

# Tropical Timber Market Report

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## Top story

### **Plywood imports fall from record highs to record lows in EU+UK**

If imports remain weak in the fourth quarter, which seems likely, total EU+UK imports for the whole of 2023 could fall below 3.1 million cu.m, which is the previous record low recorded during the global financial crises in 2009.

Imports of tropical plywood in the first nine months of 2023 were down 6% at 353,000 cu.m

The recent extreme volatility in EU+UK plywood imports is due largely to geo-political issues, mainly relating to the Russia Federation, combined with the lingering effects of the COVID pandemic.

### **Downturn in major markets of concern**

As the year comes to a close the timber industries in the region face a challenging landscape with notable developments in various markets. For China, the Philippines and Middle East countries producers describe the prospects as disastrous as these key markets are showing a significant demand downturn with purchases limited to only particular species and specific sizes negotiated contract by contract.

### **Heavy rain taking a toll on production**

In the region heavy rain has taken a toll on production especially in Central African countries but hopes are rising for better conditions as the dry season should arrive in Cameroon and North Congo by mid to end December.

In Gabon producers say they have experienced a disappointing two months with demand for okoume being very quiet and this has impacted peeler mills in special economic zones.

The new government in Gabon is implementing significant reforms in the Special Economic Zone of NKOK to address issues such as irregular social security payments, low salaries and concerns on overtime. The military presence at NKOK has contributed to an improvement in labour discipline say producers.

Over the past month there were no changes or additions to government regulations. The private sector hopes the issue of so called ‘mission fees’ will be examined as part of the new Minister’s review of the sector workforce structure and operations, The outcome of this review is expected to be made available by the end of December or early January 2024. The industry is bracing for potential surprises, suspecting irregularities and discrepancies within the system may be exposed.

### **President meets Gabon forestry sector stakeholders**

The Gabon Review has reported on a meeting of stakeholders in the forestry sector with the President of the Transitional government, Brice Clotaire Oligui Nguema.

It is reported that the meeting provided an opportunity for the President to learn of the constraints and opportunities faced by the forestry sector and envisage an attractive and better regulated business climate and environment for businesses. It was reported that excluding hydrocarbons, the forestry sector contributes around 60% of GDP and supports an estimated 20,000 direct and 14,000 indirect jobs.

According to a Presidential Communication reported in the domestic media 3.4 million cubic metres of wood are processed in Gabon each year and the Communication recognised that the sector is experiencing weakness in internal and international markets and many challenges in production such as rising fuel costs, problems with VAT reimbursement and challenging infrastructure, especially concerning road and rail transport.

The President and the Forestry Minister committed to a revitalisation of the forestry sector and indicated that all ministries which deal with the forestry and infrastructure sectors must pool their efforts and work together to address the constraints facing the private sector. The Minister is reported as saying “the observation is that forestry operators are having difficulty adopting industrial approaches that guarantee dynamic and sustainable exploitation of the resource hence the need for the Gabonese authorities to support companies to improve their competitiveness”.

See: <https://www.gabonreview.com/gabon-le-secteur-foret-bois-au-revelateur-doligui-nguema/>

### **Cameroon update**

Even at this early date there is considerable speculation in Cameroon on the 2025 presidential elections and how a change may impact the forestry sector. Producers in Cameroon face many challenges especially the heavy persistent rains which have led to a significant slowdown in harvesting activities.

The overall situation remains unchanged from the last report with approximately 30% of operators and mills being affected by adverse weather. However, there is optimism that the rains will subside as the dry season is expected to begin at the end of December and will likely last for 5-6 months

Road conditions for transporting timber from forests to mills and log depots have not improved since the last report. Rail operations remain stable ensuring the continued transportation of wood products. Container availability in Cameroon is reported to be adequate with no reports of disruptions in stuffing operations. Douala and Kribi ports said to be operating normally. Reports suggest log stocks in Kribi remain low.

The domestic media in Cameroon continue to focus on political news with no significant updates on trade, manufacturing or the economy.

### **Log export prices**

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

### Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	425
Bilinga FAS GMS	580
Okoumé FAS GMS	460
Merchantable KD	400
Std/Btr GMS	400
Sipo FAS GMS	420
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	800
FAS scantlings	850
Strips	400
Sapele FAS Spanish sizes	460
FAS scantlings	489
Iroko FAS GMS	700
Scantlings	750
Strips	400
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

### EUTR expert group briefed on Gabon

The ATIBT published two articles in September and October on Gabon's timber imports and the EUTR the first following a meeting of the European Commission, the other following exchanges between the ATIBT and the Commission's Directorate-General for the Environment. As a follow-up the ATIBT was invited to present Gabon's situation at a meeting of the EUTR expert group in late November.

See: <https://www.atibt.org/en/news/13421/gabon-the-latest-news-in-the-timber-sector>

### Through the eyes of industry

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

See: <https://www.itto-ggsc.org/static/upload/file/20231215/1702603888131489.pdf>

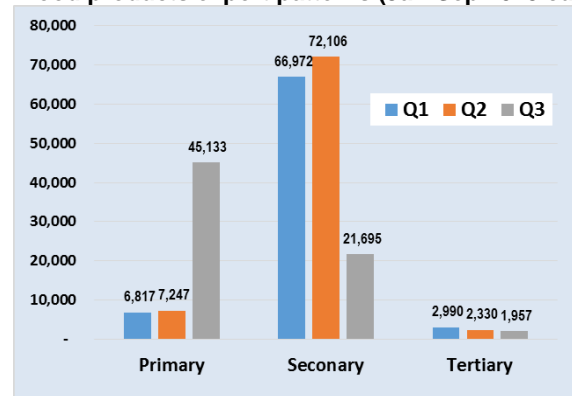
## Ghana

### Tertiary wood product exports decline in three consecutive quarters

Data on the country's quarterly wood product exports published by the Timber Industry Development Division (TIDD) showed that export volumes of tertiary wood product (TWP) comprising dowels and mouldings declined in the first three quarters of 2023 while export volumes of primary and secondary product exhibited mixed trends.

Kiln dry sawnwood, plywood, sliced and rotary veneers, briquettes, kiln dry boules made up the bulk of the country's wood product exports and generated the highest volumes in each of the three quarters of 2023. The volumes recorded for first quarter, second quarter and third quarter were 66,972cu.m, 72,106cu.m and 21,695cu.m.

### Wood products export patterns (Jan-Sep 2023 cu.m)



Data source: TIDD

Primary Products, mainly billets and teak logs, also recorded moderate export volume increases i.e. from 6,817cu.m in the first quarter to 7,247cu.m in the second quarter.

However, export volumes in the third quarter spiked to 45,133cu.m. due to new directives from the Grading and Inspection Department of the TIDD on data capture in which air-dried products were recorded as primary products and kiln-dried products as secondary products.

Following the new directive air dry sawnwood accounted for over 90% of total primary products exported in the third quarter with four other products accounting for only 8%, shown below;

### 2023 Third quarter primary product exports

Product	Vol_Cu.m	% Share
AD Sawnwood	41,411	92%
Billet	2,398	5%
Teak Logs	1,079	2%
Kindling	156	0%
Boules (AD)	89	0%
<b>Total</b>	<b>45,133</b>	<b>100%</b>

Data source: TIDD

Tertiary wood products (mouldings and dowels) contributed Eur1.58million from a volume of 1,957cu.m to total wood products exports in the third quarter of 2023. The figures represent decreases of 16% and 25% in value and volume respectively compared to the contribution of Eur1.87million and 2,600cu.m in the third quarter of 2022.

### Ghana signs Emission Reduction Agreement at COP 28

The Forestry Commission, under the auspices of the Ministry of Lands and Natural Resources, has signed an Emission Reductions Payment Agreement (ERPA) with Emergent Forest Finance Accelerator Incorporated (Emergent), a US-based non-profit organisation that serves as the convener and coordinator of the Lowering Emissions by Accelerating Forest Finance (LEAF) Coalition.

Through the Agreement Ghana will receive up to Fifty Million US Dollars (US\$50 million) for emission reductions of up to five million tonnes of carbon dioxide equivalent at a unit price of ten Dollars (US\$10.00) per tonne of carbon dioxide equivalent.

The Agreement was signed on the sidelines of the twenty-eighth session of the Conference of Parties (COP28) of the United Nations Framework Convention on Climate Change (UNFCCC). This made Ghana the first country in the world, to sign an ERPA under the LEAF Coalition for the supply of high-integrity jurisdictional REDD+ emission reductions and removals credit.

According to Abu Jinapor, Sector Minister in the Ministry of Lands and Natural Resources (MLNR) the new agreement complements other interventions by government to address climate change such as the flagship Green Ghana Project, the Ghana Forest Plantation Strategy and the Ghana REDD+ Strategy.

See: <https://fcghana.org/ghana-signs-us50m-emission-reduction-payment-agreement-under-leaf-coalition/>

#### **Forest industries pool resources to optimise operations**

Some private business associations operating under the Forest Industries Association of Ghana (FIAG) have formed a united front to address common challenges while pursuing a sustainable operational model.

According to Richard Nsenkyire, President of the Association, the priority areas include “ensuring sustainability by promoting adoption of circular and green economic principles in their business practices.” He cited examples where some processing companies are retooling to be able to use more of their residues while others are supplying their residues to other companies for further processing”.

Mr. Nsenkyire indicated the goal of FIAG was to enhance corporate performance, have a common voice on concerns and forge a strong entity to continue contributing to the socio-economic development of Ghana’s forest processing sector.

FIAG is an umbrella body of players in the timber and wood related business in the country from 10 timber trade associations which collectively employ over 300,000 in the areas of plantation development, logging, milling, manufacturing, haulage and equipment services, sales and marketing.

See: <https://www.myjoyonline.com/forest-industries-in-ghana-build-synergies-for-green-sustainable-future/>

#### **US\$200 million for tree crop diversification**

Parliament has approved a US\$200 million loan agreement with the World Bank for the financing the Ghana Tree Crop Diversification Project (GTCDP) which is expected to boost production and add value to six strategic tree crops

The Chairman of the Finance Committee, Kwaku Kwarteng, said the GTCDP would help improve the economic, climate and social resilience in the productivity and value addition of the strategic tree crops. He mentioned cocoa, cashew, shea, mango, coconut, rubber and oil palm; would be grown in 11 selected districts across five regions being Western North, Eastern, Savannah, Bono and Bono East regions.

See: <https://www.graphic.com.gh/news/general-news/ghana-news-parliament-approves-3-loan-agreements.html>

#### **Farmers call for reforms in off-reserve timber resources**

Cocoa farmers in the North Western Region of the country have called on government and industry stakeholders to initiate steps to amend the Concession Act 1962 (Act 124) to ensure farmers earn reasonable benefits from the commercialisation of off-reserve timber resources.

Farmers complain the existing tree tenure and benefit sharing arrangements for off-reserve timber resources under Act 124 is unfavourable to farmers.

Tropenbos Ghana a non-governmental organisation has, on behalf of the farmers, called on the Forestry Commission of Ghana to take steps to revisit the Concession Act 1962 (Act 124) which gives the state full authority over all naturally occurring trees to the disadvantage of farmers having commercial timber trees on their land..

According to the Project Manager of Tropenbos Ghana, Boakye Twumasi Ankra, the Act took away tree ownership rights from farmers which discourages them managing these trees as a resource.

See: <https://gna.org.gh/2023/12/cocoa-farmers-in-western-north-call-for-reforms-in-off-reserve-timber-resources/>

#### **Boule export prices**

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

#### **Export rotary veneer prices**

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	416	441
Chenchen	472	612
Ogea	495	590
Essa	601	711
Ofram	350	435

**Export sawnwood prices**

Ghana sawnwood, FOB FAS 25-100mmx150mm up x 2.4m up	Euro per cu.m	
	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	465	500
Ceiba	290	351
Dahoma	440	573
Edinam (mixed redwood)	640	716
Emeri	660	760
African mahogany (Ivorenensis)	695	941
Makore	560	1,000
Niangon	700	831
Odum	806	1,058
Sapele	800	886
Wawa 1C & Select	513	528

**Export sliced veneer prices**

Sliced face veneer	FOB Euro per cu.m
Asanfina	975
Avodire	673
Chenchen	801
Mahogany	1,415
Makore	812
Odum	2,067
Sapele	1,282

**Export plywood prices**

Plywood, FOB BB/CC	Euro per cu.m		
	Ceiba	Ofram	Asanfina
4mm	555	580	641
6mm	412	535	604
9mm	418	504	560
12mm	699	512	480
15mm	450	385	430
18mm	460	415	383

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

**Malaysia**

**Drivers of GDP growth in 2024**

Malaysia’s GDP growth is expected to improve to 4.7% in 2024 supported by a recovery in external trade and sustained growth in domestic demand. Positive job market conditions, income growth and continued recovery in the tourism sector would also support the economy. Inflation is forecast to be above 3% next year being moderated by fuel subsidies.

A recovery in China and supportive global commodity prices are expected to boost Malaysia’s export earnings in 2024. The domestic economy is expected to be anchored by continuous steady consumer spending, busier tourism-related activities and investment in infrastructure.

See: <https://www.thestar.com.my/business/business-news/2023/12/07/midf-research-expects-malaysia039s-gdp-growth-to-improve-to-47-in-2024>

**Support for more investment in biomass sector**

The Plantation and Commodities Minister, Fadillah Yusof, recently launched the National Biomass Action Plan 2023-2030 (NBAP2030) to support increased investments in the biomass industry aimed at creating around 3,000 jobs. The Action Plan was developed based on the National Agro-commodity Policy (NAP) 2021-2030 and is aimed at boosting the biomass sector.

The Action Plan also calls for establishing biomass hubs to carry out centralised and systematic collection of biomass raw materials to drive the national biomass supply chain systematically and efficiently.

See:

<https://www.thestar.com.my/news/nation/2023/12/07/malaysia-can-save-rm7bil-by-using-biomass-pellets-as-energy-source-says-dpm-fadillah>

**New scheme to raise wages**

The government is introducing a programme to raise wages for more than 1 million low-income workers as the country grapples with rising living costs and growing inequality.

The scheme, which targets the small and midsize businesses that account for the vast majority of Malaysia’s workforce, will be implemented in stages and is meant to complement the existing minimum wage policy.

See: [https://asia.nikkei.com/Economy/Malaysia-plans-new-wage-scheme-for-low-income-workers?utm\\_campaign=IC\\_asia\\_daily\\_free&utm\\_medium=email&utm\\_source=NA\\_newsletter&utm\\_content=article\\_link](https://asia.nikkei.com/Economy/Malaysia-plans-new-wage-scheme-for-low-income-workers?utm_campaign=IC_asia_daily_free&utm_medium=email&utm_source=NA_newsletter&utm_content=article_link)

**Chairman of STA speaks on challenges in timber supply chains**

In the recent Global Legal & Sustainability Timber Forum 2023 held in Macau a presentation was made by Henry Lau, Chairman of the Sarawak Timber Association (STA) addressing ‘Challenges and difficulties on international cooperation in timber supply chains’. He listed the following concerns:

a) Timber players labelled as culprits. “Timber industry players are frequently labelled, described and perceived as culprits solely driven by economic gain and often neglecting broader concerns. In reality, when illegal activities take place there is a tendency to assume that operators from timber industry are involved prioritising economic gain over the well being of forests and the environment”.

b) Where can responsible timber players find help? “For those who are committed to carrying out their timber activities with an emphasis on delivering economic values while equally maintaining social and environmental well-being and good governance where can they find help and assistance? In fact, many view the cessation of forest harvesting for economic gain as absurd saying failing to realise that if the forests have no economic value they are vulnerable to conversion for other uses”.

c) Uncertainties in tenure security. “Apart from being consistently placed in the front line by almost everyone else timber players are also facing uncertainties in tenure security. Timber players require long and secure tenure to implement sustainable forest management in line with the 17 Sustainable Development Goals (SDG) of the United Nations.

However, Lau asserted that most of the timber players throughout Malaysia and Sarawak in particular, are facing insecurity of tenure. What is the effect of these uncertainties? It was proposed that all stakeholders should incorporate this issue and remove this constraint to achieve economic, social and environmental goals”.

d) Complexities and disparities in consumer country legislation. “Another challenge faced is that of ensuring compliance with various timber legislation enforced by consumer countries as well as gaining market recognition for the efforts undertaken by producing countries. The timber legislation can be highly complex and differs significantly from one country to another. Inconsistent definitions, regulations and requirements can create trade barriers and confusion in international cooperation efforts”.

e) EUDR. “This regulation poses a significant challenge for tropical timber-producing countries because they still need to develop their economies. This situation could lead to a vicious cycle where market share is lost, producers experience reduced incomes potentially increasing poverty which in turn may contribute to an increase in deforestation through forest clearing as a means of survival”.

f) Timber products a more sustainable material. “The rise of alternative materials like plastics, steel, aluminium, composites and engineered wood products has made them an increasingly popular choice for consumers. This poses a threat to the timber industry as it could reduce the demand for wood products. More efforts are required to promote the utilisation of wood as a sustainable materials in alignment with the concept of a circular bio-economy”.

See: <https://sta.org.my/images/Forumpaper21112023FINAL.pdf>

**Undersanding forest ecosystem functions to promote SFM**

The Sarawak Forest Department and the National Institute for Environmental Studies (NIES) in Japan have signed a memorandum of understanding on collaboration in research activities for sustainable forest management. The focus will be on developing an effective methodology for the evaluation and implementation of essential forest ecosystem functions and services to promote SFM and conservation as outlined in the global biodiversity frameworks under United Nations.

Other areas of cooperation covered under the MoU include collaboration in forest ecosystem and biodiversity conservation, establishing a standard research methodology for Permanent Sample Plot networks and joint publication of findings together with workshops, conferences and training.

See: <https://theborneopost.pressreader.com/article/281904482942186>

**Through the eyes of industry**

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

See: <https://www.itto-ggsc.org/static/upload/file/20231215/1702603888131489.pdf>

**Indonesia**

**Export Benchmark Prices December 2023**

The following is a list of benchmark prices for December 2023.

Veneers	
Natural Forest Veneer	US\$850/cu.m
Plantation Forest veneer	US\$700/cu.m
Wooden Sheet for Packaging Box	US\$800/cu.m

Wood Chips	
Woodchips/ particles	US\$80/tonne
Woodchip	US\$95/tonne

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

Meranti (Shorea sp)	US\$1,050/cu.m
Merbau (Intsia sp)	US\$1,250/cu.m
Rimba Campuran (Mix Tropical hardWood)	US\$850/cu.m
Ebony	US\$4,000/cu.m
Teak	US\$2,500/cu.m
Pinus and Gmelina	US\$550/cu.m
Acacia	US\$500/cu.m
Sengon	
(Paraserienthes falcataria)	US\$500/cu.m
Rubberwood	US\$300/cu. m
Balsa, Eucalyptus	US\$800/cu.m
Sungkai	
(Peronema canescens)	US\$800/cu.m

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

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

See: <https://jdih.kemendag.go.id/pdf/Regulasi/2023/Kepmendag%20Nomor%201964%20Tahun%202023.pdf>

### **Healthy domestic economy to spur greater plywood consumption**

The Indonesian Wood Panel Association (Apkindo) believes that 2024 will see a favorable domestic market situation that will further drive demand for plywood. This message was from Bambang Soepijanto after being re-elected as the General Chair of Apkindo for the 2023-2028 term at the 9th Apkindo National Conference.

In his message he highlighted the domestic market opportunities saying the latest data shows that investment in various sectors grew to IDR1,207 trillion which will drive up domestic demand for plywood. In addition to private investment the central and regional authorities will invest in the development of the Indonesian Capital City (IKN) and this is expected to boost demand for plywood.

Earlier, Bambang mentioned that the national plywood industry has been impacted by significant challenges such as the COVID-19 pandemic, a sharp rise in shipping costs, the US-China trade dispute, and the Russia-Ukraine war which triggered a global economic downturn. However, despite headwinds, the plywood industry has survived in the face of the downturn in exports which was first observed from the second half of 2022.

See: <https://agroindonesia.co.id/apkindo-industri-kehutanan-masih-bisa-diandalkan/>

In related news, at opening of the 9th National Conference of the Indonesian Wood Panel Association the Minister of Environment and Forestry, Siti Nurbaya, conveyed a message that the wood panel industry should not be overly concerned on the EUDR as the regulation acknowledges the Indonesian SVLK for wood products as indicated in paragraph 81 of the EUDR where wood products are required to meet 8 criteria. However, it will be necessary to provide geo-location coordinates.

See: <https://agroindonesia.co.id/eudr-akui-keberadaan-svlk/>

### **COP28 commitment to achieving NZE target sooner than 2060**

President Joko Widodo reiterated Indonesia's firm commitment to achieve the net-zero emissions (NZE) target sooner than 2060 for the sake of realising an inclusive economy and emerging as a prosperous and sustainable country.

According to a press statement the president made this statement in his speech at the Conference of the Parties 28 (COP28) in Dubai.

He noted that Indonesia has been consistent in reducing carbon emissions by improving the management of the land and forests and expediting the clean energy transition. The President emphasised that Indonesia is successfully reducing the rate of deforestation.

See: <https://en.antaranews.com/news/300021/cop28-indonesia-committed-to-achieving-nze-target-sooner-than-2060>

During the negotiations at COP28 Indonesia reaffirmed its efforts to cooperate with Brazil and the Democratic Republic of Congo through trilateral understanding reached during the COP26. The cooperation aims to strengthen the influence of the world's three largest tropical forest owners in climate negotiations, including promoting results-based funding for emissions reduction from deforestation and forest degradation plus (REDD+).

See: <https://www.kompas.id/baca/english/2023/12/02/en-bersama-brasil-dan-kongo-indonesia-tegaskan-lagi-penurunan-emisi-di-sektor-kehutanan> and <https://www.msn.com/id-id/ekonomi/ekonomi/indonesia-brasil-dan-kongo-perkuat-pengelolaan-hutan-tropis/ar-AA1kRW5R>

### **Indonesia, a role model for community-based climate resilience**

At the 10th Facilitative Working Group - Local Communities and Indigenous People Platform Road, Pirawan Wongnithisathaporn, from the Asia Indigenous Peoples Pact Foundation in Thailand said Indonesia's efforts on community-based climate resilience is a world role model especially for indigenous communities.

Indonesia was represented by Bambang Supriyanto, Director General of Social Forestry and Environmental Partnerships who spoke on the development and recognition of indigenous peoples under the Social Forestry programme as well as through multi-party collaboration in empowerment efforts based on local wisdom for forest sustainability and alternative livelihoods.

In addition, Bambang reported that the Indonesian government also collaborates with international institutions through the Forest Programme project in Sanggau, West Kalimantan and the Social Forestry Strengthening Project in four provinces in order to increase multi-stakeholder assistance activities such as: increasing and strengthening of livelihoods as well as improving sustainable forest management.

See: <https://www.menlhk.go.id/news/indonesia-menjadi-role-model-ketahanan-iklim-berbasis-masyarakat/>

### **Opportunities in production of wood pellets for renewable energy**

Several companies are considering the commercial potential in the wood pellet industry. This sector is expected to grow due to the global movement toward renewable energy sources and in Indonesia several companies are investing in wood pellet factories. For example PT Indika Energy Tbk (INDY) is allocating US\$21 million for its factory project this year.

The factory is expected to be operational by year end with a production capacity of 10 tonnes per hour. Also, PT Maharaksa Biru Energi Tbk (OASA) is developing renewable energy projects by constructing biomass-based factories in Bangka, Blora, and Banten.

Another company, PT Sumber Global Energy Tbk (SGER) has diversified its business by selling processed wood pellets to the energy industry. In other news, PT Mitra Biomass International, a joint venture company between PT Mitra Investindo Tbk, PT Pima Aset Lestari and Interra Resorts Limited are also in the wood pellet business.

See: <https://industri.kontan.co.id/news/menilik-potensi-cuan-bisnis-wood-pellet-untuk-energi-terbarukan>

**Ministry aims to achieve 8 million hectares of social forestry by 2024**

The Ministry of Environment and Forestry (KLHK) is optimistic that it can realise 8 million hectares of social forestry approvals by 2024. Bambang Supriyanto, the Director General of Social Forestry and Environmental Partnerships at the Ministry of Environment and Forestry, stated that as of September 2023, social forestry approvals have been granted for 6.3 million hectares, approximately half of the 12.7 million hectare target.

Bambang explained that social forestry, a national strategic project, had been progressing slowly due to a 35% budget cut during the three-year COVID-19 pandemic.

See: <https://www.antaranews.com/berita/3835443/klhk-optimistis-selesaikan-8-juta-hektare-perhutanan-sosial-pada-2024>

**Rehabilitation of 600,000 hectares of mangrove forest**

The Indonesian government has set a target to restore 600,000 hectares of mangrove forest by the end of 2024. The Ministry of Environment and Forestry (KLHK) is requesting support and involvement from organisations, institutions, ministries and local communities to achieve this goal. The Director of Inland Water and Mangrove Rehabilitation at the Ministry of Environment and Forestry, Inge Retnowati, said that this target is contained in Presidential Regulation (Perpres) Number 120 of 2020 concerning the Peat and Mangrove Restoration Agency (BRGM).

The Decree aims to accelerate implementation of mangrove rehabilitation in North Sumatra, Riau, Riau Islands, Bangka Belitung, West Kalimantan, East Kalimantan, North Kalimantan, Papua and West Papua.

See: <https://lestari.kompas.com/read/2023/11/23/110000686/indonesia-targetkan-rehabilitasi-600.000-hektare-lahan-mangrove?page=1>

**Diversifying export markets**

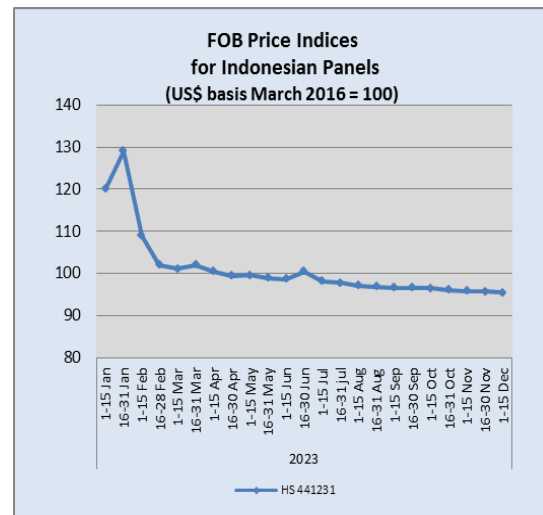
The government is encouraging companies to target new markets such as India, ASEAN, Africa and Latin America to boost export growth. Trade Minister, Zulkifli Hasan, explained that a task force on this issue has been established. Hasan explained that the task force is also responsible for accelerating the completion of negotiations on comprehensive economic partnership agreements, especially the Indonesia-European Union Economic Partnership.

See: <https://en.antaranews.com/news/299637/govt-encourages-exports-to-new-destinations-to-boost-export-growth>

**Through the eyes of industry**

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

<https://www.itto-ggsc.org/static/upload/file/20231121/1700552181514582.pdf>



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

**Myanmar**

**Certification body seeks assistance in accreditation**

A recent post on the Myanmar Forest Certification Committee (MFCC) website mentions cooperation between MFCC and counterparts in Vietnam to address issues of accreditation of the certification bodies who are notified by MFCC.

The post mentions that “in a significant step towards promoting sustainable forest practices and gaining international recognition for national certification bodies, MFCC joined a study tour to Vietnam with the Myanmar Accreditation Body (MAB) and the Certification Bodies (CB) notified by MFCC.

The post adds that the MFCC sought assistance from the Vietnam Bureau of Accreditation (BoA) after the MFCC had tried unsuccessfully to cooperate with SAC (Singapore Accreditation Council ) for a Joint-Assessment between Myanmar Accreditation Body and SAC for the Accreditation to Myanmar certification bodies.

Since the Myanmar Accreditation Body is not a member of any International Accreditation Forum, it alone cannot accredit CBs in Myanmar. Against this background the Myanmar Accreditation Body had to consider cooperating with another National Accreditation Body for a joint-assessment of the Myanmar’s CBs.

It is understood that in, the absence of international accreditation, Myanmar CBs were not recognised in international markets and the Myanmar conformity assessment reports on the legality of Myanmar Forest Products were viewed as unverifiable.



The cooperation with Vietnam was carried out under an ITTO-MFCC Project and the joint-assessment process was outlined between Myanmar and Vietnam which, it is hoped, will lead to the international recognition of Myanmar Certification Bodies.

See: <https://myanmarforestcertification.org/strengthening-sustainable-forest-management-a-collaboration-journey-of-mfcc-in-vietnam-together-with-myanmar-accreditation-body-mab-and-certification-bodies-cbs/>

### **World Bank - 1% growth forecast**

In a 12 December press release on the World Bank's semi-annual Myanmar Economic Monitor the Bank says little economic growth is expected in Myanmar in the near term, as rising conflict, trade and logistics disruptions, kyat volatility and high inflation combine to negatively impact businesses and households.

The release continues "Myanmar's economy is projected to grow by just 1% over the year to March 2024, according to the report 'Challenges amid conflict' conflict has escalated across much of Myanmar since October, leading to the displacement of an estimated half a million people, disrupting key overland trade routes and increasing logistics costs.

Even if conflict does not escalate further, growth is expected to remain subdued over the rest of 2024 and into 2025 given a broad-based slowdown across productive sectors including agriculture, manufacturing, and trade. The size of Myanmar's economy remains around 10% lower than it was in 2019, leaving it the only economy in East Asia that has not returned to pre-pandemic levels of economic activity."

The press release adds, "indicators of business activity have worsened since mid-2023. Firms reported operating at just 56% of their capacity in September."

See: <https://www.worldbank.org/en/news/press-release/2023/12/12/economic-recovery-falters-as-conflict-and-inflation-weigh#:~:text=Myanmar's%20economy%20is%20projected%20to,the%20report%2C%20Challenges%20amid%20conflict.>

and <https://www.irrawaddy.com/business/economy/world-bank-myanmars-growth-to-fall-to-1-percent>

### **Efforts to ease exchange controls to favor exporters**

On 5 December the Central Bank of Myanmar (CBM) announced that it will no longer determine the foreign exchange rate on foreign currency transactions made through authorised dealer banks via the foreign exchange online trading system.

Consequently, sellers and buyers are now free to determine the foreign exchange rate for their transactions based on the market rate. At the same time, outbound foreign currency remittances must still adhere to the procedures issued by the Foreign Exchange Supervisory Committee.

It appears that through these actions the CBM is aiming to encourage and boost the country's exports since exporters stand to gain the most from these relaxations.

However, it is still mandatory for Myanmar exporters to convert their foreign currency earnings at the reference exchange rate of 2,100 kyats per dollar for 35% of export earnings. After the announcement fuel prices has soared about by 10%.

In related news, The Myanmar currency (Kyat) slumped further against the US dollar in December after the Central Bank of Myanmar announced it will no longer set rates on its online foreign exchange trading platform. The online trading platform was launched in June this year to facilitate interbank and customer dollar transactions.

See: [https://www.vdb-loi.com/mm\\_publications/cbm-relaxes-foreign-exchange-restrictions-on-exporters/](https://www.vdb-loi.com/mm_publications/cbm-relaxes-foreign-exchange-restrictions-on-exporters/) and <https://www.irrawaddy.com/news/burma/kyat-depreciates-further-after-myanmar-central-bank-abandons-dollar-forex-rate.html>

## **India**

### **Robust economy heightens inflation risk**

The Reserve Bank of India (RBI) raised its growth forecast on the back of a robust economy and indicated it will continue its tight monetary policy to address inflation risks. The RBI expects the economy to expand 7% in the current fiscal year from 6.5% after stronger than expected growth in the July-September quarter. The outlook for inflation remains uncertain according to the Bank.

The RBI also projected growth for the first three quarters of 2024-25 saying "Real GDP for the first quarter is projected at 6.7% and at 6.5% in the second and third quarters on the assumption of normal monsoons.

### **Weak demand for film faced plywood**

Plywood manufacturers have reported that demand for film faced plywood has weakened in the past months. This type of plywood is mainly used in construction and in October and November demand from construction companies fell. In particular, demand in Bangalore, Mumbai, Delhi has been slow and this has been put down to the effect on construction activity of the very high air pollution. Observers point out that air pollution issues are a yearly phenomenon. The other reasons for the slow down is the Diwali festive season when work slows across the country. The current slow market is expected to recover with the launch of new real estate projects.

See: <https://www.plyreporter.com/current-issue>

In related news, the construction sector grew 13% in July-September quarter from a year earlier, up from 7.9% on the previous quarter and its best performance in five quarters, according to government data.

This helped the economy grow at a remarkable 7.6% in the quarter. In contrast, Western economies have been squeezed by high interest rates and energy prices while the economy in China has been hit by a debt crisis in its property sector.

See: <https://www.reuters.com/world/india/indias-construction-sector-levels-up-housing-demand-spurs-economy-2023-12-02/>

**Land owners to see gains from planting commercial tree species**

The new law on forest conservation exempts agroforestry and plantations from regulatory oversight which, it is anticipated, will encourage land owners to plant commercial tree species. As a follow up to the new law the the central government has published a fact sheet listing 36 species that it suggests for various climatic zones in the country.

The 36 species include *Leucaena leucocephala* or subabul and various varieties of eucalyptus. The list also includes important timber species such as poplar, teak, shisham (Indian rosewood) and mahogany. Domestic production of teak in India is considered to be less than 3% of consumption and as demand increases this has driven up prices.

The preamble of the Forest Conservation (Amendment) Act 2023 focuses on achieving India’s goal of net-zero greenhouse gas emissions by 2070. Environment Minister, Bhupender Yadav, is reported a saying it is clearly indicated in the new Bill that private land owners will be free to decide whether or not to plant commercial tree species which will create an opportunity for land owners, especially small land owners, to generate additional income.

See: <https://www.hindustantimes.com/india-news/india-implements-new-law-to-promote-agroforestry-lists-36-species-suitable-for-cultivation-and-timber-harvesting-101692556940099.html>

**Real estate developer establishes ‘urban forest’**

Mumbai is pursuing the concept of urban forests and one of the largest urban forests is the Miyawaki forest located in the heart of Chandivali, Mumbai. The 34,000 square metre forest has been developed by the Nahar Group, a real estate developer.

Miyawaki projects are seen as helping India achieve the aim of improving its green cover from 25 to 33%. Manju Yagnik, Vice Chairperson of the Nahar Group said Miyawaki forests a technique to restore biodiversity and mitigate climate change impacts within cities.

See: <https://www.fairplanet.org/editors-pick/transforming-urban-india-with-a-japanese-forestry-technique/>

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

	Hoppus cu.m	US\$ C&F
Brazil	148	285
Colombia	123	318
Costa Rica	147	225
Ecuador	133	230
Ghana	101	295
Ivory Coast	-	-
Nigeria	148	280
South Sudan	73	306
Tanzania	103	310
Laos	-	-

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

	CU.M	US\$ C&F
Benin	921	610
Brazil	100	360
Colombia	150	345
Costa Rica	123	305
Ecuador	156	545
Ghana	98	370
Ivory Coast	-	-
Nigeria	97	360
South Sudan	147	380
Tanzania	98	355
Togo	101	322
Venezuela	120	420

**Locally milled sawnwood prices**

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

Price range depends mainly on lengths and cross-section

**Sawn hardwood prices**

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

Price range depends mainly on lengths and cross-sections

### Domestic ex-warehouse prices for locally manufactured WBP plywood

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

### Domestic ex-warehouse prices for locally manufactured MR plywood

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

## Vietnam

### Wood and wood product (W&WP) trade highlights

According to preliminary statistics provided by Vietnam General Department of Customs in November 2023 Vietnam's W&WP exports reached US\$1.3 billion, up 1.4% compared to October 2023 and up 11% compared to November 2022. Of this, WP exports contributed US\$880 million, up 0.8% compared to October 2023 and up 15.7% year-on-year.

In the first 11 months of 2023 exports of both W and WP are estimated at US\$12.2 billion, down 17% over the same period in 2022. In particular, WP exports are estimated at US\$8.3 billion, down 19% over the same period in 2022.

Vietnam's imports of wood raw materials in November 2023 amounted to 406,300 cu.m, worth US\$133.0 million, up 10% in volume and 10% in value compared to October 2023. However, compared to November 2022, there was a decrease of 16% in volume and a decrease of 24% in value.

In the first 11 months of 2023, imports of raw wood are estimated at 4,054 million cu.m worth US\$1.376 billion, down 27% in volume and 35% in value over the same period in 2022.

W&WP exports to Japan in November 2023 amounted to US\$126 million, down 27% compared to November 2022.

In the first 11 months of 2023 exports of wood and wood products to Japan are estimated at US\$1.5 billion, down 12% over the same period in 2022. Exports of office furniture in November 2023 were valued at US\$23.9 million, down 10% compared to November 2022.

In the first 11 months of 2023, office furniture exports are estimated at US\$245 million, down 28% over the same period in 2022.

Vietnam's NTFP exports in October 2023 reached US\$57.37 million, up 9% compared to September 2023 and up 9% compared to October 2022. Over the first 10 months of 2023 NTFP exports earned US\$596.19 million, down 14% over the same period in 2022.

### Wood pellet production and exports

Vietnam has now become the second largest wood pellet producer in the world, only after the United States. Most of the pellets produced in Vietnam are exported, with over 95% of the export volume going to Korea and Japan as input materials for power generation.

The Vietnamese government released a report 'Wood pellet production and export of Vietnam - Current dynamics and market trends'. Customs data on pellet export volumes and values were reviewed by a Research group from Forest Trends and Vietnam timber associations.

See:

[https://goviet.org.vn/upload/aceweb/content/Wood%20pellet%20production%20and%20export%20of%20Vietnam%20T7-2023\\_EN.pdf](https://goviet.org.vn/upload/aceweb/content/Wood%20pellet%20production%20and%20export%20of%20Vietnam%20T7-2023_EN.pdf)

### Key takeaways

Korea and Japan are the two largest wood pellet import markets of Vietnam. The volume of wood pellets exported from Vietnam to these two countries accounts for over 95% of the total volume of wood pellets exported from Vietnam to all markets.

The source of raw materials for the production of pellets exported to Korea and Japan is different. Wood pellets exported to Korea are mainly made from the by-products of the wood processing industry such as sawdust, shavings and wood chips.

Enterprises exporting pellets to Korea are mainly located in the Southeast region, where furniture factories are concentrated. Pellets exported to Japan have to be made from domestic plantation timber with FSC certificate.

This material is only available where there are large regions of plantation forests, especially from the Central region to the North of Vietnam. From the second quarter of 2022, the export market for wooden furniture has declined. The by-products of the wood processing industry used for producing wood pellets have also decreased. This created a shortage in raw materials for pellets exported to Korea.

The energy crisis caused by the Russian-Ukraine conflict has caused the demand and price of pellets in the world market to increase sharply. This has led to a wave of investment in wood pellet production not only in Vietnam but also in other countries.

This wave has increased the competition between wood pellet enterprises in Vietnam and between Vietnamese enterprises and enterprises in other countries such as Malaysia, Thailand and Indonesia in the future.

At the beginning of 2023, the Korean market experienced very strong fluctuations. The price of pellets exported to Korea from Vietnam fell below 90 USD/ton (FOB) in April, which was below the production cost of many enterprises. Many, especially small-scale businesses, had to stop operating. Import volume also dropped sharply.

In the first 5 months of 2023 (5M/2023), the volume of pellets exported from Vietnam to Korea was 0.65 million tons, equivalent to 96.1 million USD in value, dropping by 41% in volume and 45% in value compared to the same period of 2022.

The Japanese market is highly stable in terms of both quantity and price. In the first 5 months of 2023, the amount of pellets Vietnam exported to Japan reached 0.87 million tonnes, with a value of US\$151 million. The volume exported fell by 6% while the export value increased by 20% compared to the same period of 2022.

It is forecast that in the final months of 2023, Vietnam's production and export of wood pellets will not have much change. Specifically, (a) The volume and price of exports to Korea will increase, following the current momentum but will not increase dramatically.

#### **Export price of wood pellets**

The conflict between Russia and Ukraine pushed the price of pellets in the world market up sharply. The price of Vietnam's pellet exported to Korea and Japan in the first months of 2022 fluctuated around US\$140/ tonne FOB.

The price then increased sharply, reaching US\$180-190/tonne in the last months of 2022 and early 2023. The price then fell, especially in the Korean market. According to some exporters, the export price in this market in June 2023 was only about US\$110/tonne while the FOB price for Japan was US\$145 - 165/tonne.

#### **Competition in the future**

Vietnam's wood pellet industry will face competition from wood pellets from other countries. When the energy crisis occurred due to the conflict between Russia and Ukraine, the price of pellets in the world increased sharply.

This created a wave of investment in wood pellet production in other countries (also in Vietnam). There are already some operating factories and some more coming soon. In the future, Vietnamese businesses will have to compete with these factories, especially factories in Indonesia and Malaysia.

#### **IBA reports growth in the plantation sector**

The Brazilian Tree Industry (IBÁ) Annual Report 2023 reports growth in the plantation forestry sector. According to the report plantation companies produced 25 million tonnes of pulp, 11 million tonnes of paper as well as 8.5 million cubic metres of woodbased panels. The report also points out that Brazil remains the world's largest pulp exporter.

In terms of exports, the sector exported 1.5 million cubic metres of woodbased panels and 2.5 million tonnes of paper generating US\$14.3 billion in foreign exchange for Brazil.

According to IBÁ, in Brazil the area of forest plantations is around 9.94 million hectares and this is mainly on degraded land or land where productivity was low. Among the States, Minas Gerais continues to lead in the expansion of plantation areas, with 2.2 million ha. (29%) followed by Mato Grosso do Sul, with 1.1 million ha. (15%) and São Paulo, with 1 million (15%) ha..

In addition, the sector conserves 6.73 million hectares of natural forest and this area expanded by around 10% over the previous year. Also, the protected and production area stores an estimated 4.8 million tonnes of CO2 equivalents. Another positive impact of the forest-based sector is the generation of 2.6 million direct and indirect jobs in 2022.

See: <https://www.remade.com.br/noticias/19587/iba-divulga-relatorio-anual-2023-e-mostra-crescimento-de-6-3-por-cento-no-setor-de-base-florestal>

#### **Furniture production increases**

After a modest 0.6% growth between June and July 2023 furniture production in Brazil experienced a remarkable 16% increase in output in August totaling 36.8 million pieces. This increase helped off-set the accumulated losses for the early part of the year according to IEMI (Institute for Industrial Studies and Marketing).

The positive situation was driven both by an increase in domestic consumption which grew by 16% (36.4 million pieces) and by exports which rose by 14% (US\$ 70.6 million) in August. The sector's August imports also rose by 21% to US\$ 23.4 million.

However, despite this boost in September exports and imports fell by 12% and 6%, respectively. The furniture sector is facing several challenges including a 0.5% drop in employment in the sector in August compared to July and this comes after an annual downward trend of 2.5%. In addition, imports of furniture-making machinery fell significantly. Despite the fluctuations in September, the trade balance remains positive for the year to October.

See: <https://forestnews.com.br/producao-moveisalta-consecutiva-segundo-semester/>

### Sustainable production in Mato Grosso highlighted at international Forum

Native Brazilian timber logged through legal and sustainable production was the subject of a presentation by the president of the Center of Timber Producing and Exporting Industries of the State of Mato Grosso (CIPEM) during the Global Forum on Legal and Sustainable Timber (GLSTF) 2023 held in Macau.

During the event, CIPEM highlighted the state's and the country's potential to meet the global demand for legally certified, traceable, sustainable and quality forest products while also stating that the state of Mato Grosso's forestry industries are in a position to increase raw material production, foreign sales volumes and earn more revenue over the next few years.

Also, according to CIPEM, the expansion of sustainable forest management plans, combined with the wood tracking system, guarantees the responsible origin of wood products without compromising natural forests. The president of the National Forum for Forest-Based Activities (FNBF) stated that the area under forest management in Mato Grosso State could be expanded to 6 million (ha). The current forest management area is around 4.7 million hectares.

According to the representatives of CIPEM and FNBF the recent Forum was an opportunity to show the potential of the Mato Grosso and the Brazilian timber industry internationally. In addition to Brazil, other countries interested in the international timber trade, such as Indonesia, Malaysia, Congo, Switzerland and France, were also present at the Forum, which aimed to increase business networking of the entire production chain of the timber sector, including producers, buyers, processors and other market players, to promote the management of natural forests, create supply networks of legal and sustainable timber products and facilitate the conscious use of forest products.

See: <https://simenorte.com.br/noticias/producao-florestal-sustentavel-de-mato-grosso-e-destaque-em-evento-internacional-na-china/>

### Uruguay - Brazil's top furniture importer

Uruguay stands out as the main importer of furniture from Brazil accounting for 55% of exports according to IEMI (Institute of Industrial Studies and Marketing). With a relatively small population (3.4 million) but a remarkable economic growth, Uruguay has a sophisticated and promising consumer market making it a strategic destination for products aimed at optimising homes/housing and improving quality of life.

ABIMÓVEL (the Brazilian Furniture Industry Association) points out that the increase in Brazilian furniture consumption in Uruguay stems from a preference for innovative design and superior quality together with growing environmental and social concerns and these create opportunities for expansion of the Brazilian furniture industry.

Furniture consumption in Uruguay in 2022 reached US\$235 million representing an increase of 6.2% on the previous year with furniture imports accounting for more than half of this. In addition, the average prices of Uruguayan furniture imports have grown by 36% since 2018 suggesting that Uruguay not only prefers but is also willing to pay more for products that meet its needs.

ABIMÓVEL emphasised that Brazilian industries have untapped potential to expand their range of export products, especially those with higher added value, which could boost growth in trade with Uruguay.

See: <https://forestnews.com.br/uruguai-brasil-fornecedor-moveis-colchoes/>

### Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	600
Jatoba	251
Massaranduba	219
Muiracatiara	210
Angelim Vermelho	214
Mixed redwood and white woods	160

Source: STCP Data Bank

### Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	2,323
Jatoba	1,184
Massaranduba	1,050
Muiracatiara	971
Angelim Vermelho	1,024
Mixed red and white	643
Eucalyptus (AD)	34
Pine (AD)	265
Pine (KD)	327

Source: STCP Data Bank

### Domestic plywood prices (excl. taxes)

	US\$ pe3 cu.m
Parica	
4mm WBP	637
10mm WBP	501
15mm WBP	438
4mm MR.	611
10mm MR.	453
15mm MR.	396

Prices do not include taxes. Source: STCP Data Bank

### Prices for other panel products

	US\$ per cu.m
<i>Domestic ex-mill prices</i>	
15mm MDP Particleboard	375
15mm MDF	404

Source: STCP

### Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipe	3,3428
Jatoba	1,742
Massaranduba	1,753
Muiracatiara	1,730
Pine (KD)	189

Source: STCP Data Bank

### Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	312
12mm C/CC (WBP)	295
15mm C/CC (WBP)	283
18mm C/CC (WBP)	279

Source: STCP Data Bank

### Export prices for added value products

FOB Belem/Paranagua ports		US\$ per cu.m
Decking Boards	Ipê	5,500
	Jatoba	2,508

Source: STCP Data Bank

### Through the eyes of industry

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

See: <https://www.itto-ggsc.org/static/upload/file/20231121/1700552181514582.pdf>

## Peru

### Exports fell between January and September

Shipments of wood products between January and September totalled US\$76.2 million, a decline of 26% compared to the same period in 2022 (US\$102.7 million) according to the Services and Industries Management/ Extractives division of the Association of Exporters (ADEX).

This contraction is partly explained by lower orders from the two main buyers, China (US\$15.5 million) and France (US\$11.5 million) which declined by 25% and 29%, respectively. In China the real estate sector crisis dampened demand whereas in the French market recent price increases for wood products from Peru undermined competitiveness compared to suppliers elsewhere. Other markets for wood products from Peru were Mexico (US\$11.1 million), the Dominican Republic (US\$8.1 million) but down over 40% and the US (US\$6.3 million) down 24%.

According to figures from the ADEX Commercial Intelligence System sawnwood was the most exported product as of November 2023 earning US\$32.1 million, a decrease of 18%. Second ranked products were semi-manufactured products which earned US\$ 27.8 million despite falling 43% year on year.

### ADEX: exports could be 30% down this year

According to ADEX, Peruvian wood product exports in 2023 are likely to be around US\$89 million which would represent a year on year contraction of 30% year on year compared and a drop of 60% compared to 2018 (US\$219 million) when a historical maximum was reached.

Erik Fischer Llanos, the president of the ADEX Timber and Wood Industries Committee said “Our 14 million hectares of permanent production forests must be valued appropriately. We (Peru) are the second largest country in terms of forest area surpassed only by Brazil but Ecuador and Uruguay, with less forest, export more wood products than Peru”. Fischer called for the implementation of measures that promote the growth of the forestry sector such as the implementation of a new forestry concession processes where priority is given to granting rights to companies which have the technical and economic resources to ensure sustainable management of the forest.

He added, Peru loses more than 150,000 hectares of forests annually from shifting agriculture. Fischer also commented that the inclusion of the shihuahuaco species (internationally known as Cumarú) in Appendix II of the International Convention on Endangered Species of Wild Fauna and Flora (CITES) has created uncertainty in the market and driven down demand and prices. As of October 2023 prices in international markets for Cumarú decking were down 25% and prices for slats were down 37%.

See: <https://agraria.pe/noticias/adex-exportaciones-de-madera-por-parte-de-peru-sumarian-cerc-34003>

### Completion of Ucayali forest zoning

Through a joint effort between the National Forestry and Wildlife Service (SERFOR) and the Regional Government of Ucayali (GOREU) with support from the Regional Forestry and Wildlife Management (GERFFS) authority in Ucayali zoning was completed marking an important step to promote sustainable use of forest resources and wildlife in the Department.

With the completion of the zoning, the territory will be able to sustainably take advantage of forest and wildlife resources according to their potential and limitations. In addition, this process took into account economic, social, cultural and ecological aspects to classify the territory into four categories, which will allow effective management. What remains now is to send details to SERFOR for evaluation and subsequent sending to the Ministry of the Environment (MINAM) for approval through a ministerial resolution.

See: <https://www.gob.pe/institucion/serfor/noticias/876101-se-logro-la-culminacion-de-la-zonificacion-forestal-de-ucayali>

### Review of the Sustainable Productive Forests (BPS) programme

According to Alberto Gonzales-Zúñiga, the Director of the National Forestry and Wildlife Service (SERFOR), the Sustainable Productive Forests (BPS) programme is advancing at a steady pace.

This was his comment during a meeting together with the executive coordinator of BPS, Daniel Rivera and his entire team. At the meeting SERFOR informed representatives of the German Development Bank - KfW on the current status of the programme as well as the progress in achieving the objectives of the programme and the strategies that will be implemented to promote the progress of its three projects: Forest Plantations, Forest Management and Forest Planning.

Andreas Weitzel, representative of the German Development Bank KfW, highlighted how important forest conservation is for them at an international level. “In Germany, forests are very important and valuable. The forestry sector in our country has a study of more than 500 years, one of the oldest in the world. Our goal is to be a support so that forests around the world can be preserved”, he said.

It was decided that additional specialists will be required lead the technical and administrative areas and those related to risk management, follow-up and monitoring, government control and incentive funds.

See: <https://www.gob.pe/institucion/serfor/noticias/875218-el-serfor-y-el-banco-de-desarrollo-aleman-se-reunen-para-revisar-avances-del-programa-bosques-productive-sustainable-bps>

In related news, SERFOR staff in Oxapampa, Pasco Region discussed the Forest Plantations - Sustainable Productive Forests (BPS) programme an initiative co-financed by the German Development Bank - KfW.

The project seeks to promote the creation of more than 2,000 hectares of plantations in Oxapampa through economic incentives to native communities. More than 90 people from the local and regional government were present at this event along with civil society organisations, academia, companies and native communities from across the Department of Pasco.

See: <https://www.gob.pe/institucion/serfor/noticias/873238-serfor-lanzo-el-proyecto-plantaciones-forestales-en-oxapampa>

#### Export prices for added value products

	US\$ per cu.m
Strips for parquet Cabreuva/estoraque KD12% S4S, Asian market	1327-1398
Cumaru KD, S4S Swedish market Asian market	986-1119 1079-1101
Cumaru decking, AD, S4S E4S, US market	1204-1237
Pumaquiro KD Gr. 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market	582-611
2x13x75cm, Asian market	774-831

#### Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	691-710↑
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	582-602
Grade 2, Mexican market	527-541
Cumaru 4" thick, 6"-11" length KD Central American market	992-1022
Asian market	1006-1031
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	629-645
Dominican Republic	744-793
Marupa 1", 6-11 length KD Grade 1 Asian market	564-581

#### Export plywood prices

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

#### Export veneer prices

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

#### Domestic sawnwood prices

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

#### Domestic plywood prices (excl. taxes)

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

#### Domestic prices for other panel products

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

## Japan

#### GDP revised down

Japan's economy contracted at an annualised 2.9% in the July-September quarter from the previous year, worse than the initial estimate of a 2.1%. On a quarter-on-quarter basis, GDP shrank 0.7%, compared with the initial 0.5% drop reading and a median forecast for a 0.5% fall.

Private consumption, which makes up over half of GDP, dropped 0.2% as rising prices of energy and household goods eroded household sentiment. Inflation is a very negative factor because what wage growth there has been is more than offset by rising prices.

With inflation being above the Bank of Japan's target of 2% for more than a year the public find it difficult to accept that the inflation goal has not yet been achieved.

See: [https://english.kyodonews.net/news/2023/12/993f488b958b-update1-japans-economy-shrinks-29-in-july-sept-revised-down.html#google\\_vignette](https://english.kyodonews.net/news/2023/12/993f488b958b-update1-japans-economy-shrinks-29-in-july-sept-revised-down.html#google_vignette)

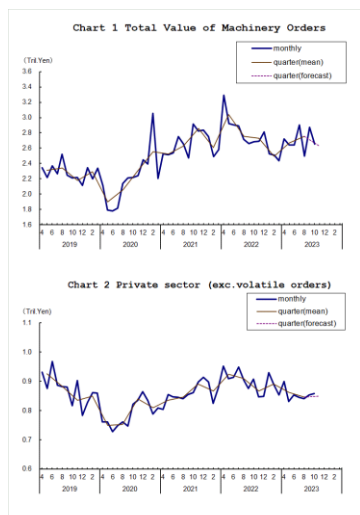
The Bank of Japan's (BoJ) latest Tankan survey of business sentiment shows large Japanese manufacturers have become more optimistic over the past three quarters despite many of the economic indicators pointing to economic contraction. An index of sentiment among Japan's major manufacturers rose in December, the third straight quarterly gain. The quarterly tankan survey considered a leading indicator of medium term business prospects.

The December survey reported sentiment among major non-manufacturers rising for the seventh consecutive quarter driven by the recovery of international tourism and a resurgence domestic travel.

See: <https://www.boj.or.jp/en/statistics/tk/index.htm> and <https://www.japantimes.co.jp/business/2023/12/13/economy/boj-tankan-survey-business-mood-improves/>

### Machinery Orders in October, 2023

Private-sector machinery orders, excluding volatile ones for ships and those from electric power companies, increased a seasonally adjusted by 0.7% in October.



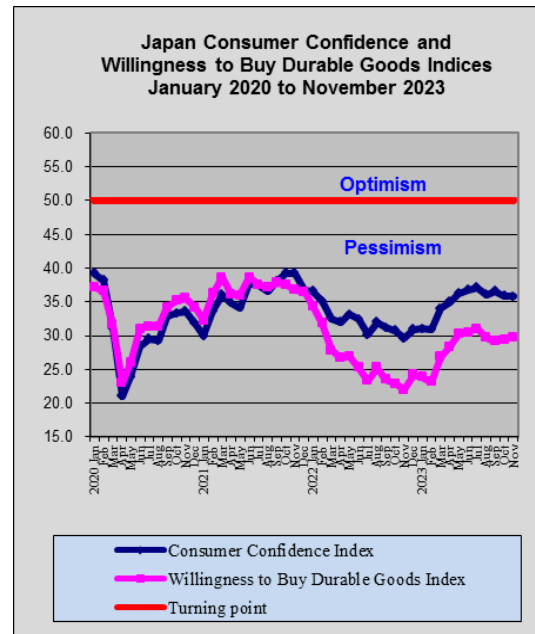
Source: <https://www.esri.cao.go.jp/en/stat/juchu/2023/2310juchu-e.html>

### Cash payouts and tax cuts to aid household finances

The government has adopted a 13.20 trillion yen (US\$90 billion) extra budget for the current business year to March 2024 to ease the burden on households from rising prices. Low income households will receive 70,000 yen in a hand-out and subsidies will be continued to lower fuel costs until next spring.

The economic package also includes a temporary tax cut of 40,000 yen per person that will be implemented in the next fiscal year. The tax reduction has been criticised by opposition parties.

See: <https://asia.nikkei.com/Economy/Japan-enacts-13tn-yen-FY2023-extra-budget-for-inflation-relief>



Data source: Cabinet Office, Japan

### Scrap-and-rebuild cycle doubles emissions from home renovation

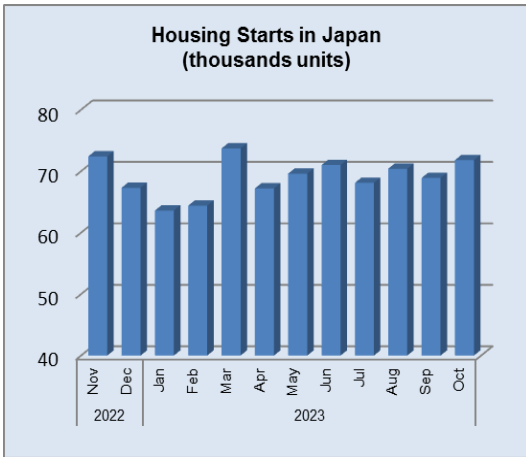
The traditional system of demolishing homes after around 30 years and then rebuilding rather than renovating the existing home is now being reassessed given concerns over sustainability and the high contribution to green house gas emission in the construction sector.

Refurbishment of homes is becoming more popular mainly because construction costs for new residences have risen and because the government is promoting the longer term use of existing properties through renovation. A recent article says the scrap-and-rebuild cycle could produce nearly double the emissions of renovations.

A joint study Sumitomo Realty and Development and Musashino University attempted to determine how renovating houses could reduce carbon dioxide emissions compared with building new houses from scratch. It was reported that renovating an entire home could cut around 47% of emissions from the traditional 'scrap and rebuild' process.

See: <https://www.japantimes.co.jp/environment/2023/08/27/sustainability/japan-scrap-build-sustainability/>

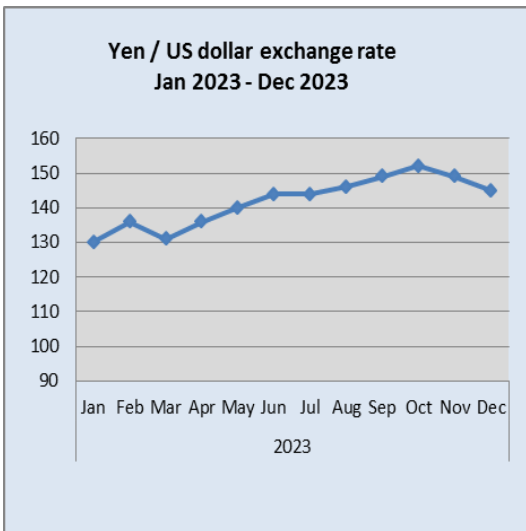




Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

**Yen surge on remarks by BoJ Governor**

The yen rose against the US dollar to its highest level in four months in mid December, briefly strengthening to around 141 for the first time since August. The brief yen surge came over a remark by Bank of Japan Governor Ueda Kazuo when he said the situation in Japan “will get more challenging in the year-end and early next year” fueling speculation that interest rates may be lifted.

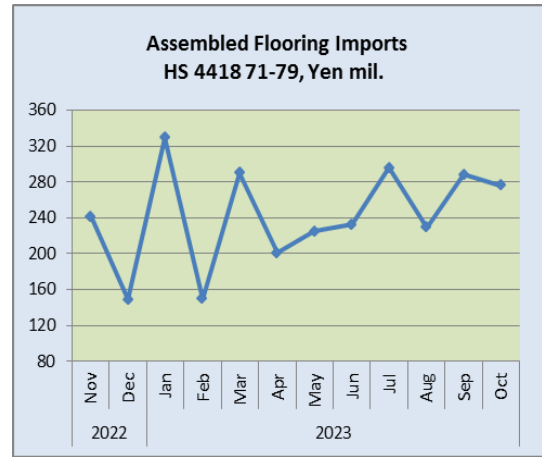


**Import update**

**Assembled wooden flooring imports**

Of the various categories of assembled flooring imports in October HS441875 was the largest, accounting for close to 70% of the total value of assembled flooring imports followed by HS441879. The main shippers of HS441875 in October were China 49% the EU, Vietnam, Malaysia, Thailand and Indonesia.

The value of Japan’s October imports of assembled flooring (HS441871-79) dropped slightly (4%) compared to the value of September arrivals. Year on year the value of October assembled flooring imports fell around 16%. In the first 10 months of 2023 Japan’s imports of assembled wooden flooring (HS441871-79) were around 15% below those in the first 10 months of 2022.



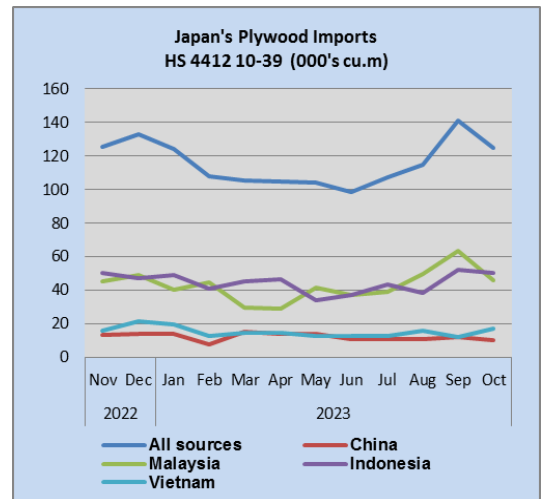
Data source: Ministry of Finance, Japan

**Plywood imports**

After two months of expansion there was a correction in the volume of plywood imports by Japan. The volume of October imports stood at 124,969 cu.m, down around 11% month on month and down 9% year on year.

Despite the October dip in imports in the 10 months to October 2023 plywood imports rose almost 50% from the same period in 2022.

Imports from China rose over 80% in 2023 from a year earlier, the volume of imports from the top two suppliers, Indonesia and Malaysia, were up over 50% in the first 10 months of 2023 compared to the same period in 2022, however, the volume of plywood shipped to Japan from Vietnam in the first 10 months of 2023 was little changed from a year earlier.



Data source: Ministry of Finance, Japan

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

		China	Malaysia	Indonesia	Vietnam
2020	Jan	13.4	61.1	81.6	17.0
	Feb	6.8	72.2	63.8	9.5
	Mar	5.8	76.5	73.0	12.2
	Apr	13.0	68.0	69.0	13.6
	May	9.6	69.7	59.0	12.6
	Jun	10.3	52.0	61.0	11.3
	Jul	10.2	40.0	54.9	8.9
	Aug	6.6	55.0	56.0	8.4
	Sep	6.8	42.2	37.8	8.7
	Oct	8.3	62.4	52.7	10.1
	Nov	8.6	43.1	50.0	10.9
	Dec	9.2	60.5	43.9	10.8
2021	Jan	9.7	76.9	59.3	15.7
	Feb	6.8	53.5	50.1	13.0
	Mar	5.7	89.4	61.5	11.5
	Apr	11.4	65.9	58.2	17.3
	May	10.3	72.0	51.0	13.0
	Jun	10.5	61.9	56.6	15.6
	Jul	11.8	74.1	57.1	16.4
	Aug	12.8	54.7	57.8	17.5
	Sep	16.0	61.8	60.4	21.8
	Oct	12.6	72.8	60.4	22.5
	Nov	14.6	60.6	66.0	21.8
	Dec	13.6	51.2	76.5	21.0
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
	Sep	10.5	46.1	50.3	17.2

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/](https://ifpj.jp/japan_lumber_reports/)

### Supplementary budget of fiscal year 2023

The Ministry of Agriculture, Forestry and Fisheries announced the supplementary budget of fiscal year 2023. 140.1 billion yen will be included in the budget.

The total budget is 818.2 billion yen to eliminate dependency on imports, to mitigate an influence of high prices of commodities, to enforce policies for TPP, and for disaster prevention, disaster risk reduction and national resilience.

45.8 billion yen will be used for strengthening in international competitive power at forestry and wood industries and for expand demand in Japan. For details, strengthening in production base of forestry and wood industries, promoting digitalization and innovation in forestry industry, supplying more structural lumber, using more structural lumber, increasing demand and supply for lumber and export.

6 billion yen will be used for preventing hey-fever. Cedar artificial forests will be reduced by 20 % in 10 years later. 33.2 billion yen is added to recovery and reconstruction from the heavy rain disaster occurred during May to July, 2023. 26.8 billion yen is added to avoid the damages of driftwood, debris flows and hillside collapses from the earthquakes or heavy rains. 17.2 billion yen is required for thinning, reforestation, establishment or improvement of mainlines and infrastructure facilities.

There will be a support of energy saving on production facilities for mushroom producers because the price of fuel oil and raw materials has increased. Also, there will be a support for producing wooden biomass fuels. 2 billion yen will be added to the supports. Another support is 100 million yen for securing next generation in forest industry and preventing damages from wild animals.

The Ministry of Land, Infrastructure, Transport and Tourism also announced the supplementary budget of fiscal year 2023. 210 billion yen will be included in the budget for supporting energy saving houses. The total national expense is 2.5 trillion yen.

The five aims are below.

- To protect people from high prices of commodities.
- To raise salaries in regional towns and small and medium-sized businesses.
- To promote people to invest in Japan
- To stop population decline and promote social change

- To ensure peace and safety from disaster prevention and disaster mitigation by national resilience
- The total budget for energy-saving houses is 421.5 billion yen from The Ministry of Land, Infrastructure, Transport and Tourism (MLIT), The Ministry of Economy, Trade and Industry (METI) and The Ministry of the Environment (MOE).

There will be support for remodeling houses to be energy-saving. 210 billion yen is from MLIT. 135 billion yen is from MOE for high thermal insulation windows. 58 billion yen is from for high performance water heaters and 18.5 billion yen is for remodeling existing rental apartments to be energy-saving rental apartments from METI.

### Log markets in Fukushima Prefecture

The price of cedar logs for posts and cypress logs for sills have skyrocketed in the middle of September and the prices are still high because there have been less logs. The log markets were held in October and November but there were not a lot of logs as usual and the log price were very high.

In the beginning of November, the price of 3m cedar log was around 17,000 yen, delivered per cbm and it is 3,000 yen more than the previous month. The highest price was 18,000 yen, delivered per cbm.

Once, the price of cedar log was under 10,000 yen, delivered per cbm, during the rainy season to the summer season. Therefore, loggers reduced cutting down the trees and some of them changed their businesses to cut down trees for wooden biomass fuels or to cut down trees around steel towers or forests for solar power plants by contract. As a result, the cedar logs for posts started to rise after the holiday in the middle of August. There was also an influence of damage by the typhoons in September and a volume of logs decreased at the markets.

The price of 3 m cedar log for posts rose to 10,000 yen, delivered per cbm at the end of August and then the price rose by over 2,000 yen every month after August. The price of 4 m cedar log also rose to 10,000 yen, delivered per cbm in the middle of September. Then, the price was 12,000 – 13,000 yen, delivered per cbm at the end of September.

In November, the price kept rising to 13,000 – 14,000 yen, delivered per cbm. The price with good quality cost 15,000-16,000 yen, delivered per cbm. The price of 2 m cedar log with low quality had been around 7,000 yen, delivered per cbm until the beginning of October and the price rose to 9,000 yen, delivered per cbm in November.

There were a lot of inquiries for cypress lumber as substitution of Douglas fir lumber. The price of 4 m cypress logs for sills rose to 20,000 yen, delivered per cbm at the end of September from 15,000 – 16,000 yen, delivered per cbm, during the rainy season to the summer season.

The price rose again in October and it was 24,000 yen, delivered per cbm. The highest price of 4 m cypress logs for sills is 29,000 yen, delivered per cbm and of medium sized cypress logs for sills is 27,000 – 28,000 yen, delivered per cbm. Also, the price of 3 m cypress logs rose to 22,000 – 24,000 yen, delivered per cbm in November.

### Domestic lumber and logs

The log price recovered and lumber is in short supply so supply and demand is balanced. There had been less logs until summer through the nation but the volume of logs started to increase in autumn, when the demand for lumber is the peak season, and there was a huge log and lumber market held in some areas. Actual demand for cedar and cypress logs increased because there are not enough Douglas fir lumber. Inquiries for logs rise because it is the season for cutting down the trees.

In Kyushu region, the price of cypress logs recovered suddenly because there were not enough logs due to the torrential rains in summer. 4 m cypress for sills in Kumamoto Prefecture is around 26,000 yen, delivered per cbm.

In Chugoku region, once the price of cypress log was under 20,000 yen in summer but the price recovered in autumn because there were a lot of inquiries. Consumers in Okayama Prefecture started to buy cypress logs instead of Douglas fir logs and the price of cypress logs skyrocketed to 47,000 yen at the beginning of October. Now, the price of cypress log is settled down to around 25,000 – 27,000 yen.

4 m cypress log for sills in the northern part of Kanto region is around 30,000 yen in November. 3 m cedar log for posts is around 20,000 yen.

There are not enough logs in the northern part of Kanto region and the price of cedar and cypress lumber has been bullish. KD 3 m x 105 mm cedar post is around 65,000 yen, delivered per cbm. KD 3 m x 30 x 105 mm cedar stud rose to 65,000 yen and this is 5,000 yen higher than the previous month. Cypress sill is 85,000 yen. 4 m x 45 mm cypress taruki is around 90,000 yen.

### Plywood

The price of 12 mm 3 x 6 domestic and structural plywood has been decreasing slightly. Some plywood manufacturers started to reduce the price before the autumn because of sluggish demand and some distributors started to reduce the price because it was the accounting period. 12 mm 3 x 6 structural plywood was 1,450 – 1,500 yen, delivered to wholesalers per sheet.

The price decreased by over 50 yen, delivered to wholesalers, per sheet. 24 mm plywood is 3,100 yen, delivered to wholesalers per sheet and 28 mm plywood is 3,650 yen, delivered to wholesalers per sheet. These prices are 100 yen, delivered to wholesalers per sheet, lower than the previous month.

For imported plywood, the yen was 150 yen against the US dollar in November but the price of softwood plywood is weak so it is difficult to raise the price. 2.5 mm plywood is 780 yen, delivered to wholesalers per sheet. 4 mm plywood is 1,000 yen, delivered to wholesalers per sheet. 5.5 mm plywood is 1,200 yen, delivered to wholesalers per sheet. Structural plywood is 1,800 yen, delivered to wholesalers per sheet. 12 mm 3 x 6 form plywood is 1,990 – 2,000 yen, delivered to wholesalers per sheet. At some wholesalers, the price of 12 mm 3 x 6 form plywood is around 1,950 yen.

For South Sea plywood, South Asian exporters announced about its price hike and there is no contracts signed yet. Inventory of South Sea plywood in Japan is decreasing but there are not many orders for South Sea plywood from Japan. In South Asia, 2.4 mm 3.x 6 is US\$950, delivered per sheet. 3.7 mm is US\$880, delivered per sheet. 5.2 mm is US\$850, delivered per sheet. 12 mm 3 x 6 painted plywood for concrete form is US\$670 – 680, delivered per sheet. Plywood form is US\$580, delivered per sheet. Structural plywood is US\$560 – 570, delivered per sheet.

### Wood biomass in Japan

It has been twelve years since the FIT (Feed-in Tariff) of renewable energy enforced. Wood biomass power generation business has some issues which were unpredicted at that time. The issues are the high prices of commodities, difficulties in collecting woody fuels and intensified competition of wood biomass power generation business.

According to the survey, which Japan Woody Bioenergy Association held to the members, about 40 % of woody power generators struggle to operate the wood biomass power plants as they scheduled. About 17 % of the woody power generators answered that difficulties in collecting woody fuels and high-priced woody fuels are the reasons for not operating the wood biomass power plants smoothly. The latest issue is a short supply of unused and domestic logs with low quality.

Since demand for domestic lumber and plywood plunged this year, supply and demand for domestic logs with high quality became very low and this situation influenced the domestic logs with low quality. The price of unused and domestic logs for fuels in Eastern Japan is 6,000 – 7,000 yen, delivered per ton and the price in Western Japan is 7,000 – 8,000 yen, delivered per ton.

There is a short supply of unused and domestic logs in some areas because there have been built and permitted many woody biomass power plant with its output 2,000 kW.

The price of unused chip in Eastern Japan is 9 – 11 yen, delivered to silos per kilo and the price in Western Japan is 10.5 – 12 yen, delivered to biomass power plants per kilo.

**Hokkaido Prefecture** - Demand and supply for chips is not a problem so far because the procurement network is good. The price of larch logs for papermaking and chips is 16.2 yen, delivered to silos per kilo. The price of Sakhalin fir logs for chips is 16 yen, delivered to silos per kilo.

**Tohoku region** - Demand for lumber and plywood decreased and there are less logs for woody biomass fuels. The price of unused logs is 6,000 – 7,000 yen, delivered to chip plants per ton.

**Kanto region** - The price of unused logs is 6,000 – 7,000 yen, delivered to chip plants per ton with barks. The price of chips for wood biomass power plants is 9 yen, delivered to silos per kilo.

**Chubu region** - The log price for buildings is low and it is difficult to collect logs. The price of unused logs for wood biomass power plants is over 10,000 yen, per ton in some areas in Chubu region but demand for logs for plywood is now settled down so there is not an extremely short supply.

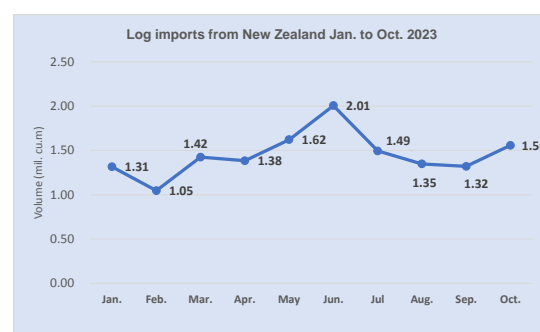
**Chugoku region** - A short supply of fuels for biomass power plants influences the price of raw materials to rise. The price of raw materials for fuels in Okayama Prefecture used to be 5,500 – 6000 yen, delivered to chip plants per ton. The price in Hyogo Prefecture is 8,500 – 9,000 yen, delivered to chip plants. The price of unused logs for pulps without proof in the northern part of Okayama Prefecture is 8,000 – 8,500 yen, delivered per cbm.

**Kyushu region** - The price unused raw materials for fuels in the northern part of Kyushu region is 8,500 yen, delivered to chip plants per ton and the price in the southern part of Kyushu region is 8,500 – 9,000 yen, delivered to chip plants per ton. The price of unused logs for export is 10,000 – 11,000 yen, delivered to ports per cbm. The logs for papermaking cost 8,000 yen, delivered to chip plants per cbm.

## China

### Log imports from New Zealand remained firm

According to China Customs, in the first 10 months of this year log imports from New Zealand were 14.51 million cubic metres, up slightly (1.1%) accounting for 46% of the national total and valued at US\$1.796 billion, down 20%.



Data source: China Customs

The volume of New Zealand's log exports to China did not show significant growth up to October this year. In the first 10 months of 2023 imports increased by about 2% percentage points year on year and in the third quarter of 2023 imports fell by 17% quarter-on-quarter and 11% year-on-year.

After a three-month decline in imports between July and September 2023 China's log imports from New Zealand rose 18% to 1.57 million cubic metres in October, up 3 percentage points year-on-year. The average CIF price for log imports from New Zealand in October fell 21% to US\$124 per cubic metre over the same period in 2022. The CIF price for log imports from New Zealand fluctuated between January and October in 2023.

**New Zealand log CIF prices**

	CIF 2023	CIF 2022	%change
Average	124	156	-21%
Jan.	126	141	-11%
Feb.	129	140	-8%
Mar.	137	146	-6%
Apr.	141	163	-14%
May	133	173	-23%
Jun.	120	173	-30%
Jul	110	161	-32%
Aug.	108	151	-28%
Sep.	117	148	-21%
Oct.	118	146	-19%

Data source: China Customs

It has been reported that prices for New Zealand logs are showing signs of recovery. Prices in November 2023 were US\$9 per cubic metre higher than in October 2023 and prices for logs from North Island exporters in New Zealand rose US\$5-10 per cubic metre.

It has become apparent that New Zealand forestry companies are seeking new markets, however, China accounts for more than 80% of New Zealand log exports.

In addition to the Chinese market, New Zealand is also exporting logs to South Korea and India is being considered as a new target market. The Indian market has become more attractive as prices paid by Indian importers are now close to those paid in China. New Zealand timber traders have suggested prices in the Korean market are trending below those for the Chinese market at present.

Behind the decline in New Zealand log prices is weak domestic demand and a slowdown in international demand. It is anticipated that China's future imports of New Zealand logs will be maintained at current levels.

See: [https://www.wood365.cn/Industry/IndustryInfo\\_279192.html](https://www.wood365.cn/Industry/IndustryInfo_279192.html)

**National forest reserve project for Guangxi**

According to the State-owned Assets Supervision and Administration Commission of the State Council a RMB10 billion national forest reserve project strategic framework agreement was recently signed between China Energy Engineering Group Guangxi Electric Power Design Institute Co., Ltd. and the People's government in Baise City of Guangxi Zhuang Autonomous Region.

The agreement says the two sides will cooperate to establish a national reserve forest of nearly 67,000 hectares in six counties (districts) including Youjiang District, Debao County and Tianlin County. The focus will be on the development of mainly commercial species such as eucalyptus, pine, Chinese cedar as well as oil-tea camellia and star anise.

The new forest reserve will improve forest quality, enhance forest carbon sequestration and promote green industry development and rural revitalisation and help to achieve the goal of "carbon peak, carbon neutrality".

Guangxi has been ranked first in timber production in China for 16 consecutive years and is the largest and most important wood production base in the country. The signing of this agreement is an example illustrating that China can establish forest projects to promote the sustainable development of the industry and address climate change.

See: <https://www.forestry.gov.cn/c/stzx/zxzx/535921.jhtml>

**Plywood exports to the Middle East and Africa increase**

According to China Customs in the first 8 months of 2023 plywood exports were 6.983 million cubic metres valued at US\$3.193 billion, a year-on-year decrease of 4% in volume and 19% in value. China's plywood exports to the Philippines and UK, as the first and second destinations, fell 11% and 8% respectively in the first 8 months of 2023.

**Plywood exports to top destinations, first 8 months of 2023 (000s cu.m.)**

Destination	000'cu.m	YoY % change
Total	6,983	-4%
Philippines	592	-11%
UK	439	-8%
UAE	373	12%
Japan	355	-26%
Nigeria	349	88%
Saudi Arabia	284	3%
Mexico	263	-2%
Australia	251	-10%
Israel	228	28%
Taiwan PoC	201	-8%

Data source: China Customs

China's plywood exports to the Middle East and Africa increased. China's plywood exports to Nigeria surged 88% from the same period of 2022. China's plywood exports to UAE, Saudi Arabia and Israel rose 12%, 3% and 28% respectively in the first 8 months of 2023.

#### Plywood exports to top destinations, first 8 months of 2023 (mil. US\$)

Destination	mil.US\$	YoY % change
Total	3,193	-19%
Philippines	220	-21%
UK	198	-17%
UAE	126	-4%
Japan	178	-38%
Nigeria	113	60%
Saudi Arabia	98	-6%
Mexico	113	-16%
Australia	187	-22%
Israel	103	8%
Taiwan PoC	72	-19%

Data source: China Customs

#### Surge in tropical plywood exports to the Philippines

According to China Customs, tropical plywood exports amounted to 383,000 cubic metres valued at US\$161 million in the first 8 months of 2023, a year on year decrease of 5% in volume and 17% in value from the same period of 2022.

Tropical plywood exports to the Philippines, as the largest destination country, surged 64% year on year to 78,000 cubic metres. At the same time, China's tropical plywood exports to Mexico and South Korea also rose 47% and 34% respectively. China's tropical plywood exports to other destination countries and regions fell at different rates in the first 8 months of 2023.

#### Tropical plywood exports to top destinations, first 8 months 2023 (000s cu.m.)

Destination	000'cu.m	YoY % change
Total	383	-5%
Philippines	78	64%
UAE	41	-1%
Mexico	33	47%
South Korea	29	34%
Taiwan PoC	20	-48%
Saudi Arabia	12	-21%
Israel	12	-24%
Singapore	11	-4%

Data source: China Customs

#### Tropical plywood exports to top destinations, first 8 months of 2023 (US\$ mil.)

Destination	US\$ mil.	YoY % change
Total	161	-17%
Philippines	29	38%
UAE	12	-22%
Mexico	13	22%
South Korea	14	11%
Taiwan PoC	9	-50%
Saudi Arabia	4	-35%
Israel	5	-34%
Singapore	4	-20%

Data source: China Customs

As the second largest market for China's plywood exports the UK did not import any significant volumes of tropical plywood in the first 8 months of 2023.

#### Decline in both wood furniture exports and imports

According to China Customs, wooden furniture exports and imports fell in the first 10 months of 2023. China's wooden furniture exports in the first 10 months of 2023 were worth US\$19.35 billion, a year-on-year decline 9%.

The US remained the largest market for China's wooden furniture exports in the first 10 months of 2023 but the value of exports to the US were US\$5.64 billion, down 5% year on year, accounting for 29% of the national total.

China exported wooden furniture to more than 200 countries in the first 10 months of 2023 and the value of wooden furniture exports to the top 5 markets accounted for just 53% of the national total.

China's wooden furniture exports to UK, alone, rose among the top destination countries. However, China's wooden furniture exports to the US, Australia, Japan and South Korea fell 5%, 16%, 13% and 5% respectively in the first 10 months of 2023 resulting in the overall decline in wooden furniture exports.

#### Wooden furniture exports in the first 10 months of 2023 (US\$ bil.)

Destination	US\$ billion	YoY % change
Total	19.35	-9%
USA	5.64	-5%
UK	1.16	9%
Australia	1.145	-16%
Japan	1.139	-13%
South Korea	1.136	-5%

Data source: China Customs

China’s wood furniture exports to Italy just amounted to US\$132 million but rose 22% in the first 10 months of 2023.

**Wooden furniture imports**

China’s wooden furniture imports amounted to US\$637 million, in the first 10 months of 2023, a year-on-year decline 15%. Italy was the largest supplier of wooden furniture imports in the first 10 months of 2023 and they were worth US\$286 million, down 16% year on year and accounting for 45% of the national total.

China imported wooden furniture from more than 80 suppliers worldwide and the value of China’s wooden furniture imports from the top 8 suppliers accounted for 83% of the national total.

China’s wooden furniture imports from Sweden, alone, rose among the top suppliers. However, China’s wooden furniture imports from the other top suppliers fell at different rates in the first 10 months of 2023 resulting in the decrease of the national total wood furniture imports. China’s wood furniture imports from USA in the first 10 months of 2023 amounted to US\$3.76 million, a year-on-year decrease of 40%.

**Wooden furniture imports, first 10 months of 2023 (US\$ mil.)**

Supplier	US\$ mil.	YoY % change
Total	637	-15%
Italy	286	-16%
Germany	94	-3%
Vietnam	59	-9%
Poland	30	-26%
Sweden	17	14%
France	16	-11%
Thailand	14	-14%
Indonesia	10	-32%

Data source: China Customs

**Global Legal and Sustainable Timber Forum 2023**

On 21 and 22 November the Global Legal and Sustainable Timber Forum (GLSTF) 2023 was held in Macao SAR, China with the theme "Connect, Cooperate and Share to Promote the Recovery of the Global Tropical Timber Market". The Forum brought together more than 700 representatives from enterprises, business associations, international organisations, governments and NGOs from 36 countries and regions.

The results of a number of international projects were presented at the Forum including the “Establishment and Operation of the Global Timber Index (GTI) Platform” and the “Research on the Collaborative Operations of the Blockchain-based Timber Traceability System (BTTS)”.

During the two-day event, representatives from industry in several countries signed a “Joint Declaration of Intent for Sustainable Forest Management and Responsible Timber Industry Operations” and a cooperation agreement for Green Finance for Green Supply Chains (GF4GS) Action.

Participants at the Forum said “this is a very difficult and challenging time for the global timber industry. Perhaps for the first time all the major markets of the world are slowing at the same time, weighed down by the economic volatility that followed on from the COVID pandemic, armed conflicts, trade disputes, rising energy prices, climate change and mounting pressure on resources”.

Participants emphasised the need to develop a strong international network to build cooperation and share knowledge and experience in sustainable timber production and supply, adding that “the Global Timber Index (GTI) provides a valuable platform to improve the quality and regularity of timber market information, to encourage greater information exchange within the private sector, and thereby enhance the accuracy of policy formulation in relation to legal and sustainable trade”.

**GTI report - November**

In November this year the construction sector in China showed a noticeable upward trend and the overall performance of Chinese timber enterprises was stable. The enterprises contributing to the GTI-China reported that their production volume and domestic orders increased compared with the previous month, purchases of raw materials were more active however, the number of international orders continued to decline due to the sluggish global timber market.

This month, the GTI-China index recorded 54.0%, a decrease of 1.2 percentage points compared to that of the previous month but was above the critical value (50%) where it has been for two consecutive months indicating that the business prosperity of the timber enterprises represented by the GTI-China index expanded.

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

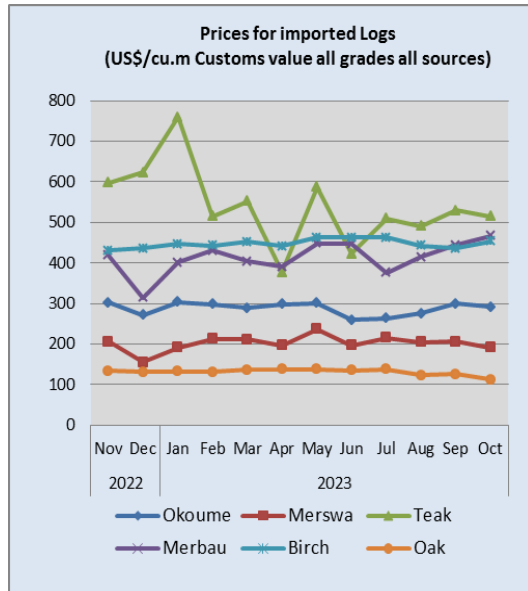
	2023 Sep	2023 Oct
Okoume	299	291
Merswa	206	191
Teak	530	515
Merbau	444	466
Birch	436	453
Oak	126	112

Data source: Customs, China

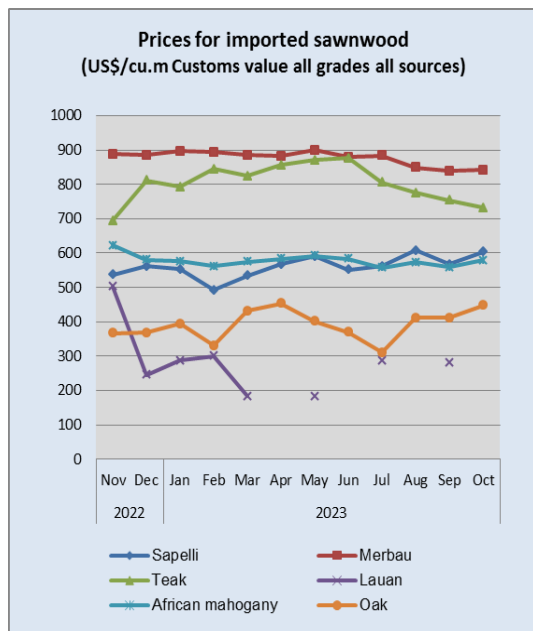
**Average CIF prices, Tropical sawnwood, US\$/cu.m**

	2023 Sep	2023 Oct
Sapelli	568	603
Merbau	839	842
Teak	753	732
Lauan	281	
African mahogany	559	579
Oak	411	477

Data source: Customs, China



Data source: Customs, China



Data source: Customs, China

**Through the eyes of industry**

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

See: <https://www.itto-ggsc.org/static/upload/file/20231121/1700552181514582.pdf>

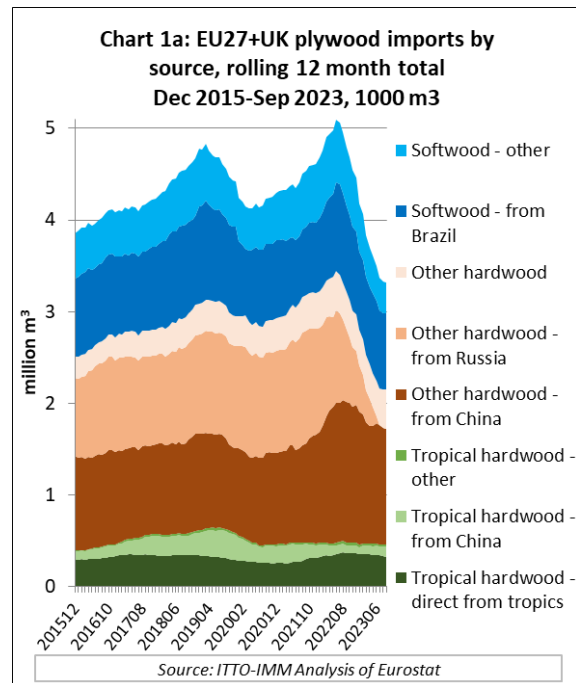
**EU**

**Plywood imports fall from record highs to record lows**

For the first time ever in a 12-month period, total EU+UK imports of plywood from outside the region exceeded 5 million cu.m between 1<sup>st</sup> July 2021 and 30<sup>th</sup> June 2022.

However, by the end of September 2023, the twelve-month rolling total had fallen to just 3.3 million cu.m (Chart 1a).

If imports remain weak in the fourth quarter, which seems likely, total EU+UK imports for the whole of 2023 could fall below 3.1 million cu.m, which is the previous record low occurring during the global financial crises in 2009.



In the first nine months of 2023, total EU+UK plywood imports from outside the region were 2.67 million cu.m, 30% less than the same period in 2022. Imports of tropical plywood were down 6% at 353,000 cu.m, imports of temperate hardwood plywood were down 38% at 1.31 million cu.m, and imports of softwood plywood were down 24% to 1.01 million cu.m.

The recent extreme volatility in EU+UK plywood imports is due largely to geo-political issues, mainly relating to the Russia Federation, combined with the lingering effects of the COVID pandemic. EU+UK plywood imports from the Russian Federation were rising almost continuously between 2014 and 2019, encouraged by extreme weakness of the Russian ruble against the euro and other EU currencies.

At that time, a sharp decline in confidence in the Russian economy following a collapse in oil prices and economic sanctions on Russia following the country's annexation of Crimea had led Russian manufacturers to boost exports in search of hard currency.



Most plywood that was imported into the EU+UK from Russia during the period comprised birch plywood, including thicker film-faced boards which competed directly with tropical products, and most was destined for Germany, the Baltic States, Poland, the UK, and Netherlands.

EU demand for plywood at this time was given added impetus by a design trend to use plywood as the sole manufacturing material in furniture and interior finishes, with faces and edges expressed, even unfinished, to reveal its structure and achieve an ‘industrial look’.

Birch was the favored species in these applications. EU+UK plywood imports from Russia and elsewhere dipped a little in early 2020 with the onset of the pandemic but reached new heights in 2021 and the first half of 2022 with the sharp rebound in construction and DIY activity after the first lockdown period.

Then, in February 2022, Russia invaded Ukraine and the EU and UK responded by imposing economic sanctions on Russia and Belorussia, including a total ban on all imports of timber products from both countries. Some large European companies also responded with their own self-imposed boycotts of products from these countries. Direct EU+UK imports of Russian and Belorussian plywood had fallen to negligible levels by August 2022.

This occurred just at a time when the wider European economy was beginning to cool against the background of sharply rising interest rates to control high levels of inflation, itself partly driven by a massive hike in energy prices as availability of Russian gas and oil was curtailed. Public funds to support post-COVID recovery were also being progressively removed, while confidence was severely hit by the political instability in Eastern Europe and the downturn in the wider global economy.

As a result, the anticipated surge in plywood imports into Europe from alternative supply countries following the removal of Russian and Belorussian products from the market was less dramatic than expected. By far the biggest gain in market share was made by temperate hardwood plywood from China (Chart 1b left).

There was also a surge in birch plywood imports into the EU from Kazakhstan, raising immediate concerns that some European importers were deliberately circumventing the sanctions by sourcing Russian birch plywood from third countries.

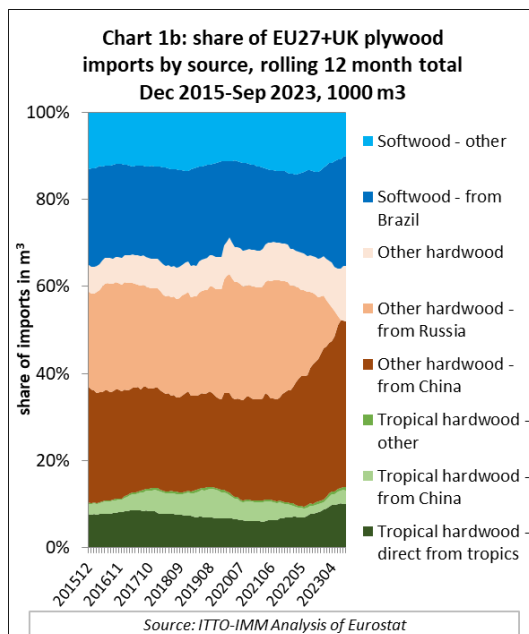
For tropical hardwood suppliers, EU plywood importers were rushing to buy Indonesian products in the second and third quarters of 2022 and Indonesian mills were being encouraged to ramp up production as much as possible for the EU market and to relaunch production of thicker film-faced boards.

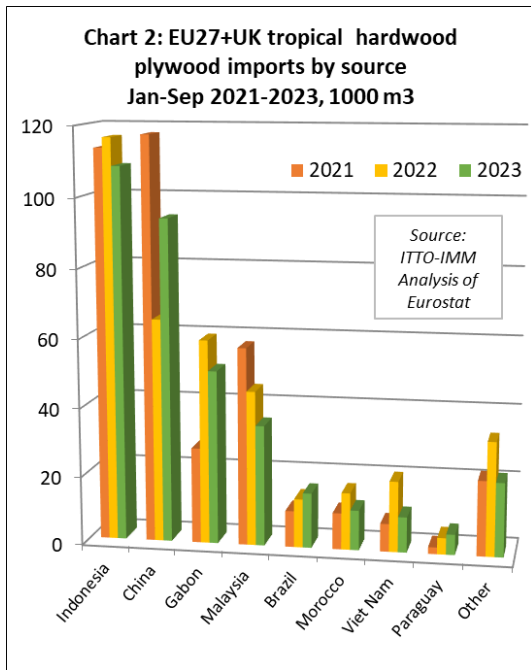
However, the ability of Indonesian mills to do this was constrained by lack of log supply and existing demand for their products in other markets. By far the biggest gains in EU imports of plywood faced with tropical hardwood during 2022 were made by products from China and Gabon.

The signs are that EU domestic plywood manufacturers were also unable to significantly increase production in response to the supply gap that opened following the sanctions on Russian and Belorussian products. Data from the European Panels Federation indicates that total EU plywood production fell 2.5% from 3.2 million cu.m in 2021 to 3.1 million cu.m in 2022. Similarly, Eurostat data shows that production of plywood in Finland, by far the largest birch plywood manufacturing country in the EU, fell from 1.13 million cu.m in 2021 to 1.11 million cu.m in 2022.

This year, EU+UK imports of tropical plywood have held up better than imports of both temperate hardwood and softwood plywood. In the first nine months of 2023, EU+UK plywood imports of tropical plywood were down only 6% at 353,000 cu.m. However, direct imports from the tropics fell 15% to 244,000 cu.m.

The relative stability in overall imports was mainly due to a 45% increase, to 94,000 cu.m, in imports of plywood faced with tropical hardwood from China. Most Chinese product was destined for the UK and the rise this year in fact represents a rebound to more normal levels after a sharp downturn in 2022 due to supply problems during COVID lockdowns in China.

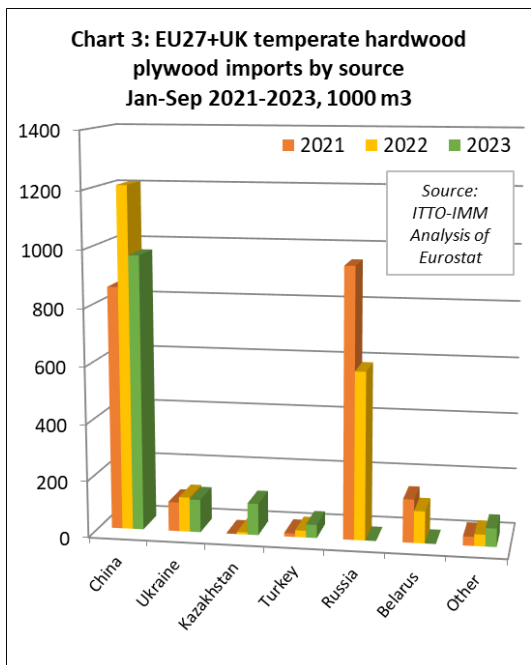




Considering EU+UK plywood direct imports from tropical countries between January and September this year, Indonesia was down 7% at 108,400 cu.m, Gabon was down 15% at 51,500 cu.m, Malaysia was down 22% at 35,100 cu.m, Morocco was down 30% at 11,600 cu.m, and Vietnam was down 50% at 10,300 cu.m.

However, imports of tropical hardwood plywood from Brazil increased 13% to 16,000 cu.m, while imports from Paraguay increased 24% to 5,900 cu.m (Chart 2 above).

In the first nine months of this year, EU+UK plywood imports of temperate hardwood plywood were down 38% at 1.31 million cu.m. The decline was mainly due to imports from Russia and Belarus, which were 591,000 cu.m and 113,000 cu.m respectively in the first nine months last year, falling to zero this year.



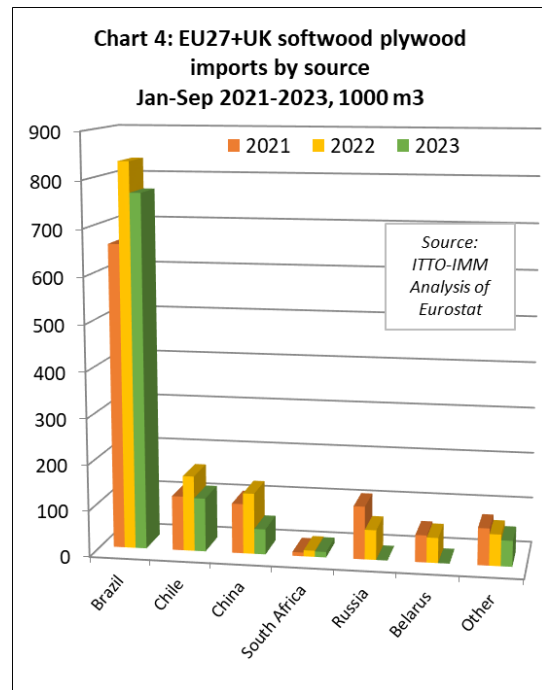
Imports of temperate hardwood plywood from China were also down 20% at 969,000 cu.m during the January to September period, while imports from Ukraine fell 6% to 116,000 cu.m.

A rise in imports from Kazakhstan - from negligible levels to 112,000 cu.m in the first nine months of this year - and a doubling of imports from Turkey, to 47,000 cu.m, did little to offset the overall downturn (Chart 3 left).

In the first nine months of 2023, EU+UK softwood plywood imports were down 24% to 1.01 million cu.m. In the case of softwood plywood, the decline in imports was across the board for all major supply countries (Chart 4).

Again, imports from Russia and Belarus were at zero this year, but these countries were only ever relatively minor suppliers of softwood plywood into the EU+UK, contributing 65,000 cu.m and 55,000 cu.m respectively in the first nine months of last year.

Bigger declines in absolute import volumes were recorded for softwood plywood from Brazil (down 8% to 769,000 cu.m), Chile (down 29% to 117,000 cu.m), and China (down 58% to 55,000 cu.m).



A clear indicator of the overall weakness of the EU+UK plywood market this year is that it took much longer than usual for the duty-free softwood import quota – set this year at 482,648 cu.m in the EU and 201,500 cu.m in the UK - to be filled. The EU quota was only filled in July, whereas the UK quota was only filled in September.

Meanwhile, the EU and UK sanctions on imports of Russian plywood have significant knock-on effects for the global plywood market.

In a presentation to the FORESTA 2023 conference held in San Marino in November, Mr. Nikolay Ivanov of the Union of Timber Manufacturers and Exporters of Russia, reported that overall birch plywood production in Russia was projected to fall only 5% from 3.3 million cu.m in 2022 to 3.15 million cu.m in 2023, while exports would fall more dramatically, by 19%, from 1.98 million cu.m to 1.60 million cu.m.

This implies that apparent consumption of birch plywood in Russia is expected to rise 11% from 1.41 million cu.m last year to 1.56 million cu.m in 2023.

The balance of export destinations for Russian plywood is also expected to change dramatically. In 2022, the leading destinations, in order of share (by volume) were Europe (35%), Middle East and North Africa (34%), North America (11%), other CIS (10%), China (6%), South Korea (2%), and all others accounting for 3%. In 2023, the forecast share of export destinations is Middle East and North Africa (47%), China (16%), other CIS (15%), North America (15%), South Korea (4%), and all others accounting for 3%.

In other words, with Europe no longer buying Russian plywood, larger volumes are now being distributed in other parts of the world, particularly in the Middle East and North Africa, China, and CIS countries, notably in South Asia.

A small proportion of these products may be finding their way, indirectly, into the European market, but most will be competing with other plywood and panel suppliers in other global markets.

## North America

### Hardwood plywood imports rally

US imports of hardwood plywood rose 78% in October, rallying back after two months of disappointing declines. The 320,269 cubic metres of plywood imported in October was 14% higher than October 2022 imports. Imports from Russia rose to their highest level of the year, more than doubling the previous month's totals, while imports from China rose 59%.

#### Plywood imports

	Year to Oct cu.m 2022	Year to Oct cu.m 2023	YoY % change
Total	3,296,904	2,195,207	-33%
China	89,025	39,922	-55%
Russia	361,774	164,862	-54%
Indonesia	838,267	451,640	-46%
Malaysia	197,903	50,369	-75%
Cambodia	137,190	98,613	-28%
Vietnam	934,639	380,297	-59%
Ecuador	122,640	114,440	-7%
Other	615,466	895,064	45%

Data source: US Census Bureau, Foreign Trade Statistics

Imports from Malaysia and Cambodia both rose by around 75% while imports from Indonesia and Vietnam both rose by about 30%. Despite the surge, hardwood plywood imports for 2023 remain far behind last year with total imports from Malaysia, Vietnam, China, and Russia all less than half of what they were at this point last year. Total imports are down 33% through October.

### Imports of sawn tropical hardwood lag

US imports of sawn tropical hardwood fell slightly in October, declining 4% from the previous month. The 17,256 cubic metres imported in October was 17% below the volume imported in October 2022. Imports from the largest trading partners stayed relatively flat as imports from Brazil fell 2% and imports from Indonesia gained 2%.

Imports of Keruing rose 85% in October and are up 6% over last year through the first 10 months of the year. Balsa imports rose 4% and are up 15% for the year so far. Imports of all other woods are down for the year with imports of Ipe, Virola, Jatoba, Teak, and Anigre all lagging by more than 50% versus last year. Canadian imports of sawn tropical hardwood rose 10% in October due to chiefly to imports from Congo/Zaire, which rose to their highest monthly total in at least 10 years.

Imports from the US and Bolivia also rose sharply while imports from Brazil fell by 83%. Imports of Iroko were especially strong this October, propelling year-to-date numbers for 2024 ahead of last year for the wood.

Imports of Iroko are up 35% over last year while imports of all other woods remain behind last year's pace. Total imports remain down 16% versus last year through October.

### Sawn tropical hardwood imports

	Year to Oct cu.m 2022	Year to Oct cu.m 2023	YoY % change
Total	238,042	168,276	-29%
Ecuador	4,657	6,099	31%
Brazil	60,599	40,381	-33%
Cameroon	27,339	17,829	-35%
Malaysia	24,056	23,287	-3%
Congo (Braz)	19,270	13,557	-30%
Peru	2,105	909	-57%
Indonesia	57,571	25,628	-55%
Ghana	6,370	5,572	-13%
Cote d'Ivoire	3,866	1,774	-54%
Other	32,209	33,240	3%

Data source: US Census Bureau, Foreign Trade Statistics

### Veneer imports' rebound, but not as sharply as in most years

US imports of tropical hardwood veneer nearly doubled in October, rebounding from their annual September dip with a 96% gain over the previous month. Imports from China more than doubled, imports from Cameroon increased eight-fold and imports from Ghana rose more than ten-fold.

However, the upward swing was not as robust as in previous years and import totals actually lost ground versus last year. Imports went from outpacing last year to trailing as October 2023 imports trailed October 2022 numbers by 15%. Imports for the year are down less than 1% through October.

#### Imports of flooring show solid gains

US imports of hardwood flooring rose 15% in October, fueled by a strong gain in imports from China. Imports from China were up 66% in October, rising to their highest level in 20 months. Imports from Indonesia were also strong, gaining 35% over the previous month. Imports from Indonesia are ahead of last year by 151% through October while imports from all countries are up 3% so far this year.

Imports of assembled flooring panels also moved upward, rising 16% in October. Here again imports from China were a factor. Imports from China rose 85% to the highest level since January. Imports from Thailand were up 78%, surging to their best month in more than a year. Despite the gain, imports for the month were down 6% from the previous October. Total imports of assembled flooring panels continue to trail 2022 numbers and are off by 32% versus last year.

#### Imports of assembled flooring panels

	Year to Oct US\$ 2022	Year to Oct US\$ 2023	YoY % change
Total	304,039,862	206,267,764	-32%
China	17,978,364	7,245,798	-60%
Canada	45,239,872	42,990,877	-5%
Indonesia	33,463,629	19,814,134	-41%
Vietnam	50,170,887	36,372,666	-28%
Thailand	50,719,260	14,991,961	-70%
Brazil	1,094,673	927,599	-15%
Other	105,373,177	83,924,729	-20%

Data source: US Census Bureau, Foreign Trade Statistics

#### Moulding imports slip

US imports of hardwood moulding fell by 8% in October and was 24% less than that of the previous October. Imports from chief supplying nations were mostly on the upswing with imports from Brazil gaining 44%, imports from Canada up 10%, and imports from Malaysia up 7%. Imports from China fell 7% and imports from other parts of the world were down by a combined 24% for the month.

Imports from Brazil continue to greatly underperform—even with this month's percentage gain the US\$490k imported was only one-third that of October 2022. Total imports for the year so far are down 30% versus last year with imports from China down 63% through October.

#### Imports of hardwood moulding

	Year to Oct US\$ 2022	Year to Oct US\$ 2023	YoY % change
Total	150,343,724	105,307,058	-30%
Brazil	11,591,413	6,460,529	-44%
China	14,857,468	5,513,222	-63%
Malaysia	15,280,324	9,985,188	-35%
Canada	40,374,046	35,307,393	-13%
Other	68,240,473	48,040,726	-30%

Data source: US Census Bureau, Foreign Trade Statistics

#### US wooden furniture imports rise to highest level since January

US imports of wooden furniture rose 12% in October, rising to their highest level since January. The US\$1.75 billion in imports was 13% less than the previous October's total. Imports from China advanced 22% in October while imports from Vietnam, Canada, and Malaysia all improved by 10% or more.

Despite the gains, year-to-date totals from nearly all trading partners are far behind their 2022 pace. Total wooden furniture imports are down 25% versus 2022 through October.

#### Wooden furniture imports

	Year to Oct US\$ 2022	Year to Oct US\$ 2023	YoY % change
Total	21,838,320,990	16,387,175,605	-25%
China	3,998,860,731	2,668,895,074	-33%
Vietnam	7,959,083,752	5,962,691,703	-25%
Canada	1,385,502,764	1,392,907,915	1%
Malaysia	1,390,880,394	836,191,695	-40%
Mexico	1,779,195,400	1,434,407,020	-19%
Indonesia	1,051,493,199	701,673,650	-33%
India	480,047,122	367,279,175	-23%
Other	4,273,304,750	3,390,408,548	-21%

#### Jobs report shows strong but moderating hiring

Hiring picked up in November as striking auto workers and actors returned to work and businesses continued to largely shrug off high inflation and interest rates. Employers added 199,000 jobs and the unemployment rate fell from 3.9% to 3.7%, the Labor Department reported.

The report bolsters economists' belief that the Fed will hold rates steady for the third straight meeting and is likely done with its sharp rate hikes intended to bring down inflation. Price increases have been moderating and the job market has been gradually cooling.

"What we wanted was a strong but moderating labor market, and that's what we saw in the November report," says economist Robert Frick of Navy Federal Credit Union. Yet the drop in the unemployment rate gives Fed Chair Jerome Powell more evidence to not rule out further rate increases and "push back on the idea that the Fed will be (cutting rates) soon," says Ian Shepherdson, chief economist of Pantheon Macroeconomics.

Employment in manufacturing rose by 28,000 in November, reflecting an increase of 30,000 in motor vehicles and parts as workers returned from a strike. Employment in manufacturing has shown little net change over the year.

#### **Third quarter GDP revise upward**

US real gross domestic product (GDP) increased at an annual rate of 5.2% in the third quarter of 2023, according to the "second" estimate released by the Bureau of Economic Analysis. The GDP estimate is based on more complete source data than were available for the "advance" estimate issued last month.

In the advance estimate, the increase in real GDP was 4.9%. The update primarily reflected upward revisions to nonresidential fixed investment and state and local government spending that were partly offset by a downward revision to consumer spending. Imports, which are a subtraction in the calculation of GDP, were revised down.

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

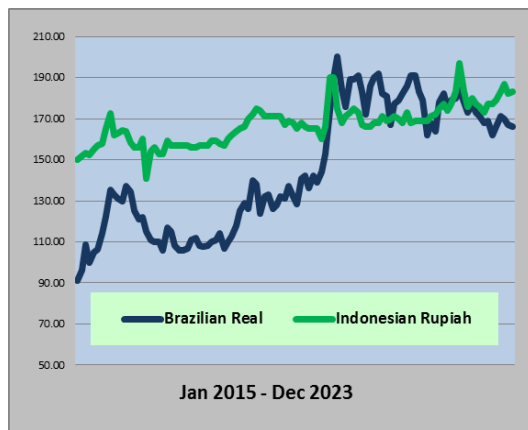
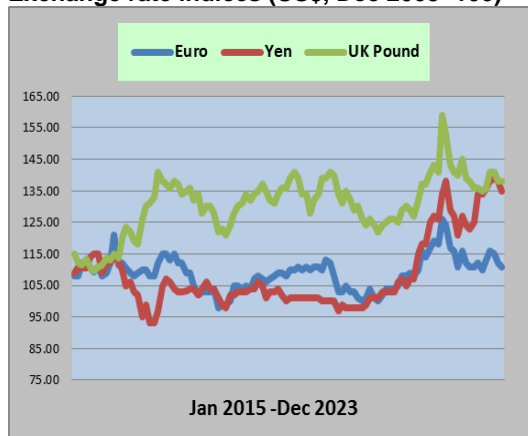
**The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO**

## US Dollar Exchange Rates

As of 10 December 2023

Brazil	Real	4.91
CFA countries	CFA Franc	608.67
China	Yuan	7.16
Euro area	Euro	0.93
India	Rupee	83.44
Indonesia	Rupiah	15,575
Japan	Yen	145.00
Malaysia	Ringgit	4.67
Peru	Sol	3.77
UK	Pound	0.80
South Korea	Won	1,317.80

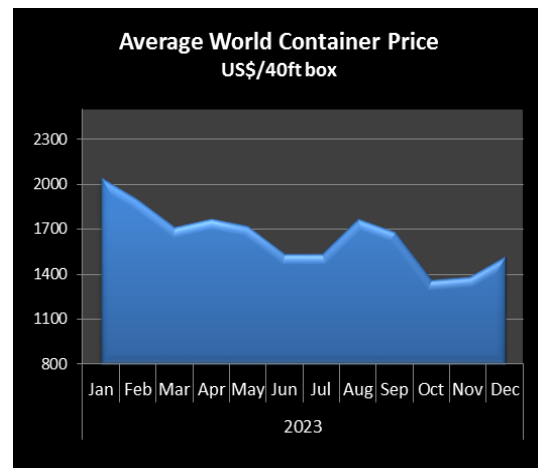
Exchange rate indices (US\$, Dec 2003=100)



## 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

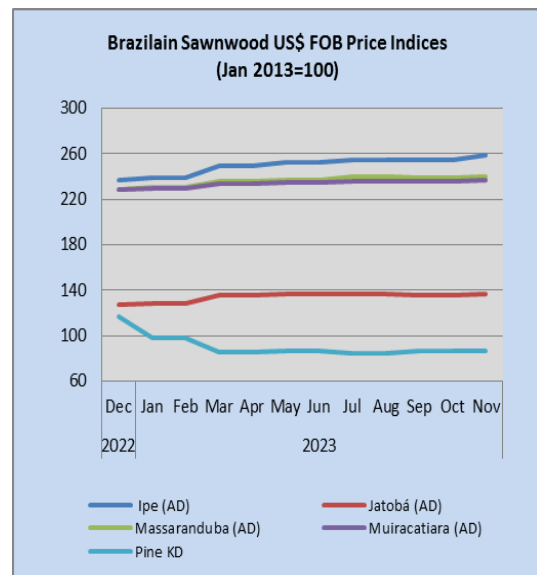
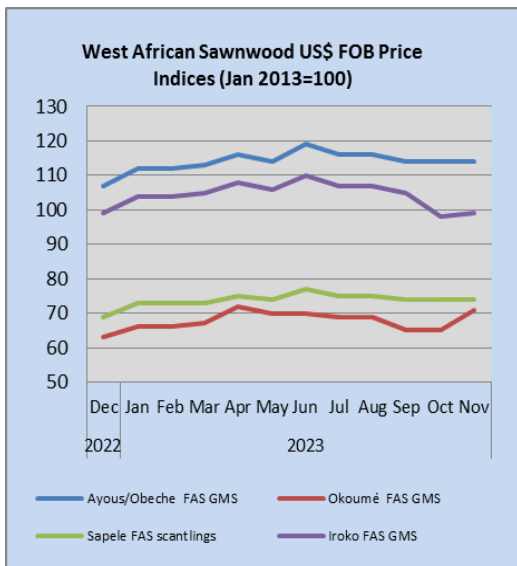
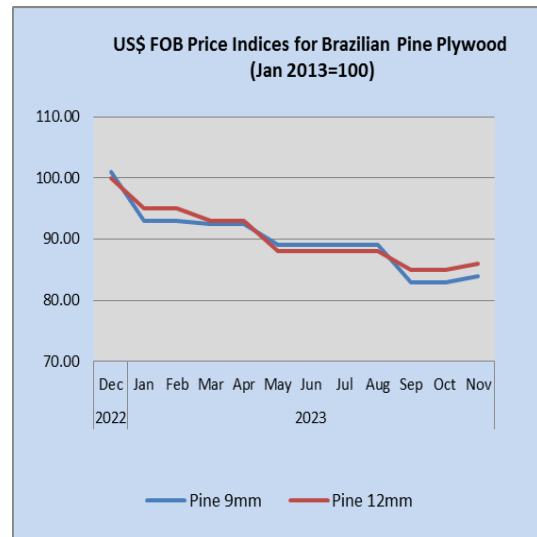
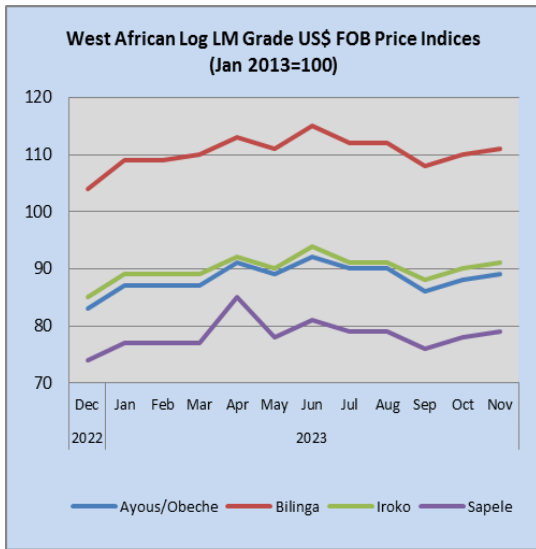


Data source: Drewry World Container Index

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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