

Tropical Timber Market Report

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Top story

Trees Outside Forests provide 85% of India's industrial wood demand

Timber production from government managed forests has steadily declined since the 1970's. It is against this backdrop that the significance of Trees Outside Forests (TOF) has grown.

According to the India State Forest Report 2023 the area under TOF in India was 30.7 million hectares. Production for industrial use grew from 69 million cu.m in 2011 to 91.5 million cu.m in 2023 and accounted for around 85% of India's industrial wood demand.

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Central and West Africa

EU demand quiet and subdued

Demand for tropical timber in the European Union (EU) is currently quiet and subdued, a trend consistent over recent years. This general quietness follows a period of volatility and strong demand in early 2022 which was subsequently impacted by economic headwinds and geopolitical issues

African sawnwood imports into the EU 27 were down in the first nine months of 2025 compared to 2024. The EU27 imported 32,500 cu.m of tropical logs from all sources in the first nine months of 2025 respectively 21% and 12% more than the same period in 2024.

EU27 log imports, main sources, Jan-Sep (000s cu.m)

	2023	2024	2025
CAR	13.4	7.5	12.1
Cameroon	8.3	3.8	4.5
DRC	6.9	5.2	3.8
Congo	38.0	3.3	2.8
Liberia	1.6	0.6	2.5

Data source: ITTO Analysis of Eurostat

EU27 sawnwood imports, main sources, Jan-Sep (000s cu.m)

	2023	2024	2025
Cameroon	246.8	203.0	179.1
Gabon	103.3	79.0	95.9
Congo	68.6	51.9	45.9
Ghana	17.1	11.9	12.8
DRC	10.4	4.8	6.0

Data source: ITTO Analysis of Eurostat

Regional round-up

Gabon

December marks the peak of the rain season with heavy daily rainfall across inland regions. These conditions continue to restrict movement and slow harvesting operations but given the subdued international demand industries are content to maintain moderate output levels.

The GSEZ log park at Nkok was reportedly short of Okoume logs, though the situation is now improving as the main supplier has secured Task Force approval to resume operations. Mills requiring peeler and saw logs have been relying on GSEZ stocks which currently include approximately 1,500 cu.m of mixed red species (Bosse, Sapelli, Padouk, limited Azobe and Okan) but still very little Okoume.

The Task Force was initially very aggressive in its inspections and enforcement but has become more accommodating due to widespread complaints and layoffs. All companies that were told by the Task Force to suspend activities are now back in operation,

Government pressure on industries to reduce expatriate labour is causing concern for those companies that rely heavily on foreign technicians. The policy is now being softened, permitting an estimated 10% expatriate workforce allowing companies to rehire essential foreign expertise.

Electricity disruptions remain a significant operational burden. Despite the presence of two Turkish power ships and a third vessel expected to raise total output. Libreville and surrounding areas continue to experience 2–3 power cuts per day each lasting 1–2 hours. On 11 December parts of Libreville faced a full-day blackout.

Operations at Owendo Port remain functional with normal traffic flows to and from the terminals. However, vessels often have to wait to berth due to congestion.

Millers in Gabon have welcomed a recent improvement in the number of orders from Middle East buyers but say the volumes are not large. Enquiries from Europe remain low as buyers limit purchasing strictly on an immediate needs-only basis. No change has been reported on demand from China.

The government is pursuing a new Finance Law for 2026 proposing an increase in Customs export duties on processed timber from 8.6% to 12.5% (effective 1 January 2026). This has not yet been signed into law but operators are already warning clients of potential price increases. Concerns are being expressed that an increase in duties will put operators in the country at a disadvantage in international markets.

Cameroon

Harvesting activities continue but at a reduced pace despite the unusually favourable weather for this time of year. Operators reported that, unlike last year when heavy rains persisted well into mid-January, rainfall has been lighter and less disruptive this year.

Many Chinese-operated mills remain closed due to both forestry and financial controls introduced by the government in recent months. This has contributed to a general slowdown in overall sawnwood production. In the quiet market environment many mills are operating single shifts.

Trucking operations have largely returned to normal, supported by functioning rail connections and the reopening of key road segments. Laterite roads remain under rain barriers, meaning traffic is restricted during wet conditions.

The strategically important Sangmelima road has been fully repaired. This route is particularly relevant for North Congo operators who transport sawnwood to Kribi Port. Log shipments are regularly arriving in Douala Port, including from Congo and the CAR.

Sawnwood stocks in Douala are said to be approximately 4,000 cu.m across all species. Some exporters apparently prefer to hold stocks locally rather than ship to Europe during the winter due to seasonal slowdowns and port congestion.

Exporters in Cameroon are experiencing increased scrutiny under the European Timber Regulation with EU authorities tightening controls and requiring sound proof of legality. The sentiment among operators in Cameroon is that demand in major markets remains subdued with slow demand in Europe, low demand in China and stable demand in Middle Eastern countries. Operators remain cautious and are focusing on maintaining basic operations rather than investing or expanding.

Analysts observe that the operating environment in Cameroon is markedly different to that in Gabon. The country benefits from a large and active labour force generally described as inventive. Most timber companies are managed by Lebanese operators with the notable exception of SFIL (Décolvenaere), a Belgian-owned company appreciated for its operational efficiency.

However, operators say administrative transparency in forestry operations remains an issue. Forest management through the coupe de vente, coupe communautaire and private concession (UFA) systems complicates overall transparency. Some companies in Cameroon are said to have very large concession areas (over 500,000 ha in Gabon 200,000 ha. is the maximum permitted).

Republic of the Congo

Rain is gradually slowing across the country and harvesting continues at a reduced level largely because of weak markets in Asia and Europe. Many operators continue directing their output toward Douala as this is shorter and more practical compared to Pointe Noire which is approximately 1,400 km from the northern production zones.

Timber from the northern regions and from the Central African Republic continues to move toward Douala despite the absence of tarmac roads over the roughly 1,200 km route between Bangui and Douala.

In the Likouala region, transport conditions are improving with easing rains, allowing increased flow of timber toward Kribi (containers) and Douala (logs).

No major issues are reported concerning spare parts imports or other production inputs. No significant new fees or toll changes have been reported. In Pointe Noire, container availability is stable and no major shortages have been observed. Dispatch remains normal, with no specific disturbances beyond the general slowdown in export activity driven by weak international demand.

Attention throughout the country is shifting towards the upcoming national elections next year creating a general atmosphere of caution among operators and investors.

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	220	220	200
Azobe & ekki	250	250	175
Belli	260	260	-
Bibolo/Dibétou	200	200	-
Bilinga	230	230	-
Iroko	270	250	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	180	180	220
Moabi	260	260	220
Movingui	180	180	-
Niove	160	160	-
Okan	210	210	-
Padouk	280	250	220
Sapele	230	230	220
Sipo/Utile	250	250	200
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	400
Std/Btr GMS	420
Sipo FAS GMS	520
FAS fixed sizes	-
FAS scantlings	540
Padouk FAS GMS	850
FAS scantlings	900
Strips	400
Sapele FAS Spanish sizes	530
FAS scantlings	550
Iroko FAS GMS	850
Scantlings	900
Strips	400
Khaya FAS GMS	420
FAS fixed	440
Moabi FAS GMS	580▲
Scantlings	610▲
Movingui FAS GMS	460
Okoume Merch	380
Assamela FAS GMS	1,400
Gheombi	450

Ghana

TUC calls on government to absorb part of the new tariff increases

The Trade Union Congress (TUC) has called on the government to absorb part of the recently announced Public Utilities Regulatory Commission (PURC) tariff increases. The Union's Vice Chairperson, Dr. Ken Tweneboa Kodua, made this statement following an emergency meeting of a TUC steering committee held to determine the next steps after the PURC press release on the tariff increases.

According to Dr. Kodua the TUC is advocating for a process that reviews the operational costs of the utility companies to determine which PURC variables and expenses should go to the State and which should legitimately fall to consumers.

The Vice Chairperson said this approach would bring some level of fairness to households and businesses which are already under economic pressure. He indicated that the consumer must have the ability to pay and emphasised that the Union's concerns relate to fairness and due process, not opposition to tariff adjustments when they are justified.

Ghanaian workers recently secured a 9% wage increase from January 2026 but just last week the PURC announced 15% rise in water charges and a 9% increase for electricity which the TUC anticipates would wipe out the wage gain.

Meanwhile, the Food and Beverages Association of Ghana (FABAG) has also criticised the PURC tariff increases describing the changes as economically harmful, unjustified and major blow to Ghana's economy.

In past development, the Association of Ghana Industries (AGI) and the Ghana Union of Traders Association (GUTA) have jointly sounded the alarm, warning PURC tariff increases could undermine the success of the government's flagship 24-hour economy policy.

The variables PURC considered during its quarterly reviews include inflation, the exchange rate, fuel costs and the energy mix.

According to the latest Ghana Statistical Service (GSS) Consumer Price Index (CPI) report Ghana's inflation rate dropped for the eleventh consecutive month, easing to 6.3% in November 2025 from 8.0% in October 2025.

See: <https://ghanatuc.com/>
and
<https://www.graphic.com.gh/news/general-news/tuc-demands-government-subsidy-to-cushion-ghaians-from-new-tariff-hikes.html>

Primary products account for most wood products exports

According to data published by the Timber Industry Development Division (TIDD) of the Forestry Commission (FC) Ghana earned Eur2.37million from the export of 180,012 cu.m wood product exports during the period January to October 2025 as against Eur103.93 million from 231,419 cu.m in the same period in 2024.

The year on year growth for the period showed a decrease of 20% in value and a decrease of 22% in volume with the details are tabulated below.

Wood products export (cu.m) in January to October 2024/2025

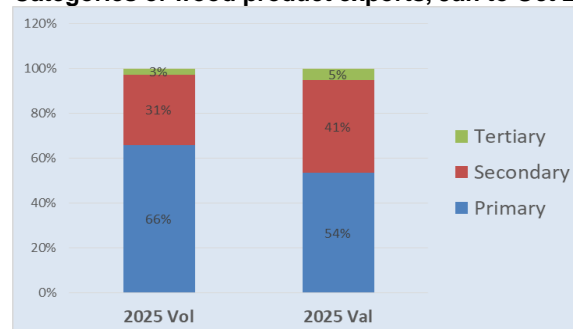
Product	2024 Vol.(cu.m)	2025 Vol.(cu.m)
AD sawnwood	134,855	103,546
KD sawnwood	30,321	26,272
Billets	21,566	14,180
Plywood*	20,917	15,268
Rotary Veneer	9,117	6,308
Mouldings	5,280	4,595
Sliced Veneer*	5,377	7,642
Briquettes	1,913	1,035
Others (7)	2,073	1,166
Total	231,419	180,012

*Includes overland exports Data source: TIDD

A total of eighteen different products were exported during the period, of which air-dried sawnwood, kiln-dried sawnwood, billets and plywood contributed the largest share, accounting for 88% of the total export volume in 2025 dropping from almost 90% in the same period in 2024.

The demand for primary products which included kindling and poles accounted for 118,701cu.m worth Eur44.08 million of the total exports in 2025. Exports of secondary and tertiary wood products earned Eur34.14 million and Eur4.14 million respectively.

Categories of wood product exports, Jan to Oct 2025



Data source: TIDD

There were more than 100 exporting companies during the 10-months period with the first top five accounting for 53% of the total export volume.

Kindling and poles (primary products category) recorded volume increases in the first 10 months of 2025. The kindling products were shipped to Saudi Arabia, UK, Ireland and Greece while the poles went to Senegal.

CSOs scorecard on extractive sector promises

The Alliance of Civil Society Organisations (CSOs) working on extractive governance, forestry, the environment and anti-corruption measures has rated the government's performance in fulfilling its extractive sector manifesto promises as satisfactory.

It noted that at the current rate of implementation 25% the government is on track to achieve full delivery of its commitments within four years.

These findings were presented in the Alliance's latest CSOs Assessment Scorecard on Government Performance, which covers Mining, Petroleum, Climate/Energy Transition, Forests and the Environment and Anti-Corruption.

However, the Alliance urged the government to intensify efforts toward its anti-corruption commitments, warning that delays could hinder successful implementation and leave behind key promises by 2028.

See: <https://ghanaianimes.com.gh/govt-on-track-to-meet-extractive-sector-promises-csos-scorecard/>

BII supports MSMEs with loan facility

British International Investment (BII), the UK's development finance institution, has extended a US\$20 million loan facility to First National Bank Ghana (FNBG) to expand financing opportunities for micro, small, and medium-sized enterprises (MSMEs) across the country.

The signed agreement is expected to deepen support for businesses that form the backbone of Ghana's economy. MSMEs account for over 90% of all enterprises in the country contributing 60% to the GDP and provide 80% of jobs yet many struggle to access long-term and affordable capital.

The Chief Executive of First National Bank, Warren Adams, described the five-year loan as a timely intervention that will allow the Bank to scale up lending to small businesses navigating economic uncertainties, particularly in the commerce sector.

See: <https://www.myjoyonline.com/bii-provides-20m-boost-to-first-national-bank-to-strengthen-msme-financing-in-ghana/> and <https://www.gov.uk/government/news/bii-backs-msmes-with-20m-loan-to-first-national-bank>

Boule export prices

	Euro per cu.m FOB
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	780
Niangon Kiln dry	910

Rotary veneer export prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9mm)	FACE (>2mm)
Ceiba	436▲	472
Chenchen	502	612
Ogea	347	590
Essa	538▼	656
Ofram	350	435

Sawnwood export 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	517▼
Ceiba	290	465
Dahoma	411▲	566▲
Edinam (mixed redwood)	640	624▼
Emeri	700	750
African mahogany (Ivorensis)	783	926▼
Makore	692	805▼
Niangon	812▲	837▼
Odum	823	1,187▲
Sapele	695	788▼
Wawa 1C & Select	430	505▲

Plywood export prices

Plywood, FOB	Euro per cu.m		
BB/CC	Ceiba	Ofram	Asanfina
4mm	287	580	641
6mm	440	536	604
9mm	413	504	560
12mm	350	489	480
15mm	389▼	356	430
18mm	452▼	437	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	1,358▲
Avodire	1,304
Chenchen	679▲
Mahogany	1,260
Makore	1,835
Odum	1,084
Sapele	1,643▲

Malaysia

Sabah timber industries call for support to remain competitive

The Sabah Timber Industries Association (STIA) has called on the State Government to strengthen support for the timber sector amid rising structural challenges and mounting pressure to remain competitive and sustainable.

STIA president, Tan Peng Juan, said the industry is at a critical crossroads. "Industry players are concerned that without decisive action the timber sector, which supports thousands of livelihoods and contributes significantly to the national economy, may struggle to sustain itself in the years ahead".

He emphasised that Sabah's timber industry remains a vital economic contributor generating employment, supporting rural communities and producing significant export revenue. "In 2024, Sabah's forest product exports generated RM1.13 bil, underscoring the sector's continued relevance"

The road ahead for industrial tree plantations will not be easy and the industry cannot overcome the challenges without strong and sustained government support, he said.

Another major concern is the industry's changing workforce landscape. "There are critical labour gaps in both upstream and in specialised downstream areas," he said, noting that the sector still relies heavily on foreign workers. Tan added that the industry urgently needs major investments in both upstream and downstream segments to introduce new technology and automation that can offset workforce challenges.

In a related development the Sabah Forestry Department has announced the publication of three new books related to forest plantation development, Guidelines for Selecting Candidate Plus Trees (CPT) for Forest Plantation Species, Photo Collection of Candidate Plus Trees (CPT) of Local Forest Plantation Species in Sabah and Photo Collection of Candidate Plus Trees (CPT) of Exotic Forest Plantation Species in Sabah.

These publications mark another significant step in strengthening the management of tree genetic resources to support the advancement of the state's forest plantation sector.

See:
<http://theborneopost.pressreader.com/article/281539412280432>
and
<http://theborneopost.pressreader.com/article/281590951887984>

Sarawak wood pellet exports up 60%

Sarawak's timber industry recorded exports valued at RM1.87 bil as of the third quarter of 2025 according to Deputy Minister of Natural Resources and Urban Development, Len Talif Salleh. He highlighted the growth in the timber sector compared to the same period last year pointing out that logs contributed RM310 mil., an increase of 3% compared to the same period in 2024 while wood pellet exports also rose 60% to RM97 mil., up from RM60 mil. during the same period in 2024.

He added that Japan remained the top importer with a value of RM1.17 bil, followed by India (RM 299 mil), Middle East countries (RM 105 mil), Taiwan P.o.C (RM 77 mil) and the Philippines (RM 65 mil).

On sustainable environmental management, Len Talif said up to the third quarter of this year the Natural Resources and Environment Board (NREB) had received 61 Environmental Impact Assessment (EIA) reports and 15 Environmental Management Plans (EMP). "Of these, 46 EIA reports and 15 EMPs have been approved, while 15 EIA reports are still at various stages of assessment."

For context, EIA is a legal requirement and a key instrument to ensure sustainable development in Sarawak. To ensure compliance with EIA approval terms and conditions, Len said the NREB had conducted 918 post-EIA monitoring activities and received 1,857 Environmental Monitoring Reports (EMR) between January and October 2025. "Monitoring results identified 87 cases of non-compliance, for which notices were issued. During the same period, 14 investigation papers were opened, while eight cases were compounded, amounting to RM 150,000."

In response, Len Talif said the NREB is enhancing the standard operating procedures for post-EIA monitoring and the Guidelines for EMR Submission and Evaluation to strengthen monitoring and compliance processes.

See:
<https://theborneopost.pressreader.com/article/281659671348184>

Customary rights and carbon

Owners of Native Customary Rights (NCR) land that has been gazetted can apply for a Forest Carbon Study Permit to participate in carbon credit and reforestation initiatives in Sarawak. According to Deputy Minister for Natural Resources and Urban Development this initiative forms part of the state's efforts to reduce carbon emissions through Nature-based Solutions (NbS).

"In Sarawak, this initiative has been strengthened through the enactment of the Environment (Reduction of Greenhouse Gases Emission) Ordinance 2023 and the Forests (Forest Carbon Activity) Rules 2022. These regulations require all carbon projects to comply with internationally recognised carbon standards including Verra and the Gold Standard to ensure integrity, transparency and effective implementation," he said.

Following the introduction of the Ordinance and its regulations, Len Talif said several initiatives had been implemented, including nine Forest Carbon Study Permits covering 231,983 ha of forested land with seven new applications currently under consideration.

In addition, a Forest Carbon Licence covering 25,675 hectares had been issued and a memorandum of understanding (MoU) between Sarawak Forestry Corporation (SFC) and Mubadala Energy, Abu Dhabi, on NbS and blue carbon potential was signed last year.

See:
<http://theborneopost.pressreader.com/article/281586656898821>

Launch of an e-Removal Pass System

The Sabah Forestry Department launched the e-Removal Pass System, a new digital platform designed to strengthen the management, monitoring and transparency of the State's forest produce transfer process, particularly for logs.

Chief Conservator of Forests, Frederick Kugan, said the new system replaces the existing manual process with a fully digital method enabling all applications, approvals and monitoring of Removal Passes to be conducted online. He said the system was developed to, provide more accurate and auditable reporting and ensure complete traceability. He noted that the development of the e-Removal Pass System aligns with the State Government's aspirations under the 12th Malaysia Plan (RMK-12), which emphasises digital technology adoption, enhanced integrity and sustainable forest management.

See: <https://www.dailyexpress.com.my/news/271745/forestry-department-launches-e-removal-pass-system/>

Malaysia's wood product exports (Jan-Sep, RM mil.)

	2024	2025
Builders Joinery	987	1,054
Particleboard	178	142
Fibreboard	572	456
Logs	388	363
Mouldings	709	677
Plywood	1,831	1,681
Sawnwood	1,572	1,587
Veneer	83	43
Wooden furniture	7,219	6,943
Other products	3,536	3,267
Total	17,074	16,211

Data source: MTIB

Indonesia

Export Benchmark Price (HPE) of Wood for December 2025

Veneers (prices per cu.m)

Natural forest veneer US\$615

Plantation forest veneer US\$808

Wooden sheet for

packaging Box US\$1,062

Wood chips (prices per tonne)

Woodchips

chips or particles US\$90

Woodchips US\$97

Processed wood (prices per cu.m)

Processed wood products which are leveled on all four sides so that the surface becomes even and smooth with the provisions of a cross-sectional area of 1,000 sq.mm to 4,000 sq.mm (ex 4407.11.00 to ex 4407.99.90)

Meranti (Shorea sp) US\$1,086

Merbau (Intsia sp) US\$876

Rimba Campuran US\$707

Ebony US\$2,213

Teak US\$3,912

Pine and Gmelina US\$723

Acacia US\$645

Sengon (P. falcata) US\$1,339

Rubberwood US\$314

Balsa, Eucalyptus US\$545

Sungkai (P.canescens) US\$1,298

Processed wood products which are levelled on all four sides so that the surface becomes even and smooth of Merbau wood with the provisions of a cross-sectional area of 4,000 sq.mm to 10,000 sq.mm (ex 4407.11.00 to ex 4407.99.90) = US\$1,500/cu.m

See: <https://jdih.kemendag.go.id/peraturan/keputusan-menteri-perdagangan-republik-indonesia-nomor-2241-tahun-2025-tentang-harga-patokan-ekspor-dan-harga-referensi-atas-produk-pertanian-dan-kehutanan-yang-dikenakan-bea-keluar-dan-tarif-layanan-badan-umum>

Forest product exports have stagnated

The Ministry of Forestry has reported that forest product exports remain flat at around US\$12 billion annually despite expectations of 3% yearly growth. Laksmi Wijayanti, Director General of Sustainable Forest Management, noted that the stagnation is influenced not only by production challenges but also by negative public narratives surrounding forestry policies.

Issues such as carbon, forest rehabilitation and international trade politics often dominate public attention affecting perceptions of the sector. She emphasised that Indonesia already has strong sustainability regulations including the Timber Legality and Sustainability Assurance Program (SVLK).

To stimulate growth the ministry is now focusing on downstream processing and increasing the value added to of forest products. Current major exports include timber, pulp and paper but the government aims to shift from exporting mostly semi-processed materials to producing premium-quality goods.

Laksmi stated that efforts will expand beyond timber to promote non-timber forest products as well, ensuring that Indonesia's forest-based commodities can compete in higher-value international markets.

In related news, it has been reported that the contribution of the forestry sector to national economic growth in 2025 experienced a noticeable decline compared to previous years. The Minister of Forestry, Raja Juli Antonnei, reported that the sector's contribution to GDP reached Rp97.22 trillion, down from Rp129.57 trillion in 2024 and Rp130.12 trillion in 2023. Data trends show steady growth from 2020 to 2023, followed by a significant drop in 2025, highlighting a slowdown in the sector's overall economic impact.

Investment in the forestry sector also fell sharply with upstream forestry investment declining to Rp13.6 trillion in 2025 from Rp34.7 trillion in 2024 while downstream investment in industrialisation reached Rp 36.6 trillion. Non-tax state revenue from forestry also decreased to Rp6.53 trillion from Rp8.12 trillion in 2024. However, the furniture industry, as a labour-intensive downstream sector, delivers significant added value to the national economy.

In the third quarter of 2025 the industry contributed 0.92% to the non-oil and gas GDP while the export performance remained slightly better than the previous year. The United States continues to be the main export destination accounting for more than half of Indonesia's furniture exports. The handicraft sector also showed solid growth, supported by the country's rich natural resources and creative craftsmanship.

Indonesia's furniture and craft industry, which employs more than 2.1 million workers and supports millions of SMEs, is facing growing pressure from global competition and increasingly strict international regulations.

In response, the Indonesian Furniture and Craft Industry Association (HIMKI) has urged the government to strengthen industry protection, improve product traceability and reinforce the “Made in Indonesia” brand.

HIMKI Chairman Abdul Sobur highlighted the heavy compliance burden posed by measures such as the EUDR and called for differentiated requirements and stronger government support to ensure local businesses remain competitive.

To safeguard the sector, HIMKI recommends creating a national traceability and single-documentation system, offering financing and certification assistance and harmonising timber regulations to reduce bureaucratic overlap.

The Association is also pushing for preferential export tariffs, strict enforcement of anti-dumping measures and action against the influx of cheap imported products. Despite current challenges Sobur expressed confidence in the industry’s future, citing Indonesia’s unique cultural creativity as a lasting competitive advantage.

See: <https://katadata.co.id/ekonomi-hijau/ekonomi-sirkular/69253136c82f3/kontribusi-sektor-kehutanan-terhadap-pertumbuhan-ekonomi-ri-turun>
and
<https://lestari.kompas.com/read/2025/11/25/134035086/ekspor-produk-hasil-hutan-stagnan-kemenhut-genjot-hilirisasi>
and
<https://wartaekonomi.co.id/read591149/industri-furnitur-beri-nilai-tambah-tinggi-bagi-perekonomian-ri>
and
<https://rri.co.id/en/business/2022154/indonesia-urges-stronger-protection-for-furniture-industry>

Strengthening forest-certification to meet evolving global regulations

Indonesia is intensifying efforts to strengthen the global competitiveness of its forest products by enhancing policy synergies with internationally recognised certification. Officials emphasised that, while Indonesia has strong regulatory frameworks and sustainable forest management practices, reputational challenges persist making credible, data-driven, communication increasingly important.

A newly signed MoU between the Ministry’s Directorate General of Sustainable Forest Management, the Association of Indonesia Forest Concession Holders (APHI) and the Indonesian Forestry Certification Cooperation (IFCC) aims to promote both mandatory certification and the voluntary IFCC/PEFC scheme as tools to demonstrate traceability and responsible resource management.

The IFCC highlighted the growing relevance of international standards as Indonesia prepares for stricter global regulations such as the EU Deforestation Regulation (EUDR).

See: <https://mediaindonesia.com/humaniora/834212/indonesia-perkuat-sinergi-sertifikasi-hutan-demi-hadapi-persepsi-negatif-global>

and

<https://forestinsights.id/indonesia-perkuat-sinergi-sertifikasi-hutan-untuk-hadapi-regulasi-global-dan-eudr/>

Companies continue readiness for EUDR despite delay

Indonesian forestry businesses are preparing to comply with the European Union Deforestation Regulation (EUDR), even though its introduction has been delayed by one year. APHI Chairman Soewarso said the postponement provides valuable time for companies to study the requirements and improve their systems to meet the regulation’s strict sustainability and traceability standards.

To support this effort APHI is collaborating with the Indonesian Forestry Certification Cooperation (IFCC) to expand the adoption of PEFC certification which can help Indonesian forestry products gain wider acceptance in the European market. Currently, only 93 of APHI’s more than 400 members hold such certification but the number continues to grow.

See:

<https://lestari.kompas.com/read/2025/11/25/160318886/pengusah-a-siap-siap-meski-penerapan-deforestasi-eudr-ditunda-setahun>

Papua ships processed wood products to China

Papua Governor, Matius Fakhiri, was present when 10 containers of processed wood were shipped from Jayapura to Shanghai marking the fifth batch of exports this year. According to the Papua Trade and Industry Office these exports represent significant progress in strengthening the regional economy and boosting value-added production within the province’s wood-processing sector.

The Governor praised industry players for maintaining legal compliance, practicing sustainable resource management and fostering strong partnerships with Indigenous communities.

See: <https://rri.co.id/papua/daerah/1998283/gubernur-fakhiri-lepas-ekspor-kayu-olahan-ke-china>

Accurate of statistics will support food security strategy

The Ministry of Forestry highlighted the need for accurate, standardised and integrated forestry data as a foundation for optimising and sustainably managing forests. During a multi-sector dialogue on One-Data Governance officials emphasised that unified forestry data is essential for shaping food security strategies, including agroforestry development, strengthening non-timber forest products and identifying potential areas for social forestry.

The initiative aims to enhance policy planning and ensure that forestry-based food security programs are supported by reliable and comprehensive information.

Strengthening data interoperability, aligning metadata with the One Data Indonesia policy and enhancing data-sharing mechanisms were identified as key priorities.

The Ministry committed to accelerating field verification and integrating geospatial data into the national forestry information system expressing optimism that robust unified data governance will reinforce national food security while promoting sustainable forest management.

See: <https://news.detik.com/berita/d-8227986/kemenhut-perkuat-akurasi-data-kehutanan-untuk-strategi-ketahanan-pangan>.

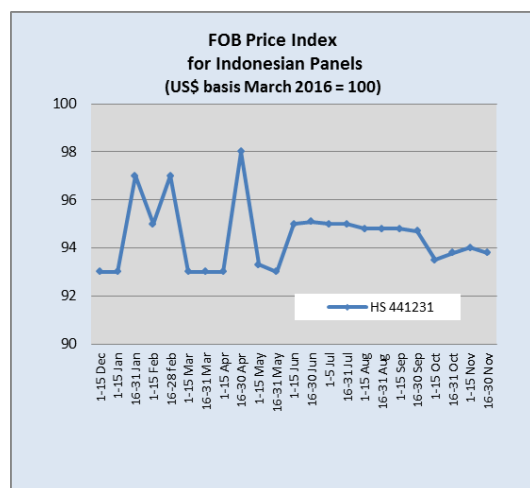
IEU-CEPA could lift exports to EU by over 50%

Indonesia's Coordinating Ministry for Economic Affairs anticipates the Indonesia–European Union Comprehensive Economic Partnership Agreement (IEU-CEPA) could increase the country's exports to the EU by over 50%.

Secretary, Susi Wijono Moegiarso, highlighted the significant impact while the Minister of Trade, Budi Santoso, noted that ratification is targeted for January 2026 paving the way for the agreement's implementation. The ministry views IEU-CEPA as a strategic tool to help Indonesia achieve its goal of eight percent economic growth by 2029.

The agreement will provide wider market access for Indonesian products in the EU and offer several advantages, including tariff reductions for most exports.

See: <https://en.antaranews.com/news/394841/indonesia-says-ieu-cepa-to-lift-exports-to-eu-by-over-50-percent>



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

Myanmar

Forest legality framework faces prolonged uncertainty

Myanmar's forest legality and sustainability framework, developed over a decade with international technical support, is facing prolonged uncertainty amid ongoing instability despite the fact that large-scale timber harvesting has been minimal in recent years according to forestry sector observers.

The challenge now lies less in current forest operations but in the handling of existing timber stocks whose legal documentation is no longer readily accepted in international markets.

Between roughly 2011 and 2021 the Forest Department, together with the Myanmar Timber Enterprise (MTE) and the Myanmar Forest Certification Committee (MFCC) established key technical pillars required for legal timber trade. These included the development of the Myanmar Timber Legality Assurance System (MTLAS), formally launched in 2018, which provided a nationally defined benchmark for "legal timber."

In parallel, the Myanmar Forest Certification Scheme (MFCS) was developed and MFCC became a member of the Programme for the Endorsement of Forest Certification (PEFC) in 2019 signaling moves to alignment with internationally recognised sustainable forest management principles.

However, there was a significant setback when the Endorsement process of MFCS was suspended by PEFC in 2021.

Transparency tools such as the Chain of Custody (CoC) Dossier documented step-by-step verification points from harvesting authorisation and marking systems to transport and sale enabling operators to meet international due-diligence expectations. These efforts were reinforced by conservation-oriented measures including logging moratoriums, reductions in the Annual Allowable Cut (AAC) and the promulgation of a updated Forest Law in 2018.

Collectively, these initiatives positioned Myanmar to progressively engage with international legality frameworks including the possibility of future dialogue under the EU FLEGT process. The suspension of EITI-related processes and the reduced operational engagement of civil society organisations have significantly weakened the transparency framework that previously supported independent oversight and public confidence in the forest sector.

Since early 2021 forest harvesting activities have been extremely limited and in many areas effectively suspended. As a result, current legality concerns are not primarily linked to new extraction but rather to existing stocks of logs and processed timber harvested prior to or around that period.

The MTE and the Forest Department continue to hold complete and structured documentation including Delivery Orders, Harvesting Permits, Marking Records and Sales Contracts that would normally support legality verification. However, due to evolving external constraints these documents no longer provide practical support for market access despite remaining technically valid within the national system.

This situation has resulted in a growing disconnect between documented legality and market recognition leaving legally documented timber effectively immobilised in yards, mills and storage facilities.

While core forestry institutions and procedures remain in place their operational effectiveness has been constrained, particularly in relation to data updating, field monitoring, and long-term planning. Forest management plans and AAC-related monitoring, which depend on continuous field engagement, have not progressed as originally designed.

Importantly, this does not represent a collapse of technical systems but rather a pause and accumulation of unresolved legality questions, especially regarding the temporal linkage between harvest dates, stock records and future market claims.

Analysts conclude that the conflict has done more than pause reform. It has created a long-term legality crisis that could burden Myanmar's timber trade for decades forcing the sector to rebuild its governance and assurance systems almost entirely from scratch.

Analysts emphasise that Myanmar's challenge is therefore not the absence of legality systems, but the temporary loss of international credibility in those systems. Addressing this gap through technical dialogue, transparency measures and confidence-building mechanisms will be essential to restoring long-term market access for Myanmar's timber sector.

World Bank forecast moderate signs of recovery

Myanmar's economy is showing moderate signs of recovery despite major setbacks as a result of the March 2025 earthquake and ongoing conflict according to the World Bank in its latest Myanmar Economic Monitor.

The report notes modest improvements in business activity and currency stability as firms operated at higher capacity in October and the kyat strengthened after last year's steep decline. Inflation has eased slightly, although prices remain high and continue to strain households. Freight transport volumes have also increased reflecting partial easing of supply disruptions.

However, growth remains constrained by weak domestic demand, labour shortages, frequent power outages and limited reconstruction financing combined with the persistent insecurity from the civil conflict.

The World Bank projects a 2.0% contraction in real GDP for the fiscal year ending March 2026, an improvement from earlier estimates of -2.5%. Looking ahead it forecasts a moderate rebound of about 3% in FY2026/27 largely driven by post-quake reconstruction and targeted support for affected communities.

Inflation is expected to stay above 20% and fiscal pressures are likely to persist, with the deficit forecast at around 5% of GDP.

The agrifood sector continues to be a resilient contributor to economic activity and employment, even as frequent shocks such as flooding and earthquake effects linger.

See: https://www.devdiscourse.com/article/business/3724346-world-bank-reports-modest-recovery-for-myanmar-despite-conflict-and-quake-impacts?utm_source=chatgpt.com and <https://www.worldbank.org/en/news/press-release/2025/12/08/myanmar-s-economy-shows-moderate-signs-of-recovery-amid-earthquake-and-conflict-impacts>

India

Trees Outside Forests provide 85% of industrial wood demand

Timber production from government managed forests has steadily declined from 10 million cubic metres in the 1970s to 4 million in the 1990, 3 million in 2017, 1.75 million in 2019 and 1.56 million in 2020. It is against this backdrop that the significance of Trees Outside Forests has grown.

TOF are found in diverse formations in the rural and urban land-scapes from small woodlots, block plantations, strip plantations, along roads, canals and bunds and scattered trees on farmlands, homesteads and community land.

TOFs plays a significant role in the livelihood of people in the country both economically and environmentally. They make critical contributions to sustainable agriculture, food security and diversification of household economies.

The Forest Survey of India (FSI) has broadly divided TOF into two categories. TOF (Rural) and TOF (Urban). Block plantations of one ha. or more are categorised as under forest cover while block plantations of less than one ha. and scattered trees are counted as tree cover.

According to the India State Forest Report (ISFR) 2023 the total extent of area under TOF in India is estimated at 30.7 million hectares of which 12.8 million hectares are under agroforestry constituting about 42% of the TOF.

According to ISFR-2023, between 2013 and 2023 the area under TOF in India increased by 3.7 million hectares, a 14% rise, while agroforestry alone expanded by 2.1 million hectares marking a 20% increase. The overall increase in TOF area has been significant in Maharashtra, Karnataka and Odisha. In Gujarat the decline of 120,000 ha of TOF area during this period is a matter of concern.

ISFRs have been consistently reporting the potential industrial wood production from TOF in their biennial assessments. These reports show a steady upward trend from 69 million cu.m in 2011 to 91.5 million cu.m in 2023. This marks an increase of 22.5 million cu.m and accounts for approximately 85% of India's industrial wood demand.

Regional contribution of TOF to industrial wood production 2023

	TOF area mil. ha.	Industrial Wood prod. mil. cu.m
Central	3.79	12.8
Eastern	6.14	13.6
Northern	6.34	25.6
North-Eastern	3.03	5.2
Southern	7.1	17
Western	4.3	17.3
Total	30.7	91.5

Data source: India State Forest Report (ISFR) 2023

The highest industrial wood production is recorded in the Northern region (25.6 million cu.m) attributed to high soil fertility, progressive farming practices and widespread adoption of clonal forestry.

Conversely, the North-Eastern region reports the lowest production (5.2 million cu.m) mainly due to shifting cultivation practices.

Interestingly, the Western and Southern regions show comparable wood production levels despite the Southern region having significantly larger TOF area. This disparity may be explained by this region's focus on tree conservation a higher proportion of urbanised areas, prevalence of longer rotation crops, harsher climatic conditions and relatively lower soil fertility.

According to ISFR 2023 the top three States in terms of industrial wood production from TOF are Maharashtra, Uttar Pradesh and Madhya Pradesh.

Agroforestry is primarily practiced for commercial purposes and thus constitutes the major source of industrial wood. However, due to small landholding sizes most farmers grow only small-diameter timber. Consequently medium and larger diameter timber is often imported to meet domestic requirement. India remains a net importer of wood and wood-based products with imports valued at around US\$9 billion.

To promote TOF the Ministry of Environment, Forest and Climate Change (MoEFCC) along with various State Forest Departments (SFD) has undertaken several initiatives. State Forest Departments have implemented various plantation schemes on Panchayat/Community land, farmland across the country. The private sector has contributed by promoting commercial tree crops to meet their raw material needs.

A key component of vision 'Viksit Bharat@2047' involves doubling wood production by enhancing the productivity of commercial tree crops and expanding the area under TOF as this will support the growth of wood-based industries and help meet the country's increasing demand for timber and wood products. The Pply Insight article outlines recommendations for the Central and State government.

In related news, a renewed call for stronger community-driven forest governance was the focus at a National Book Trust book launch attended by the Dalai Lama. The book, "Forest Resources in India: Integrative Governance and Community Participation for Sustainable Future" examines how India can strengthen sustainable forest management at a time of rising pressure on natural resources by the authors, Sushil Kumar Singla, Rakesh B Sinha and Krishan Kumar Raina.

The authors say that India's forest future depends on governance models that actively involve women, tribal communities and local institutions, noting that traditional conservation practices remain relevant to modern environmental challenges.

See: <https://plyinsight.com/beyond-forest-boundaries-significant-role-of-trees-outside-forest/>
and
<https://www.indiatodayne.in/lifestyle/story/dalai-lama-unveils-national-book-trust-title-on-future-of-indias-forest-governance-1313258-2025-12-05>

Indian rupee weakening while economy strengthens

These seemingly diametrically opposite economic observations are puzzling timber importers. In early December it was reported that the economy recorded a six-quarter high growth of 8% in the third quarter, a result that exceeded the expectations of most economists. At the same time the Indian Rupee dropped to an all-time low against the US dollar-breaching the Rs90 at one point. Economists have pointed out that the drivers of GDP are widely different from the forces that drive the value of a currency saying tariffs imposed by the US are a force behind the depreciating Indian rupee.

Reserve Bank of India Governor, Sanjay Malhotra, dismissed concerns of the falling rupee value stating this was just a side effect of tariffs. He believes when India and US finalise their trade deal the pressure on the currency will be relieved.

In related news, the RBI recently cut its policy rate by 25 basis points to 5.25%. The monetary policy committee delivered a unanimous reduction, citing "weakness in some key economic indicators," even as headline inflation has eased significantly.

Anubhuti Sahay, Head of India Economics Research at Standard Chartered Bank said the rate cut is timely given that the economy is doing well but the outlook remains uncertain. She added that the rate cut is even more significant given the rupee's weakness.

See: <https://www.indiatoday.in/business/story/indian-economy-gdp-growing-why-is-rupee-falling-currency-crisis-explained-2830631-2025-12-04>
and
<https://www.cnbc.com/2025/12/05/india-cuts-rates-to-as-expected-as-central-bank-rbi-warns-of-further-reductions.html>

Turbulent times

The correspondent writes “demand is reasonably good but costs are going up in the panel industry mainly because of the Rupee exchange rate as well as rising phenol prices.

Overall, 2025 has been a rollercoaster ride. Firstly, BIS implementation in January, then the US tariffs issue and thirdly the extended monsoon and finally the Rupee exchange rate at an all-time low. However, the good thing is that India is a promising market and our domestic consumption is high hence we can sail thru this turbulent time”.

Cost C&F Indian ports in US\$ Hoppus measure

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

	Hoppus cu.m	US\$ C&F
Brazil	339	505
Colombia	261	450
Costa Rica	218	350
Nigeria	-	-
Benin	-	-
Tanzania	282	4855
Laos	-	-
South Sudan	186	685
Guatemala	230	410
Venezuela	-	-

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

	cu.m	US\$ C&F
Benin	314	670
Brazil	187	640
Colombia	-	-
Costa Rica	234	510
Ecuador	-	-
Ghana	216	431
Ivory Coast	300	810
Nigeria	268	510
South Sudan	246	605
Tanzania	-	-
Togo	337	512
Panama	289	480

Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,450 - 4,850
Balau	3,050 - 3,350
Resak	-
Kapur	-
Kempas	1,750 - 2,050
Red meranti	1,900 - 2,200
Radiata pine	925 - 1,200
Whitewood	950 - 1,150

Price range depends mainly on lengths and cross-section

Locally sawn hardwood prices

Sawnwood (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,950 - 2,300
Sycamore	2,400 - 2,800
Red Oak	2,950 - 3,400
White Oak	3,400 - 3,800
American Walnut	5,450 - 5,950
Hemlock STD grade	1,950 - 2,250
Western Red Cedar	3,000 - 3,400
Douglas Fir	2,450 - 2,650

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	85.50
6mm	99.00
9mm	117.50
12mm	140.00
15mm	181.50
18mm	199.50

Domestic ex-warehouse prices for locally manufactured MR plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	58.00
6mm	74.50
9mm	85.50
12mm	101.00
15mm	136.50
19mm	146.00
5mm Flexible ply	91.00

Wood and Wood Product (W&P) trade highlights

According to the Viet Nam Customs Office W&WP exports in November 2025 reached US\$1.55 billion, up 5% compared to November 2024. The WP export share was US\$1.06 billion, up 3% compared to November 2024. In the first 11 months of 2025 W&WP exports were recorded at US\$15.6 billion up 6% over the same period in 2024 of which WP exports earned US\$10.67 billion, up 5% over the same period in 2024.

Viet Nam's W&WP imports in November 2025 were at 483,200 cu.m, worth US\$154.6 million, down 3% in volume and 2.5% in value compared to October 2025. Compared to November 2024 there was an increase of 3% in volume and 3% in value. In the first 11 months of 2025 imports accumulated at 6.12 million cu.m, worth US\$1.94 billion, up 21% in volume and 18% in value over the same period in 2024.

Viet Nam's NTFP exports in October 2025 fetched US\$74.59 million, up 12% compared to September 2025 and 22% over the same period in 2024. In the first 10 months of 2025, NTFP exports generated US\$ 715.18 million, up 9% over the same period in 2024.

The W&WP exports to the US in November 2025 earned US\$819 million, down 1% compared to November 2024. In the first 11 months of 2025 W&WP exports to the US are expected to reach US\$ US\$8.6 billion, up almost 6% over the same period in 2024.

The exports of bedroom and dining room furniture in November 2025 earned US\$202 million, down 15% compared to November 2024. In the first 11 months of 2025 exports of living room and dining room furniture are estimated at US\$2.3 billion, down 5% over the same period in 2024.

According to preliminary statistics, Viet Nam's imports of wood and wood products in November 2025 will reach US\$290.0 million, up 17% compared to October 2025. Compared to November 2024 an increase of 26% was observed. In the first 11 months of 2025 imports of wood products have been estimated at US\$2.91 billion, up 16% in value compared to 2024.

Digital transformation challenges even billion-dollar firms in Viet Nam

Despite high revenues, many Vietnamese wood product manufacturers admit to confusion and setbacks when embracing digital transformation.

Representatives of wood manufacturing and processing enterprises have voiced concern and offered proposals aimed at enhancing the role of the Viet Nam Timber and Forest Products Association (Viforest) in supporting business connectivity, trade promotion and policy advocacy.

During the 5th Congress (2025–2030) of Viforest held on 1 December in Ho Chi Minh City leading figures in the industry shared their experiences and frustrations in adapting to new market demands, particularly around digitisation and governance.

Le Duc Nghia, Chairman of the Board of Directors at An Cuong Wood JSC, emphasised the importance of direct engagement among businesses. He believes such forums offer clearer perspectives on the industry and help companies identify solutions for sustainable growth.

According to Nghia, domestic wood companies benefit from a highly skilled labour force and are capable of producing goods competitive with foreign brands. Yet, he admits that managerial capacity remains a major challenge.

“Digitisation has helped An Cuong streamline operations and gain full process control over the past five years,” he stated.

At the congress, Vu Quang Huy, CEO of Tekcom JSC, noted his company sales are around US\$100 million annually but has found the wood product and plywood industries are evolving rapidly and face mounting pressures from tariffs, origin traceability, and transparency standards.

Huy highlighted several systemic challenges: rising input costs amid falling product prices, legal risks tied to sourcing, and supply chain disruptions as more firms resort to importing raw materials themselves.

To navigate these issues, Huy proposed three key strategies: increasing transparency in sourcing, promoting collaboration and specialisation, and transforming supply and value chains.

Sharing deep concerns about the future of woodworking as a craft, Nguyen Thi En, Standing Vice President of the Van Diem Craft Village Association, stated that traditional woodworking villages are facing immense pressures in today's market.

According to En, traditional handicrafts, once celebrated for their cultural value, are being squeezed out by mass-produced goods and shifting consumer tastes.

Moreover, many traditional designs no longer match modern consumer needs, limiting access to younger audiences and high-end markets. Although artisanal products receive praise in Europe, craft villages still struggle to meet international standards.

En also pointed to digital transformation and e-commerce as major challenges. Most workshop households still operate independently, lack digital marketing strategies and have limited adaptability to rapid market changes and higher digitisation demands.

For long-term sustainability, En believes craft villages must be restructured into larger models that allow collaborative production to boost competitiveness.

“Authorities and Viforest need to strengthen support in trade promotion, product design innovation and digital training for producers. Only by preserving traditional values while adapting to modern needs can woodworking villages truly thrive,” she said.

Deputy Minister of Agriculture and Environment Nguyen Quoc Tri, speaking at the congress, praised Viforest’s contributions to wood processing and exports.

To help businesses meet stricter standards - especially regarding legal timber, product origin and carbon emissions - he urged the association to adopt new mindsets, reform operations, and accelerate the implementation of key plans.

For the 2025–2030 term the Deputy Minister outlined core goals for Viforest: to continue helping businesses overcome challenges, actively participate in policymaking, expand markets and promote the development of high-value products. He emphasised the need for a transparent, eco-friendly production model that meets the growing expectations of international markets and called on Viforest to strengthen its role in building a legal wood supply chain.

See: <https://vietnamnet.vn/en/digital-transformation-puzzles-billion-dollar-wood-firms-in-vietnam-2472051.html>

Timber sector seeks solutions to VAT refunds

The Viet Nam Timber and Forest Products Association (VIFOREST) has alerted the authorities that billions of VND in delayed VAT refunds are leaving Viet Nam's timber enterprises short of capital for reinvestment, stalling production and directly threatening the livelihoods of millions of people across the country.

VIFOREST has petitioned the Ministry of Finance and relevant agencies to eliminate VAT on primary wood products and recognise them as agricultural outputs exempt from VAT. It has also called for consistent application of Decree 209/2013/ND-CP, which clearly stipulates that ordinarily processed plantation timber should not be subject to VAT.

According to the Association, this proposal would allow processing and exporting firms to avoid burdensome deductions and refund procedures, reducing compliance costs and freeing up working capital. “Our goal is to ease administrative bottlenecks, mitigate legal risks, and prevent losses to the state budget from invoice fraud,” VIFOREST stated in its report.

The move, it argued, would also protect the incomes of millions of rural household engaged in afforestation. The sector's achievements underscore what is at stake.

Viet Nam today maintains more than 4.6 million hectares of planted forests, producing an annual harvest of 35-40 million cubic metres of timber, sufficient to meet 75–80 per cent of processing demand.

Exports of wood products is forecast to reach US\$16.9 billion in 2025, ranking sixth among Viet Nam's export categories. The industry provides direct jobs for over 500,000 workers and sustains millions of smallholder tree growers.

These numbers point to an acute liquidity challenge. Preliminary figures from VIFOREST indicate that timber enterprises are still waiting for VAT refunds worth around VND6.1 trillion (\$250 million). The delay is linked to current procedures that require refunds to be processed only after thorough review.

On paper, the system is meant to secure the state budget. In practice, it has stalled refund approvals for compliant businesses. “Many companies have complete and legitimate dossiers, yet they are still asked to provide additional clarifications over and over again,” noted Cao Xuan Thanh, chief of office at VIFOREST. He stressed that refund processing often exceeded the statutory deadline, causing serious cash flow disruption.

Thanh pointed out that the requirement to trace raw material origins back to individual households is especially unrealistic.

“A single export shipment may be sourced from dozens of growers across multiple provinces,” he explained. “The verification process becomes unworkable, and that is where enterprises get stuck.”

The consequences are immediate. Exporters are forced to advance 10%t VAT on input materials while awaiting refunds, eroding their capacity to rotate capital.

This hits small- and medium-sized firms the hardest. With industry-wide profit margins averaging only 5-7 per cent, the sector loses an estimated VND500-600 billion (\$20-25 million) annually due to refund

Nguyen Liem, Vice Chairman of VIFOREST, added that product classification is another barrier. He observed that plantation timber after harvest, such as logs, sawn timber, peeled veneer or woodchips has not been clearly recognised as “primary processed” goods. “Because of this ambiguity, exporters accumulate large VAT credits that cannot be refunded on time,” he said.

Liem further noted that both enterprises and small traders are still obliged to declare and pay VAT even on minimally processed timber, increasing costs and paperwork. In his words, “These procedures consume enormous time and resources, but the refunds remain out of reach. This has paralyzed business cash flows and put many companies at risk.”

These obstacles are driving a troubling shift. Some companies now prefer to import timber rather than purchase from domestic plantations to avoid VAT refund complications. This undermines demand for local wood, stripping millions of farmers of stable income and is a disincentive for reforestation. Thanh cautioned that the government might ultimately face the paradox of bailing out commercial plantation forests, a scenario entirely at odds with Viet Nam's sustainable forestry goals.

VIFOREST's message is clear: resolving VAT refund issues is not merely about tax administration. It is about preserving national reputation, protecting farmers' livelihoods, and securing the industry's competitiveness in a global market increasingly focused on sustainability. "If these obstructions are not lifted, we risk losing both domestic and international trust," Thanh emphasised.

In its petition, the Association stresses that timely VAT reform will immediately free up liquidity, reduce exposure to legal risks, and enhance compliance with international traceability standards.

See: <https://vir.com.vn/timber-sector-seeks-solutions-to-vat-refunds-138610.html>

Wood, forestry sectors targets US\$25 billion exports

For the 2025–2030 term, Viforest aims to reinforce its role as a hub for innovation, build long-term development plans and expand cooperation with ministries and international partners to support the sector's green transition.

According to Viforest's report the sector maintained solid expansion over the past five years despite global trade fluctuations. Export revenue from wood and wood products rose from US\$10.33 billion to US\$16.2 billion and is forecast to exceed US\$18 billion in 2025.

These results were attributed to strong coordination among enterprises, forest growers and state agencies, along with Viforest's role in assisting firms with technical regulations, market information and trade-remedy responses. The gradual strengthening of the legal timber supply chain has also helped the industry meet stricter requirements in major markets.

However, Viforest noted that the sector continues to face structural challenges, including rising political and trade competition, origin fraud risks and tariff pressure.

Limited management capacity and weak information coordination in some enterprises have slowed their reaction to market changes. Increasingly demanding standards on green production and emission reduction, particularly under the EU's new deforestation regulation (EUDR) pose added difficulties for small and medium-sized firms. For the 2025–2030 Viforest aims to reinforce its role as a hub for innovation, build long-term development plans and expand cooperation with ministries and international partners to support the sector's green transition.

The Association identified five priorities, helping enterprises expand markets, strengthening branding, developing high-value products, promoting deeper processing and improving system-wide coordination and trade promotion.

The congress elected a 31-member Executive Committee for the new term, with Nguyen Quoc Khanh, Chairman of AA Corporation, chosen as Viforest President. He said the sector aims not only to expand export scale but also to increase added value, bringing greater benefits to forest growers.

To achieve the export target of US\$25 billion by 2030, he emphasised three directions: enhancing competitiveness through stronger linkages; building a national brand for Vietnamese wooden products; and diversifying markets, product lines and distribution channels. He stressed the need for a resilient supply chain, improved production capacity, investment in green manufacturing and a data system aligned with international standards.

Viforest also encouraged enterprises to increase their presence at major global trade fairs, deepen connections with foreign partners and make better use of Viet Nam's overseas trade offices. Domestically, upgrading specialised exhibitions would help position Viet Nam as a key destination for international buyers./.

See: <https://en.vietnamplus.vn/wood-forestry-sector-targets-25-billion-usd-in-exports-post334173.vnp>

Brazil

Forest concessions an instrument for restoration, conservation and carbon

During COP30 in Belém the Brazilian Forest Service (SFB) moderated the Panel "Forest Concessions: Conservation, Restoration and Carbon" and highlighted the strategic role of forest concessions as public policy instruments which can combine conservation, ecological restoration, carbon credit generation and socioeconomic development.

The discussion brought together representatives from Petrobras, Brazil NBS Alliance, National Bank for Economic and Social Development (BNDES) and Mombak, which emphasised the need to align public policy, financial instruments and private initiatives to expand nature-based solutions (NBS) in the Amazon.

The SFB opened the session noting that the climate agenda goes beyond reducing deforestation and requires restoring degraded areas and reorganising the use of public forests with legal security and socio-environmental safeguards.

In this context the concept of a 'new generation' of forest concessions focused on restoration and carbon was presented and illustrated by the Bom Futuro National Forest Concession located in the Amazon.

This is the first federal model dedicated to restoring degraded areas through carbon credit generated funds and commercial production.

According to SFB this initiative raises the standard of forest concessions by combining large-scale restoration, carbon revenues and direct benefits for local communities and this reinforces Brazil's contribution to global climate goals.

The Panel consolidated the view that a forest concession structure and the sustainable use of public forests provide predictability for investors and promote biodiversity-based development connecting conservation, restoration and the low-carbon economy into an integrated agenda for a sustainable Amazon.

See: <https://www.gov.br/florestal/pt-br/assuntos/noticias/2025/novembro/concessoes-florestais-aproximam-conservacao-restauracao-e-carbono-na-amazonia-durante-a-cop30>

Partnership to boosts native species silviculture

The Chico Mendes Institute for Biodiversity Conservation (ICMBio) and the Brazil Climate, Forests and Agriculture Coalition have formalised a Technical Cooperation Agreement aimed at expanding native timber species silviculture at a national scale with an emphasis on enhancing the value of Protected Areas (Unidades de Conservação - UCs) and integrating these areas into the productive sector.

The initiative establishes structured actions including mapping degraded areas, installing demonstration plots in Federal Protected Areas and providing technical training for ecological restoration and native species management. The agreement also includes assessing environmental liabilities within protected areas to guide recovery projects and the sustainable use of the territory.

According to the National Center for Biodiversity Conservation (CBC) the partnership addresses the challenge of connecting Protected Areas, currently surrounded by degraded landscapes, to sustainable production practices thus strengthening interactions with agribusiness.

The strategy includes initiating native timber species plantations in National Forests and expanding them to surrounding rural properties. The partnership has also contributed to advancing the National Plan for Native Vegetation Recovery (Planaveg).

See: <https://www.maisfloresta.com.br/icmbio-e-coalizao-brasil-firmam-parceria-para-ampliar-silvicultura-de-nativas-no-pais/>

Postponement of EUDR

The European Parliament has approved a broad package of amendments to the European Union Regulation on Deforestation-Free Products (EUDR) confirming its second implementation postponement and redefining the roles, responsibilities and obligations of operators along the supply chain.

The changes introduce new categories of operators (micro and small primary and downstream operators) and simplify due diligence obligations for micro and small operators while downstream operators further along the chain are largely exempt from the regulation's main requirements.

The amendments aim to reduce the burden on the EUDR information system, lower administrative costs and making compliance more proportionate without altering the core objectives of the regulation.

The Parliament also instructed the Commission to propose further adjustments by 30 April 2026 maintaining the focus on geolocation of production areas, proof of legality and verification of deforestation-free origin. For Brazil, the postponement represents an opportunity to strengthen internal organisation and ensure continued access to the European market. Technical compliance remains essential to ensure access and turn the additional time into a competitive advantage.

See: <https://www.maisfloresta.com.br/o-eudr-foi-adiado-o-que-realmente-muda-para-quem-exporta/>

Mato Grosso - a model for sustainable forest management

The Secretaria de Comunicação Social (SECOM-MT) has indicated the Mato Grosso State Secretariat for the Environment (Sema-MT) has consolidated an advanced forest management model based on strict control, monitoring and traceability of timber from natural forests. This, says SECOM-MT, has made the State a national reference and led to its invitation to present the initiative at the 5th edition of the event "Sustainable Timber: The Future of the Market," at a Federation of Industries event in the State of Bahia.

The Mato Grosso system integrates forest cover monitoring, enforcement actions and the System for the Commercialisation and Transport of Forest Products (Sisflora) which ensure the traceability of each tree harvested under forest management plans thus guaranteeing environmental compliance and transparency throughout the supply chain.

In managed forest areas tree harvesting is conducted selectively, respecting each tree's life cycle. Trees that have fulfilled their ecological role are strategically harvested minimising the environmental impact and allowing the regeneration of younger trees.

During the event State authorities emphasised that sustainable forest management is strategic for keeping the forest standing, increasing the supply of legal timber, strengthening the bioeconomy and monetising ecosystem services thus contributing to job creation, income generation and regional development.

See: <https://www.secom.mt.gov.br/w/modelo-implementado-em-mt-para-garantir-produ%C3%A7%C3%A3o-regular-de-madeira-nativa-%C3%A9-refer%C3%A2ncia-em-n%C3%ADvel-nacional#f9331d53-89f6-4e10-b532-d85982a3be84>

Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	436
Jatoba	191
Massaranduba	175
Muiracatiara	168
Angelim Vermelho	179
Mixed redwood and white woods	135

Prices do not include taxes. Source STCP Data Bank

Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	1,904
Jatoba	975
Massaranduba	877
Muiracatiara	914
Angelim Vermelho	830
Mixed red and white	570
Eucalyptus (AD)	322
Pine (AD)	258
Pine (KD)	310

Prices do not include taxes. Source: STCP Data Bank

Domestic plywood prices

	US\$ per cu.m
Parica ex-mill	
4mm WBP	590
10mm WBP	452
15mm WBP	407
4mm MR.	560
10mm MR.	417
15mm MR.	360f

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

	US\$ per cu.m
Domestic ex-mill prices	
15mm MDParticleboard	275
15mm MDFibreboard	291

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

	US\$ per cu.m
Sawnwood	
Ipe	2,473
Jatoba	1,227
Massaranduba	1,139
Muiracatiara	1,216
Pine (KD)	201

Prices do not include taxes. Source: STCP Data Bank

Plywood export prices

	US\$ per cu.m
Pine plywood	
9mm C/CC (WBP)	289
12mm C/CC (WBP)	269
15mm C/CC (WBP)	253
18mm C/CC (WBP)	245

Prices do not include taxes. Source: STCP Data Bank

Export prices for added value products

	US\$ per cu.m
Added value product	
Decking Boards Ipê	3,857
Jatoba	1,625

Prices do not include taxes. Source: STCP Data Bank

Peru

Timber harvested under permits predominantly legal

At the IX Latin American Forestry Congress OSINFOR presented the results of its 2023 assessment of illegal logging revealing that 88% of the timber extracted under permits is legal. The report confirms that sustainable management continues to deliver an opportunity to conserve forests and promote development in Peru.

Currently, more than 7 million hectares of the country's forests are managed under management plans. "In these areas, legality is strengthened. The greatest risk lies in unmanaged territories where forest loss is concentrated," stated Williams Arellano Olano the Head of OSINFOR. The study also demonstrated sustained progress. Illegality under permits decreased from 80% in 2015 to 12% in 2023 a result of the monitoring, training and technology implementation efforts undertaken by OSINFOR.

See: <https://www.gob.pe/institucion/osinfor/noticias/1293751-el-88-de-la-madera-de-los-titulos-habilitantes-es-legal>

Madre de Dios, Loreto and Ucayali – centres for FSC certification in Peru

Peru has 1,022,175 hectares of forest certified by FSC according to information provided by FSC Peru. There are 98 initiatives from the private sector, twelve of which are related to forest management and 86 to chain of custody (CoC). The regions of the country with the largest certified areas are: Madre de Dios with 52%, Loreto with 35% and Ucayali with 13%.

Strengthen forest regeneration and conservation

The Yamino native community, a Kakataibo indigenous group recognised for its sound management of timber resources, is the site of the study "A Look Towards Conservation: Potential of Seed Trees in Native Communities and Forest Concessions of the Ucayali Region."

This initiative is led by the Supervisory Agency for Forest Resources and Wildlife (OSINFOR), the National Agrarian University of the Jungle (UNAS) and the Association for Research and Integral Development (AIDER) with the goal of contributing to forest conservation.

To understand the forest's natural regeneration capacity and identify the productive potential of the seeds, the technical team entered the community's forest management area to evaluate the seed trees declared in its management plan and collect information on species such as ana caspi, mashonaste, copaiba, and cachimbo.

The results of the fieldwork will be used in the preparation of a book that will highlight the role of seed trees in the conservation and natural regeneration of forests.

See: <https://www.gob.pe/institucion/osinfor/noticias/1244472-ucayali-impulsa-estudio-de-arboles-semilleros-para-fortalecer-la-regeneracion-y-conservacion-de-los-bosques>

Pilot study to accurately identify timber species

With the aim of strengthening the traceability of timber resources and ensuring their legal origin the Supervisory Agency for Forest Resources and Wildlife (OSINFOR) and the Technological Institute of Production, through the CITEmadera y del Mueble (Wood and Furniture Technology Center) and the CITE Forestal Maynas (Maynas Forestry Technology Center) collected botanical and wood samples of fifteen forest species as part of the first pilot collection project carried out in Loreto.

Samples will allow researchers to analyse their cellular structure, pore patterns and growth rings, essential information for accurately identifying each tree species.

See :<https://www.gob.pe/institucion/osinfor/noticias/1304312-loreto-inicia-estudio-piloto-para-identificar-con-precision-especies-maderables>

Export prices for added value products

	US\$ per cu.m
Strips for parquet Cabreuva/estoraque KD12% S4S, Asian market	1,418-1,477
Cumaru KD, S4S Swedish market	1,080 -1,156
Asian market	1,189 -1,271
Cumaru decking, AD, S4S E4S, EU market	1,950-2,088+
Ipe EU market	3,890-4,199
Pumaquiro KD Gr. 1, C&B, Mexican market	869-933
Quinilla KD, S4S 2x10x62cm, Asian market	591-627
2x13x75cm, Asian market	774-831

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

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	912-968
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	598-622+
Grade 2, Mexican market	537-551
Cumaru 4" thick, 6"-11" length KD Central American market	1139-1198
Asian market	1232-1281
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	1062-1,096
Dominican Republic	1015-1,132
Marupa 1", 6-11 length KD Grade 1 Asian market	586-602

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 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

Domestic sawnwood prices

Peru sawnwood	US\$ per cu.m
Mahogany	-
Virola	294-312↑
Spanish Cedar	338-349
Marupa (simarouba)	211-238

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

Japan

Press release - "Comprehensive Economic Measures to Build a Strong Japanese Economy"

This includes a statement of intent on harnessing regional growth potential and stabilising everyday life which will be achieved through support for and the revitalisation of key industries that sustain local living environments, including medical and nursing care, local transportation and logistics, retail and services and tourism.

Support will be provided to mid-sized enterprises for fostering industrial clusters to create world-leading technologies and businesses originating in local regions. The government will work to realise a community-based, inclusive society by strengthening support systems for people facing economic hardship and enhance safety and security measures.

In addition, the government will reinforce responses to issues related to foreign nationals in Japan and pursue the revitalisation of public education and measures to advance toward making education effectively free.

A further aim is creating an environment that enables wage increases, particularly for small- and medium-sized enterprises and micro-businesses.

To achieve this the press release says the government will expand provision of the Priority Support Local Allocation Grant and create an environment that enables wage increases at companies, including SMEs and small-scale businesses, that are unable to make use of the tax incentives that have been introduced to promote wage hikes.

The government will also ensure thorough price pass-through and fair business practices and will intensify support for capital investment aimed at enhancing the earning power of mid-sized and small and medium sized enterprises and bolster our support to facilitate business succession and mergers and acquisitions while also strengthening hands-on, ongoing support structures.

The government is aware local governments are now implementing measures to address rising prices in a manner in line with local needs. To support these measures the government will expand provision of the Priority Support Local Allocation Grant. While maintaining existing initiatives supporting households and business operators, the government will also advance additional measures to address the sharp rise in food prices.

To reduce the burden imposed by energy costs and related expenses the government will provide assistance to reduce electricity and natural gas bills during the winter months having the most severe cold (for usage between January and March).

For the full statement see:

<https://japan.kantei.go.jp/ongoingtopics/sogokeizaitaisaku2025/index.html>

Hint of a rate increase from Bank of Japan

Bank of Japan (BoJ) Governor, Kazuo Ueda, delivered hawkish remarks early this month saying “the Bank of Japan sees the probability that the baseline outlook for the economy and prices will be realised” which has been widely interpreted as a rate hike signal. Despite wanting to normalise interest rates the BoJ has been holding off since rates rose to 0.5% in January.

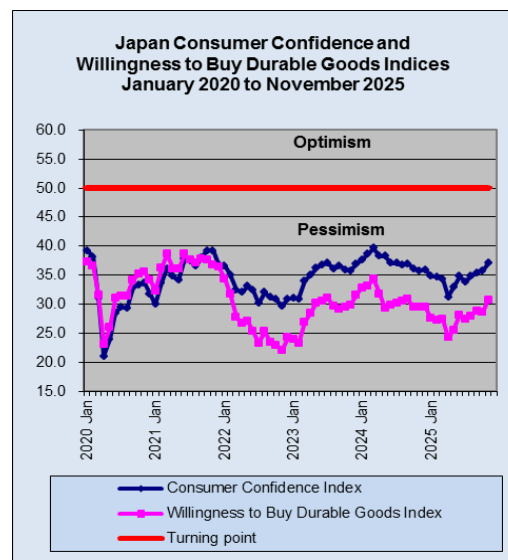
At its upcoming Policy Board meeting later this month a rate increase is anticipated and the longer term policy may include as many as four rate increases by 2027 according to Hideo Hayakawa a former executive director of the Bank of Japan. If the rate increase is implemented it would be the first since January 2025 and will lead to a level (anticipated to be 0.75%) not seen since 1995.

With the Bank set to debate raising its policy rate to 0.75% later this month Prime Minister Sanae Takaichi's government is showing little opposition to an increase in borrowing costs.

See: <https://www.japantimes.co.jp/business/2025/12/11/economy/boj-ex-director-multiple-rate-hike-projection/>

Gradual recovery in household spending

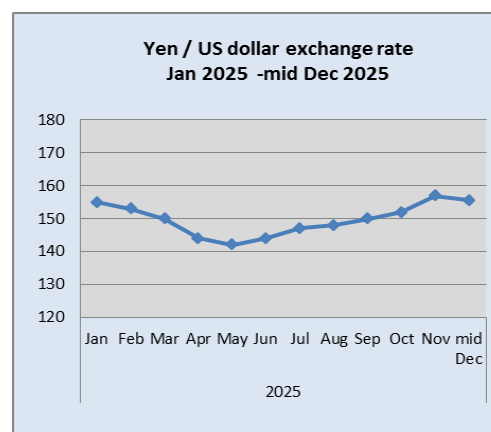
In December 2025 prospects for Japan's household spending point to a continued gradual recovery supported by declining inflation and improving income conditions. However, consumer caution remains a limiting factor with a sharp recent contraction highlighting underlying fragility.



Data source: Cabinet Office, Japan

Yen/US dollar exchange rate influenced by interest rate differentials

As interest rates rise there could an increase in prices. With the yen per dollar remaining in the 154-158 range import prices stay high stimulating overall price rises. However, the Bank of Japan anticipates a certain brake on the weakening yen if the interest rate gap between the US and Japan narrows. The Japanese yen/US dollar exchange rate is influenced by interest rate differentials between the US Federal Reserve (Fed) and the Bank of Japan (BoJ). With the BoJ signalling steady rate increases against a dovish Fed factors such as US payrolls, BoJ policy shifts and global risk sentiment (yen as safe haven) will be key drivers of exchange rate movements in the coming months.



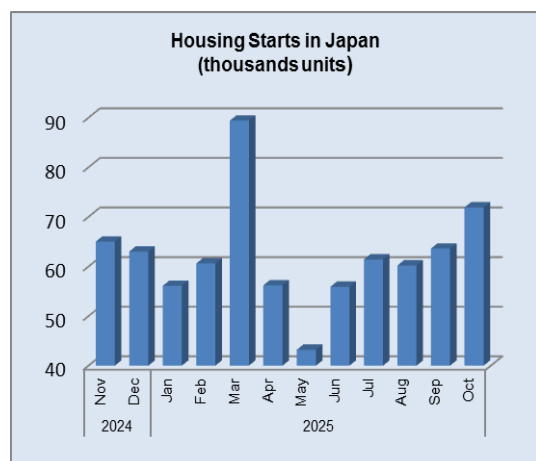
Data source: WSJ

Growing interest in quality pre-owned properties

Japan's long-term housing starts have been declining due to population decline and are projected to fall from around 800,000 units in the early 2020s to 600,000-700,000 by the 2030s-2040s with 2025 projections around 785,000, supported by stable interest rates but challenged by high vacancy rates and shifts towards existing homes.

Key issues are the shrinking working-age population, increasing vacant homes and a growing preference for quality pre-owned properties, alongside government pushes for energy-efficient Net Zero Energy Houses (ZEH).

A ZEH dwelling is one that contributes to realisation of carbon neutrality by introducing renewable energy such as photovoltaics thereby to make the annual energy income and outgo to zero after achieving energy efficiency through improved thermal insulation performance.



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

20% of materials from World Expo to be re-used

The Japan Association for the 2025 World Exposition aims to reuse over 20% of the total materials in the pavilion structures. While non-reusable items, including exhibits, will become waste, which will be recycled. Timber from the external walls of the Japan Pavilion will be reused by municipal governments and educational facilities.

See: <https://japannews.yomiuri.co.jp/editorial/political-pulse/20251206-296710/>

Import update

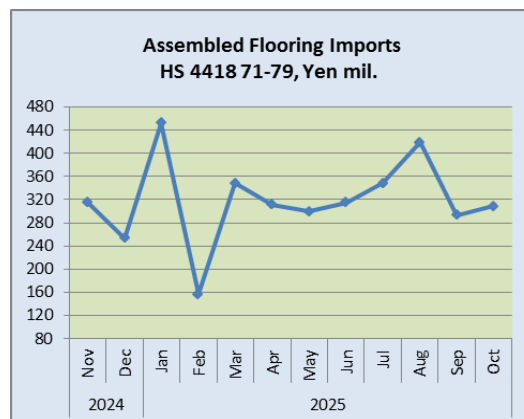
Assembled wooden flooring imports

The 3 months of steady increases in the value of imports of assembled wooden flooring (HS441871-79) ended in September but the value of imports reversed again rising in October. Year on year the value of October 2025 imports was at around the same level as in October 2024 and month on month there was a modest 5% increase in October.

Of the various categories of assembled flooring imports in October 72% was of HS 4418-75 with China and Vietnam

being the top shippers. For the other categories HS4418-79 accounted for 22% in October (13% in September) followed by HS4418-73 4% (11% in September) and HS4418-74 2% (5% in September).

For HS4418-73 imports all originated in China. Shippers in China and Indonesia were the main shippers of HS4418-79 arrivals in October with the others suppliers being Viet Nam, Thailand and Austria.



Data source: Ministry of Finance, Japan

Assembled flooring imports

	2025 Oct 000s Yen
HS441873	
China	12,454
Total	12,454
HS441874	
China	1,122
Viet Nam	1,926
Indonesia	3,463
Total	6,511
HS441875	
China	128,650
Viet Nam	47,524
Thailand	40,142
Austria	4,346
Total	220,662
HS441879	
China	21,352
Taiwan P.o.C	661
Thailand	1,028
Indonesia	6,765
Italy	1,008
USA	38,692
Total	69,506

Data source: Ministry of Finance, Japan

Main sources of Japan's plywood imports (000's cu.m)

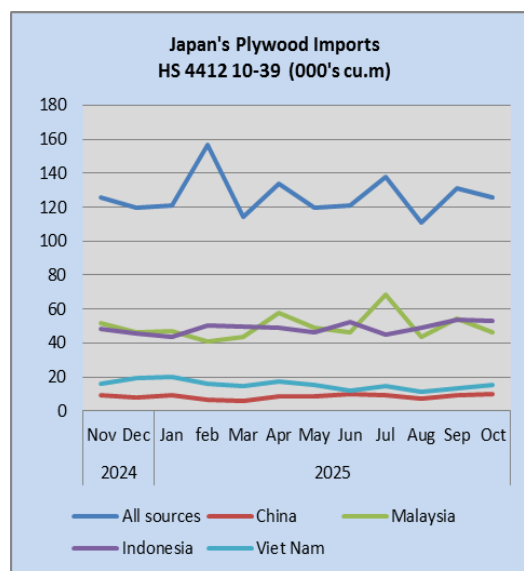
		China	Malaysia	Indonesia	Viet Nam
2022	Jan	15.9	78.6	73.9	16.8
	Feb	14.7	61.0	56.8	11.4
	Mar	13.7	71.0	76.9	8.8
	Apr	25.0	79.3	72.0	13.1
	May	32.2	67.6	68.2	12.9
	Jun	37.5	61.4	52.4	18.4
	Jul	27.7	70.6	67.8	15.2
	Aug	19.0	63.0	70.8	18.5
	Sep	16.5	58.4	60.4	16.2
	Oct	13.4	39.2	65.5	17.1
	Nov	13.1	45.1	50.1	15.9
	Dec	13.9	49.2	47.1	21.6
2023	Jan	13.7	40.3	49.2	19.4
	Feb	7.8	44.9	40.6	12.9
	Mar	14.9	29.8	45.3	14.3
	Apr	13.8	28.7	46.3	14.6
	May	14.0	47.7	34.2	12.6
	Jun	10.7	36.9	37.2	12.7
	Jul	10.6	38.8	43.1	12.9
	Aug	10.6	49.6	38.1	15.7
	Sep	12.3	63.4	52.4	12.0
	Oct	10.5	46.1	50.3	17.2
	Nov	11.9	63.6	53.0	16.8
	Dec	12.1	43.5	54.0	17.7
2024	Jan	13.3	50.2	52.3	20.5
	Feb	11.5	45.4	55.3	17.1
	Mar	9.4	50.1	48.8	12.2
	Apr	13.2	43.2	49.0	17.0
	May	8.4	48.3	36.5	14.3
	Jun	10.1	51.0	46.1	13.7
	Jul	12.1	49.8	49.7	15.8
	Aug	9.3	56.8	47.9	14.7
	Sep	8.1	54.5	54.2	13.1
	Oct	10.3	40.9	54.0	16.4
	Nov	9.1	51.5	48.2	16.1
	Dec	8.1	46.0	45.6	19.2
2025	Jan	9.2	47.2	43.3	20.1
	Feb	11.5	45.4	55.3	17.1
	Mar	6.1	43.3	49.4	14.8
	Apr	8.7	57.6	49.0	17.0
	May	8.6	49.1	46.3	15.1
	Jun	9.8	46.2	52.3	11.8
	Jul	9.2	68.7	44.7	14.4
	Aug	7.2	43.4	48.7	11.2
	Sep	9.0	54.2	53.6	13.6
	Oct	10.0	46.6	53.1	15.3

Data source: Ministry of Finance, Japan

Indonesia and Malaysia were the top suppliers of plywood to Japan in October and the combined volume of shipments accounted for 79% of Japan's plywood imports, the other top shipper being Viet Nam and China.

October 2025 plywood arrivals were slightly down compared to the volume of September with Shippers in Malaysia posting the largest decline.

In October 2025 arrivals of HS441210-39 were reported at 215.755 (131,017 cu.m in September). As in previous months of the various categories of plywood imported in October 2025 HS441231 accounted for most followed by HS441233 and HS441234 with the balance being HS441239.



Data source: Ministry of Finance, Japan

Trade news from the Japan Lumber Reports (JLR)

The Japan Lumber Reports (JLR), a subscription trade journal published every two weeks in English, is generously allowing the ITTO Tropical Timber Market Report to reproduce news on the Japanese market precisely as it appears in the JLR. For the JLR report please see: https://ifpj.jp/japan_lumber_reports/

Orders for house builders

In October 2025, the order amounts of major housing manufacturers and builders varied widely. Despite achieving year-on-year gains, housing firms have yet to feel a clear recovery in the market. October 2024 was marked by order amounts that stood out for surpassing or nearing 100% compared with the same month a year earlier.

Relative to that time, October 2025 is expected to see few firms achieving substantial growth in the number of units ordered, though the average sales price per unit has increased. Higher sales prices contributed to October 2025 figures surpassing the level of the previous year's month.

For certain housing firms, performance fluctuates from month to month, preventing a steady flow of orders. According to some housing firms, October's performance faltered as a rebound effect from the relatively favorable results in September. In November, certain housing firms, in contrast, were able to sustain a stable order flow.

Although custom housing orders have been hard to obtain, certain firms have expanded sales of subdivision homes.

In the case of subdivision housing, higher sales prices were one background factor, yet regional strategies and unique product development also played a role in driving performance.

Cedar KD foundation lumber hits market

Xyence Corporation will begin full-scale sales of domestically sourced preservative-treated cedar KD foundation materials to meet low-cost demand.

Traditionally, domestic demand has been met with Japanese cypress, while low-cost needs have been addressed with U.S. hemlock. However, both are currently being overshadowed by untreated cypress foundation materials, which offer stronger price competitiveness. By Promoting cedar KD preservative-treated foundation materials made from domestic timber as the most affordable option, Xyence aims to stimulate growth in the preservative-treated foundation market.

This foundation is manufactured by deeply impregnating incised cedar KD lumber with the oil-based preservative “Sunpreser OP Ace.” The product has obtained AQ2 certification (equivalent to JAS K3) from the Japan Housing and Wood Technology Center.

The embedding strength is 6.0 N/mm², which is comparable to that of American hemlock. The company is also promoting the expansion of preservation treatment demand for components other than the foundations such as columns, studs, window frames, panels, and secondary members—particularly around the first-floor structure. Last year, all manufacturing sites obtained AQ2 certification for laminated cedar posts

Adapting to larger non-residential wooden projects

West Forest Products has added new 150 mm and 180 mm widths to its lineup of high-strength Douglas fir lamina for the Japanese market. Amid the increase in large non-residential wooden construction projects, the company responded to the demand for wider lamina.

Two years ago, the company began supplying high-strength Douglas fir lamina, anticipating that the increase in medium-and large-scale wooden construction would require stronger laminated timber. The company handles lamina for lintels in widths of 105 mm and 120 mm, selling them to domestic laminated timber manufacturers.

Although the company initially conducted trial sales, it now operates under quarterly contracts, with monthly sales volumes reaching the level of 1,700 to 1,800 cbms. As projects grew larger in scale, laminated timber manufacturers had been voicing demand for lamina wider than 120 mm.

Until now, laminated timber manufacturers had been cutting 2x8 and 2x10 lamina to meet demand, but this led to rising production costs and poorer yield.

With the addition of these new variations, further expansion in the use of high-strength lamina is expected.

Plywood

Domestic softwood structural plywood shipments have remained steady since September, though market prices continue to move weakly.

Domestic softwood structural plywood (12 mm, 3×6) is quoted at ¥1,080–1,100/sheet (wholesaler delivery) in the Tokyo area, reflecting broader downside. Major producers, however, seek to lift prices to ¥1,200/sheet (≈¥60,000/cu.m) for margin recovery and will continue pressing for hikes in December.

Imported South Sea plywood, including 12 mm Malaysian products and ordinary Indonesian plywood, is generally firm in domestic prices. Painted formwork plywood (12 mm thick, 3×6 size) is priced at ¥1,800–1,900 per sheet (delivered to wholesalers), with some variation among manufacturers.

In November, prices were observed to be ¥20–30 higher than the previous month. Formwork plywood is quoted at around ¥1,550/sheet (wholesaler delivery), with structural plywood at similar levels. Indonesian ordinary plywood is firm at approximately ¥780 (2.5 mm), ¥930 (4 mm), and ¥1,100 (5.5 mm), all showing a strengthening tone.

Origin prices, especially for Indonesian ordinary plywood, have strengthened, reflecting higher log costs and related factors. Prices are quoted at about USD 970/cu.m (C&F) for 2.4 mm, USD 880 for 3.7 mm, and USD 850 for 5.2 mm, all in 3×6 size. Malaysian plywood prices remain steady: painted formwork (12 mm, 3×6) at USD 600–610/cu.m (C&F), formwork at USD 500–510, and structural at USD 510–520, flat from the prior month.

Domestic lumber and logs

The market for domestic wood products has stayed flat, reflecting the continued high cost of logs. During October and November, with large pre-cut plants at the center of activity, sawmills serving direct demand have continued to operate at full stretch.

Cedar studs are seeing stronger demand, with procurement costs for competing whitewood studs rising. Prices for 3-meter × 105-millimeter premium KD cedar lumber are steady at ¥62,000–65,000 per cbm, market basis. Hinoki foundation timber, KD special grade, 4 meters × 105 mm square, has been hovering around ¥75,000 per cbm.

Cedar log prices, rising in eastern Japan, remain buoyant in Tohoku but have leveled off in northern Kanto. With product markets depressed, hinoki logs of standard dimensions have kept falling in northern Kanto and Kyushu and weakened further in the Chugoku region.

Cedar medium-diameter logs in Akita are priced at ¥16,500–17,000/cu.m, ¥1,000 higher than last month.

In Tochigi, post-sized logs are ¥16,500/cu.m (market delivered), ¥500 lower than last month. In Kyushu, post-sized logs stay at ¥16,000/cu.m, with medium-diameter logs flat at ¥14,500/cu.m. Hinoki foundation logs in Tochigi are priced at ¥19,000/cu.m, ¥3,000–4,000 lower than before. In Kyushu, foundation logs stand at ¥21,500/cu.m and post-sized logs at ¥20,500/cu.m, each down ¥1,000. In Chugoku, post-sized logs are steady at ¥24,500/cu.m, while foundation logs eased to ¥23,500/cu.m, ¥500 lower.

Output varies by region, some showing increases, others not—but unlike last year, no log shortages have been reported so far.

China

Significant growth in particleboard exports

According to China Customs, from January to September 2025 China's particleboard exports totalled 619,000 tonnes valued at US\$267 million, up 67% in volume and 28% in value over the same period of 2024. Only exports to Taiwan P.o.C fell while other top destinations posted increase.

South Korea became the largest destination for particleboard exports with volumes surging to 106,000 tonnes from January to September 2025. Particleboard exports to Vietnam and Peru surged 149% and 303% respectively from January to September 2025.

China has exported particleboard to Asia, Africa and Latin America markets aided by the development of the Belt and Road initiative. The demand for lower cost particleboard in Asia, Africa and Latin America has increased which drove China's export of particleboard to these countries in recent years.

Particleboard exports from Jan-Sep (main markets)

Destination	000'tonnes	YoY % change
Total	619	67%
South Korea	106	1253%
Taiwan PoC	85	-11%
Vietnam	55	149%
Mongolia	46	29%
Chile	41	74%
Nigeria	35	21%
Peru	33	303%
Saudi Arabia	25	77%
UAE	23	27%
Malaysia	16	39%

Data source: China Customs

Decline in particleboard imports

According to China Customs, from January to September 2025 particleboard imports totalled 467,000 tonnes valued at US\$224 million, down 19% in volume and 12% in value over the same period of 2024.

Brazil was the largest supplier of China's particleboard imports from January to September 2025.

China's particleboard imports from Brazil rose 9% to 113,000 tonnes, accounting for 24% of the national total for the period. In addition, China's particleboard imports from Germany and Italy grew 4% and 35% respectively from January to September 2025.

It has been reported that China-Europe freight train route has become a strong bond for China-Europe trade cooperation. Germany and Italy are the beneficiaries in particleboard trade by the China-Europe Railway Express opening.

In contrast, China's particleboard imports from Thailand, Poland, Belarus and Austria have decreased 53%, 14%, 26% and 20% respectively significantly from January to September 2025.

Particleboard imports from Jan-Sep 2025 (top suppliers)

Supplier	000 tonnes	YoY % change
Total	467	-19%
Brazil	113	-9%
Thailand	90	-53%
Romania	57	-2%
Poland	48	-14%
Germany	43	4%
Italy	22	35%
Malaysia	21	-1%
Belarus	17	-26%
Viet Nam	15	-8%
Austria	15	-20%
Russia	15	-9%

Data source: China Customs

Surge in fibreboard exports to Vietnam

China's fibreboard exports to Vietnam, the largest destination, surged over 120% to 501,000 tonnes from January to September 2025. China's fibreboard exports to Saudi Arabia, Mexico, UAE and Canada rose 10%, 24%, 26% and 20% respectively from January to September 2025. In contrast, China's fibreboard exports to Nigeria and USA fell 1% and 9% respectively from January to September 2025.

China's fibreboard exports to the vast majority of the top 7 markets rose at different rates resulting in an increase in the total national fiberboard exports.

Fiberboard exports from Jan-Sep (main markets)

Destination	000'tonnes	YoY % change
Total	2,620	35%
Viet Nam	501	126%
Saudi Arabia	275	10%
Mexico	229	24%
Nigeria	161	-1%
UAE	129	26%
USA	106	-9%
Canada	106	20%

Data source: China Customs

Rise in fiberboard imports

From January to September 2025 China's fibreboard imports were 45,000 tonnes valued at US\$33 million, up 16% in volume but down 4% in value over the same period of 2024.

New Zealand was the largest supplier of fibreboard imports from January to September 2025. China's fibreboard imports from New Zealand rose 95% to 22,000 tonnes over the same period of 2024.

It is worth noting that China's fibreboard imports from Malaysia surged over 680%, from Spain and Poland they grew 34% and 4% respectively from January to September 2025.

In contrast, China's fiberboard imports from Thailand, Germany, Romania, Belgium and Switzerland fell 26%, 20%, 14%, 33% and 2% respectively over the same period of 2024.

Fiberboard imports from Jan-Sep (top suppliers)

Supplier	000 tonnes	YoY % change
Total	45	16%
New Zealand	22	95%
Thailand	5	-26%
Germany	4.4	-20%
Romania	2.8	-14%
Belgium	2	-33%
Spain	1.5	34%
Malaysia	1.4	683%
Switzerland	1.1	-2%
Poland	1	4%

Data source: China Customs

Decline in wooden furniture exports

According to Customs data, from January to September 2025 wooden furniture exports fell 7% to US\$16.69 billion over the same period of 2024.

The US was the largest market for China's wooden furniture exports. 25% of China's wooden furniture was exported to US from January to September 2025, down 18% over the same period of 2024.

Due to the impact of the tariffs in the US the total export value of China's wooden furniture and the value of wooden furniture exported to the US fell significantly from January to September 2025. China's wooden furniture is exported to more than 200 countries and furniture destination are scattered. The value of China's wooden furniture exports to the top 3 countries, the US, UK and Australia at more than US\$1 billion accounted for less than 40% of the national total in the first three quarters of 2025.

China's wooden furniture exports to Australia, Japan, South Korea, France and Singapore dropped 4%, 5%, 27%, 6% and 3% respectively from January to September 2025. In contrast, China's wooden furniture exports to UK, Canada, Germany, Netherlands and Malaysia grew 7%, 0.1%, 2%, 16% and 18% from January to September 2025.

Wooden furniture exports from Jan-Sep (main markets)

Destination	mil. US\$	YoY % change
Total	16,692	-7%
USA	4,243	-18%
UK	1,199	7%
Australia	1,089	-4%
Japan	918	-5%
South Korea	629	-27%
Canada	621	0.10%
Germany	580	2%
France	482	-6%
Netherlands	455	16%
Singapore	453	-3%
Malaysia	445	18%

Data source: China Customs

Decline in wooden furniture imports

According to China Customs, from January to September 2025 China's wooden furniture imports dropped 6% to US\$461 million over the same period of 2024.

Italy was the largest suppliers for China's wooden furniture imports. 46% of China's wooden furniture were imported from Italy but compared to a year earlier they fell 9% to US\$214 million from January to September 2025. This was the main reason for the decline in China's wooden furniture imports in the first three quarters of 2025.

In addition to being affected by the tariffs in the US the total import value of China's wooden furniture imports and the value of wooden furniture imported from the top suppliers significantly declined.

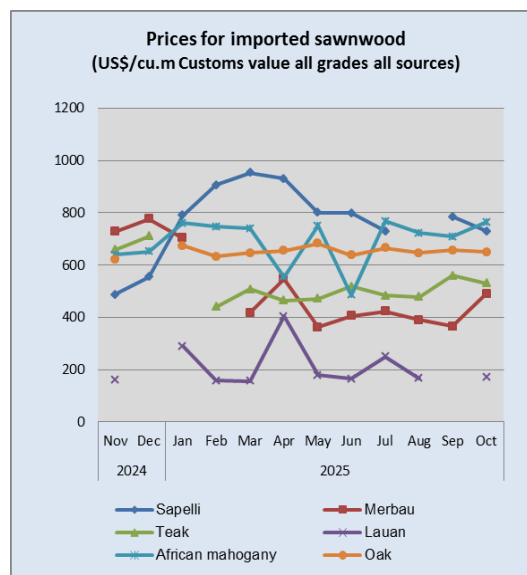
The main reason for the large decline was that domestic demand for furniture has fallen sharply.

China's wooden furniture imports from Germany, Viet Nam and France fell 14%, 25% and 6% respectively from January to September 2025. In contrast, China's wooden furniture imports from Poland, Thailand, Slovakia and Indonesia grew 20%, 4%, 43% and 1% respectively from January to September 2025.

Wooden furniture imports from Jan-Sep (top suppliers)

Supplier	mil. US\$	YoY % change
Total	461	-6%
Italy	214	-9%
Germany	63	-14%
Viet Nam	34	-25%
Poland	26	20%
Thailand	13	4%
France	12	-6%
Slovakia	10	43%
Indonesia	10	1%

Data source: China Customs



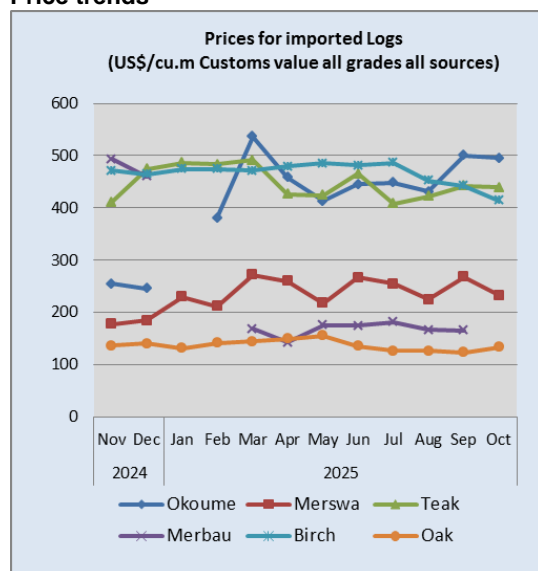
Data source: Customs, China

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

	2025 Sep	2025 Oct
Sapelli	784	729
Merbau	365	491
Teak	560	531
Luan		172
African mahogany	709	764
Oak	657	650

Data source: Customs, China

Price trends



Data source: Customs, China

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

	2025 Sep	2025 Oct
Okoume	500	495
Merswa	268	233
Teak	442	439
Merbau	165	
Birch	442	414
Oak	123	133

Data source: Customs, China

EU

No schedule yet for UK anti-deforestation regulation

The UK government says it remains committed to combating global forest loss. However, it has still not set a timeframe for implementation of the UK Forest Risk Commodities Regulations (UKFRCR), which are aimed at shrinking the country's 'tropical deforestation footprint'.

Companies which will be affected by the UKFRCR say the delay in finalising necessary secondary implementing legislation is leaving them 'in limbo'. Without the regulations in place, leading retailers and other businesses fear there will be greater risk of trade issues with the EU as and when the EU Deforestation Regulation (EUDR) is implemented.

To facilitate trade, they also want the requirements of the UKFRCR, which will be finalised in enacting legislation, to be as close as possible with those of the EUDR.

Timber and wood products are not among the commodities covered by the UKFRCR. They are dealt with separately by the UK Timber Regulation (UKTR).

This stipulates that operators placing timber and wood products on the UK market undertake due diligence to ensure they are harvested and produced legally in the country of origin. Some in the timber trade, however, favour bringing timber under the remit of the UKFRCR regulations. They say this would streamline UK anti-deforestation rules and ensure they more closely mirror the EUDR. It would also counter any misconception that the timber sector is a particular deforestation risk requiring its own special rules.

The UKFRCR regime was introduced in 2023 in Schedule 17 of the UK Environment Act. It was described by the then Conservative government, as designed to tackle illegal deforestation in UK supply chains’.

“This is a flagship measure to deliver on the commitment made by the UK and over 140 other countries at COP26 in Glasgow to halt and reverse deforestation by 2030,” said the then Conservative Secretary of State for Environment, Food and Rural Affairs (DEFRA) Steve Barclay.

“The legislation will help protect precious tropical forests at risk of illegal clearance. This will help us to support producer country efforts to enforce their laws to stop illegal clearance and protect vital forest habitat for endangered wildlife.”

Regulated businesses are subject to three core requirements under the Environment Act :

- They are prohibited from using forest risk commodities produced on land illegally occupied or used
- They must implement a due diligence system for each regulated commodity
- And they must report annually on their due diligence exercise.

The UKFRCR set out in Schedule 17 of the Act effectively ‘operationalise’ these requirements. They apply to four commodities identified by Defra as key drivers of deforestation: cocoa, palm oil, soy and cattle products excluding dairy.

“These are estimated to account for 64% of the UK’s tropical deforestation footprint,” said Secretary of State Barclay. “And as much of 93% of this deforestation is likely to be in violation of local laws.”

In the UKFRCR frequently asked questions section of its website, the UK Agricultural Industries Confederation (AIC) website states that all products derived from the four in scope commodities will also be regulated. That includes those considered ‘waste’ or ‘by-products’, such as soy hulls, palm kernel expeller and bovine hides. Dairy products will also be covered if derived from animals fed a diet containing forest risk commodities.

The UKFRCR apply to businesses engaged in commercial activity involving the specified commodities with a global annual turnover over £50 million. But companies using under 500 tonnes per year may submit an exemption.

In scope companies must undertake due diligence to ensure that commodities are legally produced/sourced in the country of origin. That means commodities can originate from legally deforested land, which is a point of difference with the EUDR.

The latter stipulates that goods it covers (timber, cocoa, coffee, palm oil, soya, rubber, beef/cattle) cannot be placed on the EU market if derived from land either illegally deforested or legally deforested after December 31, 2020.

The so-called ‘laying date’ for the UKFRCR enacting legislation was expected to be May 2024. However, the draft legislation had not successfully passed through parliament before the announcement of the July 2024 General Election, which was won by the current Labour Government.

The latter has affirmed the UK’s commitment to the COP 26 Glasgow Leaders’ Declaration on Forests and Land Use, pledging to end deforestation and land degradation by 2030. But the AIC says it ‘has given little indication as to when it might find the necessary Parliamentary time to pass the legislation into law’.

In March 2025, Defra and the government’s International Climate Fund launched a survey to enhance their understanding of supply chain management of commodities including timber, soy, palm, rubber leather beef, cocoa and coffee. Defra described this as an information gathering exercise but made no link between it and the UKFRCR.

In July 2025, an open letter was signed by leading retailers, including Aldi, Marks & Spencer, Sainsbury’s, Tesco, Morrisons and Waitrose & Partners, requesting swift introduction of UKFRCR enacting legislation to minimise ‘trade friction’ with the EU when the EUDR is implemented.

It now looks likely that the EUDR will be pushed back a further year following a vote in favour of this in the European Parliament on November 26, 2025. However, at the time of the UK retailers’ letter it was still on track for introduction at the end of 2025.

“In less than six months, British companies will need to have the information and support necessary to continue exporting regulated forest-risk products [to the EU], or our European customers will source from other nations,” the open letter states.

“The lack of clarity from the government of how supply chains and operations in Northern Ireland [which remains in the EU single market] will be affected is further complicating and delaying our ability to act.”

The retailers also urged that in their final form the UKFRCR should be ‘aligned as much as possible’ with the EUDR in scope, requirements and definitions to ease trade with the EU.

Further, they want EUDR due diligence statements to be recognised as evidence of UKFRRCR compliance to minimise burdens on businesses.

Despite this lobbying, Defra says it will not seek to fully align the UKFRRCR with the EUDR. Not has it set a deadline for implementation. Asked directly early November 2025 when they will come into force, Defra responded: 'We recognise the need to take action to ensure that UK consumption of forest risk commodities is not driving deforestation. The Government is currently considering its approach to addressing the impact of the use of forest risk commodities in our supply chains and will set out its approach in due course'.

David Hopkins, CEO of the country's leading timber trade body Timber Development UK, said that despite Defra's comments on alignment of UK and EU regulations, the UK government is likely to hold off finalising UKFRRCR enacting legislation until the final form of the EUDR is decided. The final decision on EUDR postponement and simplification is expected to be taken during the European Parliament December 15-18 plenary session.

A representative of one leading UK timber trader and distributor said some in the sector favour ultimately in some way bundling the UK Timber Regulation with the UKFRRCR.

"Having a separate regulation for timber could reinforce popular misconceptions that our sector is deeply implicated in deforestation, when in reality conversion of forest to agriculture is by far the main cause, especially in tropical regions," they said.

Having one UK regulation covering all forest risk commodities, they said, would also mirror the EU regulatory approach more closely.

Mr Hopkins felt there could be a case for this. "It's got to be done sensibly but given the volumes of timber and wood products being driven back and forth between the UK and EU and the Great Britain mainland and Northern Ireland there are arguments for harmonising anti-deforestation regulation in this way, rather than having different rules for different forest commodities," he said.

He added that TDUK had also discussed aligning its own Responsible Purchasing Policy for members with the EUDR.

"We'll look at that next year and whether to make adopting an EUDR-aligned policy a requirement for members, or voluntary," he said.

The AIC says it is working on a voluntary UKFRRCR aligned standard under its Sustainable Commodities Scheme to help members demonstrate compliance.

It adds that there are still key unknowns with regards the UKFRRCR. For instance, there has been no announcement on which competent authority will enforce them.

Also, while Defra has committed to providing comprehensive guidance on the type and range of evidence that in scope businesses will be expected to provide in their annual compliance report, it is unclear if this will be published at the same time the UKFRRCR enacting legislation is laid.

AIC says when the latter eventually happens, it will take at least four months for the legislation to pass through Parliament. DEFRA has also indicated it would consider a grace period of at least six months before full UKFRRCR enforcement.

UKFRRCR vs EUDR

While both the UKFRRCR and EUDR aim to address deforestation, there are notable differences:

See - <https://questions-statements.parliament.uk/written-statements/detail/2023-12-12/hcws117#:~:text=It%20prohibits%20them%20from%20using,on%20their%20due%20diligence%20exercise.>
and
<https://www.agindustries.org.uk/resource/uk-forest-risk-commodity-regulation-ukfr- and-eu-deforestation-regulation-eudr-frequently-asked-questions.html>
and
<https://www.gaston-schul.com/en/resources/article/the-uk-forest-risk-commodity-regulation/>
and
<https://www.legislation.gov.uk/ukpga/2021/30/schedule/17>

UK construction forecasts revised down

Growth in UK building industry output in 2025 will be less than previously projected. The government's November 26 Budget, setting out its tax and spend policies, will also do little to drive the property market and help achieve the government's five-year target of building 1.5 million new homes.

This is according to the Autumn Forecasts and Budget response statement from the UK Construction Products Association (CPA), regarded as one of the leading commentators and analysts of the country's construction market.

In its previous forecasts, the CPA predicted that total UK building output would increase by 1.9% in 2025 and 3.7% in 2026. It has now revised that down 'significantly' to 1.1% growth this year and 2.8% next.

"Firms across the construction supply chain are reporting that activity has slowed since the Spring, particularly in private housing, infrastructure, roads, and commercial new build offices," it said. "Confidence among homebuyers, homeowners and investors is weak; this was exacerbated by uncertainty over the Budget and who would bear the brunt of the inevitable tax increases and potential spending cuts."

The largest sector of UK construction is private house building which was worth £38.4 billion in 2024.

It reported a sound opening to 2025, with housing starts in Q1 showing a double digit increase on the same period in 2024. Completions were a single digit higher. However, sales rates have slowed since March.

The CPA says that, even in parts of the country where demand and affordability have been sustained, house builders' 'site viability has been affected by an increasing list of additional costs imposed by government'. These have hit smaller and medium-sized housebuilders in particular. High-rise residential building has also been held back by continued delays in gaining approvals from the UK Building Safety Regulator.

Reductions in UK interest rates may gradually help increase house demand. However, these cuts are now likely to be slower than previously forecast and higher gilt rates, due to concerns about government debt, may result in interest rate cuts not being fully passed on in lower mortgage rates.

The CPA consequently forecasts private housing output to rise by 2% in 2025 and 4% in 2026, against its previous forecasts of 4% and 7% respectively. Growth is forecast to rise to 5% in 2027

The private housing, repair, maintenance and improvement market (RMI), worth £37.1 billion in 2024, has continued to be constrained by consumers' preference to save rather than spend, despite wage growth. More intense than usual speculation in the media about how the Budget might raise taxes reinforced this trend and the CPA says the earliest a recovery can be expected is Spring 2026 earliest. It predicts private sector RMI output will be flat for 2025 overall, with growth of 2% projected in 2026. "Furthermore, risks to the sector remain on the downside," it says.

In the public housing arena, the government's confirmation of a £39 billion 10-year Social and Affordable Homes Programme gives social housing providers confidence for long-term planning, says the CPA. However, the sector is currently facing higher financing costs, plus elevated build costs and record low market linked demand.

Public housing providers are also diverting spending in to repair, and maintenance and fire safety and energy improvement works required by new regulation. So, the CPA expects public housing starts, completions and output to fall this year by 2%, 4% and 4% respectively. It says, 'it is likely to be beyond 2026 until firmer growth rates appear'.

Public sector housing RMI output is forecast to grow by 2% in 2025 and 2026, rising to 4% in 2027.

The commercial building sector is seeing projects delayed due to economic uncertainty and weak business confidence.

Higher construction and financing costs are also adversely affecting projects, and the CPA forecasts output will shrink 1.9% this year, before it returns to growth of 2.3% in 2026 and 2.8% in 2027. Continued strong points in the market include construction of data centres, life sciences developments and student accommodation.

"UK construction has already lost more than 11,000 construction firms since the start of 2023 and given the current low levels of house building and home improvement, we expect construction insolvencies to accelerate in 2026," said Professor Francis.

"A new positive, time-limited stimulus for house building demand is urgently needed from the government before insolvencies further damage capacity throughout the construction supply chain, including architects, builders' merchants and product manufacturers, as well as house builders and specialist contractors. Without these firms and their critical skills and capacity, any sustained recovery in house building will be more difficult, slower, and more expensive over the course of this parliament."

See - <https://constructionproducts.org.uk/news-media-events/news/2025/october/cpa-releases-autumn-forecasts-2025/> and <https://www.constructionproducts.org.uk/news-media-events/news/2025/november/cpa-reaction-to-autumn-budget-2025/> and <https://www.planningresource.co.uk/article/1941182/budget-reaction-unclear-quickly-promised-new-planning-officers-will-post>

German construction squeeze persists

According to the latest Hamburg Commercial Bank Construction Purchasing Managers Index (HCOB PMI), Germany's construction sector continues to struggle.

In fact, reports S&P Global, which compiles the HCOB PMI, the building industry began Q4 on a still weaker footing, recording the steepest decline in activity for seven months.

On the supply side, October data signalled a first – albeit only marginal – lengthening of vendor delivery times for nine months. Average purchase prices for building materials and products meanwhile rose at a slower rate, but there was a steeper increase in subcontractor charges – the quickest for over two years.

Housing activity remained the weakest-performing area with the rate of contraction quickening for the second month in a row. Commercial projects work also contracted, while civil engineering activity returned to contraction after growing in both of the previous two months. Despite weaker demand for building materials and products among German builders, lead times on purchases lengthened for the first time since January.

Average prices paid for building products continued to rise, as has been the case every month since March, although the pace of inflation eased notably since September to a six-month low.

See:

<https://www.pmi.spglobal.com/Public/Home/PressRelease/845168a5c27f43e99302f6600f55958f>

Key step towards Dutch construction circularity

An agreement between the Dutch building materials sector, including timber suppliers, and the Dutch government is aimed at increasing circularity and sustainability in construction, but also the industry's self-sufficiency and cost effectiveness.

Timber market development organisation Centrum Hout reports that the Building Materials Agreement (BMA) was signed on November 5. Signatories included representatives of 13 material supply chains, plus industry associations, including Centrum Hout itself, and the Ministries of Housing and Spatial Planning (VRO), Climate and green growth (KGG) and Infrastructure and Water Management (IenW).

The roadmap for the wood sector describes how it contributes to the objectives of the Building Materials Agreement, 'playing a key role biological and technical cycles of the circular economy'. The BMA is described as a 'significant step towards a circular construction economy'.

See: <https://www.centrumhout.nl/centrum-hout-ondertekent-bouwmaterienakkoord/>

North America

US government cancels October jobs report - private report suggests jobs lost in November

The government announced there will be no October Bureau of Labor Statistics (BLS) jobs report due to the government shutdown. The Bureau will fold October data into their November totals to be released late December.

With that source missing economists are looking to private reports for data, especially the monthly ADP private sector jobs report. The ADP report is a trusted source that the Federal Reserve has used its data since 2018 to supplement BLS reports.

ADP released its November data on 3 December which paints a bleak picture for the US labour market, particularly in some areas of the country.

According to ADP numbers, private employers cut 32,000 jobs in November with construction, manufacturing, professional/business services and information services leading the job losses. Construction lost 9,000 jobs and manufacturing lost 18,000 jobs in the month.

The job losses were uneven by region. The Northeast and South reported steep job losses while the Midwest and West reported job gains.

"Hiring has been choppy of late as employers face cautious consumers and an uncertain macroeconomic environment," said ADP Chief Economist, Nela Richardson. The report suggests small companies suffered most.

See: <https://mediacenter.adp.com/2025-12-03-ADP-National-Employment-Report-Private-Sector-Employment-Shed-32,000-Jobs-in-November-Annual-Pay-was-Up-4-4> and

<https://www.msn.com/en-us/money/markets/october-jobs-report-canceled-and-november-release-delayed-bls-says/ar-AA1KQOx5?ocid=BingNewsVerp>

US consumer sentiment improves but remains subdued

US consumers' mood improved slightly this month, with worries about inflation easing but overall the picture remains gloomy.

The University of Michigan's consumer sentiment index, released December 5, rose to 53.3 early this month from a final reading of 51 in November. The index beat the forecasted mark of 52 but confidence is down considerably from a 71.7 rating at the beginning of the year.

Consumers' evaluation of current economic conditions slipped slightly, but their expectations for the future brightened. Inflation dipped to 4.1% from 4.5% last month to the lowest level since January when Trump returned to the White House and began imposing sweeping tariffs on imports. Economists warn that importers pay the tariffs and then try to pass along the cost to their customers through higher prices.

The US has reached a series of deals with major US trading partners including the European Union and Japan that brought his tariffs down from the punishingly high levels threatened in the spring. Still, the average US tariff rate has climbed from 2.4% in January to 16.8% last month, the highest since 1935 according to calculations by Yale University.

Joanne Hsu, who directs the Michigan economic surveys, said: "The overall tenor of views is broadly somber as consumers continue to cite the burden of high prices."

See: <https://www.msn.com/en-us/money/markets/us-consumer-sentiment-improved-this-month-but-remains-subdued-the-university-of-michigan-reports/ar-AA1RN9ku?ocid=BingNewsVerp> and <https://www.sca.isr.umich.edu/>

Residential furniture orders surged in September

New residential furniture orders rose 15% in September compared to the previous month and were up 7% compared to 2024's figure according to the November issue of Furniture Insights.

Approximately two-thirds of participants in the survey reported increases in September 2025 compared to a year ago.

September domestic sales were up 6% compared to 2024 figures, with two-thirds of survey participants reporting increases compared to the year prior. Shipments were also up 3% compared to August although they remain down 1% for the year-to-date compared to 2024.

See: <https://www.smith-leonard.com/2025/12/05/november-2025-furniture-insights/>
and
<https://www.woodworkingnetwork.com/furniture/september-residential-furniture-orders-rise-smith-leonard>

Cabinet sales fall slightly in October

US cabinet manufacturers reported overall sales continued to slow in October with sales down 0.5% from the previous month and down 6.1% from October 2024. Sales in all three segments (custom, semi-custom and stock) reported year on year declines according to the Kitchen Cabinet Manufacturers Association's Trend of Business report.

The 51 responding companies in the survey reported overall sales of US\$190.041 million for October 2025. In the year on year comparison custom sales were down 2.6% to US\$54.168 million, semi-custom sales dropped 6.7% to US\$104.727 million and stock sales fell 10.2%, to US\$31.146 million.

Compared with the previous month's sales survey respondents reported an increase in custom sales and stock sales in October, while semi-custom sales declined. Semi-custom sales fell 2.5%, custom sales rose 0.6%, and stock sales gained 4.8% in October compared to September figures. Cabinet quantity dropped 1.6% from September to October.

As of October 2025 reported sales were US\$1.95 billion, down 6.5% versus last year. Sales volume is under 5.1 million, down 13.2% from last year.

See: <https://kcma.org/insights/october-2025-trend-business-report>

US manufacturing - tariff headwinds persist

US manufacturing contracted for the ninth straight month in November with factories facing slumping orders and higher prices for inputs as the drag from import tariffs persisted.

The monthly Institute for Supply Management (ISM) survey also showed some manufacturers in the transportation equipment industry linking layoffs to the import duties with some respondents saying they were "starting to institute more permanent changes due to the tariff environment including reduction of staff, new guidance to shareholders and development of additional offshore manufacturing."

"The manufacturing sector continues to be weighed down by the unpredictable tariffs landscape," said Stephen Stanley, chief US economist at Santander US Capital Markets. The ISM said its manufacturing PMI dropped to 48.2 last month from 48.7 in October.

A reading below 50 indicates contraction in manufacturing, which accounts for around 10% of the US economy.

Of the 18 industries surveyed by ISM only four industries reported growth. Among the industries that contracted were Wood Products and Furniture and Related Products.

One Wood Products manufacturer commented that "domestic and export business have been lackluster. Our customers still do not have confidence to build inventory much less make expansion plans. In fact, most of any kind of 'planning' has been undermined by unpredictability.

See: <https://www.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/>
and
<https://www.msn.com/en-us/money/markets/us-manufacturing-stuck-in-doldrums-as-tariff-headwinds-persist/ar-AA1RvkrP?ocid=BingNewsVerp>

US wood industry research reports optimism

Market data compiled in the 2025 Wood Industry Almanac notes that, despite current challenges present among US wood industries, researchers forecast improvement in 2026 and beyond. Here are some highlights from the new Almanac:

Wood and laminate flooring industry: US floor covering manufacturer sales (domestic factory shipment plus import minus export) dipped in the first three quarters with Catalina Research also projecting a drop in the fourth quarter. Elevated mortgage rates are contributing to the decline.

Heading into 2026 however, wood flooring manufacturers are optimistic. NWFA's 2026 Industry Outlook survey finds 76% of the manufacturers surveyed project moderate or better sales growth.

Business Research Insights reports the global wood and laminate flooring market size, estimated at US\$18.37 billion in 2024 is forecast to reach US\$22.76 billion by 2033 with a CAGR of 2.4% (2025-2033). Warm neutrals, lighter wood and earth tones are expected to be top choices in kitchen flooring over the next three years according to NKBA/KBIS 2026 Kitchen Design Trends report. Large format and plank flooring will also be desired.

See: <https://kb.nkba.org/research/nkba-kbis-2026-kitchen-trends-report/>

Architectural woodwork industry: Business conditions remained soft in September according to the AIA/Deltek Architecture Billing Index (ABI). September's ABI dropped to 43.3, with billings down in all regions except in the Midwest where they were essentially flat - yet companies are optimistic.

See: <https://www.aia.org/aia-architecture-billings-index>

A recent survey by the Architectural Woodwork Institute saw gains in gross profit and operating profits for all firms compared to 2024 as noted in the 2025 Cost of Doing Business Survey.

At the time of the survey slightly more than half (51%) also said they planned to invest more than US\$100,000 in the next six months, compared to 45% last year.

Wood components and industrial products industry: When it comes to cabinetry components, the NKBA/KBIS 2026 Kitchen Design Trends study notes wood grains and painted surfaces, floor to ceiling cabinets and slab doors will increase in demand over the next three years. A preference for deeper and lower cabinets with more drawer storage will also be seen. Two-tone cabinet colours will retain their popularity, with neutrals, greens and blues among the dominant kitchen colours. Growth is also projected for industrial components including pallets and new crossties.

See: <https://kb.nkba.org/research/nkba-kbis-2026-kitchen-trends-report/>

Windows and doors industry: FGIA forecasts show US demand for residential windows in new construction to decrease 1% in 2025 then increase 3% in 2026 before dropping 2% in 2027. Remodeling and replacement window demand is forecast to shrink 1% in 2025 with slow growth of 1% to 2% in 2026 and 2027.

Furniture Market Insights projects the global clad wood awning window market, valued US\$220.9 million in 2025, to reach US\$305.7 million by 2035. Growth will come from increasing residential construction quality standards and energy efficiency requirements, rising adoption of premium window systems in home renovation projects and growing demand for durable exterior cladding solutions in commercial building applications.

See: <https://www.woodworkingnetwork.com/architectural-products/architectural-woodwork-industry-facts-figures> and <https://www.woodworkingnetwork.com/news/almanac-market-data/wood-components-industrial-products-facts-figures> and <https://www.woodworkingnetwork.com/news/almanac-market-data/wood-laminate-flooring-industry-facts-figures> and <https://www.woodworkingnetwork.com/news/almanac-market-data/windows-doors-industry-facts-figures> and <https://www.woodworkingnetwork.com/wood-industry-almanac>

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

A contribution from Venezuela

Venezuela facing the global timber market

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The international timber market is undergoing a period of restructuring and volatility according to the ITTO Tropical Timber Market Report. According to the ITTO's November 2025 report demand has weakened considerably in key markets such as Europe and China, traditionally major consumers. In contrast, powerhouses like Brazil and Vietnam have not only maintained their competitiveness but have strengthened it registering record exports and consolidating strategies focused on sustainability and traceability.

Brazil, for example, exceeded US\$18 billion in forestry sales in 2024 alone while Vietnam ambitiously projects doubling its exports by the end of the decade (2030), betting on modernisation and certified product quality. Simultaneously, the global market is witnessing strong and surprising demand from India driven by its need for timber for construction.

The message resonated powerfully during COP30: the International Tropical Timber Organization (ITTO) underscored the irreplaceable role of tropical forests as vital carbon sinks for mitigating climate change and as a source of socioeconomic support for millions of people.

The consensus is unequivocal: in the current and future market competitive advantage is defined by sustainable management, rigorous forest certification and the establishment of integrated and responsible value chains. Timber is no longer an undifferentiated commodity, its value is intrinsically linked to trust, traceability of its origin and the environmental resilience of its production.

While the world adapts to these new realities, Venezuela presents a divergent picture. After years marked by a deep economic contraction and inflation that, although attenuated, exceeded 23% in 2024, the country is unable to capitalise on the current situation of falling international timber prices. In November 2025, the price of softwood lumber stood at US\$464 per thousand board feet, equivalent to approximately US\$197cu.m, according to Madison's Lumber Prices Index.

This price drop, which could benefit nations with stable operating costs such as like Colombia, becomes an additional impediment for Venezuela where the national productive sector already faces an escalation of logistical and operational costs, including energy, fuel, industrial inputs and internal transport.

To effectively reintegrate and gain competitiveness Venezuela requires a change strategy that addresses three fundamental pillars:

Macroeconomic Stabilisation and Cost Reduction: It is crucial to stabilise the national economy to anchor production, financing and transportation costs, allowing the forestry sector to operate with viable margins and competitive international prices.

Certification and Access to Demanding Markets: Forestry production must transition to international certification standards (such as PEFC or FSC). This step is essential to access the most lucrative and demanding markets, especially Europe and the United States, where legality and sustainability are a compliance requirement.

Diversification and Added Value: The country must shift from simply exporting raw materials to diversifying into products with higher added value. This includes developing manufacturing industries for furniture, panels, veneer and other wood products, maximising the economic return for each unit of timber extracted.

Additionally, it is imperative that the country strengthen its regional and international integration. Despite the challenges the country faces Venezuela is a party to the 2006 ITTO Agreement on Tropical Timber having deposited its instrument of accession on October 10, 2018, with the Secretary-General of the United Nations.

This ITTO membership can serve as a platform for accessing cooperation funds, technical assistance and strategic alliances such as those led by Brazil, which offer new avenues for sustainable financing and knowledge transfer.

Venezuela possesses a vast and underutilised forestry potential. However, this potential will remain dormant if the country does not align its economic policy, sustainability practices and sectoral governance with the rigorous and ever-changing demands of the global market.

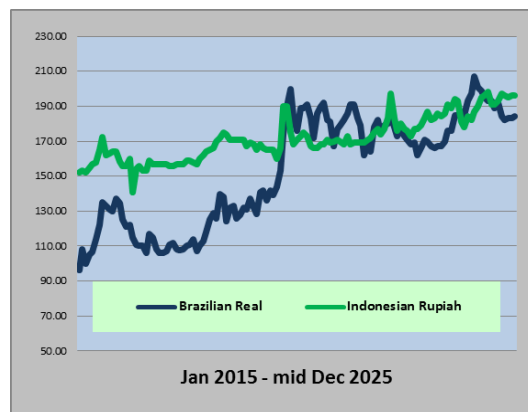
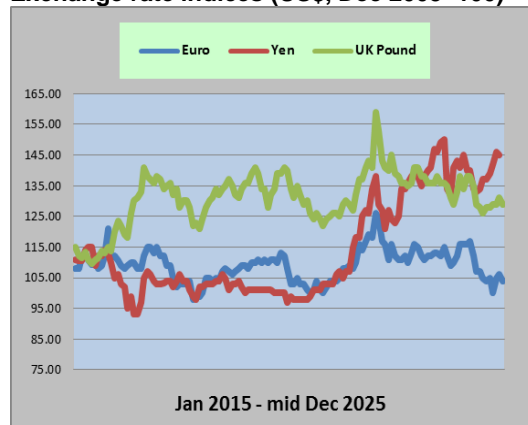
Reactivating the Venezuelan timber sector is not only an economic opportunity but also a sustainable development imperative that requires a shift from inertia to concerted action.

US\$ Dollar Exchange Rates

As of 10th December 2025

Brazil	Real	5.341
CFA countries	CFA Franc	559.98
China	Yuan	7.06
Euro area	Euro	0.85
India	Rupee	90.26
Indonesia	Rupiah	16,656
Japan	Yen	155.58
Malaysia	Ringgit	4.11
Peru	Sol	3.37
UK	Pound	0.75
South Korea	Won	1,471.75

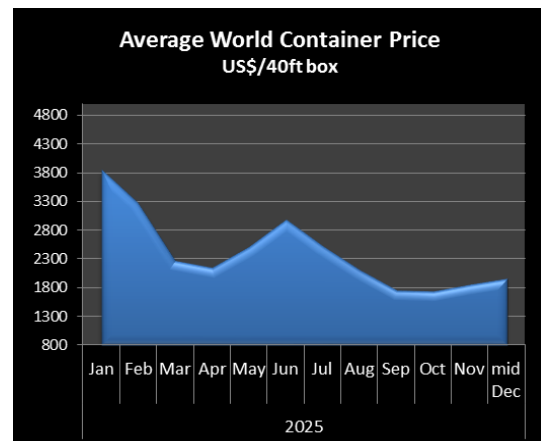
Exchange rate indices (US\$, Dec 2003=100)



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

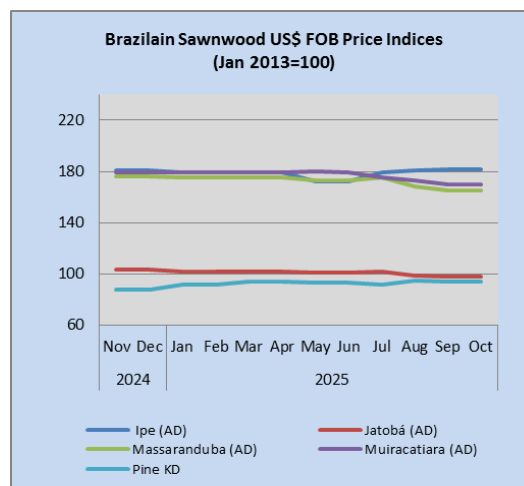
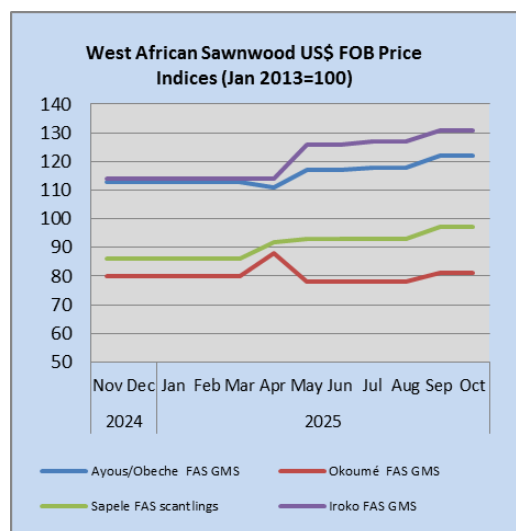
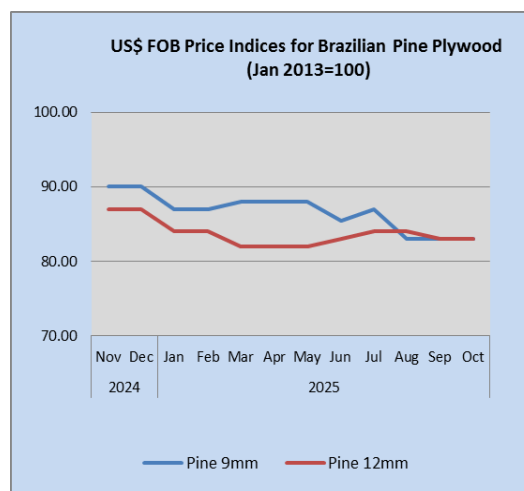
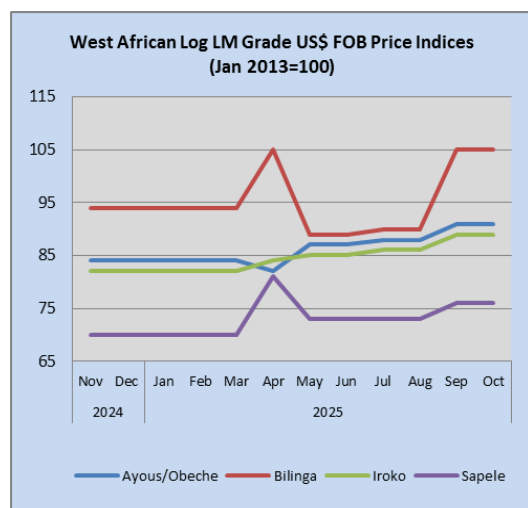


Data source: Drewry World Container Index

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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