

Tropical Timber Market Report

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Top story

Sighs of relief – Timeline for new panel Standards changed

For the past months the new regulations from the Bureau of Indian Standards (BIS) for woodbased panels and some other products have been a burning issue with international and domestic panel manufacturers. The timber industries were alarmed at the very short time until implementation saying; while the major companies could be ready, it would be virtually impossible for small companies in the Indian 'informal' sector to comply.

Calls for a review of the implementation timeline have been heard and reports say the introduction has been postponed.

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Central and West Africa

Approval of Operation Plans for some operators delayed

Observers in Gabon report the forestry sector is facing a significant setback after suspension of their 'Plan d'Amenagement des Operations' (PAO). This suspension affected numerous companies whose operations were stalled due to the expiration of their PAO validity.

In response to this suspension operators sought an extension to their PAO up until the end of the year and agreement was reached with some operators. Operators that did not receive extensions had to cease operations and this led to worker lay-offs.

Harvesting conditions

In Gabon harvesting conditions remain challenging as the rains arrived earlier than expected leading to some disruption of forest operations. During the dry period until June mills had low stocks but operations are back in full swing preparing for the upcoming rainy season to ensure orders can be met.

In Cameroon the dry season extends to allowing forest operations to run without delays.

In the Congo the dry season continues in the north and harvesting activity is picking up due, in part, to renewed demand in China for okoume. It is reported that demand for ovankol is not strong at present but species such as padouk, bilinga, movingui and sapelli are sought after.

Demand in China stirs but Middle East markets quiet

Buyers for the Chinese market are showing interest in a variety of species. However, the Middle East market remains slow. After a quiet period buyers in the Philippines have returned to buying sawn okoume.

Producers in Gabon report enquiry levels remain stable for the European market but that there has been a decline in enquiries for some species in Middle East markets. The slowing of demand in the Middle East has also been reported by producers in Cameroon, however, there has been more activity in the Chinese market.

Correction

In our late February Report it was stated that a large part of a concession held by Olam has been reclaimed by the government. This has been refuted by an Olam staffer who emailed saying "Olam does not hold, and has never had, any timber concessions in Gabon nor is it a supplier to the Special Economic Zone."

Log export prices

West African logs	FOB Euro per cu.m			
	Asian market	LM	B	BC/C
Acajou/ Khaya/N" Gollon	230	230	175	
Ayous/Obeche/Wawa	230	230	225	
Azobe & ekki	260	260	175	
Belli	250	250	-	
Bibolo/Dibétou	200	200	-	
Bilinga	275	275	-	
Iroko	290	270	225	
Okoume (60% CI, 40% CE, 20% CS) (China only)	200	200	-	
Moabi	260	260	220	
Movingui	180	180	-	
Niove	160	160	-	
Okan	210	210	-	
Padouk	300	270	240	
Sapele	260	260	220	
Sipo/Utile	260	260	230	
Tali	260	260	-	

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	425
Bilinga FAS GMS	720
Okoumé FAS GMS	480
Merchantable KD	440
Std/Btr GMS	400
Sipo FAS GMS	460
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	900
FAS scantlings	1,000
Strips	400
Sapele FAS Spanish sizes	480
FAS scantlings	500
Iroko FAS GMS	700
Scantlings	750
Strips	400
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	420

Through the eyes of industry

The latest GTI report lists the challenges identified by the private sector in the Republic of Congo and Gabon.

See: <https://www.itto-ggsc.org/static/upload/file/20240223/1708653799120615.pdf>

Ghana

Industries lament introduction of new taxes

Industrial enterprises are complaining about the impact numerous taxes are having on their businesses and called on the government to reassess the tax regime. Pressure is mounting on the newly appointed Minister of Finance, Dr. Mohammed Amin-Adam, as industrialists demand the removal of, what they describe as, 'nuisance taxes' from the country's tax regime.

The industry anticipates that the mid-year budget review, expected to be laid before Parliament in the next few months can create an opportunity to remove some taxes such as the Electronic Levy (E-Levy) and the Emission tax among others. The industry also mentioned the numerous port charges which are also eating deeply into their finances making it difficult to compete and fully benefit from the African Continental Free Trade Area (AfCTA).

The Trades Union Congress (TUC) and other organisations have urged the suspension of the new Electricity and Emission taxes and some economists have advised the government to reconsider the introduction of the 15% VAT. They also said for businesses and individuals, yet to recover from the economic challenges in 2022 and 2023, the introduction of these new taxes would further worsen their plight.

In a letter from the Ministry of Finance to the Ghana Revenue Authority (GRA) earlier this year the Ministry explained that the new measures were part of the government's medium-term revenue strategy and the International Monetary Fund (IMF) supported post Covid-19 programme for economic growth.

See: <https://citinewsroom.com/2023/04/tuc-fears-of-more-layoffs-tough-times-over-3-new-taxes/>

Power tariffs for industry lowered

The Public Utilities Regulatory Commission (PURC) has adopted adjustments to electricity tariffs aimed at providing relief to companies and consumers declaring a 6.5% reduction in electricity tariffs for residential users and a nearly 5% reduction in the industry tariff band.

See: <https://www.purc.com.gh/attachment/829688-20240228090210.pdf>

MoU to promote industrialisation

The Association of Ghana Industries (AGI) and the Ghana Commodity Exchange (GCX) have committed to bolstering the industrial and agriculture sectors through a strategic MoU. The Agreement is aimed at injecting liquidity into commodity markets, strengthening price discovery mechanisms and fostering a more robust trading environment for designated products. The MoU also aims to improve existing value chains by linking production to high value markets.

See: <https://gna.org.gh/2024/03/agi-ghana-commodity-exchange-sign-mou-to-support-agriculture-sector/>

Protection of country's forest mentioned in State of the Nation Address

In his State of the Nation Address the President of Ghana, H.E Nana Addo Dankwa Akufo-Addo, said government's strategic efforts over the years on forest sustainability led to the recultivation of 690,000 hectares of degraded forest between 2017 and 2022 under the Ghana Forest Plantation Strategy.

In his Statement, the President emphasised that Ghana would do everything possible to continue to work to ensure the protection of the country's forest and wildlife resources.

In related news, the Ghana Forest Plantation Technical Steering Committee (GFPTSC) has presented a revised version of the Ghana Forest Plantation Strategy (GFPS) to the Forestry Commission after an evaluation that was in accordance with the Monitoring and Evaluation Framework of the GFPS which prescribes periodic review of the strategy document to ensure its alignment with changing conditions and priorities.

See: <https://www.modernghana.com/news/1295633/42-million-trees-planted-over-the-past-three-years.html> and <https://fcghana.org/gfptsc-technical-steering-committee-submits-revised-gfps/>.

Renewable energy use in schools

The Attorney-General and Minister of Justice, Godfred Yeboah Dame, has advocated the promotion of renewable energy use in schools. He said, this would ensure regular supply of electricity and also avoid situations where the power supply to some institutions was cut for non-payment of electricity bills.

Mr. Dame pointed out that the UN Climate Change Action Policy had estimated that the share of renewable and solar energy use in the global power supply system would more than triple by 2050. He called on educational institutions to consider an energy mix for every senior high school.

See: <https://www.graphic.com.gh/news/general-news/ghana-news-attorney-general-advocates-renewable-energy-use-in-schools.html>

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	811
Niangon Kiln dry	910

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
	Air-dried	Kiln-dried
FAS 25-100mmx150mm up x 2.4m up	860	925
Afromosia	465	500
Asanfina	290	351
Ceiba	496↓	558↑
Dahoma	640	688
Edinam (mixed redwood)	660	780
Emeri	846	904↓
African mahogany (Ivorensis)	560	825
Makore	690↓	835↑
Niangon	836	1193↑
Odum	800	1000↑
Sapele	457	502↑
Wawa 1C & Select		

Rotary veneer export prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	348↓	441
Chenchen	472	612
Ogea	494	590
Essa	670	711
Ofram	350	435

Sliced veneer export prices

Sliced face veneer	FOB
	Euro per cu.m
Asanfina	1.127↓
Avodire	673
Chenchen	701↓
Mahogany	1,773↑
Makore	1.388
Odum	2,499
Sapele	1,242↓

Plywood export prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	555	580	641
6mm	412	535	604
9mm	433↑	504	560
12mm	699	512	480
15mm	390	385	430
18mm	460	415	383

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

Malaysia

MIFF 2024

The wood products industry is expected to recover this year following improved growth projections for the US economy, the main market for Malaysia’s furniture exports.

Johari Ghani, the Minister for Plantation and Commodities said the industry’s performance has declined over the past two years but the government is committed to supporting its sustainability and growth. “For 2024, we are quite confident that furniture exports will rebound to their former strength,” he said after opening the Malaysia International Furniture Fair (MIFF) 2024 held in Kuala Lumpur.

In his address the Minister said the timber and furniture industry was not insulated from the effects of global headwinds which resulted in exports of wood products falling by 13% in 2022 and 18% last year. This was largely due to a weakening in housing demand in the US, the biggest buyer of Malaysian furniture, accounting for over half of furniture exports.

The Malaysian furniture industry is largely export-oriented, with 44% of exports being shipped to 186 countries over the past five years. Johari said the government has spent almost RM 1 billion for the Forest Plantation Development Programme and provided soft loans to 88 companies for replanting projects.

The Malaysian International Furniture Fair (MIFF), one of the main furniture trade show in South-East Asia, had a record number of 714 exhibitors from 15 countries. The four-day event, from 1 - 4 March, was held in the Malaysia International Trade and Exhibition Centre. The Fair is expected to bring in US\$1.3 bil. in sales.

See:

<https://www.freemalaysiatoday.com/category/nation/2024/03/01/timber-industry-likely-to-recover-with-us-economy-rebound-says-johari/>

International Conference in Sarawak

Sarawak Timber Association with partners WWF Malaysia and the Sarawak Forestry Department organised a conference entitled “Preserving Tropical Forests through sustainable management”. The conference was supported by ITTO.

See:

https://www.itto.int/news/2024/03/06/forestry_offers_pathway_for_sustainable_future_says_executive_director_at_conference/

The following highlights two presentations:

Sarawak has reduced its timber harvesting operations to approximately two million cubic metres per year to balance the need for environmental conservation and economic considerations, said Hamden Mohammad the Sarawak Forest Department Director. He added that requirements on forest management certification apply to both natural and planted forests.

“We currently have 25 certified natural forests covering over 2.2 million hectares as well as seven certified forest plantations covering approximately 97,000 hectares” he told participants at the opening ceremony of the Conference.

He added “the Sarawak government strongly believes that the economically viable, environmentally sound and socially acceptable responsible forestry practices are important to show the government’s commitment to maintain and enhance the best management practices. He pointed out that Sarawak’s forest policy has undergone substantial reform with increased importance on environmental protection and the sustainable management of forest resources.

On a related subject, Hamden said Sarawak Forest Department partnered with the Sarawak Timber Association (STA) to develop seven handbooks on Reduced Impact Logging (RIL) aimed at aiding ground personnel in effectively implementing RIL practices. The guidelines mark a significant stride towards standardising timber harvesting practices and enhancing regulation within Sarawak’s timber industry.

Meanwhile, the Sarawak Timber Association is appealing to the authorities and policymakers to give full and continuous support to timber industry players who have made great sacrifices to ensure that their forest management units are certified.

STA chairman, Henry Lau, said this can be accomplished through the provision of transparent, consistent, sustainable and stable long-term policies, particularly those concerning government regulations and taxes, licensing as well as a sustainable long-term tenure.

See: <http://theborneopost.pressreader.com/article/281496461243637>

Sabah’s carbon trade deal challenged

The controversial Nature Conservation Agreement (NCA) involving a two-million-hectare of State forest reserve for carbon credit trading cannot move forward as it has been deemed legally flawed.

The legal advisor to Sabah Government, Ahmad Fuad, said the Agreement does not conform with the Sabah Biodiversity Enactment 2000 which required all exploitation of biological resources to be first approved by the Director of the Biodiversity Institute and the Biodiversity Council.

The Agreement, signed in 2021 with Singapore-based Hoch Standard Pvt Limited, fails to take into account the legal requirements that are needed to be obtained from the two bodies that oversee all conservation and sustainable use of natural capital, said Fuad.

Furthermore, he said, an approved "benefit sharing agreement" with local people must be in place to guarantee that the native communities benefit. It is claimed the Agreement fails to provide guarantees to natives and community rights.

See: <https://www.thestar.com.my/news/nation/2024/02/28/sabah039s-carbon-trade-deal-bogged-down-with-legal-flaws-says-lawyer>

Ringgit recovers after steep decline

The Malaysian ringgit has recently drifted down to levels against the US dollar not seen since the depths of the Asian financial crisis around 25 years ago.

The ringgit hit a 26-year low of 4.8 to the dollar in late February which prompted a Ministry of Finance official to say Bank Negara Malaysia is prepared to defend the ringgit. By mid-March the ringgit had recovered to 4.68 against the dollar.

Indonesia

Benchmark export prices (HPE) March 2024

The following is a list of Wood HPE for 1 -31 March 2024.

Veneers

Natural Forest Veneer	800 US\$/cu.m
Plantation Forest veneer	800 US\$/cu.m
Wooden Sheet for Packaging Box	850US\$/cu.m

Wood Chips

Woodchips in chips or particles	85 US\$/tonne
Wood Chips	95US\$/tonne

Processed Wood

Processed wood products which are leveled on all four sides so that the surface becomes even and smooth with the provisions of a cross-sectional area of 1000 mm2 to 4000 mm2 (ex 4407.11.00 to ex 4407.99.90)

Meranti (<i>Shorea sp</i>)	1,000US\$/cu.m
Merbau (<i>Intsia sp</i>)	1,000US\$/cu.m
Rimba Campuran (Mix Tropical hardwood)	800US\$/cu.m
Ebony	4,000US\$/cu.m
Teak	3,000US\$/cu.m
Pine and Gmelina	550US\$/cu.m
Acacia	550US\$/cu.m
Sengon (<i>P. falcataria</i>)	400US\$/cu.m
Rubberwood	300US\$/cu.m
Balsa and Eucalyptus	900US\$/cu.m
Sungkai (<i>P. canescens</i>)	900US\$/cu.m

Processed wood products which are leveled on all four sides so that the surface becomes even and smooth with the provisions of a cross-sectional area of 4000 mm2 to 10000 mm2 (ex 4407.11.00 to ex 4407.99.90)

Merbau	1,500US\$/cu.m
Yellow Meranti	500US\$/cu.m
White Meranti	700US\$/cu.m

Processed wood products which are leveled on all four sides so that the surface becomes even and smooth with the provisions of a cross-sectional area of 10,000 mm2 to 15,000 mm2 (ex 4407.11.00 to ex 4407.99.90)

Merbau	1,500US\$/cu.m
Yellow Meranti	500US\$/cu.m
White Meranti	700US\$/cu.m

See: https://jdih.kemendag.go.id/pdf/Regulasi/2024/198_Kepmen_dag%20HPE%20dan%20HR%20Produk%20Pertanian%20dan%20Kehutanan%20Maret%202024%20+%20Lampiran-.pdf

Ministry publishes EU market entry update

Didi Sumedi, Director General of National Export Development introduced an update on "EU Market Entry Requirements for Wood Sector" at an event attended by more than 60 Indonesian timber businesses, business associations and representatives from related ministries/institutions.

Didi stressed the importance of staying updated on export market regulations as they constantly change. He emphasised all stakeholders must work together to anticipate these changes to boost the export performance of Indonesian wood products.

The event was a collaboration between the Directorate General of National Export Development under the Ministry of Trade and the Swiss Import Promotion Programme (SIPPO).

The objective was to inform on the regulations governing wood products in the European Union thereby promoting the acceptance of Indonesian wood products. Over the past five years SIPPO has worked with the Directorate General of National Export Development to enhance the capabilities of businesses in the Indonesian forest sector through programmes, workshops and export market promotion strategies.

See: <https://www.kemendag.go.id/berita/foto/kemendag-gelar-pembaruan-eu-market-entry-requirements-for-wood-sector>

In related news, the HIMKI chairperson, Abdul Sobur, said that the impact of the European Union Deforestation-Free Regulation (EUDR) could reduce the value of Indonesian furniture exports to the EU. He said that the EUDR would pose a challenge to the entry of processed wood products from Indonesia into the European market due to strict raw material requirements. Europe, he said, accounts for a large share of Indonesian furniture exports at around 28%.

Sobur stated that the EUDR procedure, which involves due diligence for product traceability, makes it challenging for Indonesian furniture exporters to continue to ship to the EU. He added "HIMKI has over 2,000 members but not all can meet EUDR requirements". He stressed that HIMKI is assisting furniture entrepreneurs understand the EU import regulations and urged the government to help companies prepare for the impact of EUDR.

See: <https://mediaindonesia.com/ekonomi/656110/eudr-ancam-pukul-ekspor-mebel-dan-furnitur-ri-ke-eropa>

Investors invited to revitalise wood processing

Indonesia is welcoming Chinese investors to support the revitalisation of wood processing in the industry. Acting Director General of Sustainable Forest Management at the Ministry of Environment and Forestry, Agus Justianto, stated that the revitalisation of industrial machinery will add further value to forest products. This was announced during an audience with the Indonesian Furniture and Craft Industry Association (HIMKI) and the China National Machinery Association (CNFMA) at the Indonesia International Furniture Expo (IFEX) 2024.

According to data from the Ministry of Environment and Forestry, sawmill and woodworking industries are comprised of 3,485 units, including 391 large-scale units (with a capacity of more than 6,000 cu.m/year) and 3,094 small and medium-scale units (with a capacity of less than 6,000 cu.m/year).

The total installed capacity of sawmill and woodworking industries was said to be 9.5 million cu.m/year for large-scale operations and 10.5 million cu.m/year for small and medium-scale operations.

Agus mentioned that the industry's capacity utilisation rate is currently very low mainly due to the lingering effects of the Covid-19 pandemic and aging machinery. According to Agus, investor support, including that from China, is crucial for revitalising wood processing by introducing the latest technologies in processing. Further efforts are needed to secure financial support for implementing of machinery upgrading.

See: <https://agroindonesia.co.id/revitalisasi-mesin-industri-kayu-indonesia-undang-investor-china/>

ASMINDO - Indonesia can be a hub for furniture development

The chairman of the Indonesian Furniture Industry and Handicraft Association (ASMINDO), Dedy Rochimat, said Indonesia has the potential to become a global hub for furniture development and production.

Indonesia boasts abundant natural resources, particularly in terms of sustainable raw materials, a rich culture, unique locally inspired furniture designs and is supported by the world's fourth-largest population. "This potential needs to be developed in synergy with all domestic stakeholders and through mutually beneficial international collaboration", he said.

He added that Indonesia is the world's largest producer of rattan and ranks as one of the top three countries in bamboo resources." He emphasised the necessity of promptly utilising and developing these potentials to positively contribute to the furniture industry's role in generating foreign exchange and improving social welfare.

Rochimat said the demand for eco-friendly furniture is estimated to have reached 8.6% of the overall market and that demand for eco-friendly furniture presents a significant opportunity that must be collectively addressed by establishing research and production centres for eco-friendly furniture.

In a bid to promote eco-friendly practices, Asian furniture manufacturers have initiated efforts to encourage the utilisation of bamboo as a substitute for plastic. This initiative aligns with the increasing trend towards environmentally friendly furniture products. The utilisation of bamboo was among the key topics discussed at the 25th Annual General Meeting of the Council of Asian Furniture Associations (CAFA).

The meeting took place in Tangerang in February and was attended by 32 delegations from CAFA member countries. The Association of Indonesian Furniture and Handicraft Industries (ASMINDO) hosted the meeting.

See: <https://katadata.co.id/berita/industri/65deb9b716ab5/asmino-dorong-indonesia-jadi-pusat-pengembangan-furnitur-dunia> and <https://forestinsights.id/asian-furniture-manufacturers-launch-initiative-to-utilize-bamboo-as-substitute-for-plastic/>

IFEX 2024 - record level of business transactions

Indonesian furniture and handicraft products are increasingly in demand in the international market. These products were introduced at the Indonesia International Furniture Expo (IFEX). During the four day exhibition direct transactions or on the spot sales were recorded at US\$300 million.

In this year's IFEX there were buyers from 117 countries with most coming from Europe, Australia, China and the United States, as well as from countries such as India, Bahrain, Oman and the United Arab Emirates. The IFEX Project Manager, Rizki Pahrudi, explained that the number of international buyers at this years' show was double that during the previous show.

See: <https://www.liputan6.com/bisnis/read/5542275/pameran-furniture-ifex-2024-kantongi-transaksi-usd-300-juta>

Indonesia should showcase GHG emissions reduction effort - Minister

Environment and Forestry Minister, Siti Nurbaya, underscored the need for Indonesia to continue to demonstrate, at the global level, its significant performance in reducing greenhouse gas (GHG) emissions supported by international assistance.

The Minister revealed that Indonesia had received support from various international communities to achieve climate targets, including collaboration with Norway for funding based on performance in lowering GHG emissions from reducing deforestation and forest degradation.

The Minister remarked that the first funding from Norway was used to support five activities in the forestry and other land use sector (FOLU) namely sustainable forest management, increasing carbon reserves, conservation, peat and mangrove management and information dissemination. "

In a related development the Minister indicated that the Ministry was considering schemes to involve business actors in supporting funding for reducing greenhouse gas emissions and achieving the country's climate targets.

She said "the carbon business is not just about carbon trading but also about raising the reputation of a company." She remarked that companies looking to improve their reputation can be involved in the efforts to reduce emissions with the results contributed as an effort to achieve climate targets.

In a statement during the Workshop on 'Result Based Contribution of Indonesia's FOLU Net Sink 2030' the Minister reported that Indonesia's efforts to suppress the amount of greenhouse gas emissions generated have resulted in a decrease of 875.7 million tonnes of carbon dioxide equivalent based on data in 2022

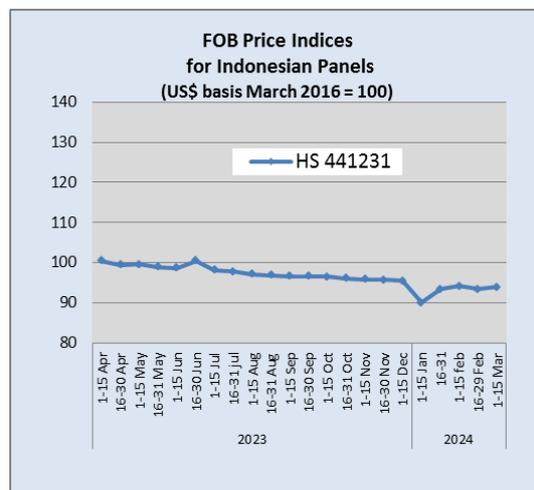
See: <https://en.antaranews.com/news/306690/indonesia-should-showcase-ghg-emissions-reduction-effort-minister> and <https://en.antaranews.com/news/306747/indonesia-considers-involvement-of-business-actors-in-climate-funding> and <https://en.antaranews.com/news/306723/indonesia-managed-to-reduce-8757-million-tons-of-co2e>

Papuan indigenous people's role in forest preservation

The Ministry of Environment and Forestry (KLHK), through the Papua Ecoregion Development Control Center (P3E), commended the role of Papuan indigenous people in preserving forests and the environment. The head of P3E in the Ministry, Edward Sembiring, said "local wisdom maintained by indigenous people has long been in line with the principles of conservation".

He added that indigenous communities have a crucial role to play in protecting the environment and ecosystems from excessive exploitation. He explained that the success of the work plan to reduce greenhouse gas emissions by the forestry sector through Indonesia's Forestry and Other Land Use (FOLU) Net Sink 2030 Programme requires the support of indigenous communities.

See: <https://en.antaranews.com/news/307905/klhk-lauds-papuan-indigenous-peoples-role-in-forest-preservation>



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

Through the eyes of industry

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See: <https://www.itto-ggsc.org/static/upload/file/20240223/1708653799120615.pdf>

Myanmar

Controversial timber trade persists despite sanctions

In November last year the European Union law enforcement agency (Europol) seized a small cargo of Myanmar timber that had been smuggled into the EU which, the media says, highlights the persistent trade in Myanmar timber despite the trade sanctions.

Italian government data analysed by Federlegno Arredo and shared with an affiliate of the International Consortium of Investigative Journalists (ICIJ) appears to show, between January and October 2023, Italian companies imported more Myanmar wood products than any other European country.

The ICIJ reports an analysis of US customs data which seems to show that US companies and individuals have managed to import small volumes of Myanmar teak. In response to reports of sanction busting imports the US Justice Department announced the creation of an interagency task force to strengthen efforts to combat the illegal trade in timber.

According to the Myanmar Ministry of Commerce, Myanmar exported US\$235.6 million worth of timber from October 2021 to mid-2023.

See: <https://www.icij.org/investigations/deforestation-inc/myanmars-controversial-timber-trade-persists-despite-western-sanctions/>
and
<https://www.icij.org/investigations/deforestation-inc/myanmar-teak-trade-sanctions-military-regime/>
and
<https://www.icij.org/investigations/deforestation-inc/new-justice-department-led-task-force-pledges-global-crackdown-on-illegal-timber-trade/>

Military conscription activated

The Myanmar Government spokesman, Zaw Min Tun, has said at least 13 million people will be liable to be conscripted out of the country's population of 55 million. He said the first intake will be in mid-April after Myanmar's New Year holiday 'Thingyan'.

In late February it appears a decision was taken to exclude women from the military call-up. The media reports the military aims to recruit 60,000 soldiers in a year. Evading conscription will be punishable by up to five years in jail and a fine.

In related news, Malaysia's Deputy Foreign Minister, Datuk Mohamad Alamin and Assistant Secretary-General of the United Nations (UN) Khaled Khiari discussed collaboration in peacekeeping operations in Myanmar. Implementing the ASEAN Five-Point Consensus proposal on Myanmar is facing serious challenge.

In other news, as a result of the military call-up in Myanmar there is an exodus of young people from Myanmar to Thailand. The Thai government, in collaboration with NGOs and international partners, is working to establish support systems for these refugees.

See: See: <https://www.reuters.com/world/asia-pacific/myanmar-juntas-conscription-plan-lays-bare-toll-fighting-rebels-2024-02-16/>
and
<https://www.bernama.com/en/world/news.php?id=2278300>

India

Mandatory Quality Control Order on wood panels postponed

In a news flash Plyreporter says the Quality Control Order (QCO) for mandatory Bureau of Indian Standards (BIS) on MDF, particleboard and blockboard has been postponed for a year. The new date of implementation is 11 February 2025 according to a Ministry of Commerce notification dated 12 March. The wood based panel QCO will be effective for small and micro industries from 11 May 2025 and 11 August 2025 respectively.

See:
<https://www.plyreporter.com/article/153814/implementation-of-mandatory-qco-on-plywood-shuttering-ply-wooden-doors-postponed>

Indiawood 2024 participants see bright prospects in India

Indiawood 2024, the woodworking machinery show, was held in February in Bengaluru and the ITTO correspondent attended and participated in the Global Summit. He reported there were many foreign exhibitors as well as domestic companies participating in the show and "overall the vibe from participants was positive".

He commented, "one thing that is on everyone's mind was that next 10 years is set to be a boom time for the Indian economy and there will be major investment in infrastructure and in the manufacturing sector.

However, concerns were raised by local manufacturers who depend on imported raw materials such as decorative plywood and laminated boards imports of which are going to face severe issues in meeting the new Standards".

Focus on capital spending in recent budgets

The Indian economy performed well during 2023 and the National Statistical Office has estimated that GDP would be 7.3% during fiscal 2023–24. This is higher than the IMF's December 2023 projected growth of 6.3%.

To drive growth the government has focused on capital spending in recent budgets and supported State governments to do the same. However, Biswajit Dhar from the Council for Social Development suggests the private sector's response to the government's investment push has less than anticipated. Dhar from says private investment has been declining and foreign investors reduced their participation in India.

The tepid response from private investors is concerning as the government will be unable to sustain high levels of capital spending while also addressing development deficits through spending on social sectors and welfare schemes, says Dhar from.

GDP estimates show one area of weakness — the relatively slow growth of agriculture and allied sectors. These sectors grew by less than 2% in the 2022–23 which is half of their growth in the previous fiscal year.

Uncertain weather conditions, including uneven distribution of rainfall, adversely affected the performance of these sectors.

The National Statistics Office predicted that the manufacturing sector will expand by 6.5% in 2023–24, considerably higher than the 1.3% growth in the previous financial year. It is reported that output in the labour-intensive industries has declined.

See: <https://eastasiaforum.org/2024/03/02/indias-gdp-growth-masks-economic-challenges/>

Market-based mechanism under the Green Credit Programme

The Green Credit Rules 2023 were notified in October last year with the objective of creating a market-based mechanism under the Green Credit Programme (GCP).

Directive on land for tree plantations raises concerns

In early March the central government released a directive for tree plantations under the the Green Credit Programme (GCP). The guidelines require Forest Departments to identify degraded land including open forests and scrub land, wasteland and catchment areas under their administrative control and make these available for tree plantations. Critics of this initiative fear that the directive appears to bring all forests and forest-like areas available for the GCP and that the clearing for plantations would lead to a loss of biodiversity.

See: <https://timesofindia.indiatimes.com/home/sunday-times/all-that-matters/indias-green-credit-rules-might-end-up-creating-green-deserts/articleshow/108168308.cms>

and <https://www.eco-business.com/news/india-bets-on-green-credits-but-could-they-reward-deforestation/>

Cost C&F Indian ports in US dollars, Hoppus measure

Teak log prices, C&F US\$/Hoppus cu.m

	Hoppus cu.m	US\$ C&F
Brazil	93	395
Colombia	118	340
Costa Rica	147	350
Nigeria	-	-
Benin	142	515
Tanzania	94	315
Laos	-	-
South Sudan	137	385
Guatemala	193	455
Venezuela	95	315

Teak sawnwood prices, C&F US\$/cu.m

	cu.m	US\$ C&F
Benin	51	630
Brazil	97	355
Colombia	123	345
Costa Rica	99	375
Ecuador	-	-
Ghana	106	425
Ivory Coast	-	-
Nigeria	69	375
South Sudan	138	390
Tanzania	97	375
Togo	147	380
Panama	91	460

Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,000 - 4,500
Balau	2,700 - 3,000
Resak	-
Kapur	-
Kempas	1,455 - 1,750
Red meranti	1,500 - 1,800
Radiata pine	900 - 1,050
Whitewood	900 - 1,050

Price range depends mainly on lengths and cross-section

Sawn hardwood prices

Sawnwood (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,600 - 1,900
Sycamore	2,000 - 2,300
Red Oak	2,500 - 3,000
White Oak	2,800 - 3,300
American Walnut	4,700 - 5,500
Hemlock STD grade	1,350 - 1,600
Western Red Cedar	2,220 - 2,450
Douglas Fir	2,200 - 2,400

Price range depends mainly on lengths and cross-section

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	80.00
6mm	92.00
9mm	109.00
12mm	132.00
15mm	170.00
18mm	187.00

Domestic ex-warehouse prices for locally manufactured MR plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	55.00
6mm	70.00
9mm	81.00
12mm	96.00
15mm	129.00
19mm	138.00
5mm Flexible ply	87.00

Vietnam

Wood and Wood Product (W&WP) trade highlights

- According to Vietnam’s Office of Statistics W&WP exports to the Japanese market in February 2024 amounted to US\$110 million, down 33% compared to January 2024 and down 23% compared to February 2023. In the first 2 months of 2024 W&WP exports to Japan earned US\$273 million, up almost 1% over the same period in 2023.
- Vietnam’s W&WP exports to Holland in February 2024 reached US\$15 million lifting the exports in the first 2 months of 2024 to US\$32.6 million, up 120% over the same period in 2023.
- Vietnam’s exports of bed and dining room furniture in February 2024 soared to US\$210 million, up 62% compared to February 2023. In the first 2 months of 2024 exports of these two categories of furniture earned US\$474, up 90% over the same period in 2023.
- Vietnam's office furniture exports in February 2024 brought in about US\$24 million, up 18% compared to February 2023. In the first 2 months of 2024 office furniture exports totalled US\$53 million, up 35% over the same period in 2023.
- Vietnam's ash imports in February 2024 were 21,700 cu.m worth US\$5.8 million, down 42% in volume and 41% in value compared to January 2024. However, compared to February 2023 there was a decrease of 29% in volume and 27% in value. In the first 2 months of 2024, ash imports reached at 73,900 cu.m, worth US\$19.5 million, up 32% in volume and 34% in value over the same period in 2023.

- Log and sawnwood imports from the EU to Vietnam in January 2024 stood at 50,360 cu.m, at a value of US\$15.41 million, down 7.5% in volume and 12% in value compared to December 2023 but up 38% in volume and 44% in value compared to January 2023.
- Pine imports to Vietnam in February 2024 amounted to 35,200 cu.m, worth US\$8.1 million, down 39% in volume and 39% in value compared to January 2024. However, compared to February 2023, pine wood imports increased by 16% in volume and 24% in value. In the first 2 months of 2024 pine wood imports were 115,400 cu.m worth US\$26.4 million, up 92% in volume and 103% in value over the same period in 2023.
- Vietnam’s NTFP exports in February 2024 were valued at US\$75 million, down 6% compared to January 2024, but up 32% over the same period in 2023. In the first 2 months of 2024,NTFP exports totalled US\$154.75 million, up 51% over the same period in 2023.

Exports recovering but bottlenecks remain

According to data from the Department of Forestry (Ministry of Agriculture and Rural Development) in the first 2 months of 2024, the export value of wood and forest products is estimated to have reached US\$2,68 billion, an increase of 47% over the same period last year.

The value of imports of wood and wood products in the first 2 months of this year is estimated at US\$355 million, up 31% over the same period in 2023. The wood product trade surplus in the first 2 months of the year is estimated at US\$2,465 billion.

Despite the positive trend in exports the timber industry is facing many challenges. Trieu Van Luc, Deputy Director of the Forestry Department said the impact of the conflict between Russia - Ukraine and between Israel and Hamas and shipping problems in the Red Sea is complex and unpredictable. In addition, global shows signs of slowing and consumers continue to tighten spending on non-essential products including furniture and wood products.

Adding to the challenges of the timber industries is the need to address the requirements in importing countries to ensure legality and ensure no forest degradation or deforestation.

A representative of the timber industry shared experiences on the difficulties and obstacles in importing wood raw material, processing and exporting wood products. Do Xuan Lap, Chairman of Vietnam Wood and Forest Products Association, said that in the US regulations on the origin of wood raw material are strict.He said he was aware the US Department of Commerce is amending a number of regulations on anti-dumping and anti-subsidy investigations including ways to identify previously unrecorded subsidies such as export insurance, debt cancellation and tax advantages.

For the EU market, the EUDR will come into force this year said Do Xuan Lap and action is needed as Vietnam's regulations on determining the origin of wood are currently not specific. Another issue for the Vietnamese timber exporters is the decision by India to apply new Standards and there is insufficient time for manufacturers to comply.

Integration is a must

In 2024 the timber industry aims for US\$15.2 billion in exports of wood and forest products of which wood product exports are set to be at US\$14.2 billion, an increase of about 6% compared to 2023. Nguyen Tuan Thanh, Vice Chairman of Binh Dinh Provincial People's Committee said that to achieve the set goals the wood industry still has a lot of work to do. Currently, production costs are still quite high and there are risks in forest certification as well as traceability. A solution to raw material supply needs to be found.

On the business side it is necessary to focus on improving quality, investing in machinery and equipment and meeting sustainability requirements. Only then will goods be welcomed by customers in export markets. Acknowledging the opinions of authorities, associations and businesses the Deputy Minister of Agriculture and Rural Development, Nguyen Quoc Tri, further commented that the wood industry currently faces many difficulties and to solve these issues he requested that wood industry associations and businesses agree on the view that to improve product value supply chains must be fully integrated.

He added that, currently, wood processing enterprises do not have to measure carbon emissions but it is likely they will be required to do so soon. He asked how to reduce emissions and bring the highest value? To achieve this he said enterprises need to proactively link with forest growers and to integrate. At the same time, businesses need to promptly provide information about regulations and share skills to avoid risks.

He emphasized "it is desirable that processing enterprises promote links with forest growers and forest owners to develop large timber forests. This not only benefits forest growers but businesses can also proactively source raw materials that are legal, certified, and originating."

Nguyen Quoc Tri acknowledged that there are very few direct exports as most go through intermediaries and as such the full value is not captured. He urged associations and businesses to get together to discuss this and find a solution.

See: <https://www.vietnam.vn/en/nganh-go-hop-ban-thao-go-kho-khan-thuc-day-xuat-khau-nam-2024/>

HawaExpo 2024

The 2024 Ho Chi Minh Export Furniture Fair (HawaExpo 2024) opened in HCM City in March with the aim of highlighting the strengths of Vietnam's wood and handicrafts industry to international customers.

For the first time the annual Expo has a "Create Hall" dedicated to design and creativity in the furniture industry.

Vietnamese businesses accounted for 80% of participants along with prominent Southeast Asian handicraft brands, furniture design and innovative technology-based companies, suppliers and service providers.

The Fair included B2B matching, seminars, factory visits and other activities. Speaking at the opening ceremony, Deputy Minister of Industry and Trade Phan Thị Thắng, said the wood industry has always been one of the country's pivotal economic sectors.

"Enterprises in the industry have focused on enhancing product quality and strengthening brand value to gain a firm foothold in large markets such as China, the US, Europe and Japan and expand the presence of the Vietnamese wood and forest products to 160 countries and territories."

Exports of wood and timber products declined for the first time ever in 2023 but there were positive signs in January this year with exports topping US\$1.49 billion, a sharp increase year-on-year, Thắng said.

During the opening Nguyễn Quốc Trị said, "to achieve the export target of US \$15 billion this year, a year-on-year increase of 6%, the forestry sector needs to continue its efforts and implement fundamental solutions in technical innovation, raw material sourcing and utilisation and product distribution.

Nguyễn Quốc Khanh, chairman of the Handicraft and Wood Industry Association of HCM City (HAWA) and also the Viforest Fair Co., Ltd, set up by five wood processing industry associations (VIFOREST, HAWA, BIFA, DOWA, and FPA), the Fair organiser said there were three missions for the fair from the outset.

"Firstly, the fair prioritises trade promotion and showcases the wood and handicraft products of Vietnam. Secondly, it contributes to the industry's transition from OEM production to developing uniquely designed products (ODM) to enhance the value of 'Made in Vietnam' products.

"And finally, the relentless innovation and creativity drive by the HawaExpo to pioneer a professional, modern and efficient trading event, affirming the true strength and potential of Vietnam's wood and handicrafts industry."

Vietnam and US cooperation in combating illegal timber trade

Training has started as the work to establish a mechanism to identify and monitor the origin of wood and expand export markets. Vietnam has proactively implemented a host of measures to counter illegal timber trafficking over the past two years under an agreement with the US on fostering a more collaborative approach to combatting the illegal timber trade according to Director of the Forest Protection Department, Bui Chinh Nghia.

Addressing a training workshop in Hanoi for Vietnamese government officials on countering illegal timber trafficking, Mr. Nghia said Vietnam has reviewed financial incentives for the wood processing sector, enhanced customs supervision and inspection over imported timber and boosted cooperation with countries exporting wood materials to have control on the origin of wood raw materials.

Various workshops have been arranged and co-organised by attorneys from the Environment and Natural Resources Division of the US Department of Justice and the Forest Protection Department of Vietnam. A March technical workshop was the first in a series of workshops and discussions with Vietnam's forestry, industry and non-governmental stakeholders held under the US-Vietnam Agreement to foster a more collaborative approach to combatting the illegal timber trade.

The agreement with the US was signed in October 2021 with the aim of strengthening control over the origin of wood products and wood supply chains, expanding export markets, improving forest management mechanisms and dealing with illegal wood exploitation and trade.

See: <https://vneconomy.vn/vietnam-us-strengthen-cooperation-in-combating-illegal-timber-trade.htm>

Brazil

New bulletin - Brazilian forests in 2023

The Brazilian Forest Service (SFB) together with SNIF (National Forest Information System) has published a bulletin with data on Brazilian forests in 2023. The topics covered include secondary forests in natural forest areas, botanical association in the National Forest Inventory and forest certification in Brazil's forests.

The first topic deals with the methodology for calculating and defining forest cover gains using the SFB database and secondary forests monitoring data made available by INPE (National Institute for Space Research) in the TerraClass project. The second topic provides a step-by-step report of the field survey on analysis and consolidation of species data. The last topic provides information on the importance of forest certification in sustainable management practices.

Brazil, it is claimed, has the greatest biodiversity in the world (more than 116,000 animal species and more than 46,000 plant species).

As such, the identification of species inventoried in the field is fundamental to obtaining information on forest biodiversity to contribute to establishing an efficient and consistent method on the state and trends of forest biodiversity on a large scale and the respective habitat conditions.

The data collected in the latest survey allows for the analysis, development and use of trend models to identify the distribution of species and endemism allowing conservation and management activities to be guided, as well as responding to international conventions and commitments.

The survey points to a downward trend in the area of forests being certified worldwide from 2022 onwards but in Brazil there no clear trend.

See:

<https://www.yumpu.com/pt/document/read/68621636/florestal-259web>;

https://snif.florestal.gov.br/images/pdf/publicacoes/Boletim_SNI_F_2023.pdf

Evaluation of plywood, sawnwood and moulding markets

In February this year the Brazilian Association of the Mechanically Processed Timber Industry (ABIMCI) met with representatives of the plywood, sawnwood and mouldings committee to assess current demand in both domestic and foreign markets and to identify the main competing countries.

The companies representing the plywood sector also assessed issues related to stocks in destination countries, the volume of current production, costs and supply. A broader analysis of logistical and port issues found that in January 2024 dispatches were disrupted with numerous changes to orders which hampered the flow of Brazilian plywood exports. Logistical problems are also affecting shipments of sawnwood to Asia, the United States and Mexico which together account for more than half of sawnwood exports.

Regarding the mouldings market, a broader and more detailed assessment was made of the behavior and dynamics of production by Brazil's main competitor countries such as Chile, China and the countries of Southeast Asia along with North American which is a significant market for mouldings.

See:

<https://abilink.abimci.com.br/ev/PRVu6/BM6/ef02/w8KE9Kx7yk/BQyw/>

ABIMCI discusses expanding exports of wood products

ABIMCI and FIEP (Federation of Industries of the State of Paraná) met with the European Union's Ambassador to Brazil in February 2024. ABIMCI stressed the good practices already in place in Brazil's timber and forestry sector emphasising that millers and manufacturers comply with environmental standards and regulations required in importing countries.

Also in February ABIMCI took part in a meeting with the Mexican association CANAINMA (National Chamber of the Timber Industry) seeking to bring the organisations closer together to discuss a possible trade mission for companies from Mexico to Brazil.

The possibility of holding business rounds between the two countries was the main topic of the meeting as Mexico continues to be one of the main importers of wood products from Brazil. The possible development of a cooperation agreement between the two organisations was also part of the meeting's agenda and objectives.

See:

<https://abilink.abimci.com.br/ev/PRVu6/BM6/ef02/w8KE9Kx7yk/BOyw/>

Mato Grosso forest product traceability

The state of Mato Grosso exports forest products to 61 countries in America, Africa, Asia, Europe and Oceania. The tropical timber shipped is sourced from sustainably managed forests and the raw material supply chain is transparent and traceable.

International buyers of wood products from 46 tree species identified and authorised in the State by environmental agencies generated US\$120 million in 2023 according to foreign trade statistics. The main markets were the United States (US\$19.4 million), India (US\$17.8 million), France (US\$13.6 million) and China (US\$ 8.6 million).

In January 2024 the international trade in wood products from natural forest species was worth around US\$6 million (India US\$1.6 million), China (US\$478,000), the United States (US\$1.6 million) and France (US\$ 934,200).

CIPEM (Center for Timber Producing and Exporting Industries of Mato Grosso State) emphasised the importance of the two main importing countries in Asia. It also cited the importance of expanding the market for Brazilian wood products by participation in the Global Forum on Legal and Sustainable Timber (GLSTF) in Macau, China which was attended by around 700 stakeholders from the forestry sector in 37 countries.

In the context of Brazilian exporting States, Mato Grosso ranks 4th. It accounts for 2.3% of Brazil's international timber sales. In 2023 Mato Grosso's timber industry shipped around 190,600 tonnes of sawnwood and profiled timber attesting to the quality of tropical timber from managed areas.

The annual production capacity of the forest sector in the State of Mato Grosso is around 7 million cu.m of tropical timber coming from a total area of 4.7 million hectares with the capacity to reach 6 million ha. of sustainably managed forest.

Forest-based activities contribute to sustainable development through conserving native vegetation, promoting carbon capture and mitigating the effects of climate change. In addition, this economic segment generates direct and indirect jobs, ranking 4th in job creation among the State's manufacturing industries.

See: <https://cipem.org.br/noticias/mato-grosso-exporta-produtos-florestais-com-rastreabilidade-para-61-paises-em-5-continentes>

Through the eyes of industry

The latest GTI report lists the challenges identified by the private sector in Brazil.

See: <https://www.itto-ggsc.org/static/upload/file/20240223/1708653799120615.pdf>

Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	590
Jatoba	244
Massaranduba	214
Muiracatiara	206
Angelim Vermelho	210
Mixed redwood and white woods	160

Source: STCP Data Bank

Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	2,267
Jatoba	1,205
Massaranduba	1,032
Muiracatiara	992
Angelim Vermelho	1,045
Mixed red and white	629
Eucalyptus (AD)	343
Pine (AD)	268
Pine (KD)	320

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

	US\$ per cu.m
Parica	
4mm WBP	647
10mm WBP	519
15mm WBP	641
4mm MR.	453
10mm MR.	398
15mm MR.	

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

	US\$ per cu.m
<i>Domestic ex-mill prices</i>	
15mm MDP Particleboard	379
15mm MDF	398

Source: STCP

Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipe	3,100
Jatoba	1,630
Massaranduba	1,640
Muiracatiara	1,645
Pine (KD)	185

Source: STCP Data Bank

Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	319
12mm C/CC (WBP)	288
15mm C/CC (WBP)	278
18mm C/CC (WBP)	275

Source: STCP Data Bank

Export prices for added value products

	US\$ per cu.m
FOB Belem/Paranagua ports	
Decking Boards	
Ipê	3,300
Jatoba	1,865

Source: STCP Data Bank

Shipments of veneers rose in 2023

As reported by the Services Management and Extractive Industries of the Association of Exporters (ADEX), exports of veneers and sheets of wood in 2023 were valued at US\$1.6 million, an increase of around 10% compared to 2022 (US\$1.48 million),

Mexico was the main destination accounting for US\$1.14 million of the total followed by Ecuador (US\$0.28 million) and the Dominican Republic (US\$0.21 million) and there was a year on year increase in the value at plus 76% for Ecuador and 10% for the Dominican Republic. In addition, small quantities were shipped to Chile but there were no exports to Australia and the United States as in previous years.

According to the ADEX Commercial Trade Intelligence System, 2023 was the third consecutive year of growth in exports of veneers after the 19% decline in 2020 due to the effects of the Covid-19 pandemic.

The main items exported were 'Other veneers or plywood' (US\$1.16 million) including cedar plywood, screwwood (tornillo, *Cedrelinga cateniformis*) veneer, ishpingo plywood, ishpingo veneer and cumala (*virola*) plywood. Other shipments (US\$0.47 million) included decorative sheets, ishpingo veneer for the furniture industry, joined sheets.

Most of the products (US\$1.56 million) were shipped out from Lima with the balance by land via Junín and Tumbes.

Veneer exports were ranked in eighth place in the ranking of wood products surpassing only fibreboard and particleboard.

Earnings from veneer shipments were far below that of sawn wood (US\$42.34 million), semi-manufactured products (US\$34.77 million), construction products (US\$5.55 million), fuelwood and charcoal (US\$5.36 million), manufactured goods (US\$4.32 million) and furniture and parts (US\$4.11 million).

Women contribute to the country's forestry and wildlife management

The Forestry and Wildlife Resources Supervision Agency (OSINFOR) says the forestry sector faces many challenges but also significant opportunities. "As a woman at the head of OSINFOR, an entity committed to supervising the sustainable use of forest and wildlife resources, I consider it essential to highlight the invaluable contribution of women in the management and conservation of forest resources", said Lucetty Ullilen the Head of OSINFOR.

Ullilen indicated that women's participation not only enriches the diversity of perspectives in the sector but also strengthens the collective capacity to efficiently execute public policies and promote sustainable practices.

"On Women's Day, we celebrate the essential role women play in building a more sustainable and equitable future for our communities, forests and people in general considering current and future generations", she said.

See: <https://www.gob.pe/institucion/osinfor/noticias/917210-con-fuerza-al-bosque-las-mujeres-contribuyen-en-la-gestion-forestal-y-de-fauna-silvestre-del-pais>

APEC 2024 - SERFOR participation

The National Forestry and Wildlife Service (SERFOR) together with representatives from the Ministry of Foreign Affairs led Peru's participation at the 25th Meeting of the APEC Group of Experts on Illegal Logging and Associated Trade (EGILAT) that took place on February in Lima as part of the Asia-Pacific Economic Cooperation Forum (APEC).

Representing Peru, the Executive Director of SERFOR, Alberto Gonzales Zuñiga, welcomed the experts and highlighted that the 21 APEC economies have a total of 2,190 million hectares of forests which represents more than half of the world's forest area and account for a major share of exports of tropical wood and forest products.

The Head of SERFOR indicated that hosting APEC for the third time is a great honour for Peru and for the forestry sector it is very important because it is an opportunity to highlight the progress made in the management of Peru's and forests in APEC countries such as the use of technology to monitor and trace wood from its origin to the market.

See: <https://www.gob.pe/institucion/serfor/noticias/913624-apec-2024-serfor-participa-en-grupo-de-expertos-de-21-economias-para-promover-productos-forestales-de-origen-legal>

Export prices for added value products

	US\$ per cu.m
Strips for parquet Cabreuva/estoraque KD12% S4S, Asian market	1327-1398
Cumaru KD, S4S Swedish market Asian market	986-1119 1079-1101
Cumaru decking, AD, S4S E4S, Central American market	995-1001
Pumaquiro KD Gr. 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market	582-611
2x13x75cm, Asian market	774-831

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	691-710
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	582-602
Grade 2, Mexican market	527-541
Cumaru 4" thick, 6"-11" length KD Central American market	995-1022
Asian market	9911017↓
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	634-649
Dominican Republic	744-793
Marupa 1", 6-11 length KD Grade 1 Asian market	559-571

Export plywood prices

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

Export veneer prices

Veneer FOB Callao port	US\$ per Cu.m
Lupuna 3/Btr 2.5mm	221-249
Lupuna 2/Btr 4.2mm	234-266
Lupuna 3/Btr 1.5mm	219-228

Domestic sawnwood prices

Peru sawnwood, domestic	US\$ per cu.m
Mahogany	218-236
Virola	225-238
Spanish Cedar	182-218
Marupa (simarouba)	192-227

Domestic plywood prices (excl. taxes)

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

Domestic prices for other panel products

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

Trend in wage negotiations key in decisions on interest rates

Every spring unions and management in Japan hold talks (known as shunto) to agree wages ahead of the April fiscal year. Economists are closely monitoring this year's negotiations because the outcome will influence the Bank of Japan (BoJ) monetary policy. The BoJ governor has said that "a clear trend of wage increases is key to meeting its inflation target which will give the Bank the confidence to adjust its policy on interest rates.

The largest labour confederation has announced record pay increases, signaling a break from the deflationary spiral that held down growth in the so-called "lost decades. Driving the wage increases is the growing labour shortage in many sectors along with rising prices of everyday items made worse by a weak yen.

However, only about 16% of workers in Japan are union members and, with small companies accounting for around 70% of employment, the ability of these companies to raise wages depends heavily on whether they can pass on costs to customers, many of which are the big enterprises who will fight to keep production costs down.

See: <https://www.cnn.com/2024/03/14/japan-2024-shunto-spring-wage-negotiations.html>

Third quarter surge in capital spending

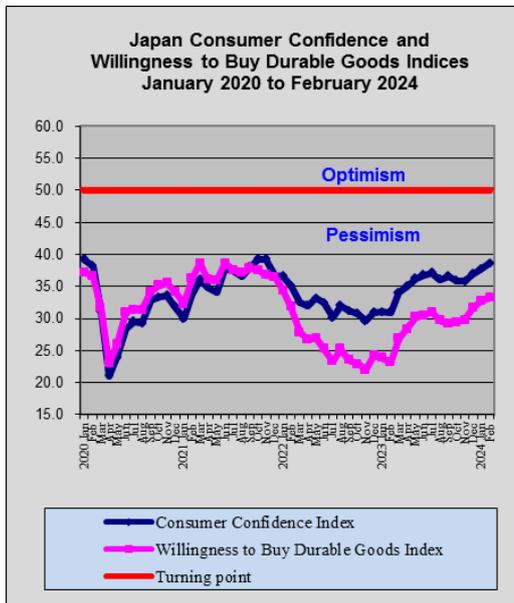
Ministry of Finance data shows capital spending by Japanese companies surged in the October-December quarter from a year earlier which was interpreted to suggest the state of the Japanese economy was not as weak as often portrayed.

Investment by financial sectors in building factories and adding equipment in the same quarter was a record. Japanese companies increased investment for the 11th straight quarter suggesting an underlying strength in demand.

Manufacturers increased investment by just over 20% to boost output capacity marking the 11th straight quarter of expansion. Investment by non-manufacturers rose 14%, marking the sixth straight quarterly increase.

However, a study by the Cabinet Office shows Japanese companies, mainly the small and medium companies, are using some of the oldest equipment among Group of Seven economies and indicated this needs to be addressed if productivity is to improve. Japan was ranked 30th in labour productivity among the 38 Organization for Economic Cooperation Development members in a 2022 survey.

See: <https://www.japantimes.co.jp/business/2024/01/08/japan-labor-productivity-ranking/>
and
<https://asia.nikkei.com/Business/Business-trends/Japanese-companies-stuck-with-second-oldest-equipment-in-G7>

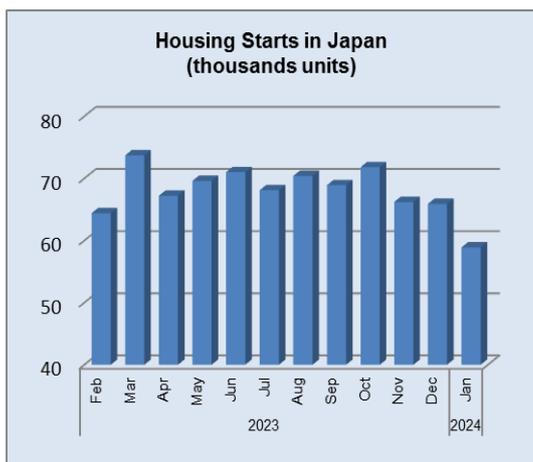


Data source: Cabinet Office, Japan

Another home builder eyes the US market

Japanese homebuilder Daiwa House Industry Group is looking to launch a business in the US to make prefabricated panels for residential homes. The company believes building a factory in the country can lead to lower construction costs over the medium to long term. This approach to market diversification is different from that of the Sekisui House approach which is to acquire US companies as a way to penetrate the US market.

See: <https://asia.nikkei.com/Business/Construction/U.S.-housing-market-becomes-battleground-for-rival-Japan-homebuilders>

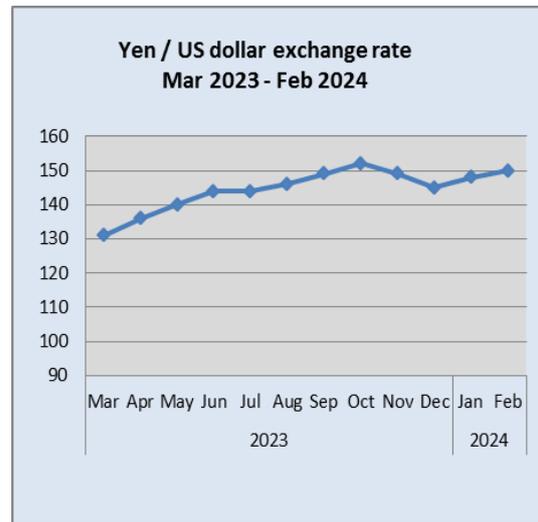


Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Shift in Bank of Japan rate policy expected this month

When the Bank of Japan (BoJ) will begin exiting its policy of negative interest rates which was introduced to lift the country out of deflation is now hotly debated with most analysts expecting a change this year. For the first time in a month the yen strengthened to 147 against the US dollar in early March as a wave of yen buying was sparked by comments from a BoJ official.

See: <https://www.reuters.com/markets/asia/boj-leaning-toward-exiting-negative-rates-march-sources-2024-03-08/>



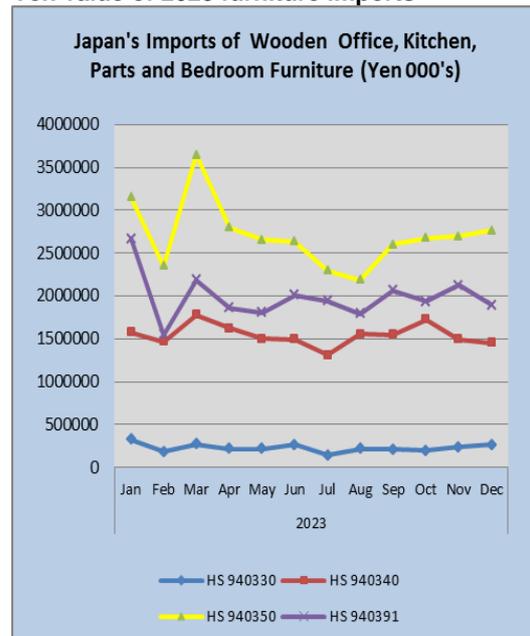
Forestry and timber industries in need of foreign workers

It appears a decision will be made soon by the government to sharply increase the number of foreign nationals it accepts under its Skilled Worker Visa scheme. This change in policy is in response to the acute labour shortage in the country. The domestic media reports that the government is considering adding the road transportation, railways, forestry and timber industries to those within scope for the skilled worker visa system.

See: <https://asia.nikkei.com/Spotlight/Japan-immigration/Japan-to-double-cap-on-skilled-foreign-workers-from-fiscal-2024>

Import update

Yen value of 2023 furniture imports



Data source: Ministry of Finance, Japan

December wooden office furniture imports (HS 940330)

In December last year shipments of wooden office furniture from China accounted for over 80% of all imports of HS940330 marking a sharp jump in the value of shipments compared to a month earlier.

Malaysia was the second largest shipper of wooden office furniture in December and accounted for around 5% of arrivals in Japan. The other significant shipper in December was the US at around 3% of the total value of arrivals but this was down slightly compared to November.

Year on year, the value of December 2023 imports of wooden office furniture was down 15%, however, compared to November 2023 there was a 10% increase in the value of imports.

December imports (HS 940330)

	Imports Dec 2023 Unit, 000's Yen
China	222,759
Vietnam	2,899
Thailand	1,998
Malaysia	13,835
Philippines	1,333
Indonesia	4,754
France	2,128
Germany	392
Italy	568
Poland	834
Hungary	1,350
Turkey	1,019
Canada	1,856
USA	6,442
Mexico	1,082
Total	263,249

Data source: Ministry of Finance, Japan

December kitchen furniture imports (HS 940340)

Shippers of wooden kitchen furniture in just two countries accounted for over 80% of the value of Japan's imports of wooden kitchen furniture; the Philippines (45%) and Vietnam (36%). Shippers in China contributed a further 7% and there was a slight rise in shipments from Germany to account for a further 4% of total arrivals.

December imports (HS 940340)

	Imports Dec 2023 Unit, 000's Yen
China	101,409
Vietnam	522,713
Thailand	77,160
Malaysia	17,660
Philippines	650,279
Indonesia	18,691
UK	828
Germany	53,132
Italy	8,342
Canada	3,360
USA	443
Total	1,454,017

Data source: Ministry of Finance, Japan

The value of imports of HS940340 in December 2023 was unchanged when compared to a year earlier and also largely unchanged when compared to a month earlier.

December wooden bedroom furniture imports (HS 940350)

Beginning September 2023 there was a recovery in the value of wooden bedroom furniture imports to Japan. The upward trend continued through October and November but the up-swing slowed in December when month on month the value of imports was almost unchanged. However, Compared to a year earlier, December 2023 imports were up around 3%.

Shippers in Vietnam do well in Japan with shipments of HS940340 and HS940350. In December shippers in Vietnam accounted for around 35% of the value of imports to Japan of HS940350 but, as in previous months, the top shipper was China with close to 60% of the total value of December arrivals. Other major shipments were from Malaysia at 3-4%, Thailand, Indonesia as well as small amounts from Italy and Poland.

December imports (HS 940350)

	Imports Dec 2023 Unit, 000's Yen
China	1,622,201
Taiwan PoC	1,786
Vietnam	929,376
Thailand	27,978
Malaysia	126,178
Indonesia	30,424
Sweden	1,248
Denmark	327
UK	354
Portugal	307
Italy	10,657
Poland	10,896
USA	2,810
Total	2,764,542

Data source: Ministry of Finance, Japan

December wooden furniture parts imports (HS 940391)

Japan's imports of of wooden furniture parts are very diverse, much more so than with imports of assembled furniture. In December shippers in China topped the list of shippers in terms of the value of exports of wooden furniture parts to Japan, accounting for just over 45% of the total December import value. China was followed by Indonesia, shipping 20% of December imports, Vietnam (13%) and Malaysia (9%).

All four top shippers witnessed a decline in the value of December shipments and for the month there was an overall 11% decline in the value of imports. There was also a 13% decline in year on year imports in December.

December imports (HS 940391)

	Imports Dec 2023 Unit, 000's Yen
Rep. Korea	24,573
China	903,824
Taiwan P.o.C	25,147
Vietnam	245,422
Thailand	49,598
Singapore	421
Malaysia	177,551
Philippines	6,596
Indonesia	385,649
Sweden	452
Denmark	3,632
Germany	16,210
Switzerland	961
Italy	20,735
Finland	226
Poland	15,049
Hungary	1,099
Romania	781
Turkey	6,465
Lithuania	217
Slovakia	1,043
Canada	455
USA	8,504
S. Africa	264
Australia	326
Total	1,895,200

Data source: Ministry of Finance, Japan

Trade news from the Japan Lumber Reports (JLR)

The Japan Lumber Reports (JLR), a subscription trade journal published every two weeks in English, is generously allowing the ITTO Tropical Timber Market Report to reproduce news on the Japanese market precisely as it appears in the JLR.

For the JLR report please see:

https://ifpi.jp/japan_lumber_reports/

Wood export in 2023

Lumber export in 2023 is 135,064 cbms, 23.5 % less than 2022. This is straight two years decreasing. On the other hand, log export in 2023 is 1,595,406 cbms, 20.5 % more than last year. This is for the first time in two years to rise and this is the first time to exceed 1,500,000 cbms ever.

There is a huge influence of sluggish demand for lumber in the world. The weak yen does not make a good result for exporting lumber. Many logs are exported to China. Total wood exports were 50.4 billion yen, 4.2 % down from the previous year. This is for the first time in four years to decline but this is straight two years exceeding 50 billion yen.

Log export to China is 1,416,214 cbms, 26.6 % up from 2022. This result exceeds the result in 2021, which was 1,218,775 cbms and was the highest record at that time.

Wood product exports 2023

		'21	'22	'23	'23/'22
China	Log	1,218,775	1,118,793	1,416,214	126.6
	Lumber	56,580	66,567	55,639	83.6
South Korea	Log	123,493	115,683	100,697	87
	Lumber	10,342	8,330	7,727	92.8
Philippines	Log	-	-	-	-
	Lumber	58,537	44,504	17,486	39.3
Taiwan P.o.C	Log	94,019	79,984	72,660	90.8
	Lumber	13,728	14,500	17,452	120.4
U.S.A.	Log	-	-	-	-
	Lumber	58,585	38,547	32,157	83.4
Vietnam	Log	21,143	9,623	5,658	58.8
	Lumber	1,901	1,486	2,086	140.4
Other countries	Log	1,148	350	177	50.6
	Lumber	8,091	3,886	3,517	90.5
Total	Log	1,458,578	1,324,433	1,595,406	120.5
	Lumber	207,764	177,820	136,064	76.5

Unit : cbms Comparison : % change

Source: JLR

The yen was 130 yen against the dollar at the beginning of 2023 and the yen continued depreciating through the year. The yen depreciated to 150 yen against the dollar in November, 2023. The freight for a bulk ship to China was \$45,000 – 50,000. The cost of collecting cedar logs had been 10,000 – 10,500 yen, delivered per cbm through the year. The selling price of cedar log at the beginning of 2023 was \$115, C&F per cbm and the selling price declined to \$110, C&F per cbm in the middle of the year.

However, other cost also declined and Japanese exporters' motivation to export logs did not decline. Exporting logs to South Korea, Taiwan and Vietnam decline in 2023. Lumber export to the U.S.A. in 2023 is 32,157 cbms, 16.6 % down from 2022.

This is straight two years falling. This is 45.1 % down from 2021, when the lumber export was 58,537 cbms. A lot of backboards and scraps of precutting lumber are exported to China. The unit price of exporting cedar lumber is 20,000 yen, FOB per cbm.

Domestic logs and lumber

Demand for domestic lumber has been very sluggish through the nation. Therefore, the price of structural lumber plunged in February, 2024.

3 m x 105 mm KD cedar post in Kanto region is around 57,000 yen, delivered per cbm and this is around 3,000 yen lower than the previous month. In the northern part of Kanto region, it is 60,000 yen.

The movement of 4 m x 105 mm KD cypress sill is still slow and the price is 77,000 – 80,000 yen. This is 5,000 yen lower than last month.

The price of KD whitewood stud is around 70,000 – 75,000 yen, delivered per cbm and the price will rise in the future. 3 m x 30 x 105 mm KD cedar stud is around 60,000 yen, delivered.

The price of domestic log has been no changed because the lumber market is dull and there are not enough logs due to snowfall or rainfall. Cedar log for posts is 16,000 yen, delivered per cbm in the northern part of Kanto region. It is 15,500 yen, delivered per cbm in Kyushu region.

The price of cypress log for post in Tokai region is 22,000 yen, delivered per cbm and it is 17,000 yen, delivered per cbm in the northern part of Kanto region. Cedar log is 1,000 – 2,000 yen lower than the previous year and cypress log is 1,000 – 3,000 yen lower than the previous year.

The price of cedar log plunged in the northern part of Kanto region last spring so log companies are very cautious for the plummet this year.

Plywood

Movement of domestic softwood plywood has been sluggish since the end of January, 2024. Domestic plywood manufacturers keep reducing production but demand and supply for softwood plywood are lower than

production in February. Some reasons are a decrease in the new starts, a decrease in orders to precutting plants and a decrease in demand and supply in distribution business.

12 mm 3 x 6 structural softwood plywood is around 1,350 yen, delivered per sheet, in the Greater Tokyo Metropolitan area. This is around 100 yen lower than January and February. However, the price of 12 3 x 6 structural softwood plywood in Kyushu region and Hokkaido Prefecture is higher than other areas.

Since the log price and the distribution cost have been increasing, a sense of urgency in the plywood business has increased because the price has been falling.

Also, movement of South Sea plywood has been sluggish. There is not tight supply so far even though the arrival volume of South Sea plywood has been decreasing since last year.

The price of South Sea plywood is unchanged from the previous month. 2.5 mm plywood is 780 yen, delivered per sheet. 4 mm plywood is 1,000 yen, delivered per sheet. 5.5 mm plywood is 1,200 yen, delivered per sheet. 12 mm 3 x 6 painted plywood for concrete form is 1,990 – 2,000 yen, delivered per sheet. Structural plywood is 1,800 yen, delivered per sheet.

Shippers in Malaysia and Indonesia still expect to raise the price but Japanese buyers hesitate to purchase a lot of South Sea plywood so the price of South Sea plywood is unchanged.

2.4 mm 3 x 6 is around \$950, C&F per cbm. 3.7 mm is US\$880, C&F per cbm. 5.2 mm is US\$850, C&F per cbm. 12

3 x 6 painted plywood for concrete form is \$670 – 680, C&F per cbm. Form plywood is around US\$580, C&F per cbm. Structural plywood is US\$560– 570, C&F per cbm.

Imported wood fuel in 2023

Import of wood pellet and PKS both increased in 2023. Total volume of wood pellet and PKS is 8,600,000 tonnes. Wood pellet import in 2023 is 5,810,000 tonnes, 31.9 % more than 2022. Vietnamese wood pellet is 2,610,000 tonnes, 9.1 % up from the previous year.

Canadian wood pellet is 1,580,000 tonnes, 16.5 % more than last year. American wood pellet is 1,260,000 tonnes, 316.8 % up. However, Australian wood pellet is 49,000 tonnes, 16.7 % less than 2022.

The reason for the increase is that many huge wooden biomass power plants have been established last year. PKS import in 2023 is 2,880,000 tonnes, 0.4 % up from 2022. Indonesian PKS is 2,240,000 tonnes a 1.5 % increase from last year. Malaysian PKS is 631,000 tonnes, 4.5 % down from the previous year.

Trend in wood fuel imports

	2021	2022	2023
Wood pellet	3,116	4,407	5,813
PKS	2,518	2,873	2,886

Unit : 1,000 tonne
PKS (palm kernel shells)

China

2024 catalogue of national key industrial products includes wood

The State Administration for Market Regulation recently issued the ' Catalogue of National Key Industrial Product Quality and Safety Supervision' (2024 edition). Wood products, such as wooden furniture and wood-based panels are included in the catalogue.

Wood-based panels in the Catalogue include blockboard, MDF, particleboard, plywood, impregnated adhesive film papered veneer, laminated wood flooring and solid wood composite flooring. Food related products such as disposable bamboo-wood chopsticks and wooden cutting board are also included.

See:
<https://www.forestry.gov.cn/ljy/1/lcdt/20240131/544533.html>

Decline in wooden furniture exports

According to China Customs, wooden furniture exports in 2023 fell 4% to US\$24.19 billion year on year. The US was the largest market for China's wooden furniture exports and nearly 30% of China's wooden furniture exports were to the US, up 1% over 2022.

Major markets for China's wooden furniture exports in 2023

Destination	Exports (bil.US\$)	YoY % change
Total	24.19	-4%
USA	7.01	1.0%
UK	1.45	15%
Australia	1.44	-11%
South Korea	1.43	1%
Japan	1.39	-12%

Data source: China Customs

China's wooden furniture is exported to more than 200 countries and these markets are very diverse. The top 5 countries for furniture exports of more than US\$1 billion together accounted for only 53% of the national total wooden furniture exports in 2023.

China's wooden furniture exports to UK in 2023 rose 15% to US\$1.45 billion year on year. In contrast, China's wooden furniture exports to Australia and Japan dropped 11% and 12% to US\$1.44 billion and US\$1.39 billion respectively in 2023.

China's wooden furniture exporters have encountered difficulties and challenges in recent years, resulting in a decline in wooden furniture exports in 2023. The main reasons were as follows:

China's wooden furniture exports are often subjected to barriers in the import countries especially those related to anti-dumping, technical standards and environmental certification and environmental protection requirements are getting higher and higher.

Many countries have begun to implement strict environmental protection laws and regulations and have put forward higher requirements for raw materials, production processes and environmental protection treatment of imported wooden furniture. This drives up production costs and impacts competitiveness.

China's wooden furniture enterprises are facing competition from shippers whose costs are lower.

With the fluctuations in the global economy the supply and demand has changed greatly and the furniture prices in some emerging markets such as India and Vietnam are relatively low which poses a competitive pressure on China's wooden furniture exporters.

In addition, the production technology and management level of domestic wooden furniture production enterprises in China is not high resulting in low productivity and unstable product quality and these factors affect international competitiveness. China's wooden furniture enterprises plan to respond by improving production technology and management, optimising the supply chain and strengthen brand building to enhance the competitiveness.

Decline in wooden furniture imports

According to China Customs, wooden furniture imports fell 13% to US\$770.57 million in 2023. Italy, Germany and Vietnam were the top 3 suppliers of wooden furniture to China. Nearly 70% of wooden furniture from these three countries fell by 13%, 2% and 11%, to US\$343 million, US\$113 million and US\$74.6 million respectively in 2023. The demand for wooden furniture in the domestic market is said to be weak and opportunities for growth are limited.

Top suppliers wooden furniture imports in 2023

Supplier	Value (mil.US\$)	YoY % change
Total	771	-13%
Italy	343	-13%
Germany	113	-2%
Vietnam	75	-11%

Data source: China Customs

Rapid development of China /Russia supply chain

A cooperation agreement has been agreed between the Timber Industry Association in Suifenhe City, Heilongjiang Province and the Federation of Timber Industries and Exporters in Primorsky Krai, Russia.

According to the agreement the two sides will "in line with the basic principles of giving full play to the advantages of all parties, realizing complementary resources, matching mutual needs, voluntary win-win and common development, determine the establishment of partnership mainly in the wood industry raw material supply chain, establish a management meeting and communication mechanism from time to time, the association leads the exchange of visits between the two companies, build an industry exchange platform, and regularly carry out activities".

In particular, the Russian Association discussed the possibility of the Association trading timber in the St. Petersburg International Commodity Raw Materials Exchange in Vladivostok and expressed its willingness to set up a branch in Suifenhe City to jointly promote commodities in China.

See:
https://baijiahao.baidu.com/s?id=1792507849871685270&wfr=s_pider&for=pc

Imports of oak logs from Honduras

The forest products trade between Honduras and China is growing and China's log imports from Honduras in 2023 surged. While China's oak imports have dropped significantly from traditional shippers oak log arrivals from Honduras have started for the first time. China imported 450,000 cubic metres of oak logs from Honduras, valued US\$25 million in 2023.

According to China Customs, China's oak imports in 2023 totalled 817,000 cubic metres, down 37% year on year.

The top 3 suppliers, France, USA and Germany saw oak exports to Chian fall by 45%, 19% and 25% respectively in 2023 resulting in the overall decrease in oak imports.

Top suppliers of China's oak imports in 2023

Supplier	Vol. (000'cu.m)	YoY % change
Total	817	-37%
France	304	-45%
USA	263	-19%
Germany	52	-25%
Honduras	45	
Belgium	44	-42%
Slovakia	32	-23%
Slovenia	17	-55%
Czech Republic	17	-42%

Data source: China Customs

Rise in oak sawnwood imports from Russia

According to China Customs, oak sawnwood imports from Russia in 2023 rose 14% to 127,000 cubic metres valued at US\$61 million, up 14% year on year.

In contrast, the top suppliers of oak sawnwood, the US and Canada saw 2023 exports to China fall by 8% and 13% to 523,000 cubic metres and 190,000 cubic metres respectively resulting in the overall decrease in oak sawnwood imports in 2023. China's oak sawnwood imports fell 7% to 681,000 cubic metres in 2023.

China's oak sawnwood imports from France and Germany in 2023 also dropped 87% and 25% year on year.

Top suppliers of oak sawnwood in 2023

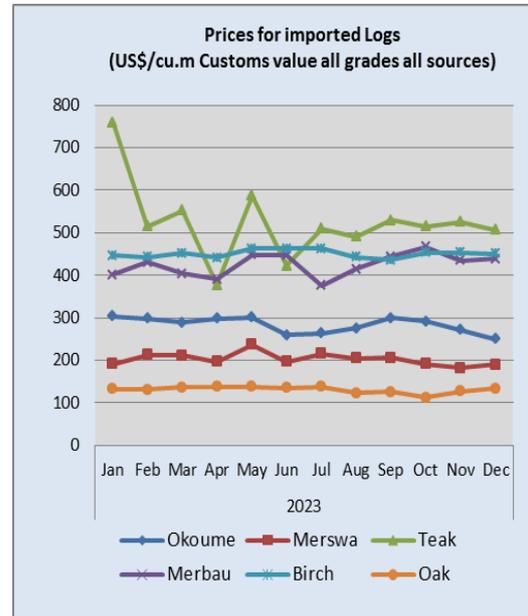
Supplier	Vol. (000'cu.m)	YoY % change
Total	681	-7%
USA	523	-8%
Russia	127	14%
Canada	19	-13%

Data source: China Customs

Average CIF prices, logs US\$/cu.m

	2023 Nov	2023 Dec
Okoume	272	250
Merswa	182	190
Teak	525	507
Merbau	434	439
Birch	453	451
Oak	127	134

Data source: Customs, China



Data source: Customs, China

Average CIF prices, sawnwood, US\$/cu.m

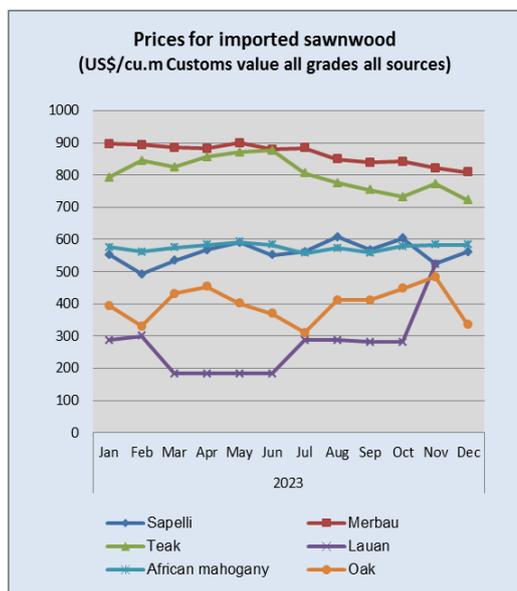
	2023 Nov	2023 Dec
Sapelli	524	562
Merbau	821	808
Teak	772	722
Lauan	522	
African mahogany	584	583
Oak	484	335

Data source: Customs, China

Through the eyes of industry

The latest GTI report lists the challenges identified by the private sector in China.

See: <https://www.itto-ggsc.org/static/upload/file/20240223/1708653799120615.pdf>

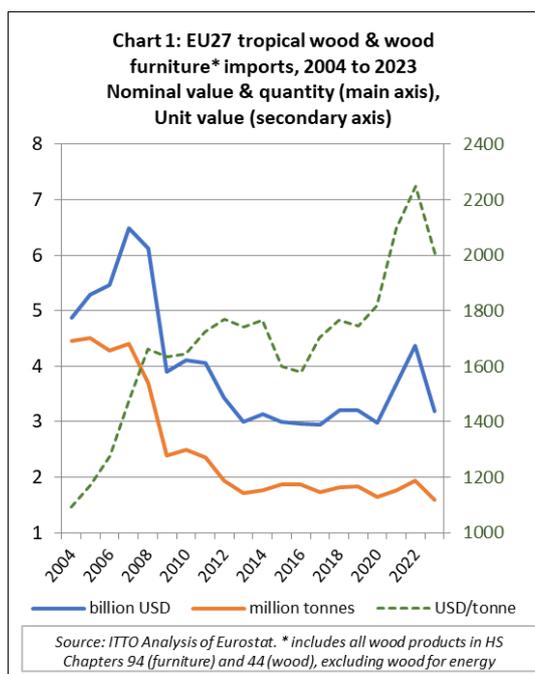


Data source: Customs, China

EU

EU27 tropical wood imports below historically low pre-COVID level

In 2023, the EU27 imported 1.59 million tonnes of tropical wood and wood furniture products with a total value of US\$3.18 billion, respectively 18% and 27% less than the previous year. This marked a return to the historically low pre-pandemic level. EU27 import value of tropical wood and wood furniture products last year was only slightly above the annual average of US\$3.06 billion during the pre-COVID 2013 to 2019 period.



When account is taken of inflation, import value last year was about 10% below the pre-COVID level. Import quantity in 2023 was around 12% below the annual average of 1.8 million tonnes during the 2013 to 2019 period.

The sharp rise in unit prices for tropical wood and wood furniture imported into the EU that occurred during the pandemic was also partially reversed last year.

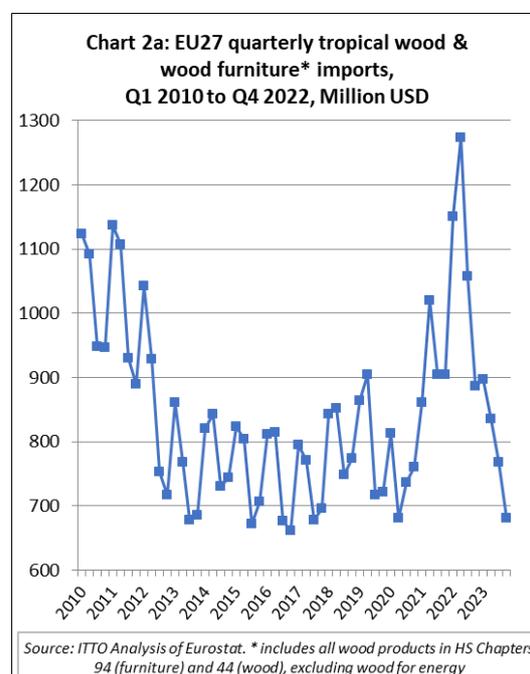
The average price per tonne of all EU27 tropical wood and wood furniture imports fell from a record high of US\$2250 in 2022 to US\$2000 in 2023 (Chart 1 above).

In reviewing EU27 tropical imports during 2023, it is notable that the decline in trade was almost universal, impacting on all product groups and all supply countries almost without exception. A downturn in which all products and suppliers are losers is a rare event indeed and is another indication of the sheer scale of the shift in trade last year.

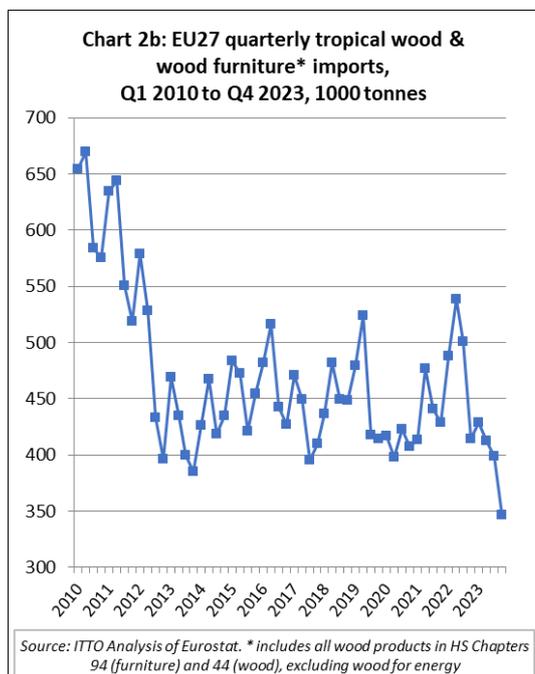
Precipitous fall in EU27 trade in the fourth quarter of 2023

The EU27 imported tropical wood and wood furniture with total value of US\$681 million in the fourth quarter of 2023, 11% less than the previous quarter and 23% down on the same quarter the previous year.

Quarterly import value fell precipitously from a historical high of US\$1274 in the second quarter of 2022 at the peak of the post-COVID boom (Chart 2a).



In quantity terms, total EU27 imports of tropical wood and wood furniture of 347,000 tonnes in the fourth quarter last year were 13% down compared to the previous quarter and 16% less than during the same quarter the previous year. In fact, this was by far the lowest quarterly import quantity recorded this century by the EU and quite possibly ever recorded by the EU since it was first formed (as the EEC) in 1957 (Chart 2b).



EU economic expansion comes to an abrupt end in 2023

The challenges facing the European economy are highlighted in EU's Winter 2024 Economic Forecast published on 15 February. This indicates that GDP expanded by only 0.5% in both the EU and the euro area during 2023. Growth of only 0.9% is now projected in the EU and 0.8% in the euro area in 2024.

According to the EU Forecast: "Last year's modest growth largely owes itself to the momentum of the post-pandemic economic rebound in the previous two years.

Already towards the end of 2022, the economic expansion came to an abrupt end and activity has since been broadly stagnating, against the background of falling household purchasing power, collapsing external demand, forceful monetary tightening and the partial withdrawal of fiscal support in 2023.

The EU economy thus entered 2024 on a weaker footing than previously expected. After narrowly avoiding a technical recession in the second half of last year, prospects for the first quarter of 2024 remain subdued".

The EU Forecast identifies some positive developments in the EU economy, particularly in relation to inflation, since the previous 2023 Autumn Forecast. It notes that "As energy supply keeps outstripping demand, spot and future prices for oil and especially gas are now significantly lower than assumed in the Autumn Forecast.

Retail energy prices are therefore set to fall further, helping EU recover some of the competitiveness lost during the energy crisis. Despite mild upward pressure from higher shipping costs in the wake of Red Sea trade disruptions, underlying inflation continues on a steady downward path".

Overall, the EU Forecast suggests that "the conditions for a gradual acceleration of economic activity this year appear to be still in place. As inflation decelerates, real wage growth and resilient employment should support a rebound in consumption.

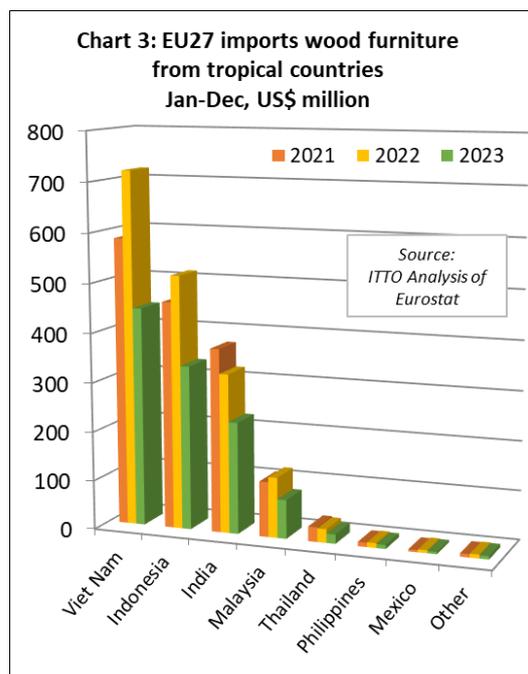
Despite falling profit margins, investment is set to benefit from a gradual easing of credit conditions and further deployment of the Recovery and Resilience Facility (RRF). The pace of growth is set to stabilise broadly in line with potential, as of the second half of this year".

On the other hand, the EU Forecast notes that "protracted geopolitical tensions and the broadening of the Middle East conflict to the Red Sea tilt the balance of risks towards more adverse outcomes". Furthermore, "a more persistent transmission of the still tight monetary conditions could further delay the rebound in economic activity".

EU27 tropical wooden furniture imports down by a third in 2023

The EU27 imported 265,600 tonnes of wood furniture from tropical countries with a total value of US\$1124 million in 2023, down 24% and 35% respectively compared to the previous year.

EU27 import value of wood furniture decreased from all leading tropical supply countries in 2023, including Vietnam (-38% to US\$445 million), Indonesia (-35% to US\$334 million), India (-30% to US\$227 million), Malaysia (-36% to US\$79 million), and Thailand (-32% to US\$19 million). EU27 wood furniture imports from all other tropical countries were negligible during the year (Chart 3).

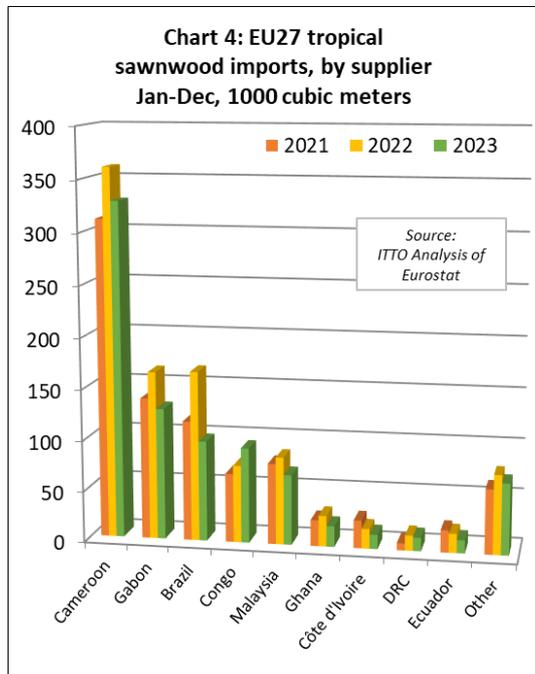


EU27 imports of tropical sawnwood declined 16% in 2023

The EU27 imported 848,000 cubic metres of tropical sawnwood in 2023, 16% less than the previous year. Import value of this commodity was US\$782 million in 2023, 14% less than in 2022.

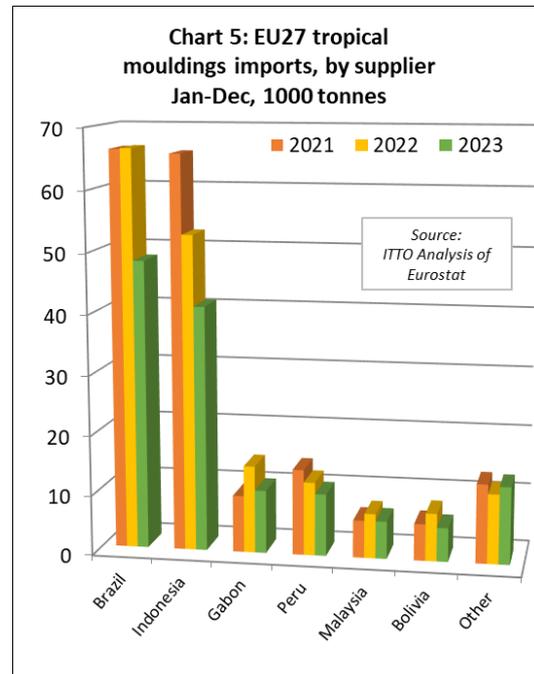
Imports declined from nearly all leading supply countries including Cameroon (-9% to 328,600 cubic metres), Gabon (-22% to 128,800 cubic metres), Brazil (-41% to 98,300 cubic metres), Malaysia (-20% to 68,700 cubic metres), Ghana (-32% to 20,500 cubic metres), Côte d’Ivoire (-27% to 14,100 cubic metres), DRC (-12% to 13,200 cubic metres), and Ecuador (-27% to 10,000 cubic metres).

The only significant increases in tropical sawnwood imports were from the Republic of Congo (+23% to 93,300 cubic metres) and CAR (+85% to 12,600 cubic metres). The increase in sawnwood imports from the Republic of Congo last year coincides with introduction of a ban on log exports from the country on 1st January 2023 (Chart 4).



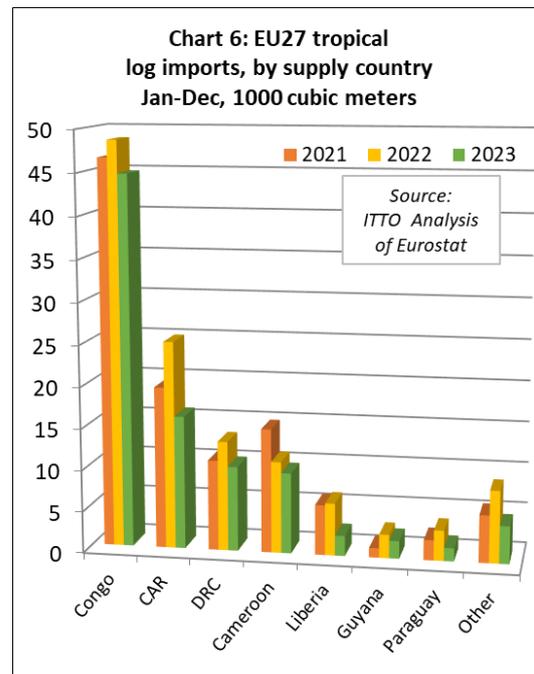
The EU27 imported 134,900 tonnes of tropical mouldings/decking in 2023, 22% less than in the previous year. Import value of tropical mouldings/decking was down 35% to US\$258 million in 2023.

Imports fell sharply from all the leading supply countries including Brazil (-27% to 48,200 tonnes), Indonesia (-22% to 40,900 tonnes), Gabon (-28% to 10,500 tonnes), Peru (-15% to 10,400 tonnes), Malaysia (-16% to 6,300 tonnes), and Bolivia (-29% to 5,600 tonnes) (Chart 5).



The EU27 imported 91,500 cubic metres of tropical logs with a total value of US\$58.3 million in 2023, respectively 23% and 10% less than in 2022.

The decline was universal across all supply countries including the Republic of Congo (-8% to 44,700 cubic metres), Central African Republic (-36% to 16,100 cubic metres), Democratic Republic of Congo (-23% to 10,200 cubic metres), Cameroon (-12% to 9,700 cubic metres), Liberia (-61% to 2,400 cubic metres), Guyana (-25% to 2,100 cubic metres) and Paraguay (-56% to 1,600 cubic metres) (Chart 6).

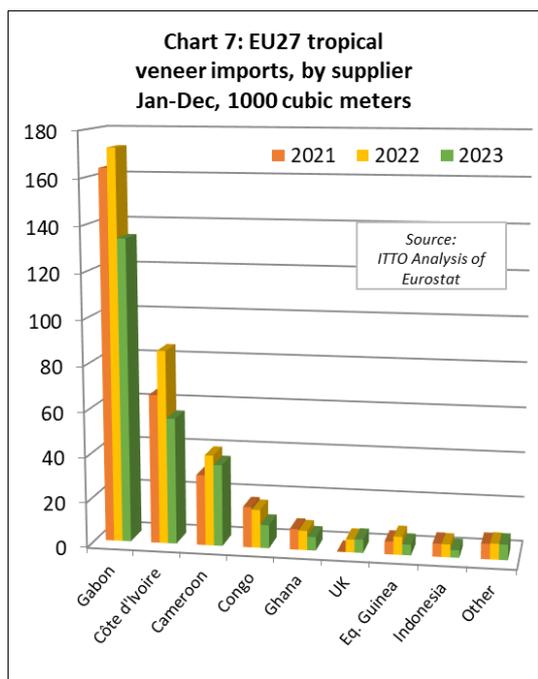


Reversal in EU27 imports of tropical hardwood veneer in 2023

The EU27 imported 262,800 cubic metres of tropical veneer with a total value of US\$180 million in 2023, down 25% and 23% respectively compared to the previous year.

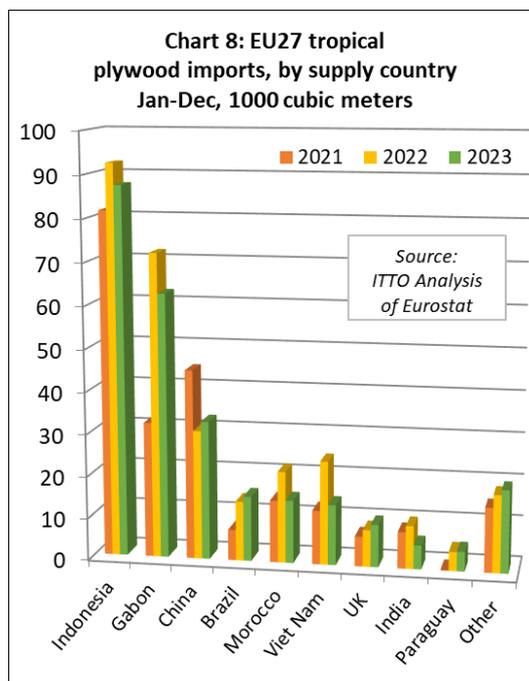
Imports of tropical veneer from Gabon, by far the largest supplier to the EU27, decreased 22% to 133,800 cubic metres in 2023. Imports of this commodity also declined from Côte d'Ivoire (-35% to 55,900 cubic metres), Cameroon (-10% to 36,100 cubic metres), Republic of Congo (-39% to 10,300 cubic metres), Ghana (-30% to 6,000 cubic metres), and Equatorial Guinea (-41% to 4,700 cubic metres).

The only increase in tropical veneer imports into the EU27 last year was in indirect trade with the UK which was up 3% to 5,900 cubic metres (Chart 7).



The EU27 imported 267,600 cubic metres of tropical plywood with a total value of US\$197 million in 2023, respectively 10% and 24% less than the previous year. Imports increased from China (+7% to 32,800 cubic metres), Brazil (+9% to 15,400 cubic metres), and Paraguay (+3% to 4,700 cubic metres), while indirect imports via the UK were also up 15% to 10,100 cubic metres.

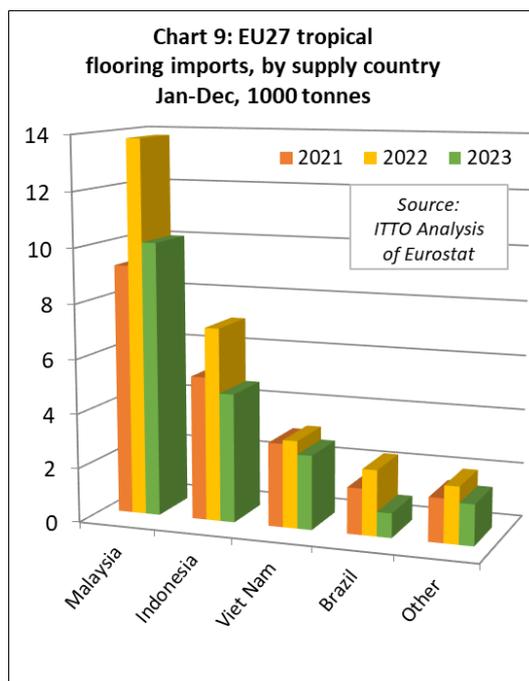
However, imports from other tropical supply countries declined including Indonesia (-5% to 87,500 cubic metres), Gabon (-13% to 62,600 cubic metres), Morocco (-31% to 14,900 cubic metres), Vietnam (-42% to 14,300 cubic metres), and India (-44% to 5,700 cubic metres) (Chart 8).



EU27 imports of tropical flooring decline 30% in 2023

The EU27 imported 19,900 tonnes of tropical wood flooring with a total value of US\$57 million in 2023, down 30% and 35% respectively compared to the previous year.

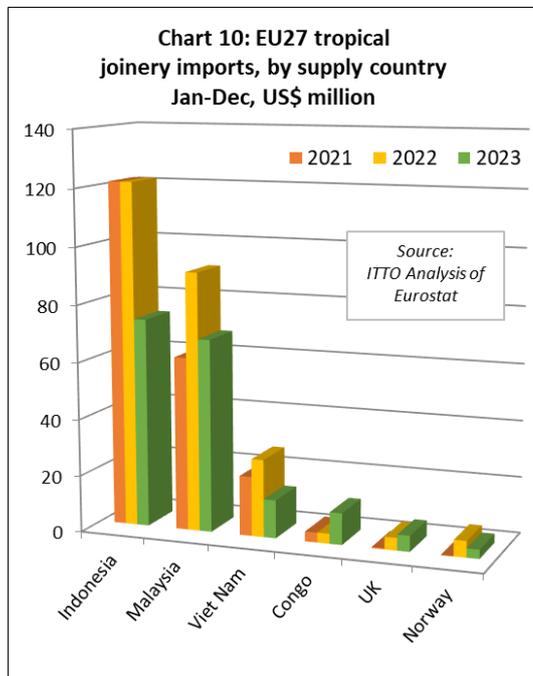
The consistent rise in EU27 wood flooring imports from Malaysia, that began in 2020, stalled in 2023. Imports of 10,100 tonnes from Malaysia last year were 27% less than in 2022. Imports also fell from Indonesia (-33% to 4,700 tonnes), Vietnam (-15% to 2,700 tonnes), and Brazil (-63% to 900 tonnes) (Chart 9).



The value of EU27 imports of other joinery products from tropical countries - which mainly comprise laminated window scantlings, kitchen tops and wood doors - declined 31% to US\$198 million in 2023.

Import quantity fell 25% to 80,500 tonnes during the year. Imports were down 39% to US\$74 million from Indonesia, down 25% to US\$68 million from Malaysia, down 51% to US\$13 million from Vietnam, and down 74% to US\$3 million from China.

In a potentially significant longer-term development, given efforts in the country to shift up the value chain as log exports are banned, EU imports of laminated joinery products from the Republic of Congo were valued at US\$11 million in 2023, nearly three times the value of 2022 (Chart 10).



North America

Hardwood plywood imports nearly doubled

US imports of hardwood plywood in January nearly doubled that of the previous January as the country imported 288,691 cubic metres. While the total is only a 4% rise from December and is 27% less than the January 2022 haul, the 95% gain over last January is a very positive sign that imports are continuing to recover from last year's slump.

	Dec-23	Jan-24	% change
Total	277,333	288,691	4%
China	3,284	5,004	52%
Russia	12,087	9,378	-22%
Indonesia	81,113	50,461	-38%
Malaysia	8,181	9,409	15%
Cambodia	14,862	10,603	-29%
Vietnam	68,032	110,324	62%
Ecuador	11,265	11,092	-2%
Others	78,509	82,420	5%

Data source: US Department of Agriculture, Foreign Trade Statistics

Imports from Vietnam rose 62% in January to their highest volume since April 2022. Strong gains were made in imports from China (up 52%) and Malaysia (up 15%) while imports from Indonesia and Cambodia showed higher volume than a year ago despite dropping from December totals.

Sawn tropical hardwood imports continue to rebound

US imports of sawn tropical hardwood rose 22% in January, climbing for the second straight month after hitting a two-year low in November. Despite the rise the 16,228 cubic metres imported in January was 7% less than the previous January's total. Imports from Brazil rose 76% and imports from Malaysia rose 25%, yet both still fell short of their January 2023 levels.

Imports of Balsa and Virola started 2024 strong as January levels of each were more than quadruple that of the previous January. Imports of paduak, teak, and jatoba in January were less than half of their January 2023 totals. Imports of sapelli rose 31% in January but were down 4% from a year ago.

Tropical sawnwood sources cu.m

	Dec-23	Jan-24	% change
Sawnwood total	13,269	16,228	22%
Ecuador	263	1,017	287%
Brazil	2,098	3,692	76%
Cameroon	1,380	1,690	22%
Malaysia	1,659	2,078	25%
Congo (Brazzaville)	1,261	1,943	54%
Peru	0	82	
Indonesia	2,073	1,892	-9%
Ghana	812	510	-37%
Cote d'Ivoire	86	366	326%
Other	3,637	2,958	-19%

Data source: US Department of Agriculture, Foreign Trade Statistics

Tropical sawnwood species cu.m

	Dec-23	Jan-24	% change
Sawnwood total	13,269	16,228	22%
Balsa	308	977	217%
Sapelli	2,114	2,766	31%
Acajou d'Afrique	889	813	-9%
Keruing	2,032	2,014	-1%
Ipe	1,151	2,258	96%
Mahogany	1,734	1,122	-35%
Virola	0	569	
Meranti	351	574	64%
Cedro	546	494	-10%
Jatoba	2	23	
Teak	99	131	32%
Iroko	65	65	0%
Paduak	4	25	
Aningre	0	0	
Other tropical	3,974	4,397	11%

Data source: US Department of Agriculture, Foreign Trade Statistics

Canadian imports of sawn tropical hardwood retreated 26% in January after reaching their highest level in nearly 10 years in December. Even with the decline, the January total of just under US\$2 million was 54% higher than January of 2023. Imports from Cameroon accounted for more than US\$1.1 million, which is the highest level of any country for one month in at least 10 years.

US veneer imports edge down

US imports of tropical hardwood veneer fell 7% in January. Despite the drop, at US\$2.9 million imports were 3% higher than in January 2023. This occurred despite the fact that imports from Italy, which continue to be highly volatile from month to month, fell by 93% from the previous month and were 94% off last January’s level.

Imports from Cameroon continued to grow in January, gaining 3% for the month to a level more than four times that of January 2023. Imports from Cote d’Ivoire were also strong, gaining 136% over the previous month to roughly double that of last January. Imports from China rebounded from an anemic December figure but were still down 23% from January 2023 levels.

Hardwood flooring imports fell more than 10% in January

Imports of hardwood flooring by the US fell 11% in January on sharp declines from the top suppliers. Imports from Indonesia fell 46% in January while imports from Brazil dropped by 23%. Compared to January 2023 figures, imports from both countries were down by about 60%.

Imports from Malaysia, which hit a 2-year low in December, grew 80% in January but were still 43% less than that of the previous January. Total imports in January were down 23% from January 2023 figures.

US Imports of assembled flooring panels also fell in January, declining 14% from the previous month. Imports from Thailand fell 30% in January while imports from Vietnam and Brazil each saw a 28% drop.

Despite the decline, imports from all three countries were well above their January 2023 levels. Imports from Canada started 2024 strong with January figures up 7% from the previous month and 41% above their level from a year ago. Total imports of assembled flooring panels for January were 29% higher than in January 2023.

Moulding imports slip

US imports of hardwood mouldings dropped 5% in January as imports from China declined by nearly half. Imports from China fell 43% in January to less than half of what they were in January 2023. Imports from Brazil were also far behind last January’s levels, trailing 66% from a year ago despite gaining 36% from the previous month.

Moulding imports(US\$)

	Dec-23	Jan-24	% change
Total	10,646,978	10,156,736	-5%
Brazil	212,305	288,910	36%
China	633,477	358,704	-43%
Malaysia	875,814	850,917	-3%
Canada	2,769,254	2,763,746	0
Other	6,156,128	5,894,459	-4%

Data source: US Department of Agriculture, Foreign Trade Statistics

Imports from Canada remained level for the month. Imports of hardwood moulding in January 2024 were down 7% from the previous January.

US wooden furniture imports held steady in January

US imports of wooden furniture were flat in January, rising less than 1% from December totals. At US\$1.73 billion, imports for the month were 4% below that of January 2023. However, January 2023 was uncharacteristically that year’s strongest month for imports, so any gains in the near future should propel 2024 ahead of last year’s numbers. Imports from China and Indonesia both rose 10% in January, while imports from India fell 19% and imports from Vietnam fell 5%.

US cabinet and vanity sales fell in 2023

Sales of kitchen cabinets and bathroom vanities, impacted by slowdowns in both the new construction and residential remodeling sectors, declined last year from their 2022 totals the Kitchen Cabinet Manufacturers Association(KCMA) reported.

The KCMA reported that overall cabinet and vanity sales for the year were down 2.3% compared to 2022, falling from a total of US\$2.866 billion to US\$2.801 billion. The decline was fueled entirely by a shortfall in sales of stock cabinets which were down 19.4% from the prior year.

By comparison, sales gains were posted for both custom (+5.0%) and semi-custom cabinets (0.5%) the KCMA reported. KCMA also reported that January 2024 sales continued the downward trend with overall sales down 7% versus January 2023 as custom sales lagged by more 18.2%.

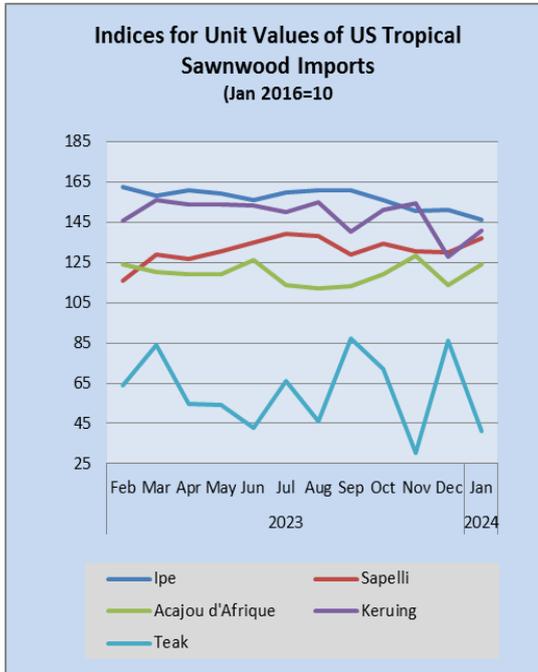
See: <https://kcma.org/insights/january-trend-business-report-0>

Construction firms report mixed outlook for 2024

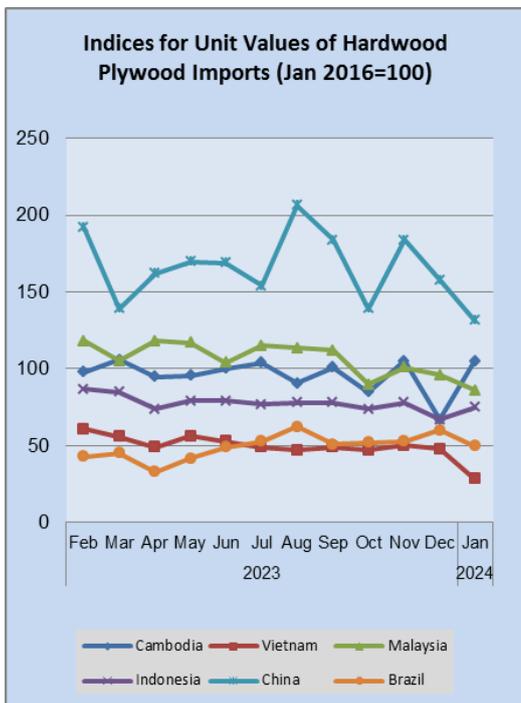
Construction contractors have a decidedly mixed outlook for 2024 as firms predict transitions in demand for projects, the types of challenges they will face and the technologies (including artificial intelligence) they will embrace according to survey results by Sage and the Associated General Contractors of America. Amid these changes contractors are struggling to cope with significant labour shortages, the impacts of higher interest rates and input costs and a supply chain that, while better, is still far from normal.

“2024 offers a mixed bag for construction contractors; on one hand, demand for many types of projects should continue to expand and firms will continue to invest in the tools they need to be more efficient,” said Stephen E. Sandherr, the Association’s Chief Executive Officer. “Meanwhile, they face significant challenges when it comes to finding workers, coping with rising costs and weathering the impacts of higher interest rates.”

See:
https://www.agc.org/sites/default/files/users/user21902/2024%20Construction%20Hiring%20and%20Business%20Outlook%20Report_V2.pdf



Data source: US Census Bureau, Foreign Trade Statistics



Data source: US Census Bureau, Foreign Trade Statistics

Disclaimer: Though efforts have been made to ensure prices are accurate, these are published as a guide only. ITTO does not take responsibility for the accuracy of this information.

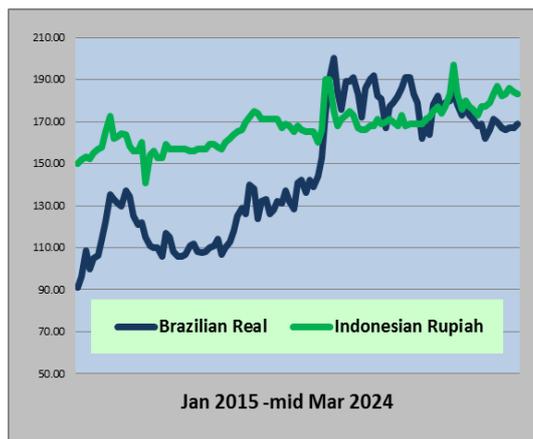
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

US Dollar Exchange Rates

As of 10 March 2024

Brazil	Real	4.97
CFA countries	CFA Franc	599.65
China	Yuan	7.19
Euro area	Euro	0.91
India	Rupee	82.84
Indonesia	Rupiah	15,568
Japan	Yen	148.46
Malaysia	Ringgit	4.70
Peru	Sol	3.72
UK	Pound	0.78
South Korea	Won	1,314.06

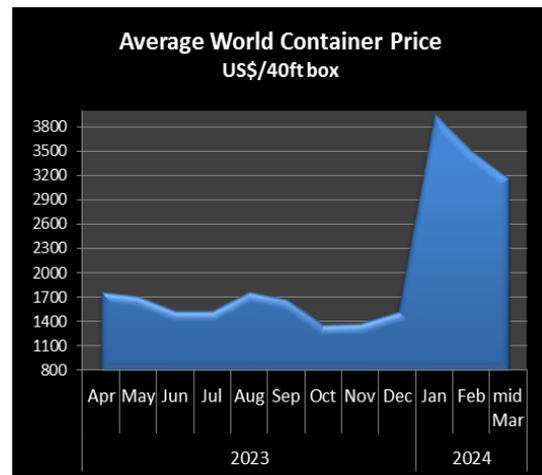
Exchange rate indices (US\$, Dec 2003=100)



Abbreviations and Equivalences

Arrows ↓↑	Price has moved up or down
BB/CC etc	quality of face and back veneer
BF, MBF	Board foot, 1000 board foot
Boule	bundled boards from a single log
TEU	20 foot container equivalent
CIF	Cost insurance and freight
C&F CNF	Cost and freight
cu.m cbm	cubic metre
FAS	First and second grade of sawnwood
FOB	Free-on board
Genban	Sawnwood for structural use in house building
GMS	General Market Specification
GSP	Guiding Selling Price
Hoppus ton	1.8 cubic metre
KD, AD	Kiln dried, air dried
Koku	0.28 cubic metre or 120 BF
LM	Loyale Merchant, a grade of log parcel
MR., WBP	Moisture resistant, Weather and boil proof
MT	Metric tonne
OSB	Oriented Strand Board
PHND	Pin hole no defect
QS	Qualite Superieure
SQ,SSQ	Sawmill Quality, Select Sawmill Quality

Ocean Container Freight Index

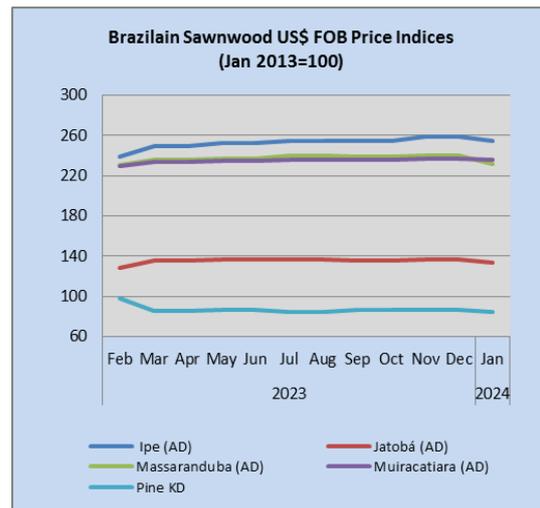
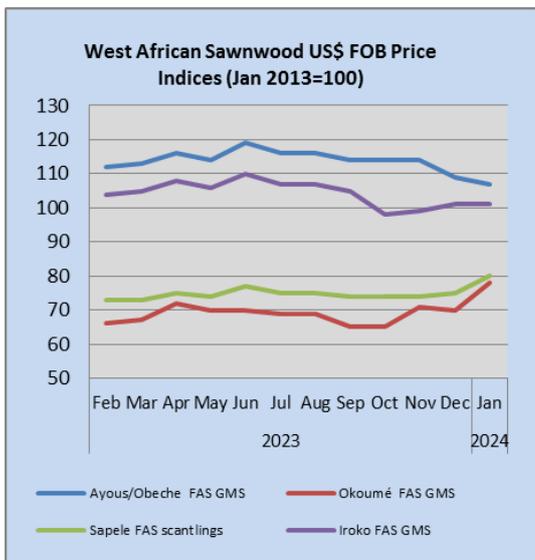
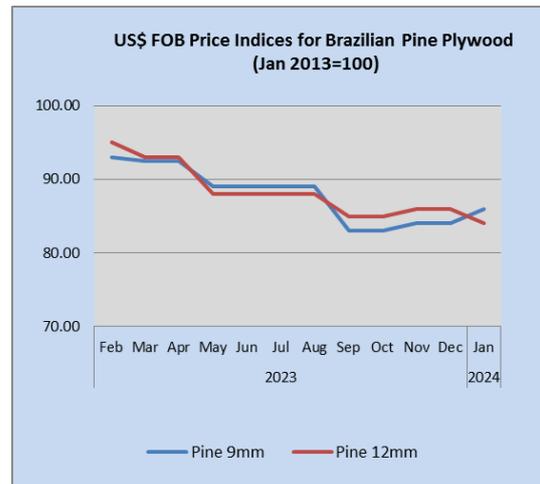
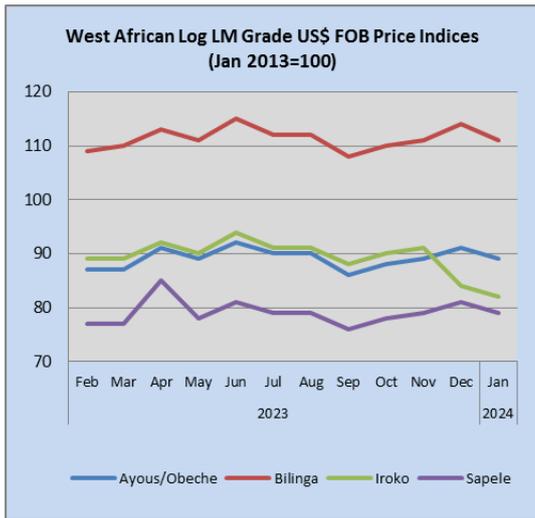


Data source: Drewry World Container Index

See: <https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry>

Price indices for selected products

The following indices are based on US dollar FOB prices



Note: Indices for W. African logs and sawnwood are recalculated from Euro to US dollar terms.

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