

Tropical Timber Market Report

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Top story

Suez Canal traffic down 60%

Global supply chains have been affected by attacks on vessels in the Red Sea and freight rates have soared. To avoid the red sea route vessels are sailing around Africa and this has disrupted delivery schedules.

MSC, the largest ocean carrier announced increased rates. Under the US Shipping Act ocean carriers must give a 30-day notice before raising rates but the Federal Maritime Commission has waived this for shipments from Asia to the US routed around South Africa's Cape of Good Hope.

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Central and West Africa

Slow demand in Asian and Middle East markets

Operators in the region report market conditions are not favourable and that this has led to the closure of some mills in Gabon and Congo, particularly those operated by Chinese and Indian companies. Asian and Middle East markets are experiencing reduced demand particularly for some prime species such as okoume. The trade hopes for a revival of business with China and Vietnam after the 10 February New Year celebrations.

Weather conditions improved

Gabon is currently experiencing the dry season which allows maintenance of the roads but trucking remains problematic due to damaged bush roads. As Gabon's timber industry embraces the dry season challenges persist as log stocks need to be rebuilt.

Similarly, in Cameroon harvesting remains challenging due to the lingering effects of heavy rain. With the arrival of the dry season, expected to last until June, forest operations and trucking will return to normal.

In Congo the dry season has commenced facilitating a return to harvesting activities. The North experiences a dry season for six months, mirroring conditions in Gabon, but parts of the country anticipate rain to return at the end of February.

Regional round-up

In Cameroon it is the time for businesses to renegotiate concession agreements, a regular occurrence. While major timber companies have harvesting concessions some also acquire a portion of their logs from small scale operators through the so-called 'vente de coupe' system.

See: (<https://www.linguee.com/french-english/translation/vente+de+coupe.html>).

One observer has said "obtaining a legitimate EUTR document for such operations will prove challenging due to the numerous 'vente de coupe', many of which lack clear legal ownership".

The new government in Gabon is emphasising total control over institutions, ministries, management, finances and workforce aiming to eliminate corrupt practices.

The government's initial mandate of 20% expatriates for operators is impacting production and has been met with concern. The government, in collaboration with operators, has adopted a more flexible plan, allowing for a range of 20% to 25% expatriates to address operational needs and industry concerns.

In related news, the domestic press in Gabon has reported Africa Global Logistic (ex Bolloré) intends to invest around CFA 20 billion in redevelopment and modernisation of Owendo Port and Port Gentil.

The announcement was made by AGL's Director General of Ports and Terminals, Olivier de Noray, during a meeting with the Prime Minister of the transition government.

See: <https://www.lenouveaugabon.com/fr/transports-logistique/2212-20232-agl-prevoit-d-investir-20-milliards-fcfa-d-ici-avril-2024-pour-le-reamenagement-des-ports-d-owendo-et-de-port-gentil>

Mill production down in third quarter in Gabon

According to data from the Ministry of the Economy activity in the timber industries in Gabon at the end of the third quarter of 2023 fell by 17% quarter-on-quarter. The decline was attributed mainly to the decline in orders from buyers for the Asian markets. The slowdown was made worse by difficulties operators had in transporting goods as the highways were in bad condition.

At the end of the third quarter of 2023 sawmill production was down 13%, veneer output fell 22% and plywood producers saw an 8% drop in business compared to the second quarter of 2023.

See: <https://www.lenouveaugabon.com/fr/agro-bois/1212-20223-industrie-du-bois-la-baisse-des-commandes-asiatiques-fait-chuter-l-activite-au-gabon>

Production in Congo is expected to be stable for the next two months and with a suspension of the log export ban the export quota system will be reintroduced. However, the market situation is concerning with low demand, notably from the Philippines, which is slowing down purchases of okoume sawnwood. This downturn has prompted operators to reduce their workforce.

Log export prices

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

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	425
Bilinga FAS GMS	580
Okoumé FAS GMS	480▲
Merchantable KD	440▲
Std/Btr GMS	400
Sipo FAS GMS	430▲
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	900▲
FAS scantlings	950▲
Strips	400
Sapele FAS Spanish sizes	480▲
FAS scantlings	500▲
Iroko FAS GMS	650▼
Scantlings	700▼
Strips	400
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	420▲

EUDR webinar

ATIBT has announced an open invitation for a webinar on the EUDR with two objectives: to present the EUDR and to provide answers to questions and concerns of timber industry players operating in Central and West Africa. The webinar will be held online on Thursday 25 January from 8.30am GMT (9.30am Paris time).

Register at:

<https://us06web.zoom.us/join/zoom-join?z=0&u=0&e=0&f=0&g=0&h=0&i=0&j=0&k=0&l=0&m=0&n=0&o=0&p=0&q=0&r=0&s=0&t=0&v=0&w=0&x=0&y=0&z=0>

Ghana

Industrialisation through sustainable and efficient supply chains

The Association of Ghana Industries (AGI) held its 63rd Annual General Meeting on the theme 'Industrialisation Through Sustainable and Efficient Supply Chains'. The event gathered over 250 industrialists drawn from all 16 regions who are focused on promoting industrialisation through sustainable and efficient supply chains.

The AGI president, Dr. Kwesi Humphrey Ayim Darke, said there is no doubt that we have gone through turbulent times as an association and as a nation. Despite the headwinds the resilience to strive on and move forward is apparent as is our total commitment to an improved business environment for Industry.

He added "to strengthen our advocacy in that direction, AGI has been at the forefront of multi-stakeholder engagements with government; and I am glad our efforts are yielding results". Dr. Darke lamented that the multiplicity of taxes has been a major bane to businesses' competitiveness.

A guest speaker for the occasion, Silver Ojakol, Chief of Staff-African Continental Free Trade Area (AfCFTA) Secretariat, said "the agreement (AfCFTA) was created for the private sector, not for the technocrats, non-government officials. Government officials use it as a policy tool to increase intra-African trade but beyond intra-African trade there are the areas of investment, intellectual property, propelling innovation and novel thinking in our young people and industries".

Source: <https://thebftonline.com/2023/12/08/agi-bemoans-multiplicity-of-taxes/>

Forestry Commission to seek authorisation to export rosewood

Nyadia Sulemana Nelson, Deputy CEO, of the Forestry Commission has indicated the Commission will seek authority from the CITES Secretariat to resume exports of rosewood in 2024.

In June 2022 CITES members agreed to suspend all international trade in rosewood from West and Central Africa. Before the ban was imposed, there was a rise in illegal felling and export of this highly sought after species.

See: <https://www.ghanabusinessnews.com/2024/01/01/ghana-forestry-commission-to-seek-permission-from-cites-secretariat-to-export-rosewood-in-2024/>

Legislation allowing mining in forest reserves challenged

A coalition of Civil Society Organisations (CSOs) has petitioned the speaker of Parliament, Alban Sumana Kingsford Bagbin, to annul the Environmental Protection (Mining in Forest Reserves) regulation, Legislative Instrument 2462 (L.I.).

The L.I., they argued, allows institutionalised mining in forest reserves without restrictions, casting a shadow on the ecological integrity of the country's forest resources and commitment to environmental sustainability and conservation. According to the CSOs, the said legislative instrument (L.I. 2462) violates the constitution and other laws that safeguard forests.

Source: <https://thebftonline.com/2023/12/20/csos-petition-speaker-of-parliament-over-l-i-2462-2/>

Boule export prices

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

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	416	441
Chenchen	472	612
Ogea	495	590
Essa	601	711
Ofram	350	435

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
	Air-dried	Kiln-dried
FAS 25-100mmx150mm up x 2.4m up		
Afrormosia	860	925
Asanfina	465	500
Ceiba	290	351
Dahoma	440	573
Edinam (mixed redwood)	640	716
Emeri	660	760
African mahogany (Ivorenensis)	695	941
Makore	560	1,000
Niangon	700	831
Odum	806	1,058
Sapele	800	886
Wawa 1C & Select	513	528

Export sliced veneer prices

Sliced face veneer	FOB
	Euro per cu.m
Asanfina	975
Avodire	673
Chenchen	801
Mahogany	1,415
Makore	812
Odum	2,067
Sapele	1,282

Export plywood prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	555	580	641
6mm	412	535	604
9mm	418	504	560
12mm	699	512	480
15mm	450	385	430
18mm	460	415	383

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

Malaysia

2023 GDP growth target attainable

The indications are that Malaysia is set to achieve its 2023 GDP growth target of 4% to 5% given the positive growth momentum according to the Statistics Department. The Chief Statistician said consumer spending tends to be above average in the fourth quarter which gives a final boost to growth.

In other news, it was reported that the trade surplus reached RM12.87 bil. in October marking the 42nd consecutive month of trade surplus since May 2020.

Certification Council briefing on EUDR

The Malaysian Timber Certification Council (MTCC) has reported on a briefing session for PEFC Chain of Custody (CoC) certificate holders under the Malaysian Timber Certification Scheme (MTCS).

The event served to update attendees on the current status of MTCS implementation, explore the revised PEFC CoC Standard and address concerns regarding the European Union Deforestation Regulation (EUDR).

The briefing provided an overview of progress made in implementing the MTCS, highlighting key achievements and ongoing initiatives.

This included updates on the latest PEFC Chain of Custody standard, PEFC Trademarks standard and MTCS documents. MTCC highlighted the transition to the PEFC ST 2020 by 31 December 2023. Any certificates that have not fully transitioned by 1 January 2024 will automatically be updated to “expired” on the PEFC database.

The most anticipated topic of the day was the update on the EUDR. The regulation places strict reporting obligations on companies placing wood products on the EU market. MTCC reassured attendees that they are working closely with PEFC to ensure MTCS-PEFC certified timber products originating in Malaysia comply with EUDR requirements. MTCC has committed to disseminate the latest EUDR update to all stakeholders through various communication channels and to participate and contribute to the Task Forces related to EUDR.

See: <https://mtcc.com.my/mtcc-updates-pefc-coc-holders-on-implementation-progress-and-eudr/>

Environmental Compliance Audit

The November issue of the Sarawak Timber Association (STA) Review reports on participation of STA members in two pilot projects on an environmental compliance audit (ECA). The Natural Resources and Environment Board (NREB) and STA jointly organised a workshop to revisit and refine findings from the pilot projects with the objective of enhancing the Guidelines for the Natural Resources and Environment (Audit) Rules, 2008 (NRE (Audit) Rules, 2008) and ultimately facilitating the full implementation of the Rules.

STA and NREB have been working for some time now, through many training sessions, to get STA members ready for full implementation of the NRE (audit) Rules. Over the years of training, 112 internal environmental auditors and 95 personnel in environmental quality monitoring were trained.

The NRE (Audit) Rules, 2008 was formulated to compel project proponents to undertake internal ECAs, thus enhancing accountability in adhering to Environmental Impact Assessment (EIA) Terms and Approval Conditions.

The pilot projects reported that the majority of stakeholders acknowledged that ECA had improved environmental stewardship among project proponents, contributing to improved compliance with EIA terms and approval conditions. Notwithstanding that, issues such as frequency of internal and external ECA and professional audit fees were common throughout the pilot projects.

The group of participating companies urged the NREB to develop a transparent fee structure matrix to effectively streamline and clarify the charges involved in ECA, ensuring that the companies’ transition towards self-regulated compliance is not hindered by high costs.

Additionally, workshop participants also evaluated the suitability and applicability of terms and conditions outlined in the EIA approvals for both natural forests and planted forests, with the aim of ensuring clarity and a consistent understanding among different auditors.

See: <https://sta.org.my/images/STARReviewNov23.pdf>

Sawn rubberwood export quota

The Ministry of Plantation and Commodities has approved the sawn rubberwood export quota for 2024 at 50,000 cu.m. In connection with this all registered exporters are encouraged to apply for a sawn rubberwood export quota. The approval of the export quota is subject to MTIB's management mechanism.

See: <https://www.mtib.gov.my/pengumuman/kuota-eksport-kayu-getah-bergejaji-2024>

Malaysian International Furniture Fair

The Malaysian International Furniture Fair (MIFF) is preparing for its 30th anniversary event scheduled for March 1-4, 2024. The Fair, known for its significant presence in the global furniture trade, has opened visitor registration for the upcoming event.

This year's Fair is set to take place at the Malaysia International Trade and Exhibition Centre (MITEC) and World Trade Centre Kuala Lumpur (WTCKL). Over 650 exhibitors, both local and international, are expected to participate, showcasing a wide array of trends, designs and products.

See: <https://www.furninfo.com/furniture-industry-news/23175>

Exports of wood products Jan-Oct

RM millions	Jan – Oct 2022	Jan – Oct 2023
Total	21,283	17,813
Builders Joinery & Carpentry	1,169	1,080
Chip/particle board	242	194
Fibreboard	777	688
Logs	469	485
Mouldings	787	699
Plywood	2,828	2,031
Sawnwood	2,277	1,905
Veneer	84	66
Wooden furniture	9,552	7,375
Other Products	3,098	3,288

Data source: MTIB

Indonesia

Export benchmark prices for January 2024

The following prices apply for the period from 1 January to 31 January 2024.

Veneers	
Natural Forest Veneer	US\$850 /cu.m
Plantation Forest veneer	US\$650 /cu.m
Wooden Sheet for Packaging Box	US\$850 /cu.m

Wood Chips	
Wood chips in chips or particles	US\$85/tonne
Wood chips	US\$95/tonne

Processed Wood

Processed wood products which are leveled on all four sides so that the surface becomes even and smooth with the provisions of a cross-sectional area of 1000 sq.mm to 4000sq. mm (ex 4407.11.00 to ex 4407.99.90)

Meranti (Shorea sp)	US\$1,100 /cu.m
Merbau (Intsia sp)	US\$1,150 /cu.m
Mix Tropical hardwood	US\$850 /cu.m
Ebony	US\$3,500 /cu.m
Teak	US\$3,000 /cu.m
Pinus dan Gmelina	US\$550 /cu.m
Acacia	US\$550 /cu.m
Sengon (Paraserienthes falcataria)	US\$550 /cu.m
Rubberwood	US\$300/cu m
Balsa (Ochroma sp), Eucalyptus	US\$900 /cu.m
Sungkai (Peronema canescens)	US\$900 /cu.m

Processed wood products which are leveled on all four sides so that the surface becomes even and smooth with the provisions of a cross-sectional area of 4000 sq.mm to 10000 sq.mm (ex 4407.11.00 to ex 4407.99.90)

Merbau	US\$1,500/cu,m
Yellow Meranti	US\$500 /cu.m
White Meranti	US\$700 /cu.m

See:

<https://jdih.kemendag.go.id/pdf/Regulasi/2023/Kepmendag%202016%20dan%20lampiran%20HPE%20dan%20HR%20Produk%20Pertanian%20dan%20Kehutanan%20Januari%202024.pdf>

Sustainable forest management yields positive results

Acting Director General for Sustainable Forest Management at the Ministry of Environment and Forestry, Agus Justianto, said in a statement the sustainable management of forests throughout 2023 achieved several positive results including maintaining the productivity of forest to ensure the sustainability of forestry businesses.

Besides productivity, the accelerated implementation of the multi-forestry business model also helped make forest management increasingly inclusive by involving the community.

Agus reported in 2023 planting and enrichment were carried out on 667,780 hectares of the forest areas. The figure was far above the target of 428,000 hectares. He further disclosed that log production reached 58.13 million cubic metres or 102% of the target.

He said "most log production comes from plantation forests (89%) while from natural forests 7% comes from BUMN Perhutani. In addition to timber the production of non-wood forest products such as rattan, agarwood, latex and bamboo also increased.

See: <https://en.antaranews.com/news/301980/sustainable-forest-management-yields-positive-results-in-2023-govt>

Investment in forestry rose in 2023

The Ministry of Environment and Forestry (KLHK) recorded a growth of US\$331 million in investment in the forestry sector in 2023. Agus Justianto said that the investment in the forestry sector exceeded the upstream sector investment target which was US\$107 million.

Agus explained that an investment of US\$196 million for the upstream sector namely Forest Utilization Business Licensing (PBPH)/ Forest Concession Holder. Meanwhile, downstream investment under the Forest Product Processing Business Licensing (PBPHH) scheme reached US\$202.47 million.

The Ministry claimed that the growth in forestry sector investment is aligned with good forestry governance. One of the ways this was achieved was through information systems which promote transparency in bureaucratic processes. This helps to prevent high costs and ensures accountability.

The information systems include the Forest Product Administration Information System (SIPUHH), Timber Legality Information System (SILK), Forest Product Raw Material Fulfillment Plan Information System (SI RPBBHH) and Online Single Submission (OSS).

See: <https://emitenews.com/news/investasi-sektor-kehutanan-capai-usd331-juta-sepanjang-2023-tumbuh-309-persen> and <https://www.msn.com/id-id/berita/other/klhk-catat-pertumbuhan-investasi-sektor-kehutanan-sepanjang-2023/ar-AA1mgHOK>

Association calls for SVLK promotion in international markets

The Association of Indonesian Forest Concession Holders (APHI) is hoping for more promotion of the Legality and Sustainability Verification System (SVLK) in international markets. Indroyono Soesilo, the chairperson of APHI, said the SVLK system has gained worldwide recognition as a reliable means of ensuring that the wood products purchased are derived from sustainably managed forests.

The implementation of SVLK indirectly supports Indonesia's Forestry and Other Land Uses (FoLU) Net Sink 2030 by reducing the occurrence of deforestation and illegal logging while simultaneously expanding the legal timber market, he added.

Krisdianto, the Director of Forest Product Processing and Marketing Development at the Ministry of Environment and Forestry, stated that rebranding and strengthening the SVLK is a strategic step in ensuring the legality and sustainability of wood products. This is particularly important as many countries are now implementing regulations to ensure that imported wood products come from sustainably managed forests and not from areas deforested or degraded.

See: <https://investor.id/business/350095/pengusaha-hutan-dukung-promosi-svlk-di-pasar-global> and <https://forestinsights.id/sistem-verifikasi-legalitas-dan-kelestarian-svlk-mendorong-peningkatan-ekspor-produk-hasil-hutan/>

Special economic zone for wood industry planned

The government plans to build a special economic zone (SEZ) for the wood industry to improve the competitiveness of Indonesian timber and furniture products.

The chairman of the Sedulur Wood and Furniture (Sekabel) Association, Setyo Wisnu Broto, said a special economic zone for the wood industry is necessary as Indonesia is losing international market share to Vietnam.

At a meeting with President Joko Widodo, Broto raised several issues such as the challenges faced by the industry as well as the challenge in meeting the requirements of the EUDR. No details are available on which area will be chosen for the wood industry SEZ as 30 potential locations had been proposed.

See: <https://en.antaranews.com/news/302025/government-to-build-special-economic-zone-for-wood-industry> and <https://economy.okezone.com/read/2023/12/29/320/2946792/jokowi-bakal-bangun-kawasan-ekonomi-khusus-industri-kayu>

Furniture exports declining

The Indonesian Furniture and Crafts Industry Association (HIMKI) reported a 28% year on year decline in furniture exports in 2023 due to geopolitical tensions and high inflation in export markets. Abdul Sobur, chairman of HIMKI, stated that another contributing factor to the decline in exports was the high price of domestic raw materials.

Despite the decline in exports, Sobur is optimistic about growth in the furniture and crafts industry but suggested that the government's export target of US\$5 billion in 2024 may need to be adjusted. "We are optimistic about the future of Indonesia's furniture and craft industry.

Indonesia has the potential to become the world's largest producer," he added.

See: <https://ekonomi.bisnis.com/read/20240104/257/1729341/ekspor-mebel-merosot-28-bagaimana-nasib-industri-di-2024>.

<https://tubasmedia.com/nilai-ekspor-industri-mebel-indonesia-periode-2023-anjlok/>

Forest entrepreneurs target Middle East market

Indonesian forestry businesses are looking to expand markets in the Middle East by establishing a hub in Dubai. According to Indroyono Soesilo, Chair of the Indonesian Forestry Community Communication Forum (FKMPI) and General Chair of the Association of Indonesia Forest Concession Holders (APHI), export opportunities for Indonesian forest products in the region are immense and that Dubai is perfect as a hub for the Middle East and global markets.

In early December Indroyono, along with administrators from FKMPI and APHI, held a meeting with the Fakh Group of Companies, one of the largest in Dubai. The meeting was made possible with the help of the Indonesian Consul General for Dubai, Candra Negara and the Indonesia Trade Promotion Center (ITPC) in Dubai. The Fakh Group is constructing 50 hotels in the UAE and 40 hotels/apartments in Jeddah and they require a steady supply of plywood, mouldings wood and furniture.

See: <https://forestinsights.id/pengusaha-hutan-indonesia-incar-pasar-timur-tengah-lewat-dubai/>

Information system to boost performance

The Ministry of Industry hopes that the interconnection of the forestry product information system with the Ministry of Environment and Forestry (KLHK) will spur the performance of the processed wood industry and national furniture industry.

The Ministry of Industry agreed to exchange data between the Ministry of Environment's Sustainable Forest Management Information System (SIPHL) and the Ministry of Industry's National Industrial Information System (SIINas) with the facilitation of the Coordinating Ministry for Maritime Affairs and Investment (Kemenko Marves).

The Director General of Agro Industries at the Ministry of Industry, Putu Juli Ardika, stated that the interconnection between SIPHL KLHK and SIINas Ministry of Industry will provide benefits to the government as policy makers and also to wood industry players both in the upstream and downstream sectors.

See: <https://voi.id/en/economy/339642>

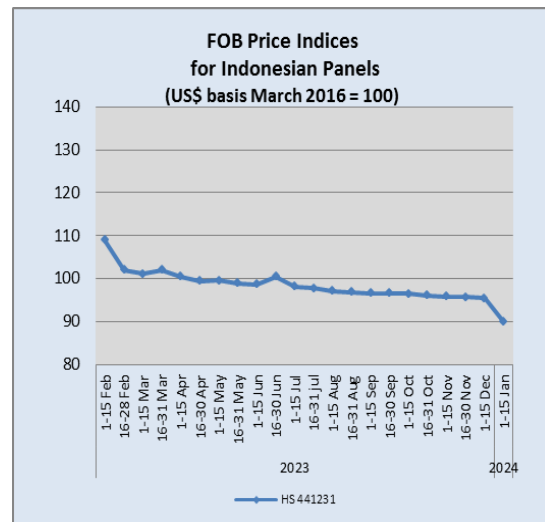
Norway continues contribution to FOLU Netsink for Indonesia

Indonesia and Norway have agreed to continue cooperation in reducing deforestation. Norway will continue its US\$100 million contribution to deforestation reduction performance.

The signing of the commitment to continue the contribution arranged by the Director of the Indonesian Environmental Fund Management Agency, Joko Tri Haryanto together with the Norwegian Ambassador to Indonesia Rut Kruger Giverin and witnessed by the Minister of Environment and Forestry, SitiNurbaya.

Minister Siti said that this addendum to the earlier agreement is a huge achievement and was based on verification of emission reductions from 2017–2018 to 2018–2019. Indonesia's FOLU Net Sink 2030 Operational Plan is also a reference and orientation for Norway in providing support to Indonesia because 60% of emissions come from the FOLU sector.

See: <https://asiatoday.id/read/norway-continues-100-million-contribution-to-folu-netsink-indonesia> and <https://ppid.menlhk.go.id/berita/siaran-pers/7548/norwegia-lanjutkan-kontribusi-100-juta-usd-untuk-folu-netsink-indonesia>



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

Myanmar

More challenges than opportunities

Significant challenges lie ahead in 2024 for both the timber trade and forest conservation, primarily arising from political developments since February 2021. The military's refusal to convene parliament and allegations of election fraud triggered months of widespread protests. Many sought refuge in remote forest areas engaging in armed conflict against the military-led State Administration Council (SAC).

Although the 'Prime Minister' occasionally outlined plans for future elections to restore civilian governance, analysts cast doubt on the likely holding of elections in the near future.

The forestry sector is not immune to challenges. Even before 2021, exporters of timber faced legality issues with the many countries and agencies asserting that Myanmar failed to meet international legality verification requirements even at the first step of the harvesting.

Despite recognised reform efforts by major stakeholders such as Forest Department and the Myanmar Timber Enterprise this has not proven sufficient for access to be granted to major markets.

Forest conservation was prioritised from 2011 to 2020 under two civilian governments and the SAC continued this by extending the logging ban until 2023. However, due to expanding conflict areas, some forests have become inaccessible posing challenges to forest governance and log harvesting.

Harvesting from the northern natural forests is no longer possible and this has led to a decline in teak log availability. Millers with log stocks from earlier harvests have attempted to meet the limited market demand. Simultaneously, there's a lack of new orders for teak products from the EU and USA, primarily due to sanctions against the Myanmar Timber Enterprise, the sole supplier of logs to millers.

Despite timber from both government and private plantations being allowed for export, there are no signs of log exports from private plantations. It is assumed that this is due to the private plantations being too young for harvest as most were planted around 2006. Harvestable timber from government plantations is traded only by the Myanmar Timber Enterprise which is subject to international sanctions.

To tackle concerns related to legality and sustainability the Myanmar Forest Certification Committee (MFCC) has prioritised forest certification for private plantations. As indicated on their website the MFCC is actively addressing the accreditation issue for Certification Bodies under both the Myanmar Forest Certification Scheme (MFCS) and Myanmar Timber Legality Assurance System (MTLAS).

Despite the 2021 suspension of the PEFC-Endorsement process MFCC is making efforts to certify private plantations under the MFCS. However, promoting products from private timber plantations poses an additional challenge, particularly in competing with other producing countries in Asia, Latin America and Africa.

Taking all current aspects into account the future of forest conservation and the timber trade presents more severe challenges than favorable opportunities for 2024.

Steep decline in border trade

The value of Myanmar's border trade, which accounts for the majority of the country's foreign trade, dropped by over US\$100 million in the first nine months of the current fiscal year compared to the same period of the previous fiscal year, according to data from the Ministry of Commerce. Myanmar's border trade fell with all five of its neighbours China, Thailand, Bangladesh, India and Laos. With the exception of China, Myanmar's imports from those countries have also steadily declined.

See: <https://www.irrawaddy.com/news/burma/myanmar-border-trade-falls-100-million-in-april-december-amid-clashes.html>

New Time Frame for depositing export earnings

The Central Bank of Myanmar (CBM) has ordered exporters shipping goods outside Asia to deposit foreign earnings in local banks within 90 days, up from a previous requirement to do so within 60 days. Companies exporting within Asia must deposit their earnings within 45 days instead of 30 days.

Widespread international sanctions are affecting trade and the private sector faces a significant challenge in accessing foreign currency given the increasing pressure on foreign reserves.

See: <https://www.thestar.com.my/aseanplus/aseanplus-news/2023/12/26/myanmar-central-bank-sets-new-timeframe-for-exporters-to-deposit-earnings>

New ASEAN envoy appointed

Laos, the current chair of the Association of Southeast Asian Nations (ASEAN), has appointed a veteran diplomat as its special envoy to Myanmar ahead of the bloc's foreign ministerial retreat in Luang Prabang later this month.

It has been reported that Lao Foreign Minister, Saleumxay Kommasith, appointed Alounkeo Kittikhoun, a former Vice Minister for Foreign Affairs, as special envoy.

Alounkeo is charged with pushing forward ASEAN's Five-Point Consensus Peace Plan which calls for the immediate cessation of violence and inclusive political as well as the provision of humanitarian aid to populations in need.

See: <https://www.irrawaddy.com/news/myanmars-crisis-the-world/asean-envoy-from-laos-visits-myanmar-junta-chief.html> and <https://thediplomat.com/2024/01/asean-chair-laos-appoints-special-envoy-on-myanmar/>

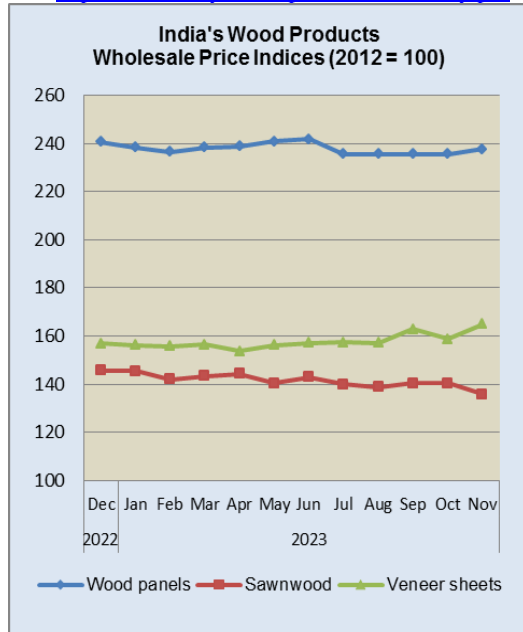
India

Veneer and plywood price indices move higher

The annual rate of inflation based on all India Wholesale Price Index (WPI) in November was 0.26 compared to minus 0.52% recorded in October 2023. The positive rate of inflation in November 2023 was primarily due to increases in prices of food, minerals, machinery and equipment, computers, electronics and optical products, motor vehicles, other transport equipment and other manufactured products.

The index for manufacturing increased to 140.4 in November 2023 from 140.3 in October. Out of the 22 NIC two-digit groups for manufactured products prices in 8 groups increased, 10 groups decreased and 4 groups remained unchanged. Some of the groups for which prices increased were other manufacturing, manufacture of food products, trailers and semi-trailers, fabricated metal products except machinery and equipment, wood and of products of wood and cork.

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



Data source: Ministry of Commerce and Industry, India

Consumers looking for quality and reliability

The Indian economy is expanding fast and consumers with greater disposable incomes are now looking for quality products. Wood products such as particleboard, MDF, plywood and many other items are being imported from China, Vietnam, Thailand, Indonesia and Europe.

At present these products do not carry the Indian Standards Institute (ISI) mark but this will soon be mandatory. The implementation of the new Bureau of Indian Standards (BIS) is coming and is likely to create challenges for exporters. If overseas shippers cannot secure the ISI mark it is anticipated there will be an increase in demand for domestic products.

For the past two and a half months extensive discussion across various timber sectors in India involving associations, manufacturers and importers have been conducted and overseas manufacturers, Indian and foreign have started applying for ISI recognition.

According to the BIS, the new Standard requirements will come into force on 24 February 2024. Of the roughly 3,800 wood processing mills in the formal sector only a third have, as of 15 January 2024, concluded the process to secure BIS certification.

Many are asking what will be the situation with the large number of domestic industries which do not have an ISI mark for their products? Will they be able to sell their products? What will happen to overseas shippers of products if they don't get certification before the time limit?

Plyreporter has said BIS officials are visiting various manufacturing clusters to assist with the process of obtaining ISI marks. Plyreporter suggests foreign companies will typically require at least 6 months to complete the certification process. Analysts anticipate a shortage of imported products in the market and it remains to be seen whether the certification period for international suppliers will be adjusted.

The Federation of Indian Plywood and Panel Industry (New Delhi), the largest plywood federation, has written a letter to the Joint Secretary in the Ministry of Commerce and Industry.

The letter includes a request for extension of implementation of the new requirements for woodbased panels, plywood and wooden flush doors, shutters and resin treated compressed wood Laminate products. The Federation says the Indian plywood manufacturing sector has many SMEs and MSMEs with very few large players. The small manufacturers cater to the lower segment of the market and the product is mainly a 'use and throw' product and that this segment is largely unregulated in terms of Standards.

The Federation recommends developing Indian standards for utility grade products for manufacturers who are unable to meet the criteria set in the new Standards. The Government is yet to respond to the Federation.

Approximately 1,500 containers of panel products and decorative materials come to India from different countries. So an up-tick is expected in the demand for domestic products, if the domestic players are ready there is a big opportunity for them to seize.

See: <https://www.plyreporter.com/article/153778/imported-panel-products-supply-may-affect-post-bis-qco>

Nature-based products for government projects

To advance 'Green Building' attributes and the 'Green Rating for Integrated Habitat Assessment' ratings the Indian Council of Forestry Research and Education (ICFRE) has suggested the promotion of woodbased and bamboo-based components in building projects undertaken by the Government.

In a letter to the Chief Engineer, Civil Construction Unit of MoEFCC, the Director-General of ICFRE suggested that it would be desirable for the Government of India to lead by example when it comes to building projects and adopt best practice with regards to nature-based products and solutions.

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

	Hoppus cu.m	US\$ C&F
Brazil	99	298
Colombia	101	315
Costa Rica	146	225
Ecuador	118	240
Ghana	101	295
Ivory Coast	99	310
Nigeria	196	285
South Sudan	48	310
Tanzania	101	310
Laos	-	-

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

	cu.m	US\$ C&F
Benin	106	610
Brazil	99	355
Colombia	125	345
Costa Rica	98	310
Ecuador	120	545
Ghana	124	370
Ivory Coast	-	-
Nigeria	119	365
South Sudan	174	385
Tanzania	95	355
Togo	100	330
Venezuela	122	420

Locally milled sawnwood prices

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

Price range depends mainly on lengths and cross-section

Sawn hardwood prices

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

Price range depends mainly on lengths and cross-sections

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**

W&WP exports in December 2023 are estimated at US\$1.25 billion, up 2.4% compared to November 2023 but down 4.7% compared to December 2022. In particular, WP exports are estimated at US\$872 million, up 0.5% compared to November 2023 but down 0.2% compared to December 2022.

- In 2023 total W&WP exports were valued at US\$13.4 billion, down 16.5% compared to 2022. Of this, WP exports are estimated at US\$9.1 billion, down 17.5% compared to 2022.
- W&WP exports to the EU market in December 2023 amounted to US\$52 million, down 26.8% compared to December 2022.
- In 2023 W&WP exports to the EU market totalled at US\$447.2 million, down 31.8% compared to 2022.
- In December 2023 woodchip exports earned US\$170 million, down 24.5% compared to December 2022.
- Overall in 2023, wood chip exports contributed US\$2.2 billion, down 18.5% compared to 2022.
- In December 2023 Vietnam spent US\$200 million for W&WP imports, down 1.2% compared to November 2023 and down 3.2% compared to December 2022.

- Overall in 2023, W&WP imports stood at US\$2.186 billion, down 27.8% compared to 2022.
- Vietnam's imports of poplar wood in December 2023 were 30,600 cu.m worth US\$11.6 million, up 1.5% in volume and 1.2% in value compared to November 2023. Compared to December 2022, it increased by 42% in volume and 45.5% in value. Overall, in 2023, poplar imports amounted to 324,400 cu.m, worth US\$ 131.9 million, down 11.9% in volume and 26.2% in value compared to 2022.
- Vietnam's imports of raw wood (Logs and sawnwood) from Africa in November 2023 reached 64,690 cu.m with the value of US\$25.10 million, up 23.4% in volume and 30.3% in value compared to October 2023 but down 51.9% in volume and 51.3% in value compared to November 2022.

Overall, in the first 11 months of 2023, imports of raw wood from Africa reached 675,045 cu.m, at a value of US\$264.35 million, down 43.4% in volume and 40.5% in value over the same period in 2022.

2023 W&WP exports to the EU decreased sharply

December 2023 W&WP exports to the EU fell 26.8% compared to December 2022. In 2023 W&WP exports to the EU totalled US\$447.2 million, down 31.8% compared to 2022. With the EU economic stagnation in 2023 demand for non-essential commodities including W&WPs dropped significantly.

In 2023 wooden furniture accounted for 77% of total W&WP exports to EU contributing US\$306.7 million, down 34.6% compared to 2022. Wooden living and dining room furniture sub-groups earned, US\$137.4 million, down 39.1%; wooden-frame seats US\$112.1 million, down 33%, bedroom furniture US\$35.3 million, down 17.3%. According to Eurostat the value of EU wooden furniture imports in the first nine months of 2023 reached 5 million tonnes, worth EUR16.6 billion (US\$18.4 billion), down 8.5% in volume and 10.6% in value against the same period in the previous year.

WPs exports to the EU, n first 11 months of 2023

Wood Products	% change 2022-2023
Living and dining room	-39
Wooden seats	-33
Bedroom	-17
Kitchen cabinets	-25
Office furniture	-46
Woodbased panels	-44
Pellets	169
Craft	-24
Doors	6
Mirror frames	-19

Data source: Customs, Vietnam

Despite facing many difficulties in demand and new regulations in the market the EU is still an important export markets for Vietnamese wood and wood products and has a more room for development.

In the first 11 months of 2023 W&WPs exports from Vietnam to France accounted for US\$90 million of EU imports, down 23.8% over the same period in 2022 followed by the Germany, down 47.9%, Netherlands, down 18.8%, Belgium, down 41.1% and Spain down 9.8%

Wood chip exports declined in 2023

In December 2023 woodchip exports were valued at US\$170 million, down 24.5% compared to December 2022. In 2023 woodchip exports reached US\$2.2 billion, down 18.5% compared to 2022.

In the first 11 months of 2023 China was the top market for chips consuming US\$1.3 billion of woodchips from Vietnam, down 23.8% over the same period in 2022 and accounting for 64% of Vietnam's total woodchip exports.

Next to China, Japan purchased chips worth US\$562 million, down 11.4% over the same period in 2022, S. Korea US\$80.6 million, down 6.5%, Indonesia US\$59.7 million, up 648%, Taiwan P.o.C US\$10 million, down 41.5%.

With newly established paper mills in Guangxi and Fujian China's woodchip demand for pulp and paper production is expected to grow further. Vietnam, with the advantage of short transportation distance aims to take advantage of this demand.

Sawnwood imports from Africa

In November 2023 Vietnam imported 64,490 cu.m of raw wood (logs and sawnwood) from Africa with a value of US\$25.10 million, up 23.4% in volume and 30.3% in value compared to October 2023 but down 52% in volume and 51% in value compared to November 2022.

In the first 11 months of 2023 imports of raw wood from Africa reached 675,040 cu.m with a value of US\$264.35 million, down 43.4% in volume and 40.5% in value compared to the same period in 2022.

In 2023 there was a decline in domestic wood consumption. The downturn in the real estate market is said to be the major reason behind the dropped in raw wood imports. In 2024, the real estate market is forecast to recover. However, as Vietnam is reinforcing its control over tropical hardwood imports to assure timber legality, imports of raw wood from Africa will remain low.

African timber suppliers

Cameroon was the top supplier of tropical hardwood to Vietnam in November 2023 reaching 36,470 cu.m at a value of US\$16.60 million, up 18.3% in volume and 31.1% in value compared to October 2023 but down 54.1% in volume and 50.7% in value compared to November 2022.

Overall, in the first 11 months of 2023, imports of raw wood from Cameroon reached 391,480 cu.m at a value of US\$171.28 million, down 29.5% in volume and 27.1% in value over the same period in 2022.

In November 2023 wood imports from Angola, as second top supplier, decreased by 12.7% in volume and 15.8% in value compared to October 2023, reaching 2,800 cu.m with a value of US\$729,000.

Over the first 11 months of 2023 imports from Angola reached 49,530 cu.m with a value of US\$13.19 million, down 13.3% in volume and 10.8% in value over the same period in 2022.

Vietnam’s imports of raw wood from Africa

	cu.m	% change 2022-23
Cameroon	391,480	-29.5
Angola	49,534	-13.3
S. Africa	42,214	-45.3
DRC	37,717	-59.7
Nigeria	29,209	-82.7
Gabon	28,472	-35.7
Ghana	14,227	-55.6
Namibia	13,198	-14.4
Eq. Guinea	10,757	-64.8
Sierra Leone	10,295	126.9
Mozambique	8,568	-36.1
Kenya	6,940	-68.5
Ivory Coast	2,362	29.6
Tanzania	239	-68.8

Data source: Customs, Vietnam

Categories of imported wood

In November 2023 imports of raw wood from Africa increased due to an increase in sawnwood imports compared to October 2023. In contrast, imports of logs fell.

Over the first 11 months of 2023, sawnwood imports from Africa reached 322,720 cu.m, with a value of US\$125.69 million, down 32.0% in volume and 31.3% in value compared to the same period in 2022.

The average price of imported sawnwood in November 2023 stood at US\$382 per cu.m, up 8.7% from October 2023 but down 4.3% from the same period in 2022.

Overall, for the first 11 months of 2023, the average import price of sawnwood from Africa stood at US\$389 per cu.m, up 1.1% from the same period in 2022.

Imports of padouk sawnwood in November 2023 increased by 45.2% in volume and 43.0% in value compared to October 2023, while that of pachy was up by 230.6% in volume and 435.6% in value.

Over 11 months of 2023 imports of sawn padouk wood decreased 16.2% in volume. Pachy sawnwood imports decreased by 55.3% in volume and 55.6% in value.

In November 2023, tali imports soared by 81.0% in volume and 67.4% in value compared to October 2023, but were down by 27.9% in volume and 35.1% in value compared to November 2022.

Over the first 11 months of 2023, tali remained the top imported sawnwood from Africa reaching 154,040 cu.m at a value of US\$69.40 million, down by 12.1% in volume and 9.3% in value year on year.

Log imports of logs from Africa to Vietnam in November 2023 reached 26,710 cu.m, at a value of US\$10.61 million, down by 14.1% in volume and 10.0% in value compared to October 2023 and down by 65.2% in volume and 62.8% in value compared to November 2022.

The average import price of logs from Africa in November 2023 stood at US\$397 per cu.m, up 4.8% against October 2023 and up 7.0% compared to November 2022.

In the first 11 months of 2023, the average import price of logs stands at \$393 per cu.m, up 8.2% from the same period in 2022.

In November 2023, imports of tali, pachy and sapele wood dropped against previous the month. In contrast, imports of mukulungu, teak and eucalyptus soared.

Over the 11 months of 2023 imports of most logs from Africa fell against the same period in 2022.

2024 will be challenging for Vietnam's wood sector

2024 is forecast to remain challenging for the wood industry given several issues affecting the sustainability of production and export. Statistics from the Ministry of Agriculture and Rural Development show that the sector’s exports reached US\$14.39 billion last year, down 15.8 per cent year-on-year.

Major export markets have increasingly strict regulations on product legality and sustainability. Specifically, the EU Deforestation Regulation (EUDR) requires products imported into this market to prove legality, origin and that they have not added to deforestation or forest degradation.

Along with the EU, many other markets have also set new and strict policies causing many difficulties for wood exports. The US market requires an increase in the frequency of investigations applying trade remedies to the industry and also compliance with labour and employment regulations. Japan also requires wood products to have sustainability certificates.

German importers require Vietnamese exporters to provide additional certificates related to product origin, employment status, wages, waste treatment and other related certificates. Meanwhile, Canada currently tends to put forward more environmental regulations in its product design, manufacturing and marketing strategies.

Recently, the Canadian Government published a regulatory framework to establish mandatory requirements for recycled content and labelling for plastic products which will impact most of Vietnam's export commodity groups, from consumer goods packaging to other key export sectors.

See: <https://vietnamnet.vn/en/2024-remains-challenging-for-wood-sector-experts-2234673.html>

Brazil

Businesses in Mato Grosso prepare for 2024

During the Ordinary General Meeting (OGM) of industrial entrepreneurs from the forest sector hosted by SINDUSMAD (Union of Timber Industries in the North of the State of Mato Grosso) goals for 2024 were discussed and the performance in 2023 were evaluated.

CIPEM (Center for Timber Producing and Exporting Industries of Mato Grosso State) presented the programme and events planned to promote the production potential of the forest sector in Mato Grosso to expand national and international trade in forest products.

Initiatives such as the 5th edition of Forest Day scheduled for the first half of 2024 were highlighted. This event will demonstrate activities in a Sustainable Forest Management area including the process of conserving native vegetation, harvesting, wood transportation, sawmilling and production of finished forest products. In addition, participation in international fairs in France and Brazil are planned to showcase the potential of timber produced in the State.

It was reported that the forest sector has made significant progress such as the inclusion of a credit line for sustainable forest management in the Federal government's Safra Plan 2023/2024, launched in June 2023. Financing for forest resource management is provided for in the RenovAgro Programme for a period of up to two years at interest rates of around 7% per year. Work on the 'Safe Base' project focused on worker health and safety was also reported.

See: <https://cipem.org.br/noticias/expansao-de-mercado-para-produtos-florestais-de-mato-grosso-sera-fortalecida-em-2024>

Environmental challenges addressed during COP 28

Discussions at COP 28 in 2023 highlighted the need for a collaborative approach to conserve biodiversity and mitigate the environmental impacts of human activities on the environment. Representatives from the forest sector in Mato Grosso State stressed the importance of differentiating between legal and illegal deforestation and pointed out the National Institute for Space Research (INPE) identifies areas destined for production activities.

The forest sector supports the crucial role of sustainable forest management SFM in preservation, generating goods and services and promoting local socio-economic development.

INPE reported that in just one year the state of Mato Grosso lost approximately 2,086 km² of forest and emphasised that SFM is emerging as a powerful solution. With a total area of 4.7 million hectares of managed forests in private areas a SFM strategy not only preserves the designated areas but also generates goods and services.

The forest sector of Mato Grosso state reiterated its commitment to sustainable practices, investment in monitoring technologies and engagement in initiatives to expand areas under SFM offering a balanced approach between conservation and sustainable development.

See: <https://simenorte.com.br/noticias/cop-28-desafios-ambientais-em-mato-grosso/>

Promoting furniture exports to Peru

Peru, with its diversified economy and GDP growth of 8.7% in 2022, is a promising market for the Brazilian furniture industry. The sectoral project 'Brazilian Furniture', an initiative of ABIMÓVEL (Brazilian Furniture Industry Association) in partnership with ApexBrasil (Brazilian Trade and Investment Promotion Agency), aims to reverse the decline in wood product exports to Peru by bringing together buyers and partners in the region.

Although Peru has a diversified economy and is the fifth largest in Latin America, the Study of Opportunities for the Brazilian Furniture and Mattress Exporter - Target Country: Peru, highlights challenges in Peru's economic, cultural, consumer and logistical infrastructure requiring assertive strategies for the expansion of Brazilian companies.

The Peruvian market, with furniture consumption at US\$511 million in 2022, is mainly fueled by imports (37.9% of the market) representing an opportunity for the Brazilian industry. Although Brazil is the second largest supplier the 25% drop in exports between 2018 and 2022 indicates the need for action and innovation.

ABIMÓVEL highlighted the importance of a diversified product mix and quality given the growing demand for stylish and comfortable furniture. Marketing and sales strategies adapted to the local market, the influence of e-commerce and a preference for cost-effectiveness and recognised brands are crucial for the successful presence and expansion of Brazilian companies in Peru.

See: <http://abimovel.com/exportacoes-brasileiras-de-moveis-e-colchoes-para-o-peru-podem-crescer-ate-67-nos-proximos-anos/>

ABIMCI/PEFC discuss certification and EUDR

In early December 2023 ABIMCI (Brazilian Association of the Mechanically Processed Timber Industry) hosted a meeting with representatives of PEFC International along with representatives of FIEP (Federation of Industries of Paraná State) to discuss optimising forest certification for small forest owners.

ABIMCI stressed the importance of collaboration and exchange of information to better understand the new market regulations especially the EUDR. Representatives from PEFC International said the PEFC Standards address aspects of protecting forests and halting deforestation, addressing climate change and protecting sustainable livelihoods which is at the core of the EU Timber Regulation and that PEFC is committed to achieving alignment with the EUDR through Standard adjustments.

PEFC shared data on its global presence in 56 countries reporting that as of September 2023 more than 288 million hectares of forest was PEFC certified (80% of global forests, of which Brazil accounts for 35%) excluding Russia and Belarus.

Source: ABIMCI News December 2023

Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	600
Jatoba	251
Massaranduba	219
Muiracatiara	210
Angelim Vermelho	214
Mixed redwood and white woods	160

Source: STCP Data Bank

Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	2,323
Jatoba	1,184
Massaranduba	1,050
Muiracatiara	971
Angelim Vermelho	1,024
Mixed red and white	643
Eucalyptus (AD)	34
Pine (AD)	265
Pine (KD)	327

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

	US\$ pe3 cu.m
Parica	
4mm WBP	637
10mm WBP	501
15mm WBP	438
4mm MR.	611
10mm MR.	453
15mm MR.	396

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

<i>Domestic ex-mill prices</i>	US\$ per cu.m
15mm MDParticleboard	375
15mm MDF	404

Source: STCP

Export sawnwood prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per cu.m
Ipe	3,3428
Jatoba	1,742
Massaranduba	1,753
Muiracatiara	1,730
Pine (KD)	189

Source: STCP Data Bank

Export plywood prices

Pine plywood EU market, FOB	US\$ per cu.m
9mm C/CC (WBP)	312
12mm C/CC (WBP)	295
15mm C/CC (WBP)	283
18mm C/CC (WBP)	279

Source: STCP Data Bank

Export prices for added value products

FOB Belem/Paranagua ports	US\$ per cu.m
Decking Boards Ipê	5,500
Jatoba	2,508

Source: STCP Data Bank

Peru

Shipments of construction products

Shipments of wood products for construction between January and October 2023 totalled US\$4.4 million representing a growth of 29% compared to the same period of the previous year (US\$ 3.4 million) as reported by the Association of Exporters (ADEX).

This increase is partly explained by greater demand from Mexico which increased from US\$0.15 million in 2022 to US\$0.2 million in 2023 (January-October). The main destination was, however, the US (US\$1.8 million) representing a slight increase of 3%.

According to figures from the ADEX Data Trade Commercial Intelligence System there were exports to Chile (US\$0.87 million +179%), Dominican Republic (US\$0.16 million, +168%) and France (US\$0.12 million - 73%). The most notable item in these ten months of the year was carpentry products and items for construction (US\$1.8 million), which maintained a similar level to 2022 (variation of 0.3%) and a share of 41%.

Likewise, doors and their frames (US\$0.69 million), other structural engineered wood products (US\$ 0.67 million), others for mosaic floors (US\$0.31 million), other doors and their frames (US\$0.31 million) were shipped along with tropical wooden frames (US\$0.17 million). These other products accounted for around 5% of the total shipped.

The value of shipments of the products above was surpassed by sawnwood (US\$35.6 million) and semi-manufactured products (US\$9.4 million).

In addition, firewood and charcoal were exported (US\$4.1 million), manufactured products (US\$3.9 million), furniture and its parts (US\$3.45 million), veneers and plywood (US\$2.2 million) and veneersheets (US\$ 1.4 million).

Peru and Brazil to address CITES listing of Shihuahuaco and Tahuari

In the last week of December the National Forestry and Wildlife Service (SERFOR) and the Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA) presented their proposals on the implementation of Shihuahuaco (genus *Dipteryx*) and Tahuari (genus *Handroanthus*) in Appendix II of CITES.

At the meeting they proposed developing collaboration mechanisms between trading countries to optimise their action in order to guarantee the sustainable use of these important forest species.

IBAMA expressed its interest and willingness to share information with SERFOR and proposed establishing periodic meetings starting in January 2024. During its presentation IBAMA highlighted the strategies it has developed for identifying forest species.

The meeting was held at the headquarters of the Peruvian Foreign Ministry in Lima and had the participation of representatives of SERFOR, as CITES Administrative Authority; of the Ministry of the Environment of Peru, as CITES Scientific Authority; the Forestry and Wildlife Resources Supervision Agency-OSINFOR, as CITES Enforcement Entity and from Brazilian officials through virtual connection.

See: <https://www.gob.pe/institucion/serfor/noticias/886345-intercambio-internacional-de-experiencias-sobre-la-inclusion-del-shihuahuaco-y-tahuari-en-el-apendice-ii-de-la-cites>

Measuring carbon in agroforestry systems

At the end of December the National Forestry and Wildlife Service (SERFOR) of the Ministry of Agrarian Development and Irrigation and the Agrofor Project (CIFOR – ICRAF) held a course ‘Quantification of carbon stored in small-scale agroforestry and forestry practices in the scope of CUSAF’ aimed at strengthening the capacities of specialists from the Regional Governments of Amazonas, Loreto, San Martín and the staff of the SERFOR headquarters on concepts and criteria to determine the amount of carbon stored in agroforestry and small-scale forestry practices scale.

Fifty-two people were trained to understand of the subject and be prepared to effectively apply carbon measurement techniques in real situations and evaluate agroforestry systems such as the case of Transfer in Use contracts for Systems.

See: <https://www.gob.pe/institucion/serfor/noticias/888710-serfor-y-el-proyecto-agrofor-fortalecen-capacidades-de-funcionarios-en-la-medicion-de-carbono-en-sistemas-agroforestales>

Export prices for added value products

	US\$ per cu.m
Strips for parquet Cabreuva/estoraque KD12% S4S, Asian market	1327-1398
Cumaru KD, S4S Swedish market	986-1119
Asian market	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

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	691-710
Virola 1-2" thick, length 6"-12" KD	
Grade 1, Mexican market	582-602
Grade 2, Mexican market	527-541
Cumaru 4" thick, 6"-11" length KD	
Central American market	992-1022
Asian market	1006-1031
Ishpingo (oak) 2" thick, 6"-8" length	
Spanish market	634-649▲
Dominican Republic	744-793
Marupa 1", 6-11 length KD	
Grade 1 Asian market	564-581

Export plywood prices

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

Export veneer prices

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

Domestic sawnwood prices

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

Domestic plywood prices (excl. taxes)

	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

Magnitude 7.6 quake on New Year's Day

Central Japan continues to be rocked by earthquakes following the deadly magnitude 7.6 temblor on New Year's Day.

Rescue operations are ongoing in hard-hit Ishikawa Prefecture, where officials say over 200 are confirmed dead. Tens of thousands remain without electricity. It's feared many are trapped under collapsed houses. Officials warn that aftershocks of similar intensity may occur this week.

At a meeting of the prefecture's disaster countermeasures headquarters, Suzu Mayor said the damage is catastrophic. Many of the 6,000 homes in the city alone have been almost or totally destroyed. When reconstruction can begin there will be an urgent need for all building materials.

See: https://www3.nhk.or.jp/nhkworld/en/news/20240103_13/

Major Japanese companies expected the domestic economy to grow in 2024

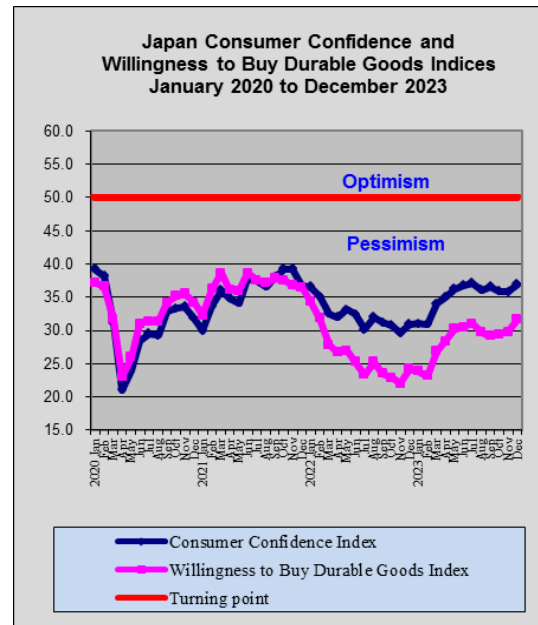
Days before the 1 January devastating quake and tsunami to hit the Noto Peninsula, Ishikawa Prefecture according to a Kyodo News survey, more than 70% of major Japanese companies expected the domestic economy to grow in 2024 as they believed consumer and capital spending will reduce the negative impact of inflation. The positive view coincided with the Organization for Economic Cooperation and Development's growth projection for Japan of 1.0 percent in 2024, a slower pace than 1.7 percent estimated for 2023.

Meanwhile, 22% expected zero growth while 3% said Japan's economy will contract moderately.. This was despite the economic contraction in July-September quarter ending two consecutive quarters of growth.

The government has stated wage increases will be particularly crucial in 2024 as the Bank of Japan, which has long maintained a monetary easing policy, is watching spring wage negotiations this year closely to determine whether it should end its negative interest rate policy.

The disruption of manufacturing and trade as a result of the latest disaster will cloud the picture of economic prospects for months.

See: <https://english.kyodonews.net/news/2024/01/e68278bedf5c-over-70-of-firms-expect-japan-economy-to-keep-growing-in-2024.html>
and
<https://www.weforum.org/agenda/2023/11/global-growth-slow-2024-economics-news/>



Data source: Cabinet Office, Japan

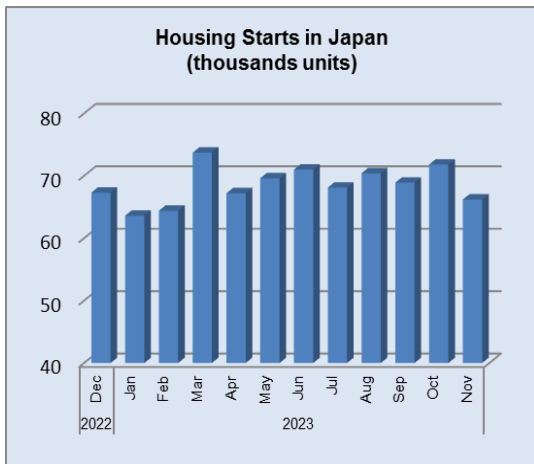
December consumer confidence up, brace for downturn in January

Japan's consumer confidence index improved in December 2023 according to Cabinet Office data. The overall livelihood index was up and the the income growth indicator rose, the employment index also saw a rise and the willingness to buy durable goods strengthened. Within days of the release of the December consumer confidence indices the country suffered a massive earthquake and tsunami which are sure to influence the January confidence data.

Houses destroyed and damaged

The recent Noto Peninsula Earthquake caused severe property damage, with at least 12,000 houses either destroyed or severely damaged in 17 municipalities, according to the Ishikawa Prefectural government. The earthquake leveled wooden buildings in the Noto Peninsula and the low earthquake-proofing rate in this area, exacerbated by its high ratio of elderly residents, meant it was hit particularly hard.

According to the Suzu Municipal Government, only 51% of the roughly 6,000 homes in the city at the tip of the Noto Peninsula met national earthquake resistance standards. The national average was 87% for the same period. It is still difficult to ascertain the full extent of the damage in the severely afflicted cities of Wajima and Suzu and the number of damaged buildings is likely to increase.



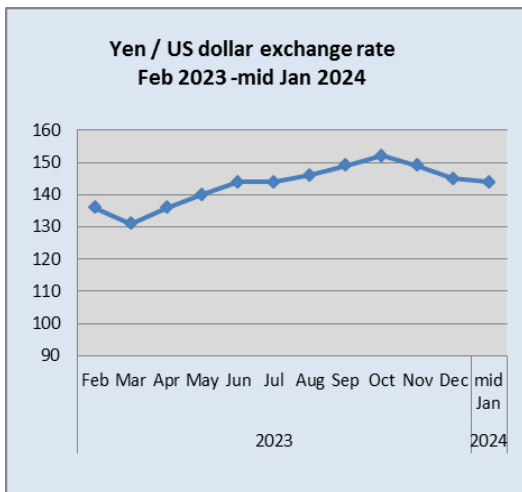
Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Yen weakens as BoJ unwinding deferred

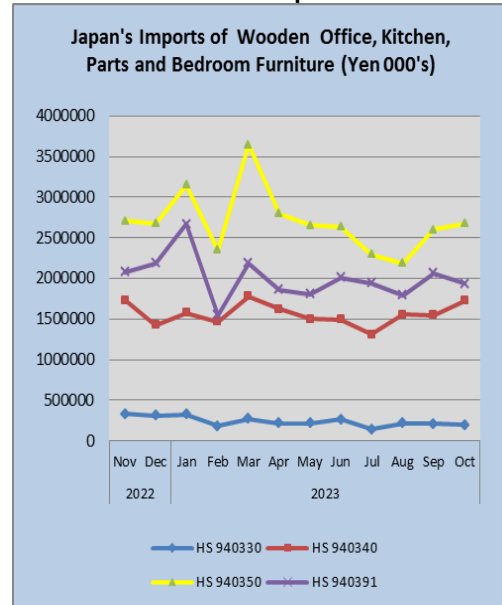
In the last days of 2023 the Yen drifted lower as traders unwound expectations that the Bank of Japan will alter course on its monetary policy. The USD/JPY rate moved to a two-week high around the 145 as the New Year.

The powerful earthquake that hit Japan on New Year's Day makes it harder for the Bank of Japan (BoJ) to abolish negative interest rates later this month as anticipated. Speculation about a January change of policy direction by the BoJ has receded but it is possible the BoJ could shift away from ultra-loose monetary policy settings in April after the annual wage negotiations.

See: <https://www.fxstreet.com/news/japanese-yen-hits-two-week-low-against-usd-bears-take-breather-ahead-of-us-nfp-202401050143>



Yen value of furniture imports



Data source: Ministry of Finance, Japan

October wooden office furniture imports (HS 940330)

In October, shippers in China and Malaysia were, once again, the top shippers of wooden office furniture (HS940330) to Japan respectively accounting for 65% (77% in Sept) and 11% (19% in Sept) of the total value of imports. Shippers in China, Malaysia along with shippers in the UK accounted for around 90% of the value of imports of wooden office furniture in October.

The value of October arrivals from China was down compared to September as were arrivals from Malaysia. Year on year, the value of October 2023 imports of wooden office furniture was down 20% and there was also a decline in the value of imports compared to the level reported for September. In October the number of shippers supplying wooden office furniture to Japan was below that in September.

October (HS 940330)

	Imports Oct 2023 Unit, 000's Yen
China	127,105
Vietnam	4,343
Malaysia	21,819
Indonesia	4,579
Denmark	808
UK	13,772
Switzerland	830
Spain	3,804
Italy	1,536
Poland	1,998
Austria	2,386
Turkey	2,322
Lithuania	291
Czech Rep.	1,963
USA	8,089
Total	195,645

Data source: Ministry of Finance, Japan

October kitchen furniture imports (HS 940340)

As in previous months shippers in the Philippines and Vietnam together accounted for most of Japan's imports of wooden kitchen furniture. In October the top four shippers were the Philippines (44% of total import value), Vietnam (37%) and China (8%). In October Germany was the fourth ranked shipper in terms of value.

After the slight decline in the total value of imports of HS940340 in September there was a change of direction with month on month October 2023 imports rising 11%. Year on year the value of imports grew 14%.

October imports (HS 940340)

	Imports Oct 2023 Unit, 000's Yen
China	137,782
Vietnam	636,361
Thailand	58,257
Malaysia	12,816
Philippines	754,884
Indonesia	23,595
Cambodia	490
Netherlands	334
France	1,919
Germany	70,717
Italy	23,167
Romania	3,420
Canada	2,812
Egypt	355
Total	1,726,909

Data source: Ministry of Finance, Japan

October wooden bedroom furniture imports (HS 940350)

After a good start to 2023 the value of imports of wooden bedroom furniture began to decline and fell steadily for most of the second and third quarters of 2023.

The downtrend reversed in September and there was a further increase in the value of imports in October. With most trading being conducted in US dollars the impact of the weak Yen clouds the actual trend direction.

China and Vietnam continue to be the main shippers of wooden bedroom furniture to Japan, together accounting for over 90% of the value of imports.

The value of October imports from China was higher compared to a month earlier whereas the value of imports from Vietnam was unchanged month on month. Year on year the value of October imports was little changed.

October imports (HS 940350)

	Imports Oct 2023 Unit, 000's Yen
China	1,595,795
Vietnam	934,242
Thailand	24,592
Malaysia	60,567
Indonesia	26,652
India	236
Denmark	735
Italy	8,960
Poland	16,801
Romania	1,569
Lithuania	701
USA	4,035
Total	2,674,885

Data source: Ministry of Finance, Japan

October wooden furniture parts imports (HS 940391)

From the beginning of the second quarter 2023 the value of imports of wooden furniture parts HS940391 have remained steady, rising and dipping but not showing any discernable trend.

October imports (HS 940391)

	Imports Oct 2023 Unit, 000's Yen
Rep. Korea	41,301
China	857,091
Taiwan P.o.C	47,314
Vietnam	232,625
Thailand	53,601
Malaysia	226,012
Philippines	13,174
Indonesia	402,953
Cambodia	951
Denmark	2,480
Germany	11,551
Switzerland	1,726
Spain	211
Italy	20,925
Finland	1,351
Poland	12,622
Hungary	274
Romania	600
Turkey	7,783
Lithuania	803
Slovenia	716
Slovakia	1,551
USA	1,327
Total	1,938,942

Data source: Ministry of Finance, Japan

After the July and August declines the value of Japan's imports of wooden furniture parts (HS940391) rose 15% in September, but in October there was a 6% month on month fall in the value of imports and year on year October imports were down 17%.

The top suppliers of wooden furniture parts in October were China (44%), Indonesia (21%), Malaysia (11%) and Vietnam (12%). The top three shippers saw the value of arrivals fall, it was only for Vietnam that the Japanese Ministry of Finance reported a rise in the value of imports.

Trade news from the Japan Lumber Reports (JLR)

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

For the JLR report please see:

https://ifpi.jp/japan_lumber_reports/

Volume of imported lumber declines

A forecast of imported lumber in 2023 will be under 9,000,000 cbms, 27.8 % less than 2022. There are five major kinds of the imported lumber, which are lumber*, plywood, laminated structural lumber and wooden boards**. In 1998, when it was deflationary depression, the imported lumber was 29.4 % less than 1997. According to Japan Lumber Importers' Association, the imported lumber in January to October, 2023 is 7,475,000 cbms, 30.9 % less than the same period last year.

Volume of five major kinds of imported lumber in January to October 2023, is 4,668,000 cbms, 30.6 % down from the same period last year. Volume of plywood, laminated structural lumber and wooden boards is 2,807,000 cbms, 31.5 % down from the same period last year. A forecast for the volume of imported lumber 2023 will be 8,71,000 cbms.

Since the influence of the wood shock, the volume of imported lumber has been 12,000,000 cbms for two years continuously but the volume in this year decreases nearly 3,000,000 cbms. Volume of European lumber in January to October, 2023 is 41.6 % down from the same period last year. North American lumber is 24.2 % down. Russian lumber is 43.1 % down. Plywood is 28.9 % down. Laminated structural lumber is 44.4 % down.

It is the first time in 25 years for a huge decrease in imported lumber. In 1998, demand for houses, which was active after the bubble economy, had settled down. A consumption tax was raised to 5 % from 3 % in 1997 and also the price of health insurance and utility bills were raised. Therefore, the economy in Japan slid into deflation due to the low consumer confidence in 1998.

Russia banned exporting logs in 2022 for the first time in 70 years. Additionally, it has been 30 years for the system, which was launched to supply European lumber to Japan stably. 2023 will be a milestone year for importing lumber businesses.

Number of bankruptcies in 2023

Tokyo Shoko Research, Ltd. classified the results of a survey about home renovation companies and 82 home renovation companies went bankrupt during January to October, 2023. This result is the highest number in recorded history. The survey started in 2002 and in 2012, 98 home renovation companies went bankrupt.

The number of debts in January to October, 2023 is 5 billion yen. A reason for bankruptcy is sluggish sales, 61 home renovation companies had answered the survey.

71 home renovation companies had under 100 million yen in debt. 78 home renovation companies had less than 10 employees. Some reasons for bankruptcy are a decrease in jobs due to the COVID-19, high-priced materials and housing equipment and a shortage of workers.

Demand and supply of domestic softwood plywood

Shipment of domestic softwood plywood in October, 2023 is 204,000 cbms, 9.8 % more than October, 2022 and this is 1.4 % more than September, 2023. This is straight two months for keeping a level of 200,000 cbms.

Production of structural plywood is 202,000 cbms, 2.0 % more than the same month last year and this is 0.3 % more than the previous month. The production has been increasing for eight months continuously. However, shipment of domestic softwood plywood in October is 2,000 cbms higher than the production so the inventory at the end of October is decreased slightly.

Radiata pine logs and lumber

The price of radiata pine logs from New Zealand is bullish to Japan in December, 2023 because the price of radiata pine logs to China has been rising.

The price of radiata pine logs to China is around \$130, C&F per cbm. The price in October and November, 2023 was \$120 – 125, C&F per cbm. The price to Japan would be higher than the previous time and it was \$160 – 165, C&F per cbm.

The price of NZ lumber in Japan is a level of 60,000 yen, delivered per cbm and this is stabilized from last month. It is said that the price of NZ lumber would rise and even though it is strong yen against the dollar, the import cost would be higher than the previous time. Chilean thin boards in Japan are 57,000 – 59,000 yen, FOB per cbm. Squares are 55,000 – 57,000 yen, FOB per cbm.

Wholesalers in the Greater Tokyo Metropolitan area raised the price of Chilean lumber by 2,000 yen, FOB per cbm in November, 2023. However, there is an increase in import cost so there is not enough profits. Therefore, some wholesalers plan to raise the price of Chilean lumber again next year.

Some other wholesalers say that it depends on the foreign exchange because, now, the yen is rising against the dollar.

Radiata pine lumber shipped to Japan in December, 2023 will arrive to Japan in the middle of January, 2024.

South Sea logs and lumber

Movement of hardwood lumber is still dull. The yen strengthens against the dollar in the middle of November, 2023. The yen was 147 yen against the dollar. Japanese buyers purchased some kinds of lumber, which are in short supply. Low demand for houses has been influencing. Demand for interiors, doors, windows and screens at stores and facilities are still good.

The lumber market in China is also sluggish. Some reasons are demand for lumber is low and the purchase price is high. Since the labor cost and the product cost in South Asia rose, South Asian sellers are not able to lower the prices. The price of South Sea logs are high due to the less inventory and so as the South Sea lumber.

China

Tariff adjustments for 2024

The State Council has announced adjustments to trade tariffs for 2024 to address domestic supply and demand and assist with the development of advanced manufacturing.

These adjustments include tariff waivers for key medical goods, tariff reduction on resources in short supply, critical equipment and key parts and certain agriculture products and tariff increases on certain commodities.

- China will impose tariffs on 8,957 tax items in 2024.
- 1,010 items, including certain medical products, key equipment and parts, resources in short supply, and some agriculture products, will be subject to provisional import tariff rates as of 1 January 2024, which are lower than the most favored nation (MFN) tariffs.
- Import tariffs on some commodities will be raised to assist with the development of domestic industry and cope with changes in supply and demand as of 1 January 2024. Examples include ethylene, propylene, and liquid crystal glass substrates.
- The conventional tariff rates will be applied to imported goods originating from 30 countries or regions, under the 20 free trade agreements and preferential trade arrangements that have been signed and entered into force between China and relevant countries or regions.
- The preferential tariff rates will continue to be applied to 43 least-developed countries that have established diplomatic relations with China and completed the exchange of documents to support and help the least-developed countries accelerate their development. The zero tariff treatment for Vanuatu will end.

- The tariff quota management will continue to be implemented on eight categories of commodities including wheat and the tax rates will remain unchanged.

- Export tariffs will be imposed on 107 commodities, including ferrochrome, 68 of which are subjected to provisional export tariff rates.

Wood products among some agriculture products will be subject to provisional import tariff rates as of 1 January 2024 which are lower than the most favored nation (MFN) tariffs. The most favored nation (MFN) tariff rates in 2024 for wood products will be at six levels, namely 3%, 4%, 6%, 7%, 8% and 12%.

The provisional tariff rates in 2024 for wood products will be at three levels. Details can be found at:

http://gss.mof.gov.cn/gzdt/zhengcefabu/202312/t20231221_3923368.htm

and

http://gss.mof.gov.cn/gzdt/zhengcejiedu/202312/t20231221_3923371.htm

Change in wood products trade between China and Malaysia

The following analysis is based on China's Customs data. China will mark the 50th anniversary of diplomatic relations with Malaysia in 2024. For the past 14 years China had been Malaysia's largest trading partner but recently the trade in wood products between the two countries has changed dramatically.

Malaysia was a major supplier of logs to China between 1998 and 2007 and China imported 29,300 cubic metres of logs from Malaysia in 2003. After the global financial crisis in 2008 China's log imports from Malaysia fell, dropping to less than 10,000 cubic metres.

In 2020 and 2021 China imported only 4,633 cubic metres and 1,374 cubic metres of logs from Malaysia respectively.

Malaysia was once a major exporter of plywood to China. China imported 2.08 million cubic metres of plywood from Malaysia in 1995 and plywood imports remained above 1 million cubic metres between 1995 to 2000, dropping to 196,000 cubic metres in 2022.

China became a major plywood producer with production accounting for around 50% of the world total so no longer needs to import plywood. China now exports plywood to more than 200 countries and accounts for about 30% of the world total. China's plywood imports account for less than 1% of the world total.

Rise in forest products trade between China and Malaysia

According to China Customs, in 2022 the total value of forest products trade (including wood products and non-wood products) between China and Malaysia rose year on year by 16% to US\$7.82 billion.

The value of wood products and non-wood products amounted to US\$3.42 billion and US\$4.39 billion, up 24% and 10% respectively.

Trade in wood products between China and Malaysia

China mainly imported three categories of wood products from Malaysia in 2022, wood pulp; paper board, pulp and paper products; timber and timber products. The value of these three major wood products accounted for 95% of the national total value of wood products imports in 2022.

China's imported wood products from Malaysia in 2022

	Imports (bil.US\$)	YoY % change
Total	835	9%
Wood pulp	405	6%
Paper board, pulp and paper products	249	19%
Wood products	141	8%

Data source: China Customs

China mainly exported three categories of wood products to Malaysia in 2022, namely wood pulp; wood furniture and seats; timber and timber products, which the value of these three major wood products made up 95% of the national total value of wood products exports in 2022.

China's exported wood products to Malaysia in 2022

	Exports (bil.US\$)	YoY % change
Total	2,588	29%
Wood pulp	1,293	40%
Wooden furniture and seats	769	30%
Wood products	395	1%

Data source: China Customs

Log and sawnwood imports from Malaysia

China's log imports from Malaysia in the first 11 months of 2023 rose 66% to 30,017 cubic metres valued at US\$10.69 million, up 16% over the same period.

Mixed tropical logs was the largest category of imports at 13,854 cubic metres in the first 11 months of 2023. China's eucalyptus and kapur log imports from Malaysia rose dramatically.

China's log imports from Malaysia in the first 11 months of 2023

Log categories	Volume cu.m	YoY % change
Mixed tropical logs	13,854	58%
Eucalyptus	5,575	79%
Kapur	3,942	245%
Mixed hardwood logs	1,905	12%
Red lauan	3,097	
Mixed softwood logs	1,188	-62%
Keruing	350	
Chinese redwood	52	-70%
Other	54	
Total	30,017	66%

Data source: China Customs

China's sawnwood imports from Malaysia in the first 11 months of 2023 fell 12% to 97,504 cubic metres valued at US\$34.05 million, down 23% year on year. China's mixed tropical sawnwood imports from Malaysia amounted to 89,570 cubic metres in the first 11 months of 2023, down 8% from the same period of 2023.

China's sawnwood imports from Malaysia, first 11 months of 2023

Sawnwood	cu.m	YoY % change
Mixed tropical sawnwood	89,570	-8%
Mixed sawn hardwood logs	2,677	19%
Red lauan	4,047	7%
White lauan	1,180	-64%
Teak	30	-23%
Total	97,504	-12%

Data source: China Customs

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

	2023 Oct	2023 Nov
Okoume	291	272
Merswa	191	182
Teak	515	525
Merbau	466	434
Birch	453	453
Oak	112	127

Data source: Customs, China

In late 2023 ITTO correspondents had the opportunity to interact with executives from some large European timber companies. The comments below provide an outlook on prospects and challenges from the perspective of these companies.

Tropical timber companies see good potential in Europe

Interviews by ITTO correspondents in the closing weeks of 2023 with two of Europe’s leading tropical hardwood trading companies, Vandecasteele and Interholco, highlight the significant challenges brought on by slow growth and tightening environmental regulations. However, both see long-term potential in the European market for tropical wood, particularly for value-added products drawing on strong technical performance and environmental credentials.

The interviews highlighted that today’s European tropical timber trade is a demanding environment. Sales are significantly down over the last 18 months and prices have followed. New moves on the timber sector’s sustainability performance are set to add to the pressures. A further batch of actively traded tropical species are being listed in Appendix II of CITES, some controversially. Trading these timbers will require added evidence of responsible sourcing.

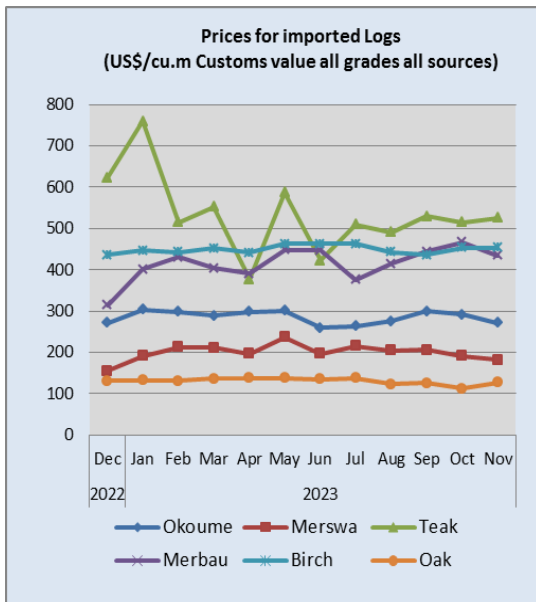
Then there’s the EU Deforestation Regulation (EUDR) coming into force on 30 December 2024. This requires proof that ‘so-called’ Forest and Eco-System Risk Commodities (FERCs), including timber and wood products are not implicated in deforestation or the more nebulous forest degradation.

Proof includes provision of geolocation co-ordinates with each consignment placed on the EU market for the ‘plot of lands’ where commodities originate. Belgian-based international timber trader Vandecasteele does not downplay the market challenges.

However, the company does see the commercial situation changing and also ultimately the tropical sector benefiting from regulatory developments that, it believes, will add to the trade’s sustainability assurance in an increasingly environmentally aware market.

Export manager Geneviève Standaert acknowledges that, after two exceptional years from 2020 to 2022, the squeeze in the tropical timber market has been significant. “Over the last year demand has been weak, there’s been less volume and consequently prices have dropped,” she said.

However, she feels a corner is being turned. “Even if demand does not come back immediately, we expect prices are now at their lowest level as suppliers have diminished production volumes and offers are scarce.”

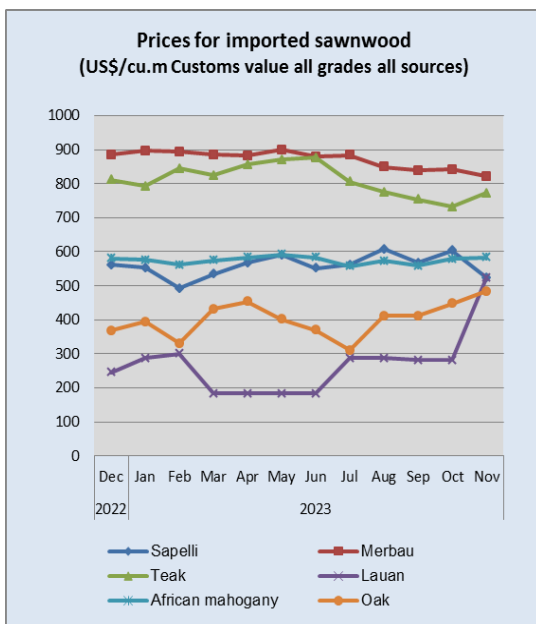


Data source: Customs, China

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

	2023 Oct	2023 Nov
Sapelli	603	524
Merbau	842	821
Teak	732	772
Lauan		522
African mahogany	579	584
Oak	477	484

Data source: Customs, China



Data source: Customs, China

She added that Vandecasteele has also been looking to strengthen its commercial position, while at the same time further underpinning its sustainability credentials, by developing its tropical offer. For instance, it is looking to add more secondary species to its stock. This is seen as not only diversifying its range, but making environmental certification more viable for the long-term, as more secondary species sales mean more income for forest managers from a given certified area.

“When a supplier goes for certification, they make a very serious investment in the future management of the forest, not just economically, but in maintaining the forest as forest 20, 30 or 40 years ahead, and even longer,” said Ms. Standaert. The company has additionally set itself the objective of becoming the ‘European ambassador for sustainable timber’, with a target date of 2025 to be trading only in certified timber.

“We are on track for our goal,” said Ms Standaert. “We are continuously supporting suppliers towards this transition by investing in external auditing and buying a full range of species and dimensions. In Brazil, for example, the volume of certified timber is continuously growing and our own forest engineer provides training in the field for suppliers in transition or wanting to switch towards certification in the near future. We also participate in webinars and presentations on the topic, such as the FSC event in Belem in last November, which was a perfect occasion to lead our suppliers towards certification.”

The company is also seeing a ‘shift in demand’ among customers, ‘not necessarily for certified timber, but certainly for third party-verified’.

In 2023 the African species padouk, khaya and doussie, joined others such as afrormosia in being listed in CITES Appendix II, although a leading authority on the topic of endangered species, the Gembloux Agro-Bio Tech faculty at the University of Liège, said this was not justified in the case of padouk and doussie.

In 2024, ipe and cumaru will follow. Given other availability issues with varieties such as doussie, the new CITES listings and their labelling of these species as ‘endangered’ – even though listing is not a bar to trading in them – could be a demand- reducing ‘game changer’, thinks Vandecasteele.

As for the EUDR, the company says it has adapted procedures to meet the requirements, although much of the detail is yet to be clarified. Besides demanding proof that FERC supply is not causing deforestation or forest degradation, under the regulation supplier countries will be benchmarked as high, standard, and low risk.

This will dictate the level of scrutiny by EU regulators of companies that place affected goods on the EU market.

“The text of the law is ready, but we understand the practical guidelines may not be available until December 2024 when the new legislation will be enforced,” said Ms Standaert.

“So we will have to wait and see what is required in day-to-day business in terms of such areas as customs clearing and training, including how we submit geolocation information, although there is now a pilot EUDR data platform which 100 European companies are now trialing.”

“Tropical suppliers are certainly concerned about the EUDR and, given that the EU is still deciding on the requirements, fear that they will not have enough time to adapt,” said Ms Standaert. “Each time a supplier visits our company, the Regulation is a very important part of the conversation.”

The geolocation requirement is a particular concern. The ‘plots of land’ for which the EUDR demands geolocation coordinates will be wide ranging. A ‘plot’ is defined as ‘land within a single real estate property’, so could be just a few hectares, or tens of thousands.

“The EU has not yet defined the exact form in which this [geolocation] data is to be supplied and the platform being developed for it is not ready,” said Ms Standaert. “This is a very big concern both for us buyers and our suppliers. In principle, they all want to meet the requirements and continue to do business with Europe. They just need to know how to comply.”

When the EU Timber Regulation came into force in 2013 it is reported to have reduced the pool of tropical suppliers available to the EU timber trade. But Vandecasteele believes that this experience, resulting in closer relationships between buyer and remaining suppliers, leaves it well-placed to deal with EUDR.

Vandecasteele maintains that, while Brexit may have happened, the UK will not be immune from the impacts of the EUDR. “Even if the UK is not supporting the Regulation, its suppliers will still need to meet it as they’re probably unlikely to want to adjust their trading operations for the UK market,” said Ms Standaert.

“And for exports to the EU, UK companies will need to meet all EUDR requirements, for starters to pass through customs. Ultimately they will have to comply to the same level as their EU counterparts.”

To aid EUDR compliance, Vandecasteele says gap analysis between the legal requirements and those of certification systems, such as FSC, PEFC, OLB, Legal Source and TLV, would be a great help. It would clarify what additional actions businesses must undertake over and above those needed to comply with these schemes.

But ultimately Vandecasteele feels the EUDR will be a positive development for the tropical timber trade. It says it will underline that timber production from sustainably managed tropical forests is the best guarantee of maintaining them as forests, disincentivizing their clearance to make way for agro commodities.

“We hope that finally the real causes of deforestation will become visible under the EUDR, and people will see that timber is the one commodity affected which can be guaranteed as not implicated in deforestation or forest degradation,” said Ms Standaert. “It should show that sustainable forest management is the best solution for maintaining tropical forest. The phrase use it or lose it still stands!”

Investing in engineered products following Congo log export ban

Against the backdrop of a tighter, more competitive, market the Swiss-based international tropical timber supplier Interholco has had to contend with the log export ban in the Republic of Congo where its subsidiary IFO has its mill and manufacturing plant and manages 1.1 million ha of forest.

The ban has added impetus to Interholco’s efforts to develop added value engineered product capability, including in lesser-known timber species. Interholco is now entering phase one of a major capital investment programme to develop IFO’s facilities at Ouessou in the northern Republic of the Congo and further future proof the wider business. The work will run through most of this year.

“Sometimes it’s felt like we’ve been running around like headless chickens! But we’re on track and entering an exciting period,” said

Vice President Production and Sales, Christophe Janssen, acknowledged that trade has become more challenging. “Last year the market was very good, our order books were full 12 months ahead,” he said. “But, with the Ukraine crisis and resulting inflation and high interest rates, consumers have lost confidence and we’ve been affected in many markets. The US remains busy, and we’re still selling well in certain EU markets, notably Belgium and the Netherlands.

But elsewhere in Europe it’s more difficult due to economic pressures, particularly in the property sector. In France for instance, mortgage approvals are reported down 40-50% this year, and they’re lower in Germany too.”

The UK market has also been challenging. “It has the same economic issues as the rest of Europe, but with Brexit making business even more complicated,” said Mr Janssen. He added that, while it’s not a key market for Interholco, China has remained quiet since the relaxation of Covid restrictions. “The Middle East has been less busy too, despite the price of oil, and there’s been a big slowdown in the Vietnamese market,” he said.

The Republic of Congo log export ban, implemented in January 2023, has also impacted business. “Losing that part of our turnover means we have to reorganize and become more focused on value added production,” said Mr Janssen. “Making it more challenging was that the government allowed little time to adapt.”

Despite the wider market climate, however, Interholco has not curtailed production. The company also now sees glimmers of economic light. “We’re seeing inflation coming down and interest rates stabilizing in an increasing number of countries and there’s a feeling markets are getting use to or factoring in the Ukraine situation,” said Mr Janssen. “Interholco is also adapting successfully. We’re focusing more on kiln-dried lumber where there’s less competition and better prices than in standard, undried.

The company is confident of a bright future in these engineered components, with customers increasingly won over by their technical benefits. “Demand for scantlings is increasing and end users who switch to them are very happy with the results,” said Mr Janssen. “They’re stable, predictable and enable manufacturers to calculate their yield and costs in a way that’s just not possible with rough lumber. They can also have longer lengths on a consistent basis – we supply everything in 5.9m.”

These products also provide a route for Interholco to introduce more lesser-known tropical timber, use of which reduces supply stress on traditionally more popular species. Some also see it as making sustainable forest management more economically viable, in that it increases timber yield from a given forest area.

“Customers who buy our scantlings are more concerned with technical performance and yield and less concerned with species and show interest in timbers such as kosipo, sapelli, sipo, bosse, limbali and kanda and we’re doing further tests with tali and wenge.”

One market proving more resistant to the value-added trend in tropical timber seems to be the UK. “Overall it seems more conservative and species focused. Potential customers also comment on the higher initial price,” said Mr Janssen. “However, we have been getting enquiries and, while it may take time, we’re confident demand will grow.

It has to be the way forward if joinery end users want to control costs and compete in terms of technical performance predictability with materials like pvc and aluminium.”

Interholco is a long-term adherent of FSC certification, 100% of timber from its own concessions are FSC certified and 88% of that from outside sources and in March it gained FSC Eco-systems certification for biodiversity protection. This year it has also been undergoing accreditation to the PEFC-endorsed Pan African Forest Certification scheme.

Since 2017, the company has also been engaged with the Zoological Society of London’s (ZSL) international SPOTT analysis programme. Each year this assesses 100 tropical forestry, palm oil and natural rubber companies on public disclosure of ‘policies and practices related to environmental, social and governance (ESG) issues’.

“SPOTT scores companies against sector-specific ESG indicators to benchmark progress and, by tracking transparency, incentivises implementation of corporate best practice,” says ZSL. “Investors, buyers and other key influencers can use SPOTT assessments to inform stakeholder engagement, manage ESG risk, and increase transparency across multiple industries.”

This August, for the seventh year in a row, Interholco was ranked first of the 100 companies involved, scoring 95.2% in assessment against 150 indicators.

“Spott does not solely rely on commitments or policies, but also looks at progress and implementation on the ground,” says Interholco. “The SPOTT team also comprises actual people with proven expertise and analytical finesse. It is not an AI-compiled scorecard.” The company has become more attuned to the SPOTT process with time, but initially found it ‘pretty demanding’.

Interholco is also confident it can rise to the challenge of EUDR. “We’re confident we can meet all requirements, including for geolocation details for timber origin, having the advantage that most of our timber comes from our own concession,” said Mr Janssen.

“Some of the details of implementation are still unknown, such as how the European portal for uploading due diligence information will operate, whether we can give plot information annually, or have to provide it on each invoice. But we don’t foresee problems.”

Interholco is also optimistic about prospects for the business as a whole. “Short term it may be more challenging given the state of the market and the development work we’re undertaking,” said Mr Janssen. “But we’re confident wood demand will continue increasing and that, with the investment we’re putting in place and our commitments to sustainability, we will be well placed to benefit.”

North America

US imports slowed again in November

US imports of tropical hardwoods and related products slowed once again in November as imports in most categories headed into the final month of 2023 well behind their 2022 pace.

Imports of sawn tropical hardwood fell in November to their lowest volume in more than two years; imports of hardwood plywood declined by 14%; hardwood veneer imports fell 18% and hardwood flooring imports fell by 12%.

The news was not all bad as imports of assembled flooring panels rose by 6% and wooden furniture imports were able to stay elevated after a sharp October gain, shedding less than 2% in November.

Imports have been trending downward for much of the year leaving US imports of sawn tropical hardwood, hardwood plywood, hardwood moulding and assembled flooring panels all at 30% behind 2022 imports through November.

Imports of sawn tropical hardwood hit yearly low

US imports of sawn tropical hardwood fell to their lowest volume in over two years in November. The 12,022 cubic metres imported in November was 30% less than the previous month’s total and 35% less than that of November 2022. Imports from top suppliers Brazil, Indonesia, and Cameroon all fell by more than 50%.

Imports of Mahogany and Cedro showed gains while imports of all other tropical hardwoods retreated. For the year so far, Keruing imports are up 5% over last year while all other woods are trailing last year’s pace.

Versus 2022, imports of Ipe are down 48%, imports of Sapelli are behind 21%, and imports of Acajou d’Afrique are off 46%. Through November, US imports of sawn tropical hardwood are down 30% versus 2022 totals.

Sawn tropical hardwood imports

	2022	2023	YoY
	cu.m Jan-Nov	cu.m Jan-Nov	% change
Total	256,620	180,298	-30%
Ecuador	5,614	6,393	14%
Brazil	64,533	41,753	-35%
Cameroon	31,571	18,595	-41%
Malaysia	26,179	24,783	-5%
Congo (Braz.)	20,822	15,293	-27%
Peru	2,154	943	-56%
Indonesia	59,602	27,761	-53%
Ghana	6,663	6,462	-3%
Cote d'Ivoire	4,214	1,858	-56%
Other	35,268	36,457	3%

Data source:: US Census Bureau, Foreign Trade Statistics

Canadian imports of sawn tropical hardwood fell 20% in November to a level 36% below that of the previous November. Imports from Congo/Zaire dropped by 84% while imports from Bolivia were up by 138%. Total imports for the year so far are down 18% versus 2022.

US hardwood plywood imports retreat

Following an October surge, US imports of hardwood plywood fell 14% in November. Despite the decline, the 275,890 cubic metres of plywood imported in November was 25% higher than the volume of wood imported in November 2022. Imports fell from nearly all major trading partners including Indonesia (down 31%), Russia (down 60%), and Vietnam (down 7%).

This year has seen weakening volume from nearly all major suppliers as the US has turned to other countries for its hardwood plywood needs.

With only December’s data outstanding, imports from China, Russia, Malaysia, and Vietnam for the year to date are all less than half of what they were at this time last year. Meanwhile, imports from countries other than the chief supplying countries are up 43% for the year so far. Total US hardwood plywood imports are down 30% versus 2022 through November.

Hardwood plywood imports

	2022 cu.m Jan-Nov	2023 cu.m Jan-Nov	YoY % change
Total	3,517,153	2,471,097	-30%
China	93,673	42,700	-54%
Russia	367,240	176,860	-52%
Indonesia	894,710	503,466	-44%
Malaysia	205,863	56,477	-73%
Cambodia	145,099	111,119	-23%
Vietnam	968,801	437,538	-55%
Ecuador	131,564	127,214	-3%
Other	710,203	1,015,723	43%

Data source:: US Census Bureau, Foreign Trade Statistics

US veneer imports fall 18%

Imports of tropical hardwood veneer for November were 35% below that of imports for November 2022. Imports fell 18% in November from the previous month as shipments from countries that have made gains so far this year began to tail off.

While imports from Cameroon, Cote d’Ivoire, Ghana, and China are all up significantly for the year so far, imports from each of these countries declined sharply in November with imports from China and Cote d’Ivoire each falling by more than two thirds.

Meanwhile, imports from Italy and India are trending in the exact opposite fashion. Italy and India in recent years have been the top suppliers of tropical hardwood veneer to the US but imports from the two countries are down for the year by 75% and 21%, respectively.

In November, imports from Italy rose 72% while imports from India were up 432%. Overall US imports of tropical hardwood veneer are down 5% for the year through November.

Hardwood flooring imports mixed in November

US imports of hardwood flooring fell 12% in November. A large shipment from Brazil (up 170%) nearly made up for declining imports from nearly all other trading partners. Imports from Indonesia were off by 48% while imports from China fell by 59%. Despite the decline, imports for the month were 6% higher than in November 2022. Imports of assembled flooring panels rose by 6% in November, rising to a level 2% higher than the previous November.

The rise was fueled by an 88% increase in imports from Vietnam which more than offset a 33% decline in imports from China. Through November, imports from nearly all trading partners are down versus 2022 totals with imports down 30% for the year so far.

Assembled hardwood flooring panel imports

	2022 US\$ Jan-Nov	2023 US\$ Jan-Nov	YoY % change
Total	328,306,665	231,067,961	-30%
China	19,075,555	7,947,235	-58%
Canada	49,856,224	47,617,807	-4%
Indonesia	36,316,576	21,792,512	-40%
Vietnam	52,751,479	41,404,129	-22%
Thailand	51,579,724	19,813,798	-62%
Brazil	1,100,888	927,599	-16%
Other	117,626,219	91,564,881	-22%

Data source:: US Census Bureau, Foreign Trade Statistics

Moulding imports dip

US imports of hardwood moulding declined for the second straight month in November, falling 6% from the previous month. The US\$10.4 million in imports was 26% less than that of November 2022.

Imports from China and Brazil both fell more than 40% in November while imports from Malaysia rose 33%. Total imports for the year are 30% less than 2022 through November.

Wooden furniture imports hold steady

US imports of wooden furniture remained relatively steady in November, falling by less than 2% from the previous month. The US\$1.71 billion in imports was 5% less than the previous November’s total.

Imports from Vietnam, the top trading partner, were up 3%, but imports from most other countries lagged and imports from Canada sank by 12%. With the decline, year-to-date imports from Canada are now only ahead of last year by less than 1% while imports from most all other trade partners are down for the year by 20% or more.

Total wooden furniture imports are behind last year’s pace by 23% through November.

Wooden furniture imports

	2022 US\$ Jan-Nov	2023 US\$ Jan-Nov	% change
Total	23,638,712,826	18,098,248,025	-23%
China	4,278,543,819	2,964,707,085	-31%
Vietnam	8,607,587,145	6,635,591,058	-23%
Canada	1,527,878,220	1,528,298,103	0%
Malaysia	1,495,200,153	923,717,679	-38%
Mexico	1,940,256,707	1,565,304,217	-19%
Indonesia	1,139,359,927	761,696,161	-33%
India	527,138,847	402,514,415	-24%
Other	4,649,886,855	3,718,933,722	-20%

Data source:: US Census Bureau, Foreign Trade Statistics

US kitchen and bath remodelers see challenges ahead

According to a nationwide survey conducted by *Kitchen & Bath Design News*, remodeling dealers and designers, although forecasting modest revenue gains in 2024, say that they harbour nagging concerns about economic conditions impacting sales revenue, business operations, and profit margins in the coming year.

When asked about current economic conditions impacting their business in 2024, 93% of those surveyed told KBDN that they are either ‘somewhat concerned,’ ‘very concerned,’ or ‘extremely concerned.’ When it comes to kitchen and bath remodeling projects, roughly 58% of those surveyed also reported that pricing is generally more critical to clients than it was at the same time a year ago.

Price increases for products and raw materials, followed by a shortage of labor, head a list of challenges facing kitchen and bath design firms, survey respondents told *KBDN*. Other top challenges include long lead times for products, persistent production and shipping delays, and customers postponing or canceling projects due to increased costs.

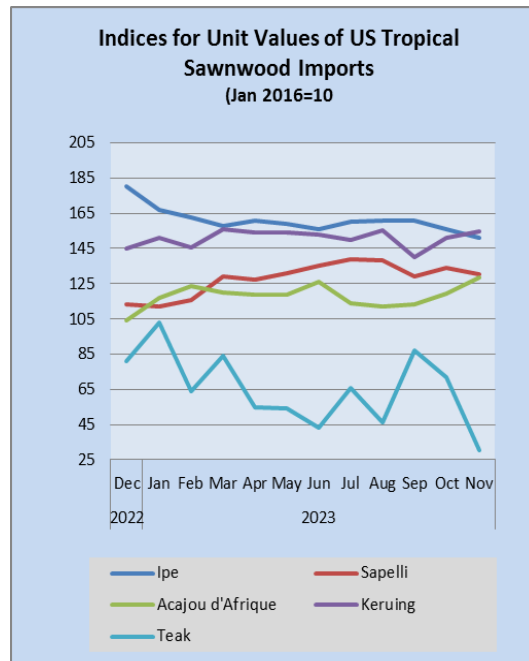
See: <https://www.kitchenbathdesign.com/2024-outlook-dampened-by-market-headwinds-kbdn-poll/>

US hardwood lumber exports fell in 2023

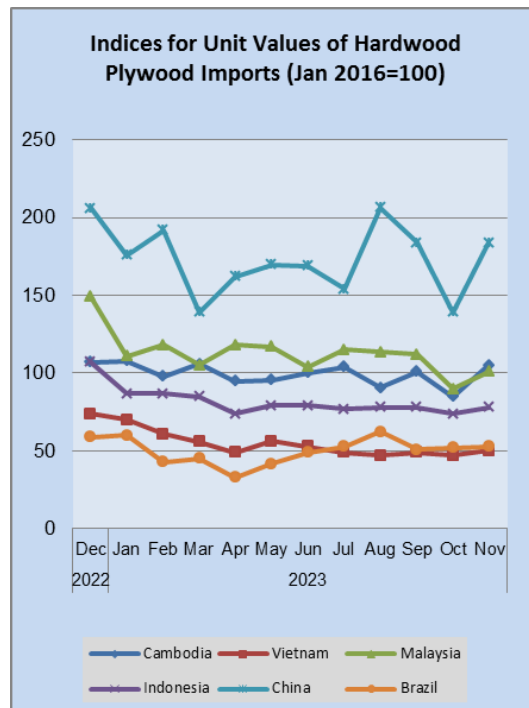
US exports of sawn hardwoods declined sharply in 2023 as exporters struggled to compete on price against alternative species. Sawn hardwood exports had fallen to 1.56 million cubic metres as of August 2023 a 21% year on year decline. If his pace of decline 2023 exports will decline be the lowest volume since 2011.

Exports to China fell by 10% and for 2023 it would appear shipments to China are on pace to decline for a third consecutive year after peaking in 2020. Sales to other Pacific Rim markets fell at a steeper rate compared to China. Shipments to Vietnam declined 23%. The downward trend in exports was also evident in Europe. Exports to the United Kingdom, the largest European market for US hardwoods had plunged 37% up to August 2023.

See: <https://timberlinemag.com/2024/01/u-s-hardwood-exports-fall/>



Data source: US Census Bureau, Foreign Trade Statistics



Data source: US Census Bureau, Foreign Trade Statistics

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

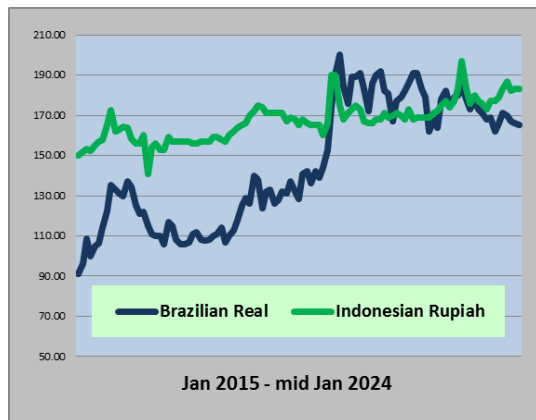
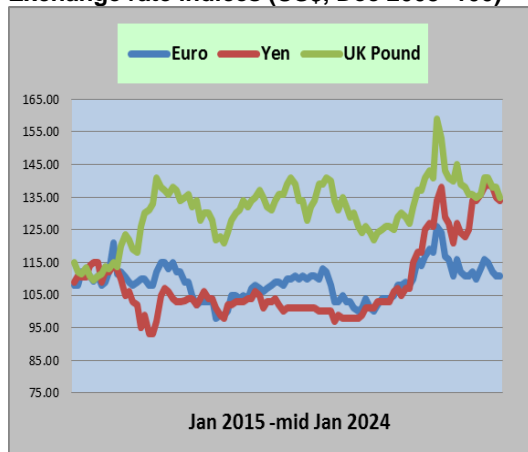
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

US Dollar Exchange Rates

As of 10 January 2024

Brazil	Real	4851
CFA countries	CFA Franc	599.48
China	Yuan	7.16
Euro area	Euro	0.91
India	Rupee	82,81
Indonesia	Rupiah	15,535
Japan	Yen	144.82
Malaysia	Ringgit	4.65
Peru	Sol	3.74
UK	Pound	0.78
South Korea	Won	1,313.18

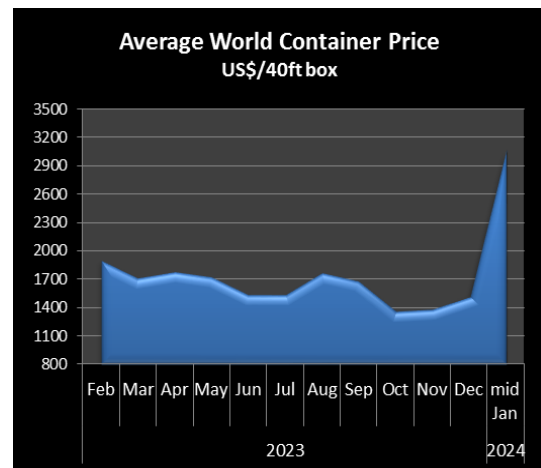
Exchange rate indices (US\$, Dec 2003=100)



Abbreviations and Equivalences

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

Ocean Container Freight Index

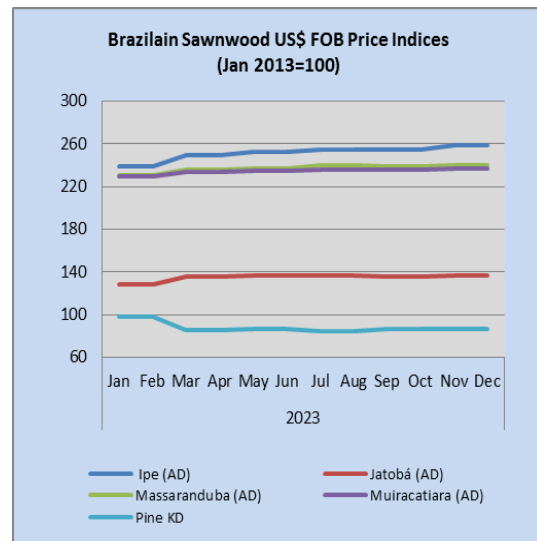
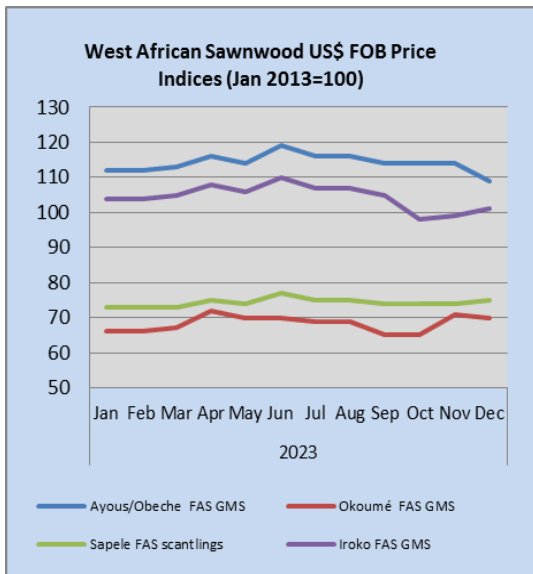
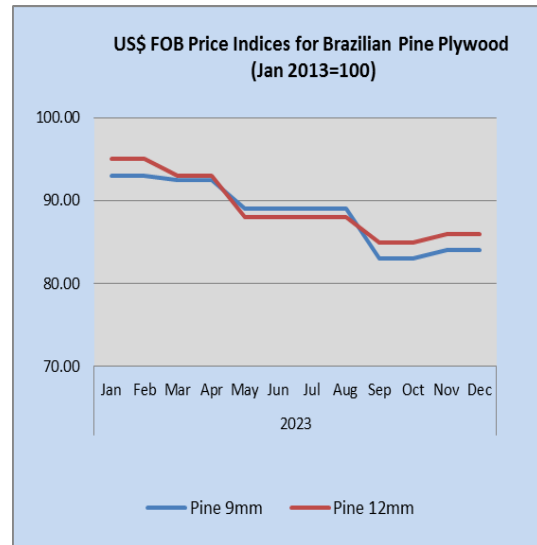
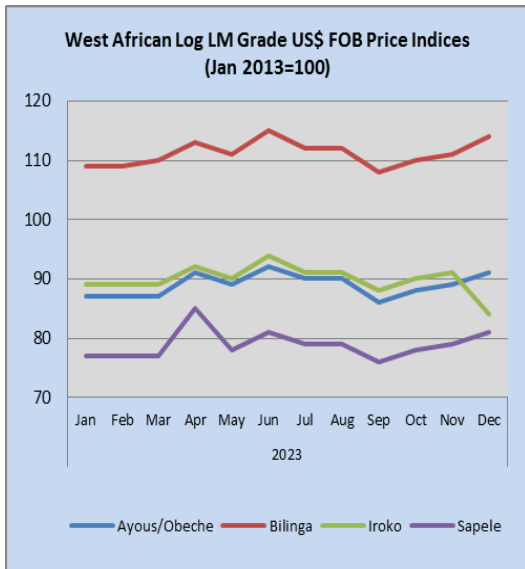


Data source: Drewry World Container Index

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

Price indices for selected products

The following indices are based on US dollar FOB prices



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

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