VERIFIED GHANA LEGAL WOOD™

Market Report

Prepared by the London Office & Timber Industry Development Division of the Forestry Commission for Ghana's wood products sector

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Ghana's wood and wood products export statistics for the period January to October 2021 show an increase of 38% in volume and a 23% increase in value compared to the same period in 2020

Foreword

The Russian Log Export Ban has already brought about shortages of wood raw materials this year around the world and brought a lot more confusion to the wood supply chain.
European Union uses annually almost 500 million m^3 of timber and lumber annually. About ten percent comes from the North American continent and eight percent from South America (mainly pulp from Eucalyptus). Less than 0.2% of total usage is tropical hardwood. China, relies on the importation of forest products, including logs, wood chips, lumber, pulp, and paper and will immediately satisfy its thirst for wood in Europe, Southeast Asia and Africa due to the lack of volumes from Russia. Ghana has an opportunity to capitalise on this opportunity and reach out to new markets for its timber exports to China.

Charles Dei-Amoah
Head-Ghana Forestry Commission, London Office

Ghana: 2021 a year of growth

Wood and wood products export statistics for the period January to October 2021 show an increase of 38% in volume and a 23% increase in value compared to the same period in 2020. In the ten months exports totalled 248,658 m^3 earning the country Eur113.52 million.
The cumulative volume of the fifteen product categories exported for the period January to September 2021 was 224,599 m^3, compared to 159,432 m^3 for the same period in 2020.
Products that recorded significant export volume growth for the period under review included plywood, billets, sliced veneer, air-dried sawnwood and kiln-dried sawnwood. The export of air and kiln-dried boules dropped during the period under review.
Ghana earned Eur103.29 million from wood products in the first 9 months of 2021 compared to Eur81.39 million in 2020. Most products registered significant increases in export value year-on-year.
Processed wood products represented 80% of exports and Exports of primary products, mainly billets, earned the country Eur12.83 million from the export of 36,151 m^3 between January to September 2021 (80% of total exports)
Secondary wood products comprising lumber, plywood, veneer, boules and briquettes formed the bulk of the country's wood export. These generated Eur 84.72 million from a volume of 180,366 m^3 for the first three quarters of 2021. Exports of tertiary wood products, mainly mouldings, contributed Eur 5.74 million (5.56%) from a volume of 8,082 m^3 for 2021.
The recovery seen in the first 10 months of 2021 can be attributed to the pre-Christmas and New Year holiday stock build-up by international buyers. Exports of air-dried sawnwood, billets, kiln-dried sawnwood and plywood represented 50%, 16%, 14% and 8% respectively and accounted for over 85% of total shipments.
This period witnessed a significant improvement in the volume and value of plywood exports during the 10-months period of 2021. Senegal was the leading importer of plywood from Ghana accounting for 71% of total exports followed by Greece (28%) and Gambia (2%) (3,163 m^3 in total).
Plywood sales to regional markets are growing with exports to Togo, Niger, Burkina Faso, Benin and Mali. The main face veneers for the exported plywood included ceiba, mixed red wood, ofram, makore, danta and sapele.
The volumes shipped were stable in 2021 but this was not the case last year where export volumes dipped in April 2020, May 2020 and June 2020 due to the pandemic lockdowns.
The top species of sawnwood shipped were teak ceiba, wawa, denya, mahogany, essa, ceiba, otie, wawabima and ohaa with the market destinations being mainly India, the United States, Germany, Belgium and the United Arab Emirates.
Ghana and Nigeria, countries with largest markets in the ECOWAS sub region, are planning to deepen their trade relations within the Economic Community of West African States (ECOWAS) region. Data from ECOWAS indicate that total annual trade in the regional market averages around US$200 billion of which Nigeria alone accounts for approximately 75%, followed by Ghana.
Ghana Export Promotion Authority (GEPA) figures also showed that the trade between Ghana and Nigeria saw the highest level of trade relations as trade passed US$1 billion. Nigeria is the fourth largest importer of Ghana plywood after Niger, Burkina Faso and Togo.

Dubai 2022 WoodShow (15-18 March 2022)

Dubai WoodShow, the leading platform for wood and woodworking machinery industry in the Middle East & North Africa (Mena) region had companies closing deals worth over $500 million.

The high profile show this year witnessed participation from over 35 countries including Australia, Canada, Denmark, Egypt, France, Germany, India, Japan, Kuwait, Malaysia, Poland, Romania, Spain, Turkey, United Kingdom, United Arab Emirates, Unites States of America, Vietnam and more. The show had over 400 exhibitors and provided the perfect opportunity for the regional and international companies to showcase and learn about wood and woodworking and to build new strategic relationships with buyers, traders and investors.

Dubai WoodShow ran alongside the Expo 2020 with the theme of sustainability and connectivity. According to "Wood Processing Global Market Report 2021: COVID 19 Impact and Recovery to 2030" report, the market is anticipated to reach US$179.7 billion in 2025 at a Compound Annual Growth Rate of 6%. It is anticipated that the wood processing market is projected to benefit from the solid economic growth predicted for various developed and developing nations. The increasing adoption of automated woodworking machines and cutting-edge technologies is expected to drive market growth and is projected to grow from US$ 4.62 Billion in 2021 to US$ 6.05 Billion in 2028.

Industrial log production rising in Indonesia

Indonesian natural forest wood production reached 6.03 million m^3 in 2021 a growth of 14.4% year-on-year. In addition, plantation production was 46.4 million m^3 just 1% higher compared to 2020. In addition, plantation production was 46.4 million m^3 just 1% higher compared with 2020.

Exports increased around 30% to US$14.48 billion from the 2020 value of US$11.07 billion. For 2022 exports could be US$15-16 billion as markets are getting close to a pre-covid condition.

Among the nine major downstream products exported those that recorded the highest increase were wood chips with a growth of 91% year on year and panels at 83%. Even though the export performance has improved logistical constraints are still a crucial problem that has not eased.

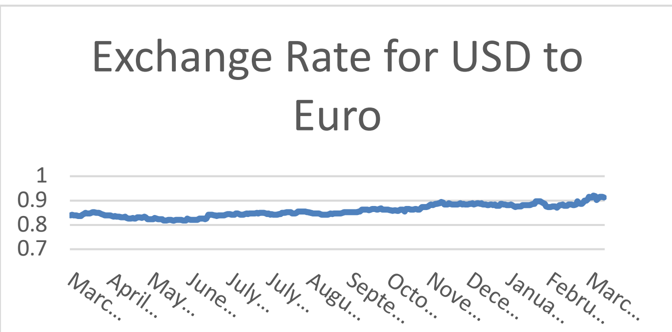
Production declined in the second quarter of 2020 from 14.58 million m^3 in the first quarter to 13.87 million m^3. However, there was a significant increase of log production in the third quarter and by 16.2 million m^3 in the fourth quarter of 2020.

Forests in Sumatra provide most logs and in 2020, 68% of log production in Indonesia came from Sumatra (41.73 million m^3).

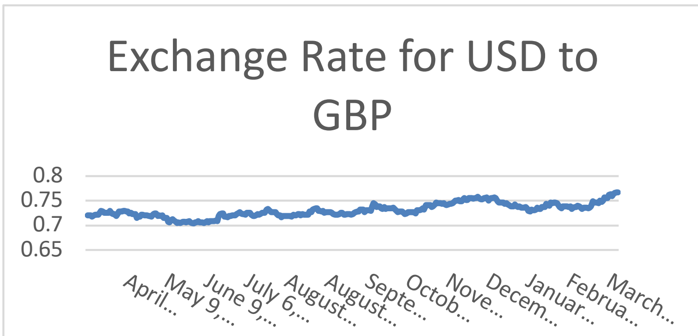
Acacia species topped the list of species at 69%. Kalimantan is the second largest producer of logs with an amount of 9.71 million m^3 in 2020 with the Meranti group as the dominant species at 36% of all log production. The 3rd largest log producer in 2020 was Java producing 7.76 million m^3 or about 13%. In Java mixed tropical hardwood was the most widely harvested group of species.

Currency exchange rate trends

USD per 1 Euro 12 months to March 2022



USD per 1 GBP 12 months to March 2022



EU27 tropical wood imports up 23% in 2021

The 2021 increase in the value of EU27 imports from tropical countries was heavily concentrated on wooden furniture products. For these products, import value of US$1.58 billion in 2021 was 33% more than the previous year and 31% higher than in 2019 before the pandemic.

Import value in the Netherlands was US$772 million in 2021, 27% and 23% up on 2020 and 2019 respectively. For France, import value of US$674 million in 2021 was a gain of 18% on 2020 and 9% on 2019.In Germany, import value of US$610 million was a gain of 31% compared to 2020 and 21% compared to 2019. Similarly, in Belgium import value of US$573 million was 26% up compared to 2020 and 20% more than in 2019.

More moderate gains were made in import value of tropical wood and wooden furniture products in Italy and Spain last year. Import value in Italy was US$250 million in 2021, 13% more than in 2020 and 4% less than in 2019. Import value in Spain was US$188 million in 2021, 25% more than in 2020 and an 8% gain compared to 2019.

Denmark and Poland are notable for being the only EU countries to record a significant rise in import value of tropical wood and wooden furniture products. Import value in Denmark was US$149 million in 2021, 11% more than in 2020 and 33% more than in 2019. Import value in Poland was US$86 million last year, 7% more than the previous year and 30% up on 2019.

Country news

Malaysian timber sector continues to grow during pandemic

The Malaysian timber industry continued to perform well despite the Covid-19 pandemic and its associated economic fallout, with exports recording a growth of 3.1% to RM22.70bil in 2021 from RM22.02bil in the previous year. In terms of percentage of export value growth year-on-year, plywood tops the rank together with wooden furniture, sawn timber and builders' joinery and carpentry (BJC) contributing to more than half in total exports. The liquidation of a top plywood manufacturer in Japan led to an increase in Malaysian supply demand. However, Malaysia's export of wooden furniture to the US, which is the largest export market, remained moderate. Nevertheless, the local timber industry is not entirely out of the woods as there are still some challenges in terms of rising sea freight charges, availability of containers, manpower shortages, and lack of raw materials. Sarawak recorded RM3.89 billion from timber exports last year, a 4% increase compared to 2020 according to Sarawak Deputy Chief Minister, Awang Tengah Ali Hasan. However, this was below the RM4.7 billion earned in 2019. Plywood was the main export product in 2021 accounting for over 50% (RM2.15 billion) of total timber exports followed by logs at RM509 million, sawnwood (RM381 million), fibreboard (RM334 million) and other wood products (RM213 million). Japan was the main importer at RM2.04 billion last year. Other significant markets were India (RM476 million), Taiwan (RM206 million), the Philippines (RM179 million), China (RM175 million) and South Korea (RM123 million). The 'Sarawak Timber Industry Reformation and Transformation Plan' promotes the growth of the industry to achieve exports of RM8 billion by 2030.

Peru's wood products exports rise 32%

Peru's wood product exports between January and October totalled US$97.7 million, a growth of 32% compared to the same period last year however, compared to 2019 there was still a decline of around 4%. Despite the market opportunities over the ten months of this year wood product shipments represented less than 1% of total non-traditional exports (US$13 million). The recovery of Peruvian timber shipments this year was driven largely by demand in France and the US which increased orders by 175% and 61%, respectively. However, the main international market was China at US$30.2 million accounting for 31% of the total wood product exports followed by France US$16 million and the US with US$11.2 million. The other markets of note were Mexico (US$6.9 million) and the Dominican Republic (US$6.3 million). Exports were mainly of semi-manufactured products (US$58 million) or 59% of the total. The export of mouldings was significant as were exports of sawnwood (US$25.4 million). Others included construction products (US$5.5 million), furniture and parts (US$3.5 million), veneered wood and plywood (US$2.7 million) and other manufactured products (US$1.2 million). The export of mouldings between January and September this year totalled US$22.5 million, a significant increase compared to 2020 (US$9.4 million).

Global sawn hardwood imports trends during 2021

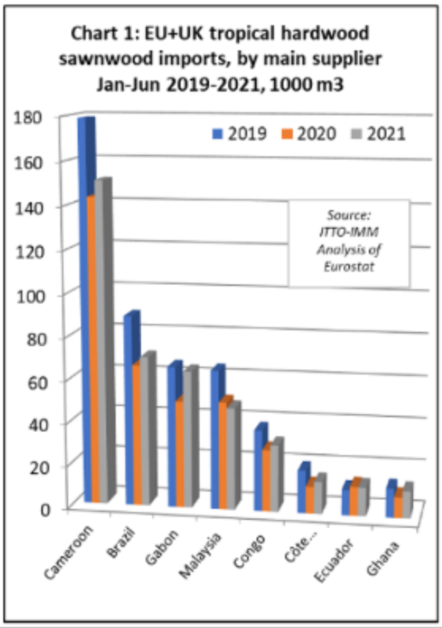
After declining 15% to 842,000m^3 in 2020, analysis of Eurostat figures shows EU and UK tropical sawn hardwood imports from January to June 2021 rising 8% to 443,000m^3. Imports from Cameroon for the first half increased 5% to 151,000m^3, from Brazil 6% to 70,000m^3, Gabon 28% to 64,000m^3, Republic of the Congo 9% to 31,300m^3, Côte d'Ivoire 19% to 15,000m^3 and Ghana 31% to 12,600m^3. Imports from Malaysia, where production was reported to be particularly hard-hit by lockdown, were down 5% at 47,700m^3, while those from Ecuador declined 2% to 13,300m^3 (Figure 1).

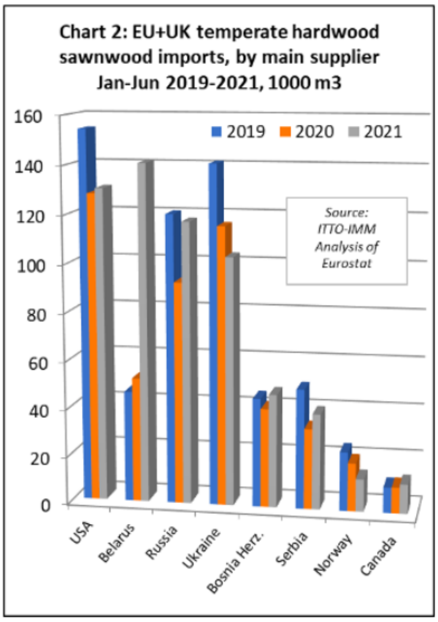
In terms of supply, European importers reported that African hardwood producers were affected later and less severely by Covid than other sources. However, pandemic safe working has increasingly impacted output and lead times have extended.

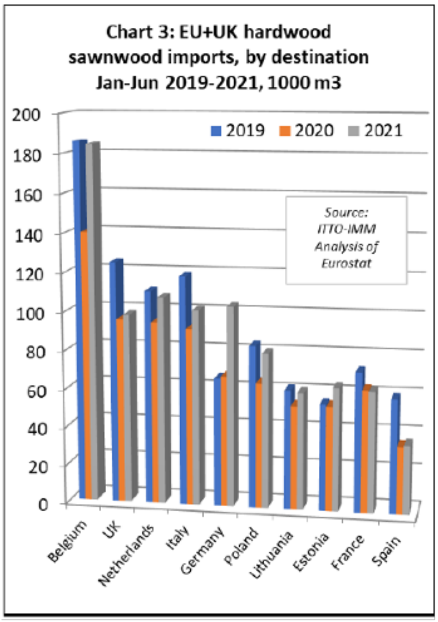
Of the lead African species, iroko is currently reported readily available, but utile described as 'very scarce'. There are differing views on sapele supply. Some importers say they're securing sufficient volume, others report less coming out of the forest.nSecondary African species are reported to have gained some traction through the pandemic period as supply of main commercial species has tightened. Increased interest in lesser-used varieties, including Penkwa-Akowaa (*Entandrophragma candollei*) and tali (*Erythrophleum spp.*) has been shown. European importers report prices increasing across African hardwoods, but with rises more modest than those seen from other sources, the main commercial species up an average 10-15% in the year to date.

After declining 7% in 2020 to 1.1 million m^3, EU and UK imports of temperate sawn hardwood in the first half of 2021 rose 22% to 640,700 m^3. Imports from Belarus jumped 171% to 140,800m^3, while those from the US were up 2% at 130,300m^3. Imports from Russia rose 27% to 117,300m^3, from Bosnia Herzegovina 15% to 47,300m^3, from Serbia 19% to 39,900 m^3 and Canada 13% to 12,300m^3. Those from Ukraine dropped 11% to 103,300m^3 and from Norway 32% to 13,600m^3 (Figure 2).

Biggest sawn hardwood importer in Europe overall was Belgium, with its total up 32% from January to June at 184,500m^3. Total imports in the Netherlands were up 14% to 107,500m^3, Germany 53% to 103,800m^3, Italy 11% to 101,400m^3, UK 3% to 98,000m^3, Poland 24% to 80,300m^3, Estonia 18% to 64,000m^3, Lithuania 18% to 60,800m^3 and Spain 2% to 35,800m^3. French imports were down 1% at 62.8m^3 (Figure 3).







UK: tropical sawnwood market

After falling sharply in May and June 2020, UK imports of tropical sawnwood slowly increased during the course of the next 12 months, but the pace of increase began to slow again in the third quarter of 2021. Throughout this period, the rebound in UK tropical sawnwood imports has been impaired by significant logistical problems on the supply side.

UK imports were 70,100 m^3 in the first ten months of 2021, just 1% more than the same period in 2020 and 18% less than the same period in 2019. Although imports from Cameroon, now by far the leading supplier of tropical sawnwood to the UK, were up 44% on 2021 and up 60% on 2019 during the ten-month period, imports from nearly all other leading tropical sawnwood supply countries have remained weak this year.

The large increase in imports of sawnwood from Cameroon this year reflects the long lead time in shipment of contracts placed back in 2020. UK importers report that securing supplies for hardwoods from Cameroon and other African supply countries has continued to be very challenging.

While iroko is currently reported by UK importers to be more readily available, utile is described as 'very scarce'. There are differing views on sapele supply, with some importers reporting they have secured sufficient volume while others have been unable to do so.

UK imports of tropical sawnwood from Côte d'Ivoire were 3,700 m^3 in the first ten months of this year, 22% more than the same period in 2020 but still down 4% on the same period in 2019. The UK was previously a significant buyer of framire from Côte d'Ivoire but UK importers report that this species is proving increasingly difficult to source, both due to a lack of raw material in the forest and the challenges of obtaining assurances of legality that satisfy UK Timber Regulation requirements.

UK imports of tropical sawnwood from Ghana in 2021 has seen a 16% increase compared to 2020 (US$2,5 million).

Meanwhile, UK imports of tropical sawnwood from both the Republic of Congo and DRC have fallen to a trickle since the start of the pandemic. Imports from the Republic of Congo were just 1,614 m^3 in the first ten months of the year, down 69% and 88% compared to the same period in 2020 and 2019 respectively. Imports from DRC were 836 m^3 during the 10-month period, which is 17% less than in 2020 and 86% down compared to 2019.

After an extremely slow start to the year brought on by pandemic induced production problems and extreme shortages of containers, UK imports of tropical sawnwood from Malaysia picked up a little during the summer with the arrival of breakbulk shipments of Asian meranti and keruing lumber into the UK. UK imports of Malaysian sawnwood were 8,235 m^3 in the first ten months of 2021. That is still 19% less than the same period last year and 41% down on the same period in 2019.

With shortages in supply from other sources, UK importers were turning more to South America in the opening months of this year. Imports from Brazil were quite good in the first quarter but ground to a halt in the second and third quarters.

By the end of the first ten months, total UK imports of tropical sawnwood from Brazil were just 3,000 m^3, 38% less than the same period last year and 22% down compared to 2020. Imports from Guyana have been slightly more robust, at 3,500 m^3 in the first ten months this year, 12% less than the same period in 2020 but double the volume imported in the same period in 2019.

Indirect UK imports of tropical sawnwood from other EU countries have fallen dramatically this year. Total UK imports from EU countries were 11,400 m^3 in the first ten months of 2021, 16% less than the same period last year and 35% down on the same period in 2019.

The UK imported 7,700 tonnes of tropical hardwood mouldings/decking in the first ten months of 2021, 28% more than the same period in 2020 but still 26% less than the same period in 2019. The arrival of the first breakbulk shipments into the UK this year boosted imports a little from Indonesia, which at 2,800 tonnes in the first ten months were 3% more than the same period in 2020, but still down 52% compared to 2019.

Similarly, imports from Malaysia, at 1,900 tonnes, were 7% more than the same period in 2020 but 33% less than in 2019. Imports of decking products from Brazil have also picked up a little, at 1,800 tonnes in the first ten months, around twice the quantity imported during the same period last year.

EU27+UK furniture import trends during 2021

Recent trends in European imports of wood furniture need to be seen against the background of rapidly increasing demand, irregular availability of supplies from many countries, sharply increasing prices across the board, and efforts by European retailers to mitigate risks by diversifying supply sources.
From the trade data, it is clear that a very large increase in the value of wood furniture into the EU27+UK followed on immediately from the more minor dip during the early stages of the pandemic in the first half of 2020.
In fact, the 12-month rolling total level of imports was close to US$10 billion by the end of October last year, which compares to less than US$7.5 billion just before the pandemic in the opening months of 2020.

The average unit value of EU27+UK wood furniture imports increased from US$3,030 per tonne in the first ten months of 2020 to US$3,460 in the same period last year. However, import quantity did rise from 2.4 million tonnes in the 12 months to February 2020, just before the onset of the pandemic, to nearly 2.9 million tonnes in the 12 months to October 2020.

In the first 10 months of 2021, the EU27+UK imported US$2.08 billion of wood furniture products from tropical countries, 36% more than the same period the previous year. While a significant rise, it should be noted that, for tropical countries, around two thirds of the gain in European import value was due to price increases and rising freight rates.
EU27+UK import quantity from tropical countries in the first 10 months last year was 523,000 tonnes, only 14% more than the same period the previous year. Import quantity from tropical countries for the whole of last year is projected to be around 600,000 tonnes, no more than the long-term annual average between 2015 and 2019.

The rise in import value of wood furniture from tropical countries last year also pales in comparison to the rise in import value from China. In the first 10 months of 2021, the value of EU27+UK imports of wood furniture from China totalled US$4.34 billion, 50% more than the same period the previous year. Import quantity from China was also up over 50%, at

1.25 million tonnes. Imports from China have benefitted from more reliable shipping and higher availability of containers compared to tropical countries in Southeast Asia. One legacy of the US-China trade dispute has also been to increase China's focus on exports to the European market as exports to the US have declined.

Major gains in EU27+UK import value of wood furniture from tropical countries in the first 10 months of 2021 were made by Vietnam (+30% to US$820 million), Indonesia (+40% to US$430 million) and India (+72% to US$370 million).
Import growth from Malaysia was more moderate, rising 16% to US$200 million.

The signs are that Indonesia is seeing some benefits from the commitment to market development in the EU, building on industry wide SVLK certification and being the only country offering FLEGT licenses.
Suppliers in India, most of which are selling craft products into the EU27+UK, are benefitting from the development of innovative on-line sales channels.

The slightly slower rate of increase of EU27+UK imports from Vietnam is probably only a reflection of supply bottlenecks, particularly as Vietnam is also now shipping vast quantities of wood furniture out to the US.

Of non-tropical Low Middle Income (LMI) countries, EU27+UK imports of wood furniture increased particularly strongly in the first 10 months of 2021 from Turkey (+56% to US$400 million), Ukraine (+64% to US$280 million, Bosnia (+30% to US$240 million) and Belarus (+59% to US$230 million).

These countries in the European neighbourhood have been major beneficiaries of supply and logistical problems in more distant supply countries.
During that period, imports by the UK increased 51% to US$2.37 billion, although this followed a particularly large 12% fall the previous year.

In the first ten months of last year, there was also a large increase in wood furniture imports from LMI countries into all the leading markets including Germany (+40% to US$1.29 billion), France (+36% to US$940 million), Netherlands (+36% to US$700 million), Belgium (+52% to US$410 million), Poland (+57% to US$320 million), Spain (+54% to US$310 million), and Italy (+42% to US$230 million).

US imports of sawn tropical hardwood in 2021

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

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

US import volumes of sawn tropical hardwood rose 2% in December remaining steady to close out the year. Imports of Sapelli rose 9% over the previous month and ended the year 36% higher than 2020.

Imports of Mahogany and Padauk both fell in December but more than doubled in 2021. Imports of Balsa fared the worst in 2021, falling by 27%, while imports of Iroko were down 24% for the year.

Imports of Jatoba fell by 3% in December 2020 but grew by 77% in 2021. It was by far the most imported species of the tropical hardwood. Second was Ipe imports, which rose 63% in December, but ended the year down 6% from the previous year. (Both Ipe and Jatoba were removed from the tropical hardwood imports category by the USDA earlier this year).

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

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

Vietnam: wood export statistics in 2021

Vietnam in December 2021 achieved over US$1.43 billion, up 12.4% compared to previous month, and up 6.84% compared to December 2020.

In particular, the export turnover of wood products reached US$1.074 billion, up 17.3% compared to previous month and up 2.67% compared to December 2020.

Export:

Vietnam in December 2021 achieved over US$1.43 billion, up 12.4% compared to previous month, and up 6.84% compared to December 2020.
In particular, the export turnover of wood products reached US$1.074 billion, up 17.3% compared to previous month and up 2.67% compared to December 2020.

In 2021, Wood & Wood Products (W&WP) continued to rank the 6th in the export turnover of Vietnam’s goods/group of goods, reached US$14.809 billion, up 19.7% compared to 2020. In which, the export turnover of wood products reached US$11.073 billion, up 16.1% compared to 2020; accounted for 74% of total W&WP export turnover, down 77.22% in 2020.

Export markets:

In 2021, the United States continued to be the largest market and recorded the highest growth among Vietnam's key W&WP export markets, reached over US$8.77 billion, up 22.42% in comparison to 2020; accounted for 59.24% of the total W&WP export turnover of the whole country, it was higher than the growth of the whole industry.

The next position belongs to three Asian markets: China, Japan and South Korea. In particular, the Chinese market achieved the highest growth, up to 24.71% compared to 2020, reached US$1.49 billion; Japan reached US$1.43 billion, up 11% and South Korea reached US$888.2 million, up 8.5% in comparison to previous year. In particular, although the export turnover to the Malaysian market only reached US$128 million, the increase to 69.13% compared to previous year value. Some markets such as the Netherlands with US$93.3 million, Thailand with US$66.2 million, Belgium with US$63.2 million and Denmark with US$46.14 million also achieved impressive growth, respectively 27.9%; 30.1%; 411% and 42.2%. The low growth in Canada, France and Taiwan. In 2021, the export turnover to Australia decreased slightly by 1.62%, reached only US$169.2 million.

Forecast in 2022:

The initiative in manufacturing technology and input timber will be the driving forces for Vietnam's W&WP export to achieve the growth of over 20% in 2022.

Forestry Commission

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