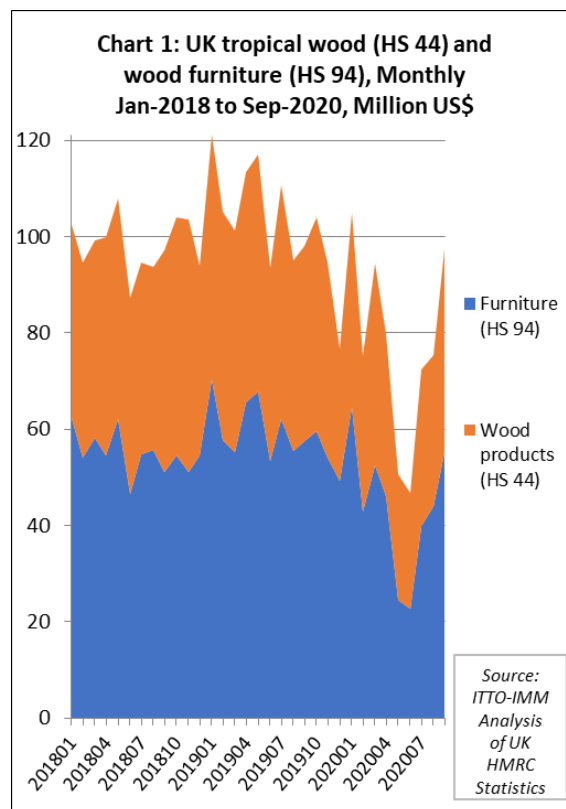


Rebound in UK imports continued in September but prospects less certain

UK imports of tropical wood and wood furniture products continued to rebound in September, with total value rising to USD97.6 million, 30% more than the previous month and the same level as in September 2019 (Chart 1). UK imports strengthened significantly in the third quarter, in line with the recovery in the broader economy and in construction activity and the housing market as lockdown measures eased during the period.

Prospects for the final quarter of the year are less certain, with signs that the economic recovery is losing momentum and the reintroduction of lockdown measures nationwide in England from 5th November, due to last for at least four weeks, in response to a sharp rise in COVID-19 cases.

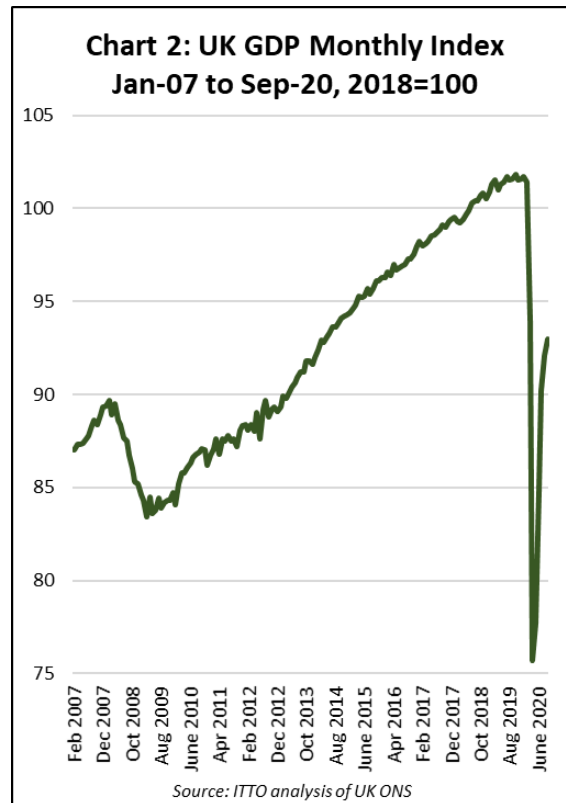
Meanwhile, the Brexit transitional period comes to an end on 31st December and according to the Economist, reporting on 12th November, there is “no trade deal in sight”. The Economist observes that “talks are continuing, but agreement is elusive on the most contentious issues: a level playing-field for competition (including limits to state aids), fisheries, and dispute resolution. Michel Barnier, the EU negotiator, says the talks are not currently on a path to a deal”.



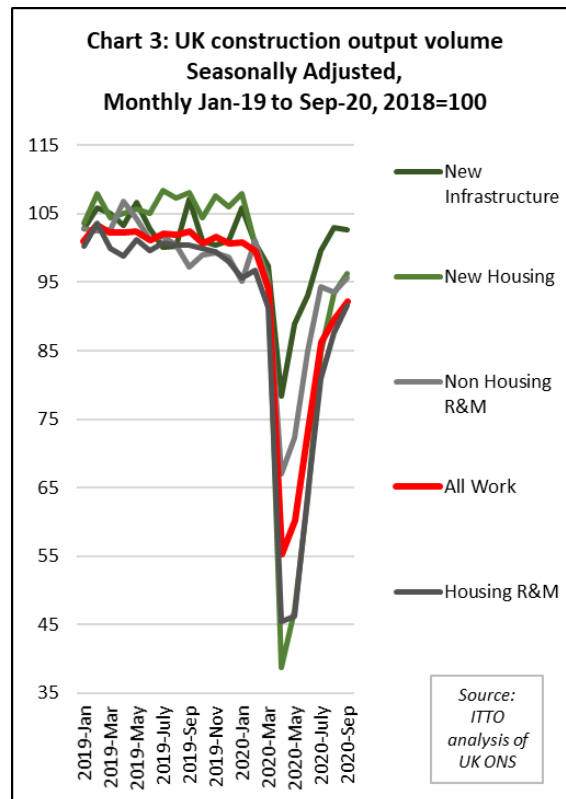
Total value of UK imports of tropical wood and wood furniture into the UK in the third quarter of 2020 was USD245 million, 39% more than the second quarter of the year. However, import value in the third quarter of this year was 19% below the same period of 2019. Import value in the January to September period this year was USD697 million, 27% less than the same period in 2019.

According to official UK statistics, GDP grew by 15.5% in the third quarter as restrictions on movement eased across June, July, August and September. Monthly GDP grew by 1.1% in September 2020, the fifth consecutive monthly increase following a record fall of 19.5% in April 2020. September 2020 GDP was 22.9% higher than its April 2020 low. However, it remains 8.2% below the

levels seen in February 2020, before the full impact of the COVID-19 pandemic. There was also a loss in momentum through the third quarter of 2020 (Chart 2).



UK construction output volume rebounded strongly between May and August this year following a record fall of 41.2% in April. However the pace of recovery in the sector slowed in September with growth of only 2.9% during the month. The latest increase is being driven primarily by new housing (Chart 3).



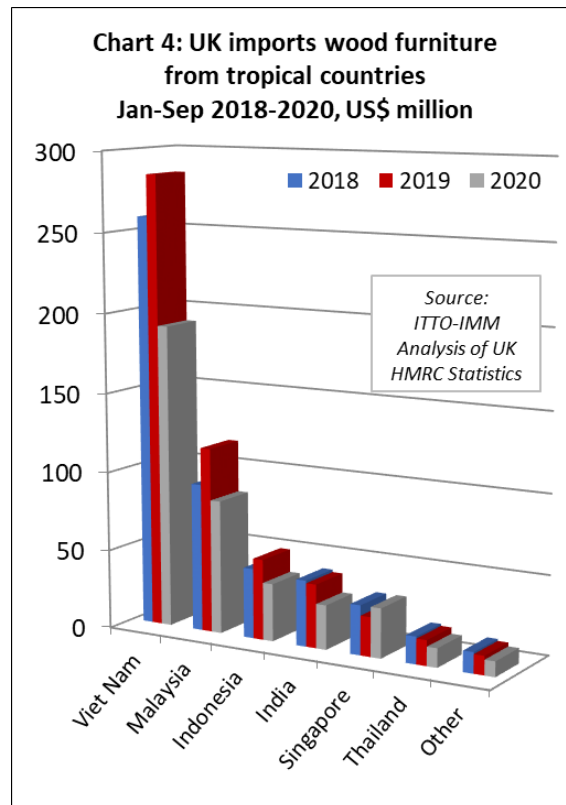
Despite recent recovery in the UK construction sector, output in September was still 7.3% lower than the level in February 2020 before the full impact of the coronavirus. The infrastructure and private new housing sub-sectors are the only components of construction to return to their peak since February 2020.

On a quarterly basis, the UK construction sector grew by 41.7% in the third quarter this year following a record fall of 35.7% in the second quarter.

UK tropical wood furniture imports gain momentum in September

Overall UK imports of tropical wood furniture products in the nine months to end September this year were USD392 million, 28% less than the same period in 2019. However, imports gained momentum during the month of September, rising to USD55.3 million compared to USD43.9 million in August and a low of only USD24.5 million in May during the first lockdown period.

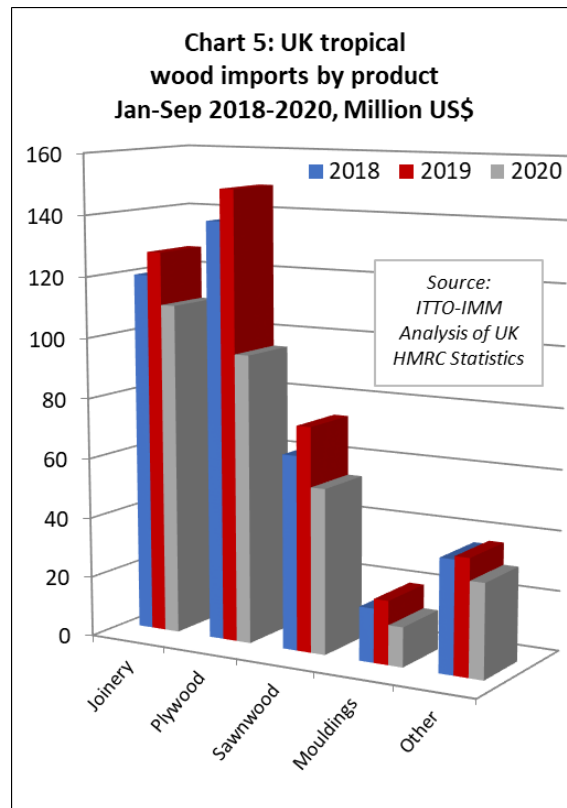
However, comparing the first nine months of 2020 with the same period last year, UK imports of wood furniture declined sharply from all the leading tropical supply countries (Chart 4). Imports from Vietnam were down 33% to USD191 million, imports from Malaysia fell 28% to USD84 million, imports from Indonesia declined 29% to USD36 million, imports from India fell 30% to USD28 million and imports from Thailand were down 25% to USD12 million. In contrast, there was a 25% rise in imports from Singapore, to USD31 million.



Significant recovery in total UK import value of tropical wood products in September

UK imports of all tropical wood products in Chapter 44 of the Harmonised System (HS) of product codes in the month of September were USD42 million, a significant recovery from only USD31 million in the previous month and well up on the historic low of only USD24 million in June. Imports in September this year were 5% more than in the same month of 2019.

However, comparing the first nine months of 2020 with the same period in 2019, total UK import value of tropical wood products was, at USD305 million, 26% less than the same period in 2019. Import value of joinery products was down 14% at USD110 million, tropical plywood was down 36% at USD95.7 million, tropical sawnwood fell 26% to USD54.7 million, and mouldings/decking declined 38% to USD13.1 million (Chart 5).

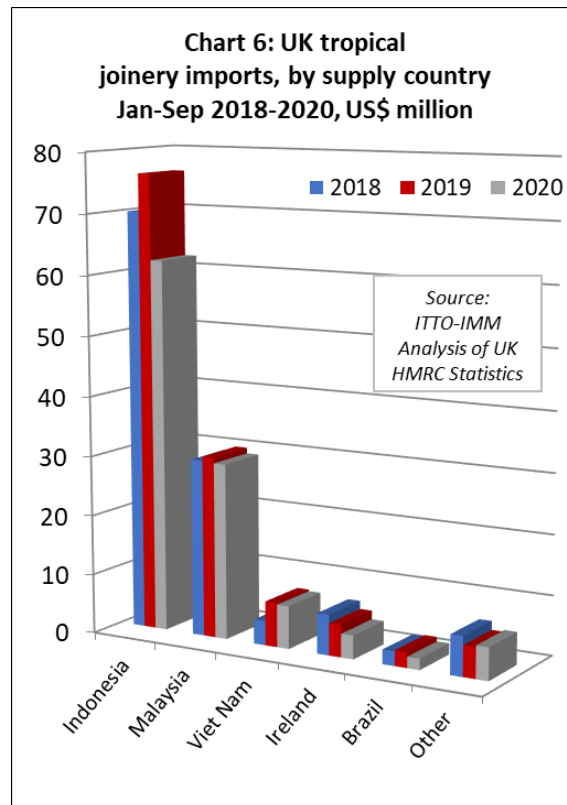


Signs of recovery in UK imports of wooden doors from Indonesia

After making gains in 2019, UK imports of tropical joinery products from Indonesia, mainly consisting of doors, fell 19% to USD62 million in the first nine months of this year (Chart 6). UK imports of wooden doors from Indonesia made up ground in September after very low imports in June, July and August.

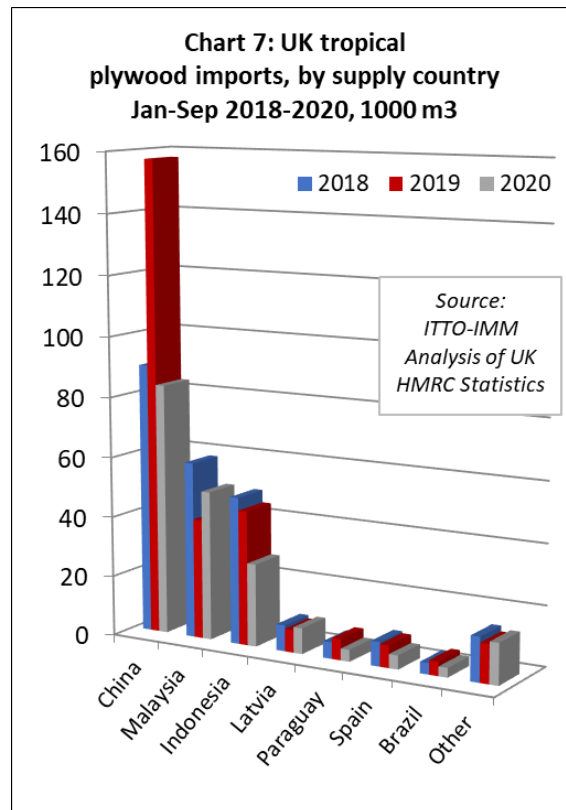
After a strong start to the year, UK imports of joinery products from Malaysia and Vietnam (mainly laminated products for kitchen and window applications) stalled almost completely in May before recovering slowly in the summer months and gaining momentum in September. Total joinery imports in the first nine months were down 3% from both Malaysia and Vietnam, to USD29.4 million and USD7.5 million respectively.

UK trade in joinery products manufactured from tropical hardwoods in neighbouring Ireland have also fallen dramatically this year, down 27% to USD3.9 million in the first nine months.



UK imports of tropical hardwood plywood from China rising in September

The UK imported 83,500 cu.m of tropical hardwood faced plywood from China in the first nine months of this year, 47% less than the same period last year (Chart 7). UK imports of plywood from China ground to halt earlier this year when China went into lockdown. There were hardly any deliveries from February through to early April and UK importers were forced to live off inventories. However imports picked up during the summer months, rising into September with the arrival of significant volumes under delayed contracts.



Likely due to supply problems in China, UK imports of plywood from Malaysia, which were in long term decline before this year, have recovered some ground during the pandemic period. Despite significant slowing in May, imports from Malaysia were still up 24% at 49,500 cu.m for the first nine months of the year.

In contrast to Malaysian plywood, UK imports of Indonesian plywood fell 39% to 27,500 cu.m in the first nine months of the year. In addition to supply problems during the pandemic, Indonesian plywood has come under very intense competitive pressure from Russian birch plywood this year.

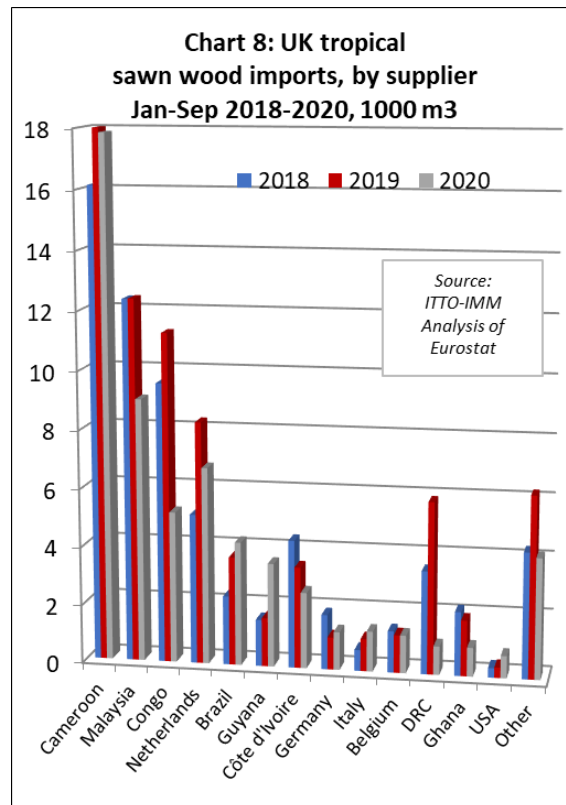
UK imports of tropical hardwood plywood from South America declined in the first nine months of this year, down 44% from Paraguay to 3,900 cu.m and down 44% from Brazil to 3,100 cu.m.

In recent years, the UK has been importing small volumes of tropical hardwood plywood from Latvia and Spain. In the first nine months of 2020, imports increased 13% to 8,500 cu.m from Latvia but fell 38% to 4,600 cu.m from Spain.

UK tropical sawn hardwood imports recover ground in the third quarter

The UK is now a relatively minor market for tropical sawn hardwood, importing less than 100,000 cu.m in each of the last two years, making it only the fifth largest European importer for this commodity (after Belgium, Netherlands, France and Italy).

While the UK trade in sawn tropical hardwood fell sharply in May and June this year, there was some recovery in the third quarter, particularly from Cameroon and Latin America. However imports were still down from most major supply countries by the end of September (Chart 8).



UK imports from Cameroon, the leading supplier, declined sharply in June this year to just below 1000 cu.m for the month, but rebounded strongly to an average of 2600 cu.m per month in July, August and September. Total UK imports from Cameroon in the first nine months of the year were down only 4% compared to the same period in 2019.

In contrast to Cameroon, UK imports from other African supply countries have been extremely slow this year, declining sharply during the first lockdown and yet to show any signs of recovery. In total in the first nine months of the year, imports from the Republic of Congo declined 54% to 5,200 cu.m, imports were down 25% to 2,600 cu.m from Côte d'Ivoire, down 84% to only 976 cu.m from DRC and down 48% to 985 cu.m from Ghana.

UK imports from Malaysia were 9,000 cu.m in the first nine months of 2020, 27% less than the same period in 2019. However imports from Malaysia, having fallen to just 315 cu.m in June (which surely must be an all-time monthly low for this trade), had recovered to 1356 cu.m for the month of September.

The UK imported 6,750 cu.m of tropical sawnwood indirectly via the Netherlands in the first nine months of 2020, 19% less than during the same period last year. However, there was significant growth in this indirect trade in 2019 and imports so far this year are higher than in the same period in 2018.

UK imports of sawn tropical hardwood from South America, although still limited, have been more buoyant this year than in 2019 despite the pandemic. Imports from Brazil increased 14% to 4,200 cu.m in the first nine months of 2020, with particularly good volumes arriving in July before falling away in August and September.

UK imports from Guyana increased 113% to 3,550 cu.m in the first nine months of the year with reasonably consistent volume averaging around 600 cu.m arriving each month since April. The UK is currently the only European country importing commercial volumes of wood from Guyana on a regular basis.

STTC Conference to consider tropical wood contribution to green recovery in Europe

The core theme of the online 2020 Sustainable Tropical Timber Coalition (STTC) Conference, due to be held online on 19 November, will be how the sustainable tropical timber sector can take the opportunity of and contribute to a post-pandemic reboot of the global economy on cleaner, greener lines.

In introducing the Conference, STTC - an alliance of industry, business, government and NGOs dedicated to increasing European demand for verified sustainable tropical timber - notes that:

“the priorities of businesses worldwide are shifting due to the economic uncertainties caused by the Covid-19 pandemic. Many are in survival mode. At the same time, there is growing appreciation across industry, amongst politicians and societies more broadly that we should not aim simply to go back to business as usual. In line with such strategies as the EU Green Deal and as stated among others by the new European Green Recovery Alliance of NGOs, businesses and politicians, the goal should be a lower environmental impact new normal. The focus is increasingly on establishing a sustainable circular bioeconomy”.

The circular bioeconomic model will be a central STTC Conference topic; how it operates, its benefits and how the timber sector and the tropical timber sector in particular can form a key component of a bioeconomic future. Perspectives will come from circular economy specialists, producer countries, urban authorities and bioeconomic business innovators.

STTC Conference speakers will examine the wider effects of the pandemic, notably, by underlining our interdependence and vulnerability, the renewed focus it has put on that other global crisis facing us – the climate emergency. The EU Green Deal will also be discussed, with its pledges to support deforestation-free value chains, restore biodiversity, eliminate net EU greenhouse gas emissions by 2050 and boost efficient use of resources by moving to a clean, circular economy.

The event will include presentations, panel discussions, question and answer sessions and delegate thematic sessions. One of the keynotes will be delivered by Lee White, Minister of Water and Forestry in Gabon, responsible for the implementation of the announcement by President Ali Bongo in 2017 that all Gabonese forests have to be certified for sustainable forest management by 2022.

Another keynote will be delivered by Hugo Schally, Head of Sustainable production, products and consumption, DG Environment, who is coordinating and developing the European Commission’s work on the links between trade and environment as well as on deforestation and forest degradation.

The STTC Conference is free of charge and takes place online on Zoom from 09.00am to 13.00pm CET on Thursday November 19. For registration:

<http://www.europeansttc.com/19-november-2020-online-conference-holding-the-line/#tab-id-1>