

Tropical Timber Market Report

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Top story

Decline in China's tropical sawnwood imports

China's sawnwood imports in the first quarter of 2023 totalled 6.522 million cubic metres, up 3% in volume but down 8% in value year on year. Of total sawnwood imports, sawn softwood imports rose 9% to 4.42 million cubic metres.

Sawn hardwood imports dropped by 8% to 2.102 million cubic metres and accounted for 32% of the national total.

Of the total sawn hardwood imports, tropical sawnwood imports were 1.372 million cubic metres valued at US\$409 million CIF, down 16% in volume and down 14% in value year on year.

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Central and West Africa

Wagner group logging in CAR

For several months, beginning last year, reports suggest the Russian Wagner group is involved in logging and export of timber from the CAR. News is circulating in the sector that a significant volume (around 465,000 cu.m) of mainly Sapelli was exported via Douala to importers in France and Denmark. This has not been verified. It appears trading is being undertaken by a company in the CAR called Bois Red.

See: <https://www.earthsight.org.uk/news/timber-linked-to-wagner-group>
and

<https://allegesonwagner.org/2022/07/26/come-follow-the-redwood-trees-tracking-wagners-forestry-business-in-car/>

Export prices remain stable in most markets

Operators report that markets, while active, are generally quiet. Operators in Gabon and Congo are facing unsettled weather. Despite the expected arrival of the dry season heavy rain and thunderstorms persist daily. This abnormal weather pattern is causing delays in forest operations and transport.

In terms of transportation, the railways in Congo, Gabon, and Cameroon are said to be operating normally with no recent reports of derailments. However, the timber industry is facing challenges due to substantial delays in log transportation and this, along with high transport road fees, is adding to the financial strain on companies.

Export prices have remained stable in most markets over the past months and operators wish for an opportunity to raise prices to offset rising production costs. However, there has been downward pressure on prices from buyers in the Middle East and some Europe countries. Demand for padouk in Belgium is flat with little opportunity for shippers looking for better prices.

Exporters in Gabon have again raised the issue of delays in securing CITES certificates which can now extend to as long as a week whereas it was 3-4 days recently.

The port of Antwerp is reportedly grappling with congestion related to conventional timber shipments as importers are delaying trucking. These delays are often attributed to the absence of EUTR documents and the necessary CITES certificate.

Shipping timber break-bulk to Europe has become increasingly challenging according to shippers as only two shipping lines, Grimaldi and Bocs, serve Europe offer this service. Producers say if these lines are unable to fill ships with cargo twice a month at northern ports, such as Douala and Bata, they opt to cancel calls to Gabon.

Training on legality and traceability

ATIBT, through its previous activities in the Republic of Congo and the "Appui au Secteur Privé" (ASP-Congo) project, is involved in the implementation of the APV FLEGT process.

A training plan for legality and traceability support was prepared and two training workshops were organised in Ouessou (northern Congo) and in Pointe-Noire (southern Congo).

The aim was to build the capacity of private-sector forestry companies in timber legality and traceability with a view to enhancing their involvement in the implementation of the FLEGT VPA process in the Republic of Congo. Twelve forestry companies benefited from this training

See: <https://www.atibt.org/en/news/13337/deployment-of-vpa-congolegal-verification-system-lvs>

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)	205	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	450
Bilinga FAS GMS	580
Okoumé FAS GMS	380
Merchantable KD	400
Std/Btr GMS	420
Sipo FAS GMS	420
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	1,200
FAS scantlings	1,200
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 Republic of Congo and Gabon.

See https://www.itto-ggsc.org/list_52/439.html

IMF approves US\$3 bil. facility to stabilise the economy

The International Monetary Fund (IMF) has approved Ghana's request seeking a US\$3 billion Balance of Payment Support of which US\$600 million has already been transmitted to the government.

The IMF issued a press statement saying "As you know Ghana has been facing a severe economic and financial crisis with a debt burden assessed as unsustainable. More specifically, a combination of pre-existing vulnerability and external shocks as the COVID-19 pandemic, Russia's war in Ukraine have resulted in acute financing pressures, depreciating cedi, declining international reserves, slowing economic activities and high inflation.

In response to these difficult circumstances, the Ghanaian authorities have taken decisive steps. Just to give you a few examples, the 2023 budget and the associated revenue reforms were very important first steps towards putting public finances back on the sustainable track.

To restore that sustainability, the Government has launched a comprehensive debt restructuring; and the Bank of Ghana has also taken decisive steps to control inflation and these efforts are already paying off. These are all essential ingredients to address the current challenges and to boost Ghana's prospects going forward".

Local analysts expressed concern, saying businesses should be ready for higher taxes as conditions attached to the IMF support are demanding. Speaking at the 7th Ghana CEOs Summit and Expo in Accra, the Country Managing Partner of Deloitte Ghana, Daniel Owusu, urged government to review the current tax regime to lessen the burden on the private sector as they are struggling to survive. Other speakers also called on government to consider to creating a conducive environment for businesses by reviewing burdensome taxes.

The Public Utilities Regulatory Commission (PURC) introduced an 18% increase in tariffs for electricity and natural gas in the second quarter of 2023. A PURC press release attributed the utility increase to the depreciation of the local currency, high inflation and the cost of natural gas as the major factors behind the increase. The PURC has also announced tariff increases for water.

See:

<https://www.imf.org/en/News/Articles/2023/05/24/tr051823-transcript-of-ghana-press-briefing>

and

<https://thebftonline.com/2023/05/25/review-oppressive-taxes-govt-urged/>

Teak accounts for most sawnwood exports to Asia

In the first two months of 2023 Ghana's air-dried sawnwood accounted for 54% (24,589 cu.m) of the total wood exports of 45,312 cu.m, to be the leading export product. These exports earned Euro9.90 million which was 21% more than in the same period in 2022. In contrast, exports of kiln-dried sawnwood declined 13% (Euro3.52 million in January-February of 2023 compared to Euro3.72 million for January-February of 2022).

Air-dried sawnwood, together with mouldings and plywood were the only three out of thirteen products that registered significant year-on-year growth of 14%, 25% and 175% respectively in 2023 when compared to 2022.

India and Vietnam were ranked the first and second in terms of Ghana's exports of air-dried sawnwood. India absorbed 22,100 cu.m of the product valued at Eur8.35 million with Vietnam 1,072 cu.m which earned Eur0.83 million to become a major market for Ghana's air-dried sawnwood.

Export trends



Data source: TIDD

Between January and April 2023 Asian markets absorbed most of the teak exported from Ghana (27,890 cu.m) compared to the previous year (26,554cu.m). This was followed by the Middle East where there was a with 1.4% increase in 2023, however, demand in Europe, regional markets and the US weakened compared to the same period in 2022.

TIDD data shows that the Asian market accounted for close to 62% of all wood product exports in 2023 as against 60% recorded in 2022.

Exports by region, cu.m

Market	Jan-Feb.22	Jan-Feb.23
Asia	26,554	27,890
Europe	7,660	7,448
Africa	5,857	5,564
USA	2,756	2,319
Middle East	1,410	2,090
Total	44,237	45,311

Data source: TIDD

Five species namely teak (90%), papao (3%), deny (2%), dahoma (1%) and kako/ekki (1%) accounted for the bulk (97%) of the air-dried sawnwood exports in the first two months of 2023.

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	850
Niangon Kiln dry	910

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	385	441
Chenchen	477	612
Ogea	513	590
Essa	648	722
Ofram	350	435

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
	Air-dried	Kiln-dried
FAS 25-100mmx150mm up x 2.4m up		
Afrormosia	860	925
Asanfina	465	564
Ceiba	290	311
Dahoma	452	553
Edinam (mixed redwood)	640	721
Emeri	660	779
African mahogany (Ivorenensis)	599	896
Makore	560	885
Niangon	800	855
Odum	570	1,004
Sapele	770	824
Wawa 1C & Select	454	520

Export sliced veneer

Sliced face veneer	FOB
	Euro per cu.m
Asanfina	1,133
Avodire	2,999
Chenchen	1,131
Mahogany	1,762
Makore	1,046
Odum	2,315
Sapele	1,574

Export plywood prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	501	580	641
6mm	412	535	604
9mm	320	504	560
12mm	758	476	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%.

GDP grows 5.6% in first quarter

The Malaysian economy grew 5.6% in the first quarter of 2023 driven by further expansion of household spending, continued private investment, improving labour market conditions and higher tourism. During the first quarter private consumption increased by almost 6%, private investment (by 5%) and public investment by (6%), however, public consumption declined.

See: <https://business.inquirer.net/400579/malaysias-economy-grows-5-6-in-q1-above-forecast>

New Chairman for MTC

The Malaysian Timber Council (MTC) has just provided a press release on the appointment of its new chairman, Tuan Haji Zainal Abidin Haji Abdullah.

The release says “Having started his career as a Forest Officer in 1992 at the Sarawak Forest Department, Tuan Haji Zainal was seconded to the Sarawak Forestry Corporation Sdn Bhd (SFC) as its Area Manager in 2003. He held several positions at SFC including Security & Asset Protection Manager, Revenue Manager and Regional Manager before becoming its Deputy General Manager in June 2018”.

See:

http://mtc.com.my/images/media/1441/Press_Release_on_MTC-s_New_Chairman_18.4.2023.pdf

A virtual gallery for Malaysian wood products

The Malaysian Timber Council (MTC) will create ‘Timber Reality’ a virtual showroom with galleries for Malaysian-made timber and furniture products to attract buyers around the world. Timber Reality will connect consumers worldwide, create awareness of Malaysian wood products and build confidence in Malaysian manufacturers.

Apart from encouraging the timber industry to embrace digitalisation ‘Timber Reality’ will be a promotional tool for a new marketing frontier for Malaysian wood products.

See: <https://www.mfc.my/post/mtc-timber-reality-virtual-programme>

Log tracking system upgraded

The Sarawak Forest Department (FD) has improved the Sarawak Log Tracking and Forest Revenue System (REVLOG) by adding a new module known as the ‘Forest Licensee Portal’ that allows timber licensees to submit applications online related.

This, says the FD, benefits to the Department and licensees through enhancing productivity, operational efficiency and data sharing. REVLOG is an online application system to manage forest and monitor logging activities from issuance of licenses until post-logging activities.

The technology is also used to monitor the movement of logs along the log supply chain and for the collection of forest tax revenue.

See: <https://dayakdaily.com/forest-depts-online-system-enhanced-to-allow-applications-related-to-log-supply-chain-activities/>

Engineered wood products

The Sarawak Timber Industry Development Corporation (STIDC) organised a workshop to discuss development of initiatives to drive utilisation of engineered wood products (EWP) in Sarawak. A focus group discussed regulatory requirements of the Sarawak Buildings Ordinance, 1994, availability of raw material, R&D capacity and available expertise.

See: <https://www.theborneopost.com/2023/05/17/stidc-swak-committed-to-promote-engineered-wood-for-environmental-sustainability/>

Exports of major wood products (Jan – Feb 2023)

	2022 Q 1 RM mil.	2023 Q2 RM mil.
Builders joinery	197	189
Chip/particle board	51	36
Fibreboard	137	146
Logs	68	85
Mouldings	137	142
Plywood	543	348
Sawnwood	385	301
Veneer	13	11
Wooden Furniture	1,983	1,285
Other Products	614	572
Total	4,128	3,115

Through the eyes of industry

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See: https://www.itto-ggsc.org/list_52/439.html

Indonesia

Lightwood-Hub creates new opportunities

The Association of Indonesian Forest Concession Holders (APHI) welcomed the new ‘Lightwood-Hub’ to promote lightwood for building construction. The chairman of APHI, Indroyono Soesilo, stated that, currently, the world is entering the era of a Green Economy including the building of ‘Green Buildings’ which use a lot of wood products in the construction process.

To further encourage the use of light wood Indroyono stressed the need for synergy between three parties; forestry businesses as providers of wood raw materials, architects as designers of buildings with light wood materials and construction engineers who understand how to use wood.

Indroyono also called on APHI members to be more courageous in exploring opportunities to use lightwood.

See: <https://forestinsights.id/2023/05/12/aphi-sambut-kehadiran-lightwoodhub-buka-potensi-pasar-kayu-rimba-campuran/>

First Quarter 2023 furniture exports

Furniture exports earned US\$501 million in the first quarter of 2023. The Director General of Agro Industries in the Ministry of Industry, Putu Juli Ardika, said the expansion of furniture exports was reflected in the Industrial Confidence Index (IKI) which reached a level of 51.38 in April 2023 signaling expansion.

The Ministry of Industry has implemented several policies to support the growth of the furniture industry including facilitating the ‘Raw Material Logistics Center’ in an effort to improve the supply of raw materials for the furniture industry, the establishment of the ‘Furniture and Wood Processing Polytechnic’ in Kendal to train workers for the furniture industry, the machine/equipment restructuring programme for the wood processing industry and empowerment of SMEs through SMEs centers.

See: <https://akurat.co/furnitur> and

<https://www.viva.co.id/siaran-pers/1599690-kemenperin-upayakan-industri-furnitur-terus-berekspansi?page=all>

In related news, the Minister for Cooperatives and Small and Medium Enterprises, Teten Masduki, has urged furniture and craft manufacturers to seek new alternative markets in response to changes in traditional markets.

He noted that over the next few years the sector has to target alternative markets, not just America and Europe. Echoing this sentiment, Agro-Industry Director General, Putu Juli Ardika, said Indonesian furniture products are frequently exported to Europe and the United States, which are currently experiencing economic stagnation.

He reported that an export task force has been formed and it is currently investigating new markets for furniture one of which would be member countries of ASEAN, Middle Eastern countries and non ASEAN Asian countries.

See: <http://bisnisbali.com/industri-furnitur-lokal-didorong-bidik-pasar-ekspor-alternatif/>

Interzum 2023 exhibition

Indonesian wood products recorded potential transactions worth US\$3.1 million at the May Interzum 2023 exhibition. Didi Sumedi, Director General of National Export Development in the Ministry of Trade said that Indonesian wood products are appreciated by European consumers because of the quality and style.

The Acting Director of Manufacturing Export Development, Ganef Judawati, added that the exhibition was a prestigious international event that attracted around 70,000 visitors and exhibitors and became a business opportunity for around 1,800 exhibitors from Europe, Asia and America.

In 2022, exports of Indonesian wood products to Germany were recorded at US\$95 million, down 4% compared to the previous year. Meanwhile, exports of Indonesian wood products to the European Union in 2022 were recorded at US\$389 million, down 3% in 2022 compared to 2021.

See: <https://swa.co.id/swa/trends/economic-issues/produk-kayu-olahan-ri-mampu-bukukan-transaksi-rp-46-miliar-di-pasar-eropa>

Strategies for sustainable forest management

The Indonesian government presented three strategies for sustainable forest management on the first day of the 18th session of the United Nations Forum on Forests (UNFF18) at the United Nations (UN) Headquarters.

The Director General of Sustainable Forest Management Ministry Environment and Forestry (KLHK), Agus Justianto, mentioned Indonesia's three contributions to realising the United Nations Strategic Plan for Sustainable Forest Management. Implementation of Indonesia's FOLU Net Sink 2030 agenda, implementation of multi-business forestry and the active involvement of communities in forest management through the Social Forestry programme.

On the multi-business forestry scheme utilisation is no longer focused only on wood but also on optimising the potential of non-timber forest products, ecotourism and environmental services.

See: <https://www.antaranews.com/berita/3529572/indonesia-paparkan-strategi-pengelolaan-hutan-lestari-dalam-sidang-pbb> and <https://www.msn.com/id-id/berita/nasional/klhk-beberkan-3-kontribusi-indonesia-wujudkan-rencana-pbb-untuk-pengelolaan-hutan/ar-AA1aYtKu>

President seeks forestry partnership with Brazil

On the sidelines of the G7 Summit President Joko Widodo sought a strengthened partnership between Indonesia and Brazil on forestry. Forestry related issues are a priority for both countries as Indonesia and Brazil are among the countries with the largest area of tropical forests.

The two leaders came to an agreement to convince developed countries to realise their commitments to provide funds for tackling issues related to climate change.

See: <https://en.antaranews.com/news/282333/president-seeks-to-intensify-forestry-partnership-with-brazil>

Indonesia and EU complete 14th IEU-CEPA negotiations

Indonesia and the European Union (EU) completed the 14th round of the Indonesia-EU Comprehensive Economic Partnership Agreement (IEU-CEPA) negotiation in Brussels, from May 8–12, 2023. According to a statement published the two parties managed to achieve significant progress on the development of the agreement in the negotiation round.

The Director of Bilateral Negotiations at the Indonesian Ministry of Trade, Johni Martha, has been reported as saying with this progress we are optimistic that we can achieve the determined targets in this negotiation process.

18 substantive primary issues were negotiated in the 14th round including trade in goods, rules of origin, trade in services, trade security, investment, government procurement, transparency and regulatory practice, dispute resolution, institutional provisions as well as intellectual property rights.

Other issues discussed were state-owned enterprises, economic cooperation and capacity building, investment court system, subsidies, anti-fraud policies, energy and raw materials, small and medium enterprises as well as trade technical barriers.

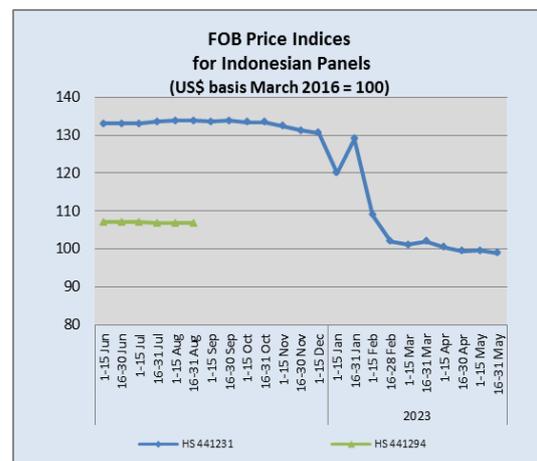
See: <https://en.tempo.co/read/1725637/indonesia-eu-complete-14th-ieu-cepa-negotiations-round>

Strengthening economic fundamentals

Indonesia continues to strengthen economic fundamentals in support of economic growth according to the Minister of Finance, Sri Mulyani Indrawati, In the post pandemic era Indonesia is focusing on how to strengthen economic fundamentals.

The Minister explained that, even during the pandemic, Indonesia continued highly ambitious reforms, including the tax harmonisation law, alignment of central and regional fiscal policies, financial sector reform and a job creation law. Financial sector reforms included the integration and adoption of financial technology (fintech), strengthening efforts for small and medium enterprises (SMEs) and consumer data protection.

See: <https://en.antaranews.com/news/281208/indonesia-continues-to-reform-to-boost-economic-fundamentals-minister>



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

Through the eyes of industry

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

https://www.itto-ggsc.org/list_52/439.html

Myanmar

Our apologies for not being able to deliver news from Myanmar in this issue.

India

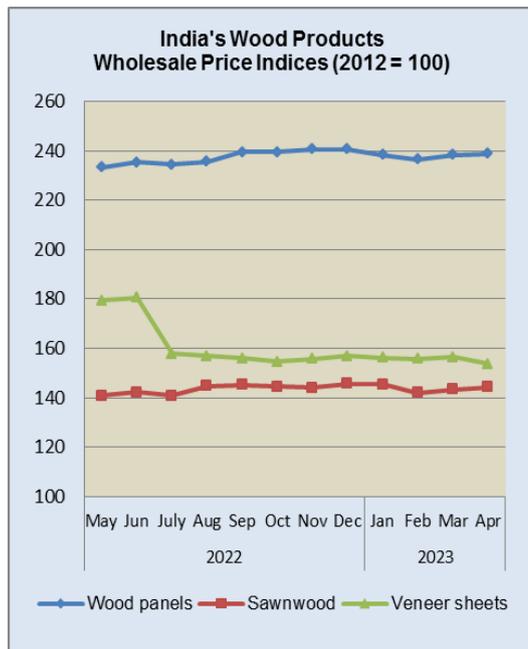
High interest rates and weak international demand could dampen prospects for exports

India's economy is projected to expand by almost 6% in 2023 driven mostly by domestic demand according to the latest UN World Economic Situation and Prospects report. However, high interest rates and weakening international demand could dampen prospects for exports and investment.

See: <https://www.livemint.com/economy/indias-economy-backed-by-domestic-demand-but-high-cost-of-funds-hinders-investments-un-report-11684340454975.html>

Wood products price indices

The annual rate of inflation based on all India Wholesale Price Index (WPI) in April was 0.92% compared to 1.34% recorded in March 2023. The decline in the rate of inflation in April 2023 was mainly due to a fall in prices of basic metals, food products, mineral oils, textiles, non-food articles, chemical products, rubber and plastic products and paper.



Data source: Ministry of Commerce and Industry, India

Out of the 22 NIC two-digit groups for manufactured products, the price index for 14 groups increased while for 8 groups there was a decline. Some of the groups that recorded a drop in prices were chemicals; basic metals; food products; fabricated metal products (except machinery and equipment) leather and related products; paper and paper products.

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

EU and India Trade and Technology Council (TTC)

A press release from the EC has announced the first meeting of the new trade council which is seen key deepen the strategic partnership on trade and technology. The TTC is a coordination platform to address key trade, technology and security challenges.

The ministerial meeting reviewed the work of three workings groups:

- Strategic technologies, digital governance and digital connectivity
- Green and clean energy technologies
- Trade, investment and resilient value chains

The EU and India enjoy a robust trading relationship. The EU is India's 2nd largest trading partner accounting for Eur120 billion worth of trade in goods in 2022 or 10.8% of total Indian trade. India is the EU's 10th largest trading partner accounting for 2% of EU total trade in goods. Trade in services between the EU and India reached Eur40 billion in 2021.

See:

https://ec.europa.eu/commission/presscorner/detail/en/ip_23_2728

2,000 rupee notes to be removed from circulation

The Reserve Bank of India has announced it will take out of circulation its highest denomination currency note, the ,2000-rupee note. The 2,000 rupee notes were introduced immediately after the demonetisation exercise. This move will affect small businesses in many sectors and could be a major challenge for these businesses.

See:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12506&Mode=0>

Heatwave in parts of north and central India

Only towards the end of May did the heat wave in parts of northwest India ease. With temperatures rising to 45 Celsius the Meteorological Department (IMD) issued heatwave warnings over Delhi-NCR and adjoining areas. However, the IMD indicated that the worst of the hot weather had passed by 24 May with the arrival of light rain and cloudy weather.

See: <https://indianexpress.com/article/india/india-heatwave-weather-update-may-22-8621988/>

Import update

Teak log prices, C&F US\$/Hoppus cu.m April 2023

	Hoppus cu.m	US\$ C&F
Brazil	129	280
Colombia	99	341
Costa Rica	-	-
Ecuador	149	215
Ghana	137	225
Ivory Coast	87	479
Nigeria	154	284
South Sudan	69	325
Tanzania	102	275
Laos	161	270

Teak sawnwood prices, C&F US\$/cu.m April 2023

	cu.m	US\$ C&F
Benin	72	643
Brazil	162	517
Colombia	91	346
Costa Rica	85	272
Ecuador	-	-
Ghana	163	331
Ivory Coast	109	403
Nigeria	109	341
South Sudan	96	312
Tanzania	116	349
Togo	108	329
Venezuela	124	429

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

JICA loan for forestry

On behalf of Japan, JICA signed a loan agreement with the Government of India to provide loans of up to a total of Yen 426,814 million for four projects, one of which is for Forest and Biodiversity Conservation for Climate Change Response in West Bengal.

The object of this forestry project is to mitigate and adapt to climate change, conserve, and restore ecosystems by ecosystem-based climate change measures, biodiversity conservation and restoration, livelihood improvement activities and institutional strengthening thereby contributing to sustainable socio-economic development in West Bengal. The Executing Agency will be the Department of Forests, Government of West Bengal.

See:

https://www.jica.go.jp/english/news/press/2022/20230329_33.html

Vietnam

Highlights of Wood & Wood Product (W&WP) Trade

According to the General Department of Customs in April 2023 W&WP exports were valued at US\$1.09 billion, down 4.3% compared to March 2023 and down 32% year-on-year.

In particular WP exports stood at US\$777 million, up 0.5% compared to March 2023 but down 33% compared to April 2022.

In the first 4 months of 2023 W&WP exports amounted to US\$3.9 billion, down 31% over the same period in 2022. The WP exports alone accounted for US\$2.6 billion, down 38% over the same period in 2022.

W&WP exports to the Japanese market in April 2023 were valued at US\$126.9 million, down 17% compared to April 2022. In the first 4 months of 2023 W&WP exports to Japan reached US\$556.3 million, up 1.8% over the same period in 2022.

In April 2023 Vietnam's exports of kitchen furniture were valued at US\$82 million, down 40% compared to April 2022. In the first 4 months of 2023 exports of kitchen furniture reached US\$295 million, down 34% year-on-year.

W&WP imports into Vietnam in April 2023 stood at US\$169.1 million, down 13% compared to March 2023 and down 39% compared to April 2022.

Vietnam's W&WP exports to South Korea in April 2023 were valued at US\$66 million, down 39% compared to April 2022. Over the first 4 months of 2023 W&WP exports to South Korea totalled US\$273.5 million, year-on-year down 23%.

Vietnam's wood pellet exports in April 2023 earned US\$60 million, down 27% compared to April 2022. In the first 4 months of 2023 wood pellet exports generated US\$260 million, year-on-year rise of 10%.

Wood raw material imported into Vietnam from Southeast Asia in April 2023 stood at 71,000 cu.m, worth US\$21.0 million, down 17% in volume and down 14% in value compared to March 2023.

The total amount imported from this source into Vietnam in the first 4 months of 2023 stood at 248,580 cu.m valued at US\$73.5million, down 18% in volume and 30% in value compared to the same period in 2022.

Vietnam's W&WP exports to Japan

The main products exported to Japan in the first 3 months of 2023 were wood chips (US\$428.5 million, year-on-year up 8.8%), followed by wood pellets (US\$98.8 million, up 42% over the same period in 2022).

Vietnam is emerging as a top supplier of wood chips and pellets to Japan. The pace of growth in wood pellet exports from Vietnam to Japan, is declining. In contrast, Japan's imports of wood pellets from the US have been rising. Japan consumes around 30-35% of the woodchips produced in Vietnam.

After chips and pellets is wooden furniture. In the first 3 months of 2023 wooden furniture shipped to Japan from Vietnam was valued at US\$98.8 million, down 26% year-on-year.

Wooden chair frames were the top export item at US\$25.8 million, down 15%, followed by living and dining room furniture, US\$25 million, down 39%, bedroom furniture US\$22.8 million, down 11%.

W&WP exports to Japan, March and first 3 months of 2023

Commodities	3/2023 (US\$1,000)	Against 3/2022 (%)	3 months of 2023 (US\$1,000)	Year-on- year growth	Shares (%)	
					3 months of 2023	3 months of 2022
Total	158,686	5.4	428,471	8.8	100.0	100.0
Woodchip	65,000	21.7	173,100	21.8	40.4	36.1
Wooden furniture	36,715	-28.4	98,770	-25.7	23.1	33.7
Wooden frame seat	10,953	-9.6	25,844	-14.6	6.0	7.7
Guest-room & dining room furniture	8,876	-43.6	24,989	-39.0	5.8	10.4
Bed-room furniture	8,680	-4.1	22,780	-11.1	5.3	6.5
Kitchen furniture	4,359	-43.5	15,435	-23.2	3.6	5.1
Office furniture	3,847	-42.1	9,722	-39.0	2.3	4.0
Wood pellet	33,413	24.6	98,754	42.1	23.0	17.6
Wood-based panels and floorings	16,241	-10.2	43,663	-5.7	10.2	11.8
Wooden handicraft	89	-26.4	358	-30.1	0.1	0.1
Wooden door	132	1.5	235	-21.1	0.1	0.1

Vietnam's imports of tali decreasing

With a supply of 89,000 cu.m (worth US\$36.1 million) Cameroon accounted for a 73% share of total imports of tali in the first 3 months of 2023.

According the General Department of Customs, Vietnam's imports of tali from all sources in April 2023 totalled 32,400 cu.m worth US\$13.6 million, down 12% in volume and 13% in value compared to March 2023. Compared to April 2022 imports decreased by 24% in volume and 23% in value.

In the first 4 months of 2023, tali wood imports reached 158,500 cu.m worth US\$65.3 million a year-on-year drop of 8% in volume and 7% in value.

Vietnam's imports of tali logs and sawnwood, first 3 months of 2023

Log/lumber	3 months of 2023			Year-on-year change		
	Volume (m ³)	Value (US\$1,000)	Mean price (US\$/m ³)	Volume	Value	Mean price
Log	68.383	25.583	374.1	-6.4	-5.8	0.6
Lumber	52.898	24.049	454.6	-6.1	-6.1	0.0

Source: Vietnam General Department of Customs

The average price of tali imported into Vietnam in the first 3 months of 2023 reached US\$409/cu.m, a slight increase over the same period in 2022. In particular, the price for tali imported from Congo increased by 10% over the same period in 2022 to US\$481/cu.m.

Tali wood suppliers for Vietnam in the 3 first months of 2023

Suppliers	3 months, 2023			Year-on-year change (%)			Volume share (%)	
	Volume (m ³)	Value (US\$1,000)	Unit price (US\$/m ³)	Volume	Value	Unit price	3 months, 2023	3 months, 2022
Total	121.281	49.632	409.2	-7.3	-6.7	0.6	100.0	100.0
Cameroon	89,041	36,114	405.6	1.7	0.9	-0.7	73.4	66.9
Congo	11,248	5,414	481.4	45.2	60.2	10.3	9.3	5.9
Gabon	6,432	2,213	344.0	-8.3	-8.8	-0.6	5.3	5.4
Laos	3,147	2,300	731.1	-19.0	-20.8	-2.2	2.6	3.0
Hong Kong	2,548	1,260	494.5	-16.9	10.3	32.8	2.1	2.3
China	2,419	608	251.2	-71.0	-81.5	-36.3	2.0	6.4
Nigeria	1,740	393	226.1	-68.3	-70.4	-6.6	1.4	4.2
Ghana	1,570	381	242.8	31.4	4.0	-20.8	1.3	0.9
Equatorial Guinea	1,415	329	232.4	463.4	598.1	23.9	1.2	0.2
EU	653	271	415.7	-41.9	-50.3	-14.4	0.5	0.9
France	615	252	409.8				0.5	0.0
Rumani	38	19	511.8	80.2	127.7	26.4	0.0	0.0
Zambia	227	75	330.0				0.2	0.0
Cambodia	196	53	269.6	-83.3	-81.9	8.7	0.2	0.9
Samoa	157	37	235.6				0.1	0.0
Angola	154	42	274.1	-56.3	-58.7	-5.5	0.1	0.3
Colombo	153	98	643.6	-58.1	-59.7	-3.8	0.1	0.3

Source: Vietnam General Department of Customs

Vietnam's imports of wood raw material from Southeast Asia dropping sharply

In the first quarter of 2023 imports of wood raw material from Southeast Asia to Vietnam amounted to 95,080 cu.m, worth US\$18.55 million, down 14% in volume and down 28% in value over the same period in 2022.

Supply by country

In the first quarter of 2023 Vietnam imported mainly particleboard, fibreboard and sawnwood from Thailand. Imports of particleboard and fibreboard decreased significantly over the same period in 2022 with particleboard imports falling 21% in volume and 44% in value. Fiberboard imports were down by 41% in volume and 50% in value. Sawnwood imports soared by 200% in volume and 100% in value in the same period.

In the first quarter of 2023 imports of wood raw material from Laos to Vietnam amounted to 49,800 cu.m worth US\$24,475 million, down 12% in volume and 24% in value over the same period in 2022.

Logs and sawnwood were the two main wood categories imported from Laos in the first quarter of 2023. While sawnwood imports from Laos decreased by 15% in volume and 25% in value compared to the same period in 2022, log imports increased by 24% in volume and 13% in value.

The volume of wood raw material imported from Malaysia and Indonesia to Vietnam in the first quarter of 2023 increased sharply compared to the same period in 2022, up 89% and 67%, respectively.

The wood products imported from the Malaysia were sawnwood, logs and particleboard while from Indonesia the increased imports relied on flooring, particleboard and sawnwood.

Southeast Asia suppliers of wood raw material for Vietnam (Volume: cu.m; Value US\$000s)

Supplier	3/2023		Against 02/2023 (%)		Against 3/2022 (%)		1 st quarter 2023		Against 2 nd 2022 (%)	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Total	85,043	24,355	22.5	28.6	19.7	-8.2	178,583	52,471	-14.4	-27.8
Thailand	47,409	8,746	9.2	-0.6	31.6	-10.7	95,084	18,547	-24.8	-40.4
Laos	21,365	10,568	42.8	47.3	-9.6	-17.1	49,797	24,475	-12.0	-24.4
Malaysia	9,662	2,816	38.8	55.7	70.0	37.8	21,846	5,626	88.7	36.3
Indonesia	3,853	1,338	38.8	60.7	123.3	66.2	7,388	2,534	66.8	7.0
Cambodia	1,674	481	1,574.4	17,077.3	-20.6	-1.6	1,966	531	-59.0	-50.5
Singapore	639	302	378.0	252.2	-30.5	-22.1	825	421	-62.1	-60.0
Myanmar	440	105	-57.6	-54.9	-53.5	-60.6	1,477	337	-40.7	-43.7

Source: Vietnam General Department of Customs

Vietnamese timber exporters facing a sharp decline in orders

Vietnamese wood and wooden furniture enterprises have been facing many difficulties as export orders have dropped 50-60% since the beginning of this year, pushing firms to cut off at least half of their production capacities. Data from the General Department of Customs showed that the export turnover of wood and wooden products reached US\$3.9 billion in the first four months, down 30.6% year-on-year. The export of wooden goods saw a yearly decline of 38% to \$2.6 billion.

At the same time, the import value of wood and wooden products also decreased significantly to US\$634 million, down 33.6% over the same period last year.

During the four months, Vietnamese exports of these goods to major markets all decreased sharply such as the US (US\$2.02 billion, 38%); Japan US(\$556 million, 1.5%); South Korea (US\$274 million, 22%) and China (US\$481 million, 13%).

Analysts and businesses have said that the decrease in wood and wooden goods exports was foreseeable. They attribute the decline to inflation surges in some countries, which were also major importers of Vietnam's wood and wooden goods, resulting in sluggish demand for these products. For example, the US imported US\$1.24 billion worth of timber and wooden products from Vietnam in the first three months, a year-on-year drop of 42%.

In the context of inflation and the banking crisis, US banks have tightened credit, making importers unable to finance import goods in large quantities. The demand for US wooden furniture imports has plummeted, analysts said.

According to wood exporters, their export orders from the US market have decreased between 50% and 55% depending on the type of wood products. Meanwhile, orders from the EU - another key export market, also dropped 60%.

The Chairman of the Woodworking Association Nguyễn Liêm said "amid the current difficult context the provincial wood enterprises had slashed their production capacities by 60%.

The current global economic situation is very unpredictable," said Liêm "All market signals are not bright and it is hard for wood enterprises to draw up their business plans."

Liêm also predicted that when the market situation improved and the inventory decreased, foreign customers would continue to order but not sooner than early 2024.

Around the beginning of 2024, the market would be less difficult, and businesses would have export orders again. Still, only small ones, he said, forecasting that the market would likely recover at the end of 2024. However, the recovery growth would depend on the world's economic and political situation.

Despite a sharp slump in orders, trade experts said the US remained a key export outlet for Vietnam's wood industry. Therefore, businesses needed to maintain the US market by updating information and converting production according to the market's consumption trends.

In addition, management agencies needed to support businesses to bring Vietnamese wooden goods into large distribution systems such as Walmart, Costco and Amazon.

This was an effective way for the firms to develop their brands, avoiding relying too much on intermediaries, trade experts said.

In the current context, the Ministry of Industry and Trade and the Ministry of Foreign Affairs should continue to help businesses find out information about the market situation of products, consumer demand and tastes, Liêm suggested.

They should also support the enterprises in updating the national mechanisms and policies of importing countries on quality, design, legality and sustainability of imported wood products and providing them with information on requirements as well as changes in the trade policy of key markets such as the US, the EU and Northeast Asia, he said. The chairman added that early warnings from the ministries to help the firms minimize commercial disputes should also be included.

The chairman of the Vietnam Timber and Forest Products Association Đỗ Xuân Lập proposed to the Ministry of Foreign Affairs and the Vietnamese embassies in foreign countries to better promote international furniture fairs in Việt Nam.

It was recommended that embassies should also provide information and support Vietnamese businesses to participate in international furniture fairs, Lập said. He also petitioned the embassies to assist wood enterprises in opening companies, representative offices and stores in potential export markets

See: <https://vietnamnews.vn/economy/1541027/timber-exporters-face-a-sharp-decline-in-orders.html>

EU regulations to combat deforestation and possible impact on Vietnam

The implementation of new EU regulations aimed at combating deforestation could have a significant impact on Vietnam's forestry and agricultural exports to Europe. However, the implications can be viewed from both positive and negative perspectives.

See: <https://www.vietnam-briefing.com/news/eu-deforestation-regulations-vietnam.html/>

Brazil

Accounting for carbon in wood products

A study by the Brazilian Agricultural Research Corporation (Embrapa Florestas) has started to measure carbon accumulation in sawnwood, wood-based panels, paper as well as wood product residues. The first survey was carried out in 2020 using 2016 data as a reference. For the final estimate of the carbon stock of wood products fuelwood and charcoal are not included as, according to the Intergovernmental Panel on Climate Change (IPCC) methodology, these categories generate immediate carbon emissions.

According to the IPCC methodology estimates of carbon in wood products can be made through 3 different approaches (stock-change, atmospheric flow and production) and it is up to each country to decide which is the most appropriate to prepare its emissions inventory. The approach used by Brazil for estimating the contribution of timber forest products is that of atmospheric flow which favors large timber producing and exporting countries.

See: <https://www.poder360.com.br/meio-ambiente/brasil-passa-a-contabilizar-carbono-de-produtos-florestais/>

In other news, Embrapa has made available a range of technologies for the development, innovation and sustainability of strategic production chains for the local and regional economy in the state of Acre, one of the main tropical timber producing states in the Amazon Region.

The adoption of digital technologies has made forest management more productive and sustainable. The Digital Logging Model (Modeflora) made available 15 years ago, is used in 100% of the management plans in the state of Acre and by forestry companies in other states (Amapá, Roraima, Rondônia, Amazonas and Pará) in the Amazon region.

The technology provides highly precise information on the managed area, facilitates the planning, execution and monitoring of field operations and reduces production costs by a third.

Impact studies show that in 2021 alone the management of 40,000 hectares of forests using Modeflora generated savings of approximately R\$11 million.

Modeflora, which integrates the Global Positioning System (GPS), Geographic Information System (GIS) and Remote Sensing (RS) tools, among other technologies, has enhanced scientific innovations such as the Lidar (Light Detection and Ranging) laser profiling system, which allows 3D mapping of the forest and state-of-the-art drones. These studies involve the training of artificial intelligence algorithms to carry out 100% automated forest inventories and identify forest species of economic value.

See: <https://www.embrapa.br/busca-de-noticias/-/noticia/80662895/uso-de-tecnologias-agropecuarias-e-manejo-florestal-de-precisao-promovem-o-desenvolvimento-sustentavel-no-acre>

Export update

In April 2023 Brazilian exports of wood-based products (except pulp and paper) declined 29% in value compared to April 2022, from US\$470.2 million to US\$336.1 million.

Pine sawnwood exports declined 23% in value between April 2022 (US\$77.3 million) and April 2023 (US\$59.5 million). In volume, exports declined 6% over the same period, from 281,200 cu.m to 264,000 cu.m.

Tropical sawnwood exports declined 29% in volume, from 40,900 cu.m in April 2022 to 29,000 cu.m in April 2023. In value, exports declined 17% to US\$ 8.7 million from US\$15.5 million over the same period.

Pine plywood exports faced a 41% decrease in value in April 2023 compared to April 2022, from US\$100.3 million to US\$59.4 million. In volume, exports declined 23% over the same period, from 234,200 cu.m to 179,900 cu.m.

As for tropical plywood, exports declined in volume by 64% and in value by 64%, from 8,400 cu.m and US\$4.7 million in April 2022 to 3,000 cu.m and US\$1.7 million in April 2023.

As for wooden furniture, the exported value declined from US\$52.8 million in April 2022 to US\$47.2 million in April 2023, an 11% fall in the total exports of the product during the period.

Growth in the furniture sector in Southern Brazil

The furniture sector in the state of Rio Grande do Sul, one of the main furniture clusters in Southern Brazil, went through a difficult period between 2019 and first half of 2020, followed by atypical growth until the end of 2021 but began to stabilise in 2022.

According to the State Department of Finance, the turnover of 2,409 furniture manufacturers in Rio Grande do Sul was above R\$2.7 billion in the first three months of 2023, a nominal increase of 7.4% compared to the same period of the previous year. The Federal Government's Comex Stat portal indicates that, from January to March 2023, furniture exports from Rio Grande do Sul totalled almost US\$52 million, a 21% retraction compared to the same period in 2022.

The five main importers were the United States, Uruguay, Peru, Chile and the United Kingdom.

According to the Association of Furniture Industries of the State of Rio Grande do Sul, the inconsistent international sales were related to short-term economic factors in the purchasing countries. The Association believes this scenario could improve during this year, especially with the international fairs, Fimma (International Fair of Suppliers of the Wood and Furniture Production Chain) and Movelsul (Furniture Fair of Latin America) to be held in August bringing together importers from the main target markets.

See: <https://emobile.com.br/site/industria/setor-moveleiro-gaucha-no-1o-trimestre-de-2023/>

'WoodFlow' technology streamlines wood export

'WoodFlow', a Brazilian wood export startup has launched two new features on its sales platform; the first is an application that allows quality inspection of exported products and the second is a digital panel with statistical data on volumes, prices, shipments and other information.

The company anticipates WoodFlow's new features will bring more quality and confidence in the process of wood exports from Brazil. The first new function is an application that will make it possible to inspect the quality of the exported product.

For example, if a company in Brazil is exporting pine sawnwood to the United States it will make it possible to take photos of the lots that will be shipped, certifying the quality, such as checking the measurements, density, humidity and other data, depending on each product.

The second new feature is a virtual panel with statistical data of the shipments made through the platform, for example, data such as shipment volume, average price paid, shipping locations and other information about the negotiations.

By recognising that technology can improve and speed up the export process, WoodFlow has introduced a new way of doing business that ensures traceability of documents and processes as it concentrates all the data in one location.

See: <https://www.portaldoagronegocio.com.br/florestal/mercado-florestal/noticias/tecnologia-woodflow-agiliza-negocios-de-exportacao-de-madeira>

Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	546↑
Jatoba	220↑
Massaranduba	200↑
Miracatiara	194↑
Angelim Vermelho	193↑
Mixed redwood and white woods	150↑

Source: STCP Data Bank

Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	2,182↑
Jatoba	1,096↑
Massaranduba	1,018↑
Muiracatiara	888↑
Angelim Vermelho	938↑
Mixed red and white	342↑
Eucalyptus (AD)	254↑
Pine (AD)	323↑
Pine (KD)	

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

	US\$ per cu.m
Parica	
4mm WBP	628↓
10mm WBP	484
15mm WBP	441↑
4mm MR.	600↓
10mm MR.	446↓
15mm MR.	399

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

	US\$ per cu.m
<i>Domestic ex-mill prices</i>	
15mm MDParticleboard	366↑
15mm MDF	410↑

Source: STCP

Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipê	3,334↑
Jatoba	1,734↑
Massaranduba	1,732↑
Muiracatiara	1,716↑
Pine (KD)	190↑

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

		US\$ per cu.m
FOB Belem/Paranagua ports		
Decking Boards	Ipê	5,263↑
	Jatoba	2,383↑

Source: STCP Data Bank

Peru

Export earnings declined in early 2023

According to the Management of Services and Extractive Industries Division of the Exporters Association (ADEX) exports of primary wood products in the first two months of this year totalled US\$16.8 million, down on the US\$22.4 million exported in the same period in 2022.

Exports to France were significant in early 2023 and accounted for 21% of all wood product exports. China was the second largest buyer, accounting for 18% of exports but exports to China were down 37% compared to the same period in 2022. Other markets of note were Mexico and the Dominican Republic with a participation of 14% and 12% respectively.

Exports of semi-manufactured wood products earned US\$7.8 million during the first two months of the year, a decrease of 42% compared to the same period in 2022, the main market was France. The second most important market for semi-manufactured products was Belgium with a 16% share of exports along with China in third place with a 15% share.

During the first two months of the year the sawnwood subsector exported US\$6.3 million, growing 1.3% over the previous year. The three main destinations were the Dominican Republic, China and Mexico,

In the furniture and parts subsector exports amounted to US\$0.49 million, up around 6% year on year. The main destination for these products was the US with a 77% share, up 9% year on year followed by Trinidad and Tobago (10% share) and Ecuador (5% share).

Minam opposes changes to Forestry Law

The Ministry of the Environment (Minam) expressed its opposition to the request raised in Congress to consider signing into law legislation that some modifies articles of the Forestry and Wildlife Law (Law 29763). From the perspective of Minam this could accelerate deforestation in the Peruvian Amazon.

Minam urged the Congress to reject the proposed reconsideration so that the regulatory proposal is maintained as it is, adding that Minam considers "developing activities such as agriculture on forest land is neither economically competitive nor sustainable over time".

See: <https://agraria.pe/noticias/minam-se-opone-a-insistencia-del-congreso-en-aprobar-cambios-31917>

Casacor Peru 2023, SERFOR presents Amazon hardwoods

The largest architecture, interior design and landscaping exhibition in the Americas, Casacor Peru 2023, which runs from May 23 to July 2, showcase a National Forestry and Wildlife Service (SERFOR) 'sustainable wooden terrace project built on an area of 120 sq.m.

The project demonstrates the wide diversity of Amazonian timber species from legal, sustainable and certified sources. Timbers such as ishpingo, mashonaste, ana caspi and shihuahuaco are included in the engineered products.

The wooden terrace is divided into two zones. On the first is an exhibit of a selection of 40 species of wood provided by SERFOR. On the second is a lounge area where tiered seating allows visitors to relax, admire the project and become familiar with the forestry sector.

The exhibition seeks to promote the use of wood for interior architecture and construction. The importance of making responsible purchases of wood products from legal and well-managed sources is emphasised.

Export prices for added value products

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

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	682-695
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	592-618
Grade 2, Mexican market	533-552
Cumaru 4" thick, 6"-11" length KD Central American market	967-980
Asian market	983-1001
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	629-645
Dominican Republic	712-731
Marupa 1", 6-11 length KD Grade 1 Asian market	574-601↓

Export plywood prices

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

Export veneer prices

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

Domestic sawnwood prices

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

Domestic plywood prices (excl. taxes)

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

Domestic prices for other panel products

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

Japan**Consumers are spending again**

The Cabinet Office has reported the economy grew by an annualised 1.6% in the first quarter of 2023 as consumers were spending again. Spending increased in the service sector, including travel and dining and sales of new cars were strong. Consumer spending accounts for more than half of Japan's GDP. However, exports in the first quarter were weak.

An economy growing faster than expected, despite a global downturn, may encourage the new Bank of Japan governor, Kazuo Ueda, to adjust the Bank policy even before the review he called for is completed.

See:

<https://www.japantimes.co.jp/news/2023/05/17/business/japan-economy-grows-more-technical-recession/>

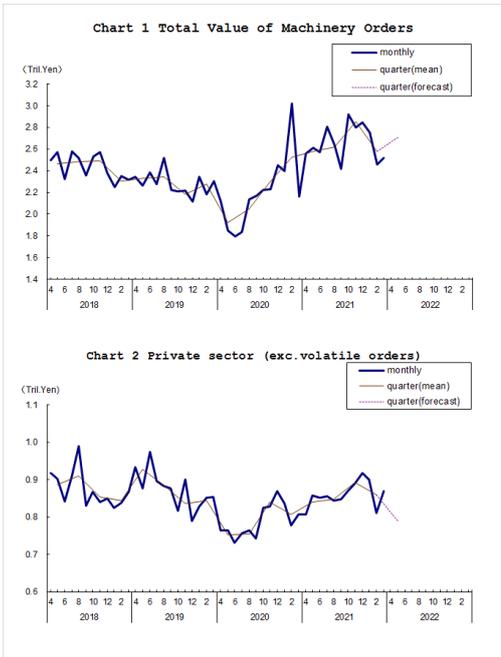
First quarter machinery orders disappoint

The total value of machinery orders received by 280 major manufacturers operating in Japan increased by 2.5% in March from the previous month on a seasonally adjusted basis. In the January-March period it decreased by 9.7% compared with the previous quarter.

Private-sector machinery orders (excluding volatile ones for ships and those from electric power companies) increased a seasonally adjusted by 7% in March but decreased by 3.6% in January-March period.

In the April-June period the total machinery orders has been forecasted to increase by 5.2% but private-sector orders, excluding volatile ones, were forecast to fall by 8% from the previous quarter.

See: <https://www.esri.cao.go.jp/en/stat/juchu/2022/2203juchue.html>



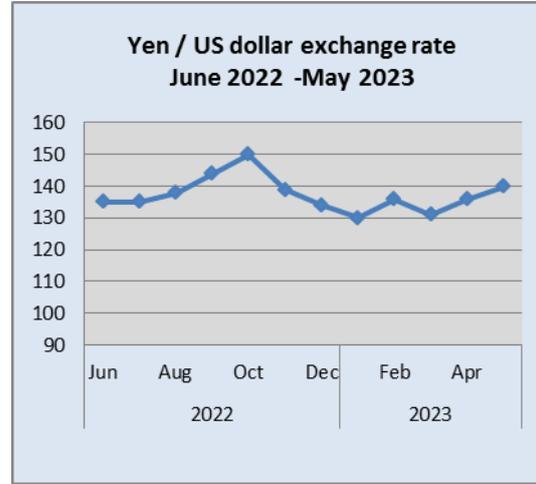
Electricity price hike will drive up manufacturing costs

The government has approved sharp increases in electricity prices by Japan’s major power companies effective June. Price increases will be between 14% and 42%. This will disappoint households already experiencing inflation rates not seen for decades. The increase in electricity charges will raise inflation by almost half a percent according to an economist at Nomura Research Institute.

Throughout the world electricity prices have been rising since Russia invaded Ukraine and disrupted energy markets.

In April Japan’s inflation re-accelerated after slowing earlier in the year. This will be of concern to the BoJ as it may mean the Bank has to revise its price outlook.

See: <https://www.fxstreet.com/news/usd-jpy-gathers-strength-to-print-fresh-five-month-high-above-13800-ahead-of-japans-inflation-202305180040>

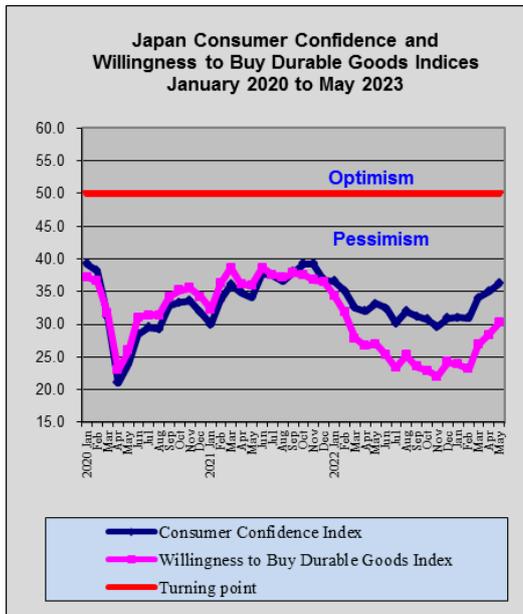


Changing demographics – declining demand for new homes

The worldfolio.com website carries an informative interview with the head of a major construction company which will interest wood product exporters. Commenting on the challenges and opportunities from the demographic changes occurring in Japan the executive said that, in a very short time, one in three Japanese people will be over the age of 65 which will result in two challenges; the problem of finding skilled workers and a declining domestic market for new homes.

One of the effects of Japan's demographic situation is that demand for new construction is decreasing, however, the executive said his company is seeing an increase in demand for the maintenance and repair.

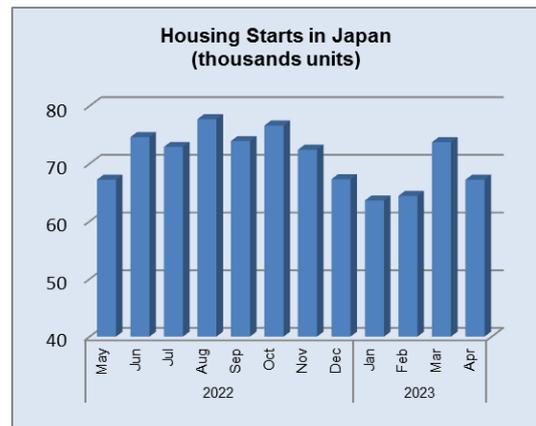
See: <https://www.theworldfolio.com/interviews/wings-aims-to-spread-the-japanese-way-of-wood-in-housing/5674/>



Data source: Cabinet Office, Japan

Accelerated inflation impacts exchange rate

Japanese Yen exchange rate has been influenced by Japan’s inflation data which pointed to a continued upward trend.



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

Import update

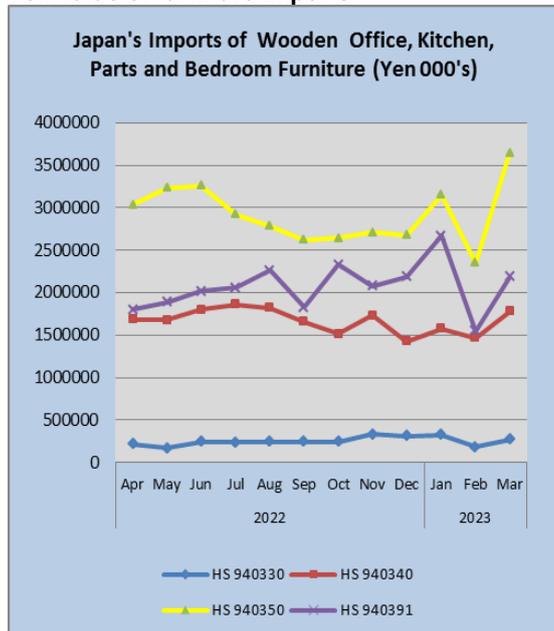
Over the past five years there has been a very noticeable and steady rise in the value of Japan’s imports of wooden bedroom furniture in contrast to the trends in import values for wooden office and kitchen furniture. The steady increase in the value of bedroom furniture cannot be explained only by the impact of rising FOB prices in supply countries or with impact of exchange rates.

See: <https://www.nippon.com/en/news/yjj2023050901086/>



Data source: Ministry of Finance, Japan

Yen value of furniture imports



Data source: Ministry of Finance, Japan

It can be seen in the graphic above that the upswing in the value of imports of bedroom furniture began in 2021 despite the Covid restrictions and depressed consumer spending. One possible explanation could be that those having to work from home had to rearrange bedrooms to make space for a home office.

Throughout 2022 the consumer sentiment and the willingness to buy durable goods indices in Japan were in negative territory and this depressed purchases of furniture.

In May the Japanese furniture retailer Nitori Holdings reported its 2022 annual returns which showed the first decline in profits in 24 years. The main reason cited for the poor profits was the higher cost of imported products due to the weak yen and high ocean transportation costs.

March 2023 wooden office furniture imports (HS 940330)

February shipments of wooden office furniture from China were lower than in the previous few months because of factory closures over the Chinese New Year. The value of Japan’s wooden office furniture (HS940330) imports from China almost double in March compared to a month earlier firmly establishing shippers in China as the top supplier accounting for 87% of Japan’s wooden office furniture in March.

Year on year the value of wooden office furniture imports in March increased as they did compared to a month earlier. In March the second and third ranked suppliers in terms of the value of imports were Poland and the USA with each accounting for around just 2% of the total value of March imports.

March imports (HS 940330)

	Imports Mar 2023 Unit, 000's Yen
China	233,484
Taiwan P.o.C	228
Vietnam	3,824
Malaysia	1,986
Indonesia	3,460
Denmark	-
UK	-
Ireland	1,062
Netherlands	393
Belgium	432
France	-
Germany	-
Switzerland	-
Spain	2,940
Italy	1,794
Poland	13,137
Austria	238
Hungary	-
Lithuania	-
Czech Rep.	-
Slovakia	281
Canada	620
USA	4,812
Mexico	-
Total	268,691

Data source: Ministry of Finance, Japan

March 2023 kitchen furniture imports (HS 940340)

The Philippines and Vietnam maintained their positions as the top suppliers of wooden kitchen furniture (HS 940340) to Japan in March.

Shipments from manufacturers in the Philippines accounted for 43% of March arrivals while shipments from shippers in Vietnam accounted for 38% of March arrivals, almost double that of February shipments. Exports in China and Thailand accounted for around 5% each of March shipments bringing the total for the top four shippers to 87% of March arrivals.

Year on year the value of Japan's March imports of wooden kitchen furniture rose from a month earlier and the same trend was seen in month on month imports. Rising input costs and higher prices in supply countries and the weak yen had an impact on the total value of imports.

March 2023 imports (HS 940340)

	Imports Mar 2023 Unit, 000's Yen
China	109,146
Taiwan P.o.C	-
Vietnam	685,339
Thailand	86,356
Malaysia	14,851
Philippines	774,754
Indonesia	22,864
Denmark	2,521
UK	-
Netherlands	642
Belgium	-
France	-
Germany	16,625
Italy	45,912
Romania	5,697
Canada	3,963
USA	13,035
Total	1,781,705

Data source: Ministry of Finance, Japan

February 2023 wooden bedroom furniture imports (HS 940350)

In February there was a massive downward correction in the value of shipments of wooden bedroom furniture as in each of the main supply countries, China and Vietnam there were extended holidays in the month. The value of March arrivals of wooden bedroom furniture (HS 940350) more than made up for the decline reported for February in fact in March there was a 55% rise in the value of imports lifting the monthly value well above the average for the previous 12 months.

Much of the increase in the value of shipments is because of higher FOB prices reflecting increased production costs and the impact of the weak yen.

March 2023 imports (HS 940350)

	Imports Mar 2023 Unit, 000's Yen
China	2,028,464
Taiwan P.o.C	-
Mongolia	-
Hong kong	-
Vietnam	1,272,817
Thailand	40,386
Malaysia	218,457
Indonesia	46,519
India	532
Sweden	-
Denmark	465
UK	252
France	6,925
Germany	-
Italy	2,722
Finland	214
Poland	28,525
Austria	-
Greece	-
Romania	-
Latvia	472
Bos Her	302
USA	238
Total	3,647,290

Data source: Ministry of Finance, Japan

March 2023 wooden furniture parts imports (HS 940391)

After the decline in the value of February imports, the value for March restored the value of monthly imports back only to the average for the past 12 months. This was unexpected as the impact of higher FOB prices and the weak yen was a factor in the rising import values for office, kitchen and bedroom furniture.

Shipments of wooden furniture parts from China in March were almost double that in February as factories resumed full time operation. There was also a sharp rise in month on month shipments from Vietnam. Indonesia and Malaysia were the other two shippers of note in March. The March value of Japan's imports of wooden furniture parts was little changed from that in March 2022 but, compared to February, there was an over 40% rise in the value of imports.

March 2023 imports (HS 940391)

	Imports Mar 2023 Unit, 000's Yen
S. Korea	24,615
China	1,048,232
Taiwan P.o.C	35,734
Vietnam	199,148
Thailand	72,662
Singapore	-
Malaysia	245,676
Philippines	14,208
Indonesia	371,051
Cambodia	-
India	-
Sweden	5,196
Denmark	2,389
UK	58,751
Ireland	1,105
Netherlands	581
Belgium	-
France	-
Germany	17,048
Switzerland	4,068
Portugal	1,509
Spain	-
Italy	23,746
Finland	16,268
Poland	26,556
Austria	-
Hungary	225
Romania	-
Turkey	6,769
Lithuania	637
Slovinia	279
Czech Rep.	-
Slovakia	4,133
Canada	592
USA	7,558
Mexico	-
Total	2,188,736

Data source: Ministry of Finance, Japan

Trade news from the Japan Lumber Reports (JLR)

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

For the JLR report please see:

https://jfpj.jp/japan_lumber_reports/

LVL made of domestic larch

Key Tec Co., Ltd. will expand selling high strength structural LVL. The company used to produce the high strength LVL by Russian logs or Russian veneers but the company reduced producing and selling the high strength structural LVL due to banned importing Russian logs and Russian veneers.

Domestic larch will be used for the product this time. It is able to order the high strength structural LVL by other materials such as Douglas fir or radiata pine. Product of high strength structural LVL made of Russian larch was about 50,000 cbms annually before the invasion in Ukraine by Russia. Then, the product declined to 35,000 cbms. Now, the company produces the high strength structural LVL by domestic larch for 6,000 cbms in a year and will raise to 10,000 cbms.

Domestic softwood plywood

Movement of domestic softwood plywood will be bearish in May. Distribution companies start to procure materials because the inventory clearance at the end-of-term setting of accounts is over. However, shipment is on the road to recover. Some plywood companies lower the price if they got a large number of orders from clients.

Inventory of plywood is less than before because the shipment has been exceeding product since March. The price of 12mm 3 x 6 structural softwood plywood is 1,800 – 1,850 yen, delivered per sheet and this is about 50 yen lower than the previous month. The price for a large number of orders is around 1,700 yen.

Orders to the precutting plants have been increasing since February, 2023 but consumers still purchase only for the present use. One of the reasons is anticipation of falling prices. Plywood manufacturers take time to control the inventory because there are not enough inquires yet.

However, demand and supply are recovering slightly for sure because the inventory of structural softwood plywood at the end of March is 147,383 cbms and this is 1.7% down from February, 2023. This is for the first time decreasing in nine months. Product is 173,907 cbms and this is 5.8% up from the previous month. Shipment is 176,425 and this is 9.2% up from the previous month.

The inventory in May would be less than April's inventory because there was a big holiday at the end of April through May.

If the inventory continued decreasing, consumers would buy more plywood in a hurry. Then, the plywood manufacturers would be able to stop lowering the price. This is what the plywood manufacture were planning for.

South Sea logs and lumber

Inquiries for South Sea lumber are better than before. However, there are less inquiries from Japanese plywood manufacturers because of sluggish movement of imported South Sea plywood.

Therefore, there are not enough South Sea Logs and it is difficult to get South Sea logs for lumber. It takes a lot of time to get lumber for the deck or for the body of trucks. There are less inquiries for laminated fixture lumber because the yen fell to 130 yen against the dollar.

Indonesian sellers are not positive to get a lot of orders for Merkusii pine lumber by lowering the price. The reasons are that it is a strong Rupiah against the dollar now and it is a season for fresh Merkusii pine logs so it is difficult to buy low-priced Merkusii pine logs.

There are not many inquiries for Chinese red pine lumber and product is low. Chinese sellers would not lower the price because the electricity rates and the production costs are rising.

Japan established a law of green transformation

The Japanese Parliament enacted a bill for promoting so-called green transformation to drive a transition to a carbon-neutral society. The government will issue 20 trillion yen in 10 years from fiscal 2023. The government will promote to support decarbonization and energy saving in public transportation, distribution industry and housing / structure industry.

The Ministry of Land, Infrastructure, Transport and Tourism will change the social system of any business related to green transformation. For housing industry, all houses and non-housing buildings must be ZEH (Net Zero Energy House) or ZEB (Net Zero Energy Building).

Radiata pine logs and lumber

The price of Chilean radiata pine lumber in Japan has been weak since spring of this year. In the Greater Tokyo Metropolitan area, the price of Chilean radiata pine lumber was lowered by around maximum 3,500 yen, FOB per cbm in April.

Then, the price was 58,500 – 60,500 yen, FOB per cbm for thin boards and was 56,600 – 58,500 yen, FOB per cbm for squares. One of the reasons is that the lumber shipped to Japan in November, 2022 arrived and the price was \$50, FOB per cbm lower than the previous time at that time in Chile. Japanese wholesalers will also lower the price by maximum 3,500 yen, FOB per cbm in May.

The price of lumber shipped to Japan in April is US\$350, CIF per cbm and this is US\$10, FOB per cbm higher than last time. The lumber will arrive to Japan in the middle of June because the vessel was delayed by Chilean shippers due to the inventory in Japan.

New Zealand logs for Japan cost US\$150- 160, C&F per cbm and this is stabilized from last time. The price of NZ lumber in Japan is 62,000 – 64,000 yen, per cbm and this is leveled off from the previous time. Some reasons are that electricity charges and cost of antifungal agent are rising.

The price of Vietnamese plywood for crating in Japan is 1,150 yen, delivered per sheet. The size is 8.5mm, 4 x 8. The price is 50 yen, per cbm down from last month.

China

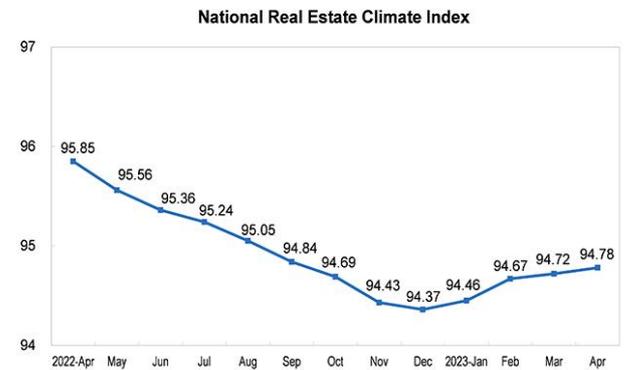
Investment in real estate development

The National Bureau of Statistics (NBS) has reported investment in real estate saying between January and April this year there was a year on year decline of just over 6% in investment real estate development.



Source: NBS

In related news the NBS has reported the National real estate climate index in April was 94.78.



See: http://www.stats.gov.cn/english/PressRelease/202305/t20230519_1939833.html

Retail sales

In April retail sales of consumer goods reached 3,491 billion yuan, a year-on-year increase of 18.4% of which retail sales of consumer goods, other than motor vehicles, expanded 16.5%.

Decline in tropical sawnwood imports

According to China Customs, sawnwood imports in the first quarter of 2023 totalled 6.522 million cubic metres valued at US\$1.658 billion, up 3% in volume but down 8% in value compared to the first quarter of 2022. The average price for imported sawnwood in the first quarter was US\$254 (CIF) per cubic metre, up 12% from the same period of 2022.

Of total sawnwood imports, sawn softwood imports rose 9% to 4.42 million cubic metres, accounting for 68% of the national total. However, the average price for imported sawn softwood fell 10% to US\$203 (CIF) per cubic metre over the same period of 2022.

Sawn hardwood imports dropped by 8% to 2.102 million cubic metres, accounting for 32% of the national total. The average price for imported sawn hardwood fell by 10% to US\$362 (CIF) per cubic metre over the same period of 2022.

Of total sawn hardwood imports, tropical sawnwood imports were 1.372 million cubic metres valued at US\$409 million CIF, down 16% in volume and 14% in value from the same period of 2022 and accounted for 21% of the national total import volume. The average price for imported tropical sawnwood was US\$298 CIF per cubic metre, up 2% from the same period of 2022.

China's sawnwood imports, first quarter of 2023

Volume	2023 Q1	YoY
	mil. cu.m	% change
Total sawnwood imports	6.522	3%
Sawn softwood	4.420	9%
All sawn hardwood	2.102	-8%
of which tropical	1.372	-16%

Data source: China Customs

Value of China's sawnwood imports, first quarter of 2023

Value	2023 Q1	YoY
	mil. cu.m	% change
Total sawwood imports	1,658	-8%
Sawn softwood	897	-8%
All sawn hardwood	762	-8%
of which tropical	409	-14%

Data source: China Customs

Average sawnwood CIF prices, first quarter of 2023

Average CIF price	2023 Q1	YoY
	US\$/cu.m	%change
Total sawwood imports	254	12%
Sawn softwood logs	203	-10%
All sawn hardwood logs	362	-0.3%
of which tropical	298	2%

Data source: China Customs

Major suppliers of sawnwood imports

Russia was the largest supplier of sawnwood imports to China in the first quarter of 2023. The proportion of China's sawnwood imports from Russia accounted for 44% of the total sawnwood imports volume. China's sawnwood imports from Russia rose 4% to 2.878 million cubic metres. Shipments from the second largest supplier, Thailand, fell 17% to 849,000 cubic metres.

China's imports of US sawnwood have grown. China's sawnwood imports from the US rose 27% to 326,000 cubic metres in the first quarter of 2023. In contrast, China's sawnwood imports from Canada dropped 25% to 326,000 cubic metres in the first quarter of 2023.

Major sawnwood suppliers, first quarter of 2023 (vol.)

Supplier	Volume (000'cu.m)	YoY % change
Total	6,522	3%
Russia	2,878	4%
Thailand	849	-17%
USA	326	27%
Canada	326	-25%
Sweden	320	98%
Germany	308	65%
Finland	299	15%
Belarus	195	155%
Philippines	161	-12%
Gabon	104	-35%
Chile	102	88%

Data source: China Customs

Major sawnwood suppliers, first quarter of 2023 (value)

Supplier	US\$ mil.	YoY % change
Total	1658	-8%
Russia	603	-4%
Thailand	208	-14%
USA	206	5%
Canada	66	-48%
Sweden	65	51%
Germany	68	26%
Finland	66	-10%
Belarus	40	123%
Philippines	12	-26%
Gabon	40	-41%
Chile	22	26%

Data source: China Customs

Main sawnwood softwood sources, first quarter of 2023

Russia was the largest supplier of sawn softwood imports. Nearly 60% of China's sawn softwood imports were from Russia in the first quarter of 2023. China's sawn softwood imports from Russia rose 2% to 2.586 million cubic metres, from Sweden, the second largest supplier of China's sawn softwood, imports surged 98% to 320,000 cubic metres in the first quarter of 2023.

China's sawn softwood imports from top suppliers increased except for shipments from Canada which fell 26% in the first quarter of 2023.

Main sawn softwood sources, 2023 Q1

Supplier	Vol. 000'cu.m	% change
Total	4,420	9%
Russia	2,586	2%
Sweden	320	98%
Canada	311	-26%
Finland	299	15%
Germany	288	80%
Belarus	195	156%
Chile	102	88%

Data source: China Customs

Decline in tropical sawnwood imports

China's tropical sawnwood imports fell 16% to 1.372 million cubic metres in the first quarter of 2023. The top three suppliers were Thailand (62%), Philippines (12%) and Gabon (8%). 82% of China's tropical sawnwood imports were from these three countries in the first quarter of 2023.

China's tropical sawnwood imports from Thailand, Philippines and Gabon dropped by 17%, 12% and 35% respectively to 849,000 cubic metres, 161,000 cubic metres and 104,000 cubic metres respectively in the first quarter of 2023.

In contrast, China's tropical sawnwood imports from Myanmar, the fourth largest supplier, rose 75% in the first quarter of 2023.

Tropical sawnwood imports sources, 2023 Q1

Supplier	Vol. 000'cu.m	YoY % change
Total	1,372	-16%
Thailand	849	-17%
Philippines	161	-12%
Gabon	104	-35%
Myanmar	55	75%
Cameroon	37	6%
Vietnam	23	53%
Indonesia	22	29%
Laos	19	11%
Malaysia	15	-44%
Congo Republic	14	-6%
PNG	13	-10%
Mozambique	12	34%
Equatorial Guinea	10	45%

Data source: China Customs

Surge in CIF price for sawnwood imports from Myanmar

The average price of China's tropical sawnwood imports rose 2% to US\$298 per cubic metres in the first quarter of 2023. CIF prices of top suppliers for China's tropical sawnwood imports vary considerably. The CIF price of China's tropical sawnwood imports from Myanmar surged 86% and the volume of sawnwood imports from Myanmar grew 75% in the first quarter of 2023.

Average tropical sawnwood CIF prices, first quarter of 2023

	US\$/cu.m	YoY % change
Total	298	2%
Thailand	246	4%
Philippines	75	-16%
Gabon	386	-9%
Myanmar	619	86%
Cameroon	498	-7%
Vietnam	434	-0.2%
Indonesia	662	15%
Laos	1,106	10%
Malaysia	372	-12%
Congo Republic	429	-13%
PNG	321	-36%
Mozambique	615	3%
Equatorial Guinea	454	-14%

Data source: China Customs

April business conditions

In April weak market demand and high interest rate aimed at cooling the rapid recovery of the manufacturing sector in the first quarter dragged down China's manufacturing PMI to below the critical value signaling that the manufacturing industry is struggling.

In April China's domestic demand for wood products remained strong and the number of new orders from within China had increased for three consecutive months and this lifted the GTI-China Index. However, international demand in April was low and export orders declined.

In April the GTI-China index for new orders registered 55.8%, an increase from the previous month and has been above the critical value (50%) for 3 consecutive months indicating that the business prosperity of the timber enterprises represented by the GTI-China index has expanded.

Manufacturers commented on delays in procurement of raw material and its generally poor quality. They added it was difficult to purchase high-grade raw material and the quantity was insufficient.

In April the existing orders index registered 48.8%, an improvement from the previous month but still below the critical value of 50% where it has been for 2 consecutive months.

The new orders index registered 59%, a drop from the previous month but has been above the critical value for 3 consecutive months signaling improvement.

The export orders index registered 42.9%, a further drop from the previous month and below the critical value indicating that the number of export orders held by enterprises represented by the GTI-China was less than that of the previous month.

See: <https://www.itto-ggsc.org/static/upload/file/20230516/1684202396162997.pdf>

Average CIF prices

Tropical logs US\$/cu.m

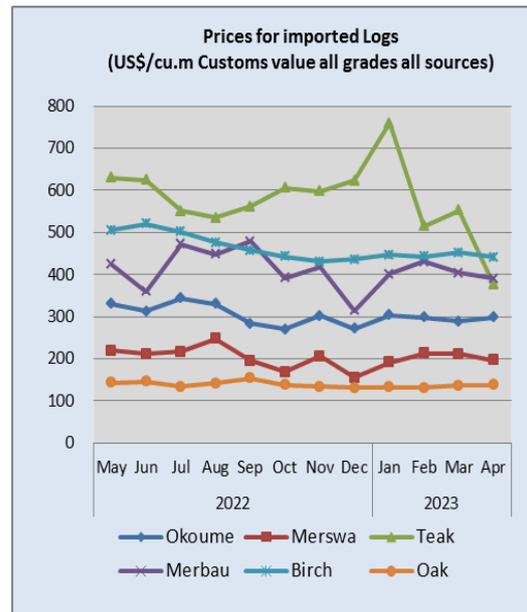
	2023 Mar	2023 Apr
Okoume	289	289
Merswa	211	197
Teak	552	377
Merbau	404	391
Birch	452	441
Oak	136	128

Data source: Customs, China

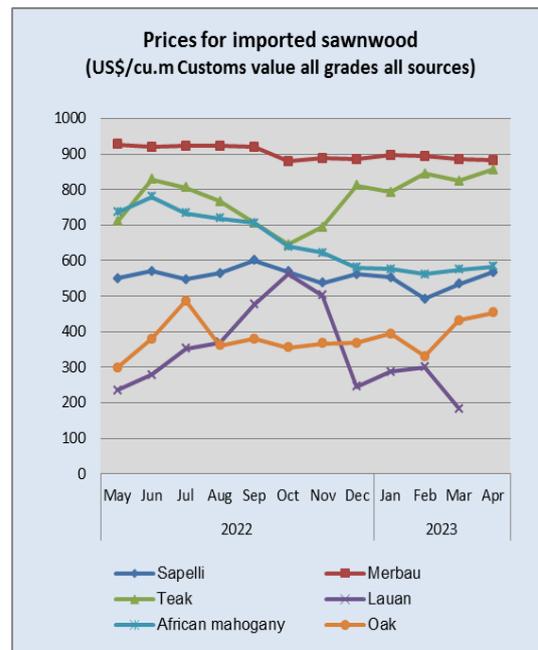
Tropical sawnwood, US\$/cu.m

	2023 Mar	2023 Apr
Sapelli	534	568
Merbau	885	882
Teak	825	856
Lauan	183	
African mahogany	574	584
Oak	431	454

Data source: Customs, China



Data source: Customs, China



Data source: Customs, China

EU

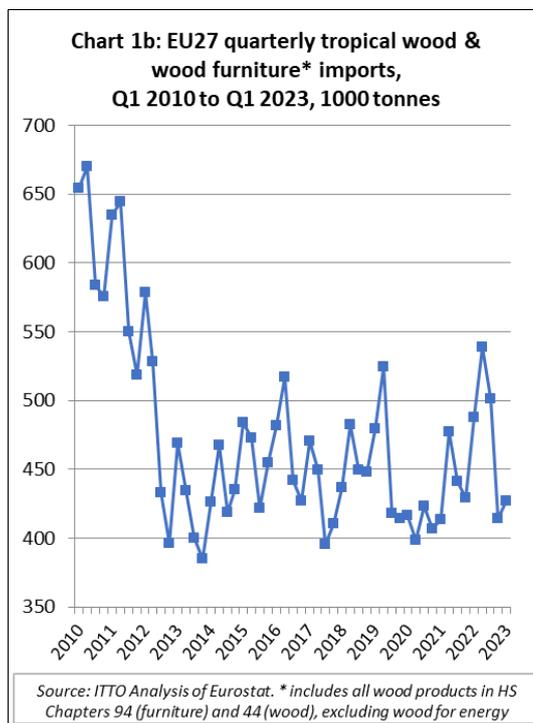
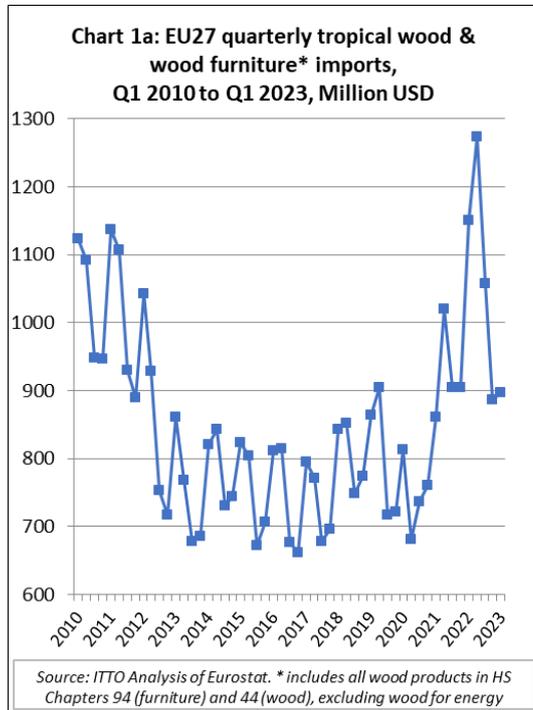
Slow start to the year for EU27 tropical wood imports

In the first quarter of this year, the EU27 imported 427,000 tonnes of tropical wood and wooden furniture products with a total value of US\$896m, respectively 12% and 22% less than the same period in 2022. Compared to the last quarter of 2022, imports in Q1 2023 were up 1.2% in dollar value and 3.1% in tonnage terms.

After falling sharply in the second half of 2022 from the 10-year peak recorded in the first half of last year., imports stabilised in the first quarter this year.

In the first three months this year, in dollar terms, EU27 imports of tropical wood and wooden furniture were significantly above the long-term average of around US\$800m 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 1a).

However, in tonnage terms, EU27 imports in the first quarter this year were below the long-term average of around 450,000 tonnes per quarter during the 2012 to 2019 period (Chart 1b).



The weak start in the European market this year is due to a combination of relatively high stocks and slow consumption. In 2021 and the first half of 2022, EU importers responded to sharply rising consumption in the European market – boosted particularly by heavy spending on home improvement and public finance to support economic recovery after the pandemic – by buying in larger volumes as CIF prices were rising to record high levels.

However, demand in Europe fell dramatically during the summer months last year with rising economic uncertainty, particularly fuelled by the war in Ukraine and high energy costs.

At the same time, global prices for wood materials and freight rates fell dramatically in the second half of last year. A big decline in global trade followed on from sharply rising interest rates in the United States and as China struggled to maintain a zero-COVID strategy and suffered a property market slump. The price of a 40-foot container for delivery into Europe from the Southeast Asia, which hit record levels in excess of US\$17,000 at the end of 2021, had fallen to around US\$1,500 in the first quarter of 2023.

The combined effect of these trends was that at the start of this year many European timber importers were sitting on quite large stocks bought earlier at high prices which they were struggling to shift on to their customers. The value of these landed stocks was being undermined as prices for new orders in the main supply countries were falling. Costs of holding stock and manufacturing wood products were also rising as interest rates were being pushed up and energy costs were soaring during the winter months.

The problems associated with high stocks and falling prices particularly applied to products sourced from Asia, including garden furniture, decking, flooring, and other joinery products. In the case of African hardwoods, although prices for existing landed stock in Europe have been falling as large volumes arrived last year and consumption has been slow, availability for forward orders from African sawmills in the second half of this year is restricted and prices are firm and expected to remain so.

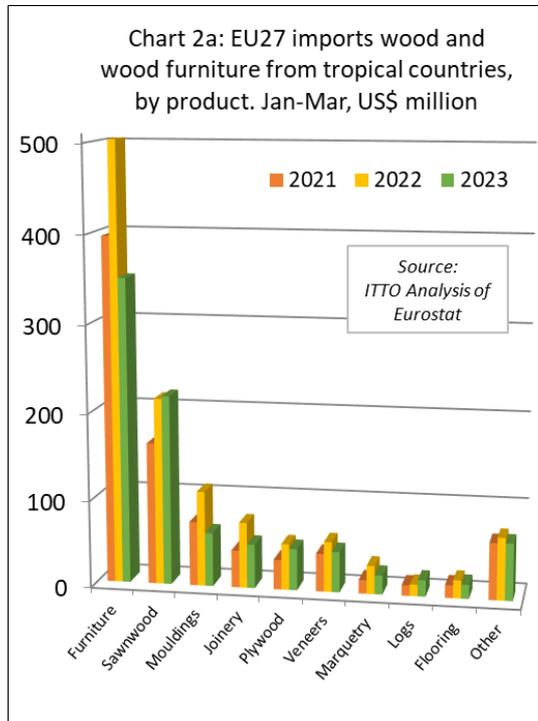
This reflects rising overheads for African producers, driven by fuel and energy inflation, which is resulting in falling output.

Decline in EU import value in nearly all countries and tropical wood products

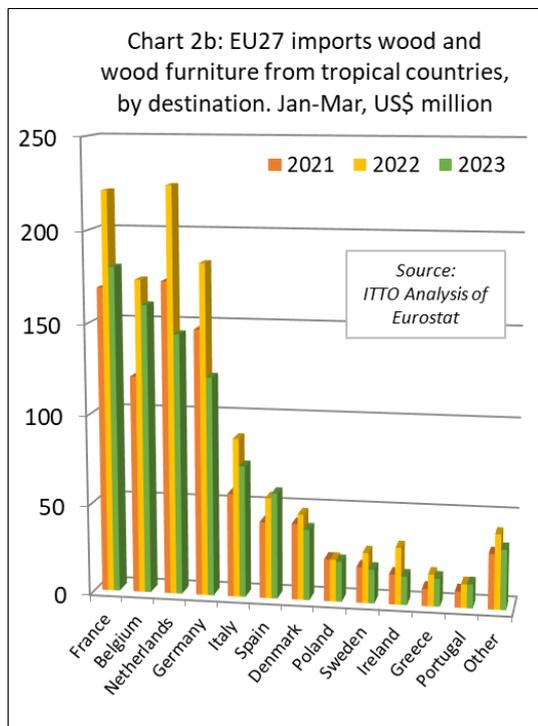
There was a year-on-year decline in EU27 import value for all tropical wood product groups except sawnwood and logs between January and March this year (Chart 2a).

During the three-month period, import value of sawnwood was up only marginally, by 2% to US\$218m, while for logs there was a much larger 41% gain, to US\$18.8m.

However, these increases were more than offset by large declines in import value for: wooden furniture from tropical countries (-30% to US\$350m); tropical mouldings/decking (-44% to US\$154m); tropical joinery products (-33% to US\$51m); tropical-hardwood faced plywood (-10% to US\$50m); tropical veneer (-19% to US\$46m); tropical marquetry (-32% to US\$22m); and tropical flooring (-22% to US\$16m).



In terms of EU destinations, import value of tropical wood and wooden furniture in the first quarter this year was down year-on-year in all the main markets except Spain (+5% to US\$59m) and Portugal (+1% to US\$13m).

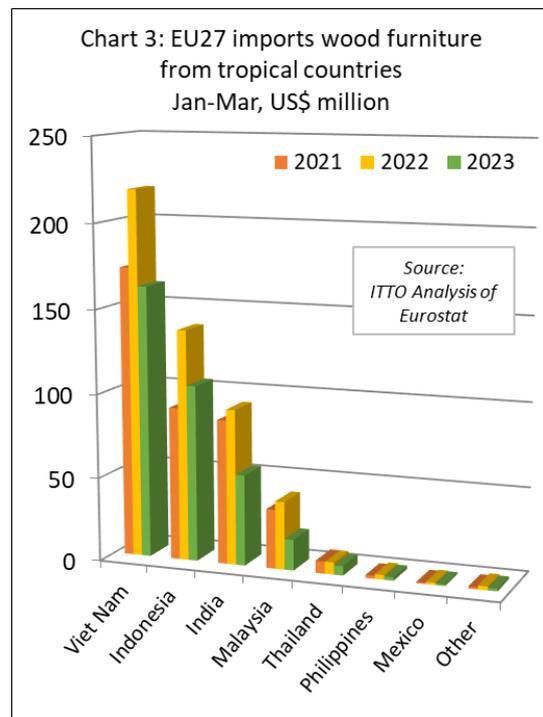


Import value fell 19% in France to US\$180m, 8% in Belgium to US\$160m, 36% in the Netherlands to US\$144m, 34% in Germany to US\$121m, 17% in Italy to US\$73m, 17% in Denmark to US\$39m, 5% to US\$22 million in Poland, 33% to US\$19m in Poland, and 50% to US\$16m in Ireland. (Chart 2b above).

EU27 wooden furniture imports from tropical countries down 30% in the first quarter

In the first three months of 2023, the EU27 imported 74,400 tonnes of wooden furniture from tropical countries with a total value of US\$350m, 30% less in both tonnage and value terms than the same period in 2022.

Import value decreased 26% to US\$162m from Vietnam, 24% to US\$105m from Indonesia, 41% to US\$54m from India, 54% to US\$18m from Malaysia, and 22% to US\$6m from Thailand. EU27 wooden furniture imports from all other tropical countries were negligible during the three-month period (Chart 3).

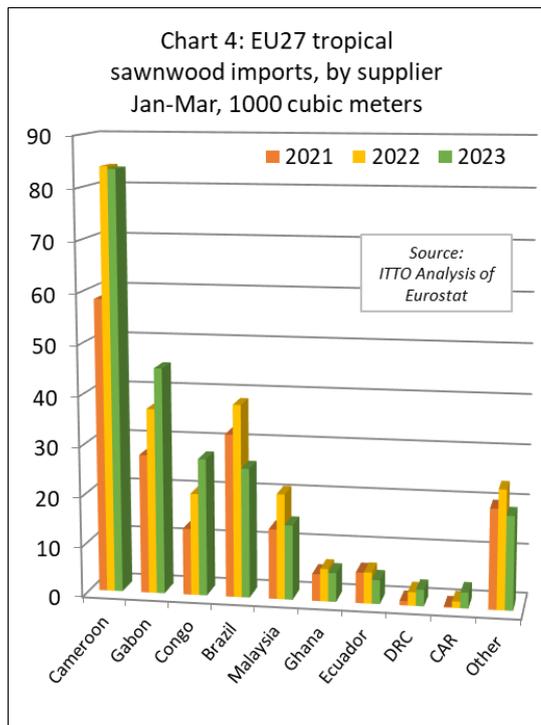


EU27 imports of tropical sawnwood still high but decking imports down sharply

In contrast to other tropical wood products, EU27 imports of tropical sawnwood in the first quarter of 2023 sustained the relatively high levels recorded the previous year.

While year-on-year import volume was down 4% to 232,000 cubic metres, import value was up 2% to US\$218m. There were particularly large gains in tropical sawnwood imports from Gabon (+22% to 45,100 cubic meters) and Congo (+34% to 27,400 cubic metres) in the first three months this year. Imports also increased significantly from a smaller base from DRC (+21% to 3,300 cubic metres) and CAR (+144% to 3,200 cubic metres).

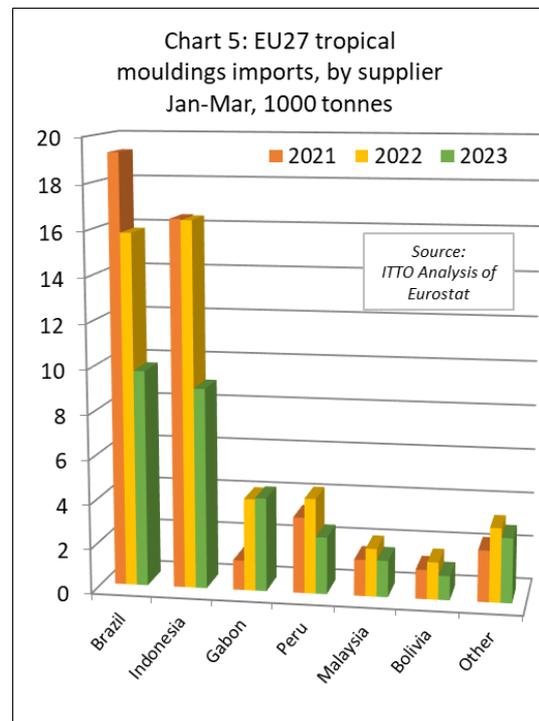
These gains offset a decline in imports from Cameroon (-1% to 83,500 cubic meters), Brazil (-33% to 25,800 cubic metres), Malaysia (-29% to 14,900 cubic metres), Ghana (-3% to 5,800 cubic metres) and Ghana (-23% to 4,800 cubic metres) (Chart 4).



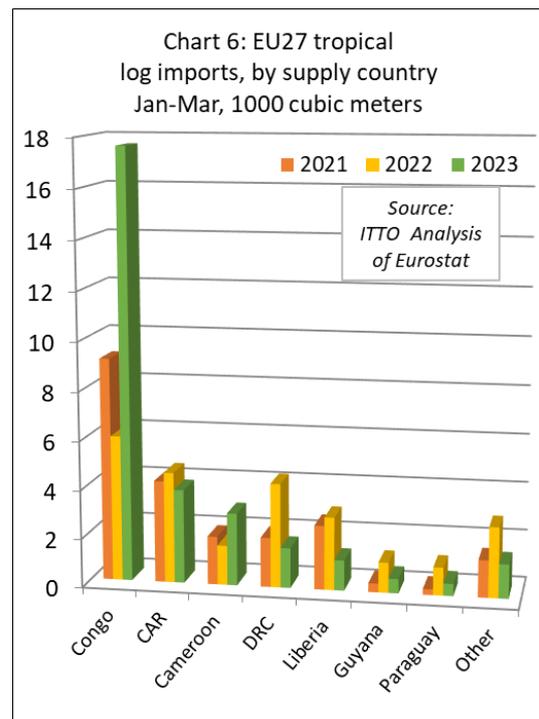
In contrast to sawnwood, EU27 imports of tropical mouldings/decking were slow in the first three months of this year. After all the work carried out on garden improvement during the pandemic, the European market for tropical hardwood decking has now slowed to a crawl. European importers are carrying heavy stocks bought at high prices last year and are not in the market for new supplies.

EU27 imports of mouldings/decking in the first three months of 2023 were 31,100 tonnes with value of US\$62m, respectively down 35% and 43% compared to the same period last year. Imports fell sharply for the two largest supply countries; down 38% to 9,700 tonnes from Brazil and down 45% to 9,000 tonnes from Indonesia.

There was also a sharp fall in imports from Peru (-40% to 2,600 tonnes), Malaysia (-24% to 1,600 tonnes), and Bolivia (-35% to 1,000 tonnes). Imports from Gabon increased, but only by 1% to 4,200 tonnes (Chart 5).



In the first three months of 2023, the EU27 imported 29,800 cubic metres of tropical logs, 21% more than the same period in 2022. The most significant trend was a sharp 195% rise in EU27 log imports from Congo to 17,600 cubic metres in the first quarter this year. This surge in European arrivals 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.



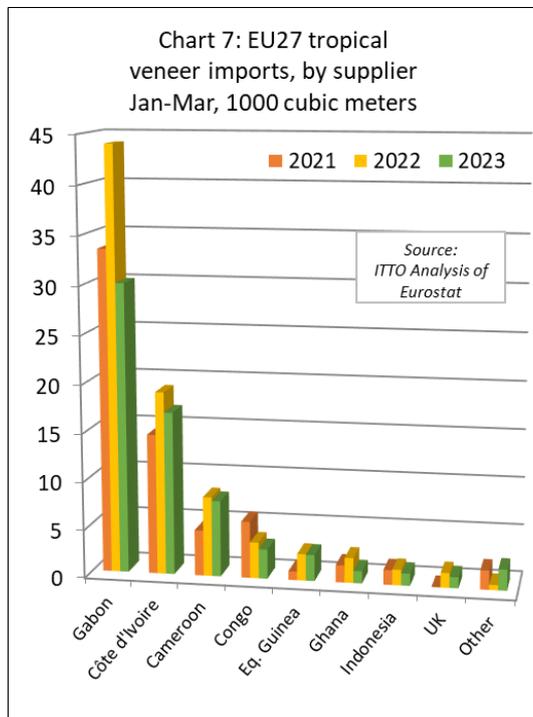
EU27 imports of logs also increased sharply from Cameroon (which may be derived from neighbouring Congo or Central African Republic) in the first quarter this year, rising 83% year-on-year to 3,000 cubic metres.

EU27 imports of tropical logs from all other supply countries declined during the period including Central African Republic (-15% to 3,850 cubic metres), Democratic Republic of Congo (-62% to 1,650 cubic metres), Liberia (-58% to 1,250 cubic metres), Guyana (-52% to 600 cubic metres) and Paraguay (-56% to 500 cubic metres) (Chart 6).

Downturn in EU27 imports of tropical veneer but plywood more stable

In the first three months of 2023, the EU27 imported 66,500 cubic metres of tropical veneer with a value of US\$46m, respectively down 21% and 19% compared to the same period last year.

Imports of tropical veneer from Gabon, by far the largest supplier to the EU27, decreased 32% to 30,000 cubic metres after rising sharply last year. EU27 veneer imports in the first three months of this year also declined from Côte d'Ivoire (-11% to 16,900 cubic metres), Cameroon (-4% to 7,900 cubic metres), Congo (-18% to 3,100 cubic metres), Equatorial Guinea (-2% to 2,700 cubic metres), Ghana (-50% to 1,300 cubic metres), and Indonesia (-22% to 1,300 cubic metres) (Chart 7).

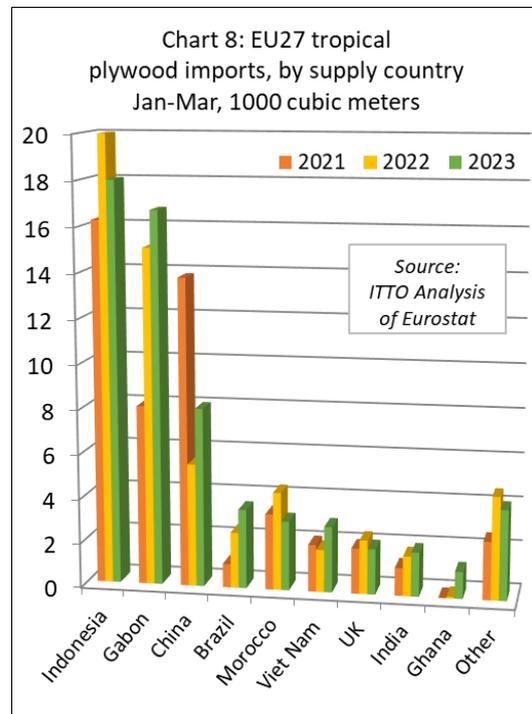


In the first three months of 2023, EU27 tropical plywood import increased 6% in volume terms to 61,700 cubic metres but declined 10% in value terms to US\$48m.

The average per cubic meter value of tropical plywood imported into the EU in the first quarter this year was US\$775 compared to US\$907 in the same period last year, a sign both of the sharp fall in prices and freight rates and the shift in product sources this year.

Imports from Indonesia, at 18,000 cubic metres, were down 10% compared to the same period last year. Imports also fell from Morocco, by 29% to 3,100 cubic metres.

However, imports increased from Gabon (+11% to 16,700 cubic metres), China (+45% to 8,000 cubic metres), Brazil (+42% to 3,600 cubic metres), Vietnam (+55% to 3,000 cubic metres), and India (+11% to 2,000 cubic metres). For the first time in many years, there was also a significant rise in plywood imports into the EU from Ghana in the first quarter this year, up from negligible levels to 1,200 cubic metres (Chart 8).



Slowdown in EU27 imports of joinery products from tropical countries in first quarter

In the first three months of 2023, the EU27 imported 5,400 tonnes of tropical wood flooring with a value of US\$16m, respectively down 18% and 22% compared to the same period last year.

The consistent rise in EU27 wood flooring imports from Malaysia that began in 2020, stalled in the first quarter this year. Imports of 2,900 tonnes from Malaysia in the first three months of 2023 were 16% less than the same period in 2022. Imports also fell from Indonesia (-11% to 1,200 tonnes), Vietnam (-9% to 700 tonnes), and Brazil (-62% to 200 tonnes) (Chart 9).

North America

Housing starts move upward

Construction of new homes in the US rose 2.2% in April, as homebuilders continue to see strong demand from buyers. Privately-owned housing starts in April were at a seasonally adjusted annual rate of 1.401 million. This is 2.2% above the revised March estimate of 1.371 million, but 22.3% below the April 2022 rate of 1.803 million. Single-family housing starts in April were at a rate of 846,000; this is 1.6% above the revised March figure of 833,000.

Both single and multi-family construction rose in April. The strength in new construction comes from strong demand from would-be home buyers who don't have many options in the resale market.

Homebuilders were most active in the Midwest and West, where housing starts rose by over 30% in both regions, but single-family construction in the West was exceptionally strong, surging by nearly 60% in April. Building permits, a key indicator of the pace of future construction, fell 1.5% to a 1.42 million rate. The decline was larger than expected.

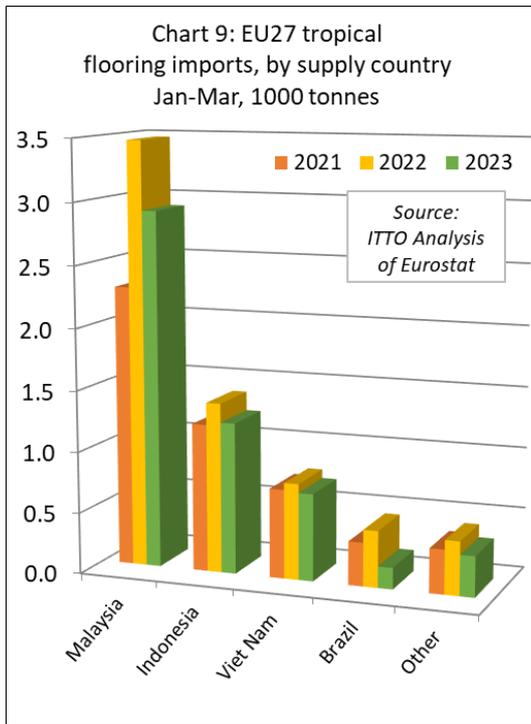
Many homeowners don't see an incentive to sell and face a tough housing market as 14 million mortgages were refinanced during the pandemic years and most of them were secured with an ultra-low mortgage rate. Most Americans feel frustrated by the housing market. A recent poll revealed that the number of Americans who think it's a bad time to buy a home has hit a 45-year high.

Canadian housing starts jumped 22% in April to a seasonally adjusted annualized rate of 261,559 units. Despite the surge, the Canadian Mortgage and Housing Corporation (CMHC) noted higher costs for developers and labor shortages as significant challenges in the short term. "While both the SAAR of housing starts and the trend have returned to levels observed before the pandemic, housing starts are expected to drop significantly in 2023, before seeing some recovery in 2024 and 2025, according to our latest forecast," said Aled ab Iorwerth, CMHC's Deputy Chief Economist.

See: <https://www.census.gov/construction/nrc/current/index.html> and <https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/housing-data/data-tables/housing-market-data/monthly-housing-starts-construction-data-tables>

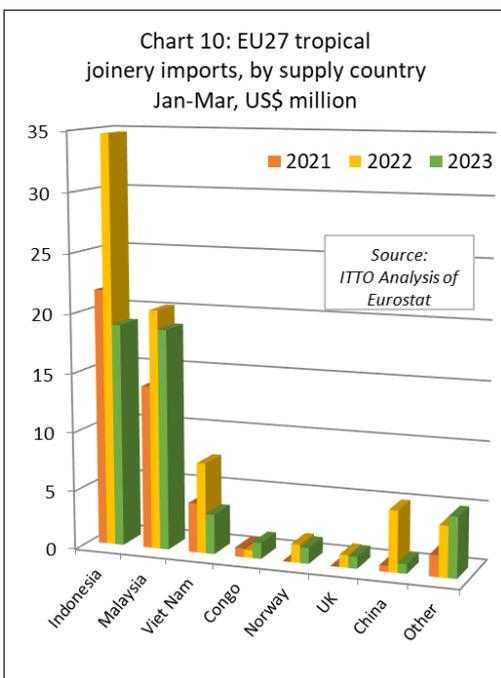
Home sales fall again

US existing home sales fell for a second straight month in April, with prices rising in roughly half of the country, which together with higher mortgage rates could delay a housing market recovery. Existing home sales dropped 3.4% to a seasonally adjusted annual rate of 4.28 million units last month, the National Association of Realtors said. Home resales, which account for a big chunk of US housing sales, tumbled 23.2% on a year-on-year basis in April.



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\$51m in the first three months of 2023. Despite much lower prices than the same time last year, imports are low this year as many importers already have sufficient stock to meet current slow consumption levels.

In the first quarter this year compared to the same period in 2022, imports were down 10% to US\$19m million from Indonesia, down 8% to US\$19m from Malaysia, down 56% to US\$3m from Vietnam, and down 84% to less than US\$1m 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\$1.4m in the first quarter of this year, more than double than during the same period last year (Chart 10).



A persistently tight housing supply is making it difficult for prospective buyers to wade back into the market to take advantage of the current retreat in mortgage rates. Supply is unlikely to improve with many homeowners living longer in their properties, deterred by the still-high mortgage rates.

Sales fell in all four regions. Existing-home sales in the Northeast receded 1.9% from March to an annual rate of 510,000 in April, down 23.9% from April 2022. In the Midwest, existing-home sales declined 1.9% from one month ago to an annual rate of 1.02 million in April, dropping 21.5% from the prior year

Existing-home sales in the South decreased 3.4% from March to an annual rate of 1.98 million in April, a 20.2% decline from one year ago. In the West, existing-home sales slipped 6.1% from the previous month to an annual rate of 770,000 in April, down 31.3% from the previous year.

See: <https://www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales>
and
<https://www.msn.com/en-us/money/realestate/u-s-existing-home-prices-fall-nearly-1-in-march-the-biggest-drop-in-a-decade/ar-AA1a6Fek>

Job market continues to outperform expectations

The April jobs report showed the US labor market remains robust, with more than a quarter million new jobs added to the economy last month as the unemployment rate fell to match its lowest level since May 1969. The US economy added 253,000 nonfarm payroll jobs last month, with the unemployment rate unexpectedly dropping to 3.4%, data from the Bureau of Labor Statistics showed.

April marks the 13th-straight month reported job gains came in higher than had been forecast by Wall Street economists.

Business services employment rose by 41,000 in April, while leisure and hospitality jobs, which have been a huge driver of much of the labor market's rebound since the pandemic, increased by 31,000. Construction and manufacturing jobs rose by 15,000 and 11,000 in April, respectively.

See: <https://www.bls.gov/news.release/empsit.nr0.htm>

Consumer sentiment slumped in May

US consumers' concerns about the economy grew notably in May, coinciding with the diffusion of unfavorable economic news, especially the debt ceiling crisis. The preliminary estimates for the University of Michigan consumer sentiment index sharply dropped from 63.5 in April to 57 in May, marking a 9.1% monthly decrease and falling short of the expected 63 reading. "After two years of relative stability, long-run inflation expectations rose to their highest reading since 2011," said Survey director Joanne Hsu.

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

US manufacturing sector contracts for sixth month

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

While the April index fell below the 50% level that indicates growth, the 47.1% rating was an improvement over the March rating.

"The US manufacturing sector contracted again; however, the Manufacturing PMI improved compared to the previous month, indicating slower contraction," said ISM Chair Tim Fiore. "The April composite index reading reflects companies continuing to manage outputs to better match demand for the first half of 2023 and prepare for growth in the late summer/early fall period."

Once again, the Furniture & Related Products industry and the Wood Products industry reported the largest monthly contraction among the 18 industries surveyed by ISM.

See: <https://www.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/pmi/march/>
and
<https://www.msn.com/en-us/money/savingandinvesting/ism-manufacturing-index-increased-to-47-1-in-april/ar-AA1aANnj>

Duties on China's hardwood plywood to remain in place

The US International Trade Commission (USITC) has determined that revocation of the existing anti-dumping and countervailing duty orders on certain hardwood plywood products from China would have negative consequences. Specifically, revocation could lead to material injury to US industry. As a result of the Commission's determination, the existing duties, many of which exceed 200%, will remain in place.

This action comes under the five-year (sunset) review process required by the Uruguay Round Agreements Act. The commission's report will be available by June 16 on the USITC website.

See: https://www.usitc.gov/press_room/news_release/2023/er0511_63892.htm

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

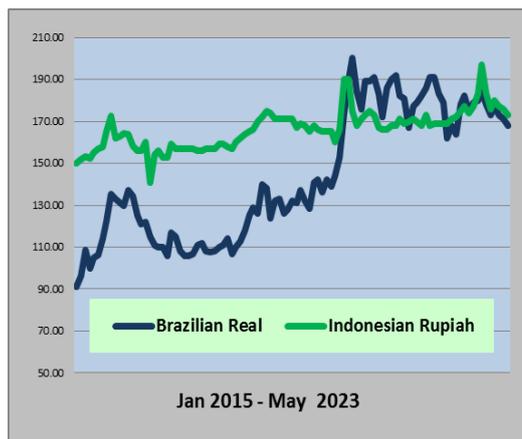
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Dollar Exchange Rates

As of 25 May 2023

Brazil	Real	5.00
CFA countries	CFA Franc	606.92
China	Yuan	7.01
Euro area	Euro	0.93
India	Rupee	82.84
Indonesia	Rupiah	14,936
Japan	Yen	138.20
Malaysia	Ringgit	4.54
Peru	Sol	3.76
UK	Pound	0.80
South Korea	Won	1,325.21

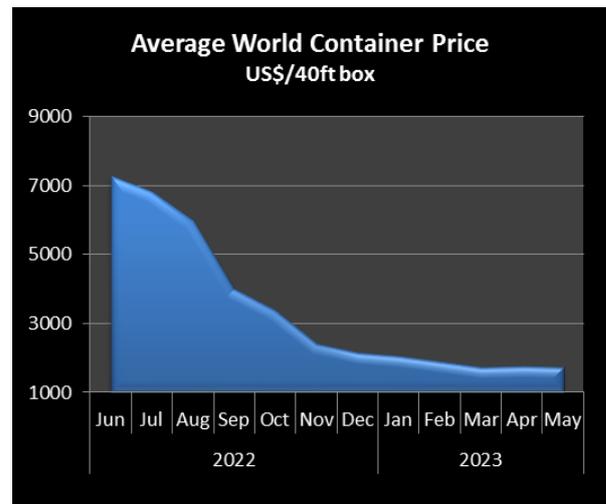
Exchange rate indices (US\$, Dec 2003=100)



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

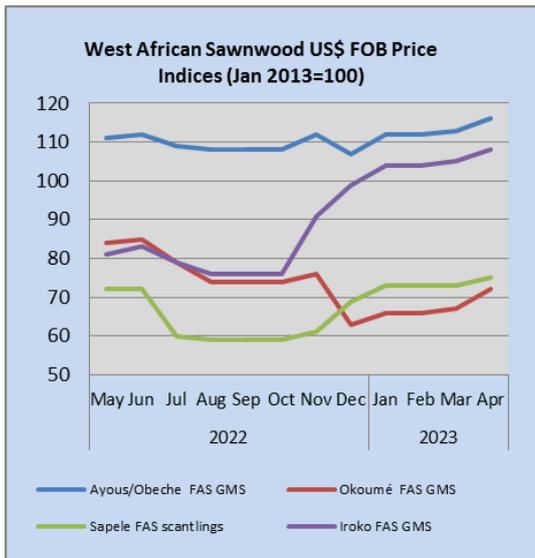
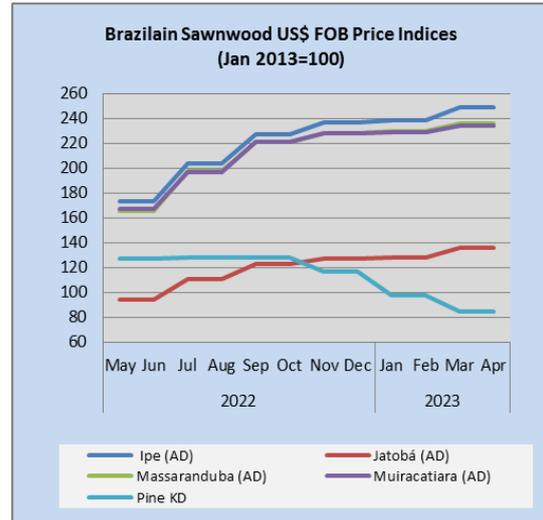
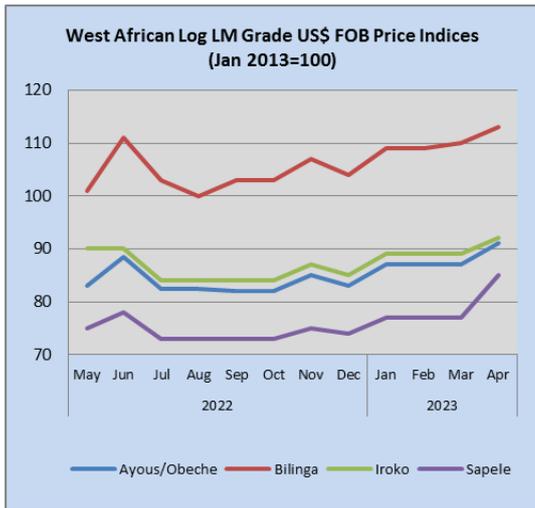


Data source: Drewry World Container Index

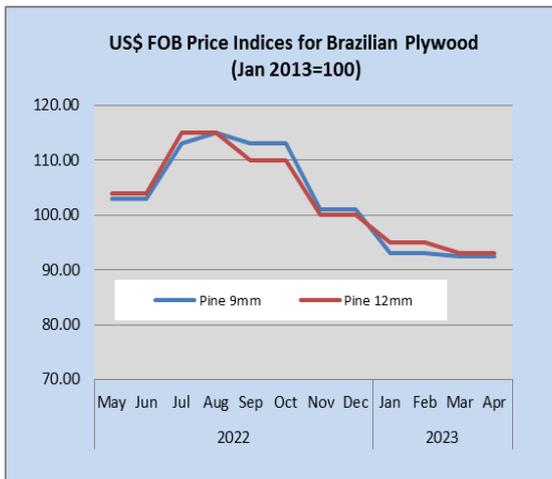
See: <https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry>

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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