

Tropical Timber Market Report

Volume 27 Number 19 1st – 15th October 2023



The ITTO *Tropical Timber Market (TTM) Report*, an output of the ITTO Market Information Service (MIS), is published in English every two weeks with the aim of improving transparency in the international tropical timber market. Its contents do not necessarily reflect the views or policies of ITTO. News may be reprinted provided that the ITTO *TTM Report* is credited. A copy of the publication should be sent to ti@itto.int.

Contents

Central/West Africa	2
Ghana	3
Malaysia	5
Indonesia	6
India	7
Vietnam	9
Brazil	11
Peru	13
Japan	14
China	18
EU	21
North America	25
Currencies and Abbreviations	27
Ocean Freight	27
Price Indices	28

Headlines

	Page
<u>Mills in Gabon Special Economic Zone account for 60% of exports</u>	2
Malaysia launches C&I for non-timber forest products	5
<u>New regulation for logging in the Amazon</u>	11
<u>Further fall in Japanese household spending</u>	15
<u>Surge in China's particleboard imports from Thailand</u>	19
<u>Europe's wooden furniture consumption falls to lowest level since 2015</u>	21
<u>US imports of sawn tropical hardwood rise for a third straight month</u>	25

Top story

Strategy to balance industrial wood production and ecosystem restoration

Indonesia has a strategy for integrating sustainable wood production with forest restoration through ecosystem restoration and a multi-businesses approach. Efforts are being made to return forest landscapes to their original condition through a business approach which incorporates ecosystem restoration.

The government, together with the community, business actors and other stakeholders are encouraged to implement a raw material supply chain from the sustainably managed forests.

Page 6

Overall impression of weakening demand

Producers in the region have reported that demand in Belgium is currently experiencing a period of sluggishness, adding that stocks padouk and doussie are slow to move as buyers appear hesitant to make significant purchases. There has been a weakening of FOB prices particularly in Belgium and the Gulf States, say exporters.

Equatorial Guinea's Okoume sawn timber has entered the market at a significantly lower price point than Gabon and Congo, albeit with varying quality. This move has caused concerns, especially among Chinese buyers.

Companies marketing in the Gulf State, such as Iraq and Iran say market conditions are challenging due to high stock levels and weak demand.

Mills in Gabon facing many challenges

Heavy rain continues to impact harvesting and production in Cameroon and the Central African Republic. In Gabon mill output has fallen as the government enforces regulations, particularly labour laws.

The government in Gabon is taking a tough stance on labour issues given the recent industrial action by workers in the in special zones. There is an increased emphasis on hiring Gabonese workers but there is a shortage of skilled mechanics, drivers, sawmill operators and heavy equipment drivers.

The government has responded by relaxing the transition period of 2-4 months during which time companies are required to reduce their expatriate workforce in favour of hiring Gabonese nationals.

There are reports of unresolved worker overtime payment discrepancies as some companies in the special economic zones are yet to adhere to the government regulations. Labour unrest has reportedly led several Indian and Chinese peeler mills to reduce their workforce sparking concerns about unemployment and potential production cuts.

Some Indian factories have already announced their intentions to close due to the current uncertainties and difficult operating conditions in the special economic zones where fees to zone management have been rising. The forestry sector in Gabon appears to be undergoing a significant transformation toward legal compliance with enforcement of anti-corruption measures.

The new Minister of Forestry in Gabon is actively enforcing forestry laws, ensuring proper documentation and seizing abandoned logs over six months old.

Mills in Gabon Special Economic Zone account for 60% of exports

The domestic press in Gabon has reported that in 2022 operators in the Special Economic Zone (GSEZ) processed 1,153,599 cu.m of logs and exported 622,026 cu.m of wood products, mainly veneer and sawnwood which represented around 60% of Gabon's timber exports in 2022.

In recent years wood product exports have become the second largest Gabonese export product behind oil and ahead of manganese.

In related news, according to data from the latest Ministry of the Economy Economic Report at the end of the second quarter of 2023 timber production dropped by 29% compared to the same period in 2022, from 1.3 million cu.m the end of June 2022 to 982,006 cu.m at the end of June 2023.

This fall, says the report, was the result of logistical problems in the sector, particularly linked to recurring incidents on the railway and the poor state of the road network during the rain season, difficulties which have negatively affected the supply to mills, particularly those in the Nkok special investment zone.

See: <https://www.lenouveaugabon.com/fr/agro-bois/1110-20179-en-2022-la-vente-du-bois-transforme-par-la-gsez-a-represente-60-des-exportations-du-gabon> and

<https://www.lenouveaugabon.com/fr/agro-bois/0410-20172-industrie-du-bois-la-production-chute-de-30-au-2e-trimestre-en-raison-des-difficultes-d-approvisionnement-des-usines>

Log export prices

West African logs Asian market	FOB Euro per cu.m		
	LM	B	BC/C
Acajou/ Khaya/N" Gollon	265	265	175
Ayous/Obeche/Wawa	230	230	225
Azobe & ekki	275	275	175
Belli	250	250	-
Bibolo/Dibétou	200	200	-
Bilinga	275	275	-
Iroko	300	280	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	200	200	-
Moabi	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	460
Merchantable KD	400
Std/Btr GMS	390
Sipo FAS GMS	420
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	850↓
FAS scantlings	900↓
Strips	400
Sapele FAS Spanish sizes	460
FAS scantlings	489
Iroko FAS GMS	700↓
Scantlings	800↓
Strips	400
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

Ghana

Second quarter export permits declined

The report from the Contract and Permit Unit of the Timber Industry Development Division (TIDD) of the Forestry Commission (FC) showed that the Unit received a total of 1,023 applications for wood products export permits in the second quarter of 2023.

The 1,023 applications covered a total volume of 79,860 cu.m of various timber and wood products valued at Eur37.55million. These applications represented drop of 4% in permits, 10% in volume (cu.m) and 8% in value when compared to the 1,069 applications recorded in second quarter of 2022 which translated to 88,360cu.m and Eur40.97million.

Second Quarter export permit activity –2022/2023

Activity	2022 Q2	2023 Q2	% Change
Permits Applied	1,069	1,023	-4.30%
Volume (cu.m)	88,360	79,860	-9.62%
Value (Eur'000)	40,967	37,550	-8.34%

Data source: TIDD

When compared to activities for the first quarter 2023 the second quarter figures showed appreciable increases in all the related areas as shown in table 2 below;

The data showed also that of the total 1,023 application permits for the second quarter 2023 covered 11 different wood products listed.

Breakdown of 2023 application permits by products

Product	Total Permits
Sawnwood (AD/KD)	331
Teak (sawn)	309
Billets (Teak)	104
Plywood	72
Mouldings	67
Sliced Veneer	54
Rotary Veneer	50
Briquettes	24
Boules	7
Billets (Gmelina)	4
Buttress/Slabs	1
Total	1023

Data source: TIDD

Air and kiln dried sawnwood, teak sawnwood and billets accounted for 32%, 30% and 10% respectively of the total permits applied for during the second quarter of 2023. These altogether accounted for close to 73% of the total permits for the period.

Some products that recorded increases in their number of permits in Q2 over Q1 and these included air and kiln dry sawnwood (640 permits) billets (gmelina 3 permits), mouldings (7 permits) while applications for permits for export of plywood, briquettes and boules dropped.

Half-year wood product exports drop marginally

According to a report from the Timber Inspection Development Division (TIDD) exports of air-dried and kiln-dried sawnwood topped Ghana's first half-year timber exports trade in 2023, accounting for 68% of the total export volume for the period.

Timber exports, Jan-Jun 2023

	cu.m	Eur 000s
AD sawnwood	87,533	34,679
KD sawnwood	20,704	13,142
Sliced Veneer	3,471	4,331
Plywood (Overland)	12,651	4,964
Billet	7,953	2,536
Mouldings	5,286	3,948
Plywood	8,243	2,812
Rotary Veneer	4,733	2,380
Teak Logs	6,112	1,895
Boules (Air Dried)	632	503
Briquettes	922	167
Boules (Kiln Dried)	53	48
Dowels	33	33
Kindling	112	8
Offcuts	24	7
Total	158,462	71,453

Data source: TIDD

The total export volume for the period ending June 2023 was 158,462 cu.m compared to 165,630 cu.m in the same period in 2022. The value of exports for the period was Eur71.45 million in 2023 compared to Eur71.61 million in 2022.

The top species exported in the first half-year were plantation teak, papao/apa, denya, dahoma, wawa, mahogany and cedrella.

Plywood sold to regional West African markets and transported by road was 12,651 cu.m which accounted for 8% of the total export volume and fetched the country Eur4.96 million representing 7% of total receipts.

Sliced veneer topped the list of products with an average unit price of Eur1,248/cu.m, followed by dowels at Eur1,000/cu.m, while all other products were in the range of Eur71/cu.m (kindling) to Eur906/cu.m (KD boules). The overall average unit price for all export products for the period in 2023 was Eur451/cu.m, higher than the Eur432/cu.m recorded for the period in 2022.

The main markets in the first half of the year were India, Saudi Arabia, Burkina Faso, Germany and United Kingdom.

Ghana's economy and non-performing loans

The Bank of Ghana's Economic and Financial Data released in September 2023 showed that Non- Performing Loans hit a record high over the past five years.

Some commercial banks have linked this to the current economic challenges facing the country which has made it difficult for firms, including wood manufacturing industries, to honour their debt obligations to banks.

But some industry experts have argued that the majority of the bad loans can be linked to government's debt due to delayed payments to contractors on government projects.

Speaking on the topic, Dr. Alhassan Andani, a former CEO of Stanbic Bank Ghana, noted that some of the country's current loan proposals must be scrutinised which he believes could also help to reduce the Non-Performing Loans owed to banks.

See: <https://www.myjoyonline.com/viable-projects-will-not-suffer-despite-banks-scaling-back-on-credit-dr-andani/>

IMF cuts growth forecast

The World Bank recently lowered the country's growth rate forecast for this year to 1.5% according to its October 2023 Africa Pulse Report. The Fund cited fiscal slippages as a result of high debt and budget deficits and reduced government spending on infrastructure as major reasons.

Meanwhile, the Government has placed new restrictions on borrowings by State Owned Enterprises (SOEs) and other entities to check the country's rising debts. These restrictions are captured in Ghana's new Debt Management Strategy document.

See: <https://www.myjoyonline.com/world-bank-revises-ghanas-gdp-growth-marginally-to-1-5-for-2023/>

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	880▲
Niangon Kiln dry	910

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	378▲	441
Chenchen	477	612
Ogea	495▲	590
Essa	671▲	722
Ofram	350	435

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
	Air-dried	Kiln-dried
FAS 25-100mmx150mm up x 2.4m up		
Afromosia	860	925
Asanfina	465	564
Ceiba	290	311
Dahoma	491▲	539▼
Edinam (mixed redwood)	640	713
Emeri	660	700
African mahogany (Ivorensis)	1,150	1,023▲
Makore	560	912▼
Niangon	861▲	1,000
Odum	570	1,159▲
Sapele	800	840▲
Wawa 1C & Select	513	521

Export sliced veneer prices

Sliced face veneer	FOB
	Euro per cu.m
Asanfina	1,528▲
Avodire	2,999
Chenchen	1,738▼
Mahogany	1,438
Makore	1,046
Odum	2,803
Sapele	1,315▼

Export plywood prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	505▲	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

Malaysia launches carbon exchange

Malaysia's Bursa Carbon Exchange (BCX) has launched continuous trading and facilitation of off-market transactions for carbon credits. The exchange provides a platform for companies to trade carbon credits, encouraging carbon reduction initiatives and promoting sustainability.

Continuous trading entails participating in the immediate trading of regular contracts on the market. On the other hand, off-market transactions are those that are negotiated bilaterally between the buyer and seller. These transactions occur outside of the exchange platform and are usually facilitated after both parties have undergone a clearance process with Bursa Malaysia.

Within the first two days of trading 10 companies successfully transacted 16,500 Verra-registered carbon credits on the exchange.

See: <https://www.nst.com.my/business/corporate/2023/09/959997/bur-sa-malaysia-kicks-carbon-credits-market-deals> and <https://carbonherald.com/malaysia-officially-launches-carbon-exchange/>

C&I for non timber forest products

The Malaysian Timber Certification Council (MTCC) has published ‘Guidelines on the Application of Requirements for the Certification of Non-Timber Forest Products in MTCS ST 1002:2021 Malaysian Criteria and Indicators for Sustainable Forest Management’.

These guidelines, approved by the MTCC Board of Trustees in September, form one item in the MTCC Strategy 2020-2025 to include non-timber forest products (NTFP) in the scope of certification.

These Guidelines are to be included within the scope of certification under MTCS and will be useful to assist users, particularly forest managers, in expanding the scope of products covered under certification and allowing relevant forest-related stakeholders along the supply chain to benefit from the certification of all forest products, including NTFP originating from certified FMUs.

The Guidelines can be downloaded at: <https://mtcc.com.my/wp-content/uploads/2023/09/Guidelines-Application-Req-Certification-of-NTFP-4-Sep-2023.pdf>

Training on High Conservation Value and High Carbon Stock Approach

WWF-Malaysia (Sarawak), the Sarawak Forest Department and the Sarawak Timber Association jointly organised two recent events, the High Conservation Value - High Carbon Stock Approach (HCV-HCSA) Assessor Training Course and a HCV Screening Workshop for managers of the Permanent Forest Estate (PFE) in Sarawak.

These events aimed to support continuous growth of expertise among HCV practitioners in Sarawak thereby enhancing their proficiency in conducting HCV assessments within the context of forest management certification schemes.

Participants were introduced to HCV and HCSA, HCV screening and HCV-HCSA assessments and also key concepts of assessments.

The training also touched on social prerequisites and introduced participants to the concept of Free, Prior, and Informed Consent (FPIC) in the context of HCV-HCSA assessments.

See: <https://www.sta.org.my/images/STARReviewAug23.pdf>

Engineered wood product development in Sarawak

Sarawak Timber Industry Development Corporation (STIDC) has embarked on a collaborative effort with experts from Universiti Teknologi Mara (UiTM) to shape the path of engineered wood product development in Sarawak. In the Post Covid-19 Development Strategy (PCDS) 2030 Sarawak is pursuing the development of high value added industries with a special focus on engineered wood, furniture and bamboo-based products.

The General Manager of STIDC said it is imperative for Sarawak to establish a first-class centre for research and development, particularly concerning product performance in the engineered wood sector.

See: <https://www.pressreader.com/malaysia/the-borneo-post/20231005/281827173406316>

Production of high value-added wood products and wooden furniture

A programme, TIMB3R DIP 3.0, to encourage production of high value-added timber and furniture products with creative and unique designs has been arranged by the Malaysian Timber Council, the Malaysian Wood Moulding and Joinery Council, the Malaysian Furniture Council and the Malaysian Institute of Interior Designers. The joint organisers are preparing for the upcoming exhibitions REKA Interiors Exhibition 2023 in October and the Export Furniture Exhibition in March 2024.

See: https://mtc.com.my/images/cms/TIMB3R_DIP_2.0_-_Manufacturer_T-C_-_Self-Declaraton_Form.pdf

Malaysian wood product exports, RM million

	Jan-Jul 2022	Jan-Jul 2023
Builders Joinery & Carpentry	827	720
Chip/particleboard	182	136
Fibreboard	522	482
Logs	306	335
Mouldings	537	501
Plywood	2,142	1,295
Sawnwood	1,594	1,362
Veneer	47	46
Wooden furniture	6,926	4,808
Other products	2,152	2,211
Total	15,235	11,895

Data source: MTIB

Benchmark export prices for October 2023

The Ministry of Trade released the Export Benchmark Prices (HPE) for wood products which took effect 1 October. The HPE was raised for several wood products such sawnwood with a cross-sectional area of 1,000 sq.mm to 4,000 sq.mm from mixed tropical wood, teak and sengon.

The HPE was lowered for veneer from plantation forests, wood chips/particles, chipwood and sawnwood with a cross-sectional area of 1,000 sq.mm to 4,000 sq.mm from plantation forests e.g. balsa and eucalyptus.

Veneers

Natural Forest Veneer	US\$800/cu.m
Plantation Forest veneer	US\$400/cu.m
Wd Sheets for Packaging	US\$1,200/cu.m

Chips

- Woodchips/particles	US\$80/tonne
- Wood chips	US\$90/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 4000 sq.mm (ex 4407.11.00 to ex 4407.99.90)

Meranti (Shorea sp)	US\$1,100/cu.m
Merbau (Intsia sp)	US\$1,400/cu.m
Mix tropical wood	US\$900/cu.m
Ebony	US\$3,500/cu.m
Teak	US\$1,900/cu.m
Pinusandn Gmelina	US\$650/cu.m
Acacia	US\$750/cu.m
Sengon	US\$600/cu.m
Rubberwood	US\$300/cu m
Balsa and Eucalyptus	US\$900/cu.m
Sungkai	US\$800/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 mm² to 10000 mm² (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://forestinsights.id/harga-patokan-ekspor-hpe-kayu-oktober-2023-wood-chips-hutan-tanaman-turun/>

Carbon exchange encourages green funding

Indonesia has prepared a funding strategy for reducing carbon emissions from the forestry sector and land use in general through a carbon exchanges. The chairperson of the Board of Commissioners, Financial Services Authority (OJK), Mahendra Siregar, said that President Joko Widodo has launched the Indonesian Carbon Exchange.

He added "this (exchange) aims to provide a market mechanism that will support the government's NDC targets while balancing the transition to a sustainable economy."

See: https://www.kompas.id/baca/english/2023/09/25/en-pendanaan-hijau-di-sektor-kehutanan-dan-penggunaan-lahan-menjanjikan?loc=metered_register_wall-mrw-1

Strategy to balance industrial wood production and ecosystem restoration

The Director General of Sustainable Forest Management, Ministry of Environment and Forestry, Agus Justianto, presented a strategy for integrating sustainable wood supply with forest restoration through ecosystem restoration and a multi-businesses approach when he was a panelist at Dialogue Day held during the 30th Asia Pacific Forestry Commission in Australia. The event was organised by FAO in collaboration with the Australian National University.

Agus explained that Indonesia encourages the implementation of sustainable production forest management to meet industrial requirements as well as efforts on land rehabilitation. Efforts are being made to return forest landscapes to their original condition through a business approach which incorporates ecosystem restoration. Agus said that the wood processing industry in Indonesia is currently improving efficiency in order to survive amidst the limited availability of raw materials.

He added "a broader approach that integrates environmental and social aspects is an alternative for success in the forest product processing sector". The government, together with the community, business actors and other stakeholders are encouraged to implement a raw material supply chain from the sustainably managed forests.

See: <https://agroindonesia.co.id/indonesia-bagikan-strategi-capai-keselarasan-pemenuhan-kebutuhan-kayu-industri-dan-restorasi-ekosistem/>

Energy forests developed for biomass supply

Energy forests are being developed to create a biomass supply chain. The Indonesian Primary Energy Subholding (PLN EPI) is planting of energy forests on barren land owned by communities. PLN EPI President, Iwan Agung Firstantara, explained that energy forest development is one of the current focuses considering that co-firing technology or coal substitution in Steam Power Plants (PLTU) is one of the strategic steps to reduce carbon emissions.

The Vice President for Biomass Procurement, Control and Logistics at PLN Energi Primer Indonesia (EPI), Erfan Julianto, explained that by 2025 the biomass requirement for the PLN Group's 52 Steam Power Plants will reach 10.2 million tonnes. Biomass sources such as sawdust, wood chips and reject wood will be the main raw material.

See: <https://wartaekonomi.co.id/read515747/jaga-rantai-pasok-biomassa-pln-epi-sulap-lahan-tandus-dan-rehabilitas-hutan-jadi-katalis-ekonomi-rakyat>

The economic value of carbon

The National Research and Innovation Agency (BRIN) is committed to contributing to the target of reducing Green House Gas (GHG) emissions in the forestry sector. BRIN, through the Ecology and Ethnobiology Research Center (PREE) and the Biological and Environmental Research Organisation, is currently focusing on determining the appropriate instruments or methods for the measurement and monitoring aspects of the implementation of the Economic Value of Carbon.

The Head of PREE BRIN, Anang Setiawan Achmadi, said one of the efforts to control GHG emission is through Presidential Regulation Number 98 of 2021, an important tool in supporting the implementation of climate change policies, investment and sustainable business practices.

Anang said there was a need for a Measurement Reporting Verification (MRV) system to ensure reliable measurements or monitoring especially regarding changes in carbon and carbon stocks so as to produce data and information that are transparent, accurate, complete, comparable and consistent.

See: <https://sawitindonesia.com/brin-berkomitmen-dalam-target-penurunan-emisi-grk-pada-sektor-kehutanan/>

President orders immediate action against forest fires

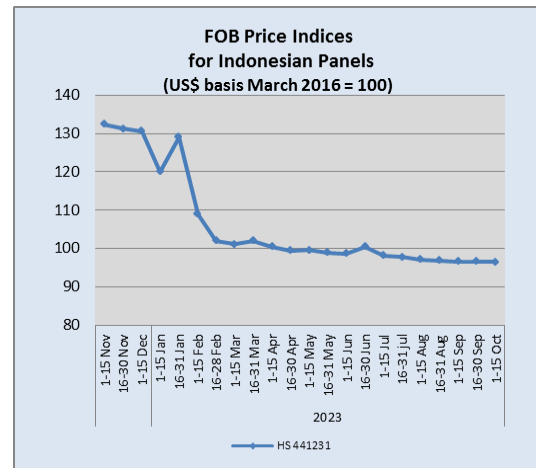
President Joko Widodo today warned that smoke from forest and land fires in the country has the potential to spread widely. He also ordered that top military and police officers as well as the regional governments take immediate action to overcome the problem.

He was commenting on the increase in air pollution in neighbouring countries following the smoke from fires in Sumatra and Kalimantan.

See: <https://www.themalaysianinsight.com/s/465755>

In related news, forest fires in Indonesia have declined and no haze had been detected moving to Malaysia according to the Ministry of Environment and Forestry a day after Malaysia urged Jakarta to take action as air quality worsened.

See: <https://www.thejakartapost.com/indonesia/2023/10/06/environment-minister-says-no-transboundary-haze-to-malaysia-fires-on-decline.html>



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

India

Growing demand for WPCs

Builders in India say that the cost of wood is now very high and its use in the industry is time-consuming and that is why Wood/Plastic Composites (WPC) are a suitable alternative, particularly when ready-to-use products are available. Builders point out that the supply of WPC products has increased many fold which has helped drive demand.

Besides the high price of timber, demand for WPC doors, frames and windows have the advantage of meeting environmental guidelines on fire rated doors in government buildings and high-rise buildings. WPC products are also promoted as waterproof, termite-proof and eco-friendly which has given a boost to demand for WPC doors and door frames. The India WPC market could reach US\$0.413 billion by 2028.

See: <https://www.imarcgroup.com/india-wood-plastic-composites-market>

Plywood imports from Nepal

Indian markets mainly in the north and north eastern areas of India are, according to Plyreporter, seeing a rise in plywood manufactured and shipped from Nepal.

Evidently the raw material for plywood manufacture is readily available in Nepal unlike the situation in India where plywood mills struggle to secure peelable logs. It has been reported that domestic demand for plywood in Nepal has declined recently as economic growth has slowed.

Plyreporter says “Nepal makes plywood at nearly 20% economical than in India made and is available in the market at Rs 40 to 45 that is posing stiff competition to the mid-segment plywood players in India. The Nepal made plywood has been reaching in north India, Rajasthan, central India markets and Maharashtra”.

See: <https://www.plyreporter.com/article/143755/indian-market-breeding-base-for-nepal-plywood-industry>

Monsoon rains below normal – economy impacted

The southwest monsoon, vital for the agricultural sector in India, ended with rains that were 'below normal', the first in four years. India saw a rainfall deficit of 6% in the 2023 monsoon. While this may seem small does not capture the very variable distribution of rainfall over India. Six states, Assam, Manipur, Mizoram, Jharkhand, Bihar and Kerala recorded major deficits according to the meteorological authorities.

A normal and well-distributed monsoon is crucial for the 60% of Indian farmers who are dependent on rain. Around 50% India's planted farm land is rain-dependent and produces 34 of the country's 40 plus major crops. The monsoon has a direct impact on India's economy. A successful monsoon season boosts farm production and income of both farmers and labourers. This in turn has an impact on rural household incomes which stimulates demand for goods and services in rural areas.

Repeated crop losses due to erratic rain have led to increases in prices of essential commodities and also some trade restrictions. Farm incomes have fallen reducing rural consumption which has a direct impact on various sectors of the economy. Companies have been reporting a dip in sales of consumer goods. There has been a rise in unemployment and the national unemployment rate rose to 8.1% in August 2023 from around seven per cent in June.

Fewer job opportunities has forced many to seek work under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), India's rural employment programme.

See: <https://www.downtoearth.org.in/news/agriculture/explained-how-is-below-normal-monsoon-2023-impacting-india-s-economy-92183>

Import update

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

	Hoppus cu.m	US\$ C&F
Brazil	124	288
Colombia	99	320
Costa Rica	124	225
Ecuador	158	232
Ghana	124	280
Ivory Coast	101	500
Nigeria	124	270
South Sudan	73	305
Tanzania	104	300
Laos	-	-

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

	CU.M	US\$ C&F
Benin	91	610
Brazil	146	360
Colombia	124	344
Costa Rica	90	289
Ecuador	127	550
Ghana	120	365
Ivory Coast	-	-
Nigeria	145	350
South Sudan	108	360
Tanzania	123	345
Togo	117	330
Venezuela	116	411

Locally milled sawnwood prices

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

Price range depends mainly on lengths and cross-section

Sawn hardwood prices

Sawnwood (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,600 - 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 to the US in September 2023 were recorded at US\$627 million, up 9.3% compared to September 2022. Over the past few months W&WP exports to the US have been improving. The rate of decline in W&WP exports to the US in the first 9 months of 2023 has slowed reaching US\$5.2 billion, down 24% over the same period in 2022.

In September 2023, Vietnam’s exports of kitchen furniture amounted to US\$102 million, up 15% compared to September 2022. In the first 9 months of 2023 exports of kitchen furniture were worth at US\$812.5 million, down 21% over the same period in 2022.

Vietnam's pine imports in September 2023 were 92,400 cu.m, worth US\$20.5 million, up 36% in volume and 35% in value compared to August 2023. Compared to September 2022 imports increased by 25% in volume and 12% in value. In the first 9 months of 2023 pine wood imports reached 514,100 cu.m, worth US\$113.2 million, down 36 in volume and 49% in value over the same period in 2022.

In September 2023 Vietnam’s exports of living and dining-room furniture was valued at US\$215 million, up 2% compared to September 2022. Exports of living and dining room furniture begins to recover and September 2023 marked the 5th consecutive month in which exports increased.

Over the first 9 months of 2023 Vietnam’s exports of living and dining room furniture stood at US\$1.5 billion, down 35% over the same period in 2022.

Vietnam's ash imports in September 2023 were 80,400 cu.m, worth US\$19.7 million, up 36% in volume and 35% in value compared to August 2023. Compared to September 2022 the imports were up 54% in volume and 32% in value.

Over the first 9 months of 2023 ash imports reached 429,000 cu.m, worth US\$109.6 million, up 19% in volume and 16% in value over the same period in 2022.

In August 2023 Vietnam’s imports of logs and sawnwood from Africa dropped very sharply to just 34,440 cu.m, worth US\$12.95 million, down 38% in volume and 35% in value compared to July 2023 and year-on-year imports were down 78% in volume and 79% in value. In the first 8 months of 2023 imports of logs and sawnwood were reported at 503,040 cu.m, worth US\$197.42 million, down 39% in volume and 36% in value over the same period in 2022.

Tropical hardwoods imported into Vietnam from Africa are targeted entirely at the domestic consumers. This year, the freezing of the real estate market added with the economic slowdown has been hampering the consumption of African hardwood. The imports of log/sawnwoods from Africa, therefore, have reduced substantially. This trend is forecasted to prevail in the next coming quarters.

With the steady bilateral relations between Vietnam and the US due to the Comprehensive Strategic Partnership for Peace, Cooperation and Sustainable Development, Vietnam’s exports to the US are expected to expand. Vietnamese enterprises, including wood product manufactureres are expected to benefit.

In recent years, Vietnam has emerged as the top W&WP supplier for the US market and exports to the US often contribute 50 - 55% of the total Vietnam’s W&WP export earnings. In the first 8 months of this year, due to the declining demand, Vietnam’s W&WP exports to the US dropped significantly.

In particular, the value of wooden furniture destined for the US stood at US\$3.9 billion, year-on-year down by 29%; wood-based panels and flooring US\$371.8 million, down 36% and wooden doors US\$16.8 million, down 32%.

Vietnamese enterprises have assessed that the challenges they are facing in the US market are of a short-term nature.

W&WP exports to Japan tending to recover

In September 2023 Vietnam’s W&WP exports to Japan were valued at US\$158 million, down 0.3% compared to September 2022. Over the first 9 months of 2023 W&WP exports to Japan amounted to US\$1.3 billion, down 8% year-on-year.

Of all W&WPs exported to Japan during the first 8 months of 2023 woodchips, wood pellets and indoor furniture topped the list contributing up to 86% of total earnings. Wood chip exports to Japan earned US\$421 million, down 8% over the same period in 2022 followed by wood pellets (US\$281 million), up by 21% and wooden furniture (US\$263.3 million), down by 29%.

From the beginning of this year, Japan's wood pellet imports were increasing as many large biomass power plants came on-line. According to statistics from Japan Customs Agency HS code 4401 imports (woodchip and wood pellet) in the first 8 months of 2023 topped 11.7 million tonnes, worth 335.3 billion yen (equivalent to US\$2.2 billion, up 13% in volume and 30% in value over the same period in 2022.

Vietnam is the top supplier of pellets but the growth of exports from Vietnam to Japan has slowed. In the first 8 months of 2023 Japan expanded wood pellet imports from the US up to 1.6 million tonnes, a 106% increase over the same period in 2022.

In the first 8 months of 2023 Vietnam remained the second largest supplier of wooden furniture to Japan. In this period, Vietnam shipped furniture worth 37.3 billion yen (equivalent to US\$250 million), down 27% in volume and 25% in value year-on-year.

Padauk and pachy/ doussie wood suppliers

Cameroon remains the top supplier of padauk and pachy/Doussie for Vietnam. In August 2023 Cameroon shipped to Vietnam 19,930 cu.m, with a value of US\$8.63 million, down 23% in volume and 16% in value compared to July 2023 and down 16% in volume and 69% in value compared to August 2022.

Over the first 8 months of 2023 imports of logs and sawnwood of all species from Cameroon to Vietnam reached 291,440 cu.m with a value of US\$127.67 million, down 22% in volume and 20% in value over the same period in 2022.

Imports of padauk and pachy/Doussie from Angola in August 2023 amounted to 3,380 cu.m with a value of US\$939,000, down 55% in volume and 52% in value compared to July 2023 but up 21% in volume and 11% in value compared to August 2022.

Over the first 8 months of 2023 imports of raw padauk and pachy/doussie wood from Angola amounted to 39,070 cu.m, with a value of US\$10.36 million, down 1% in volume but up 2.0% in value over the same period in 2022.

Ghana is one of the few suppliers that has increased shipments to Vietnam as in August 2023 imports were 1,340 cu.m, worth US\$413 thousand, up 44% in volume and 53% in value compared to July 2023, yet down 67% in volume and 70% in value compared to August 2022. Over the first 8 months of 2023, imports of raw wood from Ghana reached 10,290 cu.m, with a value of US\$2.80 million, down 56% in volume and 63% in value over the same period in 2022.

Price fluctuations

Logs: The price of logs imported from Africa to Vietnam in August 2023 averaged US\$399 per cu.m, up 9% compared to July 2023 and up 2.4% over the same period in 2022.

Over the first 8 months of 2023 the average import price of logs from Africa was US\$393 per cu.m, up 7% over the same period in 2022.

Tali has been dominating log imports from Africa to Vietnam reaching 8,900 cu.m, with a value of US\$3.15 million in August 2023, down 39% in volume and 36% in value compared to July 2023 and down 76% in volume and 78% in value compared to August 2022.

Over the first 8 months of 2023 imports of tali roundwood from Africa reached 124,050 cu.m, with a value of US\$45.56 million, down 28% in volume and 29% in value over the same period in 2022.

Sawnwood imports from Africa to Vietnam in August 2023 reached 16,600 cu.m, with a value of US\$5.80 million, down 40% in volume and 40% in value compared to July 2023 and down 63% in volume and 67% in value compared to August 2022.

In the first 8 months of 2023 sawnwood imports from Africa to Vietnam reached 238,400 cu.m, with a value of US\$93.34 million, down 24% in volume and 23% in value over the same period in 2022.

In August 2023 imports of sawnwood of the 3 top species including tali, padauk and pachy/doussie from Africa to Vietnam dropped sharply against July 2023 and year-on-year.

Over the first 8 months of 2023 imports of tali sawnwood increased slightly by 3% in volume and 7% in value over the same period in 2022. At the same time imports of sawn padauk decreased by 3% in volume and 7% in value. Imports of sawn pachy/doussie plummeted by 55% in volume and 55% in value.

In the first 8 months of 2023 the average import price of sawn tali was US\$452 per cu.m, up 4% over the same period in 2022. The sawn padauk price was US\$292/cu.m, down 4% and the average price of pachy/doussie was US\$414/cu.m, down 1%.

Outlook for wood products exports to UK

W&WP exports to the UK as well as some other EU markets are expected to recover from the end of this year after a significant drop. Ngô Sỹ Hoài, Vice President and Secretary General of the Vietnam Timber and Forest Products Association (VIFOREST) said exports to the UK were worth US\$124 million in the first eight months, a year-on-year decrease of 27%.

Vietnam also earned US\$28 million from the export of non-timber forest products (rattan, bamboo, rush, carpet, etc.) to the UK in the first eight months, a 4% year-on-year decrease. The UK is among the crucial export markets for Vietnamese wood products and serves as a gateway to Europe. Vietnamese woodworking firms have shown great interest in this market.

The export of wood and wood products to the UK is relatively stable and substantial, usually accounting for a third of the total exports to Europe, Hoài said.

“Currently, there are challenges in the global market with exports to many markets decreasing. However, firms should steadfastly continue promoting exports to the UK. Hopefully, these challenges are temporary.

In the long run, said Hoài “the UK remains a key market for indoor and outdoor furniture, especially those with high added value.”

The UK-Vietnam Free Trade Agreement (UVNAFTA) signed in May 2021 is an important continuation of trade facilitation between the two countries after the UK exited the EU. The agreement has enhanced opportunities to export Vietnamese products through the increased access to the UK market. Therefore, there are no policy difficulties when exporting to the UK.

Currently, Vietnamese firms export only outdoor furniture and handicrafts to the EU, mainly Germany, the Netherlands and Belgium but can sell a lot of indoor furniture to the UK, said Nguyễn Chánh Phương, deputy chairman of the Handicrafts and Wood Industry Association of HCM City (HAWA). “British and American tastes are similar” he added.

But Hoài and Phương shared the opinion that the UK has introduced new initiatives and regulations related to green production and sustainable development to minimise the impacts of climate change, reduce greenhouse gas emissions, curb deforestation and preserve biodiversity. These present challenges for Vietnamese exporters but businesses must strive to comply with its regulations, they said.

Hoài said: “This is a market with quite strict regulations. However, firms that successfully enter the market can demonstrate their ability to expand their products to other demanding markets since they satisfy strict requirements in terms of the environment, ensuring a legal timber source and sustainable forest management.

“Despite current difficulties, firms should strive to maintain trade ties in the wood sector with the UK market; exports to this market will definitely grow again,” he added.

Eight-months' exports

HAWA Deputy Chairman, Phương, said total W&WP exports declined by nearly 26% in the first eight months of the year to US\$8.3 billion with exports to key markets such as the US, EU and the UK experiencing significant drops.

The decrease was primarily driven by high inventories and weak demand due to high inflation prompting consumers to reduce consumption of non-essential goods, including wood and wood products. However, since May there have been signs of recovery with exports averaging over US\$1.2 billion per month, he said.

Huỳnh Quang Thanh, CEO of Hiệp Long Fine Furniture Company, said buyers in many markets had "over-ordered" products last year in response to supply-chain issues and shortages leading to the high inventories. Statistics from international organisations show global inventories have significantly reduced and buyers in many markets have resumed ordering since July, he said. He added “the number of orders is expected to surge from October to pre-pandemic levels.”

His company has secured enough orders to retain all of its workers until the end of the year he said. He added that his company’s key markets include the US, EU, northern Europe and the Middle East.

Lê Xuân Tân, managing director of Happy Furniture, which exports indoor and outdoor furniture to major markets such as the US, EU and Australia (with exports to the UK accounting for 15% of its exports) said demand for furniture typically picks up in the fourth quarter every year as people prepare for the year-end holiday season.

Buyers now tend to order smaller volumes than before and delivery times are shorter and so firms need to prepare raw materials, personnel and production facilities well in advance to meet buyers’ demands, he said.

See: <https://vietnamnews.vn/economy/1594666/outlook-for-wood-products-exports-to-uk-remains-optimistic.html>

Brazil

New regulation for logging in the Amazon

The Mato Grosso State Secretariat for the Environment (SEMA-MT) has announced new regulation (Normative Instruction n° 6/2023) for logging, aimed at improving administrative procedures and preventing the possibility of fraud.

The main changes brought about by the regulation are procedures for the effective control of logged trees and their location in the forest after sawing, using tracking and environmental monitoring in approved management projects.

These measures are considered essential by SEMA-MT to strengthen inspection throughout the chain of custody following the implementation of effective traceability of timber in Mato Grosso state with the new System for Commercialization and Transportation of Forest Products (SISFLORA 2.0), implemented since April this year.

In addition, the regulation introduces a requirement for a cargo waybill (romaneio), a document that contain a list of information about the goods to be transported, such as the tree number, the section number of the tree with the diameter and length measurements and the actual volume that is entered into SISFLORA 2.0 system.

From this system a QR Code tracking code is generated which details information about each tree and its harvest location. The state of Mato Grosso became the first state to achieve 100% traceability of forest products which is essential to ensure that timber is harvested legally opening up opportunities in the strictest markets, including for export.

See: <https://forestnews.com.br/mato-grosso-novas-regras-extracao-da-madeira/>

Mato Grosso state - second largest timber producer in Brazil

The value of timber production from natural forests in the state of Mato Grosso reached R\$940.5 million in 2022 corresponding to 15% of the national total making it the second largest timber producer from natural forests in the country behind only Pará State in the Amazon Region according to the State Secretariat for Economic Development (SEDEC).

The states of Mato Grosso and Pará account for 71% of the total roundwood harvested which represents 83% of the total value of production. But, in terms of production of charcoal, firewood and timber from plantations production expanded but the State of Mato Grosso ranks 10th, accounting for just 2% of the national total.

Planted forest to secure resources

The release of financial resources for sustainable forest management, investments in planted forests, recovery of degraded areas and riparian forests, technical assistance and forestry extension is being discussed by the “Desenvolve Floresta” Management Board.

With resources from the “Develop Forest Fund” (Fundo Desenvolve Floresta), it is possible to ensure that the State of Mato Grosso has a supply of raw materials for the wood products sector

See: <https://cipem.org.br/noticias/mato-grosso-e-o-2o-do-pais-com-maior-valor-de-producao-extrativista-do-pais>

Furniture exports improve

Brazilian furniture exports showed a positive performance in July 2023 with international sales totalling US\$62.0 million. This represents an increase of 5% over the previous month (US\$59.0 million). However, the sector faces significant challenges as exports up to July dropped 16% compared to the same period in 2022 according to IEMI (Institute for Industrial Studies and Marketing).

The United States, with market share of 33% leads the way as the main export destination followed by Uruguay (10%) and Chile (7%) as the furniture industry seeks to overcome obstacles through innovation, quality control and sustainability

ABIMÓVEL has highlighted the challenges including global inflation, geopolitical uncertainties and changing consumer demands especially in relation to economic and environmental sustainability.

The Brazilian furniture industry is seeking to overcome these obstacles by looking for new market opportunities through commercial partnerships, investment in innovation and design, as well as a strong commitment to quality and sustainability management in the standardisation. IEMI's projections point to an additional growth potential of more than 18% in exports to the USA over the next few years.

See: <https://forestnews.com.br/exportacoes-moveis-colchoes-crescem-segundo-semester/>

Brazilian Forest Service discusses forest carbon resources

The Brazilian Forest Service (SFB) took part in the Carbon Project Benefit Sharing Seminar held in Mooloolaba, Queensland, Australia. The event discussed benefit sharing in forest restoration projects that generate carbon credits. Benefit sharing is the transfer of monetary and non-monetary incentives, such as goods, services and infrastructure, to participants in a forest restoration project.

The seminar was attended by researchers, representatives of the third sector and the private sector and government officials from Brazil and Australia.

For SFB defining how the benefits, costs and risks are shared among landowners, local communities, project developers and investors is fundamental to the interests of all participants and social justice. Payment for forest carbon has the potential to leverage forest restoration.

SEE: <https://www.gov.br/florestal/pt-br/assuntos/noticias/servico-florestal-participa-de-discussoes-sobre-recursos-do-carbono-florestal>

Domestic log prices

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

Source: STCP Data Bank

Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US\$ per cu.m
Ipê	2,384
Jatoba	1,190
Massaranduba	1,078
Muiracatiara	977
Angelim Vermelho	1,035
Mixed red and white	650
Eucalyptus (AD)	364
Pine (AD)	273
Pine (KD)	342

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

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

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

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

Source: STCP

Export sawnwood prices

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

Source: STCP Data Bank

Export plywood prices

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

Source: STCP Data Bank

Export prices for added value products

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

Source: STCP Data Bank

Peru

New financial instruments for Amazon forests

Amazon Forests S.A. (BAM) plans to issue sustainable commercial papers through the Lima Stock Exchange (BVL) with a view to scaling-up its conservation and reforestation projects in the Peruvian Amazon, mainly in Ucayali and Madre de Dios.

To date BAM has placed more than US\$30 million worth of instruments on to the market. BAM is now preparing the first issuance of its third programme of sustainable short-term instruments certified by Pacific Corporate Sustainability (PCS).

The funds from the programme and from the next BAM issuance will be used to expand projects with social and/or environmental impact.

This will contribute to promoting the goals set in the United Nations Sustainable Development Goals (SDGs), specifically those related to the end of poverty; clean water and sanitation, decent work and economic growth, industry innovation and infrastructure and action for the climate and terrestrial ecosystems.

See: <https://euro.eseuro.com/local/1179110.html>

Trial of new system to manage forestry information

The National Forestry and Wildlife Service (Serfor) recently led trials of the “Forest Management” computer system for the Control Module of the National Forestry and Wildlife Information System (MC-SNIFFS) in Ucayali.

This system will improve the management and handling of forestry information benefiting State institutions and companies in the country's forestry sector that work under the standards established in forestry and wildlife regulations in the country.

The trials were carried out in mid-September to confirm the suitability of “Gestiona Forestal del MC-SNIFFS”, a system that covers the functionalities in formulation, evaluation and approval of forest management plans and operational plans for timber forestry concessions.

The results of the tests showed a high degree of acceptance of this management tool by specialists and regents. In the coming months, SERFOR will begin the deployment of the tool in its final phase, in order to contribute to the sustainable management of the forest's timber resources.

See: <https://www.gob.pe/institucion/serfor/noticias/840861-ucayali-serfor-realizo-con-exito-pruebas-del-sistema-informatico-gestiona-forestal-que-contribuira-a-mejorar-la-gestion-forestal>

Lost opportunities

Erik Fischer, president of the ADEX Timber and Wood Industries Committee, has questioned the low volume of wood product exports from Peru compared to neighbouring countries, especially Chile and Uruguay. He argued that this low level of shipments is not only due to external factors but also domestic forestry policies and poor management which holds back sustainable production.

According to data from Serfor, in 2021 the forest area in Peru was 72 million hectares with an area of planted forests of 1.1 million ha. and only 15,000 ha. of reforested area. In contrast, countries like Chile and Uruguay had 18.2 million and 2.1 million hectares respectively. Although Peru has an advantage in terms of land to exploit its two neighboring countries have much more planted forests Fischer added.

Antonio Castillo, from the National Society of Industries (SIN), commented that the country's production of wood products is not proportional to the amount of forests it has. Therefore the forestry potential is not taken advantage of. “Only 24 million ha. have been allocated for possible concessions but only 7 million ha. have actually been allocated and of this just 2.5 million ha. are operating concessions, said Castillo.

He added there is a need for laws for the forestry sector such as in Chile, Uruguay or Brazil that promotes the use of productive areas for wood products.

See: <https://www.construyendo.pe/noticias/construccion/produccion-maderera-caeria-25-al-cierre-de-ano-las-razones-detras-y-perspectivas-empresariales/>

Export prices for added value products

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

Export sawnwood prices

	US\$ per cu.m
Peru sawnwood, FOB Callao Port	
Pumaquiro 25-50mm AD Mexican market	687-706
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	582-602
Grade 2, Mexican market	527-541
Cumaru 4" thick, 6"-11" length KD Central American market	990-1016
Asian market	1006-1031 ↑
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	629-645
Dominican Republic	744-793
Marupa 1", 6-11 length KD Grade 1 Asian market	559-574

Export plywood prices

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

Export veneer prices

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

Domestic sawnwood prices

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

Domestic plywood prices (excl. taxes)

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

Domestic prices for other panel products

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

Japan**Growth forecast raised**

IMF's World Economic Outlook report says growth in the Japanese economy is forecast at 2% for 2023 up from its 1.4% prediction in July citing "a surge in inbound tourism" as one of the major factors. However, the IMF left its forecast growth for the world's third-largest economy in 2024 unchanged at 1%.

As more foreign travelers choose Japan as a holiday destination, drawn by the yen's recent weakness the revision to the growth forecast is also attributed to pent-up domestic demand, a pickup in car exports and the impact of the ultra-loose monetary policy. After suffering supply chain disruptions during the COVID-19 pandemic, Japan's car makers and other export oriented manufacturers have been recovering.

See: <https://www.imf.org/en/Publications/WEO>

Small companies yet to experience a recovery

According to the joint survey by the Finance Ministry and the Cabinet Office business sentiment among major Japanese companies improved in the July-September quarter driven by a recovery in car makers and other manufacturers.

The business sentiment index for companies with a capital of yen 1 billion or more rose to plus 5.8 from plus 2.7 in the previous quarter. The index represents the percentage of companies seeing their business conditions improve from the previous quarter minus that of firms feeling the opposite. A government spokesperson said "the outcome reflects a continued moderate recovery in the economy."

The index for large manufacturers rose to plus 5.4 from minus 0.4, the first positive figure in four quarters as an easing of semiconductor shortages lifted sentiment in the auto industry. For large non-manufacturers the index rose to plus 6.0 from plus 4.1, led by services and real estate firms. The sentiment index stood at plus 6.1 for mid-size companies but at minus 5.5 for small companies.

See: <https://japannews.yomiuri.co.jp/business/economy/20230914-136382/>

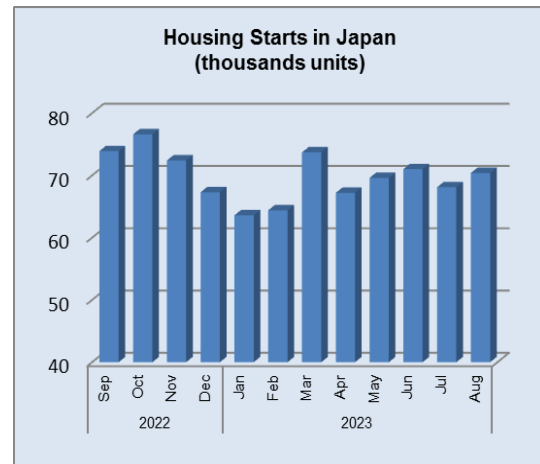
Further fall in household spending

August household spending in Japan dropped 2.5% from a year earlier, declining for the sixth consecutive month as rising prices forced a cut-back on food, education-related outlays and non-essential household items such as furniture. The rate of decline was smaller than the 5% in July. Households of two or more people spent an average of yen 293,161/month according to the Ministry of Internal Affairs and Communications.

Food expenditure, accounting for around one-third of household spending, fell 2.5% and outlays for education dropped 14%. In contrast, spending on travel jumped 3% as more people took a summer vacation following the removal of coronavirus restrictions.

The continued weakness in spending came as real wages dropped 2.5% in August for the 17th consecutive month of decline as the impact of rising prices outweighed that of salary increases. The data is a key indicator of private consumption which accounts for more than half of the country's gross domestic product.

See: <https://japantoday.com/category/business/update1-japan-household-spending-falls-2.5-in-august-on-rising-prices>



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

According to the Dallas Morning News, one of North Texas' most prolific apartment developers is being acquired by a Japanese forestry and construction company. A subsidiary of Tokyo-based Sumitomo Forestry has bought Irving-based JPI which is building more than 4,000 rental units in Dallas-Fort worth this year.

Significantly, the new acquisition will see a greater focus on mid-rise construction and the use of mass timber as part of a global plan to substantially grow its "build to rent" portfolio of apartment assets. Sumitomo Forestry is now looking to utilise "2 x 4" mass timber construction to build net-zero dwellings.

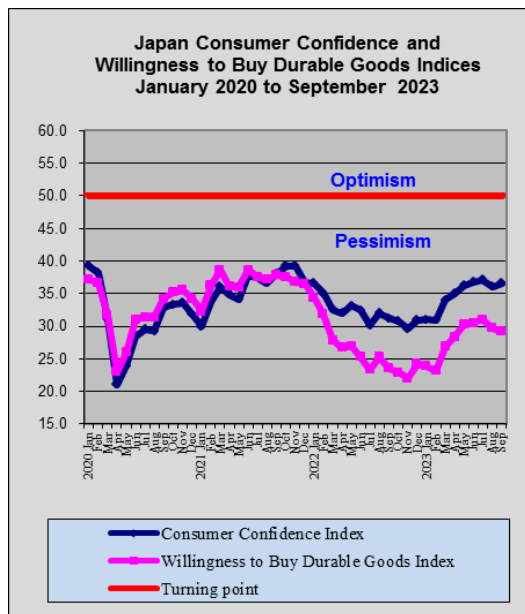
See: <https://therealdeal.com/texas/dallas/2023/10/03/sumitomo-forestry-acquires-irving-based-jpi/>

Fighting deflation and taming inflation

With the yen close to its weakest level in decades, food inflation hitting 9% and households suffering from the rising cost of living, pressure is mounting on the Bank of Japan (BoJ) to break loose from its ultra-loose monetary policy.

Over the past few months, the BoJ has been faced the impossible task of fighting deflation and taming inflation simultaneously.

See: https://asia.nikkei.com/Spotlight/The-Big-Story/Japan-s-yen-dilemma-in-charts-BOJ-juggles-deflation-and-inflation?utm_campaign=IC_asia_daily_free&utm_medium=email&utm_source=NA_newsletter&utm_content=article_link



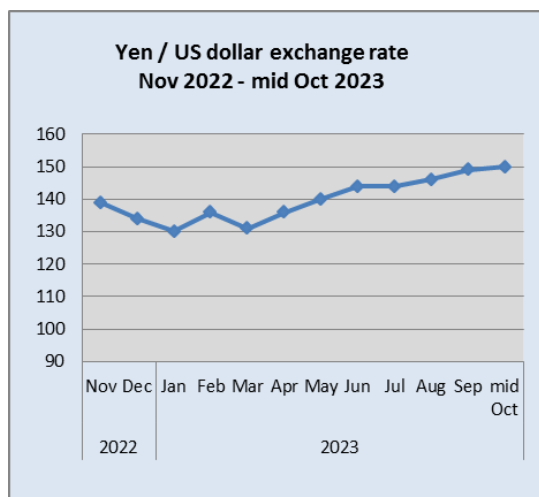
Data source: Cabinet Office, Japan

Home loans now more expensive

In October four major Japanese banks have announced they have raised their fixed housing loan rates for the third consecutive month.

MUFG Bank will raise its 10-year rate for most preferred customers to 0.94% while the rate will rise to 1.14% at Sumitomo Mitsui Banking and to 1.45% at Mizuho Bank and to 1.65% at Resona Bank. On the other hand, Sumitomo Mitsui Trust Bank lowered its most preferred rate to 1.26% after revising its interest rate system.

See: <https://www.japantimes.co.jp/business/2023/09/30/housing-loans-rate-rise/>

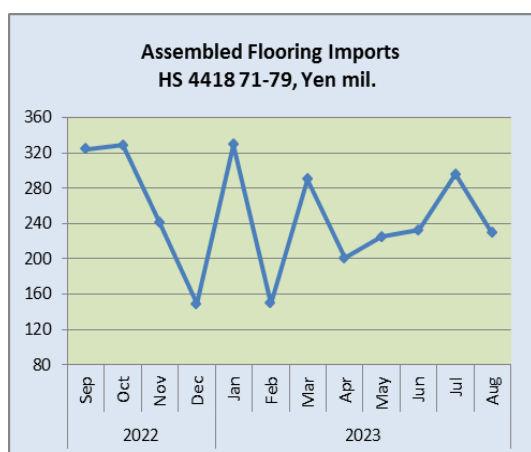


Import update

Assembled wooden flooring imports

After three consecutive months of increases the value of assembled wooden flooring import in August tilted lower bringing the monthly average value of imports back to levels seen in previous quarters. Year on year, August 2023 imports dropped over 30% and compared to the value of July imports there was an over 20% drop in August.

Of the various categories of assembled flooring imports in August, HS441875 was the largest accounting for 67% of the total value of assembled flooring imports followed by HS441879. The main shippers of HS441875 in August were China 44%, Austria 17% and Malaysia 13%. There were no arrivals from Indonesia in August but shipments from Thailand accounted for around 5% of the value of all HS441875 imports.



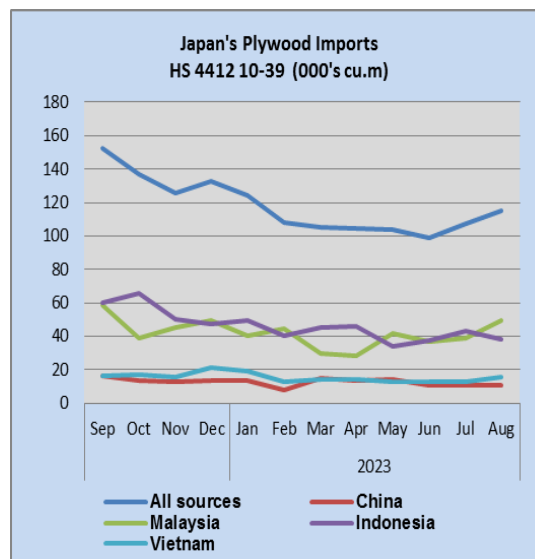
Data source: Ministry of Finance, Japan

Plywood imports

The volume of plywood imports in August, at 115,000 cu.m, snapped the downward trend that became evident in the first half of this year. But, compared to August 2022 imports in August 2023 fell by over 30%. Compared to the volume imported in July there was a 23% rise.

Year on year the volume of plywood imports from the main shippers Indonesia, Malaysia, Vietnam and China all declined with sharper declines being observed for Indonesia and Malaysia.

The Japan Lumber Report says “the movement of imported plywood is not good and there is low demand”. The price of concrete formboard from SE Asia was raised by around US\$20, C&F per cu.m in July. Production costs are rising for plywood manufacturers and exporters are seeking higher prices but with weak domestic demand and the weak yen Japanese importers have to resist demands for higher FOB prices. (See page 18)



Data source: Ministry of Finance, Japan

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

		China	Malaysia	Indonesia	Vietnam
2020	Jan	13.4	61.1	81.6	17.0
	Feb	6.8	72.2	63.8	9.5
	Mar	5.8	76.5	73.0	12.2
	Apr	13.0	68.0	69.0	13.6
	May	9.6	69.7	59.0	12.6
	Jun	10.3	52.0	61.0	11.3
	Jul	10.2	40.0	54.9	8.9
	Aug	6.6	55.0	56.0	8.4
	Sep	6.8	42.2	37.8	8.7
	Oct	8.3	62.4	52.7	10.1
	Nov	8.6	43.1	50.0	10.9
	Dec	9.2	60.5	43.9	10.8
2021	Jan	9.7	76.9	59.3	15.7
	Feb	6.8	53.5	50.1	13.0
	Mar	5.7	89.4	61.5	11.5
	Apr	11.4	65.9	58.2	17.3
	May	10.3	72.0	51.0	13.0
	Jun	10.5	61.9	56.6	15.6
	Jul	11.8	74.1	57.1	16.4
	Aug	12.8	54.7	57.8	17.5

	Sep	16.0	61.8	60.4	21.8
	Oct	12.6	72.8	60.4	22.5
	Nov	14.6	60.6	66.0	21.8
	Dec	13.6	51.2	76.5	21.0
2022	Jan	15.9	78.6	73.9	16.8
	Feb	14.7	61.0	56.8	11.4
	Mar	13.7	71.0	76.9	8.8
	Apr	25.0	79.3	72.0	13.1
	May	32.2	67.6	68.2	12.9
	Jun	37.5	61.4	52.4	18.4
	Jul	27.7	70.6	67.8	15.2
	Aug	19.0	63.0	70.8	18.5
	Sep	16.5	58.4	60.4	16.2
	Oct	13.4	39.2	65.5	17.1
	Nov	13.1	45.1	50.1	15.9
	Dec	13.9	49.2	47.1	21.6
2023	Jan	13.7	40.3	49.2	19.4
	Feb	7.8	44.9	40.6	12.9
	Mar	14.9	29.8	45.3	14.3
	Apr	13.8	28.7	46.3	14.6
	May	14.0	47.7	34.2	12.6
	Jun	10.7	36.9	37.2	12.7
	Jul	10.6	38.8	43.1	12.9
	Aug	10.6	49.6	38.1	15.7

Data source: Ministry of Finance, Japan

Trade news from the Japan Lumber Reports (JLR)

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

For the JLR report please see:

https://jfpj.jp/japan_lumber_reports/

Orders for house builders

New orders for some house builders in August, 2023 are 10 % higher than August, 2022. However, demand of houses is not recovered. Some house builders have good sales for high value-added houses and the results of August, 2022 were very dull.

The building costs were soaring in summer 2022 and many house builders raised the selling price of a house. Many house builders struggled with the sales in, especially, July to September, 2022.

Moreover, demand of houses was different in cities, suburbs and other areas. It is hard to say that orders for house builders are good in this autumn. Since the restrictions of activities due to COVID-19 have been eased and it is easier to do business or attract customers than before.

However, customers feel anxious to the economic in the future and the rising interest rates. They are cautious to purchase houses.

Daiken to acquire WTK Reforestation

Daiken Sarawak Sdn. Bhd. in Malaysia, a subsidiary of Daiken Corporation in Osaka Prefecture, concluded a share transfer agreement with WTK Reforestation Sdn. Bhd. in Sarawak, Malaysia on 11th, September and will obtain all issued shares.

Daiken Sarawak will buy all shares from WTK Reforestation's parent company within this year. Daiken aims to produce MDF made of trees from reforestation.

Daiken has four overseas MDF production bases and produces about 550,000 cbms annually. About 50 % of woody fiber materials is trees from Daiken's reforestation or other companies' reforestations and the rest of woody fiber materials is South Sea remnants.

Daiken Sarawak will reduce using South Sea lumber gradually by using WTK Reforestation's trees by 2025. Also, the company plans to use own trees from own reforestation for 60 – 70 % more in this year.

WTK Reforestation was established in 2000 and has about 5,400 hectares of reforestation. There are falcata trees and acacia trees at the reforestation.

Fire resistant plywood

Sumitomo Forestry Co., Ltd. and Shin-Etsu Chemical Co., Ltd. developed fire resistant plywood. They started to sell the fire resistant plywood on 1st, September.

Sumitomo Forestry received the certification on the fire resistant plywood, which is 24 mm thickness and is used to cover posts or beams, from the Ministry of Land, Infrastructure, Transport and Tourism in March, 2023. The company aims to receive the certification from the Ministry of Land, Infrastructure, Transport and Tourism for the fire resistant floors or walls for medium scale buildings in the future.

The fire resistant plywood is 24 mm thickness, 910 mm width and 1,820 mm length. The flame-retardant shaped into tables is used on the both faces of domestic plywood. Special machines are not needed for the fire resistant plywood to process. Also, a process of drying the flame-retardant is not needed. It is able to deliver the fire resistant plywood in a short time and it will be the cost reduction.

Demand and supply of domestic softwood plywood

According to the Ministry of Agriculture, Forestry and Fisheries, inventory of domestic structural plywood in August, 2023 is 132,000 cbms, 44.6 % more than August, 2022. This volume has remained flat from last month.

Inventory of domestic structural plywood soared in August, 2022 and the inventory in July, 2023 was 66 % higher than July, 2022 so it could say that the increase rate in August, 2023 is decreased.

Shipment of domestic structural plywood is 191,000 cbms, 4.3 % less than the same month last year. Shipment had been increasing for three months continuously until July, 2023. It was 197,000 cbms in July. The reason is that there was a summer holiday in the middle of August. Product of domestic structural plywood is 192,000 cbms, 9.6 % down from the same month last year. It is about 240 cbms higher than shipment.

Sudden rise in log price

In Fukushima Prefecture, the price of cedar log plunged to under 10,000 yen, delivered per cbm during spring to summer this year. The price recovered to a level of 10,000 yen, delivered per cbm after the summer holiday in August.

There was a typhoon in the beginning of September and there were not many logs at the market. Then, the cedar log price started to rise in the middle of September. It was around 12,000 yen, delivered per cbm. Also, the price of 4 m cypress log rose and it was around 20,000 yen, delivered per cbm. When the cedar log price plunged in June to August, loggers hesitated to deliver the logs to the market. Then, the logs at the market began to decrease.

There are many log companies in Iwaki city and the typhoon made terrible damages in that city in September. The logs at the market decreased again. Then, lumber companies started to purchase the logs because their inventory of logs was low. As a result, the log price skyrocketing.

Plywood

Movement of domestic softwood plywood has been different on each distributor since September this year. There is a certain amount of order to trading firms because the number of workdays is more than August and the heat has let up so it is easier to work at construction sites. However, demand of houses is unclear in the future so the consumers purchase to fill current needs.

The price of 12 mm 3 x 6 structural softwood plywood is 1,600 yen, delivered per sheet. 9 mm 3 x 10 plywood is 2,000 yen, delivered per sheet. 9 mm 3 x 8 plywood is 1,650 yen, delivered per sheet. 3 x 9 plywood is 1,800 yen, delivered per sheet. These prices are unchanged from the previous month.

Movement of imported plywood is not good and there is low demand. The price of painted plywood for concrete form in South Asia was raised by around \$ 20, C&F per cbm in July. The price of normal plywood and structural plywood reached the bottom in summer and the price has been leveling off. 2.4 mm 3 x 6 is around \$ 950, C&F per cbm. 3.7 mm is around \$ 880, C&F per cbm. 5.2 mm is around \$ 850, C&F per cbm.

Structural plywood is around \$ 560, C&F per cbm. 12 mm 3 x 6 painted plywood for concrete form is around \$ 670, C&F per cbm. Plywood form is about \$ 560 – 580, C&F per cbm.

The prices have been the same from last month. Since the fuel expenses and product costs are rising in South Asia, South Asian sellers expect to raise the price to Japanese buyers. However, the price was not raised due to low inquiries and the weak yen.

The prices are on the rise in Japan due to the weak yen but it is difficult to raise the prices because the demand is low. 12 mm 3 x 6 painted plywood for concrete form at wholesalers and at distribution firms is 1,950 yen, delivered per sheet. Plywood form and structural plywood are 1,800 yen, delivered per sheet. 2.5 mm plywood is 780 yen, delivered per sheet. 4 mm plywood is 1,000 yen, delivered per sheet. 5.5 mm plywood is 1,200 yen, delivered per sheet.

Trend and usage of woody biomass energy in 2022

The Ministry of Agriculture, Forestry and Fisheries announced the result of trends and usage on woody biomass energy in 2022.

There is an increase in the use of thinned wood or forest remaining wood by about 10 % up because some small wooden biomass power plants started operations. Output of the small wooden biomass power plants is less than 2,000 kW. The use of wood chip produce in Japan by imported chips or imported logs exceeds the 2021's result.

Volume of thinned wood or forest remaining wood is 4,518,511 BDt, 9.8 % higher than the previous year. This is 8 straight years exceeding the previous year's result.

There are 71 small wooden biomass power plants started operations and this is 14 small wooden biomass plants increased from 2021. There are 47 large wooden biomass power plants started operations and this is 3 large wooden biomass power plants increased.

Remaining materials of lumber is 1,731,619 BDt, 3.3 % down from 2021. This is for the first time decreasing in 2 years. The reason is that the starts of owner's in 2022 decrease by 11.3 %. Building waste material is 3,941,095 BDt and this is 1.7 % less than the previous year.

China

Dramatic decline in birch log imports

According to China Customs, birch log imports fell sharply in the first eight months of 2023 and were 971,231 cubic metres valued at US\$130.73 million, down 33% in volume and 36% in value over the same period of 2022. The average CIF price for China's birch log imports fell 5% to US\$135 per cubic metre.

The top suppliers of birch log imports were Russia and Latvia. 95% of China's birch logs were imported from Russia and some was imported from Latvia in the first eight months of 2023. In addition, China imported small volumes of birch logs from Estonia, USA, Belgium and Canada.

China's birch log imports from Russia were 922,131 cubic metres valued at US\$118.6 million in the first eight months of 2023, down 27% in volume and 28% in value compared to the same period of 2022. The CIF price for China's birch log imports from Russia fell 1% to US\$129 per cubic metre.

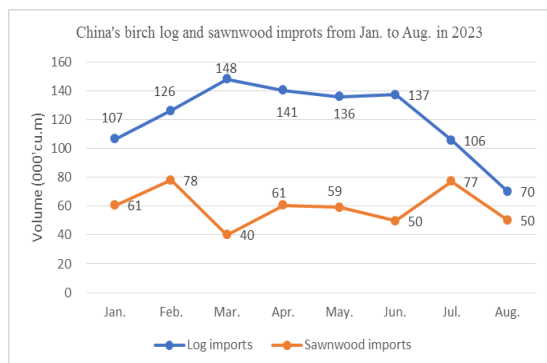
China's birch log imports from Latvia amounted to 48,064 cubic metres valued at US\$11.7 million in the first eight months of 2023, down 73% in volume and 69% in value compared to the same period of 2022. The CIF price for China's birch log imports from Latvia rose 14% to US\$243 per cubic metre.

Russia's increase in the export tax on birch log exports has put pressure on Chinese enterprises and this is why imports have declined to a record low.

Rise in birch sawnwood imports

In contrast to log imports, birch sawnwood imports increased in the first eight months of 2023 and were 475,863 cubic metres valued at US\$98.79 million, up 10% in volume and 3% in value over the same period of 2022. The average CIF price for China's birch sawnwood imports fell 6% to US\$208 per cubic metre.

The rise in the export tax rate of Russian birch logs has prompted enterprises to process birch logs into sawnwood in Russia and export sawnwood to China. The largest supplier of China's birch log imports is Russia. In addition to imports from Russia, China imported small quantities of birch sawnwood from Estonia, Belarus, Latvia and Finland.



Data source: China Customs

Surge in particleboard imports from Thailand

According to China Customs, in the first half of 2023 China's particleboard imports fell 26% to 318,000 tonnes valued at US\$142 million, down 41% over the same period of 2022.

Thailand was the largest supplier for China's particleboard imports and they surged 56% to 123,000 tonnes however, imports from other suppliers fell. The dramatic increase in China's particleboard imports from Thailand was mainly due to the fact that Chinese enterprises have set up factories in Thailand and a large amount of particleboard produced is exported to China.

Top suppliers of China's Particleboard imports in the first half of 2023 (volume)

	Thousand tonnes	YoY % change
Total	318	-26%
Thailand	123	56%
Romania	54	-44%
Brazil	41	-33%
Germany	25.4	-53%
Russia	24.8	-32%
Malaysia	12	-41%
Belarus	10	

Data source: China Customs

Top suppliers of China's Particle board imports in the first half of 2023 (value)

	Million US\$	YoY % change
Total	142	-41%
Thailand	31	24%
Romania	41	-35%
Brazil	16	-42%
Germany	16	-54%
Russia	9	-42%
Malaysia	3	-50%
Belarus	4	

Data source: China Customs

Decline in particleboard exports

China's Customs data shows that in the first half of 2023 particleboard exports fell 4% to 188,000 tonnes valued at US\$143 million, down 34% over the same period of 2022. Taiwan P.o.C was the largest destination for China's particleboard exports and in the first half of 2023 exports to Taiwan P.o.C rose 24% to 42,000 tonnes. China's particleboard exports to Saudi Arabia, Chile, Malaysia and Indonesia grew 71%, 98%, 48% and 8% compared to the same period of 2022.

However, the USA is no longer the largest market for China's particleboard exports having dropped 23% in the first half of 2023. China's particleboard exports to the USA fell 51% to 10,352 tonnes in 2022.

Particleboard exports in the first half of 2023 (volume)

	Thousand tonnes	YoY % change
Total	188	-4%
Taiwan P.o.C	42	24%
Mongolia	15	-12%
Nigeria	15	-15%
Saudi Arabia	13	71%
Chile	11	98%
UAE	9	-0.50%
Vietnam	7	-42%
Malaysia	7	48%
Indonesia	6	8%
USA	5	-23%

Data source: China Customs

Particleboard exports in the first half of 2023 (value)

	Million US\$	YoY % change
Total	143	-34%
Taiwan P.o.C	16	-13%
Mongolia	4	25%
Nigeria	6	-22%
Saudi Arabia	7	80%
Chile	5	97%
UAE	5	6%
Vietnam	10	-78%
Malaysia	6	-31%
Indonesia	4	-22%
USA	8	-23%

Data source: China Customs

Sharp decline in fiberboard imports

According to China Customs, in the first half of 2023 China's fiberboard imports fell 67% to 19,000 tonnes valued at US\$18 million, down 68% over the same period of 2022. Fiberboard imports from all top suppliers; New Zealand, Thailand, Germany and Belgium fell at even greater rates in the first half of 2023.

Fibreboard imports in the first half of 2023 (volume)

	Thousand tonnes	YoY % change
Total	19	-67%
New Zealand	6	-39%
Thailand	4	-60%
Germany	3	-81%
Belgium	1	-74%

Data source: China Customs

Fibreboard imports in the first half of 2023 (value)

	Million US\$	YoY % change
Total	18	-68%
New Zealand	3	-40%
Thailand	2	-60%
Germany	4	-79%
Belgium	3	-69%

Data source: China Customs

Decline in fibreboard exports

In the first half of 2023 China's fibreboard exports fell 4% to 1.009 million tonnes valued at US\$558 million, down 14% over the same period of 2022. Nigeria was the largest export market for China's fibreboard in the first half of 2023 but exports to Nigeria decreased 15% to 129,000 tonnes.

China's fibreboard exports to Mexico, Saudi Arabia, UK, Algeria and Russia grew 35%, 6%, 101%, 69% and 55% respectively compared to the same period of 2022.

The USA is no longest market for China's fibreboard exports having fallen 47% in the first half of 2023. China's fibreboard exports to the USA in 2022 rose 19% to 187,392 tonnes due to strong demand.

Fibreboard exports in the first half of 2023 (volume)

	Thousand tonnes	YoY % change
Total	1,009	-4%
Nigeria	129	-15%
Mexico	96	35%
Saudi Arabia	79	6%
Vietnam	78	-5%
USA	59	-47%
UAE	44	-31%
UK	38	101%
Canada	37	-7%
Algeria	34	69%
Russia	27	55%

Data source: China Customs

Fiberboard exports in the first half of 2023 (value)

Supplier	Value (mil. US\$)	YoY % change
Total	558	-14%
Nigeria	56	-17%
Mexico	37	22%
Saudi Arabia	29	-8%
Vietnam	27	-46%
USA	62	-41%
UAE	18	-26%
UK	18	68%
Canada	27	-7%
Algeria	12	60%
Russia	15	45%

Data source: China Customs

In the first half of 2023 there was an overall decline in imports and exports of panel products. There are two main reasons for this, first China's woodbased panel production capacity has increased so China no longer needs to import woodbased panels and second, China has implemented a rural revitalisation strategy shifting the focus of marketing to rural consumption not exports.

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

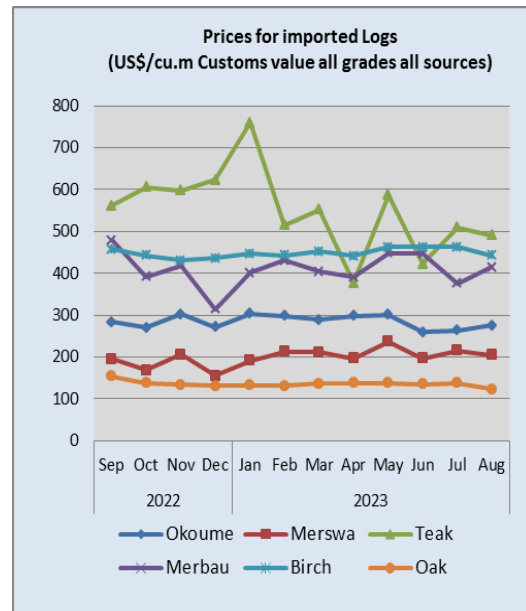
	2023 Jul	2023 Aug
Okoume	263	276
Merswa	215	204
Teak	510	491
Merbau	375	415
Birch	463	442
Oak	138	123

Data source: Customs, China

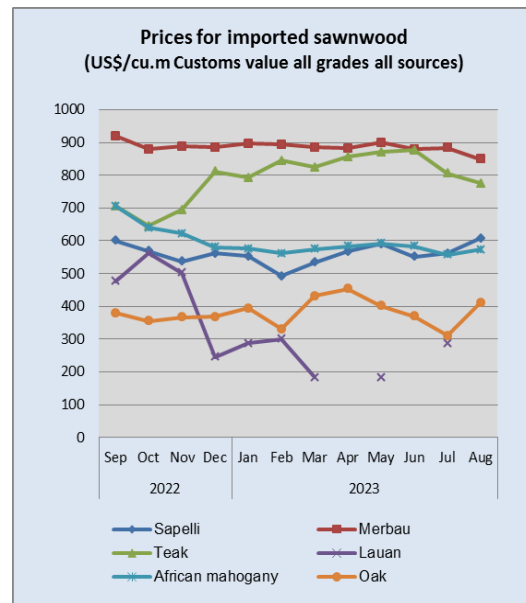
Average CIF prices, Tropical sawnwood, US\$/cu.m

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

Data source: Customs, China



Data source: Customs, China



Data source: Customs, China

EU

Europe’s wooden furniture consumption falls to lowest level since 2015

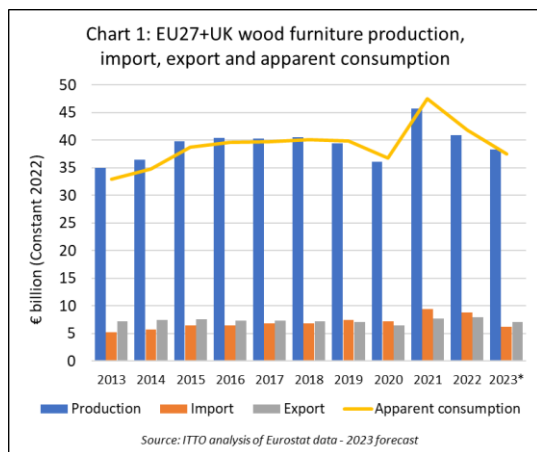
The last three and half years, marked from the start of 2020 by the Covid-19 pandemic and from February 2022 by war in Ukraine, have seen unprecedented changes in Europe’s wood furniture sector.

The sector passed through a period characterised by an initial but very short-lived fall in demand in the second quarter of 2020, followed by rapid demand escalation in 2021 at a time when material shortages and other logistical challenges greatly reduced availability, and then by another sharp decline starting in the second half of 2022 and continuing this year.

During this relatively short period, major changes have occurred in patterns of supply and demand, trade flows, consumer preferences and working conditions, distribution channels, design, and fashion trends. Companies throughout the sector are having to evolve new strategies in response to a transformed world.

Recent trends in the value of production trade and consumption of wood furniture in the EU27+UK are shown in Chart 1. This highlights that the onset of the pandemic led to a 9% downturn in the euro value of EU27+UK wood furniture production and 8% decline in consumption in 2020. This was followed in 2021 by a strong 27% and 29% rebound in production and consumption respectively. In 2022, production and consumption fell back even more sharply than in 2020, respectively by 11% and 12%.

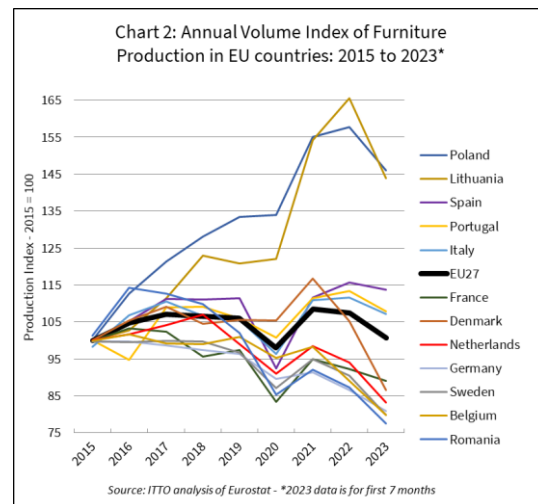
Based on performance in the first half of 2023, production and consumption are forecast to fall by another 6% and 10% this year. With a forecast value of around €38 billion in 2023, European wood furniture production and consumption this year are expected to be at a level not seen since 2015.



Furniture sector performance has varied widely between European countries. Eurostat data shows that while overall EU27 furniture production in 2023 is now at the level prevailing in 2015, some countries including Romania, Belgium, Sweden, Germany, Netherlands, Denmark, and France, have fallen well below this level. Most of these countries recorded only a modest rebound in furniture production in 2021 followed by a dramatic downturn from the second half of 2022 onwards.

In contrast, furniture production in Poland and Lithuania continued strong even during the first year of the pandemic in 2020 and increased very rapidly during 2021 and 2022. Although there has been a sharp downturn this year, production in Poland and Lithuania is still well above the pre-pandemic level.

Furniture production in Italy, Portugal and Spain has been less volatile than in other European countries in the last three and half years and is likely to remain above the pre-pandemic level despite sliding this year (Chart 2).



Recent trends in the quantity of European wood furniture trade as revealed by Eurostat data are shown in Chart 3. The long-term rise in European internal trade and in imports from outside the region which began in 2013 as the European economy gradually recovered from the eurozone currency crisis, continued throughout the pandemic in 2020 and accelerated in 2021.

European exports of wood furniture to countries outside the region, which were flat in the period between 2013 and 2020, also increased in 2021. However, European imports, exports and internal trade in wood furniture all declined sharply in 2022, a trend which has continued in 2023 (Chart 3).

Internal EU trade in wood furniture in the first 6 months of this year was down 20%, while imports fell 19% and European exports were down 11%.



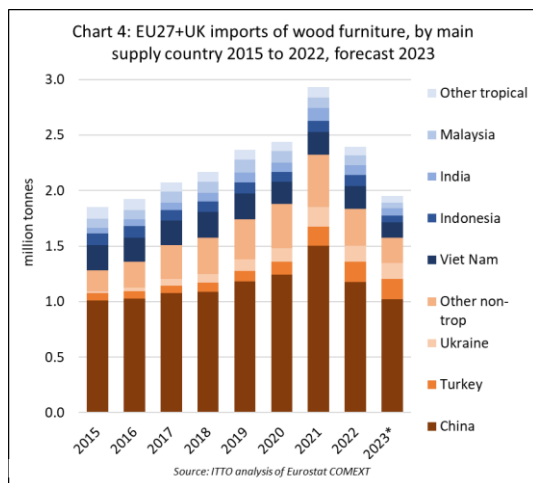
These figures underline the extent of the downturn in the European economy. Consumer confidence and spending has fallen sharply as state support for households is running out and retail energy prices remain very high and are expected to rise again during the winter months. Higher interest rates have increased mortgage costs while real incomes continued to be undermined by high levels of inflation.

The latest purchasing managers' indices reveal that activity continues to contract in the European service sector and in construction. Stingier bank lending is leading to a 0.4 percentage-point reduction in GDP growth each quarter, according to Goldman Sachs. Corporate insolvencies in the EU rose by more than 8% in the year's second quarter, compared with the first, and have reached their highest since 2015.

The impact of tighter monetary policy will peak in the second half of this year, predicts Oliver Rakau of Oxford Economics, a consultancy.

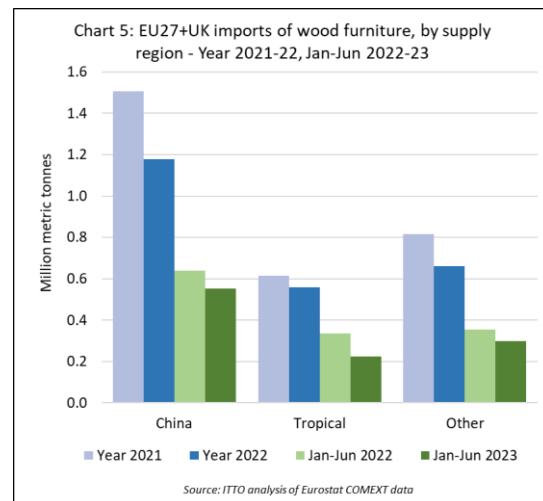
The total quantity of EU27+UK imports of wood furniture from outside the region fell 18% in 2022 to 2.40 million tonnes. In the first six months of this year, imports were already down another 19%.

Total imports this year will likely be back to a level last seen in 2016 (Chart 4). While declining imports in 2022 were at least partly due to continuing supply problems caused by renewed COVID lockdowns in China and the war in Ukraine, this year the leading driver has been a dramatic falloff in European consumption.

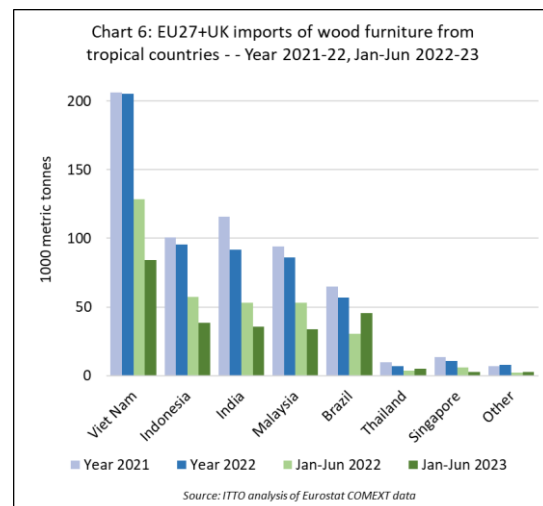


Wood furniture imports into the EU27+UK decreased from all main supply regions during the first six months of 2023; by 13% from China to 550,000 tonnes, by 33% from the tropics to 220,000 tonnes, and by 16% from other countries to 300,000 tonnes (Chart 5).

Tropical countries have lost share in the European market this year as supplies from China have come back online with the end of COVID restrictions there.



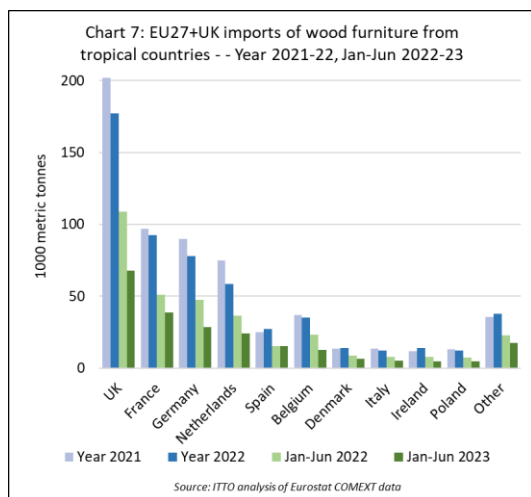
Imports from all tropical countries supplying wood furniture to the EU27+UK declined very sharply in the first six months of this year including Vietnam (-35% to 84,200 tonnes), Indonesia (-32% to 38,700 tonnes), India (-33% to 35,600 tonnes), Malaysia (-37% to 33,700 tonnes), Brazil (-19% to 25,300 tonnes), Thailand (-71% to 1,700 tonnes) and Singapore (-27% to 2,800 tonnes) (Chart 6).



There was a sharp fall in tropical wood furniture imports into the UK, the largest European market, in the first six months of this year, down 38% to 67,600 tonnes.

Large declines were also recorded by France (-25% to 38,500 tonnes), Germany (-40% to 28,500 tonnes), Netherlands (-35% to 23,900 tonnes), Belgium (-47% to 12,400 tonnes), Denmark (-27% to 6,300 tonnes), Italy (-35% to 5,100 tonnes), Ireland (-38% to 4,800 tonnes), and Poland (-35% to 4,800 tonnes).

Of all large European markets, only in Spain did imports hold up reasonably well in the first half of this year, reaching 15,100 tonnes, the same level as last year (Chart 7).



European outdoor furniture market at pre-pandemic level

While trade data indicates a sharp downturn in tropical wood furniture imports into Europe this year and last, the latest report on the overall European outdoor furniture market by CSIL, the Italian furniture industry market research organisation, paints a more positive picture of long-term prospects in this sector.

CSIL highlight that the increased attention paid to outdoor spaces in recent years has boosted the demand for outdoor furniture in Europe, which has seen significant growth, outperforming on average the whole furniture sector.

Total annual sales of outdoor furniture in Europe are estimated by CSIL to be around €3.3 billion. Following a slight reduction in 2020 the sector recorded a double-digit rebound in 2021, well above the sector average, and remained buoyant in the first half of 2022.

The market slowed at the end of last year and in the first half of 2023 but is still at around the pre-pandemic level. The largest outdoor furniture markets within Europe are Germany, the United Kingdom, France, and Italy, accounting for a combined market share of over 50%.

According to CSIL, the growth of the European outdoor furniture market has been driven by an array of factors, such as house sales, residential and non-residential construction, outdoor renovations, income availability, and demographic changes. The pandemic played a significant role to boost consumption of outdoor furniture and the desire to experience outdoor spaces at home, in the office, and in public spaces has remained strong. Demand came from private consumers, contract, hotels, and office design.

CSIL note that although the outdoor furniture market is seasonal and strongly dependent on weather conditions, customers now consider outdoor furniture as part of a wider furnishing project, in line with a lifestyle concept in which outdoor spaces are designed to be used all year round with the terrace, balcony and garden seen as an extension of indoor spaces.

European manufacturers and designers have responded to the increasing demand for outdoor furniture by offering a wide range of stylish and innovative options. Several furniture companies formerly focused on interior products have expanded their product portfolios to include outdoor furniture, maintaining the characteristics of design and comfort, with a focus and research on durable materials.

The presence of non-specialist outdoor brands, especially from the upholstery, contract, and home furniture segments, has grown significantly in the industry. Many of these new players operate in the high-end and luxury segments.

Outdoor furniture remains one of the best performing furniture sectors in Europe and currently represents a 7% share of total contract furniture sales in the region according to CSIL figures. With a growing preference for outdoor spaces, hotels, restaurants, cafés, and other hospitality venues are ever more investing in high-quality, durable outdoor furniture to enhance the onsite experience of their guests.

With some of the world's most popular tourist destinations, Europe experienced a significant revival in domestic and inter-regional travel between the summers of 2021 and 2023. There has been strong expansion in the numbers of hotel developments and refurbishments, further boosting demand for outdoor furniture.

The outdoor sector is much more dependent on imports than other furniture sectors in Europe. Slightly more than half of all outdoor furniture imported by EU countries is from countries outside the EU, with around 60% of non-EU imports derived from China and 30% from tropical countries in Southeast Asia.

Until last year, there was a long-term rising trend in European imports of outdoor furniture from outside the region. However, recent global supply challenges and trade policy measures may lead to a partial reshoring of sourcing activities in the next few years.

CSIL note that the outdoor furniture market is served via a wide variety of channels, both specialist and non-specialist distributors, from large scale retail chains to small independent stores, and from 'pure' online players to brick-and-mortar operators. Overall the role of non-specialist retailers is higher in this sector than for most other furniture sectors such as upholstery, kitchen furniture, and office furniture.

DIY chains and garden centres are still pivotal sales channels. However, there has been some growth in sales via more specialist retailers in recent years, first as the large-scale furniture chains expanded outdoor collections and more recently as more independent retailers are promoting designer outdoor brands.

The e-commerce channel is also growing rapidly. Both manufacturers and retailers are extending their web marketing activity and upgrading their on-line presence.

No longer do they only display product pictures and prices, but also seek to guide and inspire customers with design suggestions and case studies.

CSIL closely monitors the performance of the outdoor furniture market in Europe through the comprehensive Reports: 'The Outdoor Furniture Market in Europe' and 'The Contract Furniture and Furnishings Market in Europe'. These studies delve into statistics and indicators, demand drivers, country analysis, competitive landscapes, and product categories. More details are available at:

www.worldfurnitureonline.com.

North America

US imports of sawn tropical hardwood rise for third month

US imports of sawn tropical hardwood rose for a third consecutive month in August gaining 3% from the previous month. The 19,329 cubic metres imported in August was 7% higher than in August 2022 and was the highest-volume month of the year so far. The gain came despite the fact that imports from Brazil, the top US trading partner, fell by 30%. The shortfall was more than made up for by gains in imports from Cameroon (up 65%), Congo/Brazzaville (up 41%), Indonesia (up 31%), and Malaysia (up 21%).

Imports of Acajou d'Afrique more than tripled in August, while imports of Mahogany, Keruing, Iroko, and Padauk also made strong gains. Imports of Balsa and Ipe both declined by slightly more than a third.

Imports are making up ground but are still down 31% versus last year through August. Year to date imports of most woods still trail last year by a large margin, except for imports of Keruing, which are up 19% versus last year.

Canadian imports of sawn tropical hardwood rose 6% in August as imports from Ghana gained 38% and imports from Cameroon improved 25%. Compared with the previous August, imports were up by 2%. For the year so far, Canadian imports of sawn tropical hardwood are down by 12% through August.

Hardwood plywood imports end upward streak

The volume of US imports of hardwood plywood fell by 22% in August ending a run of five consecutive months of gains. The 276,051 cubic metres of plywood imported last month was 10% lower than that of August 2022 imports.

Despite the decreased volume, August imports managed to climb 3% when measured in dollars. The decline in volume was chiefly due to a 45% drop in imports from China and a 45% combined drop from countries not considered among the top US trade partners. The volume from most key trading nations rose in August with imports from Cambodia rising 18%, imports from Malaysia grew 25% and imports from Russia more than doubled. Total year-to-year imports are down 39% through August.

US veneer imports rise

US imports of tropical hardwood veneer surged 63% in August reaching their highest level of the year. While imports for the month fell 12% short of August 2022 levels, last August was a record setting month and the US\$4.8 million of veneer imported was comfortably above the August average for the last five years.

Imports from Cameroon more than doubled in August and were responsible for over half the month's total. Imports from Ghana and Cote d'Ivoire were also up sharply.

Because last August saw such strong imports, the year-to-year comparison fell back into the red in August with total 2023 imports down 1% versus 2022 through August. Imports from Italy are down 71% for the year so far while imports from most other trade partners are up for the year.

US imports of hardwood flooring edge upward

US imports of hardwood flooring rose 4% in August. A 78% gain in imports from Malaysia more than offset declines in imports from China (down 54%), Indonesia (down 12%) and Brazil (down 11%). While imports from Indonesia were down for the second straight month, they are still holding at near three times what they were in August 2022.

For the year, imports from Indonesia are up 175% over 2023 through August, taking market share from China, which is behind last year by 42% and Brazil, which is down 58%. Total US imports of hardwood flooring are up 4% so far this year.

Imports of assembled flooring panels fell 3% in August, ending a four-month run of growth. Imports from Indonesia were off 51% while imports from China rose 38% for the month. Imports for the year so far are down 34% versus last year with imports from China off by 64% and imports from Thailand down by a full 80%.

Moulding imports drop 13%

US imports of hardwood moulding showed less volatility in August than in recent months, but still fell 13% as imports from chief supplier, Canada, also fell 13%. The August total was 25% below that of the previous October as import levels remain well behind last year.

On the positive side, imports from Brazil rose 36% in August and are now "only" down 33% year-to-year vs. 2022. Imports from China are off by 67% vs. 2022 despite a 9% gain in August. Overall imports are down 31% versus last year through August.

US wooden furniture imports improve

US imports of wooden furniture held firm in August, rising 2% after falling the previous two months. At US\$1.7 billion, imports were 18% less than the previous August. Imports from Malaysia, which have been lagging more than any other trading partner so far this year, gained a healthy 16% in August.

Imports from China continued to flag, falling 9% in August. Imports from Malaysia and China are behind 2023 pace by 42% and 38%, respectively, through August. Total wooden furniture imports are down 27% versus 2022 so far this year.

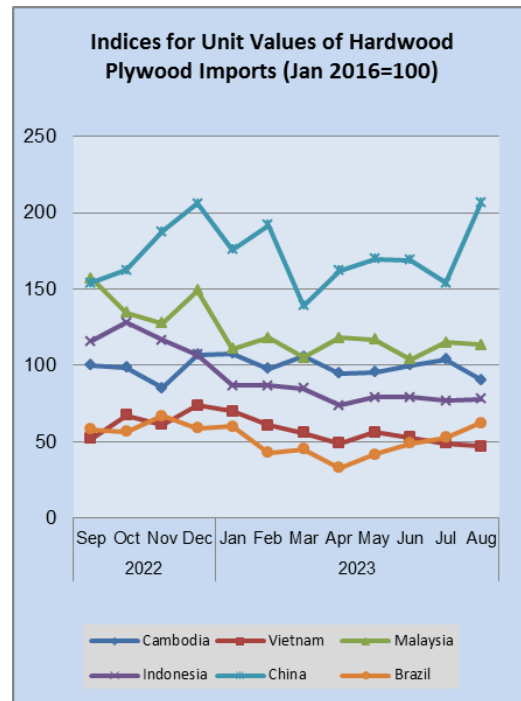
Wood kitchen cabinets making a comeback says trends report

The National Kitchen & Bath Association, representing nearly 50,000 North American kitchen and bath industry professionals, has released its 2024 Kitchen Trends Report. According to the report, the focus over the next three years will remain on multi-function designs, easy-to-clean kitchens with ample storage, eat-in dining areas, sustainable materials and advanced technology.

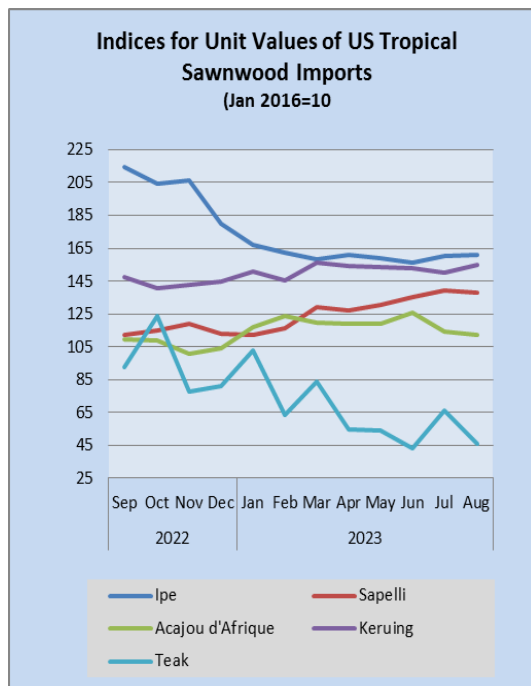
And while white cabinetry has been a staple in kitchens for years, designers now say that wood cabinetry is making a comeback. When asked about popular kitchen color trends, “wood” was cited by 28% of respondents, outpacing “white”, which was cited by 25%.

The report also identified a connection to the outdoors as an emerging theme, with designers layering warmer whites, earthy greens and wood tones to create a sense of nature, calm and harmony. Also in vogue are gold faucets, textured backsplashes, and the color green.

See: <https://www.woodworkingnetwork.com/news/woodworking-industry-news/nkba-releases-its-2024-kitchen-trends-report>



Data source: US Census Bureau, Foreign Trade Statistics



Data source: US Census Bureau, Foreign Trade Statistics

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

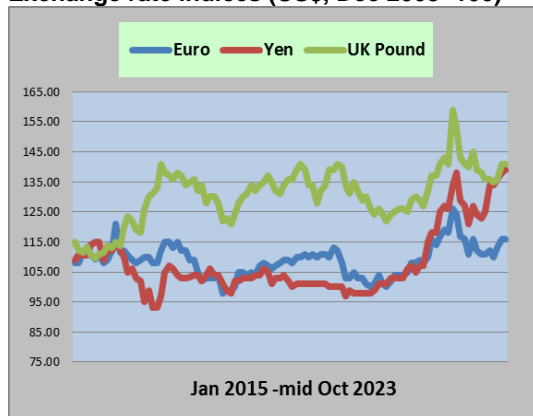
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Dollar Exchange Rates

As of 10 October 2023

Brazil	Real	5.05
CFA countries	CFA Franc	617.37
China	Yuan	7.30
Euro area	Euro	0.95
India	Rupee	83.36
Indonesia	Rupiah	15,739
Japan	Yen	149.80
Malaysia	Ringgit	4.71
Peru	Sol	3.80
UK	Pound	0.82
South Korea	Won	1,349.39

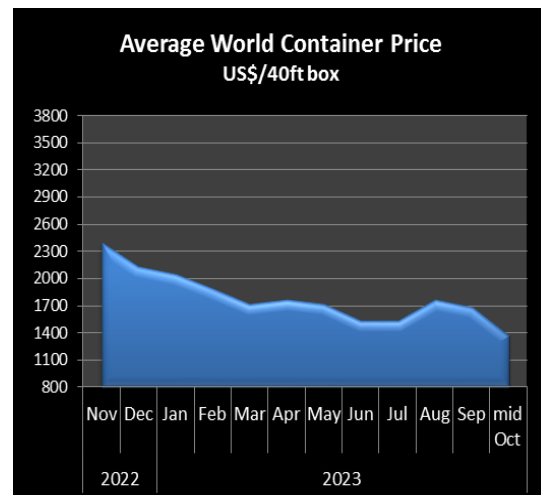
Exchange rate indices (US\$, Dec 2003=100)



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

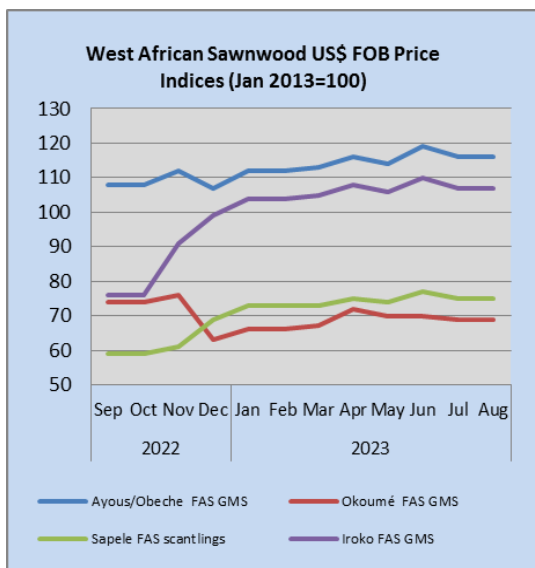
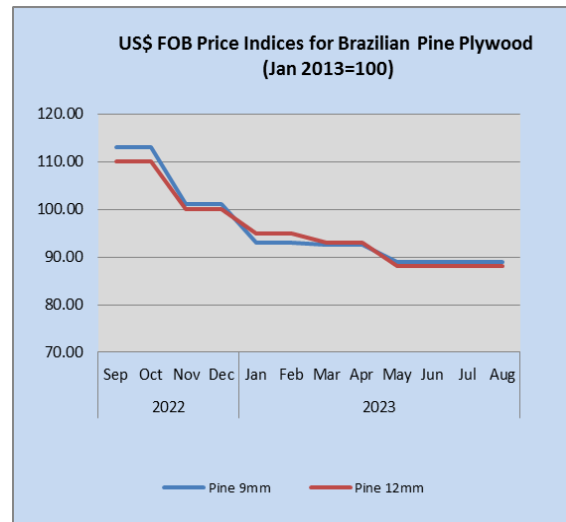
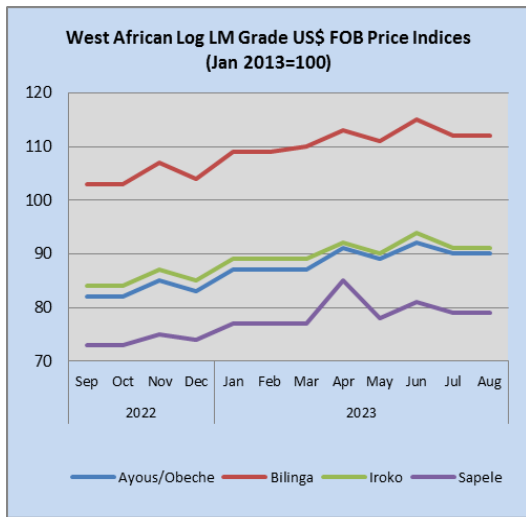


Data source: Drewry World Container Index

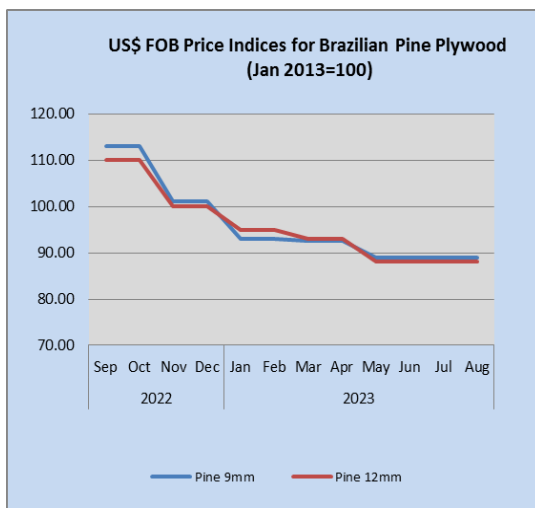
See: <https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry>

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.



To have a free copy of this twice-monthly ITTO Market Information Service bulletin emailed to you on the day of production, please register at:

http://www.itto.int/en/mis_registration/