

# Tropical Timber Market Report

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

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## Top story

### **Private sector launches 'Governance for Growth - an Accord for Tropical Timber'**

COP26 provides the platform for launch of the 'Global Forests Need Global Governance, A Tropical Timber Accord' signed by forest products trade and industry associations in Africa, China, Europe, South America, and Southeast Asia.

The Accord calls for a strong legal framework within which people can operate to maintain forests, manage them for future prosperity and for future generations and in particular stop illegal deforestation.

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### **'Challenges in Manufacturing and Trade During the Covid-19 Pandemic'**

ITTO's Annual Market Discussion Organised and presented by the Trade Advisory Group (TAG) will be held on 30 November.

[See page 28 for more details](#)

## Central and West Africa

### Pleas to maintain concession moratorium

African and international scientists have called on the government of the Democratic Republic of Congo (DRC) to cancel its plan to lift a 20-year ban on new commercial logging concessions.

Over 25 scientists sent a letter to international donors warning of the social and environmental impacts of an imminent lifting of the moratorium on new concessions. Environmentalists fear that a US\$1bn DRC forest agreement set to be announced at COP26 is likely to result in extensive new logging.

See: <https://www.greenpeace.org/static/planet4-africa-stateless/2021/10/64d484c2-scientist-letter-on-the-drc-logging-moratorium.pdf>

Plans to lift the ban were announced by the DRC Minister of Environment and adopted by the DRC Council of Ministers in July this year. (See TTMR Vol.25 No. 14)

### Testing timber tracking in Gabon

The Gabon forest authority plans to make an effort during participation at the November COP 26 to re-establish the reputation of Gabon as a shipper of legally harvested timber. The emphasis will be on the decision that all operators in Gabon must be FSC certified next year and that the domestic tracking system will be implemented, also next year.

The ‘System for Certified legal Traceability’ (SCLT) is currently being tested in the field with three different operators in Gabon.

When fully operational SCLT certificate holders will no longer be subject to checks along the road by the police or forestry officials.

### Weather conditions driving down production

Heavy rain is still affecting operations in Cameroon, Equatorial Guinea, Gabon and Congo. The rains started very early and are very intense.

As production levels are forced down there are likely to be implications for export prices as demand is firm. As previously reported, demand in China for okoume has weakened but as demand is still good in other countries especially in the Middle East and there has been no impact on FOB prices.

In a press release after the 15 October Gabon Council of Ministers meeting it has been announced that in 2022 sawnwood production is estimated at 1.171 million cubic metres, up 5.2% from 2021.

### Major company pulls out

The domestic press in Gabon has reported that as of 8 October Rougier has completed the disposal of its plywood manufacturing plant in Owendo.

The company announced it will focus on sustainable and certified harvesting in Gabon and the Republic of Congo as well as on marketing tropical timber and certified okoume plywood produced in Gabon from its subsidiary.

<https://www.atibt.org/en/members/55/rougier-afrique-international>  
and

<https://www.lenouveaugabon.com/fr/agro-bois/1910-17601-lenouveaugabon-francais-rougier-finalise-la-cession-de-son-unite-de-fabrication-de-contreplaques-dowendo>

### Log export prices

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

### Sawnwood export prices

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

**Training in wood identification**

Staff in the Timber Industry Development Division (TIDD) of the Forestry Commission have had intensive training aimed at retooling their skills in wood identification so as to strengthen timber inspection activities.

The training forms part of a United States Forest Service and UNIDO funded international partnerships to improve timber tracking and timber forensics in the Ghanaian timber industry and specifically targets the illegal rosewood trade.

The purpose of the training was to streamline the wood identification workflow and equip wood inspectors and the National Monitoring Team with the requisite skill and technology (Xylorix Pocket Wood App) to identify wood species, which are traded internationally and curb the trafficking of rosewood and other protected species.

See: <https://newsite.fcghana.org/news-media/tidd-staff-receive-training-on-wood-identification-workflow/>

**Alternative work for illegal miners**

The President of Ghana has launched a ‘National Alternative Employment and Livelihood Programme’ (NAELP) which is intended to provide jobs for illegal miners who are now without an income after the ‘Operation Halt II’ which shut down a large number of illegal mining operations.

Launching the programme on the theme, ‘Creating Alternative jobs for illegal Miners for Sustainable National Development’ the President said his government is not against small-scale mining but against the illegal way it is conducted. He emphasised his support for regulated and responsible small-scale community mining schemes.

See: <https://mlnr.gov.gh/index.php/president-akufo-addo-launches-national-alternative-employment-and-livelihood-programme/>

**2022 Green Ghana project committee inaugurated**

The National Planning Committee for the ‘2022 Green Ghana’ project has been launched. The committee is charged with undertaking a review of the 2021 National Tree Planting exercise and making recommendations to the Government.

The Minister for Lands and Natural Resources requested the committee to propose plans for the expansion of the greening project across the country.

See: <https://mlnr.gov.gh/index.php/national-planning-committee-for-2022-green-ghana-project-inaugurated/>

In related news, the Minister disclosed that the government will soon begin an afforestation programme to help recover and sustain forest reserves.

**Timber imports by France**

Ghana earned over Eur 200 million from trade with France in 2020 according to the French Ambassador to Ghana, Anne Sophie Avé. Ghana’s exports to France included air and kiln dry sawnwood, mouldings and air-dried boules. Wood product imports by France increased from 2,409 cu.m in 2019 to 2,670 cu.m in 2020 with a corresponding revenue of Eur1.47 million and Eur1.78 million for 2019 and 2020 respectively, a growth of 21%.

The Ambassador said France’s biggest investment in Ghana was through the Tema Port Expansion project facilitated by French company, Bolloré Transport and Logistics and APM Terminals with support from the International Finance Corporation (IFC).

This investment was made possible because of Ghana’s good business climate and attractiveness as an investment destination and more than 70 French companies have invested in a range of sectors.

See: <https://www.myjoyonline.com/ghana-bags-200m-euros-in-trade-surplus-with-france-anne-sophie-ave/?param=>

**Covid**

The Ministry of Health has taken delivery of more than 2 million doses of AstraZeneca’s Covishield vaccines from the Governments of Germany, Denmark, Iceland, Norway with Germany contributing the largest single consignment of over 1.5 million doses.

The donations are in fulfillment of pledges made by the governments to contribute to COVAX. The COVAX scheme aims to accelerate the development and manufacturing of COVID-19 vaccines, and guarantee fair and equitable access for every country. The successful management of the COVID-19 pandemic and subsequent vaccine rollout in Ghana has been hailed by many is partly attributed to strong support from partners.

See: <https://www.afro.who.int/news/more-covid-19-vaccines-arrive-ghana>

<b>Boule export prices</b>	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	567
Niangon Kiln dry	659

<b>Export rotary veneer prices</b>	Euro per cu.m	
Rotary Veneer, FOB	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	317	441
Chenchen	540	612
Ogea	443	590
Essa	543	619
Ofram	350	435

#### Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	972
Avodire	573
Chenchen	1,575
Mahogany	899
Makore	930
Odum	1,689

#### Export plywood prices

Plywood, FOB	Euro per cu.m		
BB/CC	Ceiba	Ofram	Asanfina
4mm	402	580	641
6mm	412	535	604
9mm	370	499	560
12mm	495	476	480
15mm	430	414	430
18mm	460	463	383

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

#### Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	465	564
Ceiba	435	600
Dahoma	447	586
Edinam (mixed redwood)	520	687
Emeri	540	603
African mahogany (Ivorenensis)	1,195	1,080
Makore	710	800
Niangon	599	667
Odum	950	930
Sapele	800	755
Wawa 1C & Select	373	438

## Malaysia

#### Covid update

As of 25 October over 94% of the adult population in Malaysia had received two covid vaccinations and 97% of the adult population have had one shot. Residents say life is slowly getting back to normal though the government urges everyone to continue wearing masks, practise social distancing and hand washing. However, international arrivals are restricted creating a shortage of foreign workers for many industries especially the plantation and furniture manufacturing sectors.

#### Furniture industries maintained high level of production

According to Zuraida Kamaruddin, Minister for Plantation Industries and Commodities, Malaysia's wooden furniture exports are projected to rise to more than RM13 billion this year from the RM12.8 billion in 2020. The Minister said even during the pandemic when facing disrupted supply chains and logistics the furniture manufacturing industries managed to maintain a high level of production and exports. Looking ahead, the Minister singled out the US market as offering great potential for expansion as Malaysia is a supplier of high-quality and stylish furniture. Regarding foreign workers, the ministry is discussing how to resolve this with the Ministry of Trade and Industry Ministry.

See: <https://www.thestar.com.my/business/business-news/2021/10/11/malaysia039s-wooden-furniture-exports-to-exceed-rm13b>

In related news, manufacturers in Johor State contributed almost 90% to Malaysia's wooden furniture export earnings last year. Meanwhile, the organiser of Malaysian International Furniture Fair (MIFF) has moved MIFF 2021 from 1-4 Sept 2021 to 8-11 March 2022. The 2022 event will be held at the Malaysia International Trade & Exhibition Centre (MITEC) and Putra World Trade Centre (PWTC).

#### New Chief Executive for certification council

The Malaysian Timber Certification Council (MTCC) has appointed Siti Syaliza Mustapha as its new Chief Executive Officer effective 6 October. Siti Syaliza, who was MTCC Officer-in-Charge and Senior Manager (Forest Management) succeeds Yong Teng Koon who retired on 16 July. She is the first woman to take the helm of the Council since it was established in 1999. Siti Syaliza is known to many delegates of the International Tropical Timber Council participated in many Council Sessions and ITTO meetings.

See: <https://mtcc.com.my/mtcc-appoints-new-ceo/>

#### Sabah REDD+

Sabah Chief Conservator of Forests, Frederick Kugan, has stated the Sabah-EU REDD+ Project has successfully raised the living standards in target communities as well as restored and rehabilitated degraded forests. The project, which began on 5 December 2013 will conclude on 30 November this year.

The Sabah-EU REDD+ Project is a European Union funded project in Sabah entitled Demonstration Initiative on Community Based Forest Management and REDD Plus, which is part of the EU's "Tackling Climate Change through Sustainable Forest Management and Community Development" programme.

See: <https://www.theborneopost.com/2021/10/18/redd-project-restores-forests-raises-communities-livelihood/>

## Indonesia

#### Business Forum at Expo 2020

The Ministry of Environment and Forestry (KLHK) held a business forum "Investment and the Development of Forestry Multi-Businesses in Indonesia" and "The Potential and Opportunities for Investment in Trading of Forestry Products" in Dubai.

The Director General of Sustainable Forest Management, KLHK, Agus Justianto, said that this business forum was expected to open up opportunities and increase interest in the Indonesian forestry and timber sectors. Agus said that the government is expecting a 2% increase in export earnings from the two sectors this year.

At the two events the Ministry of Environment and Forestry introduced 12 types of Indonesian tropical woods for export including benuang (*Octomeles sumatrana* Miq), bintangur (*Calophyllum* spp), duabanga (*Duabanga moluccana*), jabon (*Antocephalus* spp), matoa (*Pometia*

pinnata), nyatoh (Palaquium spp), nyawai (Ficus variegata Blume), resak (Vatica spp), samama (Anthocephalus macrophyllus), sindur (Sindora spp), gerogong and medang (Litsea firma).

See: <https://infopublik.id/kategori/nasional-ekonomi-bisnis/573051/indonesia-buka-peluang-pasar-produk-kebutanan-di-expo-2020-dubai>

#### Furniture SMEs assisted with marketing to the UAE

Small and medium enterprises (SMEs) assisted by the Ministry of Trade are participating in an Export Coaching Programme and one SME from Semarang, Central Java has successfully expanding furniture exports to the United Arab Emirates (UAE).

The Director General of National Export Development at the Ministry of Trade, Didi Sumedi, said in a statement "Despite facing restrictions due to the ongoing pandemic, the number of new export players is increasing. We congratulate this company for successfully exporting to the United Arab Emirates". The UAE is a non-traditional market for Indonesia but can be important as it is a hub to enter other Middle East regions.

See: <https://www.antaranews.com/berita/2462557/ukm-binaan-kemendag-perluas-pasar-ekspor-furnitur-ke-uni-emirat-arab>

#### Furniture and Craft SMEs encouraged to export

Chairman of the Indonesian Furniture and Craft Industry Association (HIMKI), Abdul Sobur, said the Association supports furniture and craft SMEs with exporting emphasizing that the export market is not only for large companies but can also be penetrated by the furniture and craft SMEs.

He added that Indonesia has abundant raw materials for the manufacture of wood products along with many skilled craftsmen so this industry can become a formidable exporter.

See: <https://www.medcom.id/ekonomi/bisnis/9K5QLMPK-ukm-mebel-dan-kerajinan-digenjot-tembus-pasar-ekspor>

#### Businesses committed to sustainable peat management

Forestry and plantation businesses in Indonesia are committed to implementing best practices by applying research and development results to ensure that peatlands can be managed sustainably. Chairman of the Association of Indonesian Forest Concessionaires (APHI) Indroyono Soesilo said the challenges faced in peat management include water and carbon stocks, subsidence and fire prevention.

According to Indroyono the application of best practices for peat management is expected to support the availability of wood raw materials to supply the industries in the country.

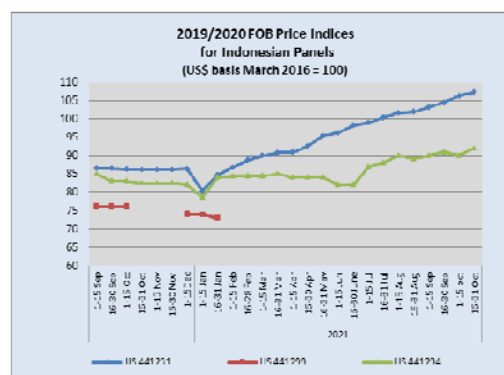
See: <https://industri.kontan.co.id/news/pengusaha-hutan-klaim-manfaatkan-hasil-litbang-untuk-kelola-lahan-gambut>

#### Economic recovery continues

Indonesia's exports as of September 2021 reached US\$20.60 billion, according to Statistics Indonesia (BPS) data. Meanwhile, the country's imports in September 2021 were valued at \$16.23 billion indicating a surplus trade balance in September 2021 marking the 17th successive monthly surplus.

However, Indonesia's trade also experienced a deficit with several countries the largest being with Australia, US\$529.7 million; Thailand, US\$346.8 million and Ukraine, US\$247.2 million.

See: <https://en.antaranews.com/news/195673/economic-recovery-in-indonesia-continues-as-optimism-remains-high>



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

## Myanmar

#### Poverty, unrest and economic crisis

The World Food Programme Myanmar Country Director, Stephen Anderson, has said the triple impact of poverty, political unrest and the economic crisis coupled with the rapidly spreading third wave of covid-19 the people of Myanmar are "experiencing the most difficult times of their lives".

In related news, Noeleen Heyzer a former United Nations Under-Secretary-General who had a working relationship with Myanmar's previous military regime has been appointed as the new UN Special Envoy for Myanmar. The 73 year old Singaporean succeeds Christine Schraner Burgener.

#### Covid update

As of October 19, a total of more than 16 million COVID-19 vaccines have been vaccinated in Myanmar, according to the Ministry of Health. The ministry says 24 million Sinopharm vaccines have been purchased from China and 12 million people with the ages between 40 and 64 will receive the vaccine this year. The ministry said it was also working to increase the number of vaccines available and to coordinate the purchase of vaccines.

See: <https://elevenmyanmar.com/news/myanmar-receives-over-16-m-jabs-of-covid-19-vaccine-till-oct-19> )

### ASEAN annual meeting without Myanmar

The annual ASEAN summit began on 26 October without a representative from Myanmar after a decision to bar Min Aung Hlaing from attending. Cambodian Prime Minister Hun Sen, the next ASEAN chairperson said “Today, ASEAN did not expel Myanmar from the ASEAN framework, Myanmar abandoned its right.”

See: <https://www.irrawaddy.com/news/burma/asean-leaders-voice-disappointment-at-myanmar-junta-as-summit-proceeds-without-it.html> )

### Myanmar's border trade

The Ministry of Commerce has reported Myanmar's trade with neighbouring countries through land borders reached over US\$135 million in the current financial year to 15 October. Export via border gates amounted to US\$60 million while its import were US\$75 million. Myawady was the main border trade point followed by Kawthoung.

According to the Ministry of Commerce the value of timber traded through land borders was US\$2.5 mil. in 2018-19, US\$3.93 mil. in 2019-20 and US\$4.2 mil. for the ten months of the 2020-21 year.

See: <https://www.gnlm.com.mm/myanmars-border-trade-reaches-over-135-mln-in-mini-budget-year/> )

### Adani Ports pulls out

India's Adani Ports has pulled out of a plan to build a container terminal in Myanmar. Last year Adani won the bid to build and operate Yangon International Terminal which it has said is an independent project fully owned and developed by the company.

See: <https://www.reuters.com/world/india/adani-ports-says-could-abandon-myanmar-project-if-found-violate-us-sanctions-2021-05-04> of U.S. sanctions.

### MTE log tender sale

#### September/October 2021 teak log tender prices

Grade	H.tons	Average US\$/H.ton
SG-1	-	-
SG-2	-	-
SG-4	-	-
SG-5	100.4	2,934
SG-6	269.8	2,711
SG-7	224.2	2,418

## India

### Optimistic view on covid situation

A panel of leading scientists appointed by the Indian government writing in the Indian Journal of Medical Research said India has rounded the corner as the number of daily new covid-19 cases has almost halved the past six weeks. They point to a new mathematical model which suggests herd immunity has been achieved.

But other scientists say this model overestimates the number of people infected and warn that with colder temperatures India may well see a further wave of infections.

### Consumer confidence slowly recovering

Consumer Confidence of Urban Indians improved in October according to the Refinitiv-Ipsos India Primary Consumer Sentiment Index (PCSI). Amit Adarkar, CEO of Ipsos India writes on the company website “Consumer Confidence has improved in October and notably in the two key areas of personal finances and investments for the future.

This augurs well for the festival season as consumers do not feel strapped for funds to splurge and enjoy the festival time. Confidence around the economy has seen a minor uptick and it's understandable as the economy will take a longer time to repair and recover, due to the long-term impact of the pandemic.

Confidence in employment opportunities is, however, downbeat and this needs special focus both by the government and the private sector as improved job outlook is critical to sustainability of demand.”

See: <https://www.ipsos.com/en-in/consumer-confidence-further-improves-october-2021-refinitiv-ipsos-india-pcsi>

### Rising demand for furniture

A report by Pricewaterhouse in collaboration with IKEA shows that as the Indian economy recovers from the impact of COVID-19 furniture demand is rising. In the five years up to 2019 furniture consumption was growing close to 10% annually.

This growth was fueled by increasing urbanisation, a large and young population and expanded middle class with rising levels of disposable income as well as a strong hospitality sector. However, the report also points out that if the furniture sector is to regain its growth momentum post COVID some serious limitations need to be addressed.

See: <https://www.cnbcv18.com/business/india-has-potential-of-taking-furniture-exports-from-2-to-20-billion-says-expert-11017162.htm>

### Changes to GST being discussed

The Ministry of Finance is reportedly convening a panel to discuss possible changes to the Goods and Services Tax (GST). India currently taxes goods and services produced in the country at 5%, 12%, 18% and 28%, with some essentials such as food items attracting the lowest rate and luxury goods the highest. Wood products generally attract an 18% GST.

The local media suggest the tax on some items may be increased and the structure of the GST will be simplified.

See: <https://auto.economictimes.indiatimes.com/news/industry/india-may-consider-higher-gst-and-fewer-rates/86958521>

### Teak logs and sawnwood

The high cost of ocean freight has caused some teak log and sawnwood importers to ask producers to delay shipments.

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

	US\$/cu.m C&F
Benin	359-547
Sawnwood	359-547
Brazil	330-553
Sawnwood	221-777
Cameroon	639
Sawnwood	974
Colombia	238-615
Costa Rica	263-652
Ecuador	254-495
Gabon	370
Ghana	260-559
Sawnwood	485
Guatemala	594
Ivory Coast	263-458
Sawnwood	375-752
Mexico	369-439
Sawnwood	373-585
Panama	257-539
PNG	389
Sawnwood	492-677
Tanzania	376-930
Sawnwood	243-1068
Togo	259-532
S. Sudan	414-676
Sawnwood	633
Nigeria	290-630
El Salvador	349
Nicaragua	
Sawnwood	385-564
Solomon Is.	248
Surinam	222

Price range depends mainly on length and girth.

### Locally milled sawnwood prices

No price increases have been reported.

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

Price range depends mainly on lengths and cross-sections

### Sawn hardwood prices

No price increases have been reported.

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

### Plywood mills in the North face many challenges

Plyreporter has a news item describing the situation in the plywood industries in Northern India. The Plyreporter article says manufacturers face many challenges such as rising log prices, a decline in log quality, a slack market along with poor payment recovery among others.

Industry analysts, says Plyreporter, think the plywood industry in North will be facing additional challenges as new capacity in Uttar Pradesh and South India comes on line.

See: <https://www.plyreporter.com/tag/plywood-industries-in-north-india>

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

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

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

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

## Vietnam

### Despite Covid W&WP exports one of the fastest growing sectors

The latest outbreak of the Covid-19 heavily disrupted many export-oriented industries of Vietnam, including wood industry. W&WP exports, therefore, declined in the last 3 months. However, in the first 9 months of 2021 W&WP exports remained one of the fastest-growing industries, significantly contributing to the growth rate of Vietnam's goods production and exports.

With the pandemic now under control wood processing enterprises are endeavoring to restore supply chains effectively capturing market opportunities to boost production and export of W&WP in the last months of 2021.

The accumulated W&WP exports from the beginning of the year to October 15, 2021 accounted for US\$11.5 billion, up 27% over the same period in 2020. In particular, exports of WP contributed US\$8.7 billion, up 26% over the same period in 2020. Vietnam's W&WP export turnover of 2021 is forecasted to total at US\$14 billion, year-on-year up by 13%.

### Latest trade highlights

W&WP exports in the first 15 days of October 2021 reached US\$397 million, up 29% compared to the first 15 days of September 2021, but down 33% compared to the first 15 days of October 2020.

In particular, exports of WP reached US\$258 million, up 41% compared to the first 15 days of September 2021 but down 63% compared to the first 15 days of October 2020. The accumulated W&WP export from the beginning of the year to October 15, 2021 reached US\$11.5 billion. The export of high value-added groups of wood products (HS 94) reached US\$8.7 billion, up 26% over the same period in 2020.

W&WP export earnings in the second week of October reached US\$257.9 million, up 28% against the previous week. WP exports, in particular, recorded at US\$152.9 million were up 30% compared to the previous week.

Vietnam's imports of wood raw material in October 2021 are estimated at 462,400 cu.m, worth US\$76.2 million, up 4.8% in volume and 5% in value compared to September 2021; compared to October 2020 they decreased by 25% in volume and 4% in value.

In the first 10 months of 2021, imports of raw wood were estimated at 5.552 million cu.m, worth US\$1.872 billion, up 14% in volume and 28% in value over the same period in 2020.

Vietnam's export earnings from NTFPs in September 2021 reached US\$50.23 million, down 16.5% compared to August 2021 and down 9% compared to September 2020. This is the first month when exports of rattan, bamboo and other types of NTFP decreased over the same period last year following 15 months of continued increases.

In the first 9 months of 2021, exports of NTFPs reached US\$631.95 million, up 50% over the same period in 2020.

### Top W&WP exported

Wooden seats have been topping W&WP groups with the export revenue of US\$2.7 billion, up 56.5% over the same period in 2020. Next to wooden seats are guest and dining room furniture at US\$2.34 billion, up 25.4%; bedroom furniture at US\$1.57 billion, up 14.5%; glulam and floorings US\$1.4 billion, up 48.5%. See table below.

### W&WP exports by product groups

	Jan-Sep 2021 000s US\$	% change on Jan-Sep 2020
<b>Total</b>	<b>11,109,796</b>	<b>30.6</b>
Wooden seats	2,683,571	56.5
Guest & dining-room furniture	2,337,797	25.4
Bedroom furniture	1,569,923	14.5
Glulam & flooring	1,393,025	48.5
Woodchips	1,334,631	17.5
Kitchen cabinets	681,288	31.3
Office furniture	3,442	22.9
Wooden doors	32,252	16.7
Wooden handicraft	17,329	-7.6
Mirror frames	3,332	30.5

Source: Data provided by GDC VN and analyzed Center for Industry and Trade Information, MoIT

### Export markets

In the first 9 months of 2021, the export turnover of W&WPs still grew positively. The US continued as leading the markets consuming US\$6.7 billion up 41% over the same period in 2020.



W&WP demand in the US usually increases sharply in the last months of the year to meet the festive season demand for wooden furniture and for the completion of construction and housing projects. Therefore, the rapid recovery of production is expected to accelerate Vietnam's W&WP exports to the US in the last months of 2021.

China was the second largest market taking US\$1.1 billion, up 23% over the same period in 2020. The other main markets are Japan (US\$1 billion, up 11%); South Korea (US\$652.7 million, up 11%) and the EU (US\$ 446.9 million, up 22%).

The UK market is also important role consuming US\$99.3 million in the first 9 months of the year and showing year-on-year growth by 24%. Of great significance is the newly concluded Vietnam- UK Free Trade Agreement (UKVFTA) which benefits Vietnam's W&WP exports to UK through a zero duty preference.

#### Export of W&WPs by markets

	Jan-Sep 2021 000s US\$	% change on Jan-Sep 2020
Total all markets	<b>11,109,796</b>	<b>30.6</b>
US	6,688,916	40.6
China	1,125,881	23.4
Japan	1,031,916	11.3
South Korea	652,694	10.7
EU	446,874	22.4
sub total	9,946,281	

Source: Data from Customs analyzed by Center for Industry and Trade Information, MoIT

#### Imports of padauk

According to customs statistics the average price of padauk logs imported into Vietnam in the first 8 months of 2021 stood at US\$433.4/cu.m CIF, up 17% over the same period in 2020.

In particular the price of padauk logs imported from Cameroon increased by 15% over the same period in 2020 to US\$383.2/cu.m while the price of padauk logs imported from Congo increased by 12% to US\$445.8/cu.m; logs via Hong Kong rose by 12% and were priced at US\$283/cu.m while Gabon padouk log imports rose 6% and were priced at US\$410.4/cu.m CIF.

In the first 8 months of 2021, the volume of padauk imported from South Africa, Cambodia, Laos, Hong Kong, Gabon, Mozambique increased over the same period in 2020, while imports from Cameroon, Namibia, Congo etc. dropped.

#### Main padauk log sources Jan-Aug 2021

	Volume cu.m	Value 000s US\$	CIF Price US\$/cu.m	Vol. % change Jan-Aug 2020
All shippers	120,198	52,094	433.4	28.8
South Africa	37,645	10,149	269.6	7.7
Angola	27,320	6,670	244.1	165
Laos	18,951	22,522	1,188.50	154.3
Cameroon	10,309	3,950	383.2	-20.1
Namibia	7,669	1,998	260.5	-25
Congo	5,102	2,275	445.8	-1.9
Hong Kong	2,562	725	283.1	258.9
Gabon	2,318	951	410.4	21
Mozambique	2,274	648	285	223.1
China	1,645	448	272.2	-72
Thailand	900	549	610.1	11.9
Singapore	896	246	274.6	
Nigeria	446	118	264.5	563.5
Sub total	118,037	51,249		

Source: Data provided by GDC VN and analyzed Center for Industry and Trade Information, MoIT

### Brazil

#### Timber exported from Mato Grosso from sustainably managed forests

A large part of the Amazon is within Mato Grosso State. Between August 2019 and July 2020 the area logged for timber purposes in Mato Grosso was equivalent to the sum of the area logged in the six other states in the Amazon region. In the state of Mato Grosso there are 3.8 million hectares under sustainable forest management in cutting cycles from 25 to 35 years.

The industrial and commercial sector based on harvests from natural forests in Mato Grosso is at the core of the economy in 44 municipalities generating around 90,000 direct and indirect jobs.

According to International Business Centre of the Federation of Industries of Mato Grosso State (CIN/FIEMT) an online platform ComexStat provided by the Foreign Trade Secretariat (SECEX) sawnwood exports grew 73% year on year in July this year and were worth US\$1.8 million.

According to Center for Timber Producers and Exporters of Mato Grosso State (CIPEM) 98% of the timber exported by the state comes from sustainable forest management areas.

In related news, IBAMA suspended the issuance of licenses for transport and storage of tropical timber (Document of Forest Origin, DOF) for Mato Grosso in March 2021.

The objective of the suspension was to allow the state governor to integrate the state systems of forest monitoring and control with the Federal system SINAFLOR (National System for the Control of Origin of Forest Product).

In August 2021 the state Secretariat for the Environmental in Mato Grosso (SEMA/MT) confirmed that the integration between the state systems and SINAFLOR was completed. The next step will be implementation of verifiable traceability.

#### Performance of the furniture sector in 2020

According to the Brazilian Furniture Industry Association (ABIMÓVEL) and the Brazilian Trade and Investment Promotion Agency (Apex-Brazil) production by the furniture industry in the country declined slightly (-1.5%) in 2020 compared to 2019, the most recent data available.

Given the negative effects of the pandemic on production and trade in the first half of 2020 the data confirms a significant recovery of the sector in the second half of 2020.

Production by the furniture sector in terms of number of items suffered a retraction of approximately 7% between 2015 and 2020 caused by the Brazilian economic crisis in 2015/2016. However, over the same period there was a 21% increase in the value of production.

It is estimated that the country saw domestic furniture consumption of approximately 424 million items in 2020 or, in value terms, around US\$13 billion at factory prices.

#### Export update

In September 2021 Brazilian exports of wood-based products (except pulp and paper) increased 36% in value compared to September 2020, from US\$283.2 million to US\$385.8 million.

Pine sawnwood exports grew 59% in value between September 2020 (US\$51.8 million) and September 2021 (US\$82.2 million). In terms of volume exports fell slightly over the same period, from 293,700 cu.m to 293,100 cu.m.

Tropical sawnwood exports fell 10% in volume from 39,700 cu.m in September 2020 to 35,900 cu.m in September 2021. In value, exports declined 21% from US\$15.3 million to US\$12.1 million, over the same period.

Pine plywood exports saw a 20% increase in value in September 2021 compared to September 2020, from US\$65.9 million to US\$78.8 million. In volume, exports dropped 32% over the same period, from 233,500 cu.m to 159,100 cu.m.

As for tropical plywood, exports increased in volume by 48% and in value by 30%, from 6,100 cu.m (US\$2.3 million) in September 2020 to 9,000 cu.m (US\$5.3 million) in September 2021.

As for wooden furniture exports increased from US\$ 51.8 million in September 2020 to US\$71.9 million in September 2021, a 39% growth.

#### LEAF - funding for conservation

The nine states in the Amazon received approval from the Ministry of the Environment to join the Lowering Emissions by Accelerating Forest Finance (LEAF), coordinated by Emergent, a North American non-profit organisation. Specifically, the financing is aimed at reducing deforestation and fires, to eliminate illegal deforestation and working to a transition to a green economy.

The State governors are negotiating an initial funding of R\$89 million to adapt the state structures for forest inspection among other aims. Further funding would be sought for payment for environmental services, reduced forest fires, reduced deforestation and lower greenhouse gas emissions.

See: <https://agenciapara.com.br/noticia/32316/>

#### Domestic log prices

Brazilian logs, mill yard, domestic	US\$ per cu.m
Ipe	215▲
Jatoba	105▲
Massaranduba	96▲
Muiracatiara	97▲
Angelim Vermelho	93▲
Mixed redwood and white woods	76▲

Source: STCP Data Bank

#### Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US\$ per cu.m
Ipe	903▲
Jatoba	438▲
Massaranduba	440▲
Muiracatiara	392▲
Angelim Vermelho	397▲
Mixed red and white	260▲
Eucalyptus (AD)	202▲
Pine (AD)	139▲
Pine (KD)	178▲

Source: STCP Data Bank

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

Parica	US\$ per cu.m
4mm WBP	447▲
10mm WBP	397▲
15mm WBP	324▲
4mm MR.	386▲
10mm MR.	298▲
15mm MR.	268▲

Prices do not include taxes. Source: STCP Data Bank

#### Prices for other panel products

Domestic ex-mill prices	US\$ per cu.m
15mm MDParticleboard	203▲
15mm MDF	257▲

Source: STCP Data Bank

#### Export sawnwood prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per cu.m
Ipe	1,819
Jatoba	1,018
Massaranduba	1,036
Muiracatiara	1,032
Pine (KD)	267

Source: STCP Data Bank

#### Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	445
12mm C/CC (WBP)	424
15mm C/CC (WBP)	417
18mm C/CC (WBP)	392

Source: STCP Data Bank

#### Export prices for added value products

	US\$ per cu.m
FOB Belem/Paranagua ports	
Decking Boards Ipê	4,228
Jatoba	1,908

Source: STCP Data Bank

## Peru

#### Composite board imports climbing

Peruvian imports of particleboard were valued at US\$112.1 million in the first 9 months of this year, a record figure and as could be expected, a strong year-on-year growth.

Ecuador was once again the main provider of composite boards to Peru in the first nine months of 2021 with shipments of US\$48 million, a notable increase of 73% (versus US\$27.9 million in the same period last year).

Spain was the second ranked supplier at US\$25.4 million and an increase of 86% compared to the same period of time in 2020.

Brazil, with a growth of 74%, was the third supplier country with US\$15.9 million; Chile followed with US\$14.3 million being the only one among the main supplier countries that did not increase its exports to Peru for the period January-September of this year 2021.

#### Training in forest fire prevention

In October the National Forest and Wildlife Service (SERFOR) began training regional and local authorities from Cajamarca, Pasco, Junín, Ucayali and Huánuco on how to prevent and respond to forest fires. Participants will develop forest fire prevention using satellite technology and will promote inter-institutional coordination for the implementation of strategies.

The project "Prevention and response to forest fires in tropical forests and forest plantations in Peru" is funded by the International Tropical Timber Organization (ITTO) and involves a series of capacity-building events for various authorities and key representatives of public institutions and private companies in Cajamarca, Pasco, Huánuco, Ucayali and Junín.

#### Strategy to promote forest plantations approved

SERFOR has approved the 'Strategy for the Promotion of Commercial Forest Plantations 2021 - 2050' (EPPFC) the main objective of which is to increase production and profitability of commercial forest plantations in the country.

The strategy includes providing appropriate conditions for investment, improving production and processing and marketing. Consideration is also given to the technical and managerial capacities of those involved.

It is estimated that by 2030 there would be an annual requirement of 144,116 hectares of land for plantations to complement the annual production of natural forests and satisfy domestic demand for wood products.

SERFOR identified that in the Amazon, coast and mountains there are just over seven million hectares of potential land for commercial forest plantations. The use of these areas could generate a significant supply of forest resources oriented to satisfy the growing national and international demand and in turn provide jobs and raise the GDP.

#### Satellite monitoring to halt deforestation

The Ucayali State authorities are using the 'Platform for Satellite Monitoring of Impacts to the Forest Heritage' developed by SERFOR to monitor and control deforestation.

SERFOR coordinates efforts with national, regional and local entities to reduce the impact on the country's natural heritage and provides this important satellite monitoring tool. This satellite tool analyzes information from high resolution satellite images and has an early warning system to alert authorities of forest incursions.

#### Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD	
Mexican market	664-679
Virola 1-2" thick, length 6"-12" KD	
Grade 1, Mexican market	589-615 ↑
Grade 2, Mexican market	498-523
Cumaru 4" thick, 6"-11" length KD	
Central American market	1024-1043 ↑
Asian market	1109-1138 ↑
Ishpingo (oak) 2" thick, 6"-8" length	
Spanish market	598-621
Dominican Republic	703-719
Marupa 1", 6-11 length KD	
Grade 1 Asian market	569-598

#### Domestic sawnwood prices

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

#### Export veneer prices

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

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

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

**Japan****No change as election result declared**

The ruling coalition retained a comfortable majority in the House of Representatives following the General Election on 31 October. The Liberal Democratic Party (LDP) has been in power for over 60 years. In welcomed the victory of Prime Minister Fumio Kishida Japan's business leaders called for strong leadership to revive the economy.

**State of emergency lifted across the country**

With more than 70% of the population fully vaccinated against COVID-19 the rate of the roll-out is expected to slow down and the country could just make the target 80% by the end of November. Despite an initially slow rollout, Japan is now ranked No. 3 for its vaccination rate among the Group of Seven industrialised countries.

Tokyo and Osaka have now lifted all coronavirus restrictions on restaurants and bars, meaning the entire country is now free from covid restrictions. However, infections are still being reported but a very low level and there are concerns that the country will experience an additional wave of infections.

**Economic Security Minister appointed**

Just before announcing the General Election the ruling party prepared a report on economic security which, analysts say, focuses on the economic and trade ties with China and the associated risks. The report notes Japan's heavy reliance on trade with China and how this was seriously disrupted due to the coronavirus outbreak.

In a mid-year White Paper the government said several nations, including Japan, had been spurred to strengthen economic security after the pandemic exposed supply chain risks.

Japan appointed an economic security minister whose role will be to "develop strategies and a legal framework to enable Japan to boost economic security encompassing supply chains, resources, innovative technologies and relevant infrastructure."

See:

<https://www.japantimes.co.jp/news/2021/10/25/business/economy-business/china-japan-economic-security/>

**Growth forecast lowered**

The Bank of Japan (BoJ) has lowered its growth and inflation forecasts for this fiscal year and will maintain its current loose monetary policy in an attempt to support the fragile economic recovery.

The BoJ Governor warned that the disruptions of supply chains will last for some time heightening risks for the economy as costs will rise for companies and households.

The BoJ now forecast a 3.4% growth down from the previous 3.8% projection.

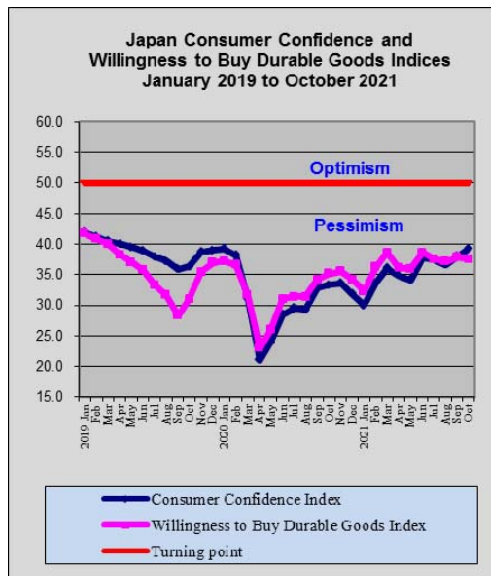
See:

<https://mainichi.jp/english/articles/20211028/p2g/00m/0bu/031000c>

**Cost push inflation – no sustainable price growth**

Consumer prices rose in September for the first time since the early stages of the corona pandemic in March 2020. Given rising energy prices inflation is set to rise in coming months but analysts say the rise will be modest compared with other advanced economies as low wage growth dampens consumption. As it is a cost push rather than demand pulled inflation it is unlikely that there will be a sustainable price growth.

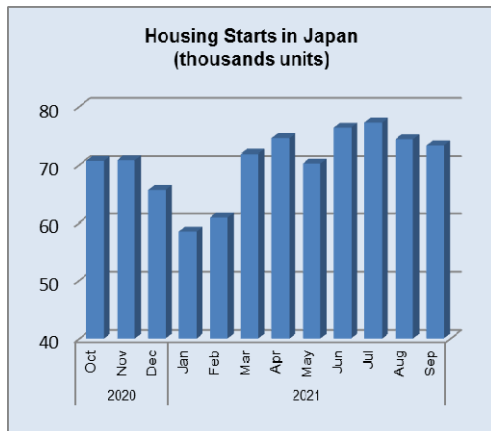
According to the latest data from Japan's Cabinet Office consumer confidence rose in October to its highest level in 30 months buoyed by the decline in covid infections and the lifting of the state of emergency. For the first time in four months the Cabinet Office raised assessment of consumer sentiment saying it "continues to pick up."



Data source: Ministry of Finance, Japan

### Housing – starts still not at 2019 levels

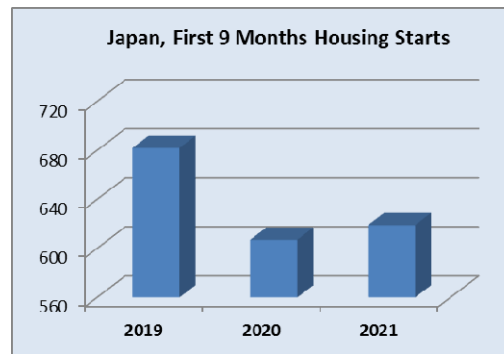
September housing starts were up 4% year on year but had not recovered to 2019 levels against which they were down 6%. September marked the second straight monthly decline in starts although the drop in September was only slight.



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

### First three quarter housing starts

Housing starts in the first three quarters of 2021 were up slightly on the same period in 2020 but still around 9% below pre-pandemic 2019 levels.

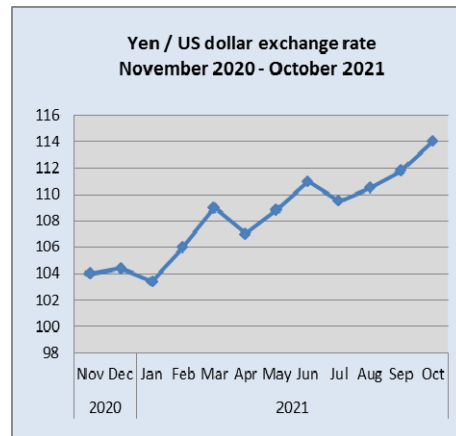


Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

### BoJ Governor - weak Yen does more good than harm

The Yen dipped to a new low against the US dollar recently. A weak Yen typically drives exports higher but when, as now, it is combined with surging prices for imports the economic recovery from the pandemic will be disrupted.

Wholesale prices have also been rising to such an extent that soon Japanese companies that currently absorb the higher costs may have to start passing them on to consumers. The yen's recent slide has raised concern that this could hurt business and consumer sentiment by making things more expensive but the BoJ Governor said a weak yen does more good than harm.



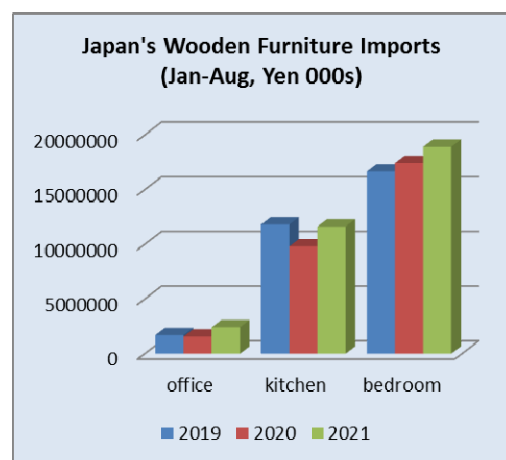
### Import update

#### Furniture imports

Household spending fell in August as state of emergency restrictions weighed on sentiment. Private consumption has been a weak spot the Japanese economy since the surge in Delta variant infections. Furniture and homeware retailers in Japan have opened new stores to cater for people working from home.

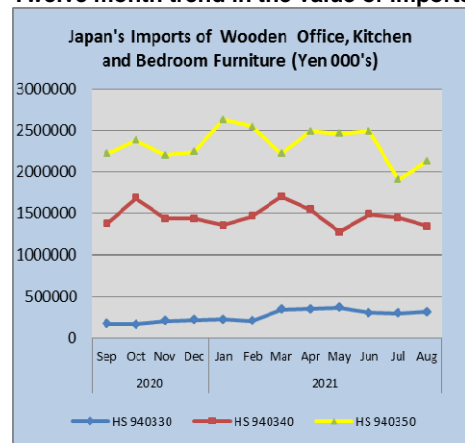
The impact of the pandemic on furniture imports in Japan has varied. Looking at imports for the first eight months of 2019, 2020 and 2021 imports of office furniture in 2020 held up well against the value of 2019 and the value of imports in the period Jan-Aug 2021 rose significantly.

There was a decline in the value of wooden kitchen furniture in 2020 compared to 2019 but the rebound in 2021 was not enough to lift the value of imports up to 2019 levels. In contrast to imports of wooden office and kitchen furniture, imports of wooden bedroom furniture have steadily increased from 2019.



Data source: Ministry of Finance, Japan

#### Twelve month trend in the value of imports



Data source: Ministry of Finance, Japan

#### Office furniture imports (HS 940330)

Year on year, the value of imports of wooden office furniture (HS940330) rose over 43% in August and compared to August 2019 there was an almost doubling of the value of imports.

The top shipper of wooden office furniture in August this year was China whose share of imports was 78%. The other two significant shippers in August were the UK, a new comer to this segment of the Japanese market and Poland, a regular shipper to Japan. Shippers in ASEAN countries made up most of the balance.

#### August imports (HS 940330)

	Imports Aug 2021 Unit, 000's Yen
S. Korea	5,517
China	246,235
Taiwan P.o.C	3,704
Vietnam	3,357
Thailand	5,508
Singapore	-
Malaysia	2,853
Indonesia	6,792
India	-
Denmark	316
UK	10,005
Belgium	-
France	-
Germany	4,278
Switzerland	7,896
Portugal	-
Italy	2,452
Finland	205
Poland	10,791
Austria	-
Lithuania	1,008
Czech Rep.	1,133
Slovakia	2,408
Canada	-
USA	2,412
Mexico	-
<b>Total</b>	<b>316,870</b>

Data source: Ministry of Finance, Japan

#### Kitchen furniture imports (HS 940340)

There was a further drop (7%) in the value of Japan's imports of wooden kitchen furniture in August. As could be anticipated there was a rise in imports compare to 2020 but the level of August 2021 imports still has not matched that of 2019.

In August 2021 wooden kitchen furniture shipments from manufacturers in the Philippines and Vietnam dominated imports (47% and 31% respectively). If shipments from China are added to those from the two top shippers then 90% of shipments are accounted for. The other shippers in August were Thailand, Indonesia and Germany.

**August imports (HS 940340)**

	Imports Aug 2021 Unit, 000's Yen
S Korea	-
China	157,772
Taiwan P.o.C	1,281
Vietnam	414,641
Thailand	33,440
Malaysia	2,858
Philippines	632,264
Indonesia	20,619
India	-
Denmark	13,970
UK	525
France	-
Germany	43,831
Spain	-
Italy	18,995
Romania	822
Canada	1,923
USA	331
<b>Total</b>	<b>1,343,272</b>

Data source: Ministry of Finance, Japan

**Bedroom furniture imports (HS 940350)**

Month on month, August arrivals of wooden bedroom furniture were up 12% reversing the steep drop in the value of July imports. However, compared to August 2020 there was a decline in the value of imports of 9% but there was a rise over the same month in 2019.

The main suppliers in August were, as in previous months, manufacturers in China, Vietnam and Thailand. The value of imports from China and Vietnam were higher than in July but of the other three main suppliers, Thailand Malaysia and Indonesia it was only Malaysia that saw it month on month shipments rise in August.

**August imports (HS 940350)**

	Imports Aug 2021 Unit, 000's Yen
S. Korea	507
China	1,338,430
Taiwan P.o.C	2,366
Vietnam	633,348
Thailand	40,982
Malaysia	35,724
Philippines	-
Indonesia	34,009
India	312
Sweden	2,021
Denmark	256
UK	666
Netherlands	236
France	239
Germany	-
Switzerland	1,736
Portugal	-
Italy	9,632
Finland	319
Poland	22,331
Romania	6,612
Latvia	474
Lithuania	4,911
<b>Total</b>	<b>2,135,111</b>

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/)

**Total wood demand and supply in 2020**

The Forestry Agency disclosed total wood demand by use in 2020. Total wood demand in 2020 is 74,439,000 cbms, 9.1% less than 2019.

Decrease of industrial wood demand (lumber, plywood, pulp and wood chip) of 61,392,000 cbms, 13.9% less is the main reason of decline.

Wood demand for fuel is 12,805,000 cbms, 23.3% more, seven straight years' increase. These are the largest after 59 years since 1961. Self-sufficiency rate and use are different from 1960s but scale of demand and balance of two is back to beginning of high economic growth days.

In industrial wood, import wood decreased by 17% while domestic is 7.7% less so degree of self-sufficiency improved to 35.8%, 2.4 points up. Degree of self-sufficiency including fuel and others is 41.8%, 4 points up and this is the first time of over 40% in 48 years since 1972.

For the supply, domestic is 31,149,000 cbms, 0.5% more and the imports are 43,290,000 cbms, 15% less. Increase of domestic is mainly fuel wood of 1,995,000 cbms, which filled decrease of industrial wood. Demand of logs for lumber and plywood manufacturing in 2020 declined while surplus logs are used for fuel. Also domestic log export increased.

In total industrial wood demand, it is first time in eleven years since 2009 when new housing starts were down to 780,000 units that log demand for lumber is less than 25,000,000 cbms and for plywood is less than 9,000,000 cbms. Drop this time is the same reason with decline of housing starts.

Housing starts in 2020 are 815,000 units, 9.9% less than 2019 because of COVID 19. In particular, wood-based units are 469,000 units, 10.3% less, which caused decrease of log demand for lumber by 10.9% and for plywood by 14.8%. Decrease of demand for pulp and wood chip is 17.5% because demand for paper shrunk by COVID 19.

It is the first time in 48 years since 1972 that the demand for pulp and wood chip dropped down to 26,000,000 cbms. Shrinking trend continues and 2021 will have less than 2020 as Nippon Paper closed paper manufacturing at Kushiro plant. Wood demand for fuel continues increasing with increased supply of imports.

#### **Plywood mills in the North East**

Plywood mills in the North East are facing high prices of logs by short supply. 4 meter larch logs for plywood is about 20,000 yen per cbm delivered and 4 meter cedar logs for plywood is about 13,000 yen per cbm delivered. They are 2,000-3,000 yen higher than before last summer. Plywood mills continue buying logs even with high prices since pre-cutting plants and dealers complain shortage of plywood.

Log supply in the North East had been smooth until last spring as log production recovered by front loading harvest of the National Forest timber then in summer, log production dropped as log suppliers concentrate on replantation, which is usual move in summer months and housing starts are increasing in the region.

Supply of imported wood products stayed low particularly from Europe so the demand of domestic wood like lumber and laminated lumber sharply increased after middle of August. Now lumber mills, laminated lumber mills and plywood mills fight to get logs with each other.

Log prices for lumber mills started climbing up since middle of August and 4 meter larch log prices are 19,000 yen per cbm FOB deck and 3.65 meter cedar log prices in Akita are 17,000 yen. Plywood mills made agreement with local forest unions and log suppliers so log supply is rather stable but there are no extra logs to buy in open market.

Seasonally log supply in the North East should be easing by increase of clear cutting of private forests but busy demand for lumber and plywood would last through next year so log price are likely to stay high for some time in the region.

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

Both logs and lumber of South Sea hardwood continue stagnant. Rainy season started in September in Sarawak, which is about a month earlier than normal years then labor shortage is critical at logging camps so log production will remain low until next spring.

In Japan, log inventories for South Sea hardwood lumber are getting low but the demand is limited. Movement of Chinese made laminated free board has been steady as domestic dealers have ample inventory and are cautious of procuring high priced items since future demand is uncertain.

The suppliers are in no hurry to sell at low prices because cost of raw materials and transportation has been climbing.

Supply of South Sea hardwood lumber is tight due to delayed arrivals by production delay and shortage of containers but the demand is also low.

#### **Plan to build super high wood hybrid building**

Tokio Marine Holdings, Inc (Tokyo) and Tokio Marine-Nichido Co., Ltd. (Tokyo) decided to rebuild Tokio Marine-Nichido building in Marunouchi, Tokyo. It will be three under-ground floors and 19 floors high. Total height would be about 100 meters. It aims to build the highest and largest wood hybrid high tower building with maximum use of domestic wood. Volume of wood used would be about 10,000 cubic meters.

Basic idea is sustainability concept Tokio Marine group made up, which pursue the highest environmental performance with active use of domestic wood. It would have the maximum measures to deal with natural disasters so it will have anti-earthquake structure, measures for flood, emergency power generators and will have wide space for people who have difficulty returning home.

Regarding use of domestic wood, not only structural members like post but other use will be the highest level unprecedented in any other cases.



By using matured domestic timber, cycle of plantation, harvest, utilization and replantation is supported as user.

Also it contributes conservation of timberland, protection of water resources and revitalization of local economy. Roof greening would ease heat island phenomenon. Utilization of rain water and recycle system of water should conserve water resources.

It aims to obtain premium, which is the highest level of award by LEED, which is international certification program of green building.

### **Kyushu's three way fight to get logs**

Wood biomass power generation plants struggle to have enough logs to run the plants. After imported wood products supply got tight, demand for domestic logs sharply climbed. Competing export log prices shot up to 10,000-12,000 yen per cbm delivered loading ports while log prices for power generation plants are 6,500-7,000 yen per cbm delivered wood chip plants.

Log production increased after the demand increased because log suppliers do not have to make sorting at landing so it's easier for log suppliers to ship out camp-run logs. At log auctions, biomass power generation plants cannot compete with sawmills and log exporters so securing logs is becoming very hard now.

In 2020, log prices stayed low so that power generation plants had plenty of logs and some had to stop accepting logs but log supply for power plants in Kagoshima in June and July this year decreased. Power plants in Northern Kyushu suffered low log supply of 20-30% down compared to 2020 but now it is improving and the worst season seems over.

There are three way fights among sawmills, log exporters and power generation plants and there are some comments that log export should have some limit to protect domestic industry.

## **China**

### **Real estate development trends in first nine months of 2021**

In a press release the National Bureau of Statistics has reported that between January and September this year investment in real estate increase of 8.8% it was around 15% higher than in the same period in 2019. The pace of investment in housing has been steadily declining.



In the first nine months of this year investment in real estate in the eastern increase of 7.9%; the central region by 14.3%; the western region by 6.9% and investment in northeast China increased 3.7%.

See:

<http://www.stats.gov.cn/english/PressRelease/202110/t202110191823033.html>

### **Property tax pilot scheme to be extended**

China's legislative body has approved plans to expand a property tax pilot project to more urban areas across the country but the cities to which the pilot will be expanded have not been announced. It is reported the pilot project will be conducted over the next five years and levy taxes on all residential and nonresidential properties in pilot areas, excluding rural households, according to the report.

According to the decision the aims is to advance the property tax legislation and reform in an active and prudent way, guide the rational housing consumption and the economical and intensive use of land resources and facilitate the steady and sound development of the country's property market,

See: [http://www.news.cn/english/2021-10/23/c\\_1310264479.htm](http://www.news.cn/english/2021-10/23/c_1310264479.htm)

### **Substantial increases in wood panel production costs**

Because of the government's power rationing policy production in the woodbased panel sector and others is being disrupted and output lost which has raised the cost of production. The timber industry is concerned as it sees energy cost rising. Coal prices continue to rise pushing up power charges and this is translated into rising production costs as output declines.

According to a recent survey in Dongguan City, Guangdong Province it was founded that many enterprises in the furniture and flooring sectors are experiencing rising costs of production.

Dalingshan Town has more than 500 furniture and supporting enterprises. Many enterprises have increased the sales prices of their products by between 8 to 20%. The cost increase is due to rising raw material inputs. Prices for paint, wood and other raw materials have increased 25% to 30% since 2020 and this is undermining the profitability of the companies.

Local experts point out that the price increases are the result of a combination of many factors among which the shortage of imported raw materials caused by COVID-19 and the increase in shipping and transport costs.

See:

<https://baijiahao.baidu.com/s?id=1714851735472768677&wfr=spider&for=pc>

### China's wood product Standards

By the end of August this year China had released 273 standards on wood products including 140 national standards and 133 industrial standards on timber for construction products and sawnwood for structural use.

The Standard system is basically the same as that of the international and developed countries. China has adopted 23 ISO international standards and foreign advanced standards which cover 22% of the total national timber standards.

The Standards such as the Names of Main Timbers in China (GB/T 16734), Names of Main Imported Timbers in China (GB/T 18513) and Chinese Redwood (GB/T 18107) have been widely used and effectively promote the healthy development of the timber trade.

In order to meet market requirements a number of standards such as 'Rotary Veneer Log', 'Slice Veneer Log' and 'Sawnwood for Instrument' have been revised and have played a role in the realisation of an efficient and regulated market.

See:

<http://www.forestry.gov.cn/main/586/20211019/102155556875915.html>

### 'Green' wood industry

Yulin City was recently awarded the title of 'Capital of China Green Wood Industry' by the China Wood Protection Industry Association. A booming development trend has been seen in the 'green' wood industry in Yulin City, Guangxi Zhuang Autonomous Region especially in the furniture sector. Yulin City deserves this title as forestry resources are abundant with forest area of 830,000 hectares and a forest cover of 62%, wood production of more than 10 million cubic metres which provides adequate timber raw materials.

At present, there are 1,832 forest products enterprises in Yulin City, including 275 plywood enterprises and 835 furniture enterprises. The output value of wood panel furniture is nearly RMB20 billion in 2020.

### Intelligent manufacturing and digital transformation for building materials

Efforts are being made by Raw Materials Industry Division under the Ministry of Industry and Information to encourage development of intelligent manufacturing and digital transformation for building materials.

The 'Green' Wood Panel Branch in the China Wood Protection Industry Association (CWPIA) is collecting examples of wood-based panel and wood home furnishing intelligent manufacturing and digital transformation in order to promote change across the wood-based panel and wood home furnishing sectors.

See: [http://www.cwp.org.cn/vip\\_doc/21843645.html](http://www.cwp.org.cn/vip_doc/21843645.html)

### Ultra-thin fibreboard arrives

The first ultra-thin fibreboard panels were successfully rolled off the production line of the Shandong Xingang Enterprise Group Limited Company mill.

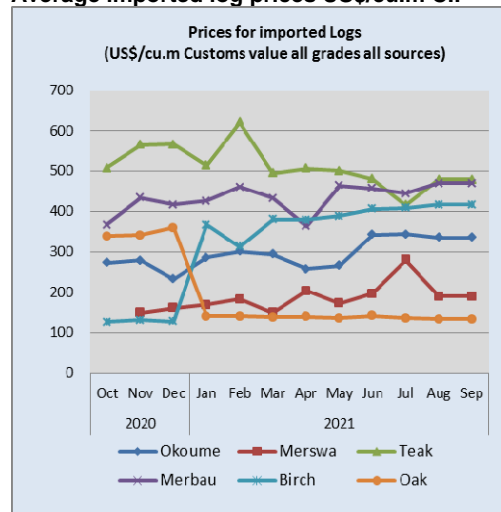
This production demonstration plant for ultra-thin fibreboard is located in Yitang Town, Lanshan District, Linyi City of Shandong Province, "the Capital of Wood Industry" and extends over an area of nearly 10 hectares with a total investment of RMB405 million. At full capacity the mill can achieve an annual output of 180,000 cubic metres of ultra-thin fiberboard.

This project has adopted first-class international equipment and technology and is one of the mills producing the thinnest thickness and fastest production speed in the market at present. Output includes 0.8-8.0mm formaldehyde free, flame retardant and waterproof ultra-thin fibreboard that can be used as base for decorative veneer. This thin board can also be used for packaging and other enduses so has a broad market prospect.

See:

[http://www.cnxingang.cn/pages/newshow\\_2\\_85\\_40288.html](http://www.cnxingang.cn/pages/newshow_2_85_40288.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

	2021 Aug	2021 Sep
Okoume	336	304
Merswa	190	184
Teak	480	501
Merbau	470	468
Birch	417	419
Oak	133	133

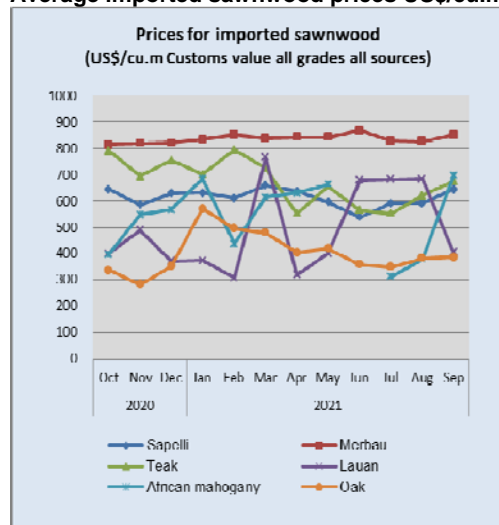
Data source: China Customs. Customs value all grades, all sources

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

	2021 Aug	2021 Sep
Sapelli	591	625
Merbau	826	851
Teak	621	674
Lauan	684	406
African mahogany	379	697
Oak	383	387

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

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



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

## Europe

### Climate change - mitigation opportunities presented by the forest products sector

A coalition of timber industry associations is collectively hosting the 'World of Wood Festival' from 25 October to 3 December at the Building Centre in London, online, and virtually. The six-week celebration of global timber and global forests coincides with COP26 climate talks being held in Glasgow in the first two weeks of November which brings together heads of state, climate experts and campaigners to agree on coordinated action to tackle climate change.

Designed to inform climate change policy and raise awareness of the mitigation opportunities presented by the forest products sector, the World of Wood Festival will showcase the vital role that forest supply chains have to incentivise sustainable forest management, increase carbon sequestration both in forests and products, and substitute for more carbon-intensive building materials.

Devised and coordinated by the UK Timber Trade Federation (TTF) and CEI-Bois, representing European woodworking industries; the team has created an alliance of over 40 separate associations, organisations, businesses and campaigns representing global forest growth and development, engineered mass timber and wood-based products from Indonesia to Ghana, Australia, North America and China. This initiative is also supported by UK Aid, under the UK Foreign, Commonwealth & Development Office's FGMC programme (Forest Governance, Markets and Climate).

Details of World of Wood Festival events, free to participants are available at: <https://worldofwoodfestival.org/events/>

### Private sector launch "Governance for Growth" Accord for tropical timber

Of particular relevance to the tropical timber sector, the COP26 and World of Wood Festival provides the platform for launch of the "Global Forests need Global Governance, A Tropical Timber Accord" signed by forest products trade and industry associations in Africa, China, Europe, South America, and Southeast Asia.

The Accord will be officially launched at 13.15pm (UK Time) on 2 November at COP26 immediately after the World Leaders Summit when major policy statements on forests and land use are expected.

Speaking at the official launch of the World of Wood Festival on 26 October, Dave Hopkins, TTF Chief Executive provided the background to the Accord, explaining the core theme "governance for growth".

"We hear a lot about policies to do with carbon markets and carbon sequestration to keep forest standing and to bring environmental benefits, but none of them will work unless you get the governance right", said Mr Hopkins.

The Accord calls, according to Mr Hopkins, for a "strong legal framework within which people can operate in a proper manner to maintain forests, manage them for future prosperity, and for future generations, and in particular, to stop illegal deforestation".

Mr Hopkins emphasised that "we want to make clear, through the Accord, that you can help stop illegal deforestation by rewarding reform within the forests and within the supply chains that come from them.

"It sends out a very powerful message that this supply chain, this industry around the world, is grown up enough to call for strong legal governance, and to call for strict regulation in the markets and the countries that it operates in. It's a very unusual thing to see in any industry.

On the specific action that is needed, according to Mr Hopkins, "we're calling on the leaders at COP26 to really start to initiate, again, national multi stakeholder processes throughout the world that can bring together government, civil society and the private sector that incentivize effective tropical forest governance and responsible forests trade by offering support, and particularly investment in the added value of tropical forest industries.

"We're also calling on international business and consumer markets to really commit to sourcing tropical forest products and material only from those legal sources that can ensure the sustainability of resources into the future.

"And to simplify, and to rationalise and harmonise the range of product standards, and the communication messages that are coming out, so that we can see that people are acting on a level playing field".

Mr Hopkins acknowledged that this is not new, commenting that there is no intent to reinvent the wheel but rather to "update the ambition and the policies that are framed by governments in the International Tropical Timber Agreement that's been ratified now for several decades". Also that "those standards and principles in the FLEGT agreements need to be refreshed and updated, given a new lease of life and injected with a new wave of political commitment."

Mr Hopkins suggested that "sporadically governments have a big burst of energy and then it fizzles out - we want COP26 to rekindle all of that energy, and to really revitalise commitment to these processes. And to revisit the agreements already made to refresh them in light of the situation they find themselves in now".

Mr Hopkins noted that because of this long history of prior commitment and engagement "we have the evidence and we have the basis and the bones for a lot of the policies. We now want it to be underpinned by practical guidance informed by best practice and driven by the tropical timber producing countries themselves".

Mr Hopkins made clear that the Accord is framed to avoid any imposition of policies by consumer countries on tropical producing countries which, he said "is not the way that modern policy should go." Instead the focus is on the "tropical countries themselves making policies, setting national standards, owning them, and being proud of them."

Mr Hopkins closed his opening presentation to the Festival launch with images contrasting agricultural landscapes with commercial forestry landscapes and the comment that "the timber industry as a business model needs a presence of trees, for all other commodities, the business model requires an absence of trees".

The Accord itself calls on COP26 leaders to "create a new international initiative which defines and agrees an international rules-based approach" driven by the following six policy points:

- Recognise, incentivise, and support strong governance and sustainable forestry in producer countries.
- Recognise and independently verify each country's own nationally determined standards.
- Internationally recognise a system of defined rules-based 'legality' and 'sustainability' which supports governance and strong global collaboration.
- Encourage consumer market policies and regulations to promote responsible trade with countries with strong forest governance and discourage trade from places which do not demonstrate this.
- Incentivise countries with effective forest governance with "green lane" access to international markets and trade through strengthening communications and promotion throughout the supply chain.
- Encourage international investment and support of micro-SMEs – the backbone of the economy in most tropical producer countries and industry.

The signatories to the Accord are:

- Cameroon - Groupement de la Filiere Bois du Cameroun (GFBC)
- Côte d'Ivoire - Syndicat des Producteurs Industriels du Bois (SPIB)
- Democratic Republic of the Congo - Association Congolaise des Exploitants Grestiers Artisanaux (ACEFA)
- Gabon - Union of Forestry and Timber Industries of Gabon (UNIFA)
- Ghana - Forest Industries Association of Ghana (FIAG)
- Guyana - Forest Products Association of Guyana, Guyana Manufacturing and Services Association
- Honduras - Honduran Woodworkers Association
- Indonesia - Association of Indonesian Forest Concession Holders (APHI), Communication Forum of Forestry Community (FKMPI), Association of Furniture and Craft Industries

(ASMINDO), Indonesian Wood Panel Association

- Liberia - Liberia Timber Association (LibTA)
- Malaysia - Sarawak Timber Association, Malaysian Timber Council (MTC)
- Republic of the Congo - Union Patronale et Interprofessionnelle du Congo (UNICONGO), Association Technique Internationale des Bois Tropicaux - Congo (ATIBT)
- Thailand - BNS Wood Industry Co. Ltd Thailand
- Vietnam - VIFOREST
- Europe - European Timber Trade Federation, UK Timber Trade Federation
- China - China Timber & Wood Products Distribution Association (CTWPDA)
- ATIBT - Association Technique Internationale des Bois Tropicaux (International Tropical Timber Technical Association)

### **Growing our low carbon future: time for timber**

Alongside the Tropical Timber Accord, the World of Wood Festival also provides the platform for the launch of the Global COP26 Wood Manifesto entitled "Growing our low carbon future: time for timber". Paul Brannen, Director of Public Affairs at CEI-Bois and the European Organisation of Sawmillers (EOS) introduced this Manifesto at the Festival launch on 26th October.

Mr Brannen said that the Wood Manifesto was developed jointly by representatives of forest products associations from Europe, New Zealand, Australia, the United States and Canada to influence the politicians and decision makers attending COP26. It was launched formally on 28th October during a 2-day conference on the built environment hosted by the Royal Institute of British Architects (RIBA) in London.

Mr Brannen commented that "our research collectively shows that knowledge amongst decision makers about the role that wood can play in helping us to decarbonize the built environment is, at best, somewhat patchy".

"The first point we want to get across to the politicians", according to Mr Brennan, "is just how big a contribution the built environment makes to climate change emissions - that is around about 40%"

He also observed that "if concrete were a country, it would be the third largest emitter in the world", the implication being that "the substitution ability of wood is incredibly important to convey to politicians".

The Manifesto stresses the carbon sequestration properties of timber in construction which sets it apart from nearly other building materials. "While we can store that carbon in new buildings, we can also store it in renovating and retrofitting existing buildings", said Mr Brannen.

He noted that as part of the EU's net zero carbon plans the EU intends, by 2050, to renovate 75% of the built environment within the EU.

Another point emphasised in the Manifesto is the sheer range of applications in the construction sector that can be served by wood. While there is awareness of wood's suitability for joinery and smaller buildings, there is still insufficient awareness of the opportunities presented by engineered wood materials such as CLT, glulam and laminated veneer lumber to build at height and scale in high density urban environments.

Mr Brennan concluded with the observation that forest products offer solutions for carbon mitigation in the built environment which are "based on existing business models and existing products: we can do this now and we know how to do this, we do not need to wait on proven technology which simultaneously stores carbon and substitutes fossil fuel resources".

### **Diplomatic mission calls for lifting of ban on tropical timber at Paris Olympics site**

ATIBT have published a report of the tropical timber diplomatic mission to Paris, led by the Ministers of Forestry of Cameroon and Congo as well as by COMIFAC.

During the week of 4-8 October, the ATIBT accompanied a delegation of forestry authorities from these two COMIFAC member countries to make the case for SOLIDEO - the public body responsible for delivering the Paris 2024 Olympic and Paralympic infrastructure - to reverse its decision to exclude tropical timber from the Olympic works and instead promote certified tropical timber.

Meetings were held at the Paris City Hall and the Ministry of Europe and Foreign Affairs. At the Paris City Hall, the two delegations were able to discuss the SOLIDEO dossier (ban on tropical timber on the Olympic site). The City Council said that it was not in a position to decide unilaterally on a change in the specifications for environmental excellence but did not close the door to a discussion within the SOLIDEO board of directors.

In their report of the mission, ATIBT observe that the SOLIDEO policy to exclude tropical timber from Olympic works contrasts with the French government's "advice and good practice Guide for public procurement actors". In the field of timber and timber products, the Guide explicitly recognises the guarantees provided by the EUTR (timber origin, due diligence, FLEGT licence) and the certification systems (FSC and PEFC in particular).

ATIBT's report on the mission is available at: <https://www.atibt.org/en/news/13070/a-look-back-at-the-tropical-timber-diplomatic-mission-to-paris-led-by-the-ministers-of-forestry-of-cameroon-and-congo-as-well-as-by-comifac>

### **Benefits of sustainable forest management in Central Africa**

The City of Paris and the newspaper Le Monde recently organised a conference on the theme of the preservation of Central African forests. The Conference brought together local authorities, representatives of associations, universities and businesses, as well as experts and other European and African interests.

The Conference was structured around plenary sessions and round tables focusing on four issues:

- The preservation of the African equatorial forest and its biodiversity.
- The central role of local populations.
- The fight against global warming.
- The development of new agricultural and food practices.

According to the ATIBT report of the conference, Lee White, Gabonese Minister of Water and Forests, clearly summarised in one sentence the timeliness and significance of the conference: "If we lose the Congo Basin, then we lose the battle against climate change."

Furthermore, interventions throughout the Conference, particularly by representatives of the Congo Basin countries, highlighted the benefits of sustainable forest management and certification for the preservation of ecosystems and economic and social development in the region.

The presentation by Alain Karsenty of CIRAD demonstrated that well-managed and controlled logging contributes to sustainable forest development. And while certification systems are not perfect, they are constantly improving.

Sylvie Gourlet-Fleury, also of CIRAD, reinforced this message referencing various scientific studies conducted in recent years which have shown that well-managed logging has little impact on forests, and can even serve as a connecting network between different protected areas.

Stéphane Glannaz of Precious Wood used satellite images to show that while deforestation is present around a sustainably managed concession, the forest cover is preserved within the concession.

The newspaper Le Monde has posted on its website links to the full set of presentations (in French) at:

[https://www.lemonde.fr/afrique/article/2021/09/23/evenement-participez-a-la-conference-sur-la-preservation-des-forets-d-afrique-centrale\\_6095726\\_3212.html](https://www.lemonde.fr/afrique/article/2021/09/23/evenement-participez-a-la-conference-sur-la-preservation-des-forets-d-afrique-centrale_6095726_3212.html)

### **Tropical timber sector responds to growing need for Environmental Product Declarations**

The Sustainable Tropical Timber Coalition (STTC) reports that the initial Life Cycle Inventory (LCI) data collection phase of the international Dryades project to develop Environmental Product Declarations (EPDs) and Health Declaration Sheets (FDESS) for tropical timber is now complete.

Dryades was launched last year and is a joint initiative of the ATIBT, its member companies and French timber trade association Le Commerce du Bois (LCB). Funded by the PPECF-COMIFAC central Africa forest certification programme, plus ATIBT members and LCB. The objective is to strengthen commercial prospects of verified sustainable tropical timber in an international market which attaches increasing importance to environmental performance and validation.

ATIBT Managing Director Benoît Jobbé-Duval said Dryades was also prompted by increasing governmental demands for proof of construction products' environmental impacts. "In the case of France, for example, when building product marketing includes environmental performance claims, manufacturers are required to provide an EPD, which gives the product's complete environmental profile, principally based on life cycle analysis (LCA)," said Mr Jobbé-Duval.

The Dryades project is initially focused on Gabon, the Republic of Congo and Cameroon and the companies engaged in the first phase are Pallisco, IFO-Interholco, Precious Woods and ARBOR. Products covered in the LCI are logs, sawn timber, squares, hydraulic timber and sleepers, profiles (decking, joists, panelling, mouldings), veneers and plywood. It also encompasses strip and plywood siding, solid timber flooring and baseboards.

Technical director of the project is consultancy ESTEANA, a French-based specialist in life cycle analysis in timber and sustainable construction. Verification of its findings will be undertaken by an independent auditor.

"Once the results of the LCI are in, the Dryades project team will define the validity framework of the LCI and EPD and develop a procedure for project stakeholders," said ATIBT Project Manager Alessandra Negri.

The Dryades team is also in contact on their potential involvement with Netherlands timber market development body Centrum Hout, which has extensive experience in timber LCA. ESTEANA has started analysis of the LCI data, with the first outcomes expected October. The resulting LCA will then undergo critical review.

"The data collection phase for the EPDs and FDESS will start in November, with the first results expected by the end of April 2022," said Ms Negri. She added that currently Dryades has a finite objective and end point, in terms of developing EPDs and FDES for the products currently under evaluation.

“However, given the importance of the project and the need to update the data – every five years for EPDs – a follow-up will certainly be envisaged,” she said.

Mr Jobbé-Duval said earlier that requirements for product environmental performance verification are also set to grow at European level. “As part of the strengthening of the EU Construction Products Regulation (CPR), the European Commission has drawn up a draft delegated act to make environmental declarations compulsory within the framework of CE European quality assurance marking of construction products,” he said.

### **FSC and PEFC market share continues to rise in the Netherlands**

According to a report by STTC, latest analysis of Dutch timber imports reveals a further rise in the proportion certified ‘from demonstrably sustainably managed forests’ under FSC or PEFC schemes. There has also been an increase in the volume of FLEGT-licensed timber and sheet materials imported from Indonesia.

The report, commissioned by the Netherlands Timber Trade Association (NTTA) undertaken by forest and timber sustainability advisors and analysts Probos, shows that in 2020 93.7% of the 2.047 million cubic meters of timber and panel products imported by NTTA members (who account for the vast bulk of Dutch imports) was chain of custody certified. This compared with 91.9% of the 1.76 million cubic meters imported in 2019.

The proportion of the Netherlands’ 319,000 cubic meters of hardwood imports certified was 67.2%, up from 62.4% in 2019. Within that figure, the percentage of the 269,550 cubic meters of tropical imports certified was 65.1%, compared to 61.6% in 2019, while that of the 49,482 cubic meters of temperate hardwood imports was 78.6% as against 67.2%.

The figures show Dutch FLEGT-licensed imports up substantially; from 26,934 cubic meters in 2019 to 47,944 cubic meters in 2020. This gave them a 17.8% share of total tropical timber imports. Probos highlighted that a proportion of FLEGT-licensed imports were also certified.

Looking at other timber product categories, the certified proportion of the Netherlands’ 1.09 million cubic meters of softwood imports in 2020 was 98.8%, while for its 616,462 cubic meters sheet materials import total it was 98.2%.

After reporting on sustainable timber sourcing in the Dutch and Belgian market for 15 years, Probos is now working on a timber data gathering tool and information portal to help timber trade federations across Europe to monitor, benchmark and promote verified sustainable timber procurement in their countries to support sustainable forest management in producer countries.

Launched earlier this year, Thémis is being developed in association with French trade association Le Commerce du Bois (LCB), Fedustria of Belgium, the UK Timber Trade Federation, the International Tropical Timber Technical Association (ATIBT) and IT company Graphius. Thémis is supported by PPECF and IDH, the Sustainable Trade Initiative.

By tracking sustainable procurement, says Probos, trade bodies can increase timber trade transparency, monitor progress and target interventions to grow certified timber market share. By highlighting the level of wood sourced sustainably it can also help ‘positively brand the sector and timber generally’. The first round of monitoring amongst members of Fedustria, LCB and ATIBT has taken place.

### **Major conference on sustainably managed forests as a solution to climate change**

The 2021 European STTC and Fair&Precious (F&P) Conference will be held on-line between 9am and 12am (CET) on 18<sup>th</sup> November on the theme of “Sustainably managed forests as part of the solution to climate change: recognising the value of certified forests and ecosystem services”.

Presentations are focused on three issues: forest certification, particularly recent efforts to evolve a broader more inclusive “landscape approach” to certification and the use of tax incentives to encourage update; the contribution of certified tropical forestry to mitigate climate change impacts; and on-going lobbying and marketing activities to improve the image of certified tropical timber.

The Conference is free of charge and registration and more details can be found at:

<https://www.europeansttc.com/18-november-2021-conference-sustainably-managed-forests-as-part-of-the-solution-to-climate-change/#tab-id-4>

## **North America**

### **Housing starts stumble in September**

Homebuilding unexpectedly fell in September and permits dropped to a one-year low amid acute shortages of raw materials and labour fueling expectations that economic growth slowed sharply in the third quarter.

The report from the US Department of Commerce also showed the gap between completed homes and those still under construction was the largest on record last month. Robust demand as global economies emerge from the COVID-19 pandemic is running against worker shortages, straining supply chains and fanning inflation. Nearly every industry in the United States is experiencing shortages.

Housing starts dropped 1.6% to a seasonally adjusted annual rate of 1.555 million units last month, the lowest level since April. Data for August was revised down to a rate of 1.580 million units from the previously reported 1.615 million units.

Economists polled by Reuters had forecast starts would rise to a rate of 1.620 million units. Softwood sawnwood prices are rising again after tumbling from record highs set in May. Starts have declined from the 1.725 million unit-pace level scaled in March, which was more than a 14-1/2-year high.

Single-family starts were unchanged at a rate of 1.080 million units last month. Single-family homebuilding rose in the West and Midwest but fell in the Northeast and the densely populated South, also likely depressed by Hurricane Ida, which caused unprecedented flooding.

A survey from the National Association of Home Builders showed confidence among single-family homebuilders rising further in October but noted that "builders continue to grapple with ongoing supply chain disruptions and labour shortages that are delaying completion times."

Canadian housing starts also fell in September, as construction activity pulled back in urban areas although it remained high on a historical basis. Housing starts for September came in at a seasonally adjusted annualized rate of 251,151 units, a 4.4% decrease from 270,744 units in August

See: <https://www.census.gov/construction/nrc/index.html> and <https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/housing-data>

#### **Sales of existing homes rise on low mortgage rates**

Sales of previously owned homes increased 7% to a seasonally adjusted annualised rate of 6.29 million units in September according to the National Association of Realtors. The organisation's chief economist, Lawrence Yun, pointed to a brief drop in mortgage interest rates in August for the sales gain. The average rate on the 30-year fixed mortgage fell below 3% before rising again more significantly last month. Sales were 2.3% lower than in September 2020.

The supply of homes for sale ended September at 1.27 million units, down 13% from a year ago. That represents a 2.4-month supply at the current sales pace. Low supply continued to push prices higher, 13.3% higher than September 2020. The annual gains, while high, are now moderating.

"As mortgage forbearance programmes end and as homebuilders ramp up production, despite the supply-chain material issues, we are likely to see more homes on the market as soon as 2022," said Yun.

Existing-home sales in the Northeast grew 5.5% in September, posting an annual rate of 770,000, an 8.3% decrease from September 2020. Existing-home sales in the Midwest rose 5.1% to an annual rate of 1,440,000 in September, a 2.7% drop from a year ago.

Existing-home sales in the South jumped 8.6% in September, recording an annual rate of 2,770,000, unchanged from one year ago and existing-home sales in the West climbed 6.5%, registering an annual rate of 1,310,000 in September, down 3.0% from one year ago.

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

#### **Job creation falls well below expectations**

America's economic recovery has hit a roadblock, US employers added only 194,000 jobs in September, another troubling sign that Covid continues to disrupt the economy. It marked the second straight month in which the US economy added far fewer jobs than expected. Jobs growth slowed down dramatically in August.

The unemployment rate declined to 4.8% in September, the Bureau of Labor Statistics reported, down from 5.2% in August. Joblessness declined across the board. Employment in manufacturing increased by 26,000 in September but is down by 353,000 since February 2020. Similarly, construction employment rose by 22,000 in September but has shown little net change thus far this year and is 201,000 below its February 2020 level.

The report did have some good news: the disappointing August report was revised higher by 131,000 jobs, which means employers added 366,000 the month before last. Also, the surveys behind the latest jobs report were completed around the middle of September when Covid infections began to plateau. Covid has been on a steady decline since mid-September and hiring ramped up toward the end of the month, a reason to be hopeful about job growth in October.

#### **Covid and inflation hold down consumer sentiment**

Consumer sentiment in the U.S. fell slightly in early October as the spread of the Covid-19 Delta variant and supply-chain strains weighed on Americans' mood.

The preliminary estimate of the index of consumer sentiment by the University of Michigan decreased to 71.4 in October from 72.8 in September. The reading missed estimates from economists polled by The Wall Street Journal.

"The Delta variant, supply-chain shortages, and reduced labor-force-participation rates will continue to dim the pace of consumer spending into 2022," said Richard Curtin, the survey's chief economist.

For the past three months, consumer sentiment has remained at the lows first recorded in response to last year's shutdown of the economy. Another factor which has contributed to the more pessimistic views from American consumers is that confidence in government economic policies has significantly declined during the past six months, Mr. Curtin said.



Consumers' assessment of the current economic conditions fell, while Americans' expected inflation rate for the next year increased to 4.8% compared with a 4.6% rise in September. Although confidence fell significantly in the last few months due to the spread of the Covid-19 Delta variant, U.S. consumers haven't shown signs of pulling back spending.

See: <http://www.sca.isr.umich.edu/> and <https://www.marketwatch.com/story/u-s-consumer-sentiment-decreased-in-early-october-university-of-michigan-271634307306>

**Manufacturing growth accelerated in September**

Economic activity in the manufacturing sector grew at a faster rate in September compared to August while production continues to be limited by global pandemic-related issues according to the Institute for Supply Management (ISM).

The overall economy expanded for the 16th consecutive month, driving the ISM index to 61.1% in September. A PMI reading above 50% indicates the manufacturing economy is expanding.

Of the 18 manufacturing industries surveyed by ISM 17 reported growth in September, with Furniture & Related Products reporting the strongest growth. The only industry reporting a decrease in September compared to August is Wood Products.

Timothy Fiore, chair of the ISM Manufacturing Business Survey Committee, said “companies and suppliers continue to deal with an unprecedented number of hurdles to meet increasing demand. Global pandemic-related issues — worker absenteeism, short-term shutdowns due to parts shortages, difficulties in filling open positions and overseas supply chain problems — continue to limit manufacturing growth potential.”

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

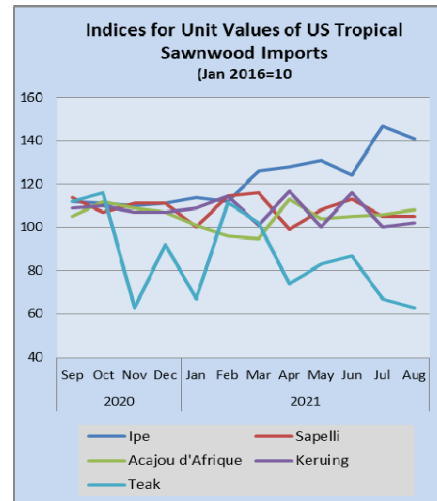
**Construction materials prices dropped slightly in September**

Prices of construction components and materials were down 0.2% in September according to the US Bureau of Labor Statistics' producer price index (PPI) report. The construction components and materials price index was 16.6 percent higher than it was a year ago.

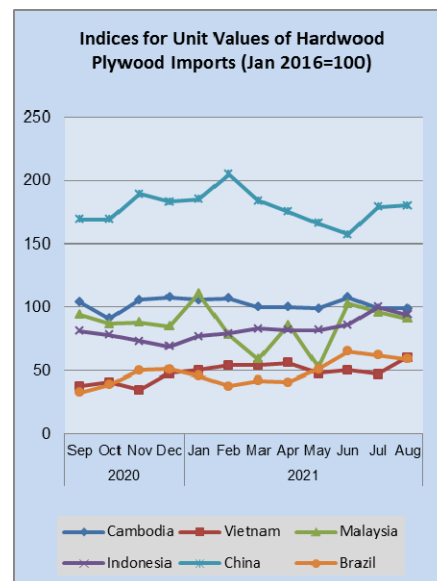
Overall prices for processed goods for intermediate demand rose by 1.3 percent in the month. The index was 23.9 percent higher than its year-ago level.

According to PPI numbers as compiled by Yield Pro (PRO), the price of hardwood lumber has increased much more than most construction material during the Covid pandemic, rising 43.5% over the past 12 months and 45.3% since the first three months of 2020.

Among PRO's standard list of 20 construction materials whose prices directly impact the cost of constructing an apartment building, only softwood plywood products and rolled steel bars saw a higher increase over pre-covid prices. Comparatively, ready mix concrete prices rose by 5.0% and softwood lumber prices, while volatile, are currently up 19.1% from their pre-covid level. According to PPI, sawn hardwood prices in the US fell by 0.1% in September.



Data source: US Census Bureau, Foreign Trade Statistics



Data source: US Census Bureau, Foreign Trade Statistics

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

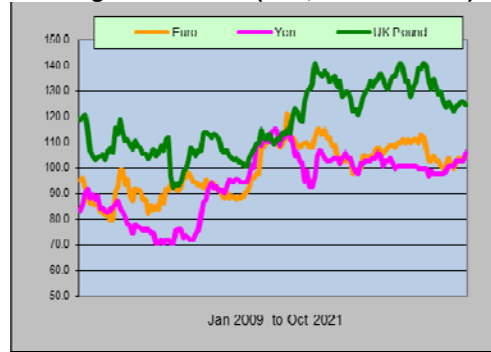
**The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO**

## Dollar Exchange Rates

As of 25 October 2021

Brazil	Real	5.5668
CFA countries	CFA Franc	564.60
China	Yuan	6.3830
Euro area	Euro	0.8624
India	Rupee	75.95
Indonesia	Rupiah	14153
Japan	Yen	114.16
Malaysia	Ringgit	4.1475
Peru	Sol	4.08
UK	Pound	0.7264
South Korea	Won	1168.10

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

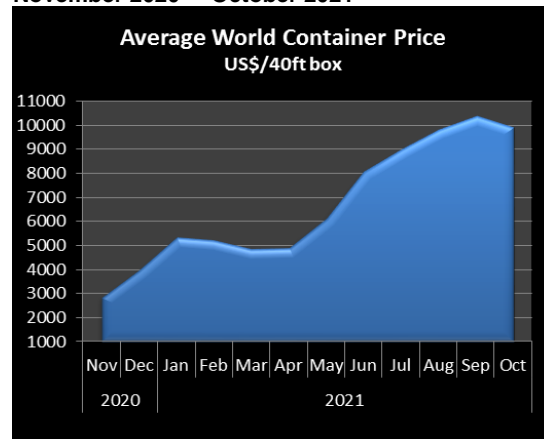


## Abbreviations and Equivalences

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

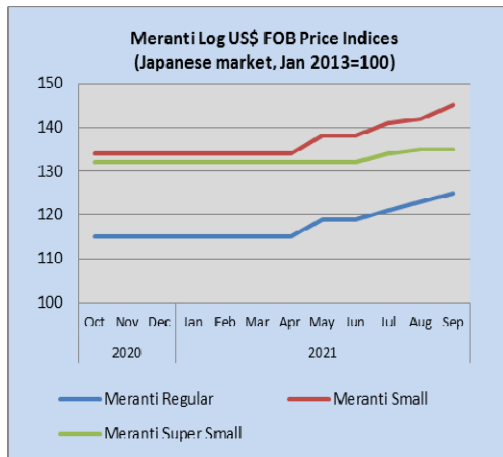
November 2020 – October 2021



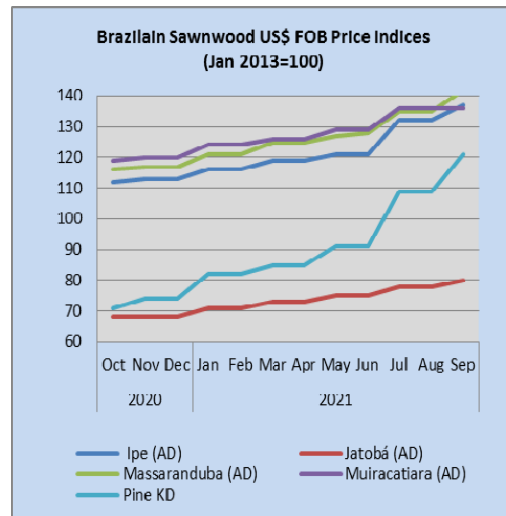
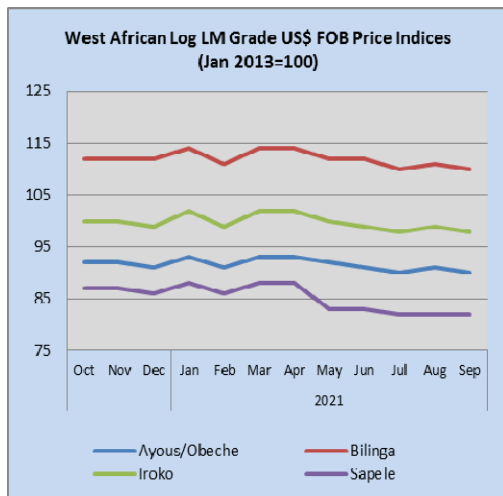
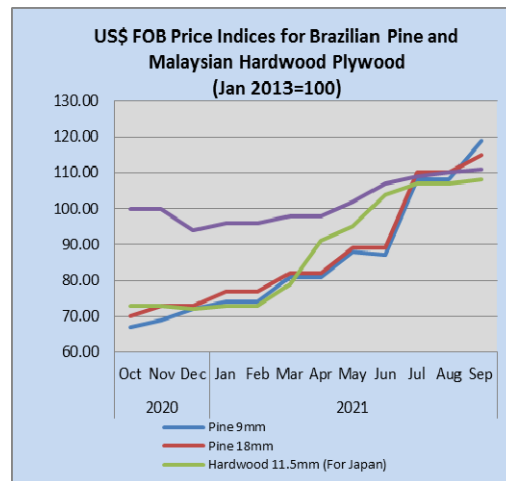
Data source: Drewry World Container Index

**Price indices for selected products**

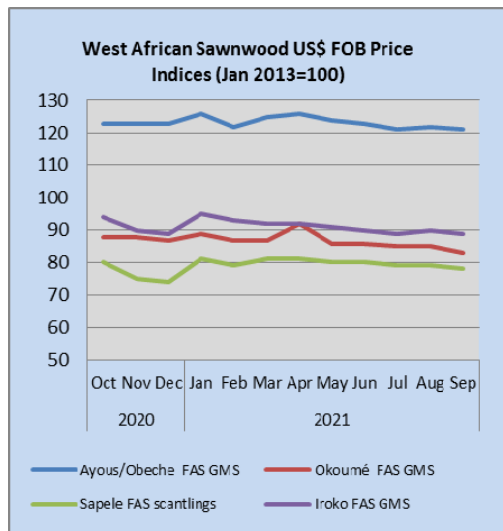
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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[http://www.itto.int/en/mis\\_registration/](http://www.itto.int/en/mis_registration/)

# ITTO's Annual Market Discussion

Organized and presented by the Trade Advisory Group (TAG)

## Challenges in Manufacturing and Trade During the Covid-19 Pandemic

**Moderator: Barney Chan, Coordinator, TAG**

Control measures adopted to slow the spread of the COVID-19 virus continue to have a devastating impact on manufacturers. In countries with well-advanced vaccine rollouts, restrictions on movement have eased; in others, however, efforts to protect people from the delta variant remain in place, hindering the recovery of business operations.

The timber industry is facing many challenges, but a priority for all enterprises is to develop protocols for safe working so output can be ramped up. Also crucial are diversifying raw-material supply chains; coping with disrupted shipping and the consequent catastrophic increases in the cost of international shipping; and managing deliveries at a time when demand is surging for wood products in international markets.

A global economic recovery is possible, but a faster and more effective vaccine rollout globally is essential. Activity has picked up in many sectors, but the pandemic is widening gaps in economic performance between countries and sectors, increasing social inequalities. There is no room for complacency; vaccines must be deployed faster – and globally.

This event, part of the virtual 57th Session of the International Tropical Timber Council, will be open to the public. Please check the ITTO Homepage (ITTO Events) by mid-November for connection details.

**Schedule: Tuesday 30 November 2021 (Japan Standard Time)**

**18.00 – 18.15 *Impacts of Covid on the Latin American forest sector and recovery***

Ivan Tomaselli, President SCTP, Brazil

**18.15 – 18.30 *Challenges on many fronts for Chinese timber enterprises***

Wu Shengfu, General Manager of Beijing Greenwood Certification Co., Ltd.

**18.30 – 18.45 *Surging demand, rising prices, disrupted supply chains - the challenges in the post pandemic US recovery***

Bradley McKinney, Executive Director, International Wood Products Association (IWPA)

**18.45 – 19.00 *Challenges of sustainably managed tropical timber and future of tropical forests***

Benoit Jobbé-Duval, Directeur Général, Association Technique Internationale des Bois Tropicaux

**19.00 – 19.15 *ASEAN furniture production and exports during this pandemic - Multiple challenges and diverse response***

Ernie Koh Jyh Eng, Executive Director, Koda, Secretary General, ASEAN Furniture Industries Council

**19.15 – 19.30 *International trade, challenges facing the Indonesian timber sector***

Sigit Pramono, Senior Policy Analyst of the Ministry of Environment and Forestry

**19.30 – 19.45 *The shipping container crisis explained***

Jan Hoffmann, Chief, Trade Logistics Branch, Division on Technology and Logistics, UNCTAD

**19.45 – 20.15 Questions and discussion**

**20.15 Presentation of the Trade Statement prepared by the Trade Advisory Group**