

Tropical Timber Market Report

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Top story

US imports of tropical hardwood raw materials continue to climb

While not yet back to last year's levels, US imports of tropical hardwood products rose in July as hardwood plywood imports swelled 38%, the fifth monthly increase.

Imports of tropical hardwood veneer and hardwood mouldings rose 96% and 44%. Imports of sawn tropical hardwood gained 5% and imports of assembled flooring panels rose 7% while imports of wooden furniture and hardwood flooring declined.

Forestry Minister appointed in Gabon

The military coup in Gabon is dominating both the regional and domestic news. Africanews.com has reported Gabon's military leader, General Brice Oligui Nguema has unveiled his transitional government consisting of representatives from diverse political backgrounds.

The domestic press in Gabon has reported Colonel Maurice TOSUET has been appointed Minister of Water and Forests.

Rumours were circulating in trade circles that the previous Forestry Minister, Lee White, was under house arrest but in a communication with UK based *Declassified UK* Professor White dismissed fears he was missing and confirmed via WhatsApp saying "I am fine at home in Libreville where the situation is calm."

See: <https://declassifieduk.org/british-minister-in-gabon-did-not-see-coup-coming/>

Three ministers from Ali Bongo's previous government have retained their positions. Camélia Ntoutoume-Leclercq remains the Minister of National Education, Hermann Immongault, formerly Minister of Foreign Affairs, now serves as the Minister Delegate for the Interior and Raphaël Ngazouzé, who previously oversaw vocational training, has assumed responsibility for the Civil Service portfolio.

See: <https://www.africanews.com/2023/09/10/gabon-pm-unveils-transitional-government-officials/> and <https://www.lenouveaugabon.com/fr/gestion-publique/0909-20102-transition-voici-les-26-membres-du-gouvernement-de-raymond-ndong-sima>

In other news, it has been reported that in Gabon there is a significant level of unrest within the forestry sector. A strike has been initiated by all special zone workers at Nkok. This is said to be because subcontractors have failed to provide social security coverage for workers. Also, it is understood that all operators have been instructed to suspend operations until further notice.

Trucking operations running smoothly

Mid-September usually marks the end of the dry period in Gabon. Operators report trucking operations were running smoothly there were no significant disruptions in milling operations and log stocks are adequate. Producers in Gabon report demand remains stable in Europe but the slowdown in demand for some species for the Far East and the Middle East markets continues.

Weather conditions in Cameroon are markedly different from Gabon. At present the timber industry is experiencing disrupted harvesting activities due to heavy rains. It is reported that milling operations have slowed but this is not because of a log shortage as stocks are built up during the dry season.

While export order levels are stable the slower milling operations have pushed up delivery times. The absence of Chinese buyers in the market has led to reduced enquiries from this important market segment.

The timber industry in Congo is currently grappling with weather-related challenges. Heavy rains have begun in the southern regions causing delays in timber production. In the northern regions bordering Cameroon extremely heavy rains have been reported further disrupting harvesting activities.

Despite challenges posed by poor road conditions, transportation on tarmac roads and the Trans Congo rail is reported as functioning well. The riverside storage area in Brazzaville continues to be a transship point for logs by rail to Pointe Noire Port.

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	250	250	225
Azobe & ekki	275	275	175
Belli	250	250	-
Bibolo/Dibétou	200	200	-
Bilinga	275	275	-
Iroko	300	280	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	200	200	-
Moabi	280	280	250
Movingui	180	180	-
Niove	160	160	-
Okan	210	210	-
Padouk	330	310	240
Sapele	260	260	220
Sipo/Utile	260	260	230
Tali	260	260	-

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	425
Bilinga FAS GMS	580
Okoumé FAS GMS	460
Merchantable KD	400
Std/Btr GMS	390
Sipo FAS GMS	420
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	1,100
FAS scantlings	1,100
Strips	400
Sapele FAS Spanish sizes	460
FAS scantlings	489
Iroko FAS GMS	750
Scantlings	820
Strips	400
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

Through the eyes of industry

The latest GTI report lists the challenges identified by the private sector in the Republic of Congo and Gabon.

See: <https://www.itto-ggsc.org/static/upload/file/20230915/1694740138375092.pdf>

Ghana

FLEGT licenses for timber exports to EU

Ghana is set to become the first African country and second in the world to begin issuing licenses for timber exports under the Forest Law Enforcement, Governance and Trade (FLEGT) scheme. This follows the successful assessment of timber marking and tracking processes in the Bobiri Forest Reserve in the Ashanti region by a European Union and Ghana Forestry Commission team.

The FLEGT scheme forms part of measures the Forestry Commission has instituted in compliance with tree harvesting regulations, including traceability at origin in line with the European Union's Voluntary Partnership Agreement signed between both countries in November 2019.

In February last year the Minister for Lands and Natural Resources (MLNR), Samuel A. Jinapor, hosted the European Union Ambassador to Ghana, HE Ichard Razaaly. The MLNR Minister discussed key actions undertaken by government in preparation for the issuance of FLEGT licenses. He also acknowledged the importance of Ghana government collaborating with EU to realize the full benefits of the timber industry.

See: <https://myjoyonline.com/ghana-to-begin-issuance-of-flegt-licenses-for-timber-exports-to-eu>

In related news, as part of the Joint Implementation Committee for the FLEGT VPA the European Commission is hosting a delegation from Ghana in Brussels during the week of 18-22 September.

ATIBT, in a news flash, has indicated that the European private sector is invited to this meeting to exchange views with the delegation.

The delegation from Ghana has expressed an interest to meet with private-sector players in the responsible tropical timber sector to discuss opportunities for developing trade in Ghanaian timber and the situation on the European market.

For more see: <https://www.atibt.org/en/news/13372/ghanaian-delegation-to-meet-private-sector-players-in-brussels-on-tuesday-september-19>

Billet exports dropped

Ghana's wood exports to Asian markets accounted for 60% (60,805 cu.m) of the total export volume for the period January to April 2023 according to data from the Timber Industry Development Division (TIDD).

This represented a 1,427cu.m volume increase when compared to that recorded for the same period last year.

Wood product exports Jan-Apr 2022and 2023

	2022 cu.m	market %	2023 cu.m	market %
Asia	59,378	58	60,805	60
Europe	16,151	16	16,862	17
Africa	19	18	14,151	14
N. America	4,855	5	4,282	4
Middle East	3,414	3	555	6

Data source: TIDD

The export of wood products to Asian markets included air and kiln dry sawnwood, billets, sliced veneer and mouldings. The major species shipped as billets in the period January to April 2023 were teak and gmelina which contributed 5,717 cu.m and 33 cu.m respectively.

The total billet export volume in the first four months of 2023 dropped by 53% from 12,346 cu.m in 2022 to 5,750 cu.m. The corresponding revenue from these exports were Eur3.78 million in 2022 compared to Eur1.83 million, registering 52% decline.

According to the TIDD data the country's primary product exports in the first four months were teak billets (8,899 cu.m) earning Eur2.86 million and representing 6% of the total export value Eur45.47 million for the period.

These figures indicated decreases of 28% and 24% in volume and value respectively as compared to the timber export contribution of 12,346 cu.m and Eur3.77 million recorded during the period of January to April 2022.

The top market destinations for Ghana's wood products included India (55%), Senegal (7%), Togo (4%), United States of America (3%) and United Arab Emirates (3%). India's imports for the period were mainly kiln-dried sawnwood and billets which accounted for 8% and 12% respectively of the total shipments.

India was the primary destination (in terms of value) for Ghana's wood products. India's import volumes of air-dried sawnwood (46,802cu.m), billets (5,552cu.m) and sawn teak (3,017cu.m) for the period represented 85%, 97% and 96% of total shipments respectively.

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	760
Niangon Kiln dry	910

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	334	441
Chenchen	477	612
Ogea	486	590
Essa	624	722
Ofram	350	435

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
FAS 25-100mmx150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	465	564
Ceiba	290	311
Dahoma	458	525
Edinam (mixed redwood)	640	713
Emeri	660	795
African mahogany (Ivorenensis)	541	946
Makore	560	907
Niangon	850	1,000
Odum	570	875
Sapele	800	900
Wawa 1C & Select	513	521

Export sliced veneer prices

Sliced face veneer	FOB Euro per cu.m
Asanfina	980
Avodire	2,999
Chenchen	702
Mahogany	1516
Makore	1,046
Odum	2,315
Sapele	1,325

Export plywood prices

Plywood, FOB	Euro per cu.m		
BB/CC	Ceiba	Ofram	Asanfina
4mm	501	580	641
6mm	412	535	604
9mm	327	504	560
12mm	758	512	480
15mm	450	385	430
18mm	460	444	383

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

Japanese plywood buyers expected to increase imports

A major Sarawak-based company that produces plywood expects plywood export prices to improve in the second half of 2023 as Japan adjusts up the low inventory levels. The company commented that Japan's plywood importers have been restrained by the weak yen in their buying over the past few months. The yen has depreciated this year from 128 yen to the dollar in January to about 146 yen to the dollar currently.

Trading of plywood between Japan and Malaysia is conducted in US dollars so the weak yen has made importing more expensive for the Japanese. Japan sources hardwood plywood mainly from suppliers in Malaysia and Indonesia as well as smaller quantities from China and Vietnam.

See: <https://www.thestar.com.my/business/business-news/2023/09/04/ta-ann-expects-plywood-export-prices-to-rise-in-2h23>

Sabah 25 Year Forest Master Plan

The Sabah Forestry Department is formulating a 25 year Forest Master Plan setting the direction for the State's long-term forest resources management. The plan, in line with the Sabah Forest Policy 2018, will focus not only on forest reserves but also forest areas within state land and alienated lands.

Around 27% of the State land in Sabah, or about two million hectares, has been gazetted as Totally Protected Areas (TPA) and 75% of this is in the area known as Sabah's Heart of Borneo project area.

In related news, Sarawak will have soon the largest protected area including National Parks, Nature Reserves and Wildlife Sanctuaries through its conservation efforts.

It is reported that the Sarawak government intends to have over one million hectares in terrestrial protected areas and over 1.6 million hectares in marine landscapes. With this, Sarawak will have the largest system of protected areas in Malaysia under the categories of National Parks, Nature Reserves and Wildlife Sanctuaries.

See: <https://www.dailyexpress.com.my/news.cfm?NewsID=218723>

Furniture Council members mission to Japan

The July/August Malaysian Furniture Council Newsletter reports a group of 12 entrepreneurs visited Japan in early July to conduct a marketing mission in Tokyo and Fukuoka. This offered an opportunity for the delegation to witness the latest furniture trends. At the same time the delegation also visited the Japan Furniture Industry Development Association (JFIA).

A number of Japanese furniture retailers and wholesalers such as Tokyo Interior, Otsuka Kagu, Room's Taishodo, and Murauchi Furniture Access were also visited by the delegation.

Malaysia

Industrial Master Plan 2030

The Malaysian government has released some details of the 'New Industrial Master Plan 2030' (NIMP 2030) which will involve an investment of around RM95 billion over seven years. The plan aims to generate employment for around 3 million people through the creation of high-skilled jobs in the higher value-added sectors which will adopt automation and high tech manufacturing processes.

The NIMP 2030 has four missions which are to advance economic complexity, tech-up for a digitally vibrant nation, to strive for net-zero future and to safeguard economic security and inclusivity. The NIMP 2030 will focus on improving the lives of the people through wealth-sharing for a more equitable society. The median salary in the manufacturing sector is expected to grow by almost 10% to reach RM4,510/month from the current RM1,976 which is below the national average.

See: <https://www.nimp2030.gov.my/>
and
<https://www.nst.com.my/news/nation/2023/09/949822/govt-rolls-out-seven-year-new-industrial-master-plan-nimp-2030-create-33>

Through the help of JETRO Fukuoka a B2B session with Seki Furniture Inc, a major wholesaler in Fukuoka was conducted. Currently, Japan is the 3rd largest furniture export destination for Malaysia.

See: https://www.mfc.my/_files/ugd/fd8b5c_9dcdc9b6cbfe4fc0a64d7fa78513de3e.pdf

2024 MIFF announced

MIFF2024 will take place 1-4 March 2024 at the Malaysia International Trade and Exhibition Centre (MITEC) and World Trade Centre Kuala Lumpur (WTCKL).

See: <https://www.miff.com.my/visitors/register-now/?cid=edm0609823visregopen>

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See <https://www.itto-ggsc.org/static/upload/file/20230915/1694740138375092.pdf>

Indonesia

Export benchmark price of Merbau increased

A press release from the Ministry of Trade provides Export Benchmark Prices (HPE) for wood products. For September 2023 were increased for sawn merbau, teak and sungkai with a cross-sectional area of 1,000-4,000 sq.mm. For some products the benchmark price was lowered for example wood chips or particles, sawn wood with a cross-sectional area of 1,000-4,000 sq.mm of acasia, sengon, balsa and eucalyptus.

The following is a list of Wood HPE for September 2023:

Veneers

Natural Forest Veneer	US\$ 800/cu.m
Plantation Forest veneer	US\$500/cu.m
Wooden Sheet for packaging Box	US\$1,200/cu.m

Chipwood

Chipwood in the form of particles US\$85/tonne
Chipwood US\$95/tonne

Processed Wood

Processed wood products which are leveled on all four sides so that the surface becomes even and smooth with the provisions of a cross-sectional area of 1000 sq.mm to 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
Rimba Campuran (Mix Tropical Wood)	US\$850/cu.m
Eboni	US\$ 3,500/cu.m
Teak	US\$1,800/cu.m
Pine and Gmelina	US\$650/cu.m
Acacia	US\$750/cu.m
Sengon	

(Paraserienthes falcataria)	US\$500/cu.m
Rubberwood	US\$ 300/cu.m
Balsa (Ochroma sp) and Eucalyptus	US\$1,100/cu.m
Sungkai	
(Peronema canescens)	US\$800/cu.m
Merbau	US\$1.500/cu.m
Yellow Meranti	US\$500/cu.m
White Meranti	US\$700/cu.m

Processed wood that has been dried and leveled on all four sides so that the surface is even and smooth with a cross-sectional area of more than 10,000 sq.mm to 15,000 sq.mm, of the type :

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-september-2023-kayu-gergajian-merbau-naik/>

Encouraging forestry sector down-streaming

Putu Juli Ardika, Director General of Agro Industry in the Ministry of Industry, said that increasing the added value to forest products through down-streaming would open up more jobs, increase export earnings, generate foreign exchange, increase state revenues and boost economic growth.

Currently, the processing industry that is developing fastest is the wood pellet industry. The wood pellet industry supports the transformation from fossil-based energy to New Renewable Energy. This industry has also been approved for tax benefits.

In 2022 the performance of forest based downstream industries reach US\$15 billion, with imports worth US\$4.68 billion. On the employment side there were 2.83 million workers involved in forest product-based industries.

Putu explained, in the future, the development of downstream forest product-based industries will be directed at commodities whose production takes into account environmental sustainability principles, including sources from sustainable raw materials, implementing a circular economy and playing a role in reducing greenhouse gas emissions.

See: <https://kemenperin.go.id/artikel/24289/Hilirisasi-Industri-Pengolahan-Berbasis-Hasil-Hutan-Tumbuh-Berkelanjutan>

Furniture sector contribution to GDP declined

The Minister of Industry, Agus Gumiwang Kartasasmita, has reported the furniture sector contribution to National GDP has dropped. In 2022 the furniture industry contributed 1.3% to non-oil and gas GDP with an export performance value of US\$2.5 billion. Up to June 2023 exports of furniture and crafts reached US\$1.1 billion.

Against this backdrop the Minister explained several issues which affect the current and future furniture market namely the increasing trend to online shopping, the use of industry-based technology, the increasing demand for environmentally friendly furniture and the increasing need for functional, ergonomic designed and customised furniture especially for the millennial generation.

In responding to these new conditions the Ministry of Industry has developed a strategy that focuses on three things, strengthening product promotion media, increasing production of environmentally friendly furniture and strengthening reference research on the furniture market.

Apart from continuing to expand the export market it is also hoped that furniture industry players will also further develop the domestic market with innovations that are in line with domestic characteristics and demand.

See: <https://www.tubasmedia.com/industri-furniture-diharapkan-hingga-2029-dapat-memberikan-kontribusi-lebih-besar-terhadap-sektor-manufaktur/>

Strengthening forestry business with Finland

A number of Indonesian businesspeople, members of the Association of Indonesian Forest Concession Holders (APHI) and representatives of the Indonesian Chamber of Commerce and Industry (Kadin) visited Finland. A memorandum of understanding was signed between the Medco Group and the Finnish technology company, Valmet Technologies Oy for the development of biomass energy development.

Medco Group's Papua Project President Director, Budi Basuki, explained the mission of the Papua Project with the support of Valmet is "Brightening the Eastern Part of Indonesia with a Biomass Power Plant".

After successfully building and operating a 3.5 MW Biomass Power Plant (PLTBm), Medco Group will develop another plant with a total capacity of 55 MW. The biomass used is sourced from wood chips.

See: <https://forestinsights.id/pengusaha-indonesia-kunjungi-finlandia-untuk-perkuat-bisnis-kehutanan-mou-pemanfaatan-biomassa-ditandatangani/>
and
<https://www.suara.com/pressrelease/2023/09/06/150500/indonesia-finlandia-tandatangani-kesepakatan-kerja-sama-biomassa-hutan-dalam-forum-ireis-2023>

Technology can increase competitiveness of timber sector

Indonesian wood and furniture products, which are known for their uniqueness and beauty, can improve their competitiveness through the adoption of advanced technology.

This was the theme of a seminar "Unlocking Opportunities: Integrating IFMAC & WOODMAC Technology in Indonesia's Growing Furniture Industry" held in Semarang in late August.

The seminar was part of the preparations for the IFMAC & WOODMAC 2023 exhibition.

Wiradadi Soeprayogo, Chairman of the Presidium of the Indonesian Sawmill and Wood working Association (ISWA), said that the growth potential for the Indonesian wood processing and furniture industry in the global market is enormous but will need the adoption of technology if the opportunities are to be captured.

He explained that with the introduction of advanced technology and innovative solutions from global companies Indonesia can increase the competitiveness of local furniture businesses while creating new opportunities for investment, employment and economic growth.

See: <https://surabaya.tribunnews.com/2023/08/25/bangkitkan-pasar-industri-kayu-indonesia-himki-iswa-dan-wakeni-gelar-pameran-ifmac-woodmac-2023>

ASMINDO participates in South Korean exhibition

The Indonesian Embassy in Seoul, the Ministry of Trade, and ASMINDO (Indonesian Furniture and Handicraft Industry Association) participated in the KOFURN 2023 exhibition in South Korea. At the event, ASMINDO Chairman Dedy Rochimat signed a memorandum of understanding with KFFIC (Korea Federation of Furniture Industry Cooperatives) Chairman Lee Sung Jong regarding the development of the furniture industry in Indonesia and the Republic of Korea.

KOFURN 2023 is Korea's largest global furniture and interior exhibition with more than 4,000 entries and a sales value of US\$1.6 million. This year, 13 manufacturers from Indonesia promoted natural materials, handcrafted and unique artisanal products packaged through a variety of products to decorate the home or hospitality projects.

See: <https://www.msn.com/id-id/ekonomi/other/kenalkan-furnitur-indonesia-asmindo-ikuti-pameran-di-korea-selatan/araA1fPAPy>

EU Counselor - SVLK cannot satisfy due diligence required by the EUDR

At a recent event the First Counsellor for Environment, Climate Action and Digital cooperation at the European Union Delegation to Indonesia and Brunei Darussalam, Henriette Faergemann was reported by Kompas, an Indonesian national newspaper, as saying "We (the EC) are of the view that all of the sustainability certificates including the ISPO, RSPO, MSPO and SVLK can support forest and environmental sustainability but cannot replace the due diligence required by the EUDR".

"We believe that all sustainable certificates, including ISPO, RSPO, MSPO, and SVLK, can support forest and environmental sustainability, but they cannot replace the thorough testing required by EUDR" said Faergemann.

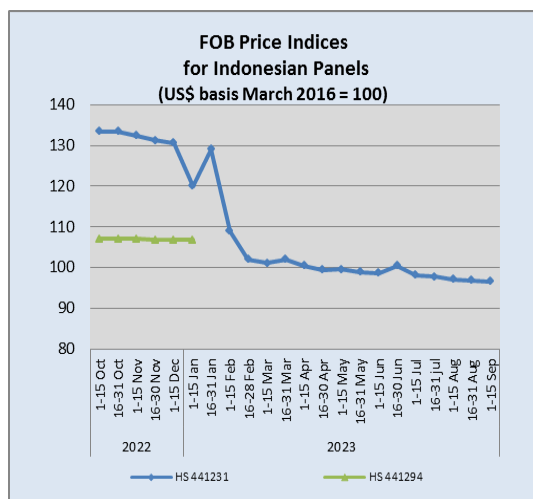
Faergemann is also reported as saying the EU Commission and Parliament does not have the mandate to verify sustainable certificates.

In addition, the EU does not have sufficient resources to check all sustainable certificates from hundreds of countries.

The EUDR mandates that seven commodities entering the EU market must not originate from land deforested or degraded forest land after December 31, 2020. The seven commodities are coffee, palm oil, cattle, soybeans, cocoa, wood, charcoal, and rubber, as well as derived or processed products such as meat, furniture, paper, leather, and chocolate.

The regulation requires products to be certified through due diligence based on geolocation or based on satellite imagery and global positioning system (GPS) coordinates. Large companies have 18 months and small companies 24 months to comply with various requirements in the regulations that took effect on June 29, 2023.

See: <https://www.kompas.id/baca/english/2023/08/24/en-uni-eropa-syarat-uji-tuntas-eudr-tak-tergantikan>



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

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See: <https://www.itto-ggsc.org/static/upload/file/20230915/1694740138375092.pdf>

Myanmar

Conserve forests and green urban areas – Prime Minister

Myanmar Prime Minister, Senior General Min Aung Hlaing, stressed the importance of conserving forests close to rural communities and also encouraged urban dwellers to green their environs as a national duty. This was announced at the fourth monsoon tree-growing ceremony 2023 in Nay Pyi Taw. The PM also said the extraction of a sustainable volume of timber is necessary for the development of the nation and that replanting trees will improve the socio-economic lives of the people.

Analysts interpreted his statement as suggesting the probability of a resumption of log harvesting which was halted when the military-led government took the power on 1 February 2021.

It is understood that the Myanmar Timber Enterprise (MTE) intended to harvest about 6,000 tons of teak in 2023-24 but there is no statement of the MTE Annual Harvest Plan. According to the website of the MTE the last announced Annual Harvesting Plan was for 2020-21.

The Prime Minister pointed out the current average temperature of the capital is 28.50°C although it was 26.97°C in 2006. While reporting the current forest cover at 42% he cited the unlimited extraction of timber by the colonialists and the continued extraction to bolster finance of the State in successive eras as a cause of forest loss.

Myanmar has been blamed for excessive harvesting but the rate of harvesting was drastically reduced in 2014 when the log export ban was enacted. The trend of reduction of harvesting was enhanced by enacting a logging ban during the previous NLD (National League for Democracy). The logging ban was for ten years in Bago Yoma and for one year over the entire country in 2016-17.

See: <https://www.gnlm.com.mm/everybody-needs-to-serve-forests-in-rural-areas-and-green-urban-areas-as-national-duty/>

Investment in manufacturing sector

Myanmar’s manufacturing sector attracted more than US\$63.5 million from 26 enterprises in the five months to August of the current financial year 2023-2024 including capital expansion by the existing enterprises. This was reported by the Directorate of Investment and Company Administration (DICA). Chinese companies primarily made investments in the manufacturing sector.

The Myanmar Investment Commission approved a total of 31 foreign projects from seven countries in the past five months with an FDI of US\$484 million including expansion of capital by the existing enterprises and the power sector topped the FDI line-ups with US\$317.178 million from two enterprises.

The manufacturing enterprises that need a large labour force are prioritised to create job opportunities for the local community. Myanmar’s manufacturing sector is largely concentrated in garments and textiles produced on a cutting, making and packing (CMP) basis and it contributes to the country’s GDP to a certain extent.

See: <https://www.gnlm.com.mm/myanmars-manufacturing-sector-attracts-fdi-surpassing-us63-5-mln-in-april-august/>

Expatriate workers must remit minimum 25% of foreign currency income back to Myanmar

The Myanmar Government is now demanding that expatriate workers remit at least 25 percent of their foreign currency income back home through the country’s banking system.

CB Bank, one of the country's largest private banks, recently told migrant workers they must remit a quarter of their salaries either monthly or every three months through official channels.

Migrant workers who do not comply will be barred from working overseas for three years after their current work permit expires, the announcement warns.

See: <https://www.irrawaddy.com/news/burma/cash-starved-junta-milks-myanmar-migrant-workers-with-new-remittance-rule.html>

India

Farm forest expansion held back by regulations

Plyinsight has reported that Sajjan Bhajanka, President of Federation of Indian Plywood and Panel Industry, has said because wood grown on farmland is considered as a forest product it is subject to all the regulations that apply to forest products and this discourages farmers from growing trees.

The Federation proposes shifting farm-forest from the forest sector to the agriculture sector which would provide more economic benefits to the farmers so they would be encouraged to plant more trees.

The Federation also proposed the removal of licensing requirement for wood-based units that primarily use 'farm forest wood' as raw material. This, it is claimed, will support the establishment of sustainable businesses at the plantation sites and generate employment and livelihood opportunities for farmers.

See: <https://plyinsight.com/economic-benefits-of-agriculture-sector-should-be-extended-to-agroforestry/>

US\$5.8 trillion real estate sector possible by 2047

A recent report by Knight Frank India prepared in collaboration with the National Real Estate Development Council (NAREDCO), forecast India's real estate sector could expand to a staggering US\$5.8 trillion sector by 2047. This would represent a significant increase from the current estimated value of US\$477 billion. If this is achieved the real estate sector will contribute 15.5% to total economic output in 2047 from an existing share of 7.3%.

However, some analysts point to a housing crisis for the poor in the capital saying the slow speed of building affordable housing, reduced land and space entitlements, accelerated housing production for the privileged and large-scale demolitions and evictions have contributed to what some consider an urban housing crisis.

See: <https://www.thehindu.com/business/realty-sector-set-to-expand-to-58-tn-in-2047-knight-frank/article67235781.ece> and <https://www.aljazeera.com/gallery/2023/8/30/photos-the-housing-crisis-for-the-poor-in-indias-capital>

G20 to support new trade corridor

India hosted this year's Group of 20 summit and on the sidelines world leaders unveiled a project to create a rail and shipping corridor linking India, the Middle East and Europe. This project is considered historic as it would improve trade logistics.

See: https://www3.nhk.or.jp/nhkworld/en/news/20230910_13/

Weak currency a problem for importers

The rupee exchange rate against the US dollar is very close to its historic low in six months despite the Reserve Bank of India (RBI) action in the currency market to lower volatility. Having traded in its narrowest range in two decades this year the rupee fell to a 10 month low of 83.18 in early September close to the 83.29/US\$ record low in October 2022. A weakening currency is always a problem for importers but currency volatility creates a risky trading environment.

Inflation in India is expected to remain above the RBI's 2% to 6% target range until October. Rather than policy action the RBI has focused efforts on market intervention spending around US\$14 billion in August.

See: <https://www.reuters.com/markets/currencies/indian-rupee-stay-weak-third-analysts-expect-new-low-within-year-2023-09-07/>

Domestic investment lifts GDP

The International Monetary Fund forecast a decline in India's GDP growth over the next two years saying GDP growth could fall from 7.2% in FY23 to 6.1% in the current financial year and then rise slightly to 6.3% in FY25.

The latest World Economic Outlook data projected a 0.2% point upward revision from its April estimates reflecting momentum from stronger-than-expected growth in the fourth quarter of 2022 as a result of stronger domestic investment.

See: <https://www.livemint.com/news/india/indias-gdp-growth-to-drop-in-coming-months-imf-projects-6-1-growth-in-fy24-11690290502927.html>

Import update

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

	Hoppus cu.m	US\$ C&F
Brazil	147	285
Colombia	99	319
Costa Rica	101	225
Ecuador	135	258
Ghana	124	280
Ivory Coast	107	495
Nigeria	155	260
South Sudan	-	-
Tanzania	103	300
Laos	-	-

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

	cu.m	US\$ C&F
Benin	92	605
Brazil	99	365
Colombia	123	340
Costa Rica	90	290
Ecuador	135	550
Ghana	141	335
Ivory Coast	-	-
Nigeria	145	350
South Sudan	134	340
Tanzania	136	345
Togo	168	335
Venezuela	117	415

Locally milled sawnwood prices

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

Price range depends mainly on lengths and cross-section

Sawn hardwood prices

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

Price range depends mainly on lengths and cross-sections

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**Vietnam - Highlights of wood and wood product (W&WP) trade**

According to the General Department of Customs, Vietnam's W&WP exports to South Korea in August 2023 amounted to US\$66 million, down 10% compared to August 2022. In the first 8 months of 2023 W&WP exports to S. Korea were estimated at US\$528 million, down 22% year on year.

In August 2023 bedroom furniture exports were valued at US\$136 million, down 29% compared to August 2022. In the first 8 months of 2023 exports of bedroom furniture earned US\$998 million, down 39% over the same period in 2022.

Vietnam's imports of padouk wood in August 2023 amounted to 12,000 cu.m, worth US\$4.2 million, up 3% in volume and 2% in value compared to July 2023. Compared to August 2022 imports decreased by 48% in volume and 56% in value. In the first 8 months of 2023 imports of padouk were 90,400 cu.m, worth US\$33.6 million, down 18% in volume and 29% in value over the same period in 2022.

Vietnam firms anticipate robust export opportunities in the US

The US President visited Vietnam in September at the invitation of Party Secretary General Nguyen Phu Trong as the two countries celebrated the 10th anniversary of their comprehensive partnership.

More export opportunities

According to the General Department of Customs in the first seven months of this year shipments of wood and wood products to the US reached US\$3.9 billion, accounting for 54% of the entire industry's exports. The US has been the largest market for wood products from Vietnam for years.

Nguyen Chanh Phuong, Vice Chairman of the Handicraft and Wood Industry Association of HCMC (HAWA), said when the bilateral relationship is in good shape businesses will benefit.

Phuong noted that Vietnam believes in the stability and development of the US market. He anticipates inflation in the US will fall and purchasing power will increase again.

Tran Lam Son, Deputy General Director of Thien Minh Import-Export Co., Ltd., expected many large US furniture enterprises to come to Vietnam and visit furniture manufacturing hubs after Biden's visit. Thien Minh specialises in outdoor furniture products made from plantation wood.

See: <https://theinvestor.vn/vietnam-firms-anticipate-robust-export-opportunities-from-president-bidens-visit-d6511.html>

Amazon, Alibaba demand more Vietnam-made home décor

As purchases of home decorations and compact furniture on e-commerce platforms such as Amazon and Alibaba increase opportunities are opening up for Vietnamese businesses to sell made-in Vietnam products.

According to Amazon statistics home decoration and furniture items have experienced outstanding growth in the 2020-2022 period. Even after returning to the office, people still spend a lot of time enjoying their life at home and online shopping for such products continues.

Over the past three years home and kitchen decor have been some of the best-selling item categories for Vietnamese sellers on Amazon. In the last three months, potential buyers for Vietnamese products in this category have increased 64% year-on-year.

The most sought-after items have been dining sets, kitchenware, home textiles and affordable, practical storage, according to Alibaba.

See: <https://e.vnexpress.net/news/business/industries/amazon-alibaba-demand-more-vietnam-made-home-decor-4648742.html>

Vietnam's imports of padouk wood from Africa decreased slightly

Vietnam's padouk imports from Africa, the largest supplier, accounted for 83% of total padouk imports in the first 7 months of 2023, down 4% in volume and 7% in value over the same period in 2022, to 65,500 cu.m, worth US\$19.5 million.

According to statistics from Vietnam General Department of Customs, Vietnam's padouk imports in July 2023 were 1,600 cu.m, worth US\$4.1 million, down 5% in volume and 4% in value compared to June 2023. Compared to July 2022, imports dropped 29% in volume and 31% in value.

The average import price of padouk in the first 7 months of 2023 was around US\$373.5 per cu.m, down 14% over the same period in 2022. In particular, the price of padouk wood from Africa decreased by 4% to US\$297.0 per cu.m.

Padouk wood suppliers

In the first 7 months of 2023 volume of padouk from Africa, Laos and China decreased compared to the same period in 2022 while, imports from Thailand, Hong Kong, Tanzania, Denmark and the UAE increased.

Padouk from all African suppliers accounted for 83% of total imports in the first seven months of this year reaching 65,500 cu.m, worth US\$19.5 million, down 4% in volume and 7% in value over the same period in 2022.

Imports from Laos decreased by 42% in volume and 46% in value over the same period in 2022, amounting to 7,200 cu.m, worth US\$7.8 million and accounting for 9% of total imports in the first 7 months of this year.

African Padouk suppliers, first 7 months of 2023

	Jan-July 2023 cu.m
Angola	26,996
S Africa	19,275
Namibia	8,710
Cameroon	4,847
Eq. Guinea	1,856
Congo	1,478
Gabon	1,032

Data source: VN General Department of Customs

Brazil

Wood frame construction takes off

Wood frame construction is gaining acceptance in Brazil. Plantation pine is the main input for wood frame building structures. This system has been seen to offer benefits such as faster construction, waste reduction and energy savings.

The recent standardisation of timber frame construction published by the Brazilian Association of Technical Standards (ABNT) is generating interest in the sector as an important step for industrialised and sustainable construction across the country. The advantages in wood frame construction are said to be thermal and acoustic comfort, shorter construction times and competitive prices. Wood frame construction can help to tackle the housing shortage in Brazil.

The southern region of Brazil, especially the states of Paraná and Santa Catarina, where a large part of the country's pine plantations are available can benefit from this construction method. Pine sawnwood and panels are readily available in the country. Wood frame construction represents a viable and technologically advanced alternative to civil construction in Brazil without necessarily replacing traditional methods but complementing and contributing to technological diversification in the sector.

According to ABIMCI (Brazilian Association of the Mechanically Processed Timber Industry) the publication of the technical standard for wood frame construction was an important achievement for the timber industry and the civil construction sector.

See: <http://www.remade.com.br/noticias/19405/construcao-mais-rapida--preco-competitivo-e-tecnologia:-a-aposta-de-crescimento-do-setor-de-madeira>

Acre and Mato Grosso discuss joint action in the timber sector

Representatives and entrepreneurs of the timber sector in the states of Acre and Mato Grosso recently discussed strengthening the sector in the Amazon Region. The stakeholders who took part in the discussion included entrepreneurs from timber-producing municipalities, managers of the Center of Timber Producing and Exporting Industries of the Mato Grosso State (CIPEM) and Task Force of Governors for the Forest and Climate (GCF Task Force), the Acre Timber Industries Union (SINDUSMAD/AC), the Secretariat for the Environment and Indigenous Policies (SEMAPI), the Acre Environment Institute (IMAC) and the Acre Planning Secretariat (SEPLAN).

The main objective of the meeting was to explore options for boosting the forest sector in the region with a focus on the bio-economy as an essential pillar for balancing economic and social development and environmental conservation. The hope is to present a sustainable development model appropriate for the region at COP30 (30th Conference of the Parties to the United Nations Framework Convention on Climate Change) in 2025.

During the discussions the similarities and differences between the two states were analysed especially in relation to licensing systems and challenges in finding a public policy on forest management that works for both states. The Acre State government has the strengthening of the timber sector as a priority and the dialogue with Mato Grosso enabled an exchange of experience and development of options for the sector.

See: <https://forestnews.com.br/acre-mato-grosso-aco-es-setor-madeireiro/>

Performance of the furniture sector in the first half of the year

Exports of furniture and mattresses declined significantly in June 2023 totalling US\$59.0 million, a 12% drop compared to the previous month. This negative performance impacted the first half year performance which dropped 16% compared to the same period in 2022 with exports totalling US\$349.2 million compared to almost US\$417.0 million in the first half of last year.

There has been a continuous downward trend in export earnings over the last 12 months with an 18% decline in the value of exports. Several factors, including currency fluctuations, logistical challenges and international competition contributed to this negative trend.

The United States remains the main export market for Brazilian furniture accounting for around 32% of the total exported by the sector in the first half of 2023. Other destinations that have shown significant trade include Uruguay, Chile, the United Kingdom, France and the Netherlands.

The Brazilian Furniture Industry Association (ABIMÓVEL) and the Brazilian Trade and Investment Promotion Agency (ApexBrasil), in partnership with public agencies and companies in the sector, are developing strategies to reverse this negative trend and increase exports of Brazilian furniture.

The sector is looking for innovation, quality and global competitiveness in order to face the current challenges and guarantee its relevant role in the Brazilian economy. Cooperation between the industry, the government and other stakeholders is considered crucial to stimulate exports to ensure the sector's future growth.

See: <https://forestnews.com.br/exportacoes-moveis-e-colchoes-flutuacoes/>

Woodflow export system for wood products

A fully online software service 'WoodFlow Exporter System' has been introduced to facilitate timber exports. The system allows companies to manage their foreign trade operations in an analytical and secure way.

Companies that export wood products are able to use the programme without having to register on the WoodFlow platform making it an accessible and secure tool for sharing information with foreign buyers.

Each company is responsible for inputting data and the platform, among other features, will allow exporters to have a strategic overview of all their shipments, profitability and even the documentation for each process. The entire system is highly secure, following the General Data Protection Act (Lei Geral de Proteção de Dados - LGPD).

This system also assures improved reliability of export document storage, simplified online monitoring of the process and provides customised dashboards to check results and costs.

See: <https://www.madeiratotal.com.br/woodflow-aposta-em-sistema-saas-para-exportacao-de-madeira/>

Through the eyes of industry

The latest GTI report lists the challenges identified by the private sector in Brazil.

See: <https://www.itto-ggsc.org/static/upload/file/20230915/1694740138375092.pdf>

Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	624
Jatoba	238
Massaranduba	217
Miiracatiara	209
Angelim Vermelho	211
Mixed redwood and white woods	164

Source: STCP Data Bank

Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	2,373
Ipe	1,187
Jatoba	1,083
Massaranduba	973
Muiracatiara	1,030
Angelim Vermelho	650
Mixed red and white	359
Eucalyptus (AD)	269
Pine (AD)	342
Pine (KD)	

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

	US\$ pe3 cu.m
Parica	655
4mm WBP	512
10mm WBP	466
15mm WBP	628
4mm MR.	472
10mm MR.	416
15mm MR.	

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

Domestic ex-mill prices	US\$ per cu.m
15mm MDParticleboard	385
15mm MDF	425

Source: STCP

Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipe	3,360
Jatoba	1,744
Massaranduba	1,755
Muiracatiara	1,723
Pine (KD)	185

Source: STCP Data Bank

Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	330
12mm C/CC (WBP)	303
15mm C/CC (WBP)	290
18mm C/CC (WBP)	285

Source: STCP Data Bank

Export prices for added value products

FOB Belem/Paranagua ports	US\$ per cu.m
Decking Boards Ipe	5,339
Jatoba	2,396

Source: STCP Data Bank

Peru

Wood product exports fell in the first half of the year

Shipments of wood products between January and June totalled US\$54.3 million which was a decline of 28% compared to the same period in 2022 (US\$75.8 million) according to the Association of Exporters (ADEX).

This contraction is partly explained by lower orders from Peru's two main buyers, France (US\$10.8 million) and China (US\$10.7 million) which decreased their demand by 22% and 30% respectively.

In the case of France the increase in the price of Peruvian wood products made Peru less competitive compared to suppliers from other countries such as Brazil and Russia.

Regarding China, the real estate sector is going through a deepening crisis with a growing risk of default among some developers seeking to sell apartments and demand for wood products in this sector has dropped sharply.

Other export destinations were Mexico (US\$8.2 million), a year on year increase of 50%, the Dominican Republic (US\$5.7 million) a reduction of 40% and the US (US\$3.9 million) with a contraction of 33%. Completing the top ten export markets were Belgium (US\$2.9 million), Ecuador (US\$2.4 million), Vietnam (US\$1.9 million), Denmark (US\$1.5 million) and Chile (US\$0.9 million).

According to figures from the ADEX Data Trade Commercial Intelligence System, semi-manufactured products were the most traded, accounting for US\$22.4 million of the total but with a decrease of 42%. Second in the ranking was sawnwood, at US\$21.9 million despite falling 17%.

Others were construction products (US\$2.6 million); fuelwood and charcoal (US\$2.2 million); furniture and parts thereof (US\$1.8 million); manufactured products (US\$1.5 million); plywood (US\$1.2 million), veneers and sheets (US\$0.65 million). In the first six months of the year the most important exporting companies were Maderera Bozovich, IMK Maderas, Grupo Maderero Amaz, Consorcio Maderero and Industria Forestal Huayruro.

Regional authorities promote agroforestry systems to increase forest cover

With the aim of promoting agroforestry systems to reduce deforestation in the Amazon forests, the National Forestry and Wildlife Service (SERFOR) and the Regional Government of Ucayali recently conducted an event "Exchange of experiences in the implementation of Agroforestry Systems (SAF)".

This event, which took place in the city of Pucallpa, brought together governors of Ucayali, Loreto and Huánuco, regional authorities of San Martín, Madre de Dios, Midagri, SERFOR, producers, international cooperation agencies and businesspeople.

The SAF combine agricultural and forestry activities and their function is to maintain and restore forest ecosystems, to make them sustainable and increase productivity both on state lands and on private properties. The Regional Governor of Huánuco and president of the Amazon Regional Commonwealth, Antonio Pulgar Lucas, inaugurated the event and reported that in his region more than 400 hectares have been delivered to the associations under the Transfer in Use Contracts for Agroforestry Systems (Cusaf).

For his part, the Executive Director of SERFOR, Alberto Gonzales-Zúñiga, presented the 'Strategic Framework for Reducing Deforestation through Agroforestry Systems' in which regional and local governments, producer organisations and the private sector have a role.

Alliance promotes digital tools in forest management

The Forest and Wildlife Resources Supervision Agency (OSINFOR) and the Regional Forestry and Wildlife Management (GERFFS) of Ucayali have joined to promote the use of technological tools for forest management among the holders of new enabling titles in the region.

The main objective of this initiative is to improve the monitoring and compliance with forestry and wildlife obligations by the holders of enabling titles in order to guarantee sustainable use of these resources.

The collaboration between OSINFOR and GERFFS reinforces the commitment of both institutions in promoting responsible practices in forest management and contributing to the conservation of forests and biodiversity in the region.

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 2x13x75cm, Asian market	582-611 774-831

Export sawnwood prices

	US\$ per cu.m
Peru sawnwood, FOB Callao Port	
Pumaquiro 25-50mm AD Mexican market	679-692 ↑
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market Grade 2, Mexican market	582-602 527-541
Cumaru 4" thick, 6"-11" length KD Central American market Asian market	990-1016 991-1022 ↑
Ishpingo (oak) 2" thick, 6"-8" length Spanish market Dominican Republic	629-645 744-793 ↑
Marupa 1", 6-11 length KD Grade 1 Asian market	559-574

Export plywood prices

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

Export veneer prices

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

Domestic sawnwood prices

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

Domestic plywood prices (excl. taxes)

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

Domestic prices for other panel products

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

Japan

GDP revised down

In the April-June quarter the Japanese economy expanded at a slower pace than initially estimated as businesses and consumers spent less and this disappointing news is why the government intends to introduce an economic stimulus package by the end of September.

Revised figures from the Cabinet Office show GDP grew at an annualised 4.8% from the previous three months with the expansion almost entirely reliant on export growth. That was a smaller gain than the preliminary reading of 6% and came in well below economists' forecast of 5.6% growth.

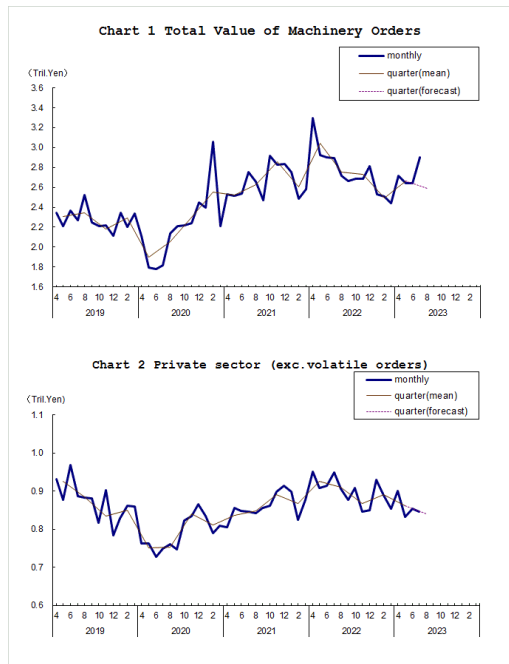
Business spending figures were also revised to show investment dropped 1%. Previously the government estimated that capital investment was flat compared to the first quarter. Consumer spending also fell more than first forecast.

See:

<https://www.japantimes.co.jp/business/2023/09/08/economy/japan-gdp-revised/>

Despite the disappointing second quarter data on investment the total value of machinery orders received by 280 manufacturers operating in Japan increased by 9.8% in July from the previous month.

Private-sector machinery orders, excluding volatile ones for ships and those from electric power companies, decreased a seasonally adjusted by 1.1% in July.



<https://www.esri.cao.go.jp/en/stat/juchu/2023/2307juchu-e.html>

End of ultra-easing policy not far away

Early September comments from Bank of Japan Governor (BoJ), Kazuo Ueda, to the effect that the end of the Bank’s negative interest rate policy (NIRP) is not so far away, resulted in the yen exchange rate becoming more volatile. The yen had begun moving closer to the 150 mark but on the comments from the BoJ the yen strengthened.

The local media have reported that the BoJ is waiting to see if wages and prices rise before making a decision on interest rates.

The finances of a wide range of industries including automobiles and distribution have been improving due to the depreciation of the yen and this was reflected in the summer bonuses at major companies. Although an increase in interest rates will be an extra burden on households the thinking is that if the economy improves companies will have the strength to absorb the increased burden and keep price increases to a minimum

The government is concerned that China's worsening economy could undermine Japan's recovery, especially if the government in China fails to implement extensive stimulus measures to boost domestic demand. Under these circumstances the Bank of Japan will be cautious about shifting to a more ‘normal’ monetary policy. China's economic downturn is undermining Japan's export dependent economy.

See: <https://www.dailyfx.com/news/japanese-yen-rallies-on-bank-of-japan-s-ueda-comments-will-usd-jpy-reverse-20230911.html> and <https://japannews.yomiuri.co.jp/business/economy/20230909-135602/>

In early September, when announcing changes to the Cabinet, the Japanese Prime Minister said he will soon compile a package of "drastic" economic measures to boost the country's fragile recovery. The aim, he said, is to “protect the people's lives from burdensome price rises and to reinforce the trend of wage increases and investment expansion”.

In a move aimed to help struggling household finances the Ministry of Agriculture said that it will lower domestic sale prices of imported wheat by 11% on 1 October.

The weighted average price for five imported wheat products for sale to domestic milling companies will drop to 68,240 yen per tonne, on the back of plentiful harvests in major production areas in the United States and falls in ocean freight fees. This will be the first drop in three years.

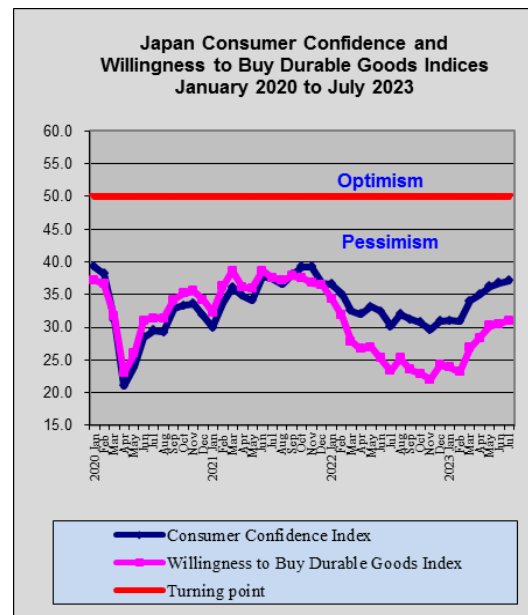
See: <https://www.nippon.com/en/news/yjj2023091200872/japan-to-lower-imported-wheat-prices-by-11-pct.html>

Real wages decline for a 16th consecutive month

Data from the Cabinet Office in Japan shows real wages extended their decline for a 16th consecutive month in July as salaries failed to keep up with rising prices.

Global financial markets closely follow wage trends in Japan as the Bank of Japan emphasises sustainable wage rises as a prerequisite for deciding whether and how to reverse its ultra-loose monetary stimulus.

Inflation-adjusted real wages, a barometer of consumers' purchasing power, slid 2.5% in July from a year earlier following a 1.6% slump in the month before.



Data source: Cabinet Office, Japan

Hottest ever summer in 2023

According to the Japan Meteorological Agency the country experienced its hottest ever summer in 2023. The average temperature for the June to August summer months was the highest on record.

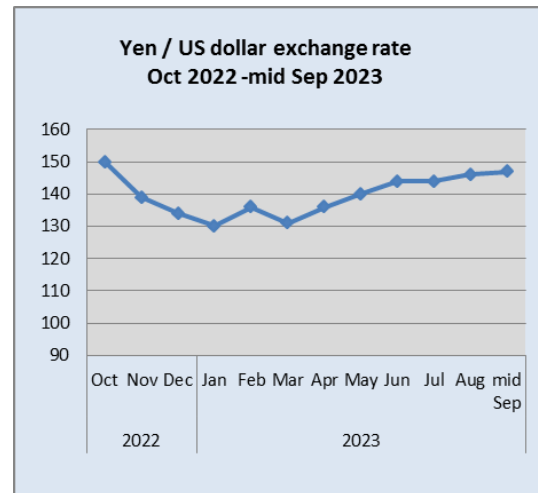
Based on measurements at 15 observation stations across the country temperatures were almost 2 degrees higher than seen over the last three decades (1991–2020) and the highest since statistics began in 1898.

Wood carbonisation technology rooted in tradition

Japanese technology has spread globally and some have their roots in tradition. One such technology is the production of carbonised wood (yakisugi) which involves burning the surface of the timber to be used for exterior construction.

The carbonisation process begins with the flaming of the wood surface, brushing to remove excess charcoal, the application of a waterproofing coating and finally a coating of sealant. All of these conditions make yakisugi treated wood extremely durable. Satoshi Kimura, Operations Director at Japanese-based company says wood treated in this way can last for 80-90 years when properly maintained.

See: <https://www.archdaily.com/880330/carbonized-wood-a-traditional-japanese-technique-that-has-conquered-the-world>

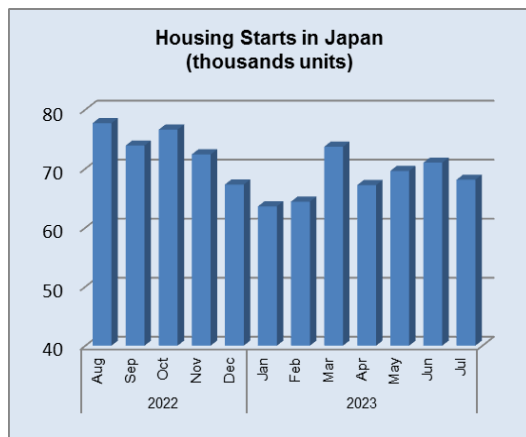


Import update

Assembled wooden flooring imports

July marked the third consecutive month when there was an increase in the value of imports of assembled wooden flooring (HS441871-79). This has brought the average value of monthly imports almost back to levels seen in the first half of the year.

Year on year, July imports of assembled wooden flooring were down 9% but compared to June the value of imports jumped 27%. Of the various categories of assembled flooring imports in June, HS441875 was the largest accounting for 66% of the total value of assembled flooring imports followed by HS441879. The main shippers of HS441875 in July were China 56% Malaysia 12% and Thailand and Indonesia around 6% each.

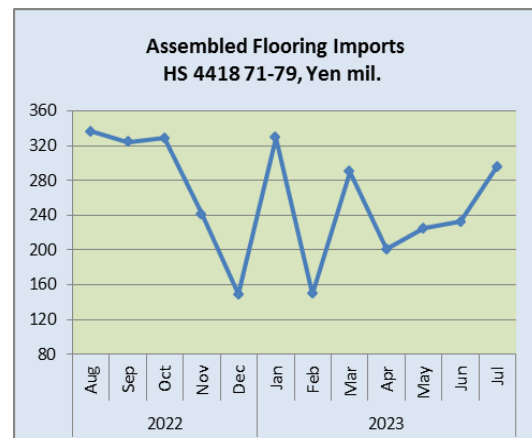


Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Yen moves on to Bank of Japan Governor comments

In early September the Japanese currency strengthened on comments from the BoJ and at the same time the US dollar gained as investors awaited inflation. At one point the US dollar strengthened to 147.15 against the yen.

Analysts anticipate yen exchange rate volatility after comments from Bank of Japan (BOJ) Governor Kazuo Ueda heightened expectations the Bank could shift away from its negative interest rate policy.



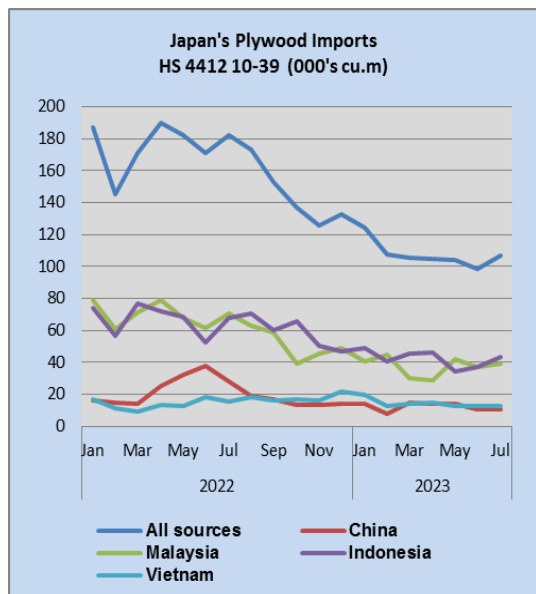
Data source: Ministry of Finance, Japan

Plywood imports

July marked yet another month of declines in the volume of imported plywood, a trend which began in mid-2022.

Year on year July 2023 plywood arrivals were 42% down with all shippers seeing year on year declines in the value of shipments. The volume of shipments from Malaysia and Indonesia were down sharply. Compared to arrivals in June import volumes were flat in July for each of the four top suppliers.

A major Sarawak-based plywood exporter has forecast that plywood export prices are likely to improve in the second half of 2023 as Japan adjusts up its low plywood inventory (see page 4).



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

Data source: Ministry of Finance, Japan

Trade news from the Japan Lumber Reports (JLR)

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

For the JLR report please see:

https://ifpj.jp/japan_lumber_reports/

Damage from torrential rain

Tohoku Regional Forest Office announces about damages in national forests by the torrential rain in July. There are 23 places of devastation of forest land in Akita Prefecture and the total damage is 1.1 billion yen. There is one place damaged in Iwate Prefecture and the total damage is 30 million yen.

There are 562 forestry roads destroyed in Akita Prefecture and the total damage is 1.7 billion yen. There are 27 forestry roads destroyed in Iwate Prefecture and the total damage is 100 million yen. In Aomori Prefecture, 23 forestry roads are destroyed and the total damage is 31 million yen. There is one forestry road damaged in Yamagata Prefecture and the total damage is 20 million yen.

In Akita Prefecture, the total damage of devastation of forest land of forest under private ownership is 13 billion yen and of damaged forestry roads is 12 billion yen.

According to The Ministry of Agriculture, Forestry and Fisheries, there are several kinds of support for manufacturers which related to forestry business and lumber business.

Forests owned by foreign capital

According to The Ministry of Agriculture, Forestry and Fisheries, there are 14 cases of acquirement forest in Japan by foreign capital in 2022. This is 5 cases less than 2021. The forest area is 41 hectares, 190 hectares less than the previous year. 90 % of 41 hectares is Hokkaido Prefecture. The purpose of use is asset holding. There are other forests acquired in Kanagawa, Niigata, Shizuoka, Kyoto and Nara prefectures.

There are 4 acquirers from China including Hong Kong, 3 acquirers from Singapore, 2 acquirers from Macao and 2 acquirers from the Virgin Islands. Total forest area acquired during 2006 to 2022 is 2,732 hectares by 320 cases.

Wood product imports for the first half of 2023 for China

Volume of logs during January to June, 2023 is 9.3 % less than January to June, 2022. One of reasons is that Russia banned exporting logs to overseas. On the other hand, volume of lumber is 10.5 % more than the same period last year. 1,000 cbms of all Russian logs are red pine logs and the rest of all Russian logs is hardwood logs. There are no more softwood logs imported China from Russia.

German logs are 10 % less than the first half of 2022. Polish and Japanese logs increased from the same period last year. NZ logs are 8.3 % increase from the same period last year because storm and flood damages, which were caused by a cyclone, have been influencing the log export. However, the log export would rise after the situation in NZ gets back to normal. Volume of lumber of many countries exceeded the results of January to June, 2022. Especially, volume of lumber of Sweden and Belarus are two times more than the same period last year.

Import of laminated structural lumber

Imported laminated structural lumber in January to June, 2023 is 281,012 cbms, 42.8 % less than January to June, 2022. This is for the first time in thirteen years to be under 300,000 cbms. The reason is that orders for laminated structural lumber have been a small volume since last year due to an excessive supply. Volume of laminated small lumber such as laminated post decreases a lot from the first half of 2022.

Laminated structural lumber from Finland is 130,713 cbms, 32.1 % down from the same period last year. Laminated structural lumber from Romania is 38,156 cbms, 58.8 % down from the same period last year. The reason for decline would be a reduction of product at Radauti mill of HS Timber Group in Romania. Austria declines by 49.4 %. Russia declines by 47.3 %. China declines by 64.1 %.

Volume of Germany during January to June, 2022 was 23,815 cbms but volume of Germany during January to June,

Domestic lumber and logs

Dull movement of domestic lumber in August influences demand and supply of logs. The price of cedar post reaches the bottom in northern part of Kanto region at the end of July but the movement of domestic lumber changed in August. The market price of KD cedar post in Kanto region is around 55,000 – 60,000 yen, delivered per cbm. Demand and supply of lumber, laminated lumber and plywood are sluggish through the nation so a market tone is low. The price of log with A sort for lumber and log with B sort are not easy to be lowered.

The price of raw timber in northern part of Kanto region declined to 10,000 yen, delivered per cbm during May and June. In Ibaraki Prefecture and Fukushima Prefecture, the log price was 8,000 yen. Then, there was a reduction of raw timber and the log price started to rise in July and August.

In Tochigi Prefecture, 3m cedar log was around 11,000 – 13,000 yen at the end of July. There is less raw timber in Kyushu area due to the torrential rain at the beginning of July. Some manufacturers from northern part of Kyushu area, Kumamoto Prefecture and Miyazaki Prefecture collected logs and once the market price of log became strong. However, demand and supply are weak in places, where had no damages of the torrential rain.

In Akita Prefecture, there was also a heavy rain and there were damages on mountains and forests. However, there are enough inventory of plywood and laminated lumber and there is no effect for raw timber now.

Plywood

Movement of domestic softwood plywood in August was not good. Since the price of domestic softwood plywood reached the bottom in July, there had been orders to trading companies and wholesalers. However, demand of house is unclear in the future so movement of domestic softwood plywood became slow after the summer holiday in August.

Consumers purchase only a small amount to fill current needs. 12 mm 3 x 6 structural softwood plywood is 1,600 yen, delivered per sheet and this is no change from last month.

Plywood companies in Western and Eastern Japan left prices unchanged in August. Thus, several plywood companies would raise the price in September because of increasing fuel expenses, electricity bills and salaries. Volume of imported plywood has been decreasing and demand of imported plywood is not active after the summer holiday ended in August.

2.4 mm 3 x 6 plywood in South Asia costs around \$950, C&F per cbm. 3.7plywood is \$880, C&F per cbm. 5.2 mm plywood is \$850, C&F per cbm. Form plywood is \$560, C&F per cbm. Structural plywood is \$560, C&F per cbm.

The market price of form plywood and structural plywood is 1,800 yen, C&F per cbm. 2.5 mm plywood is 780 yen, C&F per cbm. 4 mm plywood is 1,000 yen, C&F per cbm. 5.5 mm plywood is 1,200 yen, C&F per cbm.

The price of painted plywood for concrete form reaches the bottom in South Asia. In July, shippers in South Asia raised the price by \$20 – 50, C&F per cbm, up from previous time because there is a shortage of painted plywood for concrete form in Japan. The price in South Asia is \$670, C&F per cbm. The price of 12 mm 3 x 6 form plywood in Japan is 1,950 yen, delivered per sheet.

Wood products import for the first half of 2023

According to The Japan Lumber Importers’ Association, volume of imported lumber during January to June, 2023 is 4,438,000 cbms, 34 % less than the result of January to June, 2022. This volume would not exceed the result of 1962. It was 9,310,000 cbms in 1962.

Imported log is 1,058,000 cbms, 26.7 % less than the same period last year. This is because of a decrease in North American log. Imported lumber is 1,692,000 cbms, 40.5 % less than the same period last year. European lumber decreases 43.5% from the first half of 2022. The woodshock, which occurred in spring, 2021 started to calm down in autumn, 2021.

However, volume of imported lumber at the first half of 2022 was massive volume because the lumber arrived to Japan very late. Then, trading companies decreased a number of orders for lumber at the second half of 2022. Therefore, the volume of lumber at the first half of 2023 plunged. North American log and lumber are 29.8 % down. European log and lumber are 43.4 % down.

There has been no record for Russian log because of banned import and export between Russia and Japan. There had been a small demand for South Sea log for producing plywood. Since demand of domestic log for crating increased, volume of NZ log decreased.

Laminated structural lumber is 281,000 cbms, 42.8 % less than the first half of 2022. This decrease in laminated structural lumber is linked to the decrease in North American and European lumber. Plywood is 33 % less than the same period last year.

Investment in real estate development

The National Bureau of Statistics has reported that in the first seven months of this year there was a year-on-year decline of 8.5% in total real estate investment and that investment in residential buildings was down by 7.6% year on year.



Source: National Bureau of Statistics, China

New policy to prop-up property market

The Ministry of Housing and Urban-Rural Development, the People's Bank of China and the General Administration of Financial Supervision jointly issued a Notice on ‘Optimizing the Identification Standards for the Number of Housing Units in Personal Housing Loans’. This promotes the implementation of policy measures on "Recognizing housing without recognizing loans" for the purchase of the first home.

Under this new system, even if a new buyer has once had a loan, as long as the borrower’s current name does not appear in the property registry they can apply for a mortgage. Current sentiment in the residential property markets in China's four first-tier cities has lifted as local governments have announced policy changes to boost demand. It is expected this measure will help stabilise the property market.

Beijing, Shanghai, and Guangzhou and Shenzhen in Guangdong Provinces have eased credit rules for homebuyers identifying people with no local ownership of residential properties as first-time homebuyers eligible for favorable mortgage conditions.

The new local definition of first-time homebuyers further fueled sentiment. The cities decided that, regardless of their previous home mortgage history, as long as members of families (including borrowers, spouses and minor children) applying for housing loans do not own any apartment or home in the city they should be treated as first-time homebuyers. The top-tier cities have seen heightened activity in both downtown and suburban areas as more pre-owned homes came onto the market.

See: https://sz.house.ifeng.com/news/2023_09_06-56492995_0.shtml

New opportunities for building materials enterprises

The interior decoration and building materials industry is characterised by "large industry, small enterprises". With more pre-owned homes coming onto the market, demand for interior decoration and building materials is still large.

Top ranked enterprises in the sector are expected to further expand their market share while small companies that do not have competitive advantages in terms of cost, efficiency and innovation face greater pressure.

Analysts say that decoration and building materials enterprises will usher in new development opportunities under the continuous promotion of favorable policies. For example, the renovation and construction of urban villages requires a large amount of material including doors and windows, tiles, floors etc. which has generated new market demands providing more business opportunities and cooperation opportunities for enterprises.

Most of the companies that achieve performance growth are leading enterprises in the sector or enterprises with strong core competitiveness.

See: https://sz.house.ifeng.com/news/2023_09_06-56492995_0.shtml

Growth of the building materials industry promoted

China's eight Departments jointly issued a 'Work Plan for Stable Growth of the Building Materials Industry'.

The operational revenue of enterprises in producing green building materials and new materials will increase by more than 10% per year according to the Plan. Production capacity in energy efficiency standard levels for cement, glass and the ceramics industries will account for more than 15% of the expected growth.

The Plan also makes it clear that China will expand investment and promote industrial transformation and upgrading to improve supply and stimulate new growth drivers in the industry to promote green building materials, cultivate green consumption and deepen international cooperation.

It is proposed to promote green transformation and fully implement the 'Plan for Carbon Peaking in the Building Materials Industry', support qualified regions and enterprises to carry out green and low-carbon demonstration zones and investigate effective models.

With a focus on cement, flat glass, building ceramics and glass fibre industries China will secure energy-saving and carbon reduction technology. China will deepen the activities of selling green building materials in rural areas.

To expand the consumption of green building material products in rural areas all localities are encouraged to explore green building materials and promote the development of green building materials activities.

China will organise pilot demonstrations of the application of green building materials projects, guide key construction enterprises to increase the application scope and procurement of green building materials, promote the coordinated development of green building materials and green buildings, and increase the proportion of green building materials used in the renovation of new buildings and existing buildings.

China will improve the certification system for green building materials, improve evaluation standard system of green building materials products, further expand the scope of implementation of green building materials product certification and accelerate certification of green building materials products, promote the interconnection between green building materials product certification data and relevant credit application databases and promote the mutual recognition and common use of green building materials product certification results among different departments and levels.

See:

https://www.mohurd.gov.cn/xinwen/gzdt/202308/20230828_773789.html

First exports of mortise and tenon wooden doors

800 sets of RTA mortise and tenon solid wooden doors were recently exported to North America from Qidong County of Hengyang City in Hu'nan. This is the first export of such products from Hunan Province.

See: <https://news.cri.cn/n/20230908/376b47d4-61f4-b338-b8b1-5822416defa1.html>

Nanxun wooden floor "paving" to the "Belt and Road"

Data show that the value of wood flooring exports along the "Belt and Road" countries through Huzhou Customs under Hangzhou Customs amounted to RMB300 million between January to July 2023.

At present, Huzhou wood flooring enterprises have successfully opened up markets in Thailand, Malaysia and Vietnam along the "Belt and Road".

Nanxun District of Huzhou City in Zhejiang Province is known as the "wood flooring capital of China". Wood flooring industrial clusters have become the most active economic industrial cluster in the area with more than 2,000 wood production and processing enterprises, including more than 400 wood flooring enterprises.

See: https://www.sohu.com/a/717568606_121106832

GTI-China Index in August 2023

The latest data released by China's General Administration of Customs shows that in the first seven months of this year the total value of China's imports and exports reached 23.55 trillion yuan, a year-on-year increase of 0.4%. Exports were 13.47 trillion yuan, an increase of 1.5% while imports were 10.08 trillion yuan, a decrease of 1.1%.

The GTI states in August the manufacturing sector in China continued to improve.

With the release of the "Circular on Optimising the Criteria for the Recognition of Housing Units in Personal Housing Mortgage" at the end of August, Beijing, Shanghai, Guangzhou and Shenzhen, the four major first-tier cities in China, announced families that own no property in the region are to be treated as first-time homebuyers eligible for favorable mortgage conditions.

The change in the housing mortgage policy aims to alleviate pressure on homebuyers and bring positive momentum to the real estate market indirectly boosting the timber and furniture markets.

In August this year the timber and wood products markets in China showed a steady recovery trend but international market demand had not fully recovered. Data shows that the production volume and new orders of the industries represented in the GTI-China increased compared to the previous month but the number of export orders remained low.

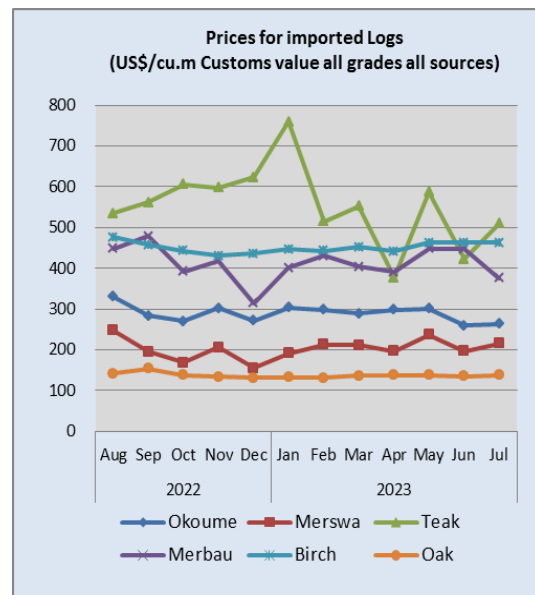
In August the GTI-China index recorded 52.6%, a decrease of 0.4% compared to that of the previous month and was above the critical value (50%) for 2 consecutive months indicating that business conditions of the timber enterprises represented in the GTI-China index expanded from last month but at a slower rate.

See: <https://www.itto-ggsc.org/static/upload/file/20230915/1694740138375092.pdf>

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

	2023 Jun	2023 Jul
Okoume	260	263
Merswa	196	215
Teak	423	510
Merbau	447	375
Birch	462	463
Oak	135	138

Data source: Customs, China

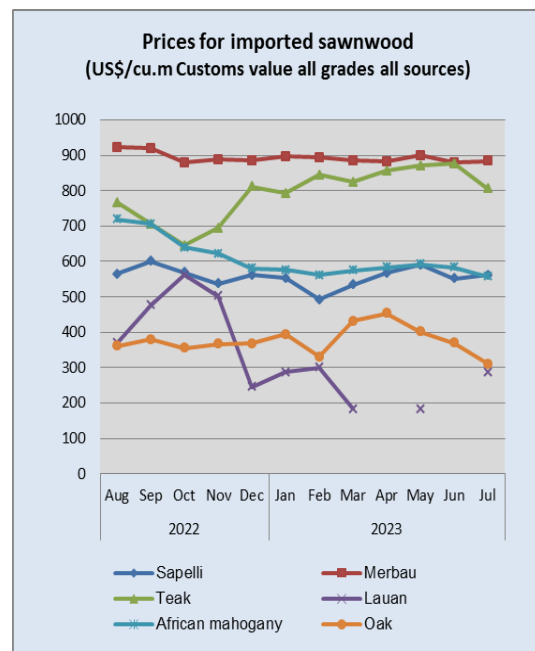


Data source: Customs, China

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

	2023 Jun	2023 Jul
Sapelli	551	562
Merbau	879	883
Teak	877	805
Lauan		287
African mahogany	584	558
Oak	369	310

Data source: Customs, China

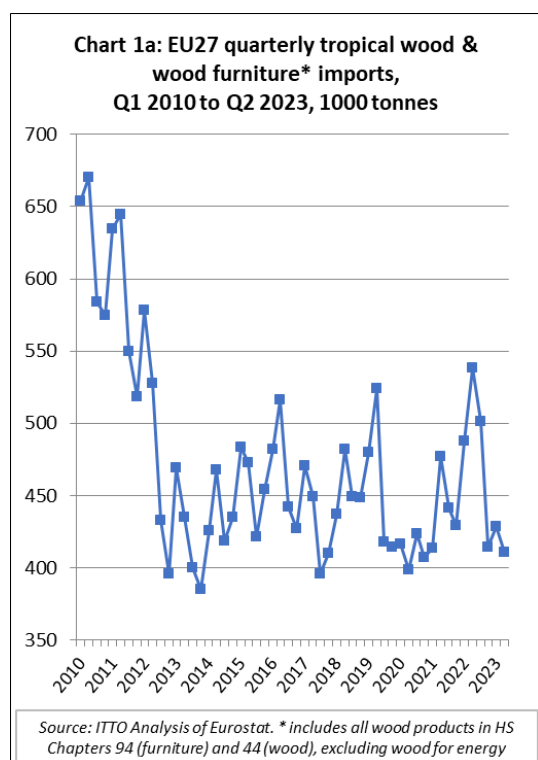


Data source: Customs, China

EU27 tropical wood product imports decline in first half of 2023

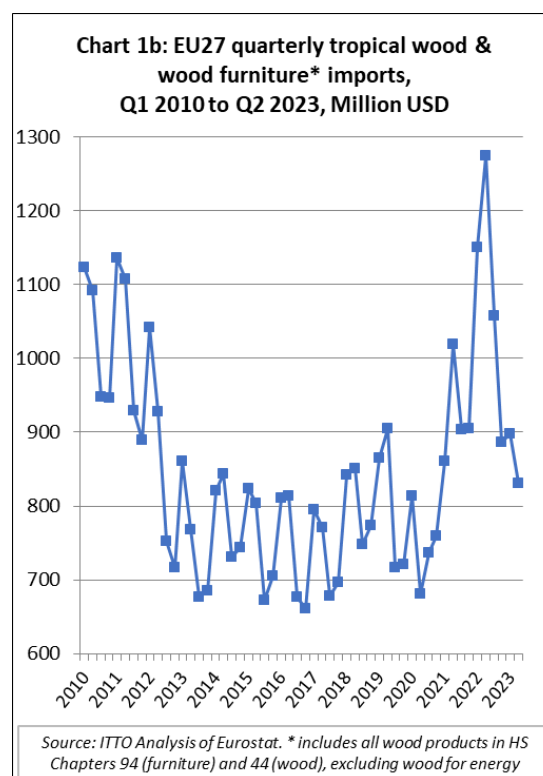
In the first six months of this year, the EU27 imported 838,900 tonnes of tropical wood and wooden furniture products with a total value of USD1.73b, respectively 18% and 29% less than the same period in 2022. The scale of the decline in trade in the first six months of this year is partly due to imports being at historically high levels in the first half of 2022, particularly when considered in value terms.

In quantity terms, EU27 imports of tropical wood and wooden furniture totalled 410,000 tonnes in the second quarter of this year, 4% less than the previous quarter and 24% down on the same quarter in 2022. The quantity of EU27 imports in both the first and second quarters this year was well below the long-term average of around 450,000 tonnes per quarter during the 2012 to 2019 period (Chart 1a).



The total value of EU27 imports of tropical wood and wooden furniture was USD831m in the second quarter of this year, 7% less than the previous quarter and 35% below the same quarter last year.

Despite the steep fall this year, import value in both the first and second quarters was significantly above the long-term average of around USD800m per quarter between 2012 and 2019, the period of relatively stagnant market conditions for tropical products that prevailed in Europe before the COVID crises (Chart 1b).



Overall, the trade data highlights that import prices for tropical wood and wooden furniture products in the EU27 market remained relatively high in the first half of this year despite sharp falls in freight rates and declining consumption. This is in line with broader inflationary trends impacting on the EU market, particularly driven by high energy costs.

EU economy forecast to grow just 0.8% this year

The European Commission’s Summer Economic Forecast published on 11 September indicates that inflation in the EU, while still high, was easing in the first half of 2023 as a result of declining energy prices and moderating inflationary pressures from food and industrial goods. In the euro area, the annualised inflation rate reached 5.3% in July, exactly half of the peak level of 10.6% recorded in October 2022, and remained stable in August.

According to the EC Forecast, energy prices are set to continue declining for the remainder of 2023, but at a slowing pace and they may increase slightly again in 2024, driven by higher oil prices. Inflation in services has so far been more persistent than previously expected, but it is set to continue moderating as demand softens under the impact of monetary policy tightening and a fading post-COVID boost.

The EC Forecast suggests that the EU economy continues to grow, albeit with reduced momentum. It revises growth in the EU economy down to 0.8% in 2023, from 1% projected in the EC’s Spring Forecast, and 1.4% in 2024, from 1.7%. The latest Forecast confirms that economic activity in the EU was subdued in the first half of 2023.

Domestic consumption was weak as tightening monetary policy has restricted the provision of bank credit to the economy.

The EC Forecast also highlights that survey indicators now point to slowing economic activity in the summer and the months ahead, with continued weakness in industry and fading momentum in services. This is despite a strong tourism season in many parts of Europe, declining energy prices, and an exceptionally strong labour market. The EU currently has record low unemployment rates and wages have continued to expand.

The EC Forecast also notes that the global economy has fared somewhat better than anticipated in the first half of the year, despite a weak performance in China. However, the outlook for global growth and trade remains broadly unchanged compared to spring, implying that the EU economy cannot count on strong support from external demand.

Overall, the EC Forecast concludes that “the weaker growth momentum in the EU is expected to extend to 2024, and the impact of tight monetary policy is set to continue restraining economic activity. However, a mild rebound in growth is projected next year, as inflation keeps easing, the labour market remains robust, and real incomes gradually recover. Russia's ongoing war against Ukraine and wider geopolitical tensions continue to pose risks and remain a source of uncertainty”.

Meanwhile, the construction sector in the EU is performing poorly. The HCOB Eurozone Construction PMI edged down to 43.4 in August 2023, well below the 50-mark which is the threshold for stable conditions and down from the previous month's 43.5. This was the sixteenth successive deterioration in total activity and the lowest reading since December 2022.

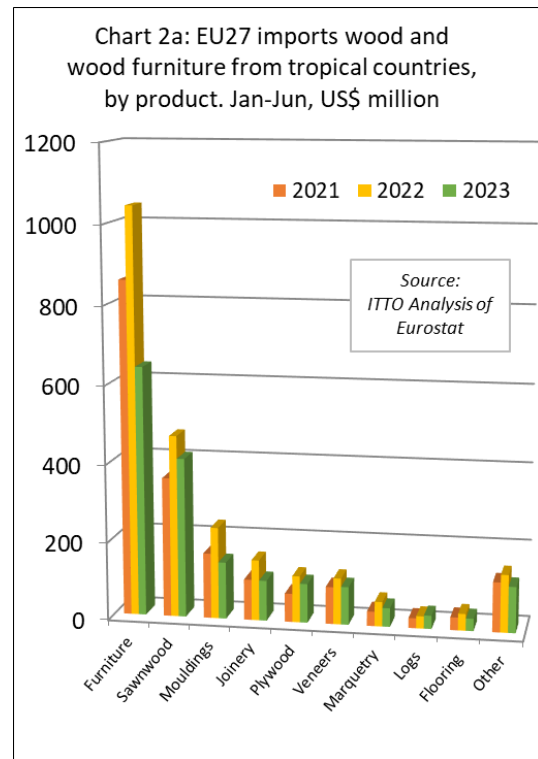
Housing activity in August posted the fastest pace of contraction since April 2020, while commercial works and infrastructure activity declined more slowly. New orders decreased for the seventeenth successive month, but at slower pace, and buying levels declined the most since May 2020. Overall, businesses maintained a pessimistic outlook for the next 12 months, citing tight financial conditions, limited investment, and economic uncertainty as contributing factors.

Particularly large fall in EU import value of secondary and tertiary tropical products

There was a year-on-year decline in EU27 import value for all tropical wood product groups except logs between January and June this year (Chart 2a).

Overall, the decline in import value was more severe for secondary and tertiary processed products than for primary processed products.

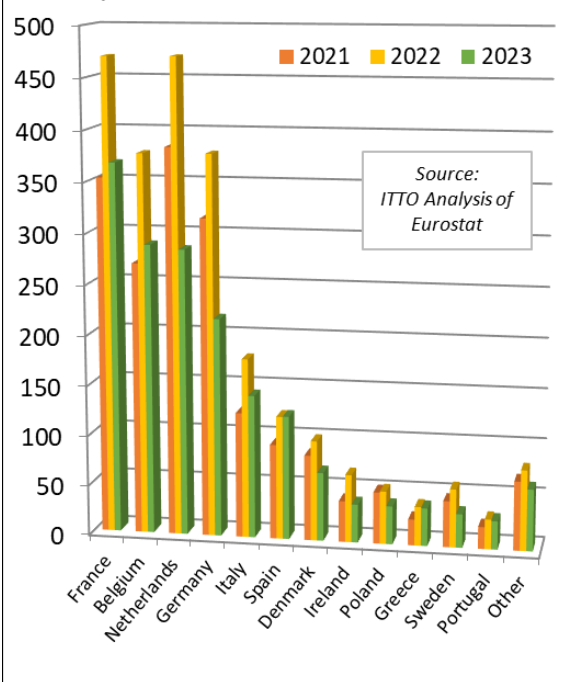
During the six-month period, there were large declines in EU27 import value for: wooden furniture from tropical countries (-39% to USD640m); tropical mouldings/decking (-38% to USD146m); tropical joinery products (-33% to USD104m); tropical marquetry (-24% to USD48m); and tropical flooring (-26% to USD32m). More moderate declines were recorded for EU27 imports of tropical sawnwood (-12% to USD409m), tropical-hardwood-faced plywood (-16% to USD100m); and tropical veneer (-18% to USD97m). EU27 import value of tropical logs increased 9% to USD34m during the six-month period.



In terms of EU destinations, import value of tropical wood and wooden furniture in the first six months this year was down year-on-year in all the main markets except Spain where import value increased marginally (+0.3% to USD123m). Elsewhere there was a relatively minor decline in Greece (-3% to USD38m) and Portugal (-5% to USD28m).

Much larger falls in import value were recorded in France (-22% to USD368m), Belgium (-24% to USD288m), the Netherlands (-40% to USD285m), Germany (-43% to USD217m), Italy (-20% to USD142m), Denmark (-32% to USD68m), Ireland (-43% to USD38m), Poland (-28% to USD38m), and Sweden (-42% to USD34m) (Chart 2b).

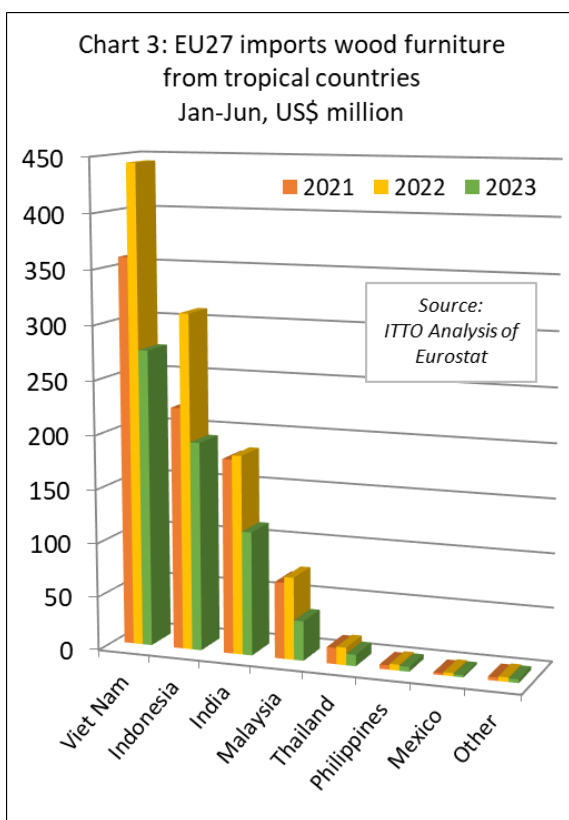
Chart 2b: EU27 imports wood and wood furniture from tropical countries, by destination. Jan-Jun, US\$ million



EU27 wooden furniture imports from tropical countries decline by more than 30%

In the first six months of 2023, the EU27 imported 143,000 tonnes of wooden furniture from tropical countries with a total value of USD640m, down 32% and 39% respectively compared to the same period in 2022.

Chart 3: EU27 imports wood furniture from tropical countries Jan-Jun, US\$ million



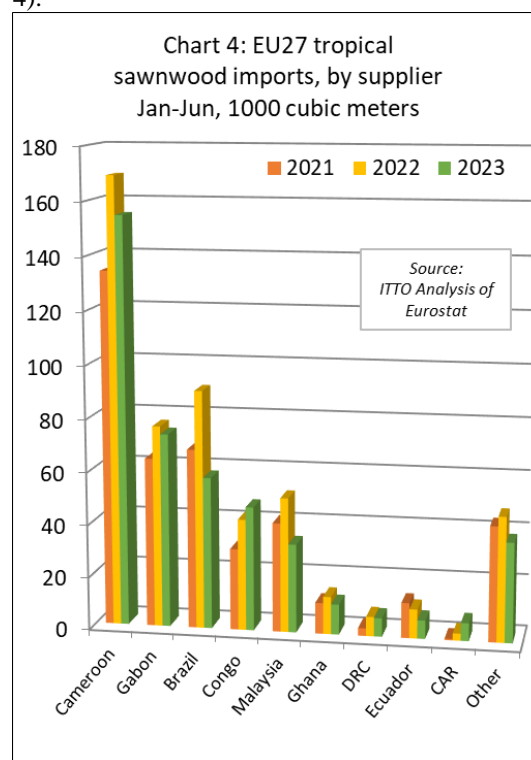
Import value decreased 38% to USD275m from Vietnam, 38% to USD193m from Indonesia, 38% to USD115m from India, 52% to USD37m from Malaysia, and 35% to USD11m from Thailand. EU27 wooden furniture imports from all other tropical countries were negligible during the six-month period (Chart 3).

Slowing EU27 imports of tropical sawnwood and mouldings

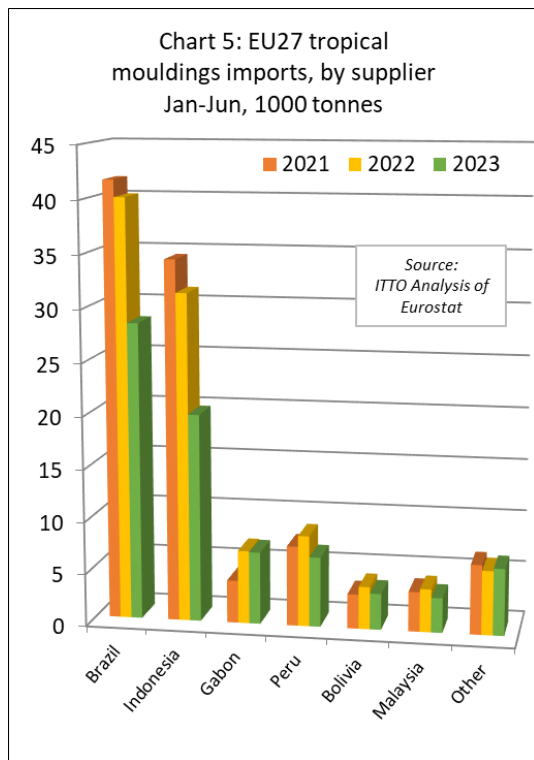
The EU27 imported 436,700 cubic metres of tropical sawnwood in the first six months of 2023, 15% less than the same period in 2022. Imports increased from Congo (+12% to 47,100 cubic metres) and CAR (+154% to 6,800 cubic metres).

However, these gains were offset by declining imports from Cameroon (-9% to 154,700 cubic metres), Gabon (-4% to 73,600 cubic metres), Brazil (-36% to 57,600 cubic metres), Malaysia (-34% to 33,600 cubic metres), Ghana (-19% to 11,500 cubic metres), DRC (-5% to 7,000 cubic metres), and Ecuador (-37% to 7,000 cubic metres) (Chart 4).

Chart 4: EU27 tropical sawnwood imports, by supplier Jan-Jun, 1000 cubic meters



The EU27 imported 75,000 tonnes of mouldings/decking in the first six months of 2023, 26% less than the same period last year. Imports from the two largest supply countries fell sharply: down 29% to 28,400 tonnes from Brazil; and down 37% to 19,900 tonnes from Indonesia. Imports from Gabon fell more slowly, down 1% to 6,900 tonnes. There was a sharp fall in imports from Peru (-23% to 6,700 tonnes), Bolivia (-15% to 3,500 tonnes), and Malaysia (-19% to 3,300 tonnes) (Chart 5).

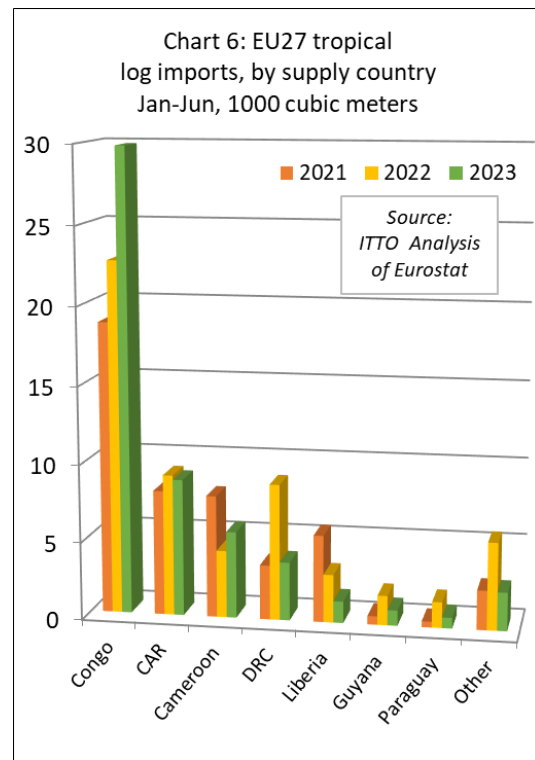


In the first six months of 2023, the EU27 imported 53,500 cubic metres of tropical logs, 6% less than the same period in 2022. The most significant trend during the period was a sharp 31% rise in EU27 log imports from Congo to 30,000 cubic metres.

This surge in European arrivals – which was concentrated in the first quarter of this year - probably reflects a last-minute effort to ship logs in advance of the log export ban imposed by the Republic of Congo from 1st January 2023.

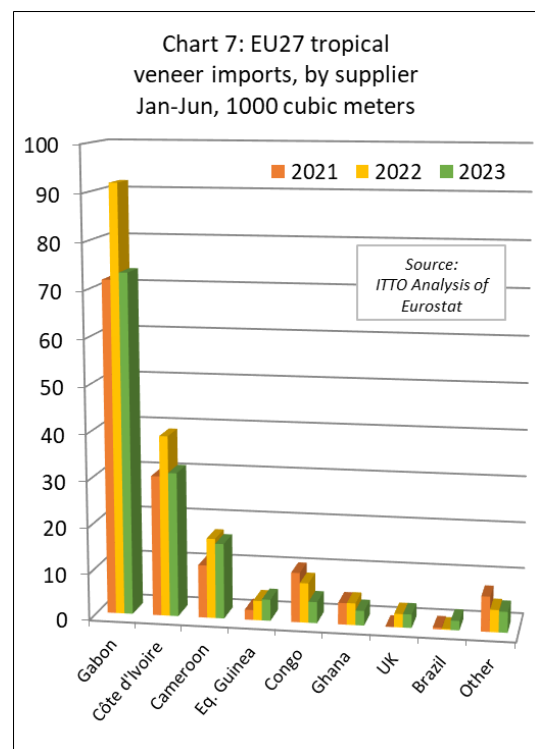
EU27 imports of logs also increased sharply from Cameroon (which may be derived from neighbouring Congo or Central African Republic) in the first six months this year, rising 29% year-on-year to 5,600 cubic metres.

EU27 imports of tropical logs from all other supply countries declined during the period including Central African Republic (-3% to 8,800 cubic metres), Democratic Republic of Congo (-57% to 3,800 cubic metres), Liberia (-55% to 1,400 cubic metres), Guyana (-48% to 1000 cubic metres) and Paraguay (-58% to 700 cubic metres) (Chart 6).



Downturn in EU27 imports of tropical veneer but plywood more stable

In the first six months of 2023, the EU27 imported 142,400 cubic metres of tropical veneer, down 18% compared to the same period last year. Imports of tropical veneer from Gabon, by far the largest supplier to the EU27, decreased 20% to 73,300 cubic metres after rising sharply last year.

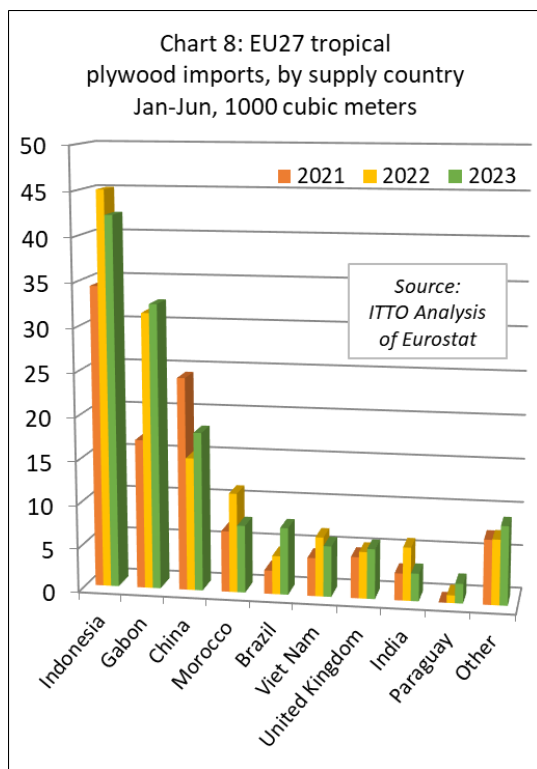


EU27 veneer imports in the first six months of this year also declined from Côte d'Ivoire (-20% to 31,100 cubic metres), Cameroon (-6% to 16,200 cubic metres), Congo (-47% to 4,600 cubic metres), and Ghana (-33% to 3,200 cubic metres).

However, imports from Equatorial Guinea increased by 9% to 4,600 cubic metres and imports from Brazil were up sharply from negligible levels last year to 2,000 cubic metres in the first six months of this year (Chart 7)

In the first six months of 2023, EU27 tropical plywood imports were 134,200 cubic metres, unchanged from the same period last year. Imports from Indonesia, at 42,300 cubic metres, were down 6% compared to the same period last year. Imports also fell from Morocco (-32% to 7,700 cubic metres), Vietnam (-14% to 5,800 cubic metres), and India (-48% to 3,200 cubic metres).

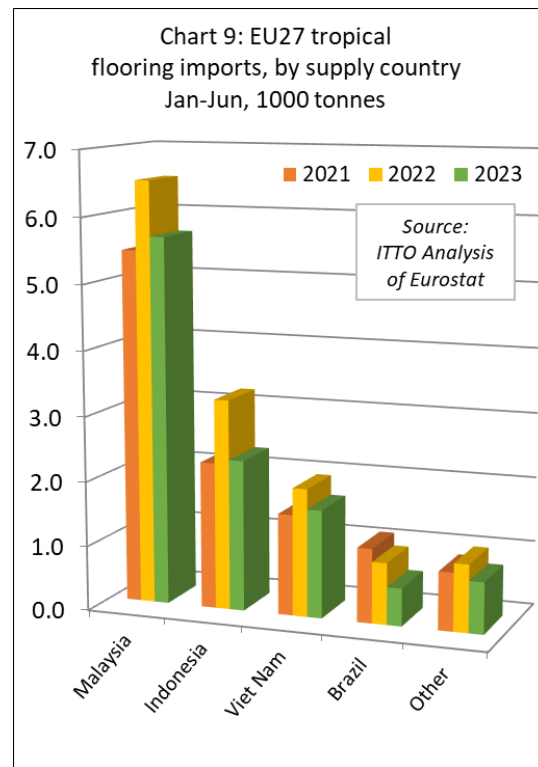
However, imports increased from Gabon (+3% to 32,500 cubic metres), China (+19% to 18,100 cubic metres), and Brazil (+74% to 7,700 cubic metres) (Chart 8).



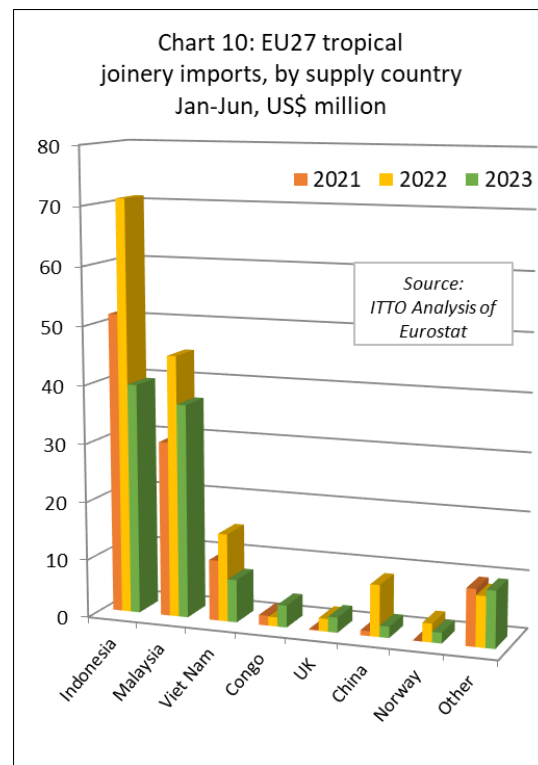
EU27 imports of tropical laminated products decline from all countries except Congo

In the first six months of 2023, the EU27 imported 11,000 tonnes of tropical wood flooring, down 20% compared to the same period last year. The consistent rise in EU27 wood flooring imports from Malaysia that began in 2020 has stalled this year.

Imports of 5,700 tonnes from Malaysia in the first six months of 2023 were 13% less than the same period in 2022. Imports also fell from Indonesia (-28% to 2,300 tonnes), Vietnam (-16% to 1,700 tonnes), and Brazil (-39% to 580 tonnes) (Chart 9).



The value of EU27 imports of other joinery products from tropical countries - which mainly comprise laminated window scantlings, kitchen tops and wood doors - declined 33% to US\$104m in the first six months of 2023. Imports were down 44% to US\$40m from Indonesia, down 18% to US\$37m from Malaysia, down 52% to US\$7m from Vietnam, and down 78% to less than US\$2m from China.



In a potentially significant longer-term development, given efforts in the country to shift up the value chain as log exports are banned, EU imports of laminated joinery products from Congo were valued at US\$3.7m in the first six months of this year, 140% more than during the same period last year (Chart 10).

North America

Imports of tropical hardwood products continue to climb

While not yet back to last year's levels, US imports of tropical hardwood and related products climbed in July as hardwood plywood imports swelled 38%, rising for a fifth straight month.

Imports of tropical hardwood veneer and hardwood mouldings both bounced back from weak June numbers with veneer rising 96% and mouldings gaining 44%. Imports of sawn tropical hardwood gained 5% and imports of assembled flooring panels rose 7% while imports of wooden furniture and hardwood flooring held flat in July, falling less than 1%.

Hardwood plywood imports surge 38%

The volume of US imports of hardwood plywood rose for a fifth consecutive month in July, surging 38% over the previous month. The 354,292 cubic metres of plywood imported last month was 31% higher than July 2022 imports, making it the first time this year imports for a month surpassed that of the previous year.

Imports climbed from most trading partners with imports from Indonesia rising 50%, imports from Vietnam gaining 30%, and imports from China up 27%.

Despite the upward momentum of late, imports from most countries remain down sharply year on year and total import volumes are down 42% through July.

Hardwood plywood imports

	Jul-23 cu.m	MoM % change
Total	354,292	38%
China	6,263	27%
Russia	12,302	-12%
Indonesia	50,269	50%
Malaysia	5,159	-5%
Cambodia	10,254	24%
Vietnam	47,326	30%
Ecuador	10,444	-3%
Other	212,275	47%

Data source: US Census Bureau, Foreign Trade Statistics

Imports of sawn tropical hardwood rise

US imports of sawn tropical hardwood continued their recovery in July, rising 5% from the previous month.

The 18,773 cubic metres imported in July, while down 21% from July 2022, is the highest-volume month so far this year.

Imports from Brazil and Ecuador both rose by more than 60% while imports from Indonesia gained more than 50%. Imports of Balsa and Ipe both rose by more than 40% while imports of Teak more than doubled and imports of Jatoba surged to their highest volume of the year.

Imports are still trying to recover from a slow start to the year and are down 36% versus last year through July.

Canadian imports of sawn tropical hardwood fell 19% in July from the previous month. Despite the decline, imports still managed to outpace last July by 18.5%.

Imports from Ghana were up 85% while imports from Bolivia, Indonesia, and Ecuador all fell to zero for the month. Total imports through July are down 14% versus 2022.

Sawn tropical hardwood imports

	Jul-23 cu.m	Yoy % change
Total	18,773	-47%
Ecuador	1,100	-27%
Brazil	6,113	-51%
Cameroon	1,080	-46%
Malaysia	1,923	-8%
Congo (Braz)	1,086	-44%
Peru	142	-77%
Indonesia	2,624	-77%
Ghana	554	-19%
Cote d'Ivoire	189	-43%
Other	3,962	-14%

Data source: US Census Bureau, Foreign Trade Statistics

US veneer imports rebound

US imports of tropical hardwood veneer nearly doubled in July, rebounding from a disappointing June to reach their highest level of the year so far. Rising more than 96% on surging imports from Cameroon (up 147%) and India (up more than 1,000%), July's total was still 13% below that of July 2022.

Italy has been the biggest supplier to the US by far in recent years, but imports from Italy have fallen sharply this year. The 61% decline in imports from Italy in 2023 has been met with increases of 335% in imports from Cameroon, 128% in imports from Cote d'Ivoire, and 73% in imports from China so far this year.

Total imports of tropical hardwood veneer are relatively flat this year, up 2% over 2023 through July.

Imports of assembled flooring panels up for fourth month

Imports of assembled flooring panels rose for a fourth consecutive month, gaining 7% in July. Imports surged from Indonesia and Thailand to more than make up for a 20% drop in imports from top supplier Canada and a 38% fall in imports from China.

Despite the upward swing, July imports still trailed those of the previous July by 14%. Total year-to-date imports of assembled flooring panels are down 36% versus last year through July.

US imports of hardwood flooring were flat in July, falling less than 1%. Imports in July were 9% lower than those of July 2022. Imports from Brazil finally strengthened in July, rising 350% over a very weak June.

Despite the gain, imports from Brazil remain down 59% versus 2022 year-to-date. Imports from China also showed a sizable rebound from a poor June. Imports from Malaysia fell 42% in July while imports from Indonesia, which have been strong all year, slipped 10%.

Total imports of hardwood flooring are ahead of last year by 4% through July.

Moulding imports bounce back

US imports of hardwood mouldings continued their upward and downward swings of the past few months, this time heading up 44% in July to recover from a slow June. July imports were 15.5% lower than the previous July despite the gain.

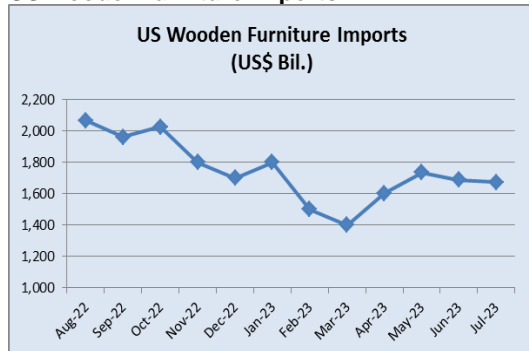
Imports from Malaysia advanced 39% in July while imports from Canada rose 27% and imports from China rose 26%. Total imports through the first half of the year are down 32% versus last year.

US wooden furniture imports remain flat

US imports of wooden furniture fell in June as imports from most countries continued to remain flat. Imports from Indonesia were the exception again, rising 33% in July after falling 30% in June.

At US\$1.67 Billion, wooden furniture imports for July were 20.5% less than that of July 2022. For the year, imports are down 28% versus last year through July.

US wooden furniture imports



Data source: US Census Bureau, Foreign Trade Statistics

Domestic cabinet sales fall

Cabinet manufacturers reported a decrease in sales of 14.5% in July compared with the previous month.

According to the Kitchen Cabinet Manufacturer's Association's (KCMA) monthly Trend of Business Survey, participants reported a decrease of 14% in customs sales, a 13.2% decrease in semi-custom sales and a 19.6% decrease in stock sales.

The survey reported that compared with July 2022, total monthly sales were down 5.1%, custom sales were up 1%, semi-custom sales were down 1.4%, and stock sales were down 23.9%.

See: <https://kcma.org/insights/july-trend-business-report-0>

Canada/US Border battle over lumber heads to court of international trade

Canada is broadening its pushback against the latest US decision to keep imposing duties on Canadian softwood lumber. Trade Minister Mary Ng says Canada is launching challenges under the North American free-trade deal as well as before the US Court of International Trade.

Ottawa has sought a judicial review of July's Commerce Department assessment of the levies, which provided modest relief but maintained the combined duty rate at 7.99%. Ng says Canada remains open to negotiating a resolution to the decades-old dispute, which she calls "unfair, unjust and illegal," while arguing it increases housing costs.

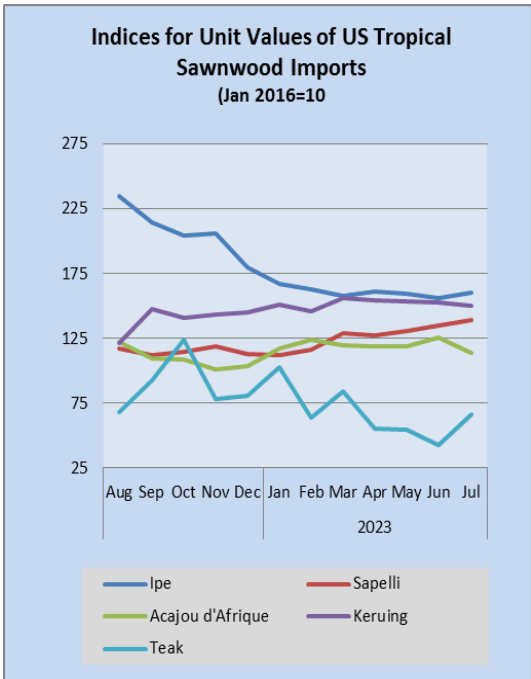
She is again urging US Trade Representative Katherine Tai to sit down and negotiate a resolution to the decades-old dispute. Such a deal would be challenging since the US takes issue with a long-standing regulatory system in Canada that it says puts American producers at a disadvantage.

"The United States is open to resolving our differences with Canada over softwood lumber to ensure a level playing field for US industry," US Ambassador to Canada David Cohen said "US trade officials have communicated to Canada our commitment to reaching an agreement if Canada addresses underlying policy issues related to subsidization and fair competition."

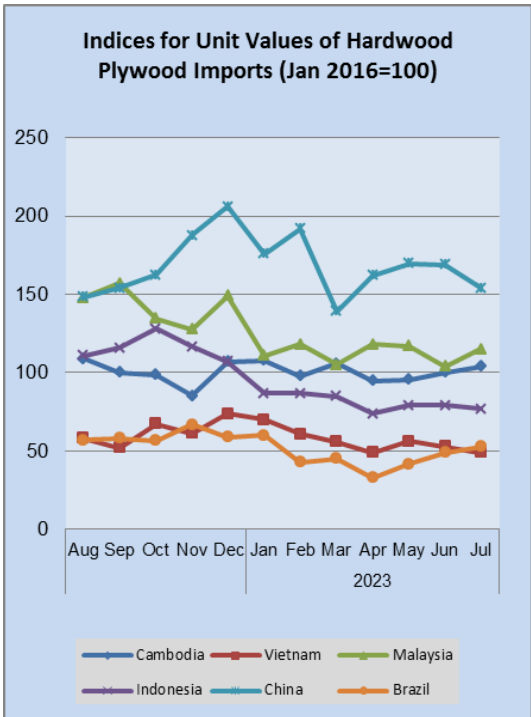
Ng's decision will have Canada bring the latest US anti-dumping duty determination before the US Court of International Trade.

In a statement, the US Lumber Coalition said it views bringing the dispute to the Court as a "welcome change" in Canada's approach to the trade case, since it traditionally insists on requesting a United States-Mexico-Canada Agreement (USMCA) panel for their appeals.

See: <https://www.woodworkingnetwork.com/news/canadian-news/border-battle-over-lumber-heads-court-international-trade>



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.

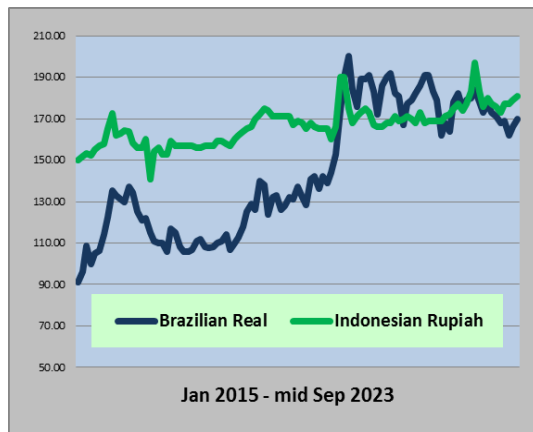
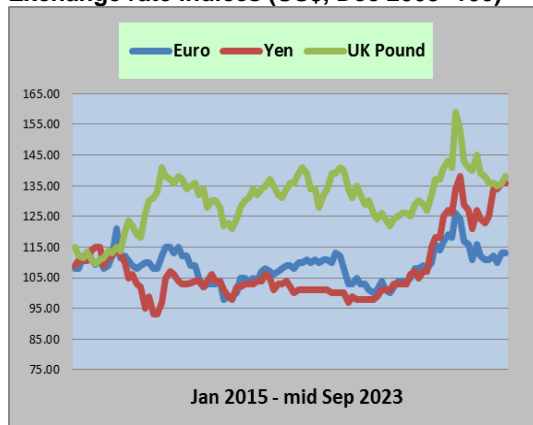
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Dollar Exchange Rates

As of 10 September 2023

Brazil	Real	4.99
CFA countries	CFA Franc	611.69
China	Yuan	7.29
Euro area	Euro	0.93
India	Rupee	82.90
Indonesia	Rupiah	15,354
Japan	Yen	146.90
Malaysia	Ringgit	4.67
Peru	Sol	3.73
UK	Pound	0.80
South Korea	Won	1,325.54

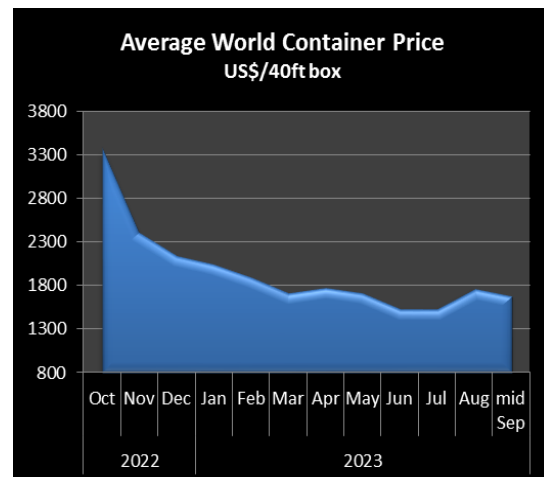
Exchange rate indices (US\$, Dec 2003=100)



Abbreviations and Equivalences

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

Ocean Container Freight Index

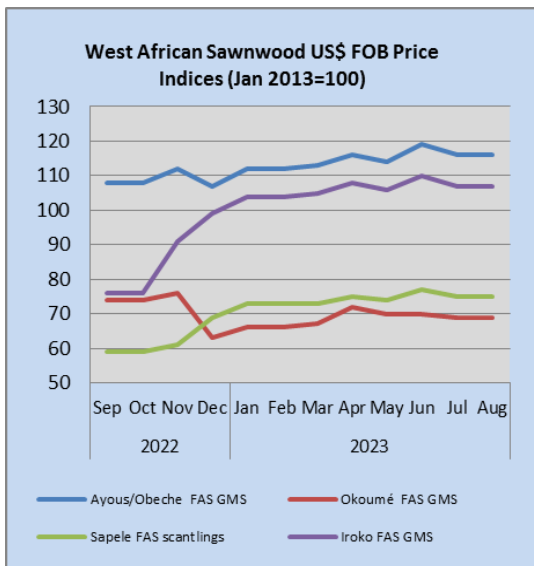
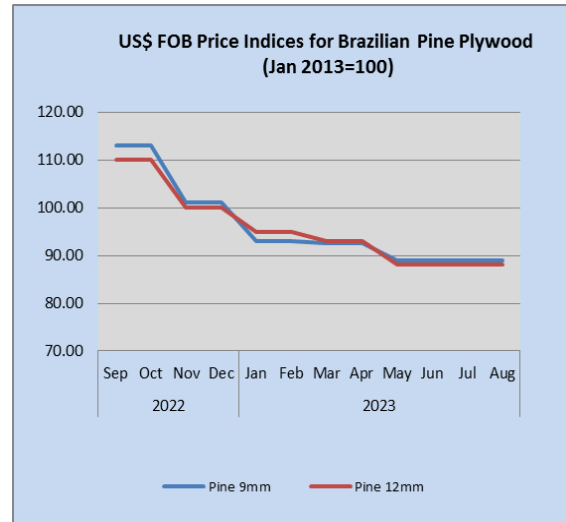
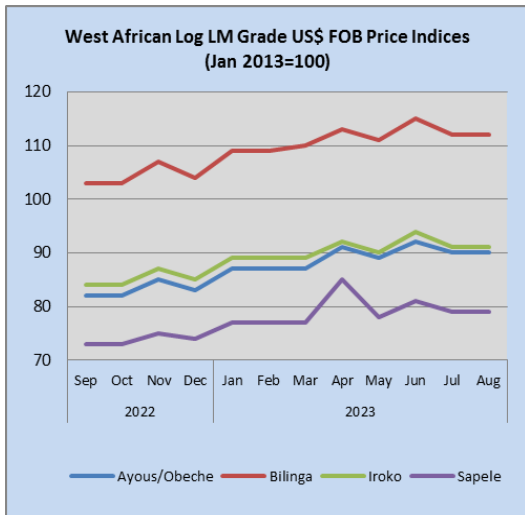


Data source: Drewry World Container Index

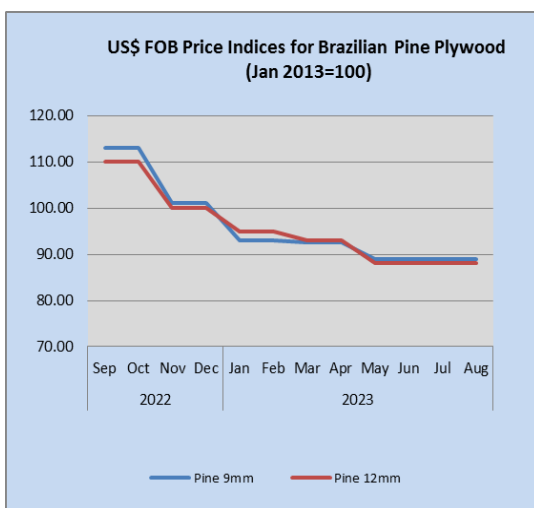
See: <https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry>

Price indices for selected products

The following indices are based on US dollar FOB prices



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



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