 90% total forestry exports last year. Vietnam has more than 5,500 companies operating in wood and forest product processing, which generate millions of jobs.

See: <https://vietnamnet.vn/en/business/vietnam-aims-to-earn-14-5-billion-usd-from-forestry-exports-706857.html>

#### Revenue from forest environmental services to top US\$121 million

The Vietnam Administration of Forestry (VNFOREST) aims to collect VND2.8 trillion (US\$121.7 million) from forest environmental services this year.

Under this policy, forest service users such as tourism businesses or hydropower plants will have to pay according to their use of forest resources to forest owners which could be individuals, households, organizations or communities.

According to VNFOREST Deputy Director, Phạm Văn Diên, forest carbon sequestration and emission reduction services, a new feature of 2021, will add between VND300 to 500 billion to the sector's annual income from environmental services. Last year the revenue from those services stood at VNĐ 2.56 trillion, meeting 91 per cent of the yearly target.

The revenues from forest environment services supported 226 forest management boards and 138,000 forest owners, while creating income for 81 forestry companies and livelihoods for more than 172,000 families in mountainous areas, helping lift their living standards.

Revenues from forest environmental services have become a sustainable source of finance that helps to increase the value of the forestry sector as well as contributes to GDP growth, according to VNFOREST.

See: <https://vietnamnews.vn/society/887213/revenues-from-forest-environmental-services-could-reach-121m-in-2021.html>

### **Plan to plant 1 billion trees**

The Ministry of Agriculture and Rural Development has submitted a plan to the Prime Minister to plant 1 billion trees between the 2021-2025. In 2021 alone Vietnam will plant about 182 million trees and between 2022 and 2025 the country will plant over 200 million trees each year.

According to the Ministry, in recent years, although the forest coverage in Vietnam has increased the quality of natural forests has not improved, the function of protection forests has not been fully promoted and the density of trees to people in urban and rural areas is still low compared to that of many other countries.

Meanwhile, the impact of climate change and natural disasters has become increasingly complex affecting all aspects of socio-economic life and environment and threatening the country's sustainable development. Planting and protecting forests and developing trees for environmental protection are of vital significance.

See: <https://vietnamnet.vn/en/society/project-to-plant-1-billion-trees-submitted-to-prime-minister-710087.html>

## **Brazil**

### **Rising revenue from forest concessionaires**

Since 2010 the federal government collected R\$102 million in forest concession fees (as of February 2021). The amount was collected from the 15 contracts under implementation. Forest concession allocations are coordinated by the Brazilian Forest Service (SFB) which falls under the Ministry of Agriculture, Livestock and Supply.

2020 was the best year with almost R\$28 million in collections, an increase of almost 60% compared to 2019.

According to SFB, the high value collected in 2020 was the result of measures taken to optimise payments. To facilitate payments the SFB introduced a system allowing payment by quarterly installments.

The SFB has also introduced measures to minimise the financial impact caused by the Covid-19 pandemic on forest concession contracts under its management. SFB said that social isolation and quarantine had a negative impact on production and trade and to take account of this it postponed the payment due of installments to help companies maintain jobs and remain viable.

Furthermore, SFB together with the National Bank for Economic and Social Development offered concessionaires emergency credit lines utilizing funds created by the Federal Government to support small and medium-sized companies.

### **E-commerce saves furniture sector**

The pandemic had a negative impact on all manufacturing sectors and between January and May 2020 retail sales dropped over 50% compared to the same period in 2019. However, after the initial downturn, the furniture sector saw sales grow through e-commerce. Until recently the furniture sector never sold much on-line with around 6% of all sales being made by digital selling. This has now risen to 10%.

Beginning in the second half of 2020 furniture sales increased considerably. Out of 12 States surveyed five reported higher than average sales with only two states registering a decline in sales.

In terms of prices for furniture the Producer Price Index (IPI) for the furniture industries which measures the trend in prices "at the factory door" without taxes and freight, indicated that from January to December 2020 there was an average 20% increase.

### **Timber an important part of Acre's exports in 2020**

The Amazon State of Acre is one of the main producers and exporters of tropical timber and has the lowest deforestation rate among all the states of the Legal Amazon.

The value of timber exports in 2020 represented 28% of total shipments from the State which were worth US\$8 million according to the Observatory of the Permanent Forum of Development of Acre but in 2019 exports of timber were worth US\$12 million.

The main destination for timber and wood products exports from the State of Acre in 2020 was the United States with 41%, followed by the Netherlands with 19% and China with 12%. The main ports for export were Manaus (53%) in the state of Amazonas and Paranaguá (42%) in the state of Paraná, in the South Region of Brazil.



## Furniture exports in 2020

Brazilian furniture exports ended 2020 2.5% lower year on year according to the Brazilian Association of Furniture Industries (ABIMÓVEL) and IEMI - Market Intelligence. As a result, the average price of exported furniture fell almost 7% but this drop was offset by the appreciation of the US Dollar against the Brazilian currency.

Furniture exports to the United States stand out with a significant share (40%) of export values, representing an 11.5% increase compared to 2019. Second in the ranking is the United Kingdom with an 8.6% share in 2020 followed by Uruguay (7.4%), Chile (6.6%), Peru (5.1%) and Paraguay (3.3%).

### Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	173
Jatoba	86
Massaranduba	78
Muiracatiara	82
Angelim Vermelho	76
Mixed redwood and white woods	64

Source: STCP Data Bank

### Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	722
Jatoba	349
Massaranduba	347
Muiracatiara	312
Angelim Vermelho	310
Mixed red and white	207
Eucalyptus (AD)	158
Pine (AD)	104
Pine (KD)	130

Source: STCP Data Bank

### Domestic plywood prices (excl. taxes)

	US\$ per cu.m
Parica	
4mm WBP	388
10mm WBP	335
15mm WBP	277
4mm MR.	315
10mm MR.	246
15mm MR.	219

Prices do not include taxes. Source: STCP Data Bank

### Prices for other panel products

	US\$ per cu.m
Domestic ex-mill prices	
15mm MDParticleboard	161
15mm MDF	199

Source: STCP Data Bank

### Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipe	1,533
Jatoba	905
Massaranduba	884
Muiracatiara	886
Pine (KD)	180

Source: STCP Data Bank

### Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	275
12mm C/CC (WBP)	264
15mm C/CC (WBP)	241
18mm C/CC (WBP)	230

Source: STCP Data Bank

## Export prices for added value products

FOB Belem/Paranagua ports		US\$ per cu.m
Decking Boards	Ipê	3,117
	Jatoba	1,495

Source: STCP Data Bank

## Peru

### Disruption of harvesting in 2020 undermined exports

2020 wood product exports were the lowest in the last decade mainly as a result of a shortage of raw material because harvesting, which is restricted to between May and November, was disrupted.

Looking forward to the post-pandemic time the manager of Services and Extractive Industries of ADEX, Lucia Rodríguez Zunino, highlighted the need to adopt new processes for forest concessions that allow the industry to have a secure and sustainable supply of raw materials.

He said this would encourage investment in tracking technologies and promote the responsible and sustainable management of Amazonian resources. He said Peru has around 17 million hectares of permanent production forests but only approximately 3 million hectares are commercially utilised.

### Address infrastructure to be more competitive

The Association of Exporters (ADEX) has reported January exports (all products) totalled just over US\$3,560 million, a slight contraction (-2.5%) compared to the same month in 2020.

The president of ADEX, Erik Fischer Llanos, pointed out that while Peruvian companies did not stop production measures adopted in international market countries drove down demand. He said the global outlook is still not very clear due which generates uncertainty that undermines private sector confidence. Fischer commented that Peru needs to improve its international competitiveness and addressing infrastructure (ports, airports and highways) is essential. Also, to attract investment, there must be a robust legal framework and strengthened state institutions.

See: <https://www.mundoempresarial.pe/actualidad/3591-exportaciones-aun-no-se-recuperan-por-confinamientos.html>

### Wood/plastic products from residues in Ucayali

A research group at the National Intercultural University of the Amazon (UNIA) has been working on wood/plastic composite technologies that could allow production of composite material made from recycled products for use in light construction.

The plastics recycling industry is well established however, in Ucayali there are only recycling companies but not companies that transform this resource. The aim of this research is to lay the foundation for commercial wood and plastic residue transformation into value added products and by so doing eliminate wood and plastic residues from the environment.

"Our initiative has been implementing a laboratory specialized in plastic-wood compounds, which will allow generating added value to the solid waste that currently generates environmental pollution in the Ucayali region, in addition to promoting the use of an environmentally friendly material that does not contribute with deforestation because it makes the use of wood more efficient", said Gilberto Domínguez Torrejón, principal investigator in the project.

He said the group will develop a business plan for the production and commercialisation of wood/plastic compounds that will contribute to the development of the Ucayali región.

### Training professionals forest product tracking

The National Forest and Wildlife Service (Serfor) reported that it is developing a training and technical assistance programme for more than 70 professionals from 16 regions in the country who are in charge of monitoring and verifying the legal origin of forest products.

Specialists from regional forestry authorities accessed a new virtual platform 'Serfor Educa' to update their knowledge on the correct use and filling of the forms in the Operations Book for primary processors of timber.

The Operations Book is an important forest management tool and its proper use guarantees the legal origin and traceability of wood products. Its use will be mandatory as of April 1 of this year.

The regions that have participated in this training are San Martín, Huánuco, Madre de Dios, Loreto, Ucayali, Arequipa, Apurímac, Cajamarca, Puno, Cusco, Ica, Lima and Áncash.

### Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	647-659
Virola 1-2" thick, length 6'-12' KD Grade 1, Mexican market	584-612
Grade 2, Mexican market	498-523
Cumaru 4" thick, 6'-11' length KD Central American market	985-1014▲
Asian market	1083-1105▲
Ishpingo (oak) 2" thick, 6'-8' length Spanish market	583-597
Dominican Republic	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	241-265
Spanish Cedar	342-355
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
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	544-577
2x13x75cm, Asian market	756-822

## Japan

### Circular economy initiative launched

The Ministry of the Environment and the Japan Business Federation (Keidanren) announced the launch of a 'Partnership on Circular Economy' at the March Circular Economy Roundtable hosted by the World Economic Forum. This aims to bring the private sector and government together to advance the circular economy in Japan. The partnership is expected to evolve through collaboration with the World Economic Forum's Circular Economy Initiative.

See: <https://www.env.go.jp/en/headline/2502.html>

### Small businesses suffering badly

Business sentiment among large Japanese companies in the January-March period turned negative for the first time in three quarters reflecting the impact of the country's second state of emergency declared in early January.

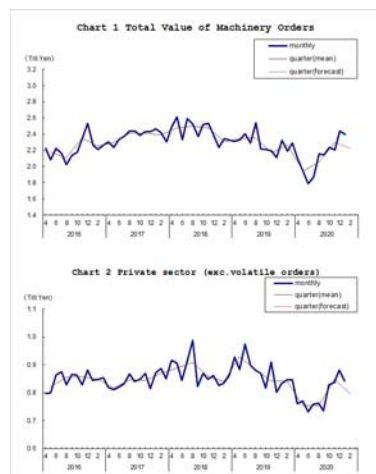
The index for manufacturers stood at plus 11.6, down from plus 21.6 in the previous quarter but remained positive for the third three-month period. The index for non-manufacturers was minus 7.4, dropping from plus 6.7, turning negative for the first time in three quarters.

See:  
<https://www.japantimes.co.jp/news/2021/03/12/business/economy-business/negative-business-sentiment/>

The situation of smaller businesses was more serious where the index fell to minus 31.4 from minus 15.5 for the October-December period. The index for these companies has been negative for 28 consecutive quarters.

Data from the Ministry of Finance showed companies in Japan reduced spending on plant and equipment in the final quarter of 2020, the third consecutive quarter posting a decline. This has raised doubts on speed at which a recovery can be achieved.

The data shows capital spending fell almost 5% in the last quarter 2020 compared with the same period a year earlier and this is despite a pick-up in exports to China and the US and this is likely to result in weaker than forecast GDP growth.



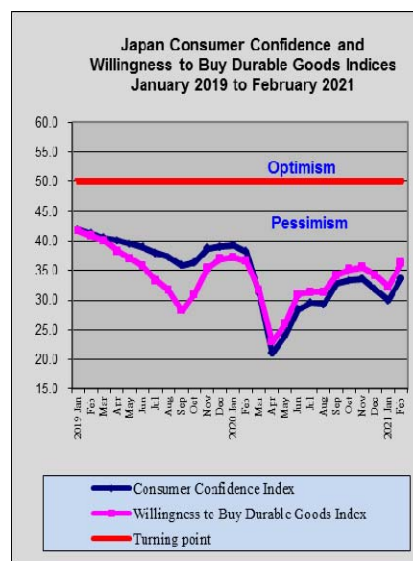
Source: Cabinet Office, Japan

### Decline in corona infections lifts consumer sentiment

Japan's consumer confidence improved in February, the second sharpest increase on record after the surge in June 2020 when the first state of emergency was lifted. The Cabinet Office suggested that the main factor affecting consumer sentiment was the steady decline in the number of virus cases rather than whether or not the country has a state of emergency (SoE) in effect.

The second SoE began 7 January for the Tokyo metropolitan area and then expanded to 11 prefectures. It has since been scaled back and now only covers the Tokyo metropolitan region. The SoE was scheduled to end on 7 March but has been extended by two weeks amid concerns about the recent slowing down in the decline of infections.

The Cabinet Office upgraded its assessment for the first time in five months, saying consumer sentiment has "remained in a severe situation but shown signs of recovery." In January it said sentiment was "weakening."



Data source: Cabinet Office, Japan

### Yen at 12 month low

At 108 plus yen to the US dollar the yen is at its lowest in 12 months. The driver of the almost 5% decline in the yen/dollar exchange rate was the surge in US stocks after the Chairperson of the US Federal Reserve dismissed concerns that the bank's economic support increased the risk of spiraling inflation and insisted that the 'easy' monetary policy would remain in place for sometime.

At a recent Senate Banking Committee meeting the Fed chairperson said the economic recovery was "uneven and far from complete".

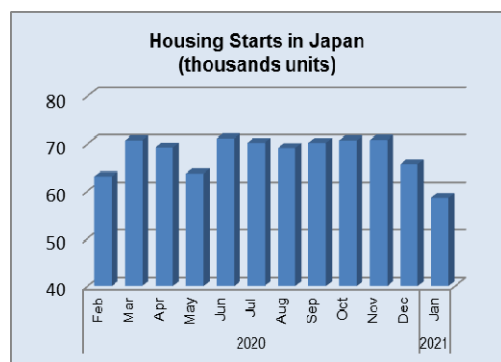


### Private sector forecast for 2021 housing

The Japan Forest Products Journal sent out questionnaires to 14 major house builders to find out how they see new housing starts in 2021.

Average number by 14 companies is 805,000 units, 1.3% less than 2020 with high of 835,000 and low of 774,000. Majority commented that it is hard to predict market future as long as COVID-19 epidemic continues but it is apparent that consumers are seeking new life style and the move is improving. After all, it seems safe to forecast the same as last year with foggy future.

Total starts in 2020 were 815,340 units, 9.9% less than 2019. Despite worldwide pandemic of COVID-19 in 2020, damage to housing market is much less than initially forecasted with 20-30 % drop from 2019. (For more see page 13)



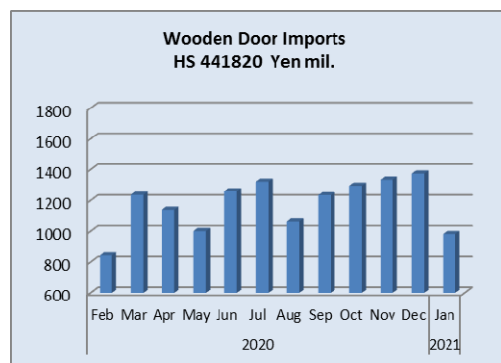
Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

### Import update

#### Wooden door Imports

2021 began with the two main suppliers of wooden doors, China and the Philippines dominating imports but their share of total wooden door imports fell to 75% from around 80% in the previous months. Most of the lost share went to shippers in SE Asia, notably Malaysia.

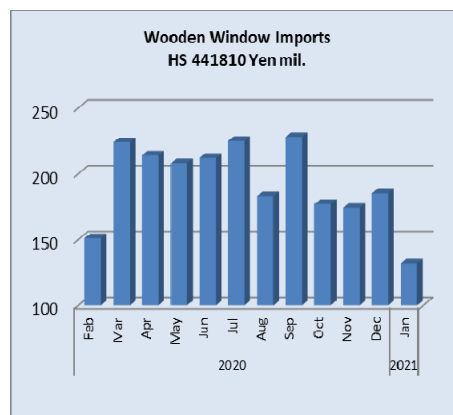
Year on year January 2021 wooden door imports (HS441820) were down over 30% and compared to the value of imports in December there was a 29% decline in January. The impact of declining housing starts had a clear impact on imports.



Data source: Ministry of Finance, Japan

### Wooden window imports

The value of January 2021 imports of wooden windows (HS441810) fell almost 50% year on year and there was an almost 30% decline in month on month imports. Three shippers, China (41%), the US (15%) and the Philippines (15%) accounted for most of Japan's wooden window imports in January 2021 but all saw their share of imports drop as a bigger share of imports was captured by shippers in Sweden and South Korea.

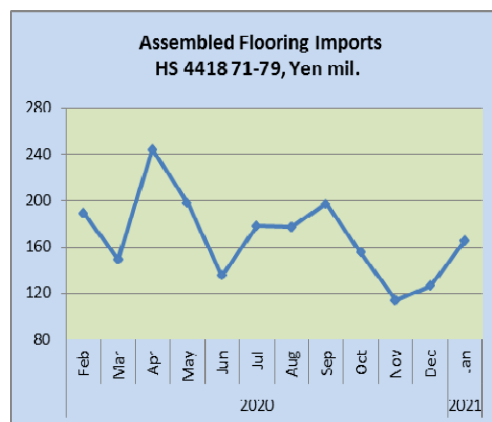


Data source: Ministry of Finance, Japan

### Assembled wooden flooring imports

HS441875 continued to dominate Japan's imports of assembled flooring in January 2021 accounting for over 70% of the various categories imported. Shippers in China accounted for over 60% of January 2021 imports of assembled flooring followed by Vietnam (12%). A further 10% was supplied from Malaysia and Indonesia.

Year on year, Japan's imports of assembled wooden flooring (HS441871-79) fell 38% but there was a 31% increase in imports in January compared to a month earlier marking two consecutive monthly increases.

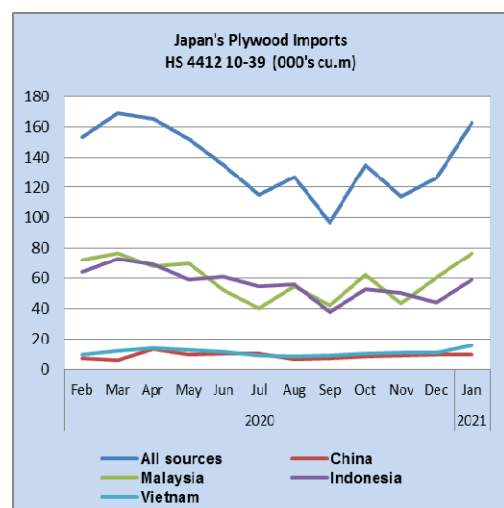


Data source: Ministry of Finance, Japan

### Plywood imports

The year started with a rise in the volume of plywood imports and all of the main shippers, except China, saw increases. Between them, Malaysia and Indonesia account for most of Japan's imports of plywood and in January shippers in these two countries accounted for over 80% of all plywood (HS441210-39) imports.

The balance was supplied from Vietnam and China. Throughout 2020 the volumes of plywood shipped from Chian and Vietnam were about even but in January this year there was a significant rise in shipments from Vietnam. Of the various categories imported HS441231 accounted for over 80% of imports in January 2021.



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

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/)

#### Forecast of housing starts in 2021

The Japan Forest Products Journal sent out questionnaires to 14 major house builders to find out how they see new housing starts in 2021.

Average number by 14 companies is 805,000 units, 1.3% less than 2020 with high of 835,000 and low of 774,000. Majority commented that it is hard to predict market future as long as COVID-19 epidemic continues but it is apparent that consumers are seeking new life style and the move is improving. After all, it seems safe to forecast the same as last year with foggy future.

Total starts in 2020 are 815,340 units, 9.9% less than 2019. Despite worldwide pandemic of COVID-19 in 2020, damage to housing market is much less than initially forecasted with 20-30 % drop from 2019.

According to the replies from 14 companies, 2021's starts of owner's units would be 268,500, 0.1% less than 2020. Rental units would be 298,115, 2.8% less and units built for sale would be 242,500, 0.9% more. In this, condominiums would be 106,750, 1.1% less and unit built for sale of detached units would be 133,625, 2.2% more.

Builders of unit built for sale are bullish since the business in 2020 was good while builders of owner's units or custom made house builders experienced slower sales after the state of emergency was declared in April in 2020. Builders of unit built for sale had 20-30% more orders after May last year, which was unexpected so they need to keep buying properties.

Builders of owners unit forecast high of 270,000 and low of 250,000 with average of 258,500 so they think that the starts would not be as bad as 2020. Rental units are high of 319,000 and low of 270,000 with average of 298,115.

Daito Construction is major builder of rental units and its forecast is the lowest of 270,000, 12% less than 2020. Daito's share of rental units is 16% and share of wooden rental unit is 40% so Daito's forecast may be more realistic

After COVID-19 spread, consumers' mentality has changed. Working style is changing with remote tele work so people are seeking place to live in suburban areas rather than city center to avoid congested commuting traffic. Younger people want to have working space at home so desired management of rooms is changing.



### **Non-residential wooden buildings in 2020**

Total floor space of non-residential wooden buildings in 2020 is 4,341,000 square meters, 11.4% less than 2019.

In 2020, Covid-19 pandemic restrained construction works and many plans are either postponed or revised.

Also higher construction cost was expected due to the Tokyo Olympic Games in summer of 2020, which reduced total construction works.

Non-residential wooden buildings are 1,830,000 square meters of offices, 2.5% less than 2019, 693,000 square meters of stores, 22.8% less, 547,000 square meters of factory, 12.1 % less, 848,000 square meters of warehouse, 0.4% more, 330,000 square meters of school, 17.6% more and 696,000 square meters of hospital and clinics, 2.4% more.

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

Demand for South Sea hardwood logs is stagnating as number of log users continue to decline and even remaining mills shift to other species or veneer instead of logs so log import volume will drop further this year. Chinese made laminated free board prices remain high because high cost of Russian red pine lumber and ocean freight and temporary shutdown of mills due to COVID-19 so the manufacturers have no room to drop the prices.

Also Indonesian mercusii pine lumber prices are going up by log supply shortage and container shortage. Indonesian suppliers see that Japan accept higher prices of Chinese made products so they propose higher prices

### **Japan's wood products export in 2020**

Export of both logs and lumber in 2020 exceeded 2019 and marked record high.

Strong demand by China for logs and by the U.S.A. for lumber contributed the increase and the export prices also climbed. According to the statistics the Ministry of Agriculture, Forestry and Fisheries, export value of forest products is 38 billion yen, 2.8% more than 2019.

Growth of logs and lumber export is double digit on volume and value. While export of logs and lumber increased, export of other products like plywood declined.

The government has been promoting export of forest products with subsidy. Log export increased by 250,000 cbms and lumber did by 25,000 cbms. Log export to China was 1,157,000 cbms, 210,000 cbms more than 2019.

China increased purchase of New Zealand radiate pine logs after it stopped buying Australian logs so New Zealand export prices increased by nearly 20% in one year.

Japanese cedar log prices are US\$5-10 lower than radiate pine logs but climbed as New Zealand log prices increase. Lumber export to China is almost flat with 65,000 cbms but the export to the U.S.A. increased to 53,000 cbms.

With busy housing market in the U.S.A., demand for exterior materials is strong and the demand for Japanese cedar lumber seems to continue.

### **Vietnamese LVL manufacturer gets JAS**

Vietnamese LVL manufacturer, Woodland (Hanoi, Vietnam) got JAS certificate on January 29 for LVL for fixture material. This is the first JAS LVL manufacturer in Vietnam. It will export for Japan and also markets LVL for the Japanese industry in Vietnam for housing materials and core of furniture and building materials. This company also manufactures plywood, particleboard and pallet materials.

The plant which acquired JAS certificate is one of eleven plants Woodland has in province of Tuyen Quang. This plant manufactures monthly 2,000 cbms of LVL for fixture, out of which 1,700 cbms are marketed for Japan and Japanese managing plants in Vietnam. Vietnamese LVL plants become more competitive after TPP 11 became effective without any duty and in China, many plants quit as they are not able to cope with tighter control of environmental restrictions so China is now relying LVL supply from Vietnam.

## **China**

### **Particleboard and fibreboard production capacity trends**

The National Planning and Design Academy for the Forest Products Industry under the State Administration of Forestry and Grassland and the China National Forest Products Industry Association has released an analysis of China's particleboard and fibreboard industry.

#### **Particleboard**

The report says an additional 16 particleboard production lines with a production capacity of 3.09 million cubic metres per year were in operation nationwide in 2020.

There were 329 particleboard production enterprises and 348 particleboard production lines distributed in 24 provinces, municipalities and autonomous regions in China by the end of 2020 with a total production capacity of 36.91 million cubic metres per year, down 3.5% from the end of 2019. The average single-line production capacity further increased to 106,000 cubic metres per year.

The top 10 provinces in terms of particleboard production capacity are Shandong (7.41 million cu.m per year), Guangdong, Hebei, Guangxi (3.25 million cu.m per year) and Jiangsu, Anhui, Henan, Hubei, Sichuan and Fujian provinces.

The total production capacity of particleboard in China experienced rapid growth for four years in a row and then decreased slightly as the number of enterprises fell.

About 92 particleboard production lines nationwide were closed or suspended production in 2020 eliminating some 5.8 million cubic metres of production capacity.

By the end of 2020, a total of 1,123 particleboard production lines had been shut down, dismantled or stopped production and some 27.72 million cubic metres of production capacity had been eliminated.

China had in production 3 new production lines for oriented particleboard in 2020 with an additional production capacity of 850,000 cubic metres per year. By the end of 2020, China had 26 oriented particleboard production lines with a total production capacity of 4.16 million cubic metres per year, an increase of 18% from the end of 2019. These mills are distributed in seven provinces and regions, including Shandong, Hubei, Guangxi, Anhui, Jiangsu, Guizhou and Yunnan provinces.

25 particleboard production lines were being built in early 2021 with total production capacity of 6.75 million cubic metres per year. There are particleboard production lines under construction in the 7 main regions (east China, south China, central region, southwest, north China, northeast and northwest regions), including 18 continuous flat-pressed production lines with the total production capacity of 5.72 million cubic metres per year, accounting for 84% of the particle board production capacity under construction.

The particleboard production lines under construction will be put into operation from 2021 to 2022 and it is estimated the national particleboard production capacity could exceed 40 million cubic metres per year by the end of 2021.

See:  
[http://www.cnfpia.org/sf\\_6EB6F5386E324C31B3D1A22300903ECC\\_297\\_9E5BA0FB363.html](http://www.cnfpia.org/sf_6EB6F5386E324C31B3D1A22300903ECC_297_9E5BA0FB363.html)

### **Fibreboard**

China's fibreboard sector is characterized as follows:  
15 fibreboard production lines were built in 2020 adding 2.76 million cubic metres per year of capacity.

There were 392 fibreboard manufacture enterprises, 454 production lines in China distributed across 25 provinces, cities and regions by the end of 2020. Total production capacity was 51.76 million cubic metres, down 1.3% from the end of 2019. The capacity per production line rose to 114,000 cubic metres per year.

The top 10 provinces in terms of fibreboard production capacity are Shandong (7.98 million cubic metres per year), Hebei (5.66 million cubic metres per year), Guangxi (5.35 million cubic metres per year), Jiangsu, Guangdong, Anhui, Henan, Hubei, Sichuan and Yunnan provinces.

The total production capacity of fibreboard in China declined slightly after two consecutive years of growth showing a general trend of the number of enterprises, the number of production lines.

China shut down, dismantle or stopped production in about 118 fibreboard production lines in 2020 eliminating about 7.88 million cubic metres of production capacity per year.

A total of 781 fibreboard production lines had been shut down, dismantled or stopped production by the end of 2020 eliminating 33.16 million cubic metres of production capacity per year.

There were 136 continuous flat-pressed fibreboard production lines in China by the end of 2020 with a total production capacity of 26.92 million cubic metres per year, accounting for 52% of the national total fibreboard production capacity. Mills are distributed in 19 provinces (regions). The top seven are Shandong, Guangxi, Hebei, Hubei, Anhui, Guangdong and Henan.

22 national fibreboard production lines were being built in early 2021 with the total production capacity of 4.86 million cubic metres per year, fibreboard production lines are under construction in the East China, south China, central China, northwest, north China and Northeast regions except southwest region. The fibreboard production lines under construction will be put into operation from 2021 to 2022 and it is expected that the national total fibreboard production capacity will reach 55 million cubic metres per year by the end of 2021.

See:  
[http://www.cnfpia.org/sf\\_233C8F4BD30B4BB285003D512B8D711E\\_297\\_9E5BA0FB363.html](http://www.cnfpia.org/sf_233C8F4BD30B4BB285003D512B8D711E_297_9E5BA0FB363.html)

### **Changsha City - the main border crossing for Russian timber**

Construction of the Container Center at the Central and Southern Land Port to serve the China-Europe Railway Express (Changsha) is being accelerated in Changsha City of Hunan province.

The construction will provide the foundation for expansion of the China-Europe Railway Express (Changsha) to meet the international logistics needs of the large number of small and medium-sized enterprises in the region.

Statistics show that the China-Europe Railway Express (Changsha) saw an explosive growth in 2020 with a total of 530 trains shipped exceeding the total number during a four year period from 2014. The value of cargo transported was US\$2.06 billion, a year-on-year growth of 99%.

At present, Trains from Changsha City have gone to Russia, Minsk, Malaszewicze, Budapest, and Central Asia and returned from Hamburg, Budapest, Central Asia and Russia. 9 to 12 trains operate weekly in Changsha City serving 27 cities in 12 countries.

A large volume of Russian timber has been shipped to Changsha City via the China-Europe Railway Express (Changsha) and distributed across the country. Changsha City is the main entry point for Russian timber at present.

See:  
[https://www.wood365.cn/Industry/IndustryInfo\\_268855.html](https://www.wood365.cn/Industry/IndustryInfo_268855.html)

### Analysis of current timber market prices fluctuations

Many members of China's timber associations have reported increases in timber prices are of concern as they impact production costs. The most serious price fluctuations have been for softwood logs, At present prices for hardwood logs are relatively stable.

The secretariat of the China Wood Protection Industry Association (CWPIA) undertook an analysis and this is summarised below.

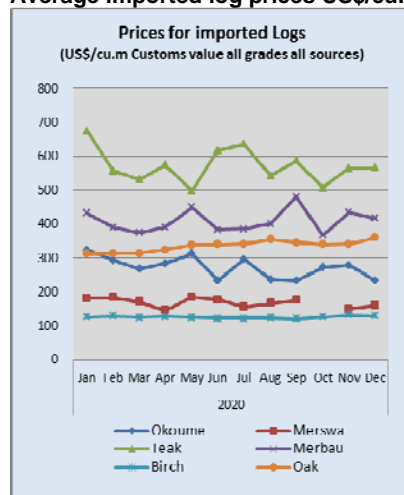
The first cause of price increases is the pandemic. Demand for wood products in the United States, Canada and parts of Europe has increased. Raw material suppliers to China see an opportunity to raise prices on the back of growing demand.

Second is the impact of land and sea freight. The pandemic has had a significant impact on international trade. Port inspections and quarantine have become stricter and the flow of containers has been disrupted and shipping companies have raised container shipping costs.

The third is the impact of supply and demand. In 2020, China's timber imports totaled 108.02 million cubic metres, down about 5% year on year. The main suppliers of timber such as Russia, New Zealand and Canada saw demand fall. Stocks in supply countries and in China have fallen leading to a temporary imbalance between the supply and demand of timber which has pushed up prices. The Association suggests that eventually the pandemic will gradually be controlled and production and exports will gradually recover in the main timber production countries.

See: [http://www.cwp.org.cn/vip\\_doc/19836251.html](http://www.cwp.org.cn/vip_doc/19836251.html)

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



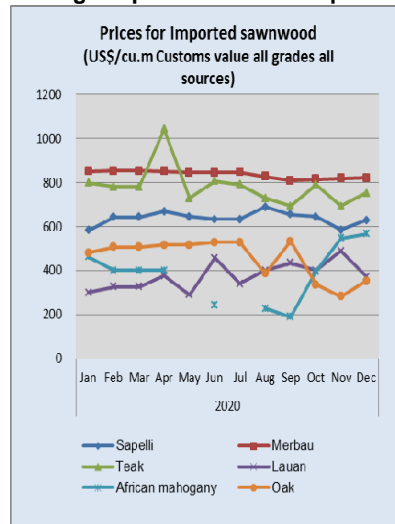
Data source: China Customs. Customs value all grades, all sources

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

	2020 Nov	2020 Dec
Okoume	278	233
Merswa	149	160
Teak	565	566
Merbau	434	417
Birch	131	228
Oak	341	360

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

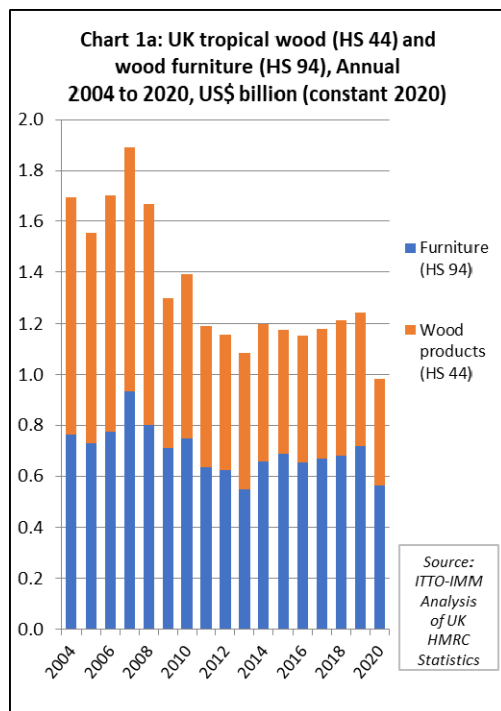
	2020 Nov	2020 Dec
Sapelli	586	630
Merbau	20	822
Teak	694	754
Lauan	489	372
African mahogany	547	567
Oak	283	353

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

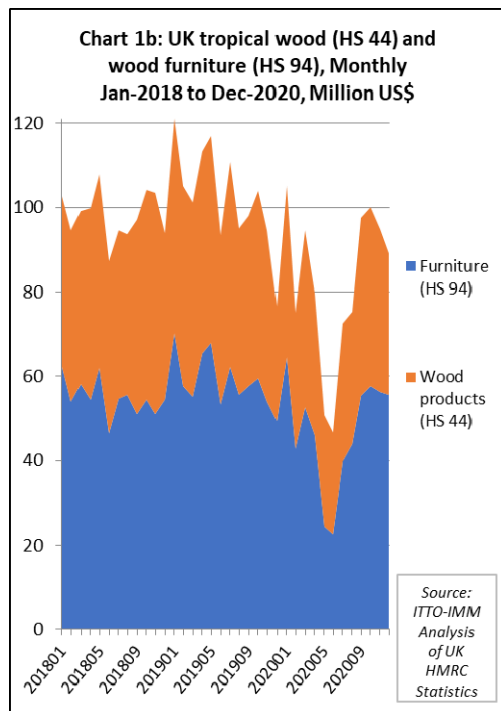
## Europe

### Sharp fall in UK tropical wood imports in 2020 likely to be short-lived

Total UK tropical wood and wood furniture imports in 2020 were USD981 million, 23% less than the previous year (Chart 1a). The UK being amongst the world's worst affected countries by the COVID-19 pandemic last year, at a time when there was already uncertainty due to the country's departure from the EU, it is no surprise that imports fell so precipitously.



The decline in UK imports of tropical wood and wood furniture in 2020 was concentrated in May and June when imports fell to around 50% of the normal level. After recovering sharply between July and October, imports fell 5% to USD100 million in November and by a further 7% to USD89 million in December (Chart 1b).



The slowdowns in 2020 coincided with the initial COVID-19 lockdown in Q2 2020 and a second lockdown in Q4 2020 as another more severe wave of the virus hit in the winter months.

A concern for tropical suppliers is that timber product imports from tropical countries suffered a disproportionately large share of the decline. There are, however, reasons to believe that the downturn in the UK market last year may be only temporary and that new opportunities for tropical suppliers will open up in the emerging post-Brexit trading environment.

The scale of the in 2020 downturn was strongly influenced by supply side issues. UK demand for all wood products has proved to be more resilient than expected during the pandemic and importers are widely reporting that the main obstacle to trade at present is lack of availability.

The problems of shipment and rising costs of freight have been particularly intense from South East Asia, a factor which should ease gradually as trade flows begin to normalise this year.

While Brexit is likely to act as a significant drag on economic recovery in the UK, at least in the short to medium term, there are signs that the relatively thin trade agreement reached between the UK and the EU in the closing days of 2020 may help level the playing field for non-EU wood suppliers in the UK market relative to EU competitors.

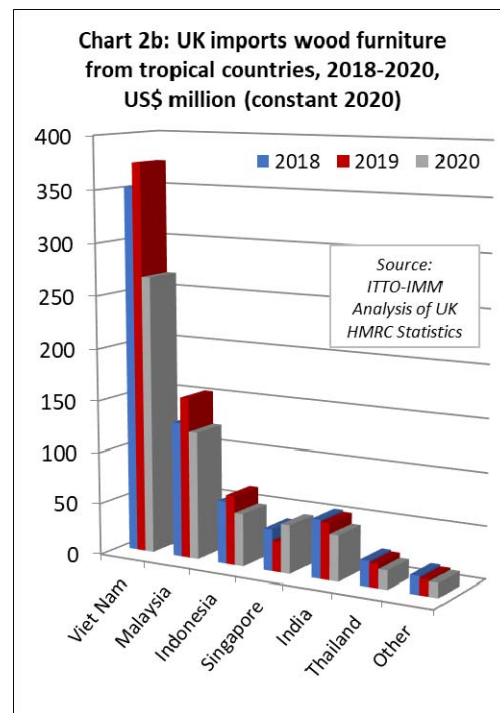
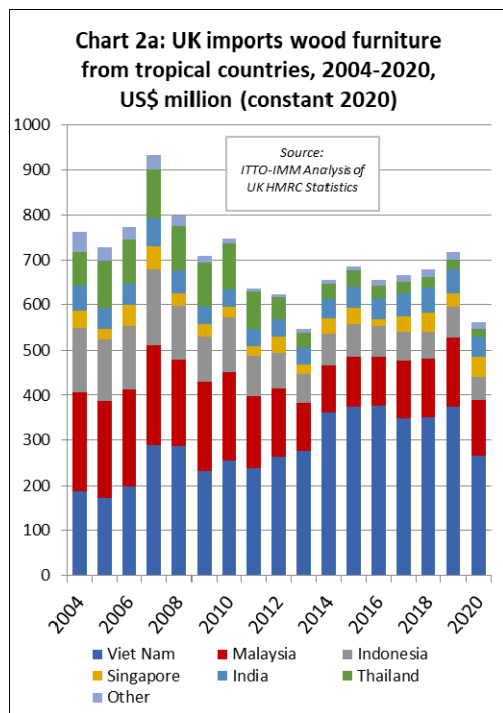
This has particular significance for hardwood products since the UK, unlike the rest of EU, has only a very limited domestic hardwood resource, while the broader wood processing and furniture manufacturing industries are also relatively small in international terms.

The country has always been very heavily dependent on imports for wood supply and now has a strong incentive to build stronger trade links with countries outside the EU.

**UK tropical wood furniture imports down 22% in 2020**

Overall UK imports of wood furniture (HS 94) from tropical countries in 2020 were USD562 million, 22% less than in 2019. This was the lowest level since 2013 and followed four years of consistent growth (Chart 2a).

UK imports from tropical countries fell much more than imports from other countries in 2020. Total UK imports of wood furniture fell 8% to USD 3.52 billion in 2020, with imports from China down 7% to USD1.32 billion, down 5% from the EU to USD1.12 billion, and up 6% from other non-tropical countries to USD458 million.



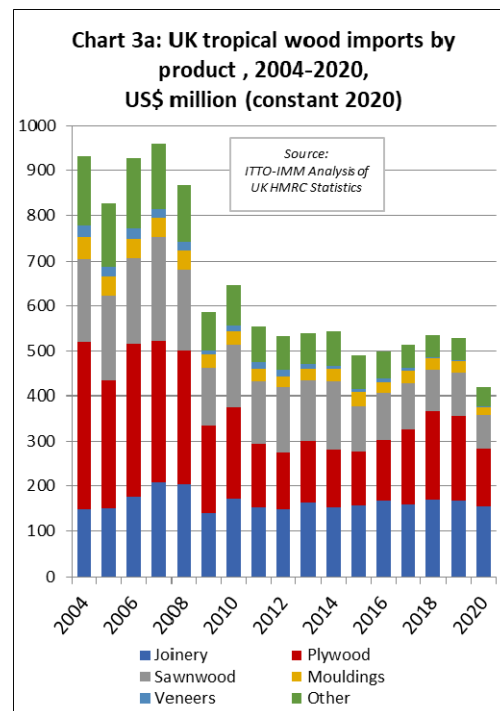
UK imports of wood furniture declined sharply from all the leading tropical supply countries in 2020 (Chart 2b). Imports from Vietnam were down 29% to USD267 million, imports from Malaysia fell 21% to USD123 million, imports from Indonesia declined 24% to USD51 million, imports from India fell 19% to USD44 million and imports from Thailand were down 21% to USD18 million. In contrast, there was a 59% rise in imports from Singapore to USD46 million.

The rise from Singapore is mainly due to logistics as large container carriers left off the coast of Singapore during the most stringent coronavirus measures in the second quarter of 2020 re-entered the shipping market to help ship containers to Europe.

Container space from other South Eastern countries was very limited and was likely an important factor explaining loss of share in the UK and wider European market for wood furniture in 2020.

**UK imports of tropical HS 44 wood products at historically low level in 2020**

UK imports of all tropical wood products in Chapter 44 of the Harmonised System of product codes (excluding wood for energy) declined 21% to USD417 million in 2020. This is by far the lowest level since 2004, and probably for many years prior to that (Chart 3a).

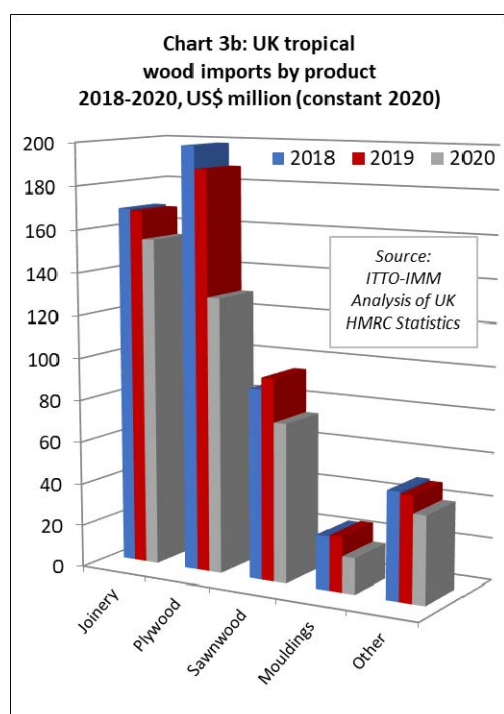




The downturn in imports of HS 44 wood products was much greater from the tropics than other regions.

Total UK imports of HS 44 wood products from all countries fell only 2% to USD5.02 billion in 2020. UK imports from the EU actually increased 1.5% to USD3.35 billion in 2020, the gain partly explained by stock building prior to the UK's exit from the single market on 31st December 2020. Imports from China fell 6% to USD726 million while imports from other non-tropical countries declined 4% to USD544 million.

In 2020, UK import value of all the main HS 44 tropical wood product groups declined sharply, including tropical joinery (-8% to USD155 million), tropical plywood (-31% to USD130 million), tropical sawnwood (-22% to USD75 million), and tropical mouldings/decking (-35% to USD17 million) (Chart 3b).



### UK hardwood market conditions unprecedented

According to the latest hardwood market report in the UK Timber Trades Journal (<http://www.ttjonline.com/>), the combined effect of COVID and Brexit has been to produce unprecedented market conditions: “Demand is reported as good to exceptional, but the supply situation, particularly, but not exclusively in North America, is proving exceptionally challenging.

Prices are rising accordingly. While the sector reports sales slumping to just 30-40% of normal levels at the outset of the pandemic, since then, they have grown exponentially. Some companies reported a seasonal dip in December, others said they continued to climb and that they hit the ground running in January”.

The TTJ highlights that that the surge in home improvement is a key factor driving consumption, with importers reporting high demand for anything to do with construction, refurbishment and the garden and that joinery customers are also flat out.

TTJ also notes that the hardwood supply situation is now extremely tight as hardwood mills worldwide have struggled to gear up production as markets emerge from lockdown due to lack of raw material, social distancing measures and a large proportion of personnel being in isolation. Many mills have also been overly cautious about increasing output, failing to forecast the huge surge in global demand as China experienced a very rapid recovery and the US and EU benefited from the home improvement boom.

On tropical hardwoods, TTJ reports that while African supply have been affected later and less than elsewhere by the pandemic, implementation of Covid-safe work practices has added to existing logistical problems and very extended lead times. UK importers are saying that on orders for kiln-dried African hardwood placed this February, delivery is not expected before January 2022 delivery.

This highlights the extent to which UK importers are having to rely on existing stockholdings and implies that prices, which are already up 5% this year for sapele, the most popular tropical hardwood species in the UK, will continue to rise. Based on reports of very tight availability from their suppliers in Cameroon, the Republic of the Congo and Ghana, UK importers expect price pressure on forward orders to increase.

One company told the TTJ that their Asian supply was currently on hold due to ‘off-the-chart’ freight rate increases resulting from the disruption to shipping and particularly container distribution caused by the pandemic. While a container from South East Asia cost US\$1500 to US\$2000 a year ago, companies now report being quoted US\$12,000-\$16,000.

According to TTJ, UK importers are still generally reluctant to try alternative hardwoods despite the huge supply and price pressure on preferred species like white oak and sapele.

However, a few importers report that tiama is being used as a sapele alternative, while there is steadily increasing, but still very restricted, demand for angelim-vermelho, angelim-amargoso, tatajuba, jutai and araracanga from South America and eveus (Klainedoxa gabonensis) from Africa. Amongst temperate species, American red oak has made some gains as the price of white oak is now 40% higher than it was a year ago.

### UK GDP unlikely to recover to pre-pandemic level until mid-2022

The UK government's official estimate is that GDP contracted 9.9% in 2020, the biggest fall of any G7 country. The latest monthly data shows that the rebound in UK GDP stalled in the last quarter of 2020 and continued to decline in January 2021. The latest downturn coincides with a return to lockdown to counter a second, more severe, wave of the virus during the winter months.

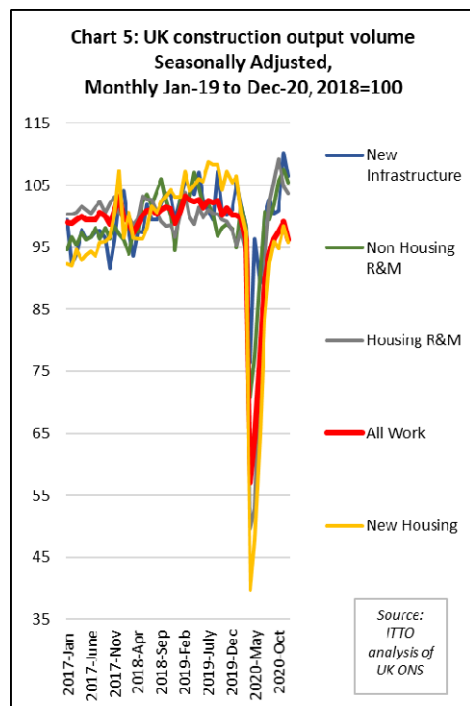
As a result GDP in January 2021 was still over 9% percentage points down compared to a year earlier. The UK government's latest forecast is for the economy to rebound 4% this year and 7.3% in 2020. This means the economy is unlikely to return to pre-pandemic levels before the middle of 2022.

### UK construction sector and builders' merchants report strong growth

A positive factor for the UK timber trade in 2020 was that the initial downturn in construction sector activity, which is a key driver of timber demand, during the first "great lockdown" was short and followed by a stronger rebound than other areas of the economy.

Although the rebound in UK construction lost momentum in the last quarter of 2020, by the end of the year construction activity in new infra-structure and repair and maintenance, both for housing and non-housing, was slightly higher than before the pandemic.

Activity in the new housing sector was only marginally down on the pre-pandemic level (Chart 5). In January 2021, construction was the only main sector of the UK economy to register growth, rising 0.9% compared to the previous month.



Sales figures of UK builders' merchants follow the general trend in construction. The BMF's Builders Merchants Building Index (BMBI) reported a strong performance in the third quarter of 2020 with sales returning to near normal levels after the first Covid lockdown greatly reduced sales in the second quarter.

This positive overall trend continued into the fourth quarter, with total builders' merchants' sales 5.4% ahead of the same period the previous year.

For the tropical hardwood sector, it is notable that the fourth quarter year-on-year increase in merchant's sales was driven by strong performances in Landscaping (+22.9%) and Timber & Joinery (+12.7%). Concerted efforts to build timber stocks at a time when supply was low and prices high was a key factor behind the rise in the value of trade during the period.

Taking 2020 as a whole, UK Builders Merchant's sales were down by -10.7% compared to 2019. Given the public's focus on their gardens during the first lockdown, it is no surprise that Landscaping was the only category to show an annual increase in sales value (+5.4%). In contrast, sales for interior improvement were amongst the worst performers including Kitchens & Bathrooms (-18.1%) and Decorating (-16.5%).

BMF chief executive John Newcomb said: "Given widespread site closures both at the start of the pandemic and for extended Christmas shut down periods, the continued year-on year growth seen in the final quarter of 2020 provides a positive indicator of the building industry's recovery. No doubt the Covid effect, including its impact on product availability, will be felt for some time to come."

But the adaptability to enforced changes demonstrated by merchants and their trade customers over the past 12 months gives me a cautious degree of optimism for the coming year."

The extent to which material supply shortages are impacting on the UK construction sector, due both to COVID and the UK's departure from the EU single market on 31st December, is highlighted in recent comments on Brexit by Rico Wojtulewicz, the head of housing and planning policy at the National Federation of Builder: 'all materials from Europe are taking a while to get into the UK, most with cost increases. Members are having major issues with timber, such as MDF, veneers and solid wood. There are very long wait times of two to six months.'

He added: 'Another issue having a major impact is the availability and cost of shipping containers. In some cases, the price per container has increased six-fold, in others there just aren't any containers available.'

### **Immediate trade impact as UK leaves the EU single market**

UK trade with the EU is now governed by the EU-UK Trade and Cooperation Agreement concluded on 24th December 2020 just a few days before the UK was due to leave the single market at the end of the year. The Agreement allows for zero tariff trade between the two partners but does not exempt UK companies from the red tape associated with a customs border, including the need to handle customs declarations for imports and exports.

The UK tax office has estimated that British businesses will spend £7.5 billion a year handling customs declarations for trade with the EU — as much as they would have done under a no-deal Brexit — and has stated that the number of customs forms needed to trade with the EU under the Brexit deal “is not materially different from a no-deal situation”.

The effects on UK exports to the EU have been immediate. A Road Haulage Association (RHA) member survey found the volume of exports going through British ports to the EU fell by 68% in January compared to the same month last year, mostly as a result of problems caused by Brexit.

While there has been a huge fall in UK exports to the EU with the immediate introduction of EU customs controls to UK products on 1st January, the situation in relation to UK imports from the EU has been different.

UK imports from the EU have been affected by port congestion and a shortage of freight capacity. However, unlike the EU, the UK government chose a phased approach to introduction of customs controls, postponing the introduction of certain import procedures for EU products.

These grace periods are designed to give businesses more time to adapt to the new rules and ways of working.

The UK’s initial intent was that requirements for phytosanitary certification of UK imports from the EU should be introduced from April while requirements for full customs declarations on entering the UK market, rather than submitting forms at a later date, should be introduced from July.

However, on 11 March, the UK announced that these grace periods would be extended for an extra six months in a bid to give businesses and customs officials more time to prepare for the additional red tape and to avoid the threat of food shortages in the summer.

The move means the first checks on imports from the EU into the UK will not start until October, with full border controls not being carried out until 1 January 2022 – a full year after the UK left the EU.

These changes have significant implications for the UK timber importing trade. In a typical year, the UK imports around 9 million cubic metres of timber from Europe,

mostly softwoods and panel products, but including some hardwood products, most notably oak sawnwood and birch plywood.

Timber imported from the EU accounts for well over half of all timber and panels consumed in the UK. In addition, the UK imports wood furniture with a total value of USD1.2 billion from the EU, around one third of all imports and 15% of all consumption of wood furniture in the UK.

Insights on the immediate effects of the UK’s departure from the EU single market on the UK timber importing trade are provided in a TTF member survey published on 1st March. The survey draws on the views of thirty-six respondents representing timber importers, merchants, agents, and manufacturers.

In introducing the survey, the TTF note that, “Q1 2021 has already brought multiple reports of haulage and freight companies rejecting jobs and hiking prices to travel to Britain amid long waiting times at British ports”.

The survey suggests that the effects of Brexit on the UK timber trade have been muted so far, particularly in the hardwood sector. However, since border controls have yet to be fully implemented, this may not be indicative of the long term impact. The survey report finds that “Brexit red tape has caused a mild impact on their business as customs and due diligence mapping combined with logistical challenges from increased border checks has slowed down trading, but not demand”.

Somewhat contradicting this conclusion, the survey report also finds that “Members have stated they are experiencing a dramatic slowdown in deliveries, particularly from haulage across the English Channel from European countries”.

Where impacts are reported, they are a very much focused on softwoods. While 66% of respondents stated they have had “logistics issues importing and exporting softwood due to haulage companies charging increased rates, rejecting their request for delivery in and out of the UK, and a lack of truck ability due to the trade barriers introduced by Brexit”, only 33% and 0% of respondents stated these same issues had impacted on the hardwood trade.

Similarly, new requirements for phytosanitary certificates on UK imports from the EU had impacted on 33% of hardwood traders compared to 66% of softwood traders.

A significant issue for many TTF members to date has been growing obstacles to their trade with Northern Ireland (NI). Although NI is a part of the UK, the region also remains in the EU single market to prevent the creation of a hard border between NI and the Irish Republic and thereby protect the NI peace process.

The TTF survey report notes that “while ‘unfettered access’ from Great Britain to Northern Ireland had been promised, in reality trading has become more difficult, with a number of our members reporting they are looking to cease trading with Northern Ireland until the trade barriers are removed”.

The TTF also notes that new requirements for UKCA marking are starting to concern members. “While this year members can continue placing CE-marked goods onto the UK market, from January 2022 the UKCA mark will become the sole UK conformance mark. This would raise considerable trade barriers and challenges next year with concerns businesses will not have enough time to prepare for the implementation of the new mark.

The TTF has announced that it “will work with the Construction Products Association (CPA) and the Confederations of Business Industries (CBI) to advocate for a deferment of the implementation of the mark or to achieve equivalence with the CE Mark”.

#### **EU exporters struggle to respond to UK due diligence requests**

One measure already enforced in the UK is the UK Timber Regulation which imposes legality due diligence requirements on all timber products placed on the UK market, including from the EU, and which replaces the EUTR. The TTF survey suggests that this is a “mild barrier” to TTF members trade with the EU and Northern Ireland.

According to the TTF, importing timber from the EU has been made more difficult as “European companies unwilling or unable to share details of supply chains to help members complete the necessary due diligence has become a growing problem.”

Furthermore, “each shipment must go through double due diligence. Stock going into the EU undergoes due diligence and then when it has been purchased by a UK trader, due diligence on the same product has to be undertaken again”.

One respondent to the TTF survey stated “Due diligence works for bulk supplies from regular customers outside the EU. But when topping up from the EU, there could be several supply chains involved in one shipment. Every chain has to be risk assessed despite already being risk assessed to enter the EU.

Suppliers do not want to risk revealing their supply chains for smaller (but essential) occasional orders.”

Some respondents to the survey highlighted that European suppliers do not understand why they have to prove due diligence when the product is certified or when from a low-risk region of the EU. TTF note that “it is hoped that over time our members’ European suppliers will accept the new due diligence requirements and share their supply chain information to lessen the blocking of trade”.

In response to Brexit, Vandecasteele Houtimport, the large Belgian hardwood importer, has created a UK registered company to minimise post-Brexit administration and streamline service for customers. Vandecasteele Timber Ltd acts as operator under the UK Timber Regulation, handling all due diligence and other customs clearance procedures.

“We have set up the company basically to continue to service the UK market as before,” said export manager Geneviève Standaert. “It ensures for UK customers that nothing changes; all paperwork is from UK to UK, so there are no headaches for customs clearance, phytosanitary certificates, VAT prepayment and so on.

Due diligence, in particular, can be a lot of work and a challenge for companies which may not have done it before. We take that work on on the UK customer’s behalf.”

Vandecasteele’s sales to the UK dropped sharply in the first two months of the pandemic but recovered rapidly from May. “Business has continued to grow since and today is really good,” said Ms Standaert.

### **North America**

#### **Sawn tropical hardwood imports fell in January but new commodity codes make it uncertain by how much**

The volume of sawn tropical hardwood imported by the US fell by in January but changes in how the US government calculates the imports throw some doubt into the actual amount of the decline.

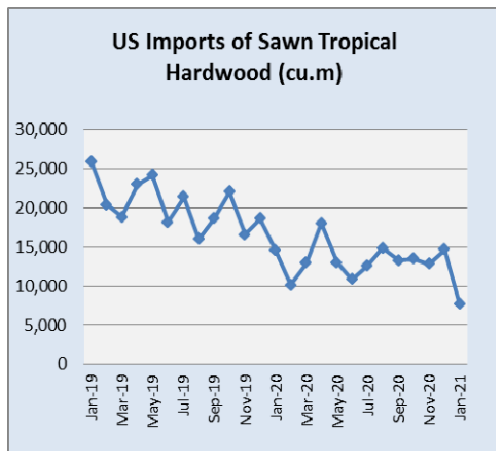
Beginning with the release of January 2021 monthly trade data, the US Department of Agriculture adopted the World Trade Organization’s internationally recognised definition of “Agricultural Products” as its standard definition for reporting agricultural trade.

New commodity codes for ipe and jatoba imports were created and appear to be indistinguishable from the former codes. However, it appears the data for the new codes have not been included in the January sawn tropical hardwood imports. As such, the official total reported by USDA for tropical hardwood imports was 7,662 cubic metres in January which is a 48% decline from December’s volume. However, if January’s ipe and jatoba imports are added that total comes to 13,064 cubic metres, a drop of only 11%.

Imports of balsa and virola more than doubled in January, with Balsa imports showing the strongest volume in more than a year. Imports of keruing fell 60% in January to their lowest volume since 2012.

Canada’s imports of sawn tropical hardwood stayed fairly level in January, falling just over 1%.

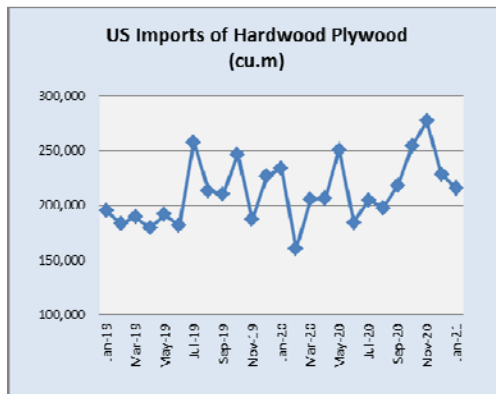




Data source: US Census Bureau, Foreign Trade Statistics

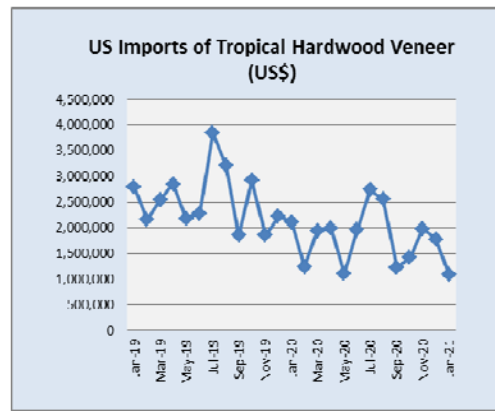
**Hardwood plywood and veneer imports fell in January**  
 US imports of hardwood plywood fell by 5% in January from December's volume to a level 8% less than that of January 2020. January Imports were down sharply from Malaysia and China with volume dropping 60% from Malaysia and 57% from China. Imports from both countries were more than 60% less than that of the previous January. Imports from Indonesia and Ecuador were down 14% and 10%, respectively, while imports from Russia were up 15%.

US imports of tropical hardwood veneer fell for the third straight month in January, declining 39% to the lowest level in more than five years. January imports were down 48% from January 2020.



Data source: US Census Bureau, Foreign Trade Statistics

The decline was due to there being noveneer imports from Italy, the top supplier to the US. This also occurred in September 2020. Meanwhile, imports from both India and China were up sharply, but still did not reach the levels of the previous January.

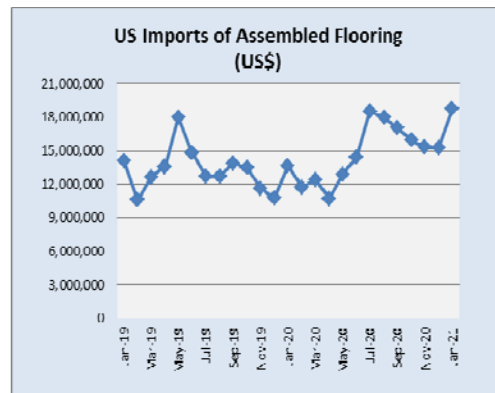


Data source: US Census Bureau, Foreign Trade Statistics

**Strong start to year for hardwood flooring**  
 US imports of hardwood flooring got off to a strong start in 2021 as imports rose 25% in January. Imports for the month from China more than doubled and imports also rose sharply from Indonesia (32%).

Imports from Brazil were up 47% in January and were also 47% better than the previous January. Total January imports were 23% higher than January 2020.

US imports of assembled flooring panels showed similar strength, gaining 23% in January over December 2020. Imports from Thailand more than doubled in January and were 40% ahead of the previous January. Imports from China, Canada, and Vietnam also surged in January and significantly outdid totals for the previous January.

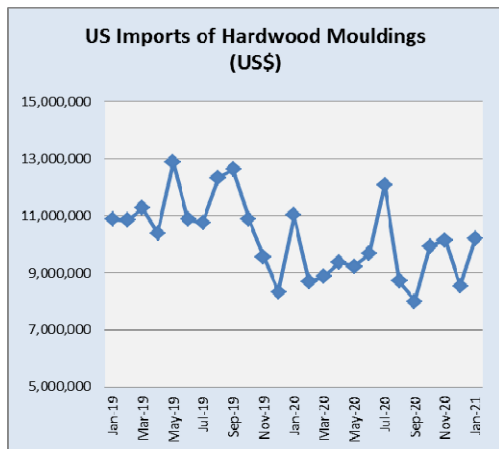


Data source: US Census Bureau, Foreign Trade Statistics

**Moulding imports bounce back**  
 US imports of hardwood mouldings rose 20% in January to a level not seen since July 2020 but were still 8% less the imports from the previous January.

Imports from China doubled in January while imports from Brazil were down by 34%, both were down more than 40% from last January. Imports from Canada grew 9% in January and were 10% higher than in January 2020.





Data source: US Census Bureau, Foreign Trade Statistics

**Growth in wooden furniture imports continues**

US imports of wooden furniture continued a growth streak, rising for the eighth straight month, up 2% in January. Imports rose above US\$2.1 billion for the month as imports from most countries showed steady growth.

Imports from Vietnam and Canada both rose 6% while imports from Indonesia rose 5%. Due to the steady growth, imports from Vietnam were 45% higher than January 2020. Total imports of wooden furniture were up 27% in January over the previous year.

The overall residential furniture market continues to grow but has slowed somewhat according to the Smith Leonard Furniture Insights report. Furniture orders slowed from increases of more than 40% to a 17% increase in the November 2019 to November 2020 comparison while December 2020 orders were up 27% over December 2019.

Some 84% of survey participants reported increased orders for the month. The increase in December brought total orders for the year to 15% over those of 2019.

Shipments in December were only up 5% over December 2019. The increase in December resulted in a decrease in shipments for the year of 6%. Approximately 78% of the participants reported declines in shipments for the year.

See: <https://www.smith-leonard.com/2021/01/28/january-2021-furniture-insights/>



Data source: US Census Bureau, Foreign Trade Statistics

**Despite dip, cabinet makers report solid sales**

Cabinet manufacturers reported an increase in overall cabinet sales of 10.4% for January 2021 compared to the same month in 2020 according to the Kitchen Cabinet Manufacturers Association’s (KCMA) monthly Trend of Business Survey. Among survey participants, custom sales are up 7.8%, semi-custom increased 17.7%, and stock sales increased 6.1%.

When looking at the month-to-month comparison, cabinet sales dipped. Overall sales were down 2.9% in January 2021 compared to December 2020. Custom sales decreased 7.1%, but semi-custom sales rebounded to up 5.0%, while stock sales decreased 7.3%.

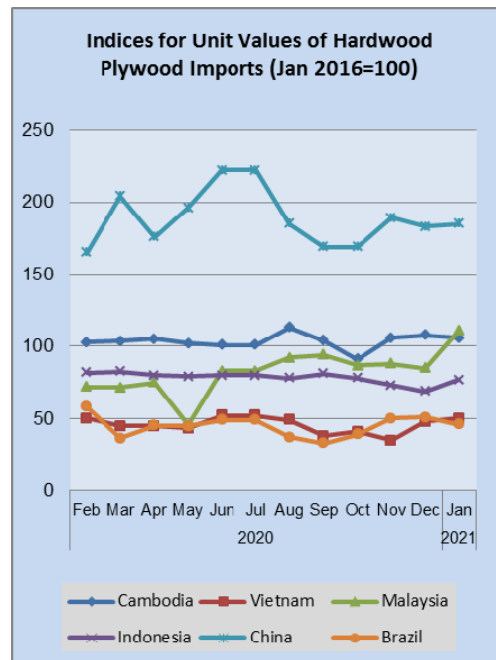
See: [https://www.kcma.org/news/press-releases/january\\_2021\\_trend\\_of\\_busines\\_press\\_release](https://www.kcma.org/news/press-releases/january_2021_trend_of_busines_press_release)

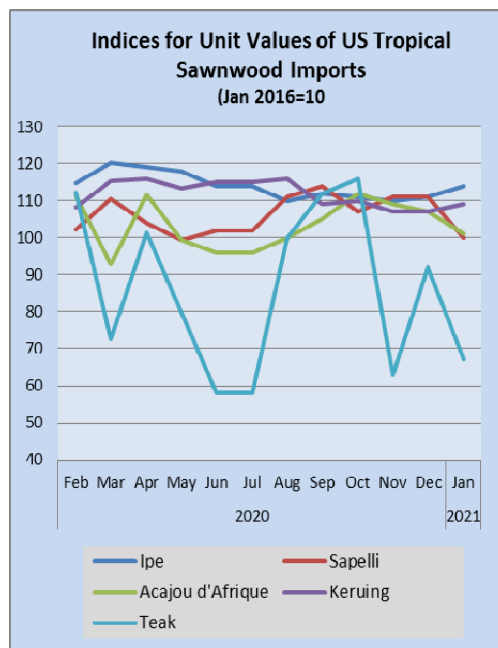
**Circumvention finding on radiata/agathis pine plywood overturned**

In February this year the US Court of International Trade overruled the finding by the US Department of Commerce that imports of plywood with face and back veneers of radiata and/or agathis pine from China are circumventing the antidumping and countervailing duty order on hardwood plywood.

As a result of the ruling the Department of Commerce has until April to file a new determination finding, though it could seek an extension of this deadline.

See: <https://www.cit.uscourts.gov/sites/cit/files/21-19.pdf>





In January 2021, the commodity codes for ipe and jatoba were redefined in the Harmonized Tariff System and adopted by the US. Periodically, commodity codes are replaced, redefined or re-categorized. These codes become obsolete and are replaced by new codes.

**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 March 2021

Brazil	Real	5.8028
CFA countries	CFA Franc	551.58
China	Yuan	6.5066
Euro area	Euro	0.8403
India	Rupee	72.776
Indonesia	Rupiah	14400
Japan	Yen	108.49
Malaysia	Ringgit	4.117
Peru	Sol	3.63
UK	Pound	0.7201
South Korea	Won	1135.91

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

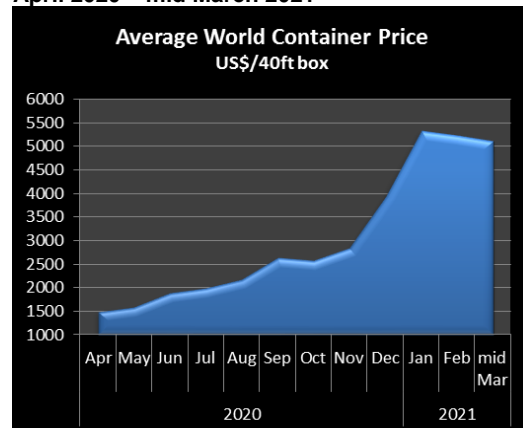


## Abbreviations and Equivalences

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

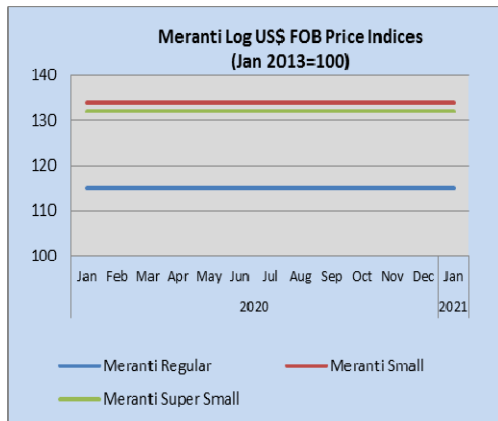
April 2020 – mid March 2021



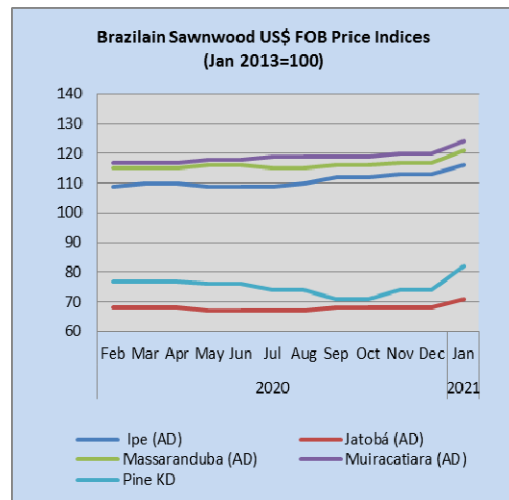
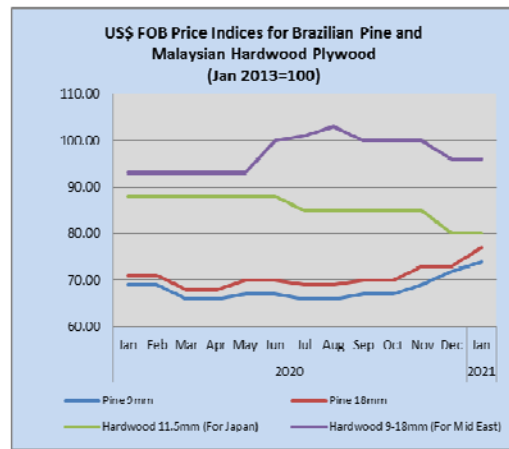
Data source: Drewry World Container Index

**Price indices for selected products**

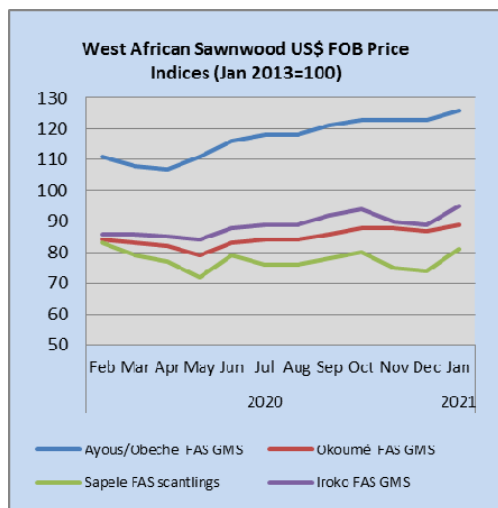
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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