

Tropical Timber Market Report

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

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Top story

Hardwood plywood imports down 63%

US imports of hardwood plywood continued to fall in February. Imports fell 12% for the month to a level 63% below that of February 2022.

Imports from China, Russia, and Indonesia all fell more than 20% and are down well over 50% for the year so far. Imports from Ecuador also fell and imports from all major trading partners were down sharply in the first two months of this year.

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Heavy rain slowing operations

Heavy rain almost daily is slowing operations in Gabon and Congo while operators in Cameroon and Central African Republic are currently experiencing a dry period. As a result of the rain production rates are down and access to the forest is challenging.

Buying by China picking up

Demand in Middle East markets is reported as stable. Importers in the EU continue to struggle to satisfy the EUTR and there are reports of heavy fines being imposed.

China is slowly coming back into the Okoume market as and new contracts are arriving. Demand for ovankol and belli is still stable.

The handling of CITES documents by the forest authorities is said to be going smoothly but some operators have reported they have been required to pay for the blank CITES forms.

Press statement on Tracer

Recent news suggests Tracer, which manages timber tracking for supplies to mills in the NKOK economic zone, continues to face problems with the authorities. On 4 April the ATIBT published a statement on the suspension of the Tracer service by Marc Ona Essangu and Jean-François Chevalier from Brainforest.

See: <https://www.atibt.org/en/announcements/181/press-release-on-the-situation-of-tracer-nkok-in-gabon>

and

https://www.atibt.org/files/upload/news/GABON/TRACERNkok_CommuniqueATIBT_4avril2023.pdf

Fuel shortages and another derailment in Gabon

Operators in Cameroon are said to be facing major problems in securing fuel for trucks. Appeals have been made to the government to examine the fuel distribution as this issue has been ongoing for some months.

Several recent incidents disrupted rail transport Gabon. First there was an accident involving a young person, the second incident, a derailment, damaged the line and the rail service was suspended.

In a public statement the Transgabonais operating company (Setrag) indicated they do not know for how long the service has to be suspended.

The domestic press pointed out this suspension has social and economic consequences. On a 648 km line linking Libreville to Franceville the train is the most convenient and reliable means of transport.

See: <https://www.lenouveaugabon.com/fr/transports-logistique/0304-19631-transport-ferroviaire-apres-de-nouveaux-accidents-la-setrag-suspend-une-nouvelle-fois-le-traffic>

Reports suggest a few companies that transport by rail from Lastourville have reduced the workforce as stocks have accumulated. Trucking along the N3 highway is possible but expensive at around CFA60.000/cu.m and slow as the road is not well maintained.

Turkish investor invited to Nkok

On a recent visit to Turkey the General Administrator of the Special Investment Zone (ZIS) of Nkok, Anne Nkene Biyo'o, met potential investors to whom she explained the opportunities for investing in downstream wood product manufacturing. The objective of the Gabonese authorities is to promote added value manufacturing.

See: <https://www.lenouveaugabon.com/fr/agro-bois/0504-19637-zis-de-nkok-le-gabon-veut-attirer-les-investisseurs-turcs-dans-la-3e-et-la-4e-transformation-du-bois>

MSC renames Bolloré Africa

It has been announced by the Italian-Swiss group Mediterranean Shipping Company (MSC), that its recent acquisition, Bolloré Africa & Logistics officially became Africa Global Logistics (AGL) on 30 March 2023. Africa Global Logistics is the operator of the container terminal at the Owendo Port, operates as a freight forwarder and also offers maritime services and port logistics.

See: <https://www.lenouveaugabon.com/fr/transports-logistique/3103-19629-apres-le-rachat-de-bollore-africa-logistics-msc-promet-de-ne-pas-licencier-au-gabon>

Comparison of EUDR with the EUTR

ATIBT has prepared an analysis and comparison of EUDR with the EUTR to help stakeholders understand the changes and to prepare.

See: <https://www.atibt.org/en/news/13318/publication-of-a-brochure-of-analysis-and-comparison-of-eudr-with-the-eutr> and <https://www.atibt.org/files/upload/BROCHURE-EUTR-EUDR-ENG-BD.pdf>

See also page 20.

Log export prices

West African logs	FOB Euro per cu.m		
	Asian market	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 Congo and Gabon.

See <https://www.ittogsc.org/static/upload/file/20230414/1681442042214477.pdf>

Ghana

AGI concerned on new taxes

Ghana's Parliament has recently passed three new revenue bills, which according to the government, is part of efforts to meet the International Monetary Fund's (IMF) criteria to qualify for a bailout.

On 4 April the AGI, under the signature of Seth Twum-Akwaboah, Chief Executive Office, issued a press release entitled: "AGI expresses disappointment over the passage of new revenue Bills".

The press releases says: "The Association of Ghana Industries (AGI) wishes to register its disappointment at the passage of the three revenue bills; Excise Duty, Growth and Sustainability Levy and Income Amendment Bills by Parliament.

Coming on the heels of an already harsh business climate, the passage of these bills poses very dire consequences for Industry. We continue to experience a tax regime that does not motivate local production and formal business operations. We denounce the lack of stakeholder consultation on such fiscal policies, which have negative impact on businesses.

AGI took steps to make input to the bills and it's obvious that our submissions did not receive the consideration we expected.

Indeed, local industries are already under severe pressure from several headwinds, including;

- Inflation currently at 52%
- VAT shot up to 15%, resultant effect of 21.9%
- Water tariff increments at 172% for beverage sector
- Electricity tariff currently at 29.9% for industry
- Policy rate at 29.5%, making cost of credit exorbitant
- Increase in Fuel Oil price due to Government subsidy withdrawal
- An unstable foreign exchange regime
- Levies and taxes on imported raw materials totalling about 50%.

Electricity tariffs shot up significantly on two occasions bringing the rate to 56.5%, within a period of less than six months.

Contrary to Government's ambitious revenue projection, which largely hinges on the performance of Industry, we (AGI) foresee a contraction in manufacturing and other related business activities. Businesses may have no option than to cut down on expenditure and production levels to stay within budget.

With the foregoing, Government risks missing its revenue target if industry has to contend with these new taxes. While we reckon that Government needs revenue, fiscal prudence is crucial. We appreciate the urgent need of the IMF measures but this should not be at the expense of growth in our industrial sector. Indeed, it is in the mutual interest of industry and Government to sustain the agriculture and industrial sectors which hold the key to job creation.

We (AGI) call on Government to engage AGI on measures to incentivise our local industries to forestall the negative consequences of these policies. To this end, we welcome the opportunity to dialogue with Government on how to save jobs and the strategic options to explore in cushioning our local industries."

See: <https://www.agighana.org/press-release-agi-expresses-disappointment-over-passage-of-new-revenue-bills/>

BoG survey shows slowing economic activity

The Bank of Ghana's (BoG) Composite Index of Economic Activity (CIEA) showed that, the country's economic activity contracted by 7.6% in February 2023 compared to the same period in 2022.

The survey attributed the downturn in the index to low port activity, low imports and falling credit to the private sector.

According to the report 'real' sector activity continued to decline while both business and consumer sentiments further improvement in February 2023. Business sentiments improved as companies met short-term targets amid positive company and industry prospects.

However, the Central Bank said consumer confidence improved on account of easing inflationary pressures. In its latest publication, the Ghana Statistical Service (GSS) announced that inflation dropped to 4.5% in March 2023, from 52.8% in February.

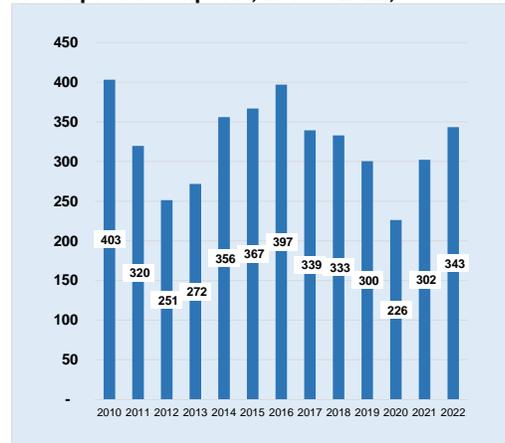
See: <https://www.myjoyonline.com/economic-activity-contracts-but-consumer-confidence-improves-bog/>

TIDD reports long term export trend

Ghana exported 4,209,000 cu.m of wood products during the period January 2010 to December 2022. The cumulative value of these shipments was Eur1,950 million according to the annual Timber Industry Development Division (TIDD) reports.

2022 wood product exports were recorded at a volume of 343,000 cu.m which showed a growth of 14% and 52% over the 2021 and 2020 export volumes. The graph below shows the annual export volume trends for the period from 2010 to 2022.

Wood product exports, 2010 – 2022, 000s cu.m



Data source: TIDD

The 2022 export volume registered the fifth highest in thirteen years and was the highest in six years since 2017 when the volume recorded was 339,000 cu.m .

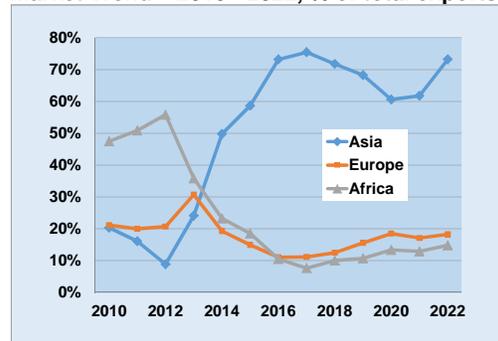
The country's lowest export volume was in 2020, the period of global pandemic, which affected international trade. Thereafter, export volumes increased from 226,000 cu.m in 2020 to 302,000 cu.m in 2021 and then 343,000 cu.m in 2022.

Air-dried lumber (45%), kiln-dried lumber (16%) and plywood (17%) to the regional market recorded significant volumes to top the first three leading products which together accounted for 78% of the total export volume for the period.

Market Performance

The TIDD data revealed that between 2010 to 2013 that the African markets accounted for 47%, 51%, 56% and 36% of the annual total export volume to become the leading destination for wood products from Ghana.

Market Trend – 2010 - 2022, % of total exports



Data source: TIDD

From 2014 Asian markets overtook the African market's dominance importing 50% of Ghana's total export volume and have maintained this top position year after year to reach 73% of total export volume in 2022. The European market was Ghana's third largest market which recorded its lowest performance of 11% of exports in 2016 and 2017 and the highest of 31% in 2013.

The performance of three other markets America, Middle East and Oceania recorded less than 10% of export volume for all years.

Boule export prices

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

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	372	441
Chenchen	477	612
Ogea	513	590
Essa	672	722
Ofram	350	435

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
	Air-dried	Kiln-dried
FAS 25-100mmx150mm up x 2.4m up		
Afromosia	860	925
Asanfina	465	564
Ceiba	290	345
Dahoma	452	572
Edinam (mixed redwood)	640	687
Emeri	655	706
African mahogany (Ivorenensis)	599	1,059
Makore	560	859
Niangon	800	855
Odum	570	1150
Sapele	800	879
Wawa 1C & Select	454	518

Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	761
Avodire	2,999
Chenchen	671
Mahogany	1,888
Makore	1,046
Odum	1,747
Sapele	1,129

Export plywood prices

Plywood, FOB	Euro per cu.m		
BB/CC	Ceiba	Ofram	Asanfina
4mm	501	580	641
6mm	412	535	604
9mm	320	504	560
12mm	583	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%.

Malaysia

MIFF 2023 hailed a success

The March Malaysian International Furniture Fair (MIFF) 2023 reported US\$1.21 billion in sales, up almost 20% from the 2019 pre-pandemic peak of US\$1.01 billion.

This year there were exhibitors from 11 countries and regions, Malaysia, China, Hong Kong, India, Indonesia, Japan, South Korea, Singapore, Taiwan P.o.C, Thailand and Vietnam bring the Fair back to full performance.

The Fair organisers reported over 19,000 trade buyers comprised around 30% foreign buyers and 40% first-time visitors. Top sellers were furniture for the dining room, bedroom, living room, office, upholstered furniture and kitchen furniture.

See:

<https://theborneopost.pressreader.com/article/283523685123105>

Blockchain could bolster trade ties with China

According to the Ministry of International Trade and Industry Malaysia could benefit from adoption of blockchain technology for the Preferential Certificate of Origin (PCO) system which could boost exports to China.

The system, through a single window framework, aims to improve trade facilitation and reduce technical barriers by offering more efficient and secure document processing for goods originating in Malaysia and destined for China.

A ministry spokesperson said initiatives such as the blockchain system for the PCO could further bolster bilateral trade ties by building on China's existing record of being Malaysia's largest trading partner for the past 14 years. The opportunities for blockchain technology to boost the timber trade between Malaysia and China are yet to be examined.

See:

<https://english.news.cn/20230404/29dc9cbfbf5240b391bdb553ff42b4ae/c.html>

New Sarawak sales tax unsettles exporters

Timber companies in Sarawak will have to pay a new state sales tax (SST) ranging from 1% to 2.5% imposed on the export of selected timber products effective 1 April. The affected timber products include plywood, fibreboard, sawntimber, veneer, particleboard and woodchips.

According to Sarawak Timber Association (STA), Association members received the notification to register on the SST on 21 March leaving little time to prepare.

The Association has appealed to the state government for a 12-month grace and to phase in the new tax rate over two years as there will be serious consequences for the downstream timber industry from reduced competitiveness and a possible loss of international market share.

The introduction of the SST on the export of wood products came four years after the state government raised the timber rehabilitation and development cess to RM5 from 60 sen per cu.m or an increase of 800% in 2019. In 2017, timber companies faced higher premiums for hill timber at RM50 per cu.m or a jump of 6,000%.

See: <https://www.thestar.com.my/business/business-news/2023/04/03/timber-companies-to-pay-new-tax#:~:text=KUCHING%3A%20Timber%20companies%20in%20Sarawak,veneer%2C%20particle%20board%20and%20woodchips>

Sawn Rubberwood export quota 2023

The Ministry of Plantation and Commodities has approved the export quota for rubberwood sawntimber for 2023 at 50,000 cu.m which came into force in January. All registered exporters of rubberwood sawntimber are required to apply for an export quota.

See: <https://www.mtib.gov.my/en/announcement/kuota-eksport-kayu-getah-bergegaji-2023-rubberwood-sawntimber-2023-export-quota>

Through the eyes of industry

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

See: <https://www.itto-ggsc.org/static/upload/file/20230414/1681442042214477.pdf>

Indonesia

SVLK rebranded

The European Union's decision to impose new rules regulating the timber trade has pushed Indonesia to act. On 1 March 2023 the Ministry of Environment and Forestry (KLHK) finalised a 'new' SVLK. The SVLK has changed to the 'Legality and Sustainability Verification System' with the same abbreviation, SVLK.

This new regulation deals with the legality of timber sources and identifies the sources that are sustainably managed.

The Director General of Sustainable Forest Management in the KLHK, Agus Justianto, when speaking at a seminar held by the Indonesian Timber Panel Association (Apkindo), said the previous SVLK also had sustainability aspects in its criteria and indicators. With the word sustainability (for the new SVLK), now emphasises legality and sustainability, he said.

According to Agus, the SVLK has evolved to include, for example, a longer validity period for certificates for cultivated wood. There are also financing facilities for certification for micro, small and medium enterprises.

He added that the government's quick action in rebranding the SVLK should be appreciated as it deals with market requirements as the EU wood product market is large and Indonesia must act to capture a greater market share.

See: <https://agroindonesia.co.id/svlg-baru-perkuat-kelestarian/>

New paradigm for SVLK

The Director for Processing and Marketing of Forest Products at the KLHK, Krisdianto, said that the SVLK was well accepted in the international market adding that the SVLK has a number of attributes that make it acceptable. Among them is that the SVLK has strict and well-maintained regulations to ensure the forest product legality and forest sustainability.

The multi-stakeholder involvement in the development and implementation is also an attribute that strengthens the SVLK. In addition, the SVLK is credible because verification is carried out by third parties which are accredited by the National Accreditation Committee (KAN).

Implementation of the SVLK is transparent because it involves civil society as independent monitors. Responding to the European Union's plan to implement the Deforestation Free Supply Chain law, Krisdiyanto stated that Indonesia hopes that the European Union will continue to recognise the SVLK.

The chairman of the Indonesian Forestry Community Communication Forum (FKMPI), Indroyono Soesilo, stated the SVLK is a credible system for Indonesia to satisfy the European Union's DFSC regulations. This is because the SVLK increases accountability and transparency which have an impact on improving forest governance in Indonesia

See: <https://agroindonesia.co.id/svlg-paradigma-baru-bisa-menjawab/>

EUDR taken up at FACT Dialogue

At the opening of the Forest, Agriculture Commodities Trade (FACT) Retreat held in London the Deputy Minister of Environment and Forestry, Alue Dohong, conveyed Indonesia's stance regarding the European Union's Due Diligence Regulations.

He said the European Union's due diligence regulations on six commodities, especially wood products ignores Indonesia's efforts to implement a Legality and Sustainability Legality Verification System (SVLK) which has been in operation since 2001 within the framework of Forest Law Enforcement Governance and Trade (FLEGT).

In his opening speech, Alue conveyed Indonesia's views on the EU's due diligence regulations and hoped that the FACT Dialogue could support Indonesia's stance in anticipating these due diligence regulations. The European Union is a member of the FACT Dialogue.

Alue also said that the FACT Dialogue should not only be a 'talk platform' but should pay attention to solving non-tariff barriers problems.

The FACT Dialogue is a 28-country dialogue forum consisting of groups of producing countries and groups of consuming countries that have the goal of agreeing on principles of collaborative action, a common roadmap on sustainable land use and international trade and taking steps to protect forests while promoting development and trade.

See: <http://ppid.menlhk.go.id/berita/siaran-pers/7118/di-pembukaan-fact-retreat-wamen-lhk-sampaikan-sikap-indonesia-terhadap-regulasi-uji-tuntas-uni-eropa> and <https://forestinsights.id/2023/03/30/wamen-lhk-sampaikan-sikap-indonesia-soal-eu-dfsc-di-fact-retreat-campakkan-usaha-membangun-svlg/>

Plywood producers and IFCC/PEFC certification

Indonesian plywood producers are considering the IFCC-PEFC certification scheme in order to strengthen penetration into the export market as well as to support sustainable forest management.

The Chairman of Apkindo, Bambang Soepijanto, stated that the certification scheme developed by the Indonesia Forestry Certification Cooperation (IFCC)-Program for Endorsement Forestry Certification (PEFC) is attractive to Apkindo members because it can increase economic growth and guarantee environmental sustainability.

Another benefit of the IFCC-PEFC scheme is that it can already be carried out by domestic audit institutions with accreditation from the National Accreditation Committee (KAN). This will have an impact on time and cost efficiency in the certification process.

The Secretary General of the National Accreditation Committee (KAN), Donny Purnomo, revealed that KAN has operated the IFCC-PEFC accreditation scheme since 2022. He explained that one of the requirements for certification bodies intending to obtain KAN accreditation for IFCC-PEFC is that they must have received accreditation for the mandatory SVLK scheme.

See: <https://forestinsights.id/2023/03/24/produsen-kayu-lapis-lirik-sertifikasi-ifcc-pefc-akreditasi-kan-jadi-satu-alasan/>

Rational behind carbon pricing

Director General of Climate Change Control at the Ministry of Environment and Forestry, Laksmi Dewanthi, stated that the main goal of developing Economic Carbon Value (NEK) is not just about money because article 6 of the Paris Agreement and Presidential Decree 98 of 2021 clearly indicates the aim of NEK is to achieve the NDC target,"

She explained that, to support the achievement of the NDCs, it is necessary to secure funding. One source of funds is the development of the NEK and developing an inclusive, transparent and fair carbon market.

Currently, the government is preparing to operationalise carbon trading. The regulations are being prepared by the KLHK concerning Procedures for Carbon Trading in the Forestry Sector and regulations concerning implementation of NDCs. The KLHK, together with the Financial Services Authority (OJK), are preparing regulations regarding technical arrangements for a carbon exchange.

See: <https://forestinsights.id/2023/03/25/klhk-tegaskan-tujuan-utama-carbon-pricing-bukan-ekonomi-regulasi-disiapkan/>

Downstream industry investment forecasts

The Ministry of Investment has forecast that Indonesia's ambitious downstream aims would require an investment of around US\$550 billion over the next two decades. About US\$432 billion in investment needs be directed to the minerals and coal sectors. The industrial downstream sectors will need US\$68 billion and investment needs in plantations, fisheries and forestry sectors total US\$45 billion.

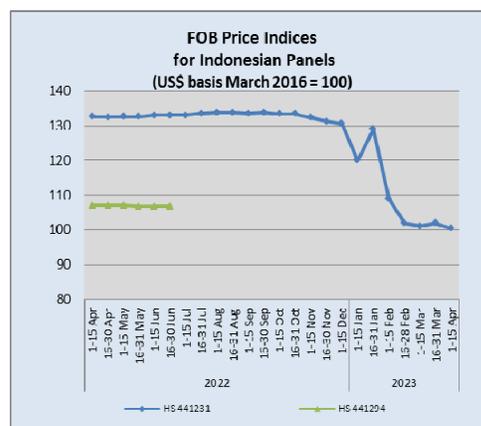
See: <https://jakartaglobe.id/business/indonesias-downstream-industry-plan-needs-5453b-till-2040>

KLHK-MA collaborate on environmental protection and forestry

The KLHK is strengthening cooperation in the legal field with the Supreme Court (MA) to build a firm legal foundation for environmental and forest protection in Indonesia. The signing of a memorandum of understanding was done by the Secretary General of the Ministry of Environment and Forestry, Bambang Hendroyono, with the Secretary of the Supreme Court, Hasbi Hasan.

"The memorandum of understanding is the basis for implementing coordination between the two institutions in supporting efforts to protect the environment and forestry in realising sustainable development and actualising community rights according to constitutional mandates, said KLHK Minister, Siti Nurbaya.

See: <https://www.antaranews.com/berita/3452517/klhk-ma-berkolaborasi-wujudkan-perlindungan-lingkungan-kehutanan-ri>



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.

See: <https://www.itto-ggsc.org/static/upload/file/20230414/1681442042214477.pdf>

Myanmar

The domestic press quoting the recent National Planning Law 2023-2024 says the governments aim is to lift per capita GDP to MMK2.45 (about US\$1,160). This would involve an increase by MMK400,000 from the 2022-2023 financial year level.

The National Planning Law took effect on 1 April and forecasts a rise of 4% in GDP. The legislation provides for more than MMK8,300 billion to be invested by the State for projects that benefit the State and citizens. In the previous national plan the average per capita GDP was targeted to increase from MMK2,052,528 to MMK2,222,230.

In the current National Planning Law the participation of the agricultural sector, the industrial sector and the services sector in the total value of gross domestic product are expected to reach 2.5%, 4.8% and 6.7%.

See: <https://www.gnlm.com.mm/myanmar-aims-to-achieve-an-average-per-capita-gdp-of-k2-45-million/>

Deadline for transfer of export earnings

The Central Bank of Myanmar (CBM) is pushing exporters to show receipts of export earnings in the prescribed time.

According to the local media the chairperson of the CBM held a meeting with Deputy Minister of Commerce, Chairman of Union of Myanmar Federation of Chamber of Commerce and Industries (UMFCCI) and Director of Special investigation on this issue.

Under the current rules exporters are required to complete the transfer of export earnings back to banks in Myanmar within 45 days for exports to Asian countries and 90 days for other markets.

The CBM is trying to stabilise the exchange rate which has fluctuated reaching 3500 MMK per US dollar in the second and third quarters of 2022 and is now around 2900 MMK. However, the CBM official exchange rate is 2100 MMK per US dollar.

In order to stabilise the exchange rate the CBM seems to be preparing to strengthen the regulation which will assure the export earning deposited in the prescribed time.

See: <https://www.cbm.gov.mm/content/7926>

India

Economy resilient and well positioned to face challenges

In its Monthly Bulletin for March the Reserve Bank of India (RBI) said the economy is resilient and well positioned to face a global growth slowdown as the country has emerged from the pandemic years stronger than initially thought.

The RBI bulletin says “Broader economic activity has remained resilient and poised to expand further. Domestic demand is accelerating with auto sales having rebounded, real estate sales on the rise in spite of a pick-up in borrowing costs and the contact-intensive hospitality services experiencing a bounce-back. Bank credit is increasing by double digits and the sustained surge in goods and service tax collections is signalling growing formalisation of the economy.

Indian equities are outperforming both advanced and emerging peers. Selling by foreign portfolio investors is being more than matched by domestic institutional investors’ buying. Corporate and bank balance sheets have become fortified through the period of the pandemic”.

As the third largest economy in terms of purchasing power parities, India accounts for 3.6 % of G20 GDP. In 2023, India is projected to be among the fastest growing economies within G20.

See: https://www.rbi.org.in/Scripts/BS_ViewBulletin.aspx?Id=21332 and <https://www.drishtias.com/daily-updates/daily-news-analysis/state-of-the-economy-report-rbi>

Slower income growth to hold down economy

India’s GDP growth is expected to moderate to 6.3% in in fiscal 2024 due to decline in consumption according to a World Bank report. The Bank lowered its forecast for India’s economic growth in the current fiscal year.

India’s growth for 2023-24 is forecast to be lower due to concerns on the global economy and because of rising borrowing costs and slower income growth leading to a moderation in consumption.

See: <https://www.hindustantimes.com/india-news/world-bank-and-ADB-cut-india-s-growth-projections>

Rupee weakened as interest rates held steady

The Reserve Bank of India kept the interest rate at 6.50% after six straight hikes which surprised analysts who were anticipating a rise. The Indian rupee weakened slightly after the announcement. The slowing rate increases came despite inflation remaining above the target maximum of 6%.

See: <https://asia.nikkei.com/Economy/India-pauses-rate-hikes-in-surprise-move-amid-stubborn-inflation>

Bright outlook for housing

It is reported that India Ratings and Research (Ind-Ra) has revised the outlook for the residential real estate sector for fiscal 2024. Ind-Ra reports that house prices rose 8–10% this fiscal year and may further increase by 5% this year.

See: <https://www.indiaratings.co.in/rating-details/2/61388>

A press release from the IFC says low and middle income borrowers will be able to own homes with improved access to finance thanks to a new investment aiming to boost affordable housing finance in India, while supporting the country’s climate goals by focusing on green affordable housing.

IFC’s US\$250 million loan to the Housing Development Finance Corporation (HDFC), India’s largest housing finance company, will support its affordable housing and emerging green affordable housing portfolio by improving access to housing for people on low incomes.

At least 25% of the financing has been earmarked for green affordable housing which is likely to encourage this market in India. Green housing is largely regarded as a luxury market in the country but, given its climate benefits, IFC intends to challenge that perception and help boost green affordable housing by partnering with HDFC.

See: <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=26526>

Import update

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

	Hoppus cu.m	US\$ C&F
Brazil	144	298
Colombia	120	314
Costa Rica	69	492
Ecuador	178	193
Ghana	148	240
Ivory Coast	82	468
Nigeria	-	-
South Sudan	89	292
Tanzania	-	-

In March there were shipments of teak logs from Laos, 135 cu.m priced at US\$287/H.cu.m.

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

	CU.M	US\$ C&F
Benin	52	673
Brazil	142	497
Colombia	74	333
Costa Rica	95	285
Ecuador	72	338
Ghana	180	324
Ivory Coast	-	-
Nigeria	80	341
South Sudan	7	388
Tanzania	96	378
Togo	118	346
Venezuela	84	455

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	78.00
6mm	90.00
9mm	106.00
12mm	130.00
15mm	166.00
18mm	184.00

Domestic ex-warehouse prices for locally manufactured MR plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	53.00
6mm	67.00
9mm	79.00
12mm	94.00
15mm	126.00
19mm	135.00
5mm Flexible ply	87.00

Vietnam

Wood and Wood Product (W&WP) trade highlights

According to the General Department of Customs in March 2023 W&WP exports were valued at US\$1.2 billion, up 36% compared to February 2023 but down 23% compared to March 2022. In particular, WP exports stood at US\$823 million, up 48% compared to February 2023 but down 30% compared to March 2022.

In the first 3 months of 2023 W&WP exports amounted to US\$2.88 billion, down 28% over the same period in 2022. In particular, WP exports contributed US\$1.87 billion, down 39% over the same period in 2022.

Vietnam's W&WP imports in March 2023 were valued at US\$220 million, up 46% compared to February 2023 but down 7.6% compared to March 2022. In the first 3 months of 2023 W&WP imports estimated at US\$491 million, down 28% over the same period in 2022.

Imports of logs and sawnwood in March 2023 were 415,500 cu.m, worth US\$147.5 million, up 28% in volume and 27% in value compared to February 2023. However, compared to March 2022 imports decreased by 7% in volume and 12% in value.

In the first 3 months of 2023 imports of logs and sawnwood are estimated at 973,600 cu.m, worth US\$350.9 million, down 21% in volume and 25% in value over the same period in 2022.

Exports of NTFPs in March 2023 contributed US\$70 million, up 24% compared to February 2023, down 22% compared to March 2022. Overall, in the first quarter of 2023, NTFP exports generated US\$172.42 million, down 35% over the same period in 2022.

W&WP exports to the EU markets in March 2023 accounted for US\$55.2 million, down 26% compared to March 2022.

In March 2023 exports of kitchen furniture brought in about US\$89.4 million, down 29% compared to March 2022. Kitchen furniture exports in the first 3 months of 2023 contributed US\$216.7 million, down 30% over the same period in 2022.

Export of wood chips set to decline

The increasing scarcity of energy in many countries around the world in the past year is the main factor promoting the good growth of Vietnam's woodchip exports. In 2023, with the factors affecting export and domestic woodchip production, it is not expected that the price "fever" will last.

Fluctuations in chip markets

According to Nguyen Quoc Tri, Deputy Minister of Agriculture and Rural Development, in 2022 despite many changes, the wood and forest product processing industry still achieved more than US\$17 billion in exports. While the growth rate of 7% in 2022 was the lowest figure in the past ten years it still shows that Vietnam is one of the important suppliers for international customers.

In 2022 the export of wood chips reached 15.8 million tonnes, up 16% compared to 2021. The export value reached nearly US\$2.8 billion, up more than 60% over the same period last year. The expansion of woodchip export earnings in recent years is mainly due to the sharp increase in prices.

The average price in 2022 increased by more than 38% compared to 2021. The FOB export price increased from about US\$130/tonne at the beginning of the year to a record level of more than US\$200/tonne in the period of August - October 2022.

However, since October 2022 chip prices showed signs of cooling down although it remained at a high level. China and Japan are the two largest woodchip markets for Vietnam accounting for nearly 95% of total export volume and turnover.

Impact factors

According to a report by the Research Group of Wood Associations and Forest Trends the signals for the woodchip export markets in 2023 are not clear yet but it can be seen that a number of factors are affecting the situation.

Specifically, the export price in 2023 is tending to fall compared to 2022. The export price in the first months of 2023 is down compared to the previous months. According to assessment by some businesses this decline may last until the end of the second quarter of 2023.

In addition, information on chip consumption demand in major markets such as China, Japan and South Korea is not clear yet so it is difficult to make accurate assessments of fluctuations in markets.

However, the demand for woodchips in Japan and South Korea is forecast to continue to increase in 2023 because chips are used to replace coal as an input material for power generation.

The domestic supply of special wood chips and pellets from Korean furniture production facilities in 2023 may decrease since these facilities have had to reduce their production scale because the weakening world economy. The decline in domestic supply of chips may require Korea to expand imports in the near future.

Another factor affecting trade is Vietnam's policies on VAT. The issue of VAT refunds for 2022 exports has not been resolved.

This has caused many enterprises in the sector to consider their production and export activities in the future. If some pull out it will affect export earnings from woodchips.

In 2023 it is anticipated there will no longer be a shortage of input materials for woodchips as in 2022. The export of veneers to China market has shown signs of recovery.

Residues from the production of veneers and plywood is used for chip and pellet production.

See: <https://wtocenter.vn/chuyen-de/21596-export-of-wood-chips-will-decline>

And

<https://en.vcci.com.vn/export-of-wood-pellets-under-downward-pressure>

Benefits from a carbon credit market -Reducing emissions and deforestation

As a country with almost 15 million hectares of forest, Vietnam's forestry sector can play an important role in not only reducing greenhouse gas emissions but also generating revenue from the market for carbon credits.

Revenue from forest carbon credits could prove to be very profitable for Vietnam. However, this will require finding ways to protect these areas and to reduce deforestation. Planting more trees to increase forest acreage could be one way to offset the impacts of deforestation.

Many Vietnamese agricultural firms from large corporations to smaller startups have expressed an interest in a carbon credit market. Sokfarm, for example, is looking to sell carbon credits from coconut trees. This may have the added benefit of reducing hardships and mitigating risks posed by climate change for farmers.

Quang Nam is the first locality in Vietnam licensed by the government to carry out a pilot project for developing forest carbon credits.

Quang Nam's natural forest area is 466 hectares. If one cubic meter of forest trees is equal to 1.1 tons of carbon, after the pilot phase this project could help Quang Nam earn up to US\$5 million per year at a selling price of US\$5/ton carbon dioxide equivalent (CO_{2e}).

Despite billions of dollars being spent on carbon removal the profit from selling carbon credits is still not high enough to persuade a critical mass of owners to discontinue clearing forests.

This is due to increasing demand for wooden furniture in both domestic and global markets and high prices as a result. In the first 11 months of 2022, wood and wooden products exports of Vietnam were worth an estimated US\$14.6 billion, increasing 9% over the same period in 2021.

Prospects for Vietnam's carbon market

Creating a carbon credit market in Vietnam will be highly beneficial for the carbon capture industry and, more crucially, the environment.

By reducing greenhouse gas emissions, a successful carbon trading market will aid Vietnam in fulfilling its COP26 commitments while enabling individuals and businesses to profit from selling credits overseas.

Despite the absence of a carbon market in Vietnam at present, the groundwork is being laid and carbon emissions management is steadily advancing towards this goal. The move is not only necessary for Vietnam to achieve its climate commitments but also to ensure seamless international trade.

See: <https://www.vietnam-briefing.com/news/vietnams-carbon-market-2023.html/>

Vietnam tries "community forestry" model to protect forests

To date, 280,000 hectares of the total 15.3 million hectares of forests have been allocated to local people for forestry production and 513,000 hectares have been allocated for management and protection. The figures would be increasing sharply in the future as local authorities have realized that Vietnam needs to rely on the community to protect forests.

Local people can best protect local forests

Reports by local authorities all showed that the forests can be protected best once responsibility is assigned to local people. However, a problem still exists in the legal status of the communities that take the responsibility of protecting forests and in the unreasonable policies.

Dr. Nguyen Nghia Bien, Director of Institute of Forest Inventory and Planning noted that communities assigned to protect forests are mostly ethnic minority people, while the forests allocated to people are mostly the poor forests in remote areas with bad infrastructure conditions.

Dr. Pham Xuan Phuong from the Ministry of Agriculture and Rural Development said in many localities people still have not received the money for the forest development. Therefore, they are not encouraged enough to continue the work of developing the forests.

The Institute of Forest Inventory and Planning is implementing projects on strengthening community forestry in Vietnam. Bien emphasized the necessity of mobilising society's resources for forest protection and development.

See: <https://vietnamnet.vn/en/vietnam-tries-community-forestry-model-to-protect-forests-E92236.html>

Brazil

Sustainable Wood - The future of the market

A National Forum for the Forest Base (FNBF) which gathers 23 organisations from the Brazilian forest sector totalling more than 3,500 associated companies, organised an event "Sustainable Timber - The future of the market" to discuss the advantages of forest management.

Wood coming from SFM sources effectively contributes to the preservation and conservation of Brazilian forests, fauna and flora. A misunderstanding of the differences between illegal sources, deforestation and SFM sources results in many professionals in architecture, urbanisation and engineering avoiding the use of wood products believing, by doing so, they will not contribute to deforestation of the Amazon Forest when the opposite is the case.

One of the reasons for holding the event was to present science and knowledge to professionals, interior designers and dealers who sell wood from natural forests.

The Forum heard that Brazil has the capacity to double its wood production through SFM. Brazil has 489 million ha. of forests and of this total 334 million ha. are in the Amazon biome. The country has 39% of the world's tropical forests but only 10% of tropical wood consumption is produced in the country and of this around 3% is exported.

For example, the state of Mato Grosso is responsible for 85% of the sustainable timber production in the country followed by the state of Pará, with 28% and Rondônia, 20% according to IBAMA. Mato Grosso State alone has the capacity to double the production of timber from sustainably managed forests and through this combat illegal harvesting.

Currently, there are 3 million ha. of production forests with the possibility to rise to 6 million by 2030 according to CIPEM.

See: <http://www.forumflorestal.org.br/2023/03/09/arquitetos-ambientalistas-e-madeireiros-participam-de-evento-para-discutir-manejo-florestal/>

Rules governing carbon credits for concession holders

The House of Representatives has approved a Provisional Measure 1151/22 which changes the regulations in the Public Forest Management Law (forest concessions) allowing non-timber production activities and the commercialisation of carbon credits.

According to the new regulation, the right to commercialise carbon credits and other similar instruments for the mitigation of greenhouse gas emissions is included along with a mention of participation by the Brazilian Forest Service (SFB).

Production of non-timber forest products and services may be another aim of forest concessions as long as they are carried out in the management unit under the terms of the regulation. Forest restoration with agroforestry systems combining native and exotic species of economic and ecological interest may also be carried out in the management unit.

An addendum to concession contracts will set the conditions/requirements and allow for the preparation of a single Sustainable Forest Management Plan (SFMP) with the managing agency (SFB) being responsible for making the necessary adjustment.

See: <https://forestnews.com.br/camara-mp-creditod-carbono-gestao-de-florestas/>

Updated information on African Mahogany in Brazil

The Brazilian Association of African Mahogany Producers (Associação Brasileira de Produtores de Mogno Africano - ABPMA) founded in 2011 released updated information regarding the production of African mahogany in Brazil in its March 2023 journal.

Information provided includes:

There are large plantations of *Khaya grandifoliola*, *K. senegalensis* as well as *K. anthotheca* and *K. ivorensis* plantations.

The expansion of African mahogany cultivation in Brazil extends over 9 states but 66% of the forest plantations are concentrated in the state of Minas Gerais.

Brazil has about 66,300 hectares of planted *Khaya*. More specifically: *K. grandifoliola*: 42,000 ha; *K. senegalensis*: 23,000 ha; *K. anthotheca*: 800 ha; *K. ivorensis*: 500 ha.

The data in the journal are from several producers updated based on the ABPMA database. The Association reported that the data provided is an estimate.

See:

https://drive.google.com/drive/folders/1sZLedFP_hUDViGoDCdkegVTxWhWWAIA3?usp=share_link

Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	502
Jatoba	213
Massaranduba	190
Muiracatiara	183
Angelim Vermelho	188
Mixed redwood and white woods	140

Source: STCP Data Bank

Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	2,309
Jatoba	1,028
Massaranduba	984
Muiracatiara	845
Angelim Vermelho	882
Mixed red and white	578
Eucalyptus (AD)	333
Pine (AD)	239
Pine (KD)	315

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

	US\$ per cu.m
Parica	
4mm WBP	627
10mm WBP	481
15mm WBP	436
4mm MR.	605
10mm MR.	453
15mm MR.	396

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

	US\$ per cu.m
Domestic ex-mill prices	
15mm MDParticleboard	349
15mm MDF	398

Source: STCP

Correction, in the end March report the price for 15mm MD Particleboard was shown as US\$491/cu.m, this was incorrect. The price was US\$349/cu.m.

Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipe	3,3005
Jatoba	1,725
Massaranduba	1,720
Muiracatiara	1,70
Pine (KD)	186

Source: STCP Data Bank

Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	343
12mm C/CC (WBP)	321
15mm C/CC (WBP)	308
18mm C/CC (WBP)	305

Source: STCP Data Bank

Export prices for added value products

	US\$ per cu.m
FOB Belem/Paranagua ports	
Decking Boards Ipê	5,207
Jatoba	2,374

Source: STCP Data Bank

Through the eyes of industry

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

See: <https://www.ito-ggsc.org/static/upload/file/20230414/1681442042214477.pdf>

Serfor provided timber to repair docks

The Rural Agrarian Productive Development (Agro Rural) programme received almost 30 cubic metres of sawn Myroxylon balsam donated by the National Forestry and Wildlife Service (Serfor) to repair docks on the guano islands, located in the ports Ancon and Callao.

"The docks in question serve as loading points for Guano that is then marketed to different farmers in the country". Guano from the islands is a 100% organic product that forms part of the State's natural resources and its extraction, packaging, distribution and commercialisation is carried out only by Agro Rural.

New standards for wooden sleepers

Peru has 2,000 kilometers of railways and there is a steady demand for sleepers for the maintenance of existing tracks as well as for the development of new lines.

The Ministry of Agrarian Development and Irrigation (MIDAGRI) recently approved "unpreserved wooden sleepers for narrow gauge railways" and "unpreserved wooden sleepers for normal gauge railways" through Resolution No. 0089-MIDAGRI on March 22 of this year.

This sets out how these products should be made so that the State can acquire them more quickly and effectively and can also be offered to other markets.

Forest users in Ucayali and Loreto trained on SFM regulations

In order to promote compliance with forestry regulations the Agency for the Supervision of Forest Resources and Wildlife (OSINFOR) interacted with and advised forest users in Ucayali and Loreto on the scope of the forest supervision and the applications of sustainable management of forest resources.

OSINFOR held two workshops, the first on 24 March in the Auditorium of the Pucallpa Bar Association in Ucayali; while the second took place on 31 March in Yurimaguas, in the province of Alto Amazonas, Loreto; The Pucallpa workshop was aimed at holders of forestry concessions for timber purposes in the Ucayali region.

Native communities trained in the use of drones for forest surveillance

Representatives of the native communities in Sinchi Roca, Santa Rosa de Aguaytia, Fernando Sthal and Puerto Belén, from the Ucayali Region have been trained on the use of drones to detect and prevent forest crimes in their communal forests.

In coordination with the Ucayali Regional Forestry and Wildlife Management (GERFFS) OSINFOR trainers explained, through the Forest Backpack methodology, the measures that can be taken to prevent various forest crimes, file complaint and how to present these complaints to the corresponding authorities.

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	989-1000
Asian market	989-1008
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	595-615

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

Export plywood prices

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

Domestic sawnwood prices

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

Domestic plywood prices (excl. taxes)

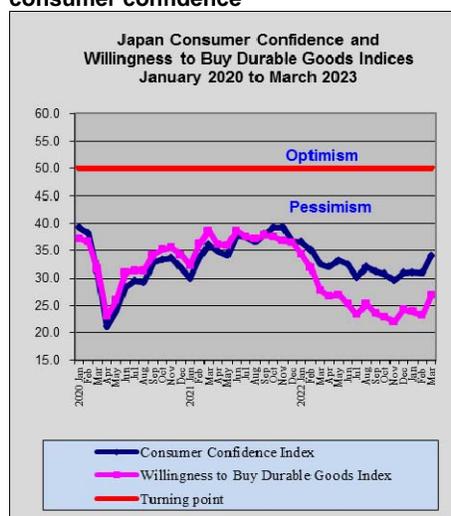
	US\$ per cu.m
Iquitos mills	
122 x 244 x 4mm	512
122 x 244 x 6mm	519
122 x 244 x 8mm	522
122 x 244 x 12mm	528
Pucallpa mills	
122 x 244 x 4mm	503
122 x 244 x 6mm	511
122 x 244 x 8mm	516
122 x 244 x 8mm	521

Domestic prices for other panel products

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

Japan

Stunning wage increases and end of covid lift consumer confidence



Data source: Cabinet Office, Japan

Japan's consumer confidence gave the government some optimism as the index rose in March from a month earlier to the highest level since May 2022. At the core of the improvement in confidence are the stunning wage increases agreed by major companies, the prospect that the covid pandemic is on the wane and that spring came early this year.

Warnings on volatility amid fresh banking concerns

The government retained its assessment that the economy is recovering moderately but maintained its warning about market volatility amid fresh banking concerns prompted by troubled Credit Suisse and the collapse of two US banks.

In its March economic report the government cut its assessment on production for the first time since December amid slowing international demand and as a result forecasts for corporate earnings were downgraded for the first time in nearly three years.

Japan's economy avoided a recession in the final quarter of 2022 but prospects are good as private consumption, which makes up over half of gross domestic product, has been rising.

No plans for changes to interest rate policy

Japan's new Bank of Japan (BoJ) governor, Kazuo Ueda indicated that the Bank has no plans for major changes in its ultra-low interest rate policy as slowing global growth is a risk for a sustained rise in inflation and wages, the prerequisite for phasing out the controversial monetary stimulus policy.

Inflation and wage growth are showing of improvement. After hitting a 41-year high of 4.2% in January, core consumer inflation remains above 3% as more firms lift prices to cover rising production costs. To compensate households for the increase in living costs major firms have offered wage hikes of nearly 4% this year in annual labour talks, the fastest pace in about three decades.

See: <https://japantoday.com/category/business/new-boj-head-says-banks-stable-rules-out-major-policy-shift>

New programme planned to securing foreign manpower

A government panel has been reviewing the country's programme on foreign technical trainees and has recommended scrapping the current approach and a launch of a new programme that emphasises securing manpower.

Japan introduced the current programme in 1993 with the aim of contributing to skill development for 'trainees' from developing countries, however, because of poor oversight and loopholes in the regulations the programme has been abused by some Japanese companies with workers complaining of unpaid wages, long work hours and other violations.

Labour shortages are becoming more apparent in Japan. One of the reasons for this shortage of personnel despite the lackluster economy is that labor supply has reached a plateau. The inflow of foreign workers decreased due to control measures imposed after the start of the COVID pandemic. Another factor behind the stagnation of labour supply is that labour participation among women and the elderly, which had been strong before COVID, has stalled.

As economic activity continues to normalise Japan will find itself facing a serious labour shortage.

See: <https://japannews.yomiuri.co.jp/politics/politics-government/20230410-102701/>

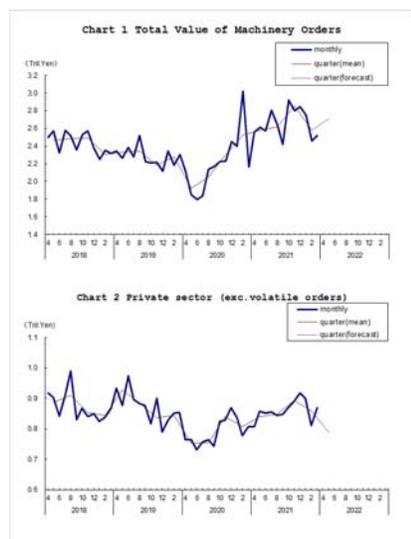
and <https://www.jri.co.jp/en/reports/jrirj/2023/nishioka/01/>

Second quarter to see machinery orders decline

The total value of machinery orders (excluding volatile ones for ships and those from power companies) received by manufacturers increased by 2.5% in March, however, in the January-March period orders declined almost 10% compared with the previous quarter.

Private-sector machinery orders (excluding volatile ones for ships and those from power companies) increased a seasonally adjusted by 7.1% in March but dipped 3.6% in the first quarter of this year.

In the April-June period private sector machinery orders have been forecast to drop by 8% from the previous quarter.

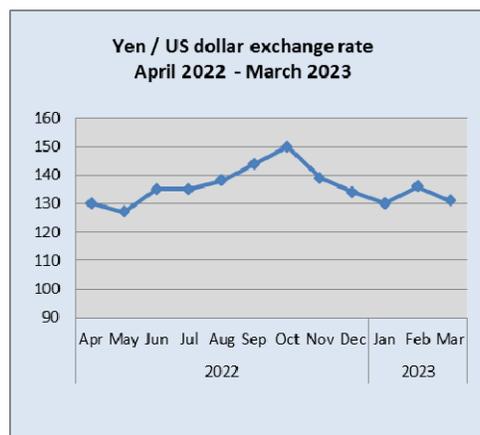


Source: Cabinet Office, Japan

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

Yen slipped on news no change to BoJ policy

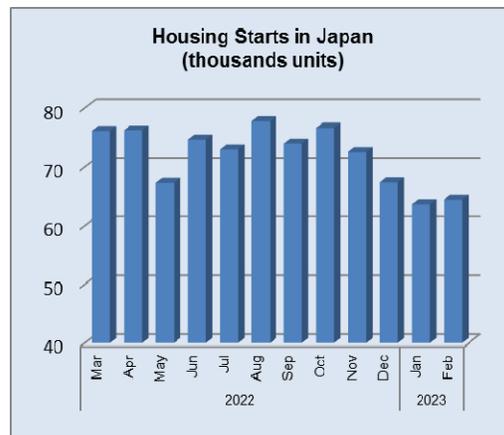
After the new BoJ governor reported that the Bank will maintain current ultra-loose monetary policy that has been in place for around 10 years. Immediately after the statement the yen weakened slightly but the downturn was short lived. On 10 April the yen was at 133 to the US dollar.



Discussions on housing finance for young families

The Japanese government has established a panel to discuss measures to address the country's falling birthrate. Under consideration are scrapping the income cap for child benefits, extending the period of eligibility for benefits and providing housing support to child-rearing households.

The idea of housing support has been welcomed by many as a significant shift away from the usual (and largely ineffective) cash hand-outs. The move to support young couples with their housing could result in demand for smaller first time homes.



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

Import update

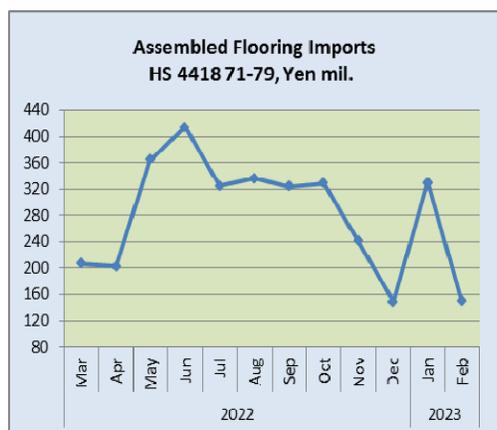
Assembled wooden flooring imports

There was a massive correction in Japan's imports of assembled wooden flooring (HS441871-79) in February bringing the value of imports back to the same level as in December 2022.

A possible explanation for the correction (other than the January data was incorrect) is the strengthening of the yen against major currencies in January this year which importers took advantage of. However, the value of imports of other wood products in January did not show the same surge as seen with flooring.

The value of Japan's imports of assembled wooden flooring (HS441871-79) in February was down 30% year on year. There has been a steady decline in the value of imports of assembled wooden flooring since mid 2022. Month on month, the value of February imports were down almost 55%.

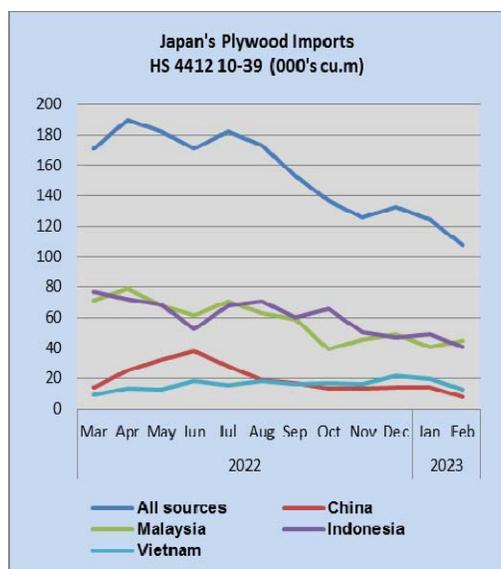
Three shippers accounted for over 70% of Japan's imports of assembled flooring in February, China 44%, Austria 20% and Thailand 8%. There were no shipments from Vietnam in February most likely because of the Tet celebrations.



Data source: Ministry of Finance, Japan

Plywood imports

The volume of plywood imports into Japan has been declining since the beginning of 2022 as milling of domestic logs for plywood has increased. In 2022 Malaysia and Indonesia accounted for over 80% of the volume of Japan's plywood imports and while this dominance of imports is being maintained the total volumes of imports from all sources has dropped.



Data source: Ministry of Finance, Japan

In February 2023 shipments of plywood from Malaysia were down over 26% year on year and shipments from Indonesia were down almost 30% over the same period. Shippers of plywood in China saw a 47% drop in volumes imported by Japan in February mainly because of the Chinese New Year celebrations. Month on month there was a 34% drop in the volume of plywood imported from Vietnam.

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

		China	Malaysia	Indonesia	Vietnam
2020	Jan	13.4	61.1	81.6	17.0
	Feb	6.8	72.2	63.8	9.5
	Mar	5.8	76.5	73.0	12.2
	Apr	13.0	68.0	69.0	13.6
	May	9.6	69.7	59.0	12.6
	Jun	10.3	52.0	61.0	11.3
	Jul	10.2	40.0	54.9	8.9
	Aug	6.6	55.0	56.0	8.4
	Sep	6.8	42.2	37.8	8.7
	Oct	8.3	62.4	52.7	10.1
	Nov	8.6	43.1	50.0	10.9
	Dec	9.2	60.5	43.9	10.8
2021	Jan	9.7	76.9	59.3	15.7
	Feb	6.8	53.5	50.1	13.0
	Mar	5.7	89.4	61.5	11.5
	Apr	11.4	65.9	58.2	17.3
	May	10.3	72.0	51.0	13.0
	Jun	10.5	61.9	56.6	15.6
	Jul	11.8	74.1	57.1	16.4
	Aug	12.8	54.7	57.8	17.5
	Sep	16.0	61.8	60.4	21.8
	Oct	12.6	72.8	60.4	22.5
	Nov	14.6	60.6	66.0	21.8
	Dec	13.6	51.2	76.5	21.0
2022	Jan	15.9	78.6	73.9	16.8
	Feb	14.7	61.0	56.8	11.4
	Mar	13.7	71.0	76.9	8.8
	Apr	25.0	79.3	72.0	13.1
	May	32.2	67.6	68.2	12.9
	Jun	37.5	61.4	52.4	18.4
	Jul	27.7	70.6	67.8	15.2
	Aug	19.0	63.0	70.8	18.5
	Sep	16.5	58.4	60.4	16.2
	Oct	13.4	39.2	65.5	17.1
	Nov	13.1	45.1	50.1	15.9
	Dec	13.9	49.2	47.1	21.6
2023	Jan	13.7	40.3	49.2	19.4
	Feb	7.8	44.9	40.6	12.9

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/

A new plant in Vietnam

Ed. Inter Co., Ltd. in Hyogo Prefecture finished building a plant in Vietnam. A completion ceremony was held on 10th, March. Ed. Inter is well known as a wooden toy manufacturer in Japan. The new plant is located at Bau Bang Industrial Park in Binh Duong Province. The site of the plants is 12,000 square meters and the plants building is 5,000 square meters. The company will increase the production five times by 2028.

The company has not only certifications for Japan but also for Europe and the U.S.A. such as CE marking and ASTM International. The company is also able to use FSC lumber and will get ISO9001 and BSCI certifications in this year.

METRO Particle secures certifications

METRO Particle Co., Ltd. in Thailand, one of METROPLY Group's companies, got certifications of JIS (Japanese Industrial Standards) on particleboards and low-pressure melamine boards on 27th, February. METRO Particle produces particleboards, low-pressure melamine boards and high-pressure melamine boards.

The particleboards of the company consist of 95% gum and 5% eucalyptus or fruitwood. The company will increase using eucalyptus more because the company owns an afforested area of eucalyptus in southern part of Bangkok.

Urea resin and melamine resin are used as glue mainly and sometimes MDI (methylene diphenyl diisocyanate) is used as glue. The company supplies 80% production to overseas and 20% of production to Thailand. Productive capacity of JIS particleboard is 300,000 cbms annually and of JIS low-pressure melamine board is 900,000 sheets annually.

The company supplies about 4,000 low-pressure melamine boards to Japan Kenzai Co., Ltd. in Japan in a month. Since the company got the certifications of JIS, production of low-pressure melamine boards will be raised to 40,000 boards from 4,000 boards. There are two more plants in Thailand.

The company also produces MDF, plywood, hard boards, LVL, wood veneers, flush doors and laminated floorings. To start operation at wood biomass power plant

To start operation at wood biomass power plant

Aioi wood biomass power plant, which was invested by The Kansai Electric Power Company, Incorporated and Mitsubishi Corporation Energy Solutions Ltd., has started an operation on 24th, March in Hyogo Prefecture. The power output is 200,000 kw. This wood biomass power plant is the largest plant in Japan.

It supposed to start an operation in the middle of January, 2023 but equipment, which sends wooden pellets to a boiler, was imperfect so the operation delayed.

An annual electric power generation of the wood biomass power plant is 1.3 billion kwh and about 550,000 tons of CO2 will be reduced. About 600,000 – 700,000 tons of woody pellets will be consumed and natural gas will be used as a burning assistant.

There are several wood biomass power plants, which are related to The Kansai Electric Power Company, in Japan. One of them is Asago biomass power plant built in December, 2016 in Hyogo Prefecture, which is not in operation right now, and the power output is 5,600 kw.

The other power plant is Kanda power plant in Fukuoka Prefecture started an operation in February, 2021 and its power output is 75,000 kw. Another power plant is Iwaki biomass power plant started an operation in April, 2022 and its power output is 112,000 kw. Aioi wood biomass power plants is the fourth biomass power plant for the company.

The Kansai Electric Power Company will create 5,000,000 kw renewable energy by 2040 and will develop to create 9,000,000 kw renewable energy in the future.

China

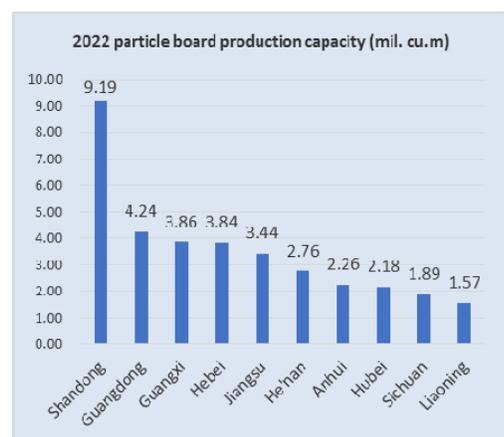
Particleboard production capacity in 2022

According to the Academy of Industry Development and Planning under the National Forestry and Grassland Administration (NFGA) and the China Forestry Products Industry Association (CFPIA) there were 295 particleboard manufacturing enterprises and 314 production lines at the end of 2022 with a production capacity of 41.48 million cubic metres, up 6% year on year.

19 production lines began operation nationwide in 2022 adding a production capacity of 5 million cubic metres per year. The average single-line production capacity further increased to 132,000 cubic metres per year.

Both the number of enterprises and the number of production lines in China's particleboard industry have declined for three consecutive years while the total production capacity and average single line production capacity continued to rise.

Shandong Province was the largest in terms of particleboard production capacity at 9.19 million cubic metres in 2022, accounting for 22% of the national total.



Data source: NFGA and CFPIA

The production capacity in Guangdong, Guangxi, Hebei and Jiangsu all increased slightly, reaching 4.24 million cubic metres, 3.86 million cubic metres, 3.84 million cubic metres and 3.44 million cubic metres annually respectively.

By the end of 2022 there were 92 continuous flat-pressed particleboard production lines in China with a total production capacity of 23.96 million cubic metres per year, accounting for 58% of the total production capacity distributed in 18 provinces and regions.

There were 36 large-scale particleboard production enterprises and groups in China, an increase of 7 enterprises and groups over 2021, with a total production capacity of 17.46 million cubic metres per year, accounting for 43% of the total production capacity.

See:

<https://www.forestry.gov.cn/main/586/20230227/090603264592795.html>

According to China Customs, particleboard imports were 775,000 tonnes valued at US\$410 million, up 5% in volume and 27% in value year on year in 2022.

Top suppliers of China's particleboard imports in 2022

	000s tonnes	YoY % change
Total	775	5%
Romania	151	3%
Thailand	145	-35%
Brazil	142	73%
Russia	78	18%
Germany	75	31%

Data source: Customs, China

The top suppliers were Romania, Thailand, Brazil, Russia and Germany. China's particleboard imports from Romania, Brazil, Russia and Germany rose 3%, 73%, 18% and 31% to 151,000 tonnes, 142,000 tonnes, 78,000 tonnes and 75,000 tonnes respectively. In contrast, China's particleboard imports from Thailand fell 35% to 145,000 tonnes in 2022.

Rise in particleboard exports to Japan

According to China Customs, particleboard exports totalled 370,000 tonnes valued at US\$391 million, down 36% in volume and 9% in value year on year in 2022. Taiwan P.o.C, Mongolia and Japan were the top three destinations in 2022. Taiwan P.o.C was the largest destination for China's particleboard exports, (up 21% year on year) in 2022. China's particleboard exports to Japan surged 480% to 37,000 tonnes valued at US\$25 million, up more than 200% year on year in 2022.

Rubberwood imports – prices falling

It is estimated that over the past five years China's imports of sawn rubberwood and rubberwood products from Thailand remained stable and accounted for about 3% of China's total import of goods from Thailand.

According to data from China Customs both the imported volume and average CIF price of sawn rubberwood from Thailand showed a decreasing trend from 2017 to 2022. China imported 3.97 million cubic metres of sawn rubberwood, with the average CIF price reaching the lowest at US\$250 per cubic metre in 2022. China's sawn rubberwood imports fell to 3.97 million cubic metres in 2022 from 4.82 million cubic metres in 2017.

The average CIF price for China's sawn rubberwood imports fell to US\$250 per cubic metre in 2022 from US\$316 per cubic metre in 2017.



Data sources: China Customs

The supply-side reform of China's rubberwood industry has accelerated since 2018 with the elimination of low-end production capacity and products, the resilience of the supply chain increasing and the industry moving to higher quality development. The import volume of sawn rubberwood is the largest single category of sawn hardwood imported from Thailand, accounting for around 40% annually in recent years.

Proportion of sawn rubberwood to sawn hardwood (mil. cu.m)

	Sawn Rubberwood	Sawn Hardwood	% Rubberwood
2017	4.82	12.35	39%
2018	4.44	11.75	38%
2019	3.59	9.5	38%
2020	3.55	8.92	40%
2021	3.77	9.24	41%
2022	3.97	9.33	42%

Data sources: China Customs

Thai rubberwood is widely used in China. At present the end products are mainly furniture, wooden doors, bathroom cabinets, floors, kitchenware, custom homeware. Now China's home furnishing market is changing to the direction of personalisation and customisation which constantly leads the development of rubberwood industry. New products based on Thai rubberwood emerge in an endless stream, the supply capacity of high-quality products is constantly improved and the industrial structure is further optimised.

See: <http://m.chinatimber.org/news/show.asp?id=80702>

2022 sales of flooring in China

According to initial statistics of China National Forest Product Industry Association (CNFPIA) sales of flooring products by enterprises with large production in China in 2022 were about 815.6 million square metres, down 11% year-on-year.

Sales of wood and bamboo flooring were around 354 million square metres, down 14% year on year in 2022. Of the total, sales of laminate wood flooring amounted to 158 million square metres, a year-on-year decline of 19%.

Sales of solid wood composite flooring were 128 million square metres, down 13.3%. Solid wood flooring sales of 33 million square metres were down 15% year on year.

Sales of bamboo flooring reached 29.6 million square metres, a year on year growth of 14%. Sales of wood and plastic floor amounted to about 73 million square metres, down 8% year on year. 70% of them were exported of which 95% were outdoor wood and plastic floor in 2022.

See: https://www.chinafloor.cn/news/detail_newsID-533779.htm

March GGSC report

In March 2023, China's new leadership was elected and a plan was made for the promotion of Chinese-style modernisation. The 2023 Government Work Report set China's GDP growth target at 5% for 2023 and pointed out that China should encourage the expansion of domestic demand and create a fair competition and better development environment for enterprises.

According to data released by the National Bureau of Statistics, in the first quarter of 2023, China's GDP reached 9631.1 billion RMB, an increase of 9.7% over the same period last year.

In March, China's manufacturing PMI index registered 51.9%, demand in the the manufacturing sector continued to rise, production activities maintained a steady recovery and shipments were relatively smooth.

In March 2023, with the better macroeconomic trends the development of China's timber products manufacturing sector continued to improve. The number of orders and production of enterprises increased for two consecutive months, export orders also showed a growth trend, market trading activities gradually became active and purchasing volume also increased for two consecutive months.

However, compared with previous years the performance of timber market demand was still unsatisfactory, especially the overall export orders have been reduced compared with previous years.

In March the GTI-China index registered 53.9%, an increase of 1.5% from the previous month and as above the critical value (50%) for 2 consecutive months, indicating that the business prosperity of the timber enterprises represented by the GTI-China index has expanded from February.

See: <https://www.itto-ggsc.org/static/upload/file/20230414/1681442042214477.pdf>

Average log price, (US\$/cu.m Customs value, all grades, all sources)

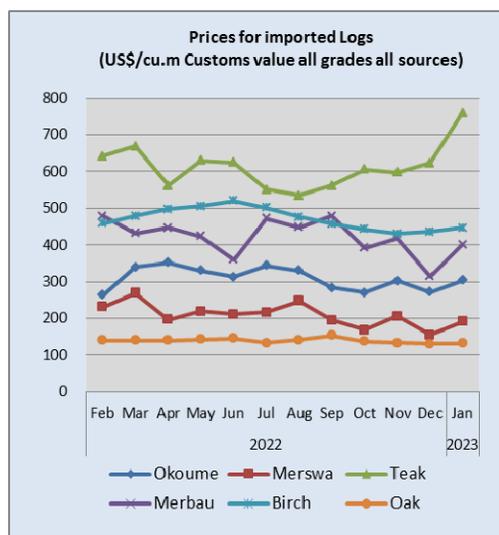
	2022 Dec	2023 Jan
Okoume	272	304
Merswa	155	191
Teak	623	759
Merbau	314	401
Birch	436	447
Oak	131	132

Data source: Customs, China

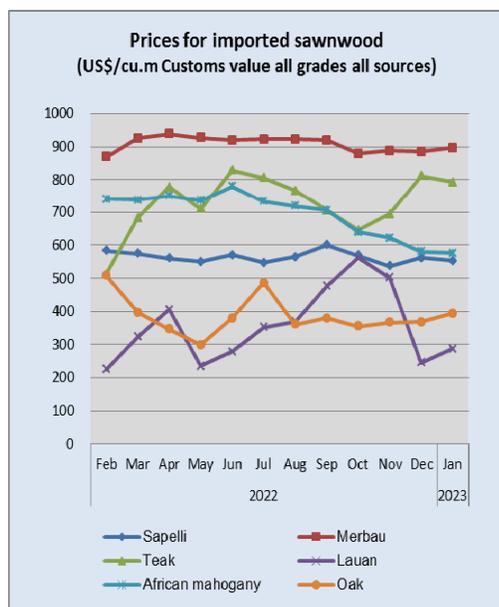
Average sawnwood price, (US\$/cu.m Customs value, all grades, all sources)

	2022 Dec	2023 Jan
Sapelli	562	553
Merbau	885	897
Teak	812	792
Lauan	245	287
African mahogany	580	576
Oak	368	394

Data source: Customs, China



Data source: Customs, China



Data source: Customs, China

Correction

In the end March report it was stated that China had, over the past ten years, planted more than 613 million hectares. This was incorrect it should have read 92 mil. mu or 6.1 mil. ha.

EU

EU closing in on new Deforestation Regulation

The legal process to introduce the new “EU Deforestation Regulation” (EUDR) is nearing completion. On 6 December 2022, the European Council and the European Parliament agreed on the text of the regulation.

See: <https://data.consilium.europa.eu/doc/document/ST-16298-2022-INIT/en/pdf>

This text was subsequently endorsed by Member States' ambassadors on 21 December 2022. The ENVI Committee approved it on 16 January 2023. The vote in plenary by the European Parliament is scheduled for 17 April 2023. If passed by Parliament without further amendment, as widely expected, it only needs to be formally approved in Council, likely in May or June this year. The law would then be enforced 18 months later for large operators and 24 months later for SMEs.

When implemented, the law will prohibit regulated commodities and derived products from being placed on the EU market unless they can be shown to be “deforestation-free” and “forest degradation-free”, produced in accordance with applicable laws, and covered by a “due diligence statement”. It will also prohibit their export from the EU under the same conditions.

The regulation will impose mandatory due diligence rules on companies to ensure that only compliant commodities and products enter the EU market or are exported from it. The regulation will repeal the EU Timber Regulation (EUTR) which already imposes mandatory due diligence rules on EU timber traders.

EUDR product coverage

Annex I to the regulation contains a Combined Nomenclature (CN) list of products to be covered by the Regulation. The regulation scope now includes “wood” alongside cattle, cocoa, coffee, oil palm, rubber, and soya. Rubber was not included in the original EC proposal.

The scope of wood products is similar but more extensive than for EUTR, including all products in Chapter 44 (“Wood”) of the EU Combined Nomenclature (CN); pulp and paper of CN Chapters 47 and 48, with the exception of bamboo-based and recovered (waste and scrap) products; printed papers in CN Chapter 49; and all furniture identified as composed wood, both seating and all other categories, in CN Chapter 94. Key additions compared to EUTR are charcoal, all “other” wood products in Chapter 44, wooden seating, and printed papers.

EUDR definitions for “deforestation” and “forest degradation”

A deforestation-free commodity or product will have to be produced on land that has not been subject to deforestation after 31 December 2020, and for which wood has been harvested without causing “forest degradation” since that date. The prohibition on products from deforested or degraded forest land will apply irrespective of the legality of the harvesting operation.

“Deforestation” is defined in the regulation as the “conversion of forest to agricultural use, whether human-induced or not”. The definition of forest is based on FAO as “land spanning more than 0.5 hectares with trees higher than 5 metres and a canopy cover of more than 10%” while excluding “land that is predominantly under agricultural or urban land use”.

In the agreed text, there is no protection for “other wooded land” such as open savanna forest, although the preamble states that an evaluation of the potential to extend the scope to other wooded land should be undertaken within a year after the entry into force of the regulation.

The legislation defines forest degradation as “structural changes to forest cover, taking the form of the conversion of primary forests or naturally regenerated forests into plantation forests or into other wooded land and the conversion of primary forests into planted forests.”

A “primary forest” is a naturally regenerated forest of native tree species, without any human activities or ecological disturbances. The definition of “naturally regenerating forest” is very broad taken to mean “forest predominantly composed of trees established through natural regeneration; it includes forests for which it is not possible to distinguish whether planted or naturally regenerated; it includes forests with a mix of naturally regenerated native tree species and planted or seeded trees, and where the naturally regenerated trees are expected to constitute the major part of the growing stock at stand maturity; it includes coppice from trees originally established through natural regeneration; and it includes naturally regenerated trees of introduced species.”

Far-reaching EUDR due diligence requirements

As part of their due diligence (Article 8), operators will be required to gather information (Article 9), to assess the risk of regulated commodities and products being derived from illegal, deforested, or degraded forest sources (Article 10), and where necessary implement mitigation measures to ensure the risk is negligible (Article 10a).

Mitigation measures will have to be adequate and proportional to effectively mitigate and manage non-compliance risk. They will include internal control and compliance management, the appointment of a management-level compliance officer, and independent risk mitigation auditing. Where operators are not able to demonstrate negligible risk, they may not place the relevant commodities or products on the EU market or export them.

Many of the due diligence requirements will be familiar to timber traders that have been working within the framework of EUTR since March 2013. However, according to the new regulation, the EUTR due diligence requirements are being “adapted and improved” through the introduction of several new and far-reaching features including:

- due diligence to be applied both by operators that “first place” product on the EU market, or that export product from the EU market, and by downstream “traders” in the EU that are not SMEs.
- the legality definition extended from those focused on harvesting and commodity trade to include laws covering labour rights, human rights

protected under international law, and the principle of Free, Prior and Informed Consent.

- a due diligence statement (Article 4). Operators will produce a due diligence statement when satisfied that the commodities or products are compliant, thus assuming responsibility. In the statement, operators will confirm having carried out due diligence, and having found no or only negligible risk. Submitting a due diligence statement will be necessary before regulated commodities or products can be placed on or exported from the EU market.
- the geographic information requirement or geolocation, linking the commodities and products to the specific plot of land where they are produced (Article 9). The geolocation will have to be provided in the due diligence statement accompanying each consignment placed or exported from the market. This information requirement is mandatory for all consignments of regulated products irrespective of the level of risk. If a regulated product contains or has been made with relevant commodities produced in different “plots of land”, the geolocation of all different “plots of land” must be collected. A “plot of land” is defined in the draft Regulation as “within a single real-estate property”.
- country benchmarking (Article 27). The European Commission will use a benchmarking system to assess the risk of commodity-driven deforestation and forest degradation by country. The benchmarking system will categorise each country (or sub-national region) as “low”, “standard” and “high risk”. The EC country benchmarks will be available via the EC’s “Information System”.
- a distinct procedure for “simplified due diligence” (Article 12) to apply when sourcing from a country or region assessed as “low risk”. Under this procedure operators would be still obliged to undertake the first step of the due diligence procedure (i.e. collect information on the source of the products, including the geolocation coordinates, together documents and data demonstrating products are legally produced and deforestation-free). However they would not be obliged to undertake risk assessment and risk mitigation.
- operators to be obliged to provide their due diligence information to other operators and traders further down the EU supply chain.
- a requirement for public annual reporting on their due diligence system by operators which are not SMEs or microenterprises.

Expanded regulatory role for EU authorities in EUDR

Implementation of EUDR implies a much larger role for EU regulatory authorities in the trade in wood and other regulated products. Specifically it will involve:

- a much larger enforcement role for EU customs authorities (Articles 18 and 24). Customs authorities will be empowered, for example, to verify the status of the due diligence statement covering individual import or export consignments and to block and destroy any consignment where risk analysis by EU competent authorities has established that there is a high risk of non-compliance.
- implementation of a new “information system” by the European Commission. This will enable operators to submit their due diligence statement and will be interconnected with customs authorities and accessible to competent authorities so that they may conduct their checks. Non-commercially sensitive data will also be accessible for a wider public, with the data being anonymised.
- imposition of minimum inspection levels (article 14): each Member State will have to carry out checks of at least: 9% of relevant operators and 9% of EUDR regulated products from “high risk” countries; 5% of relevant operators from “standard risk” countries; and 1% of relevant operators trading in products from “low risk” countries.
- establishment of an “EU Observatory” to “facilitate access to information on supply chains for public entities, consumers and business, providing easy-to-understand data and information linking deforestation, forest degradation, and changes in the world’s forest cover to EU demand/trade for commodities and products”. A key objective of the EU Observatory will be to provide an “early warning system” that “can assist the competent authorities, operators, traders and other relevant stakeholders and could provide continuous monitoring and early notifications on possible deforestation or forest degradation activity”.

Limited role for FLEGT licenses and forest certification in EUDR

The new legislation includes a provision declaring wood covered by a FLEGT license to have fulfilled the legality requirement but there is no provision for FLEGT licenses to meet the “deforestation-free” or “degradation-free” requirement.

The role of forest certification in the new regulation is similar to in EUTR. For the risk assessment, operators may take into account information provided either by certification schemes or by other third-party verification systems but this does not replace the operator’s responsibility for due diligence.

More information on EUDR

ATIBT has published a brochure of analysing and comparing EUDR with the EUTR at:

<https://www.atibt.org/files/upload/BROCHURE-EUTR-EUDR-ENG-BD.pdf>

The French General Commission for Sustainable Development is organizing a webinar to present the EUDR to be held on April 20th. More details at:

<http://enqueteur.soes.cgdd.developpement-durable.gouv.fr/index.php/536675>

A recording of a webinar by Preferred by Nature on the “New EU Deforestation Regulation – Navigating the Requirements” is available at:

<https://www.youtube.com/watch?v=kaRjd7CDeGE>

A recording of a webinar by the NGO FERN on Adoption of the EU Deforestation Regulation is available at:

<https://www.fern.org/publications-insight/adoption-of-eu-regulation-of-deforestation-free-supply-chains-explanations-and-views-from-partners/>

North America

Imports continue trending downward

US imports of tropical hardwood products remained on a downward path in February. Imports of hardwood plywood fell to their lowest volume in 14 years while sawn tropical hardwood imports tumbled 25% and imports of wooden furniture fell 19%. Imports in the sector have been tracking steadily downward since autumn of 2022.

Sawn tropical hardwood imports fall for fifth month

US imports of sawn tropical hardwood fell sharply in February, declining for a fifth consecutive month. The 13,070 cubic metres imported in February was 25% less than in January and was 44% less than that of the previous February.

Imports from all countries are lagging, most notably imports from Indonesia (down 28% for the month and 73% for the year so far), Cameroon (down 54% for the month and 39% for the year so far) and Brazil (down 7% and 37%).

Imports of Sapelli fell for the fifth time in six months, dropping 66% in February to a level 57% lower than February 2022, while imports of ipe, acajou d’Afrique, and meranti all declined significantly. Imports of keruing rose 20% in February but were still 4% lower than the previous February. Total imports trail those of last year by 38% after the first two months.

Canada’s imports of sawn tropical hardwood grew in February, rising 20% from the previous month. Rising imports from Brazil, Malaysia, and Cameroon fueled the gain. Total imports are up 5% over last year through the first two months of the year.

Sawn tropical hardwood imports

	2023 cu.m February	MoM % change
Total	13,070	-25%
Ecuador	371	78%
Brazil	4,241	-7%
Cameroon	1,094	-54%
Malaysia	2,528	8%
Congo (Brazzaville)	475	-76%
Peru	49	-59%
Indonesia	1,249	-28%
Ghana	467	-19%
Cote d'Ivoire	135	-23%
Other	2,461	-29%

Data source: US Census Bureau, Foreign Trade Statistics

Hardwood plywood imports down 63%

US imports of hardwood plywood continued to plummet in February. Imports fell 12% for the month to a level 63% below that of the previous February. The 130,211 cubic metres imported in February was the lowest monthly amount imported since March 2009.

Imports from China, Russia and Indonesia all fell more than 20% and were down well over 50% for the year so far.

Imports from Ecuador also fell 20% in February but were up 28% for the year so far. With the exception of Ecuador, imports from all major trading partners were down sharply over the first two months of the year as total imports are off by nearly two thirds.

Hardwood plywood imports

	2023 cu.m February	MoM % change
Total	130,211	-12%
China	3,162	-26%
Russia	9,765	-22%
Indonesia	28,472	-23%
Malaysia	3,374	7%
Cambodia	8,830	-10%
Vietnam	28,645	-2%
Ecuador	11,800	-20%
Other	36,163	-1%

Data Source: US Census Bureau, Foreign Trade Statistics)

Veneer imports up 64% over a year ago

While US imports of tropical hardwood veneer fell 17% by value from the previous month, the February total was 64% above that of February 2022. As imports typically decline in February, the decline of only 17% can be seen as a positive sign, as can a significant increase in imports from Italy in February after an anemic January number.

While year-to-date imports from Italy are still down 46% through the first two months of the year, total imports are up 26% overall while imports from Ghana, Cote d'Ivoire, and Cameroon have more than doubled.

Hardwood flooring imports dip

The value of US imports of hardwood flooring fell back in February, falling 7% after two months of growth. Imports from China fell 61% in February while imports from Brazil fell 41% and imports from Malaysia fell 37%.

Imports from Indonesia, which have fueled most of the uptick in imports over the last few months fell 19% but remained more than double what they were a year ago. Total imports of hardwood flooring were up 12% through the first two months of the year chiefly due to the strength of imports from Indonesia.

Imports of assembled flooring panels fell for a fifth straight month in February, declining 16%. Import figures remain weak across the board. Imports from China fell 70% for the month and are down 69% year to date.

Imports from Thailand were down 27% in February and are 86% behind last year to date and imports from Indonesia fell 22% in February and are off 26% year to date. Total imports of assembled flooring panels are down 46% versus last year through the first two months of the year.

Imports of assembled flooring panels

	2023 US\$ February	MoM % change
Total	15,595,822	-16%
China	335,331	-70%
Canada	3,083,463	-3%
Indonesia	2,359,012	-22%
Vietnam	2,460,439	-16%
Thailand	996,535	-27%
Brazil	75,973	-40%
Other	6,285,069	-8%

Data Source: US Census Bureau, Foreign Trade Statistics

Moulding imports down again

The value of US imports of hardwood moulding fell another 11% in February, declining for the fifth consecutive month. Gains in imports from Brazil and China were more than offset by declines from most other trading partners including Malaysia, which fell by 12% and a 4% dip in imports from Canada.

Despite the February gain, imports from China are off by 52% so far this year. Total imports of hardwood moulding are down 21% versus last year through the first two months of the year.

Wooden furniture imports tumble

US imports of wooden furniture tumbled 19% in February, dropping below the US\$1.5 billion mark for the first time since June 2020. The US\$1.46 billion in February imports is 24% below that of February 2022.

Imports were down consistently among lead suppliers: imports fell between 20% and 25% from China, Vietnam, Malaysia, Indonesia, and India. Imports from Mexico were down only 6% while imports from Canada rose less than 1%. Total imports of wooden furniture are down 20% through the first two months of the year.

As for the overall furniture market, the latest Smith Leonard survey of residential furniture manufacturers and distributors showed new orders in January 2023 were up 5% from December 2022, but fell 25% from January 2022.

Smith Leonard noted that the results for January 2023 pretty much show what most described as a “slowing” of business for early part of 2023. Approximately 77% of the participants reported negative growth in orders compared to January 2022.

	2023 US\$ February	MoM % change
Total	1,457,973,526	-19%
China	235,405,862	-21%
Vietnam	530,809,586	-22%
Canada	134,721,664	1%
Malaysia	76,592,711	-22%
Mexico	145,923,179	-6%
Indonesia	69,780,045	-24%
India	31,682,584	-20%
Other	264,740,479	-24%

Data Source: US Census Bureau, Foreign Trade Statistics

US cabinet sales rise

According to the Kitchen Cabinet Manufacturer’s Association’s monthly Trend of Business Survey, participating cabinet manufacturers reported an increase in overall cabinet sales of 12.8% for February 2023 compared to the same month in 2022.

Custom and semi-custom cabinet sales increased year over year as well. Custom sales, year over year, were up more than 27% and semi-custom sales were up more than 21%. Stock sales, however, were down 22%.

See: <https://kcma.org/insights/february-trend-business-report#:~:text=According%20to%20the%20KCMA's%20monthly,the%20same%20month%20in%202022.>

US extends duty evasion probe into plywood from Vietnam

The US Department of Commerce (DOC) recently unveiled an extension of the deadline for issuing its final conclusion on a trade remedy duty evasion probe into hardwood plywood imported from the Vietnamese market. This marks the sixth time that the DOC has announced an extension, with the final determination expected on 2 May.

In July 2022, the DOC announced the preliminary conclusion of the case, saying that plywood from Vietnam using materials from China should be subject to the same anti-dumping and anti-subsidy duties applied to the northern neighbour.

If the materials are produced in Vietnam or other countries the products will be exempt from any duties. The provisional tax rate may be up to 378.26%, applicable to shipments imported into the US from June 17, 2020.

However, the DOC has allowed Vietnamese enterprises to cooperate in the investigation process in order to self-certify that they do not use Chinese materials. The number of enterprises participating in the self-certification accounted for about 80% of Vietnamese exports during the investigation period.

Currently, the US applies an anti-dumping duty of 183.36% and an anti-subsidy tax ranging from 22.98% to 194.90% on the product from China.

Statistics compiled by the US Customs and Border Protection indicate that exports of plywood using Vietnamese hardwood materials to the US continuously increased from US\$112.3 million in 2018 to US\$226.4 million in 2019, US\$248.5 million in 2020, and US\$356.7 million in 2021.

See: <https://english.vov.vn/en/economy/us-extends-duty-evasion-probe-into-plywood-from-vietnam-for-sixth-time-post1009981.vov>

Manufacturing sector still shrinking

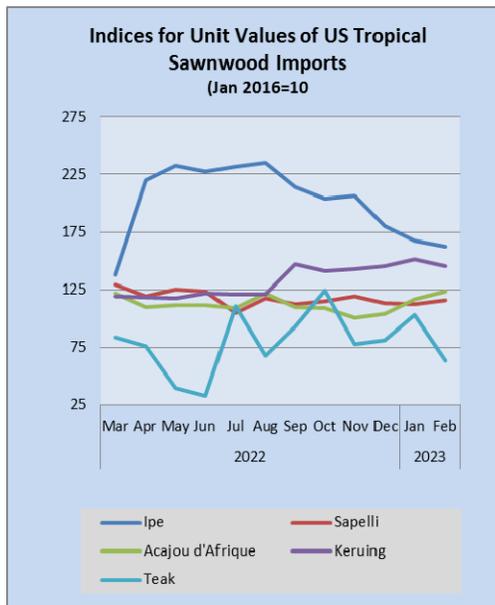
Economic activity in the manufacturing sector contracted in February for the fourth consecutive month following a 28-month period of growth say the nation’s supply executives in the latest Manufacturing ISM Report On Business.

The ISM’s manufacturing PMI edged up to 47.7 last month from 47.4 in January. The small rise was the first in six months. Any level below 50 denotes contraction in the sector.

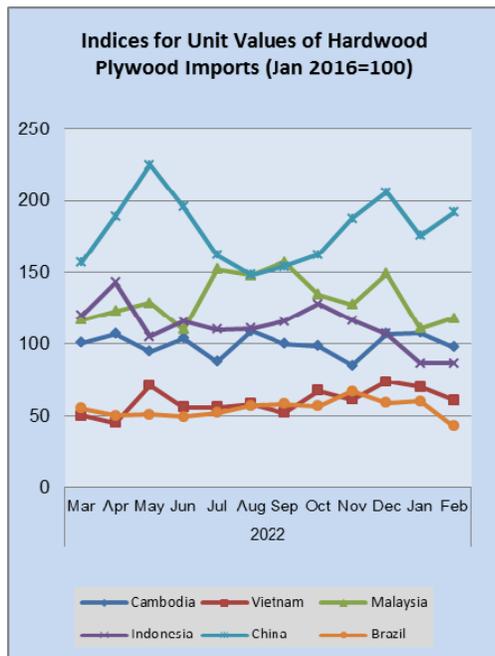
Only four industries, including transportation equipment and electrical equipment, appliances and components, reported growth last month. Paper products, textile mills, furniture and related products were among the 14 reporting sectors contraction.

But the worst could be over for manufacturing. So-called hard data on factory production was solid in January, while business spending on equipment appeared to have rebounded at the start of the first quarter. Comments from some manufacturers in the ISM survey were supportive of this thesis.

See: <https://www.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/pmi/august/>



Data Source: US Census Bureau, Foreign Trade Statistics



Data Source: US Census Bureau, Foreign Trade Statistics

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

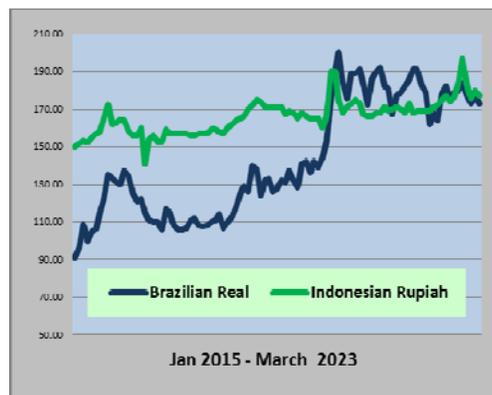
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Dollar Exchange Rates

As of 10 April 2023

Brazil	Real	5.07
CFA countries	CFA Franc	601.3
China	Yuan	6.88
Euro area	Euro	0.92
India	Rupee	81.98
Indonesia	Rupiah	14,952
Japan	Yen	133.6
Malaysia	Ringgit	4.41
Peru	Sol	3.74
UK	Pound	0.81
South Korea	Won	1,310.91

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

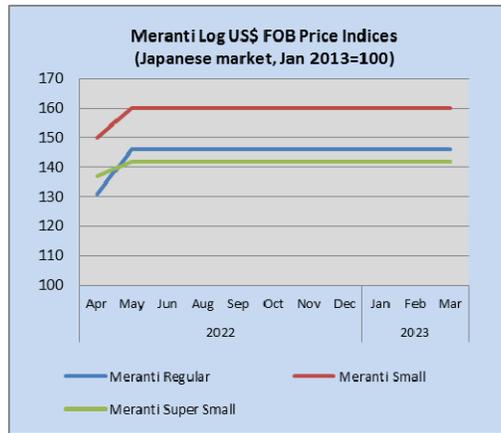


Data source: Drewry World Container Index

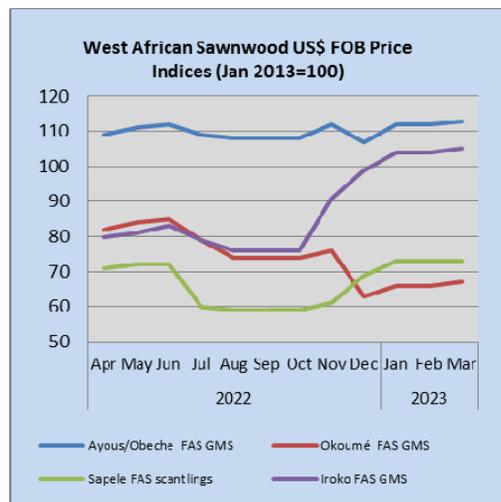
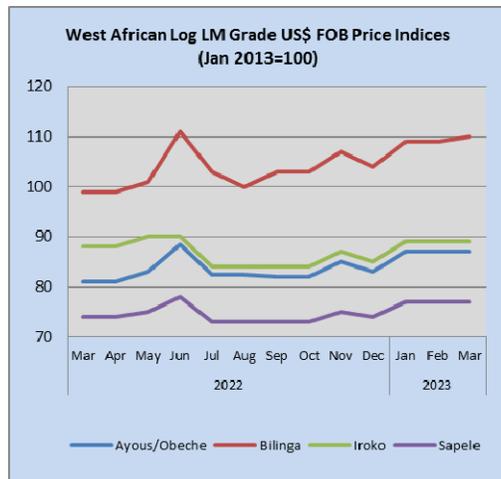
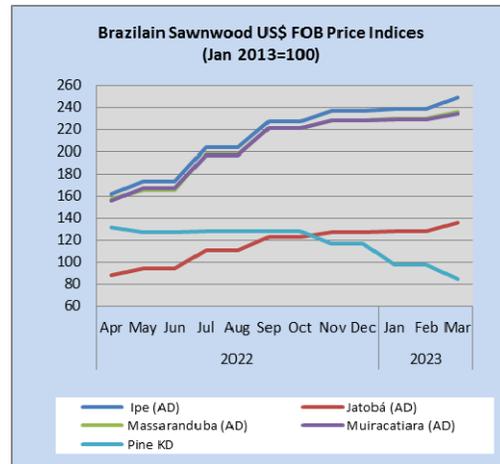
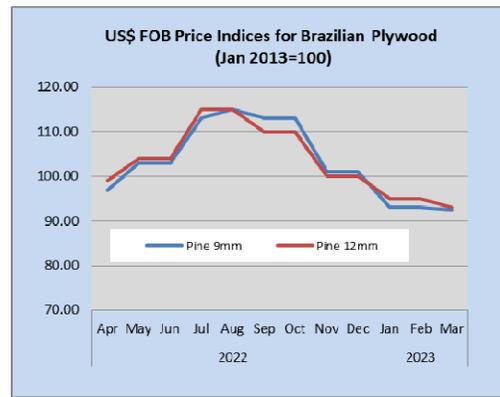
See: <https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry>

Price indices for selected products

The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



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

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