

# Tropical Timber Market Report

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## Top story

### **Ghana Shipping - New law to replace 50 year old legislation**

Parliament has passed the Ghana Shippers Authority Bill, 2024, into Law to replace the 50 year old NRCDC 254 (1974) Legislation. The new law seeks to regulate the commercial activities and also to address the issue of charges that burden importers and exporters.

The Law empowers the Ghana Shippers' Authority (GSA) to better adapt to emerging trends and complexities within the shipping and logistics industry.

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## Central and West Africa

### Power outages disrupting production

The timber industry in Gabon is under severe pressure due to widespread disruptions in energy supply, particularly in special economic zones. These disruptions are said to be linked to financial difficulties within the SEEG power company which is partly owned by the British firm Aggreko.

The reported power company debt of 15 billion FCFA to Aggreko has led to a suspension of the electricity supply severely hampering production and resulting in worker layoffs. Although SEEG has recently managed to secure funds from Bank BFI to address the debt, ongoing issues such as the prolonged repair of turbines and insufficient water levels in the Kinguélé Dam are causes for concern in Gabon.

See: <https://www.lenouveaugabon.com/fr/energies/2108-20408-electricite-aggreko-menace-darreter-ses-centrales-a-cause-de-15-milliards-fcfa-des-factures-impayees-par-la-seeg>

### Intensified oversight of forest operations

The government has intensified its oversight of forestry operations, particularly focusing on companies failing to comply with the Community Contribution Commitment (CCC) and land tax obligations.

The CCC mandates that operators share production figures and contribute 800 FCFA per cubic metre of timber harvested with local communities and regional administrations.

Non-compliance with these regulations is met with strict penalties, including the cancellation of logging concessions. Some say enforcement at this time is driven by political motivations ahead of the upcoming presidential elections.

### Observations on the market

Operators report timber markets are giving mixed signals. The market for sawn azobe remains robust with steady demand from Dutch buyers for garden squares, waterways and dragline mats/sheets these mats provide a stable surface for heavy machinery to move on. Most pieces measure 20 x 20 cm and range from 5 to 7 m in length.

Conversely, the market for lower density timbers, particularly okoume and ayous, is experiencing sluggish demand with China making small purchases at low prices.

Producers in Cameroon are said to have an advantage as they can offer more competitive prices than Gabon and Congo as export duties are lower.

### Producers cautiously optimistic on demand prospects

Weather conditions are impacting operations with heavy rains affecting production in the Cameroon and the rain season has started in Gabon and Congo. The rains make it difficult to maintain log stocks and production schedules tend to slide.

Producers in the region say price levels are expected to remain stable in the near term, influenced by the end of the holiday season in Europe and ongoing demand fluctuations in key markets such as China, the Philippines and the Middle East.

The industry remains cautiously optimistic though the potential for further disruptions and the impact of stringent regulatory enforcement needs to be closely monitored.

### Log export prices

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

### Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	425
Bilinga FAS GMS	680
Okoumé FAS GMS	450
Merchantable KD	410↓
Std/Btr GMS	400↓
Sipo FAS GMS	520
FAS fixed sizes	-
FAS scantlings	540
Padouk FAS GMS	900↑
FAS scantlings	975
Strips	400
Sapele FAS Spanish sizes	550
FAS scantlings	560
Iroko FAS GMS	800
Scantlings	850
Strips	400
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	550
Scantlings	550
Movingui FAS GMS	460

**Overall exports dip but positive growths for some products**

Data from the Timber Industry Development Division (TIDD) of the Forestry Commission indicates that wood product exports in the first half year of this year were 133,126 cu.m. In the same period in 2023 the volume was 155,422 cu.m, indicating a 14% year on year decline in 2024.

For the same period, total receipts from wood product exports were Eur60.58 million compared to the Eur70.53 million in the first half of 2023, a 14% drop.

**Wood product exports cu.m (First half year)**

Product	2023	2024	Y-O-Y % change
	Vol.(cu.m)	Vol.(cu.m)	
AD saw nw ood	87,544	73,836	-16%
KD saw nw ood	20,907	17,793	-15%
Billets	8,367	6,635	-21%
Plyw ood (Overland)	10,748	8,988	-16%
Plyw ood	8,142	7,089	-13%
Rotary veneer	4,257	4,632	9%
Teak logs	5,599	6,087	9%
Mouldings	4,483	3,091	-31%
Sliced veneer	3,471	2,965	-15%
Briquettes	1,050	1,305	24%
Others (6)	854	705	-17%
<b>Total</b>	<b>155,422</b>	<b>133,126</b>	<b>-14%</b>

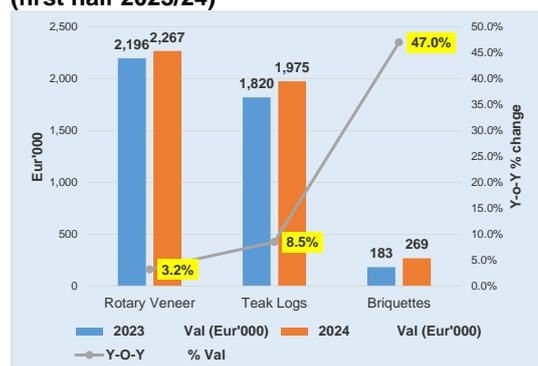
Data source: TIDD

The decline in export volumes is partly a reflection of insufficient raw materials high production costs and weak international demand. As production and shipping costs rise millers lose the incentive to boost production.

In spite of the overall decline in export volumes and values for the half year exports of briquettes, teak logs and rotary cut veneer registered volume increases of 24%, 9% and 9% respectively in the current half year compared to 2023.

Revenue generated from these three products also recorded corresponding positive growth during the period in 2024 against the same period in 2023 as shown in graph below;

**Wood products recording positive earnings growth (first half 2023/24)**



Data source: TIDD

Of the 16 products exported during the period sawnwood (91,629 cu.m), veneers (7,597 cu.m) and plywood (16,077 cu.m) together accounted for 87% of total export volumes.

**Ghana Shipping - New law to replace the 50 year old legislation**

Parliament has passed the Ghana Shippers Authority Bill, 2024, into Law to replace the 50 year old NRCD 254 (1974) Legislation. The new law seeks to regulate the commercial activities of shippers and also to address the issue of unfair and excessive charges that burden importers and exporters who use Ghana’s sea, air and land frontiers.

The new law aims to introduce transparency in the determination of port fees and charges to ensure that there is accountability in the legal movement of international trade cargo across all of borders of Ghana. Additionally, it is also to make Ghana a preferred transit trade channel for her landlocked neighbours of Burkina Faso, Mali and Niger and to enhance the sector’s revenue collection.

The Law empowers the Ghana Shippers Authority (GSA) to better adapt to emerging trends and complexities within the shipping and logistics industry. It will also protect the interests of shippers and shipping service providers and improve the GSA regulatory oversight of the entire industry. The Chief Executive Officer of GSA, Kwesi Baffour Sarpon, expressed optimism saying the passing of the law is a huge step in the right direction and the enforcement of the law will be fair and representative of the interests of the shipping industry.

The Ghana Union of Traders Association (GUTA) has welcomed the newly passed GSA Law saying it will offer the Authority “the teeth” to effectively regulate the shipping industry to approve or disapprove import charges that affect the general cost of doing business in the country.

See: <https://shippers.org.gh/index.php/parliament-passes-shippers-authority-bill-into-law/>

**FORM Ghana agreement with Climate Impact Partners on carbon credits**

FORM Ghana Limited has signed an agreement with Climate Impact Partners, a carbon finance organisation, to provide exclusive access to 371,000 high-quality carbon credits from a reforestation project in two locations in Central Ghana. The project aims to reforest 20,000 hectares of degraded forest reserves in Ghana. Plantation species for the project includes teak and some native species.

The pres release says the project has created more than 1000 jobs, with 40% of women participation in a community impacted by climate change. The project is expected to promote land management practices that help to enhance food security.

See: <https://www.climateimpact.com/news-insights/news/form-ghana-and-climate-impact-partners-announce-exclusive-agreement-on-400000-carbon-removal-credits/>

### Non-traditional exports almost US\$4 bil. in 2023

The Ghana Export Promotion Authority (GEPA) has reported a remarkable doubling of Non-Traditional Exports (NTEs) earnings in 2023 which reached almost US\$4 billion a marked increase from the US\$3.5 billion recorded in 2022.

The driving force behind this expansion was the rise in exports closely linked to improved performance in the manufactures/semi-processed products and crafts (handicrafts) sectors.

The growth could also be attributed to a combination of structural changes within Ghana's NTEs framework and the successful implementation of the National Export Development Strategy (NEDS).

According to the GEPA report during the period 1,702 companies were engaged in exporting 625 non-traditional products to 156 countries. Notably, the earnings from 88 exporting companies contributed 80% of the total non-traditional exports for the year under review.

Burkina Faso emerged as the top market destination for Non-Traditional Exports (NTEs), accounting for 20% of NTEs. The Netherlands followed closely, absorbing 15% of NTEs.

ECOWAS countries, including Togo, Cote D'Ivoire and Mali, made up 30% of the top ten market destinations for NTEs. The remaining market shares were distributed among North America (10%), India (8%), Italy (6%), Belgium (6%) and the United Kingdom (6%).

To enhance exports, the Ghana Export Promotion Authority (GEPA) has embarked on several initiatives, including market research, export promotion campaigns and capacity building for exporters.

See: <https://www.gepaghana.org/export-statistic/non-traditional-export-statistics-2023-report/>

### 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	417▲	441
Chenchen	472	612
Ogea	368	590
Essa	599▼	711
Ofram	350	435

### Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
	Air-dried	Kiln-dried
FAS 25-100mmx150mm up x 2.4m up		
Afromosia	860	925
Asanfina	465	947▲
Ceiba	290	335▲
Dahoma	434▼	590
Edinam (mixed redwood)	640	713
Emeri	750▲	712
African mahogany (Ivorenensis)	846	1,029▲
Makore	560	840
Niangon	727▲	876▲
Odum	836	1,180▲
Sapele	656	807
Wawa 1C & Select	445	463

### Plywood export prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC	414	580	641
4mm	414	580	641
6mm	385	535	604
9mm	433	504	560
12mm	324	489	480
15mm	396	385	430
18mm	460	415	383

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

### Sliced veneer export prices

Sliced face veneer	FOB
	Euro per cu.m
Asanfina	1,326▼
Avodire	1,009
Chenchen	758▲
Mahogany	1,825▲
Makore	1,788▲
Odum	1,191▼
Sapele	1,554▼

## Malaysia

### Solid second quarter GDP growth

Bank Negara Malaysia announced that the country's economy advanced by 5.9% year on year in the second quarter of 2024. This growth was fuelled by increased domestic demand and expansion of exports.

The Bank Governor said growth in investment reflected robust capacity expansion by businesses as well as continued targeted spending by government and public corporations, adding, "the net export registered a positive turnaround due to the stronger export recovery and higher external demand and a global technology upcycle".

In August the Malaysian currency strengthened to 18-month highs against the US dollar as the U.S. Federal Reserve contemplates a rate cut.

The Malaysian ringgit was the best-performing Asian currency, up 5.3% for the year in mid August trading at 4.361 per dollar its highest point since February 2023. The currency's strength is a reversal from February when it dropped to its weakest in 26 years.

See: <https://asia.nikkei.com/Economy/Malaysia-GDP-growth-accelerates-to-5.9-in-Q2>

### **Sabah TLAS - aligning with the EUDR**

The Sabah Timber Legality Assurance System (TLAS) is the due diligence system designed to ensure that timber products from Sabah are manufactured from wood raw materials harvested, processed and traded in strict compliance with local laws and international standards.

Since 2007 Sabah has been actively participating in the EU negotiations regarding the Forest Law Enforcement, Governance and Trade (FLEGT) and the Voluntary Partnership Agreement (VPA) for Malaysia.

The Sabah TLAS was developed and endorsed in 2009 in response to growing international concerns regarding the high-risk trade in tropical timber and to meet EU requirements under the FLEGT programme.

The Sabah TLAS encompasses six principles and 20 criteria covering 65 upstream companies, including 43 Sustainable Forest Management License Agreements (SFMLA) holders and 156 downstream mill and trader companies.

Over the past decade, the Sabah TLAS has been strengthened through stakeholder consultations and Implementing Agencies Coordination Committee (IACC) meetings to enhance compliance, transparency, and forest governance.

In June 2024, the Sabah Forestry Department collaborated with the EU to update the Sabah TLAS aligning with the EUDR incorporating key certification elements such as sustainability, environmental protection and social responsibility.

See: <https://theborneopost.pressreader.com/article/281629605568196>

### **Plantations ensure the sustainable supply of timber**

Deputy Plantation and Commodities Minister, Chan Foong Hin, concluded a working visit to Keningau in Sabah where he underscored the critical role of forestry plantations in ensuring the sustainable supply of timber to Malaysia's wood industry.

The Deputy Minister's visit to the Sapulut Forest Reserve was to observe sustainable forest management practices. The Reserve is recognised locally as a leading example of industrial tree plantation efforts in Sabah.

See: <http://theborneopost.pressreader.com/article/281612425722876>

### **Sarawak / Australia collaboration**

The Sarawak government, represented by the Forest Department Sarawak (FDS), signed a letter of intent (LOI) with the University of the Sunshine Coast (UniSC) aimed at building bilateral collaboration in forestry research, capacity building and technology transfer.

Prior to the LOI signing the Sarawak delegation was briefed with research presentations by four lecturers and researchers of UniSC and Forest Research Institute on the topics including 'Breeding and Silviculture to Improve Plantation Productivity and Value' as well as 'Pest Management in Plantation Forests in Borneo'.

See: <https://theborneopost.pressreader.com/article/281578065979482>

### **Furniture Design Competition**

The MIFF Furniture Design Competition celebrates the creative spirit of design and to uncover young talent to support Malaysia's thriving furniture industry. Organised each year since 2010 in conjunction with Malaysian International Furniture Fair (MIFF), it offers the best platform for emerging designers to showcase their innovative ideas.

See: <https://www.miffdc.com/about/?cid=edm140825ebriefing>

## **Indonesia**

### **Furniture sector secures sales in India**

The Ministry of Industry has reported that domestic furniture makers did well at the 2024 IndexPlus Delhi Exhibition securing Rp17 billion in orders. Ignatius Warsito from the Ministry remarked that India is a promising market for Indonesia furniture makers. Adding, based on IndexPlus data the Indian consumer market has the potential to be the third-largest in the world by 2027. Furthermore, the percentage of the Indian population living in urban areas is increasing and this creates a potential market for furniture of US\$40 billion.

"We hope the large market potential and dynamic furniture market trends can be utilised by the furniture sector, including furniture designers, who play a major role in realising marketable furniture design trends" he remarked.

See: <https://www.neraca.co.id/article/203905/industri-furnitur-bukukan-nilai-komitmen-rp17-miliar-di-india>

In related news, the chairman of the Indonesian Furniture and Craft Industry Association (HIMKI), Abdul Sobur, estimates that the export market will grow 5-8% this year with the domestic market growing 4-6%. Expansion will be supported by the government's initiative to boost the furniture industry, including the programme to restructure machinery and equipment for the wood processing industry.

The restructuring programme aims to improve competitiveness and also support the growth of upstream industries. The chairman of the Indonesian Sawmill and Woodworking Association (ISWA), Wiradadi Soeprayogo, stated that there has been a surge in furniture demand both domestically and in the international market and Indonesia can position itself as a strategic exporter.

See: <https://m.antaranews.com/amp/berita/4275899/himki-perkiraan-pasar-ekspor-industri-mebel-tumbuh-8-persen>

### Indonesia targets 11 million ha. of plantations

The Ministry of Environment and Forestry (KLHK), through the Environmental and Forestry Instrument Standardisation Agency (BSILHK), is preparing Standards for calculating emission reductions by Industrial Plantation Forests (HTI) as part of efforts to mitigate climate change.

The Head of BSILHK, Ary Sudijanto, said that the development of industrial plantations is not only to meet the demand for roundwood for the timber industry but also to fulfill the Long-Term Strategy for a Low Carbon Scenario compatible with Paris Agreement (LTS-LCCP) and the NDC aims.

Ary stated that the target for the development of plantation forests in Indonesia by 2030 is 11.227 million hectares. This will significantly contribute to achieving the 'Indonesia's FOLU Net Sink 2030' target and implementing the President's mandate through Presidential Decree 98/2021 concerning the Implementation of Carbon Economic Value (NEK).

See: <https://lestari.kompas.com/read/2024/08/12/162610986/klhk-hutan-tanaman-industri-disiapkan-sebagai-pengurang-emisi-karbon>.

### Geo-spatial data to determine forest areas

The Indonesian government, through the Ministry of Environment and Forestry (KLHK), is actively working to finalise the process of determining forest areas. This is being done to establish legal certainty regarding the status, location, boundaries, and extent of forest areas. It is also aimed at preventing forestry crimes such as encroachment, illegal logging and unauthorised occupation.

The Directorate General of Forestry Planning and Environmental Management (Ditjen PKTL) in the Ministry plays a strategic role in accelerating the determination of the legal status of forest areas.

The Director of Forest Area Establishment and Management (PPKH), Donny August Satria Yudha, revealed that the Ministry is committed to accurately demarcating forested area saying;

“We have completed the boundary marking and as of July 2024 106.5 million hectares of forested areas have been determined. Currently, we are in the process of correcting documents for the remaining 16% to ensure proper administrative order and prevent any future discrepancies.”

To monitor forest areas, the Directorate General of PKTL uses geo-spatial data. Erik Teguh Primiantoro, Director of Forest Resources Inventory and Monitoring, mentioned that the Ministry of Environment and Forestry has introduced the National Forest Monitoring System (SIMONTANA) and the Ministry of Environment and Forestry Geospatial Information System (SIGAP KLHK).

See: <https://news.detik.com/berita/d-7494236/klhk-manfaatkan-data-geospasial-dalam-penetapan-kawasan-hutan-di-ri>.

### Boosting downstream sector

The Minister of Environment and Forestry, Siti Nurbaya, has called for boosting the downstream sector, including marketing to support products from Social Forestry areas which cover more than 8 million hectares. According to Siti, access to 8.08 million hectares was given to 1.3 million heads of families.

Siti also emphasised the expansion of markets for primary forest products through the Forest Product Processing Business License (PBPHH) utilising community wood as raw material. She mentioned that the programme had established community forests to ensure the continuous availability of raw materials through collaboration with the community.

See: <https://wartaekonomi.co.id/read542086/produk-perhutanan-sosial-perlu-digenjot-hilirisasi-begini-kata-menterinya-jokowi>

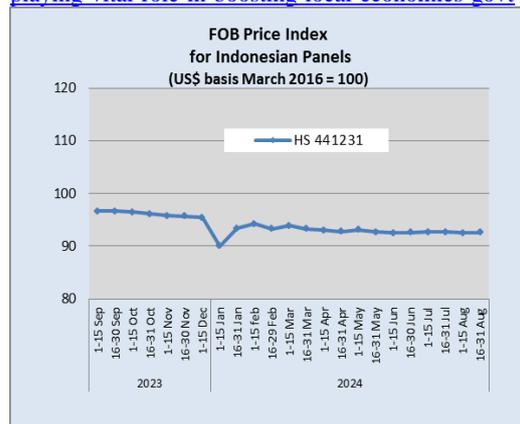
In related news, the steadily increasing value of economic transactions involving forest farmer groups (KTH) has been driving growth of regional economies according to Minister Siti Nurbaya Bakar. She highlighted that the total value of KTH economic transactions jumped from Rp448 billion (US\$28.5 million) in 2022 to Rp730 billion (US\$46.4 million) in 2023. As of July 2024, as many as 4,736 KTHs have made economic transactions worth Rp535 billion (US\$34 million).

She added, KTH activities have contributed not only to the finances of the farmers but also to the growth of regional economies through the forestry sub-sector. She noted that the positive trend has been the result of the schemes and programmes implemented by her ministry.

She highlighted the vital role played by forestry extension workers in empowering and guiding people at the grassroots level in managing forest areas and business development.

Furthermore, she underscored that the economic performance of KTH is a manifestation of people's genuine participation in environmental and forestry development efforts in Indonesia which she believes have intensified in recent years.

See: <https://en.antaranews.com/news/322559/forest-farmers-playing-vital-role-in-boosting-local-economies-govt>



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

## Myanmar

### Merchants seek review of mandatory FX conversion policy

The Central Bank of Myanmar (CBM) has reduced the mandatory conversion of foreign currency export earnings into the kyat (MMK) from 35% to 25%. This policy, initially introduced in August 2022, required exporters to convert 65% of their earnings into MMK. The local media says, despite these reductions merchants argue that being forced to convert at rates far below the market value remains should be reviewed.

Myanmar's ongoing currency crisis, exacerbated by this policy, is reportedly providing the military authorities with significant income from controlling foreign currency exchange rates.

An analysis reported by the press estimates that the gap between market and enforced conversion rates could have earned the regime up to 6.4 trillion kyats (US\$1.8 billion) by June 2023. This gap stems from forcing businesses to convert their foreign currency at rates that overvalue the kyat, far exceeding other forms of government revenue.

Since 2021, the market rate for MMK has plummeted from around 1,300 to around 6,000 per US dollar, while the CBM's official rate is 2,100 kyats per dollar. The authorities regulation of forex rates has been viewed as having led to significant economic distortions contributing to a decline in economic activity and growth of the informal economy.

See: <https://www.irrawaddy.com/business/myanmar-central-banks-latest-forex-conversion-move-fails-to-impress-traders.html> and <https://www.irrawaddy.com/news/burma/myanmars-junta-is-funding-its-war-through-forex-scams-economists-say.html>

### Fuel importers struggling with payments due to Kyat devaluation

The Central Bank of Myanmar announced that it would inject US\$100 million into the foreign exchange market to support fuel importers struggling with payments due to the ongoing devaluation of the kyat against the US dollar. Since the military takeover in 2021, the kyat has plunged, making it difficult for importers to secure fuel shipments.

Rising costs for cooking oil, rice and other essentials have compounded the crisis as the kyat continues to depreciate.

See: <https://www.pattayamail.com/thailandnews/myanmars-central-bank-injects-100-million-us-dollar-to-aid-fuel-importers-amid-currency-crisis-468927>

### Interest rate increased

The Central Bank of Myanmar (CBM) announced on 14 August 2024 that it has revised its interest rates to address inflation, offer better deposit return and boost economic growth by enhancing the bank loan capabilities. The new interest rate on deposits will be 9% and interest rate on loans will be 15%.

See: <https://eng.mizzima.com/2024/08/18/12948>

### Authorities try to 'capture' more of overseas worker remittances

Myanmar regime has intensified its scrutiny of labour agencies in a bid to capture more from overseas workers' remittances. Under the current regulations, both the agency and the worker are required to sign an employment contract in the presence of a labor ministry official before going abroad. The contract requires workers to remit at least 25% of their earnings via authorized channels. It also states that non-compliance will result in a three-year ban from working overseas on the expiration of their current permit.

This move is part of the regime's broader strategy to alleviate its foreign currency shortage, which has contributed to rising economic instability but many migrant workers are reluctant to use formal banking channels to send their wages home due to the significant gap between the authorised bank and market exchange rates. The bank rate is set at 4,150 kyat per dollar while the market rate is around 6,000 kyat to the dollar.

See: <https://asia.nikkei.com/Spotlight/Myanmar-Crisis/Myanmar-reins-in-employment-agencies-to-harvest-remittances>

## India

### Construction sector - developers facing liquidity issues

A report from real estate data provider Prop Equity says that 2,000 new housing projects in India are being stalled by administrative and financial hurdles. That amounts to over 500,000 new dwellings. These building developments are across 42 cities, with Delhi, Mumbai and Bengaluru worst affected.

The causes of delay are cited as financial constraints faced by developers, regulatory issues and problems in land acquisition and obtaining necessary approvals. Added problems include high levels of unsold housing inventory.

The construction sector is urging government to provide financial support for developers facing liquidity issues, to streamline regulatory processes and enforce project timelines more strictly.

See: <https://www.constructionworld.in/latest-construction-news/real-estate-news/nearly-2000-housing-projects-stalled-in-india/61017>

### Government urged to consider allowing more Chinese investment

An annual report on the health of the Indian economy has departed from previous editions and recommended government to allow more foreign direct investment (FDI) from China. There have been strict controls on Chinese investment since 2020. The emphasis has since been on developing trade but the July report by India's Chief Economic Adviser, V. Anantha Nageswaran, recommends a relaxation of the FDI rules.

"Choosing FDI as a strategy appears more advantageous than relying on trade," he said. "As the U.S. and Europe shift their immediate sourcing away from China, it is more effective to have Chinese companies invest in India and then export the products to these markets rather than importing from China, adding minimal value, and then re-exporting them."

See: <https://www.indiabudget.gov.in/economicsurvey/doc/echapter.pdf> and <https://asia.nikkei.com/Economy/India-economic-report-card-triggers-debate-over-China-investment>

### Plywood manufacturer expanding plantations

One of India's largest wood panel manufacturers is expanding plantation operations to meet its raw material requirements. The company has planted about 52,983 acres (21,441 hectares) with over 42 million saplings. The target of its current programme is a total of 60,000 acres by 2025. The plantations are in Nagaland, West Bengal, Odisha and Gujarat.

The company has engaged Rain Forest Research Institute, local communities and farmers to develop plantations of eucalyptus, khokan (*Duabanga grandiflora*) and neem (*Azadirachta indica*).

India's Ministry of Defence has also announced a tree planting project. At various MOD sites across India, along with the Delhi Development Authority and other local governments, it plans to plant 1.5 million saplings.

Source: <https://www.plyreporter.com/>  
<https://timesofindia.indiatimes.com/business/india-business/greenply-gets-into-plantation-drive-to-ease-raw-material-supply/articleshow/109504616.cms>  
 and <https://www.mediaeyenews.com/news/announcement/mas-five-tree-plantation-drive-to-be-launched-by-defence-ministry-next-month-on-independence-day/126819.html>

### Estonian mission explores opportunities in India

Seven Estonian timber companies recently visited India on a trade mission organised by Enterprise Estonia. Starting in Kandla, Gujarat, one of India's major timber port hubs, the Estonian delegation interacted with owners of trading houses and sawmills to identify potential business opportunities and partners.

The group met with the Kandla Timber Association representing over 2,000 timber-related businesses in the region. Companies expressed a strong desire to collaborate with Estonian businesses to help meet increasing demand for high-quality wood products in India.

In Mumbai, the delegation met with architects, importers and log house builders to discuss their timber requirements.

Source: <https://www.mediaeyenews.com/news>

### Climate change impacts Indian forest CO2 absorption

Global warming-induced weather changes are reducing the CO2 absorption potential of India's forests and their capacity in turn to mitigate climate change say researchers. According to studies by researchers at the Institute of Technology in Bombay and Birla Institute of Technology and Science, Goa, the key to the issue is the impact of rising temperatures on photosynthesis.

Higher CO2 levels in the atmosphere can boost photosynthesis but very high temperatures hinder enzymes crucial for the process. The research found that in northeast regions of India and the Western Ghats, despite an increase in green cover from 2001-2019, there has been a decrease in forest CO2 uptake

See: <https://pwonlyias.com/current-affairs/carbon-absorption-of-indian-forest/>

### 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	144	425
Colombia	190	377
Costa Rica	216	375
Nigeria	-	-
Benin	208	565
Tanzania	96	450
Laos	-	-
South Sudan	-	-
Guatemala	92	410
Venezuela	-	-

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

	cu.m	US\$ C&F
Benin	172	680
Brazil	99	575
Colombia	-	-
Costa Rica	173	515
Ecuador	-	-
Ghana	94	440
Ivory Coast	176	845
Nigeria	142	450
South Sudan	177	580
Tanzania	121	442
Togo	187	410
Panama	99	480

#### Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,300 - 4,700
Balau	2,900 - 3,200
Resak	-
Kapur	-
Kempas	1,600 - 1,900
Red meranti	1,700 - 2,000
Radiata pine	1,000 - 1,200
Whitewood	950 - 1,150

Price range depends mainly on lengths and cross-section

### Sawn hardwood prices

Sawnwood (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,800 - 2,100
Sycamore	2,300 - 2,600
Red Oak	2,800 - 3,200
White Oak	3,200 - 3,600
American Walnut	5,200 - 5,800
Hemlock STD grade	1,800 - 2,100
Western Red Cedar	2,900 - 3,250
Douglas Fir	2,300 - 2,500

Price range depends mainly on lengths and cross-section

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

Plywood Ex-warehouse	Rs. per sq.ft
4mm	84.00
6mm	97.00
9mm	115.00
12mm	137.00
15mm	178.00
18mm	195.00

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

Plywood Ex-warehouse	Rs. per sq.ft
4mm	57.00
6mm	73.00
9mm	84.00
12mm	99.00
15mm	134.00
19mm	143.00
5mm Flexible ply	89.00

## Vietnam

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

According to statistics from the General Department of Customs, in July 2024 Vietnam's wood and wood products (W&WP) exports reached US\$1.38 billion. That was up 111% compared to June 2024 and up 23% compared to July 2023. Of this, the wood product exports contributed US\$981.1 million, up 15% compared to June 2024 and 30% compared to July 2023.

In the first seven months of 2024, W&WP exports were US\$8.9 billion, up 24% over the same period in 2023. Of the total, wood products accounted for US\$6.1 billion, which was 24% ahead of the same period in 2023.

W&WP exports to Germany in July 2024 amounted to US\$4.3 million, up 25% compared to July 2023. In the first seven months, they reached US\$48.8 million, an increase of 44% over the same period in 2023.

Exports of kitchen furniture in July were worth US\$136 million, 37% up on July 2023. The first seven months total reached US\$787.4 million, an increase of 31% year on year.

Vietnam's W&WP imports in July 2024 were worth US\$262.6 million, up 13% compared to June 2024 and 38% compared to July 2023. Imports in the first seven months reached US\$1.52 billion, up 24% on the same period in 2023.

Vietnam imported 38,400 cu.m of oak in July 2024, worth US\$22.3 million. That was up 13% in volume and 13% in value compared to June 2024 and 39% and 56% respectively on July 2023. In the first seven months of the year, oak imports reached 207,900 cu.m, worth US\$119.7 million, up 27% in volume and 33% in value over the same period in 2023.

Imports of raw wood (logs and lumber) from the US in July 2024 reached 73,000 cu.m, with a value of US\$31.5 million.

This was an increase of 11% in volume and 14% in value compared to June 2024 and took the total of raw wood imports from the US in the first 7 months to 394,290 cu.m, at a value of US\$169.14 million. Volume and value were both up 29% on the same period in 2023.

### Vietnam acts to boost timber sector

International market recovery resulted in the rise in Vietnam's timber export value in the year-to-date 2024. However, the sector is expected to continue facing external difficulties in the last quarter of 2024 and next year.

According to the Department of Forestry of the Ministry of Agriculture and Rural Development, Vietnam's export value of timber and forestry products reached US\$9.361 billion, up 21% over the same period last year and equivalent to 62% of the full-year target.

Trieu Van Luc, Deputy Head of the Forestry Department, said the timber and forestry export target for 2024 is US\$15.2 billion, with timber and timber products accounting for US\$14.2 billion.

At the same time, he says Viet Nam's timber sector faces challenges. They include high interest rates across the global economy, geopolitical tensions undermining market confidence and 'commodity protection' issues in key export destinations.

Rising marine freight rates are also pushing up raw materials prices, with some reporting increases of up to 40% against last year.

This will affect the prices of final products, at a time when importers are looking for reductions.

Against this backdrop, the Vietnamese industry's growth rate for 2024 is projected to be 2.6% compared to 3% in 2023. Vietnam also has potential to expand international market share, given it currently accounts for 6% of global timber trade and, to support export trade generally, the government has secured 'many free trade agreements'.

See: <https://en.nhandan.vn/vietnam-takes-active-measures-to-boost-timber-exports-post138331.html>

### **New procedures for forest leasing**

A new decree has been issued introducing changes in the processes of forest leasing in Vietnam.

Decree 91/2024/ND-CP was promulgated on July 18, 2024, amending and supplementing several provisions of Decree 156/2018/ND-CP, which details the implementation of certain articles of the Law on Forestry. A Clause within the Law amends and supplements a previous Article regarding forest leasing.

See: <https://lawnet.vn/thong-tin-phap-luat/en/legal-counselling/procedures-for-forest-leasing-in-vietnam-from-july-18-2024-168689.html>

### **Decarbonisation a priority for Vietnamese wood processing**

With support from the International Labour Organisation (ILO) Productivity Ecosystems for Decent Work Viet Nam team, efforts are underway to further enhance awareness of the need for sustainable practices and to promote emission reduction best practices within the Vietnamese wood processing sector.

ILO states many wood processing enterprises in Vietnam, including those exporting to the EU market, have yet to recognise the opportunities and challenges of adopting sustainable procedures. It cites lack awareness of their environmental impacts and the benefits of greener practices. Other obstacles include limited resources, technological constraints, and regulatory uncertainties. Until 2022 no domestic wood processing enterprises in Vietnam had conducted a comprehensive greenhouse gas (GHG) inventory or set clear GHG reduction goals. Green transition, says the ILO, had been minimally addressed in the sector's formal agenda.

In response, the organisation's Productivity Ecosystems for Decent Work Viet Nam team, in collaboration with the Swiss Import Promotion Program (SIPPO), has organised a programme of awareness-raising activities to enhance wood sector enterprises' understanding of new market trends and the opportunities available through emission reduction best practices.

The ILO says initial achievements of the Productivity Ecosystems for Decent Work project have laid foundations to advance decarbonisation as a priority for wood sectoral association partners, aiming to benefit over 100 enterprises and reach over 10,000 workers within the sector.

These outcomes will provide valuable insights to present to the Ministries of Industry and Trade, of Natural Resources and Environment and of Agriculture and Rural Development in later project phases, 'facilitating learning from best practices and influencing the design and implementation of net-zero enterprise support programs' states ILO.

See: <https://www.ilo.org/resource/article/decarbonisation-new-priority-viet-nams-wood-processing-industry>

### **Carbon credit opportunities opening for Vietnam**

Carbon credits hold significant potential for the Vietnamese forestry and wood sectors says a report on the Vietnamese Chamber of Commerce and Industry WTO and international trade news website.

According to Dr Vu Tan Phuong, Director of the Vietnam Forest Certification Office (VFCO), from 2010-2020, the average annual net emissions in Vietnamese forestry were around -40 million tonnes of CO2 equivalent. If converted into monetary value, reducing 40 million tons of CO2 is equivalent to about VND3,500 billion, assessed on the basis that reducing emissions by 1 tonne of CO2 is equivalent to US\$5.

Recently, Vietnam also received more than US\$51 million from the World Bank from the transfer of more than 10 million forest carbon credits. That, says the website report, shows that the interest of foreign organizations in carbon projects in general and carbon projects from the wood industry in particular in Vietnam is huge.

Currently, the Vietnamese government is developing a domestic carbon market with the promise of opening up opportunities to buy, sell, exchange and trade carbon credits between businesses and of promoting investment to reduce greenhouse gas emissions and increasing carbon absorption in forestry activities.

Meanwhile, a range of environmental goals have been set for Vietnam's forestry and timber sector to accomplish by 2030. These include having 1 million hectares of forest certified for sustainable forest management and ensuring 100% of wood and wood products for export and domestic consumption derive from legal sources.

Dr. Vu Tan Phuong affirmed that, based on market requirements, using certified wood materials will be the main trend in the coming years and that direct financial benefits from carbon trading can be generated, if businesses meet carbon market requirements.

See: <https://wtocenter.vn/su-kien/24267-dual-benefits-for-the-wood-industry-from-creating-carbon-credits>

### Partnership to develop Forest+ Sustainable Plan

The Ministry of Agriculture and Livestock (MAPA) has signed Protocols of Intent with four forestry sector associations to strengthen the “Forest+ Sustainable Plan” (Plano Floresta+ Sustentável). They are the Paraná Association of Forest-Based Companies (APRE), the Brazilian Association of Mechanically Processed Timber Industry (ABIMCI), the Brazilian Tree Industry (IBÁ), and the Association of Reforesters of Mato Grosso (Arefloresta/MT).

The partnership aims to expand opportunities for foresters while supporting the Forest+ Network, and promote projects for the recovery of degraded areas, reforestation, and the development of the forest production chain. The Forest+ Sustainable Plan aims to boost the development of Brazil’s planted forest sector.

The associations emphasised the importance of collaboration with the government to promote sustainable practices and strengthen the forest production chain. ABIMCI said that through the National Planted Forest Development Plan and the Forest+ Sustainable Plan, MAPA has been representing the interests of the forestry-based production sector, which continues to grow economically, adding both ‘preservation and productivity’.

See: <https://www.gov.br/agricultura/pt-br/assuntos/noticias/mapa-formaliza-parceria-para-potencializar-aco-es-do-plano-floresta-sustentavel>

### Forest sector proposes measures to stimulate timber businesses

Representatives of the forest sector met with the governor of Mato Grosso, one of the main timber producer states in the Amazon Region, to discuss the economic impact of the national environmental agency’s strike and propose measures to promote the timber industry. During the meeting, a joint plan was agreed for development and strengthening of the sector’s production chain. This included organisation of international fairs and promotion of timber in civil construction, especially in public works.

CIPEM (Center of Timber Producers and Exporters of Mato Grosso) suggested the creation of a timber-based homes programme for low-income families as a solution to the housing deficit.

See: <https://cipem.org.br/noticias/setor-florestal-propoe-ao-governador-aco-es-de-fomento-as-industrias>

### Export update

Brazilian exports of wood-based products (except pulp and paper) were up 9.9% in July on the same month in 2023, from US\$278.3 million to US\$305.7 million.

Pine sawnwood exports increased 33.7% in value from US\$40.1 million in July 2023 to US\$53.6 million in June 2024. In volume, exports were up 31.8%, from 173,500cu.m to 228,700 cu.m.

Tropical sawnwood exports decreased 5.3% in volume, from 26,400 cu.m in July 2023 to 25,000 cu.m in July 2024. In value, exports decreased 14.9% from US\$ 13.4 million to US\$ 11.4 million.

Pine plywood exports increased 13.8% in value to US\$ 59.2 million in July 2024 compared to US\$ 52.0 million in July 2023. In volume, exports increased 6.8% from 159,900 cu.m to 170,800 cu.m..

Tropical plywood, exports decreased 35.3% in value and 34.5% in volume, from US\$1.7 million and 2,900 cu.m in July 2023 to US\$1.1 million and 1,900 cu.m in July 2024.

Wooden furniture export value increased 2.3% from US\$47.5 million in July 2023 to US\$48.6 million.

### Timber sector export stability in first half of year

Brazil’s timber product exports remained stable during the first half of 2024, although June stood out, showing an 8% volume decrease compared to the previous month. Despite logistical challenges faced total export value reached US\$164.7 million, a reduction of only 2% compared to May.

When comparing data from the second quarter of 2024 with the same period last year volumes and values were relatively stable with a difference of -8% in volume and 1% in value.

Compared to the same period in 2023 there was a 17% increase in export value, driven by the appreciation of the US dollar. Among the main products exported in June 2024 were softwood sawnwood (42%) and softwood plywood (38%), followed by hardwood logs (14%). Timber sector companies reported stability in orders, although they continue to face logistical and production cost challenges.

See: <https://www.woodflow.com.br/blog/madeira-exportacoes-mes-a-mes-mostram-estabilidade-no-primeiro-semester-de-2024>

### Native forest restoration gets German and EU support

The National Bank for Economic and Social Development (BNDES) and Germany announced the award of approximately R\$88 million/€15 million) for the Amazon Fund, through German state-owned investment and development bank, KfW.

With this, Germany has become Brazil’s first international partner in the ‘Floresta Viva Program’, aimed at ecological restoration of Brazilian biomes. The initiative supports implementation of projects focused on increasing vegetation cover with native species, from seed collection to forest nursery and planting programmes.

The German government’s funds add to contributions of other Amazon Fund donors, including Norway, Switzerland, the US and Japan and Petrobras. Funds are also set to be disbursed by the UK.

In addition, the European Union signed a letter of intent to formalize donation of €20 million to the Amazon Fund, which is the world's largest REDD+ instrument, for reducing emissions from deforestation and forest degradation.

The Fund, which has about R\$3.9 billion in resources, supports 114 projects, ranging from Restoration Arc (the largest natural forest restoration project), to a programme to strengthen the Fire Department's efforts in combating organized crime in the region.

BNDES emphasized the importance of preserving the Amazon, which represents 25% of the world's tropical forest cover and is home to approximately 29 million people.

See: <https://agenciagov.ebc.com.br/noticias/202407/governo-alemao-libera-mais-recursos-ao-fundo-amazonia-e-se-torna-lo-doador-internacional-do-floresta-viva>

#### Domestic log prices

Brazilian logs, mill yard, domestic	US\$ per cu.m
Ipê	492
Jatoba	208
Massaranduba	184
Muiracatiara	178
Angelim Vermelho	180
Mixed redwood and white woods	137

Prices do not include taxes. Source: STCP Data Bank

#### Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US\$ per cu.m
Ipê	1,864
Jatoba	970
Massaranduba	844
Muiracatiara	872
Angelim Vermelho	842
Mixed red and white	561
Eucalyptus (AD)	316
Pine (AD)	258
Pine (KD)	299

Prices do not include taxes. Source: STCP Data Bank

#### Domestic plywood prices

Parica ex-mill	US\$ per cu.m
4mm WBP	644
10mm WBP	513
15mm WBP	441
4mm MR.	598
10mm MR.	435
15mm MR.	389

Prices do not include taxes. Source: STCP Data Bank

#### Prices for other panel products

Domestic ex-mill prices	US\$ per cu.m
15mm MDParticleboard	304
15mm MDFibreboard	312

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
Ipê	2,528
Jatoba	1,349
Massaranduba	1,331
Muiracatiara	1,354
Pine (KD)	193

Prices do not include taxes. Source: STCP Data Bank

#### Export plywood prices

Pine plywood	US\$ per cu.m
9mm C/CC (WBP)	367
12mm C/CC (WBP)	320
15mm C/CC (WBP)	303
18mm C/CC (WBP)	301

Prices do not include taxes. Source: STCP Data Bank

#### Export prices for added value products

Added value product	US\$ per cu.m
Decking Boards Ipê	3,205
Jatoba	1,810

Prices do not include taxes. Source: STCP Data Bank

## Peru

#### Exports continue to decline

Shipments of wood products in the first 5 months of 2024 totalled US\$ 34.9 million, a drop of 25% compared to the same period in 2023 (US\$46.2 million) according to the Management of Services and Extractive Industries of the Association of Exporters (ADEX). This contraction is partly explained by the lower orders from China and the EU.

During these first five months France was the main export market with a share of 16%, however, shipments were down 43% compared to the same period in 2023. The United States is in second place with a 15% share but for this market shipments rose sharply. The Dominican Republic and China were in third and fourth place with a share of 15% each but exports to the Dominican Republic were down.

According to figures from the ADEX Data Trade Commercial Intelligence System, sawn wood was the most traded wood product in wood exports in the first five months of 2024, earning US\$13.4 million, despite having contracted 26% year on year. The second most traded products were semi-manufactured products that reached US\$ 12.7 million but shipment were down 37%. Other products were for construction (US\$2.2 million), firewood and charcoal (US\$1.9 million) and furniture and its parts (US\$1.7 million).

#### Low rainfall and reduced humidity – fire risk rises

In the third week of August 2024 six forest fires were reported in Ucayali. The National Meteorological and Hydrographic Service (SENAMHI) warned that low rainfall, reduced humidity, increases in daytime temperatures and industrial or agricultural activities were the main factors resulting in forest fires.

The Regional Forest and Wildlife Management of Ucayali (GERFFS-Ucayali) indicated that SERFOR reported 611 hot spots in the region between 20 August 20 and 22 August. 326 hot spots were identified in the Province of Coronel Portillo, 114 hot spots in the Province of Padre Abad and 171 hot spots in the Province of Atalaya.

#### Promoting the wood value chain

In order to promote the trade of legally harvested forest products and support sustainable economic activities the National Forest and Wildlife Service (SERFOR) develops technological tools to guarantee traceability in the supply chain.

Speaking at the plenary session of the Expert Group on Illegal Logging and Associated Trade (EGILAT) of the Asia-Pacific Economic Cooperation Forum (APEC) 2024, Nelly Paredes del Castillo, Executive Director of SERFOR is reported as saying “we focus on giving productive value to our forests, adopting a preventive approach against illegal logging and promoting legal trade in forest resources from managed forests, framed in a clear and transparent traceability mechanism that accredits the legal origin of our timber resources, contributing to the sustainable development of our region”

She highlighted the implementation of the 32 strategic checkpoints of mandatory passage located on the main transport routes in Peru, including border areas, in order to carry out permanent control of the flow of wood.

She also highlighted the innovations in the Remote Forest Monitoring System, in conjunction with the Environmental and Fire Alert System, which allows for constant monitoring and rapid response to any impact on forest ecosystems.

#### Export prices for added value products

	US\$ per cu.m
Strips for parquet Cabreuva/estoraque KD12% S4S, Asian market	1327-1398
Cumarú KD, S4S Swedish market	979-1011 ↓
Asian market	1079-1098 ↑
Cumarú decking, AD, S4S E4S, Central American market	994-018
Pumaquiro KD Gr. 1, C&B, Mexican market	479-554
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	695-716 ↑
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	582-602
Grade 2, Mexican market	527-541
Cumarú 4" thick, 6"-11" length KD Central American market	1,009-1,029
Asian market	1,004-1,047
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	641-654
Dominican Republic	755-799
Marupa 1", 6-11 length KD Grade 1 Asian market	559-572

#### 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, domestic	US\$ per cu.m
Mahogany	-
Virola	222-234
Spanish Cedar	333-344
Marupa (simarouba)	192-227

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

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

**Rise in personal consumption lifts growth**

Japan's economy expanded at a much faster-than-expected annualised 3.1% in the second quarter, rebounding from a slump at the start of the year. Capital investment increased by 0.9 percent, and housing investment was up by 1.6%. The improvement was attributed to a rise in personal consumption and the suggestion that another interest rate increase is likely.

The Bank of Japan had forecast that a solid economic recovery will help address inflation and justify raising interest rates further.

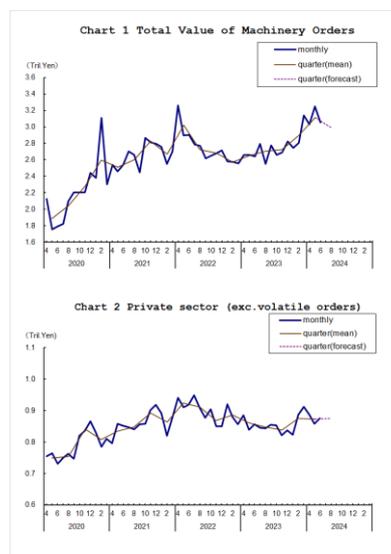
See: [https://www3.nhk.or.jp/nhkworld/en/news/20240815\\_07/](https://www3.nhk.or.jp/nhkworld/en/news/20240815_07/)

**Second quarter machinery orders disappoint**

The total value of machinery orders received by 280 manufacturers operating in Japan decreased by 6% in June from the previous month however, in the April-June period there was a 7.4% quarter on quarter rise.

Private-sector machinery orders, excluding volatile ones for ships and those from electric power companies, increased by 21% in June but showed decreased by 0.1% in April-June period.

The Cabinet Office maintained its assessment that there has not been a significant rise in machinery orders as core machinery orders from manufacturers shrank reflecting a decrease in orders for semiconductor production equipment. In the July-September period machinery orders were forecast to decrease by 4% and private-sector orders, excluding volatile ones, are forecast to increase slightly from the previous quarter.



**Companies report record profit – outlook uncertain**

Japanese companies have just posted record quarterly profits but the yen's rebound is fueling worries about just how sustainable their earnings growth will be amid weak demand in China and the risk of a slowing US economy. The outlook is uncertain, however, as the strengthening yen will dent export growth.

Analysts estimate that each 1 yen appreciation in the Japanese currency against the dollar could reduce profits by up to 0.6%.

See: <https://www.japantimes.co.jp/business/2024/08/22/companies/yen-rise-hampers-japan-firm-growth/>

**Typhoon No.10 inflicts serious damage**

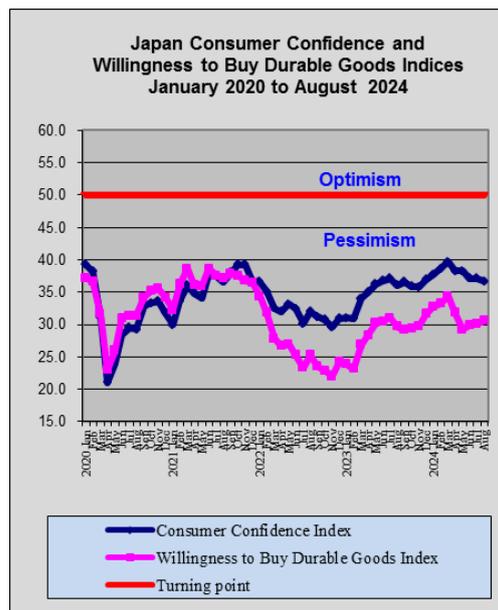
Torrential rain in late August caused serious flooding in many areas. The Meteorological Agency issued warnings for Tokyo and surrounding areas as unstable atmospheric conditions hit the region. Known colloquially in Japan as 'guerrilla rainstorms' these are localised heavy downpours occurring suddenly and are difficult to predict.

At the end of August Japan was bracing for what is likely to be the strongest typhoon to make landfall. Winds of up to 250 km/hour were forecast and serious damage to property has been reported.

**Little change in consumer confidence index**

The Cabinet Office has reported the seasonally adjusted consumer confidence index was 36.7 in August, almost unchanged from the previous month.

The income growth indicator was down to 39.7 while the overall livelihood index moved up to 34.7. In contrast the employment index weakened but the willingness to buy durable goods rose slightly.

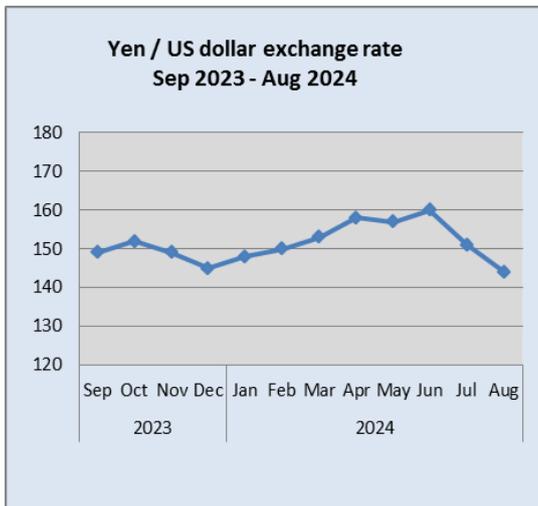


Data source: Cabinet Office, Japan

**Yen appreciation continues**

The yen appreciated in the last half of August driven by hawkish sentiments by a variety of officials, some from the Bank of Japan (BoJ). An additional factor could have been the 'safe-haven' flows amid rising geopolitical tensions.

See: <https://www.fxstreet.com/news/japanese-yen-rises-due-to-increasing-odds-of-a-further-boj-rate-hike-202408190401>



Data source: WSJ

### Suggestion of two more interest rate increases

In an interview the Head of Mizuho Financial Group Bank suggested the Bank of Japan (BoJ) could hike interest rates twice by the end of March 2025 to reach 0.5%, reflecting a sustained growth in the Japanese economy. This would have an impact on commercial bank lending rates and will affect mortgage holders.

However, the Chief Executive Officer of Mizuho Bank is reputed as saying “rate hikes won’t be a tool to arrest the weakening yen, which has plunged to a 38-year low against the dollar.”

The BoJ ended negative interest rates after eight years in March this year but there is no consensus amongst analysts when another interest rate will be announced.

See: <https://asia.nikkei.com/Business/Finance/Japanese-banks-lending-rates-rise-for-7th-straight-month>



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

### International Conference on African Development

Ministers from African nations and Japan meet in Tokyo and pledged to collaborate on finding solutions to climate change and other global challenges. Ministers and other representatives from Japan and 47 of African’s 54 countries attended the meeting in Tokyo.

The Tokyo International Conference on African Development concluded with the adoption of TICAD’s first joint communique which also includes the need to create a supportive environment for startups to promote investment in Africa. The meeting served as a preparatory step for the 9th TICAD summit scheduled to be held in Yokohama next August.

See: <https://www.mofa.go.jp/files/100715925.pdf>

### Import update

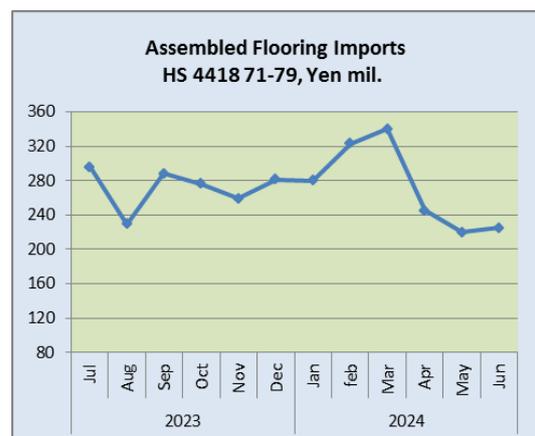
#### Assembled wooden flooring imports

After two consecutive monthly declines the value of Japan’s wooden flooring (HS441871-79) imports rose slightly in June but with the yen at around 115 to the US dollar in June the uptick in imports was of little significance. In the first quarter of this year the month on month value of imports was rising faster than the pace of yen depreciation signaling the import volumes were rising. That changed in the second quarter.

Despite the erratic trend in the value of imports during the first half of this year compared to June 2023 imports, the performance in June 2024 was average and month on month June 2024 imports were around 12% higher.

As in previous months the main category of assembled flooring imports was HS441875, accounting for 76% of the total value of assembled flooring imports, up from the 68% in May. The second largest category in terms of value was HS441879 followed by HS 441874.

Shippers in China accounted for almost 70% of Japan’s imports of assembled wooden flooring in June with shippers in Vietnam accounting for another 15%. Of the balance shippers in Thailand and Austria did well in June

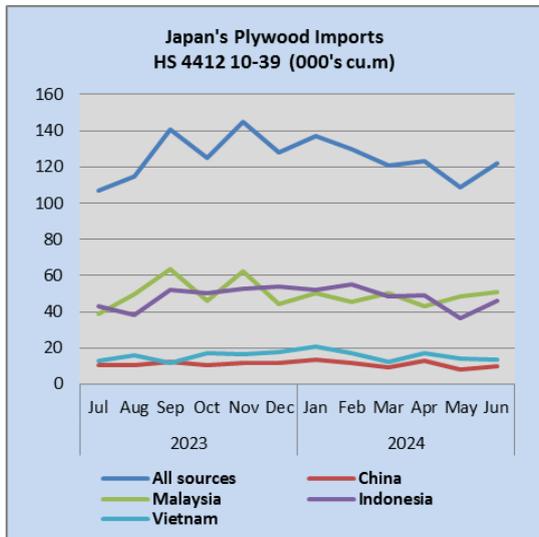


Data source: Ministry of Finance, Japan

#### Plywood imports

Year on year, the volume of June plywood imports (441210-39) was 121,846 cu.m up over 25% from the volume recorded for June 2023 and month on month there was an 12% increase in the volume of imports. Shippers in Indonesia and China recorded a month on month increase in volumes dispatched, June arrivals from Malaysia were at around the same level as in May while shipments from Vietnam dropped in June from a month earlier.

Of the various categories of plywood imported, 87% was HS441231 in June with HS441233 and HS441234 each accounting for around 5% of the balance. The four main shippers of plywood to Japan; Indonesia, Malaysia, Vietnam and China consistently account for over 90% of plywood imports. Other shippers appearing in Japan's plywood import statistics in June were Finland, Latvia, Taiwan P.o.C and New Zealand.



Data source: Ministry of Finance, Japan

**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
	May	10.1	51	46.1	13.7

**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/)

**Decline in price of PKS**

The price of PKS (palm kernel shells) continues falling in Indonesia. The spot price of authenticated Indonesian PKS was US\$136, FOB per tonne, in January, 2024. However, the price declined to US\$133, FOB per tonne, in February 2024 and declined to US\$130, FOB per tonne, in March, 2024. In May, 2024, the price was US\$119, FOB per tonne. Then, the authenticated Indonesian PKS was US\$110 – 115, FOB per tonne, in June, 2024. Now, the price is US\$90 – 95, FOB per tonne.

A reason for a decline in the price of PKS is that huge wooden biomass power plants, which consume imported PKS or wooden pellets in Japan, postpone their operations due to adjusting equipment. Moreover, there was a fire at one of huge wooden biomass power plants and the operation has been stopped. As a result, demand for PKS has been stagnant.

There are not a lot of new orders for PKS because some wooden biomass power plants get PKS from the inventory in Japan or PKS from a demurrage vessel on the sea. In Indonesia, it is the season to harvest palm oil and there are a lot of PKS. There had been a concern about the third party certification but auditing organizations have been increased for the third party certification so the concern is solved. Therefore, supply of authenticated PKS will increase.

The spot price of wooden pellets in Vietnam is US\$120, FOB per tonne. This price has been unchanged and this is the reason that the price of PKS has not rose because calorie consumption of PKS is low.

#### **North American logs**

North American log and lumber markets are not good. Douglas fir lumber manufacturers in Japan do not purchase a lot of Douglas fir logs due to low demand.

The arrival volume of Douglas fir logs at the first half of this year is 14.2 % less than the same period last year. However, lumber manufacturers in Japan reduce production so there is a certain amount of Douglas fir logs at distributors' inventory. It is hard to predict that demand for Douglas fir logs would recover or not. If the yen kept appreciating against the US dollar in August, 2024, there would be a possibility that Japanese buyers buy Douglas fir logs.

There are often fires occurring at mountains in North America and there are concerns about a shortage of Douglas fir logs. However, Japanese buyers still do not order because Douglas fir logs due to low demand.

The orders to precutting companies in Japan have been increasing in July and August, 2024. It seems that demand for houses recovers slightly but it is not for sure because there is no schedule to produce lumber after September, 2024. As a result, the precutting companies also do not purchase a lot of North American logs. Consumers stopped buying domestic small sized lumber instead of Douglas fir small sized lumber. However, it is still difficult to sell Douglas fir small sized lumber due to low demand.

Some Japanese wholesalers expect that the purchasing cost would decline because the yen appreciated against the US dollar. However, the influence of strong yen would not be big because the yen had depreciated widely. A recovery of demand after September, 2024 would be the focus for sales.

#### **Radiata pine logs and lumber**

Major Japanese wholesalers raised the price of Chilean radiata pine lumber by 3,000 yen, FOB per cbm as of August, 2024 because the yen was nearly 160 yen against the US dollar.

The price of Chilean radiata pine thin board used to cost around 57,000 yen, FOB per cbm and now it costs 60,000 yen in Kanto region. The price of Chilean radiata pine thin board in Chubu region and Kinki region will be raised in the future.

The import cost for NZ radiata pine logs shipped from NZ to Japan in June, 2024 is high because the yen was nearly 160 yen against the US dollar and also the price of NZ radiata pine logs in NZ was US\$8, C&F per cbm increased. The import cost is almost same as Chilean lumber. However, the price of NZ radiata pine logs is unchanged so far.

Demand for crating, which is made of radiata pine, is lower than May, 2024 in July and August, 2024.

There was a long holiday in May, 2024. It is popular to use recycled pallets as eco-friendly so consumption of lumber is decreasing.

#### **Plywood**

Movement of domestic structural softwood plywood is not good because the starts are decreasing. Some plywood manufacturers and distributors offer to raise the price in August, 2024 and there were last-minute requests for plywood before the holiday in the middle of August.

The price of 12 mm 3 x 6 domestic structural softwood plywood was around 1,180 yen at the end of July in Tokyo metropolitan area.

Movement of imported South Sea plywood, especially painted plywood for concrete form, is dull. The yen was 160 yen against the US dollar until the beginning of July and the yen appreciated to around 146 yen at the end of August. At the end of July, the price of 2.4 mm 3 x 6 plywood was raised by about US\$10, C&F per cbm.

In South Asia, 12 mm 3 x 6 painted plywood for concrete form is around US\$600, C&F per cbm. Plywood form is around US\$510, C&F per cbm. Structural plywood is around US\$520, C&F per cbm. 2.4 mm 3 x 6 plywood is around US\$950, C&F per cbm. 3. 7 is around US\$880, C&F per cbm. 5.2 mm is around US\$850, C&F per cbm.

On the other hand, the price of South Sea plywood in Japan is deadlocked now. In Tokyo metropolitan area, 2.5 mm plywood is 780 yen, delivered per sheet. 4 mm plywood is 1,000 yen, delivered per sheet. 5.5 mm plywood is 1,170 – 1,200 yen, delivered per sheet. Structural plywood is 1,650 yen, delivered per sheet. 12 mm 3 x 6 painted plywood for concrete form is around 1,950 yen, delivered per sheet. Plywood form is 1,750 yen, delivered per sheet.

#### **South Sea log and products**

A number of inquiries for South Sea lumber and Chinese lumber has been increasing slightly. Demand is not a lot but distributors have to purchase South Sea lumber or Chinese lumber because they do not have enough inventories. Some distributors purchased a certain amount of South Sea lumber or Chinese lumber as the yen appreciated to 140 yen against the US dollar.

There is a lot of inquiries for South Sea lumber to produce truck bodies. Large laminated boards made of Chinese red pine and of Indonesian Merkus pine are leveled off from the previous month. The prices of South Sea and Chinese lumber are unchanged from last month in Japan. Demand and supply for South Sea logs are balanced. Demand for blocks for steel and shipbuilding is stable and for truck bodies is firm.

In Malaysia, plywood manufacturers have been reducing production and there are not enough logs. The weather in Papua New Guinea is bad so it is difficult to predict when the logs will be collected enough.

**Period for carrying out of logs extended**

The Ministry of Agriculture, Forestry and Fisheries will extend a period for carrying out standing trees which are contracted to be carried out this year, and this is to control the supply of National Forest’s lumber. One year will be extended for free. This is a precautionary measure for eased demand and supply. Also, The Ministry of Agriculture, Forestry and Fisheries launches the sales system to control supplying logs in wide areas.

National Forest lumber occupies about 15 % of domestic lumber supply. The Ministry of Agriculture, Forestry and Fisheries supplies logs and standing trees and focuses on controlling the supplying of standing trees this time. Normally, the period for carrying out the standing trees is three years and there will be a fine when it is overdue. Buyers are able to decide about the fine.

To find a new way of supplying logs, The Ministry of Agriculture, Forestry and Fisheries will launch a new system at Regional Forest Office in Hokkaido Prefecture and Tohoku region. A reason for launching a new system is to help other areas’ Regional Forest Office, when its demand and supply for logs were eased extremely.

An estimate of supply for logs in 2023 is 3,160,000 cbms, 13.3 % more than 2022 and for standing trees in 2023 is 1,840,000 cbms, 5.7 % more than 2022. Total supply for logs and standing trees in 2023 were 5,000,000 cbms, 10.4 % up from the previous year.

Supply for logs in 2024 will be 3,430,000 cbms, 5.5 % more than last year and for standing in this year will be 9,160,000 cbms, 2.1 % more than the previous year.

**China**

**Real estate investment down over 10%**

China’s National Bureau of Statistics has, in a press release, reported that in the period January to July 2024, investment in real estate development decreased year on year by 10% and investment in residential buildings was down by 11%.

In the same period the floor space of real estate under construction was down by 12% year on year and for residential buildings it was down around 13%.

The floor space of newly started buildings was down by 23%, of which floor space of newly started residential buildings was down by 24%. The floor space of completed buildings was down by 22% of which the floor space of residential buildings was also down by 22%.

See: [https://www.stats.gov.cn/english/PressRelease/202408/t20240822\\_1956035.html](https://www.stats.gov.cn/english/PressRelease/202408/t20240822_1956035.html)

**Slight decline in total sawnwood imports**

According to China Customs data, in the first half of 2024 China’s sawnwood imports totalled 13.96 million cu.m, worth US\$3.588 billion, down 2% both in volume and in value. CIF prices for sawnwood imports rose 0.5% slightly to US\$257/cu.m compared to the same period of 2023.

Of total sawnwood imports, sawn softwood imports fell 6% to 8.87 million cu.m, accounting for 64% of the national total, down 2 percentage points over the same period of 2023. The CIF prices for sawn softwood imports rose 0.8% to US\$205/cu.m over the same period of 2023.

Sawn hardwood imports grew 5% to 5.09 million cu.m. CIF prices for sawn hardwood imports dropped 3% to US\$348/cu.m over the same period of 2023.

Of total sawn hardwood imports, tropical sawnwood imports were 3.69 million cu.m valued at US\$1.077 billion, up 16% in volume and 18% in value and accounting for about 26% of the national total. CIF prices for tropical sawnwood grew 2% to US\$292/cu.m over the same period of 2023.

**China’s sawnwood imports, first half 2024 (Vol.)**

	(mil. cu.m)	YoY % change
Total sawnwood imports	13.96	-2%
Sawn softwood	8.87	-6%
All sawn hardwood (of which tropical)	5.09 (3.69)	5% (16%)

Data source: China Customs

**China’s sawnwood imports, first half 2024 (Value)**

	US\$ billion	YoY % change
Total sawnwood imports	3.588	-2%
Sawn softwood	1.819	-6%
All sawn hardwood (of which tropical)	1.769 (1.077)	2% (18%)

Data source: China Customs

**Average sawnwood CIF prices, first half 2024**

	US\$/cu.m	YoY % change
Total sawnwood imports	257	0.5%
Sawn softwood	205	0.8%
All sawn hardwood (of which tropical)	348 (292)	-3% (2%)

Data source: China Customs

The main reasons for the decrease in China’s sawnwood imports mainly resulted from the slump in construction industry which has weakened China's overall demand for imported timber.

A seasonal slowdown caused by the rainy season in southern China also contributed to slower overall timber demand. China's sawnwood imports from its lead suppliers, reduced generally in the first half of 2024, especially from the largest, Russia.

#### Imports from Russia down 4%

Russia remains the largest supplier of sawnwood to China and imports in the first half of 2024 accounted for 65% of the total. However, Russian imports fell 4% to 6,242 million cu.m and contributed to the downturn in China's overall total sawnwood imports.

At the same time, China's sawnwood imports from the main supply countries also decreased and at a faster pace, in the first half. Imports from Canada, USA, Finland, Germany, Philippines and Sweden dropped 8%, 18%, 27%, 31%, 15% and 44% respectively over the same period compared to 2023. In contrast, China's sawnwood imports from Thailand, Belarus and Gabon rose 21%, 44% and 58% respectively.

#### Main countries shipping sawnwood to China, first half 2024 (Volume)

Main Suppliers	000s cu.m	YoY % change
Total	13,959	-2%
Russia	6,242	-4%
Thailand	2,501	21%
Canada	708	-8%
Belarus	620	44%
USA	596	-18%
Gabon	407	58%
Finland	377	-27%
Germany	360	-31%
Philippines	310	-15%
Sweden	291	-44%

Data source: China Customs

#### Main countries shipping sawnwood to China, first half 2024 (Value)

Main Suppliers	US\$ mil.	YoY % change
Total	3,588	-2%
Russia	1,348	-1%
Thailand	633	26%
Canada	141	-12%
Belarus	117	34%
USA	363	-21%
Gabon	148	49%
Finland	84	-26%
Germany	80	-33%
Philippines	23	-17%
Sweden	61	-44%

Data source: China Customs

#### Jump in sawn softwood imports from US

In the first half of 2024, China's sawn softwood imports from the USA rose 38% to 111,000 cu.m, accounting for 1.3% of the national total sawnwood imports. This did not, have much affect on the overall trend of decline in the total sawn softwood imports in the first half of 2024.

In the first six months China's total sawnwood imports from USA totaled 596,000 cu.m, down 18% over the same period in 2023. This decrease in the overall sawnwood total is because of the decline in China's sawn hardwood imports from USA. 80% of China's sawnwood imports from USA are of sawn hardwood and these fell 25% to 484,000 cu.m in the first half of 2024.

#### Main countries shipping sawn softwood to China, first half 2024 (Volume)

Main Suppliers	000s cu.m	YoY % change
Total	8,873	-6%
Russia	5,760	-2%
Canada	678	-7%
Belarus	620	44%
Finland	377	-27%
Germany	317	-33%
Sweden	291	-44%
Chile	148	-32%
Brazil	127	-5%
USA	111	38%

Data source: China Customs

#### Main countries shipping sawn hardwood to China, first half of 2024 (Volume)

Main Suppliers	000s cu.m	YoY % change
Total	5,086	5%
Thailand	2,501	21%
USA	484	-25%
Russia	481	-21%
Gabon	407	58%
Philippines	310	-15%
Myanmar	148	10%
Romania	75	-13%
Vietnam	73	19%
Cameroon	69	1%
Malaysia	65	52%

Data source: China Customs

**Main countries shipping sawn hardwood to China, first half 2024 (Value)**

Main Suppliers	US\$ mil.	YoY % change
Total	1,769	2%
Thailand	633	26%
USA	345	-22%
Russia	138	-14%
Gabon	148	49%
Philippines	23	-17%
Myanmar	101	22%
Romania	36	-20%
Vietnam	33	17%
Cameroon	34	-1%
Malaysia	23	45%

Data source: China Customs

**Main countries shipping tropical sawnwood to China, first half 2024 (Volume)**

Main Suppliers	000s cu.m	YoY % change
Total	3,695	16%
Thailand	2,494	20%
Gabon	402	59%
Philippines	308	-15%
Myanmar	143	8%
Cameroon	69	1%
Malaysia	63	52%
Indonesia	40	-17%
Rep. Congo	29	6%
Laos	20	-34%
PNG	19	-45%

Data source: China Customs

**Tropical sawnwood imports rise**

China's tropical sawnwood imports in the first half of 2024 reached 3.69 million cu.m, worth US\$1.077 million, an increase of 16% in volume and 18% in value on the same period of 2023. They accounted for about 26% of its national sawnwood import total for the six months. CIF prices for tropical sawnwood grew 2% to US\$292 per cu.m compared to 2023.

Thailand has been China's largest tropical sawnwood supplier for many years. In the first half of 2024 its shipments to China rose 20% in volume over the same period in 2023 to 2.49 million cu.m and 25% in value to US\$631 million. They accounted for 68% of China's total tropical sawnwood imports, an increase in share of 4% over 2023. The CIF price for China's tropical sawnwood imports from Thailand was US\$253 per cu.m, up 4%.

**Surge in tropical sawnwood imports from Gabon**

Gabon's tropical sawnwood exports to China rose sharply in the first half of 2024, making it the country's second largest supplier, ahead of the Philippines in third place.

The two countries accounted for for 11% and 8% of China's total tropical sawnwood imports respectively in the period. Imports from Gabon were up 59% to 402,000 cu.m and the Philippines' 15% to 308,000 cu.m.

China's top 10 countries tropical sawnwood suppliers provided 97% of its total first half imports, namely Thailand (68%), Gabon (11%), Philippines (8%), Myanmar (4%), Cameroon (1.9%), Malaysia (1.7%), Indonesia (1.1%), the Republic of Congo (0.8%), Laos (0.55%) and PNG (0.51%).

**Main countries shipping tropical sawnwood to China, first half 2024 (Value)**

Main Suppliers	mil US\$	YoY % change
Total	1.077	18%
Thailand	631	25%
Gabon	146	50%
Philippines	23	-18%
Myanmar	99	21%
Cameroon	34	-1%
Malaysia	22	49%
Indonesia	24	-26%
Rep. Congo	14	16%
Laos	21	-38%
PNG	5	-53%

Data source: China Customs

**Imported tropical sawnwood CIF prices rise marginally**

Average CIF prices for China's tropical sawnwood imports rose 2% to US\$292/cu.m in the first half of 2024.

CIF prices for tropical sawnwood from Thailand, the Philippines and the Republic of Congo grew 4%, 12% and 9% respectively. In contrast, CIF prices for most of China's other lead tropical sawnwood suppliers declined at different rates over the same period in 2023. The price decrease of imports from PNG was largest, down 16%.

**Average CIF prices from main sawnwood suppliers, First half 2024**

Main Suppliers	US\$ per cu.m	YoY % change
Total	292	2%
Thailand	253	4%
Gabon	363	-6%
Philippines	74	-3%
Myanmar	691	12%
Cameroon	492	-1%
Malaysia	349	-6%
Indonesia	606	-9%
Rep. Congo	469	9%
Laos	1026	-2%
PNG	271	-16%

Data source: China Customs

**GTI-China Index down in July**

In July, the GTI-China Index registered 43.5%, a decrease of 3.2 percentage points from June, according to the latest Global Timber Index report. The further drop meant the index was below the critical value of 50% for three consecutive months, indicating shrinkage of leading timber enterprises it represents.

Summer is the traditional off-season for the Chinese timber market, says the report, but enterprises were concerned about issues such as blue stain and cracking in wood, leading to a reduction in production activities.

Typically, the production cycle for the second half of the year begins in September.

As for the GTI-China Index’s 11 sub-indexes, two (inventory of finished products, and delivery time) were above the critical value of 50%. One index (import) was at the critical value, and the remaining eight were all below.

Compared to the previous month, the indexes in July for existing orders, inventory of finished products, purchase quantity, import, inventory of main raw materials, and delivery time increased by 0.2-3.0 percentage points. The indexes for production, new orders, export orders, purchase price, and employees declined by 0.1-8.0 percentage points.

In the first half of 2024, according to the GTI July report, China's cumulative exports of furniture and furniture parts reached US\$35.379 billion, representing a year-on-year increase of 14.8%, according to China’s customs statistics.

During the same period, affected by previous high inventory and still unclear market demand, China's total import volume of wood was 32.77 million cu.m, representing a year-on-year decrease of 5.32%.

However, China's demand for tropical sawnwood had increased significantly. For example, from January to May 2024, China’s import volume of sapelli sawnwood surged to 45,000 cu.m, a 1.5 times increase compared to the same period last year.

In terms of freight, with new routes and new shipping capacity coming on stream, the shipping rates of several routes departing from China began to show a declining trend in July.

On July 21, states the GTI report, China, South Africa, Brazil, and India jointly held the 2024 BASIC Ministerial Meeting on Climate Change in Hubei Province, China.

The Ministerial Joint Statement on Climate Change released at the meeting called on developed countries to end trade distorting subsidies, including those in the agricultural, forest and energy sectors as they adversely impact sustainable development in developing countries.

See: <https://www.itto-ggsc.org/static/upload/file/20240822/1724289606498649.pdf>

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

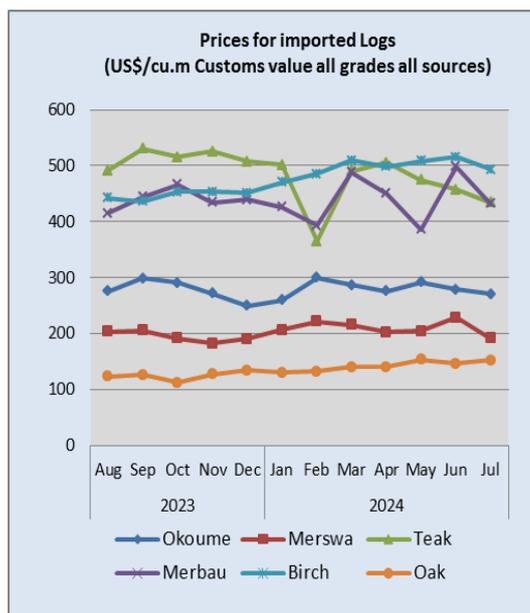
	2024 Jun	2024 Jul
Okoume	279	271
Merswa	229	191
Teak	457	434
Merbau	498	432
Birch	515	493
Oak	146	152

Data source: Customs, China

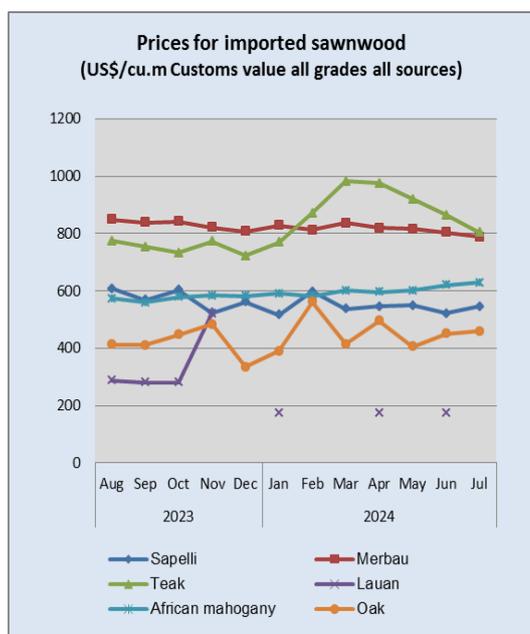
**Average CIF prices, sawnwood, US\$/cu.m**

	2024 Jun	2024 Jul
Sapelli	521	545
Merbau	804	788
Teak	864	804
Lauan	175	-
African mahogany	621	629
Oak	450	459

Data source: Customs, China



Data source: Customs, China



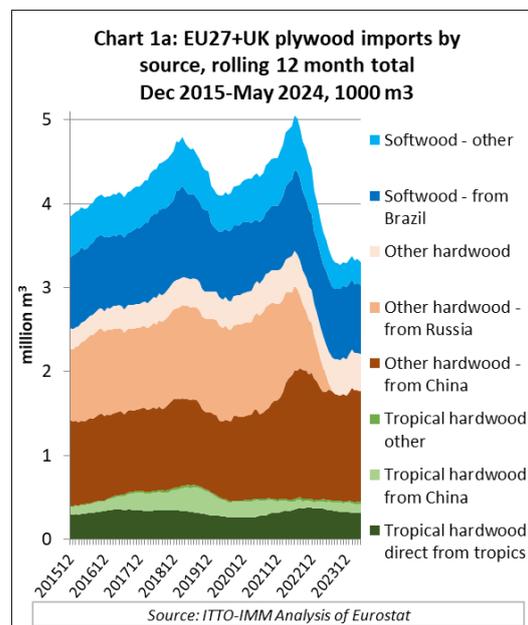
Data source: Customs, China

## EU

### European plywood production and imports at record low

Total EU+UK imports of plywood from outside the region in 2023 were 3.29 million cu.m, down 26% compared to the previous year and only just exceeding the record low of 3.1 million cu.m in 2009 during the global financial crises.

The decline in 2023 felt even more dramatic as it followed on from two years in 2021 and 2022 when imports were at record levels averaging 4.5 million cu.m per annum (Chart 1a).



EU+UK imports of plywood from outside the region have remained weak in 2024. In the first five months of the year, total imports were 1.58 million cu.m, just 1% more than the same period in 2023.

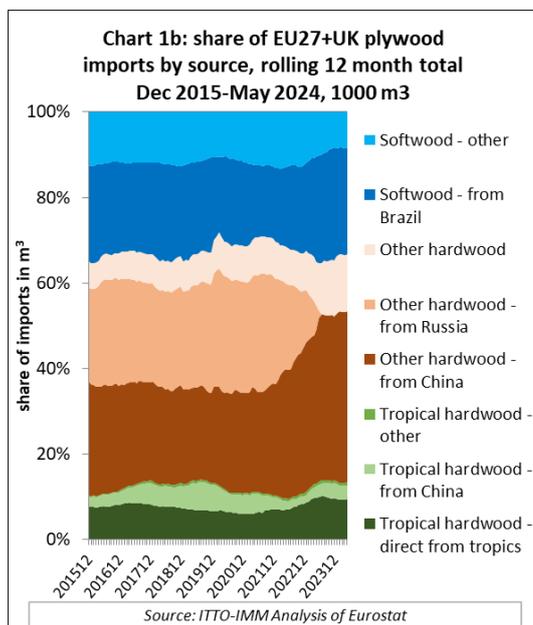
Imports of tropical plywood were down 5% to 180,600 cu.m and imports of softwood plywood were down 6% to 652,000 cu.m. However, these declines were offset by a 10% rise in imports of temperate hardwood plywood to 748,800 cu.m.

Despite the slight rise this year, EU+UK imports of temperate hardwood plywood remain well down on levels prevailing before Russia's invasion of Ukraine in February 2022 and the subsequent imposition of economic sanctions on Russia and Belorussia by the EU and UK, including a total ban on all imports of timber products from both countries.

Due to slowing economic conditions in Europe for the second half of 2022 onwards, the anticipated surge in plywood imports into Europe from alternative supply countries following the removal of Russian and Belorussian products from the market has been much less dramatic than expected.

By far the biggest gain in market share has been made by temperate hardwood plywood from China (Chart 1b).

There was also a surge in birch plywood imports into the EU from Kazakhstan in 2023, raising immediate concerns that some European importers were deliberately circumventing the sanctions by sourcing Russian birch plywood from third countries.



EU domestic plywood manufacturers were unable to increase production in response to the supply gap that opened following the sanctions on Russian and Belorussian products.

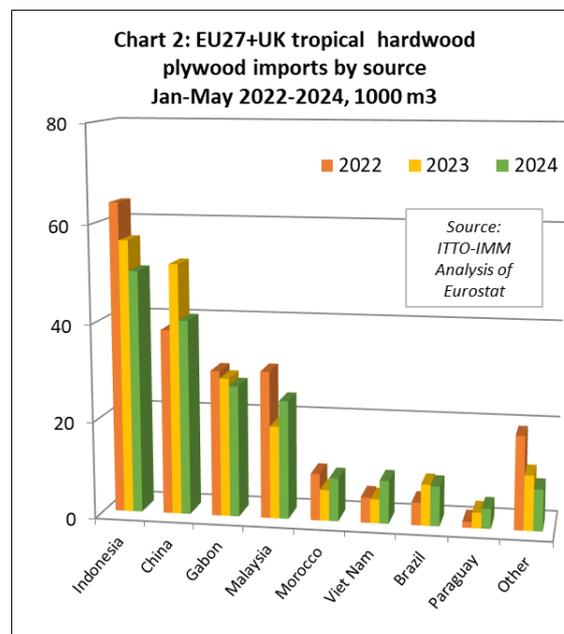
Data from the European Panels Federation indicates that total EU plywood production fell 2.5% from 3.2 million cu.m in 2021 to 3.1 million cu.m in 2022 and then a further 15% to just 2.6 million cu.m in 2023.

In fact, the level of EU production last year was unprecedented, being the lowest ever recorded and only about half the volume of nearly 5 million cu.m per annum prevailing before the COVID pandemic.

This year, EU+UK imports of tropical hardwood plywood direct from tropical countries have held up better than imports of plywood faced with tropical hardwood from China. In the first five months of this year, imports from China into the European region, which are mainly destined for the UK, decreased 22% to 40,300 cu.m.

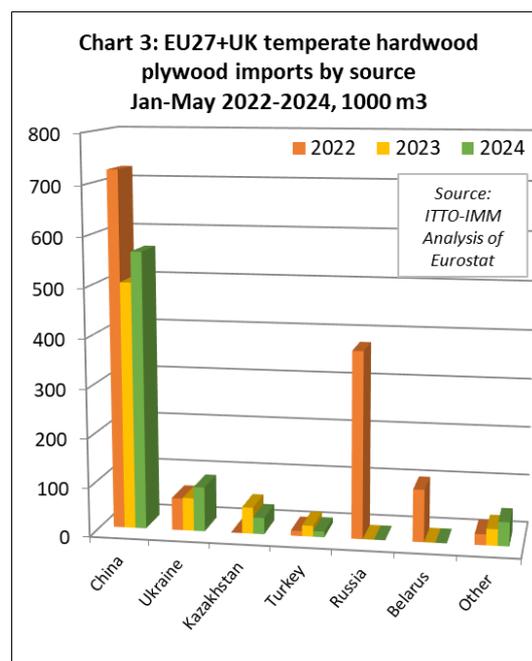
In contrast, imports direct from tropical countries during the period were 129,000 cu.m, just 1% less than the same period in 2023.

Although imports from Indonesia fell 11% to 50,100 cu.m and were down 5% to 27,100 cu.m from Gabon, there was a strong 27% rebound in imports from Malaysia to 24,400 cu.m, while imports from Vietnam increased 78% to 8,900 cu.m and imports from Paraguay were up 29% to 4,100 cu.m (Chart 2).



In the first five months of this year, EU+UK plywood imports of temperate hardwood plywood increased 10% to 748,800 cu.m. The gains were mainly due to imports from China and Ukraine, which were 564,100 cu.m and 90,800 cu.m in the January to May period this year, respectively 12% and 35% more than the same period in 2023.

Imports of temperate hardwood plywood from Kazakhstan were down 37% to 33,700 cu.m while those from Turkey fell 48% to 11,500 cu.m in the first five months of this year (Chart 3).

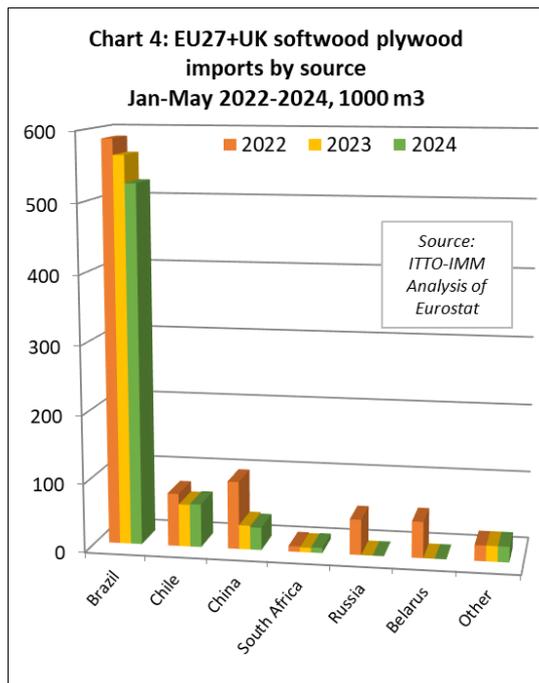


The decline in European imports from Kazakhstan and Turkey comes at a time when the European Commission is extending anti-dumping measures on imports of birch plywood, previously applied to Russian products, to imports from the two countries.

The EC announced the extension on 14 May this year following an EC investigation which concluded that EU anti-dumping duties on imports of birch plywood from Russia were being circumvented by imports transhipped from Russia to Kazakhstan and Turkey, or sent for final completion to these countries, preceding shipment of the finished product to the EU.

In the first five months of this year, the EU+UK region imported 652,000 cu.m of softwood plywood, 6% less than the same period in 2023. The decline in imports was driven mainly by Brazilian products, for which imports fell 7% to 524,000 cu.m.

Imports from China also declined, by 6% to 33,000 cu.m. Imports from South Africa increased by 10% to 8,000 cu.m. Imports from Chile were stable at 63,000 cu.m.



**European plywood importers look to 2025 for market upturn**

Leading European plywood importers have forecast trade to be on a level with 2023 or be only marginally up this year. They are not expecting a more robust recovery until next year.

A UK importer-distributor of temperate and tropical plywood said their market ‘still feels depressed’. “We expect 2024 to remain flat,” they said. “We don’t anticipate much change until interest rates fall and house building kick starts the UK economy. We just hope that the new UK government lives up to its pledge to back construction to build 1.5 million new dwellings in the next five years.”

An EU-based importer, who described their business as ‘heavily dependent on construction’, said that some of their national plywood markets have been doing better than others.

“The Netherlands and UK have performed slightly below 2023 so far but are picking up slowly and expected to be in line with last year at the end of 2024,” they said. “However, France and Germany have performed below expectation.” A key concern for European importers has been the hike in freight rates.

“Part of the increase is justifiably attributed to the attacks on shipping in the Red Sea, leading to vessels having to avoid the Suez Canal and take the long route around the tip of Africa,” said an EU importer-distributor. “But the feeling is that some shipping lines are taking advantage of the situation and increasing rates over and above what is justified.”

“This situation has been causing real issues for us,” said a UK importer. “A 40-ft container from Southeast Asia had fallen from the peaks we saw in the pandemic to around US\$1,000 in December 2023, but in 2024 rates returned to above US\$10,000 and we’re now paying around US\$7,500. We expect the situation to remain challenging until rates go down below US\$5,000 a box, but we don’t anticipate that happening until 2025.”

**Plywood prices on a firming trend**

“Far East and China FOB rates haven’t changed a lot, but prices have of course been driven by the logistic costs,” said an EU importer-distributor. “For Africa and South America logistic cost have remained more stable, but FOB rates increased throughout Q1 and Q2 this year.”

A UK importer qualified this by saying that Brazilian plywood prices were still below their previous peak, kept down by cuts in the price for competing EU-made OSB which manufacturers have made to ‘combat imports’.

Another European importer said their best performers so far this year have been ‘Chinese commodity and high quality plywood’, okoumé plywood and eucalyptus plywood from South America.

“We’ve also sold some volumes of tropical hardwood plywood from Indonesia, and some marine plywood into the UK from Malaysia and Indonesia,” they said.

Another importer reported an increase in offers of rubberwood and acacia plywood from Malaysia and Indonesia.

Following the UK and EU embargo on Russian and Belarusian timber and wood products, one UK importer said birch plywood of unknown provenance was coming into the market.

“We can’t comment on its true origins, but we hope it is being fully checked by the UK Office of Product Safety and Standards [which polices legality of timber imports],” they said.

Some importers say that the ban on Russian birch plywood in the EU is actually opening up opportunities.

“It has had a positive effect on our business as we’ve been able to replace birch with high quality film-faced plywood from China with better margins,” said an EU importer.

No major availability issues are being reported by importers. “We experienced some shortness in supply in Q1 2024 due to logistics issues from China and the rest of Southeast Asia, but overall, it’s been sufficient to meet demand,” said an EU importer.

A continuing concern of the EU plywood sector is the EU Deforestation Regulation (EUDR), which comes into force at the end of 2024. It will require that companies which place timber and wood products from all origins on the EU market undertake due diligence to ensure their production is not implicated in deforestation or forest degradation. They will also have to provide geolocation coordinates for the origins of products.

“It will create huge administrative burdens,” said one importer. “We are working with a third party to ensure compliance, as we did under the previous EU Timber Regulation (EUTR), and we expect the cost of this to go up 40% to 50% under the EUDR compared to under the EUTR. We also think the EUDR may lead to some suppliers looking to alternative markets to the EU, including some Chinese suppliers. There have been calls from the EU timber sector for introduction of the Regulation to be delayed to give business a longer transition period, and we would support that.”

That prospects for 2025 are looking more promising seems to be the general view among European importers.

“While the rest of 2024 is looking unexciting, there are signs things will be better in 2025,” said a UK importer. “Once construction picks up, as is predicted, everything will improve from there.”

“Increased prices as of Q2 into Q3 and Q4 this year will help us improve turnover and margins in 2024, and we have seen some increase in import volumes, although that may be the follow on from logistics issues for Far East and Chinese cargoes we saw earlier in the year,” said an EU importer. “It remains to be seen how stocks will evolve in Q4. But we see further market improvement from Q2 2025 and for the second part of the year we are more optimistic.”

#### **Europe’s wood panel manufacturing sector had a difficult 2023 - anticipates improvement this year**

According to the European Panel Federation’s (EPF) latest Annual Report, Europe’s wood panel manufacturing sector had a difficult 2023. This year the EPF expects to see a degree of improvement in sales, however, a stronger upturn is not anticipated until 2025.

A summary of the EPF report, covering market development and European panel producer performance through 2023/24 was presented at the EPF agm in Riga in June.

The event was reported by Wood Based Panels International as attracting an audience of 180, drawn from across particleboard, plywood, MDF, OSB, hardboard and softboard industries. It underlined the EPF’s ‘representation of all panel types and the whole of Europe’, said WBPI, with the organisation reporting market statistics for the EU 27, UK and EFTA and some ‘all-Europe figures’, including those of Belarus, Russia, Turkey and Ukraine.

Delegates heard that Europe’s total wood panel production declined by 6.3% in 2023 to 56.5 million cu.m, hit by poor construction and furniture production. European wood furniture output was 8% down and consumption 11% in 2023 after declines of 11% and 12% respectively in 2022. Furniture production in the EU27+UK was valued at €39.7bn and consumption at €39.4bn. Euroconstruct reports that overall construction output last year in the 19 countries it covers was down 1.4%.

According to the EPF report, last year’s contraction in European panel production followed a 7.7% decline in 2022 after the post-pandemic home improvement surge resulted in record output the year before.

Oriented strand board (OSB) was the only panel product area that saw production growth in 2023, with an EU27/UK/EFTA increase of 2% to 6.6 million cu.m, versus 6.5 million cu.m in 2022.

Particleboard output was down 5% in 2023 at 30.9 million cu.m, while MDF production fell 11% to 11.1 million cu.m. After growing significantly in recent years, softboard production – mainly for the insulation sector – was 6% lower in 2023 at 4.8 million cu.m. Down most sharply was hardboard production, which was 17% lower than 2022 at 400,000 cu.m. Plywood manufacture fell 15% to 2.6 million cu.m.

The EPF reports that furniture production remained the biggest consumer of European wood panel products last year. But with furniture sales falling due to the uncertain economic situation, high interest rates and inflation and consequently decreased consumer confidence, the sector accounted for 47% of total panel output, down from 48% in 2022. The building industry accounted for 39%, while 3% went to the packaging sector and 11% to other applications.

The EPF projects that 2024 will see a return to market growth, but with total European wood panel output up only about 500,000 to 600,000 cu.m at 31.5 million cu.m. OSB output is forecast to rise 150,000 cu.m to 6.75 million cu.m, with MDF production up around 90,000 cu.m.

Plywood production is also expected to show a slight rise. EPF forecasts that EU27 output will be up 40,000 cu.m, with a total Europe production increase (including output from Belarus, Ukraine, Russia and Turkey) of 50,000 cu.m.

Discussion topics at the EPF AGM also included the European Commission's communication on 'Building the future with nature' and its potential impact on the wood panel sector. It states that biotechnology and biomanufacturing are among the most promising technological areas for the EU in the 21st century, with the capacity to modernise and advance forestry and bio-based materials sectors, among other industries.

Katharina Knapton-Vierlich, Head of Unit at the EC Directorate General which supports growth and resilience of the EU economy detailed possible next steps for developing the bio-based materials sector. These include creating an EU biotech hub, introducing labelling for bio-based materials, and revising Product Environmental Footprint rules to ensure fair comparisons between bio-based and fossil-based products.

See: <https://europanel.org/annual-report/>  
and  
[https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT\\_24\\_1610](https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_24_1610)  
and  
<https://www.wbpionline.com/>

## North America

### US building permits fall sharply

New residential construction in the US saw a steep drop in July, according to the latest US Department of Commerce report.

The report said housing starts fell 6.8% to an annual rate of 1.238 million after jumping 1.1% to a revised rate of 1.329 million in June. Single-family housing starts, which account for the bulk of homebuilding, fell 14.1% to a seasonally adjusted annual rate of 851,000 units last month. Homebuilding has now declined for five straight months.

The Commerce Department said building permits also dropped 7% to an annual rate of 1.396 million in July after rising 3.9% to a revised rate of 1.454 million in June.

Though mortgage rates have since retreated amid optimism that the Federal Reserve will cut interest rates, a jump in new housing inventory to levels last seen in early 2008 could limit any rebound in starts.

A National Association of Home Builders survey showed homebuilder sentiment fell to an eight-month low in August. Builders blamed "challenging housing affordability conditions" for the fourth straight monthly drop in confidence.

The news was much better in Canada as housing starts climbed 16% in July compared with the previous month. Groundbreaking increased on multiple unit and single-family detached urban homes, data from the national housing agency showed.

The seasonally adjusted annualized rate of housing starts increased to 279,509 units from a revised 241,643 units in June, the Canadian Mortgage and Housing Corporation (CMHC) said. Economists had expected starts to rise to 245,000.

### Existing-home sales increase for first time in five months

US existing home sales rose more than expected in July, reversing four consecutive monthly declines, as improving supply and declining mortgage rates offered hope that activity could rebound in the months ahead.

Home sales rose 1.3% last month to a seasonally adjusted annual rate of 3.95 million units, the National Association of Realtors (NAR) said. Economists polled by Reuters had forecast home resales would edge up to a rate of 3.93 million units. But year-over-year, sales fell 2.5% (down from 4.05 million in July 2023).

"Despite the modest gain, home sales are still sluggish," said Lawrence Yun, the NAR's chief economist. "But consumers are definitely seeing more choices, and affordability is improving due to lower interest rates."

Single-family home sales grew 1.4% to a seasonally adjusted annual rate of 3.57 million in July, down 1.4% from the previous year. Existing condominium and co-op sales in July were identical to June at a seasonally adjusted annual rate of 380,000 units.

Sales rose 1.1% in the US South, and they were unchanged in the Midwest, which is considered the most affordable region. Sales advanced 4.3% in the Northeast and increased 1.4% in the West.

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

### Economy expanded in the second quarter

First half economic growth in the US was solid, with the economy expanding at a robust 2.8% annualized rate in the second quarter, according to figures released by the US Department of Commerce, which are adjusted for inflation and seasonal swings.

Gross domestic product (GDP), the broadest measure of economic output, was much stronger in the second quarter than economists predicted. The GDP report showed that businesses are continuing to invest, and consumers are still opening their wallets. That's key, because consumer spending is America's economic engine, accounting for about two-thirds of US economic output.

As the economy continued to expand from April through June, inflation resumed a downward trend and seems to be on track to slowing further toward the Federal Reserve's 2% target.

America's economy is set for a 'soft landing', which is when inflation returns to the Fed's target without a recession, something that's only happened once, during the 1990s, according to some economists.

But even as the broader economy remains robust, Americans are still downbeat. Inflation is an economy-wide problem, so pessimism has been felt broadly. Purchasing a home in many markets across the country remains out of sight, with home prices at a record high and mortgage rates still painfully elevated.

The booming job market in the aftermath of the Covid-19 pandemic has recently returned to normal and it's becoming a lot tougher to find a new job.

See: <https://www.bea.gov/news/2024/gross-domestic-product-second-quarter-2024-advance-estimate>

### **US job gains revised downward**

US hiring slowed substantially in July as employers added a disappointing 114,000 jobs amid historically high interest rates, persistent inflation and growing household financial stress. Construction added 25,000 of those jobs in July while manufacturing employment remained flat.

The unemployment rate rose from 4.1% to 4.3%, the highest since October 2021, the Labor Department reported. The rise, along with the pullback in payroll gains and slowing wage growth, is stoking recession fears and bolstering the Federal Reserve's case for cutting interest rates, possibly sharply, in September.

Compounding the picture of a flagging job market, employment gains for May and June were revised down by a total of 29,000. And while a feeble jobs report could always be a one-month blip, gains over the past three months averaged 169,000, down from 218,000 the previous three months.

US employment overall has stayed remarkably resilient, largely because companies have been hesitant to lay off workers after severe COVID-related labor shortages. But that appears to be shifting. Jobless claims, a gauge of layoffs, are still low by historical standards, but in August rose to the highest level in more than a year.

There is also new data showing that the job growth over the last year was not as strong as believed. The Bureau of Labor Statistics (BLS) reported that the economy created 818,000 fewer jobs from April 2023 through March 2024, representing the biggest revision to federal jobs data in 15 years.

The revisions could add to pressure on the Federal Reserve to cut interest rates, because they indicate the labor market wasn't quite as strong as it looked during this period. The BLS releases revisions to data all the time, but it's unusual for revisions to be this large. This set of revisions is considered preliminary; the figure will be finalized in February.

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

### **Election impacting consumer sentiment**

A surge in optimism by Democrats over the prospects of Vice President Kamala Harris being elected President lifted US consumer sentiment slightly this month. The University of Michigan's consumer sentiment index edged up to 67.8 from 66.4 in July. Americans' expectations for the future rose, while their assessment of current economic conditions sank slightly.

Joanne Hsu, the university's director of consumer surveys, said she expects the index to bounce with changing poll results as the November election nears. Consumers on both sides of the political divide say their economic outlook "depends on who's going to win the election," she said.

The Michigan index has rebounded after bottoming out at 50 in June 2022 when inflation hit a four-decade high, but it remains well below healthy levels.

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

and

<https://www.msn.com/en-us/money/markets/us-consumer-sentiment-rises-slightly-on-democratic-optimism-over-harris-presidential-prospects/ar-AA1oVdeR?ocid=BingNewsVerp>

### **US manufacturing continues to shrink**

A key barometer for US manufacturing fell in July for the fourth consecutive month and hit an eight-month low — a sign that an ongoing slump has deepened.

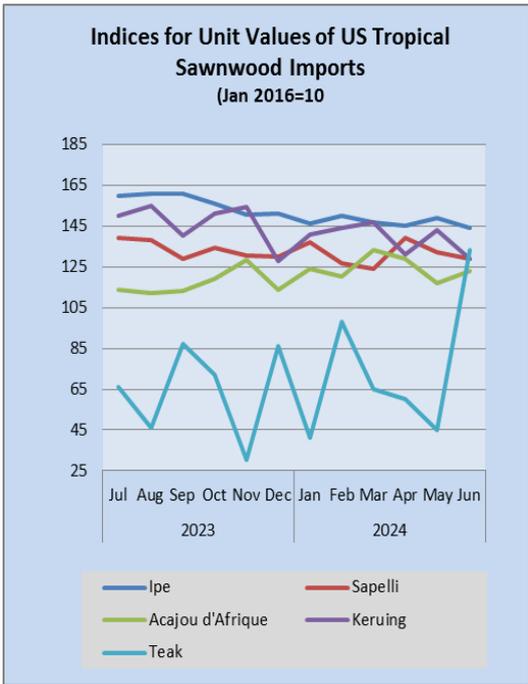
The Institute for Supply Management's manufacturing index slid to 46.8% last month from 48.5% in June. Numbers below 50% signal the manufacturing sector is shrinking.

"US manufacturing activity entered deeper into contraction," said Timothy Fiore, chairman of the ISM survey. "Demand remains subdued, as companies show an unwillingness to invest in capital and inventory due to current federal monetary policy and other conditions."

One survey respondent, an executive from the wood products industry, agreed that high interest rates are hindering manufacturing. "Elevated financing costs have dampened demand for residential investment," they wrote. "This has reduced our need for component products and inventory."

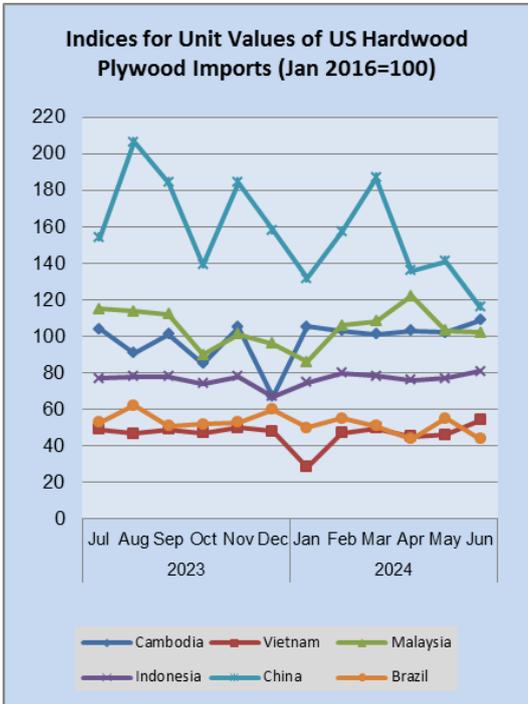
Five of the 18 manufacturing industries surveyed by ISM reported growth in July, including the Furniture & Related Products sector. The Wood Products sector was among 11 industries reporting contraction for the month.

See: <https://www.msn.com/en-us/money/markets/slump-goes-on-manufacturing-contracts-for-fourth-month-in-a-row-ism-finds/ar-BB1r1Mn4?ocid=BingNewsVerp>



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.**

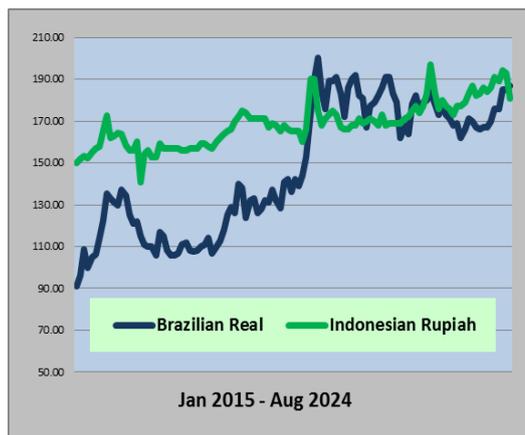
**The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO**

## US Dollar Exchange Rates

As of 25 August 2024

Brazil	Real	5.49
CFA countries	CFA Franc	589.84
China	Yuan	7.12
Euro area	Euro	0.89
India	Rupee	83.81
Indonesia	Rupiah	15,401
Japan	Yen	144.37
Malaysia	Ringgit	4.37
Peru	Sol	3.73
UK	Pound	0.76
South Korea	Won	1,324.66

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



## Abbreviations and Equivalences

Arrows ↓↑	Price moved up or down from month earlier
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

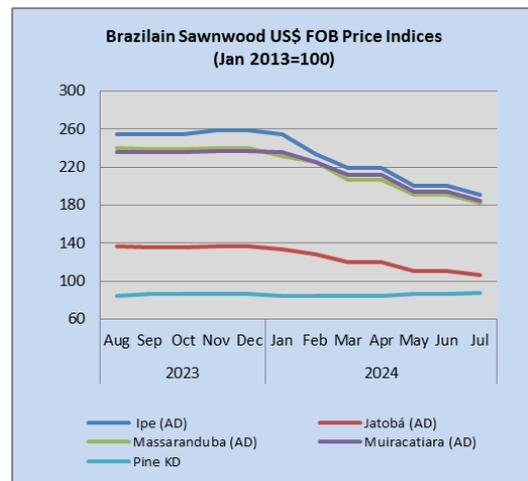
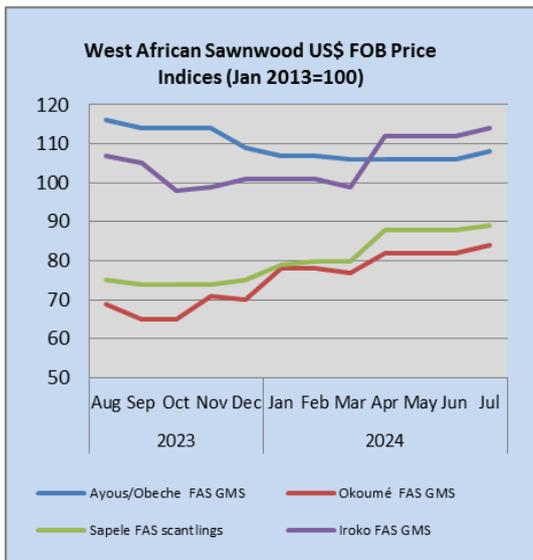
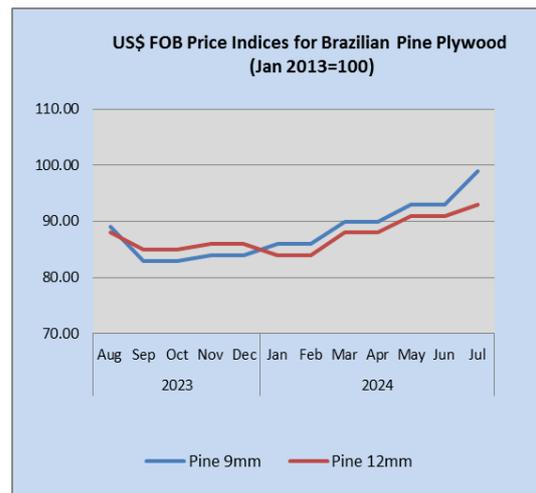
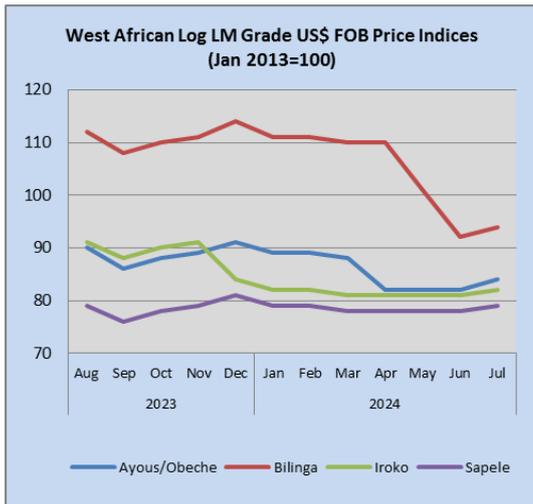


Data source: Drewry World Container Index

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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