

Tropical Timber Market Report

Volume 29 Number 4 16th– 28th February 2025



The ITTO *Tropical Timber Market (TTM) Report*, an output of the ITTO Market Information Service (MIS), is published in English every two weeks with the aim of improving transparency in the international tropical timber market. Its contents do not necessarily reflect the views or policies of ITTO. News may be reprinted provided that the ITTO *TTM Report* is credited. A copy of the publication should be sent to ti@itto.int.

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Top story

No end to decline in Eurozone construction activity, on-going now for 33 months

Weakness in the EU construction sector continues to be a significant drag on demand for all wood products.

The latest downturn in the HCOB Eurozone Construction PMI Total Activity index extends the current sequence of declining activity to 33 months.

Of the sectors covered by the HCOB report housing activity saw the most pronounced decrease, though falls in commercial and civil engineering activity were also sharp.

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Central and West Africa

Bureaucratic procedures slowing trade

Producers indicate that demand remains subdued in Europe, in part due to winter conditions and in China due to high log inventories and economic uncertainties. West African exporters are raising concerns about the complexity of obtaining CITES documentation with long bureaucratic procedures slowing down trade. Additional headwinds include stricter enforcement of forestry regulations in the region.

Nevertheless, pockets of demand for species like Azobé, Tali, and Iroko, offer some resilience, particularly in markets such as the Netherlands, Portugal and Vietnam. In the short term supply chain disruptions (such as evolving regulations) are likely to keep pricing and availability in flux.

Demand in Middle East markets continues to be relatively stable for Iroko, Okoume and redwoods especially for joinery. However, weak demand in China continues as domestic operators work through substantial log inventories at Zhangjiagang Port.

Gabon

Veneer production by mills in the Nkok economic zone is reportedly around half of what it was last year because of weak international demand and competition from mills peeling logs from Equatorial Guinea and Congo.

Peeler log prices are said to be around 65,000-80,000 FCFA per cubic metre and sawing-grade logs at 50,000 FCFA per cubic metre. Demand for Okoume from domestic processing mills is reported as stable but production volumes are low.

It is understood the government has renegotiated the contract with the Turkish power company but residents complain power outages have increased to two or three times per day.

Cameroon

It is reportedly still very hot and dry however, harvesting levels have been scaled back due to weak international demand. Several mills have ceased operations due to strict enforcement of forestry regulations. Producers are taking advantage of the dry season to repair roads.

While no major policy changes are reported delays in processing CITES documentation are said to be an ongoing issue for species such as Bubinga, Khaya, Doussie and Padouk.

Republic of Congo

Production continues but at a much reduced level amid waning Chinese demand. Until recently around 70% of mill output went to China.

The severe electricity cuts and disruption of fuel supplies have eased and there has been a gradual return to normal electricity supply and some resolution of fuel shortages easing pressures on mills and truckers.

The government is trying to achieve higher-value transformations but with export log stocks yet to be cleared (and the need to generate revenue) log export quotas are in place.

New Carbon Agency

On 15 February the government in Gabon launched a Carbon Agency and imposed a US\$17.50/tonne of CO₂ equivalent (tCO₂e) charge on shipping lines and airlines entering Libreville, though initial administration was delayed.

By 2026, businesses can offset 30% of their emissions through locally developed carbon projects, prioritising Gabonese initiatives. It is understood the levy amount may increase over time, further aligning with international carbon-reduction frameworks.

See: <https://www.green.earth/news/gabon-introduces-carbon-levy-for-airlines-and-shipment#:~:text=Gabon%20is%20set%20to%20implemen,which%20helped%20design%20the%20mechanism>

Log export prices

West African logs Asian market	FOB Euro per cu.m		
	LM	B	BC/C
Acajou/ Khaya/N'Gollon	220	220	175
Ayous/Obeche/Wawa	210	210	200
Azobe & ekki	260	2560	175
Belli	250	250	-
Bibolo/Dibétou	200	200	-
Bilinga	275	275	-
Iroko	270	250	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	205	205	220
Moabi	260	260	220
Movingui	180	180	-
Niove	160	160	-
Okan	210	210	-
Padouk	300	270	-
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	440
Bilinga FAS GMS	680
Okoumé FAS GMS	420
Merchantable KD	380
Std/Btr GMS	370
Sipo FAS GMS	520
FAS fixed sizes	-
FAS scantlings	540
Padouk FAS GMS	800
FAS scantlings	875
Strips	400
Sapele FAS Spanish sizes	530
FAS scantlings	550
Iroko FAS GMS	800
Scantlings	840
Strips	400
Khaya FAS GMS	420
FAS fixed	440
Moabi FAS GMS	550
Scantlings	550
Movingui FAS GMS	460
Okoume Merch	380
Assamela FAS GMS	1,400
Gheombi	450

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/20250221/1740123021422119.pdf>

Ghana

Forest reserves degraded by illegal mining - Minister

According to the Minister of Lands and Natural Resources, Emmanuel Armah-Kofi Buah, large areas of forest reserves have been degraded by illegal mining activities and to address this requires the collective efforts of all stakeholders and the public.

Disclosing this to Parliament the Minister indicated an estimated area of over 5,000 hectares has already been devastated through illegal mining. These areas can be found across 44 of the country's 288 forest reserves. He further explained that, of the 44 forest reserves, nine have been completely taken over by illegal miners with impunity and the Forestry Commission no longer has access to these reserves.

He indicated that some of the areas most affected by illegal mining activities include Bekwai and Nkawie in the Ashanti Region, Tarkwa and Daboase in the Western Region and Bibiani, Enchi and Juaboso in the Western North Region. These areas are among the top timber producing regions of the country. The loss of forest resources means raw materials are not available for manufacturing companies which provide employment and create export opportunities.

According to the Lands and Natural Resource Minister, the government is determined to win the fight against illegal mining activities and assured there is hope for the future. Since taking office the Minister has engaged stakeholders at all levels to help strengthen existing regulatory and law enforcement regimes. His Ministry is also collaborating with the Minister of Environment, Science and Technology and actively discussing the modalities for revoking LI 2462 to establish a more responsible legal framework for small-scale mining, particularly in ecologically sensitive areas.

Meanwhile, stakeholders, Civil Society Organizations, among others, have called for stricter and punitive regulations to punish perpetrators to curb the destruction of the country's remaining forests. It is estimated over 3 million people are involved in illegal mining in Ghana.

In a recent development, the Ghana Rubber Estate Limited (GREL), producer of latex foam for industrial use has also complained of the huge impact of illegal mining activities are having on their operations which puts the company at risk.

Available statistics indicate that, of the country's total land area of approximately 23.8 million hectares, about 3.6 million hectares representing 15% of the total land area are designated as either forest reserves (2.3 million hectares) or wildlife protected areas (1.3 million hectares) all of which are managed by the Forestry Commission. These include 288 forest reserves and 21 protected areas scattered across the country.

See: <https://3news.com/news/we-have-lost-44-of-our-forest-reserves-to-illegal-mining-activities-vice-president-tells-mps-to-intensify-galamsey-fight/> and <https://www.graphic.com.gh/news/general-news/ghana-news-our-forest-reserves-under-threat-lets-protect-them-lands-and-natural-resources-minister-to-citizens.html>

Asia accounted for most 2024 exports

The 2024 report of the Timber Industry Development Division (TIDD) of the Ghana Forestry Commission indicated that Asian countries imported 179,922 cu.m representing 66% of the total export volume in to become Ghana's top market destinations. The value of exports to Asia for the period was Euro 69.13 million.

Ghana's export market shares, 2024

	000s cu.m	Euro mil.	YoY % change vol.
Asia	179.922	69.13	4%
Europe	41.620	26.21	-1%
Africa	25.477	11.01	-3%
America	14.341	11.46	1%
Middle East	11.411	5.62	0%
Oceania	0.058	0.04	0%

Data source: TIDD

In terms of export growth in 2024 the TIDD data shows an increase of 4% in volume and 3% in value when compared to the same period in 2023. The main importing countries included India, Vietnam, China, Saudi Arabia and the United Arab Emirates.

According to the TIDD report items produced from teak, denya, wawa, denya/okan, koto/kyere, gmelina, kako/ekki, papao/apa, potrodum/tali, ohaa, edinam, senya, chenchen and dubini/khaya Ivorensis were mainly exported to these markets as air-dried sawnwood, billets, sliced veneer, kiln dried sawnwood, plywood and veneer curls. Billet exports recorded a significant (43%) increase in export volumes to 18,827 cu.m in 2024 up from 13,163 cu.m in 2023 while export volumes for other products plummeted in 2024.

Tertiary Wood Products, comprising mouldings and dowels, contributed 6,113 cu.m (2%) to total wood product exports in 2024 earning Eur6.01 million. However, export volumes declined in 2024.

Similarly, the volume of Secondary Wood Products exports also dipped from 92,299 cu.m in 2023 to 79,542 cu.m in 2024 and represented 14% of export earnings from wood products a decline of 12%, from Eur51.58 million in 2023 to Eur45.43 million in 2024.

AGI calls on the government to protect local industries

The Association of Ghana Industries (AGI) is advocating policies in the government's 2025 budget statement that will help protect local industries from competition from imports. The Minister of Finance, Dr. Cassiel Ato Forson is expected to present the 2025 Budget Financial Statement to Parliament on 11 March 2025.

At the 3rd US-Ghana Business Expo Roundtable the Head of Memberships Development at AGI, Stephen Owusu, hinted that the government's new vision of the 24-hour economic strategy can only be achieved if local companies, including timber processors, are insulated through introduction of targeted policies. Under financially favourable conditions timber companies could be working 3-shifts.

The President of the US-Ghana Chamber of Commerce, Pennsylvania Florence Torson Hart, called on Ghanaian businesses to fully explore innovative strategies such as mergers, joint ventures and strategic partnerships in their quest to scale up their operations.

She indicated these models offer a powerful way for local companies to build capacity, gain technical expertise and scale their operations to compete on regional and global levels.

Ghana continues to position itself as a leader in the West African economic transformation and the continent. It is the headquarters of the African Continental Free Trade Area (AfCFTA) to create a single market for goods and services in Africa. The US has remained a strong ally providing investment in infrastructure capacity building and entrepreneurship.

However, early this year the US suspended its global USAID support to country. This is likely to deny about US\$156 million support for Ghana's economy in 2025. President John Mahama has therefore instructed the Minister of Finance, Dr. Cassiel Ato Forson, to take immediate steps to address the funding shortfall.

See: <https://www.graphic.com.gh/business/business-news/24hr-economy-strategy-agi-wants-2025-budget-to-protect-local-industries.html>
and
<https://www.graphic.com.gh/business/business-news/ghanaian-businesses-urged-to-open-up-to-mergers-joint-ventures.html>
and
<https://presidency.gov.gh/president-directs-urgent-action-to-bridge-usaid-funding-gap/>

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	840↓
Niangon Kiln dry	910

Rotary veneer export prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	337↓	410
Chenchen	472	612
Ogea	367	590
Essa	555	656↓
Ofram	350	435

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
	Air-dried	Kiln-dried
FAS 25-100mmx150mm up x 2.4m up		
Afromosia	860	925
Asanfina	465	947
Ceiba	290	465↑
Dahoma	520↑	567
Edinam (mixed redwood)	640	741
Emeri	700	750
African mahogany (Ivorensis)	783	874↑
Makore	692	800↓
Niangon	749↓	902↑
Odum	858	1,011↓
Sapele	695	858↑
Wawa 1C & Select	437↓	455↓

Plywood export prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	620↓	580	641
6mm	414	535	604
9mm	433	504	560
12mm	356	489	480
15mm	396	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%.

Sliced veneer export prices

Sliced face veneer	FOB
	Euro per cu.m
Asanfina	1,921↑
Avodire	2,582
Chenchen	755↓
Mahogany	1,738↑
Makore	2,921
Odum	3,453↑
Sapele	1,495↑

Through the eyes of industry

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See: <https://www.itto-ggsc.org/static/upload/file/20250221/1740123021422119.pdf>

Malaysia

Cautious optimism on GDP outlook

Malaysia's economic forecast for 2025 is being maintained for now amid the uncertainties surrounding global trade and implications US tariffs will have on the country's exports as well as how they will shape supply chains across the world.

Analysts expressed cautious optimism on the country's economic growth with the Socio-Economic Research Centre (SERC) estimating gross domestic product (GDP) growth at 5% for this year, the mid-point of government forecasts of 4.5% to 5.5%, with domestic demand supporting growth.

See: <https://www.thestar.com.my/business/business-news/2025/02/18/cautious-optimism-on-gdp-outlook#:~:text=Analysts%20expressed%20cautious%20optimism%20on,with%20domestic%20demand%20supporting%20growth.>

Timber the third largest contributor to commodity exports

Malaysia's wood product exports rose almost 5% in 2024 to RM22.9 billion, up from RM21.85 billion in 2023 according to the Ministry of Plantation and Commodities. Under the National Agricommodity Policy 2030, the Ministry aims to reach a timber export target of RM28 billion by 2025. Minister, Datuk Seri Johari Abdul Ghani, said the timber industry is the third largest contributor to commodity exports after palm oil (RM114 billion) and rubber (RM33 billion).

Minister, Johari, reported Bumiputera entrepreneurs also recorded a notable rise with exports totaling RM44.03 million, up 33% from the previous year. However, Bumiputera entrepreneurs still account for less than 1% of the total export value. The main products produced by Bumiputera entrepreneurs are sawnwood and wooden furniture.

Most Bumiputera-owned businesses in the timber industry are still classified as small or micro enterprises, reflecting ongoing challenges in expanding within the sector. While there are many opportunities small or micro enterprises can pursue, he said, the lack of a reliable supply chain holds them back.

The Minister suggested small or micro enterprises need to collaborate with well-established and successful companies that are already part of the existing supply chain.

Johari said the national timber agencies, the Malaysian Timber Industry Board (MTIB) and the Malaysian Timber Council (MTC) are continuously working to enhance Bumiputera competitiveness and involvement in the timber industry.

See: <https://www.nst.com.my/business/corporate/2025/02/1176546/up-dated-malaysias-timber-exports-climb-49pct-rm229bil-2024> and <https://themalaysianreserve.com/2025/02/18/timber-export-hits-rm23b-but-bumiputera-contribution-below-1/>

Furniture industry and AI

A leading Malaysian manufacturer of sofas and cabinets is set to increase production by as much as 30% next year as the company shifts towards artificial intelligence technologies. A company representative and also Deputy Secretary-General of the Malaysian Furniture Council said the adoption of smart factory technology, incorporating Fourth Industrial Revolution (IR 4.0) methods set to add value to the company's furniture brand, particularly in customer service.

See: <https://www.nst.com.my/business/corporate/2024/11/1139768/td-furniture-eyes-30-pct-growth-ai-smart-factory-tech>

Sabah /Sarawak bamboo collaboration

The Sarawak Timber Industry Development Corporation (STIDC) welcomed a delegation from the Sabah Handicraft Centre, Yayasan Sabah Group (KYS) on a working visit aimed at strengthening collaboration in the bamboo sector.

KYS Corporate Secretary, Hanafiah Diman, described the visit as a valuable experience allowing the delegation to witness firsthand how STIDC has successfully developed the bamboo industry with the expertise of local professionals.

He added "this experience is highly valuable for us, especially in understanding the process of bamboo cultivation from the nursery stage to the plantation. The capability of STIDC in producing local experts in this industry is something we greatly admire and serves as a benchmark for us to explore the potential of the bamboo industry in Sabah."

See: <http://theborneopost.pressreader.com/article/281711210366987>

Through the eyes of industry

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See: <https://www.itto-ggsc.org/static/upload/file/20250221/1740123021422119.pdf>

Indonesian wood products prepared for the EUDR

The Ministry of Forestry is ensuring that exports of Indonesian forest products are ready to face the EUDR. The Director General of Sustainable Forest Management, Ministry of Forestry, Dida Migfar Ridha, said "We are ready for EUDR, we are ready with the timber legality verification system or SVLK to ensure traceability of forest products."

Dida mentioned that the SVLK has incorporated geographical locations to satisfy export requirements. However, he also hopes the European Union and Indonesia can collaborate and agree on a common reference map.

See:

<https://hijau.bisnis.com/read/20250221/651/1841609/kemenhut-pastikan-produk-kayu-indonesia-siap-hadapi-eudr>

Encouraging down-streaming of furniture sector

The Ministry of Industry continues to implement its forest products down-streaming policy to add value. One of the actions is through the development of an innovative and competitive furniture industry. This aims to strengthen the industrial structure, create jobs, encourage exports and support import substitution.

The Director General of Agro Industry of the Ministry of Industry, Putu Juli Ardika, revealed that the furniture industry contributed 1.15% to non-oil and gas GDP in 2024.

At a National Working Meeting of the Indonesian Furniture and Craft Industry Association (HIMKI) Putu said "the furniture industry is an important part of the agro industry sector which recorded a growth of 2.07% in 2024.

In the period of January-November 2024, the value of Indonesian furniture exports (HS 9401-9403) reached US\$1.47 billion, an increase of 0.7% compared to the previous year. However, the national furniture industry faces challenges, including logistical constraints due to geopolitical conditions and environmental sustainability regulations in export destination countries.

In addition, rising imports of metal and plastic furniture have become a competitor for the wooden furniture industry. To face these challenges, the Ministry of Industry has prepared five main strategies, namely: facilitating the availability of raw materials, improvement of skilled human resources, market expansion and market research, increasing productivity and product quality and creating a conducive business climate.

Putu emphasised that the national furniture industry must continue to pay attention to the domestic market with more efficient and environmentally friendly production innovations.

See: <https://harian.fajar.co.id/2025/02/20/kemenperin-dorong-hilirisasi-industri-furnitur/2/>

and

<https://www.agrofarm.co.id/2025/02/keluarkan-lima-strategi-jitu-kemenperin-yakin-kinerja-industri-furnitur-melaju/>

Broaden export markets beyond the United States

The Coordinating Minister for Economic Affairs, Airlangga Hartarto, aims to maximise Indonesia's potential in export markets beyond the United States. He stated that, given the US government policies Indonesia must explore trade opportunities worldwide. He added "we need to maximise on the Comprehensive Economic Partnership Agreement (CEPA) and to initiate trade cooperation with countries outside the US".

The Minister Airlangga mentioned that drafting a legal framework for Indonesia's comprehensive economic cooperation with various other countries is already in progress. He said "we are also collaborating with the Gulf Cooperation Council (GCC) and are looking closely at partnerships with others. The Minister said we hope that Indonesia's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) will open markets in the UK, Canada and Latin America.

See: <https://kumparan.com/kumparanbisnis/airlangga-ingin-perluas-pasar-ekspor-selain-as-24XRtRsToLa/full>

Advancing rattan and bamboo processing technology

The Indonesian Furniture and Craft Industry Association (ASMINDO) has signed a memorandum of understanding with the National Research and Innovation Agency (BRIN) to develop processing technologies for rattan and bamboo, essential raw materials for the furniture and craft industry. Dedy Rochimat, the General Chairperson of ASMINDO, emphasised that the Association aims to enhance the prosperity of the Indonesian nation and its people through advancements in the furniture and craft sector.

To strengthen the industrial system, ASMINDO has reactivated the National ASMINDO Cooperative (Kopasnas). This cooperative is expected to address challenges related to raw material availability in the industry by managing a national wood and rattan logistics centre. One significant step taken is the partnership with BRIN to develop processing technology for rattan and bamboo. This research collaboration will facilitate a more comprehensive study of these raw materials which have not yet been fully utilised in the industry.

See: <https://wartaekonomi.co.id/read557394/gelar-mou-asmino-dan-brin-kembangkan-teknologi-pengolahan-rotan-dan-bambu>

In related news, BRIN is encouraging community-based forest management initiatives. In a statement it was highlighted that, currently, many forest areas are degraded due to large-scale exploitation as well as climate change.

A BRIN researcher, Syarif Hidayat, introduced a model designed to address social forestry issues through the concept of Community, Government and Private Partnerships (CBPP). According to him, the CBPP concept presents an inclusive and sustainable approach to forest governance where the collaboration of different stakeholders can reduce transaction costs and increase benefits for the community.

See: <https://jabar.antaranews.com/rilis-pers/4664725/peneliti-brin-dorong-upaya-pengelolaan-hutan-berbasis-masyarakat>

Improving human resource skills in the forestry sector

The Ministry of Forestry's Human Resources Extension and Development Agency is collaborating with the Indonesian Forestry Entrepreneurs Association (APHI) to encourage improvements in the quality of forestry human resources.

A memorandum of understanding was signed by the Head of Kemenhut, Indra Exploitasia and the General Chairperson of APHI Prof. Indroyono Soesilo. Indra said that the cooperation that was established is expected to help increase the capacity of forestry human resources. Indra hopes that APHI members can accommodate students who will undergo Field Work Practices. "We hope that students can become skilled workers in the forestry sector to support the President's ideals regarding down-streaming.

See: <https://forestinsights.id/tingkatkan-kualitas-sdm-kehutanan-kemenhut-gandeng-asosiasi-pengusaha-hutan-indonesia/#>

Sustainable agriculture and food security initiative

A new initiative has been launched, namely the Forest, Agriculture and Sustainable Trade (FAST) Programme. This initiative is a collaboration between Indonesia and the UK and aims to increase the sustainability of the agricultural sector as well as strengthen the competitiveness of Indonesian commodities in the global market.

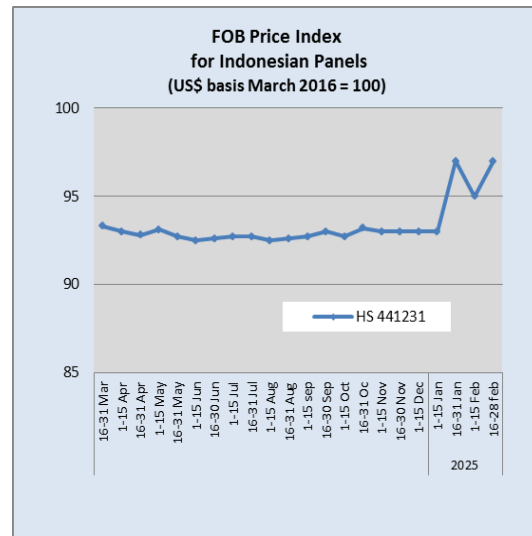
At the launch of the FAST Programme the Coordinating Minister for the Indonesian Economy, Airlangga Hartarto, said “in recent years, the UK has become Indonesia’s main partner in efforts to promote sustainable agriculture and increase food security”.

The FAST Programme is designed to support small farmers face the challenges of modern agribusiness with better access to financing and technology. In line with the vision of Advanced Indonesia and the Asta Cita national agenda the Indonesian Government has set priorities in achieving food and energy security as well as strengthening the downstream industry to increase domestic added value.

One of the strategic steps taken has been to expand access to financing and production facilities for farmers through the Plantation Fund Management Agency which now not only manages palm oil funds but also coconut and cocoa.

The FAST programme, which will last for 3.5 years (August 2024 to March 2028) with facilitation from UNDP is expected to increase global acceptance of Indonesian commodities. This programme is in line with the Government’s efforts to respond to global green policies and strengthen the ISPO tracking system so that Indonesian palm oil products come from areas free of deforestations.

See: <https://asiatoday.id/read/indonesia-uk-launch-fast-programme-sustainable-agriculture-and-food-security-initiative>



Data source: License Information Unit. <http://silk.dephut.go.id/>
The early February decline in the index appears to be a statistical error.

Myanmar

Our apologies for being unable to provide a report from Myanmar in this issue.

India

QCO implementation disrupting the flow of panel imports

The Correspondent writes “market sentiment appears to be at an all-time low mainly because uncertainty over the BIS Quality Control Order (QCO) implementation which has disrupted the flow of panel imports.

Staff from the QCO Department responsible for mill inspections and certification have not visited many foreign panel manufacturers and there are indications that only two BIS certificates have been issued to overseas suppliers, both of which are in Nepal. Thai, Indonesian, Malaysian, Chinese, Vietnamese and Russian shippers have applied for certification but they have not been advised of dates for mill inspection.

On 27 February a meeting will be held between the importers, manufacturers, the BIS and other government officials the conclusions of which will be reported later.

The Indian Standards Quality Control Order (QCO), BIS certification and ISI marks, came into effect on 10 February 2025 and is mandatory for domestic and imported MDF, particleboard and blockboard, plywood, shuttering plywood and other wood panel products.

The QCO implementation deadline for plywood was 28 February 2025. Plywood importers are pressuring shippers to dispatch orders immediately. Some say that, post QCO deadline, imports of veneers may increase.

See: <https://www.plyreporter.com/article/154006/qco-on-wood-based-panels-countdown-begins>

Budget focus on stimulating consumption

The domestic media has reported on comments in a BNP Paribas analysis that the economically challenging times due to a slowdown in growth seems to be over as new orders, agriculture exports, rural wages, steel production, auto sales and tax collection picked up after the weak third-quarter 2024.

According to the National Statistical Office India’s GDP growth is projected at 6.4% for Financial Year 2025 with a more robust 6.7% growth expected in the second half of the fiscal year. The improvement is attributed to a stronger agriculture sector.

The BNP Paribas report also highlighted a focus in the Union Budget on stimulating consumption through which tax adjustments were made to boost disposable incomes, particularly for high-income households.

See: <https://economictimes.indiatimes.com/news/economy/indicators/worst-seems-to-be-behind-indian-economy-shows-signs-of-recovery-report/articleshow/118497201.cms?from=mdr>

Demand for luxury homes remained strong in 2024

Despite a surge in property prices demand for luxury housing remained strong in 2024. This growing interest of India’s middle and upper-class buyers towards luxury reflects a desire for homes that embody status, comfort and an elevated lifestyle.

This trend is reflected in Knight Frank’s housing sales data where sales of apartments priced between Rs2 crore and Rs5 crore jumped four fold between 2019 to 2024 with an 80% increase in 2024 alone.

A report by Anarock showed that the demand for super luxury homes, each price above Rs40 crore hit an all-time high in 2024 with sales of 59 units for Rs4,754 crore across the top seven primary and secondary housing markets. The surge in luxury housing in India is driven by rising disposable incomes, an expanding base of high net worth individuals and evolving homebuyer preferences.

See: <https://www.financialexpress.com/money/why-indias-luxury-housing-market-is-booming-despite-rising-prices-and-economic-challenges-3753100/>

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

	Hoppus cu.m	US\$ C&F
Brazil	89	485
Colombia	97	430
Costa Rica	191	335
Nigeria	-	-
Benin	-	-
Tanzania	178	470
Laos	-	-
South Sudan	213	685
Guatemala	155	345
Venezuela	-	-

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

	cu.m	US\$ C&F
Benin	209	710
Brazil	92	650
Colombia	-	-
Costa Rica	198	505
Ecuador	-	-
Ghana	146	420
Ivory Coast	208	845
Nigeria	142	415
South Sudan	187	640
Tanzania	-	-
Togo	226	495
Panama	184	485

Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,350 - 4,750
Balau	2,950 - 3,250
Resak	-
Kapur	-
Kempas	1,650 - 1,950
Red meranti	1,750 - 2,000
Radiata pine	1,000 - 1,200
Whitewood	950 - 1,150

Price range depends mainly on lengths and cross-section

Sawn hardwood prices

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

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	84
6mm	97
9mm	115
12mm	137
15mm	178
18mm	195

Domestic ex-warehouse prices for locally manufactured MR plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	57
6mm	73
9mm	84
12mm	99
15mm	134
19mm	143
5mm Flexible ply	89

Vietnam

February exports jump almost 5 percent

According to the Vietnam Customs Office, W&WP exports in February 2025 earned US\$800 million, up 4.5% compared to February 2024. Of this, the WP exports contributed US\$500 million, up 5.4% compared to February 2024. In the first 2 months of 2025, W&WP exports amounted to US\$2.2 billion, down 0.8% over the same period in 2024 of which, the WP share was US\$1.48 billion, down 1.7% over the same period in 2024.

In January 2025 imports of raw wood (logs and sawnwood) totalled 413,400 cu.m, worth US\$127.3 million, down 18% in volume and 22% in value compared to December 2024. Compared to January 2024 imports decreased by 5% in volume and 12% in value. The reason for the decrease in the first month of 2025 is attributed to the impact of the Lunar New Year holiday.

NTPF exports in January 2025 decreased by 7% compared to December 2024 and decreased by 7% compared to January 2024 and were valued at US\$74.42 million.

Vietnam preparing for the EUDR

Vietnam is a major global exporter of timber, coffee and rubber. As such the EUDR presents both challenges and opportunities. For instance, adapting commercial operations to ensure the production of deforestation-free commodities will require adjustments, especially strengthening business due diligence systems. At the same time, however, it also offers the potential to improve Vietnam's sustainability credentials and global competitiveness.

With the EUDR the focus is shifting from voluntary action to a regulatory framework. Companies placing products on the EU market will be required to conduct due diligence. This includes ensuring products are deforestation-free, complying with national legislation and provide geolocation data for production plots. Vietnamese enterprises are preparing a robust traceability systems and to conduct due diligence to ensure their products meet EUDR requirements.

The regulation's traceability requirements may pose a challenge in some situations. But they may also create important possibilities for others. For example, they offer significant opportunities for smallholders in third countries, such as Vietnam, by ensuring a more transparent and traceable value chain.

Meanwhile, by owning their geolocation data, smallholders will gain greater independence in the value chain, enabling direct relationships with suppliers and fairer pricing. Furthermore, the regulation will facilitate technical support and capacity building from business partners who depend on information exchange, helping smallholders and their cooperatives meet requirements.

Recognising the importance of the EUDR, the Vietnamese government is assisting stakeholders to build deforestation-free, legal supply chains. For instance, it is fostering collaboration among coffee, rubber and timber actors to address challenges in these sectors.

In doing so the government is encouraging the development of sustainable and climate-adaptive agricultural products and demonstrating its dedication to building sustainable, deforestation-free supply chains that meet EUDR requirements.

EU, a strong partner for Vietnam

The EU has introduced several measures to help stakeholders prepare for the implementation of the regulation. These include comprehensive guides, a detailed FAQ, the creation of the European Forest Observatory and international dialogues designed to clarify regulatory requirements and encourage compliance.

Under the Team Europe Initiative on Deforestation-free Value Chains and with €80 million (US\$82.4 million) of funding, the EU and several of its member states are supporting supply chain actors to ensure deforestation-free value chain production in partner countries like Vietnam.

The EU remains a strong partner for Vietnam in navigating the regulation. Through the EUDR Engagement project, the EU Delegation to Vietnam is working closely with the Ministry of Agriculture and Rural Development (MARD) to facilitate communication and implementation.

To support the transition under the EUDR Engagement initiative in the coming months, various activities have been planned. A major component involves further outreach and capacity building for a wide range of stakeholders. This will ensure a better understanding of the new regulation and provide a platform to discuss the implications for Vietnam among different partners.

See: <https://vir.com.vn/getting-ready-for-the-eus-regulation-on-deforestation-121795.html>

Businesses urged to diversify export markets

Speaking at a meeting held to introduce the 16th edition of Vietnam International Furniture & Home Accessories Fair (VIFA EXPO 2025) in HCM City on 19 February, Trần Quốc Mạnh, Deputy Chairman of the Việt Nam Handicraft Exporters Association said the outlook for wood product exports in 2025 remains promising.

However, businesses need to adopt flexible strategies to cope with trade policy changes in key markets and diversify their export markets and product offerings to mitigate risks and sustain growth, according to industry insiders.

There were positive signs in wood product exports since the fourth quarter of last year with many firms having export orders secured until the end of the first quarter of 2025, he added. However, he also warned of likely challenges due to rapid changes in trade policies in key markets and geopolitical tensions, requiring businesses to adopt flexible strategies in response.

“Another issue is that exports to the US account for over 50% of the sector’s total exports. While this is an advantage, it also presents risks. If businesses do not expand their exports to other markets such as China or the Middle East they could face risks associated with over-reliance on a single market.”

He urged firms to diversify their products and explore markets with which Vietnam has free trade agreements and also highlighted the need for them to enhance digital transformation in their production and sales through e-commerce channels which could significantly reduce costs and create a breakthrough for businesses.

Võ Tân Thành, Deputy Chairman of the Vietnam Chamber of Commerce and Industry (VCCI), said wood industry achieved great success last year with exports of wood and wooden products reaching US\$16.25 billion, up over 20% from 2023.

Of this, exports of wooden products alone are estimated at US\$11.2 billion, a year-on-year increase of nearly 22%. He attributed the growth to “the initiative-taking efforts of enterprises in seeking new markets, actively participating in exhibitions and fairs and capitalising on recovery signals from major partners like the US and Europe.”

To help businesses find customers and diversify markets, VCCI and the Alliance Handicraft Wooden Fine Art Corporation (Liên Minh Company) will organise the annual VIFA EXPO from March 5 to 8 at the Saigon Exhibition and Convention Centre, Thành said. The Expo has attracted more than 650 exhibitors with over 2,500 booths, making the 16th edition the largest to date. Exhibitors will come from 19 countries and territories and Việt Nam’s 17 provinces and cities.

See: <https://vietnamnews.vn/economy/1692564/wood-products-businesses-urged-to-diversify-export-markets.html> and

<https://vietnamnews.vn/economy/1692564/wood-products-businesses-urged-to-diversify-export-markets.html>

Exports on a strong footing

Vietnam plans to raise the export target for wood and timber products to US\$18 billion in 2025 from the US\$16.25 billion in 2025 according to the Ministry of Agriculture and Rural Development (MARD).

The target was set with markets such as the US, China, Japan, South Korea and the European Union all recovering, thereby boosting purchasing power. Production and export of the wood and wood product has been expanding since the beginning of the year according to some company leaders.

Tran Lam Son, CEO of Thien Minh Furniture Company, said orders, mainly from the EU and the US have increased sharply since the middle of the last quarter.

Son continued “transport often accounts for a large part of the production cost, thus, to maximise efficiency the Handicraft and Wood Industry Association of Ho Chi Minh City has recently gathered export enterprises, calculated market demand in each market, negotiated freight rates with shipping lines to get the best prices and increased competitiveness for Vietnamese wooden furniture manufacturers.”

If there are no unexpected fluctuations, the wooden furniture and interiors industry can continue to achieve export growth of 20 per cent, and many enterprises have even set a growth target of 20-30 per cent”, Son said

According to MARD of the 15 main export markets the export value of wood and wood products increased the most in Spain, with an increase of over 63% year on year. In addition, certain export products increased well, such as wood chips (up nearly 38%), as well as timber and wood products (up over 20%).

Phung Quoc Man, Chairman of the Handicraft and wood industry association of Ho Chi Minh City (HAWA), said, “the global furniture market is valued at more than US\$516 billion while the exports of Vietnamese enterprises is only US\$16 billion. This indicates that the industry has a lot of room for development, but competition will also be fierce.”

Tran Quang Bao, Director General of the Department of Forestry, said the Department aims to promote Vietnam’s Timber Legality Assurance System, strengthen links across the supply chain from forest growers to processing and export enterprises and support businesses in engaging in international trade fairs to both secure contracts and boost Vietnamese wood products.

See: <https://vir.com.vn/export-turnover-of-timber-and-wooden-products-remains-on-strong-footing-123270.html>

Brazil

Bids invited for sustainable management concessions in Jatuarana Forest

Bids have been invited for sustainable forest management concessions in the Jatuarana National Forest in the Amazonas. This is being overseen by the National Economic and Social Development Bank (BNDES) for the Brazilian Forest Service (SFB).

Forest management concession contracts will extend up to 40 years with projected investments of R\$430 million in infrastructure and R\$3.4 billion in operations. The concessions are expected to generate 1,500 direct and indirect jobs.

The bidding process will take place in May this year and will cover four Forest Management Units covering 453,000 hectares.

This initiative is expected to generate R\$1 billion in concession fees to be distributed between the State (30%) and the municipalities (30%). Additionally, R\$70 million will be allocated to socio-environmental investments and 15% is to be directed toward supporting indigenous communities in the surrounding areas.

See: <https://forestnews.com.br/servico-florestal-lanca-edital-para-manejo-sustentavel-da-floresta-jatuarana/>

Payments for environmental services to be raised at UNFCCC COP30

The Ministry of Finance has determined there is a need to advance discussions on integrating carbon credit markets and payments for environmental services in preparation for UNFCCC COP30 which will take place in Belém in the Amazon region at the end of this year.

In a statement made by the Ministry of Finance during the International Monetary Fund Conference in Al-Ula, Saudi Arabia the Ministry highlighted its partnership with the IMF to discuss models that prevent the use of the climate crisis as a justification for raising protectionist trade barriers.

On payments for environmental services the Ministry noted that several emerging economies are making significant investments in conserving their natural forests. Brazil advocates the creation of the Tropical Forests Forever Fund (TFFF), a fund dedicated to environmental conservation. Finally, the Ministry of Finance reaffirmed Brazil's commitment to balancing economic and socio-environmental agendas.

See:

<https://www.correiobraziliense.com.br/politica/2025/02/7062904-haddad-diz-que-mercado-de-carbono-e-crucial-e-defende-fundo-de-florestas-tropicais.html>

Export update

In January 2025 Brazilian exports of wood-based products (except pulp and paper) decreased 10% in value compared to January 2024, from US\$294.9 million to US\$265.1 million.

However, pine sawnwood exports increased 3% in value between January 2024 (US\$48.2 million) and January 2025 (US\$49.6 million). In volume, exports decreased 5% over the same period, from 221,600 cu.m to 210,700 cu.m.

Tropical sawnwood exports also increased rising 12% in volume, from 24,700 cu.m in January 2024 to 27,700 cu.m in January 2025. In contrast export earnings decreased 3% from US\$11.3 million to US\$11.0 million over the same period.

Pine plywood exports increased 6% in value in January 2025 compared to January 2024, from US\$58.4 million to US\$61.9 million. In volume, exports increased 4% over the same period, from 188,600 cu.m to 195,600 cu.m.

As for tropical plywood, exports increased in volume 6% but decreased in value 9%, from 1,100 cu.m and US\$1.7 million in January 2024 to 1,000 cu.m and US\$1.8 million in January 2025.

As for wooden furniture, the exported value fell from the US\$38.6 million in January 2024 to US\$34.8 million in January 2025, a decrease of almost 10%.

Particleboard exports expanded in 2024

Brazilian exports of particleboard grew by 40% in 2024, reaching US\$113.3 million compared to the US\$80.7 million in 2023. This growth was mainly driven by expansion in key markets, particularly China and Colombia.

China led the growth with an 82% increase, totaling US\$33.2 million, up from US\$18.2 million in 2023. Colombia recorded the highest percentage growth, increasing 128% to US\$ 27.0 million, a significant jump from US\$11.8 million the previous year.

Peru also recorded growth with 6% increase reaching US\$18.0 million compared to US\$16.9 million in 2023. On the other hand, exports to Bolivia experienced decline of 14%, totaling US\$13.0 million, down from US\$15.2 million in the previous year.

See: <https://forestnews.com.br/exportacoes-brasileiras-de-aglomerado-crescem-404-em-2024/>

US plans tariffs on timber and forest products

The United States has announced plans for tariffs on timber and forest products. According to recent news a 25% tariff will be applied on imported timber and forestry products.

The US is a major export destination for Brazilian timber which amounted to US\$3.7 billion in 2024. According to the Brazilian Forest Service (SFB), pulp is the main product imported by the US.

The Ministry of Development, Industry, Trade and Services (MDIC) stated that Brazil will seek dialogue with US authorities.

See: <https://www.remade.com.br/noticias/20535/mais-tarifas:-trump-quer-taxar-madeira-e-produtos-florestais-em-25-por-cento>

Domestic log prices

Brazilian logs, mill yard, domestic	US\$ per cu.m
Ipê	414↑
Jatoba	177
Massaranduba	155↑
Muiracatiara	151↑
Angelim Vermelho	164
Mixed redwood and white woods	118

Prices do not include taxes. Source STCP Data Bank

Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US\$ per cu.m
Ipê	1,652↑
Jatoba	853↑
Massaranduba	744↑
Muiracatiara	767↑
Angelim Vermelho	700↑
Mixed red and white	483↑
Eucalyptus (AD)	278↑
Pine (AD)	231↑
Pine (KD)	274↑

Prices do not include taxes. Source: STCP Data Bank

Domestic plywood prices

Parica ex-mill	US\$ per cu.m
4mm WBP	549↑
10mm WBP	446↑
15mm WBP	381
4mm MR.	515↑
10mm MR.	400↑
15mm MR.	339

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

Domestic ex-mill prices	US\$ per cu.m
15mm MDParticleboard	259
15mm MDFibreboard	258

Prices do not include taxes. Source: STCP Data Bank

Export prices

Average FOB prices Belém/PA, Paranaguá/PR, Navegantes/SC and Itajaí/SC Ports.

Export sawnwood prices

Sawnwood	US\$ per cu.m
Ipe	2,376
Jatoba	1,303
Massaranduba	1,277
Muiracatiara	1,305
Pine (KD)	203

Prices do not include taxes. Source: STCP Data Bank

Export plywood prices

Pine plywood	US\$ per cu.m
9mm C/CC (WBP)	324
12mm C/CC (WBP)	291
15mm C/CC (WBP)	279
18mm C/CC (WBP)	269

Prices do not include taxes. Source: STCP Data Bank

Export prices for added value products

Added value product	US\$ per cu.m
Decking Boards Ipê	3,219
Jatoba	1,821

Prices do not include taxes. Source: STCP Data Bank

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/20250221/1740123021422119.pdf>

Peru

Forestry exports dropped in 2024

The Association of Exporters (ADEX) has reported forestry sector exports totalled US\$85 million in 2024, a drop of 16% compared to 2023. The 2024 figure is even lower than that of 2020 (US\$94 million) when Peru and the world suffered the effects of the pandemic. This decline shows the lack of an effective promotion strategy and policies that promote the sustainable use of forest resources according to the president of the Committee of Wood and Wood Industries in ADEX, Erik Fischer Llanos.

He declared it essential to take advantage of the competitive advantages of Peru by developing policies that promote responsible investment and the generation of employment to contribute to reducing poverty adding ‘in some regions 30% of the population live in conditions of extreme vulnerability’.

Since its peak in 2008, when exports amounted to US\$219 million, the sector has experienced a significant decline due to several factors including excessive bureaucracy and complex regulations, says Fischer.

The inclusion of “Shihuahuaco” (*Dipteryx* spp.) in Appendix II of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) has added to the problems faced by exporters, Fischer concluded.

Use of AI in raising competitiveness

At the National Forestry and Wildlife Service innovation in generating competitiveness in the sector is important and a priority. SERFOR considers innovation to be a key piece in generating competitiveness

The Executive Director of SERFOR pointed out that the Service promotes the use of innovation for the sustainable management of forests such as the use of artificial intelligence (Lidar and Hyperspectral Sensor) in geospatial analysis, satellite monitoring by drones in forestry activity and in the identification of species.

Artificial intelligence (AI) through machine learning algorithms allows for the processing and analysis of massive data sets, detecting patterns and making decisions based on data almost in real time, added the Executive Director.

See: <https://www.gob.pe/institucion/SERFOR/noticias/1108950-SERFOR-incentiva-el-uso-de-innovacion-para-la-gestion-sostenible-de-los-bosques-y-generar-competitividad-en-el-sector>

Strengthening commitments against forest crimes

Representatives of forest authorities, justice departments and technology experts from Brazil and Peru defined joint actions aimed at strengthening the fight against illegal logging and deforestation in the Amazon during their participation in the ‘Regional Forum for Operational Cooperation for cross-border coordination against forestry crimes between Peru and Brazil’ held in Puerto Maldonado, Madre de Dios Regio.

This was organised by the United Nations Office on Drugs and Crime (UNODC) in cooperation with the Agency for the Supervision of Forestry and Wildlife Resources (OSINFOR) and Interpol.

It was agreed to increase the exchange of strategic information and strengthen coordination in the border areas between Peru and Brazil and the need to involve other neighboring countries, such as Colombia in order to achieve a broader and more effective regional coordination.

The superintendent of the Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA) in Rondonia, César da Silva, highlighted the importance of regional collaboration because “operational cooperation and the exchange of information are essential to combat forestry crimes.”

For his part, the coordinator of forestry crimes at Interpol, Adrián Sánchez, emphasised that coordination between institutions is essential to generate solid evidence and act effectively against illegal logging.

See: <https://www.gob.pe/institucion/osinfor/noticias/1116694-foro-regional-realizado-por-osinfor-y-unodc-refuerza-compromisos-para-la-cooperacion-transfronteriza-contra-delitos-forestales>

Training native communities on forest product marketing

In order to provide specialised and free technical assistance in forest management the National Forest and Wildlife Service, in coordination with the Regional Forest and Wildlife Management of Ucayali (GERFFS), conducted training for ten native communities in the Provinces of Padre Abad and Coronel Portillo in Ucayali.

Representatives of native communities of Santa Rosa de Apua and Puerto Nuevo in the Padre Abad district as well as Nuevo Perú, Atahualpa de Tabacoa, Nuevo Nazareth, Nueva Unión de Piérola, Puerto Grau, Nuevo Saposoa, Nueva Palestina and San Luis de Contamanillo Betel in the Iparia district, strengthened their capacities to articulate their offer of timber and non-timber forest resources.

This activity was part of the 2024-2025 Global Operational Plan of the Joint Declaration of Intent (JDI), a voluntary cooperation agreement signed by the Governments of Peru, Norway and Germany to achieve a 40% reduction in greenhouse gas emissions by 2030 caused by deforestation and forest degradation in Peru.

See: <https://www.gob.pe/institucion/SERFOR/noticias/1108516-SERFOR-capacita-a-10-comunidades-nativas-en-ucayali-en-asociatividad-y-mercados-de-productos-forestales>

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	979-1011
Asian market	1156-1221▲
Cumaru decking, AD, S4S E4S, American market	1029-1044
Pumaquiro KD Gr. 1, C&B, Mexican market	501-561
Quinilla KD, S4S 2x10x62cm, Asian market	591-627
2x13x75cm, Asian market	774-831

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	703-728
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market Grade 2, Mexican market	582-602 527-541
Cumaru 4" thick, 6"-11" length KD Central American market Asian market	1116-1188 1182-1254↑
Ishpingo (oak) 2" thick, 6"-8" length Spanish market Dominican Republic	902-9780 946-1077↑
Marupa 1", 6-11 length KD Grade 1 Asian market	564-576

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 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

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

Domestic sawnwood prices

Peru sawnwood	US\$ per cu.m
Mahogany	-
Virola	227-237
Spanish Cedar	333-344
Marupa (simarouba)	208-234↑

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

Recovery in business spending

The economy expanded an annualised 2.8% in the 2024 October-December quarter according to Cabinet Office data backed by a recovery in business spending. The positive figures will likely support the Bank of Japan's plan to keep raising interest rates and normalise monetary policy.

While the latest wage and household spending indicators showed encouraging signs analysts are anticipating price pressures will delay a full recovery in personal consumption in the short-term.

In mid-February the government maintained its view that the Japanese economy is recovering moderately but noted that consumer spending has yet to fully pick up. There was also a mention that US tariff threats, if implemented, would slow export growth.

Exports were supported by strong shipments to Asia, driven by solid demand for production machinery in China and chip-manufacturing equipment in some other Asian countries. The report also said "full attention should be given to U.S. economic policies as a series of higher tariffs are planned on imports".

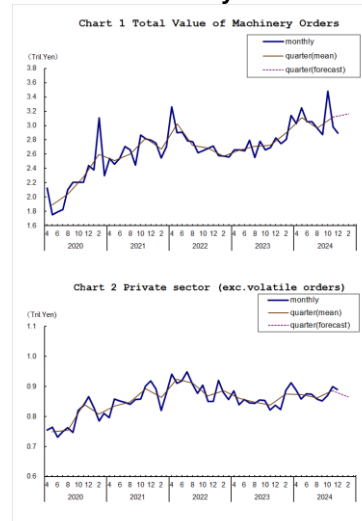
See: <https://www.asahi.com/ajw/articles/15628672> and

<https://mainichi.jp/english/articles/20250219/p2g/00m/0bu/039000c>

Trend in machinery orders reverses direction

The Cabinet Office has reported the total value of machinery sales, excluding those for ships and by electric power companies, declined by 1.2% month-on-month in December 2024, the worst reading in four months. The latest reading also reversed the 3.4% growth in November and defied market expectations for a slight 0.1% gain.

Trend in machinery orders



See: <https://www.esri.cao.go.jp/en/stat/juchu/2024/2412juchu-e.html>

Orders from the manufacturing sector dropped 10% while non-manufacturing orders rose 5%. The biggest falls were seen in industries such as mining, quarrying, real estate, chemical products, information and communication electronics and pulp, paper and paper products.

On an annual basis, private-sector machinery orders increased 4.3% in December, slowing from a 10% surge in November.

In the period January-March 2025 the value of private sector machinery orders is forecast to fall.

Japanese companies try to tackle labour shortages

The Ministry of Health, Labour and Welfare has reported the number of foreign workers in Japan has risen to a new high of 2.3 million, the highest since 2008 when data was first compiled.

By nationality, Vietnam had the largest number of workers in Japan, at around 570,000 or 25% of the total, followed by China and the Philippines with 400,000 and 240,000, respectively. The largest year-on-year increases were with workers arriving from Myanmar (up 61% year on year), Indonesia (up 40%) and Sri Lanka (up 34%).

See: <https://www.nippon.com/en/japan-data/h02312/>

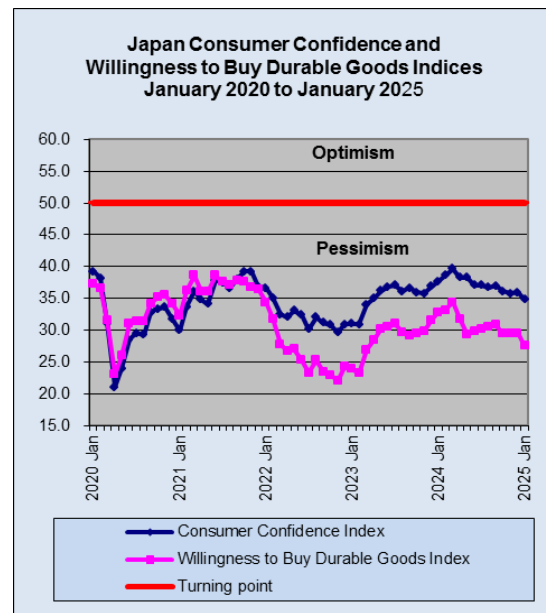
Inflation rising at the fastest pace in 19 months

Government data shows core consumer inflation was recorded at 3.2% in January, rising at the fastest pace in 19 months, adding to expectations that the Bank of Japan (BoJ) will raise interest rates once again.

The year-on-year increase in the core consumer price index (CPI), which excludes fresh food prices, slightly exceeded a median market forecast for a gain of 3.1% and followed December’s rise of 3.0%.

A separate index stripping out costs of both fresh food and fuel, which is closely watched by the BoJ as a better gauge of demand-driven inflation, rose 2.5% in January from a year earlier the data showed.

See: <https://japannews.yomiuri.co.jp/news-services/reuters/20250221-239822/>

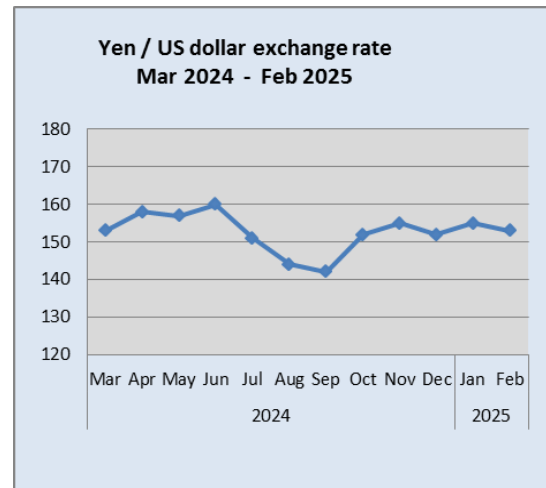


Data source: Cabinet Office, Japan

Stronger yen encourages moves to another interest rate increase

The yen strengthened slightly against the US dollar at the end of February as Japanese consumer spending news spurred anticipation that the Bank of Japan (BoJ) will be encouraged to increase interest rates at its next meeting. The gains in yen strength gathered momentum when Japan’s wage growth jumped by the most in nearly three decades and accelerated even further when a pro-rate hike BoJ board member said that rates need to go higher.

See: <https://www.japantimes.co.jp/business/2025/02/07/markets/yen-weekly-surge/>



Data source: WSJ

Drop in housing starts

In 2024, approximately 722,000 housing starts were initiated in Japan. This represented a decline of 12% compared to the previous year. 2024 was the second time since 1995 that the number of new dwellings fell below 800,000.

Poll shows Japanese are satisfied with housing costs

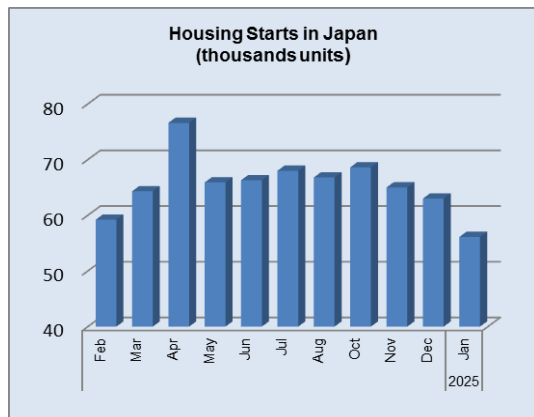
While much of the developed world is frustrated by the rising cost of housing there are a few exceptions. According to Gallup's Annual World Poll, which surveyed more than 37,000 people across 38 OECD countries most people in Japan are satisfied with housing costs.

Japan's low birthrate and restrictive immigration policies mean its population has been shrinking for decades which left about 10 million homes vacant across the country.

Unlike many other industrialised countries Japan's national government controls its land-use laws through zoning regulations and other rules that determine what gets built where are relatively simple, consistent and not subject to much community pushback.

Japan is particularly vulnerable to earthquakes which mean new homes employ the latest technologies. While American homes tend to appreciate over time and are seen as key investments, Japanese homes tend to depreciate as they age and become non-compliant with building codes.

See: <https://www.businessinsider.com/countries-with-affordable-housing-can-teach-us-lower-costs-japan-2024-9>



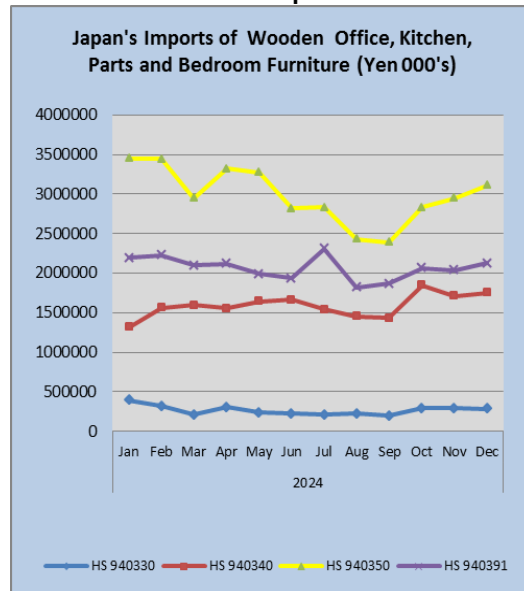
Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Extreme snow fall in Northern Japan

Residents in northern Japan have suffered record snow fall, occasionally reaching the eaves of the roof. Many cities have seen record snowfall this month bringing construction work to a standstill.

See: <https://japantoday.com/category/national/northern-japan-snowed-under-after-two-week-whiteout>

Yen value of furniture imports



Data source: Ministry of Finance, Japan

December 2024 wooden office furniture imports (HS 940330)

In December 2024 China accounted for a huge 93% of Japan's imports of wooden office furniture (HS 940330) thus increasing its share of imports from the around 80% in November 2024.

The only other shippers of note in December Poland (1.5% and a month on month increase) and Malaysia also at 1.5% share of imports which was sharply down from the 9% share in November.

Year on year, the value of Japan's imports of wooden office furniture in December rose around 8% but month on month there was almost no change in the value of imports.

December 2024 imports (HS 940330)

	Imports Dec 2024 Unit, 000's Yen
China	264,439
Taiwan P.o.C	1,189
Vietnam	2,770
Thailand	860
Malaysia	3,262
Denmark	863
Switzerland	342
Portugal	650
Italy	1,443
Poland	4,099
Hungary	1,171
Turkey	2,737
USA	811
Total	284,636

Data source: Ministry of Finance, Japan

December 2024 kitchen furniture imports (HS 940340)

	Imports Decv 2024 Unit, 000's Yen
S. Korea	543
China	98,416
Taiwan P.o.C	1,104
Vietnam	510,632
Thailand	66,297
Malaysia	19,250
Philippines	852,009
Indonesia	28,774
France	431
Germany	114,323
Italy	60,441
Finland	386
Canada	429
USA	432
Total	1,753,467

Data source: Ministry of Finance, Japan

In December 2024 the combined value of shipments of wooden kitchen furniture (HS940340) from the Philippines and Vietnam accounted for around 80% of Japan’s December imports. While the value of December imports from the Philippines was at the same level as in November there was an almost 17% rise in the value of imports from Vietnam.

The third and fourth suppliers in December were Germany and China, each capturing a 6-7% share of the value of December imports.

The year on year value of Japan’s wooden kitchen furniture imports rose 20% in December building on the month gains that were observed every month since September.

December 2024 wooden bedroom furniture imports (HS 940350)

The top two shippers of wooden bedroom furniture (HS 940350) to Japan in December were China (61% share, the same as in November) and Vietnam (33%), a sharp rise compared to the value of November. Malaysia and Thailand were the other shippers of note with Malaysia, seeing a 3% share of December imports and Thailand a 2% share.

Compared to November there was a 5% increase in the value of imports in December and a 13% rise compared to the value reported for December 2023. In the third quarter of 2024 there was a sustained monthly increase in the value of wooden bedroom furniture some of which can be explained by the weakening yen US dollar exchange rate.

November 2024 imports (HS 940350)

	Imports Dec 2024 Unit, 000's Yen
China	1,898,375
Vietnam	1,010,032
Thailand	49,913
Malaysia	102,638
Indonesia	31,558
India	207
Italy	6,608
Poland	12,889
USA	211
Total	3112431

Data source: Ministry of Finance, Japan

December 2024 imports (HS 940391)

	Imports Dec 2024 Unit, 000's Yen
S.Korea	16,857
China	1,085,428
Taiwan P.o.C	53,641
Vietnam	279,935
Thailand	40,565
Malaysia	207,123
Philippines	2,710
Indonesia	285,438
Sweden	246
Denmark	1,623
UK	3,981
Netherlands	243
France	849
Germany	70,253
Switzerland	1,218
Italy	20,068
Finland	25,022
Poland	15,300
Austria	1,380
Hungary	865
Turkey	6,707
Slovakia	5,822
USA	3,077
Total	2,128,351

Data source: Ministry of Finance, Japan

December 2024 wooden furniture parts imports (HS 940391)

Shippers in China, Indonesia, Vietnam and Malaysia accounted for almost 90% of Japan’s wooden furniture parts (HS 940391) in December.

Of the total value of imports 51% was delivered from China, almost the same value as in November; 13% from Indonesia, a decline month on month; 13% from Vietnam, a rise month on month and 10% from Malaysia also a month on month increase.

Compared to the value of December 2023 imports there was a 12% decline in the value of December 2024 imports and compared to November there was little change. In December 2024 fourteen shippers in Europe accounted for around 7% of the value of arrivals.

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://jfpj.jp/japan_lumber_reports/

Wood export in 2024

Log export in 2024 is 1,819,493 cbms, 14.0 % more than 2023. Lumber export is 153,009 cbms, 12.5 % more than last year. The reasons are that demand for timber in Japan is low and the yen is weak. Log export increases for straight two years and lumber increases for the first time in three years. Wood export is 53.7 billion yen, 6.5 % more than last year. This result exceeds the result of 2022, when it was the highest wood export ever, by 2.0 %.

Logs have been exported to China mainly and the volume is 1,636,493 cbms, 15.6 % increased from the previous year. This is two straight years rising. The increase is 46.3 % and this is nearly 520,000 cbms.

The yen started 146 yen against the dollar at the beginning of 2024 and depreciated to 160 yen in July, 2024. Bank of Japan raised the rate of interest and the yen appreciated against the dollar once. Then, yen was 140 yen against the dollar in September, 2024 but the yen depreciated again. It was 153 yen against the dollar at the end of 2024.

The price of log for China had been under US\$110, C&F per cbm after the Chinese New Year last year. Then, the price stayed US\$115 – 120, C&F per cbm.

The freight was US\$50,000, around 2,500 cbms at the beginning of last year and then it rose to nearly US\$60,000 in autumn. Even though high freight continued, Japanese exporters had a stable profit through the year, because the log price was as high as around 11,000 yen, delivered per cbm.

Logs for South Korea are 113,070 cbms, 12.3 % more than last year and this is for the first time in two years to increase. Logs for Taiwan are 65,823 cbms, 9.4 % less than the previous year. This is decreasing for three years in a row.

Lumber for China is 65,211 cbms, 15.4 % more than the previous year and for the U.S. is 42,005 cbms, 30.6 % more than the previous year. Demand for fences recovered slightly in the U.S. because the inventory adjustment was completed.

China

Decline in 2024 sawnwood imports

According to data from China’s Customs, 2024 sawnwood imports totalled 26.74 million cubic metres valued at US\$6.86 billion, a year-on-year decrease of 4% in volume but an increase 0.3% in value on 2023. The average price for imported sawnwood in 2024 was US\$257 per cubic metre, a year on year increase of 4%.

Of total sawnwood imports, sawn softwood imports fell 7% to 16.63 million cubic metres, accounting for 62% of the national total. The proportion of sawnwood imports fell about 3 percentage points year on year. The average price for imported sawn softwood was US\$204 per cubic metre in 2024, up 4% year on year.

Sawn hardwood imports totalled 10.11 million cubic metres valued at US\$3.48 billion, a year on year increase 3% in volume and 5% in value on 2023. The average price for imported sawn hardwoods was US\$344 per cubic metre, a year-on-year increase of 2% year on year.

Of total sawn hardwood imports, tropical sawn hardwood imports were 7.46 million cubic metres valued at US\$2.14 billion, a year-on-year increase of 8% in volume and 11% in value and accounted for about 28% of the national total, up 3 percentage points on 2023 level. The average price for imported tropical sawn hardwood was US\$287 per cubic metre, up 3% year on year.

Sawnwood imports in 2024 cu.m

	mil. cu.m	% change 2023-24
Total	26.74	-4%
Sawn softwood	16.63	-7%
All sawn hardwood of which tropical	10.11 7.46	3% 8%

Data source: China Customs

Sawnwood imports in 2024 US\$ mil.

	US\$ mil.	% change 2023-24
Total	6.86	0.3%
Sawn softwood	3.39	-4%
All sawn hardwood of which tropical	3.48 2.14	5% 11%

Data source: China Customs

Average sawnwood CIF prices, 2024

	Average US\$/cu.m	% change 2023-24
Av. sawnwood price	257	4%
Sawn softwood	204	4%
All sawn hardwood of which tropical	344 287	2% 3%

Data source: China Customs

Reasons for decline in China's sawnwood imports

The main reason was the reduction in domestic demand. China's Real Estate Production Index increased from October 2024 but remained sluggish which slowed construction and manufacturing industries leading to a decline in demand for sawnwood.

China's sawnwood output from domestic resources increased and the level of self-sufficiency improved such that dependence on imported sawnwood declined. The output of China's sawnwood has shown a steady growth in recent years.

According to statistics from the National Bureau of Statistics, China's sawnwood production was about 85 million cubic metres in 2018 and this increased to about 90 million cubic metres in 2019.

Although sawnwood output fluctuated in 2020 as a result of the pandemic it remained at about 90 million cubic metres. Sawnwood production further increased to about 100 million cubic metres in 2021 with economic recovery.

China's sawnwood production reached about 110 million cubic metres, a record high in 2022. China's sawnwood production in 2023 is also as high as 80 million cubic metres.

In addition, China has promoted the use of alternative materials and implemented the "bamboo instead of wood" policy, reducing the demand for sawnwood.

Another reason for the decline was that the price for imported sawnwood rose.

Decline in sawnwood imports from Russia

China Customs data shows Russia was the largest supplier of sawnwood imports in 2024 but imports from Russia dropped 6% to 12.23 million cubic metres and accounted for 46% of the national total. The value of imports was US\$2.603 billion, down 2% on 2023. The average price for imported sawnwood from Russia in 2024 was US\$213 per cubic metre, a year on year decline of 7%.

The decline in China's imports of sawnwood from Russia was because of weak domestic demand and because of a diversification of supplying countries in order to reduce dependence on a single country. China's sawnwood imports from Belarus and Gabon increased significantly by 37% and 43% respectively in 2024.

China's sawnwood imports from Thailand rose to 4.913 million cubic metres valued at US\$1.247 million, up 9% in volume and 15% in value on 2023. The average price for imported sawnwood from Thailand in 2024 was US\$254 per cubic metre, a year on year increase of 2%.

Main countries shipping sawnwood to China, 2024

Supplier	000s cu.m	YoY % change
Total	26,737	-4%
Russia	12,235	-6%
Thailand	4,913	9%
Canada	1,308	-1%
USA	1,194	-4%
Belarus	1,159	37%
Gabon	768	43%
Philippines	636	-18%
Finland	622	-29%
Germany	540	-33%
Sweden	419	-48%

Data source: China Customs

Growth in sawn softwood imports from Belarus

According to China Customs sawn softwood imports from Belarus rose 37% to 1.159 million cubic metres in 2024.

Belarus sawn softwood had a price advantage in the international market due to low production costs and competitive pricing to attract Chinese buyers. The average CIF price of sawn softwood imports from Belarus in 2024 was US\$191 per cubic metre, while the average CIF price of imported sawn softwood from Russia is US\$207 per cubic metre.

Main countries shipping sawn softwood to China, 2024

Supplier	000s cu.m	YoY % change
Total	16,631	-7%
Russia	11,250	-5%
Canada	1,246	-2%
Belarus	1,159	37%
Finland	621	-29%
Germany	442	-38%
Sweden	419	-48%
New Zealand	236	16%
Chile	235	-30%
USA	222	55%
Brazil	191	-4%
Uruguay	119	-29%

Data source: China Customs

With the promotion of the Belt and Road Initiative the logistics and transportation possibilities between China and Belarus have improved reducing transportation cost thus making the import of sawnwood from Belarus economically viable.

China's sawn softwood from New Zealand and USA also grew 16% and 55% respectively. In contrast, China's sawn softwood imports from the other main suppliers dropped in 2024.

Rise in sawn hardwood imports from Thailand

China's sawn hardwood imports from Thailand, as the largest supplier, continued to rise and grew 9% to 4,913 cubic metres in 2024, accounting for 49% of the national total. China's sawn hardwood imports from Thailand are mainly rubberwood and China's imports of sawn rubberwood continue to grow.

Because of its good characteristics Thai rubberwood is widely used in furniture, wooden doors, bathroom cabinets, floors, kitchenware and custom homes in China.

Thailand's wood processing industry has improved in terms of technology, product quality and supply stability and China's demand for high-quality sawn rubberwood is high.

Main countries shipping sawn hardwood to China, 2024

Supplier	000s cu.m	YoY % change
Total	10,106	3%
Thailand	4,913	9%
Russia	985	-15%
USA	972	-11%
Gabon	768	43%
Philippines	636	-18%
Myanmar	217	0%
Vietnam	180	12%
Romania	168	5%
Malaysia	129	19%
Cameroon	128	2%
Croatia	103	43%

Data source: China Customs

Economic cooperation between China and ASEAN countries has deepened, the integration of regional supply chains has accelerated and Thailand, as a member of ASEAN, has become a reliable supplier to China.

Russia and USA still are the second and third largest suppliers of China's sawn hardwood imports and accounted for 9.7% and 9.6% respectively but fell 15% and 11% respectively in 2024.

Rise in sawn tropical hardwood imports

China's sawn tropical hardwood imports in 2024 were 7.46 million cubic metres valued at US\$2.14 billion, a year on year increase of 8% in volume and 11% in value and accounted for about 28% of the national total, up 3 percentage points on 2023.

China's imports of sawn tropical hardwood from Gabon have increased significantly, jumping from the third largest supplier to the second largest supplier, replacing the Philippines.

Gabon was the second supplier of China's sawn tropical hardwood imports in 2024 and sawn hardwood imports from Gabon rose 43% to 768,000 cubic metres, but decrease 11% to 636,000 from the Philippines on 2023.

The top three countries supplied 85% of China's sawn tropical hardwood requirements in 2024, namely Thailand (66%), Gabon (10%) and the Philippines (9%).

The main reasons for the increase in China's tropical sawn hardwood imports in 2024 were as follows.

With an improvement in China's economy the construction industry and furniture manufacturing industry picked up and the demand for sawnwood is increased, especially for high-quality tropical sawn hardwood.

In response to anticipated demand and possible or price fluctuations, Chinese companies have increased inventories and reserves of tropical sawn hardwood.

Main countries shipping tropical sawn hardwood to China, 2024

Supplier	000s cu.m	YoY % change
Total	7,461	8%
Thailand	4,913	9%
Gabon	768	43%
Philippines	636	-18%
Myanmar	217	-0.3%
Vietnam	186	13%
Malaysia	129	19%
Cameroon	128	2%
Indonesia	70	-26%

Data source: China Customs

Rise in CIF prices for sawn tropical hardwoods

The average price for imported sawn tropical hardwood was US\$287 per cubic metre in 2024, up 3% year on year.

The CIF prices for the top suppliers of tropical sawn hardwood imports, Thailand, rose 5% year on year, in contrast, prices in Gabon and the Philippines declined 6% and 5% respectively in 2024.

CIF prices for top suppliers of sawn tropical hardwood imports, 2024

Supplier	US\$ CIF/cu.m	YoY % change
Total	287	3%
Thailand	254	5%
Gabon	357	-6%
Philippines	72	-5%
Myanmar	632	14%
Vietnam	450	2%
Malaysia	357	3%
Cameroon	496	-3%
Indonesia	554	-14%

Data source: China Customs

GGSC report for January 2025

In 2024, China’s wood and wood product imports amounted to 74 million cubic metres, a year-on-year decrease of 4.4%. The import value stood at US\$13 billion, down 1.53% year-on-year. In terms of species hardwood logs included oak, beech, okoumé and merbau and the main hardwood sawnwood species were rubberwood, beech and ash with Thailand being the largest supplier of tropical sawn hardwood.

In January the Ministry of Commerce and other agencies jointly issued a notice on implementing the home improvement and kitchen and bathroom renovation initiative for 2025. Focusing on a green, smart and senior-friendly direction the policy supports consumers in purchasing materials and items for old house renovations, partial kitchen and bathroom upgrades and home modifications for the elderly. During the Chinese New Year holiday, this policy boosted sales of building and decoration materials as well as other home renovation-related products by 15.5% year-on-year.

Recently, the National Forestry and Grassland Administration, along with the National Development and Reform Commission and four other agencies, issued the medium and long-term Plan for Natural Forest Conservation and Restoration. The Plan requires that by 2035 natural forest conservation and restoration will be complete with the total area of natural forests maintained at around 2.58 billion mu (approximately 172 million hectares) and significant improvements in forest quality observed.

In January 2025 the GTI-China index registered 39.5%, a decline of 10.3 percentage points from the previous month. It has been below the critical value (50%) for 3 consecutive months indicating that the business prosperity of the timber enterprises represented by the GTI-China index shrank from the previous month and the degree of contraction was increased.

The primary reason for this decline was the impact on business activity of the traditional Chinese New Year festivities, during which Chinese timber enterprises temporarily suspended production and operations.

As for the twelve sub-indices, three indices (purchase price, delivery time and market expectation) were above the critical value of 50% while the remaining nine indices (production, new orders, export orders, existing orders, inventory of finished products, purchase quantity, import, inventory of main raw materials and employees) were all below the critical value.

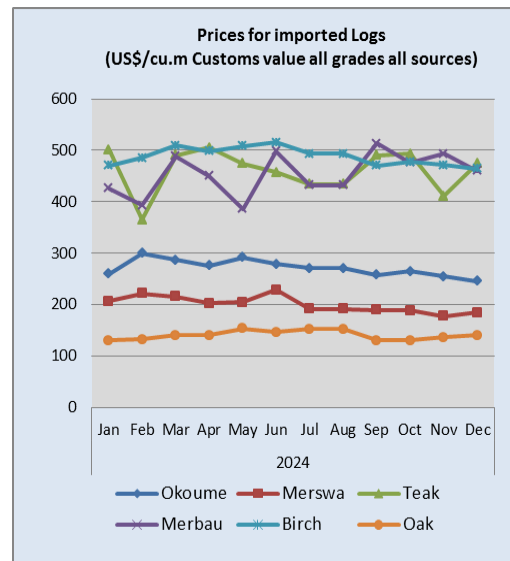
Compared to the previous month the indices for purchase price and market expectation increased by 4.6-13.1 percentage points and the indices for production, new orders, export orders, existing orders, inventory of finished products, purchase quantity, import, inventory of main raw materials, employees and delivery time declined.

See: <https://www.itto-ggsc.org/static/upload/file/20250221/1740123021422119.pdf>

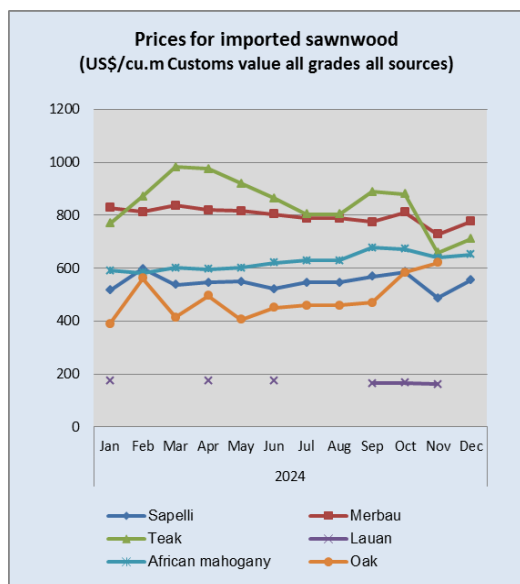
Average CIF prices, logs US\$/cu.m

	2024 Nov	2024 Dec
Okoume	255	246
Merswa	177	184
Teak	411	474
Merbau	493	460
Birch	471	464
Oak	136	140

Data source: Customs, China



Data source: Customs, China



Data source: Customs, China

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

	2024 Nov	2024 Dec
Sapelli	487	554
Merbau	728	776
Teak	658	711
Lauan	161	
African mahogany	639	652
Oak	621	

Data source: Customs, China

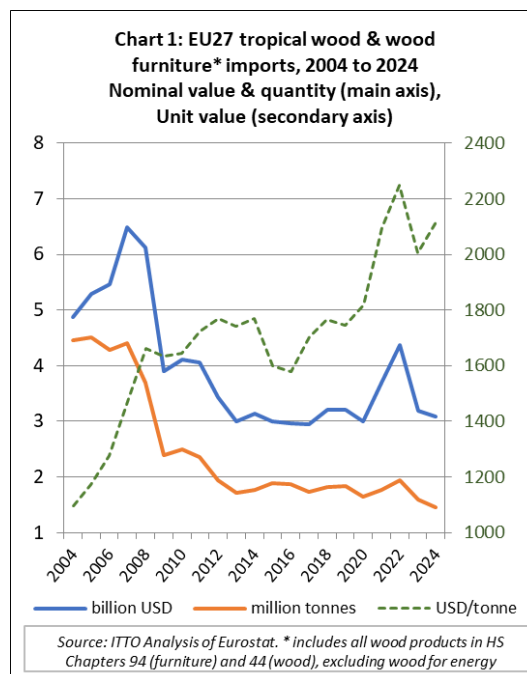
EU

EU tropical wood imports at historic low in 2024

In 2024, the EU27 imported 1.46 million tonnes of tropical wood and wood furniture products with a total value of US\$3.09 billion, respectively 8% and 3% less than the previous year.

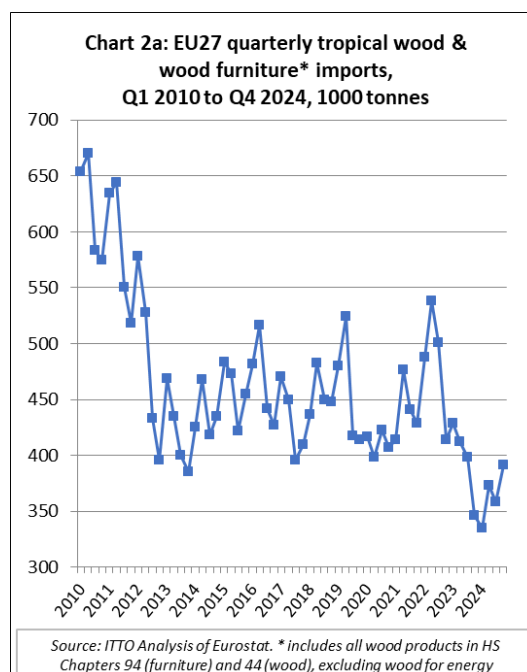
In quantity terms, this is the lowest level of imports of these products ever recorded since the EU was first formed (as the EEC) in 1957. It is also 19% below the average for the pre-pandemic 2013-2019 period when imports were static at a historically low level.

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 2013-2019 period. When account is taken of inflation, import value last year was more than 15% below the pre-pandemic level (Chart 1).



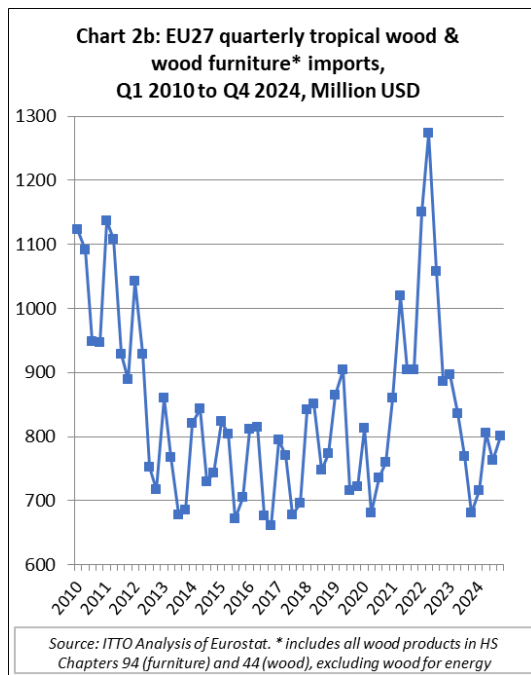
Nominal unit prices (not adjusted for inflation) for tropical wood and wood furniture imported into the EU increased again in 2024 after falling the previous year from record levels achieved during the pandemic.

The average price per tonne of all EU27 tropical wood and wood furniture imports fell from a record high of US\$2250 per tonne in 2022 to US\$2005 per tonne in 2023, before rebounding to US\$2116 per tonne last year. This was partly owing to inflation and partly to a shift in the tropical wood product groups imported into the EU last year with relatively higher value finished furniture and joinery products performing better than sawnwood, mouldings and logs.



Quarterly data provides some slight grounds for optimism that the market may have hit bottom at the end of last year. Total EU27 imports of tropical wood and wood furniture of 391,200 tonnes in the fourth quarter of 2024 were up 9% compared to the previous quarter and up 13% compared to the same quarter in 2023. Nevertheless, import tonnage during the last quarter of 2024 still fell below quarterly trade figures typical during the pre-pandemic 2013-2019 period (Chart 2a above).

The trade figures look healthier when considered in value terms. EU27 import value of tropical wood and wood furniture in the fourth quarter of 2024 was US\$800 million, 5% more than the previous quarter and 18% up on the same quarter in 2023. In value terms, imports during the last quarter of 2024 were more closely aligned with those of the pre-pandemic 2013-2019 period (Chart 2b).



European economy stagnates, says the Economist

A recent article in the Economist under the heading “Europe has no escape from stagnation”, suggests that even optimistic growth forecasts for the region in 2025 “barely go beyond 1%” and asks the question “where is growth supposed to come from?”. The short answer is not particularly encouraging:

“Europe’s ageing population is not as innovative as it once was, dampening productivity. The global economy will no longer support Europe’s export-led approach. Investment requires confidence in the future. Consumers are fearful, with many choosing to keep money in the bank. The ECB remains busy fighting inflation and governments are avoiding difficult reforms for fear of a populist backlash.”

The Economist goes on to elaborate on a few of these points and, in doing so, finds just a few crumbs of comfort. It is noted, for instance, that as inflation subsides, the European Central Bank (ECB) can return to stimulating the economy with lower interest rates.

ECB policymakers have already cut their main rate from 4% in June last year to 2.75% and markets expect rates to fall to 2% by the year’s end. But the Economist is pessimistic that there will be scope to reduce interest rates so drastically as inflation is still quite high, at 2.5% a year.

Similarly, the Economist points to a robust rise in European pay packets, which should boost consumer spending. However, such spending is still hampered by low consumer confidence. The euro-zone household savings rate, which before the covid-19 pandemic was typically around 12%, is now above 15%. Consumer sentiment has recently dropped again, to below its long-term average. There are still a lot of nervous consumers around.

At the same time, opportunities for European manufacturers to boost growth by expanding sales overseas are now tightly constrained by intense competition from China which, according to the Economist, is “hellbent on exporting its manufacturing surplus to the world, rather than buying more from Europe”. Meanwhile, the new US administration is intent on reducing its trade deficit and threatening to impose swingeing tariffs on its major trade partners. This in turn could push more goods from China and elsewhere into Europe, while restricting European exports to the US.

The EU is trying to counter these tendencies with renewed efforts to formalise free trade agreements, notably with the Mercosur group of countries, India, Malaysia, Indonesia and the Philippines.

Another potential boost to European economic growth, according to the Economist, could yet come from greater government spending, although only in a few countries. The greatest potential may be in Germany, where there is a need for greater public investment and funds available which the next government could make use of after the forthcoming election. Elsewhere opportunities for public investment are limited. Italy must cut spending to stabilise its debt, while France must do so to bring down an outside deficit.

The Economist notes that European leaders now pin much hope on supply-side reforms, to simplify regulation, remove single-market barriers and knit together capital markets.

Far-reaching proposals for such reforms were set out in a report by Mario Draghi, a former president of the ECB, published in September last year. But it remains to be seen just how far and fast European leaders will be able to implement these proposals.

No end to decline in Eurozone construction activity, on-going now for 33 months

Weakness of the EU construction sector continues to be a particularly significant drag on EU demand for all timber products. Forward-looking indices suggest that EU construction activity will continue to decline.

The HCOB Eurozone Construction PMI Total Activity Index, a seasonally adjusted index tracking monthly changes in total industry activity, posted 42.9 in December and 45.4 in January, both well below the boundary line (at 50) separating growth from contraction. The latest downturn extends the current sequence of falling activity to 33 months.

The only good news is that the decline in January 2025 was the softest since February 2023.

According to HCOB, the negative trends reflected further declines in Germany and France. Italian firms saw activity rise for the second successive month, though the rate of growth was only marginal.

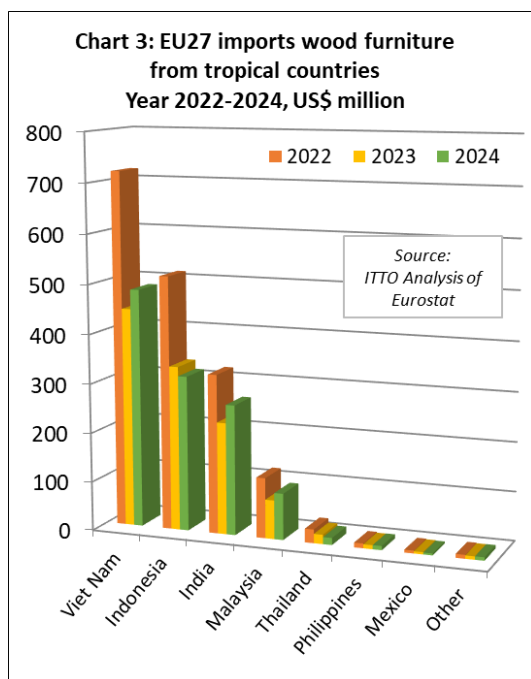
Lower output was broad-based in nature across the three monitored sectors covered by the report. Housing activity saw the most pronounced decrease, though falls in commercial and civil engineering activity were also relatively sharp.

See: <https://www.hcob-bank.com/en/insights/pmi/>

Recovery in EU27 tropical wood furniture imports in 2024

The EU27 imported 285,500 tonnes of wood furniture from tropical countries with a total value of US\$1193 million in 2024.

Import quantity and import value were up 7% and 6% respectively during the year. In 2024, EU27 import value of wood furniture increased from Vietnam (+9% to US\$484.9 million), India (+16% to US\$264.5 million), Malaysia (+19% to US\$94 million), and the Philippines (+3% to US\$8.3 million).



However, import value fell from Indonesia (-6% to US\$315.5 million), Thailand (-25% to US\$14.4 million), and Mexico (-15% to US\$3.9 million).

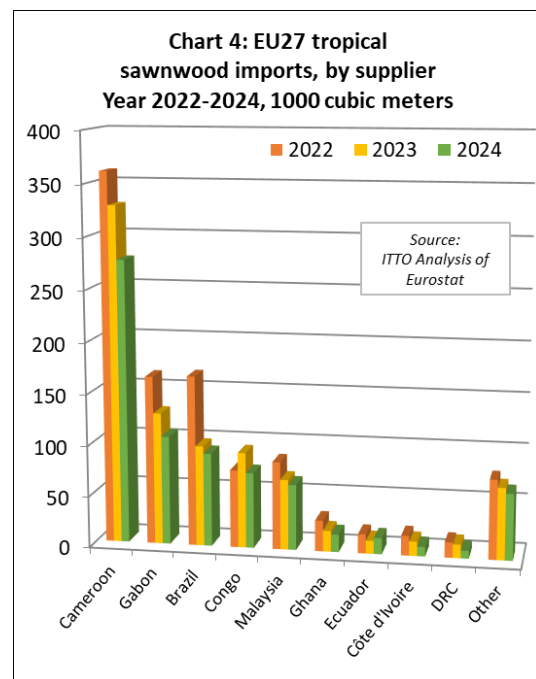
EU27 wood furniture imports from all other tropical countries were negligible during the year (Chart 3, left).

EU27 imports of tropical sawnwood decline 14% to lowest level ever in 2024

The EU27 imported 726,900 cu.m of tropical sawnwood in 2024, 14% less than the previous year and the lowest level ever recorded. This is only the second time in history that EU imports of tropical sawnwood have fallen below 800,000 cu.m (the only other was in the first year of the pandemic in 2020 when imports were 784,000 cu.m). Import value of this commodity was US\$680.8 million in 2024, 13% less than the previous year.

Tropical sawnwood imports declined from nearly all leading supply countries during the year including Cameroon (-16% to 276,800 cu.m), Gabon (-18% to 106,300 cu.m), Brazil (-7% to 91,200 cu.m), Republic of Congo (-21% to 73,800 cu.m), Malaysia (-7% to 64,100 cu.m), Ghana (-16% to 17,200 cu.m), Côte d'Ivoire (-34% to 9,300 cu.m), the Democratic Republic of Congo (-42% to 7,600 cu.m), Suriname (-20% to 7,200 cu.m), Indonesia (-4% to 6,300 cu.m), and the Central African Republic (-56% to 5,600 cu.m).

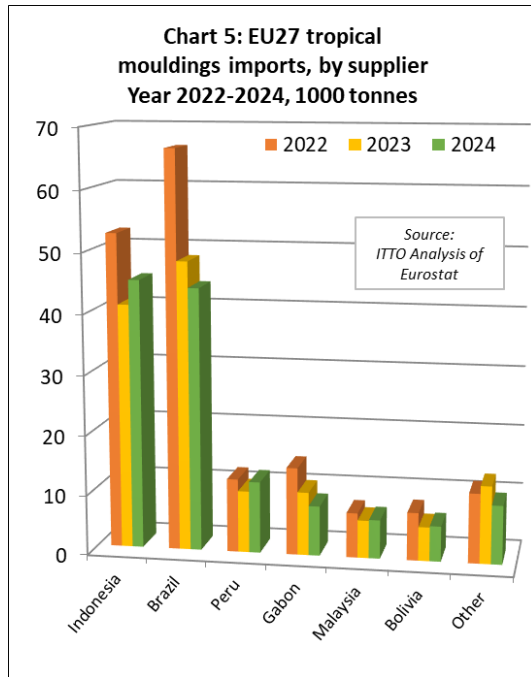
Sawnwood imports from Ecuador bucked the overall downward trend during the year, at 16,000 cu.m, up 25% compared to 2023. Imports from Vietnam also increased, by 53% to 6,600 cu.m (Chart 4).



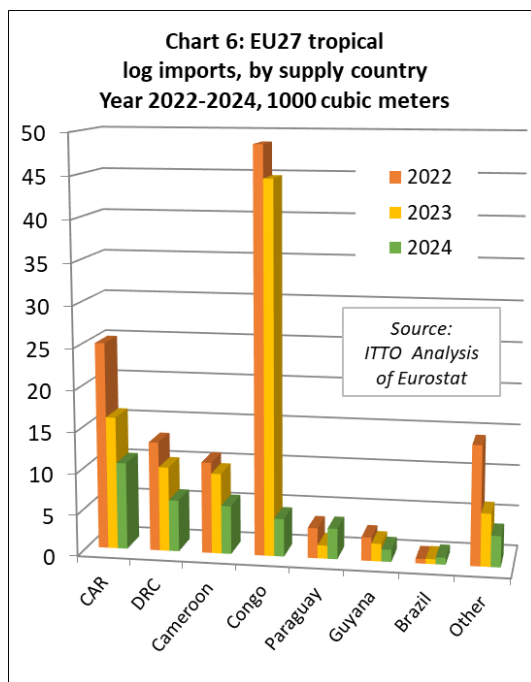
The EU27 imported 131,300 tonnes of tropical mouldings/decking in 2024, 3% less than in the previous year and another record low. Import value of this commodity was down 10% to US\$232.3 million during the year.

The decline was driven by a fall in imports from Brazil (-9% to 43,900 tonnes) and Gabon (-21% to 8,300 tonnes).

Imports increased during the year from Indonesia (+10% to 45,000 tonnes), Peru (+16% to 11,900 tonnes), Malaysia (+3% to 6,500 tonnes), and Bolivia (+4% to 5,900 tonnes) (Chart 5).



The EU27 imported 37,000 cu.m of tropical logs with a total value of US\$21.9 million in 2024, respectively 60% and 62% less than in the previous year. The decline was driven mainly by policy measures in Central Africa to curtail log exports in the last two years.



In 2024, EU27 imports of logs were down from the Central African Republic (-34% to 10,500 cu.m), the Democratic Republic of Congo (-39% to 6,200 cu.m), Cameroon (-40% to 5,800 cu.m), and the Republic of Congo (-90% to 4,600 cu.m).

Imports also fell from Guyana (-30% to 1,500 cu.m), but there was an increase from Paraguay (+132% to 3,700 cu.m) and Brazil (+43% to 900 cu.m) (Chart 6, left).

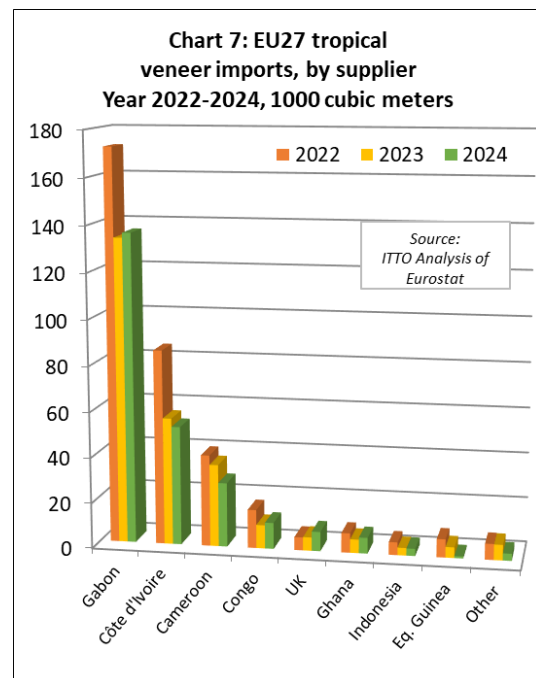
Patchy performance for tropical veneer, plywood and joinery in the EU last year

The EU27 imported 250,700 cu.m of tropical veneer with a total value of US\$171.2 million in 2024, both down 5% compared to the previous year.

Imports of tropical veneer from Gabon, by far the largest supplier of this commodity to the EU27, were 136,000 cu.m in 2024, 2% more than in the previous year.

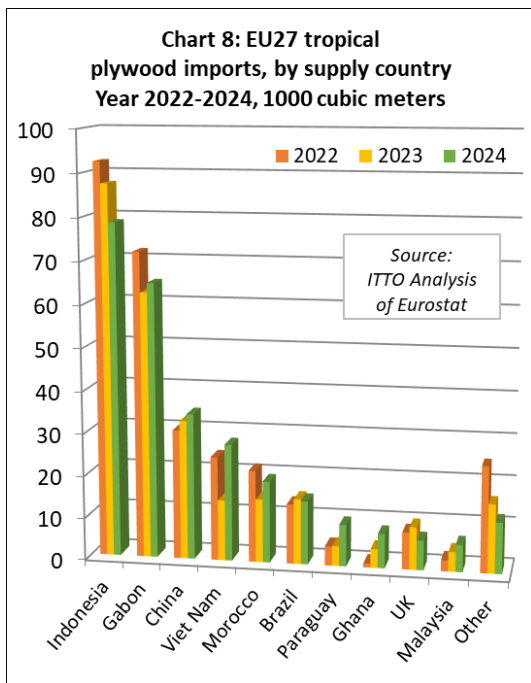
Tropical veneer imports also increased last year from the Republic of Congo (+12% to 11,500 cu.m), the UK (+45% to 8,600 cu.m), and Ghana (+16% to 7,000 cu.m).

However, these gains were offset by falling imports from Côte d'Ivoire (-6% to 52,300 cu.m), Cameroon (-22% to 28,200 cu.m), Indonesia (-5% to 3,200 cu.m), and Equatorial Guinea (-81% to 900 cu.m) (Chart 7).



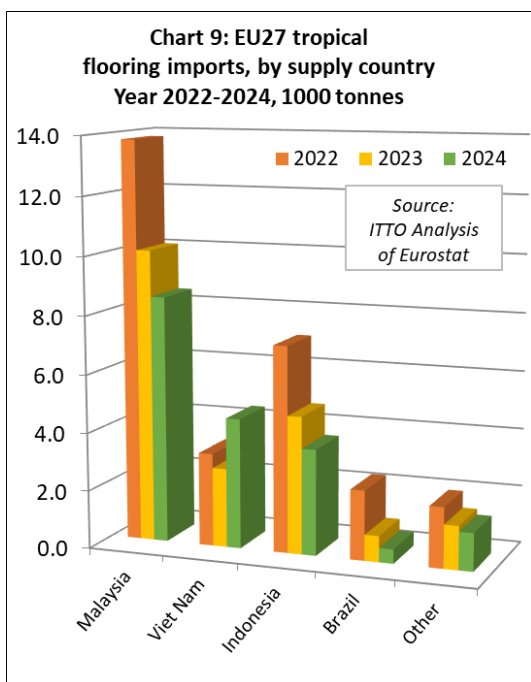
The EU27 imported 283,200 cu.m of tropical plywood with a total value of US\$205.7 million in 2024, both up 6% compared to 2023. Imports fell 10% to 78,600 cu.m from Indonesia, which nevertheless remained the leading supplier of tropical plywood to the EU last year.

Imports from Brazil were also down, by 3% to 15,000 cu.m, while indirect imports via the UK fell 31% to 7,000 cu.m. However, these losses were offset last year by rising imports from Gabon (+4% to 64,800 cu.m), China (+5% to 34,500 cu.m), Vietnam (+93% to 27,600 cu.m), Morocco (+29% to 19,300 cu.m), Paraguay (+110% to 9,800 cu.m), Ghana (+84% to 8,100 cu.m), and Malaysia (+39% to 6,400 cu.m) (Chart 8).



The EU27 imported 18,400 tonnes of tropical wood flooring with a total value of US\$48.4 million in 2024, down 8% and 16% respectively compared to the previous year.

Imports of 8,500 tonnes from Malaysia were 16% less than in 2023. Flooring imports also fell from Indonesia (-23% to 3,600 tonnes) and Brazil (-45% to 500 tonnes). However, flooring imports increased sharply from Vietnam in 2024 (+65% to 4,500 tonnes) (Chart 9).

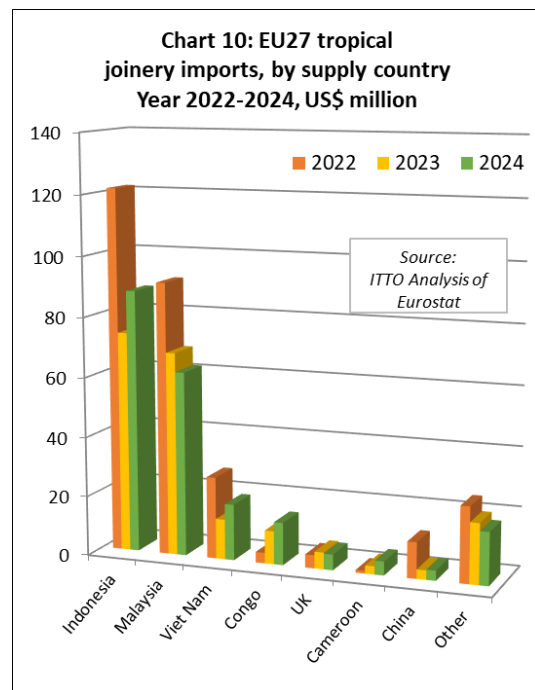


The value of EU27 imports of other joinery products from tropical countries - which mainly comprise laminated window scantlings, kitchen tops and wood doors - was US\$213.5 million in 2024, 8% more than the previous year.

Import quantity was up 14% to 91,600 tonnes during the year. Import value increased 19% to US\$87.9 million from Indonesia and was up 40% to US\$18.8 million from Vietnam.

Imports from China, which fell sharply in 2023, recovered some lost ground in 2024, rising 8% to US\$3.4 million. Starting from a small base, EU import value of laminated joinery products also continued to increase from Central African countries last year, including from the Republic of Congo (+28% to US\$14.2 million) and Cameroon (+69% to US\$4.6 million).

However last year imports of joinery products fell 9% to US\$61.8 million from Malaysia. Indirect imports from the UK also fell, by 7% to US\$5.2 million. (Chart 10).



North America

US government weighing 25% timber tariffs

The US is considering imposing a 25% tariff on international timber and wood products beginning in April, looking to add another item to an expanding list of products under duties.

The president campaigned on reviving the US economy and manufacturing by, in part, relying on tariffs. He has acted on this since taking office despite some economists warning that such decisions could spike the prices of goods for Americans. A 25% tariff was imposed on goods coming from Canada and Mexico, levies he postponed for a month after speaking to the nations' leadership and increased attention to curb the influx of drugs over the borders. The US government has indicated reciprocal tariffs will be adjusted for every trading partner.

See: <https://thehill.com/homenews/administration/5155132-trump-lumber-wood-tariffs/>

Higher interest rates - housing starts dropped in January

Constrained housing affordability conditions due to ongoing, elevated interest rates has led to a decline in housing starts. Overall housing starts fell year on year by almost 10% in January to a seasonally adjusted annual rate of 1.37 million units, according to a report from the US Department of Housing and Urban Development and the US Census Bureau.

The January reading of 1.37 million starts is the number of housing units builders would begin if development kept this pace for the next 12 months. Within this overall number, single-family starts decreased 8% to a 993,000 seasonally adjusted annual rate; the January pace was around 2% lower than a year ago. The multifamily sector, which includes apartment buildings and condos, decreased 13.5% to an annualized 373,000 pace.

“High construction costs, elevated mortgage rates and challenging housing affordability are causing builders to approach the market with caution said Carl Harris, chairman of the National Association of Home Builders (NAHB). He added “the uncertain policy environment in terms of a better regulatory climate and impending tariffs offers both upside and downside risks in the near-term.”

The single-family home market is facing competing concerns and opportunities for 2025 said NAHB Chief Economist, Robert Dietz. On a regional basis compared to the previous month, combined single-family and multifamily starts are 28% lower in the Northeast, 10% lower in the Midwest, 23% lower in the South and 42% higher in the West.

The number of single-family homes under construction in January was down 6% from a year ago to 641,000 units. The number of multifamily units under construction was down 22% from a year ago, to 768,000 units.

Housing starts across Canada rose 3% in January compared with December helped by strength in multi-unit starts in Quebec and British Columbia. The increase came as the annual pace of urban starts also rose 3% to 220,643 in January versus 215,052 in December.

The annual pace of multi-unit urban starts, such as apartments, condominiums and townhouses, rose 8%. CMHC Deputy Chief Economist, Tania Bourassa-Ochoa, said "while these increases show early signs of progress to begin the year foreign trade risks add significant uncertainty for future housing construction," The agency said its outlook was clouded by the threat of widespread tariffs from the U.S.

See: <https://www.census.gov/construction/nrc/current/index.html> and <https://www.msn.com/en-ca/money/topstories/housing-starts-up-3-in-january-but-trade-risks-add-significant-uncertainty-cmhc/ar-AA1zdenJ?ocid=BingNewsVerp>

Existing home sales fell more than expected in January

Sales of existing homes dropped more than expected in January after three straight monthly increases as high mortgage rates and rising house prices stifled demand.

Home sales decreased 5% in January to a seasonally adjusted annual rate of 4.08 million units according to the National Association of Realtors. While the figure was 2% above last January's total, economists polled by Reuters had forecasted home resales only slipping to a rate of 4.12 million units.

The National Association of Realtors (NAR) report added to a sharp decline in single-family housing starts last month in suggesting that residential investment weakened at the start of the first quarter after rebounding in the October-December quarter.

Regionally, January sales in the Northeast fell 6% from December to an annual rate of 500,000, up 4% from January 2024. In the Midwest, sales were unchanged in January at an annual rate of 1 million, up 5% from the previous year. Existing-home sales in the South fell 6% from December to an annual rate of 1.83 million in January, identical to one year before. In the West, sales slumped 7% in January to an annual rate of 750,000, up slightly from a year ago.

See: <https://www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales>

Builder confidence undermined

Builder sentiment fell sharply in February over concerns on tariffs, elevated mortgage rates and high housing costs. Builder confidence in the market for newly built single-family homes was 42 in February, down five points from January and the lowest level in five months according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI).

While builders hold out hope for pro-development policies, particularly for regulatory reform, policy uncertainty and cost factors created a reset for 2025 expectations in the most recent HMI, said NAHB Chairman, Carl Harris.

High interest rates are considered the most serious challenge in 2025 by builders according to NAHB/HMI surveys. The next four most serious issues builders faced in 2024 were rising inflation (80%), buyers expecting prices/interest rates to decline (77%), the cost/availability of developed lots (63%) and the cost/availability of labour (61%). Builders don't expect much improvement in these challenges in 2025, except for rising inflation, which 'only' 52% see as a serious problem in the year ahead.

See: <https://www.nahb.org/news-and-economics/press-releases/2025/02/builder-confidence-falls-on-tariff-and-housing-cost-concerns> and <https://lbmjjournal.com/builders-top-challenges-for-2025/>

US growth slowed in final quarter 2024

US economic growth slowed in the fourth quarter as a strike at Boeing depressed business investment in equipment, but consumer spending increased at its fastest pace in nearly two years, underscoring strong domestic demand that probably keeps the Federal Reserve on a slow interest rate cut path this year.

Gross domestic product increased at a 2.3% annualised rate in the last quarter after accelerating at a 3.1% pace in the July-September quarter the Commerce Department's Bureau of Economic Analysis said in its advance GDP estimate.

The moderation in growth in the final quarter of 2024 reported by the Commerce Department was also because businesses struggled to keep up with the surge in demand, partly driven by households preemptively buying goods ahead of tariffs on imports that had been promised by the government.

Year on year real GDP increased 2.8% in 2024, compared with an increase of 2.9% in 2023.

See: <https://www.bea.gov/news/2025/gross-domestic-product-4th-quarter-and-year-2024-advance-estimate>

US hiring slows in January

Hiring slowed in January with US employers added only 143,000 jobs amid the Los Angeles wildfires, frigid weather across much of the nation and uncertainty generated by the government's trade and immigration policies. Economists had forecast 170,000 jobs could be added in January.

November's employment gains were revised up from 212,000 to 261,000 and December's from 256,000 to 307,000, booming additions that partly coincided with a burst of small business optimism after the election in early November. The furniture and home furnishing retailers' sector gained more than 5,000 jobs in January while employment showed little change over the month in major industries including construction and manufacturing.

See: <https://www.bls.gov/news.release/empsit.nr0.htm> and <https://www.msn.com/en-us/money/markets/us-jobs-report-today-employers-added-143000-jobs-in-january-unemployment-rate-at-4/ar-AA1yB8LP?ocid=BingNewsVerp>

Consumer confidence slides on fears of tariff-induced price hikes

US consumer confidence slid in February reflecting fears that tariffs proposed by the government on imports will lead to rising prices. The University of Michigan's index of consumer sentiment tumbled to 64.7 at the end of February, well below January's 71.7.

In particular, the survey's gauge for buying conditions for durable goods, those meant to last five years or more, slumped in large part due to fears that tariff-induced price increases are imminent.

Weaker confidence was consistent across groups by age, income and wealth. But, while sentiment fell for both Democrats and independents, it was unchanged for Republicans reflecting continued divergence on the consequences of the government's economic policies.

See: <http://www.sca.isr.umich.edu/> and https://www.wsj.com/economy/u-s-consumer-confidence-falls-back-on-fears-of-tariff-induced-price-increases-3ba5693d?mod=WTRN_pos1&cx_testId=3&cx_testVariant=cx_160&cx_artPos=0

Manufacturing expanded in January ending 26-month losing streak

Economic activity in the manufacturing sector expanded in January after 26 consecutive months of contraction say the nation's supply executives in the latest Manufacturing ISM Report On Business.

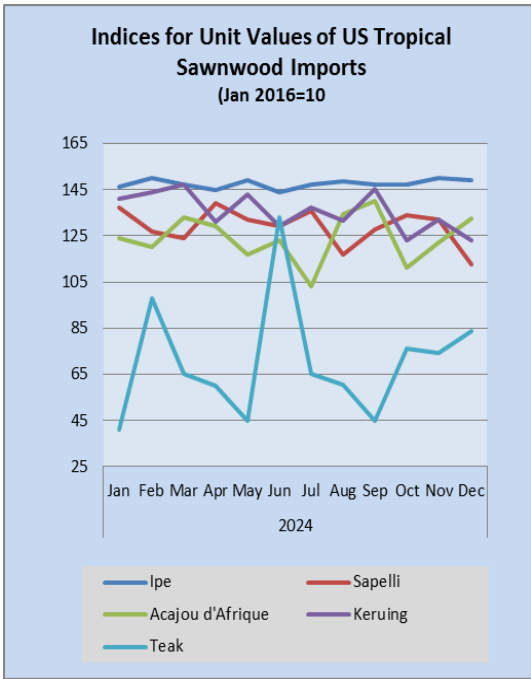
The ISM said its manufacturing PMI rose to 50.9 in January from 49.2 in December, with a reading above 50 indicating growth. Economists had expected the index to inch up to 49.8. "The PMI has increased for three consecutive months, with the most recent bump finally returning the manufacturing sector to expansion," said Timothy R. Fiore, Chair of the ISM Manufacturing Business Survey Committee.

The bigger than expected increase in the headline index partly reflected faster growth by new orders, as the new orders index climbed to 55.1 in January from 52.1 in December.

The report also showed a turnaround in production, with the production index rising to 52.5 in January from 49.9 in December, indicating growth after eight months of contraction. The employment index also jumped to 50.3 in January from 45.4 in December, returning to expansion after contracting in 14 of the last 16 months.

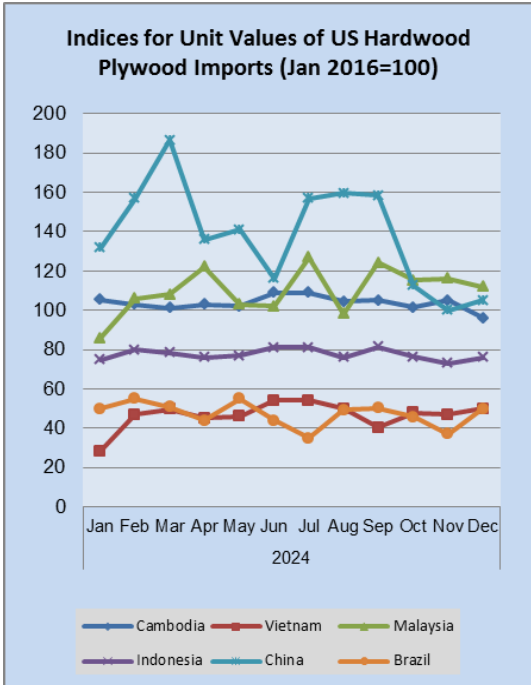
Of the 16 industry categories surveyed by ISM, eight reported expansion and eight reported contraction in January. Both the Wood Products industry and the Furniture & Related Products industry reported contraction for the month.

See: <https://www.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/> and <https://www.nasdaq.com/articles/us-manufacturing-index-indicates-growth-first-time-over-two-years>



Data source: US Census Bureau, Foreign Trade Statistics

Note: the doubling of the unit value for teak may be a statistical error. Use with caution.



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.

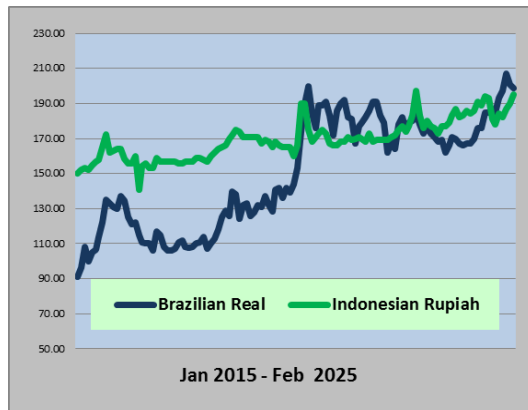
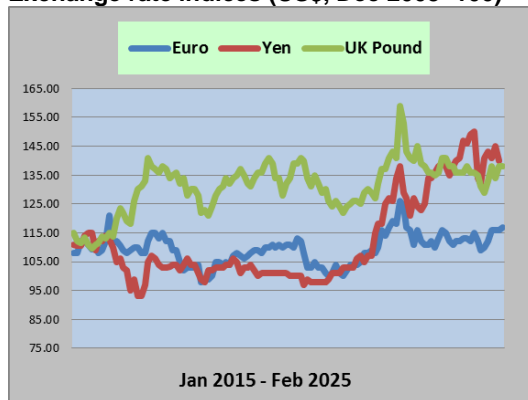
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

US Dollar Exchange Rates

As of 25 February 2025

Brazil	Real	5.89
CFA countries	CFA Franc	630.06
China	Yuan	7.28
Euro area	Euro	0.96
India	Rupee	87.47
Indonesia	Rupiah	16,521.00
Japan	Yen	150.65
Malaysia	Ringgit	4.46
Peru	Sol	3.78
UK	Pound	0.80
South Korea	Won	1,461.89

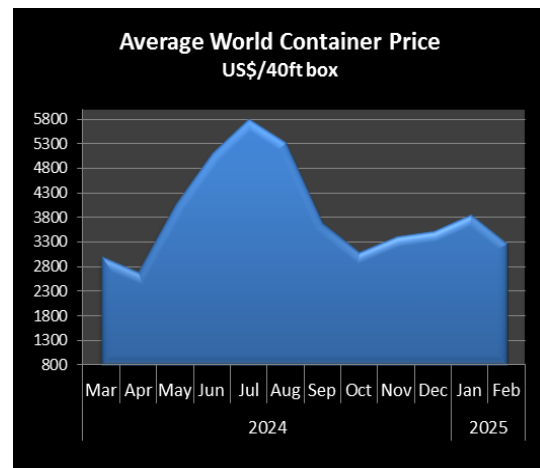
Exchange rate indices (US\$, Dec 2003=100)



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

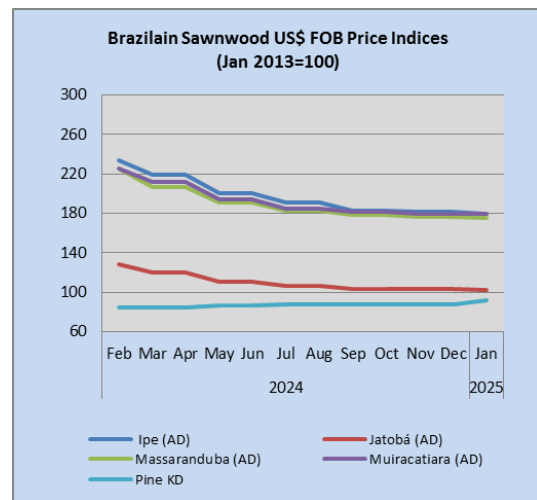
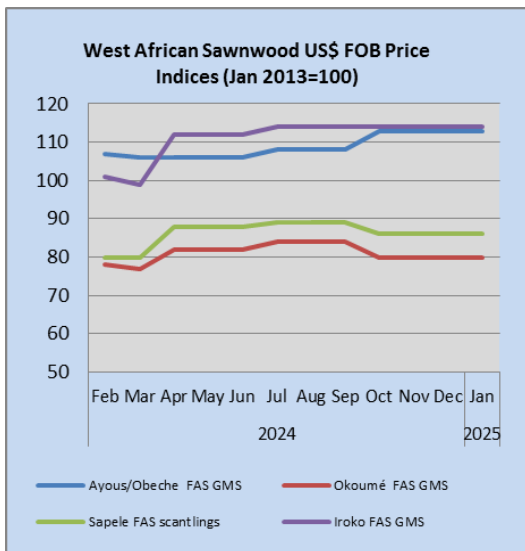
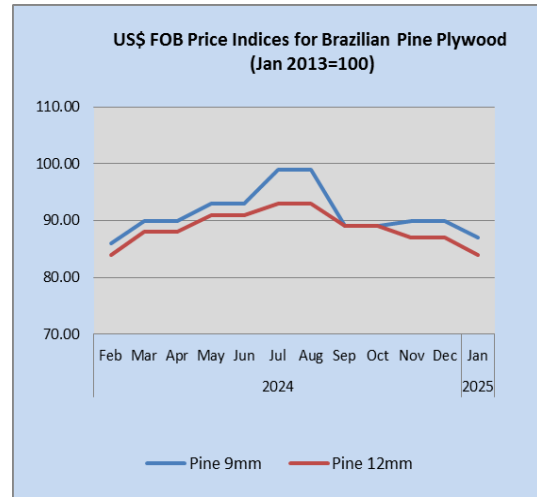
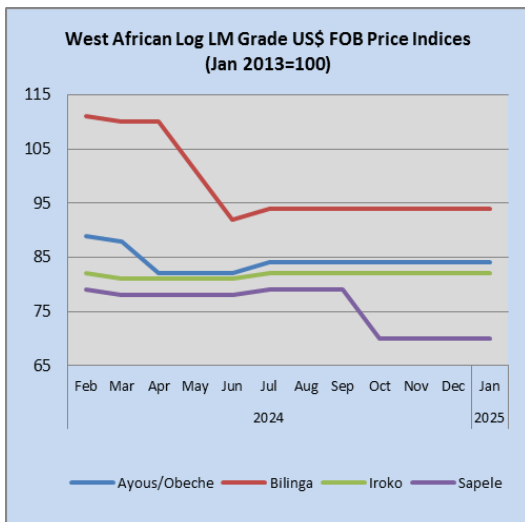


Data source: Drewry World Container Index

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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