

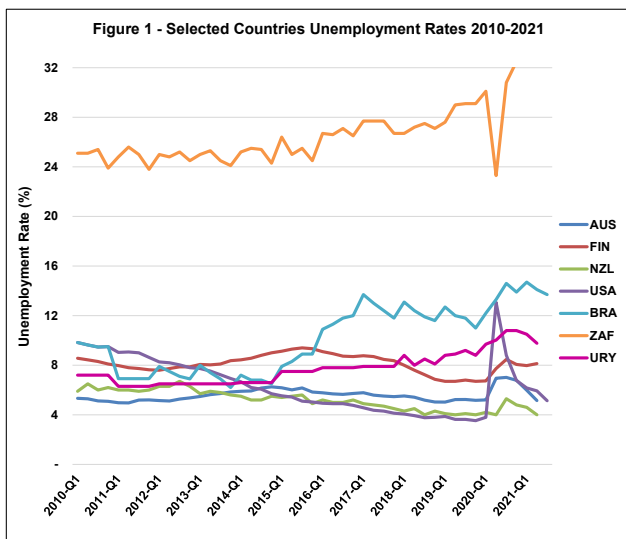
Timberland Market Update

Global Consulting Alliance

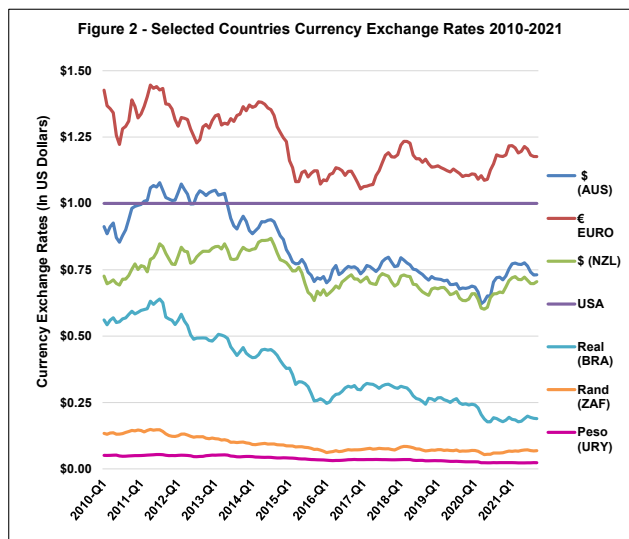
Quarterly Edition September 2021

ECONOMIC DASHBOARD

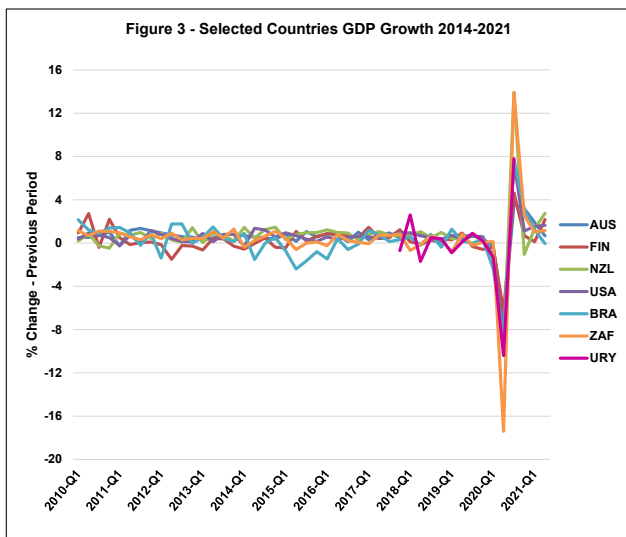
Figures 1 to 4 illustrate four key macroeconomic indicators as observed over the past decade, on a quarterly basis. These can be useful particularly to monitor the effects of the COVID-19 pandemic. Figure 4 rates are nominal.



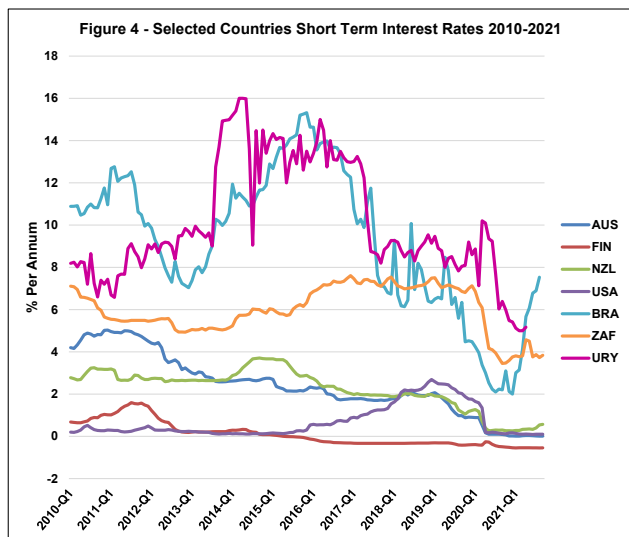
Sources: OEDC, Brazilian Institute of Geography and Statistics, macrorends.net (World Bank), Statistics South Africa



Source: Federal Reserve, Uruguay Statistics National Institute



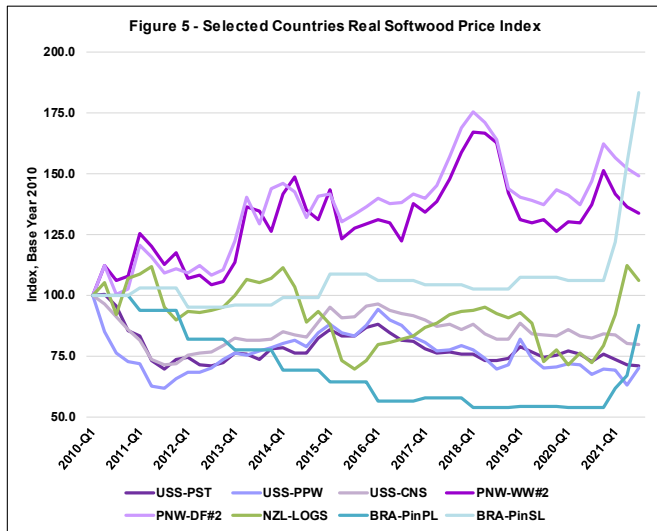
Source: OEDC



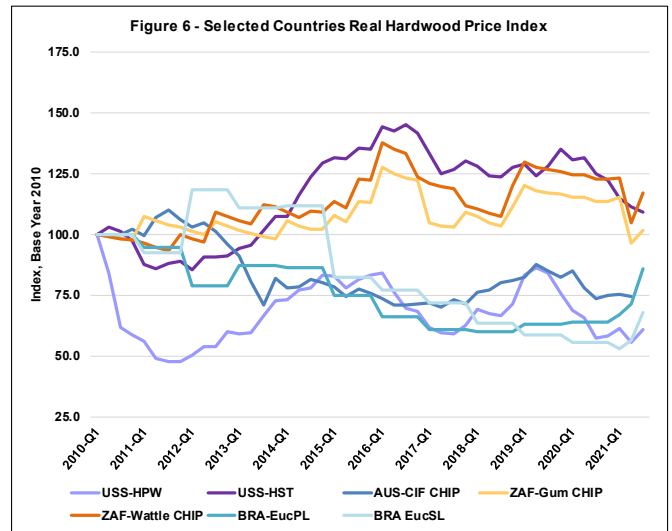
Source: OEDC, FRED - St. Louis Fed

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Figures 5 and 6 show indexed real pricing for select softwood and hardwoods – with Q1-2010 the base quarter-year.



Source: Timber-Mart South, RISI Log Lines, AgriHQ; USS = US South, PNW = US Pacific Northwest



Source: Timber-Mart South, RISI Log Lines, NCT; USS = US South

Legend:

USS-PST = US South Pine Sawtimber, USS PPW = US South Pine Pulpwood, USS-CNS = US South Chip n' Saw, PNW-WW#2 = US Pacific Northwest Whitewood #2 Saw Avg. Columbia River, PNW-DF#2 = US Pacific Northwest #2 Saw Avg. Columbia River, NZL-LOGS = New Zealand Softwood Logs Composite, BRA-PinPL = Brazil Pine Pulplogs, BRA-PinSL = Brazil Pine Sawlogs.

USS-HPW = US South Hardwood Pulpwood, USS-HST = US South Hardwood Sawtimber, AUS-CIF CHIP = Australia Hardwood CIF Chip, ZAF Gum CHIP = South Africa Gum CHIP, ZAF Wattle CHIP = South Africa Wattle Chip, BRA-EucPL = Brazil Eucalyptus Pulplogs, BRA-EucSL = Brazil Eucalyptus Sawlogs.

ECONOMIC HIGHLIGHTS

Global

- The International Monetary Fund (IMF) has cut its global growth forecast from 6% projected in July to 5.9% in October 2021. Reasons given are persistent supply chain constraints and rising inflation during Q3 2021. The US growth projection was revised from 7% to 6%, Germany's projection was adjusted to 3.1% and Japan's growth projection to 2.4%. China's growth forecast was reduced by 0.1 points to 8% while the ASIAN-5 group's forecasted growth was reduced by 1.4 points.
- The global container shipping crisis continued during Q3 with a shortage of containers, increasing delays in delivery times and rising shipping costs. The crisis was exacerbated by port closures in China due to COVID-19 such as at Ningbo-Zhoushan port in August and in the UK by a shortage of truck drivers to transport containers to their destination. The chief executive of Hapag-Lloyd, Rolf Habben Jansen, was quoted in August as saying that the situation will only ease in the first quarter of 2022 at the earliest.
- US GDP – forecasters have been steadily revising forecasts of real GDP growth to account for expected impacts of the COVID-19 pandemic as well as the associated fiscal and monetary policy responses. The third estimate for Q2-2021 GDP growth from the Bureau of Economic Analysis showed that the economy grew at an annualized rate of 6.7%. Economic recovery predictions for 2021 improved in the first half of the year, but a wave of COVID-19 brought on by the Delta variant dampened optimism. GDP growth was hindered further by

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widespread supply chain disruptions and labor shortages despite robust consumer demand. In June, two leading industry forecasters estimated a range of 6.5% to 7.5%, and in July, the US Congressional Budget Office estimated 7.4% GDP growth, but by the end of the summer, the same industry forecasters were revising projections 6.1% to 6.3% for 2021 and 4.0% to 4.1% for 2022.

- US Unemployment – The Bureau of Labor Statistics reported that unemployment averaged 4.8% in September 2021. Prior to the economic effects of the pandemic, the US unemployment rate had hovered around 4% since 2017. Since most restrictions to contain the spread of COVID-19 have been lifted, demand for goods and services has been high. One recent industry analysis estimated that unemployment will average 5.7% in 2021 and fall to 4.5% in 2022.
- The IMF released its World Economic Outlook in early October. The updated outlook for Europe suggests a recovery of 5.1% for 2021 and 4.4% for 2022.
- Surging gas prices has driven up inflation across Europe and is worrying the International Energy Agency (IEA), which requested Russia in early September to send more gas to Europe to help alleviate the crisis. This is due to an increase in demand globally, following a series of cold weather events in the Northern Hemisphere, and the pipeline flow limitation from Russia and Norway which led to lower storage of natural gas.
- Brazil – As usual, the year-start market forecasts for 2021 did not come true. Except for GDP, which is expected to close 2021 at 5% against a January estimate of 3.4%, all other economic indicators deteriorated significantly. In December, inflation should be at 8.5% p.a. (versus 3.3% in January), the exchange rate at 5.2 (versus 5 BRL/USD), and the base interest rate at 8.3% p.a. (versus 3%). Expectations for 2022 are negative as the government has not made progress with the expected fiscal and administrative reforms, and the international scenario is pessimistic for international commerce. The financial market predicts a GDP of 1.5%, a devaluated currency (5.25 BRL/USD), and a base rate of 8.8%.

REGIONAL MARKET UPDATES

Asia Pacific

- Based on Consensus Economics' September 2021 edition, Australia's economy is expected to grow by 3.8% in 2021, moderating to 3.6% in 2022. This downwards adjusted outlook followed extended COVID-19 related lockdowns that affected NSW and VIC states during Q3. Both Indonesia (2021: 3.4%, 2022: 5.2%) and Malaysia (2021: 3.1%, 2022: 5.7%) are expected to see growth rates in 2022 surpassing 2021 growth rates but rates have been revised downwards during Q3. New Zealand's outlook is 4.7% in 2021 and 3.5% in 2022, revised upwards since Q2. The GDP outlook for China is 8.4% for 2021, declining to 5.6% in 2022 with considerable uncertainty due to spiraling debt problems in China's property sector and national electricity shortages.
- The Reserve Bank of Australia (RBA) has left the national cash rate unchanged at 0.1% in September as the economy faces a worsening outlook on all fronts and a potential recession. The RBA noted that the impact is uneven, with some areas facing very difficult conditions while others are continuing to grow strongly. Unemployment is expected to tick up in the next few months. The expectation is for the economy to recover to pre-Delta growth rates by the middle of 2022.
- New Zealand's Reserve Bank raised the cash rate 25 basis points to 0.50% in its 6 October Monetary Policy announcement a month later than initially expected due to the September COVID-19 outbreak. This is the first increase in seven years and marks the start of a steady strengthening cycle in an attempt to control inflation and runaway housing prices. Despite the increase being priced into mortgage rates, many banks seized the opportunity to further increase rates with floating rates now around 4.6%. Quotable Value, the largest property valuer in New Zealand, reported a September quarter increase in housing prices of 3.6% and a 26.3% year-over-year change. Pandemic induced supply chain issues affecting building products remains the major limitation to increased housing supply. Unemployment currently sits at around 4.2% including the impacts of the latest lockdowns.

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- Chinese trade restrictions on Australia continue affecting the export of roundwood but not woodchip. There is no expectation for improved diplomatic relations any time soon. Some Australian softwood log exporters are reporting positive outcomes entering the India log market. However, export log volumes will remain restricted to a limited number of log grades as overall, log supply remains tight following the Black Summer bushfires and the conclusion of salvage logging operations.
- New Zealand's June quarter softwood production and export volumes were +48% and +49% respectively ahead of the same quarter in 2020 affected by COVID-19 lockdowns. The A grade export price continued to break records up to July with CFR prices in June in the mid USD 190s/JAS m³. After reaching a peak in June, CFR export prices crashed in July by ~USD 30/JAS m³ to USD 160/JAS m³ for A grade. There has been some subsequent recovery in prices during August and September with prices now sitting at ~USD 177/JAS m³. Shipping costs have continued to increase and now exceed USD 68/JAS m³ representing close to an all-time high. The recent increases have mostly been driven by port delays increasing demurrage costs. Wharf gate prices for exporters have recovered ~10% with increased shipping partly offsetting increased prices but with the benefit of a recent minor (~4%) weakening in the exchange rate. Although wharf stocks in China appear at reasonable levels (4.5 million m³), AgriHQ report that large volumes remain on vessels waiting to unload, possibly increasing effective stocks to an alarming ~7 million m³. The shipping situation is unlikely to correct quickly as China imposes strong restrictions on port operations to control continuing COVID-19 outbreaks.
- China is applying controls to gradually withdraw liquidity from markets and to minimize stimulus. Additional crackdowns on education, internet and property markets are increasing economic stress. A key government objective has been to curtail debt funded construction and restrict house price growth to reduce inequality. The failure of Evergrande Real Estate with US 300 billion in debt, one of China's largest property developers is one fallout. Market watchers are waiting to see what the Chinese government's response will be. The ramifications for short to medium-term timber demand are likely to be considerable.
- Based on an extrapolation of total YTD (August 2021) hardwood woodchip imports, China's woodchip imports are expected to reach 15.3 million BDMt, up 16% on CY2020 imports. Vietnam's hardwood woodchip supply to China is expected to increase from 7.8 million BDMt in CY2020 to 9.5 million BDMt for CY2021 (21% increase). However, there is uncertainty about the impact of the current wave of COVID-19 affecting Vietnam going forward. Hardwood woodchip supply from Australia to China is expected to decrease ~4% compared to CY2020.
- Japan's import of hardwood woodchip year to date (August 2021) extrapolated through to December 2021 is expected to increase by ~17% relative to CY2020. Japan's import of Vietnamese chip is expected to be up ~24% for CY2021 and Australian chip imports are expected to increase by 49% from ~1 million BDMt in 2020 to ~1.6 million BDMT in 2021.
- South Korean import demand for hardwood woodchip is expected to increase by ~10% in CY2021 compared to CY2020 using Vietnamese woodchip supply.
- Chinese BHKP market pulp prices peaked in April 2021 at ~USD 758 and since declined to ~USD 620/ADt. The expectation is that prices will hold above the USD 600/ADt level, but this level will be tested as more capacity comes online during the latter part of 2021.
- Gresham House / AXA IM acquired Green Triangle Forest Products (GTFP) from Global Forest Partners (GFP) in late July 2021. A sales price in excess of AUD 700 million for this 24 800 ha estate was reported, suggesting a value north of AUD 28 000 per hectare inclusive of the land.
- Australia is continuing to experience a shortfall in softwood sawlogs and sawn timber following the government's HomeBuilder grant that ended on 31 March 2021. HomeBuilder was designed to support the residential construction sector through the COVID-19 economic slowdown. Anecdotal evidence suggests shortages of sawn timber continue to cause construction delays and increases in timber prices.
- In New Zealand, a large increase in townhouses, flats and unit housing approvals outweighed reduction in stand-alone houses and apartments for a 6.6% increase in August housing consents over July. Demands on building contractors remains high with many having confirmed work orders out to the end of 2022. Materials shortages remain a major constraint.

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- The New Zealand government has approved significant changes to the Emissions Trading Scheme which will shortly be enshrined in legislation to become effective in 2023. These changes will simplify the situation for forest owners by bringing in averaging stabilizing forest owners cash flows and reducing risks. In the latest auction, the government released its cost containment reserve in an attempt to moderate prices. Despite this, secondary market prices have continued to increase strongly and are now at NZE 64.50/NZU.

Europe

- The current demand for most wood assortments remains quite strong although an imbalance between sawnwood and pulpwood demand in the Finnish and Swedish wood markets has been experienced despite downtime taken in many sawmills during late spring and summer this year. The wood products markets in the Nordics and Central Europe (including the UK) have remained exceptionally strong and many sawmills are expected to aggressively chase sawlogs in the coming months. The demand for sawn timber has further been boosted by exports driven by the unexpectedly good construction market in the United States, both in terms of "do it yourself" and new housing construction. This could further increase the already large stocks of pulpwood and place further negative pressure on pulpwood prices.
- The market conditions for the European industry have continued in quite a similar pattern as during the first two quarters of this year, although the pulp market slowed down in the summer. The price of long fiber kraft pulp has decreased from its latest peak in the spring due to soaring global producer stock levels. Many pulp mills postponed their annual maintenance shut down from summer to autumn, a partial reason for stocks on record high levels for long-fiber kraft pulp. There are mixed signals and uncertainties related to the Chinese markets. If the production curtailments in the Chinese paper and board industry starting in September continues, the pulp market will suffer. If not, the Chinese demand will slowly start picking up and improve the pulp market balance, if not in the short-term, at least in a mid-term perspective. However, it will probably take some time before Nordic producers can gain from price increases.
- Pulp markets have also been affected by the continuous decline in demand for graphical paper. Demand for graphic paper has almost collapsed with severe impact on Nordic producers. Volumes decreased by almost 30% during the second quarter of this year. Several machines' shutdowns have been announced. UPM will close the Kaipio mill in central Finland by the end of the year. SCA will close its entire printing paper business at the Ortviken mill in Sweden. Together with Stora Enso's machine conversion and shut-downs in Oulu, some 2.6 million tons of Nordic, mechanical pulp-based, magazine paper capacity will be taken out from the markets by the end of this year. The impact on wood consumption is almost on the similar level, partially offset by SCAs announced 300 000 t/a CTMP pulp line investment.
- The European packaging markets have remained relatively stable during the last quarter, so has prices. Kraftliner prices have remained almost unchanged, but price increases of EUR 50/t have been announced for this month. Some price increases have already gone through in Italy, and test liner prices continue to increase, especially in Central Europe. The carton board market remains tight. Especially the FBB producers are pushing for price increases and lead time for deliveries are exceptionally long. The lack of supply from non-European producers will result in tight market balance for a foreseeable future.
- With the strong demand for sawn wood in 2021, sawlog prices in Europe have experience a significant increase. The European Sawlog Price Index (ESPI) was EUR 96/m³ in August, an all-time high. Germany recorded prices of up to EUR 125/m³ for medium diameter spruce logs (less than 30 cm in diameter), an average increase of 92% against last year, and the Austrian spruce/fir log price index reached 160.6 percentage points in July, also a new record. The increase in price also impacted the secondary wood products market, such as wood-based panels and engineered products. According to EUWID price watch, an increase of +30% for plywood, +140% for OSB, +45% for particleboard and +82% for glulam against the start of 2021. However, recent reports suggests that prices have been stabilizing since September due to lower demand over the European summer holiday period.
- The high demand and increasing prices for sawn wood and panel board products has led to an increase in new investment across the continent in different industry. Such as Vida (Sweden) which announced an increase in

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drying capacity (an increase of 400 000 m³) for six of its sawmills by 2022. Rettenmeier Baltic Timber (Latvia) published its plan for a new log yard and a new sawmilling line (capacity of 1 million m³ per year each) by 2024 for around EUR 10 million. Schilliger Holz (Switzerland) wants to invest in a new insulating board plant by 2023, with an annual capacity of 350 000 m³. Other projects in Poland and France with capacity ranging from 500 000 m³ to 1 million m³ are also expected to kick-off in 2022.

North America

- US housing starts rose to 1.615 million units (SAAR) in August, up 3.9% from 1.554 million units in July and up 17.4% from 1.376 million units year-over-year when pandemic lockdown recovery was not yet full strength. Starts in 2020 totaled 1.38 million units, which was an increase of 7.0% over the 2019 total of 1.29 million units. Total housing starts in 2021 are projected to be in the range of 1.54 million units to 1.61 million units. Some slipping from these targets has been occurring intermittently although analysts believe that this is due to building supply and labor constraints and that housing fundamentals remain strong. That said, some predict that growth will slow in 2023 before resuming in 2024 and 2025.
- American pulpwood prices vary by region. Prices in the US South are expected to increase modestly over the next five years to USD 9.40 per green ton for softwood pulpwood stumpage and USD 9.30 per green ton for hardwood stumpage. Increased demand for OSB and wood pellets will promote rising prices, while higher availability of residuals from increased lumber production will apply some downward pressure. In the Northeast, demand is projected to increase with prices reaching USD 24.00/cord for hardwood and USD 17.40/cord for softwood by 2025. In the North Central Region, prices are projected to continue to head lower in 2021 and 2022. However, by 2023 through 2025 it is anticipated that demand will improve with increased consumption from panel mills, and prices reaching USD 37.40/cord for hardwood and USD 31.30/cord for softwood.
- Pacific Northwest Douglas-fir log prices remained stable for the first half of 2021 despite robust demand in end-use products, then began to increase due to concerns of another severe fire season. Salvage logs from the enormous 2020 Labor Day fires have increased supply, while mill capacity is still suppressed due to pandemic-related labor issues. Price averages for 2021 are projected to be USD 778/MBF for West Coast Doug-fir logs (+11% from 2020) and USD 558/MBF for Whitewood logs (+7% from 2020). West Coast Doug Fir #2 logs are trading around USD 840/MBF, delivered, and whitewood logs are trading around USD 630/MBF. The US West region is expected to increase exports of sawtimber logs to 0.84 BBF in 2021.
- The Framing Lumber Composite Price (Framing Lumber, Southern Pine, OSB, Structural Panels, Studs, Western S-P-F) experienced continuing price variance and volatility in 2021 as demand rose much higher than supply due to COVID-19 labor related issues. Rising housing starts and the strong repair and remodeling sector were drivers of high demand. The Composite Price Index reached a new record high of over USD 1500 in May. As supply began to increase, prices began a steep slide that ended at USD 389 in August. Prices gradually increased to USD 516 as of this writing, which is in the historically normal range.
- US Hardwood lumber utilization 2021 estimates at mid-year show that annualized consumption is trending at 7.06 BBF. While exports are up 11.5% and demand for cabinets and flooring are high, imported cabinets are taking up market share to keep up with demand caused by the pace of housing starts and the repair and remodeling sector. Pallet consumption is down 10.9% despite record high shipments of durable goods, with lack of available wood material and transportation issues being cited as the cause.
- In 2021, high wildfire activity continued with an estimated 800 000 acres again burning in Oregon, 413 717 acres in the enormous Bootleg fire. Almost one million acres burned in the near record-breaking Dixie fire in California, while estimates say around two million acres have burned in California so far. Climate change and drought have been blamed for exacerbating wildfire conditions in the US west. While 2021's Atlantic storm season was not as prolific as last year, it was the fourth most costly, causing approximately USD 69.513 billion in damage. The most substantial of this year's storms was Hurricane Ida, a category 4, 150 mph storm when it struck Louisiana near Port Fourchon. Hurricane Ida is tied with Hurricane Laura for fifth most powerful storm

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to make landfall in the continental US. The storm also spun off a system of devastating tornadoes over the eastern US and caused catastrophic flooding in New York City and the Northeast.

- US Timberland transactions brought excellent results for timberland investors in Q3 2021, with multiple strong competitive offers coming in to secure well-priced sales and bolster confidence in markets. With the activity currently in the pipeline, 2021 transactions could reach almost USD 3 billion by the end of year. The majority of Q3 transactions took place in Oregon and Washington, with a few in California, Texas, Georgia, multiple Southeast states, and Maine. Notables include a partial close of 12,700 acres for USD 87 million or USD 6 800 per acre by Rayonier to a private buyer of one of its Gemini blocks in western Washington. In other news, carbon and climate action funds are bringing new participants into timberland investing worldwide. Amazon launched a USD 1 billion Agroforestry and Restoration Accelerator with their partner The Nature Conservancy. Goldman Sachs started their Restore Fund, HSBC opened their Pollinator Fund, JP Morgan acquired TIMO Campbell, and The Nature Conservancy is partnering with the BTG Pactual Timberland Investment Group (TIG) on an USD 850 million fund.

South America

Brazil

Despite a negative economic context, the positive impacts of the pandemic on the Brazilian forest sector persist. Between Q1-2020 and Q3-2022, the Eucalyptus value chain's primary products exports grew by 6% in volume, 20% in USD, and 63% in BRL. As to the Pine productive chain, exports grew 27% in quantity, 116% in USD, and 192% in BRL. Expectations are that, slowly, the forest economy will return to its pre-pandemic course. The global production and export cost recent increases and the demand fall already point to this path.

The following bullets summarize the highlights and lowlights concerning the industry performance between the 3Q-2020 and the 3Q-2021.

- Pulp: BEKP exports increased marginally in volume (3%) but significantly in revenue (30% in USD and 49% in BRL). Despite the recent pulp price reduction, the industry should continue to perform well due to the growing consumption of packaging and tissue papers. The new industrial projects (Bracell, Suzano, LDC, and UPM-UY) should limit price increase.
- Composite Panel: GDP recovery in 2021 allowed this industry to recover domestic sales with significant profit margins. Exports should continue to function as a strategic hedge, offsetting a possible drop in domestic sales in 2022.
- Charcoal: Producers still benefit from pig iron exports. Although exports dropped by 11% in volume in the last 12 months, USD revenue grew 58% and the BRL 81%. Although charcoal price reductions are expected due to pig-iron export decrease, Eucalyptus wood prices will not be equally penalized. This gap is primarily because wood productivity has significantly decreased in Minas Gerais, and neighboring pulp industries will continue to purchase wood in Minas Gerais.
- Lumber: Pine lumber exports grew significantly in the last 12 months, both in volume (14%) and sales (68% in USD and 90% in BRL). However, export performance will probably decrease in the short term, primarily because of logistic cost upsurge, international lumber production increase, and demand reduction.
- Plywood: This was the segment with the best performance in the last 12 months, with exports growing 20% in volume, 164% in USD, and 195% in BRL. This market is also returning to its pre-pandemic context.
- Molding: Its exports performed remarkably similar to the lumber one, growing 7% in volume, 63% in USD, and 84% in BRL. However, its outlook is more optimistic because moldings are a niche market and not a commodity one.
- Wood Prices: Due to the boom in exports, prices of Pine and Eucalyptus wood assortments increased by 30% to 70% from Q3-2020 to Q3-2021, taking forest profitability inside the estimated range for sustainable forestry. However, this increase was followed by a 20% to 30% rise in capex and opex, damaging this economic gain. In the specific case of Eucalyptus, forest productivity reduction has been another impacting factor on profitability.

Uruguay

- Regarding COVID-19, Uruguay is starting to loosen restrictions. As of September 1, foreigners who own homes in Uruguay have been allowed entry, if they are fully vaccinated and present a negative PCR test. There are plans to open the borders to regular tourists – again if they're fully vaccinated and present a negative PCR test as of November 1.
- Positive news about the vaccination program. As of October 1st, about 78% of the Uruguayan population had been vaccinated with the first dose, 74% with both doses and 30% with three doses. The population between 15 and 18 are also being vaccinated.
- The growth of the Uruguayan economy in the second quarter of the year of 11.3% in year-on-year terms confirmed that the government's projections of an increase of 3.5% in the year are achievable.
- UPM's second pulp mill project in the central region of Uruguay proceeds according to plan, even though some delays in the construction of the railroad was experienced and again, labor disputes have occurred during the last two months, with labor conflicts during more than 45 days. Recently, the workers' union approved an agreement with UPM for a new labor agreement. This agreement includes an "economic award for work progress" and "prioritizes the hiring of national labor", among other benefits.
- Both UPM1 and Montes del Plata (MdP) pulp mills are operating at full capacity during 2021, expecting to consume 4.8 million m³ and 5.8 million m³ of round logs respectively. Both pulp mills continue to drive demand for eucalypt pulp logs from all Uruguayan regions.
- First woodchip vessels exported during 2021, showed a decreased in FOB price close to USD 10 per BDMT compared with 2020. As of Q3-2021, Uruguay already exported 12 *Eucalyptus globulus* woodchips vessels to China and Portugal. Between 8 to 12 vessels will be exported to China during 2021 and 8 to 10 to Portugal. Demand from Europe is still lower than 2019, but higher than 2020, and paying higher FOB prices than China.
- Total pine logs volume during 2020 was close to 1.9 million m³ (JAS), and as of Q3 2021, total exports to SE Asia reached more than 2.185.000 JAS m³, 76% to China and 24% to India. As of Q3 2021, FOB price is close to USD 85/JAS m³. The main concern currently is ocean freight costs, which historically were around USD 45/JAS m³ and today are close to USD 85/JAS m³. As of Q3-2021, Uruguay loaded 4 Capsize vessels to China, with an average JAS volume of 89,000 JAS m³ of pine logs per vessel.
- Uruguay's eucalypt sawlogs exports continued during the Q3 2021, with similar volumes as 2020 and stable prices. The main concern regarding this activity is container availability and vessel capacity to load these containers.
- Only one plywood company in Uruguay is still functioning. For Q3 2021, demand is still high, but prices are lower than Q1 and Q2. Average FOB prices jumped from USD 290/m³ during 2020 to more than USD 550/m³ during Q2 2021. As of Q3 2021, prices went down to around USD 400/m³.
- Carbon credits from Uruguay's forest projects are still highly demanded, with prices higher than USD 5/CCBvcu (CCBvcu= Climate, Community & Biodiversity Verified Carbon Unit).

Africa

- According to the October edition of Pulse, the World Bank's bi-annual economic update on Sub-Saharan Africa, the region is expected to increase economic growth by 3.3% in 2021. This is due to increased commodity prices, reduction in COVID-19 regulatory measures and a recovery in global trade. The region remains vulnerable due to low COVID-19 vaccination rates.
- South African GDP increased by 1.2% in Q2, which is a record year-on-year increase of 19.3%, due to increased growth rates in the transport, person services, trade, and agricultural industries. Growth tapered off at the beginning of Q3 with retail sales and manufacturing output declining in July 2021.
- It is estimated that by the end of August 2021, 2.4% of Africa's population had been fully vaccinated while 4.5% of the population had received at least a first dose vaccination. According to the World Health Organization a total of 177 million vaccine doses were received by African countries towards the end of September 2021.

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- Kenya has launched its own FSC standard in the form of the *Interim National Standard for responsible management of forests in Kenya*. The standard will allow for the certification of forestry operations in Kenya against national standards approved by FSC.
- The recently released *FAO Review of Forest and Landscape Restoration in Africa 2021* highlight the need for action to reduce land and forest degradation in Africa. It is estimated that despite a reduction in deforestation, Africa still loses approximately 4 million hectares of forests per annum.
- The Democratic Republic of the Congo has lifted the long-standing moratorium on new industrial logging permits. While this move is presented as part of a strategy to improve forest management, that includes carbon taxes, streamlining of information sharing between agencies and an increase in protected areas, it was met with mixed responses from environmental organizations.
- York Timber Holdings reported a record financial performance for the financial year end 30 June 2021. The company reported earnings before interest, taxes, depreciation, and amortization of ~USD 22.5 million which is a year-on-year improvement of ~USD 21.7 million. This performance comes on the back of strong demand for plywood and lumber.
- The independent FX Group commissioned its new particle board plant at Lothair, South Africa, in May 2021 and has since increased production to nearly 400 m³ of boards per day. Future plans include the installation of a 4.5 MW biomass to energy plant and a 3 mm MDF plant.
- More than 1.2 million tonnes of woodchips were exported through the ports of Richards Bay and Durban in South Africa between January and August 2021. A total of 850 000 tonnes of woodchips were exported in the same time period in 2020.
- South African chemical wood pulp exports through the ports of Durban and Richards Bay for January to August 2021 increased slightly compared to the same period in 2020, from 550 000 tonnes to 584 000 tonnes.
- The South African sawmilling industry continued to experience strong demand for sawn wood, driven by high levels of construction activity.

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