

# Tropical Timber Market Report

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## Top story

### US housing starts post sharpest drop since 2020

Construction of new US homes fell 14.8% in January on a sharp decline in multi-family units while single-family building showed signs of improvement. The drop in January was the sharpest since April 2020 during the coronavirus pandemic.

The only region where builders increased construction was the North-East; every other region posted a drop in January. However, a January survey of builders found they were upbeat about future sales of new homes as they expect interest rates to continue to fall.

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**Buyers for Chinese market are stepping up interest**

Some exporters are seeing a rise in demand for peeled veneer, plywood and sawnwood particularly in Asian markets. Buyers for the Chinese market are stepping up interest in bilinga, movingui and Sapelli in addition to okoume.

In Gabon it has been reported that the supply of okoume logs to peeler and sawmills has been disrupted by adverse weather conditions. Olam is a major supplier of logs to processing mills, especially those in the Special Economic Zone. News (unconfirmed) is circulating that a large part of the approx. 2 million hectares of concession held by Olam has been reclaimed by the government.

**Côte d'Ivoire/EU Partnership – VPA signed**

On 19 February the European Commissioner for International Partnerships, Jutta Urpilainen, Ivorian Minister of Water and Forests, Laurent Tchagba and Ambassador of the Belgian Permanent Representative to the European Union, Willem van de Voorde, signed a VPA.

This signing marked the end of a 10-year negotiation process. Now the focus will shift to its implementation which will involve setting up a verification system to guarantee legality and traceability of timber exported as well as timber traded locally.

See: [https://international-partnerships.ec.europa.eu/news-and-events/news/global-gateway-cote-divoire-and-eu-unite-safeguard-forests-and-combat-illegal-logging-2024-02-19\\_en#:~:text=C%C3%B4te%20d'Ivoire%20is%20the,a%20VPA%20with%20the%20EU](https://international-partnerships.ec.europa.eu/news-and-events/news/global-gateway-cote-divoire-and-eu-unite-safeguard-forests-and-combat-illegal-logging-2024-02-19_en#:~:text=C%C3%B4te%20d'Ivoire%20is%20the,a%20VPA%20with%20the%20EU).

**UK and CITES collaboration**

The UK Minister of State, Department for Environment, Food and Rural Affairs has said the UK is currently contributing funding towards a CITES study on the conservation and trade in rosewood tree species. He indicated the UK has in place a mechanisms through the UK Timber Regulations (UKTR) which prohibit the placing of illegally harvested timber and wood products on the UK market.

See: <https://www.theyworkforyou.com/wrans/?id=2024-02-05.HL2178.h>

**New Training Centre for Timber Sector**

The ATIBT has reported a new vocational training centre has been opened for the timber sector in Gabon. In February the first group of trainee sawyers, peelers, joiners and sharpeners began their training at the new Centre de Formation et d'Enseignement Professionnels (CFEP) Bois-BTP in Nkok, Gabon.

At a meeting with the private sector CFEP Bois-BTP Director, Bon-Jean Félicien Badjyenda said the Chairman of the Board of the new establishment will be from the private sector.

See: <https://www.atibt.org/en/news/13448/a-new-vocational-training-centre-for-the-timber-sector-in-gabon>

**Guidelines on contracts and practices**

The ATIBT reports it has made available updated guidelines and recommendations on contracts and practices for the international trade in tropical timber. 12 new reference pamphlets are available on the ATIBT website covering guidelines and recommendations on the uses of tropical woods in international trade.

See: [https://www.atibt.org/en/resource-categories/31/0-reference-works?resource\\_group\\_id=94#category-list](https://www.atibt.org/en/resource-categories/31/0-reference-works?resource_group_id=94#category-list)

**Log export prices**

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

**Sawnwood export prices**

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

**Through the eyes of industry**

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

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

### Research team recommends funding into engineered wood products

A research team from the Ghana Timber Industry Development Division (TIID) has signalled the need for further research into engineered wood products and pellet production. This came after a visit by a delegation from the Forestry Commission research team and key industry stakeholders to India, Vietnam and Thailand. Mr. Samuel Mawuli Doe, the Research and Statistics Manager of the TIID who led a trade mission, said this had become necessary due to the rate at which Ghana was losing markets for its traditional wood products.

Speaking at the presentation of the team's findings and an 'Analysis of Ghana Timber and Wood Products Exports' Mr. Doe said a proposal had been written for funding for further research to be conducted and called on the industry for support. The team also proposed the examination of lesser used species for engineered wood products.

According to Mr. Doe, their visit to Thailand revealed that companies in Thailand are very successful with processing and marketing rubberwood and acacia whereas in Ghana acacia is used only for firewood. He said the team also learnt about the need to prioritise value addition especially for teak optimising machinery and total productivity, tissue culture and development of fast-growing varieties.

See: <https://www.ghanabusinessnews.com/2024/01/25/research-team-calls-for-special-attention-for-wood-products-pellets-production/>

### Government action could undermine private sector access to credit

Dr. Richmond Atuahene, a banking consultant, says government's constant borrowing could put Ghana on a trajectory to recession. Atuahene emphasised that the practice could significantly impede private sector access to credit. According to him, recent data from the Bank of Ghana showed that credit to the private sector has declined by 10% in real terms.

He added that if the private sector does not have funds then it cannot compete which would lead to the crowding out of businesses and enterprises. Access to bank credit facilities is one of the myriad of problems faced by the Association of Ghana Industries (AGI) whose members are in the manufacturing and industrial sectors including timber-processing companies.

See: <https://www.ghanabusinessnews.com/2024/02/15/ghana-on-recession-trajectory-due-to-t-bill-borrowing-banking-consultant/>

### Ministerial reshuffle

A statement from the government details changes in ministerial portfolios. The Ghana President announced a reshuffle of ministerial appointees. Ken Ofori-Atta has exited his role as Ghana's Minister of Finance and Economic Planning after seven years to be replaced by Dr. Mohammed Amin Adam who served as Minister of State in charge of Finance.

The reshuffle also affected the position of Deputy Minister of Lands and Natural Resources and now Akwasi Konadu is the new Deputy Minister for the Lands and Natural Resources. According to the presidential press release the reshuffle takes immediate effect.

See: <https://gna.org.gh/2024/02/ministerial-reshuffle-full-list-of-president-akuo-addo-changes-to-the-executive/>

### Investment Promotion Center needs review of funding structure

The Ghana Investment Promotion Center (GIPC) has disclosed a deficit in its operations over the past two years raising concerns about the organisation's sustainability. The Chief Executive Officer, Yofi Grant, mentioned these challenges during the vetting of the Center by the parliamentary Public Accounts Committee. Grant attributed the deficit to the GIPC's heavy reliance on internally generated funding and emphasised the difficulty in raising the necessary revenue under the current economic challenges facing the nation. He called for a review of the funding structure of GIPC.

See: <https://www.myjoyonline.com/gipc-complains-of-financial-difficulties-due-to-economic-headwinds-records-low-fdi-inflows-in-2-years/>

### Boule export prices

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

### Export sawnwood prices

Ghana sawnwood, FOB FAS 25-100mmx150mm up x 2.4m up	Euro per cu.m	
	Air-dried	Kiln-dried
Afromosia	860	925
Asanfina	465	500
Ceiba	290	351
Dahoma	510▲	540
Edinam (mixed redwood)	640	688▲
Emeri	660	780▼
African mahogany (Ivorenensis)	846	947▲
Makore	560	825
Niangon	700	800▲
Odum	836	990▲
Sapele	800	526▲
Wawa 1C & Select	457▼	497▲

### Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	368▼	441
Chenchen	472	612
Ogea	494▼	590
Essa	670	711
Ofram	350	435

### Export sliced veneer prices

Sliced face veneer	FOB
	Euro per cu.m
Asanfina	1.578↑
Avodire	673
Chenchen	862↑
Mahogany	1,459↓
Makore	1.388↓
Odum	2,499↑
Sapele	1,368↑

### Export plywood prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	555	580	641
6mm	412	535	604
9mm	418	504	560
12mm	699	512	480
15mm	390	385	430
18mm	460	415	383

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

## Malaysia

### Economy grew 3.7% in 2023

Malaysia recorded a GDP growth of 3.7% in 2023 after an expansion of 3% in the fourth quarter of the year supported by continued recovery in economic activity and labour market conditions.

Bank Negara Malaysia (BNM) said growth moderated amid a challenging external environment last year following the strong growth of 8.7% in 2022. Exports, however, remained subdued due to prolonged weakness in external demand and the stronger imports.

See:

<https://theborneopost.pressreader.com/article/282303915056083>

In related news, with the Malaysian currency weakening close to a level last seen during the Asian financial crisis 25 years ago the government has ramped up its verbal support for the ringgit. The Malaysian currency has been under pressure from the strong US dollar and has suffered because of tensions in the Middle East and the attempted Russian invasion of Ukraine. In late February the ringgit traded at 4.77 to the dollar, not far from the 4.885 level in January 1998. The Malaysian currency has declined by about 4% already this year.

### Logging firm recognised

A Sabah logging company, Usahawan Borneo Greenwood, has become the first to receive Yayasan Sabah's Appreciation Certificate as the Best Performing Partner of Rakyat Berjaya for Integrated Mosaic Planting in the Yayasan Sabah Concession Area (SFMLA 09/97). Yayasan Sabah Group Forestry Division Manager, Dr. Esther Li said this certificate is a way to recognise the company for their good performance and to motivate them to continue and at the same time, it is to encourage others involved.

See:

<http://theborneopost.pressreader.com/article/281487871275137>

### Preventing peat swamp fires

Peat swamp forests constitute a significant component of the Malaysian forest and extend to around 1.54 million hectares with most (70%) being in Sarawak, less than 20% in Peninsular Malaysia and the balance in Sabah.

The Ministry Natural Resources and Environmental Sustainability is currently implementing a 'Sustainable Management of Peatland Ecosystems in Malaysia' (SMPEM) project as one of the initiatives to prevent peatland fires.

See:

<http://theborneopost.pressreader.com/article/281505051144321>

### Agarwood management

The Malaysian Timber Industry Board (MTIB) has been appointed as a Management Authority responsible for managing the registration of Scheduled Species for Planters (Karas) in Peninsular Malaysia and the Federal Territory under Act 686 (International Trade in Endangered Species of 2008).

Agarwood is also known as Karas in Malaysia. Currently, there are approximately 288 companies that have registered as Karas planters covering 2,706 hectares.

The MTIB recently held a Karas Tree Identification and Karas Plantations Auditing Workshop.

The objectives of the workshop were as follows:

- Updating the list of existing auditors and appointing new auditors
- Providing updates to officials involved in the auditing of Karas plantations of Act 686 in line with the amendment of the 2022 Guidelines for the Registration of Karas Planters
- Ensuring that the auditing process of Karas plantations is implemented more effectively

See:

[https://www.mtib.gov.my/muaturun/eMaskayu\\_Publication/eMaskayu\\_2023/eMaskayu%20Vol%208\\_2023.pdf](https://www.mtib.gov.my/muaturun/eMaskayu_Publication/eMaskayu_2023/eMaskayu%20Vol%208_2023.pdf)

### Malaysian port in top 20 for container traffic

Port Klang in Selangor and Johor's Port of Tanjung Pelepas (PTP) remain among the busiest global ports. Port Klang recorded the highest throughput of containers last year at 14 million twenty-foot equivalent units (TEU) compared to 13 million TEU in 2022. PTP meanwhile processed some 10 million TEU last year.

See: <https://www.thestar.com.my/news/nation/2024/02/23/port-klang-ptp-among-the-top-20-busiest-ports-in-the-world-says-loke>

### 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/20240223/1708653799120615.pdf>

### **Furniture and craft industries need to adopt advanced technologies**

Competition in international markets for furniture and handicraft industries is getting tougher as Vietnam and Malaysia strive to expand market share. The Chairman of the Indonesian Furniture and Crafts Industry Association (HIMKI), Abdul Sobur, stated that given the state of the global economy it is very important to improve the competitiveness of the national handicraft and furniture industries.

According to him, one of the things that must be done to improve competitiveness of the national furniture and handicraft industry is adoption of advanced technologies. The HIMKI has asked the Ministry of Industry to provide subsidies for the rejuvenation of technologies in the furniture and handicraft industry in the country.

The HIMKI is optimistic that the wood processing industry can grow by 5% -6% this year even though several main export markets such as the UK and Japan are facing economic downturns. Abdul Sobur, said that his Association has developed strategies to realise market growth and one aspect is exploring exports to non-traditional markets.

Japan and the UK have been one of the main markets for furniture and craft although the market share for furniture exports to the United States is larger. Statistics Indonesia (BPS) noted that the value of furniture exports (HS 94) to Japan decreased from US\$174.71 million in 2022 to US\$141.15 in 2023. Meanwhile, furniture exports to England also decreased from US\$58.34 million in 2022 to US\$45.76 million last year.

See: <https://ekonomi.bisnis.com/read/20240221/257/1742913/duh-reseksi-jepang-dan-inggris-ancam-ekspor-mebel-ri>.

### **Support programme for machinery in wood processing industry**

The Ministry of Industry is working to enhance productivity and competitiveness in the furniture industry. The sector's export performance in 2023 was recorded at US\$1.8 billion. Moreover, the Industrial Performance Index (IKI) for the furniture industry stood at 52.4 in January 2024, which represented an expansion that suggests that furniture companies are confident about business conditions.

One of the efforts made by the Ministry of Industry is to continue the restructuring programme for machines and/or equipment in the wood and furniture processing industries.

The Director General of Agro-Industry, Putu Juli Ardika, said the Ministry is implementing a restructuring programme for machinery and/or equipment in the wood processing industry, in the form of providing partial reimbursement for purchases based on certain criteria.

Since 2022 twentyfour companies have participated in the restructuring programme for machinery and equipment used in the wood and furniture processing industry. Nine companies joined the programme in 2022 while 15 companies joined in 2023.

In 2024, the budget allocated for the restructuring programme for industrial machinery and equipment reached IDR7.5 billion and targets 10 companies.

According to one company's report for the 2022 fiscal year, this programme had increased the company's efficiency by 10-30%, improved product quality by 10-30% and increased productivity by 20-30%.

See: <https://www.msn.com/id-id/berita/other/kemenperin-gencarkan-program-restrukturisasi-mesin-di-industri-furnitur/ar-BB1iydpW> and <https://www.msn.com/id-id/berita/other/restrukturisasi-mesin-naikkan-produktivitas-sektor-furnitur-30-persen/ar-BB1iwu9R>

### **Sustainability with environmental, social and governance pillars**

The Ministry of Environment and Forestry (KLHK) continues to develop the forestry sector to uphold the principles of sustainability with the Environmental, Social and Governance (ESG) pillars. Acting Director General of Sustainable Forest Management, Agus Justianto, stated that this was to answer the challenges of the complexity of environmental issues, social problems and economic utilisation in development.

He continued saying “challenges that were initially limited to problems of environmental damage, then spread to social problems in accessing natural resources which are also required to provide economic benefits for development”.

According to Agus, the government has adopted various approaches, from interventions through regulation, control and supervision, law enforcement and capacity building to developing an inventory and monitoring system.

The approaches that have been developed are implemented based on various policy instruments, both in the form of government regulatory instruments, as well as instruments that apply on a global scale such as the Sustainable Development Goals (SDGs), UN-CBD, Convention on Biodiversity, Nagoya Protocol, and Paris Agreement.

See: <https://nasional.sindonews.com/read/1324003/15/komitmen-pembangunan-lingkungan-hidup-klhk-pegang-teguh-prinsip-esg-1708250552>

### **Ministry reports - deforestation down, sustainable forest utilisation up**

The government continues to reduce deforestation and utilise forests in a sustainable manner, said Agus Justiant, adding "achieving a low deforestation rate is a key performance indicator for the forestry sector".

Data from the Ministry shows that Indonesia's net deforestation fell to 104,000 hectares in 2021–2022, down from 113,500 hectares in 2020–2021.

Justianto highlighted the government's ongoing efforts to transform forest utilisation through schemes like multi-business forestry which emphasises not just wood production but also landscape-based management. This integrated approach fosters increased land productivity by encouraging diverse forestry businesses focused on environmental products and services. The government is also expanding access to forest use not only to corporations but also to the community through social forestry schemes, he noted.

See: <https://en.antaranews.com/news/306294/deforestation-down-sustainable-forest-utilization-up-klhk> and <https://www.pikiran-rakyat.com/nasional/pr-017729477/hpn-2024-deforestasi-indonesia-terendah-dalam-sejarah-kehutanan-tertinggi-tahun-1996?page=all>

**Private sector and community partnership for forest restoration**

Companies holding Forest Utilisation Business Permits (PBPH) are encouraged to become responsible for environmental restoration by involving local communities through forestry partnership schemes.

"With good planning and good management sustainable forest management can provide benefits from economic, social and environmental-ecological aspects according to Agus Justianto.

In early February, Agus visited PBPH PT Kandelia Alam in Kubu Raya Regency, West Kalimantan. Agus saw how the management of PT Kandelia Alam carried out mangrove restoration by involving the communities around the concession area.

Now the community also benefits from the involvement in efforts to restore mangroves and forest management, including the use of forest products such as honey and silvo-fisheries a traditional aquaculture system that combine fisheries business with mangrove planting,

See: <https://forestinsights.id/pemulihan-hutan-libatkan-masyarakat-dirjen-phl-klhk-perusahaan-harus-jadi-contoh/>

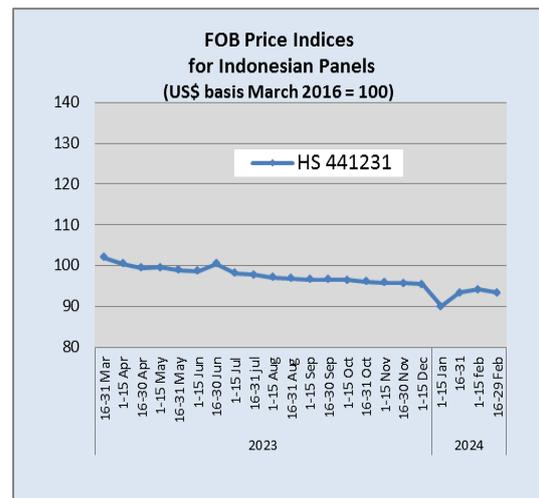
**Strengthen implementation of the Economic Value of Carbon plan**

To achieve emission reduction targets the Ministry of Environment and Forestry (KLKH) is supporting efforts to strengthen the implementation of the Economic Value of Carbon (NEK) plan, one of which is by strengthening Human Resources through workshops and training.

The Minister of Environment and Forestry, Siti Nurbaya, said that the high level of public euphoria and interest in NEK needs to be accompanied by regulatory and policy information as well as its implementation by administrators and regulators.

When opening a Workshop on Implementing NEK she said "through training and this workshop I hope that we can all better understand the strategic and operational policies for implementing NEK to support the achievement of NDC and controlling GHG emissions to support national development". To achieve this it will be necessary to monitor the introduction the carbon economy implementation concepts and adapt national policies and standards while remaining in line with national interests.

See: <https://www.antaranews.com/berita/3971595/klhk-dukung-upaya-perkuat-implementasi-nilai-ekonomi-karbon> and <https://forestinsights.id/dukung-penyelenggaraan-nilai-ekonomi-karbon-klhk-gelar-lokalatih-penguatan-sdm/>



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

**Through the eyes of industry**

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

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

**Myanmar**

**Timber exports set to be lowest ever recorded**

In the first three quarters of the 2023-24 financial year timber exports stood at just US\$50 million which, if the pace of exports continues at the current rate, the year will end with the lowest ever level of timber exports. Although the Myanmar currency has depreciated sharply exporters could not benefit from this to boost exports.

The market exchange rate is between 3,400 to 3,600 kyats to the US dollar but exporters only receive 2,100 kyats when, by law, they must exchange incoming hard currency payments.

See: <https://www.gnlm.com.mm/kyat-depreciates-beyond-k3600/>

### **International trade balance**

According to the Ministry of Commerce Myanmar's international trade amounted to US\$25.5 billion over the past ten months of the current financial year 2023-2024, beginning 1 April and comprised exports worth US\$12.1 billion and imports worth US\$13.4 billion.

Myanmar's seaborne trade value was estimated at US\$18.8 billion while US\$6.7 billion from border trade. Myanmar exports agricultural products, animal products, minerals, forest products and finished industrial goods while it imports capital goods, intermediate goods, raw materials and consumer goods.

See: <https://www.gnlm.com.mm/myanmars-foreign-trade-exceeds-us25-bln-in-ten-months/>

### **First announcement for MyanmarWood Fair**

MyanmarWood, recognised as a specialised trade fair for the woodworking industry, will take place at the Yangon Convention Centre, Myanmar. Organised by Chan Chao International Co., Ltd., This fair has established itself as a central meeting point for industry experts and companies specialising in woodworking and related technologies. MyanmarWood runs 13-16 December 2024.

See: <https://www.tradefairdates.com/MYANMAR+WOOD-M13687/Yangon.html>

## **India**

### **Few ready for new BIS rules – calls for extending implementation deadline**

The correspondent in India writes “the new regulations from the Bureau of Indian Standards (BIS) are still a burning issue with international and domestic panel manufacturers as the deadline is looming but, so far, there has been no announcement from the government on an extension”.

He adds “local manufacturers are eagerly awaiting a decision from the government. If there is no extension then it is anticipated panel prices will jump in the local market because of lower imports which will mean competition from imported panels weaken. If this happens there could be a rise in imports from shippers which have satisfied the BIS regulations”.

Overall, the economy is stable but demand has become slower, however, the outlook is that India is doing well and that this is a favourable time for domestic manufacturers to increase in sales.

### **Domestic woodbased panel producers set to do well in 2024**

Plyreporter has said during 2023 it has been estimated that MDF consumption was around 7,000 cubic metres per day and looking ahead it is anticipated that the organised sector will expand capacity as the market outlook is positive.

The production capacity for MDF is expected to grow at a faster rate in 2024 compared to 2023 fuelled by the arrival of bigger plants and new production lines. Additionally, it is anticipated there will be increased consumer acceptance of domestically produced MDF products, in part stemming from the implementation of BIS regulations on quality effective from February 2024.

There is a steady demand for particleboard in India and production capacity has grown but, as stated in a Plyreporter analysis, “the industry has seen very good growth in 2023 in terms of capacity addition but the market of particleboard did not show good demand especially in the retail segment”.

The price of particleboard in the domestic market experienced a sharp decline in 2023 and manufacturers know there must be more effort directed to promotion particularly among the burgeoning ready-made office furniture markets where the particleboard industry can make an impact and lift sales.

With BIS panel regulations coming into force, imported particleboard will face a hurdle that will also create a space for the domestic particleboard industry in India. It is anticipated that improved awareness of particleboard quality standards will rise among consumers driving demand higher.

See: <https://www.plyreporter.com/article/93401/the-particle-board-capacity-will-increase-by-20-in-2023-ply-reporter-prediction-2023>

### **Eased cross-state transport of forest products**

The Ministry of Environment, Forest and Climate Change has introduced a National Transit Pass System (NTPS) as a “One-Nation-One-Pass” to facilitate unrestricted transit of timber, bamboo and other forest products throughout the country.

India has many States and Provinces and until now transit permits were issued by different States based on their own transit rules which meant to move forest products separate transit passes had to be obtained for cross State transport (known locally as the ‘Jungle Pass’). This process was time-consuming and frequently caused delays in transport and production.

The new system will serve as a bridge between the rural and urban economy. Under the new system the QR coded transit permits will help check-gates across various states verify the validity of the permits and allow seamless transit. This new system will not only facilitate smooth transportation but will also help curb illegal wood transportation.

See: <https://timesofindia.indiatimes.com/india/government-launches-one-nation-one-pass-regime-for-seamless-transit-of-timber-and-other-forest-produce/articleshow/106386236.cms>

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

	Hoppus cu.m	US\$ C&F
Brazil	145	395
Colombia	119	335
Costa Rica	91	350
Nigeria	196	285
Benin	141	515
Tanzania	92	310
Laos	-	-
South Sudan	116	385
Guatemala	101	455
Venezuela	140	305

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

	cu.m	US\$ C&F
Benin	49	630
Brazil	98	355
Colombia	176	345
Costa Rica	117	385
Ecuador	-	-
Ghana	122	420
Ivory Coast	-	-
Nigeria	144	375
South Sudan	99	390
Tanzania	117	375
Togo	149	380
Panama	90	450

**Locally milled sawnwood prices**

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

Price range depends mainly on lengths and cross-section

**Sawn hardwood prices**

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

Price range depends mainly on lengths and cross-section

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

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

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

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

**Vietnam**
**Wood and Wood Product (W&WP) trade highlights**

According to Vietnam's Customs Office in January 2024 W&WP exports were valued at US\$1.4 billion, up 4.6% compared to December 2023 and up 75% compared to January 2023. In particular WP exports stood at US\$924 million, down 3% compared to December 2023 but up 87% compared to January 2023.

Vietnam's exports of wooden furniture in January 2024 amounted to US\$884 million, up 4.7% compared to December 2023 and up 99% compared to January 2023.

W&WP exports to the EU market in January 2024 contributed US\$63 million, down 6% compared to December 2023 but up 5% compared to January 2023.

W&WP exports to the US market in January 2024 were recorded at US\$781 million, up 4.6% compared to December 2023 and up 15% compared to January 2023.

Vietnam's W&WP imports in January 2024 reached US\$250 million, up 35% compared to December 2023 and up 108% compared to January 2023.

In December 2023 Vietnam imported 45,900 cu.m of pine worth US\$10.5 million, down 37% in volume and 35% in value compared to November 2023. However, compared to December 2022, imports increased by 21% in volume and 13% in value.

In 2023, pine imports amounted to 705,400 cu.m worth US\$155.0 million, down 24% in volume and 39% in value compared to 2022.

Ash wood imported into Vietnam in December 2023 amounted to 32,300 cu.m worth US\$8.5 million, down 4% in volume but up slightly in value compared to November 2023. Compared to December 2022 imports were down 34% in volume and 36% in value. Overall, in 2023 ash wood imports were 497,400 cu.m, worth US\$127.9 million, up 0.3% in volume but down 3% in value compared to 2022.

Imports of logs and sawnwood from the US in December 2023 were reported at 41,920 cu.m at a value of US\$17.16 million, down 15% in volume and 20% in value compared to November 2023 and down 5% in volume and 111% in value compared to December 2022.

In 2023, imports of raw wood from the US to Vietnam totalled at 522,010 cu.m at a value of US\$223.62 million, down 24% in volume and 32% in value compared to 2022.

Vietnam's imports of raw wood from Africa in December 2023 amounted to 45,020 cu.m at a value of US\$17.47 million, down 30% in both volume and value compared to November 2023 and down 69% in volume and 67% in value compared to December 2022.

In 2023 imports of raw wood from Africa amounted to 720,060 cu.m at a value of US\$281.81 million, down 46% in volume and 43% in value compared to 2022.

#### **Optimism after good start to 2024**

The industry in Vietnam faces a tough road to recovery and industry attendees at the 2024 Vietnam International Furniture and Home Accessories Fair (VIFA EXPO) were vocal in discussing the hurdles which included diminished order volumes, the relentless quest for innovation in design and the logistical nightmares fueled by rising costs and geopolitical tensions.

Yet, amidst these challenges the rise in wood product exports in January was encouraging and hopefully signals a reminder of the industry's capability to bounce back. With over 600 exhibitors from 17 countries, VIFA EXPO offered the opportunity for companies to network, see innovative designs and a platform for businesses to identify new markets.

The perception in the trade is that there are positive several factors that signal a possible recovery. The easing inflation in the US could drive demand for Vietnamese wooden products.

Manufacturers are aware they must diversify markets, enhance productivity and constantly examine design trends to be successful.

See: <https://bnnbreaking.com/world/asia/vietnams-wood-industry-sees-rays-of-hope-a-resilient-comeback-in-2024>

#### **W&WP export target at US\$16 billion in 2024**

Vietnam has targeted earning US\$16 billion from the export of wood and wood products this year given the prospects in certain markets according to the Ministry of Agriculture and Rural Development (MARD).

Vietnam's key markets include China, the US, Japan, South Korea, the EU and China. In the first month of this year wood and wood product exports to Europe saw positive growth. Those to the Netherlands fetched US\$9.2 million, up 5% against December and almost double that in January 2023.

Wood exporters remain concerned about rising transportation costs as tensions in the Red Sea forced shipping lines to divert vessels to ensure safety. Transportation costs to the EU and the US have, however, begun to ease over the past few weeks. Chairman of the Vietnam Timber Forestry Products (VIFOREST), Do Xuan Lap, said transportation costs for a 40-foot container from Vietnam to the EU have come down to US\$3,786.

See: <https://vneconomy.vn/2024-wood-and-wooden-product-exports-targeted-at-16bln.htm>

#### **Expanding plantations**

The Ministry of Agriculture and Rural Development MARD has announced plans to cultivate approximately 1 million hectares of large-sized plantation trees by 2030 to support economic growth, enhance environmental protection and ensuring a sustainable timber supply for both domestic and international markets.

The goal is to maintain the current 500,000 hectares of commercial forests and expand this to 1 million hectares with acacia and eucalyptus. The aim is to achieve an average yield of 20 cubic metres per hectare annually by 2025 and 22 cubic metres by 2030.

See: <https://bnnbreaking.com/world/vietnam/vietnams-green-vision-aiming-for-1-million-hectares-of-timber-forests-by-2030>

## **Brazil**

#### **Sustainable forest management supported by reliable financing**

In Mato Grosso the 2023/2024 Harvest Plan (through sustainable forest management) is forecast to capture around 17% of the R\$5.8 billion in available forest resources. The forest-based sector in the State is huge and there are 620 industries associated with the Centro das Indústrias Produtoras e Exportadoras de Madeira do Estado de Mato Grosso (CIPEM).

In the State there are more than 4.7 million hectares of managed forests protected against deforestation. The timber sector generates approximately 10,000 direct jobs and is the 4th largest in formal jobs creation among manufacturing industries in the State. In several municipalities, timber companies are the main source of employment, revenue and taxes and contributed R\$66.2 million to the State in 2022.

The flow of finance is essential for industries and the "Renovagro" credit line is a primary lender for the sector having released around R\$1 billion in the first five months of 2023. The Bank of Brazil (Banco do Brasil) has also increased its financing for forest management.

See: <https://noticiaexata.com.br/geral/manejo-florestal-producao-sustentavel-em-destaque-no-plano-safra-2023-2024/#:~:text=No%20contexto%20do%20Plano%20Safra%2023%2F2024%20em%20Mato,os%20financiamentos%20para%20o%20manejo%20florestal%2C%20atingindo%20R%24%205%2C1>

### **No harvesting until April in Mato Grosso State**

The timber sector in the State of Mato Grosso, one of the main tropical timber producing states in the Amazon region, is currently restricted from felling, hauling and transporting logs under an ordinance in effect until 1 April.

The measure, which came into force 1 February, aims to protect the soil during the rain season and covers around 6% of the State land, equivalent to 52,000 sq.km that include areas with Sustainable Forest Management Plans.

During this period it is only possible to obtain permits to transport timbers stockpiled in registered timber yards. The restriction follows the guidelines of the National Environment Council (CONAMA) resolution and is regulated by the Mato Grosso Forestry Technical Chamber through Resolution No. 10/2017 which establishes the prohibitive period for logging under the low-impact Sustainable Forest Management regime.

See: <https://forestnews.com.br/periodo-proibitivo-manejo-florestal-mt-abril/>

### **Export update – January 2024**

In January 2024 Brazilian exports of wood-based products (except pulp and paper) increased 13% in value compared to January 2023, from US\$266.6 million to US\$300.3 million.

Pine sawnwood exports increased 8.5% in value between January 2023 (US\$44.6 million) and January 2024 (US\$48.4 million). In volume, exports increased 16% over the same period, from 192,400 cu.m to 222,400 cu.m.

Tropical sawnwood exports decreased 16% in volume, from 29,500 cu.m in January 2023 to 24,700 cu.m in January 2024. In value, exports decreased 28% from US\$15.7 million to US\$11.3 million, over the same period.

In contrast pine plywood exports increased almost 4% in value in January 2024 (US\$58.2 million) compared to January 2023 (US\$56.2 million) but in terms of volume exports decreased from 189,500 cu.m (January 2023) to 188,600 cu.m. (January 2024)

Tropical plywood exports decreased in volume 51% and in value 39%, from 3,500 cu.m and US\$1.8 million in January 2023 to 1,700 cu.m and US\$1.1 million in January 2024, respectively.

As for wooden furniture, the export value increased from US\$34.6 million in January 2023 to US\$38.6 million in January 2024, an increase around 12%.

### **Reducing bureaucratic obstacles to speed shipments**

The Federation of Industries of Mato Grosso (FIEMT) together with the Center of Timber Producing and Exporting Industries of Mato Grosso State (CIPEM) and the National Forest-Based Forum (FNBF) met with representatives from the Senate and Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) with the aim of reducing bureaucratic obstacles for exports from the forest-based sector in the State of Mato Grosso.

In particular the aim was to resolve issues such as shipping delays at ports due to the lack of IBAMA inspection agents. One of the requests to IBAMA was to make officials available for work at the Cuiabá Dry Port, to resolve these demands and speed up exports. Mato Grosso's forestry sector plays a crucial role in the economy, with trade transactions with 62 countries in 2023, totalling US\$104.6 million in exports, especially to the United States, India and China.

See: <https://cipem.org.br/noticias/fiemt-e-setor-de-base-florestal-de-mato-grosso-se-unem-para-destravar-exportacoes-do-segmento>

### **Furniture exports - promoting differentiation and design over price**

In 2023 the Brazilian furniture industry faced tough challenges as reflected in export earnings which fell by 11% compared to 2022 (US\$735.3 million compared to the US\$ 830.7 million in 2022). Global economic instability has had an impact on exports, particularly a decline in demand from the United States which accounted for 32% of total furniture exports in 2023.

Despite this, the sector's trade balance remained positive with a surplus of more than US\$500.9 million. Market diversification strategies and participation in international events, such as the ICFE (International Contemporary Furniture Fair) in New York, are planned to boost exports in 2024.

Although the national furniture sector faced challenges in 2023 it plans innovative strategies for 2024 that differentiate Brazilian products with the aim of increasing international competitiveness. Brazil, renowned for producing quality furniture, is aiming for long-term growth in exports and promotes the high level of differentiation and design rather than just competing on price.

The New Year has brought some optimism but export projections depend on the economies in target markets and specifically inflation control in the furniture production chain and the global geopolitical situation which have a direct impact on international commodity prices.

See: <http://abimovel.com/balanco-2023-exportacoes-brasileiras-recuam-no-setor-de-moveis-diante-de-obstaculos-no-mercado-internacional/>

## Through the eyes of industry

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

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

### Domestic log prices

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

Source: STCP Data Bank

### Domestic sawnwood prices

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

Source: STCP Data Bank

### Domestic plywood prices (excl. taxes)

	US\$ per cu.m
Parica	
4mm WBP	647↓
10mm WBP	519↓
15mm WBP	451↓
4mm MR.	641↓
10mm MR.	453↓
15mm MR.	398↓

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 MDParticleboard	379↓
15mm MDF	398↓

Source: STCP

### Export sawnwood prices

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

Source: STCP Data Bank

### Export plywood prices

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

Source: STCP Data Bank

### Export prices for added value products

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

Source: STCP Data Bank

## Peru

### Shipments of wood products dropped in 2023

Peruvian wood exports in 2023 reached US\$100.9 million, a drop of 20% compared to the previous year (US\$126.5 million) and represented just 0.1% of total national export shipments to the world according to the Association of Exporters (ADEX).

The manager of the ADEX Services and Extractive Industries unit, Lucía Rodríguez Zunino, highlighted the need to implement measures that encourage investment to take advantage of the full potential of resources in the Amazon region of the country. She added “regulations are required to promote the development of the timber sector as it is one that generates the most jobs per million dollars exported.

Last year there were around 20,000 jobs supported by the sector in areas far from cities and the industries there added value to Peruvian forests which, she added, is the best way to ensure their survival.

According to data from the ADEX Data Trade Intelligence System, despite suffering a 16% drop sawn wood (US\$42.3 million) was the main product exported, accounting for 42% of the total. In second place were semi-manufactured products (US\$34.8 million) but export earnings were down 38% in 2023. The main item in this category was profiled wood except Ipê (US\$15.3 million).

Others categories were construction products (US\$5.5 million), firewood and charcoal (US\$5.4 million), manufactured products (US\$4.3 million), furniture and its parts (US\$4.1 million), veneer and plywood (US\$2.4 million), among others.

The most notable destinations were China (US\$19.9 million), France (US\$13.9 million), Mexico (US\$13.7 million), Dominican Republic (US\$11.8 million) and the USA (US\$ 9.5 million). Completing the top ten export destinations were Vietnam, Ecuador, Belgium, Denmark and Chile.

### OSINFOR/USAID work on sustainable forest management

Within the framework of strategic collaboration through international cooperation the Forestry and Wildlife Resources Supervision Agency (OSINFOR) received technological support from the USAID ‘Prevent Project’ that will contribute to the capacity for further development of the forest management model promoted by both institutions to strengthen governance and legality in the sector.

For this purpose, ‘Prevent’ delivered drones that will be used in the monitoring and supervision of harvesting permits in order to collect evidence of change of use, degraded areas, as well as over exploitation.

Between June 2022 and September 2023, OSINFOR has monitored more than three million hectares of forest using the Optimized Supervision methodology and detecting four million board feet of unauthorised extraction.

See: <https://www.gob.pe/institucion/osinfor/noticias/904247-osinfor-y-prevenir-de-usaid-unen-esfuerzos-para-contribuir-a-una-gestion-forestal-sostenible>

### SERFOR campaign to prevent forest fires

The National Forestry and Wildlife Service (SERFOR) began an information campaign on ‘Risk management for the prevention of forest fires’ in the Department of Cusco. Specialists from SERFOR's Cusco Technical Forestry and Wildlife Administration (ATFFS) provided knowledge on conceptual aspects and legal framework related to forest fires.

The Technical Administrator of SERFOR's ATFFS in Cusco reported that 40 members of the immediate reaction force from the 5th Mountain Brigade participated in the workshop because they have a specific and temporary function in fire management.

“There is an alliance established with this military institution, whose members intervene in the control and combat actions of forest fires when requested” said the Technical Administrator. In 2022, Cusco registered 1,269 forest fires that affected around 126,230 hectares.

See: <https://www.gob.pe/institucion/serfor/noticias/906962-cusco-serfor-inicia-campana-para-la-prevencion-de-incendios-forestales>

### Export prices for added value products

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

### Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	691-710
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	582-602
Grade 2, Mexican market	527-541
Cumarú 4" thick, 6"-11" length KD Central American market	995-1022
Asian market	1001-1025
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	634-649
Dominican Republic	744-793
Marupa 1", 6-11 length KD Grade 1 Asian market	559-571↓

### Export plywood prices

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

### Export veneer prices

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

### Domestic sawnwood prices

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

### Domestic plywood prices (excl. taxes)

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

### Domestic prices for other panel products

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

## Japan

### Most companies ready to raise wages

Most major Japanese companies have agreed to fully meet their labour union wage demands in this year's spring wage negotiations to bring relief to workers amid inflation and retain workers in the tight labour market.

The quick responses were possible partly to strong corporate earnings, the labour shortage is another factor. A survey of corporate views on wage trends by a domestic research group indicated the share of companies that expect pay to improve was the highest since polling began in 2006. The most commonly cited reason among these respondents was securing and retaining workers.

While the momentum for wage increases is picking up at large companies the question remains whether the same will happen among the small and midsize enterprises that employ around 70% of Japan's workforce.

Japanese businesses as a whole raised pay by 3.6% in last year's spring wage negotiations but those enterprises with 300 or fewer union members lagged behind at 3.2% according to the Japanese Trade Union Confederation.

It has been estimated by the government that, to create real wage growth, it will require wage increases of around 4% by large companies and in the high 3-4% range in smaller businesses.

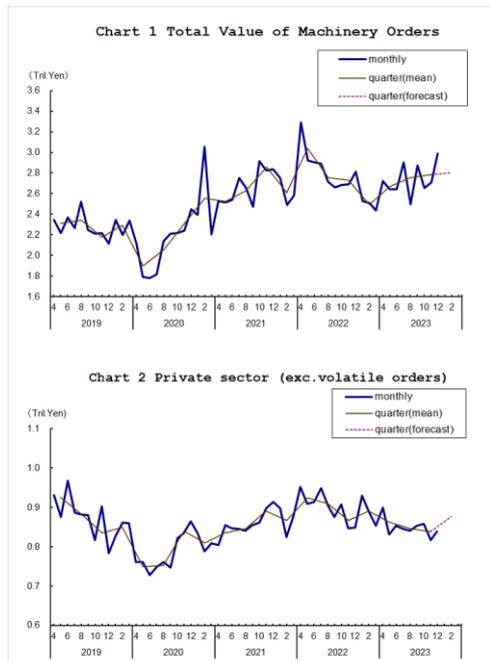
As household struggle with rising costs some full-time employees in Japan are turning to side jobs to increase their annual income in response to the effective wage drop due to price hikes and rising social insurance premiums.

See: <https://asia.nikkei.com/Business/Business-trends/More-Japan-business-leaders-expect-5-wage-hikes-in-2024-poll>

**Processing machinery orders on the rise**

The total value of machinery orders received by the 280 manufacturers operating in Japan and included in the survey increased by 10.3% in December from the previous month. In the third quarter 2023 orders increased by almost 1% compared with the previous quarter.

In the 2024 January-March period the total value of machinery orders was forecast to increase by 0.8% and private-sector orders, excluding volatile ones, were forecast to rise by 4.6% from the previous quarter.



Source: Cabinet Office, Japan

**Economists confident negative rates will end this year**

Many analysts are convinced 2024 will be the year the Bank of Japan (BoJ) 'normalises' policy and raises interest rates above zero. Negative interest rates have been the corner stone of Japanese monetary policy since 2016 with the BoJ maintaining ultra-easy policy to conquer deflation. However, with inflation having exceeded the BoJ 2% target for over a year and the anticipated wage increases, economists are confident of an end to negative rates this year.

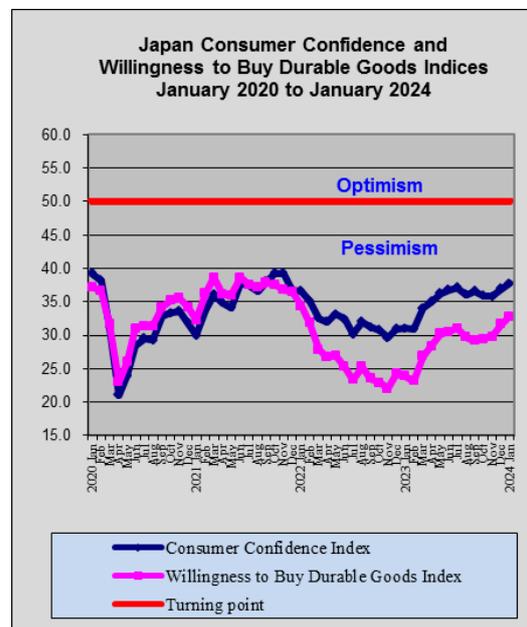
In its policy meeting on 23 January the BoJ maintained its policy pointing to "extremely high levels of uncertainties" but there were hints that conditions for a policy change were falling into place.

Japan's GDP contracted at an annualised rate of 0.4% in the December quarter which, following the previous quarter's revised 3.3% decrease meaning Japan fell into recession. Both private consumption and capital expenditure declined in the December quarter, although exports rose.

The Cabinet Office report also showed Japan losing its third-placed global economic ranking to Germany. Japan's nominal GDP stood at \$4.21 trillion in 2023, below Germany's \$4.46 trillion, with a weak yen contributing to the decline.

See: <https://thediplomat.com/2024/02/the-bank-of-japans-year-of-living-dangerously/>

In February and for the first time in three months the government downgraded its view on the economy citing weak consumer spending. With private consumption contributing around 60% to GDP, the road out of the current recession will be long. Hopes are high that the wage hikes promised by companies will drive a recovery to give the Bank of Japan the opportunity exit its ultra-easy policy this year.



Data source: Cabinet Office, Japan

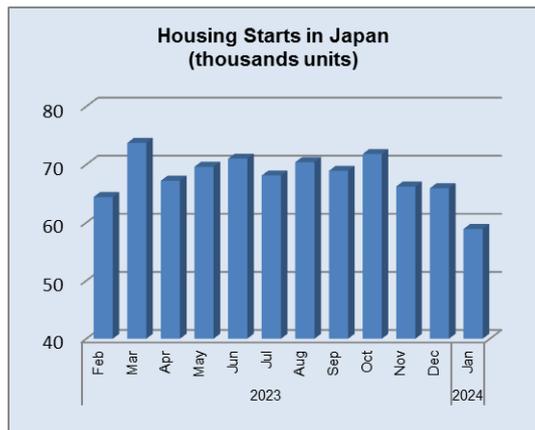
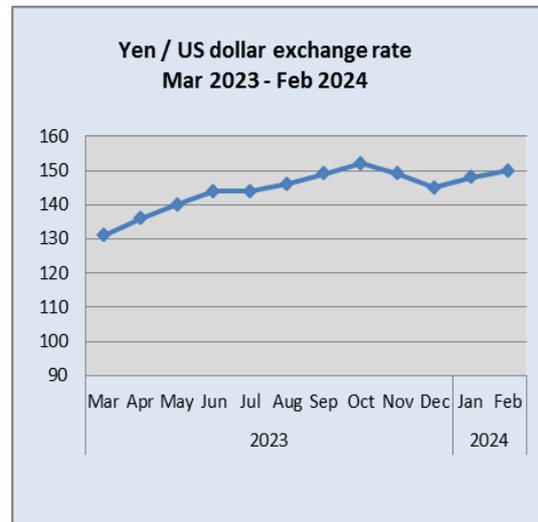
**2023 real estate price index trended higher**

The Ministry of Land, Infrastructure, Transport and Tourism publishes a property price index every month calculated from information from approximately 300,000 real estate transaction prices.

The 2023 Japan’s real estate price index was on an upward trend for both residential and commercial land and it is anticipated that the upward trend will continue in 2024 due to the rising cost of building materials and the inflow of investment from foreign investors.

See: <https://www.realestate-tokyo.com/news/market-trends-japan-2023/>

The real estate price index can be found at: [https://www.land.mlit.go.jp/webland\\_english/servlet/MainServlet](https://www.land.mlit.go.jp/webland_english/servlet/MainServlet)



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

**Yen likely to slip to 154 against the US dollar**

On 27 February a writer for the Nikkei Asia suggested the yen looks likely to continue to depreciate against the US dollar and this has more to do with technical indicators rather than the overselling that was the main driver during other periods of weakness.

In February the Japanese currency was at the low 150 range against the dollar where it has remained for about 7 days. This marks a third consecutive year in which the yen has crossed the 150 threshold. It did so in October 2022 and in early October 2023. A senior currency strategist at Daiwa Securities sees the yen potentially falling as far as 154 against the dollar.

See: <https://asia.nikkei.com/Business/Markets/Currencies/Yen-seen-sliding-as-far-as-154-to-dollar-as-charts-show-steady-selling>

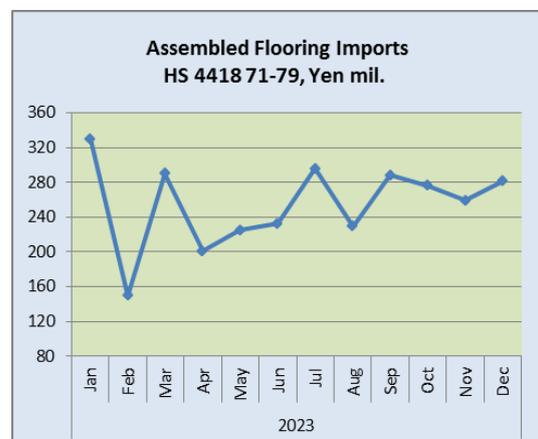
**Import update**

**Assembled wooden flooring imports**

The value of Japan’s December 2023 imports of assembled flooring (HS441871-79) rose around 8% from a month earlier and year on year the value of imports was up 47%. It should be borne in mind that the Yen/US\$ exchange rate in early 2022 was around 120/US\$ since then the yen has weakened considerably to around 145-150/US\$ and this weakness has driven up the cost of imports.

In December 2023 the main category of assembled flooring imports was HS441875 accounting for around 67% of the total value of assembled flooring imports. The second largest category in terms of value was HS441873 exceeding that of HS 441875.

The main shippers of HS441875 in December were China 52%, up from slightly from a month earlier, Malaysia (12% cf. 8% in November), and Vietnam 10% with a further 7.5% being shipped from Italy.



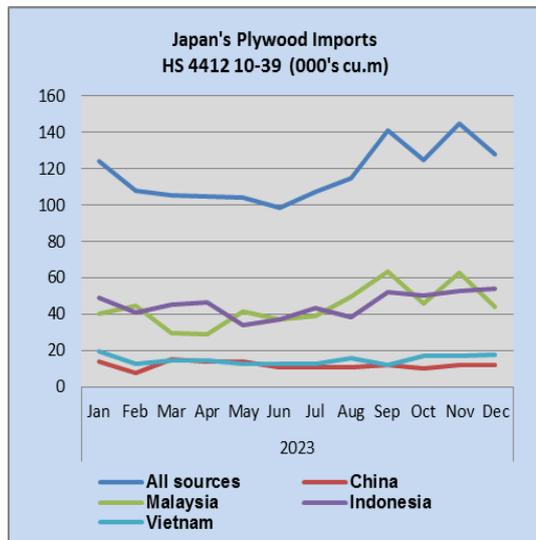
Data source: Ministry of Finance, Japan

**Plywood imports**

Building activity slows during the winter months in Japan and this, along with the New Year holiday's taken by construction workers, means consumption of plywood drops. December plywood imports into Japan were down 12% compared to a month earlier and were also down (5%) year on year.

The volume of shipments by three of the main suppliers, Indonesia, Vietnam and China in December were little changed from a month earlier but shipments from Malaysia dropped sharply (around 30%).

Of the various categories of plywood imported 86% was HS441231 in December with HS441233 and HS441234 accounting for around 5% each. The trade data published by the Ministry of Finance in Japan includes the names of other exporters of plywood such as Taiwan P.o.C. South Korea, Gabon and some EU producers but there are no volumes shown for imports from any shipper other than the top four mentioned above.



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
	Nov	11.9	63.6	53.0	16.8
	Dec	12.1	43.5	54.0	17.7

Data source: Ministry of Finance, Japan

**Trade news from the Japan Lumber Reports (JLR)**

*The Japan Lumber Reports*

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*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/)

### Total volume of imports in 2023

Total volume of imported South Sea products, North American products, Russian products, NZ / Chilean products and European products is 5,550,000 cbms. The result is close to the result in 1960, when the new starts were 5,450,000 units. North American products decrease 20 % from 2022. European products decrease 37 % from the previous year. A decrease of all imported products is 2,140,000 cbms from 2022. Volume of wooden boards and laminated structural lumber is 1,280,000 cbms less than last year. Plywood and laminated structural lumber are 980,000 cbms decreased from the previous year.

In 2023, there was an influence of the third wood shock and an adjustment was needed for demand and supply. Since the new starts fell under 820,000 units, demand for lumber also fell. Especially, the volume of European lumber and European laminated structural lumber plunged. Also, the fire at Chugoku Lumber Co., Ltd.'s plant in August, 2023 influenced the supply for North American lumber and the demand for North American logs. Volume of Russian lumber is zero for the first time in seventy years. NZ logs are popular for China and the price of NZ logs is high so demand for NZ logs is less than domestic logs. Imported plywood is under 2,000,000 cbms. MDF, particleboards and OSB are 900,000 cbms.

		Volume	'23/'22
South Sea	Logs	30	65.7
	Lumber	297	84.0
	Subtotal	327	81.9
North America	Logs	1,721	77.6
	Lumber	886	82.1
	Subtotal	2,608	79.1
Russia	Logs	0	-
	Lumber	472	60.4
	Subtotal	472	60.2
NZ / Chile	Logs	240	90.8
	Lumber	247	76.9
	Subtotal	487	83.2
Europe	Logs	4	90.7
	Lumber	1,652	63.1
	Subtotal	1,656	63.2
Africa	Logs	1	78.9
Grand Total	Logs	1,998	78.7
	Lumber	3,556	69.0
	Subtotal	5,555	72.2
Plywood		1,984	75.8
Laminated structural lumber		557	61.6
MDF		519	83.2
PB/OSB		380	65.8
Grand Total		8,997	72.4

Unit 000 cbms Comparison %

### Demand and supply of South Sea logs are balanced

There has been a stable demand for blocks from iron and steel companies. South Sea logs will arrive to Japan in February. Movement of South Sea lumber and Chinese lumber is sluggish.

Once the inquires were lively at the end of the year due to the strong yen but the inquiries were less as the yen was weak. Japanese buyers do not buy a lot of lumber.

There was not a huge movement in China and Indonesia because of the Chinese New Year holiday. Usually, Chinese or Indonesian sellers lower the price of lumber positively to get cash before the holiday but this year, a Chinese manufacturer raised the price of the lumber due to the increased labor costs and production costs.

South Sea lumber plants struggle with less South Sea logs but demand for South Sea logs in Japan is low so there is no problem for supplying.

### Structural laminated lumber import in 2023

Total import of structural laminated lumber in 2023 is 557,853 cbms, 38.4 % less than 2022. This is for the first time in thirteen years to be a level of 500,000 cbms. There had been too much inventories of imported structural laminated lumber and lamina for laminated lumber since summer in 2022 until autumn in 2023. To control the supply, the contracts were reduced.

Total imports are 37.54 billion yen, 65.2 % down from the previous year. In 2010, the new starts were 813,126 units and the new starts in 2023 are 819,623 units, 4.6 % down from 2022. Imported structural laminated lumber was in a shortage in 2010 and the price increased.

However, the imported structural laminated lumber in 2023 was overstocking so the price went down. Some reasons for the decrease in the price were an expansion of producing domestic laminated cedar post and demand for beam were changed to Douglas fir lumber.

Volume of medium sized laminated lumber is 28.9 % down from 2022. Volume of small sized laminated lumber is 47.2 % less than last year. Volume of pile / beam is 32.5 % down. Demand for whitewood / redwood laminated post had changed to domestic laminated cedar post.

Imported lumber from Finland is 241,110 cbms, 37.5 % less than last year. Imported lumber from Romania and Australia are 45 % less than the previous year.

HS Timber Group had reduced producing laminated lumber at Radauti plant in Romania after April, 2023 and it influenced the volume of lumber from Romania. HS Timber Group got the certification of JAS for laminated lumber at Kodersdorf plant in Germany in May, 2023. Then, the volume of lumber from Germany is 1,757 cbms at the second half of 2023.

Volume of lumber from Estonia is 9 % down and from Poland is 6.3 % down. The decrease is a small amount. The average unit price of total imported lumber is 67,301 yen, per cbm. The average unit price of total imported lumber in 2022 was 119,190 yen, per cbm. In 2020, the average unit price of total imported lumber was 46,175 yen, per cbm.

### Volume of standard laminated lumber

	2023
Grand total	557 (61.6)
Small	234 (52.8)
Medium	215 (71.1)
Pile / beam	107 (67.5)
Large	0.2 (138.1)

### Volumes from several countries

	2023
Finland	241 (62.5)
Romania	80 (54.2)
Austria	63 (54.9)
Estonia	53 (91.0)
Russia	43 (68.5)
Poland	37 (93.7)
China	26 (58.5)
Sweden	10 (69.4)

Unit 000 cbms Comparison %

### North American lumber import in 2023

All kinds of North American logs and lumber decrease by 20 – 30 % from 2022 except hardwood logs.

### Volume of North American logs

	Volume
Douglas fir	1,642 (77.7)
Western hemlock	45 (67.6)
Spruce	6 (60.6)
Yellow cedar	1 (56.2)
Subtotal	1,699 (77.3)
Oak	13 (141.4)
Others	8 (80.4)
Subtotal	22 (109.3)
Grand Total	1,721 (77.6)
U.S.A.	1,135 (76.5)
Canada	585 (79.9)

Unit 000 cbms Comparison %

### Volume of North American lumber

Species	Volume
SPF	531 (82.8)
Western hemlock	92 (75.6)
Douglas fir	195 (85.9)
Yellow cedar	15 (78.0)
Sitka spruce	4 (78.8)
Subtotal	849 (82.5)
Oak	12 (82.0)
Others	25 (71.6)
Subtotal	37 (74.7)
Grand Total	886 (82.1)
U.S.A.	118 (88.9)
Canada	768 (81.2)

Unit 000 cbms Comparison %

Volume of North American logs is under 2,000,000 cbms for the first time in three years. A major Japanese Douglas fir lumber company did not purchase a lot of Douglas fir logs due to low demand.

The monthly average of arrival volume after September, 2023 is 107,872 cbms. This is about 30 % less than the monthly average of arrival volume during January to August, 2023, which is 151,431 cbms. One of the reasons for the decrease is that Chugoku Lumber Co., Ltd. stopped an operation due to the fire occurred at one of its plants at the end of August. Also, there had been less inquiries for Doulgas fir logs for plywood and plywood manufacturers in Japan kept reducing production of plywood.

On the other hand, volume of hardwood logs rise from 2022. Since Russia had invaded in Ukraine, there had been less hardwood logs from Eastern Europe and consumers were very active to purchase hardwood logs from other areas.

Volume of North American lumber is under 1,000,000 cbms. One of the reasons is that Chugoku Lumber had limited accepting orders for North American lumber due to the fire and consumers started to purchase imported lumber instead of Douglas fir lumber.

## China

### Rise in 2023 sawnwood imports

China Customs has reported 2023 sawnwood imports totalled 27.78 million cubic metres valued at US\$6.84 billion, a year on year increase of 5% in volume but a decrease of 9% in value on 2022. The average price for imported sawnwood in 2023 was US\$246 per cubic metre, a year on year decline of 13%.

Of total sawnwood imports, sawn softwood imports rose 4% to 17.99 million cubic metres and accounted for 65% of the national total, almost the same as in 2023. The average price for imported sawn softwood in 2023 was US\$196 per cubic metre, down 16% year on year.

Sawn hardwood imports totalled 9.79 million cubic metres valued at US\$3.312 billion, a year on year increase 7% in volume but a decline of 5% in value on 2022. The average price for imported sawn hardwoods was US\$338 per cubic metre, a year on year decline of 9%.

Of total sawn hardwood imports, tropical sawn hardwood imports were 6.91 million cubic metres valued at US\$1.923 billion, a year on year increase of 9% in volume and 1% in value and accounted for about 25% of the national total, up 1 percentage points on 2022 levels. The average price for imported tropical sawn hardwood was US\$278 per cubic metre, down 8% year on year.

### China's sawnwood imports in 2023

Volume	2023 mil. cu.m	%change 2022-23
Total sawnwood imports	27.78	5%
Sawn softwood	17.99	4%
All sawn hardwood of which tropical	9.79 6.91	7% 9%

Data source: China Customs

Value	2023 US\$ bil.	% change 2022-23
Total sawwood imports	6.84	-9%
Sawn softwood	3.528	-13%
All sawn hardwood of which tropical	3.312 1.923	-5% 1%

Data source: China Customs

China's sawnwood imports in 2023 expanded as there has been a slight recovery in the consumer markets of building materials and furniture and there has been a change in direction in the wood processing industry away from roundwood to sawnwood.

### Drop in sawnwood imports from Russia

While Russia remained the largest supplier of sawnwood imports in 2023 the volume imported dropped slightly to 13.06 million cubic metres and accounted for 47% of the national total. The value of imports was valued at US\$2.647 billion, down 12% on 2022. The average price for imported sawnwood from Russia in 2023 was US\$229 per cubic metre, a year on year decline of 11%.

China's sawnwood imports from Thailand, now the second largest supplier, came to 4.5 million cubic metres valued at US\$1.084 billion, up 17% in volume and 10% in value on 2022. The average price for imported sawnwood from Thailand in 2023 was US\$250 per cubic metre, a year on year decrease of 3%. The decline in the price of sawnwood on international market has lifted the rise in China's import volumes to a certain extent. CIF prices for all the top suppliers of sawnwood imports fell but at different rates.

### Main countries shipping sawnwood to China, 2023

Supplier	Volume (mil. cu.m)	YoY % change
<b>Total</b>	<b>27.78</b>	<b>5%</b>
Russia	13.06	-0.20%
Thailand	4.5	17%
Canada	1.33	-2%
USA	1.24	9%
Belarus	0.9	44%
Finland	0.87	-1%
Sweden	0.81	23%
Germany	0.81	16%
Philippines	0.78	19%
Gabon	0.54	-11%

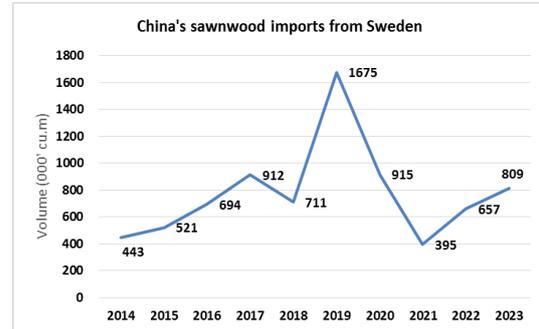
Data source: China Customs

### All imports from Sweden are sawn softwood

The Swedish wood industry is facing challenges especially related to international shipping. It has been estimated that to avoid Red Sea shipping costs have almost doubled and the risk of container shortages, delays and disruptions has risen.

However, even in the face of multiple challenges Sweden's wood exports to China in 2023 show an upward trend.

China's sawnwood imports from Sweden rose 23% to 809,456 cubic metres in 2023 and all was sawn softwood. Chinese importers applaud the quality of the sawnwood from Sweden.

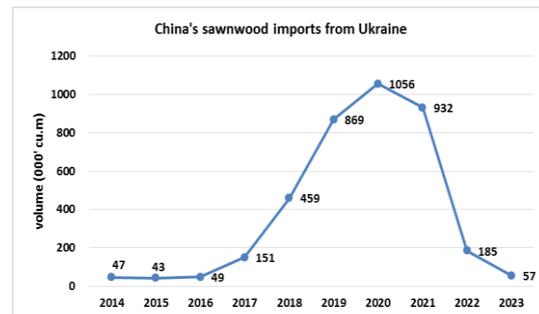


Data source: China Customs

### Sawnwood imports from Ukraine continue to decline

China's sawnwood imports from Ukraine continue to decline and fell 69% to 57,000 cubic metres in 2023, a dramatic drop as a result of Russia's attempted invasion of Ukraine.

Since 2014 China's sawnwood imports from Ukraine were increasing and topped 1 million cubic metres in 2020 but have been declining since then.



Data source: China Customs

### Sawn softwood imports

In 2023 China's sawn softwood imports rose 4% resulting driven by increased shipments from most of the top suppliers. Some of the other shippers posted increased sawnwood exports to China such as Belarus, New Zealand, Uruguay and US where imports rose 44%, 78%, 65% and 35% respectively.

In contrast, China's sawn softwood imports from Canada and Finland dropped 2% and 1% respectively. The market share of China's sawn softwood imports from Canada has declined significantly since 2014 and amounted to 7% in 2023, around the same level as in 2022.

### Main countries shipping sawn softwood to China, 2023

Supplier	Volume (000' cu.m)	YoY % change
<b>Total</b>	17,991	4%
Russia	11,895	0.01%
Canada	1,268	-2%
Belarus	900	44%
Finland	874	-1%
Sweden	809	23%
Germany	719	27%
Chile	337	18%
New Zealand	203	78%
Brazil	198	1%
Uruguay	168	65%
USA	143	35%

Data source: China Customs

### Surge in sawn hardwood imports from Myanmar and Vietnam

Sawn hardwood imports were 9.793 million cubic metres valued at US\$3.312 billion in 2023, a year on year increase 7% in volume but decrease 5% in value. Thailand, Russia and USA still were the main sources for China's sawn hardwood log imports in 2023 and accounted for 46%, 12% and 11% respectively. China's sawn hardwood imports from the three countries made up almost 70% of the national total hardwood imports in 2023.

### Main countries shipping sawn hardwood to China, 2023

Supplier	Volume (000' cu.m)	YoY % change
<b>Total</b>	9,793	7%
Thailand	4,497	17%
Russia	1,167	-2%
USA	1,096	7%
Philippines	779	19%
Gabon	538	-11%
Myanmar	218	119%
Romania	160	-14%
Vietnam	160	146%
Cameroon	126	-19%
Malaysia	108	-8%

Data source: China Customs

China's sawn hardwood imports from Thailand and the US rose 17% and 7% in 2023 to 4.497 million cubic metres and 1.096 million cubic metres respectively.

In contrast, China's sawn hardwood imports from Russia declined 2% to 1.167 million cubic metres compared to 2022. In 2023 China's sawn hardwood imports from

Myanmar and Vietnam surged 119% and 146% respectively.

### Rise in sawn tropical hardwood imports

China's sawn tropical hardwood imports in 2023 were 6.913 million cubic metres valued at US\$1.923 billion, a year on year increase of 9% in volume and 0.8% in value and accounted for about 25% of the national total, up 1 percentage points on 2022.

Thailand was again the largest supplier of China's sawn tropical hardwood imports in 2023 sawn tropical hardwood imports from Thailand totalled 4.497 million cubic metres valued at US\$1.084 billion, a year on year increase of 17% in volume and 10% in value.

Thailand's market share for tropical sawn hardwood exports to China rose to 65% making Thailand the number one supplier in 2023.

The Philippines and Gabon were the second and third largest supplier of China's sawn tropical hardwood imports in 2023. Sawn tropical hardwood imports from the Philippines and Gabon amounted to 779,000 cubic metres and 538,000 cubic metres respectively, a year on year increase of 19% but decrease 11% respectively.

The top three countries supplied 84% of China's tropical sawn hardwood requirements in 2023, namely Thailand (65%), Philippines (11%) and Gabon (8%) in 2023.

### Main countries shipping tropical sawn hardwood to China, 2023

Supplier	Volume (000' cu.m)	YoY % change
<b>Total</b>	6,913	9%
Thailand	4,497	17%
Philippines	779	19%
Gabon	538	-11%
Myanmar	218	119%
Vietnam	165	145%
Cameroon	126	-19%
Malaysia	108	-8%
Indonesia	95	-5%
PNG	62	7%
Laos	56	-22%

Data source: China Customs

### Decline in CIF prices for sawn tropical hardwood imports

The average price for imported sawn tropical hardwood was US\$278 per cubic metre in 2023, down 8% year on year. CIF prices for most suppliers of China's tropical sawn hardwood imports fell at different rates which stimulated an increase in sawn tropical hardwood imports in 2023.

The CIF prices for the top suppliers of sawn tropical hardwood imports from Thailand, the Philippines and Gabon declined 3%, 9% and 9% respectively in 2023.

In contrast, CIF prices for China’s sawn tropical hardwood imports from Myanmar surged 53% and from Indonesia rose 19% on 2022 level.

**Average CIF prices for sawn tropical hardwood imports, 2023**

Supplier	2023 Average CIF price US\$/cu.m	YoY % change
<b>Total</b>	278	-8%
Thailand	241	-3%
Philippines	76	-9%
Gabon	379	-9%
Myanmar	556	53%
Vietnam	441	-2%
Cameroon	510	-4%
Malaysia	348	-12%
Indonesia	643	19%
PNG	319	-26%
Laos	976	-8%

Data source: China Customs

**GTI-China Index Report, January 2024**

According to data released by China’s National Bureau of Statistics, China’s GDP grew by 5.2% to more than 126 trillion yuan in 2023. Statistics from the General Administration of Customs of China showed that China’s total imports and exports reached 41.76 trillion yuan in 2023, up 0.2% year on year.

The statistics for 2023 also showed that the import volume of logs and sawn timber totaled 65.8 million cubic metres, a year on year decrease of 6.1%. In 2023, the total output value of China’s forestry sector exceeded 9.2 trillion yuan and as the output of economic forests reached 226 million tonnes, forest food become the third largest agricultural product after grain and vegetables.

On 22 January China launched National Voluntary Greenhouse Gas Emissions Reduction Trading Market and China National Offshore Oil Corporation (CNOOC) completed the country’s first transaction on the Beijing Green Exchange, with a total trading volume registering 250,000 tonnes of national certified voluntary emissions reductions.

The Beijing Green Exchange predicted that the annual trading volume is expected to exceed 10 billion tonnes and the transaction value may exceed 1 trillion yuan, according to calculations based on its 7 to 8 billion tonnes of quota.

In January this year, as the Chinese Spring Festival was approaching, some wood processing plants started the holiday ahead of schedule and many workers had returned to their hometowns. At the same time, under the influence

of multiple factors such as reduced real estate transactions and sluggish international demand, the overall trade performance in the timber sector was weak.

GTI-China enterprises reported that the production volume decreased compared with previous years, while the costs of equipment increased due to intermittent operations, and the shipping fees also rose. In the meantime some enterprises hoped the government could implement macroeconomic regulation and control to stimulate an increase in market demand.

In January, the GTI-China index recorded 34.1%, a decrease of 13.4 percentage points compared to that of the previous month, was below the critical value (50%) for 2 consecutive months, indicating that the business prosperity of the timber enterprises represented by the GTI-China index shrank from last month and the rate of contraction expanded.

The production index registered 25.0%, a decrease of 8.3 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-China was less than that of last month.

The new orders index registered 28.1%, a decrease of 27.8 percentage points from the previous month, fell below the critical value after 3 months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-China was less than that of last month.

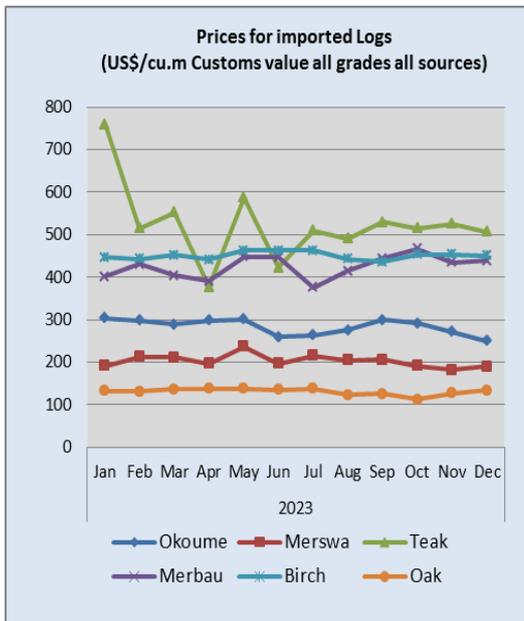
The export orders index registered 37.5%, a decrease of 17.5 percentage points from the previous month fell below the critical value after one month, indicating that the number of export orders of the superior timber enterprises represented by the GTI-China was less than that of last month.

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

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

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

Data source: Customs, China



Data source: Customs, China

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

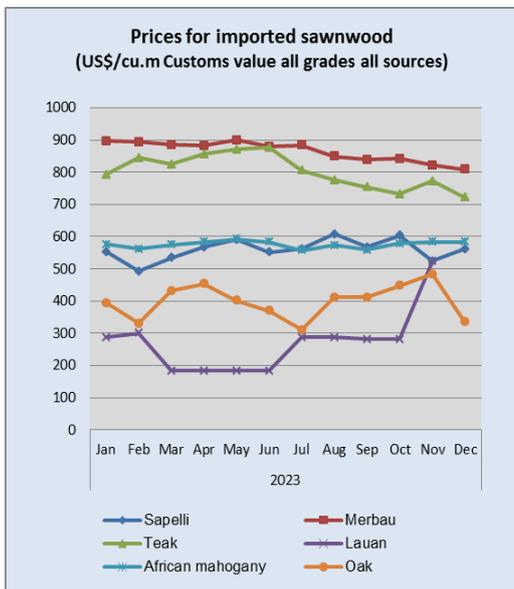
	2023 Nov	2023 Dec
Sapelli	524	562
Merbau	821	808
Teak	772	722
Lauan	522	
African mahogany	584	583
Oak	484	335

Data source: Customs, China

**Through the eyes of industry**

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

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



Data source: Customs, China

**Slow sales and depressed prices the challenges for European plywood sector**

European plywood businesses describe their market over the last year as being characterised by slow sales and depressed prices. The predicted lowering of inflation and interest rates through 2024, they say, should help ease pressures. However, on the downside tougher times are predicted in the construction sectors of leading European economies.

At the same time, driven in part by terrorist attacks on shipping in the Suez Canal, freight rates, which fell significantly post-Covid, have been on the rise again. So, the jury is out on whether the year ahead will see any marked improvement in the plywood trade.

One plywood importer/distributor described 2023 as a ‘very miserable time’ for the trade. “We experienced an overall decline in demand in 2023 of about 25% - which was bad for your health as well as the business, it was just very tough,” they said. “At the same time our prices fell 20-25%.

It was the opposite to our experience in the pandemic when we saw some of the highest prices ever. In 2023 we saw some of the lowest. Businesses were obviously desperate to turn stock into cash and slashed prices accordingly. So, we were in a situation where interest rates were on the rise and margins were being significantly squeezed. That’s essentially a recipe for disaster.”

Another importer said that they’d seen demand hold up better from the packaging and furniture sectors, but their sales into construction continued to fall through 2023. “The building industry is not in a good place currently,” they said. “Inflation, high interest rates and a generally weaker European economy, which in October was reported not to have grown in three of the four previous quarters with little sign of a return to growth any time soon, have resulted in home buyers and firms being more reluctant to invest in new premises.”

This downbeat perspective for building from the trade is borne out by the latest Euroconstruct analysis which estimates that European construction output fell 1.7% in 2023, a marked turnaround from 2022 when it rose 3%. Looking ahead Europe’s construction sector is set to face continuing tough times through 2024 against the backdrop of a continuing sluggish economy.

The EU’s own economic forecast predicts GDP growth of just 0.9% next year, after achieving only 0.5% in 2023, while the UK Office for National Statistics reports that UK growth was just 0.1%, with the Bank of England predicting this will only creep up to 0.25% this year. Given these headwinds, Euroconstruct forecasts that European construction output will contract by 2.1% this year.

The UK Construction Products Association Winter Forecast predicts growth in UK building in 2024, but by only 0.6%. This follows a contraction of 4.7% in 2023. “Both private housing and private housing repair, maintenance and improvement are forecast to be the worst affected by the prevailing economic conditions of flatlining growth, stubborn inflation and interest rates remaining [relatively high] throughout 2024,” said the CPA.

This downbeat perspective is shared by ResearchAndMarkets.com, with its recent report on the sector stating that ‘European construction continued to underperform the global market in Q4 2023 and Q1 2024’. Looking at lead European economies, it said that the high interest rate environment [falling demand] and soaring construction energy and other costs had resulted in ‘significant casualties’ among building companies across Europe. “Data from the UK government’s Insolvency Service, reveals that in the year to December 2023, 4,378 construction firms became insolvent,” it states. “This was an increase of 5.1% on the year to December 2022, and a 36.0% increase on 2019 with the trend expected to continue in the short-term.”

The ResearchAndMarkets.com report said the picture was similar in Germany, with some big-name builders filing for insolvency 2023, including, according to the Financial Times, Gerch, Centrum Group, Development Partner, Euroboden of Munich, and Project Immobilien Gruppe of Nuremberg. “Factors including rising interest rates, expensive construction materials, slowing demand, and a shortage of skilled workers have led to the downfall of these German construction firms,” states ResearchAndMarkets.com.

According to the Construction Briefing website, the French building industry is also on for a difficult year ahead. “Total construction spending in France is expected to have contracted 1.5% in 2023,” it reports. “And given the lagged effects of interest rate hikes by the European Central Bank, spending is projected to fall by another 0.1% in 2024. Residential has been the main drag on overall sector growth in 2023, with real spending forecast to fall by 2.5%, followed by a further 0.9% in 2024, as the squeeze on households’ budgets from continuing high inflation and interest rates, as well as tighter lending standards, leads to lower housing demand.”

Dutch builders are also looking at a difficult 2024, according to the ING Bank. “After construction experienced slight growth of 0.5% in 2023, signs of cooling are now evident at the beginning of the construction value chain, with a visible contraction in project development and the production of building materials such as concrete, cement, and bricks,” states ING. “This trend will continue further down the supply chain. As a result, we expect a contraction of 2.5% in Dutch construction output next year, the largest decline since 2013.

“The picture is gloomier still in Italy, according to ResearchAndMarkets.com. It forecasts construction in the country activity down 2.5% in 2023, with decline of 8.6% predicted for 2024 and 2% in 2025. Besides low Italian GDP growth of 0.7% in 2023, with 0.6% expected in 2024, the downturn in construction is also said to be the result of the winding down of government funded support for residential building works. “The Italian government reaffirmed in early September 2023 that it does not plan to extend the “Superbonus 110” tax incentive program for home improvement, due to potential implications on public finances,” reports ResearchAndMarkets.com.

A UK plywood importer and distributor, who also sells into Ireland and other EU markets, concurred with EU counterparts that the market has been ‘very depressed with poor sales and low margins. At the same time costs have been increasing. “We’ve seen our freight rates from Asia rising by 600% to 800% due to the Red Sea Suez situation. Our shippers are now diverting around the Cape, so deliveries are also taking longer,” they said.

“Additionally, poor log supply due to the rainy season has also pushed up FOB price levels on Malaysian and Indonesian plywood. In response to both these factors, we’ve been looking at South America for some alternative options to the Far East. But Brazilian prices are also being pushed up now due to US demand levels.”

Another importer took a different perspective on the freight situation. “The freight rates we’ve been paying have been on a roller coaster in recent times,” they said. “Ex-Asia, they went as high as US\$150-US\$160/m<sup>3</sup> in the pandemic, then went down in 2023 to as little as US\$20-US\$30/m<sup>3</sup>.

Now, partly due to the longer routes being taken around the Cape, but also we feel due to some opportunism on the part of shippers, they’re back up to US\$100/m<sup>3</sup>. But we feel that this, to some extent, is going to underpin margins in the plywood market, while the delays in getting cargoes from the Far East will restore some balance in supply and demand, potentially further firming up the market situation.”

A UK importer said that they were also seeing recognition among customers that prices could be on the turn. “Our merchant customers were sitting on low stocks in the run-up to Christmas but are now waking up to forward costs rising and are buying in what they can,” they said. “For the same reason, we think, we saw more inter importer trading in January as companies sought to build buffer stocks at current prices with the prospect that future supply becomes more expensive.”

On the ban on imports of timber and wood products from Russia following its attempted invasion of Ukraine, importers in the UK and EU say Russian birch plywood is still getting into both markets via third countries.

“We’ve seen not inconsiderable quantities of what is patently Russian birch ply still being traded, although it’s being marketed as something different,” said an importer-distributor. “And this product is coming from countries which, as far as we know, have never previously supplied birch plywood in the quantities they’re now providing, if at all in fact.”

This apparent illicit trade was reported by panel sector magazine Wood-Based Panels International (WBPI). “As the remaining pre-embargo already-shipped legal supplies of Russian birch plywood reduced on the European market, many large panel product traders reported that new streams of birch plywood were coming on stream – from unlikely sources,” it stated.

In response, the EU was asked to launch an investigation into the issue by the Woodstock Consortium. The latter, comprises birch plywood makers Paged Group of Poland and Latvijas Finieris and is backed by EU industry associations and ‘the vast majority of other birch plywood producers in the EU’, including Finland’s UPM Plywood. Its role is to ‘stand for and promote free and fair-trading conditions for our sustainable industry globally, using all available EU and WTO defence tools to ensure a globally fair playing field’.

Consequently, the EU in August 2023 launched an investigation into ‘the possible circumvention of the anti-dumping measures imposed on birch plywood originating in Russia. The EU statement on the investigation said that there was ‘sufficient evidence that the existing measures on imports of the product concerned are being circumvented by imports of the product under investigation’.

As a legal solution to the ban imports from Russia, importers say they and their customers are turning to alternatives to its birch plywood. One being heavily promoted is Chinese Stretek, a poplar-cored ply with the option of a birch or poplar veneer face. One UK importer describes it as a ‘brilliant alternative to Russian birch plywood’ and stresses that it’s also FSC-certified. Eucalyptus plywood from China and Uruguay is also reported to be being explored as an option in the UK. Another importer said they were also seeing previous customers for Russian birch product switching to Asian marine plywood and veneered MDF. And Irish-based manufacturer Medite Smartply is billing its MDF and OSB as ‘perfect alternatives’.

Another challenge ahead, occupying not just EU importers, but also UK companies which export to Ireland and the rest of the EU and/or import from or tranship via EU countries, is the EU Deforestation Regulation (EUDR).

This is set for implementation at the end of 2024 for large operators and traders and for SMEs six months later.

It requires due diligence on timber and wood products placed on or exported from the EU market, plus six other ‘forest and eco-system risk products’, to ensure their harvest and production is not implicated in deforestation or forest degradation. It stipulates too that geolocation coordinates must be provided for the plot of land from which they originate. This is expected by the timber sector to pose particular problems for composite products, including plywood.

“We are really going into the unknown with the EUDR,” said an importer. “We think it’s going to be a major difficulty for some suppliers to get us the data we need for our due diligence and particularly in terms of geolocation data. Making things more of a challenge for the trade is the lack of information that seems to be coming out of Brussels on exactly how the Regulation will be managed and the controls that will be put in place. There still isn’t the clarity we need. The consensus is that the systems will need more time to get right and that business will need longer to prepare.”

A UK importer said they would inevitably be impacted by the Regulation and that it would impose ‘another layer of cost on UK businesses trading with the EU when we already have to comply with the [anti-illegal timber] UK Timber Regulation’.

One importer-distributor said that through 2024 the European plywood sector would have to ‘navigate some choppy waters’ and that seems to be the outlook consensus in the trade. “We see higher freight rates and longer delivery times from Asia to a degree putting a floor under prices, which is not necessarily a bad thing after the race to the bottom we saw in 2023.

But there’s a fine line between that and these factors leading to shortages and pricing product off the market,” they said. “It looks like the construction sector will be depressed for a while yet and we’re concerned about customers struggling for cash flow leading to an increase in bad debt. While it may inhibit growth, with inflation still at a relatively high level the rule is that the less you borrow, the more secure you’ll be.”

Another importer, however, said they were more optimistic that the market would see “green shoots later in the year”. “The continued lowering of inflation that’s predicted and interest rates coming down, even if only by small increments of 0.25% to 0.5%, should slowly increase market confidence and that could make a lot of difference.”

### Existing home sales rise 3% but high mortgage rates remain a concern

Sales of previously owned homes rose 3.1% in January to 4 million units on a seasonally adjusted annualized basis according to the National Association of Realtors (NAR). Sales were down 1.7% year on year.

“While home sales remain lower than a couple of years ago, January’s monthly gain is the start of more demand,” said Lawrence Yun, Chief Economist for the NAR. “Listings were modestly higher and home buyers are taking advantage of lower mortgage rates compared to late last year.”

The data is based on closings so the contracts were likely signed in November and December when mortgage interest rates dropped below their October high of 8%. By mid-December rates had hit a low of around 6.6%. Today they are back over 7%, according to Mortgage News Daily.

The inventory of homes for sale in January increased to 1.01 million units, up 3.1% from January 2023, but still at a 3-month low.

At 480,000 units, existing-home sales in the Northeast were unchanged from December but down 5.9% from January 2023. In the Midwest, existing-home sales increased 2.2% from one month ago to an annual rate of 950,000 in January, down 3.1% from last year.

Existing-home sales in the South rose 4.0% from December to an annual rate of 1.84 million in January, a decline of 1.6% from the previous year. In the West, existing-home sales elevated 4.3% from a month ago to an annual rate of 730,000 in January and grew 2.8% from one year earlier.

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

### Housing starts post sharpest drop since 2020

Construction of new US homes fell 14.8% in January on a sharp decline in multi-family construction while single-family production showed signs of improvement.

Housing starts fell to a 1.33 million annual pace from 1.56 million in December, the lowest level since August 2023. The drop in January was the sharpest since April 2020, during the coronavirus pandemic, when starts fell by nearly 27%. Not including that pandemic drop, housing starts fell by the most since 2015.

The only region where builders increased construction was the Northeast, where single-family starts rose 26.7%. Every other region posted a drop in January. While builders scaled back construction of new single-family homes by 4.7% in January, multi-family construction took a much sharper dive as construction of apartments fell 35.8%.

“We suspect the multi-family sector will continue to be a drag on new development this year, given the huge number of multi-family units already under construction,” Thomas Ryan, property economist at Capital Economics, said. Building permits, a sign of future construction, fell 9% for apartments in January, while permits for single-family homes rose 1.6%.

In a recent survey of builders in January, builders were upbeat about future sales of new homes and optimistic about demand, as they expect interest rates to fall through the rest of the year.

New home construction in Canada fell by 10% in January compared to December, as fewer multi-unit urban homes, such as townhouses, were built, according to the country’s national housing agency. The Canada Mortgage and Housing Corporation reported that housing starts came in at 223,589 units in January, down 25,379 from December. Many economists had predicted there would be an increase.

See: <https://www.census.gov/construction/nrc/current/index.html>

### Builder confidence continues to climb

Home-builder confidence rose in February, with the industry expecting the Federal Reserve to cut interest rates later this year, which could boost demand for homes. Expectations about a potential rate cut and a drop in mortgage rates in the coming months pushed the National Association of Home Builders’ monthly confidence index up four points to 48 in February, the trade group reported.

The index is up for the third month in a row and is at its highest level since August 2023.

See: <https://www.census.gov/construction/nrc/current/index.html>

### Economy continues to surprise

The US economy remained shockingly robust in the fourth quarter to close out a remarkably strong 2023 as consumers and businesses continued to spend, crushing expectations of a recession.

Gross domestic product, the broadest measure of economic output, rose at a seasonally and inflation-adjusted annualized rate of 3.3% from October through December, the US Department of Commerce reported.

That was slower than the blistering 4.9% rate from July through September, when American consumers binged on services and goods. Growth in 2023 overall, from January through December of last year, registered at a robust 2.5% rate.

The economy’s strength in the final months of 2023 was broad based—driven by consumer spending, business investment, government outlays, exports, and improvements in housing conditions.

Consumer spending, which accounts for about two-thirds of the US economy, grew at a healthy 2.8% rate in the fourth quarter, a slightly softer pace than the 3.1% rate in the prior three-month period. Meanwhile, business spending accelerated to a 1.9% rate, up from 1.4%.

“Prospects are good that the economy will continue to perform well this year,” Scott Hoyt, senior director at Moody’s Analytics, said in a release. “Consumers are doing their part and spending just enough to support broader economic growth.”

In related news, the US economy added 353,000 jobs last month, according to Bureau of Labor Statistics data. The reported strength of the job market once again surprised economists as the number was nearly twice what was expected. The unemployment rate was 3.7% for the third month in a row. The unemployment rate has now stayed safely below 4% for two full years. The last time the unemployment rate was this low for this long was in 1967.

Employment showed little change over the month in construction, while employment in manufacturing edged up in January, adding 23,000 jobs. Manufacturing experienced little net job growth in 2023.

See: <https://www.bea.gov/news/2024/gross-domestic-product-fourth-quarter-and-year-2023-advance-estimate>  
and  
<https://www.bls.gov/news.release/empsit.nr0.htm>

#### **Consumers more assured about the economy**

US consumer sentiment was essentially unchanged from January, as the University of Michigan index rose 0.6 index points this month and solidified the large gains from the past two months.

“The fact that sentiment lost no ground this month suggests that consumers continue to feel more assured about the economy, confirming the considerable improvements in December and January across various aspects of the economy,” said Surveys of Consumers Director Joanne Hsu. “Consumers continued to express confidence that the slowdown in inflation and strength in labor markets would continue.”

Five-year expectations for business conditions rose 5% to their highest reading since December 2020. Sentiment is currently about 30% above November 2023 and about 6% below its historical average since monthly data collection began in 1978.

See: <http://www.sca.isr.umich.edu/>  
and  
<https://www.barrons.com/livecoverage/stock-market-today-021624/card/consumer-sentiment-stalls-in-february-5aQetuSsEH1mB1ifbEPg>

#### **Manufacturing sector appears past the worst of downturn**

Economic activity in the manufacturing sector contracted in January for the 15th consecutive month say the nation's supply executives in the latest Manufacturing ISM Report On Business.

The closely watched index that measures US manufacturing activity rose to 49.1% in January from 47.1% in the prior month. That is the highest level since October. Any number below 50% reflects a shrinking economy.

Timothy Fiore, chair of the ISM’s manufacturing-survey committee, said that the January data show “the beginning of a next growth cycle — but it’s early.” He said the improvement came after the Federal Reserve signaled it expected to cut rates in 2024, which helped improve investment spending.

Both the Wood Products industry and the Furniture and Related Products industry reported contraction in January. In short, the manufacturing sector appears to be past the worst, but we see few signs of a raging rebound looming in the data; a gradual further uptrend in activity is a more reasonable bet,” said Ian Shepherdson, chief economist at Pantheon Macroeconomics.

See: <https://www.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/pmi/october/>

#### **Decline in remodeling and construction forecasted for 2024**

Although remodeling is still high on many US homeowners’ lists the National Kitchen & Bath Association’s (NKBA) forecasts a 2% year-over-year decline in 2024.

“Although their appetite to remodel is strong, many of these households are deferring large projects or breaking them into smaller phases because of a decline in excess household savings, which have been eroded by inflation over the past 18 months; higher financing rates that make it less desirable to tap into home equity; and continued overall uncertainty about the economy,” said Bill Darcy, NKBA’s global president and CEO.

Although new construction spending was up in the fourth quarter of 2023, it will take a backseat in 2024 because of high interest rates. It will resonate more with homeowners who own more than one residence, but first-time buyers are still going to struggle. According to the NKBA, new construction spending is forecasted to decline by 4% in 2024 to US\$106 billion.

“For many owners, current mortgage rates are higher than their existing rate,” said Robert Dietz, senior vice president and chief economist of the National Association of Home Builders. “There will be a small gain in 2025 as interest rates decrease and as the volume of existing home sales picks up speed.”

See: <https://www.kbbonline.com/news/business/2024-kb-remodeling-and-construction-outlook/>

**Florida couple sentenced for illegally importing Chinese plywood**

A husband and wife in Florida, Noel and Kelsy Hernandez Quintana were both sentenced to 57 months in prison for illegally importing and selling between US\$25 million and US \$65 million worth of plywood products in violation of the Lacey Act and Customs laws. Their employee, Marta Angelbello, was also sentenced.

According to court filings the Quintanas and Angelbello together engaged in a sophisticated scheme to evade antidumping and countervailing duties owed on hardwood plywood products made in China by falsely declaring the species, country of origin or country of harvest of the wood from which the plywood was made.

At times they caused containers of plywood to be shipped from China to Malaysia or Sri Lanka, for example, where the wood was taken out of the original containers and put into a second set of containers to conceal the Chinese origin of the product.

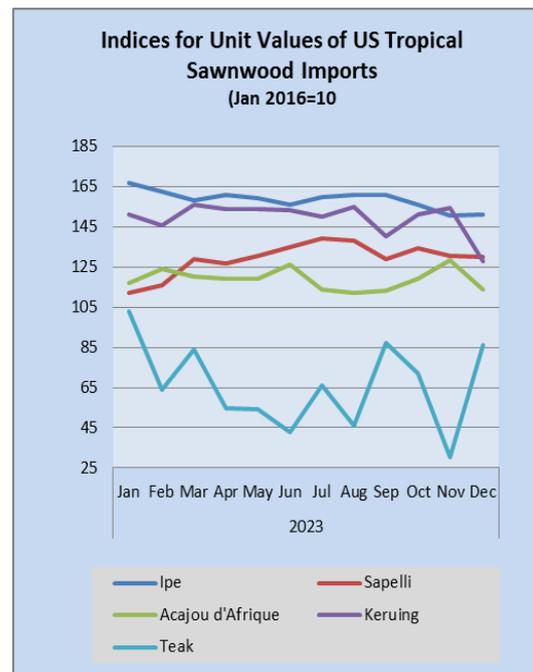
The Quintanas incorporated seven companies in the United States, naming relatives or friends as corporate officers and agents and used these shell companies to import hundreds of shipments of plywood products into the US between February 2016 and December 2020.

The Quintanas also incorporated a financial shell company through which they accepted payments from purchasers for the plywood they imported in violation of law.

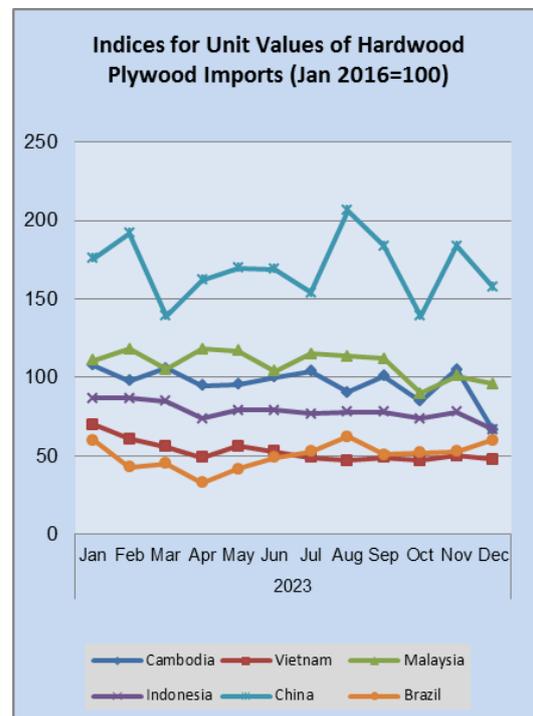
“In this case, the defendants undermined US policy by evading legally mandated customs duties on plywood manufactured in China using Russian timber,” said Markenzy Lapointe, US Attorney for the Southern District of Florida. “This case shows the importance of prosecuting Customs and environmental offenses.”

In addition to their prison sentences, the Quintanas were ordered to pay more than US\$42 million in forfeitures and more than US\$1,6 million in storage costs.

See: <https://www.msn.com/en-us/news/crime/florida-couple-sentenced-for-illegally-importing-plywood-from-china-must-pay-42-million/ar-BB1ixcSV>



Data source: US Census Bureau, Foreign Trade Statistics



Data source: US Census Bureau, Foreign Trade Statistics

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

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

## US Dollar Exchange Rates

As of 25 February 2024

Brazil	Real	4.91
CFA countries	CFA Franc	606.86
China	Yuan	7.19
Euro area	Euro	0.92
India	Rupee	82.93
Indonesia	Rupiah	15,649
Japan	Yen	150.49
Malaysia	Ringgit	4.80
Peru	Sol	3.73
UK	Pound	0.79
South Korea	Won	1,333.35

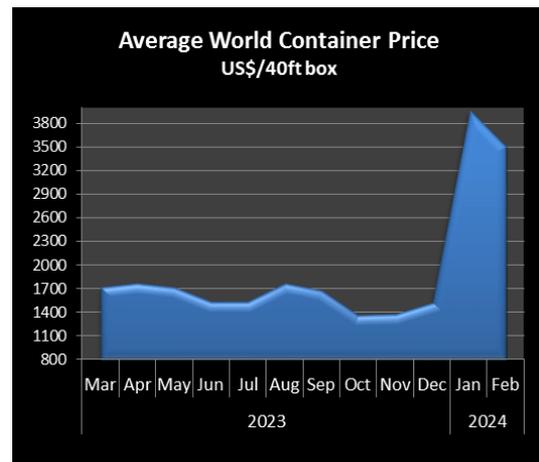
Exchange rate indices (US\$, Dec 2003=100)



## 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

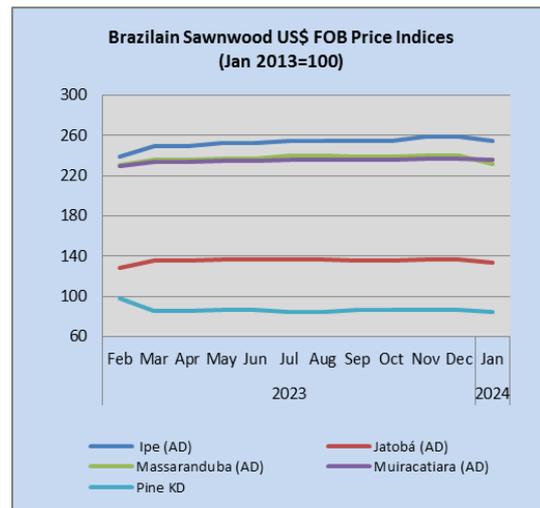
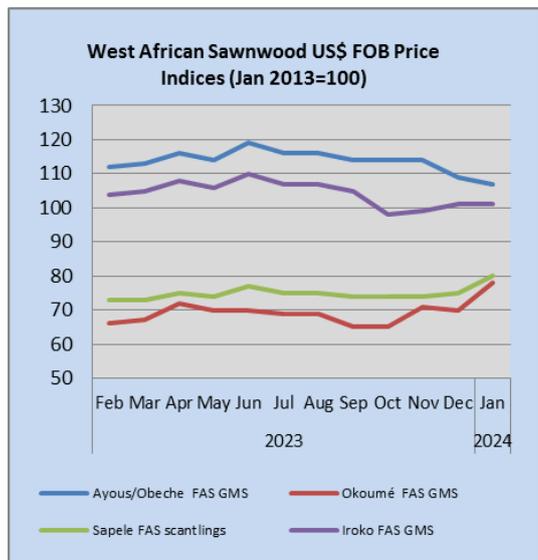
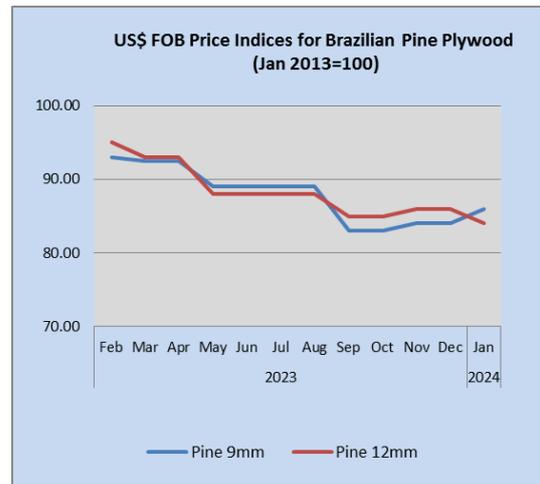
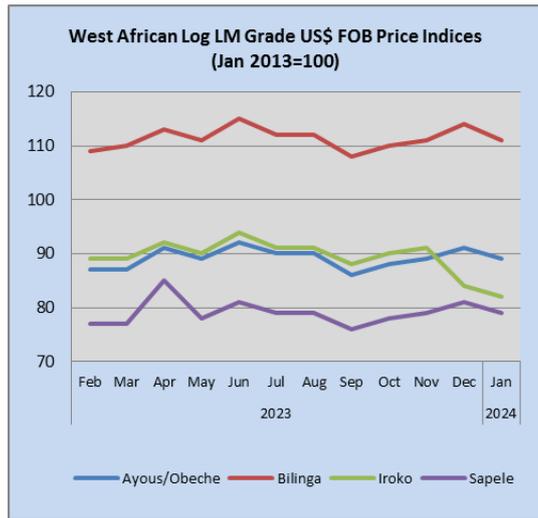


Data source: Drewry World Container Index

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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