

# 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).

## Contents

Central/West Africa	2
Ghana	3
Malaysia	4
Indonesia	5
Myanmar	6
India	7
Vietnam	9
Brazil	12
Peru	13
Japan	14
China	20
Europe	22
North America	28
Currencies and Abbreviations	30
Ocean Freight	30
Price Indices	31

## Headlines

	Page
Shipping companies report record profits	2
Ghana association (AGI) calls for review of tax policy that favours imports	3
Innovative and sustainable 'Lightwood' – opportunities in international markets	5
Surging raw material costs in India	7
Cooperation to combat Amazon deforestation	12
EU recovery expected to continue but significant downside risks are emerging	23
Imports of tropical hardwood products slumped in September	24

## Top story

### Plywood stocks flying out

The Japan Lumber Reports (JLR 5 Nov. 2021 No. 796) has highlighted the growing shortage of plywood in the Japanese market. The JLR says the availability of both domestic and imported plywood is very tight and stocks at dealers fly out as soon as they are delivered

The JLR continues "There is no sign that the supply of hardwood plywood increases. Malaysia and Indonesia are in rainy season so log production seems to stay low until March next year.

Page 18

## Open to all: The ITTO Annual Market Discussion

### 'Challenges in manufacturing and trade during the COVID-19 pandemic'

An online event presented in Spanish, French and English, 30 November 2021 (18:00–20:30 JST)

For details see:

[https://www.itto.int/events/2021/11/30/itto\\_s\\_annual\\_market\\_discussion\\_challenges\\_in\\_manufacturing\\_and\\_trade\\_during\\_covid\\_19/](https://www.itto.int/events/2021/11/30/itto_s_annual_market_discussion_challenges_in_manufacturing_and_trade_during_covid_19/)

## Central and West Africa

### Challenges overcome as firm demand pulls exports

Despite many challenges exports have been supported by firm demand in the EU and US. In between January and August 2021 (the latest for which data is available) sawnwood export volumes from Cameroon were around the same as in 2020 but were down sharply on 2019.

In contrast shippers in the Congo saw a modest rise in sawnwood exports in 2021 (5% year on year) but, compared to 2019, there was a 15% decline.

Shipments of sawnwood to the EU from Cameroon, Congo and Gabon between January to August 2021 were all higher than in 2020 (Cameroon 4%, Congo 30% and Gabon 30%). Compared to the same period in 2019 shipments from Cameroon were down slightly and shipments from the Congo and Gabon were back to around the same levels as in 2019.

### Partnership for green development in DRC

The President of the Democratic Republic of the Congo, Felix Tshisekedi and UK Prime Minister Boris Johnson signed a joint statement on behalf of the Central African Forest Initiative (CAFI) confirming a 10-year agreement to protect the Congo Basin's tropical forests.

The President has committed the DRC to work with the Central African Forest Initiative to halt and reverse forest loss and land degradation by 2031 while ensuring sustainable development and promoting inclusive rural transformation.

See: <https://www.cafi.org/sites/default/files/2021-11/EB.2021.18%20-%20Letter%20of%20Intent%20with%20the%20DRC%202021-2030%20with%20annexes.pdf>

### Log export ban planned in DRC

A few days before the opening of COP26, the world climate conference, Eve Bazaïba, the Minister of the Environment of the DRC announced a planned ban on the export of logs. The minister promised other measures aimed at limiting deforestation and preserving the biodiversity of the Congo Basin.

See: <https://www.jeuneafrique.com/1259101/economie/apres-les-mines-la-rdc-veut-faire-le-menage-dans-ses-forets/>

### Shipping companies report record profits

Between a shortage of containers and port congestions the costs of container shipping remain high. Before the pandemic the sea freight from China to Africa averaged US\$1,400 for a 40-foot container, prices are now around US\$5,000.

While exporters suffer the world's major ship-owners achieved record turnover in 2020 as reflected in the published business results. One major shipping company announced a six-fold growth in profits despite a drop in the number of containers transported.

While this container crisis highlights the weak points of trade on the African continent a lot is being pinned on stronger a regional trade in Africa within the framework of the African Continental Free Trade Area which entered into force recently.

See: <https://www.latimes.com/world-nation/story/2021-11-10/china-global-shipping-supply-chain-crisis>

### 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

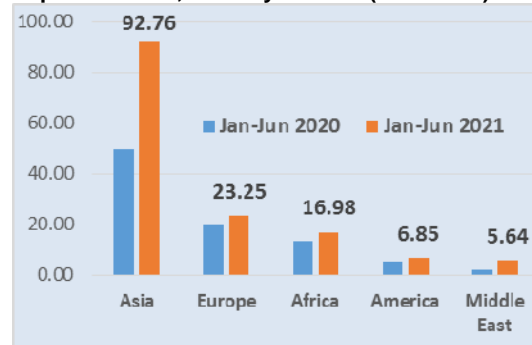
West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	440
Bilinga FAS GMS	540
Okoumé FAS GMS	440
Merchantable KD	380
Std/Btr GMS	330
Sipo FAS GMS	425
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	900
FAS scantlings	950
Strips	350
Sapele FAS Spanish sizes	420
FAS scantlings	450
Iroko FAS GMS	600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

## Ghana

### Markets for Ghana's wood products

Ghana exported 145,490 cu.m of wood products in the first half of this year. The markets were Asia 64%, Europe 16%, Africa 12%, America 5% and the Middle East 3%. Some countries in Oceania also import from Ghana but the volumes are very small.

### Export markets, January to June (2020/2021)



Data source: TIDD

Asia continues to be the leading importer of wood products from Ghana with 49,600 cu.m in 2020 and 92,760 cu.m in 2021 for the same period. Exports to this destination included air and kiln-dried sawnwood, billets as well as sliced and curl veneer. The species included teak, papao/apa, denya, senya, rosewood, kroma, edinam, wawa, rubberwood, dahoma, chenchen, gmelina and ceiba.

The other main markets in terms of volume (cu.m) were Europe. Africa, America, the Middle East and Oceania in that order. Volumes shipped in the first half of 2021 were higher than that of 2020. According to the TIDD in the first half of this year export earnings totalled Euro 70.56 million.

### Export markets (000s cu.m)

	Jan-Jun 2020 Vol	Jan-Jun 2021 Vol	2021 Growth (%)
Asia	49.6	92.76	64
Europe	20.04	23.25	16
Africa	13.69	16.98	12
America	5.26	6.85	5
Middle East	1.85	5.64	3
Oceania	0.02	0	-

Data source: TIDD

### AGI calls for review of tax policy that favours imports

The Association of Ghana Industries (AGI) says a number of government policies are damaging the prospects of manufacturers. In particular the AGI points to the '50% benchmark values' policy introduced during the 2019 budget statement which is having the effect of making imported products cheaper than local alternatives.

See: <https://thebftonline.com/12/11/2021/agi-calls-for-review-of-counterproductive-benchmark-value-policy/>

### Businesses need government technical and financial support

The Ghana National Chamber of Commerce and Industry (GNCCI) has called on the government to provide technical, financial and infrastructural support in building competitive Ghanaian enterprises. Clement Osei-Amoako, President of the GNCCI, said his group is optimistic and acknowledged government's recovery strategies through fiscal and monetary policies.

However, according to GNCCI, the country's business life after the global covid-19 pandemic would can not recover without government's intervention to support businesses technically and financially.

See: <https://www.gna.org.gh/1.21238839>

### Policy rate projected at 14% in response to inflation

The Monetary Policy Committee (MPC) of the Bank of Ghana (BoG) is expected to raise the policy rate to 14% in the light of consistent increases in inflation for the past few months. The consumer inflation rate for October 2021 as announced by the Ghana Statistical Service (GSS) rose to 11%, the fifth consecutive monthly rise. The GSS attributed the increases to water, electricity and fuel.

These developments and volatility in the exchange rate could impact manufacturing companies including timber and wood processors.

See:

[https://statsghana.gov.gh/gssmain/storage/img/marqueeupdater/Newsletter\\_CPI\\_October\\_2021\\_revised.pdf](https://statsghana.gov.gh/gssmain/storage/img/marqueeupdater/Newsletter_CPI_October_2021_revised.pdf)

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

### Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	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
Asanфина	972
Avodire	573
Chenchen	1,575
Mahogany	899
Makore	930
Odum	1,689

### Export plywood prices

Plywood, FOB BB/CC	Euro per cu.m		
	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 FAS 25-100mm x 150mm up x 2.4m up	Euro per cu.m	
	Air-dried	Kiln-dried
Afromosia	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

### Virtual gallery to connect businesses

The Malaysian Timber Council (MTC) has created 'TimbeReality' a virtual gallery for the wood-based industry to embrace digitalisation and showcase their products. Buyers from around the world can connect to the Malaysian wood-based industry members and discover the high-quality products that Malaysia can offer.

As of early November 41 local companies have registered their participation in this programme. Each company has its own 'showroom' showcasing their products as well as their current production line in 3D virtual format. MTC provides financial incentive for manufacturing companies to participate in the 'TimbeReality'.

See:

[http://mtc.com.my/images/media/921/\\_\\_\\_BERNAMA\\_MREM\\_Press\\_Release\\_-\\_Asianet\\_\\_.pdf](http://mtc.com.my/images/media/921/___BERNAMA_MREM_Press_Release_-_Asianet__.pdf)

### Consolidating the position of rubberwood furniture

Rubberwood production can further strengthen the country's position as a leading furniture exporter in the world according to Deputy Plantation Industries and Commodities Minister, Wee Jeck Seng. Wee said rubberwood was an important raw material that could feed the growing global demand for furniture.

Malaysia has a mature furniture industry and last year exported over RM11bil. worth of furniture. This year the export value could increase to RM13bil. There is a high and growing demand for furniture in international markets and, says the Minister, Malaysia has the raw materials to produce more furniture.

Malaysian furniture is exported all over the world with most going to the United States. Rubberwood is considered a renewable resource from plantations.

The tree can be used for the production of latex before being harvested to produce sawn rubberwood.

See: <https://www.thestar.com.my/starpics/2021/10/27/closing-gaps-in-timber-industry-ecosystem>

### Trade and sustainable development

Malaysia was among 28 countries which signed an initiative to protect forests during the United Nations Climate Conference (COP26). As a key producer of palm oil and timber, Malaysia has been involved in consultations over the past year on the Forest, Agriculture and Commodity Trade (FACT) Roadmap of Actions. The others who have agreed to the initiative include Japan, Indonesia, the United Kingdom, the United States and the European Union.

The purpose of the FACT dialogue is to promote sustainable development and trade of agricultural commodities while protecting and sustainably managing forests and other critical ecosystems. It aims to agree on principles for collaborative action, a shared roadmap on sustainable land use and international trade and to take action now to protect forests while promoting development and trade.

Malaysia hopes to reduce the intensity of greenhouse gas (GHG) emission across the economy by 45% based on the Gross Domestic Product (GDP) in 2030.

### IUFRO and forest plantations in Sarawak

In a webinar jointly hosted by the Sarawak Forestry Department and the IUFRO Working Party on Acacia Genetics and Silviculture, Chief Minister Abang Johari Tun Openg said R&D is one of the key initiatives to address the gaps Sarawak faced in forest plantation development.

He said the challenges include sourcing high-quality planting materials, addressing the risk of pest and disease and deciding on the species to plant.

Themed 'Embracing Transformation for Sustainable Management of Industrial Forest Plantations' the three day webinar addressed the Sarawak government's calls for the application of technology and innovation in upstream and downstream R&D to ensure productivity and viability in the forest plantation industry.

### Heart of Borneo – area protected to be expanded

The Sabah Chief Minister, Hajiji Noor, said the State Government will expand the Total Protected Areas (TPAs) under the Heart of Borneo (HoB) initiative to cover 30% of Sabah's landmass by 2025. As it stands, more than 26% of the state's land area or 1.9 million hectares has been gazetted as TPAs under the HoB Initiative. Sabah has maintained 50% of its landmass under forest covers and has increased forest cover to 65% of which 52% are gazetted as Forest Reserves, Parks and Wildlife Conservation Areas. The HoB Project has restored 2,000 hectares of forest reserves.

See: <https://www.theborneopost.com/2021/10/27/cm-use-advanced-technologies-to-bring-further-changes-to-forest-sector/>

**Indonesian economy records growth**

During a press conference on the Indonesian State Budget Finance Minister, Sri Mulyani Indrawati, said economic growth up to the third quarter of 2021 was 3.1% approaching the government's forecast of 3.7% to 4.5% for the year.

**SVLK promotion needs to be intensified**

Indroyono Soesilo, chairman of the Association of Indonesian Forest Concessionaires (APHI), said intensive promotion is needed to encourage global market acceptance of the Timber Legality Verification System (SVLK) applied in Indonesia.

He said that Indonesia had proposed Ambassador Yuri O. Thamrin as Executive Director of the International Tropical Timber Organization (ITTO) which, he added can contribute to the promotion of sustainable wood products such those from Indonesia.

See: <https://www.antaranews.com/berita/2505549/aphi-promosi-perlu-digencarkan-untuk-mendorong-keberterimaan-svlk>

**Indonesia exports more to US and China than EU**

The Indonesian Ambassador to the European Union, Andri Hadi, said demand for Indonesian wood products in the European Union is less than that to the United States and China even though Indonesia has adopted the Forest Law Enforcement Governance and Trade (FLEGT) scheme which aims to promote Indonesian products in the EU.

According to him Article 13 of the VPA between Indonesia and the EU which regulates market incentives has not been implemented by a number of EU member states.

In response Patrick Child, speaking for the European Commission, said that with the recognition of the Timber Legality Verification System (SVLK) as a FLEGT license Indonesian wood products can more easily enter the EU market but the impact does need to be optimised.

He said the European Union will continue cooperating with Indonesia for the benefit of both parties regarding FLEGT including the issue of applying due diligence on wood products that do not have a FLEGT license.

See: <https://www.antaranews.com/berita/2505525/produk-kayu-ri-ke-eu-di-bawah-as-dan-china-meski-ada-skema-flegt> and <https://www.borneonews.co.id/berita/242620-produk-kayu-ri-ke-uni-eropa-di-bawah-as-dan-china-meski-ada-skema-flegt>

In related news, Indonesia has indicated will take action if the European Union and UK do not consistently apply the Forest Law Enforcement, Governance and Trade (FLEGT) regulation.

The Director General of Sustainable Forest Management of Ministry of Environment and Forestry (KLHK), Agus Justianto, in a statement at COP26 said "Our SVLK has obtained a FLEGT license but the European Union is not consistent in applying the FLEGT license system.

See: <https://www.msn.com/id-id/berita/nasional/dari-cop26-glasgow-dirjen-agus-justianto-uni-eropa-harus-konsisten-atas-implementasi-lisensi-flegt/ar-AAQtRR7?li=AAuZNP> and <https://m.tribunnews.com/nasional/2021/11/09/dari-cop26-glasgow-dirjen-agus-justianto-uni-eropa-harus-konsisten-atas-implementasi-lisensi-flegt>

**SVLK a reference for sustainable commodities**

The Ministry of Environment and Forestry (KLHK) said Indonesia's Timber Legality Verification System (SVLK) could be a reference point in efforts to promote the global trade in certified sustainable commodities.

The Director General of Sustainable Forest Management at the Ministry of Environment and Forestry, Agus Justianto, said an accountable verification system that involves multi-stakeholders along with incentives are an option to promote trade in agricultural commodities under the Forest, Agriculture and Commodity Trade (FACT) Dialogue scheme.

The FACT Dialogue is a forum for a number of countries that aims to promote trade in sustainable agricultural, forestry and commodity products to control deforestation and protect forests. Indonesia and the UK are co-chairs of the FACT Dialogue which accommodates the key producers and consumers of commodities, such as beef, soybeans and palm oil.

Simon Sharpe, Senior Adviser - Forest Governance, Markets and Climate (FGMC) Programme Department for Environment Food and Rural Affairs (DEFRA) UK, is reported to have said based on the experience of FLEGT and SVLK Indonesia market acceptance of certified sustainable products is still low.

See: <https://www.antaranews.com/berita/2511849/klhk-slvk-jadi-rujukan-bagi-promosi-komoditas-bersertifikat-lestari> and <https://investor.id/business/270187/promosi-komoditas-lestari-bisa-tiru-svlk-indonesia>

**Innovative and sustainable Lightwood – opportunities in international markets**

Setyo Wisnu Broto, chairman of the Indonesian Lightwood Association (ILWA) has reported export demand for wood commodities began to increase in line with the recovery of the global economy. He said that at the beginning of the pandemic demand for wood in export markets fell by around 70% compared pre-pandemic levels.

He said demand for plywood products to the United States is currently very strong and demand in the EU markets is also starting to rise.



However, currently exporters are facing problems due to the scarcity of containers for shipping lightwood to some countries. Break-bulk shipping has been tried but this is only successful in the US said the ILWA chairman.

<https://surakarta.suara.com/read/2021/11/02/201334/pandemi-covid-19-yang-berangsur-membaik-berdampak-positif-ke-pasar-kayu-ringan?page=2>

In related news the Director General of National Export Development, Didi Sumedi, said the Ministry of Trade is committed to support the production and innovative marketing of sustainable lightwood products. Through the lightwood trade Indonesia can change its image from a tropical wood producer to an innovative and sustainable timber producer.

Didi gave five reasons why Indonesia's lightwood offers a great opportunity.

- First, through the SVLK, Indonesia is the only country with the timber legality verification system accepted by the EU FLEGT which makes Indonesian light wood products more attractive to consumers in European countries.
- Second, the Indonesian timber industry has moved from natural forest harvesting to plantations.
- Third, Indonesia has pioneer companies that are able to produce innovative light wood products.
- Fourth, light wood production supports the rural economy through providing employment and lightwood growing and sales.
- Fifth, sengon and jabon (lightwood species) can grow quickly and can be harvested within five years.

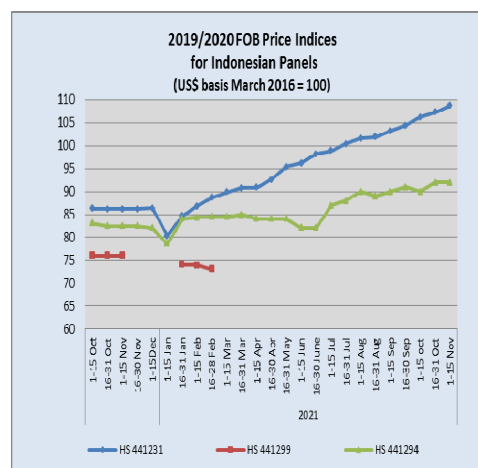
The development of lightwood has received a boost through cooperation between three international organisations namely the Swiss Import Promotion Program (SIPPO) and Fairventures Worldwide and the German Import Promotion Program (IPD) which will assist with the development of lightwood growing and product development.

See: <https://pressrelease.kontan.co.id/release/kemendag-5-faktor-jadikan-indonesia-lokomotif-kayu-ringaninovatif-berkelanjutan-di-pasar-global?page=2>

#### Carbon trading regulation adopted

Indonesia has passed a much-anticipated regulation that sets a price on carbon emissions and creates a mechanism to trade carbon. Details of Indonesia's regulation are not yet available but based on its draft companies will be allowed to sell carbon units if they comply with the reporting and recording procedures for inclusion under the Environment and Forestry Ministry's national registry. Carbon trading will be done through a bourse in Indonesia and levies will be charged on transactions.

See: <https://nasional.kontan.co.id/news/pemerintah-klaim-carbon-pricing-dan-pajak-karbon-bisa-tingkatkan-investasi>



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

## Myanmar

### Security Council Press Statement on Myanmar

The UN Security Council issued a press statement which says “The members of the Security Council expressed deep concern at further recent violence across Myanmar. They called for an immediate cessation of violence and to ensure the safety of civilians. The members of the Security Council underlined the importance of steps to improve the health and humanitarian situation in Myanmar, including to facilitate the equitable, safe and unhindered delivery and distribution of COVID-19 vaccines.

They called for full, safe and unhindered humanitarian access to all people in need, and for the full protection, safety and security of humanitarian and medical personnel. They underlined that vaccines should be accessible to all and called for greater international support to ensure the availability of COVID-19 vaccines and to expedite their roll out.

The members of the Security Council reiterated their full support for the Association of Southeast Asian Nations’ (ASEAN) positive and constructive role in facilitating a peaceful solution in the interest of the people of Myanmar and their livelihoods. The members of the Security Council reiterated their calls for the swift and full implementation of ASEAN’s Five Point Consensus”.

See: <https://www.un.org/press/en/2021/sc14697.doc.htm>

### Foreign Investment

According to the local media the Yangon Region Investment Committee approved investments by two foreign enterprises and two domestic businesses in the manufacturing sector with an estimated capital of US\$6.1 million and K8.64 billion respectively. This investment is expected to generate over 2,500 jobs. To simplify the verification of investment projects, the Myanmar Investment Law allows Regional and state Investment Committees to grant permission for local and foreign proposals where the initial investment does not exceed K6 billion (around US\$5 million).

### Central Bank of Myanmar sells more dollars

The Central Bank of Myanmar (CBM) sold US\$294.8 million at its auction rate to authorised dealers in the past eight months (Feb-Sept) 2021 according to auction statistics.

In a bid to stabilise the local currency and control market volatility the CBM reportedly sold about US\$6.8 million on 3 February 2021, US\$12 million in April, US\$24 million in May, US\$12 million in June, US\$39 million in July and US\$28 million in August. The current political situation in the country means people want to hold hard currency.

In related news after the Central Bank of Myanmar tightened the dollar exchange rate to between 0.5% of its reference rate by an order issued on 9 November the dollar rate against Myanmar Kyat dropped to MMK 1,778 per dollar.

To further strengthen the Myanmar Kyat against the US dollar the Central Bank has reduced the margin of the reference rate to 0.5 % from 0.8 %.The Central Bank of Myanmar has been pumping hundreds of millions of dollar to in an efforts to strengthened the value of the Myanmar Kyat.

See: <https://mmbiztoday.com/dollar-rate-eases-after-central-bank-tightens-reference-rate/>

### Alternate reality -Tourism to reopen

According to the World Travel & Tourism Council in 2019 international tourism contributed about 6% to Myanmar’s GDP. Last month the Minister for Hotels and Tourism, Htay Aung, said the administration is finalising plans to reopening the tourism sector to foreigners early next year.

This move comes as the pace of COVID-19 infections has dropped sharply. Htay Aung said although half of the country’s hotels and guest houses have suspended operations some 90,000 rooms are still available.

See: <https://www.mizzima.com/article/myanmar-prepares-cautiously-open-tourists>

### MTE log tender sale

#### November 2021 teak log tender prices

Grade	H.tons	Average US\$/H.ton
SG-1	-	-
SG-2	-	-
SG-4	-	-
SG-5	68.9	2,959
SG-6	161.6	2,530
SG-7	206.0	2,401

## India

### Wood product price indices unmoved despite high inflation

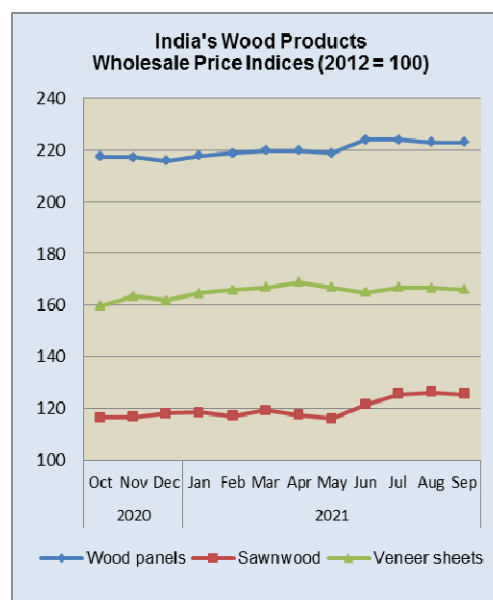
The Ministry of Commerce and Industry has reported the official Wholesale Price Index for ‘All Commodities’ (Base: 2011-12=100) for September 2021 increased to 133.8 from 133.0 in August.

The index for manufactured products which account for almost 65% of the overall index increased to 136.0 in September 2021 from 135.9 for August 2021. Out of the 22 groups of manufactured products 17 saw increased prices; 4 groups witnessed a decline and for two groups the prices remained unchanged in September 2021 as compared to August 2021.

The increases in prices were mainly contributed by basic metals; food products; chemicals and chemical products; machinery and equipment; motor vehicles, trailers, semi-trailers; and fabricated metals. The price indices for wood products remained largely unchanged except for a slight rise in the index for sawnwood.

The annual rate of inflation in September was almost 11% higher over September 2020. The high rate of inflation in September 2021 was primarily due to rise in prices of mineral oils, basic metals, non-food articles, food products, crude petroleum and natural gas, chemicals and chemical products.

The press release from the Ministry of Commerce and Industry can be found at: <http://eaindustry.nic.in/cmonthly.pdf>



### Surging raw material costs

According to Plyreporter wood raw material prices hit an all-time high in September seriously challenging wood product manufacturers. Millers report prices for poplar logs have jumped by around 25% due to supply issues.

Similarly, the price of safeda (Euc.) also increased sharply in the past six months. Traders say it is unlikely that prices come down as supplies are limited.

Because of supply issues the industry reports a decline in capacity utilisation with many smaller units being forced to stop production. Associations across the country have warned wholesale prices for finished products will have to rise.

See: [https://www-plyreporter-com.translate.googleusercontent.com/translate/a/92573/timber-prices-cross-1000-big-pain-for-panel-producers?\\_x\\_tr\\_sl=hi&\\_x\\_tr\\_tl=en&\\_x\\_tr\\_hl=en&\\_x\\_tr\\_pto=nui,sc](https://www-plyreporter-com.translate.googleusercontent.com/translate/a/92573/timber-prices-cross-1000-big-pain-for-panel-producers?_x_tr_sl=hi&_x_tr_tl=en&_x_tr_hl=en&_x_tr_pto=nui,sc)

### Housing developments

According to CBRE South Asia Pvt Ltd's 'India Market Monitor – Q3 2021' report because of the combination of an attractive mortgage regime and government incentives housing sales jumped nearly 46% quarter on quarter to 50,000 units in the third quarter of 2021 and sales rebounded significantly by approximately 86% year on year. There was also a 37% rise in project launches on a quarter on quarter basis. New launches nearly doubled y-o-y for the year to September 2021.

See: <https://www.cbre.co.in/en/research-reports/India-infographic---India-Market-Monitor-Q3-2021>

### Uneven recovery – informal private sector still in trouble

Estimates from the National Statistical Division suggest the informal (unorganised) private sector in India accounts for over half of the total value added in the economy and employs over 80% of the total labour force.

India's GDP in the first quarter of this year was around 9% lower than in the same quarter pre-pandemic but high frequency indicators suggest that parts of the economy have now recovered to pre Covid levels. However, the impact of policy changes and the pandemic has been felt more by the unorganised sector. First there was the shock to this segment following demonetisation and GST then came covid

There is debate on whether the various policy initiatives led to an increase in the pace of formalisation in the economy but in the absence of data it is difficult to make a judgement on this.

See: <https://indianexpress.com/article/opinion/editorials/india-economy-coronavirus-pandemic-mnrega-7607868/>

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

	US\$/cu.m C&F
Benin	359-569
Sawnwood	359-547
Brazil	345-595
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	243-1,068
Togo	259-532
S. Sudan	414-676
Sawnwood	633
Nigeria	290-630
El Salvador	349
Nicaragua	290-630
Sawnwood	385-564
Solomon Is.	248
Surinam	222
Myanmar sawn	791-980

Price range depends mainly on length and girth.

### Locally milled sawnwood prices

No price increases have been reported.

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	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

### 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

### Covid update

Vietnam had succeeded in keeping the virus under control for over a year with aggressive contact tracing and quarantine procedures but has been hit hard by the highly contagious Delta variant creating a fourth wave of infections that started in April.

With over 8,000 new COVID-19 cases confirmed mid-November Vietnam's total infections rose above 1 million. This is testing the Vietnamese government's plan to reopen the economy.

### Highlights of recent trade performance

Vietnam's W&WP exports to China in October 2021 is estimated at US\$121 million raising the value over the first 10 months of 2021 to US\$1.25 billion, up 25.7% against the same period in 2020.

Exports of bedroom furniture in October 2021 reached US\$53 million, down 77% compared to October 2020. In the 10 months of 2021 exports of bed-room furniture reached US\$1.62 billion, up just 1.3% over the same period in 2020.

According to statistics from Vietnam General Department of Customs imports of logs from Africa in September 2021 reached 67,870 cu.m worth US\$25.29 million, down 23.4% in volume and 23% in value compared to August 2021 and down 16% in volume and 16% in value compared to September 2020.

In the first 9 months of 2021 wood imports from Africa reached 757,030 cu.m at a value of US\$276.46 million, down 3.9% in volume and 2.2% in value compared to the same period in 2020.

### Declining imports of tali

Vietnam's imports of tali in October 2021 are estimated at 24,600 cu.m equivalent to US\$10.3 million, up 11% in volume and 11% in value compared to September 2021. Compared to October 2020, it decreased by 35.7% in volume and 32% in value.

In general, in 10 months of 2021, the imports of tali wood are estimated at 321,000 cu.m, worth US\$133.2 million, down 8% in volume and 3% in value compared to the same period in 2020.

In September 2021 Vietnam imported 22,200 cu.m, worth US\$9.3 million, down 38% in volume and 38% in value compared to August 2021. Compared to September 2020 importst decreased by 24% in volume and 21% in value.

In the first 9 months of 2021, imports of tali reached 296,300 cu.m, worth US\$122.9 million, down 2.5% in volume and 3.7% in value over the same period in 2020.

### Price of imported tali

The CIF price of tali sawn wood imported into Vietnam in September 2021 averaged US\$419.7/cu.m, up 1.2% compared to August 2021 and up 4% compared to September 2020.

In the first 9 months of 2021 the mean import price reached US\$414.7/cu.m, up 6.4% over the same period in 2020.

In the first 9 months of 2021, imports of tali logs into Vietnam amounted to 165,600 cu.m, worth US\$65.4 million a year-on-year decline of 10% in volume and 3% in value.

Imports of tali sawn wood reached 126,800 cu.m worth US\$56.4 million, up 12% in volume and 13% in value over the same period in 2020.

#### Imports of tali wood in 9 months of 2021

	Vol. cu.m	Val US\$ 000s	Unit price US\$/cu.m
Logs	165,570	65,395	395.0
Sawnwood	126,849	56,426	444.8

#### Suppliers

In the first 9 months of 2021, Vietnam's imports of tali from Cameroon, Congo, China, Thailand decreased compared to the same period in 2020, while imports from Gabon, Nigeria, Hong Kong, Laos and Cambodia increased.

Imports of tali from Cameroon decreased by 10% in volume and 2% in value compared to the same period in 2020, reaching 204,300 cu.m, worth US\$85 million, accounting for 69% of total imports of this wood.

#### Main Tali wood suppliers in 9 months of 2021

	cu.m	US\$ 000s
<b>All imports</b>	<b>296,348</b>	<b>122,897</b>
Cameroon	204,321	85,041
Gabon	27,548	11,794
Congo	19,360	10,037
Nigeria	7,985	1,964
China	7,356	2,449
Hong Kong	4,880	1,679
Gana	4,805	1,349
Thailand	4,080	1,126
Laos	3,373	2,535
Cambodia	2,757	737
Eq. Guinea	1,393	348
Singapore	1,340	644
Colombia	1,334	638
Australia	1,158	709
<b>sub total</b>	<b>291,690</b>	<b>121,050</b>

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

Imports of tali from Congo dropped by 19% in volume and 10% in value compared to the same period in 2020, reaching 19,400 cu.m, worth US\$10 million.

Imports from China decreased by 8.4% in volume and 6% in value compared to the same period in 2020, reaching 7,400 cu.m, worth US\$2.4 million. In addition, imports of tali from some other markets decreased against the same period in 2020, such as from Thailand (-27%); UAE (-47%); Libya (-29%); Switzerland (-58%) in volume.

In contrast, imports of tali from Gabon increased by 29% in volume and 18% in value over the same period in 2020, reaching 27,500 cu.m, worth US\$11.8 million, accounting for 9.3% of total imports.

In addition, imports of tali wood from some other suppliers increased sharply year-on-year in volume such as Nigeria (+259%); Hong Kong (+299%); Laos (+297%); Cambodia (+254%); Colombia (+39%); Angola (+75%); Kenya (+886%).

#### Vietnam's wood imports from Africa declined

According to statistics provided by the Vietnam General Department of Customs imports of wood raw materials from Africa in September 2021 reached 67,870 cu.m with a value of US\$25.29 million, down 23% in volume and 23% in value compared to August 2021 and by 16% in volume and 16% in value compared to September 2020.

In the first 9 months of 2021 wood imports from Africa reached 757,030 cu.m with a value of US\$276.46 million, down 4% in volume and 2% in value over the same period in 2020.

Wood imports from African shippers are still associated with risks of illegality. TRAFFIC and the Vietnam Administration of Forestry provided Customs and Forest Protection officials with the most up-to-date information and identification skills through a series of training sessions and a comprehensive guidance manual.

See: <https://www.traffic.org/news/vietnamese-authorities-teamed-up-with-traffic-to-tackle-destructive-illegal-trade-of-african-timber-species/>

#### African suppliers

In September 2021 imports of wood from various sources in Africa dropped sharply compared to August 2021 and September 2020.

Cameroon remained the top supplier of wood raw materials to Vietnam in September 2021 reaching 29,240 cu.m at a value of US\$12.75 million, down 39% in volume and 35% in value compared to August 2021 and decreased by 35% in volume and 33% in value compared to September 2020.

In the first 9 months of 2021 wood imports from Cameroon amounted to 348,400 cu.m at a value of US\$146.33 million, down 19% in volume and 13% in value compared to the same period in 2020.

In contrast to the above-mentioned suppliers imports of wood from Angola in September 2021 reached 6,760 cu.m at a value of US\$2.11 million, up 354% in volume and 434% in value compared to August. In the first 9 months of 2021 wood imports from Angola reached 55,200 cu.m at a value of US\$14.23 million, up by 137% in volume and 191% in value over the same period in 2020.

### Vietnam's imports from Africa (Jan-Sep 2021)

	Volume cu.m	Value US\$ 000s	% change Volume
<b>Total</b>	<b>757,032</b>	<b>276,459</b>	<b>-3.9</b>
Cameroon	348,395	146,329	-19
Nigeria	87,352	24,190	18.3
South Africa	72,670	16,530	24.6
Angola	55,200	14,229	137.4
DR Congo	43,901	22,072	-15.8
Gabon	42,262	17,466	4.8
Ghana	31,161	9,838	-13.7
Congo	19,803	8,882	24.5
Ivory Coast	18,268	5,219	38.3
Kenya	11,210	3,350	-42.6
Nambia	9,266	2,424	-26.4
Mozambique	8,544	2,264	59.4
Eq. Guinea	3,546	1,745	283.9
Sierra Leone	1,543	445	-47.1
Liberia	1,301	528	56.9

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

#### Log imports from Africa

In September 2021 imports of logs from Africa to Vietnam reached 44,630 cu.m worth US\$16.97 million, down 25% in volume and 23% in value compared to August 2021 and down 15% in volume and 8.5% in value compared to September 2020.

In the first 9 months of 2021 log imports from Africa reached 443,860 cu.m, worth US\$62.20 million, down 13% in volume and 9% in value compared to the same period in 2020.

In the first 9 months of 2021, imports of tali log reached 158,790 cu.m at a value of US\$62.45 million, down 15% in volume and 8% in value compared to the same period in 2020.

#### Sawnwood imports from Africa

In September 2021 sawnwood imports from Africa accounted for 23,000 cu.m with a value of US\$8.03 million, down 21% in volume and 26% in value compared to August 2021 and down 20% in volume and 29% in value compared to September 2020.

In the first 9 months of 2021, sawnwood imports from Africa reached 311,580 cu.m worth US\$113.19 million, an increase of 11.3% in volume and 9% in value compared to the same period in 2020.

In September 2021, imports of sawn tali from Africa decreased sharply compared to August 2021 and September 2020.

However, in the first 9 months of this year imports of sawn tali increased by 16% in volume and 16% in value compared to the same period in 2020 reaching 108,650 cu.m with the value of US\$48.73 million.

#### Year end rise in exports to US expected

In spite of the pandemic Vietnam's W&WP exports to the US in October 2021 reached US\$400 million, up 14% compared to September 2021 but down 51% compared to October 2020.

In general, over the first 10 months of 2021 the W&WP exports to the US amounted to US\$7.1 billion, up 27% over the same period in 2020.

For the US market wooden furniture accounted for almost 90% of the total export earnings in the first 9 months of 2021 (US\$5.9 billion, up 41% over the same period in 2020).

Despite the pandemic most categories of wooden furniture recorded gains in the first nine months of 2021. Exports of wooden seats generated US\$2.2 billion, up 69% over the same period in 2020 followed by guest and diningroom furniture at US\$1.7 billion, up 31%; bedroom furniture at US\$1.3 billion, up 20%.

#### Exports to the US (Jan-Sep 2021)

	US\$ 000s	Yoy % change
<b>Total</b>	<b>6,688,916</b>	<b>40.6</b>
Wooden furniture	5,923,680	40.8
Wooden seats	2,197,613	69.0
Guest & dining room furniture	1,732,029	31.3
Bedroom furniture	1,256,661	20.2
Kitchen cabinets	527,882	41
Office furniture	209,495	25.1
Wooden Flooring	558,610	53.9
Wooden doors	17,905	57.7
Handicrafts	7,197	17.9
Mirror frames	2,495	56.8
Others	179,029	6.1

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

Vietnam's W&WP exports to the US have declined in the past 3 months due to the impact of the Covid-19 pandemic. From October 2021, however wood product exports gradually recovered.

In the last 2 months of 2021 W&WP exports are expected to surge to meet the high demand in the US.

In the first 8 months of 2021 imports of wooden furniture into the US from all sources reached US\$16.9 billion, up 54% against the same period in 2020.

Vietnam has emerged as the largest supplier of wooden furniture to the US shipping goods worth US\$6.8 billion, up 73% over the same period in 2020 and contributing 41% of the total value of wooden furniture imported into the US.

Wooden seats, guest-room, dining-room and bed-room furniture are the top wooden products Vietnam has been exporting to US.

With the agreement of the two governments to end the USTR investigation of Vietnam’s wood imports exports of wooden furniture made in Vietnam to the US are expected to increase in the years to come.

See: <https://en.vietnamplus.vn/good-prospects-for-wood-sectors-recovery-experts/210061.vnp>

## Brazil

### Cooperation to combat Amazon deforestation

The National Council for the Amazon aims to coordinate the government’s actions to combat deforestation and fires in the Amazon Region. At a meeting of the Amazon Cooperation Treaty Organization (ACTO) the Amazon Council emphasised that monitoring systems and decision-making support are being improved in addition to the strengthening of environmental and land regulariation programmes.

It was also pointed out that in order to fight against environmental crimes there was improvement in monitoring systems, new inspectors were hired for environmental control agencies and there was increased engagement of public security forces such as the Federal Police and the National Force. These measures aim to reverse the course of rising deforestation observed in early 2021.

The Amazon Council restated its commitment to making ACTO the reference organisation in matters of regional cooperation, political dialogue on issues on the international agenda relating to the Amazon.

See: <https://agenciabrasil.ebc.com.br/en/geral/noticia/2021-11/cop26-brazil-supports-intl-declaration-forest-protection>

### Furniture sector presents good results

Furniture production in Brazil grew 7% in August 2021 (37.6 million pieces) compared to the number produced in July when the growth was already 9% higher compared to June. On the other hand, apparent domestic consumption was 36.2 million pieces in August 2021, an increase of 7% compared to the previous month. Between January and August 2021 there was a growth of 9% compared to the same period of the previous year.

In terms of value the furniture industry earned around R\$8.2 billion in August representing an increase of 9% over the previous month. For the year to August the increase was 42%. The average production cost of furniture was R\$219 per piece in August, an increase of 2% over July and 14% for the year to August.

Behind the increased production cost was scarcity of inputs, rising logistics costs, exchange rates and inflation.

See: <http://www.megamoveleiros.com.br/producao-de-moveis-em-agosto-apresentou-volume-similar-aos-bons-numeros-de-janeiro-de-2021/>

### App will help identify illegal timber logged in Brazil

An app called “Madeira de Lei” (hardwood) has been designed to help control and prevent the illegal trade of high-value timber from the Amazon Region which currently represent around 13% of Brazilian exports according to the Federal Police.

The app, which will be used by police officers in Brazil and abroad, will help the identification of exported timber allowing the cross-checking of the wood sample with a database created by the Federal Police. The system relies on photographic images.

The Federal Police say that illegally harvested or traded timber identified by the app will not be returned to Brazil. From now on it will be possible to hold the importer of illegal timber responsible in the courts of importing country.

The launch of the “Madeira de Lei” Project was held in Brasília where diplomats and police officers from several countries, including the USA, France, Netherlands, Belgium, Germany, Italy, China, Portugal and also the United Kingdom participated.

### Brazil signs the Forest Deal at COP26

Along with more than one hundred countries Brazil signed the ‘Forest Deal’ an agreement that intends to eliminate deforestation in the world by 2030. The agreement is considered one of the most important within the context of the 2021 United Nations Conference on Climate Change (COP26).

Also, Brazil will attempt to achieve zero illegal deforestation in the country by 2028-30. The plan put forward by Brazil involves a steady controlled reduction in forest destruction by 15% per year between 2022 and 2024 increasing to 40% between 2025 and 2026 until reaching zero deforestation in 2028.

See: <https://www.bbc.com/news/science-environment-59088498>

### Domestic log prices

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

Source: STCP Data Bank

### Domestic sawnwood prices

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

Source: STCP Data Bank

### Domestic plywood prices (excl. taxes)

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

Prices do not include taxes. Source: STCP Data Bank

### Prices for other panel products

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

Source: STCP Data Bank

### Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
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	445
9mm C/CC (WBP)	424
12mm C/CC (WBP)	417
15mm C/CC (WBP)	392
18mm C/CC (WBP)	

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

### Growth forecast raised again

During a seminar organised by Universidad del Pacifico the Central Reserve Bank (BCR) Governor, Julio Velarde, projected that the Peruvian economy would grow around 13% year on year this year thanks to the policies implemented for a rapid recovery of the country's production sectors adding "If the production level reached in August is maintained economic growth this year would be impressive" .

The previous growth projection by the Central Reserve Bank was 11.9% after having raised it in September from a level of 10.7%.

See: <https://andina.pe/ingles/noticia-peru-2021-gdp-growth-forecast-raised-to-132-869112.aspx>

### Valuing forests

At a forum "Wood and finishes for sustainability in construction" organised by the Association of Exporters (ADEX), the Commission for the Promotion of Exports and Tourism (PromPerú) and WWF Peru the president of the Association of Exporters (ADEX), Erik Fischer Llanos, said the Amazon is an infinite resource of which the most abundant is wood and that advantage should be used in a responsible and sustainable way.

The Ambassador of the European Union in Peru, Gaspar Frontini, commented that in order to take advantage of the enormous potential of the Peruvian Amazon all the opportunities for development and social inclusion offered by the forestry sector must be valued taking account of sustainable and responsible management of timber resources so as to avoiding their degradation. For this reason, he considered it necessary to promote the sustainable management of wood. However, he was concerned about the high degree of deforestation.

The Director of PromPerú's Export Promotion Directorate, Mario Ocharan, highlighted the responsible operations conducted by 'formal' companies in Peru.

### Egypt - a potential market for construction products

During a virtual forum "Profile of the construction materials market in Egypt" Giancarlo Pedraza Ruiz Head of the consular section of the Peruvian embassy in Egypt said development of large-scale infrastructure and numerous urban projects in a population of 105 million drive the growth of the construction sector in Egypt which constitutes a great commercial opportunity for Peru's wood product exporters.

Products made with Peruvian wood, which are characterised by their high quality, durability and optimal presentation –and environmental certificates would have an opportunity in Egypt, however, the president of the ADEX Wood and Wood Industries Committee, Enrique Toledo Gonzales-Polar, pointed out the importance of reducing tariff barriers.

### Boosting the forestry sector depends on sticking with forestry legislation

The statement above was the opinion of Javier Rivera, General Manager of the main reforestation company in the country. He added the authorities need to understand the long term nature of plantation investments. He said current government regulations do not encourage reforestation because such investments will only yield a return in more than 14 years for exotic species and more than 30 years for native species (such as cedar and mahogany).

He proposed investors be assured of legal security for 30 to 40 years without which investments by the private sector will be small.



### Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	669-682 ↑
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	589-615
Grade 2, Mexican market	498-523
Cumaru 4" thick, 6"-11" length KD Central American market	1024-1043
Asian market	1111-1139 ↑
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	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)

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

### Export plywood prices

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

### Domestic prices for other panel products

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

### Export prices for added value products

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

## Japan

### Open for business travel

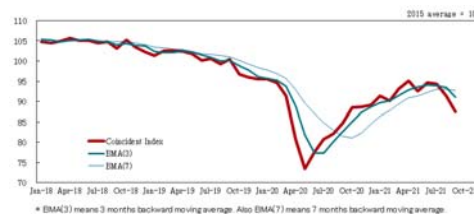
Japan has partially eased travel restrictions for foreign nationals entering the country. New arrivals will be allowed in for the first time in 10 months but visits for tourism will not be allowed.

The measure applies to short-term stays of up to three months for business and working purposes as well as long-term stays by foreign students, foreign technical trainees and others. Companies and organisations such as schools that sponsor foreigners to Japan need to pass screenings by the relevant ministry or agency in advance. However a 14 day quarantine is still required.

### Exports pulled down

A key gauge of business conditions in Japan, the Coincident Index, fell in September, marking the third decline in a row as car production and exports slumped. Cabinet officials said the pandemic made it difficult to obtain car parts from Southeast Asian suppliers and this led to a drop in production and exports. Both retail and wholesale sales remain flat despite the lifting of most restriction in October as the country has seen a sharp drop in new virus cases.

Looking ahead the Cabinet Office downgraded its assessment of the index to "weakening" from "improving". The leading index of business conditions, forecasting the situation in the coming months, fell 1.6 points to 99.7 in September, down for the third consecutive month.



Source: Cabinet Office, Japan

### New stimulus package to be announced

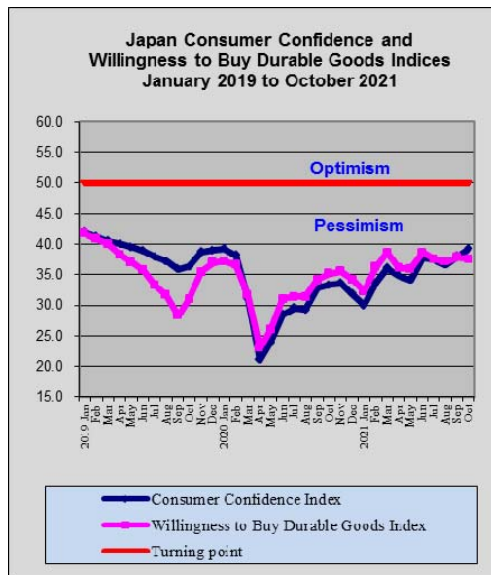
The government is set to approve economic stimulus measures that will exceed US\$350 billion, a sharp rise from its initial plan due to the inclusion of cash handouts. Under the COVID-19 relief measures there will be Yen 100,000 handouts in cash and vouchers for children aged 18 or younger as well as aid for students facing financial difficulties.

The package will also include financial aid of up to yen 2.5 million for businesses suffering from plunging revenues due to the virus spread. Restarting the government's "Go To Travel" programme, intended to subsidise travel spending to help the coronavirus-hit domestic tourism industry will also be among the stimulus measures. The earlier go-to scheme was suspended amid the rapid spread of infections.

**Retail sales trend higher as infection rate drops**

Consumers responded to the sharp decline in the rate of infections and spending rose with retail sales regaining some lost ground in September. The Ministry of Economy, Trade and Industry reported sales gained 1.2% in the September quarter compared with three months earlier, the fastest increase in a year.

The strong gain suggests overall consumption, the biggest component of the economy, may not have declined in the September quarter as much as feared.

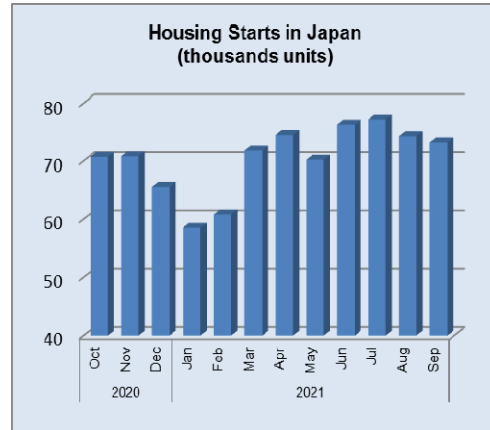


Data source: Ministry of Finance, Japan

**Homes getting even smaller**

Declining population and smaller family units have led, over recent years, to a continuing contraction of the housing market and consequently the demand for sawnwood and engineered wood products for residential housing. The average size of a new customised house fell from 141 sq.m in 1996 to 119 sq.m in 2019.

The current trend in work from home may reverse this trend to smaller homes as those looking to build a home consider a location where land is cheaper and consider a large home to accommodate the home office. However, this change in work style is unlikely to significantly affect average home sizes in the country or demand for wood construction products. As the wood demand in the Japanese residential construction sector continues to decline and wood products from domestic resources are increasing the overall outlook for higher sawnwood and plywood imports by Japan is not bright.



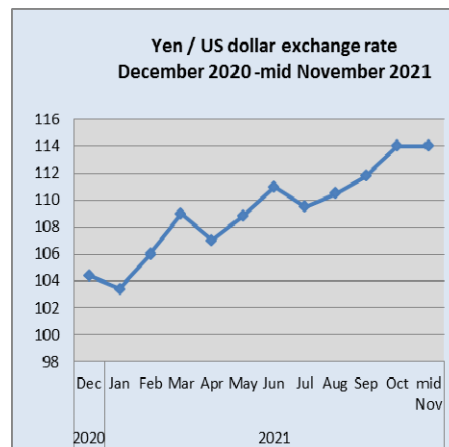
Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

**Higher costs being passed on to consumers**

The prolonged weakness of the yen against the US dollar has driven up import costs. Until recently companies have been absorbing the higher costs but sharply higher oil prices have increased transportation cost so some companies are beginning to pass on the rises to consumers.

The Yen has been trading at around 113-114 to the dollar for about a month, a four-year low and weaker than the 103 level at the start of 2021.

See: <https://www.reuters.com/article/japan-companies/poll-around-half-of-japan-firms-looking-to-pass-on-rising-commodity-costs-to-customers-idUSL4N2RY0YL>

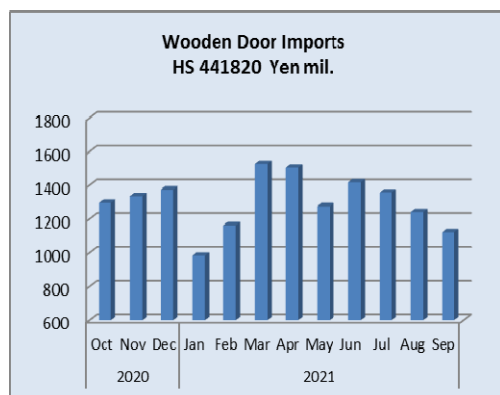


**Import update**

**Wooden door Imports (HS441820)**

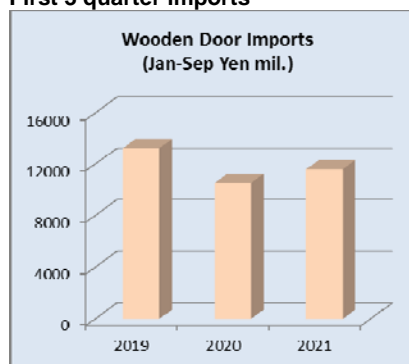
Year on year, September wooden door imports (HS441820) were 9% higher than in 2020 but still well below (-19%) the value of September 2019 imports. September marked the third consecutive decline in the value of wooden door imports. Compared to August, the value of September imports was down 10% following the almost 9% month on month drop in August.

China accounted for 53% of Japan's September 2021 imports of wooden doors (c.f. 61% in Aug.) with a further being shipped to Japan from the Philippines (c.f. 25% in Aug.). Two other shippers, Indonesia and Sweden, increased shipments in September (6.5% from Indonesia and 2.5% from Sweden).



Data source: Ministry of Finance, Japan

### First 3 quarter imports

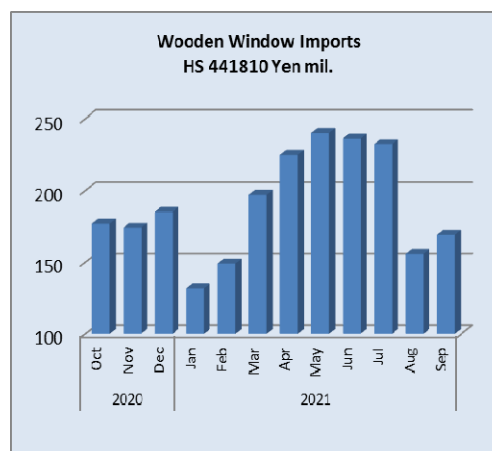


Data source: Ministry of Finance, Japan

### Wooden window imports (HS441810)

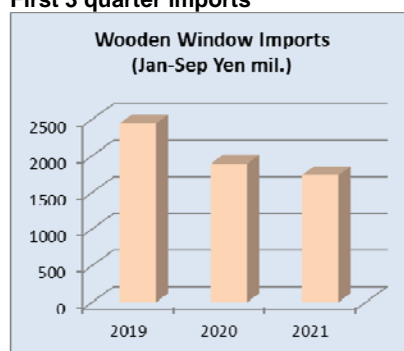
The dramatic decline in the value of August imports of wooden windows (HS441810) was only partially corrected in September. Month on month there was an 8% rise in the value of September imports. Year on year there was a 3% decline in the value of wooden window (HS441810) in September and compared to September 2019 the drop was a massive 32%.

Over 90% of Japan's imports of wooden windows came from shippers in just three countries, China 42% (54% in Aug.), the US 23% (14% in Aug.) and the Philippines 18% (15% in Aug.). Shippers in these three countries continue to dominate Japan's imports of wooden windows.



Data source: Ministry of Finance, Japan

### First 3 quarter imports

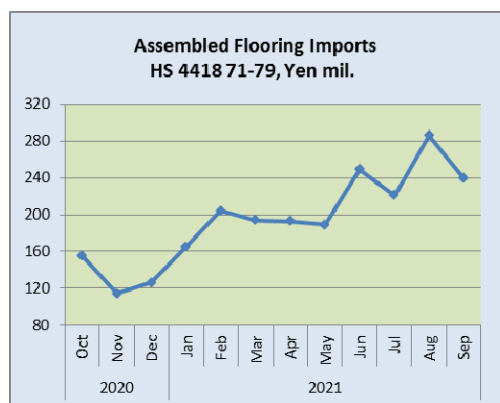


Data source: Ministry of Finance, Japan

### Assembled wooden flooring imports

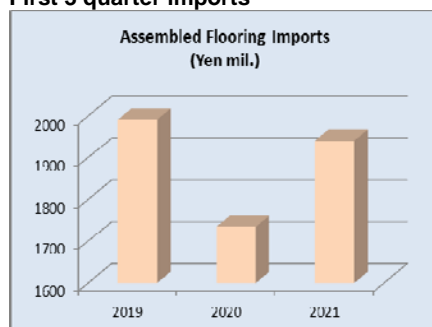
The value of assembled flooring (HS441471-79) imports has been see-sawing since mid-year and imports in September dropped back to around the same level as in July. Year on year, the value of Japan's imports of assembled wooden flooring in September rose 22% (c.f. 62% in Aug) and they were well up (32%) on the value of September 2019 imports. Compare to the value of August imports there was a 16% decline in September.

As in previous months imports of HS441875 was the main category (76% Sept. c.f. 85% in Aug.) with most coming from China, Vietnam, Thailand and Malaysia. Of shipments of the second ranked category (HS441879) Indonesia and Malaysia were the main shippers in September with smaller amount coming from China, Vietnam and Thailand.



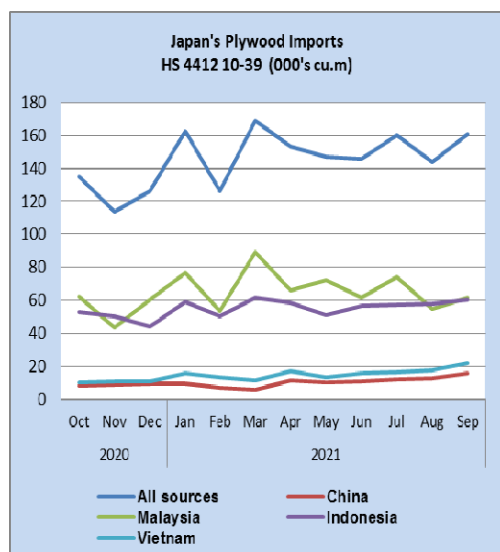
Data source: Ministry of Finance, Japan

### First 3 quarter imports



### Plywood imports

Japan's plywood imports rose 12% in September compared to a month earlier and at 161,000 cu.m were higher than in both 2020 (65% up) and 2019 (17% up). In September all four shippers of plywood, Malaysia, Indonesia, China and Vietnam posted gains over the volume of August shipments.

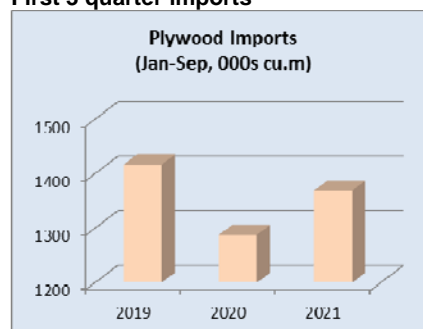


Data source: Ministry of Finance, Japan

From the beginning of this year shipments of plywood from Vietnam have outpaced those from China but it is not known if this reflects an expansion of production in Vietnam or the addition of Chinese product exported to Japan via Vietnam.

Of all shipments in September HS441231 accounted for over 85% while HS441234 accounted for 7%.

### First 3 quarter imports



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

		China	Malaysia	Indonesia	Vietnam
2019	Jan	14	91.2	66.4	11.9
	Feb	11.1	85.3	75.0	4.2
	Mar	4.4	70.1	61.2	9.8
	Apr	11.4	94.2	65.9	8.5
	May	12.4	61.8	48.9	10.6
	Jun	9.3	59.6	62.8	11.3
	Jul	9.8	65.1	59.0	12.1
	Aug	12.1	61.8	68.9	11.0
	Sep	10.0	53.0	62.0	12.0
	Oct	10.6	66.3	72.0	12.0
	Nov	13.1	69.5	68.1	12.6
	Dec	13.0	74.4	57.4	14.0
2020	Jan	13.4	61.1	81.6	17.0
	Feb	6.8	72.2	63.8	9.5
	Mar	5.8	76.5	73.0	12.2
	Apr	13	68	69.0	13.6
	May	9.6	69.7	59.0	12.6
	Jun	10.3	52.0	61.0	11.3
	Jul	10.2	40.0	54.9	8.9
	Aug	6.6	55.0	56.0	8.4
	Sep	6.8	42.2	37.8	8.7
	Oct	8.3	62.4	52.7	10.1
	Nov	8.6	43.1	50.0	10.9
	Dec	9.2	60.5	43.9	10.8
2021	Jan	9.7	76.9	59.3	15.7
	Feb	6.8	53.5	50.1	13.0
	Mar	5.7	89.4	61.5	11.5
	Apr	11.4	65.9	58.2	17.3
	May	10.3	72.0	51.0	13.0
	Jun	10.5	61.9	56.6	15.6
	Jul	11.8	74.1	57.1	16.4
	Aug	12.8	54.7	57.8	17.5
	Sep	16.0	61.8	60.4	21.8

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/)

### **Price increase of softwood plywood**

Domestic softwood plywood manufacturers decided to increase the sales prices of 12 mm 3x6 panel to 1,300 yen per sheet delivered since November 1. Together with 12 mm, 24mm thick panel prices will be 2,600 yen and 28 mm thick panel will be 3,000-3,050 yen per sheet delivered.

Reasons of price hike are difficulty of acquiring enough logs. Competition among plywood mills, sawmills and laminated lumber mills is fierce everywhere regardless of species. Not only cedar but cypress and larch are hard to buy and there is no outlook that the situation would ease. Plywood mills say that they can buy only 70-80% of desired volume.

Besides domestic raw materials, imported materials are also hard to have enough. Russian made larch veneer is not enough because of delayed shipping with shortage of shipping space so plywood mills' inventory is minimum. North American Douglas fir logs are also hard to have enough by supply shortage. Raw materials management is becoming very difficult.

On top of raw materials' supply, adhesive prices are climbing as crude oil prices exceed \$80 per barrel and all the petro-chemical products prices seem to keep climbing. Also because of power shortage in China, supply of chemical products like urea is getting tight so raw materials of adhesive are getting tight and the prices are inflating. Adhesive manufacturers say that they are asking plywood mills higher prices month after month since volume of adhesive plywood mills use is large.

While the manufacturers struggle to secure enough raw materials, the demand of softwood plywood is brisk and precutting plants are facing tough management of plywood as delayed delivery is becoming usual now.

Looking at retail prices at DIY stores, they are 1,400-1,500 yen per sheet of 12 mm 3x6 panel. Actually there are prices of 1,600 yen including 10% consumption tax. In the past, DIY stores compete with each other and boast the lowest prices in the area and up until September, the lowest was 1,000 yen and the highest was 1,300 yen but allocation volume by plywood mills has been declining month after month

Softwood plywood has been managed moderately by the manufacturers, dealers and retailers and the dealers try to keep the manufacturers' proposed prices to which the manufacturers promise stable supply so there is no

fluctuation like imported plywood market. After the supply got tight, precutting plants have started buying from DIY stores so DIY stores limit the volume per sale.

### **Tokyo harbor's imported lumber inventory**

Imported lumber inventory in Tokyo harbor at the end of September is 131,000 cbms, 8.3% more than August. This is the highest since September last year. Compared to the bottom month of last January, it is 84.5% more. Reasons are that the dealers try to retain the inventory so that the incoming volume is larger than outgoing volume. Since overseas export prices peaked out, inventory reduction should gradually progress.

According to the Tokyo Lumber Terminal, inventory by source, 43,000 cbms of North America, 34,000 cbms of Europe, 19,000 cbms of Russia and 31,000 cbms of others like China. Wooden board is 4,000 cbms. Lumber from North America increased by 104.8% from end of January and this is 48.3% more than a year ago and this is the highest since October 2019.

European lumber increased by 126.7% from last January but 19.0% less than the same month a year ago. Russian lumber is 26.7% more than last January and 56.8% less than September last year.

Others increased by 93.8% from January and 72.2% more than September last year. Increased items are Chinese poplar LVL and laminated lumber.

Incoming volume in September is 74,000 cbms, 1.3% less than August, which is the second highest next to August. The outgoing volume is 64,000 cbms, the highest month this year but the inventory increased by 10,000 cbms. Incoming volume bottomed in last November with 43,000 cbms then it has been steadily increasing.

Shipping companies avoid going to local ports and concentrated calling Tokyo harbor for quick rotation of containers. Delayed containers have started arriving one after another, which increased the incoming volume. Outgoing volume is likely to stay lower than incoming until the importers and dealers complete passing higher import cost to the buyers.

Tokyo Lumber Terminal forecasts inventory at the end of October would be 132,000 cbms and 133,000 cbms at the end of November.

### **Plywood – supplies are very tight**

Supply tightness gets serious month after month on both domestic and imported plywood. Particularly domestic softwood plywood supply is extremely tight and precutting plants operate depending on supply of plywood. Shortage of plywood is becoming shackles of precutting operations and limit of number of orders they take.

Dealers' inventory is almost none as plywood flies out as soon as it arrives. Particularly thick panel like 24 mm is extremely short.



There are substituting demand of South Sea imported hardwood plywood since the supply of imported structural and standard plywood are short in supply.

There is no sign that the supply of hardwood plywood increases. Malaysia and Indonesia are in rainy season so log production seems to stay low until March next year. Local plywood suppliers reduce supply volume with the prices increasing US \$20 every month and the suppliers do not mind having less orders.

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

Movement of logs and lumber is slowing down except for Hokkaido and the North East region. Particularly prices of stud, brace, taruki and 120 mm square are weakening in Kanto and Kyushu little by little with inactive demand. In Kansai and Chugoku regions, the prices are unchanged.

Reason of this is shortage of plywood causes delaying of construction works and increasing imported lumber causes slower demand of cedar stud and taruki. Also increased supply of cedar LVL and Chinese poplar LVL is easing the market. 3 meter 105 mm KD cedar post prices are unchanged at about 100,000 yen all over Japan.

In Kanto market, the prices climbed to 130,000 yen in last summer but now it is hard to hold 120,000 yen. 3 meter 120 mm square prices soared to 120,000 yen but in October, it dropped down to 95,000 yen.

Only firm item is 4 meter KD 105 mm cypress sill square. The prices are holding at 140,000-150,000 yen. Sawmills continue full operation so log demand continues active and in some areas, plywood mills, lumber mills and laminated lumber mills compete with each other to acquire logs. October weather is favorable so that log production is increasing all over Japan but there is no surplus supply.

#### **Log prices vary by the regions.**

In Western Japan, cypress log prices had been 40,000-50,000 yen since last June but now it is down to 35,000-37,000 yen. In Northern Kanto, the prices had been about 25,000 yen then in October, they soared to 30,000 yen so gap is narrowing between West and East. 3 meter post cutting cedar log prices in Northern Kanto climbed to about 18,000 yen and in other areas, they are 14,000 yen.

#### **Marutama Plywood develops hardwood plywood**

Marutama Plywood (Hokkaido), producer of Hokkaido softwood log plywood, has been manufacturing about 360,000 cbms of local softwood plywood a year. Species are 50% larch, 40% fir and 10% of others like spruce. It plans to develop manufacturing plywood with local hardwood logs like white birch.

The idea is to expand source of logs and hardwood species are unused for plywood. It plans to use about 6,000 cbms of hardwood logs a year. Manufactured products are for floor and base panel of decorative plywood.

Since many hardwood logs have sweep so logs are cut to 1 meter to eliminate curved materials.

Species it plans to use is so-called junk hardwood species. They are not valuable hardwood species like oak and ash but abandoned species like white birch and alder. It has already tested these species if they are usable as commercial product and proved that they are good enough materials as base materials. It tested other species like cherry, elm, castor oil tree and bass wood. For floor base, it is five layers of 2.55 mm veneer. Thin plywood is three layers of 1.5 mm.

Marutama started 'White birch project' since several years ago and discussed development of junk hardwood plywood with Hokkaido prefectural government. Utilization of unused junk hardwood species should contribute vitalization of local forest industry.

However, unlike softwood species, sustainable supply volume of junk hardwood species is small so it is hard to secure large volume of logs so it plans to have about 6,000 cbms of logs a year by establishing log yard in several places. President Ohkoshi is determined to lead success of this project.

#### **Congested Chinese port condition**

Many wood imported products come to Japan by way of Chinese ports. Delaying arrivals confuse market in Japan. Ports around Shanghai suffer shortage of labor because of COVID 19 epidemic then typhoons went through the area during summer so loading and unloading of cargoes are stagnating.

Another reason is that Chinese exporters increased handling of containers, which caused congestion more. It is reported that number of containers for North America is 50% more than early this year. There are many ships waiting outside harbors and the congestion would last through December at least. Demurrage is charged on import cost of the products.

Wood products coming to Japan are from Europe, New Zealand and Russia. Europe suffers shortage of containers then congestion in Chinese ports for transshipping delays arrivals so the third quarter lumber has started arriving now and it would take through December to finish so the fourth quarter cargoes are pushed over behind. Some took three months before the cargo arrives.

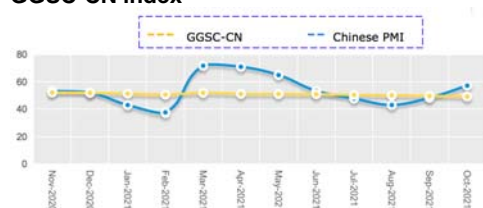
Advantage of Russian products is short period delivery but now transshipping schedule is confused and arrival time is unstable. New Zealand log ship is scheduled to arrive at Japan in October after the ship sailed in September but arrival may be delayed by port condition in China.

### October GGSC-CN Index Report

In October 2021 China's PMI index registered 49.2%, a decrease from the previous month, the second consecutive month of decline indicating that the growth in manufacturing slowed. In October domestic orders for most timber manufacturing enterprises increased and production increased but international orders have declined.

Due to the rapid rise of domestic energy prices the price of chemical raw materials has risen sharply and enterprise costs have risen again. Most enterprises can only absorb these increases for a short time. The GGSC-CN comprehensive index for October registered 56.2% (44.2% in October 2020 and 48.9% in October 2019). The October level was above the critical value of 50% indicating that the operation of the forest products enterprises represented in GGSC-CN index expanded from last month. See below.

### GGSC-CN index



### Challenges reported by enterprises

- Transportation cost is too high.
- The price of raw materials, especially chemicals, changes too much.
- The quality of some raw materials is unstable affecting product production and sales and there is no better supplier to choose.
- There is a shortage of pine core board.
- Raw materials in the whole import chain are in short supply.

### Products in short supply

Merbau, Fibreboard, Melamine, Ebony, Pine core board.

### Commodity for which the price has increased

Dipteryx, Tauari, Eucalyptus Planks, Fiberboard, Colored paper, Wear-resistant paper, Melamine, Formaldehyde, Urea, Hexyl, Glue, Core board, Paraffin, Waterproof agent

### Commodity for which the price has decreased

China fir, miscellaneous firewood, eucalyptus fuelwood, pine fuelwood, Oak

As for the GGSC-CN index in October 2021 two sub-indices increased and three decreased.

- The production index rose after 3 negative months
- The new order index increased but not for international markets
- The main raw material inventory index was unchanged.

- The employment index registered a rise from the previous month
- The supplier delivery time index dropped reflecting that the time for raw material deliveries was slower than last month.

See: [http://www.itto-ggsc.org/site/article\\_detail/id/228](http://www.itto-ggsc.org/site/article_detail/id/228)

### RCEP coming into force

The Ministry of Commerce has issued a notice announcing 6 ASEAN member countries (Brunei, Cambodia, Laos, Singapore, Thailand and Vietnam) 4 non-ASEAN member countries (China, Japan, New Zealand and Australia) have formally submitted their written authorisation for ratification of the Regional Comprehensive Economic Partnership (RCEP). RCEP will come into force for these ten countries on 1 January 2022.

The Regional Comprehensive Economic Partnership (RCEP) was initiated by ASEAN in 2012 and has taken eight years to formulate. In November 2020, the Fourth Regional Comprehensive Economic Partnership (RCEP) Leaders' Meeting was held via video after which 10 ASEAN countries and 15 Asia-Pacific countries including China, Japan, South Korea, Australia and New Zealand formally signed the economic partnership agreement.

RCEP is a comprehensive, modern, high-quality and mutually beneficial free trade agreement. It is also the world's largest free trade agreement in terms of population, economic scale and development potential.

RCEP countries have an economic output of US\$25 trillion roughly 30% of global gross domestic product, population and trade and more than the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

The Ministry of Commerce says implementation of the RCEP will encourage other member states to expand trade and investment cooperation with China, share the Chinese development dividends and achieve mutual benefit and common development.

### Zero tariff for China's multilayered wood flooring

The U.S. Department of Commerce recently announced its final judgment on the eighth annual review of anti-dumping and anti-subsidy investigation on multilayered wood flooring from China. Jiangsu Senmao Bamboo & Wood Industry Co., LTD, as a compulsory respondent enterprise, secured a zero anti-dumping duty rate of American wood flooring.

Jiangsu Senmao Bamboo and Wood Industry Co., Ltd. was founded in 2006. The company is an export-oriented enterprises trading solid wood composite flooring products. The main export markets are the United States, Canada, Australia, Mexico and the UK.

### Investment in Mexico

Zhongyuan Home Furnishing Co., Ltd. recently issued a notice on the establishment of overseas subsidiaries to invest in production in Mexico.

According to the announcement, Zhongyuan Home Furnishing Co., Ltd. intends to establish a subsidiary Zhongyuan Mexico Co., Ltd. in Mexico through the joint investment by its wholly-owned subsidiary Zhongyuan International and Hong Kong Kaimao. The total investment is around US\$20 million.

It has been reported that the Mexican subsidiary will be fully responsible for the project construction and operation management of production base in Mexico. The company's business plan includes production and sales of hardware products, electronic products and home furnishing products.

See: <https://view.inews.qq.com/a/20211029A087DG00>

#### Decline in prices for wood-based panels

The price of wood-based panels in Hebei, Shandong and other places are falling. The latest news is that the price of MDF has dropped by RMB 3-10 per sheet. For some other panels the decline was as much as RMD8/sheet. However, it appears the decline has not yet benefitted the consumer.

See: <https://www.wood888.net/news/show-24945.html>

#### Relocation of Taicang wood processing enterprises

A 100 day initiative in Tancang City, Jiangsu Province earlier this year resulted in many enterprises being relocated or closed. Many timber processing and trading enterprises that operated in Tancang City have transferred to Xinminzhou in Jiangsu Province, Lanshan District of Rizhao City in Shandong Province and Jiangdu District, Yangzhou City, Jiangsu Province. However, there said to be problems such as insufficient port capacity. Analysts say it is urgent to upgrade the production to create a sound industrial base.

Taicang City still mhas more than 300 enterprises engaged in timber trade, processing and logistics services of which there are about 120 timber trade enterprises and 130 log processing enterprises.

See: <http://www.chinatimber.org/news/78091.html>

#### Guangxi, the largest timber producer in China

Guangxi Zhuang Autonomous Region has been the largest timber producer and surpassed the Northeast Region of China in 2006. The total output of timber in China in 2019 was 100.46 million cubic metres of which Guangxi topped the list with production of 35 million cubic metres.

Timber output in the Guangxi Zhuang Autonomous Region fell 4% to 33.6 million cubic metres in 2020 but the proportion of Guangxi timber output remained unchanged and ranked number one in China. Demand for wood products slowed in 2020 and domestic timber production declined to 87.27 million cubic metres, down 13% year on year.

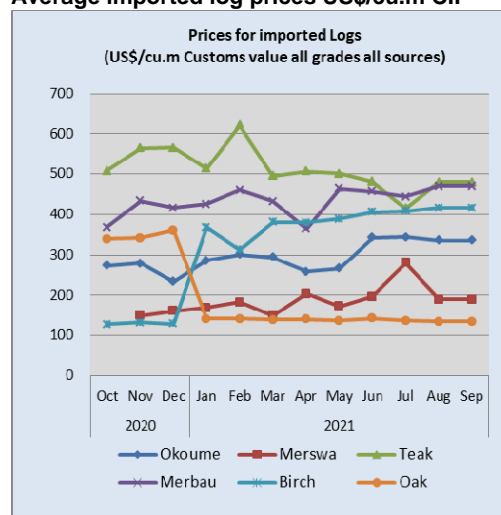
Eucalyptus dominates the forests of Guangxi. Data show that 80% tree species of forest logging in Guangxi is eucalyptus.

The latest statistics also show that Guangxi's forest area was 14.87 million hectares, including 9.07 million hectares of plantation. The planting area of eucalyptus is 2 million hectares.

See:

<https://baijiahao.baidu.com/s?id=1715548117907086651&wfr=spider&for=pc>

#### 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

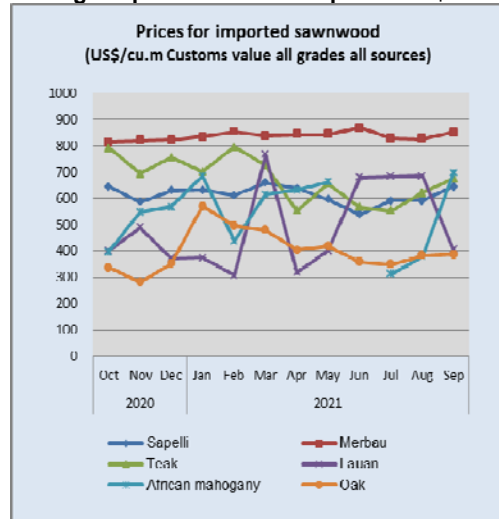
Data source: China Customs. Customs value all grades, all sources

#### 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

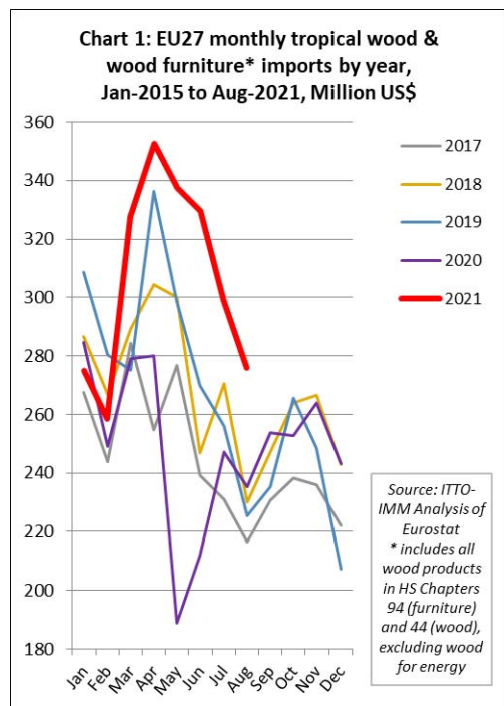


Data source: China Customs. Customs value all grades, all sources

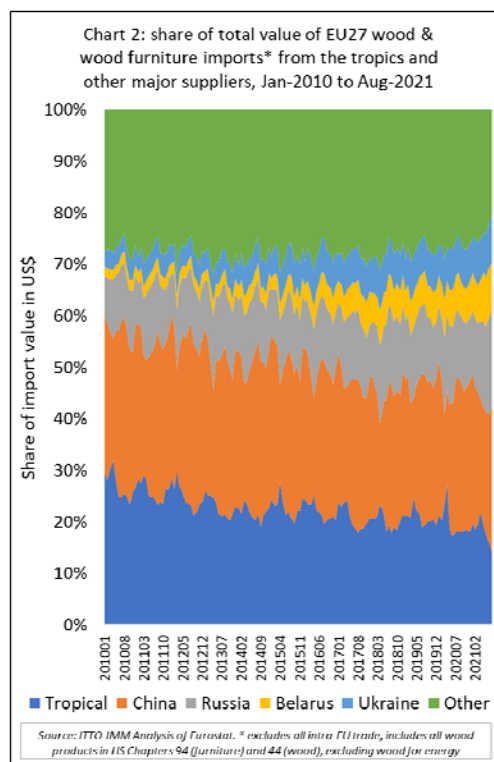
## Europe

### EU27 tropical wood imports still high but beginning to slow

After reaching the highest level for nearly a decade in the first half of this year, the US\$ value of EU27 imports of wood and wood furniture products from tropical countries declined sharply in July and August. However, import value during the summer months was still higher than is usual at that time of year (Chart 1).



While the value of EU27 imports from the tropics has strongly rebounded this year, imports from other parts of the world have risen at an even faster pace so that the decline in market share for tropical countries has continued (Chart 2).



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

Total EU27 import value of wood and wood furniture in the first eight months of this year was US\$13.53 billion, 40% more than in the same period in 2020. Import value of tropical products was US\$2.46 billion, 24% more than the same period in 2020. However import value from non-tropical regions was US\$11.08 billion, a 44% increase. Imports were up by 39% from China to US\$3.44 billion, by 65% from Russia to US\$2.15 billion, by 76% from Belarus to US\$1.16 billion, and by 57% from Ukraine to US\$1.11 billion.

The 40% increase in EU27 import value from the tropics this year is not mirrored by an equivalent increase in import quantity. In quantity terms, imports from tropical countries in the first eight months were 1.17 million tonnes this year, only 7% more than in 2020 and still 9% down compared to 2019.

A large part of the gain in import value of tropical products is due to a significant rise in prices. Freight rates have been at unprecedented levels this year.

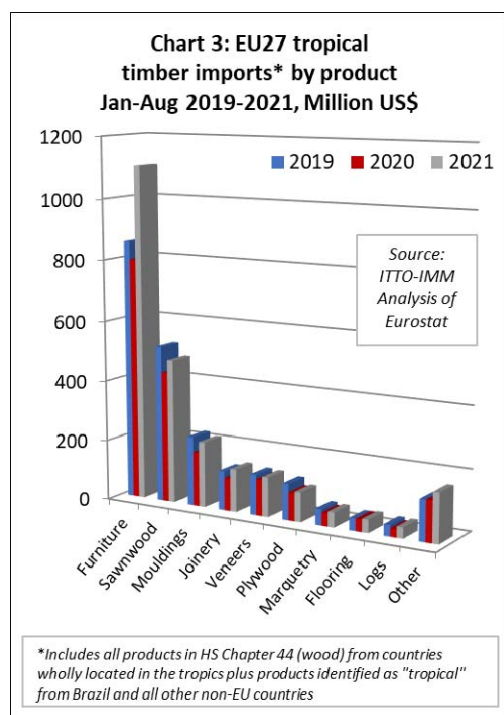


The Drewry World Container Index indicates that global rates for a 40 foot container peaked at over US\$10000 dollars in the middle of September this year compared to US\$2000 in the same month in 2020.

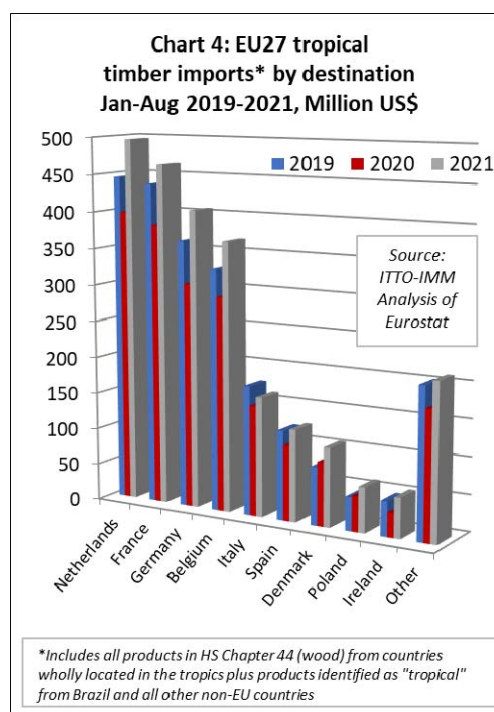
FOB prices for tropical wood products have also been driven up this year in response to the sharp increase in global demand at a time when supplies are scarce and tropical producers continue to operate under extremely challenging conditions during the pandemic. This in turn has led to EU27 importers buying more from more accessible suppliers in the European neighbourhood and a continued loss of market share for tropical suppliers in the EU market.

#### Highest tropical import value into the EU27 since 2012

The increase in the value of EU27 imports from tropical countries this year is heavily concentrated on wood furniture products. Although import value of most other wood products from tropical countries has made up some of the ground lost in 2020, it is still below the level prevailing before the COVID pandemic in 2019 (Chart 3).



In the first eight months this year, import value into all the largest EU27 destinations for tropical wood and wood furniture products was significantly higher than in the same period in 2020. Furthermore, of the largest markets, only in Italy was import value in the first eight months of this year less than in the same period in 2019 before the pandemic (Chart 4).



#### EU recovery expected to continue but significant downside risks are emerging

Longer term market prospects in the EU27 look reasonable as the economic expansion in the region is expected to continue, although there are significant downside risks emerging, according to the EU Autumn 2021 Economic Forecast published on 11 November.

According to the Forecast, the EU economy is set to grow by 5% this year and to keep a solid pace of growth of 4.3% next year before easing to 2.5% in 2023. A strong rebound in the second and third quarters of this year lifted the EU economy back to around its level of the last quarter of 2019. This happened one quarter earlier than the EU expected in the Spring Forecast issued in May.

Disruptions in global logistics and shortages of several raw and intermediate inputs have been increasingly weighing on activity in the EU this year. Manufacturing, in particular, is being held back by production input shortages, delays in input delivery and increased strains on available production capacity. Surging energy prices, most notably for natural gas and electricity, are also expected to dampen the growth momentum in the short term.

Still, strong domestic demand is expected to continue fuelling the economic expansion in the EU. The Commission's October business surveys indicate that economic sentiment increased slightly in all main sectors except construction.

An improving labour market, falling household saving rates, favourable financing conditions and full deployment of the "Recovery and Resilience Facility" (RFF), are expected to drive the economic expansion and fuel domestic consumption. Foreign demand is also expected to be supportive of growth.



The global economy is expected to strongly rebound this year and to continue expanding in the next two years, albeit at a more moderate pace and with quite divergent paths.

The RFF is the EU €723.8 billion stimulus package - comprising €385.8 billion in loans and €338 billion in grants – in support of Member State Covid recovery measures which extends until 2026, with two thirds of the money expected to be allocated before the end of 2023.

Model simulations conducted by the Commission indicate the package could increase EU GDP by up to 1.5% during its years of active operation. RFF support measures are particularly targeted at southern and eastern Member States and at green investments to help achieve the EU 2050 net zero carbon commitment.

According to the EU Forecast, while the RFF is being rolled out to support the most indebted Member States, many governments have started to phase out emergency support measures at national level and budget deficits are being reduced. Employment levels are also expected to increase above pre-pandemic levels and the unemployment rate should decrease to 6.5% in 2023.

The Forecast suggests that strong demand following the re-opening of economies, combined with supply bottlenecks and higher energy prices, have contributed to higher levels of inflation. This situation is expected to be largely transitory. Inflation in the EU is expected to peak at 2.6% this year before easing slightly to 2.5% next year and 1.6% in 2023.

However, the Forecast also notes that uncertainty remains substantial, and the risks to the outlook are tilted to the downside. The recovery continues to be heavily dependent on the evolution of the pandemic, both within and outside the EU.

The improving health situation, which allowed the economy to bounce back, is now being challenged by rising infections across the EU. Since the beginning of October, the 14-day average incidence of infections in the EU has recorded the highest level since mid-May.

The strongest increases are reported in countries with below EU-average vaccination rates. For now, hospitalisations and deaths associated with COVID-19 infections remain low compared to previous waves. But they are slowly rising, posing a risk to economic prospects.

Economic conditions vary widely between Member States, according to the EU Forecast. Germany's GDP rebounded in the second and third quarters as the easing of containment measures spurred spending on services. However, supply bottlenecks are slowing down manufacturing and putting a lid on the rebound of exports and investment. So growth is projected at a modest 2.7% this year and is set to reach 4.6% in 2022 before moderating to 1.7% in 2023.

In France, economic activity is forecast to rebound by 6.5% in 2021, reaching its pre-crisis level by the end of this year. The third quarter growth rate was particularly strong thanks to largely eased restrictions. Growth is expected to remain solid in 2022 and 2023 at 3.8% and 2.3% respectively.

For Italy, real GDP is projected to increase by 6.2% this year. The economy rebounded strongly in the second and third quarters thanks mainly to consumer services. Growth is set to continue at a robust pace of 4.3% in 2022 thanks to easing supply shortages and RRF-supported investments and reforms. GDP is set to expand by 2.3% in 2023, a growth rate still sizeably above the long-term average.

In Spain, growth is projected at 4.6% this year, below the EU's Summer expectations. However, Spain's GDP is expected to remain on a very strong growth path over the next two years, also thanks to the implementation of the RRF. Growth is projected at 5.5% in 2022 and at 4.4% in 2023.

In Poland the economy is expected to embark on a solid expansion after a mild recession last year. GDP growth is expected at 4.9% in 2021, 5.2% in 2022 and 4.4% in 2023.

#### **EU construction sector still fragile**

The fragile position of the construction sector in the EU, a key driver of timber demand in the region, is revealed by the IHS Markit Eurozone Construction Index. The index increased from 49.5 in August to 50.0 in September and then to 51.2 in October. The trend is positive but, with 50.0 being the dividing line between contraction and growth, the index implies that sentiment in the sector is very mixed.

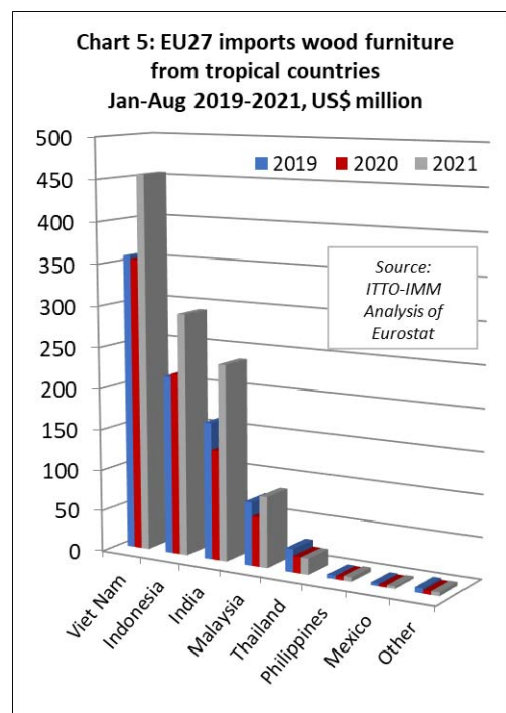
Where construction activity rose, companies often cited stronger demand growth, although this was offset by a lack of raw materials which halted work on site. Underlying data indicated that growth was centred around house building, while commercial construction was steady but infrastructure activity was still slow.

Overall the IHS Markit reports that construction firms are still confident that activity will increase over the next 12 months amid forecasts of strengthening economic conditions, improved supplier performance and new projects.

#### **Strong recovery in EU27 wood furniture imports from tropical countries**

In the first eight months of 2021, EU27 import value of wood furniture from tropical countries was US\$1.1 billion, 38% and 29% higher than the same period in 2020 and 2019 respectively. After a slow start to the year, the value of EU27 wood furniture imports from the two largest tropical suppliers – Vietnam and Indonesia – increased sharply from the second quarter onwards. By the end of the first eight months, import value was up 29% from Vietnam to US\$455 million and up 33% from Indonesia to US\$293 million.

Meanwhile EU27 imports of wood furniture from India and Malaysia, which were very strong in the first half of this year, slowed a little during the summer months. After eight months this year, import value from India was US\$237 million, 78% greater than the same period in 2020, while import value from Malaysia was US\$85 million, a gain of 42%. For all four leading tropical suppliers, EU27 wood furniture import value in the first eight months of 2021 was higher even than in 2019 before the pandemic (Chart 5).



**EU27 imports of tropical sawnwood still below pre-COVID level**

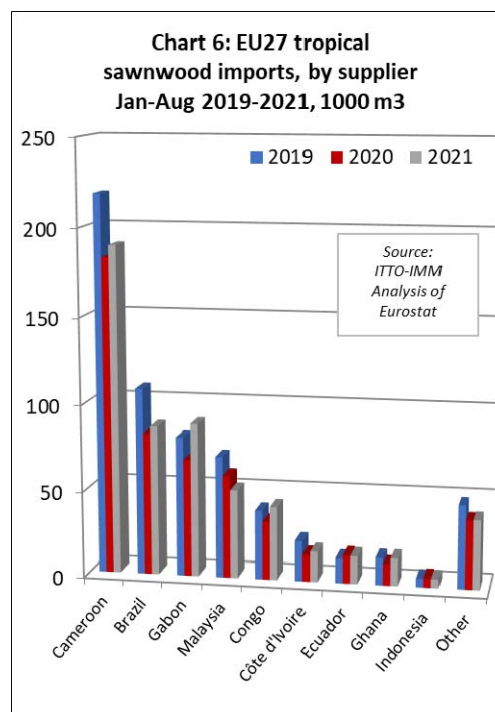
In the first eight months of 2021, EU27 import value of tropical sawnwood was US\$475 million, up 10% on 2020 but down 8% on 2019. In quantity terms, imports of 554,000 cu.m in the first eight months were 7% higher than the same period in 2020 but still down 11% compared to the same period in 2019 before the pandemic.

Imports of 189,500 cu.m from Cameroon in the first eight months this year were 4% higher than the same period in 2020 and still 13% down compared to 2019. Imports of 86,500 cu.m from Brazil were up 5% compared to 2020 but down 20% compared to 2019.

Sawnwood imports from Gabon and Congo fared better during the first eight months of this year. Imports from Gabon, at 89,000 cu.m, were up 31% on 2020 and up 10% compared to 2019. For the Congo, imports were 42,500 cu.m in the eight month period, up 26% on 2020 and 6% on 2019.

Imports of sawnwood from Côte d'Ivoire were 17,750 cu.m in the first eight months of this year, up 13% compared to 2020 but down 25% on 2019.

The long term decline in EU27 imports of sawnwood from Malaysia continued in the first eight months this year, at 51,500 cu.m 14% less than the same period in 2020 and 27% down on 2019 (Chart 6).

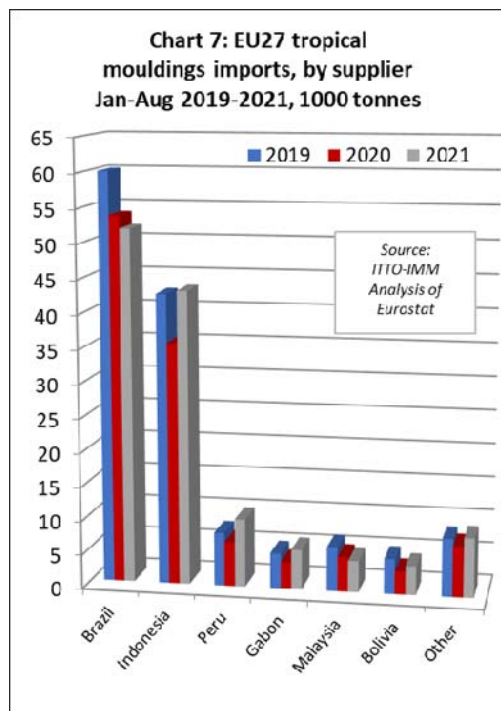


In the first eight months of 2021, EU27 import value of tropical mouldings/decking was US\$216 million, up 20% on 2020 but down 5% on 2019. In quantity terms, tropical mouldings/decking imports increased 11% to 128,500 tonnes in the first eight months of this year compared to last.

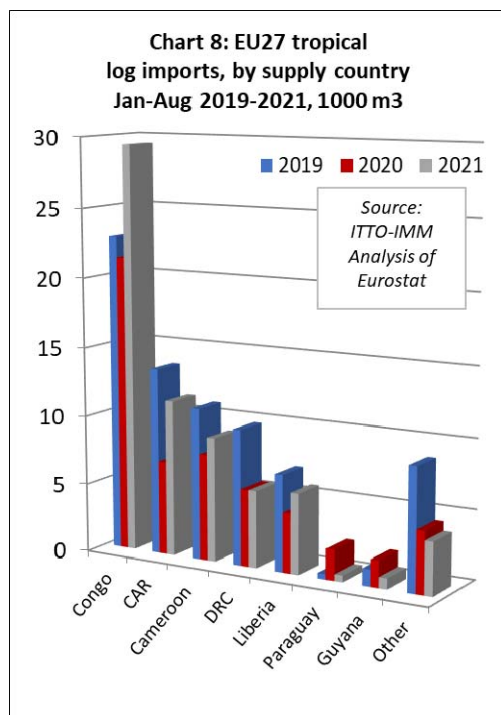
However import quantity was still down 5% compared to 2019. Imports of 51,900 tonnes from the largest supplier Brazil, were 3% down on the same period last year and 14% less than in 2019.

Despite widespread reports of supply shortages for Indonesian bangkirai decking, imports of mouldings/decking from Indonesia were 43,100 tonnes during the first eight months of 2021, 21% more than the same period in 2020 and 1% more than in 2019. Imports of mouldings/decking from Peru were 10,000 tonnes, 54% more than in 2020 and 28% up on 2019.

Sawnwood imports from Gabon were 5,900 tonnes in the first eight months this year, 49% more than the same period in 2020 and 13% more than in 2019. Imports from Malaysia were 4,600 tonnes in the first eight months this year, 10% less than in 2020 and 29% down compared to 2019. (Chart 7).



In the first eight months of 2021, EU27 import value of tropical logs was US\$36 million, 31% up on 2020 but still 3% less than 2019. In quantity terms, imports of 66,000 cu.m were 22% more than the same period in 2020 but 11% less than the same period in 2019. Imports of 29,400 cu.m from Congo, now by far the largest supplier of tropical logs to the EU, were 38% more than the same period in 2020 and 29% more than the same period in 2019.



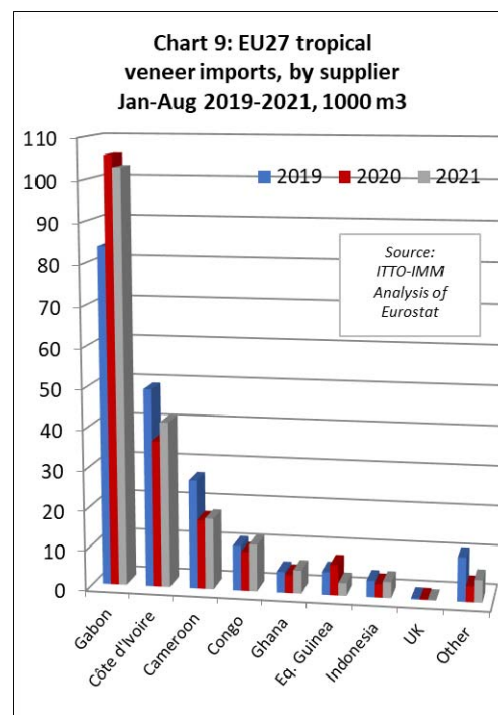
Imports in the first eight months this year from all other leading supply countries - CAR (11,300 cu.m), Cameroon (9,000 cu.m), DRC (5,600 cu.m), Liberia (5,800 cu.m) - were all more than the same period in 2020 but still down on the level of 2019 before the pandemic.

**Gabon leads slow recovery in EU27 imports of tropical veneer and plywood**

In the first eight months of 2021, EU27 import value of tropical veneer was US\$131 million, 9% more than in 2020 but 2% less than 2019. In quantity terms, imports were 192,900 cu.m in the first eight months of this year, a gain of 2% compared to 2020 and 3% less than in 2019.

After a rapid rise last year, veneer imports from Gabon were 102,800 cu.m in the first eight months this year, down 3% compared to 2020 but still 23% more than in 2019. At 41,300 cu.m, veneer imports from Côte d'Ivoire were 13% more than in 2020 but still down 16% compared to 2019.

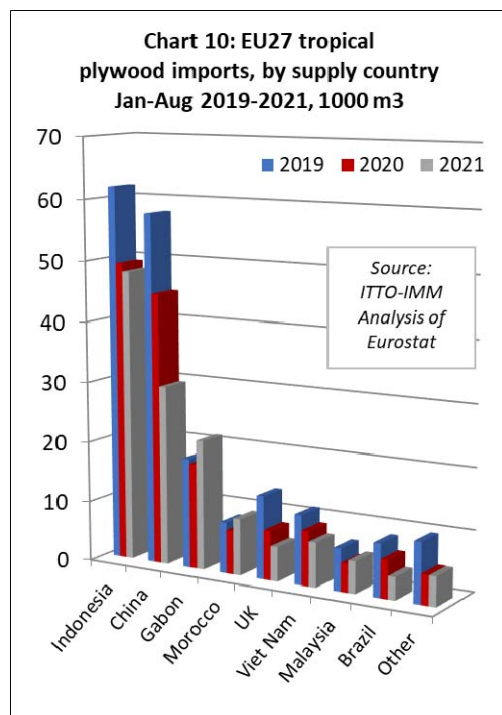
Imports of 17,800 cu.m from Cameroon were 3% more than in 2020 but 35% less than in 2019. Veneer imports from Congo were 11,700 cu.m in the first eight months this year, 20% and 4% more than the same period in 2020 and 2019 respectively (Chart 9).



Overall the signs are that tropical hardwood plywood has been a big loser in the competitive battle for dominance of the EU plywood market, particularly against Russian birch plywood. In the first eight months of 2021, EU27 import value of tropical plywood was US\$98 million, up 6% compared to 2020 but down 18% on 2019. In volume terms, imports of 135,500 cu.m in the first eight months this year were 11% less than the same period in 2020 and 31% down compared to 2019.

EU27 plywood imports from Indonesia were 48,100 cu.m in the first eight months this year, 3% less than the same period in 2020 and 22% down compared to the same period in 2019. Imports of tropical hardwood faced plywood from China were 29,700 cu.m, 34% less than in 2020 and 49% down compared to 2019. EU27 imports of tropical hardwood plywood from Vietnam and indirect imports from the UK also continued to slide in the first eight months of this year.

More positively, imports of tropical hardwood plywood from Gabon and Morocco made more inroads into the EU27 market in the first eight months of this year. Imports from Gabon were 21,400 cu.m in the eight month period, 23% more than the same period in 2020 and 18% more than in 2019. Imports from Morocco were 9,400 cu.m, 29% and 11% more than the same period in 2020 and 2019 respectively (Chart 10).

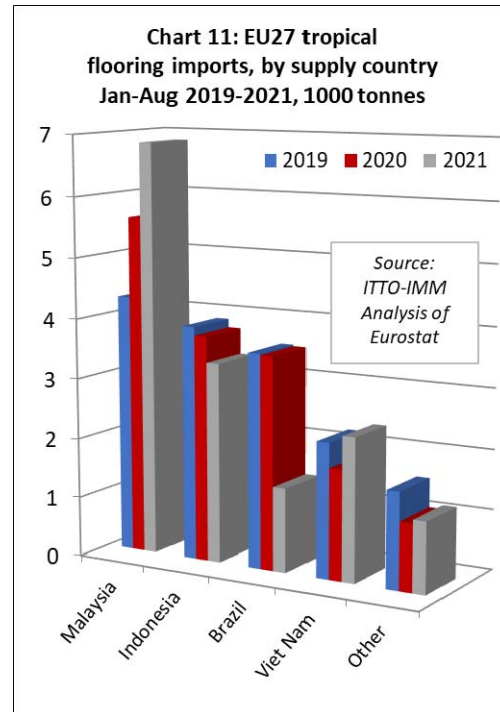


**Rise in EU27 imports of tropical flooring from Malaysia continues**

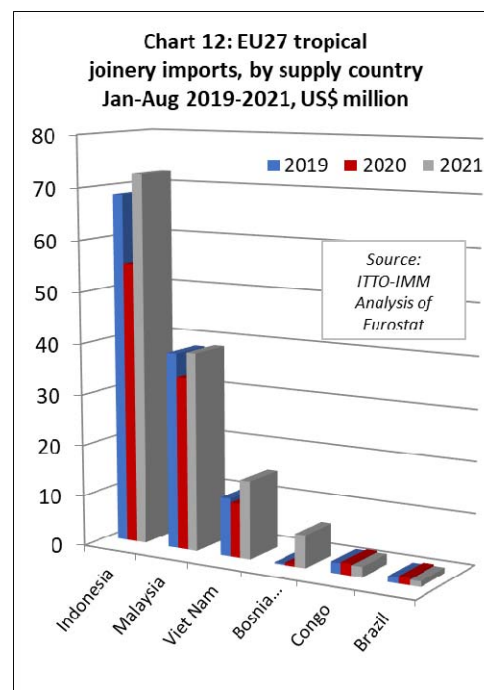
In the first eight months of 2021, EU27 import value of tropical flooring products was US\$43 million, 7% higher than the same period in both 2020 and 2019. However in quantity terms, imports of 11,300 tonnes in the first eight months this year were 5% down compared to 2020 and 3% less than in 2019. The rise in EU27 wood flooring imports from Malaysia, that began last year, has continued into 2021.

Imports of 6,850 tonnes from Malaysia in the first eight months this year were 22% more than the same period in 2020 and 59% greater than in 2019. In contrast, flooring imports from Indonesia of only 3,300 tonnes were 12% less than in 2020 and 15% down compared to 2019.

Imports from Brazil have also continued to slide, at just 1,400 tonnes in the first eight months, 60% down compared to both 2020 and 2019 (Chart 11).



The value of EU27 imports of other joinery products from tropical countries - which mainly comprise laminated window scantlings, kitchen tops and wood doors - increased 31% to US\$141 million in the first eight months of this year. Imports were up 32% to US\$72 million from Indonesia, up 15% to US\$39 million from Malaysia, and up 44% to US\$15 million from Vietnam.





This year the EU27 has also begun to import joinery products manufactured using tropical hardwood from Bosnia. Import value from Bosnia was US\$6.4 million in the first eight months of 2021 (Chart 12).

### **Draft EU "global deforestation" law**

The much anticipated proposal for an EU legal framework to "halt and reverse EU-driven global deforestation" is due to be published by the European Commission on 17 November. The proposal follows a European Parliament decision of 22 October 2020 calling on the European Commission to draft such a legal framework.

This decision was backed by a resolution on 9 June 2021 on the EU Biodiversity Strategy for 2030 in which the Parliament asked the Commission to urgently present a proposal for an EU legal framework based on mandatory due diligence that ensures that value chains are sustainable and that products or commodities placed on the EU market do not result in or derive from deforestation, forest degradation, ecosystem conversion or degradation or human rights violations.

The implications of the new legal framework are potentially far-reaching, particularly for the future of the existing framework of FLEGT Voluntary Partnerships Agreements, FLEGT licensing and the EU Timber Regulation.

Early indications are that the EUTR may be rolled into this broader regulation imposing due diligence requirements on a range of "forest-risk" commodities. Furthermore the FLEGT licenses - so far only issued for Indonesian timber products exports to the EU - while accepted as evidence of legality under the new law may not necessarily be accepted as fulfilling the "deforestation free" criteria. Also, the EU may not seek to extend FLEGT licensing into any other country once the new regulation is in place.

The Commission proposal to be issued on 17th November will be a draft of the new regulation most likely adopted using the ordinary legislative procedure. It will be subject to review and possible amendment by both the European Parliament (directly elected) and the European Council (representatives of the 27 EU countries). Both the Parliament and European Council must agree on the legal text and any amendments before the draft can become law.

Further details of the content and implications of the draft legislation and of the legislative process will be provided in the next market report once the official draft is available.

## **North America**

### **Imports of tropical hardwood products slumped in September**

After US imports hit a number of post-pandemic highs in August, imports of tropical hardwood and related products retreated in September, including some dramatic losses in certain categories.

Imports of sawn tropical hardwood fell 30% in September, while imports of wooden furniture fell 18%, and imports of tropical hardwood veneer plunged 60%. Moulding and flooring imports also fell slightly.

### **Sawn tropical hardwood imports tumble again**

US imports of sawn tropical hardwood fell sharply for a second straight month, declining by 30% in September. The 6,407 cubic meters imported in September represents the lowest volume imported since February and a far cry from the more than 12,000 cubic meters imported in July. Imports from Brazil were down 73% while imports from Ecuador and Ghana both fell 62%.

Imports of Virola, Balsa, Sapelli, and Mahogany all dipped sharply, falling from very strong summer volume. Despite seeing its weakest month in more than three years in September, Virola imports remain ahead of last year by 25% year to date. September Mahogany imports, while down from August, still more than quadrupled September 2020 volume and are up 171% year to date over last year. Balsa imports in September, however, were less than a third of their September 2020 volume and are down 19% year to date.

Ipe and Jatoba imports, which beginning this year are no longer counted as part of the tropical hardwood totals in the official US government figures, were mixed in September. Ipe imports rose 31% in September and are down 1% year to date versus 2020 volume, while Jatoba imports fell 4% in September but are up 56% year to date. If we count these two woods, September US sawn tropical hardwood imports fell by only 13% in September and are up 21% year to date.

Canadian imports of sawn tropical hardwood fell for the fifth straight month in September. Monthly imports declined 24% as imports from Cameroon, Indonesia, and Malaysia all fell sharply. Even with the continued decline, total imports are up 8% year to date through August.

### **Hardwood plywood imports cool, but remain at elevated levels**

US imports of hardwood plywood fell 7% in September but remain at a high pace historically. The import volume of 305,281 cubic meters is nearly 50% above that of the previous September, keeping year-to-date volume up 34% over 2020. While imports from Malaysia, Indonesia, China, and Ecuador all declined in September, imports from each of these countries are outpacing 2020 volume year to date. Imports from Vietnam jumped 59% in September, reaching its highest monthly level on record.

### **Veneer imports fall to record low**

US imports of tropical hardwood veneer fell for the third straight month, plunging 60% in September after a 12% decrease in August. Monthly imports fell below US\$1 million for the first time since we began tracking the category five years ago.

Imports from China and India were non-existent and imports from Italy fell by more than 99%.



While these imports historically tend to recede in September, this decline was an outlier. The historically poor month was 30% less than imports from last September, pushing 2021 imports for the year behind 2020 totals by 4%.

**Hardwood flooring imports pull back**

US imports of hardwood flooring saw a modest retreat in September, falling 3% but still to a level still 35% higher than the previous September. A 265% increase in imports from Vietnam made up for sharp decreases in imports from Indonesia, Malaysia, and China. Imports from Indonesia were the lowest since February and are down 51% year to date. Overall hardwood flooring imports are up 39% year to date.

Imports of assembled flooring panels fell by 16% in September, ending six months of continuous growth. While imports from Canada and Indonesia both grew by around 25%, imports from China, Vietnam and Thailand all fell around 35%.

Imports from Brazil dropped by 54% but are still up nearly 500% year to date. Year-to-date imports are up sharply from nearly all trading partners except Canada. Imports from Canada are only up 2% year to date compared with overall imports which are ahead 59% year to date. However, all year-to-date numbers should be viewed as inflated as the USDA added two additional categories to the Assembled Flooring Panels category in May.

**Moulding imports stay near post-pandemic record**

US imports of hardwood moulding remained flat in September falling less than 1% from the previous month to stay at a level not seen since 2018. Imports from China fell 11% but came in more than 40% higher than the previous September.

However, imports from China are still down 50% year to date. Imports from Malaysia made up for the loss, gaining 43% in September to be ahead 44% year to date. Overall US imports of hardwood moulding are up 23% year to date over 2020.

**Wooden furniture imports fell below US\$2 billion in September**

US imports of wooden furniture fell by 18% in September, dropping to their lowest level since February. Imports fell to US\$1.85 billion in September, only the second time this year a month was below US\$2 billion and the first time this year a monthly total was below that of the previous year.

Imports from Vietnam were down 35% while imports from Indonesia and Malaysia were both down 13%. Overall, US wooden furniture imports have been strong all year and remain up 46% year to date with imports from all major trading partners up at least 10% for the year so far.

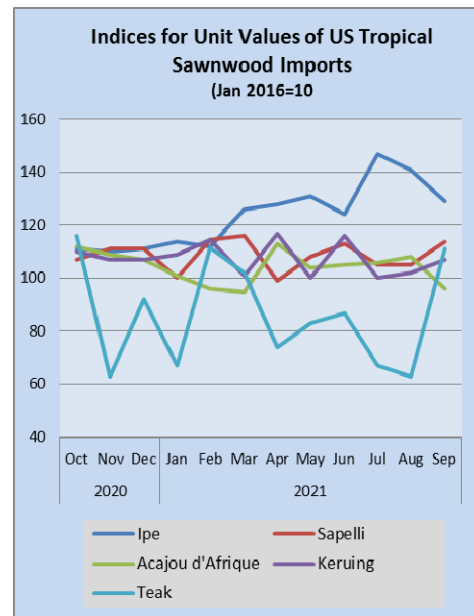
**Cabinet sales showed gains in August**

According to the Kitchen Cabinet Manufacturers Association’s (KCMA) monthly ‘Trend of Business Survey’ participating cabinet manufacturers reported an

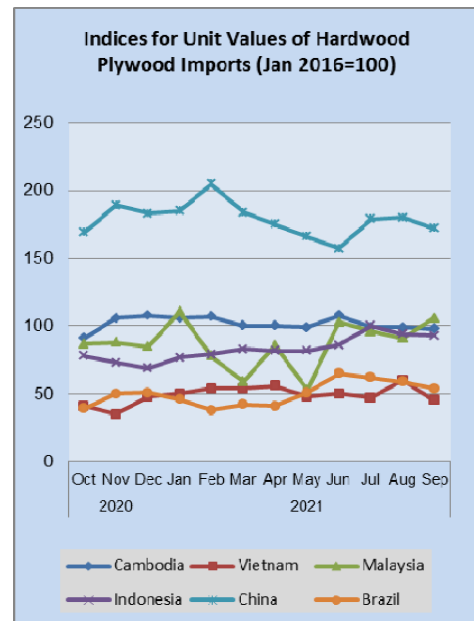
increase in overall cabinet sales of 5.5% in August, up 8.0% compared with August 2020. Custom sales were up 5.7%, semi-custom sales increased 2.1% and stock sales rose 7.5%.

Year-to-date sales remain strong across the board. Overall cabinet sales are up 16.9% when compared to the same period in 2020. Custom sales up 20.4%, semi-custom sales increased 14.9% and stock sales increased 17.6%.

See: [https://www.kcma.org/news/press-releases/August\\_2021\\_trend\\_of\\_business\\_press\\_release](https://www.kcma.org/news/press-releases/August_2021_trend_of_business_press_release)



Data source: US Census Bureau, Foreign Trade Statistics



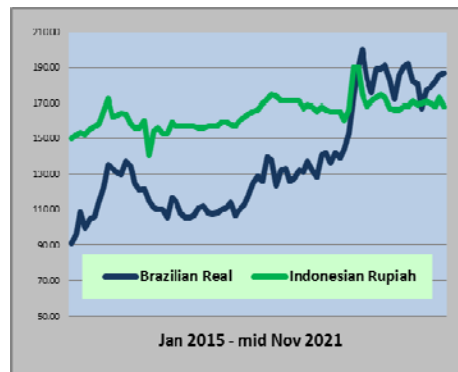
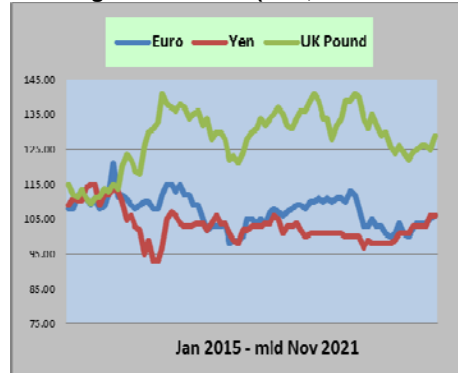
Data source: US Census Bureau, Foreign Trade Statistics

## Dollar Exchange Rates

As of 10 November 2021

Brazil	Real	5.5024
CFA countries	CFA Franc	567.54
China	Yuan	6.3888
Euro area	Euro	0.8709
India	Rupee	74.383
Indonesia	Rupiah	142573
Japan	Yen	113.88
Malaysia	Ringgit	4.1535
Peru	Sol	4.09
UK	Pound	0.7458
South Korea	Won	1184.77

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

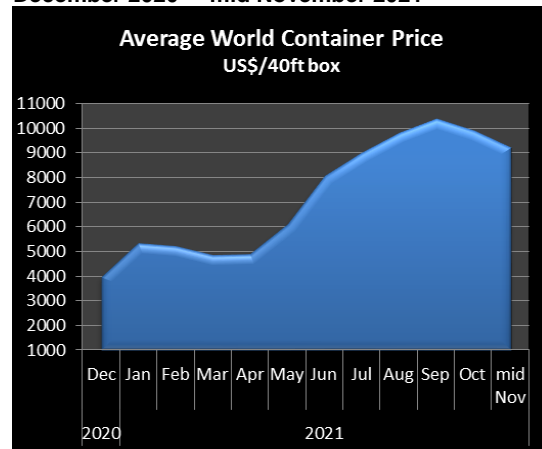


## Abbreviations and Equivalences

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

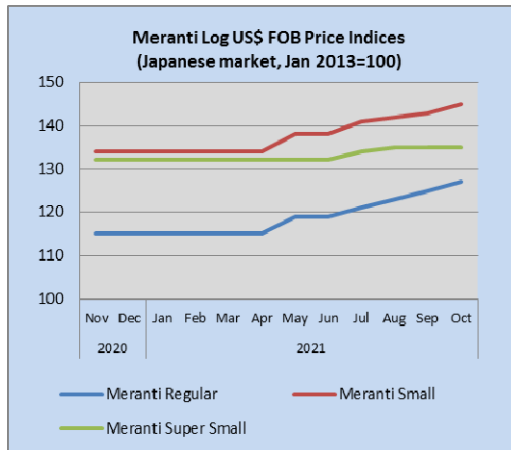
December 2020 – mid November 2021



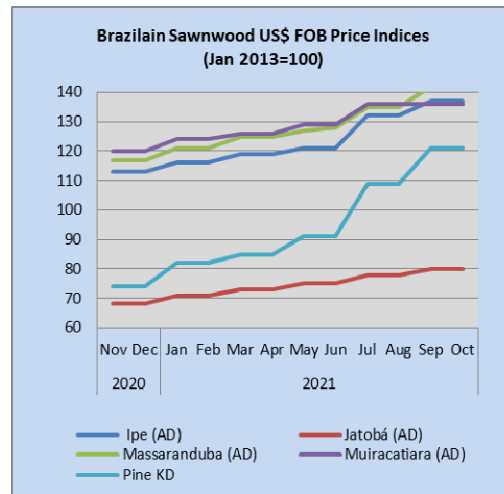
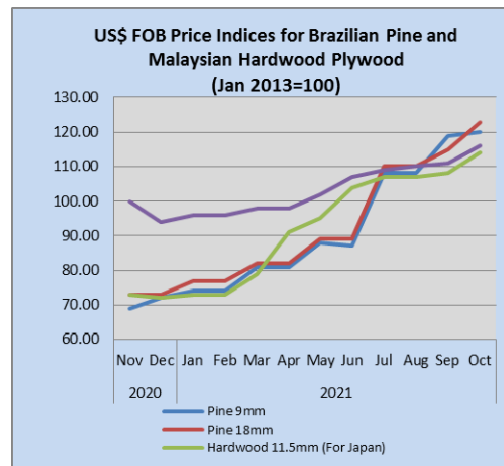
Data source: Drewry World Container Index

**Price indices for selected products**

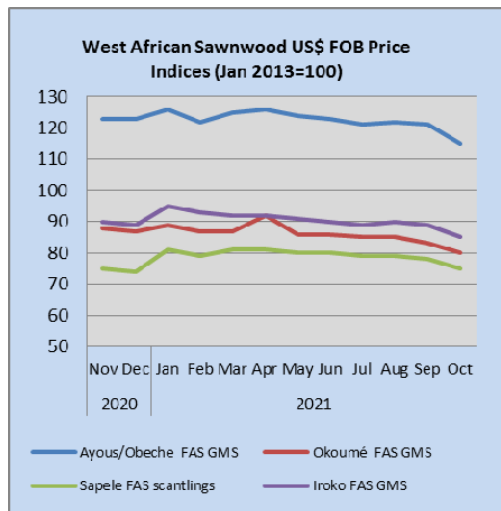
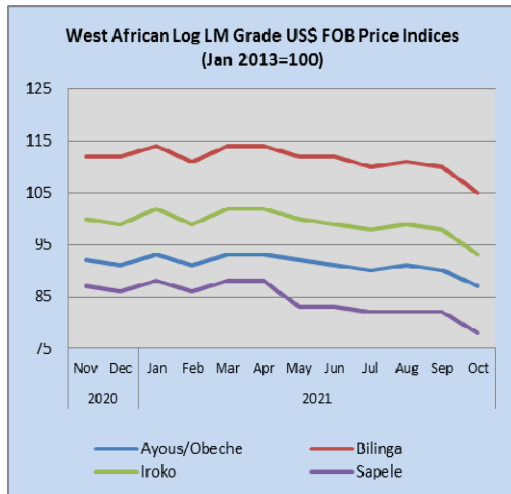
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



**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.

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