

Tropical Timber Market Report

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Top stories

Foreign partners offer way of diversifying international furniture marketing

During the 2023 Indonesia Furniture and Design Expo the Indonesian President urged furniture makers to look for foreign partners as a way of diversifying international marketing.

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Attracting foreign investment to expand Indian furniture exports

The Trade Promotion Council of India and the World Furniture Confederation led by Xu Xiangnan, who is also President of the China National Furniture Association, aim to establish furniture production clusters in India.

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Second Announcement

Global Legal and Sustainable Timber Forum 2023

21–22 November 2023, Galaxy International Convention Center, Macao SAR, China

See:

https://www.itto.int/direct/topics/topics_pdf_download/topics_id=7520&no=2

Central and West Africa

Impact on forestry sector from change in Gabon unclear

In Gabon there have been significant developments related to corruption investigations being undertaken by the military authorities. This is a massive undertaking that spans most ministries and involves former ministers and former Director-Generals. It is very difficult to get an accurate picture of the situation in Gabon and how the forestry sector is being impacted. Links to some domestic media reports are included below:

See: <https://www.lenouveaugabon.com/fr/securite-justice/2009-20134-noureddin-bongo-et-des-anciens-membres-du-cabinet-d-ali-bongo-places-sous-mandat-de-depot-a-la-prison-de-libreville>

<https://www.jeuneafrique.com/1487161/politique/au-gabon-raymond-ndong-sima-vise-un-dialogue-national-entre-avril-et-juin/>

<https://www.lenouveaugabon.com/fr/mining/2109-20139-mines-le-gouvernement-leve-la-suspension-temporaire-des-activites-auriferes>

<https://www.lenouveaugabon.com/fr/gestion-publique/2709-20155-dette-interieure-la-federation-des-entreprises-du-gabon-recense-ses-membres-creanciers-de-l-etat>

The media has reported Marc Ona Essangui, founder of the NGO Brainforest, has assumed the position of third Vice President of the Gabon Senate. His appointment is seen as positive considering his background. Essangui has said he intends to “lead the battle for the transparency of contracts signed between the State and foreign companies”.

See: https://www.lepoint.fr/afrique/marc-ona-essangui-la-transition-doit-etre-beaucoup-plus-inclusive-14-09-2023-2535404_3826.php

Worker dispute at Nkok mediated

In a recent press release the Administrative Authority of the Nkok economic zone announced that 14 companies operating in the zone were put on notice “for regularisation of their operations” and this was done to find a solution to the demands of zone workers.

A dialogue was initiated between the Administrative Authority of Nkok (AAN) and the Economic Zone Workers Cooperative. Following the discussions progress was made on most of the worker’s demands and the Cooperative agreed the resumption of work while discussions continue.

See: <https://www.lenouveaugabon.com/fr/sante-social/1409-20119-zis-de-nkok-14-societes-mises-en-demeure-pour-situations-irregulieres>

In other news, Gabon has been experiencing very heavy rain which has disrupted logging operations. In neighbouring Cameroon similar heavy rain has forced many mills to halt production.

It has been reported that three sawmills in the Douala area have been requested to relocate their mills further inland due to the need for Douala to accommodate housing projects for its growing population which now stands at 4 million.

Exports from the CAR are currently low also due to the bad weather. The Wagner Group's operations in the country are facing increasing international pressure and it is rumoured that buyers in the UK and France have cancelled many contacts.

See: <https://adf-magazine.com/2023/08/illegal-logging-in-the-car-by-wagner-group-and-criminal-syndicates-drives-insecurity/>

Call for Expressions of Interest

ATIBT has reported the Central African Forest Initiative (CAFI) is launching a call for Expressions of Interest to all relevant implementing organisations interested in investing in private sector companies in its partner countries (the Democratic Republic of the Congo, the Republic of the Congo, the Gabonese Republic, the Republic of Cameroon, the Republic of Equatorial Guinea and the Central African Republic) to address the drivers of deforestation and forest degradation.

See: <https://www.cafi.org/cafi-lanches-call-expressions-interest-regional-private-sector-facility>

Log export prices

West African logs Asian market	FOB Euro per cu.m		
	LM	B	BC/C
Acajou/ Khaya/N" Gollon	265	265	175
Ayous/Obeche/Wawa	230↓	230↓	225
Azobe & ekki	275	275	175
Belli	250	250	-
Bibolo/Dibétou	200	200	-
Bilinga	275	275	-
Iroko	300	280	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	200	200	-
Moabi	280	280	250
Movingui	180	180	-
Niove	160	160	-
Okan	210	210	-
Padouk	330	310	240
Sapele	260	260	220
Sipo/Utile	260	260	230
Tali	260	260	-

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	425
Bilinga FAS GMS	580
Okoumé FAS GMS	460
Merchantable KD	400
Std/Btr GMS	390
Sipo FAS GMS	420
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	1,000↓
FAS scantlings	1,000↓
Strips	400
Sapele FAS Spanish sizes	460
FAS scantlings	489
Iroko FAS GMS	750
Scantlings	820
Strips	400
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

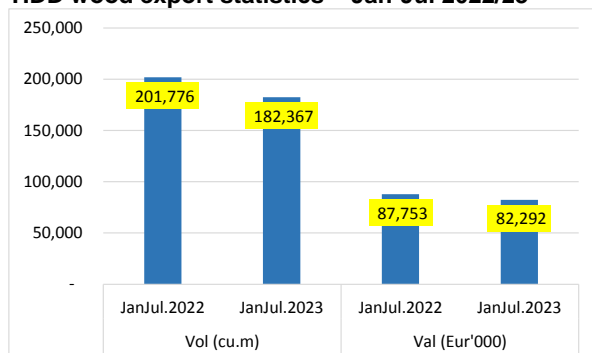
Ghana

Billet exports tumble

Ghana experienced a decline in wood product exports in the first seven months of this year. The Timber Industry Development Division (TIDD) reported an almost 10% drop in export volumes and a 6% drop in earnings compared to the same period for previous year.

In its report for the first seven months of the year the TIDD recorded 182,367 cu.m of wood product exports compared to 201,776 cu.m in the same period last year. The total export value for the first seven months of 2023 was Eur82.29 million compared to Eur87.75 million in the same period in 2022.

TIDD wood export statistics – Jan-Jul 2022/23



Data source: TIDD

TIDD wood export statistics – Jan-Jul. 2022/2023

In spite of the dip in volume and value of the wood product exports the data showed five (5) products that recorded some improvements in export volumes during the period. These included rotary veneer (3.7%), mouldings (13%), plywood (73%), briquettes and kiln dried boules.

The main exporter of briquettes was Sustainable Biomass Solution Ghana Limited. The company was the sole exporter shipping 1,192 cu.m of their product earning Eur214,719 during the first 7 months of 2023. The only species used for this product was wawa with the United Kingdom as the only market. The average unit price (AUP) for briquettes for the period reviewed fell to Eur175.79/cu.m compared to Eur252.30/cu.m in 2022.

The products for which export volumes declined significantly were billets which dropped to 9,162 cu.m in the first seven months of this year from 24,404cu.m in the same period in 2022, a massive 63% decline. The corresponding revenue also fell by 63%, from Eur 7.72 million in in the first seven months of last year to Eur 2.82 million in the current year.

The top species for billet production were teak and gmelina which accounted for 94% and 6% respectively of the total export volume for the first seven months of 2023. This product is mainly shipped to India (96%) and the United Kingdom (4%).

Ghana's Primary Products, which comprised billet and teak logs, earned Eur4.75 million from a total volume of 15,124 cu.m of the total wood products exports in the first seven months of 2023. The figures represent decreases of 38% in value and volume compared to the timber export figures registered during January-July 2022 which were 24,404 cu.m (12%) valued at Eur7.72 million (8.80%).

ECOWAS Market – higher average prices despite drop in volume

Of total wood products export the first seven months of 2023, eleven ECOWAS countries accounted for 18,707cu.m, which earned the country Eur7.18 million in 2023 as against 26,375cu.m valued at Eur7.26million in 2022.

ECOWAS wood products imports from Ghana First half 2022/23

ECOWAS	2022 Vol (cu.m)	2023 Vol (cu.m)
Togo	11,689	5,269
Burkina Faso	4,660	4,775
Niger	2,914	4,039
Senegal	4,691	3,301
Mali	1,048	417
Benin	732	378
Sierra Leone	150	234
Nigeria	69	188
Cote D'ivoire	54	106
Cape Verde	413	-
Gambia	55	-
Total	26,475	18,707

Data source: TIDD

The 2023 ECOWAS import volumes and values resulted in a higher average unit price (AUP) of Eur383.75/cu.m compared to Eur274.28/cu.m for the same period last year.

ECOWAS country import,s Average Unit Prices

ECOWAS	Jan-Jul. 2022 Eur/cu.m	Jan-Jul. 2023 Eur/cu.m
Togo	166.28	404.72
Burkina Faso	341.69	373.87
Niger	406.72	395.36
Senegal	308.55	362.59
Mali	428.45	257.22
Benin	430.41	403.81
Sierra Leone	283.42	359.39
Nigeria	344.89	359.79
Cote D'Ivoire	945.25	525.77
Cape Verde	462.72	-
Gambia	369.77	-
Overall Average	274.28	383.75

Data source: TIDD

According to TIDD data the ECOWAS sub-region market registered the largest share of 18,707cu.m representing 82%, valued at Eur 7.18 million (77%) of the total African wood products exported from Ghana during the first seven months of 2023 as compared to Eur7.26 million recorded during JanJul.2022.

In a related development, available data from the United Nations Conference on Trade and Development (UNCTAD) on the African Continental Free Trade Area (AfCFTA) show that, as of January this year, intra-Africa trade was low at just 14.4% of total African exports.

Countries trading under the AfCFTA regime, which commenced in January 2021, have been urged to fashion out a deliberate policy decisions to increase intra-African trade and investment, grow local businesses to accelerate industrialisation.

See: <https://thebftonline.com/2023/08/24/brics-2023-deliberate-policy-decisions-advocated-to-drive-intra-african-trade/>

Training on performance management systems

The Forestry Commission (FC) organised Performance Management System (PMS) training for eighteen senior staff at the Forestry Commission Training Centre (FCTC) at Akyawkrom in the Ashanti Region.

The resource person for the training, the Director of FCTC, Andy Okrah, explained that Performance Management is a strategic and integrated process that delivers sustained success to an organisation by improving performance of employees and developing their capabilities.

He indicated that, some of the objectives of the workshop were to provide an insight into FC's Performance Management Systems, develop the capacity of employees in target setting for effective implementation of FC's PMS and teach how to set targets under FC's PMS.

Participants were schooled on how to set targets using the SMART Model, which states that; a target should be Specific, Measurable, Attainable, Realistic and Timely.

Mr. Okrah explained that, one must first identify his key job areas in order to set a 'SMART' target and per the Forestry Commission PMS (target setting), employees are to set 5-8 goals in general, which should be derived from employee's technical, personality and managerial competencies. He coached participants on what makes a target SMART.

Participants were taken through a practical and interactive session to demonstrate how to have a face-to-face discussions with subordinates on their targets and give unbiased feedback on their strengths and weakness, skills attitude, job knowledge and behaviour at work.

See: <https://fcghana.org/?p=4086>

Ghana-Turkey trade projected to hit US\$1 billion

The Ghana-Turkey Chamber of Commerce has hinted the annual value of trade between Ghana and Turkey could rise to US\$900 million by 2025 which will subsequently exceed the US\$1 billion mark by the close 2027.

According to the Chamber, as of 2020 the total trade value between Ghana and Turkey stood at US\$771 million, from a progressive growth of US\$479 million in 2016. In 2019, Ghana became Turkey's third-biggest trading partner in sub-Saharan Africa taking a dip in 2021 and 2022 due to the global economic slowdown.

The Chief Executive Officer of the Chamber, Dr. Daniel Amateye Anim-Prempeh, stated that, while the current trend of trade between the two nations is promising, improving relations and expanding areas of trade guarantee that it will grow at a faster rate. According to TIDD statistics, Turkey's imports from Ghana include air-dried, kiln-dried, rotary veneer and processed lumber/mouldings wood products.

See: <https://thebftonline.com/2023/09/18/ghana-turkey-trade-to-hit-us1bn-in-2027/>

Meanwhile, according to the September 2023 Bank of Ghana (BoG) summary of macroeconomic and financial data, Ghana's trade balance grew by about 13% from the US\$1.78 billion in July 2023 to US\$2.01 billion in August 2023, which represented 2.6% of GDP.

See: <https://www.bog.gov.gh/wp-content/uploads/2023/09/Summary-of-Economic-Financial-Data-September-2023.pdf>

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	794↑
Niangon Kiln dry	910

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	363↑	441
Chenchen	477	612
Ogea	481↓	590
Essa	653↑	722
Ofram	350	435

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
	Air-dried	Kiln-dried
FAS 25-100mmx150mm up x 2.4m up	860	925
Afrormosia	465	564
Asanfina	290	311
Ceiba	442↓	601↑
Dahoma	640	713
Edinam (mixed redwood)	660	700↓
Emeri	1,150	943↓
African mahogany (Ivorenensis)	560	945+
Makore	700↓	1,000
Niangon	570	977↑
Odum	800	832↓
Sapele	513	521
Wawa 1C & Select		

Export sliced veneer prices

Sliced face veneer	FOB
	Euro per cu.m
Asanfina	1,232↑
Avodire	2,999
Chenchen	853↑
Mahogany	1,615
Makore	1,046
Odum	2,803↑
Sapele	1,500↑

Export plywood prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	505↑	580	641
6mm	412	535	604
9mm	327	504	560
12mm	758	512	480
15mm	450	385	430
18mm	460	444	383

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

Malaysia

Sarawak company loses forest certification certificate

The Malaysian logging company Samling has lost its forest certification certificate for the Ravenscourt Forest Management Unit (FMU), one of its certified natural forests under the Malaysia Timber Certification Scheme (MTCS) in Sarawak.

The certification body SIRIM withdrew the certificate after Samling failed to provide effective corrective action to address issues of non-compliance with the MTCS standard. There are currently no logging on-going activities in the Ravenscourt FMU.

See: <https://borneoproject.org/as-trial-looms-samling-loses-forest-certificate-in-sarawak/>

US furniture wholesaler

US-based 'Top-Line Furniture Corporation', a large furniture importer and wholesaler based in Chicago, Illinois has expressed an intention to increase its imports from Malaysia over the next few years to RM230 million per year.

The company has been sourcing home furnishings from Malaysia since 2000 with total imports amounting to approximately RM840 million to date. The increase in imports will not only benefit Malaysian furniture manufacturers but also benefit companies along the supply chain.

Malaysia's furniture exports in 2022 totalled RM13.86 billion with the US being its top export market at RM7.24 billion or 52% of total furniture exports last year. For the first six months this year Malaysia's furniture exports were RM4.07 billion, of which 49% went to the US.

Production of highly-marketable bamboo products should be prioritised

The bamboo industry possesses immense potential to be developed and used as an alternative to timber according to Deputy Prime Minister. He added, bamboo is an abundant natural resource and Malaysia is home to about 70 bamboo species with 45 being local species found in Malaysian forests.

He said that although export earnings from bamboo are small compared to other forest products, bamboo has the potential to be developed and used as an alternative to wood in a variety of applications. The production of highly-marketable bamboo products should be prioritised.

Currently there are some 577 industries actively involved in the industry through sectors such as furniture, construction, textiles, plantations, food, charcoal (bamboo briquettes) and handicraft. To effectively spur the national bamboo industry, a more effective and holistic approach must be taken to create a conducive environment. The Forest Research Institute Malaysia (FRIM) has conducted extensive research on bamboo since the 1980s.

FRIM is committed to commercialisation activities as one of its main sources of revenue through products and technologies developed by its scientists. Its Innovation and Commercialisation Division Director, Mohd Salleh, said FRIM's Research and Development projects successfully produced potential outputs in various forms such as products, processes, formulations, designs and plant varieties.

He said that all the institute's intellectual property was developed by FRIM scientists using local bio-resources which are suitable for the climatic environment and applications as well as meet industry standards and market requirements.

See:

<https://www.thestar.com.my/news/nation/2023/09/22/fadillah-vast-potential-for-bamboo-industry-to-grow>
FRIM to mainstream commercialisation

Supporting Nature-based Solution projects in Malaysia

In a press release, PETRONAS has announced the company and the Malaysia Forest Fund (MFF) have signed a Memorandum of Understanding (MoU) to explore and develop high-quality Nature-based Solutions (NBS) projects in Malaysia.

NBS comprise all activities related to the conservation and restoration of natural ecosystems to lower the concentration of greenhouse gases in the atmosphere. It offers immediate, scalable and cost-effective pathways to reduce net emissions, as well as contributes to climate mitigation and community co-benefits.

Given its importance in addressing the climate and nature crises, the selection of NBS projects must be of high quality with strong environmental integrity drivers and additional co-benefits, assessed and verified by credible framework and international standards.

PETRONAS' participation in the REDD Plus initiative also signifies its commitment to conducting and expanding its business in a manner that generates positive contributions to both society and the environment, thereby strengthening PETRONAS' stance on nature and biodiversity.

See: <https://www.petronas.com/media/media-releases/petronas-partners-malaysia-forest-fund-explore-high-quality-nature-based>

Indonesia

Foreign partners offer way of diversifying international marketing

During the 2023 Indonesia Furniture and Design Expo in Tangerang, Banten the Indonesian President urged Indonesian furniture makers to look for foreign partners as a way of diversifying international marketing.

He said that the domestic furniture industry is ranked 17th in the world with a total revenue of only US\$2.8 billion amid the world furniture market potential of almost US\$800 billion.

In related news, the President said that the government will continue to encourage the furniture and crafts sectors so they become more competitive with imported products in the domestic market. He added that domestic products should be marketed through the internet which will attract private as well as government buyers.

The President said he is confident that domestic manufacturers have a great future in the domestic market.

HIMKI Collaboration with CNFMA

The Indonesia Furniture Industry and Crafts Association (HIMKI) intends to collaborate with the China National Forestry Machinery Association (CNFMA) to promote appropriate wood processing technology for the furniture industry.

HIMKI General Chairperson, Abdul Sobur, explained that both HIMKI and CNFMA appreciate the relationship between technological developments and the success of the furniture industry. According to Sobur, the impact of technology in the furniture and crafts sectors is undisputed as this can raise production efficiency and process precision.

In addition machine technology can expand the possibilities for furniture design. Designers can experiment with new materials and shapes knowing that modern machines can deliver with precision. Sobur commented that machining technology has changed the furniture and crafts industry by enabling mass production, increased efficiency and precision, has encouraged innovation and customisation and contributing to sustainability efforts.

In related news, The HIMKI is working with the China Foreign Trade Guangzhou Exhibition General Corp, the organiser of the China International Furniture Fair, to expand Indonesia's share of the furniture market in China.

See: <https://en.antaranews.com/news/293631/jokowi-indonesia-furniture-industry-needs-foreign-partners> and <https://agroindonesia.co.id/tingkatkan-daya-saing-produk-furnitur-himki-gandeng-cnfma/>

Furniture sector exports declined in first half of 2023

Data from Indonesia's Central Statistics Agency shows exports all types of furniture (except plastic furniture) weakened in the first half of 2023. In the first half of this year the total volume of national furniture exports reached 253,500 tonnes, down 26% compared to the first half of 2022. In the same period export earnings from furniture exports also fell (-31%) to US\$1.07 billion.

In the first half of 2023 the largest export earnings were delivered by wooden furniture, reaching US\$731.1 million. However, this was 32% below the value of wooden furniture exports in the same period in 2022.

The main export markets for Indonesian wooden furniture were the United States, Japan, the Netherlands, Germany, Belgium, Australia, England, France, Canada and Spain. However, in the first semester of 2023, almost all countries reduced their imports.

The value of wooden furniture exports to Japan fell 25%, the Netherlands (-40%), Germany (-47%), Belgium (-23%), Australia (-42%), the UK (-27%), France (-13%) and Canada (-58%). The only wooden furniture market country that increased purchases was Spain but the increase was only around 3%.

See: <https://databoks.katadata.co.id/datapublish/2023/09/15/ekspor-furnitur-indonesia-melemah-baik-bahan-kayu-maupun-plastik> and <https://databoks.katadata.co.id/datapublish/2023/09/15/negara-pasar-utama-furnitur-kayu-ri-kurangi-belanja-pada-semester-i-2023>

Forest owners welcome biomass co-firing concept

Indonesian forest owners have welcomed the biomass co-firing programme planned by coal fired power plants saying they are ready to supply wood chips if long-term contracts can be agreed.

The chairperson of the Association of Indonesia Forest Concession Holders (APHI), Indroyono Soesilo, stated that energy plantation forests could replace at least 5% of the coal currently consumed.

Soesilo said the forestry sector sees attractive prospects in biomass co-firing. Energy plantation forests can supply wood chips from Gamal and Kaliandra trees which can be harvested in two years. He added the biomass price plan should be 1.2 times higher the price of coal to encourage the forest growers.

The Ministry of Environment and Forestry (KLHK) has said Indonesia has forest resources that can be utilised for the biomass-based green energy sector. The KLHK supports biomass utilisation programmes by promoting plantation forests for energy along with utilisation of wood waste.

See: <https://www.msn.com/id-id/berita/other/industri-hutan-harapkan-kontrak-jangka-panjang-untuk-pasok-wood-chips/ar-AA1gHAg6>

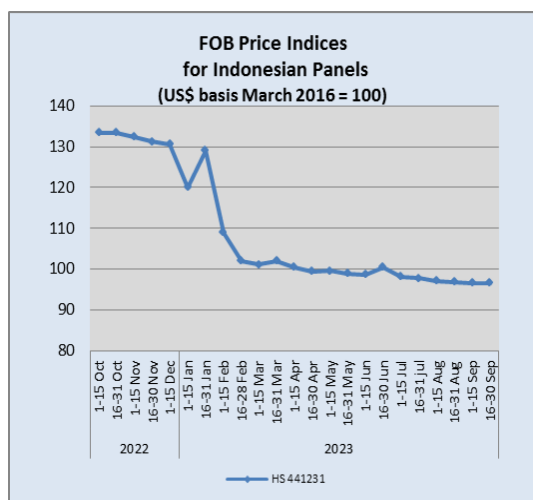
and

<https://ekonomi.republika.co.id/berita/s12o2y457/klhk-sebut-indonesia-punya-hutan-yang-potensial-untuk-biomassa>

Lower threat of forest, land fires

Rasio Ridho Sani, Director General of Law Enforcement at KLHK has reported the threat of forest and land fires this year is much lower than in previous years. According to Sani, the number of forest and land fire cases that often occur in Sumatra and Kalimantan had decreased because a team constantly conducts satellite monitoring of hotspots and raises the alarm.

See: <https://en.antaranews.com/news/294201/threat-of-forest-land-fires-continue-to-decrease-ministry>



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

Myanmar

Timber export performance reported

The value of timber exports in the first five-month of 2023-2024 declined year on year to around US\$30 million. This downward trend is likely to continue such that the year-end figure for exports could be around US\$75million. The value of timber exports was US\$128 million for the financial year 2021-22 and US\$139 million for 2022-23 according to the Ministry of Commerce.

The impact of sanctions imposed by the US and EU and the latest measures taken against the state-owned banks, Myanmar Foreign Trade Banks and Myanmar Investment and Commercial Bank has weakened the country's ability to export wood products. Millers report there are no orders from the US or EU.

According to the State-Owned Newspaper 'The Global New Light of Myanmar', Dr Than Naing Oo, Deputy Director-General of Forest Department, was quoted as saying "Between April and July of this financial year Myanmar's teak found its way to 20 countries through 41 companies in 242 containers totalling 2,610 cubic tons. The export revenue amounted to US\$8.137 million." India, Singapore, Malaysia, Thailand and China were reportedly the main markets for timber from Myanmar.

Alarming fluctuations in exchange rates

In recent weeks there have been alarming fluctuations in exchange rates in Myanmar and this has had a knock-on impact on prices of household essentials. In an effort to gain control of money markets the Central Bank of Myanmar (CBM) announced it had revoked the licenses of a further 123 currency exchange companies raising the number of licenses revoked within the last 11 months to 168.

The CBM took similar actions last October and this year in January, March, July and August against a total of 45 companies including Myanmar National Airlines saying the companies had failed to comply with the bank's rules and directives.

The CBM cited the same reason for its latest move to revoke currency exchange permits. Companies whose licenses were revoked on Tuesday included trading firms, travel & tour operators, construction groups, hotels including Yangon's luxury Sedona Hotel and financial services companies.

The CBM's current reference exchange rate is 2,100 kyats per US dollar although the black market rate went over 3,500 Kyats at the end of August 2023.

See: <https://www.irrawaddy.com/business/junta-shutters-myanmar-currency-exchanges-in-futile-bid-to-prop-up-economy.html>

Government re-shuffle

In another development Myanmar's military has reshuffled the country's ruling council (State Administration Council) and Cabinet, state media reported, with an apparent purge of two high-ranking generals who independent media have said are under investigation for alleged corruption.

See: <https://apnews.com/article/myanmar-army-corruption-cabinet-reshuffle-9e2a235d2e4cc31b17a2e42f6bf12a31> and <https://www.irrawaddy.com/business/myanmar-junta-continues-tightening-the-screws-on-its-economic-team.html>)

Running out of power: World Bank report

Myanmar's power sector has been in a downward spiral since the February 2021 military take-over and the prolonged electricity blackouts will likely worsen according to a recent World Bank report and a former advisor to the Myanmar Ministry of Electricity and Energy.

Major cities, including Yangon, Mandalay, and Naypyitaw are facing regular power outages while industrial zones across the country are bracing for crippling power cuts and surging fuel prices says the World Bank report "In The Dark: Power Sector Challenges in Myanmar."

UN calls for a unified strategy to end the worsening crisis in Myanmar

UN Secretary-General António Guterres, said financial aid should be boosted to previous levels to enable the world body to respond to an "enormous tragedy." He said the situation in Myanmar has further deteriorated since he met with ASEAN leaders in a 2022 summit and again called on the Myanmar government to immediately free all political prisoners and "open the door to a return to democratic rule." Guterres made the case for an international response in a news conference before joining the Association of Southeast Asian Nations leaders' summit meetings in Indonesia.

See: <https://www.asahi.com/ajw/articles/15000256#:~:text=U.N.,the%20worsening%20crisis%20in%20Myanmar.and>
<https://apnews.com/article/asean-myanmar-united-nations-antonio-guterres-c0b88922566e879ca816206d94666eeb>

India

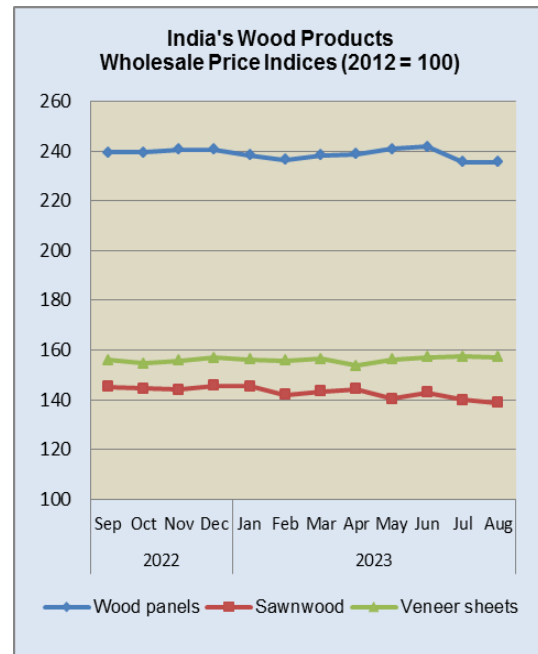
Some wood product prices dip lower

The annual rate of inflation based on the all India Wholesale Price Index (WPI) in August was minus 0.52% compared to minus 1.32% recorded in July 2023. The decline in the rate of inflation in August 2023 was primarily due to a decline in prices for mineral oils, basic metals, chemicals and chemical products, textiles and food products.

Out of the 22 NIC two-digit groups for manufactured products, 15 groups saw an increase in prices whereas for 6 groups there was a decline in prices.

The increase in price was mainly contributed by food products; electrical equipment; computers, electronic and optical products; other manufactures and motor vehicles. The groups for which prices dropped were paper and paper products; machinery and equipment; fabricated metal products; pharmaceuticals and furniture.

https://eaindustry.nic.in/pdf_files/cmonthly.pdf



Data source: Ministry of Commerce and Industry, India

Expanding forest plantations

The Indian government is encouraging the expansion of forest plantations and at the same time reviewing the regulations on their management and finances as this will boost the country's mission for clean and green growth as well as providing long-term benefits to the environment and economy.

The Prime Minister was quoted as saying "bringing together 'prakriti' (nature) and 'pragati' (development) has been the hallmark of the 'New India' development model. The PM said the involvement of local communities in the plantation drive will deliver a sense of ownership and environmental stewardship.

See: <https://www.thehindubusinessline.com/news/national/will-boost-indias-mission-for-clean-green-growth-pm-modi-lauds-assam-govts-mega-plantation-drive/article67317635.ece>

In related news, the first meeting of the Wood Industries Committee of India (WINCOIN) under the chairmanship of the Director-General, ICFRE (Indian Council of Forestry Research & Education) was held at the Institute of Wood Science and Technology. Attending were around 140 participants including industrial members, representatives of wood industries associations, officials, scientists and scholars.

The ICFRE-WINCOIN can be a unique platform comprising of all wood industry associations along with officials and Scientists that would bring synergy to the field of wood science, tree improvement and research. In his inaugural address Dr. A.S. Rawat, Director General, ICFRE, emphasised the need to explore domestic species and said he will work closely with the wood based industries.

During Open-end discussion the Director of Institute of Forestry Products, Ranchi, reported that the institute has developed clones of poplar especially for North Bihar State area and extensive planting of poplar has been carried out by farmers. Representative from Institute of Forest Genetics and Tree Breeding (IFGTB) said poplar, eucalyptus and melia dubia are being used for plywood manufacture.

See: https://iwst.icfre.gov.in/wincoin/wincoin%20meeting%20brochure%2021%20July%20_21%20July2023.pdf
and
<https://plyinsight.com/the-first-meeting-of-icfre/>

Success of big conglomerates obscures pressures on smaller businesses

According to the World Trade Organisation, small-and medium-sized enterprises (SMEs) represent over 90% of the business population, account for 60-70% of employment and 55% of GDP in developed economies. In developing countries SMEs are the heart of the manufacturing sector.

Nowhere is this more apparent than in India according to Sunil Kant Munjal, an Indian businessman and the chairman of Hero Enterprise.

He said “For India to grow we need more and more of our small businesses to mature into large firms”, Some Indian economist say India’s growth and the rapid expansion of the country’s biggest conglomerates has obscured the pressures on smaller businesses.

According to the Mumbai-based fund manager Marcellus, 20 companies took 80% of the profits generated by the Indian economy in 2022. By contrast, in a February survey of more than 100,000 small business owners by the Consortium of Indian Associations, three-quarters of respondents reported they were not profitable and one-third claimed their business’ performance had declined over the past five years.

One of the first recent challenges for small business was demonetisation which resulted in the elimination of circulation of Rs500 and Rs1,000 notes, the core of SME trading, which overnight rendered 86% of India’s currency notes unusable.

The SMEs (the so-called unorganised sector) had almost recovered from demonetisation when the Goods and Services Tax was introduced. This disrupted the economy for a considerable time.

The unorganised sector was desperately trying to get back on its feet when in 2020 yet another road block appeared in the form of a covid lockdown implemented within four hours of the announcement bringing the country to a standstill.

See: <https://www.ft.com/content/ef93bf55-4273-4090-add0-ed7d1d16353c>
and
[https://qz.com/india/2095466/demonetisation-gst-covid-lockdown-wrecked-indias-small-traders](https://qz.com/india/2095466/demonetisation-gst-covid-lockdown-wrecked-indias-small-traders-2095466/demonetisation-gst-covid-lockdown-wrecked-indias-small-traders)

Attracting foreign investment to expand furniture exports

The Trade Promotion Council of India (TPCI) and the World Furniture Confederation (WFC) agreed a MoU aimed at establishing furniture industrial clusters in India. The MoU was signed during the Annual General Meeting of the World Furniture Confederation in Dongguan, China. Representing India was Mohit Singla, Chairman of the Trade Promotion Council of India. TPCI is currently headed by Xu Xiangnan, President of the China National Furniture Association.

Singla, commented that “the MoU will promote engagement with global major furniture manufacturers, promote ‘Make in India’ for domestic and export markets and is the first signal of global cooperation in the organised furniture sector for India”.

He added that this cooperation is expected to attract foreign investment, enhance India's furniture exports and reduce the country's dependency on furniture imports.

See: <https://www.cnbctv18.com/business/india-trade-council-joins-forces-with-global-body-to-boost-furniture-manufacturing-17572141.htm>
and
<https://www.furniturenews.net/news/articles/2019/06/186820550-0-world-furniture-confederation-expands-membership>

Import update

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

	Hoppus cu.m	US\$ C&F
Brazil	124	277
Colombia	103	312
Costa Rica	88	225
Ecuador	113	238
Ghana	109	277
Ivory Coast	85	499
Nigeria	136	269
South Sudan	-	-
Tanzania	105	298
Laos	119	278

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

	cu.m	US\$ C&F
Benin	92	610
Brazil	101	366
Colombia	125	335
Costa Rica	90	289
Ecuador	169	530
Ghana	143	334
Ivory Coast	-	-
Nigeria	109	347
South Sudan	113	338
Tanzania	134	343
Togo	104	342
Venezuela	119	417

Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,000 - 4,300
Balau	2,700 - 3,000
Resak	-
Kapur	-
Kempas	1,455 - 1,750
Red meranti	1,700 - 2,000
Radiata pine	900 - 1,050
Whitewood	900 - 1,050

Price range depends mainly on lengths and cross-section

Sawn hardwood prices

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

Price range depends mainly on lengths and cross-sections

Plywood

Price increases for plywood are currently being discussed, any changes will be reported as soon as they are available.

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**

The General Department of Customs has reported W&WP exports to India in August 2023 reached US\$13.8 million, up by more than x3 compared to August 2022.

In the first 8 months of 2023 W&WP exports India were valued at US\$64.9 million. While W&WP exports to key markets such as the US, EU and China have been declining, growth in the Indian market is expected to offer opportunities for Vietnamese exporters.

Vietnam's W&WP exports to Taiwan P.o.C in August 2023 were reported at US\$5.1 million, down 63% compared to August 2022. Over the first 8 months of 2023 W&WP exports to this market were worth US\$44.4 million, down 47% over the same period in 2022.

Vietnam's W&WP imports in August 2023 amounted to US\$185.3 million, down 3% compared to July 2023 and down 35% compared to August 2022.

In the first 8 months of 2023 W&WP imports were valued at US\$1.416 billion, down 34% over the same period in 2022.

Logs and sawnwood imports from the US in August 2023 totalled 45,000 cu.m, at a value of US\$19.0 million, up 2.3% in volume and 6% in value compared to July 2023. Over the first 8 months of 2023 the total volume of imports from the US was 351,900 cu.m at a value of US\$150.64 million, down 23% in volume and 31% in value over the same period in 2022.

Vietnam's W&WP exports to Canada in August 2023 earned US\$15 million, down 29% compared to August 2022. In the first 8 months of 2023 the W&WP exports to Canada were valued at US\$122 million, down 31% year-on-year.

Cameroon remains as the largest supplier of tropical hardwood sharing 69.5% of total tali wood imports to Vietnam in the first 7 months of 2023 reaching 170,900 cu.m, worth US\$73.0 million, down 1.7% in volume and 1.9% in value over the same period in 2022.

General situation of Vietnam's tali wood imports

According to preliminary statistics, Vietnam's tali wood imports in August 2023 reached 33,900 cu.m, worth US\$13.1 million, up 3.6% in volume and 2.7% in value compared to July 2023; Compared to August 2022, it decreased by 44.8% in volume and 48.3% in value. Over the first 8 months of 2023, tali wood imports accumulated at 279,100 cu.m, worth US\$115.9 million, down 20.0% in volume and 19.2% in value over the same period in 2022.

In the first 7 months of 2023 imports of tali logs were at 125,400 cu.m, worth US\$59.1 million, up 4.4% in volume and 8.4% in value over the same period in 2022. Imports of tali sawnwood were 120,600 cu.m, worth US\$44.1 million, down 28% in volume and 31% in value over the same period in 2022.

Tali imports

	7 months 2023		
	cu.m	Value (US\$ 1,000)	Av. price (US\$/cu.m)
Sawnwood	125,431	59,083	471
Logs	120,639	44,093	365.5

Data Source: Vietnam General Department of Customs

Tali price fluctuations

The average price of tali imported into Vietnam in the first 7 months of 2023 stood at US\$419.3 per cu.m, up 2.2% over the same period in 2022. In particular, the price of tali from Cameroon increased by 3.6% against that of the last year to US\$426.8/cu.m; from Congo up by 5.2% to US\$456.7/cu.m; from Nigeria by 4.8% to US\$255.3/cu.m.

Log and sawnwood imports from the US to regaining growth

Statistics provided by Vietnam's General Department of Customs showed that log and sawnwood imports from the US in July 2023 amounted to 43,980 cu.m, with a value of US\$17.88 million, down 6% in volume and 13% in value compared to June 2023 and down 47% in volume and 55% in value compared to July 2022.

In the first 7 months of 2023 imports of logs and sawnwood from the US totalled at 306,900 cu.m, at US\$131.64 million, down 17% in volume and 27% in value over the same period in 2022.

The raw material Vietnam imported from the US in August 2023 increased to reach 45,000 cu.m, with a value of US\$19 million, up 2.3% in volume and 6.3% in value compared to July 2023.

In the recent months as W&WP export orders have shown positive signals in key markets the demand for legally-sourced wood from trusted suppliers such as the US and EU is expected to recover.

The average price of imported US sawnwood in July 2023 stood at US\$469 per cu.m, up by 0.4% compared to June 2023 but down by 31.3% against July 2022.

In the first 7 months of 2023 the average price of sawnwood imported from the US was US\$481 per cu.m, down by 26% over the same period in 2022.

Log imports from the US July 2023 averaged US\$305/cu.m, down by 23% compared to June 2023 but up by 17% compared to the same period in 2022. In the first 7 months of 2023 the average price of logs imported from the US stood at US\$337/cu.m, up 22% over the same period in 2022.

Imports from the EU forecasted to increase

Imports of logs and sawnwood from the EU in July 2023 amounted to 87,840 cu.m, worth US\$27.23 million, down 2.9% in volume and 0.4% in value compared to June 2023 but up 17% in volume and 4.5% in value over the same period in 2022. In the first 7 months of 2023, imports of wood from the EU totalled at 443,010 cu.m, worth US\$135.60 million, down 6.1% in volume and 13.8% in value year-on-year.

New market opportunities

Although Vietnam's wood industry is still facing many difficulties W&WP exports have shown positive signals with orders coming from key markets such as the US and Europe and businesses are likely regaining consumers. This lead to increased demand for imported wood raw material for the manufacture value-added products for export. Imports of roundwood and sawnwood from the EU are expected to increase slightly from now to the end of 2023.

India and Middle East offer new opportunity for Vietnam's timber exporters.

With the sharp fall in exports of wood products to traditional and well-established markets such as the US, China, Japan, South Korea and the EU, India and the Middle East are emerging as new opportunities for Vietnamese exporters.

According to the Vietnam Timber and Forest Products Association (VIFOREST) Vietnam's wood export orders for the US in the first half of the year fell by around 30% depending on product categories, while those for the EU market also shrank by up to 40%.

India and the Middle East are becoming prospective markets for Vietnamese wood products although revenue remains low with no large and long-term orders.

India is not Vietnam's main timber export market but customs data showed export earnings in the early months of 2023 had already reached US\$21 million, three times higher than the same period last year. Vietnam's main export to India is medium-density fiberboard (MDF) which accounted for 47% of total exports.

Similarly, Vietnam's wood exports to Middle Eastern countries also witnessed strong growth with revenues from the United Arab Emirates up by 38% to US\$11 million.

The main exports to this market were construction wood, chairs and other wooden items.

But according to enterprise leaders the tastes in the Indian market are different from that of the European and US markets as their favoured products are not being manufactured by Vietnam. For now only the younger consumers are using products similar to western countries.

For the Middle East there was an increased demand for construction wood in the early months of the year some were facing difficulties in securing timber from their traditional suppliers due to economic and political uncertainties.

Although their purchases remain limited the Middle East's rising import of Vietnamese timber is offering new hopes for Vietnamese enterprises amidst the current crisis.

VIFOREST Chairman Do Xuan Lap said the US is still the most important market for Vietnamese timber. To increase the competitive advantage in this market Vietnamese enterprises need to review their strategic products and look into products with high levels of potential with which they have a competitive edge.

For the Indian market wood enterprises need to learn about the demand for MDF and other wood products. Regarding the Middle East they need to conduct thorough surveys of the potential for exports to these markets and the products which are in demand.

See: <https://en.nhandan.vn/india-and-middle-east-offer-new-opportunity-for-vietnams-timber-exporters-post127890.html>

National plan on implementation of Glasgow Declaration on forests

Vietnam will closely manage natural forests and gradually deal with forest and land degradation as set in the national plan recently approved by Deputy Prime Minister Tran Luu Quang on the implementation of the Glasgow Leaders' Declaration on Forests and Land Use.

The declaration was launched at the United Nations Climate Change Conference (COP26) in November 2021. A total of 143 nations signed the declaration, accounting for over 90% of the world's forests. This effort aimed to "halt and reverse forest loss and land degradation by 2030 while delivering sustainable development and promoting inclusive rural transformation."

The national plan by 2030 is intended to realise goals of sustainable agricultural and rural development, greenhouse gas emission reduction, climate change response, biodiversity conservation, sustainable forest management, and transition to a green economy and a circular economy.

Under the plan, the area of downgraded natural forests restored and upgraded is set at 10% by 2025, and 20% by 2030. In addition, the forested area to be certified for sustainable forest management is expected to reach 0.5 million hectares by 2025, and 1 million hectares by 2030.

Vietnam will perfect mechanisms and policies to promote sustainability in agro-forestry production and consumption and raise resilience of forest land to climate change.

Efforts will be made to improve rural livelihoods by empowering local communities, consolidating land management systems and improving the multi-purpose management of forests.

The plan also aims to promote the access to, and efficient use of domestic and international financial resources as well as public-private partnership in agro-forestry production and sustainable forest management, and support local residents, especially of ethnic minority groups.

See: <https://en.vietnamplus.vn/national-plan-issued-to-implement-glasgow-declaration-on-forests-land-use/266949.vnp>

Brazil

Mato Grosso leads national production of traceable native wood

According to the Brazilian Institute of Geography and Statistics (IBGE) the forest-based sector in the state of Mato Grosso in the Amazon Region has grown to become the leading national roundwood producer with production of over 4 million cubic metres per year. Harvesting through Sustainable Forest Management Plans (PMFS) includes approximately 50 native tree species.

In addition, the forest-based sector is among the ten industrial segments that provide the most tax revenue in Mato Grosso with R\$66.2 million being collected by the State government in 2022.

In addition to the economic impact and the significant concentration of micro and small companies (67.8% in Mato Grosso's forest-based sector), the sector also stands out as an important generator of jobs with an annual increase of 18% in the wage bill according to the Federation of Industries in the State of Mato Grosso (FIEMT).

After the COVID-19 crisis in 2019 and 2020 the sector returned to growth in 2022 with a growth rate of 43% compared to 2021 and contributed significantly to the local economy (almost half of Mato Grosso's municipalities (47%) have forestry industries).

In addition, the Center for Timber Producing and Exporting Industries of the State of Mato Grosso (CIPEM) has highed the importance of the new Document of Forest Origin (DOF) system. The mandatory DOF+ traceability permit is a tool for issuing, managing and monitoring the transport and storage of forest products from tree species native to Brazil. The system ensures standardised practices and a high levels of environmental responsibility.

See: cipem.org.br/noticias/segmento-florestal-de-mt-lidera-producao-nacional-de-madeira-nativa-rastreada

Castanha-do-brasil shows great potential in recovering degraded land

Embrapa research carried out in the Amazon region indicates that *castanha-do-brasil* (the Brazil nut tree, *Bertholletia excelsa*) is a useful species for recovering degraded lands and is a promising solution for forest restoration.

Brazil nut trees are capable of producing for more than 40 years with little or no nutrient input, contributing to environmental preservation and providing economic opportunities for local communities. Studies show that the soil under Brazil nut tree stands recover in a similar way to soils in the natural forest.

According to the Food and Agriculture Organization Brazil is the world's largest producer of Brazil nuts with around 33,000 tonnes produced every year. In Fazenda Aruanã, located in the municipality of Itacoatiara in the state of Amazonas, there are the largest Brazil nut plantations in the world with around 1.3 million trees. This planted area of 3,000 hectares, became the largest Brazil nut plantation in the world and was established on degraded pasture land.

See: <http://www.remade.com.br/noticias/19459/castanheira-da-amazonia-mostra-eficiencia-na-recuperacao-de-solos-degradados>

Export update

In August 2023 the value of Brazilian exports of wood-based products (except pulp and paper) dropped 26% compared to August 2022, from US\$404.0 million to US\$299.8 million.

Pine sawnwood exports declined 29% in value between August 2022 (US\$74.6 million) and August 2023 (US\$53.2 million). In volume, exports decreased 9.5% over the same period, from 254,200 cu.m to 230,100 cu.m.

Tropical sawnwood exports also dropped 26% in volume, from 35,700 cu.m in August 2022 to 26,300 cu.m in August 2023. In value, exports decreased 22% from US\$16.2 million to US\$12.6 million over the same period.

In contrast, pine plywood exports recorded a 4% increase in value in August 2023 compared to August 2022, from US\$50.6 million to US\$52.8 million. In volume terms, exports increased 32% over the same period, from 127,400 cu.m to 168,500 cu.m.

Tropical plywood exports declined in volume by 54% and in value the decline was 60% from 5,200 cu.m and US\$3.7 million in August 2022 to 2,400 cu.m and US\$1.5 million in August 2023.

As for wooden furniture the exported value decreased from US\$60.9 million in August 2022 to US\$54.0 million in August 2023, an 11% drop.

Challenges facing the wood panel industry in Brazil

According to the Brazilian Tree Industry (IBÁ), in the second quarter of 2023 consumption of wood based panels (particleboard/MDP, MDF/HDF and hardboard) in Brazil fell by 1.4% compared to the same period last year, from 1.74 million cu.m to 1.72 million cu.m.

In addition, exports of Brazilian wood-based panels in the first half of 2023 totaled US\$144.8 million representing a significant drop of 48% compared to the US\$277.9 million exported in the first half of 2022.

Latin American countries continued to be the main regional export markets for Brazilian panels in the first half of 2023 with US\$80.4 million (US\$126.0 million in 2022) a reduction of 36%, followed by the North American market at US\$33.5 million, which also presented a considerable reduction of 69%, compared to US\$107.1 million in 2022.

The volumes exported by Brazilian wood panel manufacturers fell by 42.0% in the first half of 2023 totaling 499,000 cu.m compared to the 861,000 cu.m exported in the first half of 2022.

See: <http://www.remade.com.br/noticias/19437/consumo-e-exportacao-de-paineis-de-madeira-brasileiros-caem-no-1%C2%BA-semester-de-2023>

Brazil at forefront in development of technology for the forestry sector

Brazil stands out as a leader in the development of technological solutions for the forestry sector. According to the Indústria Brasileira de Árvores (IBÁ) the average productivity of eucalyptus has reached its highest level since 2014 at 38.9 cu./ha/year in 2021 while pine reached 29.7 cu.m/ha/year.

This level of productivity is above the global average and was achieved by investment in technology. Today, it is not just large companies that realise the importance of investment but small and medium-sized companies have also been taking advantage of the benefits that innovative solutions bring to production.

The technologies developed have enabled more efficient sustainable forest management. New software makes it possible to analyse data collected in order to solve problems and continuously improve processes, resulting in greater productivity and profitability.

Despite challenges such as infrastructure connectivity Brazil continues to boost forest productivity and strengthen its leadership in the development of technology for the forest sector through partnerships and exchange of knowledge.

See: <https://www.madeiratotal.com.br/impulsionador-de-productividade-brasil-e-referencia-no-desenvolvimento-de-tecnologia-para-o-setor-florestal/>

Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	609↑
Jatoba	245↑
Massaranduba	216↓
Muiracatiara	208↓
Angelim Vermelho	212↓
Mixed redwood and white woods	163↓

Source: STCP Data Bank

Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	2,384↑
Jatoba	1,90↑
Massaranduba	1,078↓
Muiracatiara	977↑
Angelim Vermelho	1,035↑
Mixed red and white	650
Eucalyptus (AD)	364↑
Pine (AD)	273↑
Pine (KD)	342

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

	US\$ pe3 cu.m
Parica	
4mm WBP	656↑
10mm WBP	505↓
15mm WBP	449↓
4mm MR.	623↓
10mm MR.	466↓
15mm MR.	399↓

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

	US\$ per cu.m
Domestic ex-mill prices	
15mm MDParticleboard	392↑
15mm MDF	428↑

Source: STCP

Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipê	3,378↑
Jatoba	1,731↓
Massaranduba	1,744↓
Muiracatiara	1,722↓
Pine (KD)	189↑

Source: STCP Data Bank

Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	308↓
12mm C/CC (WBP)	293↓
15mm C/CC (WBP)	280↓
18mm C/CC (WBP)	276

Source: STCP Data Bank

Export prices for added value products

	US\$ per cu.m
FOB Belem/Paranagua ports	
Decking Boards Ipê	5,500↑
Jatoba	2,496↑

Source: STCP Data Bank

Peru

Export shipments of wooden furniture fall

The export of wooden furniture and parts between January and July 2023 were valued at US\$2.1 million, a year on year contraction of 22% as reported by the Association of Exporters (ADEX).

Despite a 25% drop in orders the US was its main buyer of wooden furniture at US\$1.2 million or 59% of total wooden furniture exports. In the period January to July 2022 exports to the US were worth US\$ 1.6 million.

Other furniture markets were Italy (US\$0.19 million), a slight increase of 0.6% and Chile (US\$0.15 million), a drop of 50%. Completing the top ten export markets were El Salvador (US\$0.12 million), Spain (US\$93,061), Guatemala (US\$85,796), Ecuador (US\$1,165), Bermuda (US\$53,324), Trinidad and Tobago (US\$47,995) and Aruba (US\$ 6,415).

In terms of categories the main export was of 'other' wooden furniture (US\$1.02 million) accounting for 50% despite suffering a decline of 369% compared to the same period in 2022

Also shipped was wooden bedroom furniture (US\$0.36 million), seats with padding and wooden frames (US\$0.25 million), other seats with wooden frames (US\$ 0.24 million) and wooden furniture used in offices. (US\$0.13 million).

Wooden furniture and its parts ranked fifth among all categories of wooden furniture exported between January and July, or 4% of the total. These products earned less than sawn wood (US\$25.1 million), semi-manufactured products (US 4.4 million), construction products (US\$3.2 million) and firewood and charcoal (US\$2.6 million). In 2022 shipments of wooden furniture and parts totalled US\$4.6 million, a year on year growth of 7%.

Unified databases to protect forest resources

The governor of Ucayali, Manuel Gambini and the Director of the National Forest Service (Serfor), Luis González, signed a protocol that seeks to strengthen the management of information between both institutions with the aim of making the management of forest resources in Ucayali more efficient.

The document served to establish agreements that will bring benefits to the region. All the information on the respective geoportals will be available to the public. The governor indicated that indigenous peoples will be the main beneficiaries.

González maintained that what has been established is an information tool that will contribute to management with the objective of unifying the GORE-Ucayali database with that of Serfor to ensure the availability of the information in a transparent manner.

Serfor approves timber control protocol for river transport

In order to exercise complete control of the transport of forest products the National Forestry and Wildlife Service (Serfor) approved a protocol 'Timber control in river transport'. This came into force through an Executive Directorate Resolution No. D000210-2023-MIDAGRI-SERFORDE published in the Legal Standards of the Official Gazette El Peruano.

Export prices for added value products

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

Export sawnwood prices

	US\$ per cu.m
Peru sawnwood, FOB Callao Port	
Pumaquiro 25-50mm AD Mexican market	687-706↑
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	990-1016
Asian market	991-1022
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	629-645
Dominican Republic	744-793
Marupa 1", 6-11 length KD Grade 1 Asian market	559-574

Export plywood prices

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

Export veneer prices

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

Domestic sawnwood prices

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

Domestic plywood prices (excl. taxes)

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

Domestic prices for other panel products

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

Japan**Removing hurdles faced by foreign companies investing in Japan**

To boost foreign investment in Japan the government is considering a policy package to revise laws in order to relax regulations on foreign investment, address Japan's 'unique' business practices and ease hurdles faced by foreign companies wishing to enter the Japanese domestic market. Part of this plan may involve setting up special economic zones tailored where administrative procedure can be completed solely in English.

In related news, a survey by Kyodo News found that 86% of municipalities in Japan are facing a serious shortage of workers in farming and other key sectors because of the aging population and declining birthrate. To address this municipalities want to see an increase in foreign workers.

See: <https://english.kyodonews.net/news/2023/09/09627910f55e-japan-pm-vows-to-set-up-special-zones-to-boost-foreign-investment.html>

and

https://english.kyodonews.net/kyodo_news

No policy shift (yet) by Bank of Japan

At its end of September policy board meeting the Bank of Japan (BoJ) decided to maintain the ultra-low interest rates and reaffirmed its commitment to monetary easing despite market expectations it could be preparing for a policy shift.

The September meeting was the first since BoJ Governor, Kazuo Ueda, alluded to the possible ending of the Bank's negative interest rate policy if prices and wages rise. The latest decision means the BoJ will continue moving in a opposite direction to the US Federal Reserve and the European Central Bank which are raising interest rates to tame inflations. The BoJ said inflation expectations are rising but it is not convinced on the sustainability of wage growth, an essential if interest rates are to be lifted.

See:

<https://mainichi.jp/english/articles/20230922/p2g/00m/0bu/02000c>

August trade deficit

Data from the Ministry of Finance for August show that Japan recorded a trade deficit of over US\$6 billion largely because of the imposition of trade restrictions especially by China which led to the biggest drop in food exports to China in 12 years and the cost of imports, especially energy, surged.

China imposed an import ban on Japanese seafood in late August, after the operator of the crippled Fukushima No. 1 nuclear power plant began releasing treated radioactive water into the Pacific Ocean. Food exports to China tumbled 41.2% from a year earlier to ¥14.19 billion

Japan's overall exports to China dropped 11.0% to ¥1.44 trillion while imports decreased 12.1% to ¥1.93 trillion, leading to a ¥493.09 billion trade deficit.

See: <https://www.japantimes.co.jp/business/2023/09/20/august-exports-fall/>

Worker shortage a risk to economic security

The Japanese government is becoming increasingly concerned about a looming worker shortage which is seen as yet another risk to economic self-reliance and economic security.

This concern comes at a time when the sustainability of wage growth is the focus of attention because of the efforts being made by the Bank of Japan (BoJ) to achieve a steady 2% annual inflation.

If the BoJ target is to be achieved it will be necessary for the government to convince the private sector that annual wage increases must be higher than the country's inflation rate. This will be a major challenge as Japan's widespread seniority-based employment system, low labour productivity and worker reluctance to move from one job to another have been among the factors behind the slow wage growth for years.

Shipping captured carbon dioxide – discussions with Malaysia

Japan is discussing with the Malaysian government a proposal for shipping captured carbon dioxide to Malaysia for underground storage as part of an Asian decarbonisation project.

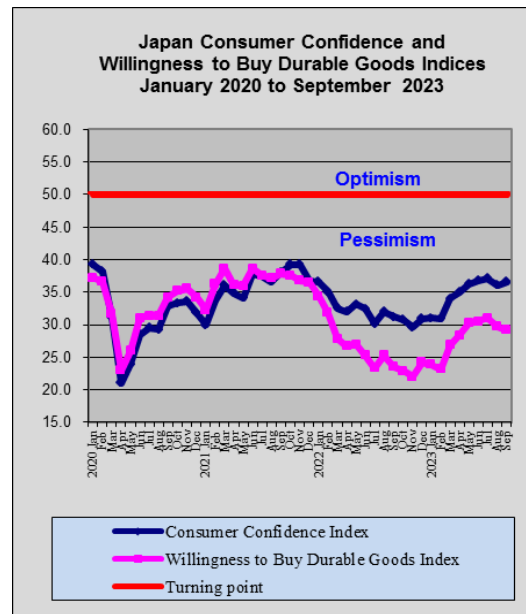
The project, if implemented, will be Japan's first shipment and storage of captured carbon dioxide and could begin in 2028. Japan and several Southeast Asian countries plan to build an Asia-wide carbon dioxide capture, utilisation and storage network by 2030 in hopes of achieving decarbonisation and economic growth simultaneously in the region.

See: <https://www.japantimes.co.jp/business/2023/09/26/economy/japan-carbon-capture-storage/>

Rise in household assets

Assets held by Japanese households hit a record US\$14 trillion at the end of June this year, an almost 5% rise from a year earlier. Stock holdings surged 26%. Cash and deposits, which accounted for over half of total household assets, were up 1.4%. Despite the rise in overall assets consumers are still very cautious on the future direction of the economy so personal consumption is subdued.

See: <https://mainichi.jp/english/articles/20230920/p2g/00m/0bu/026000c>



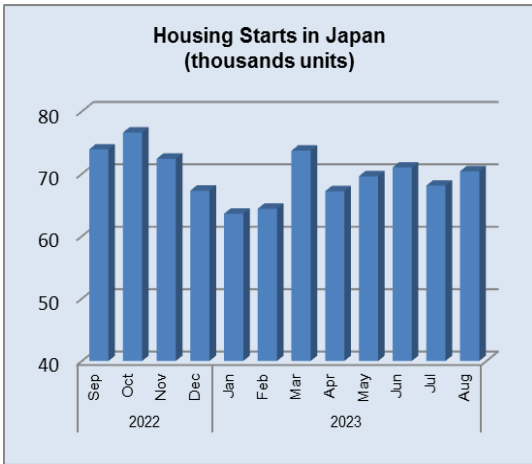
Data source: Cabinet Office, Japan

Smaller cities see land price rise

This year average land prices outside of the three largest metropolitan areas in Japan rose for the first time in over 30 years on the back of sharp increases in land prices in the smaller cities such as Sapporo, Sendai, Hiroshima and Fukuoka which saw an 8% increase. In these and other smaller cities recent redevelopment investment has attracted residents and businesses to these cities.

Of 38 regional prefectures, 27 recorded a decline in their overall land prices. However, 20 prefectures saw the figures increase or remain unchanged in their capitals. However, these increases are exceptions as land prices have been declining in most regional areas.

See: <https://www.asahi.com/ajw/articles/15009758>

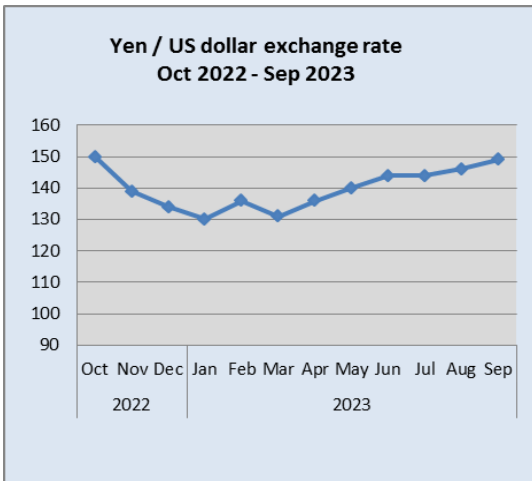


Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Yen closing in on 150 to the US dollar

If the Japanese yen weakens beyond 150 to the dollar as it appears likely to do so in the coming weeks the BoJ could be forced into changing its policy stance earlier than it wishes. The yen slipped to 148.2 in the third week of September after reaching its lowest in almost 10 months at 148.47 to the US dollar.

As the yen weakens overseas tourists are benefitting and Japan has become a more affordable destination. Chinese tourists, known for their shopping sprees, are back in Japan. The weak yen, which remains close to multi-decade lows, has delighted exporters but it has hurt domestic household budgets as the cost of imports continues to surge.



Import update

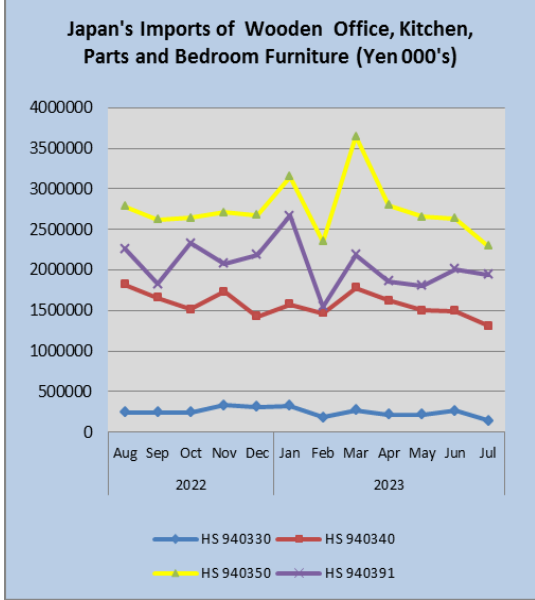
There was a decline in the value of Japan’s wooden furniture imports in July compared to a month earlier. Year on year there was a considerable fall in the value of imports which, if set against the yen exchange rate which has fallen from around 130 a year ago to 147 to the US dollar in September, signals a significant downturn in wooden furniture imports.

Expanding outside of Japan

Japanese furniture company Nitori Holdings has opened its first outlet in Hong Kong and by 2032 it plans to have 20 outlets in Hong Kong. Nitori already has 75 locations in mainland China and hopes to expand that to lift that to 100 by the end of the year. Nitori manufactures most of its goods in mainland China and in Southeast Asia.

See: <https://asia.nikkei.com/Business/Retail/Japan-furniture-retailer-Nitori-plans-20-Hong-Kong-outlets-by-2032>

Yen value of furniture imports



Data source: Ministry of Finance, Japan

July wooden office furniture imports (HS 940330)

The value of Japan’s wooden office furniture imports in July this year was 47% down compared to June and down over 40% compared to July 2022. July shipments of wooden office furniture from China accounted for 75% of all shipments of wooden office furniture, down from the 84% share in June.

Of the other 18 July shippers Romania and the UK were in the top five suppliers. There appears to have been a diversification of sources of wooden office furniture in July with several new shippers being identified in the import statistics. Indonesia, Finland and Poland stand out as accounting for around 3% each of July arrivals.

July imports (HS 940330)

	Imports Jul 2023 Unit, 000's Yen
China	105,921
Taiwan P.o.C	1,035
Vietnam	1,859
Malaysia	498
Indonesia	3,565
UK	5,919
Italy	823
Finland	3,893
Poland	3,609
Hungary	526
Romania	7,952
Turkey	1,373
Lithuania	858
Czech Rep.	2,076
Slovakia	289
Canada	-
USA	1,109
Total	141,305

Data source: Ministry of Finance, Japan

July kitchen furniture imports (HS 940340)

Two suppliers, the Philippines and Vietnam, continue to dominate Japan's imports of wooden kitchen furniture but in July the value of shipments to Japan from these two main suppliers declined which drove down the total value of arrivals of wooden kitchen furniture despite the rise in the value of imports from China, Malaysia and Indonesia.

Year on year the value of wooden kitchen furniture imports dropped 28% and month on month there was a 12% decline. The value of Japan's imports of wooden kitchen furniture was falling for four consecutive months up to July.

In July shipments from the Philippines accounted for 48% of the value of imports of HS940340 with a further 33% coming from Vietnam. The other shippers of note in July were China and Italy.

July imports (HS 940340)

	Imports Jul 2023 Unit, 000's Yen
China	81,656
Taiwan P.o.C	3,405
Vietnam	435,969
Thailand	66,316
Malaysia	12,800
Philippines	634,679
Indonesia	22,506
UK	1,382
Germany	17,720
Italy	27,308
Romania	3,169
Canada	1,487
USA	1,545
Total	1,309,942

Data source: Ministry of Finance, Japan

July wooden bedroom furniture imports (HS 940350)

Since April this year there has been a steady reduction in the value of imports of wooden bedroom furniture. China and Vietnam are the largest suppliers of wooden bedroom furniture to Japan together accounting for around 90% of imports of this category of wooden furniture. The decline in the value of imports from these two main shippers disguises the advances made in market share by some other shippers such as Malaysia and some EU member states.

In July this year there was an 18% decline in the value of wooden bedroom furniture and month on month the decline was in the order of 12%.

July imports (HS 940350)

	Imports Jul 2023 Unit, 000's Yen
R. Korea	924
China	1,276,026
Taiwan P.o.C	493
Mongolia	-
Hong Kong	-
Vietnam	762,677
Thailand	31,877
Malaysia	163,909
Indonesia	19,881
India	811
Denmark	3,069
UK	891
Netherlands	1,591
France	2,133
Germany	1,291
Spain	1,030
Italy	17,723
Finland	-
Poland	8,252
Austria	-
Hungary	227
Greece	-
Romania	-
Turkey	-
Latvia	294
Lithuania	-
Bos Herz	-
USA	1,168
Total	2,294,267

Data source: Ministry of Finance, Japan

July wooden furniture parts imports (HS 940391)

Year on year the value of Japan's imports of wooden furniture parts dropped 14% and there was a 4% decline compared to the value of June imports. The top suppliers in July were, as in previous months, China (44%), Indonesia 21%, Malaysia (11%) and Vietnam 7%. For the past four months the value of wooden furniture parts imports has been within a narrow range and the decline in the overall value of imports has been felt by all of the main shippers.

July imports (HS 940391)

	Imports Jul 2023 Unit, 000's Yen
S. Korea	32,908
China	856,851
Taiwan P.o.C	52,751
Vietnam	133,308
Thailand	59,538
Singapore	25,214
Malaysia	208,555
Philippines	8,372
Indonesia	411,644
India	411
Sweden	15,060
Denmark	7,415
UK	4,400
Netherlands	245
Belgium	843
France	8,187
Germany	16,239
Switzerland	1,752
Spain	348
Italy	63,903
Finland	1,112
Poland	25,159
Hungary	1,500
Romania	989
Turkey	5,240
Total	1,941,944

Data source: Ministry of Finance, Japan

Trade news from the Japan Lumber Reports (JLR)

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

For the JLR report please see:

https://ifpj.jp/japan_lumber_reports/

Demand and supply of lumber at Tokyo port

Inventory of lumber at Tokyo port in August, 2023 is 119,000 cbms and it is 3,500 cbms more than July, 2023. The inventory has been decreasing since September, 2022 but it stops decreasing. Arrival volume of Canadian lumber in August declines due to the strike at a harbor in Canada but the inventory of lumber keeps a level of 110,000 cbms. Shipment in August is almost the same shipment in July. The inventory was 209,000 cbms in August, 2022 and it is 43.1 % down in August, 2023.

Plywood supply for the 1st half of 2023

The supply of plywood in the first half of 2023 decreased from the first half of 2022. A total plywood supply is 2,116,000 cbms, 28.2 % less than January to June, 2022. Domestic plywood is 1,188,000 cbms, 23.9 % less and imported plywood is 927,000 cbms, 33 % less than the same period last year.

Product of domestic plywood in June, 2023 is 9.4 % up from May 2023 and it is 19.4 % less than June, 2022. The anticipation of falling prices is about to calm down because the price of 12 mm 3 x6 structural softwood plywood almost reached the bottom in Eastern and Western Japan in July, 2023. The price was 1,600 yen, delivered per sheet. However, demand of houses has been low so the shipment of plywood in the future remains unclear.

Imported plywood in June, 2023 is 38.2 % down from June, 2022. Malaysian plywood in January to June, 2023 is 40 % less than June, 2022. Indonesian plywood at the first half of 2023 is 196,000 cbms, 37.2 % down from the first half of 2022. Indonesian plywood in June, 2023 increases slightly from May, 2023 and it is 30.4 % down from June, 2022.

Demand and supply of domestic softwood plywood in the 1st half of 2023

Product of domestic structural softwood plywood is 25.3 % down from January to June, 2022. The reason is that plywood manufacturers have been reducing product to control demand and supply since last October.

Since the housing market is sluggish, shipment of domestic structural softwood plywood is 24.8 % less than January to June, 2022. However, shipment of domestic structural softwood plywood in June, 2023 is 5.9 % up from May, 2023. Inventory of domestic structural softwood plywood in June, 2023 is 138,629 cbms, 82.7 % more than June, 2022.

Orders for house builders

New orders for many house builders in July, 2023 rise by 4 % from July, 2022. However, the results of July, 2022 were low so it is hard to say that this situation is good. Many house builders do not get a strong sense of recovery in orders and they have no idea that this situation would be better in the future. Some house builders have a good result by non-housing buildings. The price of a house is lowered but starts of house still do not increase. The price of lumber is decreasing but other materials for building structures are high.

South Sea logs and lumber

South Sea log such as Keruing for producing lumber is about to run short. Demand of South Sea log shipbuilding and steel companies have been strong until June, 2023 and other demand has been low so demand and supply has been balanced. However, demand for truck bodies increased suddenly. Then, some distributors import South Sea logs by container ships hurriedly.

Inquiries for truck bodies were very low last year. One of the reasons is that the semiconductors were short. The other reason is that a major commercial vehicle company in Japan did wrong on engines and the sales were not good. However, a shortage of semiconductors had solved after April, 2023 and the sales rose. Then, demand of truck bodies recovered in June.

It takes three to four months to import South Sea lumber from overseas so South Sea lumber companies in Japan got orders. Thus, South Sea lumber companies in Japan do not have enough South Sea logs and they make every effort to get South Sea logs.

Movement of South Sea lumber and Chinese lumber is sluggish due to low demand in Japan and the weak yen. The sales of trucks are not good even though product of truck body recovered. It is unclear that how long this situation would continue.

China

First half year decline in plywood exports

According to China Customs, in the first half of 2023 China's plywood exports were 5.13 million cubic metres valued at US\$2.368 billion, down 9% and 20% respectively over the same period of 2022. The main reason for the decline in plywood exports was that both the number and production capacity of China's plywood industry had declined.

There were more than 10,800 enterprises (down 14% year on year) manufacturing plywood products in China at the end of 2022 with the total production capacity of 208 million cubic metres per year, down 6.3% over 2021 level

See: (<https://mp.weixin.qq.com/s/JWYJnX-TBUiP7I2fwO5g>)

The markets for China's plywood exports are varied but 50% of national exports go to just 10 countries. the Philippines and UK are top two markets for China's plywood but in the first half of 2023 plywood exports to these two markets fell (Philippines, -7% and UK -18%) and this affected the overall sector export performance.

The US is no longer the main destination for China's plywood exports due to the on-going trade friction. In the first half of 2023, China's plywood exports to the US totalled just 143,000 cubic metres valued at US\$103 million, down 39% and 51% respectively over the same period of 2022.

However, an increasing trend has been observed in exports of plywood exports to Middle East countries and African countries. China's plywood exports to UAE and Israel rose 11% and 15% in the first half of 2023.

Nigeria became the third largest market for China's plywood exports in the first half of 2023. China's plywood exports to Nigeria surged 72% to 291,000 cubic metres valued at US\$95 million, up 47% in value from the same period of 2023.

Top markets for China's plywood exports first half 2023 (volume)

Destination	Vol. (000' cu.m)	YoY % change
Total	5,133	-9%
Philippines	445	-7%
UK	344	-18%
Nigeria	291	72%
UAE	276	11%
Japan	267	-27%
Saudi Arabia	210	-13%
Mexico	193	3%
Australia	179	-10%
Israel	169	15%
USA	143	-39%

Data source: China Customs

Top markets for China's plywood exports first half 2023 (value)

Destination	Value (mil.US\$)	YoY % change
Total	2,368	-20%
Philippines	166	-18%
UK	153	-24%
Nigeria	95	47%
UAE	94	-4%
Japan	136	-38%
Saudi Arabia	73	-20%
Mexico	85	-12%
Australia	136	-20%
Israel	77	-2%
USA	103	-51%

Data source: China Customs

Decline in CIF prices for plywood exports

In the first half of 2023 CIF prices for China's plywood exports declined compared to the same period in 2022. The lowest CIF price was seen in plywood exports to both the UK and Saudi Arabia, each dropping 8% and the price of China's plywood exports to the US fell 19% year on year.

Plywood export CIF prices, first half 2023

Destination	Av. CIF price First half 2023	YoY % change
Total	461	-12%
Philippines	373	-12%
UK	444	-8%
Nigeria	328	-14%
UAE	341	-14%
Japan	509	-16%
Saudi Arabia	346	-8%
Mexico	442	-14%
Australia	758	-12%
Israel	456	-15%
USA	723	-19%

Data source: China Customs

Decline in wooden furniture exports except to Thailand

According to China Customs, in the first half of 2023 the value of China's wooden furniture exports was US\$11.5 billion, down 12% over the same period of 2022. However, China's wooden furniture exports to Thailand alone rose 18% to US\$210 million over the same period of 2022. Wooden furniture exported to Thailand was largely made from sawn rubberwood imported from Thailand.

China imported more than 2 million cubic metres of sawn rubberwood from Thailand in the first half of 2023, up 3% over the same period of 2022.

China's wood furniture exports, first half of 2023 (value)

Destination	Value (mil.US\$)	YoY % Change
Total	11,509	-12%
USA	3,322	-14%
Japan	710	-12%
UK	671	-2%
Australia	665	-19%
South Korea	654	-7%
Canada	364	-20%
Saudi Arabia	311	-3%
France	287	-11%
Germany	287	-11%
Malaysia	277	-31%
Philippines	221	-8%
Thailand	210	18%

Data source: China Customs

China's wooden furniture is exported to more than 200 countries and furniture destination are scattered. The proportion of China's wood furniture exports to top 10 destination countries accounted for nearly 70% of the national total.

The US is still the largest market for China's wooden furniture exports and around 30% of the national total wooden furniture exports go to the US. China's wooden furniture exports to the US fell 14% to US\$3.322 billion in the first half of 2023 which directly impacted the overall export performance.

In the first half of 2023 the decrease in China's wooden furniture exports was also impacted by the reduction of the financial health of furniture manufacturing enterprises. It has been reported that in the first half of 2023 the operating income of furniture manufacturing enterprises (with annual main business income of more than RMB20 million) was RMB289.82 billion, down 10% over the same period of 2022. The total profit was RMB13.2 billion, down 2%.

See: https://wap.miit.gov.cn/threestrategy/zlsj/tjsj/art/2023/art_5c_a43d0843234a52a63af0b8afe83307.html

Rise of the forest industries in Heze City

Heze City in Shandong Province is one of the important forest product production and processing bases in China. Wood processing is the most advantageous industry of forestry in Heze City. At the end of 2022 there were 3,560 wood processing enterprises in the city employing more than 1.05 million employees. The annual wood processing volume reaches 27 million cubic metres, the total output value was RMB114.1 billion and wood products were exported to more than 100 countries and regions.

Five large-scale wood processing zones have been built in Heze City forming a wood panel and products industry cluster, wood crafts industry cluster and a panel processing cluster.

At present, there are 3 national key forestry enterprises, 252 wood processing enterprises with a business income of more than RMB100 in Heze City.

See: <http://module.iqilu.com/rssapi/showYidian/id/5514869>

Jiangsu-Canada Green and Low-carbon Development Seminar

Jiangsu Provincial Housing and Urban-Rural Development Department, jointly with the Foreign Affairs Office of Jiangsu Provincial Government and the Forestry Innovation Investment Agency of British Columbia, Canada recently held the "Third Jiangsu-Canada Green and Low-carbon Development Seminar" in Vancouver with aim to strengthen international exchange and cooperation, enhance the scientific and technological competitiveness and market share of Jiangsu green and low-carbon building enterprises and promote the green and low-carbon transformation of urban and rural construction.

Both Jiangsu and British Columbia are promoters and practitioners of green urban and rural development. The common vision of tackling climate change and building a better home has enabled the people of the two provinces to build consensus and achieve win-win results.

The two sides reached consensus on cooperation in deepening inter-governmental cooperation, promoting technological exchanges among enterprises, and promoting the integrated development of industry, university, research and application as well as project construction. Bilateral talks were held on deepening cooperation on green and low-carbon buildings, and the two sides agreed to explore new highlights of cooperation on modern wood building technologies, standards and demonstration projects.

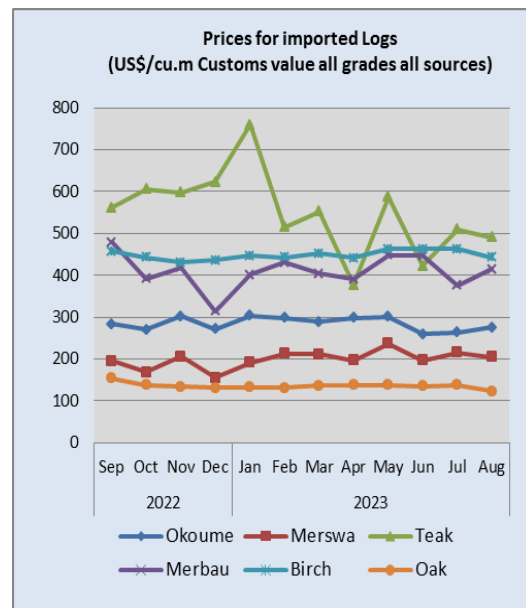
Jiangsu Wuxi Urban Construction Development Group and the Canadian Wood Industry Association signed a memorandum of understanding on strategic cooperation and the two parties will cooperate in scientific and technological innovation and low-carbon building design, product production and construction industry chain.

See: http://jsszfbcxjst.jiangsu.gov.cn/art/2023/9/19/art_47414_11019603.html

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

	2023 Jul	2023 Aug
Okoume	263	276
Merswa	215	204
Teak	510	491
Merbau	375	415
Birch	463	442
Oak	138	123

Data source: Customs, China

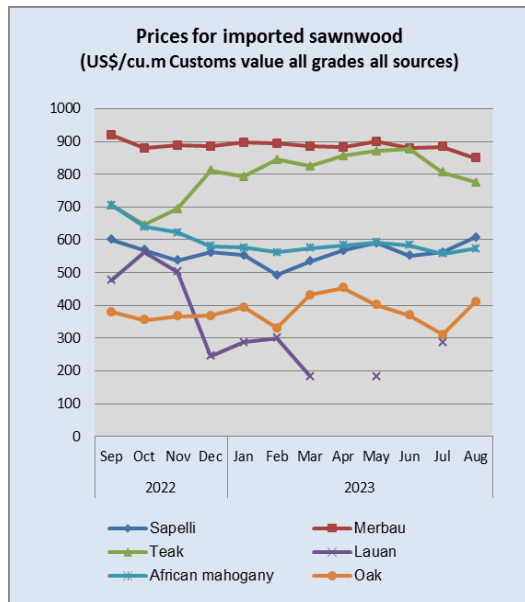


Data source: Customs, China

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

	2023	2023
	Jul	Aug
Sapelli	562	608
Merbau	883	849
Teak	805	775
Lauan	287	
African mahogany	558	573
Oak	310	412

Data source: Customs, China



Data source: Customs, China

EU

Modest growth forecast for European wood market

Economic growth in Europe has slowed dramatically in Europe this year and the downturn is likely to persist. European hardwood production has fallen under pressure from both declining volume and quality of log supply and with weak consumption in the European construction and furniture sectors.

European wood panel production and consumption is also down compared to the period during and immediately following the COVID lockdowns. However, in this sector, performance is still up compared to the pre-COVID period, having received a boost from green policy measures in the region.

Longer term, the future direction of supply and demand in the European region is likely to be strongly influenced by introduction of the EU Deforestation Regulation (EUDR), due to be enforced from start of 2025. These are key messages contained in the advanced draft of the Market Statement due to be considered at the joint session UN ECE Committee on Forests and the Forest Industry and the FAO European Forestry Commission to be held in San Marino between 20th and 23rd November 2023.

According to the Statement, “economic growth in Europe decelerated markedly in 2022 as the post-pandemic recovery ran out of steam” and “the pace of economic expansion in the ECE region is expected to decelerate further in 2023”. It is noted that “some factors that depressed economic performance earlier started to ease in mid-2023. The fall of headline inflation, driven by declining energy prices, easing supply bottlenecks and the reopening of China define a more auspicious outlook”.

However, the Statement goes on to suggest that “the pickup is likely to be rather modest, with growth rates in 2024 remaining well below average pre-pandemic levels. Also, that “the impact of monetary policy tightening will be more strongly felt, dampening the growth of demand”. In addition to undermining consumer confidence, “higher financing costs are increasing the burden of servicing government debt”. This in turn is “adding to the pressures for fiscal consolidation, after the increase in expenditures resulting from the COVID-19 pandemic and the support provided to offset the impact of high energy prices”.

The Statement notes that European sawn hardwood production and consumption decreased respectively by 8.8% and 8.9% to 13.4 and 12.9 million m³ in 2022. All large producing countries such as France, Germany, Romania and Türkiye reported significant declines in production. Oak processors in Europe were facing stiff competition for raw material, notably from buyers in China, resulting in high prices for sawlogs.

Sawmills specialising in beech sawnwood production faced competition for raw material with the fuelwood producers for a short period at the end of 2022. Beech sawlogs in Europe are further reported to have quality issues that are likely caused by the droughts in the past five years.

European wood-based panels production is reported to have decreased by 5.1% to 77.4 million m³ in 2022 due to the energy crunch in Europe and its consequences on consumer confidence and the general economic situation. Ninety per cent of the drop in output took place in the second half of 2022 and reflected the decline in furniture output and construction production.

However, European wood panels production in 2022 was still 5% higher than in 2019, before COVID. The long-term outlook in this sector also “remains favourable thanks to political support for programmes in the European subregion such as the European Green Deal, the European Renovation Wave and the New European Bauhaus”.

On EUDR, the Statement notes that the regulation “will require significant resources and cooperation among all stakeholders at all levels of commodities’ trade inside and outside the EU. Reactions to this legislation from non-EU countries included a letter from the Ambassador of Canada to the EU raising concerns related to the geolocation coordinates requirements in the regulation, the definitions used for deforestation-free and degradation, and the potential risk of negatively impacting bilateral trade on commodities addressed under the EUDR”.

The UN ECE/FAO draft Market Statement can be downloaded at: https://unece.org/sites/default/files/2023-09/ECE_TIM_2023_4-FAO_EFC_2023_4.pdf

EU increases restrictions on exposure to formaldehyde in wood products

On 14 July the EU introduced a new maximum emission limit of 0.062 mg/m³ of formaldehyde into indoor air for the “largest contributors” to formaldehyde emissions, identified in the new Regulation (2023/1464) as wood-based articles and furniture, alongside products used for the interiors of road vehicles. A limit of 0.08 mg/m³ will apply to all other articles such as textile, leather, plastic, construction materials or electronic products.

Producers of articles where formaldehyde is used have 36-months – until July 2026 - to comply with the new rules. This, according to the European Commission, will provide “sufficient time for stakeholders to implement the restriction requirements, develop relevant analytical methods to test formaldehyde emissions and deploy formaldehyde-free or low emitting formaldehyde products”.

The European Panels Federation (EPF) has welcomed the new regulation, stating that European wood-based panel manufacturers can easily cope with the lower limit. In fact, the EPF has actively lobbied for introduction of a “½ E1 class of product” with formaldehyde levels at 50% of the current ≤0.124 mg/m³ limit and for making E1 compulsory for all panel products circulating in the EU.

The text of the new EU regulation on formaldehyde is available at: <https://eur-lex.europa.eu/eli/reg/2023/1464/oj>

New EPDs for tropical timber products from the Congo Basin

ATIBT has produced 3 Environmental and Health Declaration Sheets (“French EPDs”) for decking, cladding and tiles made from Congo Basin wood from sustainably managed forests. The French EPD is a standardised document that presents the results of a product's Life Cycle Assessment, together with health-related information, with a view to calculating the environmental and health performance of a building's eco-design.

The French EPDs are prepared in line with the EN 15804+A1, the standard for Environmental Product Declarations (EPDs) for construction products in the EU, together with its French supplement NF EN 15804/CN. They take into account the product's entire life cycle, from extraction of raw materials to end-of-life, also including transport, implementation and use of the product itself (cradle to grave).

The French EPDs are designed to provide building professionals (builders, architects, design offices, etc.) with reliable, verified environmental information to help them develop projects that comply with France's 2020 Environmental Regulation (RE 2020). RE2020 is a national regulation for all new buildings in France which came into effect on 1st January 2022.

Available free of charge from <https://www.base-inies.fr/iniesV4/dist/consultation.html>.

The three EPDs are as follows:

- EPD: Congo Basin wood decking, all tropical species, all configurations (v.1.1)
- EPD: Congo Basin wood strip siding, all tropical species, all configurations
- EPD: Glued-laminated timber beams from the Congo Basin, all tropical species, all configurations (excluding installation accessories) (v.1.1)

The 3 EPDs are the result of the DRYADES project (Life Cycle Analysis of Wood Products from the Congo Basin) led by ATIBT and supported by COMIFAC's PPECF program, Fair&Precious and the French trade association LCB.

The aim of the Dryades project is twofold:

- To produce Life Cycle Impact Assessments (LCIA) up to the port of shipment that can be reused in all markets requiring EPDs. In this way, professional organisations, NGOs or any other person or institution can integrate the LCIA data produced by the DRYADES project into their own life-cycle analyses.
- To Produce EPDs (FDES - Fiches de Déclaration Environnementale et Sanitaire) to enable companies to remain competitive on the carbon aspect for the French market, and translate them into English so that they become generic EPDs.

The three EPDs for decking, cladding and joinery squares were verified by an independent third party as part of the INIES program, a government-recognised program for RE2020-compliant calculations. Additional data were collected from August 2022 to December 2023, with verification certificates to be received in July 2023.

The results of the EPD's will be presented at an ATIBT event on "Lifecycle analyses of certified woods and updated rules for contracts and uses", to be held on October 5 from 10am to 12:30pm in Nogent-sur-Marne, France, and by video conference.

Increasing media coverage of EUDR as policy dialogue heats up

Following passage of the EU Deforestation Regulation into law on 31 May and with enforcement now due to start in no more than 15 months, policy makers both inside and outside the EU have been taking a hard look at potential impacts.

The world's media is also waking up to the wider political fallout and implications of the law for global forest products and agricultural supply chains.

Perhaps the most prominent concern about the law expressed by politicians and trade analysts outside the EU is the stipulation that producers and traders must provide precise geographical coordinates for all plots of land (defined as a “land within a single real-estate property”) from which products are sourced with every individual consignment placed on the market.

This is expected to be particularly challenging for commodities sourced from smallholders and which account for a large share of supply of the regulated products. The European Commission, for its part, insists that there are sufficient safeguards in place to avoid arbitrary or unjustifiable discrimination or trade restrictions.

An article was published in Euronews on 20 September under the heading “Why the Global South is against the EU’s anti-deforestation law”. (<https://www.euronews.com/my-europe/2023/09/20/why-the-global-south-is-against-the-eus-anti-deforestation-law>).

The article reports on a letter sent to EU Commission and Parliament officials earlier this month by the Ambassadors of 17 countries describing EUDR as an “inherently discriminatory and punitive unilateral benchmarking system that is potentially inconsistent with WTO obligations”.

The signatories from Argentina, Brazil, Bolivia, Colombia, Dominican Republic, Ecuador, Ghana, Guatemala, Honduras, Indonesia, Ivory Coast, Malaysia, Mexico, Nigeria, Paraguay, Peru, and Thailand — called for a change to the legislation and “open dialogue” about possible mitigation measures, in particular to help small and medium-sized companies.

Euronews quotes Pedro Miguel da Costa e Silva Brazil’s ambassador to the EU as stating that “The legislation is unilateral, as it was created without an effective dialogue with producer countries and without being supported by any agreement negotiated at international level”.

Commenting on the letter, Adalbert Jahnz, a spokesperson for Virginijus Sinkevičius, the European Commissioner for Environment, Maritime Affairs and Fisheries, rejected the accusation that the law is discriminatory on grounds that “it will also be applied to domestic producers... Therefore, it will be implemented in an even-handed manner that does not constitute arbitrary or unjustifiable discrimination for third-country producers, or a disguised restriction to trade. It was designed to be fully compatible with World Trade Organization rules”.

In a Financial Times article published on 20 August, the Head of the International Trade Centre (ITC) is reported as suggesting that the EUDR may have a “catastrophic” impact on global trade if the bloc does not help small producers and developing nations to adapt. (<https://www.ft.com/content/9119d448-ff1c-434d-b07f-27b1bf11c041>).

Pamela Coke-Hamilton, Executive Director of the ITC, a joint agency of the UN and World Trade Organization, told the Financial Times that a ban on goods linked to deforestation from entering the EU favoured big companies that can trace where their produce had been grown and risked “cutting off” smaller suppliers.

“What the biggest producers may do is, not being able to do the traceability for these small farmers, simply cut them off”, Coke Hamilton is reported to have said to the FT. Depending on how well the EU addressed its outreach to developing countries the impact of the law on global trade could be “catastrophic or it could be OK”, she added.

If small producers could not meet the requirements for exporting goods covered by the law this risked “a vicious cycle”, Coke-Hamilton said in another comment to the FT. “Once you have loss of market share, you have loss of income, then you will have lots of increased poverty, then increased deforestation because at the root of deforestation is poverty. We [risk] falling into the trap of reinforcing something that we’re trying to change”, she added.

Coke-Hamilton also said to the FT that information requirements and the obligation to use geolocation technology presented too much of a burden. “Many [smallholders] are trying to just keep up with post-Covid, the cost-of-living crisis, climate change. They’re just caught in this maelstrom of survival”, she is quoted as saying in the FT.

In response, a spokesperson for the European Commission told the FT that the EUDR “applies to commodities, not countries, and is neither punitive nor protectionist, but creates a level playing field. It will be implemented in an even-handed manner that does not constitute arbitrary or unjustifiable discrimination for third-country producers, or a disguised restriction to trade.”

Similar concerns about the potential impact of EUDR on smallholders are raised in an article published on 20 September on Mongabay, the environmental website, drawing on interviews with independent trade analysts.

See: <https://news.mongabay.com/2023/09/eu-deforestation-free-rule-highly-challenging-for-se-asia-smallholders-experts-say/>

The Mongabay article suggests that “while the regulation is a step toward transparency and international deforestation-free supply chain management, observers say it places millions of smallholders who depend on access to the EU market in a vulnerable position. Many small-scale farmers lack the technical capacity and financial capital to meet the hefty due diligence requirements of the new rules”.

Quoting Phuc Xuan To, a policy adviser to the Forest Trends thinktank, Mongabay notes that smallholders produce 95% of Vietnam’s coffee, 42% of Indonesia’s palm oil and 95% of Thailand’s rubber.

In Vietnam alone, more than 2 million smallholders operating across roughly 6 million plots of land are engaged in the country's three major forest-related commodities that enter EU markets and are directly affected by the new rule. Vietnam's timber, rubber and coffee generate combined revenue from the EU in excess of \$2.5 billion annually.

"There are a lot of concerns and worries about [the EUDR]," Phuc told Mongabay. "entire sectors, like the Vietnam coffee industry, are unsettled; many don't know where to start and it's particularly challenging for smallholders."

Phuc told Mongabay that the process of verifying land use rights and plantation registration certification, let alone gathering geolocation data, is protracted, complex and slow in many parts of Southeast Asia. Phuc said that the monitoring systems and databases simply don't exist and that EUDR compliance will be "highly challenging if not impossible" over the short term.

Phuc also highlighted to Mongabay the challenges of dealing with the complex supply chains that are typical of South East Asia: "If we look at how Vietnam imports timber from Laos, rubber from Cambodia, coffee from Laos ... once it enters the country it is mixed with locally sourced supplies and then exported to Europe. How can those imports be traced? We're not talking about small-scale imports here, there's more than \$1 billion worth of rubber imported from Cambodia each year, it's on a massive scale."

Similar concerns are expressed by Nathalie Faure, a senior program officer at RECOFTC, a Thailand-based community forestry nonprofit, when speaking to Mongabay. Faure does highlight that benefits may flow from the EUDR, given sufficient support for reform processes.

"The purpose of the regulation is really to create the sustainability of products, so there's potential for having better access to information, better rules around sustainability, greening local economies," Faure told Mongabay. "And it might create legal reforms in relation to certain aspects, such as land tenure, sustainability and trustability."

But Faure added in her comments to Mongabay, that there's a risk of traders cutting ties with smallholders deemed "high risk" under the new EU rule and switching to larger, less scrupulous and less ethical suppliers, but with larger capital to comply. This, ultimately, would undermine the EU's intention, she told Mongabay.

Tran Quynh Chi, a regional director at IDH – the Sustainable Trade Initiative, a social enterprise headquartered in the Netherlands, told Mongabay the new rules serve as an opportunity for forest commodity sectors to develop more responsible approaches to business.

"This is really an opportunity to make the markets and the sector transformed toward more transparency and sustainability," Tran told Mongabay.

Tran said 10-15% of smallholders engaged in the coffee sector in Vietnam live in poor rural regions close to forest edges. If mechanisms aren't put in place to help such producer groups maintain access to supply chains, "there's a very big risk that they'll be excluded from the EU market, and that will drive up poverty levels," she said.

Furthermore, Tran told Mongabay that smallholders living close to natural forests who are unable to comply with the new regulations "might be forced to go further into the forest to eke out a living" if excluded from EU supply chains.

Early insights into potential trade impacts of EUDR

The comments of policy makers and trade analysts in recent media articles imply that there will be winners and losers from the EUDR when enforcement begins on 1 January 2025.

A revealing insight into where the balance of advantage, and disadvantage, might lie in trade terms is provided by a presentation by Matthew Spencer, of the IDH Sustainable Trade Initiative, delivered to a meeting of the Amsterdam Declarations Partnership (ADP) held in London in May this year.

The slides for Spencer's presentation on "EUDR key opportunities and risks" can be downloaded at: <https://www.idhsustainabletrade.com/uploaded/2023/05/E-U-Deforestation-Regulation-Opportunities-and-Risks.pdf>

Spencer's central message is that there may be "wider wins from EUDR" including stronger enforcement of national forest laws, acceleration of land titling programmes and widespread implementation of "new accessible and cheap traceability solutions".

However, these "wins" will only materialise if "production countries feel respected and supported to be partners in implementation". Without adequate dialogue and support, negative outcomes are possible, particularly resulting from market exclusion of smallholders, according to Spencer. Spencer argued that in practice, whether the balance of EUDR trade impact is negative or positive will vary between supply countries and sectors and will depend to a large extent on where producers stand in relation to two key factors:

- The share of volume exported to the EU; and
- The share of smallholder farmers compared to large scale farmers and plantations.

Spencer observed that the "biggest opportunities" for "wins" from the legislation will occur in those sectors where small farmers dominate supply and the EU is the biggest buyer. This situation prevails, for example in the cocoa and coffee sectors in Africa.

In these circumstances, large intermediary companies should have a strong incentive to stay engaged even with the smallest producers and to invest in longer term efforts to build farm mapping and traceability mechanisms.

In contrast, the “biggest risks” from the legislation occur where smallholders dominate but the EU is not a large buyer, a situation typical of most agricultural commodity supply chains in South-east Asia. Here, segregation of supply chains becomes more likely, with smallholders diverting supply away from the EU, while buyers in the EU focus their attention on supplies that can be derived from the big state and industrial plantations.

Significant investment to build capacity for traceability in the smallholder sector will only occur if plantation supplies prove inadequate and this investment will focus only on the simplest and lowest risk supply chains.

In sectors and supply chains where larger plantations or forest operations already predominate, the regulation will likely have less significant impact, either positive or negative. While still creating technical challenges and tending to marginalise those smallholders that have been supplying the EU market in the past, compliance with the geolocation and traceability and other requirements is more straightforward for the bulk of the industry. Examples include the Brazilian soy and coffee sectors.

Spencer’s presentation focused on agricultural commodities and makes no mention of forest products. But it is easy to identify where various forest products lie in relation to the Spencer’s two key factors and, therefore, which are most likely to be winners and losers. For example, tropical logs, lumber, and veneer from Africa, for which supplies into the EU mainly derive from large concessions, many of which are already FSC certified, will face few obstacles in meeting the legislation.

However, wood furniture and other composite products manufactured in Southeast Asia, where a significant proportion of wood derives from smallholders or is imported from other countries, will face more significant challenges in delivering the geolocation data. Without significant intervention to develop the necessary tracking procedures, imports of these products into the EU – which only accounts for a relatively small proportion of total exports from Southeast Asia - may decline with more product diverted to other markets in Asia and in North America.

In these circumstances, continuing far-reaching support by the EU and other donors to help develop the land registration and tracking systems required for EUDR conformance – either through the existing FLEGT VPAs or the new “Forest Partnerships” which are mandated through the EUDR – will be necessary to avoid negative outcomes, particularly for smallholders.

EUDR encourages development of comprehensive wood tracking framework inside the EU

One forest products sector characterised by both heavy reliance on smallholder, and where a very large proportion of products is destined for the EU market, is Europe’s domestic wood manufacturing sector. Recent developments in this sector tend to confirm Spencer’s analysis (see above) that the combination of these two factors will encourage greater investment in traceability and verification capacity.

The SINTETIC research project launched in June this year aims to deliver a “comprehensive data management scheme” for the EU forest value chain. The project has received €9 million funding from Horizon Europe, the EU’s key funding programme for research and innovation.

The basis of the SINTETIC project is that every European log is stamped with a digital code during harvesting. When the project concludes in four years’ time, the project aims to be able to trace along the full length of the forest value chain – from forest through logs and processing into products – using several different but integrated tracking systems:

- Radio Frequency Identification to allow standing trees as well as logs to be tagged;
- A punching code impressed directly onto the wood with a hammer;
- CT log scanning at all sawmills; and
- A bar/QR code to enable product identification through the retail process.

The last step is seen as crucial as it will enable operators and customers to trace the wood element in the finished product back to a specific forest and an individual tree. Aside from promoting a widespread uptake of shared digital technologies, the project researchers hope this will increase the number of EU forested areas under active management, which will, in turn, improve the health and productivity of forest stands.

To cope with the diversity of the European forest sector, the platform will be designed to accommodate two ‘extreme’ forest sector scenarios – and consequently everything in between – namely:

- The mature forest sector, as found in the north and central EU and represents high-value forests with good data availability, fully mechanised harvest systems, and a well-structured supply chain including modern sawmills equipped with sensors for quality assessment.
- The forest sector, as found in the Mediterranean and eastern EU, represents a high fragmentation of forest’s ownership non-harmonized inventories, small and micro sawmills, and low levels of investment and innovation.

Effective and efficient rollout of this system will be critical to successful implementation of the EUDR for European manufacturers, particularly as the regulation requires that geolocation data to the individual “real estate properties” where harvesting occurred must be provided with all consignments exported from the EU market in the same way as imported products.

In the absence of such a system, the challenges to EU manufacturers of composite products such as wood furniture, panels, joinery products, and paper, many of which depend on smallholders, in meeting the new export requirements will be significant.

North America

US housing starts hit three-year low

US homebuilding plunged to a more than three-year low in August as a resurgence in mortgage rates weighed on demand for housing, but a jump in permits suggested new construction remained supported by a dearth of homes on the market.

The decline in housing starts reported by the U.S. Department of Commerce was the largest in a year and occurred across the board. Housing starts tumbled 11.3% to a seasonally adjusted annual rate of 1.283 million units last month, the lowest level since June 2020. Data for July was revised lower to show starts at a rate of 1.447 million units instead of the previously reported 1.452 million units.

Single-family housing starts, which account for the bulk of homebuilding, dropped 4.3% to a rate of 941,000 units last month. Single-family homebuilding dropped in the Northeast and Midwest and slumped 26.9% in the West, which was blamed on Hurricane Hilary. It rose in the densely populated South.

Building permits, a sign of future construction, rose 6.9% to a 1.54 million rate. That’s the highest level since October 2022.

Builder confidence in September fell to the lowest level in five months, according to the National Association of Home Builders. Home builders are increasingly offering incentives, including cutting prices.

"August's home construction data appear to be showing some cracks in the armor of what has been one of the few strong indicators in the housing market recently," said Daniel Vielhaber, an economist at Nationwide. "Still, it's important to note that there could be a noise component here as much of the sharp decline in starts came from the multifamily sector, which is notoriously volatile."

Canadian housing starts fell 1% in August compared with the previous month as groundbreaking decreased on multiple-unit projects.

The seasonally adjusted annualized rate of housing starts fell to 252,787 units from a revised 255,232 units in July, the Canadian Mortgage and Housing Corporation (CMHC) said. Economists had expected starts to fall to 247,100.

US existing home sales fall in August, prices continue to rise

US existing home sales unexpectedly fell in August as persistently tight supply boosted prices, and a further decline is likely amid a resurgence in mortgage interest rates.

Existing home sales slid 0.7% from July to a seasonally adjusted annual rate of 4.04 million in August. Year-over-year, sales fell 15.3% (down from 4.77 million in August 2022), the National Association of Realtors reported.

"Home sales have been stable for several months, neither rising nor falling in any meaningful way," said NAR Chief Economist Lawrence Yun. "Mortgage rate changes will have a big impact over the short run, while job gains will have a steady, positive impact over the long run."

At an annual rate of 480,000 in August, existing-home sales in the Northeast were unchanged from July but down 22.6% from August 2022. In the Midwest, existing-home sales increased by 1.0% from the previous month to an annual rate of 970,000 in August, down 16.4% from the prior year.

Existing-home sales in the South fell 1.1% from July to an annual rate of 1.84 million in August, a decrease of 12.4% from one year ago. In the West, existing-home sales slumped 2.6% from the previous month to an annual rate of 750,000 in August, down 15.7% from the prior year.

The median existing-home price for all housing types in August was \$407,100, an increase of 3.9% from August 2022 (\$391,700). All four US regions posted price increases.

"Home prices continue to march higher despite lower home sales," Yun said. "Supply needs to essentially double to moderate home price gains."

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

US job market remains resilient

US employers added 187,000 jobs in August, evidence of a slowing but still-resilient labor market despite the high interest rates the Federal Reserve has imposed.

Last month's job growth marked an increase from July's revised gain of 157,000 but still pointed to a moderating pace of hiring compared with the sizzling gains of last year and earlier this year. From June through August, the economy added 449,000 jobs, the lowest three-month total in three years. In addition, the government revised down the gains for June and July by a combined 110,000.

The latest jobs report from the U.S. Department of Labor also showed that wage gains are easing, a trend that may help provide reassurance that inflation pressures are cooling.

Among sectors of the economy, by far the biggest hiring gain last month—97,000—came in the health care industry, which does not depend on the rise and fall of the economy. Construction companies added 22,000, while manufacturing saw little change.

Taken as a whole, some economists saw the report as reflecting an economy that is returning to its pre-COVID state, before the pandemic recession struck in 2020, followed by an explosive economic recovery.

See: <https://abcnews.go.com/US/wireStory/us-jobs-report-august-point-moderating-pace-hiring-102852733>

US consumer sentiment edges downward

US consumer sentiment edged lower for a second straight month in September, but their economic outlook brightened modestly as household expectations for near-term inflation fell to the lowest in more than a year, the latest consumer survey from the University of Michigan showed.

The preliminary reading of the survey's Consumer Sentiment Index dropped to 67.7 this month from a final reading of 69.5 in August. That was below the median forecast of 69.1 among economists polled by Reuters. The survey's barometer of current economic conditions fell, but its gauge of consumer expectations edged higher.

"Both short-run and long-run expectations for economic conditions improved modestly this month, though on net consumers remain relatively tentative about the trajectory of the economy," survey director Joanne Hsu said in a statement.

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

US manufacturing continues to slide

Economic activity in the manufacturing sector contracted in August for the 10th consecutive month following a 28-month period of growth, say the nation's supply executives in the latest Manufacturing ISM Report On Business.

After showing some growth in recent months, the Furniture & Related Products sector reported contraction in August, along with 12 other industries among the 18 surveyed by ISM. The Wood Products sector also reported contraction in August.

"(The Federal Reserve's) actions to increase borrowing costs has dampened demand for residential investment. Recently, this slowdown plateaued somewhat, with demand stabilizing," reported one Wood Products executive in the Survey. "The outlook for 2024 remains uncertain, and we continue to be cautious about building inventories."

See: <https://www.morningstar.com/news/pr-newswire/202309011a95754/manufacturing-pmi-at-476-august-2023-manufacturing-ism-report-on-business>

Furniture buyers avoiding big ticket items

Furniture sales are descending from pandemic-era highs as consumers are no longer looking for expensive items for home offices and newly purchased houses.

Earlier this month, Home Depot said furniture sales fell 5.5% in the most recent quarter compared to the same quarter in 2022. Bassett Furniture reported a second quarter sales drop of 26% compared to the same quarter in 2022. Luxury furniture maker RH reported a 19% drop in second quarter sales compared to the previous year. Hooker Furnishings, which sells furniture at department stores like Macy's, reported an even bigger year-over-year second quarter sales drop of 36%. In August, two major sellers, Williams-Sonoma and La-Z-Boy, reported second quarter drops of 20%.

And furniture chain Mitchell Gold + Bob Williams announced early this month that it would shut down.

Officials at those companies attributed the decline to a shift in spending associated with the end of pandemic-era home improvement spending.

"We're in a period where consumers are buying fewer large-ticket furniture pieces than they did a year ago as they shift their spending," Williams-Sonoma CEO Laura Alber said on a conference call with investors, according to CNN.

"We continue to expect the luxury housing market and broader economy to remain challenging throughout fiscal 2023 and into next year as mortgage rates continue to trend at 20-year highs," said Restoration Hardware CEO Gary Friedman.

See: <https://themessenger.com/business/furniture-sellers-report-sales-declines-as-customers-eschew-big-ticket-items>

"Serene" is what's trending in flooring fashion

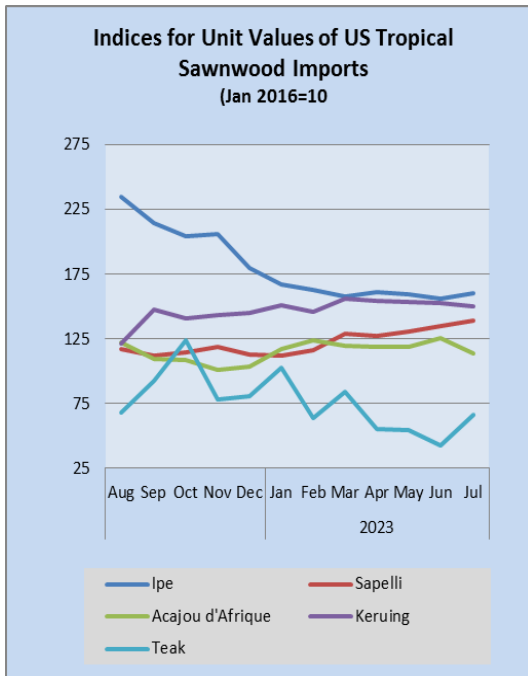
For flooring in 2023-2024, it is serene and simple designs, along with lighter colorations, that is trending according to suppliers interviewed by *Floor Covering Weekly*.

Emily Finkel, vice president of residential design at Engineered Floors, expects an increased use of polished, simple, and seamless flooring that exudes elegance and simplicity in 2023-2024. "Whether used in industrial-inspired lofts or sleek modern homes, this trend allows for clean lines, neutral tones and a seamless integration with various design styles," Finkel explained.

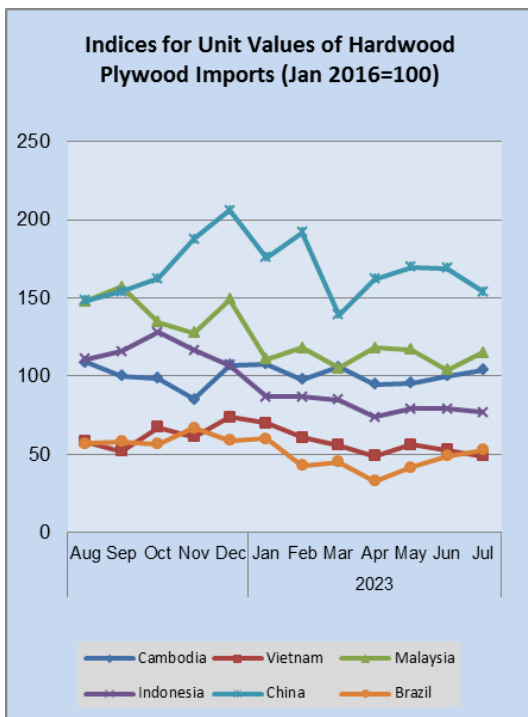
A recent trend that encompasses all flooring categories from hardwood to carpet is lighter colorations. According to Jason Randolph, senior vice president of sales, Karastan, "We are seeing white, cream and beige in carpets and lighter greys, taupes and even natural shades in hardwood, laminate and LVT. This trend started in the coastal areas and has continued to move across all markets."

In hardwood and wood visuals, Liz Crow, director of product design at Shaw Industries anticipates a soft return to traditionalism. “This will bring acceptance of more character and individuality back to wood,” said Crow. “With such a push for clean visuals saturating the market, we are taking steps toward the next version of that, a warmer inviting wood style with some character and personality. More knots and marks than what clean design offers.”

See: <https://www.floorcoveringweekly.com/main/features/floor-fashion-trends-to-serene-41702>



Data source: US Census Bureau, Foreign Trade Statistics



Data source: US Census Bureau, Foreign Trade Statistics

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

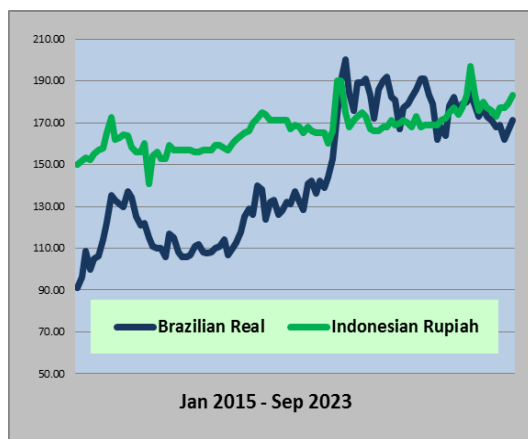
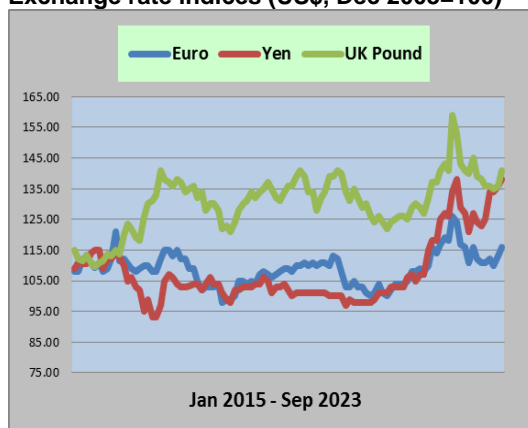
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Dollar Exchange Rates

As of 25 September 2023

Brazil	Real	5.04
CFA countries	CFA Franc	622.41
China	Yuan	7.30
Euro area	Euro	0.95
India	Rupee	83.25
Indonesia	Rupiah	15,559
Japan	Yen	149.30
Malaysia	Ringgit	4.71
Peru	Sol	3.78
UK	Pound	0.82
South Korea	Won	1,351.67

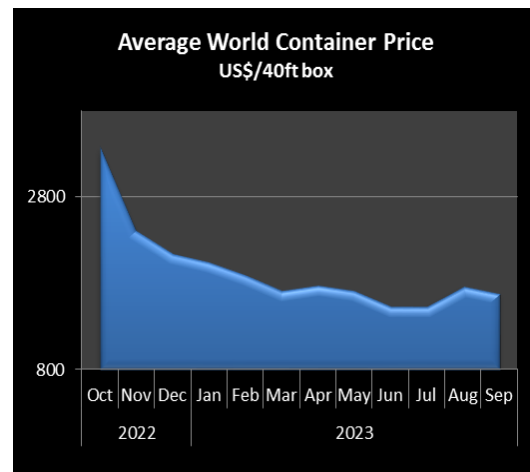
Exchange rate indices (US\$, Dec 2003=100)



Abbreviations and Equivalences

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

Ocean Container Freight Index

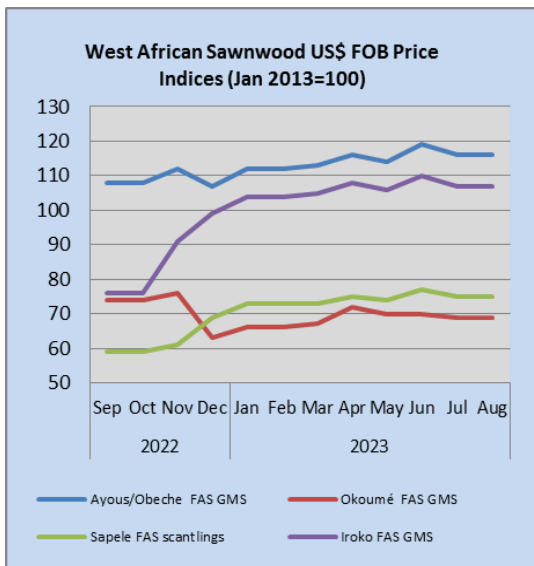
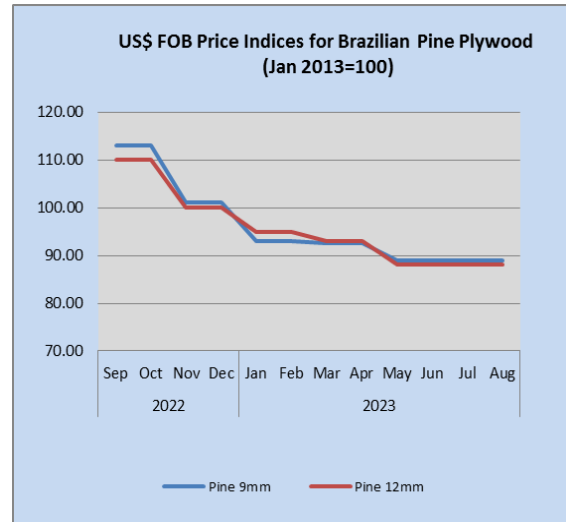
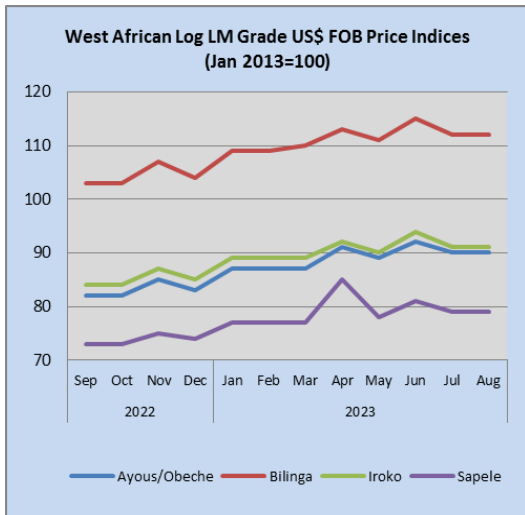


Data source: Drewry World Container Index

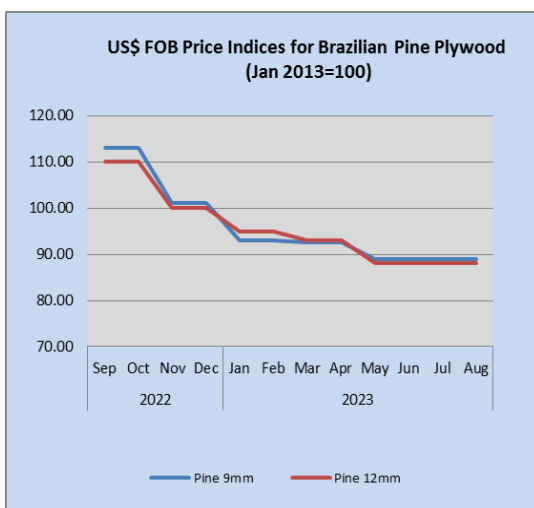
See: <https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry>

Price indices for selected products

The following indices are based on US dollar FOB prices



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



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