

# Tropical Timber Market Report

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## Contents

Central/West Africa	2
Ghana	3
Malaysia	4
Indonesia	5
Myanmar	7
India	8
Vietnam	9
Brazil	10
Peru	12
Japan	13
China	19
EU	22
North America	25
Currencies and Abbreviations	28
Ocean Freight	28
Price Indices	30

## Top story

### China acts to stabilise real estate market

The authorities in China have announced measures to address the crisis in the real estate sector that has been a drag on the property market and the economy.

It has been reported that the People's Bank of China will set up a 300 billion yuan fund to support affordable housing. Other measures include lowering home buyer's deposits and encouraging local authorities to purchase unsold properties.

Page 19

## Headlines

	Page
<b>Harmonising traceability and legality systems in Gabon</b>	<b>2</b>
<b>ECOWAS Bank to inject US\$200m to support Ghana SMEs</b>	<b>3</b>
<b>IDR 7.5 billion for restructuring Indonesian wood processing industries</b>	<b>5</b>
<b>Vietnam timber exports higher in the first five months of 2024</b>	<b>10</b>
<b>Mato Grosso State invests in strengthening traceability</b>	<b>11</b>
<b>Japanese firms say weak yen hurts profits</b>	<b>13</b>
<b>China's tropical sawnwood imports higher in first quarter</b>	<b>21</b>
<b>EU tropical wood imports at record low in first quarter</b>	<b>22</b>
<b>US housing starts rebounded in April</b>	<b>26</b>

## Central and West Africa

### Recent demand trends

Producers report continued steady demand in all major markets but are expressing concerns on the possible impact of the coming into force of the EUDR.

Prices for the EU market remain stable with no significant changes reported but competition is fierce, especially between shippers in Cameroon and Congo and this is affecting the dynamics in the sawnwood market. The flow of padouk from Cameroon, Congo and the Central African Republic (RCA) continues and there are reports of an increase in doussie and sapelli offers.

In France demand for logs is quiet due to the closure of some sawmills that processed tropical logs. Sawnwood prices are stable but strict enforcement of the current EUTR has driven exporters to explore markets outside Europe.

Demand in Spain for sapelli and small volumes of tali has been observed while buyers in Portugal have shown interest in iroko, niangon and sometimes sapelli.

No major shifts in demand in Middle East markets have been reported. However, there has been a slight increase in demand for okoume. In the Middle East the increasing utilisation of lower quality okoume for domestic market applications (such as pallets) has been noted.

The Philippines recently suffered severe damage from a typhoon and this has lifted demand for timber for reconstruction. Producers have noted the return of buyers for the Vietnamese market, particularly for tali in preference over azobe or okan.

### Harvesting conditions

With the rain season approaching operators in Cameroon are increasing log stocks to ensure a continuous supply during bad weather. In the Congo and Gabon operators are awaiting the onset of the dry period, expected soon.

In North Congo the rains are subsiding improving conditions for harvesting and transporting timber to Douala Port which is logistically closer than Pointe Noire for northern operations.

### Transportation Issues

Transportation continues to be a challenge in Gabon due to the ongoing repairs to all-weather laterite roads and damaged bush roads. Some shippers have report the railway operator has difficulties in allocating wagons for sawnwood.

It has been reported there is a study underway for a second rail track from Koulamoutou to Mayumba on the coast, potentially leading to the development of a deepwater port. This project has attracted interest from Australian and Chinese investors due to the high-grade iron and gold reserves in the Belinga Mountains.

### Youth technical training

The government in Gabon is encouraging youth to pursue technical education, particularly in timber-related disciplines. A special unit in the Nkok special zone has been established focusing on training in forestry, milling and the operation of trucks and heavy machinery.

Electricity disruptions are severely affecting the peeling and plywood industries, with operations within the Gabon Special Economic Zone (GSEZ) being particularly disturbed. The local water and electricity supplier, SEEG, has promised an improvement by the end of the month.

### Harmonising traceability and legality systems

Representatives from the forestry sector in Gabon met recently to discuss issues related to the traceability of timber harvested in Gabon and explore opportunities for synergies between the traceability and e-governance systems currently being deployed and the possibilities for sharing data with the timber promotion platform "Open Timber Portal".

The gathering was arranged by the World Resources Institute (WRI) and Global Forest Environment Consulting (GFEC) to bring together private economic operators as well as senior representatives of the Forestry Administration.

See: <https://www.gabonreview.com/exploitation-forestiere-augabon-les-acteurs-du-secteur-harmonisent-leurs-systemes-de-tracabilite-et-de-legalite/>

### Log export prices

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

## Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	425
Bilinga FAS GMS	680
Okoumé FAS GMS	480
Merchantable KD	440
Std/Btr GMS	450
Sipo FAS GMS	520
FAS fixed sizes	-
FAS scantlings	540
Padouk FAS GMS	850
FAS scantlings	950
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

## Ghana

### Prices to ECOWAS rise despite drop in volume

In the first two months of 2024 Ghana's wood product exports to six ECOWAS (Economic Community of West African States) countries amounted to 3,480 cu.m of the country's total volume of 40,763 cu.m. This represented 9% less when compared to 3,824 cu.m recorded for the same countries during the same period in 2023 when total exports were 44,400 cu.m.

However, earnings from wood product exports to the ECOWAS market in the first two months of 2024 registered a marginal increase to Eur 1,398,648, from Eur 1,397,761 in 2023.

The average unit price (AUP) for shipment to all countries increased from Eur366/cu.m in 2023 to Eur402/cu.m in 2024. In particular the average price for exports to Burkino Faso in the first two months of 2024 was 34% higher than in the same period in 2023. However, average prices for shipments to Niger and Benin were down year on year.

### Ghana's wood product exports to ECOWAS, Jan-Feb 2023

	cu.m	Euro	AUP
Togo	1,079	408,245	378
Burkina Faso	1,380	439,299	318
Niger	960	393,846	410
Benin	247	99,000	401
Senegal	120	43,758	365
Nigeria	38	13,613	358
Total	3,824	1,397,761	366

Data source TIDD. AUP= av. unit price

### Ghana's wood product exports to ECOWAS, Jan-Feb 2024

	cu.m	Euro	AUP
Togo	1,245	507,924	408
Burkina Faso	1,049	449,328	428
Niger	911	342,638	376
Benin	40	14,303	358
Senegal	160	57,576	360
Nigeria	75	26,879	358
Total	3,480	1,398,648	402

Data source TIDD. AUP= av. unit price

Wood products exported to the Africa regional markets included air-dried sawnwood, plywood, kiln-dried sawnwood and sliced veneer. Morocco, South Africa and Egypt were also Ghana's non-ECOWAS trading partners in early 2024.

Plywood was one of the major wood products exported to the ECOWAS sub-regional market, especially to Togo, Burkina Faso and Niger and amounted to 3,072cu.m in the first two months of 2024. Shipments to Nigeria (75 cu.m), Benin (40 cu.m) and Senegal (161 cu.m) made up most of the balance of shipments.

### ECOWAS Bank to inject US\$200m to support Ghana SMEs

The ECOWAS Bank for Investment and Development (EBID) has strengthened its transformative partnership with Ghana by committing to inject US\$200 million into the Ghanaian economy through strategic alliances with the Ghana Export-Import Bank (GEXIM) and GCB Bank PLC.

This was contained in a Memorandum of Understanding signed by Dr. George Agyekum Donkor, President and Chairman of the Board of Directors of EBID and Dr. Mohammed Amin Adam, Minister for Finance of the Republic of Ghana, at a ceremony held at the EBID headquarters in Lome, Togo.

The financing will support small and medium enterprises and other critical sectors of the economy as part of government's commitment to fund SME operations at reduced loan interest rates. The latest finance brings to US\$600 million EBID's commitment to Ghana.

In related news, the Development Bank Ghana (DBG) and Singaporean FinTech firm, Proxtera, have also partnered to provide small and medium-sized enterprises in the country loans worth some US\$100 mil. This was contained in a Memorandum of Understanding (MoU) signed between DBG and Proxtera on the sidelines of the 3i Africa Summit in Accra.

See: <https://www.dbg.com.gh/2024/05/20/>

### Ghana losing billions to environmental degradation

The Executive Director of the Environmental Protection Agency (EPA), Dr. Kingsley Krugu, has suggested that an economic assessment on the cost of environmental degradation in Ghana would likely show the country is losing billions annually.

Dr. Krugu made these revelations at a ceremony to commemorate this year's World Biodiversity Day (WBD) in Accra on the theme 'Be Part of The Plan' fashioned to remind everyone of their responsibility towards the environment as provided under Article 41 (k) of the 1992 Constitution of the Republic of Ghana.

He said, unregulated activities such as illegal mining, pollution with mercury, degradation of costal habitats, deforestation and forest degradation, along with climate change are causing the country huge economic losses annually.

See: <https://gna.org.gh/2024/05/ghana-loses-usd-54billion-annually-to-environmental-degradation-epa/>

and <https://citibusinessnews.com/2016/12/ghana-loses-54-billion-to-galamsey-deforestation-group/>

### Higher producer price inflation

April Producer Price Inflation (PPI) for all goods and services in the country for April 2024 was 17%, up from the 15% recorded in March 2024 according to the Ghana Statistical Service (GSS).

The month-on-month PPI, also known as the ex-factory price was 4% in April 2024, higher than the 3.2% recorded in March 2024.

The report stated that, the producer price inflation in the industrial sector, excluding the construction sector, increased to 20% in April 2024 from 19% recorded in March 2024. In the Services sector the rate increased from 7.6% in March 2024 to 9.4% in April 2024.

In related news, at a news conference after the Monetary Policy Committee (MPC) meeting the Governor of the Bank of Ghana (BoG), Dr. Ernest Addison, announced that the Bank would maintain its Monetary Policy Rate (MPR) at 29%. He said projections indicate that inflation would remain within the monetary policy consultation clause of 13 to 17% by the end of the year.

See:

[https://statsghana.gov.gh/gssmain/storage/img/marqueeupdater/April\\_PPI\\_All%20activities%20\(summary\).pdf](https://statsghana.gov.gh/gssmain/storage/img/marqueeupdater/April_PPI_All%20activities%20(summary).pdf)

### Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	777
Niangon Kiln dry	910

### Rotary veneer export prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	373	441
Chenchen	472	612
Ogea	494	590
Essa	614	711
Ofram	350	435

### Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
FAS 25-100mmx150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	465	500
Ceiba	290	360
Dahoma	504	524
Edinam (mixed redwood)	640	723
Emeri	660	800
African mahogany (Ivorensis)	846	866
Makore	560	825
Niangon	725	860
Odum	836	1,049
Sapele	800	868
Wawa 1C & Select	445	466

### Sliced veneer export prices

Sliced face veneer	FOB Euro per cu.m
Asanfina	1,095
Avodire	673
Chenchen	823
Mahogany	2,052
Makore	879
Odum	2,499
Sapele	1,081

### Plywood export prices

Plywood, FOB	Euro per cu.m		
BB/CC	Ceiba	Ofram	Asanfina
4mm	555	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%.

## Malaysia

### Strong trade performance

Malaysia's trade continued its strong performance and maintained an upward growth in April 2024 recording double-digit growth of 12% compared to April 2023. This was the fourth consecutive month of year-on-year expansion.

Exports in April 2024 rebounded by 9% year on year after two consecutive months of contraction, according to the Ministry of Investment, Trade and Industry. In terms of markets, exports to ASEAN, the United States and the European Union recorded double-digit growth while exports to China rebounded from negative growth recorded in the previous month.

See: <https://www.malaymail.com/news/money/2024/05/20/miti-malaysia-trade-up-121pc-to-rm22174b-exports-rebound-91pc-to-rm11472b-in-april/135445>

### **EFE furniture fair**

The Export Furniture Exhibition (EFE) returned to the Kuala Lumpur Convention Centre (KLCC) for its 17th edition attracting exhibitors and buyers from all over the world. EFE 2024 was described by the show's organiser as "a resounding success".

This year's show saw the return of the Malaysian Furniture Creativity (MFC) Awards, a scheme designed to applaud innovation and inspire the future of furniture design and to motivate manufacturers to embrace Original Design Manufacturing as a consequence.

Three categories, dining, living and bedroom furniture were assessed and the final results were decided through a combination of voting from invited buyers as well as evaluation from a panel of judges comprising professional designers and media personnel. The winners are reported in the link below. The 18th EFE will take place 3-6 March 2025 at the KLCC.

See: <https://furniturenews.net/event-review/winning-exports-from-malaysias-efe>

### **Sabah forest carbon auction**

Bursa Carbon Exchange (BCX), a wholly-owned subsidiary of Bursa Malaysia Berhad (Malaysia Stock Exchange), will be hosting an auction of its first Malaysian carbon credits in July.

The auction of carbon credits from the Kuamut Rainforest Conservation Project (Kuamut Project) in Sabah marks a significant milestone for BCX on several fronts.

According to Muhamad Umar Swift, Chief Executive officer of Bursa Malaysia, "This is a historic moment as we welcome the first Malaysian nature-based carbon project onto BCX. Given the importance of the voluntary carbon market (VCM) in the nation's climate agenda, the offering of the Kuamut Project carbon credits is a significant milestone, indicating the country's environmental leadership".

Muhamad Umar Swift hopes that this historic moment signals to the world that Malaysia is serious about climate action and its climate ambition. He said "We are committed to advance the transition towards a lower carbon economy by developing a supportive VCM ecosystem through BCX."

The Kuamut Project currently contributes towards 12 of the 17 goals and targets under the UN Sustainable Development Cooperation Framework in addition to verifiable emissions reduction.

See: <https://www.theborneopost.com/2024/05/11/bursa-malaysia-to-auction-carbon-credits-from-kuamut-rainforest-conservation-project/>

### **Mandatory environmental compliance**

The Sarawak Timber Association (STA) will pioneer initiatives aimed at enhancing environmental stewardship in the forestry sector in conjunction with the upcoming implementation of mandatory Environmental Compliance Audit (ECA), effective July 1 this year.

STA said it has consistently encouraged members in the forestry sector to uphold environmental regulations, particularly the Natural Resources and Environment (Audit) Rules 2008 as administered by Natural Resources and Environment Board (NREB).

As part of its ongoing commitment to improving environmental stewardship, STA has been conducting a series of comprehensive Environmental Quality Monitoring (EQM) and ECA training sessions since 2015.

Individuals aspiring to become registered Environmental Auditors are required to fulfil the prerequisite of successfully completing the ECA training course and registering with NREB.

The ECA training course covers various audit methodologies and techniques essential for assessing environmental compliance. Participants will gain proficiency in understanding the audit scope and processes involved as well as in planning and conducting on-site audits.

See: <http://theborneopost.pressreader.com/article/281590950668873>

## **Indonesia**

### **IDR 7.5 billion for restructuring wood processing industries**

The Ministry of Industry has allocated IDR7.5 billion for a programme to assist in the upgrading of machinery and equipment in the wood and furniture processing industries.

The Ministry of Industry aims to assist at least 10 companies needing production equipment upgrading. Putu Juli Ardika, Director General of Agro-Industry at the Ministry of Industry, explained that the programme aims to strengthen the value chain for processed wood and furniture by optimising technological aspects. He added "in addition, this can enhance the competitiveness and efficiency of wood processing and furniture production".

Since 2022, 24 wood and furniture processing companies have participated in this programme and recipient companies say the programme increased company efficiency by 10-30%, product quality by 10-30% and company productivity by 20-30% according to the Ministry.

See: <https://www.siaranindonesia.com/baca/20240513/anggaran-program-restrukturisasi-mesin-industri-furniture-rp75-miliar.html>



### **Monitoring using remote sensing requires ground verification**

Ensuring precision in forest monitoring requires attention to detailed parameters and ground checks stated Alue Dohong, Deputy Minister of Environment and Forestry (KLHK) at the 19th UNFF side vent 'Robust Forest Monitoring System for Assuring Sustainable Forest Management'.

Acting Director-General of Sustainable Forest Management at the Ministry of Environment and Forestry, Agus Justianto, added that forest monitoring using remote sensing technology requires verification with ground checks adding no currently available remote technology can describe forest conditions with precision.

Agus explained that Indonesia utilises remote sensing technology in monitoring forest resources to support sustainable forest management at the forest management level, including the use of high-resolution satellite imagery.

See: <https://forestinsights.id/indonesia-emphasizes-importance-of-detailed-parameters-and-ground-checks-for-forest-monitoring-accuracy/>

Also at the UNFF the KLHK stated that, in recent years, the national forest monitoring system data revealed that Indonesia's deforestation level has decreased significantly. Agus Justianto, KLHK Acting Director General of Sustainable Forest Management said "through a long process of improving the forest monitoring system Indonesia can now show data related to deforestation trends backed up scientifically.

Justianto elaborated that the net deforestation rate fell by 8.4% between 2021 to 2022, with a reduction in gross deforestation of 14%.

See: <https://www.suara.com/bisnis/2024/05/10/233755/indonesia-ungkap-keberhasilan-kurangi-deforestasi-aphi-turut-berkontribusi>

### **Progress by Joint Task Force on EUDR**

Musdhalifah Machmud, co-chair of the EUDR Joint Task Force and Senior Advisor for Connectivity, Service Sector and Natural Resources, Coordinating Ministry for Economic Affairs for the Republic of Indonesia and Florika Fink-Hooijer, Director-General for the Environment, European Commission met in Bali in May reaffirmed their willingness to ensure uninterrupted trade flows and enhance deforestation-free supply chains.

The EU welcomed the efforts from Indonesia to include smallholders in the value chain and both sides agreed to involve them further in the next steps. Indonesia and the EU agreed on technical discussions between the Indonesian authorities and the European Commission's Joint Research Centre to share feedback on relevant forest maps in alignment with the regulation.

Both sides welcomed the forthcoming joint study on the legality requirements of the EUDR in the Indonesian context. The study is expected to provide a list of laws and regulations in force in Indonesia to facilitate operators' and traders' due diligence obligations.

See: <https://www.europeaninterest.eu/eu-and-indonesia-cooperate-to-implement-the-eu-deforestation-regulation/>

### **SMEs encouraged to boost exports**

Jerry Sambuaga, Deputy Minister of Trade, has encouraged businesses, including micro, small and medium enterprises (MSMEs), to make the most of trade agreements between Indonesia and other countries to boost exports. One of the trade agreements that can be utilised, he added, is the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA).

IA-CEPA is a comprehensive economic partnership agreement between Indonesia and Australia, with one of the objectives being to expand market access and boost the competitiveness of Indonesian products, especially agriculture, fisheries, industry and forestry.

Australia eliminated 6,474 tariff posts so that Indonesian products are not subject to import duties. This provides an incentive for exporters, said the Deputy Minister.

See: [https://en.antaranews.com/news/313545/deputy-minister-urges-msmes-to-use-trade-agreements-to-boost-exports?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=popular\\_right](https://en.antaranews.com/news/313545/deputy-minister-urges-msmes-to-use-trade-agreements-to-boost-exports?utm_source=antaranews&utm_medium=desktop&utm_campaign=popular_right)

### **Expanding domestic and foreign market share**

The Indonesian furniture sector experienced a 24% year-on-year decline in export earnings in 2023 attributed to global geopolitical conditions. According to data from Statistics Indonesia (BPS), exports in 2023 amounted to US\$2.2 billion, down from US\$ 2.9 billion in 2022.

Dedy Rochimat, the General Chair of the Indonesian Furniture Industry and Handicraft Association (Asmindo) is confident that Indonesia can expand growth in the furniture sector. This is based on the tremendous potential that Indonesia possesses along with the ongoing collective efforts being made.

"Despite the 2023 decline, Asmindo is confident that Indonesia can capture 1% of the world furniture market share in the future," said Dedy.

To reach that goal the association is working to expand its domestic and foreign market share through various programmes, one of which involves developing the International Furniture and Craft Fair Indonesia (IFFINA) Kofurn in Korea, Index Dubai as well as holding the IFFINA Indonesia Meubel & Design Expo in September this year.

See: <https://ekonomi.bisnis.com/read/20240522/257/1767635/ekspor-furnitur-ri-ambblas-pengusaha-bidik-pasar-global>

In related news, the Director General of National Export Development, Didi Sumedi, along with the Director General of International Trade Negotiations, Djatmiko Bris Witjaksono, met with leading importers in Santiago, Chile. The purpose of the meeting was to promote an increase in the exports of Indonesian furniture.

The furniture industry in Chile is growing steadily with an average projected annual growth of 6% (CAGR 2024–29) and a projected turnover of US\$5.14 billion in 2024.

To capitalise on the potential of the Chilean furniture market, Director General Didi announced that the Ministry of Trade will offer support and assistance for Chilean importers to visit Indonesia, including participation in furniture exhibitions.

Additionally, importers will have the opportunity to visit Indonesian furniture companies to source products tailored to the preferences of the Chilean and South American markets.

Didi stated that with the implementation of the preferential tariff scheme under the Indonesia-Chile CEPA Agreement, Indonesian furniture exports to Chile will continue to rise.

See: <https://www.kemendag.go.id/berita/foto/kemendag-dorong-ekspor-furnitur-indonesia-ke-amerika-selatan>

#### Indonesian model for community-based forest governance

The World Bank hosted the 2024 Land Conference in Washington from 12–17 May 2024 which focused on social forestry as a means of supporting land management and climate resilience.

Director General of Social Forestry and Environmental Partnerships of the KLHK, Bambang Supriyanto, discussed the relationship between land, climate and food security in a conference session. According to Bambang, in 2016 a more progressive social forestry programme started with the establishment of the Directorate General of Social Forestry and Environmental Partnerships under the KLHK. This programme involves providing access to state forests for communities in and around the forest.

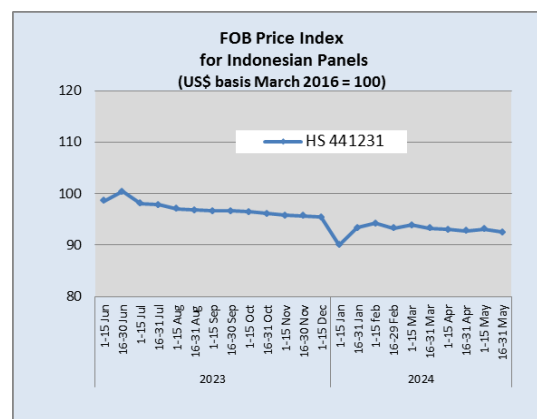
The target for access is 12.7 million hectares by 2030 and as of May this year the target of 6.7 million hectares has been achieved. Bambang stated that another aim of social forestry is to promote economic equality and increase family income.

Willem van der Muur, a Land Tenure Specialist at the World Bank, mentioned that Indonesia has the potential to serve as a model for community-based forest governance to achieve climate and food security.

Bambang also presented the findings of the most recent study on carbon uptake in social forestry areas. Between 2016 and 2021, the forest cover in social forestry areas increased and contributed to carbon absorption of 32 million tonnes of carbon dioxide equivalent.

This amount is five times higher than the initial target for carbon absorption set when the programme was first designed.

See: <https://tekno.tempo.co/read/1869061/perhutanan-sosial-indonesia-jadi-contoh-mitigasi-iklim-berbasis-masyarakat>



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

## Myanmar

### Forest Joint Venture Corporation AGA

The Forest Joint Venture Corporation held its 31st Annual General Assembly on 19 May 2024 reviewing performance for the six months (April to Sept) last year. The majority shareholder is the Myanmar Timber Enterprise with 45% and the Forest Department holds 10% bringing to 55% the government's share.

According to a report to the shareholders the net profit after tax was about 2,700 million Kyats, approximately equal to US\$700,000 at the prevailing exchange rate.

In order to reduce the dependency on the timber trade the corporation has tried to adjust its business strategy. One of the ideas considered was the establishment of a bank dedicated to the forestry sector. In Myanmar, there are few banks dedicated to specific sectors.

However, a major obstacle to the establishment of a bank was that the substantial foreign exchange holdings of the Corporation had to be converted into local currency in 2022 when the government ordered trade and non-trade institutions not to hold foreign currency.

When the conversion was made the exchange rate applied was 1,850MMK/US\$. It is understood that the Corporation lost financially given that the current exchange rate has risen from 1,850 MMK to over 4,000 MMK per US dollar.

### Revival of Myitsone dam project

The Myanmar government is reportedly contemplating the revival of the Myitsone hydropower project, an US\$3.6 billion China-backed dam in the Kachin state work on which was halted in 2011 due to environmental concerns and public protests.

The announcement came via the Information Ministry which stated a new leadership team has been formed to reconsider the project involving research, technical solutions and public relations, in partnership with China's SPIC Yunnan International Power Investment company.

Opposition to the dam remains strong with concerns over environmental damage, displacement of villagers and the imbalance of power distribution with a reported 90% to go to China .

See- <https://abcnews.go.com/International/wireStory/myanmar-quietly-announces-plans-study-controversial-chinese-dam-110502603> and <https://thediplomat.com/2020/07/chinese-investment-in-myanmar-beyond-mytstone-dam/>

#### Cracked down on unlicensed online money changers

The Central Bank of Myanmar (CBM) has cracked down on more Facebook pages and websites operating as unlicensed money exchangers. These businesses lacked the official permits required to buy, sell and exchange foreign currency.

The CBM has already taken action against the individuals and organisations involved. The CBM is also collaborating with other central banks to target foreign-based operations that use phone numbers and social media pages for forex activity. This crackdown has contributed to shortages of essential goods, especially medicine.

See- <https://elevenmyanmar.com/news/myanmar-central-bank-cracks-down-on-16-more-illegal-foreign-exchange-facebook-pages-and>

## India

#### Surging freight rates disrupting teak trade

The correspondent writes “ocean freight has been going crazy over the last 20 days with rates almost doubled. Freight charges to India have increased 3 fold during the last 4-5 months especially from Africa and South America. This has upended imports of pine and lower qualities of teak as shipping has become so expensive”.

General elections in India are in the final phase and by the end of this month polling will end and by 4 June the results will be declared. Slowly labourers and factory workers who returned home to vote will return to work and by early June normal production should resume.

India is currently experiencing peak temperatures, far above normal for May. New Delhi recorded its highest temperature in history at 49 degrees centigrade and Northern India is under a Red Alert for a heat wave.

#### MDF increasingly finding market acceptance

Century Ply has announced the first commercial shipment from its new Andhra Pradesh State plant which has doubled the company's MDF production. MDF is increasingly finding market acceptance in competition with plywood.

Products such as particleboard and MDF are steadily penetrating the Indian panel market as demand in the real estate sector continues to expand.

See: <https://www.plyreporter.com/article/153898/centuryply-commences-commercial-production-of-its-ap-based-mdf-plant>

#### Forest fires continue

Fires have been raging in forest rangers of Uttarakhand state (central north India) for almost six months now. Forestry Officials reported over 900 incidents since November last year. Officials said forest fire incidents in Uttarakhand are mainly attributed to human activities.

#### Certification in India

Dhanapal Govindarajulu\, writing for the India Development Review (IDR), offers an insight into certification and sustainable forest management in India. India launched the Indian forest and wood certification scheme in December 2023 which offers voluntary third-party certification for forest products from state and private land.

The scheme aims to regulate certification agencies and procedures by mandating the registration of certification bodies with the National Accreditation Board and by providing certification based on criteria and indicators set by the government under the National Working Plan Code, 2023.

The concept of sustainable forest management in India is not new. After the Indian Forest Act, 1865, the government took control of forest land to maximise timber production. Dietrich Brandis, India's first Inspector General of Forests (1864 and 1883) first proposed the concept of sustainable forest management.

In India, the main causes of deforestation are diversion of forests to non-forestry purpose such as mining, roads and other infrastructure and degradation due to fire, cattle grazing and invasive species such as lantanas.

See:  
<https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1985119>  
and  
<https://idronline.org/article/environment/does-certification-lead-to-sustainable-forests/>

#### 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	145	415
Colombia	117	380
Costa Rica	172	375
Nigeria	-	-
Benin	192	550
Tanzania	-	-
Laos	-	-
South Sudan	-	-
Guatemala	99	400
Venezuela	-	-



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

	cu.m	US\$ C&F
Benin	170	680
Brazil	88	550
Colombia	-	-
Costa Rica	95	505
Ecuador	-	-
Ghana	44	440
Ivory Coast	116	750
Nigeria	147	450
South Sudan	186	415
Tanzania	83	400
Togo	189	395
Panama	123	490

**Locally milled sawnwood prices**

Prices have risen.

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 - 1,800
Radiata pine	950 - 2,000
Whitewood	950 - 1,150

Price range depends mainly on lengths and cross-section

**Sawn hardwood prices**

Prices have risen.

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

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

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

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

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

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

Statistics from Vietnam's General Department of Customs show April 2024 W&WP exports reached US\$1.36 billion, up 5% compared to March 2024 and up 25% compared to April 2023.

Of this, WP exports contributed US\$938.7 million, up 6% compared to March 2024 and up 20% compared to April 2023. Overall, in the first 4 months of 2024 W&WP exports earned US\$4.9 billion, up 25% over the same period in 2023. In which, the WP exports, alone, earned US\$3.35 billion, up 28% over the same period in 2023.

Vietnam's W&WP exports to South Korea in April 2024 earned US\$74 million, up 18% compared to April 2023. Overall, in the first 4 months of 2024 W&WP exports to S. Korea were valued at US\$251 million, down 7% over the same period in 2023.

The exports of living and dining room furniture in April 2024 earned US\$230 million, up 16% compared to April 2023. In the first 4 months of 2024 exports of living and dining room furniture were valued at US\$833 million, up 31% over the same period in 2023.

Vietnam's W&WP imports in April 2024 were worth US\$232.8 million, up 20% compared to March 2024 and up 38% compared to April 2023. In the first 4 months of 2024 imports of W&WP imports costed US\$768.0 million, up 21% over the same period in 2023.

Vietnam's oak imports in April 2024 stood at 41,600 cu.m, worth US\$24.7 million, up 20% in volume and 20% in value compared to March 2024.

Compared to April 2023 imports of oak increased by 103% in volume and 106% in value. In the first 4 months of 2024 imports of oak amounted to 108,600 cu.m, worth US\$63.3 million, up 50% in volume and 54% in value over the same period in 2023.

Imports of logs and sawnwood (raw wood) from Southeast Asia in April 2024 continued to increase reaching 80,000 cu.m with a value of US\$24.0 million, up 4% in volume and 9% in value compared to March 2024.

This brings the total volume of wood raw materials imported from S.E. Asia in the first 4 months of 2024 to 289,170 cu.m with a value of US\$83.67 million, up 15% in volume and 13% in value over the same period in 2023.

#### **Exports grow in the first five months of 2024**

W&WP exports are estimated to have topped US\$6 billion in the first five months of this year, an increase of 18% over the same period last year, according to General Department of Customs.

Notably, WP exports earned over US\$4 billion, up 7.5% compared to the same period last year. With signals of demand recovery worldwide Vietnamese companies are investing in new technology and digital transformation to develop new products and services and increase competitiveness, efficiency and productivity.

However, Vietnam's timber industries are also facing many challenges especially in meeting demands for verification of legality and origin (EUDR) and the Carbon Border Adjustment Mechanism (CBAM), a carbon tariff on carbon-intensive products imported to the European Union.

See: <https://thoibaotaichinhvietnam.vn/vietnams-timber-wood-product-exports-post-positive-growth-in-the-first-five-months-151540.html>

#### **Vietnam and Japan cooperation on forestry**

The Vietnam Administration of Forestry (VAF) and Japan's Forestry Agency have signed a memorandum of cooperation (MoC on support for forestry).

At the signing ceremony on 14 May in Tokyo, VAF Director, Tran Quang Bao, spoke highly of Japanese cooperation and support for Vietnam in forestry over recent years. Specifically, Japan helped Vietnam formulate the 2017 Forestry Law and the decrees and circulars guiding its implementation.

Through its official development assistance programmes, Japan supported Vietnam to enhance sustainable forest management, enhance forest-based livelihoods for the community, protect biodiversity and cope with climate change in forestry.

Japan's programmes and projects implemented in Vietnam have been assessed as contributing to the success of Vietnam's forestry sector in recent years. Despite having recorded important results, Bao noted that the two sides must further step up cooperation to promote both countries' potential and strengths. For his part, Aoyama Toyohisa, Director-General for Technological Affairs, Ministry of Agriculture, Forestry and Fisheries (MAFF) spoke highly of Vietnam's close coordination during the cooperation process which resulted in important achievements.

He asked both sides to work together to build a plan to effectively implement the memorandum of cooperation.

The MoC includes co-operative activities on sustainable forest management, climate change mitigation and adaption, effective forest resource management and use, forest, biodiversity conservation and forest landscape restoration, forest management for natural disaster prevention, research and development on new technology in the field of forestry, human resource development, timber legality and responsible trade of wood products.

See: <https://vietnamnews.vn/economy/1655589/viet-nam-japan-sign-moc-on-forestry-co-operation.html>

#### **Potential for US\$200 million per year from carbon credit trade**

The Vietnamese Department of Forestry has estimated the country could sell some 40 million carbon credits for a revenue of US\$200 million annually. Vietnam currently has 14.79 million ha. of forest, a 42% forest cover.

The domestic media has reported the Department of Forestry has signed an emissions reduction purchase agreement with Emergent, a non-profit intermediary engaging tropical countries and the private sector to mobilise finance to support emissions reductions in deforestation.

It is reported that Vietnam plans to transfer to the forest financing organisation credits covering 5.15 million tonnes of carbon up to 2026. The Ministry of Agriculture and Rural Development has already identified targets and solutions for forestry work this year with a focus on completing the national forestry planning objectives.

See: <https://en.vietnamplus.vn/vietnam-capable-of-earning-200-million-usd-per-year-from-carbon-credit-trade-post280335.vnp>

## **Brazil**

#### **African mahogany hub boosts Minas Gerais economy**

An African Mahogany Forestry Hub, located in Minas Gerais State generates around R\$25 million per year, significantly contributing to the State economy.

According to the 2021 Brazilian Institute of Geography and Statistics (IBGE), Minas Gerais is the leading State for planted forests at 2.1 million hectares which include plantations of African Mahogany.

The Brazilian Forestry Institute (IBF) said investment in the Forestry Hub begins with the purchase of land offered by the IBF which is responsible for the entire cycle of planting, managing, and harvesting the trees.

The IBF also emphasises that cultivating African mahogany is a long process requiring around 17 years before harvest but it can yield financial returns exceeding R\$10 million for every 6 hectares planted. For investors, planting African mahogany offers a way to diversify their investments says IBF.

The search for long-term stability and future returns has attracted investors from various regions in Brazil including São Paulo, Rio de Janeiro, Paraná and Minas Gerais, a testament to the potential of plantation forestry in Brazil.

See: <https://www.remade.com.br/noticias/19964/polo-florestal-movimenta-milhoes-na-economia-de-minas-gerais>

#### **Mato Grosso invests in strengthening traceability**

With the expansion of areas designated for sustainable forest management (SFM) in the State of Mato Grosso in the Amazon Region, which currently extends to 5.0 million hectares, annual timber production can reach around 7 million cubic metres. This is according to the criteria established in environmental legislation that ensures proof of origin, traceability and quality assurance.

The State Environmental Secretariat (SEMA) of Mato Grosso has indicated there are opportunities to expand the area under SFM to 7 million hectares thus ensuring the conservation of natural resources and promoting socio-economic development by generating employment and income distribution in the region.

The forest sector in Mato Grosso has declared it is committed to implementing a certification model that provides greater security for the market in acquiring timber products through compliance with the traceability system of the chain of custody.

This involves mechanisms such as the System for the Commercialisation and Transport of Forest Products (Sisflora 2.0) and the Document of Forest Origin (DOF+ Traceability) which provide the means to track the native timbers from the forest to the final consumer.

To expand the commercialisation of forest products and increase the competitiveness of the timber industries in Mato Grosso regulation ABNT PR 1020 (Recommended Practice – Management of Natural Tropical Forest) came into effect in April this year. This is a standard that ensures sustainable forest management and establishes procedures for obtaining certification, including a certification seal of origin for the products.

See: <https://cipem.org.br/noticias/mato-grosso-trabalha-a-implementacao-da-certificacao-dos-produtos-madeireiros>

#### **Export update**

In April 2024 Brazilian exports of wood-based products (except pulp and paper) fell around 9% in value compared to April 2023, from US\$336.3 million to US\$306.7 million.

Pine sawnwood exports decreased 18% in value between April 2023 (US\$59.5 million) and April 2024 (US\$48.7 million). In volume, exports decreased 17% over the same period, from 264,000 cu.m to 219,500 cu.m.

Tropical sawnwood exports decreased 17.6 % in volume, from 29,000 cu.m in April 2023 to 23,900 cu.m in April 2024. In value, exports decreased 34.8 % from US\$15.5 million to US\$10.1 million, over the same period.

In contrast, pine plywood exports increased 15 % in value in April 2024 (US\$68.1 million) compared to April 2023 (US\$59.4 million). In volume, exports increased 10 % over the same period, from 179,900 cu.m (April 2023) to 197,700 cu.m. (April 2024).

As for tropical plywood, the volume of exports dropped 13% and in value the drop was 12%, from 3,000 cu.m and US\$1.7 million in April 2023 to 2,600 cu.m and US\$1.5 million in April 2024, respectively.

The value of exports of wooden furniture decreased from US\$47.1 million in April 2023 to US\$45.5 million in April 2024, a 3% fall.

#### **International forest protection fund**

An international effort is underway to establish a forest protection fund aimed at preservation and valuing global forest ecosystems. During the United Nations Forest Forum meeting in New York, Brazil presented a proposal "Tropical Forests Forever," receiving support from various countries, including Ghana, Malaysia, the Democratic Republic of Congo, Indonesia, Colombia, France, the United Kingdom, the United Arab Emirates, the United States and others.

The goal is to create a long-term financial fund to 'reward' countries that are reducing tropical deforestation through providing resources for conservation of forests. The Brazilian Forest Service (SFB) announced that all developing countries with tropical forests that have managed to reduce deforestation should be eligible to receive a fixed payment per hectare of standing forest and emphasised that the fund's launch is scheduled to take place during the COP30 scheduled for 2025.

Additionally, the SFB highlighted Brazil's efforts in combating deforestation reporting a 50% reduction in deforestation in the Amazon over the past year. This, said the SFB, was due to efforts to eliminate illegal activities.

The SFB also emphasised the importance of investment in sustainable production activities highlighting the bio-economy as an opportunity to increase the value of forests, create jobs and income in the region and contribute to the economy.

See: <https://news.un.org/pt/story/2024/05/1831421>

#### **Amazon+21 Institute fund for Amazon projects**

The Amazon+21 Institute has launched an investment platform, 'The Sustainable Investments Facility' with the goal of attracting R\$4 billion in funding for sustainable projects in the Amazon over the next 10 years.

The platform, which operates through blended finance, aims to initially raise R\$600 million in the first three years. With the support of the State Industrial Federations in the Legal Amazon the institute intends to boost an inclusive and high-value-added economy, reduce deforestation, cut emissions and pollution and improve the living conditions of the local population.

The 'Sustainable Investments Facility' will operate through platforms focused on bioeconomy, renewable energy, sustainable tourism, technical assistance, multistakeholder engagement and knowledge generation.

See: <https://forestnews.com.br/instituto-amazonia21-fundo-projetos-sustentaveis/>

#### Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	531↓
Jatoba	225↓
Massaranduba	199↓
Muiracatiara	192↓
Angelim Vermelho	193↓
Mixed redwood and white woods	147↓

Source: STCP Data Bank

#### Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	1,948↓
Jatoba	1,045↓
Massaranduba	928↓
Muiracatiara	924↑
Angelim Vermelho	917↓
Mixed red and white	592↑
Eucalyptus (AD)	332
Pine (AD)	272
Pine (KD)	307↑

Source: STCP Data Bank

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

	US\$ per cu.m
Parica	
4mm WBP	670↑
10mm WBP	529↑
15mm WBP	456↑
4mm MR.	616↑
10mm MR.	449↑
15mm MR.	402↑

Prices do not include taxes. Source: STCP Data Bank

#### Prices for other panel products

	US\$ per cu.m
Domestic ex-mill prices	
15mm MDParticleboard	328↓
15mm MDF	335↓

Source: STCP Data Bank

#### Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipe	2,645↓
Jatoba	1,404↓
Massaranduba	1,319↓
Muiracatiara	1,417↓
Pine (KD)	191↑

Source: STCP Data Bank

#### Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	345↑
12mm C/CC (WBP)	313↑
15mm C/CC (WBP)	306↑
18mm C/CC (WBP)	301↑

Source: STCP Data Bank

#### Export prices for added value products

	US\$ per cu.m
FOB Belem/Paranagua ports	
Decking Boards	
Ipê	3,120↓
Jatoba	1,745↓

Source: STCP Data Bank

## Peru

### New Executive Director for SERFOR

Engineer Nelly Paredes Del Castillo, the new Executive Director (elect) of the National Forestry and Wildlife Service (SERFOR) in the Ministry of Agrarian Development and Irrigation (MIDAGRI) has said she will work in a participatory manner with other sectors and with the communities.

In her first presentation to SERFOR the staff she urged all everyone to take on the challenge so that SERFOR continues to shine and is able to attract more finance for its activities.

Paredes Del Castillo was the head of the Technical Cabinet of the Presidency of the Council of Ministers and Minister of Agrarian Development and Irrigation. She was also Director of Planning and Budget at MIDAGRI and a Ddirector of Natural Resources, Risk and Climate Change Management in the Rural Agrarian Productive Development Programme (Agrorural).

See: <https://www.gob.pe/institucion/serfor/noticias/958900-trabajaremos-de-manera-articulada-entre-sectores-y-participativa-con-las-comunidades>

### Expert group discusses implementation of agroforestry contracts

In a joint effort to promote the sustainable management of Amazonian forests representatives of various entities met in Pucallpa to form an inter-institutional technical group. This initiative, led by the Regional Forestry and Wildlife Management, is intended to prepare for the implementation of the 'Transfer in Use Contracts for Agroforestry Systems' (CCUSAF) in Ucayali.

During the meeting the importance of committing financial, logistical and technical resources to guarantee the success and effectiveness of the CCUSAF in Ucayali was highlighted. The various stakeholders identified activities and committed to working in a coordinated manner to contribute to the process of granting and implementing these contracts.

The meeting had technical assistance from the USAID Forest+ project and the United States Forest Service. In addition, representatives of the National Forestry and Wildlife Service (Serfor), Agroideas, Sierra y Selva Exportadora, Agrorural, the Regional Sectorial Directorate of Agriculture, the Forest Resources Supervision Agency (Osinfor). The National Commission for Development and Life without Drugs (Devida) participated as did the National Agrarian Health Service (Senasa) and the National Institute of Agrarian Innovation.

### Particleboard imports fall in first quarter

During the first quarter of 2024 imports of particleboard (PB/MDP) reached a value of US\$32.1 million which represented a significant decrease of 21% compared to the same period in 2023 (US\$40.9 millions).



Ecuador, as usual, remained the main supplier of PB/MDP to the Peruvian market during this time with shipments totaling US\$17.2 million, marking a decrease of 10% compared to 2023 (US\$19.1 million). Ecuador's share of Peru's total PB/MDP imports in the first quarter 2024 was 53%, compared to 47% during the first quarter of 2023.

Spain was the second supplier at US\$5.5 million, a major year on year decline. Brazil was the third largest supplier in the period at US\$4.9 million, surpassing Chile, which was fourth with US\$ 4.2 million.

#### Export prices for added value products

	US\$ per cu.m
Strips for parquet Cabreuva/estoraque KD12% S4S, Asian market	1327-1398
Cumaru KD, S4S Swedish market	986-1119
Asian market	986-1011
Cumaru 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	582-611
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	691-710
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	582-602
Grade 2, Mexican market	527-541
Cumaru 4" thick, 6"-11" length KD Central American market	997-1023▲
Asian market	999-1032▲
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	634-649
Dominican Republic	75-799
Marupa 1", 6-11 length KD Grade 1 Asian market	555-566

#### 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

## Japan

#### Majority of Japanese firms say weak yen hurts profits

According to a recent survey of over 1,000 companies by Teikoku Databank and reported in the Japan Times, many consider the weak yen is not good for business.

About 64% of firms surveyed said the weak yen has eroded their profits, while just 78 firms saw a positive impact. Companies citing a negative impact said they were unable to pass on rising raw materials costs to customers. Most companies suggested a yen trading around yen 110-120 to the dollar would be appropriate. At the end of May the yen was 157 to the US dollar.

While the weak yen has bolstered earnings by exporters it continues suppress domestic spending. Household spending has fallen every month for more than a year.

See: <https://www.businesstimes.com.sg/international/majority-japanese-firms-says-weak-yen-hurts-profits-survey>

#### Calls for stepping up structural reforms

Masato Kanda, speaking before a meeting of Group of 7 finance ministers and central bankers, pointed out that Japan needs to make its economy more internationally competitive and at the same time he urged economic reform to tackle structural issues seen as pulling down the yen exchange rate.



Kanda emphasised the need to push ahead with wage increases, create conditions for increased capital spending and strengthen job market mobility.

See: <https://asia.nikkei.com/Editor-s-Picks/Interview/Japan-top-currency-diplomat-calls-for-stepping-up-structural-reforms2>

#### IMF - upturn in consumption forecast for later this year

In early May the International Monetary Fund (IMF) concluded the Article IV consultation with Japan this included discussion of the findings of the Financial Sector Assessment Program (FSAP) for Japan.

The IMF noted the Japanese economy has continued to recover since the pandemic with broad-based price increases following three decades of low inflation.

Growth is expected to continue with an upturn in consumption forecast for later this year. For 2024 growth is projected to decelerate to 0.9% but consumption is expected to pick-up in the latter half of 2024 and in 2025 due to the combination of rising nominal wages and lower inflation which will lift disposable incomes.

See: [https://www.imf.org/en/News/Articles/2024/05/13/pr24156-japan-imf-executive-board-concludes-2024-article-iv-consultation?utm\\_medium=email&utm\\_source=govdelivery](https://www.imf.org/en/News/Articles/2024/05/13/pr24156-japan-imf-executive-board-concludes-2024-article-iv-consultation?utm_medium=email&utm_source=govdelivery) and <https://www.imf.org/en/News/Articles/2024/02/08/mcs020824-japan-staff-concluding-statement-of-the-2024-article-iv-mission>

#### Higher exports but trade deficit

The value of Japan's exports grew for the fifth consecutive month in April, according to the Ministry of Finance. Exports of automobiles increased by 18%, semiconductor manufacturing equipment rose 28% and exports of electronic components including semiconductors were up 20%.

However, Japan recorded a trade deficit of around US\$3 billion in April as higher crude oil prices and a sharp drop in the yen exchange rate drove up the value of imports offsetting robust export growth.

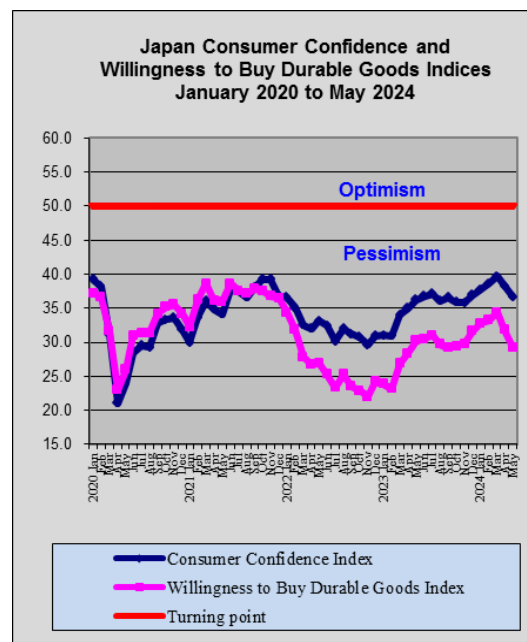
See: <https://asia.nikkei.com/Economy/Japan-exports-grew-for-5th-month-in-row-in-April-led-by-cars-chips>

#### First quarter dip in GDP

The Japanese economy shrank year on year at an annual rate of 2% in the first quarter of this year. Although unemployment remains low wage growth has been slow and prices have risen due to weakness of the yen against the US dollar.

Quarter-on-quarter, the preliminary seasonally adjusted GDP, a measure of the value of a nation's products and services, slipped 0.5% in the January-March period according to the Cabinet Office.

See: <https://apnews.com/article/japan-economy-inflation-gdp-yen-bb372c3c9d79c31b8a5accb0a650b822>



Data source: Cabinet Office, Japan

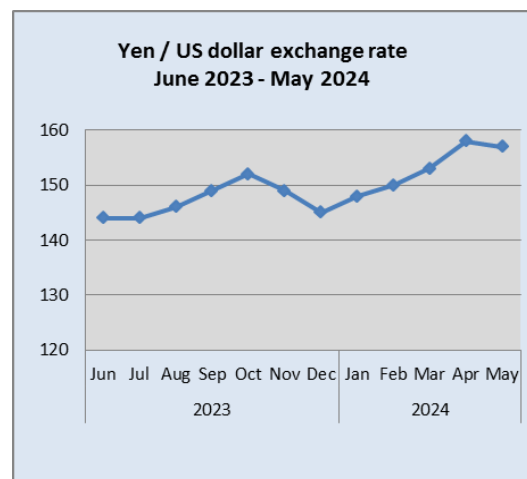
#### Interest rate hike may come earlier than anticipated

When the Bank of Japan (BoJ) began unwinding its negative interest policy in March this year it emphasised that financial conditions would be kept easy and interest rates would only slowly increase.

But that was before the yen/dollar exchange rate crashed and remains weak despite two suspected currency interventions and the BoJ reduced its purchases of Japanese government bonds.

The BoJ policy statement also came as the US Federal Reserve stated there will only be three interest rate cuts this year, down from the six that were anticipated. These changes have increased the possibility that interest rates in Japan may be raised earlier than expected, especially as the weak yen is at the heart of the higher prices faced by consumers.

See: <https://asia.nikkei.com/Spotlight/Market-Spotlight/Potential-for-earlier-BOJ-rate-hike-rises-amid-hawkish-signals-weak-yen>



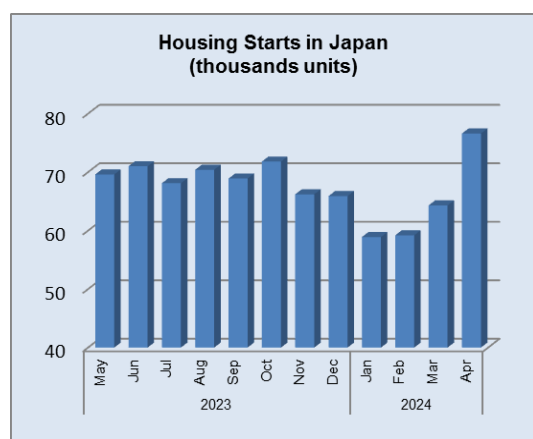
Data source: WSJ

### Carbon footprint in constructing wooden house

Researchers at Kyushu University have published a comprehensive analysis on the carbon footprint of constructing a wooden house in Japan. The study covered the total amount of emissions produced along the entire supply chain including the processing and transport of the raw materials that go into building a house.

According to the team's findings, “the estimated carbon footprint of building a single wooden house in Japan is 38 tonnes of CO<sub>2</sub>. Making up the largest share of that, accounting for 32% of total emissions, was the electric power sector. Other sectors included iron production at 12%, with cement, road freight transport and private power generation each producing around 7% of total emissions”.

See: [https://phys.org/news/2024-05-carbon-footprint-wooden-house-japan.html#google\\_vignette](https://phys.org/news/2024-05-carbon-footprint-wooden-house-japan.html#google_vignette)



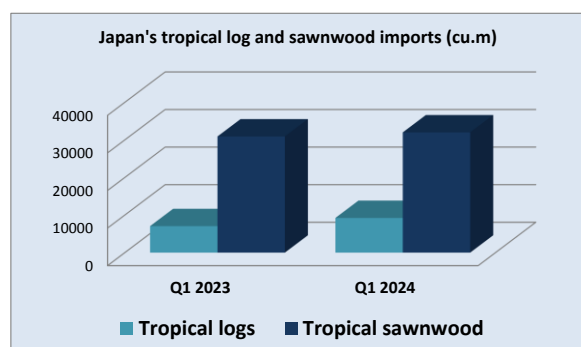
Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

### Import update

#### Log and sawnwood imports

Japan has a long history of tropical timber imports. It was from the Philippines that Japan first imported tropical timber, starting in the 1950's and peaking in the second half of the 1960's.

Japan used to be the world's biggest consumer of tropical logs but in 2023 imports had dropped to 30,759 cu.m from a peak of 26.79 million cu.m in 1973. More than half of 2023 log imports came from Malaysia with the balance from 12 other countries.



Data source: JLR

### First quarter 2024 tropical sawnwood imports

HS code		cu.m
4407.21-000	Fiji	29
4407.22-000	Ecuador	61
4407.22-000	PNG	29
4407.23-000	Indonesia	15
4407.25-010	Malaysia	44
4407.25-010	Indonesia	18
4407.25-090	Malaysia	27
4407.26-010	Malaysia	636
4407.26-010	Indonesia	32
4407.26-090	Malaysia	59
4407.27-000	China	3
4407.27-000	Italy	19
4407.29-110	Vietnam	101
4407.29-110	Malaysia	854
4407.29-110	Indonesia	35
4407.29-190	S. Korea	18
4407.29-190	Thailand	79
4407.29-190	Malaysia	365
4407.29-220	Indonesia	6
4407.29-220	India	10
4407.29-220	Guatemala	7
4407.29-220	Brazil	0
4407.29-220	Cameroon	3
4407.29-291	Malaysia	31
4407.29-299	China	839
4407.29-299	Taiwan P.o.C	62
4407.29-299	Vietnam	312
4407.29-299	Thailand	31
4407.29-299	Malaysia	3,917
4407.29-299	Philippines	497
4407.29-299	Indonesia	4,567
4407.29-299	France	59
4407.29-299	Spain	20
4407.29-299	Italy	342
4407.29-299	Surinam	169
4407.29-299	Bolivia	31
4407.29-299	Brazil	101
4407.29-299	Cameroon	292
4407.29-299	CAR	292
4407.29-299	Tanzania	0
4407.29-299	Fiji	141
	Total	14,153

Data source: Ministry of Finance, Japan

### First quarter 2024 tropical sawnwood imports

Imports of tropical sawnwood have followed the same downward trend as seen for tropical logs. In 2013 tropical sawnwood imports were around 280,000 cu.m but dropped to 136,000 in 2023.

### First quarter 2024 tropical log imports

HS code		cu.m
4403.12-900	Indonesia	172
4403.41-000	Malaysia	5,621
4403.49-100	Malaysia	1,547
4403.49-219	Thailand	54
4403.49-219	Malaysia	474
4403.49-300	CAR	388
4403.49-300	DRC	293
4403.49-600	Malaysia	61
4403.49-600	Indonesia	8
4403.49-600	Surinam	93
4403.49-600	Ecuador	55
4403.49-600	DRC	82
4403.99-990	Colombia	16
4403.99-990	Ecuador	256
4403.99-990	Peru	2
4403.99-990	India	90
4403.99-990	Bangladesh	9
	Total	9,221

Data source: Ministry of Finance, Japan

### Import update

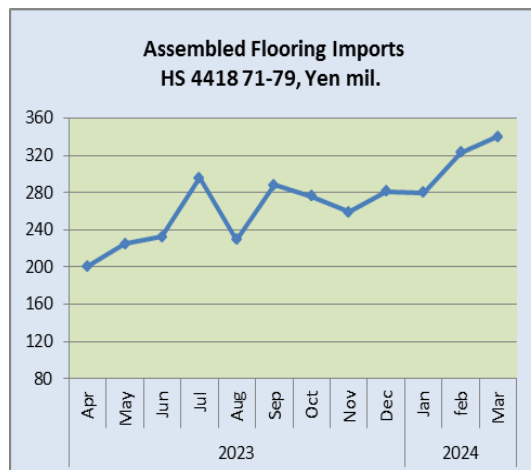
#### Assembled wooden flooring imports

In March the main category of assembled flooring imports was (HS441875), accounting for over 70% of the total value of assembled flooring imports. The second largest category in terms of value was HS441873 exceeding that of HS 441879.

The value of imports of assembled wooden flooring (HS441871-79) in March 2024 were up from the same month in 2023 and compared to the value of February imports there was a 15% increase in the value of Marchy imports.

The yen exchange rate against the US dollar has driven up the cost of flooring imports but the steady rise in imports cannot be explained as only due to the weak yen as the yen exchange rate has been in the range of 140-150 yen per dollar for most of 2023 rising to over 150 in the early part of 2024.

The main shippers of assembled flooring in February were China 58%, down slightly from a month earlier, Vietnam, Malaysia, Thailand and Indonesia.

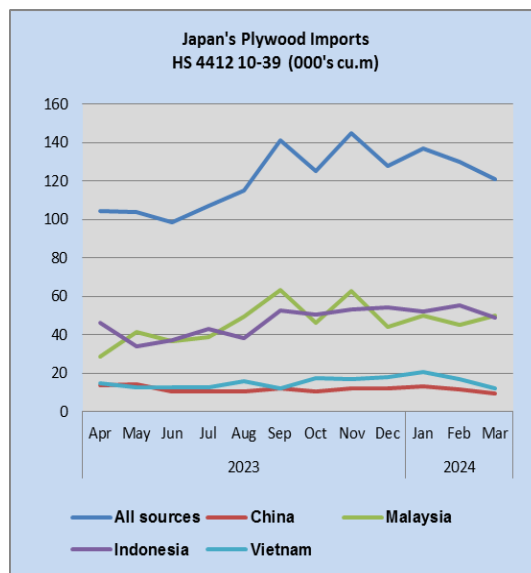


Data source: Ministry of Finance, Japan

#### Plywood imports

Of the four main suppliers of plywood (HS441210-39) to Japan; Indonesia, Malaysia, Vietnam and China all except for Indonesia saw March shipments drop below those of the previous month. However, the total volume of March imports fell from the previous month but were up year on year.

Of the various categories of plywood imported, 83% was HS441231 in March with HS441233 and HS441234 accounting for the balance. The four main shippers of plywood to Japan, Indonesia, Malaysia, Vietnam and China consistently account for over 90% of plywood imports.



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

Data source: Ministry of Finance, Japan

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

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

### Japan Novopan Industrial to raise price of products

Japan Novopan Industrial Co., Ltd. in Osaka Prefecture will raise the prices of all kinds of particleboards gradually starting June, 2024. The prices of all kinds of particleboards will be 10 % higher than the current prices. The reasons are that the prices of materials, such as glue or wooden chips, glue, production cost and transportation fee are rising.

The company will change the price of 2 x 6 floor at first. Then, the prices of products for woodworking, structural materials for prefabricated houses, and structural particleboards will be raised. The company expects clients to understand this price hike.

According to the company, the price of wooden chips has increased 14 % since the beginning of this year. The price of glue has increased 4 %. The prices of a curing accelerator, mold release agent, sales, general and administrative expenses, and labor costs have increased 2 %. The price of distribution costs has increased 5 %.

After the invasion in Ukraine by Russia, the price of petroleum and LNG rose and the price of petrochemical products also rose. Additionally, the yen started to depreciate against the dollar in this year. Also, prices for everything keep increasing. Then, the company raised wages for its employees.

The annual production of particleboards is 150,000 – 160,000 tons at Sakai plant, which is a head plant, in Osaka Prefecture and the annual production of particleboards is 120,000 tons at Tsukuba plant in Ibaraki Prefecture. Japan Novopan Industrial is one of the greatest particleboard manufacturers in Japan.

### Akimoku Board stopped producing hardboards and insulation boards

Since the hardboard and insulation board markets have been shrinking, Akimoku Board Co., Ltd. in Akita Prefecture has decided to voluntarily close its business and has stopped producing hardboards and insulation boards at the end of April, 2024.

The company was established in 1999. The company manufactured boards by a wet process. The hardboards were used for crating and curing boards for floors and the insulation boards were used for tatami boards.

Monthly production of hardboards was 400 – 450 tons and monthly production of insulation boards was 200 – 250 tons.

The reasons for stopping manufacturing insulation boards were that Japanese – style rooms were not popular and the COVID-19 or the woodshock influenced the new starts after 2020. The sales of insulation boards went down badly.

### South Sea logs and lumber

Since demand for blocks for steel ship building is high shipbuilding is high, demand for south Sea log is very strong. South Sea log is very strong blocks for steel is popular and South Sea log is the best material to produce the blocks.

The arrival volume of South Sea logs during January to February 2024 is 7,985 cbms, 13,4% higher than the same period last year. Next South Sea logs will arrive to Japan in June or July 2024.

The price of log in South East Asia increases due to the weak yen. Is difficult to sell South Sea log with good quality to Japanese buyers. Malaysia plywood manufacturers have reduced production so loggers hesitate to cut down trees. Also, loggers in PNG lost their motivation to cut down trees because demand logs in China is sluggish.

Once the yen depreciated to 155 yen against the dollar many distributors started to purchase South Sea lumber and Chinese lumber because they assumed the yen would appreciate against the dollar easily.

### March supply of plywood

Total plywood supply in March, 2024 is 361,000 cbms. This is 4.4 % less than February, 2024 and this is straight four months decreasing. Domestic plywood is 2.0 % down from the previous month and imported plywood is 7.1 % down from the previous month.

On the other hand, shipment of domestic plywood is 8.5 % higher than last month and this is for the first time in three months to be a level of 200,000 cbms. The inventory at the end of April, 2024 decreases.

Production of structural softwood plywood is 174,000 cbms, 2.6 % less than last month. Production of under 6 mm plywood, under 6 – 12 mm plywood, under 12 – 24 mm plywood, and over 24 mm plywood has decreased from the previous month.

However, shipment of plywood is 20,000 cbms, 12.4 % up from last month. The shipment exceeds production by 9,000 cbms. Production of domestic painted plywood for concrete form is 2,300 cbms higher than the previous month.

This was the largest volume of domestic painted plywood for concrete form for the first time since June, 2023.

The market of structural softwood plywood had been very sluggish until the middle of March, 2024. However, several major plywood manufacturers announced to raise the structural plywood price as of April, 2024.

Then, consumers started to purchase the structural plywood so the movement of structural plywood began to move. The imported plywood supply decreases for two months continuously. Indonesian plywood is 11.2 % down from last month but Malaysian plywood is 10.5 % up from last month.

The average Indonesian plywood supply during January, 2024 to March, 2024 is 60,000 cbms. The average Malaysian plywood supply during January, 2024 to March, 2024 is 48,000 cbms.

Since the inventory of domestic plywood soared in 2023, the average Indonesian plywood supply during January, 2023 to March, 2023 was 52,000 cbms. The average Malaysian plywood supply during January, 2023 to March, 2023 was 38,000 cbms.

### FSC structural cypress plywood

Japan Kenzai Co., Ltd. in Tokyo Prefecture starts selling 12 x 6 domestic structural cypress plywood, which has the JAS (Japanese Agricultural Standards) certification and has the FSC (Forest Stewardship Council) certification. The new plywood is an eco-friendly product.

Noda Corporation in Tokyo Prefecture manufactures plywood. This new plywood is sold in Kanto region mainly and in Chubu region.

The new plywood consists of five layers. Cypress is used on front face and back side. Cedar is used for the second and the fourth layers. Cedar or cypress is used in the center of the new plywood. Cypress is not infected with insects easily and it is easy to manufacture products.

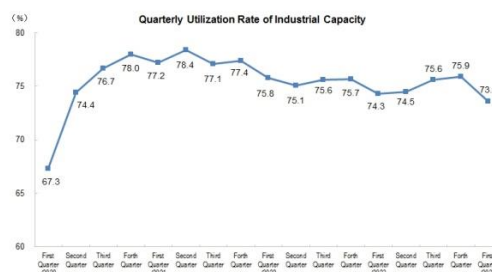
In Japan, supply volume of domestic plywood exceeded supply volume of imported plywood in 2016. The company expects to expand selling the new plywood.

## China

### Industrial capacity utilisation

A press release from the National Bureau of Statistics provides data on industrial capacity utilisation. In the first quarter of 2024 the industrial capacity utilisation rate for surveyed industrial enterprises was 73.6%, down by 0.7 percentage points from the same period in 2023 and 2.3 percentage points down from the previous quarter.

### Quarterly industrial utilization rate



Source: National Bureau of Statistics, China

See:

[https://www.stats.gov.cn/english/PressRelease/202404/t20240424\\_1955021.html](https://www.stats.gov.cn/english/PressRelease/202404/t20240424_1955021.html)

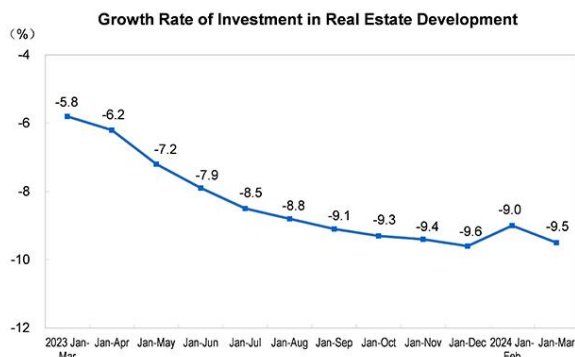


### First quarter investment in real estate

Between January and March investment in real estate development was 2,208.2 billion yuan, a year-on-year decrease of 9.5%, of which the investment in residential buildings was 1,658.5 billion yuan, down by 10.5%.

See:

[https://www.stats.gov.cn/english/PressRelease/202404/t20240424\\_1955015.html](https://www.stats.gov.cn/english/PressRelease/202404/t20240424_1955015.html)



Source: National Bureau of Statistics, China

### Plans to stabilise real estate market

China's housing market slumped after a change in government policy on borrowing by property developers and the decline in the sector sunk other businesses such as home furnishing, appliances and construction.

Real estate has long been important for China's economy driving its rapid growth however, this came with risks.

Home prices rose sharply relative to household incomes in the years before the pandemic, in part because consumers preferred to invest their savings tangible assets, but that has changed. Home sales have fallen as potential buyers see prices falling and some developers unable to secure financing to complete projects.

With the property downturn now in its third year, there has been a hollowing out of the real estate sector. Housing starts have fallen by more than 60% relative to pre-pandemic levels and construction timber imports have fallen.

In May the authorities in China unveiled their most significant steps yet to address the crisis that has been a drag on the property sector and the economy. At a press briefing a Deputy Governor the People's Bank of China (PBOC) said it would set up a 300 bil. yuan (US\$41.5bil.) fund to support affordable housing.

This money is intended to support local state-owned enterprises to buy unsold homes. It has been estimated China has nearly four million empty apartments along with an estimated 10 million homes already sold but not ready to occupy.

Other measures include cutting the amount home buyers need for a deposit and encouraging local authorities to purchase unsold properties. There is some doubt that local governments, already saddled with huge debts, would be able to absorb the unsold properties, the value of which is said to nearly US\$4 trillion.

How the Chinese government initiative to address the crisis in the real estate sector will evolve is yet to be seen but the amount of investment the authorities are reportedly making available to boost sales and complete partially built homes is certain to lead to a boost in timber imports.

See: <https://www.imf.org/en/News/Articles/2024/02/02/cf-chinas-real-estate-sector-managing-the-medium-term-slowdown> and

<https://www.bbc.com/news/articles/c51nyglznm6o>

and

<https://www.nytimes.com/2024/05/24/business/china-property-crisis.html>

and

<https://www.scmp.com/business/china-business/article/3263202/china-property-beijings-stimulus-plan-needs-more-time-money-and-policy-support-resolve-long-standing>

### Sawnwood imports higher in first quarter

According to China Customs, sawnwood imports in the first quarter of 2024 totalled 6.71 million cubic metres valued at US\$1.662 billion, up 3% in volume and 0.2% in value compared to the first quarter of 2023. However, the average price for imported sawnwood was US\$248 (CIF) per cubic metre, down 3% over the same period of 2023.

Of total sawnwood imports, sawn softwood imports dropped 2% to 4.34 million cubic metres and accounted for 65% of the national total. The average price for imported sawn softwood fell 1% to US\$201 (CIF) per cubic metre over the same period of 2023.

Sawn hardwood imports rose in the first quarter by 13% to 2.37 million cubic metres and accounted for 35% of the national total. The average price for imported sawn hardwood fell 8% to US\$333 (CIF) per cubic metre over the same period of 2023.

Of total sawn hardwood imports, tropical sawnwood imports were 1.83 million cubic metres valued at US\$512 million CIF, up 33% in volume and 25% in value from the same period of 2023 and they accounted for 27% of the national total import volume.

However, the average price for imported tropical sawnwood was US\$280 CIF per cubic metre, down 6% from the same period of 2023.

### Sawnwood import volumes, first quarter 2024

Volume	2024 Q1	% change
	mil. cu.m	YoY
Total imports	6.71	3%
Sawn softwood	4.34	-2%
All sawn hardwood	2.37	13%
Of which tropical	1.83	33%

Data source: China Customs

#### Value sawnwood imports, first quarter 2024

Value	2024 Q1 US\$ mil	% change YoY
Total imports	1,662	0.2%
Sawn softwood	873	-3%
All sawn hardwood	789	4%
Of which tropical	512	25%

Data source: China Customs

#### Average sawnwood CIF prices, first quarter 2024

CIF price	US\$ per cu.m	% change YoY
Average	248	-3%
Sawn softwood	201	-1%
All sawn hardwood	333	-8%
Of which tropical	280	-6%

Data source: China Customs

#### Surge in sawnwood imports from Thailand

Russia was, as in previous quarters, the largest supplier of China's sawnwood imports in the first quarter of 2024. The proportion of China's sawnwood imports from Russia accounted for 43% of the total sawnwood import volume. China's sawnwood imports from Russia rose 1% slightly to 2.914 million cubic metres over the same period of 2023.

Thailand was the second largest supplier of sawnwood imports in the first quarter of 2024. The proportion of China's sawnwood imports from Thailand accounted for 18% of the total sawnwood import volume.

China's sawnwood imports from Thailand surged 44% to 1.223 million cubic metres over the same period of 2023.

China's sawnwood imports from Thailand have soared mainly because of falling prices which, in part, are the result of adjustments in Thailand's timber tariff policy in 2022.

China's sawnwood imports from USA decline considerably in the first quarter of 2024 dropping 18% to 267,000 cubic metres over the same period of 2023.

In contrast, China's sawnwood imports from Canada in the first quarter of 2024 grew 17% to 382,000 cubic metres over the same period of 2023.

#### Major sawnwood suppliers, first quarter 2024 (vol.)

Supplier	2024 Q1 000'cu.m	YoY %change
Total	6,709	3%
Russia	2,914	1%
Thailand	1,223	44%
Canada	382	17%
USA	267	-18%
Belarus	267	37%
Finland	225	-25%
Germany	196	-37%
Philippines	187	16%
Sweden	185	-42%
Gabon	162	55%

Data source: China Customs

#### Major sawnwood suppliers, first quarter 2024 (value)

Supplier	2024 Q1 US\$ mil.	YoY % change
Total	1,662	0.2%
Russia	623	3%
Thailand	303	46%
Canada	71	8%
USA	166	-19%
Belarus	49	23%
Finland	48	-26%
Germany	41	-40%
Philippines	14	16%
Sweden	37	-43%
Gabon	60	49%

Data source: China Customs

#### Main sawn softwood sources, first quarter of 2024

Russia was the largest supplier for China's sawn softwood imports in the first quarter 2024. 63% of China's sawn softwood imports are from Russia and imports from Russia rose 5% to 2.713 million cubic metres in the first quarter of 2024.

Imports from Canada and Belarus, the second and third largest suppliers, rose 19% and 37% to 370,000 cubic metres and 267,000 cubic metres respectively in the first quarter of 2024.

In contrast, China's sawn softwood imports from Finland, Sweden and Germany fell 25%, 42% and 38% respectively in the first quarter of 2024.

#### Main sawn softwood sources, first quarter 2024

Supplier	2024 Q1 000'cu.m	YoY %change
Total	4,339	-2%
Russia	2,713	5%
Canada	370	19%
Belarus	267	37%
Finland	225	-25%
Sweden	185	-42%
Germany	179	-38%

Data source: China Customs

#### Main sawn hardwood sources, first quarter 2024

Thailand was the largest supplier for China's sawn hardwood imports in the first quarter of 2024. 52% of China's sawn hardwood imports are from Thailand and imports from Thailand soared 44% to 1.223 million cubic metres in the first quarter of 2024.

However, USA and Russia, the second and third largest suppliers of China's sawn hardwood imports fell 24% and 31% to 226,000 cubic metres and 200,000 cubic metres respectively in the first quarter of 2024.

China's sawn hardwood imports from the Philippines and Gabon grew 16% and 55% respectively in the first quarter of 2024. 84% of China's sawn hardwood imports were from five countries in the first quarter of 2024.

### Main sawn hardwood sources, first quarter 2024

Supplier	2024 Q1 000'cu.m	YoY % change
<b>Total</b>	<b>1,237</b>	<b>13%</b>
Thailand	1,223	44%
USA	226	-24%
Russia	200	-31%
Philippines	187	16%
Gabon	162	55%

Data source: China Customs

### Significant rise in tropical sawnwood imports

China's tropical sawnwood imports rose 33% to 1.829 million cubic metres in the first quarter of 2024. The top three suppliers of China's tropical sawnwood imports were Thailand (67%), Philippines (10%) and Gabon (9%). 86% of China's tropical sawnwood imports were from these three countries in the first quarter of 2024.

Meanwhile, China's tropical sawnwood imports from Thailand, Philippines and Gabon grew by 44%, 16% and 55% to 1.223 million cubic metres, 187,000 cubic metres and 162,000 cubic metres respectively in the first quarter of 2024.

China's tropical sawnwood imports from Vietnam and Malaysia also surged 65% and 80% respectively in the first quarter of 2024. The significant rise in total tropical sawnwood imports resulted from the rise in imports from most of the top source countries.

In contrast, China's tropical sawnwood imports from Cameroon and the Republic of Congo dropped 16% and 9% respectively in the first quarter of 2024.

### Tropical sawnwood imports sources, first quarter 2024

Supplier	2024 Q1 000'cu.m	YoY % change
<b>Total</b>	<b>1,829</b>	<b>33%</b>
Thailand	1,223	44%
Philippines	187	16%
Gabon	162	55%
Myanmar	58	5%
Vietnam	37	65%
Cameroon	31	-16%
Malaysia	28	80%
Indonesia	23	5%
Rep. Congo	13	-9%

Data source: China Customs

### Decline in average CIF price for tropical sawnwood imports

The average CIF price for China's tropical sawnwood imports in the first quarter of 2024 declined by 6% to US\$280 per cubic metres over the same period of 2023. The CIF prices for sawnwood from the top suppliers did not change significantly.

For example, the average CIF price for China's tropical sawnwood imports from Thailand in the first quarter of 2024 just rose 1% and from the Philippines prices dropped 0.1%.

The CIF price for China's tropical sawnwood imports from the Republic of Congo in the first quarter of 2024 rose the biggest and by 11% over the same period of 2023.

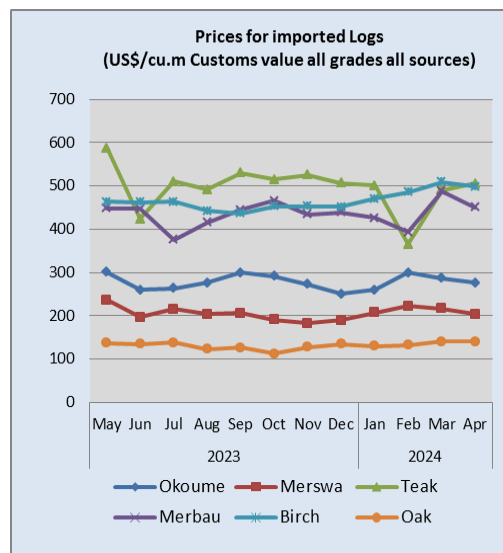
### Average tropical sawnwood CIF prices, first quarter 2024

Supplier	US\$/ cu.m	YoY % change
<b>Total</b>	<b>280</b>	<b>-6%</b>
Thailand	248	1%
Philippines	75	-0.1%
Gabon	370	-4%
Myanmar	622	0.5%
Vietnam	412	-5%
Cameroon	505	1%
Malaysia	350	-6%
Indonesia	623	-6%
Rep. Congo	476	11%

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

	2024 Mar	2024 Apr
Okoume	87	276
Merswa	216	203
Teak	490	505
Merbau	488	450
Birch	509	498
Oak	140	140

Data source: Customs, China

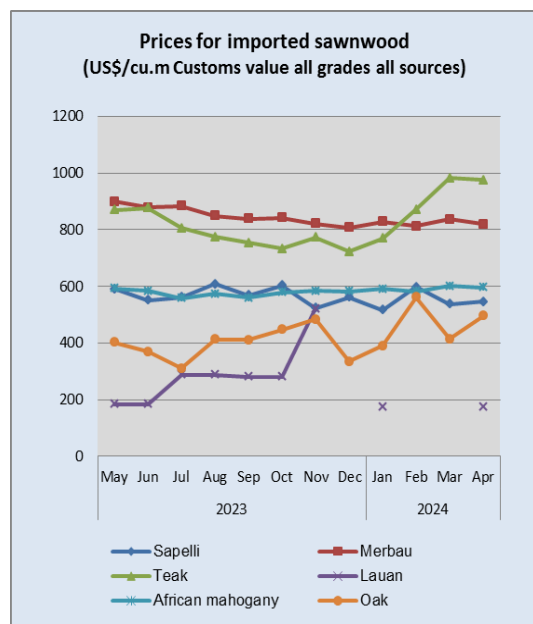


Data source: Customs, China

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

	2024 Mar	2024 Apr
Sapelli	537	546
Merbau	836	819
Teak	983	976
Lauan		175
African mahogany	601	596
Oak	414	496

Data source: Customs, China

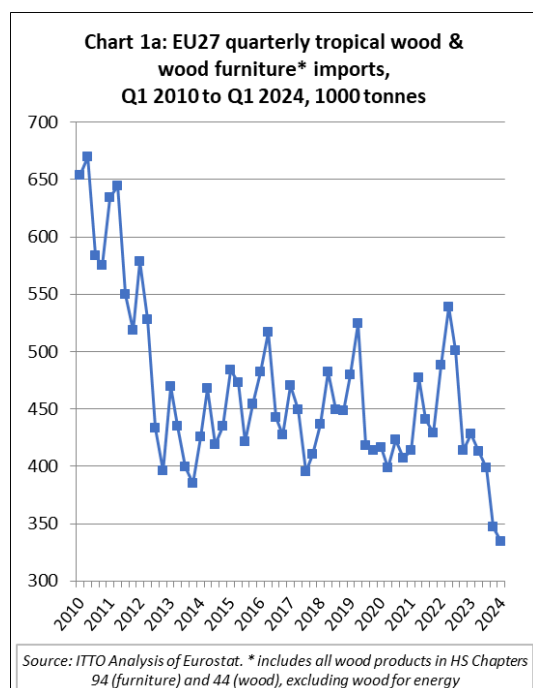


Data source: Customs, China

## EU

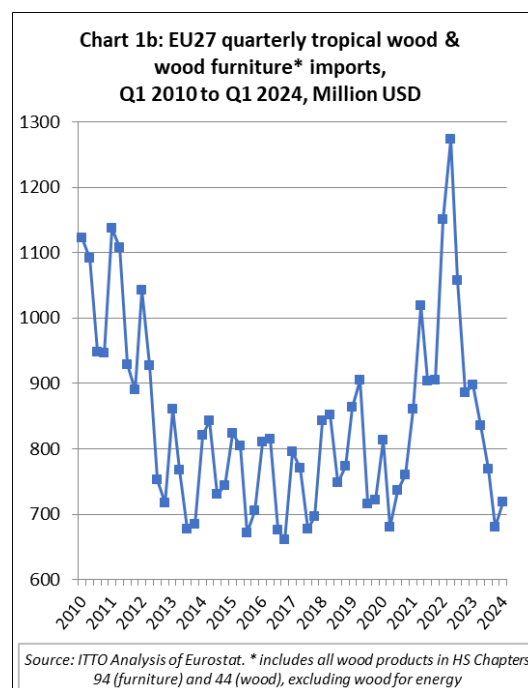
### EU tropical wood imports at record low in first quarter

EU27 imports of tropical wood and wood furniture at 335,000 tonnes in the first quarter of this year were 4% down compared to the previous quarter and 22% less than in the same quarter last year. This was the lowest quarterly import quantity recorded this century by the EU and quite possibly ever recorded by the EU since it was first formed (as the EEC) in 1957 (Chart 1a).



EU27 import value of tropical wood and wooden furniture in the first quarter this year was US\$718 million, 6% more than the previous quarter but 20% down on the same quarter last year.

Quarterly import value has fallen precipitously from a historic high of US\$1274 million in the second quarter of 2022 at the peak of the post-COVID boom (Chart 1b).



### EU economy forecast to grow 1.0% in 2024 and 1.6% in 2025

While tropical wood import levels in the EU were extremely low in the first quarter this year, the most recent economic data is more encouraging. Following broad economic stagnation in the EU in 2023, better-than-expected growth at the start of 2024 and the ongoing reduction in inflation set the scene for a gradual expansion of economic activity for the rest of the year. This is according to the European Commission's Spring Forecast published on 15th May.

The European Commission forecasts GDP growth of 1.0% in the EU in 2024 rising to 1.6% in 2025. EU consumer price inflation is expected to fall from 6.4% in 2023 to 2.7% in 2024 and 2.2% in 2025.

According to Eurostat's preliminary flash estimate, GDP edged up by 0.3% in the EU in the first quarter of 2024. This expansion, which was broad-based across Member States, should mark the end of the prolonged period of economic stagnation that started in the final quarter of 2022.

Growth of economic activity this year and next is expected to be largely driven by a steady expansion of private consumption, as continued real wage and employment growth sustain an increase in real disposable incomes. A strong propensity to save is, however, still partially holding back private consumption.

In contrast, investment growth appears to be softening. Dragged down by the negative cycle of residential construction, it is expected to pick up only gradually.

As credit conditions are set to improve, financial markets now expect a slightly more gradual path of interest rate cuts than forecast at the end of 2023.

Amid a more resilient global economy, a rebound in trade is set to support EU exports. However, as domestic demand resumes in the EU, an acceleration in imports will largely offset the positive contribution of exports to growth.

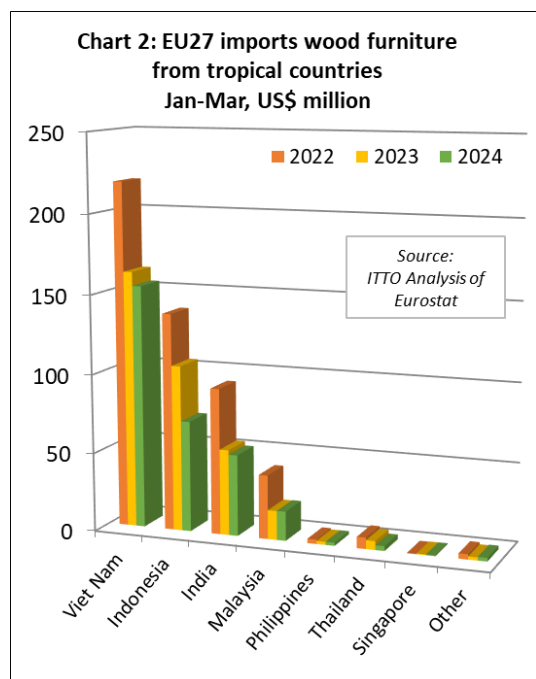
While the EU economy is expected to pick up gradually this year, uncertainty and downside risks to the outlook have further increased in recent months, mainly stemming from the evolution of Russia's protracted war against Ukraine and the conflict in the Middle East. Broader geopolitical tensions also continue to pose risks.

Moreover, the persistence of inflation in the US may lead to further delays in rate cuts in the US and beyond, resulting in somewhat tighter global financial conditions.

On the domestic front, the decline of inflation may be slower than projected, possibly leading EU central banks to delay rate cuts. Furthermore, some Member States may adopt additional fiscal consolidation measures in their 2025 budgets, not currently factored into the EC forecast, which could impact economic growth next year.

#### EU27 tropical wood furniture imports continue to slide in Q1 2024

The EU27 imported 71,200 tonnes of wood furniture from tropical countries with a total value of US\$302 million in the first quarter of 2024, down 6% and 14% respectively compared to the same period in 2023.



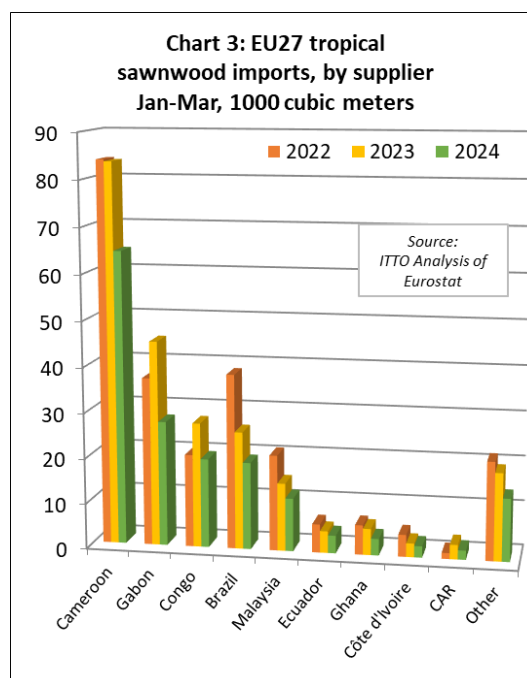
In the first quarter this year compared to the same period in 2023, EU27 import value of wood furniture decreased from nearly all leading tropical supply countries, including Vietnam (-5% to US\$154.0 million), Indonesia (-33% to US\$70.3 million), India (-5% to US\$51.5 million), and Thailand (-47% to US\$3.0 million).

Import value from Malaysia increased by 1% to US\$18.6 million in the same period. EU27 wood furniture imports from all other tropical countries were negligible during the period (Chart 2).

#### Extremely slow start to year for EU27 imports of tropical sawnwood

The EU27 imported 168,400 cubic metres of tropical sawnwood in the first quarter this year, 28% less than the same period in 2023. Import value of this commodity was US\$151 million in the first quarter this year, 31% less than the same period in 2023.

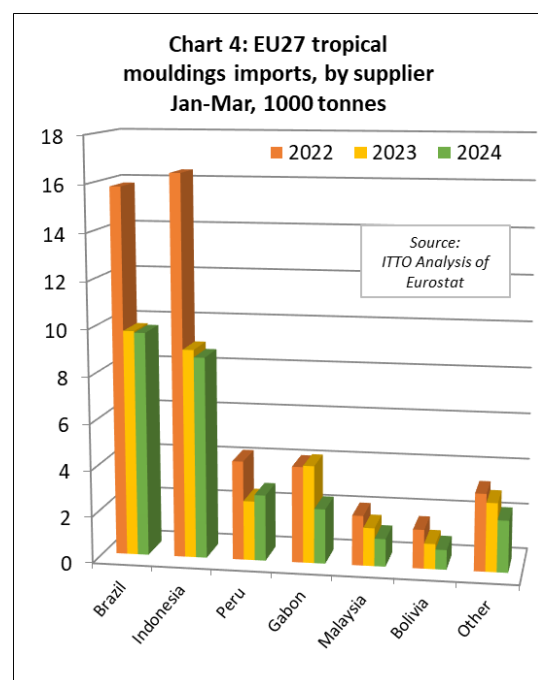
Imports declined from all leading supply countries during the period including Cameroon (-23% to 64,500 cubic metres), Gabon (-39% to 27,500 cubic metres), Republic of Congo (-29% to 19,600 cubic metres), Brazil (-26% to 19,200 cubic metres), Malaysia (-22% to 11,700 cubic metres), Ecuador (-19% to 3,900 cubic metres), Ghana (-37% to 3,700 cubic metres), Côte d'Ivoire (-17% to 2,500 cubic metres), and the Central African Republic (-36% to 2,000 cubic metres) (Chart 3).



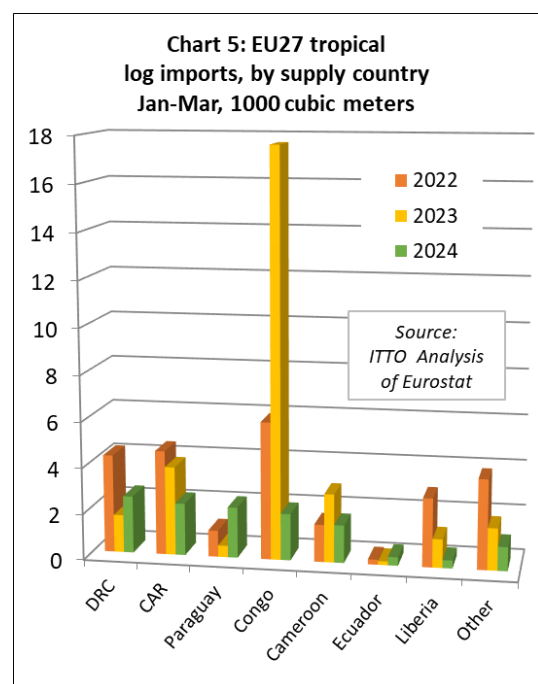
The EU27 imported 27,800 tonnes of tropical mouldings/decking in the first quarter this year, 11% less than in the same period in 2023. Import value of this commodity was down 21% to US\$49 million in the same period.



During the first quarter imports increased year-on-year from Peru (+11% to 2,800 tonnes) but fell from all other leading supply countries including Brazil (-1% to 9,700 tonnes), Indonesia (-4% to 8,700 tonnes), Gabon (-44% to 2,400 tonnes), Malaysia (-27% to 1,200 tonnes), and Bolivia (-22% to 800 tonnes) (Chart 4).



The EU27 imported 12,400 cubic metres of tropical logs with a total value of US\$7.2 million in the first quarter this year, respectively 59% and 62% less than in the same period last year. The decline was driven mainly by an 89% decline in imports from the Republic of Congo to 2,000 cubic metres. This follows the ban on exports of most logs from the country since 1st January 2023.



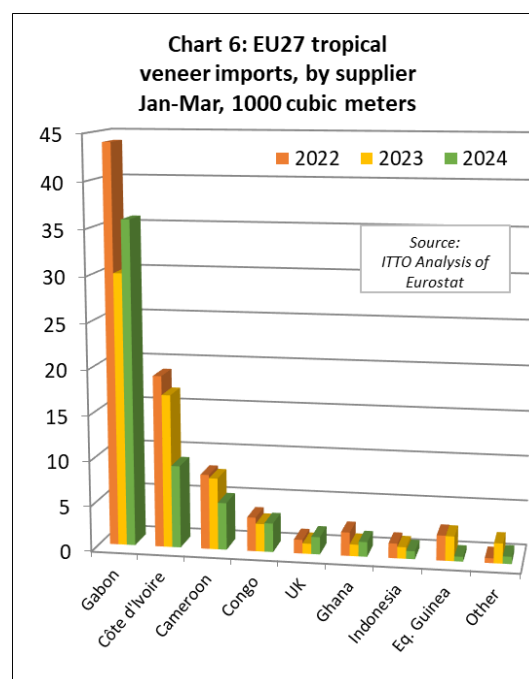
EU27 imports of logs in the first quarter of this year were also down compared to the same period last year from the Central African Republic (-41% to 2,300 cubic metres), Cameroon (-45% to 1,600 cubic metres), and Liberia (-72% to 300 cubic metres).

However, EU27 log imports increased from the Democratic Republic of Congo (+52% to 2,500 cubic metres), Paraguay (+341% to 2,200 cubic metres), and Ecuador (+123% to 400 cubic metres) during the three-month period (Chart 5).

#### EU27 imports of tropical hardwood veneer down 11% in first quarter

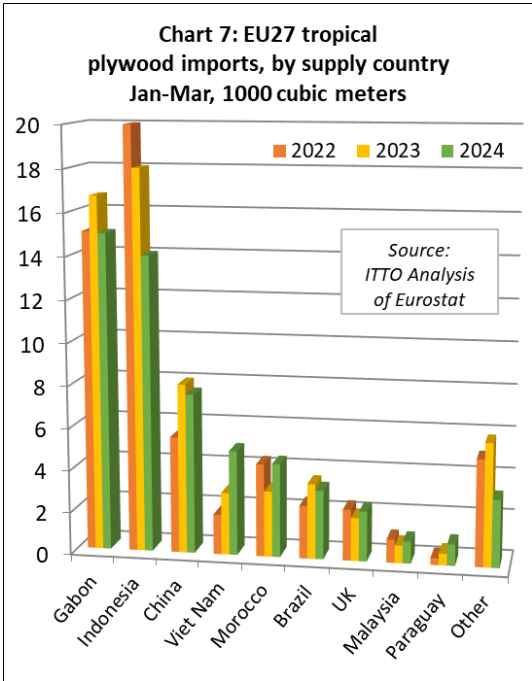
The EU27 imported 59,000 cubic metres of tropical veneer with a total value of US\$41 million in the first quarter this year, down 11% and 13% respectively compared to the same period last year. Imports of tropical veneer from Gabon, by far the largest supplier to the EU27, were 35,800 cubic metres in the first quarter this year, 19% more than the same period in 2023.

EU27 imports of this commodity also increased during the period from the Republic of Congo (+4% to 3,200 cubic metres), the UK (+69% to 1,900 cubic metres), and Ghana (+26% to 1,600 cubic metres). However, these gains were insufficient to offset falling imports from Côte d'Ivoire (-46% to 9,100 cubic metres), Cameroon (-34% to 5,200 cubic metres), Indonesia (-31% to 900 cubic metres), and Equatorial Guinea (-80% to 500 cubic metres) (Chart 6).

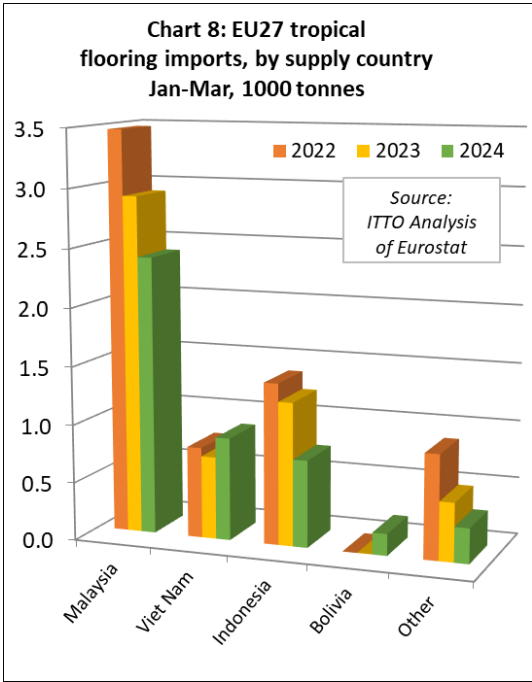


The EU27 imported 56,900 cubic metres of tropical plywood with a total value of US\$43 million in the first quarter this year, respectively 8% and 11% less than the same period last year. Imports fell from all the leading supply countries during the period including Gabon (-10% to 15,000 cubic metres), Indonesia (-22% to 14,000 cubic metres), and China (-6% to 7,600 cubic metres).

Imports from Brazil were also down, by 8% to 3,300 cubic metres. However, these losses were partly offset by rising imports from Vietnam (+68% to 5,000 cubic metres), Morocco (+42% to 4,400 cubic metres), the UK (+16% to 2,400 cubic metres), Malaysia (+25% to 1,100 cubic metres), and Paraguay (+81% to 1,000 cubic metres) (Chart 7).



The EU27 imported 4,500 tonnes of tropical wood flooring with a total value of US\$12 million in the first quarter this year, down 18% and 26% respectively compared to the previous year.



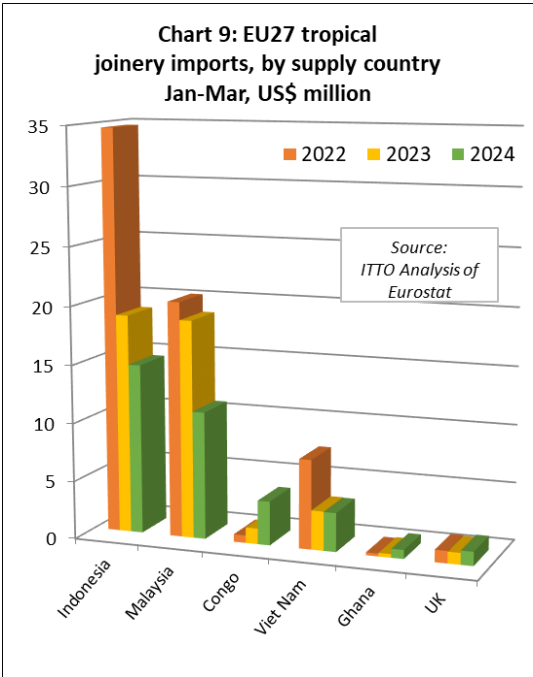
Imports of 2,400 tonnes from Malaysia in the first quarter this year were 18% less than the same period last year.

Imports also fell from Indonesia (-39% to 800 tonnes). However, flooring imports increased from Vietnam (+24% to 900 tonnes), and Bolivia (from a negligible level to 200 tonnes) (Chart 8).

The value of EU27 imports of other joinery products from tropical countries - which mainly comprise laminated window scantlings, kitchen tops and wood doors – was US\$39 million in the first quarter this year, down 22% compared to the same period in 2023.

Import quantity fell 15% to 16,700 tonnes during the same period. Imports were down 22% to US\$14.7 million from Indonesia, down 41% to US\$11.0 million from Malaysia, and down 1% to US\$3.3 million from Vietnam.

In a potentially significant longer-term development, given efforts in the country to shift up the value chain as log exports are banned, EU imports of laminated joinery products from the Republic of Congo were valued at US\$3.8 million in the first quarter this year, up 180% compared to the same period last year. Imports from Ghana also increased, by 147% to US\$0.8 million in the same period (Chart 9).



## North America

### US manufacturing goes into reverse

Economic activity in the US manufacturing sector contracted in April after one month of expansion following 16 consecutive months of contraction, say the nation's supply executives in the latest Manufacturing ISM 'Report On Business'. The Manufacturing PMI registered 49.2% in April, down 1.1 percentage points from the 50.3% recorded in March and below the 50% level that signifies growth.

Timothy Fiore, head of the ISM factory survey committee, said he would be surprised if the headline index didn't rise above 50 next month.

"We remain in the early stages of the growth cycle. This is one of those bumps we talked about," Fiore told reporters after the data was released.

Fiore added that the drop in demand in April was due to unusual weakness in the food and beverage sector.

Nine manufacturing industries reported growth in April while seven reported contraction with both the Wood Products sector and the Furniture & Related Production sector reporting contraction. However, ISM predicted the Furniture & Related Products category will report revenue increases for the rest of 2024 as the US economy softly expands.

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

### **Consumers expect higher inflation and home price growth**

In a press release the Federal Reserve Bank of New York's Center for Microeconomic Data released the April 2024 'Survey of Consumer Expectations' which shows that inflation expectations increased in the short-term and longer-term horizon while decreasing at the medium-term horizon.

Home price growth expectations reached the highest level since July 2022. Spending growth expectations also increased. The average perceived likelihood of voluntary and involuntary job separation declined, as did the perceived likelihood of finding a job in the event of a job loss.

See: <https://www.newyorkfed.org/newsevents/news/research/2024/20240513>

### **Housing starts rebounded in April**

Construction of new homes in the US rose 5.7% in April, as builders ramped up new projects. The pace of construction accelerated as builders try to meet pent-up home-buying demand while mortgage rates are poised to fall over the coming months.

US housing starts rose to a 1.36 million annual pace from 1.29 million in March, the US Department of Commerce reported. The rebound in April was only partial, recovering from a sharp plunge the month before, when housing starts fell by nearly 17%. All numbers are seasonally adjusted.

Single-family housing starts, which account for the bulk of homebuilding, slipped 0.4% to an annual rate of 1.031 million units last month. Starts for housing projects with five units or more soared 31.4% to a rate of 322,000 units in April.

"April's rebound was driven by a jump in multi-family starts, but that was somewhat expected given they had fallen to their lowest level since April 2020 and, despite the bounce, remain at very low levels," economist Thomas Ryan wrote.

The annual pace of housing starts in Canada edged down 1.0% in April compared with March. The seasonally adjusted annual rate of housing starts in Canada came in at 240,229 units for April, down from 242,267 in March, according to a report by the Canada Mortgage and Housing Corporation (CMHC). The downward trend in housing starts was largely driven by fewer multi-unit starts, particularly in Ontario, said CMHC chief economist Bob Dugan.

See: <https://www.census.gov/construction/nrc/current/index.html> and <https://www.cmhc-schl.gc.ca/>

### **Existing home sales fell for second straight month in April**

Existing home sales in the US unexpectedly fell in April as higher mortgage rates and house prices weighed on demand, dealing another setback to the housing market.

Home sales slipped 1.9% last month to a seasonally adjusted annual rate of 4.14 million units, the National Association of Realtors reported. Sales also dipped 1.9% from one year ago. Economists polled by Reuters had forecast home resales would rise to a rate of 4.21 million units.

Housing inventory increased 9% to 1.21 million units last month. Supply jumped 16.3% from one year ago. The rise in inventory was concentrated in homes priced \$1 million or more, where supply rose 34% from a year ago.

"Home sales changed little overall, but the upper-end market is experiencing a sizable gain due to more supply coming onto the market," said NAR Chief Economist Lawrence Yun.

Existing-home sales in the Northeast fell 4% from March to an annual rate of 480,000 in April, a decline of 4% from April 2023. In the Midwest, existing-home sales slipped 1% from one month ago to an annual rate of 1 million in April, down 1% from one year ago.

Existing-home sales in the South descended 1.6% from March to an annual rate of 1.9 million in April, down 3.1% from the prior year. In the West, existing-home sales dropped 2.6% from a month ago to an annual rate of 760,000 in April, an increase of 1.3% from one year before.

See: <https://www.nar.realtor/newsroom/existing-home-sales-retreated-1-9-in-april>

### US job growth slows

US payroll growth slowed substantially in April as employers added 175,000 jobs amid high interest rates and stubborn inflation, while average pay increases fell to a three-year low.

The unemployment rate rose from 3.8% to 3.9%, the U.S. Department of Labor reported. Economists had estimated a 250,000 jobs gain, according to a Bloomberg survey.

Employment gains for February and March were revised down by 22,000 jobs. And while job creation in April was still solid by historical standards, the report portrays a broadly cooling labor market that should be welcomed by a Federal Reserve seeking to curtail high inflation. The economy added a monthly average of 269,000 jobs in the previous three months and 251,000 in 2023.

Despite the pullback in April, "overall, the numbers are strong," Acting Labor Secretary Julie Su said in an interview. She added that many economists expected a sharper slowdown in job growth because of high inflation and interest rates.

Construction employment changed little in April (+9,000), following an increase of 40,000 in March. Over the prior 12 months, construction had added an average of 22,000 jobs per month.

Employment also showed little change over the month in other major industries, including manufacturing, quarrying, oil and gas extraction, and mining.

See: <https://www.bls.gov/news.release/empsit.nr0.htm> and <https://www.usatoday.com/story/money/2024/05/03/april-jobs-report-numbers/73548184007/>

### Consumer sentiment tilts lower as household concerns increase

US consumer sentiment retreated about 13% in May following three consecutive months of very little change. The latest University of Michigan report shows a troubling drop in consumer confidence, signaling potential weakness in household finances alongside a worrying increase in consumer inflation expectations.

"This 10 index-point decline is statistically significant and brings sentiment to its lowest reading in about six months," Surveys of Consumers Director Joanne Hsu, said. "While consumers had been reserving judgment for the past few months, they now perceive negative developments on a number of dimensions."

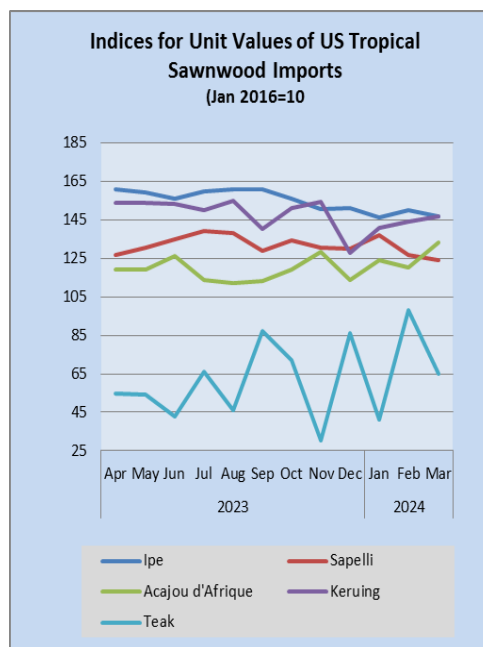
Hsu emphasized that consumers are expressing concerns about the possibility of inflation, unemployment, and interest rates all trending unfavorably in the upcoming year.

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

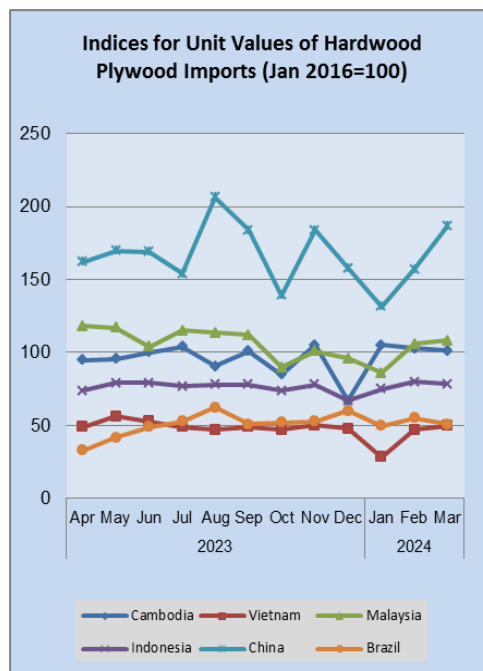
### Increased tariffs on select imports from China

US President Joe Biden in mid-May directed his Trade Representative to increase tariffs under Section 301 of the Trade Act of 1974 on US\$18 billion of imports from China to "protect American workers and businesses." While the tariff hike did not affect wood products and was carefully targeted at strategic sectors, some fear the move could result in retaliation from China and a return to the trade wars of recent years. However, initial response from China has been restrained.

See: <https://www.whitehouse.gov/briefing-room/statements-releases/2024/05/14/fact-sheet-president-biden-takes-action-to-protect-american-workers-and-businesses-from-chinas-unfair-trade-practices/>



Data source: US Census Bureau, Foreign Trade Statistics



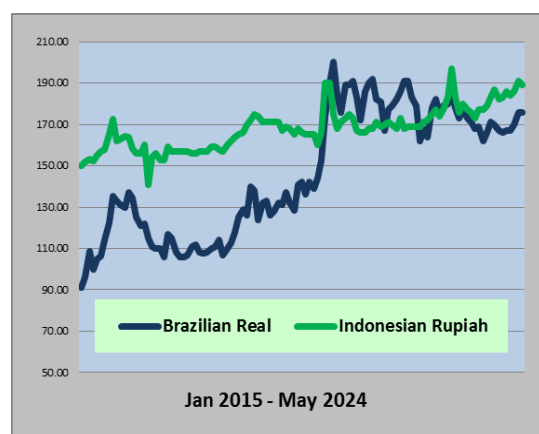
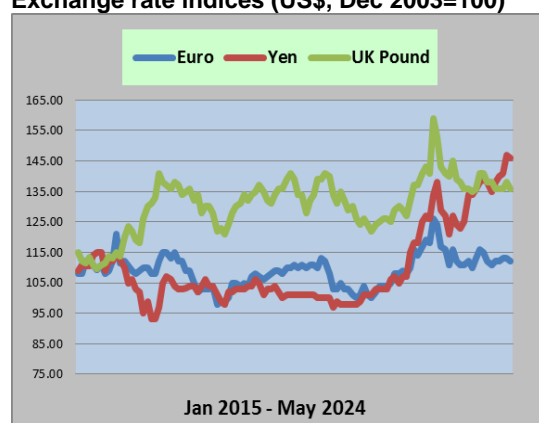
Data source: US Census Bureau, Foreign Trade Statistics

## US Dollar Exchange Rates

As of 25 May 2024

Brazil	Real	5.17
CFA countries	CFA Franc	605.12
China	Yuan	7.24
Euro area	Euro	0.92
India	Rupee	83.06
Indonesia	Rupiah	16,045
Japan	Yen	17.09
Malaysia	Ringgit	4.71
Peru	Sol	3.73
UK	Pound	0.79
South Korea	Won	1,367.92

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



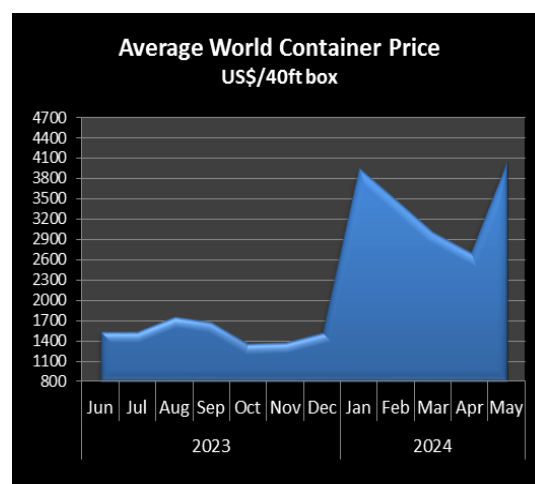
**Disclaimer:** Though efforts have been made to ensure prices are accurate, these are published as a guide only. ITTO does not take responsibility for the accuracy of this information.

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

## Abbreviations and Equivalences

Arrows ↓↑	Price has moved up or down
BB/CC etc	quality of face and back veneer
BF, MBF	Board foot, 1000 board foot
Boule	bundled boards from a single log
TEU	20 foot container equivalent
CIF	Cost insurance and freight
C&F CNF	Cost and freight
cu.m cbm	cubic metre
FAS	First and second grade of sawnwood
FOB	Free-on board
Genban	Sawnwood for structural use in house building
GMS	General Market Specification
GSP	Guiding Selling Price
Hoppus ton	1.8 cubic metre
KD, AD	Kiln dried, air dried
Koku	0.28 cubic metre or 120 BF
LM	Loyale Merchant, a grade of log parcel
MR., WBP	Moisture resistant, Weather and boil proof
MT	Metric tonne
OSB	Oriented Strand Board
PHND	Pin hole no defect
QS	Qualite Superieure
SQ,SSQ	Sawmill Quality, Select Sawmill Quality

## Ocean Container Freight Index



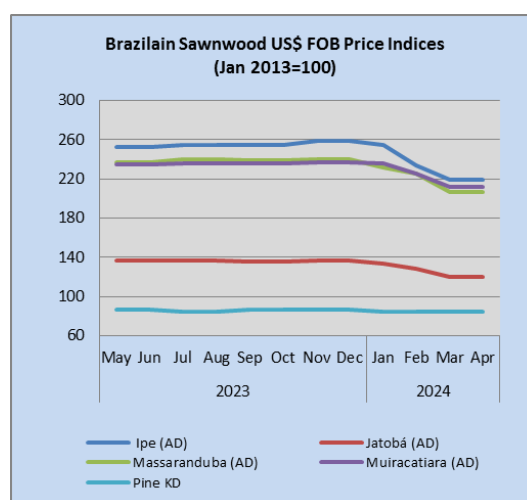
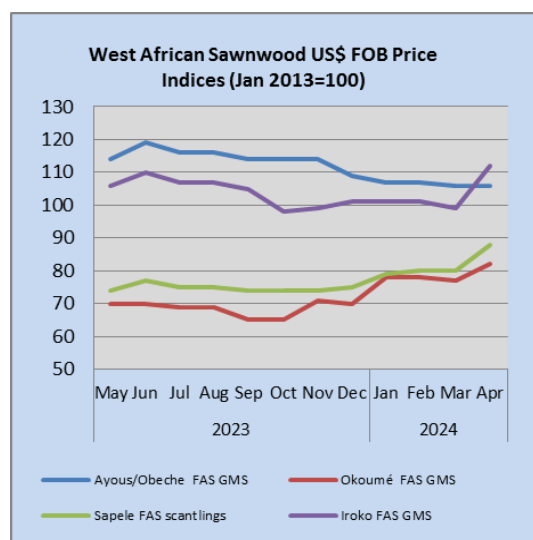
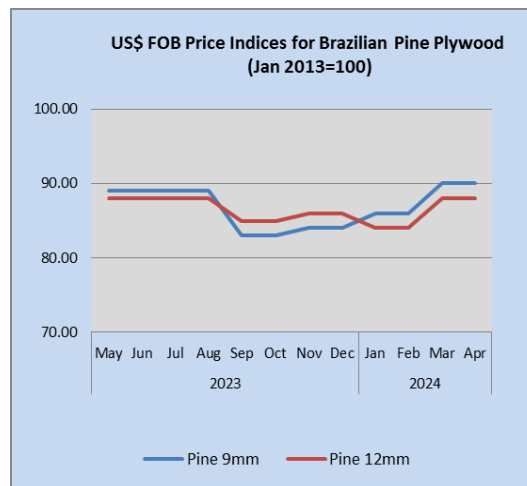
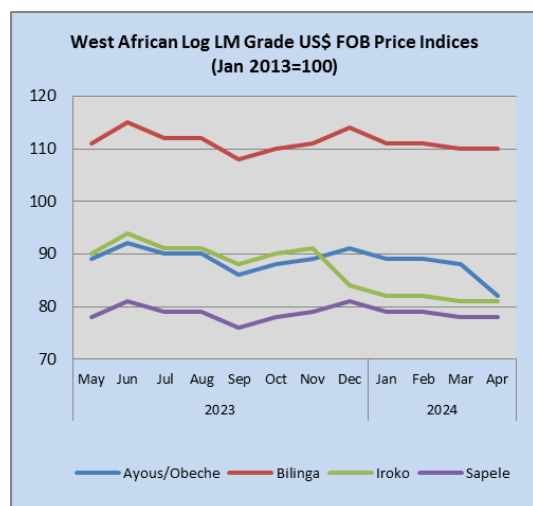
Data source: Drewry World Container Index

See: <https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry>



## Price indices for selected products

The following indices are based on US dollar FOB prices



Note: Indices for W. African logs and sawnwood are recalculated from Euro to US dollar terms.

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