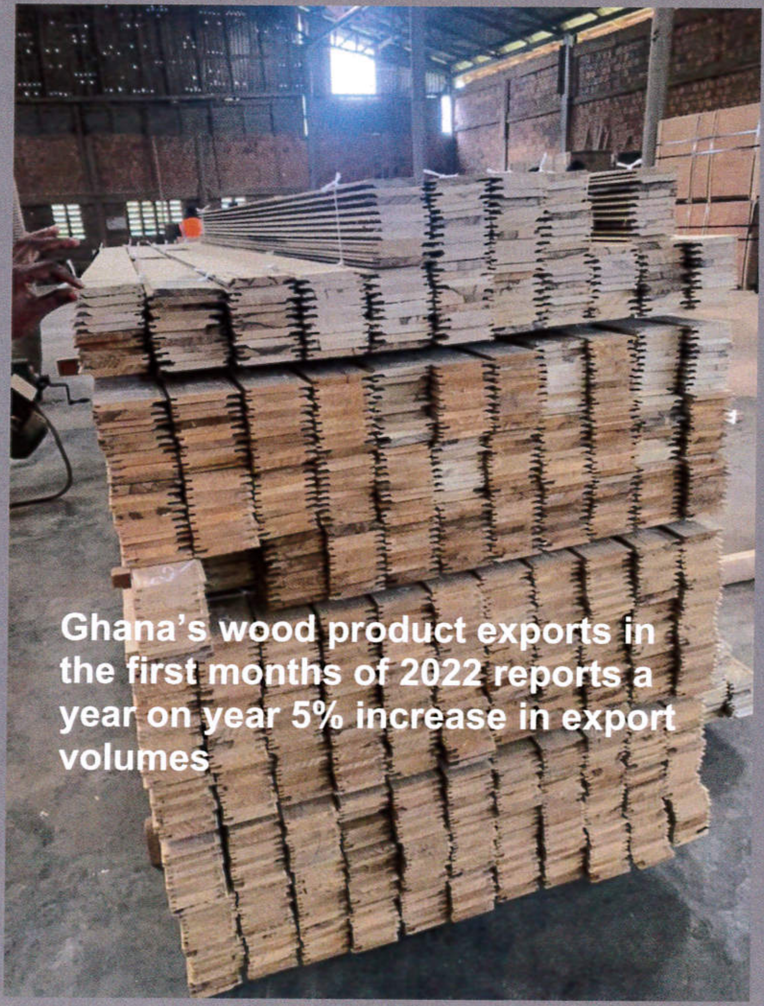
Market Report

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

VERIFIED GHANA LEGAL WOOD™

2nd Qtr 2022



Ghana's wood product exports in the first months of 2022 reports a year on year 5% increase in export volumes

Foreword

Sales of hardwood showed an improved performance in the first part of 2022. The performance of the hardwood sales market caught up with that of the PreCovid market in 2020. The surge in global commodity prices (including oil, gold and wood), Ghana's key exports spurred by the Russia-Ukraine war will support Ghana's export and fiscal receipts. Ghana recorded a trade surplus of US$1.33 billion in the first 4 months of 2022 and this was higher than the total US$1.107 billion recorded for the entire year 2021. The increase was due to the higher price for crude oil, wood and improved gold production in the country. With the coming into force of AfCFTA Ghana has the opportunity to expand regional trade beyond ECOWAS countries which accounted for more than 12% of Ghana's timber exports in the last three years.

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

Good start to the year for Ghana's wood products export

Ghana's wood product exports in the first months of 2022 reports a year on year 5% increase in export volumes but a decline of over 15% in export earnings. The country earned Eur19.26 million from the exports of 44,237 m^3 in the first months of 2022.

The leading export products were air-dried sawnwood (51%), kiln-dried sawnwood (18%), billets (14%), plywood (7% for the regional market) and mouldings (3%). Together this accounted for 93% of the total volume of wood products exports in the first months of 2022.

Air and kiln-dried sawnwood accounted for 49% and 15% respectively of the total export volume for the period. The volumes of these products exported in 2022 were higher than in the same period in 2021. However, the export earnings dropped considerably (-22% and -9%). Plywood exports to regional market in the first two months of this year were 53% higher year on year and totalled 4,351 m^3 valued at Eur1.74 million. The volume of plywood exports represented around 10% of total wood exports for the period. The major markets for the country's wood products for the period reported were Asia (60%), Europe (17%) and Africa (13%) with N. America (10%). The main species exported were teak, ceiba, wawa, denya and essa.

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
FAS 25-100mmx150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	465	564
Ceiba	290	353
Dahoma	388⬇	512⬆
Edinam (mixed redwood)	640⬆	733⬆
Emeri	435⬇	642⬆
African mahogany (Ivorensis)	1,239	751⬇
Makore	560	760⬇
Niangon	685	586
Odum	491	784⬇
Sapele	800	822⬆
Wawa 1C & Select	422	430⬇

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	720⬆
Niangon Kiln dry	690⬆

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	374⬆	441
Chenchen	375	612
Ogea	469	590
Essa	513	619
Ofram	350	435

Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	1,096
Avodire	1,300⬆
Chenchen	888⬇
Mahogany	1,552⬇
Makore	664⬇
Odum	2,084⬆
Sapele	1,838⬆

Export plywood prices

Plywood, FOB	Euro per cu.m		
BB/CC	Ceiba	Ofram	Asanfina
4mm	317⬆	580	641
6mm	412	535	604
9mm	370	504⬆	560
12mm	583	476	480
15mm	450	414	430
18mm	460	463	383

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

Source: ITTO TTM Report: 26:11

Tropical sawn hardwood imports globally doubled year on year

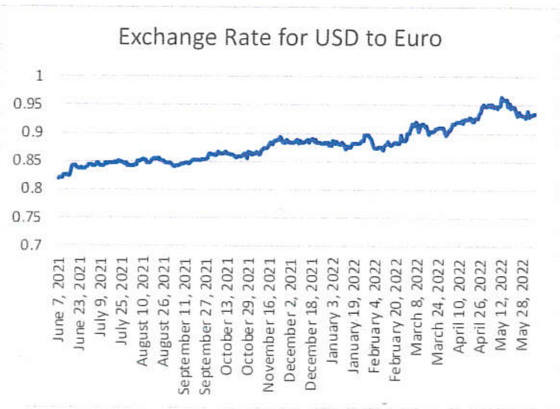
Imports of sawn tropical hardwood in February 2022 was around 23,323 m^3, value considered to be the second highest volume since May 2019. Imports of Acajou d'Afrique rose 18% to their highest volume since April 2019 and were four times that of February 2021. Imports of keruing, meranti, teak, and iroko so far this year are also well over twice the volume of the first two months of 2021. Imports of sapelli slipped 30% in February, but still more than doubled last February's volume. Imports from Cameroon fell by nearly a third in February, while imports from Brazil and Indonesia both dropped about 10%. Yet imports from all three countries significantly outpaced their volume from last February. Imports from **Ghana** were at €133 million to the international market. Imports from many countries are more than doubling the volume compared to 2021, with Ecuador being the sole weak spot: -63% through the first two month of the year but doubled in February over the previous month. Total import volume through February is nearly four times that of last year.
Canada's imports of sawn tropical hardwood rose 31% in February to a level more than 63% higher than February 2021. The uptick was due to imports from the U.S. returning to more normal levels after two extraordinarily weak months, and a 10% rise in imports from Cameroon. Total imports are up 38% through the first two months of the year.

Peru sawnwood exports

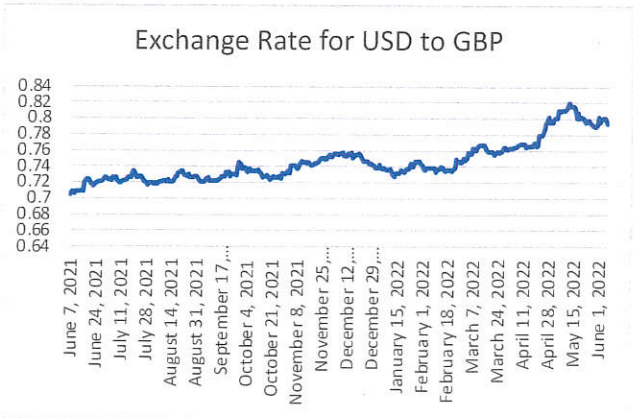
Peru has reported the value of sawnwood exported in January this year was US$2.5 million, up 9% compared to the same month in 2021. There was strong demand in Mexico and the Dominican Republic.
However, the January 2022 value was below that in 2020 (US$3.4 million) due to the high level of Chinese imports (US$1.5 million) that accounted for 46 % of the total. In January of this year the main export destination was Mexico (US$0.7 million) a growth of 127% year on year, the Dominican Republic (US$0.65 million), an increase of 91%.
Sawnwood was also shipped to Vietnam (US$0.55 million), China (US$0.23 million), Ecuador (US$0.12 million), the US (US$0.10 million) and smaller amounts to Germany, Belgium and Spain. These last three destinations are recent additions. With 26% of all wood products sold abroad, sawn wood ranked second after semi-manufactured products (US $5.9 million).
In addition, construction products were shipped (US$0.31 million); other manufactured products (US$0.29 million); furniture and parts (US$0.18 million and plywood (US$0.16 million).
According to figures from the ADEX, the Association of Peruvian Exporters, Data Trade Commercial Intelligence System, in 2021 (January, December) shipments of sawn wood reached US$33.6 million, an increase of 35% compared to 2020 (US$24.9 million) and the highest in five years.
The largest buyer was China (US$10.7 million) with a 32% share and an increase of 5.4% year on year followed by the Dominican Republic (US$8.7 million, up 75%, Vietnam (US$4.8 million up 67%), Mexico (US$3.1 million, down 17% and Ecuador (US$2.4 million, up 89%.
Last year six new markets were added; Singapore, Belgium, Martinique, Finland, New Caledonia and Puerto Rico.

Currency exchange rate trends

USD per 1 Euro 12 months to June 2022



USD per 1 GBP 12 months to June 2022



EU27+UK imports of tropical sawnwood

EU27+UK import value of tropical sawnwood was US$806 million in 2021, up 14% on 2020 but down 1% compared to 2019 before the pandemic. In quantity terms, imports of 930,200 m^3 in 2021 were 11% higher than in 2020 but down 6% compared to 2019.

Average unit value of EU27+UK tropical sawnwood imports was USD867 per m^3 in 2021. This was only a slight increase compared to USD842 per m^3in 2020, a reflection of European importers heavy reliance on tropical sawnwood from Africa for which prices increased less dramatically during the pandemic than in other parts of the world. The share of EU27+UK imports of tropical sawnwood from African countries increased in 2021, mainly at the expense of Brazil and Malaysia.

Imports of 351,200 m^3 from Cameroon in 2021 were 16% higher than in 2020 but 1% less than in 2019. For Gabon, imports were 138,700 m^3 in 2021, up 35% on 2020 and 22% on 2019. Imports from Congo were 69,300 m^3 in 2021, 29% more than the previous year but still down 9% compared to the pre-pandemic level in 2019.

Imports from Côte d'Ivoire were 31,300 m^3 in 2021, up 8% compared to 2020 but down 20% on 2019. Imports from **Ghana** were 27,200 m^3 in 2021, a gain of 31% compared to 2020 and 2% up on 2019.

While EU27+UK imports of tropical sawnwood from African countries recovered ground last year, imports from Brazil and Malaysia continued to slide. Imports of 121,200 m^3 in 2021 from Brazil were 6% less than in 2020 and 20% down in 2019. For Malaysia, imports of 91,400 m^3 were 13% less than the previous year and 23% down compared to 2019.

Country news

Indonesia overtakes China as largest tropical plywood supplier to EU27+UK

EU27+UK import value of tropical plywood was US$312 million in 2021, up 31% compared to 2020 but only just matching the 2019 level. In volume terms, imports of 474,600 m^3 in 2021 were 3% up compared to 2020 but 18% down compared to 2019.

Unit value of tropical plywood imported into the EU27+UK last year was USD658 per m^3, 27% more than the previous.

In addition to the sharp rise in freight rates and generally higher international prices for plywood, the increase in unit value is also due to a significant shift in the balance of EU27+UK imports away from cheaper Chinese product towards higher value products, particularly from Indonesia, Gabon and Morocco.

EU27+UK imports of tropical hardwood faced plywood from China were 138,500 m^3 in 2021, 26% less than in 2020 and 48% down compared to 2019.

Meanwhile, imports from Indonesia increased to such an extent that the country overtook China as the largest supplier of tropical plywood into the region.

EU27+UK imports from Indonesia were 153,400 m^3 in 2021, 37% more than in 2020 and a gain of 4% compared to 2019. In contrast imports from Malaysia lost ground in 2021, falling 6% to 70,000 m3, after rising 23% the previous year despite logistical problems created by the pandemic.

There were positive trends in EU27+UK imports of tropical hardwood plywood from Gabon, Morocco and Thailand in 2021.

Imports from Gabon were 37,300 m^3 during the year, 39% and 32% more than in 2020 and 2019 respectively.

Imports from Morocco were 14,800 m^3, 32% and 26% more than in 2020 and 2019 respectively. Imports of plywood from Thailand were 8,600 m^3 last year, 65% more than in 2020 and more than double the 2019 level. Imports from **Ghana** accounted for 0.59% of the total for the same period.

EU27+UK imports of tropical hardwood plywood from Brazil were 15,400 m^3 last year, a gain of 23% compared to 2020 but still down 20% compared to 2019.

Brazil: Exports of wood products up 30%

In March 2022 Brazilian exports of wood-based products (except pulp and paper) increased 30% in value compared to March 2021, from US$326.9 million to US$424 million.

Tropical sawnwood exports increased 12% in volume, from 38,700 m^3 in March 2021 to 43,400 m^3 in March 2022. In value, exports grew 19.5% from US$14.9 million to US$17.8 million over the same period.

As for tropical plywood, exports declined in volume (- 4.6%) but increased in value by 14%, from 6,500 m^3 (US$2.8 million) in March 2021 to 6,200 m^3 (US$2.2 million) in March 2022.

Ghana: Accessing the North American Market

The forestry/wood product industry plays a crucial role in the economy of Ghana. Wood products exports consist of secondary wood products (lumber, boules, plywood, and veneer); primary products (billets and poles); and tertiary wood products (processed moldings, furniture parts, and dowels).

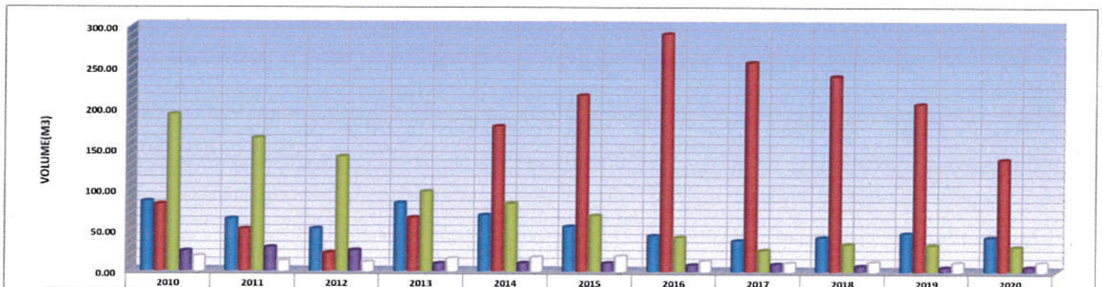
Ghana's timber export to the North American market (mainly Canada and the USA) has witnessed significant growth in the last five years. This growth demonstrates high prospects of growth potential for Ghana's timber and wood products to that destination market. Key wood products exported are: sliced veneer, rotary veneer, kiln-dried lumber, and air-dried lumber. Preferred traditional species are Mahogany, Edinam, odum, Cedrella, Sapelle, Teak, Wawa, Offram, and Denya. Also, substantial volumes of other lesser-known species including, Birikankum, Bombax, Celtis, Otie, and Akonkondie also featured prominently. To sustain this growth, there is the need to explore the option of exports of value-added tertiary products, *and lesser-known* species through aggressive trade and investment promotion. This was presented by Richard Duah Nsenkyire at IWPA 2022.

Export Performance to North American market (2017-2021)

YEAR	EXPORT VOL. (m3)	EXPORT VALUE (€)
2017	8,512.553	6,317,851.01
2018	9,793.905	7,352,513.34
2019	9,871.392	7,600,613.59
2020	10,871.757	7,204,465.52
2021	12,547.98	9,197,979.43

Source Ghana Forestry Commission

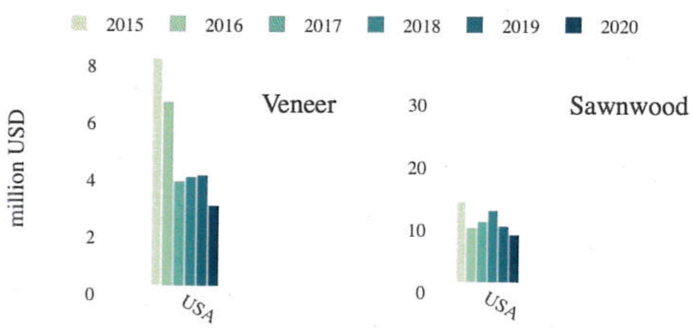
Market Destinations for Ghana's Timber Exports (2010 – 2020)



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
EUROPE	85.30	63.89	52.02	83.48	68.67	54.73	43.78	37.79	41.58	46.77	41.84
ASIA/FAR EAST	81.88	51.43	22.31	65.47	177.29	215.34	290.49	255.87	238.94	205.06	137.06
AFRICA	191.43	162.71	140.19	97.35	82.69	67.95	41.78	25.88	33.40	32.18	30.22
MIDDLE EAST	24.56	29.17	25.64	9.59	10.13	10.32	8.10	9.18	7.12	5.37	5.71
AMERICA	18.10	12.50	11.09	15.52	17.18	18.67	12.83	10.47	11.64	11.07	11.31

Source Ghana Forestry Commission

Ghana - USA timber trade trends



Source https://flegtimm.eu/country-profiles/ghana/

UK: shift in countries supplying tropical sawnwood

UK imports of tropical sawnwood started this year strongly. Imports were 15,800 tonnes in the first two months of 2022, 72% more than the same period last year and 32% more than the same period in 2020. In the January to February period, import value totalled US$270 million, 47% more than the same period in 2021 when imports were also high following a strong rebound after the downturn during the first COVID lockdown in 2020.

In fact, this was by far the highest value import of tropical wood and wood furniture products into the UK in any two-month period since at least before the 2008 financial crises.

The downward trend in hardwood prices has reversed since Russia's invasion of Ukraine.

Timber prices in the UK have been significantly affected by the war in Ukraine. The price of sawn or planed wood imported into the UK increased on average by 2.5% in March this year following five months of steady decline.

The price was also 11% more than in March 2021. The price of imported plywood also increased 2.5% in March this year and was up 28% compared to March 2021.

In addition to making major gains overall, there were big changes in the countries supplying tropical sawnwood to the UK in the opening months of this year. This is indicative of the major shifts in hardwood markets since the start of the pandemic which have led to significant supply shortages and sharply increasing prices in many supply regions along with continuing high levels of demand in markets like the UK.

UK imports from Malaysia, which had fallen to little more than a trickle in recent years, were 4,300 tonnes in the first two months this year, a 5-fold increase compared to the same period last year and nearly a 3-fold gain compared to the pre-pandemic level in the opening two months of 2020.

In contrast, UK imports of tropical sawnwood from the Republic of Congo (RoC) were only 1,100 tonnes in the first two months of this year which, while 43% more than the same period last year, were 68% less than the same period in 2020. Before the pandemic, the UK had been sourcing more sawn hardwood from RoC but this trend has faltered in the last two years.

However, there has been a big rise in UK imports from DRC, which were 1,900 tonnes in the first two months this year, a gain of 52% compared to the same period last year. UK imports from DRC were negligible before the pandemic.

UK imports of tropical sawnwood from Côte d'Ivoire were 800 tonnes in the first two months this year, a big increase compared to negligible imports in the same period last year and a 25% increase compared to the same period before the pandemic in 2020.

Imports of tropical hardwood sawnwood from Brazil also made gains from a small base, at 1,100 tonnes in the first two months of this year, 13% more than the same period last and 55% more than the same period in 2020.

Indirect UK imports of tropical sawnwood from other EU countries have fallen dramatically since the UK's departure from the EU single market on 1st January 2021. Total UK imports from EU countries were 2,600 tonnes in the first two months of this year, 30% less than the same period last year and 39% down on the same period in 2020.

UK imports of tropical hardwood mouldings/decking were relatively high in the opening two months of 2022, at 2000 tonnes, 88% more than the same period the previous year and 90% more than the pre-pandemic level in the first two months of 2020.

This is another commodity group for which there has been particularly strong demand in the UK, combined with sharply tightening supply since the start of the pandemic. And like in the plywood sector, the war in Ukraine and sanctions on Russia are expected to lead to even tighter supplies of non-tropical decking products that directly compete with tropical decking in the short to medium term.

UK imports of decking/mouldings increased sharply from Indonesia and Brazil in the first two months of this year. Imports of 751 tonnes from Indonesia were 230% more than the same period last year and 108% more than the same period in 2020. Imports of 490 tonnes from Brazil were 149% up on the same period in 2021 and 71% more than the same period in 2020.

EU tropical wood import value at highest level for a decade

In the first three months of this year, the value of EU imports of tropical wood and wooden furniture was at a level not seen for over a decade. The increase in the value of EU27 imports from tropical countries in the first quarter this year was concentrated in wooden furniture products, sawnwood and mouldings/decking

Import value was US$1.05 billion in the first quarter, a gain of 22% compared to the same period last year. It was also 16% up on the last quarter in 2021 when trade was already at a decadal high for that period of the year.

A large part of the gain in tropical wood import value in the first quarter this year reflected a rise in CIF prices, driven both by continuing high freight rates and severe shortages of wood and other materials due to logistical challenges during the global pandemic. In quantity terms, EU imports of tropical wood and wooden furniture products in the first quarter this year were, at 459,000 tonnes, up only 10% compared to the same period in 2021 and slightly below the pre-pandemic level of 479,000 tonnes in the first quarter of 2020.

The Drewry World Container Index shows that global rates for a 40 foot container, after peaking at US$10400 in the middle of September 2021 compared to US$2000 in the same month in 2020, were still in excess of US$9000 for most of the first quarter this year.

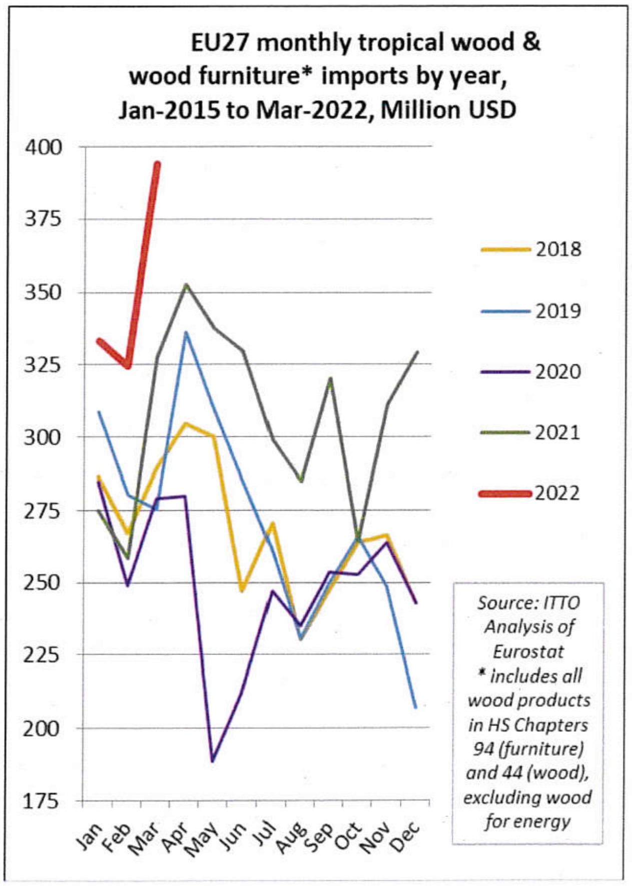
The index began to fall from mid-March this year but remains at an historically high level of US$7,600 in May. Nevertheless, a robust rebound in EU economic activity following the COVID downturn did play a role to underpin stronger trade in tropical wood products during the first quarter this year. Rising activity in key sectors such as furniture and construction, particularly in private sector renovation, maintenance, and improvement (RMI), coincided with severe shortfalls in the supply of tropical wood alternatives.

These shortfalls have become even more pronounced since Russia's invasion of Ukraine on 24 February greatly curtailed availability from Russia, Belarus and Ukraine. Together these three countries accounted for over 50% of all wood fibre imported into the EU for outside the bloc last year.

The curtailment of supplies from these countries is opening up new opportunities in the EU market for some tropical wood products, notably plywood and decking for which Russian birch and larch products have been important substitutes.

The first quarter import data doesn't reveal any increase in share for tropical wood in the EU market, unsurprising as the full impact of the war in Ukraine on wood supply in the EU had yet to be felt in that period. However, EU imports from Russia and Belarus did begin to decline during this period and early beneficiaries of the opening supply gap appear to have been Norway, China and, most notably, Brazil (non-tropical products only).

Meanwhile the war in Ukraine is having a severely detrimental effect on the wider European economy. Before the invasion, the EU economy was well positioned for robust recovery as COVID restrictions have been eased and as funds from the €723.8 billion Recovery and Resilience Facility are now being rolled out across the EU Member States.



HS Chapter - Harmonisation Strategy Chapter

US tropical hardwood imports rise

US imports of sawn tropical hardwood rose by 21% in March to their highest level in more than 10 years. The 28,129 m^3 imported in March marked the fourth straight month above the 20,000 m^3.

Total imports through the first quarter of 2022 were more than three times that of Q1 of 2021. Most of the increase for the month came in the category of "other tropical" woods which would appear to include woods counted as jatoba until this year. Official Jatoba imports are down 96% through the first quarter most likely due to reclassification rather than a marked change in trade volume. Imports of mahogany rose 13% in March and are up 103% year to date while imports of padauk rose 77% and are ahead 20% year to date.

Imports from Brazil and Indonesia were very strong throughout the first quarter of 2022. Imports from Brazil rose 34% in March and are up more than 10-fold year to date. Imports from Indonesia gained 87% in March and are up more than 15-fold year to date.

Imports from nearly all trading partner nations are up more than 10% through the first quarter with the exception of Ecuador. Imports from Ecuador rose 6% in March but are down 57% for the first quarter.

Canada's imports of sawn tropical hardwood rose 10% in March. The rise was driven by a 37% increase in imports from Cameroon and an 89% increase in imports from the US. Imports from Cameroon, Canada's leading supplier, are up 120% for the first quarter over 2021.

Imports from Brazil fell 75% in March and are down 37% so far this year. Total imports are up 38% through the first quarter.

US hardwood exports to India reach record high in 2021

The total value of American hardwood lumber, logs and veneer exported to India reached US$12.22 million last year despite global lumber shortages, uncertainty in freight rates and availability of containers, and generally increasing prices across all species. Overall exports of both US hardwood lumber and veneer to India were up year-on-year, while exports of logs continued their downward spiral, in line with the general shift seen in recent years by Indian buyers towards importing value-added kiln-dried lumber instead of logs.

The statistics, which have been compiled from the latest data released by the United States Department of Agriculture (USDA), reveal that total hardwood lumber shipped from the US to India increased by 292% in value to $6.5m, up from $1.66m in 2020, and by 288% in volume to 11,109m^3, up from 2,863m^3 in 2020.

At the same time, direct exports of American hardwood veneers to the market increased by 9% to reach $2.69m. The increases seen last year prove that 2020 was a temporary dip in an otherwise upward trend. The value and volume of logs exported to India declined by 3% to $3.03m and by 18% to 5,411m3 respectively.

The top five American hardwood species exported were hickory ($2.056m and 2,941$m^3$), white oak ($1.5m and 2,223m^3), red alder ($1.012m and 3,028$m^3$), red oak ($815,000 and 1,353m^3), and ash ($804,000 and 1,184$m^3$).

Significant increases were seen in the value and volume of exports of all species — hickory with 141% and 115% respectively, white oak with 454% and 375%, red alder with 4,013% and 3,548%, red oak with 731% and 696%, ash with 360% and 293%, walnut with 406% and 146%, and maple with 183% and 170%.

US hardwood plywood imports at 10-year high

US imports of hardwood plywood rose 4% in January as volume hit its highest level in the past 10 years. The January import volume of 394,184 cubic metres was 83% higher than that of last January on strong gains in imports from Vietnam and Indonesia.

Imports from Vietnam set a record monthly high and accounted for more than one third of all imports for the month. Imports from Indonesia nearly doubled last month's total and were up 31% over last January. Imports from Russia were also up sharply but will be watched closely in upcoming months as the US tightens its trade policy with Russia.

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