

# Tropical Timber Market Report

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## Top story

### Rise in China's tropical sawnwood imports

Between January and September 2024 China's tropical sawnwood imports were 5.759 million cubic metres, up 12% year on year and accounted for about 28% of total sawnwood imports.

Thailand was the largest tropical sawnwood supplier and tropical sawnwood imports from Thailand between January and September rose 16% to 3.832 million cubic metres. The average CIF price for tropical sawnwood imports from Thailand rose 5% to US\$253 per cubic metre over the same period of 2023.

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## Central and West Africa

### Regional round-up

#### Central African Republic

Over the past few weeks the timber industry in the Central African Republic has faced significant challenges due to widespread heavy rain that has interrupted harvesting and transportation. For an extended period almost no logs have been delivered to the Port of Douala primarily because the washed out roads.

After a surge of interest the market for Sapelli has weakened leading mills to reduce production.

#### Cameroon

Cameroon's timber sector is facing challenges brought on as a result of new regulations from the government and by continuous heavy rain that has delayed harvesting, production and transport.

Some mills are shifting their focus to Azobé, moving away from redwoods previously exported to China and Europe. While demand for Azobé remains stable, issues with recent shipments of low-quality timber are causing problems in some European markets.

#### Gabon

Gabon is also experiencing the effects of heavy rain. For a period of three dry days mid-month sawmills in up-country regions rushed to transport their sawnwood stocks. However, key routes, such as the roads from Okondja and Makokou through Lastourville were still in poor condition with trucks taking up to three days to cover the 650 km distance to the Port of Owendo in Libreville.

The proposed increase in land tax has not been implemented following strong opposition from syndicates and operators who lobbied the Ministry of Forestry. The negative market situation has led to reduced production and worker layoffs at a time when the new government is encouraging investors and operators.

December is traditionally a half-production month and with China currently out of the market, some mills are closing or cutting back operations.

Power outages have returned after a period of stability and now are almost daily and lasting several hours. These disruptions are affecting the veneer industry in the special economic zone. The Turkish electricity power supply ship has arrived at the Port of Owendo and connections to the power grid are still in progress.

#### Republic of Congo

The ongoing shortage of petrol and diesel continues to create complex challenges for both private individuals and industries, especially those not connected to the national grid.

Production of sawnwood and veneer remains slow exacerbated by heavy rain and difficulties in log supply.

In regions around Pointe-Noire road conditions are better when dry as most main roads are paved though travel on forest roads remains a challenge. It is estimated that Okoume mills are operating at approximately 50% capacity due to diminished demand from China.

#### Producer observations on market developments

The Chinese market remains very quiet. Buyers in the Philippines continue to purchase Okoume, redwoods and Dabema maintaining a steady demand. In Vietnam the market remains strong for Tali with robust purchasing activity while in India there has been a noticeable slowdown in purchases of veneer and Padouk sawnwood.

It's significant that there has been a substantial reduction in Padouk exports to Belgium and India. This decline is attributed to increased domestic market consumption and the need for exporters to satisfy CITES regulations.

#### PEFC announcement

In a step towards ensuring the raw materials coming out of a PEFC-certified forest comply with EUDR requirements, the revised PEFC Sustainable Forest Management benchmark standard was approved by the PEFC General Assembly on Wednesday 13 November 2024.

This revised standard, PEFC ST 1003:2024, comprises several new and amended requirements that will enable EUDR alignment for PEFC-certified material coming directly from a PEFC-certified forest. This marks an important step in our PEFC roadmap to EUDR alignment.

See: <https://pefc.org/news/revised-pefc-sustainable-forest-management-benchmark-standard-approved>

#### Log export prices

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

## Sawnwood export prices

| West African sawnwood    | FOB Euro per cu.m |
|--------------------------|-------------------|
| Ayous FAS GMS            | 440               |
| Bilinga FAS GMS          | 680               |
| Okoumé FAS GMS           | 420               |
| Merchantable KD          | 380↓              |
| Std/Btr GMS              | 370               |
| Sipo FAS GMS             | 520               |
| FAS fixed sizes          | -                 |
| FAS scantlings           | 540               |
| Padouk FAS GMS           | 800↓              |
| FAS scantlings           | 875               |
| Strips                   | 400               |
| Sapele FAS Spanish sizes | 530               |
| FAS scantlings           | 550               |
| Iroko FAS GMS            | 800               |
| Scantlings               | 840               |
| Strips                   | 400               |
| Khaya FAS GMS            | 420               |
| FAS fixed                | 440               |
| Moabi FAS GMS            | 550               |
| Scantlings               | 550               |
| Movingui FAS GMS         | 460               |
| Okoume Merch             | 380               |
| Assamela FAS GMS         | 1,400             |
| Gheombi                  | 450               |

## Through the eyes of industry

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

See: <https://www.itto-ggsc.org/static/upload/file/20241120/1732064596197451.pdf>

## Ghana

### Tax policies can drive industrialisation - AGI

General elections will be held in Ghana on 7 December 2024 and the Association of Ghana Industries (AGI) has signaled its desire to see the new government to use its first budget and economic policy to introduce tax reforms and other interventions geared towards growing industries and generally improve the country's business environment.

Speaking at the Association's 64th Annual General Meeting (AGM), the AGI President, Dr. Humphrey Kwesi Ayim Darke, expressed the Association's hope to see more innovation from the incoming government regarding macroeconomic management and fiscal rationalisation to consolidate gains made under the International Monetary Fund (IMF) structured programme.

Specifically, the AGI is seeking a review of the value-added tax (VAT), imposition of the flat tax rate and action on exchange rate stability interventions and other business supportive policies that would improve company competitiveness and promote industrialisation.

See: <https://www.graphic.com.gh/business/business-news/agi-awaits-tax-reforms-next-year.html>

and <https://gipc.gov.gh/wp-content/uploads/2024/11/Q2-2024-Investment-Report-Final.pdf>

and <https://agighana.org/agi-tema-branch-organizes-annual-general-meeting-and-seminar-on-taxation/>

Other speakers at the plenary session including the Chief Executive Officer of Ghana Exports Promotion Authority (GEPA), Commissioner in charge of the Domestic Tax Revenue and the CEO of AGI, all spoke on key measures that could impact industrial growth.

### Wood product exports in first three quarters of 2024

According to data from the Timber Industry Development Division (TIDD) of the Forestry Commission (FC) revenue from wood product exports the first three quarters of 2024 was US\$93.03 million from a total export volume of 208,108 cu.m.

The highest wood product export volume of 25,561 cu.m was recorded in September and the lowest was in February at 19,841cu.m.

The period also witnessed an increasing quarterly wood export volume from 64,160 cu.m in the first quarter to 68,966 cu.m in the second quarter then to 74,976 cu.m in the third quarter.

### Export shipments, Jan-Sep 2024

| 2024<br>Quarter | Volume<br>cu.m | Value<br>Euro |
|-----------------|----------------|---------------|
| Q1              | 64,160         | 29,327,799    |
| Q2              | 68,966         | 31,256,035    |
| Q3              | 74,976         | 32,463,555    |
| Total           | 208,102        | 93,047,389    |

Data source: TIDD

### Major export markets

Countries in Asia were the major importers accounting for between 63-65% of total export volumes for 2023 (226,000 cu.m) and 2024 (208,000 cu.m) respectively. In terms of volume Europe was Ghana's second largest export market (-1% Jan-Sep) and the Africa the third (-3%).

The leading wood products were air and kiln dry awnwood, rotary veneer, billets and plywood for the regional market. The top species included Teak, Wawa, Essa / Celtis, Ceiba and Denya.

### CITES workshop to help protect natural resources

The Forest Services Division (FSD), the Timber Industry Development Division (TIDD) and Wildlife Division of the Forestry Commission (FC) participated in a 3-day training workshop on Convention on International Trade in Endangered Species (CITES), Non-Detriment Findings (NDF) for Ghana.

This was to build capacity for the country to develop its own NDFs for timber harvesting to protect the country's natural resources. The workshop also attracted local and international industry stakeholders.

The event was organised by the CITES Scientific Authority of Ghana, in collaboration with the German Federal Agency for Nature Conservation (BfN) and TRAFFIC.

The Faculty of Renewable Natural Resources, Kwame Nkrumah University of Science (KNUST), hosted the workshop with funding from BfN.

The event centred on the newly revised 9-Step Guidance on Non-Detriment Findings (NDFs) for timber species. Participants were taken through Non-Detriment Findings procedures designed to scientifically evaluate parameters such as species distribution and habitats, population status and trends, harvest practices as well as volumes and impact of trade in target species.

Professor Samuel Kingsley Oppong, a lecturer at the KNUST, explained that the CITES Convention makes sure that species sent out of Ghana do not negatively impact the country's forest cover and the environment. Hence the formulation of the NDFs, which guides that process and ensure sustainability of species, helping to ensure that timber trade benefits species, ecosystems and local communities alike.

The NDFs is a necessary precondition for issuing a CITES permit, for natural resources that face extinction. During a demonstration, participants were engaged in practical exercises where they analyzed data gaps and applied the 9-Step Guidance to the African mahogany (Khaya) three key species namely Khaya ivorensis, K. anthotheca, and K. grandifoliola, which are native to West and Central Africa.

See: <https://fcghana.org/fc-participates-in-3-day-workshop-on-cites-ndfs-for-ghana/>

#### Ministry launches tree crop diversification project

The Ministry of Food and Agriculture has secured a US\$227 million credit from the World Bank to undertake the 'Ghana Tree Crop Diversification Project' (GTCDP). The Minister of Food and Agriculture, Bryan Acheampong, said the project will raise the capacity of stakeholders in the tree crop sector and improve their competitiveness.

The GTCDP seeks to support sector-wide activities, reforms and investments in the tree crop sector to enhance production of cocoa, coconut, cashew and rubber. As part of the project, commercial nursery operators will be supported to supply quality planting materials to farmers and government will also facilitate the acquisition of planting materials and other agricultural inputs for 52,000 farmers.

According to the Minister, Bryan Acheampong, the initiative has the potential to transform the agriculture value chains by connecting downstream and upstream actors. It will also address the risk of child labor in tree crops through an integrated prevention, identification, and remediation system.

The project aims to achieve significant outcomes, such as increased yields and value addition for target tree crops, improved climate adaptation strategies and substantial reductions in greenhouse gas emissions.

The Chief Executive of the Tree Crops Development Authority, William Agyapong Quaittoo said the project will address some of the challenges hindering the growth of the Tree Crop sector established in 2019. It will benefit about 53,000 farmers and create around 20,000 jobs and rolled out in eleven districts across six regions of Ghana.

See:

<https://allafrica.com/stories/202411180344.html#:~:text=The%20%24227.5%20million%20five%20year,youth%20within%20the%20agricultural%20sector.>

and

<https://www.myjoyonline.com/agric-ministry-launches-227m-tree-crop-diversification-project/>

#### Boule export prices

|                      | Euro per cu.m |
|----------------------|---------------|
| Black Ofram          | 330           |
| Black Ofram Kiln dry | 420           |
| Niangon              | 850↓          |
| Niangon Kiln dry     | 910           |

#### Rotary veneer export prices

| Rotary Veneer, FOB | Euro per cu.m   |             |
|--------------------|-----------------|-------------|
|                    | CORE (1-1.9 mm) | FACE (>2mm) |
| Ceiba              | 363             | 410↓        |
| Chenchen           | 472             | 612         |
| Ogea               | 366             | 590         |
| Essa               | 649             | 711         |
| Ofram              | 350             | 435         |

#### Export sawnwood prices

| Ghana sawnwood, FOB             | Euro per cu.m |            |
|---------------------------------|---------------|------------|
| FAS 25-100mmx150mm up x 2.4m up | Air-dried     | Kiln-dried |
| Afromosia                       | 860           | 925        |
| Asanfina                        | 465           | 947        |
| Ceiba                           | 290           | 320        |
| Dahoma                          | 477↑          | 578↑       |
| Edinam (mixed redwood)          | 640           | 741↓       |
| Emeri                           | 700           | 750        |
| African mahogany (Ivorensis)    | 783           | 904↓       |
| Makore                          | 692           | 840        |
| Niangon                         | 833           | 860        |
| Odum                            | 1,080         | 1,110      |
| Sapele                          | 656           | 860↑       |
| Wawa 1C & Select                | 445           | 476↓       |

#### Plywood export prices

| Plywood, FOB | Euro per cu.m |       |          |
|--------------|---------------|-------|----------|
| BB/CC        | Ceiba         | Ofram | Asanfina |
| 4mm          | 629           | 580   | 641      |
| 6mm          | 414           | 535   | 604      |
| 9mm          | 433           | 504   | 560      |
| 12mm         | 352           | 489   | 480      |
| 15mm         | 396           | 385   | 430      |
| 18mm         | 460           | 415   | 383      |

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

#### Sliced veneer export prices

| Sliced face veneer | FOB<br>Euro per cu.m |
|--------------------|----------------------|
| Asanfina           | 1,254↑               |
| Avodire            | 2,582                |
| Chenchen           | 840↓                 |
| Mahogany           | 1,438                |
| Makore             | 2,921                |
| Odum               | 2,500                |
| Sapele             | 1,527↑               |

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See: <https://www.itto-ggsc.org/static/upload/file/20241120/1732064596197451.pdf>

## Malaysia

### Carbon offset guidelines

A Technical Working Group (TWG) for Forest Carbon Offset Guidelines has been established by the Ministry of Natural Resources and Environmental Sustainability (NRES).

The TWG, working through the Malaysia Forest Fund (MFF), is developing a national crediting system designed to align with Malaysia's unique environmental context while actively supporting the country's commitment to maintaining over 50% forest cover. The crediting system also fulfills the objectives of the National Policy on Biological Diversity and Malaysia's Nationally Determined Contributions.

Known as the Forest Carbon Offset (FCO) the initiative will facilitate the transfer of forest-based emissions reduction or removals to buyers in the form of carbon credits, enabling organisations to offset their carbon emissions.

Following a feasibility study, a Technical Working Group (TWG) was established, comprising experts from government agencies, private sector, civil societies, non-governmental organisations and academia to provide insights and recommendations on the development of FCO guidelines.

During the session, TWG members received an overview of the draft guidelines prepared by MFF and were invited to review and contribute feedback to refine the guidelines further in preparation for the next meeting.

See: <https://www.nres.gov.my/ms-my/pustakamedia/Penerbitan/National%20Guidance%20on%20Forest%20Carbon%20Market.pdf> and <https://mfc20.my/wp-content/uploads/2024/10/PAPER-9-PROMOTING-SARAWAKS-FOREST-CARBON-INITIATIVES.pdf>

### Environment and emission laws

Sarawak will implement two new regulations next year aimed at enhancing environmental sustainability according to Premier Abang Johari Tun Openg. The regulations are the Certified External Auditors Eligibility and Registration Regulations 2024 and the Burning and Emission Regulations 2024.

These are designed to ensure compliance with ethical standards and the responsibility to verify accurate reports, thereby supporting Sarawak's commitment to reducing greenhouse gas emissions.

The Burning and Emission Regulations 2024 will govern burning and gas emission activities in Sarawak by enforcing strict controls, requiring prior approval from the Controller of the Natural Resources and Environment Board (NREB).

See: <https://www.theborneopost.com/2024/10/23/sarawak-to-implement-new-regulations-next-year-for-environmental-sustainability-emissions-control-says-premier/>

### Restoring degraded forests

Sabah aims to convert around 400,000 ha of degraded forest to industrial timber plantations. The Chief Minister, Hajiji Noor, said this effort was being carried out through the state's Action Plan on Forest Plantation Development (2022–2036). As of October this year, he said, a total of 180,901 ha have been successfully restored and converted.

He added that rubberwood, acacia, batai, laran and red mahogany (*Eucalyptus pellita*) are among the main species in the forest plantations.

See: <https://www.thestar.com.my/news/nation/2024/11/22/sabah-to-restore-400000ha-of-degraded-forest-as-timber-plantations>

### Sarawak Sustainability Blueprint

The Sarawak Sustainability Blueprint, a roadmap to guide all sectors towards harmonising economic growth and environmental preservation was unveiled at the Sarawak Sustainability Insights 2024 event in Kuching.

Sarawak, Abang Johari Tun Openg, said the blueprint focuses on two critical dimensions, Green Transition and Economic Equity with the aim of establishing a robust framework that integrates sustainable practices.

There are 10 strategic thrusts under the Blueprint, namely Energy Transition, Sustainable Agriculture and Food Security, Green Mobility, Circular Economy, Sustainable Manufacturing, Sustainable and Responsible Mining, Protection and Enhancement of Natural Assets, Sustainable Cities, Community Development and Eco-Tourism.

Under the Energy Transition strategy the Premier said Sarawak is dedicated to continue harnessing clean energy sources to meet domestic energy demand and for power exports.

See: <https://dayakdaily.com/premier-unveils-sarawak-sustainability-blueprint-to-guide-all-sectors-on-balancing-economy-environmental-preservation/>

### Blue Carbon project to restore mangroves

The Sarawak Timber Industry Development Corporation (STIDC) and Worldview Climate Solutions (WCS) Malaysia have signed a Memorandum of Agreement to launch the inaugural blue carbon project in the Tanjung Manis area. The project aims to restore and preserve 10,000 hectares of mangrove forest.



The project aims to establish and develop a blue carbon ecosystem, capturing and marketing carbon from restored mangroves while supporting local biodiversity and eco-tourism. The project is viewed not only as a significant step in environmental conservation but also a major opportunity to attract foreign investment that could stimulate economic growth in Sarawak's green energy and eco-tourism sectors.

See: <https://www.theborneopost.com/2024/11/14/stidc-wcs-sign-moa-for-landmark-blue-project-initiative-in-tg-manis/>  
<https://theborneopost.pressreader.com/article/281745569916284>

#### Sabah wood product exports (Jan – Sep 2024)

|                   | Sawnwood<br>cu.m | Plywood<br>cu.m | Veneer<br>cu.m |
|-------------------|------------------|-----------------|----------------|
| Australia         | 436              | 221             | 0              |
| Belgium           | 413              | 0               | 0              |
| China             | 22,118           | 4,472           | 3,089          |
| Hong Kong         | 638              | 1,871           | 0              |
| India             | 1,010            | 6,179           | 239            |
| Japan             | 5,598            | 59,993          | 1,570          |
| Korea             | 2,431            | 34,946          | 1,245          |
| Netherlands       | 943              | 0               | 0              |
| Penin. Malaysia   | 1,658            | 19,369          | 1,769          |
| Philippines       | 5,672            | 2,234           | 1,072          |
| Sarawak           | 590              | 121             | 676            |
| Singapore         | 150              | 913             | 0              |
| South Africa      | 5,819            | 0               | 0              |
| Taiwan P.o.C      | 23,217           | 27,465          | 6,765          |
| Thailand          | 821              | 11,794          | 0              |
| United Kingdom    | 39               | 226             | 0              |
| USA               | 163              | 32,563          | 0              |
| Middle East       | 7,734            | 4,481           | 0              |
| Rest of the World | 3,012            | 20,280          | 37             |
| Total             | 82,462           | 227,128         | 16,462         |

Data source: STIA

#### 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/20241120/1732064596197451.pdf>

### Indonesia

#### Forestry investments to create 400,000 new jobs

During a meeting with Commission IV of the Indonesian House of Representatives the Minister of Environment and Forestry, Raja Juli Antoni, stated that the management of the forestry sector in 2025 will prioritise increasing production and the downstream processing of forest products to support regional economic development.

He said "the forestry sector is expected to see an investment value of IDR19.9 trillion in 2025 with planned workforce absorption of 400,000 people".

Non-tax State revenues from the forestry sector are projected to reach IDR7.72 trillion in 2025. This estimate is based on calculations of revenue generated from roundwood production to meet export demand, nature tourism visits, utilisation of forest areas and administrative fines in the forestry sector.

The Ministry aims to achieve specific performance targets by 2025 which include a 55% reduction in greenhouse gas emissions from the forestry sector. Additionally, the ministry seeks to reduce the rate of deforestation to 0.2 million hectares per year and attain a national red list index value for species under threat.

See: <https://www.msn.com/id-id/berita/other/target-investasi-rp199-triliun-pada-2025-sektor-kehutanan-bisa-serap-400000-pekerja/ar-AA1uusAK?ocid=BingNewsVerp>  
 and  
<https://www.msn.com/id-id/ekonomi/ekonomi/pemerintah-targetkan-investasi-di-bidang-kehutanan-capai-rp-19-9-t-pada-2025/ar-AA1uqO8S>  
 and  
<https://www.antaranews.com/video/4481113/kemenhut-targetkan-investasi-kehutanan-capai-rp199-triliun-pada-2025>

In related news, the Minister of Environment and Forestry indicated a roadmap and strategic plan for the reforestation of 12 million ha. of damaged forests will be prepared. This is a follow-up to President Prabowo Subianto's directive at the UN COP29 in Azerbaijan.

Also the Minister confirmed that he will not hesitate to revoke the Forest Area Borrow-Use Permit (IPPKH) from corporations that fail to meet the land rehabilitation obligations required by the permit.

See: <https://www.tempo.co/lingkungan/menteri-kehutanan-siap-cabut-ippkh-perusahaan-yang-tidak-merehabilitasi-lahan-1171191>

and

See: <https://jakartaglobe.id/news/indonesia-plans-to-reforest-12-million-hectares-of-damaged-land>

#### Furniture sector - FurneCraft Expo

The Ministry of Industry hosted the 2024 FurneCraft Expo in Semarang City, Central Java aimed at enhancing the quality of human resources in the furniture sector and boosting export sales. The exhibition was organised by the Furniture and Wood Processing Industry Polytechnic (Polifurneka), a vocational education unit of the Ministry of Industry. It featured a variety of events aimed at helping businesses expand and widen their knowledge.

Masrokhan, the Head of the Industrial Human Resources Development Agency of the Ministry of Industry, stated that the exhibition themed "Bring Back Culture with Innovative Furniture" attracted thousands of visitors from within the country and abroad. This event opened up new export market opportunities for small and medium-sized enterprises allowing them to boost sales through business matching.

See: <https://www.antaranews.com/berita/4457613/kemenperin-gelar-furnecraft-expo-dorong-kualitas-sdm-sektor-furnitur>

### Area allocated for Social Forestry around 8 million ha

The Ministry of Forestry and Environment has reported, as of October 2024, the area of Social Forestry has surpassed 8 million hectares involving over 1.3 million households. For customary forests, the achievement is recorded at more than 250,000 hectares for 138 customary law communities.

During a discussion at the Indonesian Pavilion at COP29 the Director General of Social Forestry and Environmental Partnerships (PSKL) at the Ministry stated, “We are providing access to social forestry areas spanning 8.3 million hectares which includes the recognition of customary forests.”

Mahfudz said that social forestry has become a national priority programme within the 2015-2019 National Medium-Term Development Plan (RPJMN) and continued into the 2020-2024 plan.

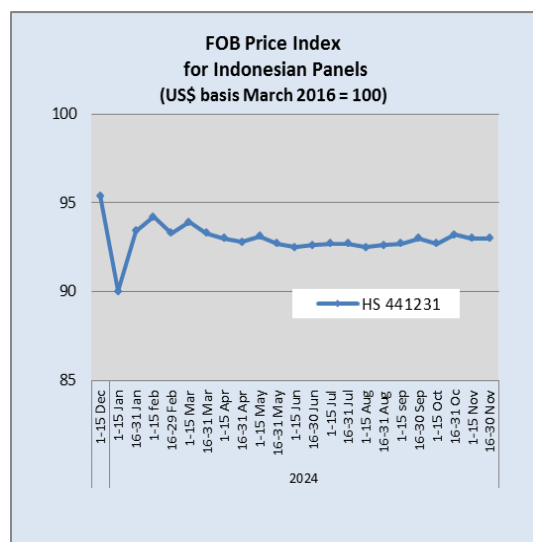
See: <https://www.antaranews.com/berita/4479849/kemenhut-perhutanan-sosial-capai-lebih-dari-8-juta-ha-hingga-oktober>

### Indonesia, Japan Agreement on carbon credit trading

The Indonesian press has reported the governments of Indonesia and Japan have reached an agreement to initiate Mutual Recognition Arrangement (MRA) for bilateral carbon credit trading cooperation. This MRA is reportedly the first bilateral cooperation model between countries under the framework of the Paris Agreement, specifically Article 6.2.

The Vice Minister for Global Environmental Affairs, Ministry of Environment Japan, Yutaka Matsuzawa, stated that through the MRA the Indonesian and Japanese governments can develop collaboration and cooperation towards net zero emission between the two countries.

See: <https://en.tempo.co/read/1940459/indonesia-japan-reach-agreement-on-mra-for-carbon-credit-trading-at-cop29>



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

## Myanmar

### No timber trade data available

As the Ministry of Commerce suspended the publication of trade data and the Myanmar Timber Enterprise (MTE) stopped uploading the results of monthly tenders reliable statistics are hard to come by.

According to wood product manufacturers in some months there are no bids at MTE tender sales particularly for teak logs. Manufacturers also have to contend with inconsistent power supplies which have forced them to rely on generators which has pushed up production costs. The situation for workers in the sector is dire. The cost of living continues to climb as the effect of sanctions bite but manufacturers are not in a position to raise wages instead turning to a variety of in-kind support for workers.

### Yacht maker fined for importing Myanmar teak

UK based Yachting Monthly magazine has reported a luxury yacht manufacturer based in the UK has been fined for importing teak from Myanmar, marking the first prosecution under the UK Timber Regulation (UKTR).

See: <https://www.yachtingmonthly.com/news/sunseeker-handed-240k-fine-for-using-illegal-blood-teak-from-myanmar-on-vessels-99901>

### ILO moves on possible sanctions

The International Labor Organization (ILO) is considering taking action against the authorities in Myanmar for rights violations.

It has been reported the ILO Governing Body will discuss a draft resolution on measures that will be taken. This decision was welcomed by labour advocates who have called for international action. Maung Maung, president of the Confederation of Trade Unions Myanmar, which has some 65,000 members, welcomed the ILO decision.

See: <https://www.ilo.org/sites/default/files/2024-10/GB352-INS-11-%5BNORMES-240911-003%5D-Web-EN.pdf>

### Formal banking system in Rakhine State virtually collapsed

The Myanmar newspaper 'Irrawaddy' has reported the banking system in Rakhine State has virtually collapsed. Banks in Sittwe, Maungdaw, Thandwe and Minbya have ceased operations.

In mid-November the last remaining private banks shut down in Kyaukphyu, including KBZ, CB, AGD, Ayeyarwady, Yoma and Global Treasure Banks says the newspaper.

With the closure of banks, residents now have to pay higher fees to withdraw and transfer money through mobile banking services.

See: <https://www.irrawaddy.com/news/burma/rakhines-banking-system-collapses-as-myanmar-state-teeters-on-precipice.html>

### Growth in pallet market

Expanding trade increases demand for pallets and wood is the main raw material for pallet manufacturing followed by plastic. The Indian market for wooden pallets has seen significant growth over the years and will continue to grow as trade volumes rise. Wooden pallets have maintained market share as they can be reused multiple times, aligns well with the rising awareness of sustainable business practices and can be recycled.

The Economic Times of India points out in a recent article that manufacturers in India have moved to ensuring manufacturing processes use responsibly sourced raw material. The major producers have adopted up-to-date technologies designed to reduce waste and minimise energy consumption.

See: <https://economictimes.indiatimes.com/small-biz/sme-sector/there-is-a-growing-market-for-recycled-and-upcycled-pallets-jay-wood-industrys-shah/articleshow/113756472.cms?from=mdr>

### Expanded agricultural output and government spending to lift growth

A forecast from Morgan Stanley Research in its '2025 India Economics Outlook' has projected India's GDP growth for the current fiscal year at 6.7% from 7% in an earlier forecast. This change is mainly due to slower growth in July-September 2024 quarter. The report suggests GDP is likely to have rebounded to around 6.7-6.8% in second half driven by a rise in agricultural production and government spending.

High frequency data for July-September 2024 were weak as indicated by revenue from the Goods and Services Tax dipping to a 40-month low in September. Core manufacturing sector output declined in August (after 41 months of expansion), the manufacturing PMI slipped to an 8-month low in September and passenger and two-wheeler vehicle sales were moderating.

This slowdown was driven by short term factors, says Morgan Stanley, such as excessive rainfall in August impacting production activity and a slowdown in government spending. However October data showed a rebound is likely. The high frequency growth data for October does show signs of a pickup after slowing down in the previous two months, helped by festive season related sales.

According to Madhavi Bokil, Senior Vice-President at Moody's Ratings and author of their latest Economic Forecast there are potential risks to inflation from heightened geopolitical tensions and extreme weather events and these underscore the Reserve Bank of India's (RBI) cautious policy. The policy of the RBI, at present, appears to be to keep the repo rate steady at 6.5% in October and it is expected to retain its tight monetary policy into next year.

See: <https://www.morganstanley.com/asiaresearch/country-and-region/india.html>

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

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

|             | Hoppus cu.m | US\$ C&F |
|-------------|-------------|----------|
| Brazil      | 189         | 470      |
| Colombia    | 144         | 425      |
| Costa Rica  | 166         | 330      |
| Nigeria     | -           | -        |
| Benin       | -           | -        |
| Tanzania    | 119         | 460      |
| Laos        | -           | -        |
| South Sudan | 209         | 680      |
| Guatemala   | 89          | 335      |
| Venezuela   | -           | -        |

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

|             | cu.m | US\$ C&F |
|-------------|------|----------|
| Benin       | 214  | 695      |
| Brazil      | 138  | 650      |
| Colombia    | -    | -        |
| Costa Rica  | 92   | 510      |
| Ecuador     | -    | -        |
| Ghana       | 182  | 480      |
| Ivory Coast | 94   | 845      |
| Nigeria     | 138  | 415      |
| South Sudan | 221  | 650      |
| Tanzania    | 88   | 465      |
| Togo        | 219  | 480      |
| Panama      | 187  | 480      |

#### Locally milled sawnwood prices

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

Price range depends mainly on lengths and cross-section



**Sawn hardwood prices**

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

Price range depends mainly on lengths and cross-section

**Plywood****Importers concerned on progress in procedures for new Ply Standard**

The entry into force of the new Standards for imported wood panel products is drawing close and the correspondent says “there is a panic amongst Indian importers because, so far, the Quality Control Office of the Standards Bureau has not completed the required international visits to checking the quality controls at export producers necessary to complete the formalities for issuing import licences”.

**Plywood and veneer from Nepal**

While not known as a major wood product exporter the Nepalese newspaper, Rising Nepal, has reported plywood and veneers worth Rs3 bil. were exported to India in the previous financial year. In Nepal logs for plywood production are sourced from plantations and farm plots of mainly *Alnus nepalensis*, uttis (Alder tree) found in the eastern hills of Nepal. During the same period, 21,994 tonnes of veneer worth Rs241 million were reportedly exported to India.

See: <https://risingnepaldaily.com/news/46460>

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

| Plywood<br>Ex-warehouse | Rs. per sq.ft |
|-------------------------|---------------|
| 4mm                     | 84            |
| 6mm                     | 97            |
| 9mm                     | 115           |
| 12mm                    | 137           |
| 15mm                    | 178           |
| 18mm                    | 195           |

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

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

**Vietnam****Wood and wood product (W&WP) trade highlights**

Statistics from Vietnam Customs show that in October 2024 the W&WP exports were valued at US\$1.54 billion, up 23% compared to September 2024 and up 19% compared to October 2023. Of this, WP exports alone reached US\$1.05 billion, up 17% compared to September 2024 and up 20% compared to October 2023.

In the first 10 months of 2024 W&WP exports earned US\$13.2 billion, up 21% over the same period in 2023 of which WP exports contributed US\$9.1 billion, up 23% over the same period in 2023.

W&WP exports to the US market in October 2024 amounted to US\$849.8 million, up 15% compared to September 2024 and up 21% compared to October 2023.

Woodchip exports in October 2024 brought in about US\$240 million, up 10% compared to October 2023.

In the first 10 months of 2024, wood chip exports earned US\$2.2 billion, up 19% over the same period in 2023.

Vietnam's W&WP imports in October stood at US\$235.9 million, up 0.6% compared to September 2024 and up 33% compared to October 2023.

In the first 10 months of 2024 W&WP imports to Vietnam reached US\$2.27 billion, up 27% over the same period in 2023.

In September 2024, Vietnam imported 78,400 cu.m of raw wood (logs and sawnwood) from Southeast Asia worth US\$18.56 million, down 31% in volume and down 18% in value compared to August 2024. Compared to the same period last year the import volume increased by 5% and the value increased by 11%.

Vietnam's W&WP exports to China in October 2024 amounted to US\$173 million, up 20% compared to September 2024 but down 5.5% compared to October 2023.

In the first 10 months of 2024 Vietnam's W&WP exports to the Chinese market totalled at US\$1.7 billion, up 21% over the same period in 2023.

Exports of living and dining-room furniture in October 2024 reached US\$267.6 million, up 21% compared to October 2023.

In the first 10 months of 2024 exports of these commodities earned US\$2.2 billion, up 22% over the same period in 2023.

Vietnam's padouk wood imports in October 2024 were 12,400 cu.m, worth US\$4.1 million, up 6% in volume and 7% in value compared to September 2024. Compared to October 2023 imports increased in volume but decreased by 23% in value.

In the first 10 months of 2024 imports of this wood variety reached 106,200 cu.m, worth US\$38.9 million, down 2% in volume and down 5% in value over the same period in 2023.

The imports of raw wood from Africa in September 2024 reached 56,460 cu.m, with a value of US\$21.18 million, down 28% in volume and down 20% in value compared to August 2024.

In the first 9 months of 2024 imports of raw wood from Africa amounted to 522,340 cu.m, with a value of US\$193 million, down 6% in volume and down 12% in value over the same period in 2023.

#### **Imports of padouk**

Vietnam's imports of padouk wood from all African sources in the first 9 months of 2024 reached 77,500 cu.m, worth US\$23.3 million, down 4% in volume and down 4% in value over the same period in 2023.

The average CIF price for padouk in the first 9 months of 2024 remained quite stable compared to the same period in 2023 standing at US\$370.8/cu.m. Prices for African increased slightly.

Imports of padouk wood from the largest African source accounted for 82% of the total import volume in the first 9 months of 2024, reaching 77,500 cu.m worth US\$23.3 million, down 4% in volume and down 4% in value over the same period in 2023.

Imports from Angola decreased by 81%; Cameroon decreased by 31% and imports from Equatorial Guinea fell 95% compared to the same period in 2023. Similarly, imports from Laos decreased by 15% in volume and decreased by 20% in value over the same period in 2023 reaching 6,800 cu.m, worth US\$6.9 million.

In addition, imports of padouk from Hong Kong decreased by 25% in volume and decreased by 21% in value over the same period in 2023, reaching 1,940 cu.m worth US\$537,000.

In contrast, imports of padouk wood from Thailand increased by 54% in volume and 106% in value over the same period in 2023 reaching 5,400cu.m

#### **Imports from Africa set to rise**

Most of the wood imported from African sources is for the production of wood products targeted at the domestic market. In general, the demand for furniture and interior products is rising each year so imports of raw material from Africa will increase,

Imports from Cameroon, the largest supplier, fell sharply by 44% in volume, equivalent to a decline of 20,120 cu.m. Imports from South Africa decreased by 14% in volume and 13% in value, Nigeria decreased by 9% in volume, Ghana decreased by 23% in volume and 15% in value. In contrast, imports from the DR Congo increased by 14% in volume and 28% in value compared to August 2023, Imports from Gabon increased by 66% in volume and 44% in value.

In the first 9 months of 2024 wood imports from Africa decreased year-on-year mainly due to a sharp decline in imports from the 2 main suppliers, Cameroon and Angola. Specifically, wood imports from Cameroon decreased by 13% in volume, equivalent to 43,000 cu.m

Imports from Angola decreased sharply by 75% in volume, equivalent to a decrease of 32,500 cu.m. In contrast imports from selected African suppliers increased sharply, such Nigeria by 73%, Democratic Republic of Congo by 23% and Ghana by 37%.

#### **Vietnam's imports of raw wood from Southeast Asia**

According to statistics from Vietnam's Office of Customs, in September 2024 Vietnam imported 78,400 cu.m of raw wood from Southeast Asia worth US\$18.56 million, down 31% in volume and down 18% in value compared to August 2024.

But compared to the same period last year, imports increased by 5% in volume and 11% in value. This growth shows that the demand for wood imports from this region has remained, although there have been fluctuations in volume and value.

It is forecast that in the coming months imports of raw wood from Southeast Asia will continue to increase due to the demand for production and consumption of household wood furniture in the domestic and international markets. Sawnwood will continue to be the main import product.

Amongst Southeast Asian countries Thailand remains the top wood material supplier for Vietnam with the supply of 4,250 cu.m worth US\$8.47 million, down 37% in volume and down 30% in value compared to the previous month.

However, over the first 9 months of 2024 imports from Thailand reached 474,560 cu.m, with a value of US\$87.18 million, up 31% in volume and 27% in value over the same period in 2023.

The main commodities imported from Thailand were chipboard and sawnwood. A large volume was shipped to Vietnam. Laos ranks second as a source of imports and in September 2024 imports were 15,450 cu.m, worth US\$6.15 million, up 6% in volume and 2.5% in value compared to the previous month and up by 34% in volume and 226% in value over the same period in 2023.

In the first 9 months of 2024 imports of raw wood from Laos reached 160,560 cu.m with a value of US\$70.69 million, up 4.5% in volume but down 2% in value over the same period last year. Sawnwood was the main commodity imported from Laos.

In the first 9 months of 2024 imports of raw wood from Malaysia reached 64,110 cu.m, at a value of US\$16.43 million, up 13% in volume and 0.5% in value over the same period in 2023. Malaysia is an important supplier of particleboard and sawnwood for Vietnam.

#### **Major W&WPs imported from Southeast Asia**

Wood materials imported from Southeast Asia to Vietnam are diversified with sawn wood, log, particleboard, fiberboard etc. Of these, particleboard and sawnwood are the two main commodities imported.

In the first 9 months of 2024, sawnwood imports from Southeast Asia totalled 219,680 cu.m, with a value of US\$90.56 million, down 4% in value over the same period in 2023. Sawn rubberwood topped imports followed by acacia, lagerstromia (Queen Crepe Myrtle) and sindora (Sepetir).

In the first 9 months of 2024 log imports from Southeast Asia reached 24,010 cu.m worth US\$6.57 million, down 14% in volume and down 0.1% in value over the same period in 2023. Logs of teak, acacia, rubberwood and iron-wood dominated the imports.

Particleboard imports from Southeast Asia reached 35,790 cu.m, at a value of US\$4.66 million in September 2024, down 48% in volume and down 48% in value compared to August 2024.

In the first 9 months of 2024 the volume of imported particleboard reached 307,530 cu.m, with a value of US\$40.58 million, up 50% in volume and 51% in value over the same period in 2023. This product is imported mainly from Thailand and Malaysia with Thailand being the largest supplier.

## **Brazil**

### **Bioeconomy and biodiversity mapping in the Amazon**

An expert panel on “Amazon Biodiversity and Archaeology Mapping: Promoting Territory Protection and Bioeconomy” organised by the Alana Foundation, Mapbiomas and the Ministry of Development, Industry and Foreign Trade (MDIC) was held during the G20 meeting.

The panel discussed ways to promote a sustainable bioeconomy in the Amazon, balancing territorial protection, biodiversity conservation and local community engagement. Experts discussed combining advanced technologies and traditional knowledge to accelerate biodiversity mapping, a crucial step for national sustainability.

The Amazon is home to around 1.5 million species that have already been mapped but it is estimated to be home to million of species of fauna and flora yet to be discovered. Initiatives such as the XPRIZE Rainforest, funded by the Alana Foundation, encourage the development of technological solutions aligned with traditional knowledge to map tropical forest biodiversity.

In September 2024 the G20 approved a declaration establishing principles for developing the bioeconomy in the world. For the first time, this topic was addressed in a multilateral agreement, integrating the bioeconomy into macroeconomic decision-making and discussions among nations. This milestone is seen as a strategic step forward in integrating sustainability and global development.

See: <https://www.g20.org/pt-br/noticias/painel-discute-bioeconomia-e-mapeamento-da-biodiversidade-para-a-protecao-da-amazonia-a-maior-floresta-tropical-do-mundo>

### **Brazil advances in new forest fund**

During the 29th UN Climate Conference held in Azerbaijan, representatives from countries with large areas of tropical forests met during the event to advance a joint conservation agenda which they plan to present to the world by 2025.

The strengthening of a new funding mechanism for conservation is important for Brazil which sees the initiative as a key strategy for fulfilling its pledge to eliminate deforestation by 2030. Currently, a coalition ‘United for Our Forests’ includes 18 countries out of 53 nations with significant tropical forest areas.

Among the main members are Brazil and other Amazon countries, Mexico, Guatemala along with the Democratic Republic of Congo which is the second largest forested country in the world and Indonesia, the third largest forested country in the world.

The new financial mechanism, called the ‘Tropical Forests Forever Fund’ made significant progress in 2024 gaining support from countries, including Germany, the United Arab Emirates, Malaysia, Colombia and Indonesia. The fund aims to raise US\$125 billion from wealthy countries and financial institutions, offering payments per preserved hectare, penalising deforestation and providing additional benefits for biodiversity protection and traditional communities.

For Brazil, strengthening this new financing fund for preservation is fundamental as it sees the initiative as a practical alternative to achieve its zero-deforestation target by 2030. However, the details of the TFFF will only be presented at COP30, scheduled to take place in Belém, in the State of Pará, Brazil.

See: <https://oeco.org.br/reportagens/mirando-o-desmatamento-zero-brasil-avanca-em-novo-fundo-de-preservacao/>

#### Export update

In October 2024 the Brazilian exports of wood-based products (except pulp and paper) increased 20% in value compared to October 2023, from US\$219.9 million to US\$ 263.6 million.

Pine sawnwood exports increased 75% in value between October 2023 (US\$8.6 million) and October 2024 (US\$50.1 million). In volume, exports increased 62% from 127,900 cu.m (October 2023) to 206,500 cu.m (October 2024).

Tropical sawnwood exports increased 5% in volume, from 20,600 cu.m in October 2023 to 21,700 cu.m in October 2024. However the value decreased 4% from US\$9.1 million to US\$8.7 million, over the same period.

Pine plywood exports increased 30% in value in October 2023 (US\$43.8 million) compared to October 2024 (US\$57.1 million). In volume, exports increased 20% over the same period, from 140,600 cu.m (October 2023) to 169,100 cu.m. (October 2024).

As for tropical plywood, exports decreased 8% in value and increased 24% in volume, from US\$1.3 million and 1,700 cu.m in October 2023 to US\$ 1.2 million and 2,100 cu.m in October 2024.

As for wooden furniture, the exported value increased from US\$ 46.2 million in October 2023 to US\$48.2 million in October 2024, an increase of 4% in the total exports of the product during the period.

#### Participation in the Global Market Conference

Recently ABIMCI (Brazilian Association of Mechanically Processed Timber Industry) participated in the Global Market Conference, held in London by Timber Development UK (TDUK).

The event attracted around 300 representatives from various countries and highlighted topics such as trends in the UK timber market, supply, consumption, the role of timber in mitigating climate change, carbon sequestration and storage, challenges in raw material supply, growth projections, technological innovations and international markets.

ABIMCI presented an overview of the Brazilian plywood segment, emphasising the sustainable origin of raw materials sourced from planted forests, particularly pinus species and compliance with various international certification requirements.

The Association highlighted Brazil as an important global supplier signaling it is well-prepared to meet the needs of the British market which imports 65% of its pine plywood from Brazil, as well as all the other main markets, in terms of supply and in terms of compliance with origin and technical certifications. With declining interest rates and inflation in the UK projections indicate growth in the UK construction sector of 2% in 2025 and 3.5% in 2026 which could further increase Brazilian participation in this market.

See: <https://abimci.com.br/abimci-participa-da-global-market-conference-em-londres/>

#### Norway support for Amazon Fund project

Norway has announced a donation of US\$60 million to the Amazon Fund, reaffirming a long-standing partnership between Norway and Brazil on climate and rainforest preservation. The Brazilian government has set a target of zero deforestation in the Amazon by 2030, a critical target for the world's largest rainforest.

The Amazon Fund, established 16 years ago, is a results-based mechanism managing international contributions to combat deforestation and promote sustainable development. Since its inception, the fund has financed 114 projects, including the protection of conservations areas, support for indigenous communities, fires prevention and backing sustainable business activities.

See: [https://www.norway.no/pt/brasil/noruega-brasil/noticias-eventos/brasil/noruega-anuncia-doacao-de-us\\$-60-milhoes-ao-fundo-amazonia/](https://www.norway.no/pt/brasil/noruega-brasil/noticias-eventos/brasil/noruega-anuncia-doacao-de-us$-60-milhoes-ao-fundo-amazonia/)

#### Domestic log prices

| Brazilian logs, mill yard, domestic | US\$ per cu.m |
|-------------------------------------|---------------|
| Ipê                                 | 446↓          |
| Jatoba                              | 191↓          |
| Massaranduba                        | 170↓          |
| Miracatiara                         | 167↓          |
| Angelim Vermelho                    | 170↓          |
| Mixed redwood and white woods       | 125↓          |

Prices do not include taxes. Source STCP Data Bank



### Domestic sawnwood prices

| Brazil sawnwood, domestic (Green ex-mill) | US\$ per cu.m |
|---|---------------|
| Ipe                                       | 1,724↓        |
| Jatoba                                    | 922↓          |
| Massaranduba                              | 801↓          |
| Muiracatiara                              | 812↓          |
| Angelim Vermelho                          | 759↓          |
| Mixed red and white                       | 514↓          |
| Eucalyptus (AD)                           | 296↓          |
| Pine (AD)                                 | 246↑          |
| Pine (KD)                                 | 288↑          |

Prices do not include taxes. Source: STCP Data Bank

### Domestic plywood prices

| Parica ex-mill | US\$ per cu.m |
|----------------|---------------|
| 4mm WBP        | 586↓          |
| 10mm WBP       | 478↓          |
| 15mm WBP       | 415↓          |
| 4mm MR.        | 551↓          |
| 10mm MR.       | 426↑          |
| 15mm MR.       | 365↓          |

Prices do not include taxes. Source: STCP Data Bank

### Prices for other panel products

| Domestic ex-mill prices | US\$ per cu.m |
|-------------------------|---------------|
| 15mm MDParticleboard    | 279↓          |
| 15mm MDFibreboard       | 282↓          |

Prices do not include taxes. Source: STCP Data Bank

### Export prices

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

### Export sawnwood prices

| Sawnwood     | US\$ per cu.m |
|--------------|---------------|
| Ipe          | 2,385↓        |
| Jatoba       | 1,308↓        |
| Massaranduba | 1,281↓        |
| Muiracatiara | 1,308↓        |
| Pine (KD)    | 196↑          |

Prices do not include taxes. Source: STCP Data Bank

### Export plywood prices

| Pine plywood    | US\$ per cu.m |
|-----------------|---------------|
| 9mm C/CC (WBP)  | 335↑          |
| 12mm C/CC (WBP) | 300↓          |
| 15mm C/CC (WBP) | 288↓          |
| 18mm C/CC (WBP) | 286↓          |

Prices do not include taxes. Source: STCP Data Bank

### Export prices for added value products

| Added value product | US\$ per cu.m |
|---------------------|---------------|
| Decking Boards Ipe  | 3,259↑        |
| Jatoba              | 1,840↑        |

Prices do not include taxes. Source: STCP Data Bank

### Through the eyes of industry

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

See: <https://www.itto-ggsc.org/static/upload/file/20241120/1732064596197451.pdf>

## Peru

### First three quarter exports

The Association of Exporters (ADEX) has reported between January and September 2024 Peru's wood product exports earned US\$64.2 million, a drop of 16% compared to the US\$76.3 registered in the same period of 2023.

ADEX reports that in the first nine months of this year the main export products were semi-manufactured items which earned US\$24.1 million or 37% of total export earnings for the period followed by sawnwood (US\$21.5 million, 33% share), firewood and charcoal (US\$4.5 million, 7% share) then construction products, US\$4.3 million and finally furniture and parts, US\$3.4 million.

The main destinations were France (US\$0.6 million), the United States (US\$9.9 million), China (US\$8.8 million), the Dominican Republic (US\$8.3 million) and Mexico (US\$7.7 million). The top ten export destinations included Vietnam, Denmark, Belgium, Germany and Chile.

### Progress on an Andean agenda to protect forests

The creation of an Andean agenda to protect forests and combat illegal logging in accordance with the roadmap established in the proposed regulatory framework and approved by the Andean Parliament, was addressed at the Second Regional Workshop on 'Dissemination of Regulatory Frameworks in Environmental Matters' which took place in Ecuador.

The Andean parliamentarian, Juan Carlos Ramírez, participating in the meeting on behalf of Peru held a series of meetings with authorities from the neighboring country that allowed for an exchange of experiences and challenges to strengthen sustainable forest management in the countries of the Andean Community (CAN).

The Peruvian Andean parliamentarian held meetings with officials from the Ministry of Agriculture and Livestock of Ecuador with whom firm steps were taken towards the establishment of a regional agenda to confront illegal logging and protect the Amazonian forests of the Andean region.

See: <https://www.elperuano.pe/noticia/257733-tala-ilegal-avanzan-en-una-agenda-andina-para-proteger-los-bosques-de-la-region>

### Reinforcing measures to lower risk of corruption

The National Forest and Wildlife Service (SERFOR) in its capacity as the governing body of the National Forest and Wildlife Management System (SINAFOR) and within the framework of the implementation of the Integrity Model, held a working group with the technical assistance of representatives of the Green Corruption Program and the Subnational GFP Programme (Swiss Economic Cooperation) implemented by the Basel Institute on Governance.



This was in order to establish technical cooperation mechanisms to evaluate and prioritise corruption risks throughout the wood value chain and propose measures for mitigation.

As a result of the working group, SERFOR, with the technical assistance of the Basel Institute on Governance, presented to the Secretariat of Public Integrity (SIP) of the Presidency of the Council of Ministers (PCM), within the framework of the implementation of the Preventive Capacity Index against Corruption (ICP), the identification, evaluation and treatment sheets on the corruption risks identified in the institution.

In this way, SERFOR took on the challenge of promoting and reinforcing the implementation of a series of measures to lower corruption risks at an institutional level.

### New Director at SERFOR

Through Supreme Resolution No.018-2024-Midagri the Government appointed forestry engineer, Desiderio Erasmo Otárola Acevedo, as the new executive director of the National Forest and Wildlife Service (SERFOR).

Otárola Acevedo is a graduate of the National Agrarian University - La Molina and holds a Master's degree in Integrated Management of Natural Resources with an emphasis on management and silviculture of natural forests from the Tropical Agricultural Research and Higher Education Center (CATIE) in Costa Rica. He has more than 17 years of experience in public administration.

### Pilot study on extent of illegal logging in Madre de Dios

In a joint action to address illegal logging and timber trade in the Amazon the Forest and Wildlife Resources Oversight Agency (OSINFOR) and the Regional Forest and Wildlife Management of Madre de Dios (GERFOR Madre de Dios) began a pilot study to estimate the rate and percentage of illegal logging in 2024.

The head of OSINFOR highlighted that this study will provide specific information to identify improvements required in the regional work plan.

### Export prices for added value products

|   | US\$ per cu.m |
|---|---------------|
| Strips for parquet Cabreuva/estoraque KD12% S4S, Asian market | 1327-1398     |
| Cumaru KD, S4S Swedish market                                 | 979-1011      |
| Asian market  | 1079-1098     |
| Cumaru decking, AD, S4S E4S, Central American market          | 1209-1221     |
| Pumaquiro KD Gr. 1, C&B, Mexican market                       | 501-561       |
| Quinilla KD, S4S 2x10x62cm, Asian market                      | 591-627       |
| 2x13x75cm, Asian market                                       | 774-831       |

### Export veneer prices

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

### Export sawnwood prices

| Peru sawnwood, FOB Callao Port                              | US\$ per cu.m |
|---|---------------|
| Pumaquiro 25-50mm AD Mexican market                         | 703-728▲      |
| Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market | 582-602       |
| Grade 2, Mexican market                                     | 527-541       |
| Cumaru 4" thick, 6"-11" length KD                           |               |
| Central American market                                     | 1029-1044     |
| Asian market  | 1016-1054     |
| Ishpingo (oak) 2" thick, 6"-8" length                       |               |
| Spanish market  | 641-654       |
| Dominican Republic  | 765-799       |
| Marupa 1", 6-11 length KD                                   |               |
| Grade 1 Asian market  | 5649-576▲     |

### Domestic prices for other panel products

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

### Export plywood prices

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

### Domestic sawnwood prices

| Peru sawnwood      | US\$ per cu.m |
|--------------------|---------------|
| Mahogany           | -             |
| Virola             | 227-237       |
| Spanish Cedar      | 333-344       |
| Marupa (simarouba) | 199-229       |

### Domestic plywood prices (excl. taxes)

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

## Japan

### Inflation slowed in October

The Ministry of Internal Affairs reported consumer prices, excluding fresh food, rose 2.3% in October from a year earlier, down from 2.4% in September. That was above the forecast 2.2%. The October data is likely to keep the Bank of Japan (BoJ) on track to raise interest rates in December.

The BoJ has long held the view that its goal is a virtuous cycle between wages and prices. However, the October inflation figure could mean the Bank will not move too fast or too far at once.

Most analysts expect the BoJ to continue with a “gradual uptick” of interest rates as the Bank uses monetary policy to keep the exchange rate from becoming volatile. The yen weakened against the US dollar in November, hitting a four month high of 156.74 on 15 November but has since recovered slightly.

A leading indicator of service-sector inflation held near 3% in October offering further evidence that conditions for another interest rate hike by the Bank of Japan were falling into place.

While uncertainty over US president-elect policies clouds the outlook, many analysts expect Japan's economy to sustain a moderate recovery and help keep inflation around the Bank's 2% target.

See:

<https://www.japantimes.co.jp/business/2024/11/22/economy/japan-october-inflation/>

and

[https://www.boj.or.jp/en/statistics/pi/cspi\\_release/sppi2410.pdf](https://www.boj.or.jp/en/statistics/pi/cspi_release/sppi2410.pdf)

### Inflation triggered by a weaker yen weighs on consumer spending

The Liberal Democratic Party-Komeito coalition reached an agreement with the opposition Democratic Party for the People (DPP) on an economic stimulus package which, with opposition votes, secured parliamentary approval.

The DPP pushed for an increase of the limit for income tax exemptions and temporary relief in the gasoline tax. The package, worth 39 trillion yen (US\$250 billion), features energy subsidies and cash handouts to low-income households as inflation triggered by a weaker yen continues to weigh on consumer spending.

With inflation outpacing wage growth prompting households to cut discretionary spending, the new package aims to address the negative impact of inflation and achieve the government's goal of revitalising struggling regional economies.

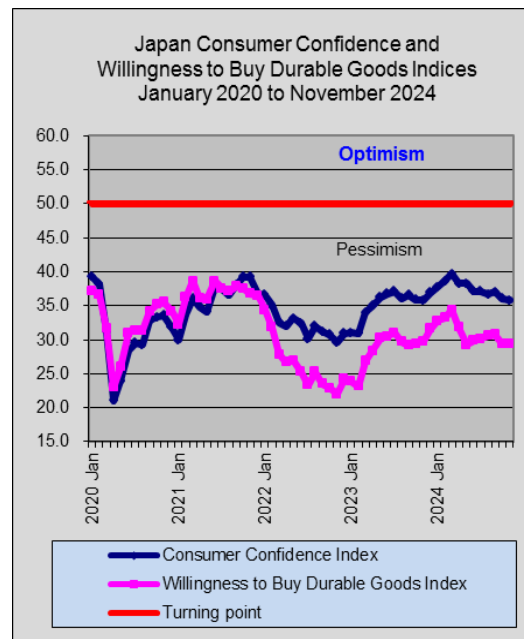
See:

<https://mainichi.jp/english/articles/20241122/p2g/00m/0na/029000c>

### December interest rate increase anticipated

Many financial analysts anticipate the BoJ will increase interest rates in December as they see the impact of a delay being a further weakening of the yen.

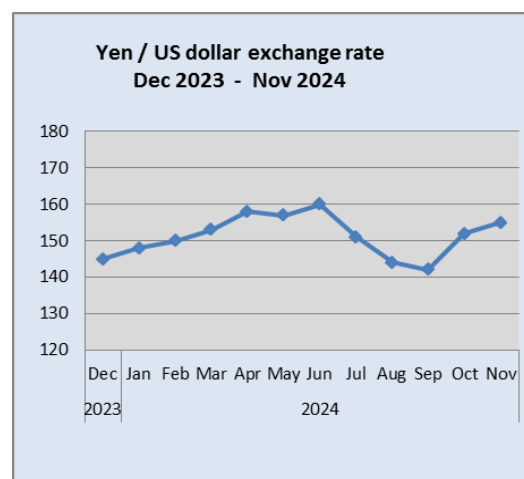
The Governor of the BoJ said the Bank must phase down stimulus in a measured fashion as keeping real interest rates low for too long will accelerate inflation.



Data source: Cabinet Office, Japan

### US/Yen exchange rate set to move

The likelihood of a progressive rise in interest rates by the BoJ and the possibility of further reductions by the Federal Reserve could drive a recovery of the yen to 130 against the US dollar according to some writers.



Data source: WSJ

### Can economy transform to more 'normal' growth?

UBS, a multinational investment bank and financial services company founded and based in Switzerland recently published its 'Japan Economic Outlook 2024-2025'. This says Japan's economy is at critical moment to transform from three decades of stagflation to "a mild nominal growth" period.

UBS says Japan's economy has seen no nominal GDP growth since the asset bubble burst in the early 1990s. However, now UBS reports signs that nominal growth is returning, with a shift in consumer expectations of wages and price movements.

UBS point out " While this dynamic may not continue in the event of unexpected negative shocks, such as a severe recession in the US and/or China, our base case looks for this transformation to be sustained despite global headwinds (US mild recession and high uncertainties in terms of geopolitical risk)."

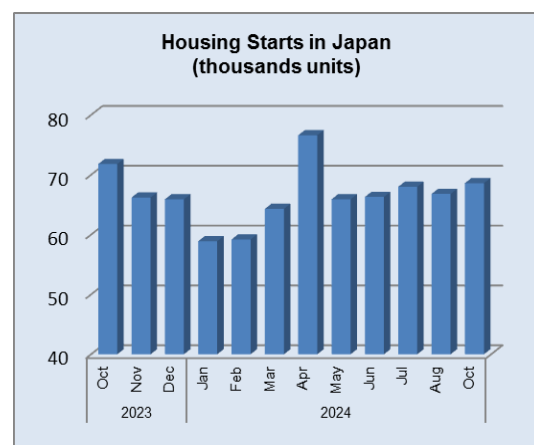
See: <https://www.ubs.com/global/en/investment-bank/insights-and-data/2023/japan-economic-outlook-2024-2025.html>

### Hunting hidden property value

Global hedge funds and private equity firms are investing in Japanese companies in a bid to unlock as much as yen 25 trillion (US\$165 billion) in undervalued real estate held by companies.

The hidden value of property on corporate balance sheets is showing up as a theme behind some of the biggest activist campaigns and mergers and acquisitions announced in Japan this year.

See:  
[https://theedgemalaysia.com/node/735819?utm\\_source=News&utm\\_medium=Website](https://theedgemalaysia.com/node/735819?utm_source=News&utm_medium=Website)



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

### Import update

#### Assembled wooden flooring imports

The value of assembled wooden flooring (HS441871-79) in September recovered from the decline seen in August, rising 14% but compared to a year earlier the value of September imports of HS441871-79 were down 9%

As in previous months the main category of assembled flooring imports was HS441875, accounting for 73% of the total value of assembled flooring imports, the same level as in August.

### Assembled flooring imports

|            |                  | Imports Sept 2024<br>Unit, 000's Yen |
|------------|------------------|--------------------------------------|
| HS 4418.73 | China            | 21,426                               |
|            |                  |                                      |
| HS 4418.74 | China            | 2,720                                |
|            | Vietnam          | 677                                  |
|            | Indonesia        | 2,860                                |
|            | <b>sub total</b> | <b>6,257</b>                         |
| HS 4418.75 | China            | 85,582                               |
|            | Vietnam          | 38,812                               |
|            | Thailand         | 4,492                                |
|            | Malaysia         | 11,028                               |
|            | Denmark          | 1,498                                |
|            | Italy            | 41,765                               |
|            | USA              | 8,379                                |
|            | <b>sub total</b> | <b>191,556</b>                       |
| 4418.79    | China            | 22,385                               |
|            | Vietnam          | 5,446                                |
|            | Thailand         | 9,168                                |
|            | Indonesia        | 5,779                                |
|            | France           | 310                                  |
|            | <b>Sub total</b> | <b>43,088</b>                        |

Data source: Ministry of Finance, Japan

The second largest category in terms of value was HS441879 (16%) , a doubling of the value compare to August and reflects higher imports rather than currency weakness as the yen exchange rate was fairly stable in September. The third category of import was HS441873 (9%) with the balance being HS441974.

Of HS441875 imports 45% was provided by shippers in China, 22% by shippers in Italy and 20% from shippers in Vietnam. The three other sources of assembled flooring (HS441875) in September were the US, Malaysia and Thailand.

## Plywood imports

The volume of September plywood imports (441210-39) was 130.998 cu.m, almost the same as in the previous month but this volume represented a decline (8%) on levels a year earlier.

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

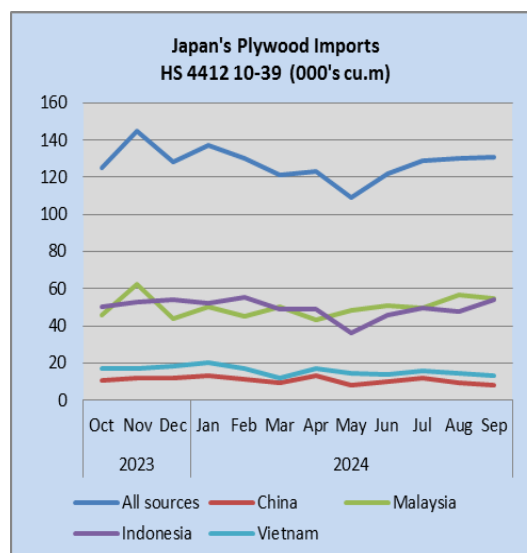
|      |     | China | Malaysia | Indonesia | Vietnam |
|------|-----|-------|----------|-----------|---------|
| 2021 | Jan | 9.7   | 76.9     | 59.3      | 15.7    |
|      | Feb | 6.8   | 53.5     | 50.1      | 13.0    |
|      | Mar | 5.7   | 89.4     | 61.5      | 11.5    |
|      | Apr | 11.4  | 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    |
| 2024 | Jan | 13.3  | 50.2     | 52.3      | 20.5    |
|      | Feb | 11.5  | 45.4     | 55.3      | 17.1    |
|      | Mar | 9.4   | 50.1     | 48.8      | 12.2    |
|      | Apr | 13.2  | 43.2     | 49.0      | 17.0    |
|      | May | 8.4   | 48.3     | 36.5      | 14.3    |
|      | Jun | 10.1  | 51       | 46.1      | 13.7    |
|      | Jul | 12.1  | 49.8     | 49.7      | 15.8    |
|      | Aug | 9.3   | 56.8     | 47.9      | 14.7    |
|      | Sep | 8.1   | 54.5     | 54.2      | 13.1    |

Data source: Ministry of Finance, Japan

In September, once again, plywood arrivals from China and Vietnam were down compared to a month earlier. Arrivals from Malaysia were almost the same as in August so it was only shippers in Indonesia that saw a rise in volumes in September.

As in previous months, of the various categories of plywood imported in September HS441231 was the largest accounting for 89% of the total volume of plywood imports with the balance fairly evenly distributed across the other HS codes.

Malaysia and Indonesia accounted for most of the HS441231 arrivals. Shipments from Vietnam and China were spread across the categories tracked except in the case of HS4410 where China was the only shipper in September. Other shippers appearing in Japan's plywood import statistics in September included Denmark, USA, Thailand, Italy and France.



Data source: Ministry of Finance, Japan

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

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

For the JLR report please see:

[https://ifpi.jp/japan\\_lumber\\_reports/](https://ifpi.jp/japan_lumber_reports/)

## Operating conditions of Forest Management

It has been five years since the forest management control system started by using the Forest Environmental Tax as a financial resource.

The number of managers has increased but there are still not enough workers. Japan Forest Products Journal held a survey through municipalities. 277 municipalities had answered to the survey. 45.5 % of 277 municipalities say that an assumption and a plan are behind the schedule.

Many municipalities answered "uncertain" to the questions, which are "do you grasp the current situation?" or "what is your prospect?".

The forest management control system is about maintenances of private and planted forest under the control of forest managers, who are certified by the prefectures, by using the transferred tax.

There were not enough staff, who had specialized knowledge of forest managing control, at government offices before the system began. However, there are more staff at the government offices than before but still a labor shortage.

#### **Large diameter timber for producing plywood**

Akita Plywood Corporation in Akita Prefecture upgraded the facilities and now works on producing plywood using large diameter timber.

The company installed a ring barker, which is able to peel maximum 80 cm diameter timber, at Mukaihama Plant 2 in April, 2024 and installed a rotary peeling machine, which is able to cut maximum 100 cm diameter timber, at Mukaihama Plant 1 in August, 2024. They are in operations smoothly.

The company is prepared to accept many sizes of logs from loggers and is able to manufacture large diameter timber, which used to be manufactured into wooden chips, into plywood.

There had been two ring barkers at Mukaihama Plant 2 and one of them was renewed. The new ring barker is able to peel 2 m or 4 m length and 80 cm diameter logs.

There had been one rotary peeling machine at Mukaihama Plant 1 and it had been 24 years. Then, the machine's electric components was discontinued and this is the reason for installing the new rotary peeling machine. The old machine could cut 70 cm diameter timber but the new machine is able to cut maximum 100 cm diameter timber. The cutting speed of the new machine is changed to 160 m per minute from 125 m per minute. The productivity is improved by 20 %.

Logs are peeled at Mukaihama Plant 2 and are delivered to Mukaihama Plant 1, which is neighbor to Mukaihama Plant 2, for cutting.

Sometimes over 70 cm diameter timber is delivered to the company's plywood plant but it is not a lot. However, large diameter cedar logs in Akita Prefecture has been increasing every year. To make a good environment for the loggers to cut down the large diameter timber, the company decided to upgrade the facilities.

#### **Mahogany plywood**

Tokyo Shinjuku Mokuzai Ichiba Co., Ltd. in Tokyo Prefecture started to sell mahogany plywood. Mahogany is used as a core of plywood and falcata is used on face and back of plywood. The pull-out strength of nails is two

times stronger than all falcata plywood. The proof stress is about 85 % more than all lauan plywood. Mahogany and falcata are both from a plantation in Indonesia. The sizes of plywood are 2.5 – 24 mm x 910, 1,220 – 1,820 and 2,440 mm.

Mahogany is one of the world's three major precious woods and is used for luxury furniture, musical instruments and floors. It is hard and is easy to process and exhibits dimensional stability.

The company sells not only wood products but also plywood and gypsum boards at the market every month. Many buyers visit the market and are able to touch the company's products.

If the company could explain about the products well at the market, the buyers would understand how good the products are.

The company struggled with selling all falcata plywood at first but the company explained about the falcata plywood to buyers. Then, the buyers started to purchase the all falcata plywood. The new plywood is sold at only Tokyo Shinjuku Mokuzai Ichiba. The wholesalers of mahogany consider that mahogany is familiar to lumber dealers so the mahogany plywood would be accepted easily.

There are several kinds of plywood such as all lauan plywood, all falcata plywood and combination of falcata and other material plywood. Requests for the price and performance from construction sites are different so the lumber dealers might suffer with inventory. The branding of mahogany plywood is the company's goal. South sea logs and products

#### **Movement of South Sea and Chinese lumber is dull due to the unclear foreign exchange rates**

Demand for lumber is weak because the end of the year is drawing near but there are some inquiries for lumber. The yen depreciated to 150 yen against the US dollar in October, 2024 and many Japanese distributors watched carefully about results of the general election in Japan and the US presidential election.

As for large laminated boards, Indonesian laminated lumber manufacturers expected to raise the selling price but they gave up because the yen was weak against the US dollar. The price of large laminated board stayed the same. The price of Chinese red pine lumber in Japan is 130,000 yen, FOB per cbm. Indonesian Merkusi lumber is 125,000yen, FOB per cbm. These prices are leveled off from last time.

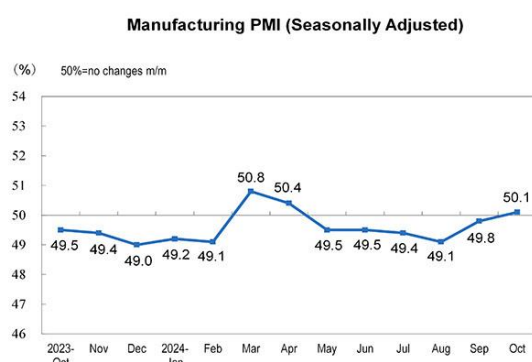


## China

### Manufacturing Purchasing Managers' Index

A press release from the National Bureau of Statistics provides details of the October Manufacturing Purchasing Managers' Index.

In October, the purchasing managers' index (PMI) for the manufacturing sector was 50.1%, an increase of 0.3 percentage points from the previous month indicating a modest rebound in the sector.



The PMI for large and medium-sized enterprises was 51.5% and 49.4% respectively, up by 0.9 and 0.2 percentage points from the previous month. The PMI for small enterprises stood at 47.5%, a decrease of 1.0 percentage point from the previous month.

See;  
[https://www.stats.gov.cn/english/PressRelease/202411/t20241115\\_1957434.html](https://www.stats.gov.cn/english/PressRelease/202411/t20241115_1957434.html)

### First log "insurance + futures" project in Guangxi

It has been reported that the first log 'insurance + futures' project has been established in Guangxi Zhuang Autonomous Region.

The production of logs in Guangxi Zhuang Autonomous region ranks first in China, accounting for nearly 40% of the national total. The launch of the futures project is an active attempt to support the services of "agriculture, rural areas and farmers" and provides a new tool for risk management for log producers, helps them lock log prices, transfers market price risks, boosts confidence, ensures the stability of income and helps improve the resilience of the industry and promote the overall development of the industry in the region.

See: <https://finance.eastmoney.com/a/202411183242933371.html>

### Urban homes transformation

The Ministry of Housing and Urban-Rural Development and the Ministry of Finance recently deployed resources to accelerate the implementation of policy measures for the transformation of urban areas and promote the implementation of projects as soon as possible.

The scope of policy support for the renovation of homes and infrastructure in urban areas has been expanded from

the initial 35 megacities and large cities with a permanent urban population of more than 3 million to nearly 300 cities at the prefecture level and above.

The policy requires that all localities should implement fiscal, tax, land and financial supporting policies for the transformation of poor urban areas and formulate compensation plans. Work will be undertaken to safeguard the legitimate rights and interests of the population and promote the implementation of various supporting policies.

The aim is to release the huge potential of China's new-type urbanisation and form new economic growth points.

It has been reported that the expansion of the urban area transformation will also drive the increase in the demand for wood-based panels.

See:  
[https://www.wood365.cn/Industry/IndustryInfo\\_281519.html](https://www.wood365.cn/Industry/IndustryInfo_281519.html)

### Decline in log and sawnwood imports from EU

According to China Customs log and sawnwood imports declined sharply between January to September 2024.

China's log imports from EU declined 37% to 3.616 million cubic metres between January to September 2024. Log imports from Germany, Poland, France, Denmark and the Czech Rep. fell fastest.

In contrast, China's log imports from Latvia and Slovakia rose 19% and 38% respectively.

### China's log imports from main EU suppliers, January to September 2024

| Supplier | 000s cu.m | YoY % change |
|----------|-----------|--------------|
| Total    | 3,616     | -37%         |
| Germany  | 1,178     | -60%         |
| Poland   | 784       | -6%          |
| France   | 562       | -12%         |
| Latvia   | 281       | 19%          |
| Denmark  | 198       | -21%         |
| Slovakia | 166       | 38%          |
| Czech    | 128       | -48%         |

Data source: China Customs

China's sawnwood imports from EU member states declined 22% to 1.788 million cubic metres between January and September 2024.

China's sawnwood imports from the top shippers in the EU, Finland, Germany and Sweden fell sharply resulting in the overall decrease in total sawnwood imports from the EU.

In contrast, China's log imports from Romania rose 10% between January and September 2024.

## Sawnwood imports from the EU, January to September 2024

| Supplier | 000s<br>cu.m | YoY %<br>change |
|----------|--------------|-----------------|
| Total    | 1,788        | -22%            |
| Finland  | 498          | -18%            |
| Germany  | 459          | -28%            |
| Sweden   | 340          | -45%            |
| Romania  | 172          | 10%             |

Data source: China Customs

It is worth noting that China's log imports from the US and Canada rose 4% and 24% respectively between January and September 2024 which offset the decline in log imports from EU member states.

Since the outbreak of the conflict between Russia and Ukraine timber exports from many European member states have been affected.

Declining demand for timber in China is another factor that has led to the decline in imports. There has also been a reduction of domestic timber production in the EU, notably Germany.

### Surge in sawn softwood imports from US

China Customs data shows sawn softwood imports from the US surged 43% to 162,400 cubic metres between January to September 2024.

China imports a lot of pine sawnwood from the United States. China's pine, douglas fir, hemlock and spruce sawnwood imports surged between January and September 2024. However, China's sawn hardwood imports from the US fell 15% to 737,300 cubic metres between January to September 2024. The total volume of China's sawnwood imports from the US dropped 8% to 899,700 cubic metres over the same period of 2023.

### Rise in tropical sawnwood imports

Between January and September 2024 China's tropical sawnwood imports were 5.759 million cubic metres valued at US\$1.669 million, up 12% in volume and 15% in value and accounted for about 28% of the national total. The average CIF prices for tropical sawnwood grew 3% to US\$290 per cubic metre over the same period of 2023.

Thailand was the largest tropical sawnwood supplier to China in the nine months to September 2024. 67% of China's tropical sawnwood imports are shipped from Thailand. China's tropical sawnwood imports from Thailand between January to September rose 16% to 3.832 million cubic metres valued at US\$968 million, up 21% in value over the same period of 2023. The average CIF price for tropical sawnwood imports from Thailand rose 5% to US\$253 per cubic metre over the same period of 2023.

China's tropical sawnwood imports from Gabon rose 38%. In addition, China's tropical sawnwood imports from Myanmar, Vietnam, Malaysia and Cameroon rose.

In contrast, China's tropical sawnwood imports from the Philippines, alone among the top suppliers, fell 19% over the same period of 2023.

## Main suppliers of tropical sawnwood imports, first nine months of 2024

| Supplier    | 000s<br>cu.m | YoY %<br>change |
|-------------|--------------|-----------------|
| Total       | 5,759        | 12%             |
| Thailand    | 3,832        | 16%             |
| Gabon       | 601          | 38%             |
| Philippines | 457          | -19%            |
| Myanmar     | 189          | 8%              |
| Vietnam     | 129          | 18%             |
| Malaysia    | 98           | 37%             |
| Cameroon    | 96           | 0.5%            |

Data source: China Customs

### October Global Timber Index (GTI) China Report

The Global Timber Index (GTI) Report for October 2024 from the Global Green Supply Chain initiative (GGSC) revealed the Chinese timber market was showing signs of a recovery as the GTI index for the country registered 50.9%, above the critical value (50%) for the second consecutive month.

With the start of the traditional peak season for China's wood products sector an uptick in both production and new orders has been observed. In contrast, demand signals reported by some other countries were still in decline. The GTI indices for the Republic of the Congo (48.1%), Ghana (48.0%), Thailand (44.2%), Brazil (43.2%), Gabon (35.4%), Mexico (33.9%) and Malaysia (22.8%) were all well below the critical value of 50% indicating that in these countries the overall business prosperity of GTI participating enterprises shrank from the previous month.

However, in the African countries (Gabon, Ghana, and the Republic of the Congo) the previous contraction in the timber sector eased in October and it's worth noting that in the Republic of the Congo the timber market was showing signs of stabilisation on both supply and demand sides.

### GTI China

On 25 October, the China Securities Regulatory Commission approved the registration of log futures and options on the Dalian Commodity Exchange. Many industry insiders said that the launch of log futures is of great significance as it can provide the market with authentic, effective, continuous and authoritative prices serving as an important reference for import and processing enterprises.

It is worth noting that since July the unit price of imported logs declined for three consecutive months.

On 11 October, the European Commission announced that it decided to initiate an anti-dumping proceeding concerning hardwood plywood originating in China.

In October the GTI-China index registered 50.9%, a decrease of 3.3 percentage points from the previous month and was above the critical value (50%) for 2 consecutive months indicating that the business prosperity of the timber enterprises represented by the GTI-China index expanded from the previous month.

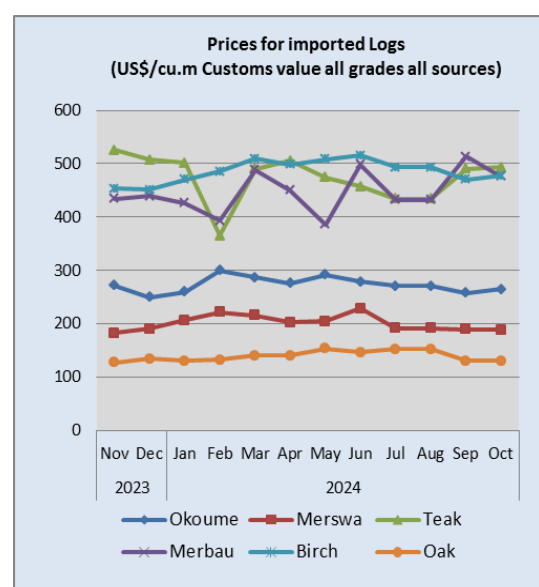
In October China's timber sector maintained an upward momentum and an uptick in both production and new orders were observed. As for the eleven sub-indexes, five indexes (production, new orders, purchase quantity, inventory of main raw materials and delivery time) were above the critical value of 50%, the export orders index was at the critical value, while the remaining five indices (existing orders, inventory of finished products, import, purchase price, and employees) were all below the critical value.

Compared to the previous month, the indices for existing orders, purchase price, inventory of main raw materials, and employees increased by 2.5-9.5 percentage points and the indices for production, new orders, export orders, inventory of finished products, purchase quantity, import, and delivery time declined by 1.6-8.1 percentage points.

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

|        | 2024<br>Sep | 2024<br>Oct |
|--------|-------------|-------------|
| Okoume | 258         | 265         |
| Merswa | 189         | 188         |
| Teak   | 490         | 493         |
| Merbau | 513         | 476         |
| Birch  | 470         | 477         |
| Oak    | 130         | 130         |

Data source: Customs, China

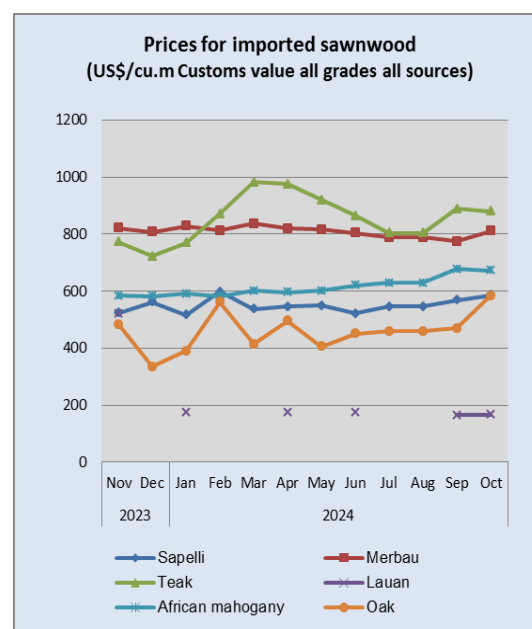


Data source: Customs, China

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

|                  | 2024<br>Sep | 2024<br>Oct |
|------------------|-------------|-------------|
| Sapelli          | 569         | 586         |
| Merbau           | 755         | 811         |
| Teak             | 888         | 880         |
| Lauan            | 164         | 167         |
| African mahogany | 678         | 673         |
| Oak              | 469         | 584         |

Data source: Customs, China



Data source: Customs, China

#### Through the eyes of industry

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

See: <https://www.itto-ggsc.org/static/upload/file/20241120/1732064596197451.pdf>

### EU

#### Challenges and opportunities in hardwood markets

The 2024 International Hardwood Conference (IHC) addressed latest market trends for temperate and tropical hardwood sectors and the upside and downside risks going forward.

The challenges facing the hardwood market were identified as geopolitical stresses, climate change, trade barriers and slow global GDP growth. But speakers also highlighted opportunities.

These included emergence of new applications for hardwood, notably in the form of engineered or mass timber, and also progress in increasing hardwood forest and tree species' resilience to global warming-induced changing weather patterns.

The event opened with analysis of the international economic picture and its implications for the timber trade from Christoph Schneider, Managing Director of Vienna-based independent economic research institute Economica.

He said global political and economic uncertainty remaining at a high level continues to undermine market confidence. The combination of armed conflicts, international trade disputes, and rising debt levels are resulting in upward pressure on costs and price, while eroding purchasing power. The rise in international and domestic violent conflicts was a significant adverse factor on trade and commerce, with the number of conflicts increasing 15% from June 2023 to June 2024 and 1 in 7 of the global population now being affected.

Mr. Schneider underlined the impact of the Suez Canal crisis in particular, which has resulted in an 80% fall in its shipping flow, pushing up freight costs and transit times, notably from Asia to Europe.

Despite adverse international economic factors, however, Mr. Schneider said the overall global economy was proving resilient. There was no major impetus for an upturn in 2025, but no indicators for contraction. Global GDP growth is expected to be level with 2024 at 3.2%. While there may be short-term fluctuations, global timber prices were also predicted to be broadly stable in coming years, albeit with downside risks, including conflict escalation and uncertainty over tariffs and trade policy.

In terms of the leading players in the international hardwood market, said Mr Schneider, the US remains the biggest global trader by some way, with 2022 exports of US \$3.3 billion. Thailand ranked second, with exports of around US\$1 billion, Malaysia third at US\$ 819 million, Cameroon fifth at US\$739 million and Papua New Guinea ninth at US \$606 million.

Other tropical suppliers in the top 20 global hardwood exporters were Brazil, ranked eleventh, Gabon thirteenth, Congo fourteenth, Solomon Islands seventeenth and Lao PDR twentieth.

Looking to the longer term, Mr. Schneider said the prospects for the timber market should be positive. Global population continues to rise, resulting in emergence of potential new markets and 'people will always need wood', he said.

A broad summary of prospects in the European hardwood sector were addressed by EOS vice president for hardwoods Maria Kiefer-Polz and ETTF President Ad Wesselink. The last two years have been challenging for the industry given high interest rates and inflationary pressures, they said, and it was still unclear whether the market had 'bottomed out' and 2025 would see some recovery. Key factors continuing to affect business were inevitably the rising costs of energy, labour and technology.

A particular focus for the European industry and its suppliers is the EU Deforestation Regulation. At the IHC Franz-Xaver Kraft of German trade federation GD Holz looked at its implications and it was discussed by a panel comprising EOS Secretary General Silvia Melegari, International Tropical Timber Technical Association Managing Director Benoît Jobbé-Duval, Mike Snow Executive Director of the American Hardwood Export Council (AHEC), Hubert Inhaizer of PEFC International and Xenia Marx of FSC International.

Mr. Kraft detailed the obligations imposed by the EUDR on various timber trade players. Greatest demands, he said, would be on importers and EU forest owners first placing timber and wood products on the EU market.

They will be obliged to undertake due diligence to mitigate risk of timber being implicated in deforestation and forest degradation. SME traders and processors under the EUDR must keep information on suppliers and customers for five years, including due diligence statement reference numbers, and pass relevant information from suppliers to customers.

Meanwhile, non-SME traders and processors of wood already placed on the EU market must collate information on suppliers and customers, including that suppliers are applying their due diligence systems correctly and taking appropriate risk mitigation measures. Non-SME exporters will also need to apply due diligence to their products and provide a due diligence statement

Mr. Kraft concluded that that the EUDR would add a layer of administration on the timber sector and, he said, industry bodies continue to press the EU for further simplification of the rules and clear guidance.

The IHC took place days before the European Parliament backed the proposal from the European Commission, supported by the European Council, to push back implementation of the EUDR a year to allow businesses more time to achieve compliance. At the same time, the Parliament voted to amend the Regulation, to add a 'no-risk' category to supplier country deforestation risk benchmarking. The original proposal was to have low, standard and high-risk categories.

But in the panel discussion, participants welcomed the likelihood of the year's delay. The FSC and PEFC speakers added, that while their certification schemes do not act as a 'free pass' through the EUDR, their traceability frameworks, risk assessment tools, deforestation-free standards and documentation are now closely aligned with the Regulation, providing a foundation for compliance.

Harald Mauser of the European Forest Institute presented on the potential impact on the timber industry of wider EU legislation, notably regulation on the environment and circular bioeconomic development.



He said the direction of travel was clearly towards greater economic sustainability, including systematic phasing out of fossil-fuels and reduction in dependence on energy-intensive materials. Neither were achievable, he said, without greater use of bio-based materials.

But to achieve the potential benefits of this for wood use, the timber sector needed to 'make its case' to policy and decision makers and consumers.

This required:

- engaging with society and policy makers to inform and raise awareness about and build trust in the industry
- and communication of the benefits forests and wood provide to society; their contribution to biodiversity, climate mitigating impacts and economic development.

The industry should also build partnerships with finance and investment sectors to 'create investment tools adapted to the specifics of forests and wood'.

An appraisal of developments in the tropical hardwood sector was given by Jean-Christophe Claudon, Statistical Assistant at the International Tropical Timber Organisation.

He described how the industry has developed in the last 30 years. Production of industrial tropical roundwood over that time has been stable at between 150-160 million cu.m. But, significantly, production from plantations has trebled, to give total tropical roundwood output of around 350 million cu.m. In Latin America in 2021 plantations accounted for 81% of production, 66% in Southeast Asia and 30% in Africa.

Mr. Claudon said ITTO data did not indicate likelihood of a 'sharp decrease in production, but the bulk will increasingly 'come from plantations.

World trade in tropical industrial roundwood round wood declined 64% over the same period, with latest annual value at US\$2.5 billion. Key factors in this include trade restrictions imposed by importer and exporter countries to limit exports of unprocessed products and drive added value production

The import trade has also become more focused. Today China, India, Portugal and Viet Nam account for 97% of tropical industrial roundwood traded internationally.

In this time, while tropical sawnwood's share of global sawnwood production has remained at about 13%, output has multiplied 1.2 times. Tropical sawnwood exports have followed international economic conditions. Exports jumped 62% from 2009-2018 but fell 15% during the Covid pandemic. Since then, said Mr. Claudon they have stalled somewhat, increasing 9%. Today total world tropical sawnwood export trade is worth US\$5.1 billion.

Tropical plywood production was stable at around 20 million cu.m from 1990 to 2008, but since has grown to 51 million m3, due to the increase of Chinese production from 4 million cu.m to 27 million cu.m and India's from 2 million cu.m to 12 million cu.m.

World trade in the product has halved since the mid-1990s. Japanese imports declined in particular due to factors including increased use of domestic product, consumer concerns about tropical timber's environmental credentials, and lower availability of South Sea product. By contrast, US imports trebled from 2017 to 2023. Most previously came from China, but US importers have turned more to Viet Nam

Tropical wood furniture exports have increased 6% of total global wood furniture trade in 1990 to 24% (worth US\$21 billion).

This has been primarily due to industry growth in Viet Nam. Its exports now account for 13% of global wood furniture trade and 56% of tropical wood furniture trade. 90% of Vietnamese wood furniture exports go to the US, the largest tropical wood furniture market which now accounts for 75% of the international trade, worth US\$15 billion in 2024.

On prospects in key tropical wood markets, Mr. Claudon said China's GDP growth forecast for 2024 of 4.8% is the lowest in 30 years. But, while its import of tropical industrial roundwood is expected to fall 5% to 5.9 million cu.m, imports of tropical sawnwood are forecast up 7% at 7.4 million cu.m, and veneer up 16% at 2.4 million cu.m, with plywood imports static at 18,000 cu.m.

The EU's tropical wood imports are predicted to be at a historic low due to economic uncertainty and low consumer confidence. Tropical roundwood imports are forecast to be down 4% at 995,000 cu.m, sawnwood 18% at 730,000 cu.m, veneer 20% at 202,000 cu.m and plywood 6% at 572,000 cu.m.

US tropical roundwood imports are forecast down 31% in 2024 at 5,000 cu.m, sawnwood down 6% at 254,000 cu. m, and veneer down 12% at 16,000 cu.m, while tropical plywood imports are predicted to rise 6% to 2.15 million cu.m.

Japan's first half housing starts in 2024 were down 4.5% and are expected to be below 800,000 for the year. Mr Claudon said its tropical sawnwood imports are predicted to be down 4% to 63,000 cu.m and its tropical veneer imports 21% at 8,000 cu.m. But its tropical industrial roundwood imports are forecast up 6% at 40,000 cu.m and its tropical plywood imports 8% ahead at 1.65 million cu.m.

Against the backdrop of wider economic slowdown and a struggling real estate sector, Chinese imports of hardwood lumber from Europe and the US were down in 2023, speaker James Xu told IHC delegates.



China's beech log imports from Europe were 501,859 cu.m against 643,520 cu.m in 2022. European beech lumber imports were down to 476,760 cu.m from 577,645 cu.m, oak logs to 491,824 from 929,174 cu.m, and oak lumber to 5,902 cu.m from 18,716 cu.m.

Chinese imports of US oak logs were down to 263,197 cu.m in 2023 from 325,028 cu. m in 2022, and imports of US oak lumber down to 522,710 cu. m from 566,926 cu.m. Bucking the trend, however, were imports of US walnut, with log imports up to more than 250,000 cu.m in 2023 and lumber to over 100,000 cu.m.

Mr. Xu underlined the importance of hardwood suppliers in maintaining Chinese timber market share of understanding the developing structure of the countries' furniture sector. He highlighted that the industry had become a 'complete commercial closed loop', with advanced design as well as production capabilities. Significantly, the sector has fully embraced on-line sales.

The contraction of Chinese demand has been a significant factor in the difficulties of the US hardwood sector. AHEC Executive Director Mike Snow said its production is forecast to be down again in 2024. Through September annualized output is expected to be 5.01 billion board feet. That compared with 5.5 billion board feet in 2023, 6.7 billion board feet in 2021 and the industry's peak of 12.6 billion board feet in 1999.

Interestingly, while US domestic hardwood consumption historically followed US housing completions, more recently the two seem to have 'decoupled'. Completions for 2024 are forecast at 1.58 million, while domestic hardwood consumption is expected to be down for the fourth consecutive year at 1.5 billion board feet.

US hardwood lumber exports in 2023 fell to 1.13 billion board feet from 1.412 billion in 2022. This compared with 1.8 billion board feet in 2017. Most significant has been the fall in exports to China. They topped 1 billion board feet in 2017 but in 2023 were just over 400 million board feet. Looking forward Mr Snow's said the Chinese market looked set to remain difficult.

The wider economy remains slow China's population is contracting and housing completions are falling. Mr Snow said estimated Chinese housing demand from 2010 to 2019 was 8 million units annually but is forecast to fall to 4.6 million from 2025 through 2030.

The US hardwood sector, he said, is increasingly looking to other markets and there was good news to report in some. In the first half of 2024 its exports were ahead in SE Asia (Philippines, Malaysia, Thailand, Indonesia and Viet Nam), with a particularly strong performance in Viet Nam. Exports to Mexico in the first half of the year also increased and, while exports to MENA countries and Pakistan were level in volume with first half of 2023 at 45,492 m3, they increased in value 5.5% to US\$37.8 million.

Of the leading European markets for US sawn hardwood in the first half, exports were down to Italy, Germany and Spain, but up to its biggest European customer, the UK.

Besides supporting greater diversification of the US hardwood sector's export markets into the future, AHEC's marketing is also focused on increasing the diversity of species export customers take. The aim is to increase customer choice and market growth and make most sustainable use of the US hardwood forest resource.

#### **European hardwood's growing prospects**

Due to climate change, according to the Austrian Federal Research Centre for Forests, hardwood is set to become a more significant material for the wider timber and timber end use sectors.

Silvio Schüller of the Centre's forest growth, silviculture and genetics department explained to the IHC that two key factors were at play in this. One is that global warming will limit the geographic range suited to softwood growth.

He showed maps of projected spruce distribution in Europe for 2100 if global temperatures increase 2°C and if the increase is 4°C. In the first, the area of suitable for spruce is dramatically down. In the 4°C increase scenario it is limited to an area around the alps. At the same time, said Mr. Schüller, climate change is resulting in hardwoods growing faster, notably oak. Illustrating this, while Austria's softwood growing stocks may have increased 15% since the early 90s, hardwood stocks have risen 39%.

The downside of faster growth is that the share of high-quality hardwood may be more limited requiring technological advances in how its used.

Also, climate change is increasing incidence of pests in hardwood forests, such as the oak lace bug, and of fungal disease such as ash die-back. But Mr. Schüller said silvicultural research is working to improve tree resilience to both. He highlighted his organisation's work on developing ash resistance to die-back. This involves identification of 'elite' resistant trees and creation of exact genetic clones which can be used to populate forests.

"Technological advance is required to make better use of the hardwood resource," said Mr Schüller, "but long-term perspectives for hardwood are [improving] due to improved growth and changing silviculture, which will enable them to contribute more strongly to climate-change mitigation."

In terms of hardwood use, Simon Lux and colleagues from Wood Research Austria, described its work in evaluating glue laminated hardwoods. Involving academia and timber businesses, this involved putting the material through extensive performance testing. The focus in particular was on hybrid products, comprising a mix of hardwood and softwood, so giving a product that provides good strength to weight at a competitive price. These included oak and spruce and beech and spruce hybrids. Of the two, showed greater resilience in four-point bending tests.

From Wood K plus, the Austrian Competence Centre for Wood Composites & Wood Chemistry Christian Hansmann and Catherine Rosenfeld presented its latest research in conjunction with industry to broaden applications of hardwood through technical advances.

This included the 'Dauerbuche' project to increase the durability of BauBuche laminated beech veneer lumber from Pollmeier, a structural material used in buildings as large and technically demanding as multi-storey car parks.

Other projects focused on thermally modified hardwoods, including ash, poplar and aspen, and on adhesive/hardwood interactions to improve bonding strength. Research is also directed on improving hardwood linear cutting processes, development of new hardwearing oil finish formulations and new testing methods for performance of fire retardants with hardwood.

The key to further advancing hardwood performance is combining operational experience of manufacturers with the scientific knowledge of the research sector, concluded the Wood K Plus presentation, underlining that 'hardwoods still have an untapped potential for further exploitation'.

See <https://ihc2024.at/presentations.html>

#### **Extra climate funding for tropical forest countries**

The UK has pledged new funding to help tropical countries maintain forests and capitalise on the international carbon market. At the COP29 UN Climate Change Conference in Baku, the UK government said it was providing an additional £239 million over and above the £11.6 billion 2021-2026 'climate finance' programme it is already committed to. The latter encompasses £3 billion of 'nature protection' projects and £1.5 billion 'dedicated to protecting and restoring forests'.

The new funding, says the UK, will 'help countries with vital tropical forests to tackle climate change, conserve nature, livelihoods and wildlife'. The beneficiaries will include Colombia and Indonesia.

£188 million of the funding will go to the World Bank international Scaling Climate Action by Lowering Emissions (SCALE) partnership programme. "This supports development of high-integrity forest carbon markets to ensure the buying and selling of carbon credits to drive emission reductions," said the UK government statement, adding that it has committed 'to improve the integrity and use of voluntary carbon and nature markets' more broadly.

Another £48 million of the funding package will comprise 'blended finance to unlock private investment in sustainable forest enterprises across the tropical forest belt'. This will be undertaken under the Mobilising Finance for Forests programme. The latter is a joint initiative between UK government and Dutch entrepreneurial development bank FMO and provides financing to companies and investors to encourage them to invest more in activities that protect and restore forests.

The £3 million balance goes to the UN Framework Convention on Climate Change 'to help countries protect their forests and realise their full climate change mitigation potential by reducing deforestation, restoring forests and providing benefits to local communities that depend on forests'.

Announcing the funding at COP29, UK Energy Minister Ed Milliband said, 'halting and reversing forest loss is essential to keeping global heating under 1.5°C'. "Forests are the lungs of our planet – without them climate security is impossible," he said. "We're determined to play our part in mobilising finance to protect and restore global forests in these critical years for climate action. Providing this funding now helps prevent the escalating costs of climate catastrophe at home and abroad."

See: <https://www.gov.uk/government/news/uk-unveils-funding-boost-to-help-forest-nations-fight-climate-change>

## **North America**

### **Existing home sales rebounded in October**

US existing home sales rebounded sharply in October, posting the first annual gain since mid-2021 as buyers rushed into the market to take advantage of a brief decline in mortgage rates.

Home sales jumped 3.4% last month to a seasonally adjusted annual rate of 3.96 million units, the National Association of Realtors (NAR) reported. Economists polled by Reuters had forecast home resales rebounding to a rate of 3.93 million units. Sales slumped to a rate of 3.83 million units in September, which was the lowest since 2010.

"The worst of the downturn in home sales could be over, with increasing inventory leading to more transactions," said Lawrence Yun, the NAR's chief economist.

Existing-home sales in the Northeast in October grew 2.2% from September to an annual rate of 470,000, identical to October 2023. In the Midwest, existing-home sales bounced 6.7% in October to an annual rate of 950,000, up 1.1% from the prior year. Existing-home sales in the South climbed 2.9% from September to an annual rate of 1.77 million in October, up 2.3% from one year before. In the West, existing-home sales increased 1.3% in October to an annual rate of 770,000, up 8.5% from a year ago.

### **Housing starts tumble**

New residential construction in the US tumbled by more than expected in October, according to the US Department of Commerce.

Their latest report said housing starts dove by 3.1% to an annual rate of 1.311 million in October after slumping by 1.9% to a revised rate of 1.353 million in September.

Economists had expected housing starts to decrease by 1.8% to an annual rate of 1.330 million from the 1.354 million originally reported for the previous month.

Construction activity in the South, which makes up the largest share of homebuilding in the country, slumped 8.8% as the region's builders put off projects in the wake of hurricanes Helene and Milton. Housing starts have struggled to gain traction this year against a backdrop of a growing number of new homes for sale and mortgage rates near 7%.

Single-family housing starts, which account for the bulk of homebuilding, plunged 6.9% to a seasonally adjusted annual rate of 970,000 units last month. Single-family starts dropped 10.2% in the South. In Canada, the annual pace of housing starts in October rose 8% compared with September. The national housing agency said the seasonally adjusted annual rate of housing starts was 240,761 units in October, up from 223,391 in September.

Canada Housing and Mortgage Corporation chief economist Bob Dugan said the Prairies, Quebec and Atlantic provinces have seen higher activity this year, while Ontario and British Columbia recorded declines.

See: <https://finance.yahoo.com/news/us-housing-starts-slide-3-140344166.html?guccounter=1>

#### **Builder confidence increases for third month**

Builder sentiment improved for the third straight month and builders expect market conditions will continue to improve with Republicans winning control of the White House and Congress. Builder confidence in the market for newly built single-family homes was 46 in November, up three points from October, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI).

"With the elections now in the rearview mirror, builders are expressing increasing confidence that Republicans gaining all the levers of power in Washington will result in significant regulatory relief for the industry that will lead to the construction of more homes and apartments," said NAHB Chairman Carl Harris, a custom home builder from Kansas. "This is reflected in a huge jump in builder sales expectations over the next six months."

"While builder confidence is improving, the industry still faces many headwinds such as an ongoing shortage of labor and buildable lots along with elevated building material prices," said NAHB Chief Economist Robert Dietz.

See:  
<https://www.woodworkingnetwork.com/news/woodworking-industry-news/builder-confidence-increases-third-month-election-uncertainty-lifts>  
and  
<https://www.nahb.org/news-and-economics/press-releases/2024/11/builder-confidence-moves-higher-as-election-uncertainty-is-lifted>

#### **US hiring slows**

Employers added just 12,000 jobs in October as hiring slowed substantially. The total was expected to be constrained by two Southeast hurricanes and several worker strikes, but the tally was far lower than what was estimated and job gains for previous months were revised sharply downward, raising concerns about a weakening labour market.

But temporary hurdles make it challenging to get a true reading of the labor market's underlying health, economists said. Hurricanes Helene and Milton likely reduced employment last month by about 70,000 in the Southeast, Oxford Economics estimated. Goldman Sachs expected a smaller impact of 40,000 to 50,000 jobs. Hurricane Helene hit Florida's Gulf Coast on September 26, well before the US Department of Labor conducted its jobs survey, the agency noted, but Milton struck during the week of the survey.

Meanwhile, an ongoing Boeing strike – along with smaller walkouts at Textron, an aerospace parts maker, and Hilton Hotels – likely suppressed payrolls by about 40,000, according to research firm Nomura.

Manufacturing lost 46,000 jobs, largely because of the Boeing strike. Leisure and hospitality and construction were virtually flat amid the storms.

See: <https://www.bls.gov/news.release/empsit.nr0.htm>

#### **Third quarter US real GDP**

US third quarter real Gross Domestic Product grew at an annual rate of 2.8%, according to an advance estimate from the Bureau of Economic Analysis (BEA).

The third quarter GDP growth "primarily reflected increases in consumer spending, exports, and federal government spending," according to the BEA.

GDP growth was slightly less than expected by economists surveyed by Dow Jones. They had expected 3.1% real GDP growth in the third quarter. Second quarter GDP growth was initially reported as 2.8% and revised upward to 3% in August.

"Compared to the second quarter, the deceleration in real GDP in the third quarter primarily reflected a downturn in private inventory investment and a larger decrease in residential fixed investment," the BEA said in a statement. "These movements were partly offset by accelerations in exports, consumer spending, and federal government spending. Imports accelerated."

See: <https://www.bea.gov/data/gdp/gross-domestic-product>

#### **Consumer sentiment rose in November**

US consumer sentiment rose to a seven-month high in early November, with a measure of households' expectations for the future climbing to the highest in more than three years, led by brightening outlooks among Republicans, a monthly survey by the University of Michigan showed.

While current conditions were little changed, the expectations index surged across all dimensions, reaching its highest reading since July 2021. Note that interviews for this survey concluded before the election and thus do not capture any reactions to election results.

"Expectations over personal finances climbed 6% in part due to strengthening income prospects, and short-run business conditions soared 9% in November," survey Director Joanne Hsu said in a statement. "Long-run business conditions increased to its most favorable reading in nearly four years."

Sentiment is now nearly 50% above its June 2022 trough but remains below pre-pandemic readings.

See: <http://www.sca.isr.umich.edu/>

### **Manufacturing dropped to 15-month low in October**

US manufacturing activity slumped to a 15-month low in October and factories faced higher prices for inputs. The Institute for Supply Management (ISM) reported its manufacturing PMI fell to 46.5 last month, the lowest level since July 2023, from 47.2 in September. A PMI reading below 50 indicates contraction in the manufacturing sector, which accounts for 10.3% of the economy.

October marked the seventh consecutive month that the PMI remained below the 50 threshold but above the 42.5 level that the ISM said over time generally indicates an expansion of the overall economy.

"Demand remains subdued, as companies continue to show an unwillingness to invest in capital and inventory due to concerns (for example, inflation resurgence) about federal monetary policy direction in light of the fiscal policies proposed by both major parties," wrote ISM Chair Timothy Fiore.

Of the 18 manufacturing industries surveyed by ISM, five reported growth and 11 reported contraction in October. Manufacturing for both the Wood Products sector and the Furniture & Related Products were flat in October, as each reported neither contraction nor growth. The overall decline in the PMI could reflect a strike by factory workers at aviation giant Boeing.

See: <https://www.reuters.com/markets/us/us-manufacturing-drops-15-month-low-october-2024-11-01/>

### **Hardwood logging in eastern US**

The Wall Street Journal has written the hardwood logging industry, a fixture of the economy in the Eastern US's Appalachian region, has been in decline for decades. A series of shocks since 2018 has accelerated the decline: a trade war with China, a collapse in exports due to Covid, China's real-estate slump and falling US home building. After President Donald Trump imposed steep tariffs on China in 2018, China retaliated by hitting wood exports with tariffs of up to 25%, targeting rural areas that favored Trump.

With Trump vowing new, 60% tariffs on Chinese imports, US hardwood producers are bracing for another hit that could be even more painful.

"It was really devastating to the lumber industry, what took place last time," said Tim Brownlee, who is chief operating officer of the mill that buys logs from Zimmerman and is chairman of the American Hardwood Export Council. Zimmerman said he hasn't paid much attention to US trade policy but knows anything that affects the sawmills could affect loggers. "If they don't have the markets to move the material, then there's no sense in cutting the material," he said.

See: <https://www.msn.com/en-us/money/other/logging-is-a-way-of-life-in-appalachia-it-s-hanging-on-by-a-thread/ar-AA1taj1z?ocid=BingNewsVerp>

### **Furniture imports and exports rebounded in first half of 2024**

After a tumultuous 2023, the first half of 2024 shows furniture imports on the upswing, while exports of US made products also made gains.

Countries doing business with the United States sent about US\$12.6 billion worth of household furniture to American suppliers, a 5% increase over the same period last year. To put it in context, however, that figure is still about 26% below the US\$17.1 billion in furniture imported in the first half of 2022.

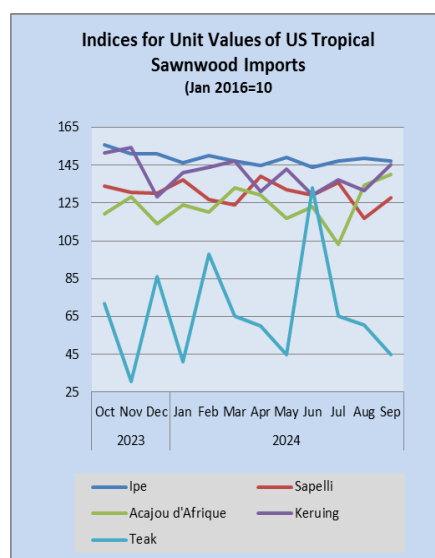
Vietnam, which has held the No. 1 spot for a few years now, continues its leadership position at US\$4.4 billion in imports, which is up 19% over to the first six months of 2023. Vietnam's share of the total market is about 35%, while second-place China has around 26%. China registered a modest gain, growing by 2%. Among this year's Top 10 sourcing countries for household furniture imports, five saw their totals decline year-over-year for the period: Mexico, Canada, Indonesia, India and Thailand.

Exports of household furniture from the United States to other countries rose by 10% in the first half of the year to more than US\$1.217 billion, which translates to a healthy gain over 2023 when exports were down 8%. In fact, the figure eclipses by US\$10 million its 2022 figure for the same period.

Canada remains the largest trading partner, with exports to America's northern neighbor up 12% to more than US\$782 million. Mexico, which increased its total by 2%, is still a distant second at US\$92 million. Only the United Kingdom, which is the United States' No. 3 customer, imported less in early 2024 than previously, down by 6%.

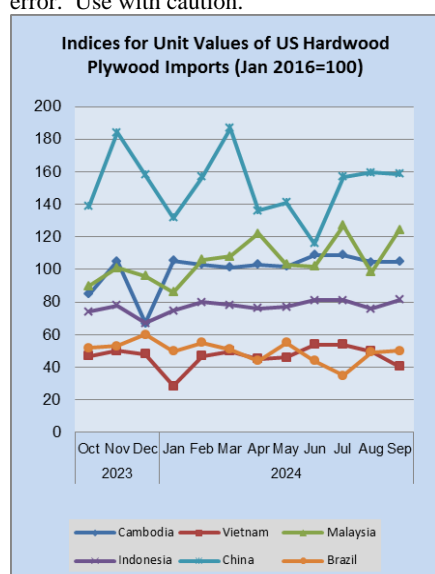
See: <https://www.furnituretoday.com/research-and-analysis/furniture-imports-exports-rebound-in-first-half-of-2024/>





Data source: US Census Bureau, Foreign Trade Statistics

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



Data source: US Census Bureau, Foreign Trade Statistics

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

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

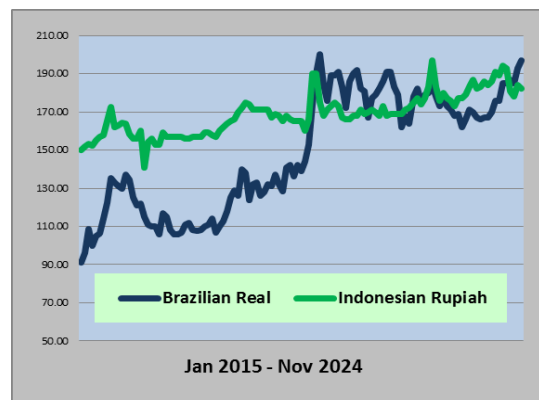
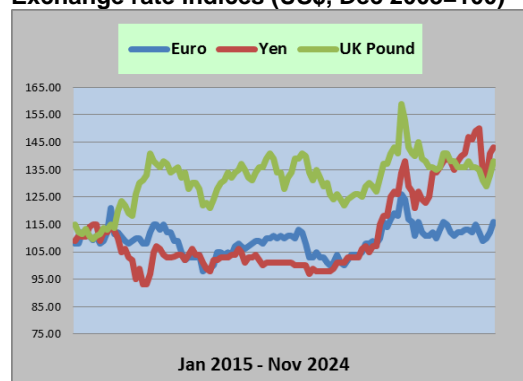


## US Dollar Exchange Rates

As of 25 November 2024

|               |           |          |
|---------------|-----------|----------|
| Brazil        | Real      | 5.80     |
| CFA countries | CFA Franc | 625.02   |
| China         | Yuan      | 7.25     |
| Euro area     | Euro      | 0.95     |
| India         | Rupee     | 84.27    |
| Indonesia     | Rupiah    | 15,419   |
| Japan         | Yen       | 154.19   |
| Malaysia      | Ringgit   | 4.45     |
| Peru          | Sol       | 3.73     |
| UK            | Pound     | 0.80     |
| South Korea   | Won       | 1,400.20 |

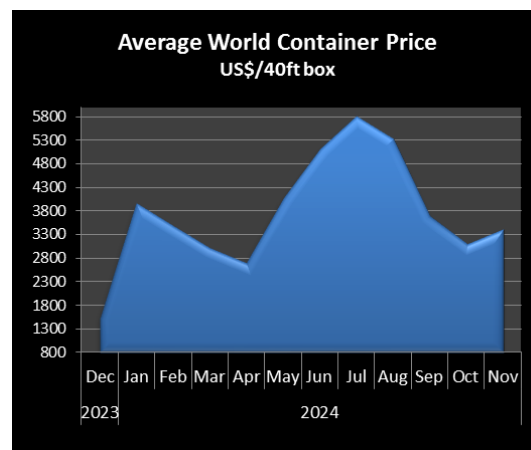
Exchange rate indices (US\$, Dec 2003=100)



## 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

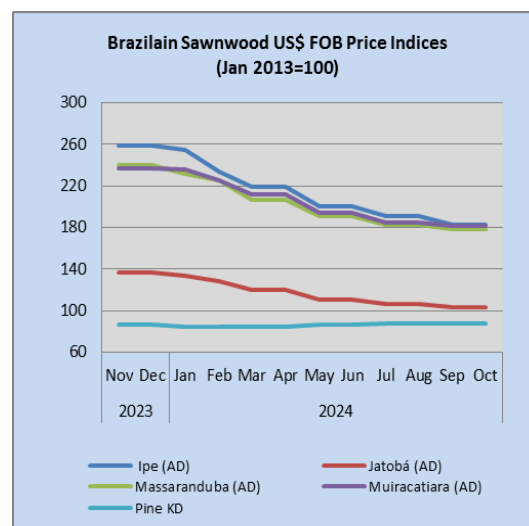
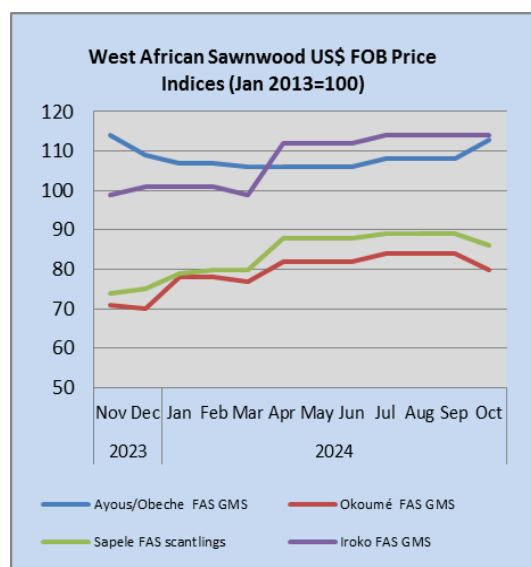
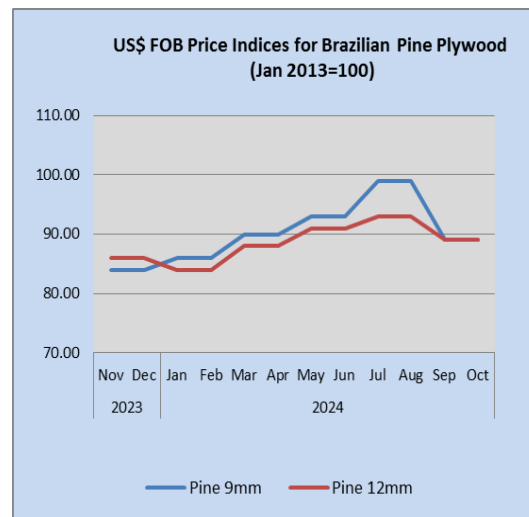
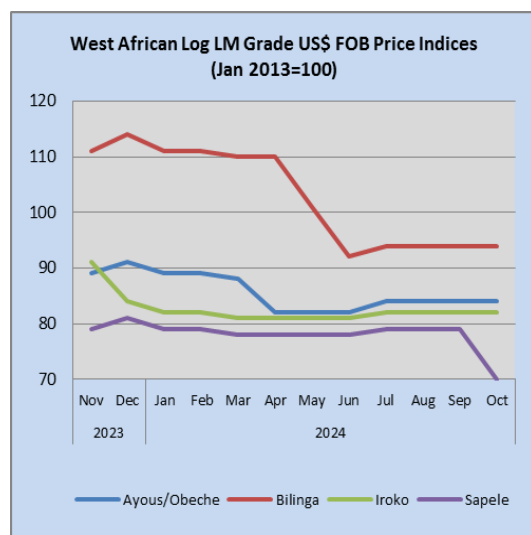


Data source: Drewry World Container Index

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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