

# Tropical Timber Market Report

Volume 27 Number 3 1st – 15th February 2023



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

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## Top story

### **Decline in China's log imports in 2022**

China's log imports in 2022 totalled 43.70 million cubic metres valued US\$8.533 billion, a year on year decline of 31% in volume and a decline of 26% in value.

Softwood log imports fell 38% to 31.16 million cubic metres, Hardwood log imports fell 9% to 12.53 million cubic metres.

Of total hardwood log imports, tropical log imports were 6.18 million cubic metres valued at US\$1.875 billion, down 8% in volume and down 10% in value from 2021 and accounted for 14% of total log import volumes in 2022.

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## Central and West Africa

### Few new orders from China

With the end of the 'lockdowns' in China and with the Lunar New Year holidays over producers had anticipated an increase in orders for the Chinese market, this has yet to materialise. Now producers are looking ahead to the end of February or even March before they expected demand to improve.

In Cameroon producers are trying to adjust to the high export duties along with handling the administrative requirements under the recently imposed CITES regulations on a range of species including khaya and doussie, pachyloba and padouk.

At the moment importers are showing no interest in absorbing some of the higher export transaction cost through better prices. Reports suggest the market for khaya is very dull but that there is still some interest in doussie and padouk for the Belgian market.

Padouk producers are busy milling log stocks in order to ship by the end of this month but, once again, shipping space has become an issue.

As previously reported for Cameroon for species now under CITES operators must present forest inventory and harvested log stock data to the forest administration before 23 February. This information will be used to determine estimate the volume of sawnwood that is likely to be available for export.

### Railway reopens

From February 8 rail traffic will resumed in Gabon after an almost 2 month suspension following a landslide between the stations of Offoué and Booué. The announcement was made in a press release made by the Société d'exploitation du Transgabonais (Setrag).

The company said traffic will start initially with the transport of general goods, fuel, logs and ore and that gradually the rail schedule will get back to normal.

See: <https://www.lenouveaugabon.com/fr/transports-logistique/0902-19471-la-setrag-annonce-la-reprise-du-traffic-sur-le-chemin-de-fer-gabonais-des-ce-8-fevrier>

In other news from Gabon it is understood that the strike action by workers in the forest administration is continuing.

### Special Economic Zone Association planned

The media in Gabon has reported that in early February Gabon will host the first 'Forum of Administrative Management Bodies of African Economic Zones' (Fogazea) under the theme: "Cohesion and association of administrative management bodies of Economic zones of Africa, at the service of the economic performance of the continent".

There will be a conference, experience sharing work sessions and site visits.

See: <https://www.lenouveaugabon.com/fr/gestion-publique/2701-19430-le-gabon-veut-creer-une-association-des-zones-economiques-speciales-dafrique>

### 'Through the eyes of industry', challenges and suggestions from Congo and Gabon

See: <https://www.itto-ggsc.org/static/upload/file/20230214/1676340295137619.pdf>

### Log export prices

West African logs Asian market	FOB Euro per cu.m		
	LM	B	BC/C
Acajou/ Khaya/N" Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & ekki	275	275	175
Belli	250	250	-
Bibolo/Dibétou	200	200	-
Bilinga	275	275	-
Iroko	300	280	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	205	200	-
Moabi	280	280	250
Movingui	180	180	-
Niove	160	160	-
Okan	210	210	-
Padouk	330	310	240
Sapele	260	260	220
Sipo/Utile	260	260	230
Tali	260	260	-

### Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	450
Bilinga FAS GMS	580
Okoumé FAS GMS	380
Merchantable KD	380
Std/Btr GMS	400
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

## Ghana

### Wood product exports record 14% growth

With a total export volume of 343,440 cu.m and export earning at Eur153.86 million, Ghana's wood products for the period January – December 2022 registered increases of 14% and 13% in volume and value respectively compared to figures for the same period in 2021.

Products which contributed to the overall annual growth in 2022 against 2021 included air and kiln dry sawnwood, billets and plywood (all markets).

#### Export volumes cu.m 2021/2022

	Jan-Dec. 2021	Jan-Dec .2022	Y-O-Y % change
AD saw nw ood	151,010	188,429	25
KD saw nw ood	43,633	44,472	2
Billets	44,256	37,985	-14
Plyw ood*	25,227	32,094	27
Mouldings	10,577	9,717	-8
Sliced Veneer	12,319	9,604	-22
Plyw ood	5,271	9,539	81
Rotary Veneer	7,994	8,388	5
Boules (AD)	702	1,828	160
Curls	0.34	10	2841
Others (8)	1,195	1,374	15
<b>Total</b>	<b>302,184</b>	<b>343,440</b>	<b>14</b>
* Regional markets			

Data source: TIDD

A decline in 2022 exports of billets, mouldings and sliced veneer was mainly due to problems with the availability of raw materials, soaring production costs and buyers reluctance to accept prices that reflect input costs. The high cost of production was due to largely to sharp increases in energy and other utility charges.

Air dried sanwood exports increased to 188,429 in 2022 up from 151,010cu.m in 2021. The leading exporter for the period was Multimodal Freight Services Limited which accounted for 14% of total sawnwood export volumes in 2022. Other major exporters were K. Lorvert Company Limited and Golden Logs Exporters Ltd.

Teak was the top export species accounting for 86% (161,483 cu.m) of the total volume in 2022 along with Denya (12,903 cu.m) and Kako/Ekki (2,843cu.m). Thirty other species were also exported. The leading importing countries were India (86%), Vietnam (5%) and China (2%).

Plywood exports in 2022 were 81% higher than in 2021. Of the five exporting companies, Techno Timber Company Ltd, Miro Forestry Ghana Ltd. and Samartex Timber and Plywood Company Ltd. accounted for 98% of the total export volumes in 2022.

Ceiba and Eucalyptus contributed 55% and 28% respectively to the total export volume with the remaining spread over eight other species. Senegal topped the list of importers at 54% along with Germany 14%.

### Survey says fuel the biggest headaches for businesses

A survey by the UK-Ghana Chamber of Commerce (UKGCC) has revealed that fuel is the most expensive cost item faced by Ghanaian businesses in their operations.

The UKGCC released the 4<sup>th</sup> edition of its annual Ghana Business Environment and Competitive Survey Report for 2022. Over 300 companies from 16 industries, ranging from small to large companies, participated in the survey. The survey results indicate that most businesses perceive the business environment in 2022 has improved over 2021.

However, the report says businesses continue to be held back by challenges such as corruption, Ghana's taxation system, the price of land and power and present additional economic obstacles. Businesses continue to list the cost of gasoline as their highest operating expense followed by cost of power, cost of machinery and cost of technology. These factors, it was indicated, strain their already limited financial resources.

See: <https://ukgcc.com.gh/uk-ghana-chamber-of-commerce-releases-ghana-2022-business-environment-and-competitiveness-survey-report/>

In related news, the Association of Ghana Industries (AGI) has periodically engaged the government at various fora to press for direct government policies and programmes that would support local industries to be more competitive locally and to the regional AfCFTA markets and internationally.

### Ghana-EU agribusiness platform launched to promote trade

The European Union (EU) in partnership with the Chamber of Agribusiness Ghana has launched the Ghana-EU Agribusiness Platform to promote agribusiness, technology, investments and trade.

An online platform will serve as a convenient space for agribusiness stakeholders in Ghana and the EU to connect to explore business and partnership opportunities. Speaking at the launch, the Chief Executive of the Chamber of Agribusiness Ghana, Anthony Morrison, said the project will look at companies or businesses that are legally registered. The platform is expected to contribute to building the credibility of Ghanaian businesses in EU markets.

See: <https://www.foodbusinessafrica.com/eu-deepens-agribusiness-ties-with-ghana-with-launch-of-direct-linked-market-platform-ghana-eu-agribusiness/>

### Long term weakening of business and consumer confidence

Data from the Bank of Ghana (BoG) under its Real Sector Indicators reports that there was a downward trend in both consumer and business confidence in the general Ghanaian economy since the end of 2020. According to the BoG statistics both the Consumer Confidence Index (CCI) and Business Confidence Index (BCI) have consistently been below the 100 mark since January 2021.

The consumer confidence index averaged 86 during this period while the business confidence index averaged 88 in the same period. The confidence indices for both consumers and businesses dropped to all-time lows of 74 and 73 respectively in October 2022. In December 2022, the indices improved to 79 for consumer confidence and 76 for business confidence.

According to the Bank consumer confidence improved on the back of the reductions in ex-pump petroleum prices and transportation fares in December 2022. The Consumer Confidence Index (CCI) measures how optimistic or pessimistic consumers are regarding their expected financial situation while the Business Confidence Index provides insights on future business prospects.

See: <https://www.bog.gov.gh/wp-content/uploads/2023/01/Summary-of-Economic-Financial-Data-January-2023.pdf>

### Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	760
Niangon Kiln dry	810

### Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9mm)	FACE (>2mm)
Ceiba	391 ↓	441
Chenchen	477	612
Ogea	513	590
Essa	691 ↑	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	860	925
Afrormosia	465	564
Asanfina	290	345
Ceiba	431 ↓	572 ↑
Dahoma	640	687
Edinam (mixed redwood)	655	706
Emeri	599	1,059 ↓
African mahogany (Ivorenensis)	560	859 ↓
Makore	820 ↑	855-
Niangon	862	1007 ↓
Odum	800	879 ↓
Sapele	454 ↓	518 ↑
Wawa 1C & Select		

### Export sliced veneer

Sliced face veneer	FOB
	Euro per cu.m
Asanfina	755-
Avodire	2,999
Chenchen	1,598
Mahogany	2,176 ↑
Makore	1,046 ↑
Odum	1,747 ↑
Sapele	1,728 ↑

### 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

### Industries depend heavily on foreign workers

Malaysian industries depend heavily on foreign workers and because of covid Malaysian companies are finding it much more complicated than in pre-covid times to employ such labour. However, progress has been made in discussions with the Indonesian government as Indonesia is a major source of workers. Malaysia and Indonesia have agreed to further strengthen the protection of migrant workers during the meet.

See:

<https://www.thestar.com.my/news/nation/2023/01/31/indonesia-welcomes-policy-changes-involving-foreign-workers-says-saifuddin>

### Record trade in 2022

Malaysia's trade in recorded a new milestone to reach RM2.8 trillion in 2022. Penang remained the top exporter with a share of 31%, followed by Johor (19%), Selangor (18%), Sarawak (9%) and Kuala Lumpur (5%)

China and Hong Kong together took 20% of total exports in 2022, down from 22% on 2021. It is expected that China's exit from the zero-Covid restrictions in January this year will boost its growth from 3% in 2022 to around 5% for this year. This will lift imports from Malaysia and help to offset the softening demand in other countries, especially Europe and the United States that at risk of falling into recession.

See: <https://www.thestar.com.my/business/business-news/2023/01/31/malaysia039s-exports-set-to-rebound>

### Certification - public consultation

The Malaysian Timber Certification Council (MTCC) organised a Stakeholder Dialogue in Kuala Lumpur to seek feedback on the certification of forest plantations established after the cut-off date of 31 December 2010.

The consultation will also create awareness and obtain input on developing a guidance document on certifying non-timber forest products (NTFP) under the timber certification scheme (MTCS).

During the Dialogue stakeholders were informed on the draft guidance document for certifying NTFP under the MTCS and their inputs were recorded and compiled which included a recommendation for more time for the stakeholders to study the draft guidance document and provide input/feedback.

The MTCC offered the MTCS GD 1002:2023 Guidelines on Application of Requirements for Non-Timber Forest Products Certification in MTCS ST 1002:2021 Malaysian Criteria and Indicators for Sustainable Forest Management under the Malaysian Timber Certification Scheme for public comment.

See: <https://mtcc.com.my/public-consultation-on-mtcs-gd-10022023/>

#### **Malaysian International Furniture Fair (MIFF)**

The Malaysian International Furniture Fair (MIFF) is seeing a surge in demand from exhibitors wishing to participate. The Southeast Asia business-to-business furniture trade show has more than 500 exhibitors currently registered and expects around 600 by the date of the show, March 1-4, to be held at the World Trade Centre Kuala Lumpur and Malaysia International Trade & Exhibition Centre.

Participating are exhibitors from China, India, Indonesia, Singapore, Thailand and Vietnam, along with pavilions by Taiwan, Japan and South Korea.

Organised by Informa Markets, MIFF will feature the debut of the Furniture China/Malaysia Show, the first-ever edition outside Shanghai. It also will showcase collections of Malaysian solid wood furniture and office furnishings and work by young designers.

See: <https://www.furnituretoday.com/international/miff-2023-expecting-strong-attendance-for-exhibitors-buyers-at-march-event/>

#### **Award-winning architect speaks on 'Green building'**

The Malaysian Timber Council (MTC) organised a 'Timber Talk' webinar session with award-winning architect, Ar. Lillian Tay. Tay shared her inspirations and insights through her presentation titled "Beyond Green Buildings" where she spoke of her experience in designing various projects and touched on the concept of building green buildings that reduce the negative environmental impact of a built environment.

MTC Timber Talk is the Council's effort to educate and provide insights into the best design practices, latest innovations and knowledge on interesting case studies from the leading experts in the building and architectural sector.

For more info on MTC Timber Talk 2022 by Ar. Lillian Tay "Beyond Green Buildings" see: <https://www.youtube.com/watch?v=94w3yQ-pzD0>

#### **'Through the eyes of industry', challenges and suggestions from Malaysia**

See: <https://www.itto-ggsc.org/static/upload/file/20230214/1676340295137619.pdf>

## **Indonesia**

#### **New export record**

Despite uncertain global economic conditions exports of Indonesian wood products in 2022 continued to grow. Data from the Ministry of Environment and Forestry (KLHK) analyses by the Association of Indonesia Forest Concession Holders (APHI) show Indonesia's exports of wood products in 2022 reached US\$14.51 billion. This was a significant increase in export values compared to 2021 which were recorded at US\$13.56 billion.

The export value for wood products in 2022 was a record surpassing the previous record in 2021. In 2022 paper products contributed the most to export earnings at US\$4.37 billion, up 18% yoy followed by wood pulp US\$3.73 billion, up 15% yoy. The other wood products that made a large contribution were wood panels US\$2.86 billion and furniture worth US\$2.26 billion.

See: <https://forestinsights.id/2023/01/27/nilai-ekspor-produk-kayu-melompat-7-persen-catat-rekor-baru-sepanjang-sejarah/>

#### **Market diversification - biomass trade with EU member states**

Markets such as Bulgaria, Lithuania, Slovenia and other Eastern European countries are to be the target for expanded wood product exports in the EU.

In addition to the current products exported such as paper, panels and furniture efforts will be made to export wood pellets according to the chairman of the Association of Indonesia Forest Concession Holders (APHI), Indroyono Soesilo. He added there is a skyrocketing demand for Indonesian wood products in Eastern European member States.

In Bulgaria there was a 100% increase in Indonesian wood product exports, a 400% increase in Croatia, 125% in Lithuania and a massive jump in exports to Slovakia. However, currently the volumes are small but there are opportunities for growth. Indroyono said growth in non-traditional market countries is an opportunity to increase exports amidst the economic challenges of 2023.

See: <https://forestinsights.id/2023/01/31/pasar-non-tradisional-jadi-incaran-indonesia-tingkatkan-ekspor-kayu-ke-uni-eropa-biomassa-potensial-digarap/> and <https://agroindonesia.co.id/peningkatan-ekspor-produk-kayu-indonesia-bidik-pasar-non-tradisional-di-uni-eropa/>

### Indonesian furniture for Swiss market

The Minister of Cooperatives and SMEs, Teten Masduki, has pointed out that, as a results of discussion with the Swiss Secretariat for Economic Affairs, an Indonesia-Switzerland FTA had been ratified which will benefit businesses in both countries

As a follow-up the Minister suggested members of the Indonesian Furniture and Craft Industry Association (Asmindo) take advantage of the import duty exemption built into the FTA.

See: <https://www.neraca.co.id/article/175077/asmindo-didorong-manfaatkan-fasilitas-pembebasan-bea-masuk-ke-swiss>

### Government to encourage downstreaming of 21 commodities

The Indonesian government's investment policy will remain focused on investment in downstream manufacturing in 21 commodity sectors in order to attract investment worth over US\$500 billion by 2040 according to the Minister for Investment, Bahlil Lahadalia. The ministry has prioritised investment needs of 8 sectors namely minerals, coal, oil, natural gas, plantations, marine, fisheries and forestry. The 8 sectors cover 21 commodities: coal, nickel, tin, copper, bauxite, steel, gold, silver, asphalt, oil, natural gas, coconut, rubber, biofuel, logs, pine resin, shrimp, fish, crab, seaweed and salt.

See: <https://en.antaranews.com/news/271980/govt-to-downstream-21-commodities-minister>

### No leniency for private firms on forest fires

At a press conference on "Preparedness for 2023 Forest and Land Fires" Environment and Forestry (LHK) Minister, Siti Nurbaya Bakar, emphasised that the government will take firm action against businesses found causing forest fires in Indonesia. She is reported as saying "if forest fires happen because of the private sector there will be no mercy because as soon as a hotspot is detected as we will immediately act.

See: <https://en.antaranews.com/news/270738/no-leniency-for-private-firms-on-forest-land-fires-minister>

In related news, the President urged regional military and police chiefs to develop forest fire preparedness in their respective jurisdictions. The President highlighted that the police and the military are responsible for taking forest and land fire prevention efforts in line with the pledge they had made years ago. He called for concerted action in forest fire-prone areas including Riau, North Sumatra and Kalimantan.

See: <https://nasional.tempo.co/read/1689073/jokowi-bilang-ancaman-copot-pangdam-kapolda-soal-kebakaran-hutan-masih-berlaku>

### UNDP Funding for Climate and Sustainable Forest Management

Indonesia has received a first disbursement of US\$46 million from the US\$103.8 million approved by the Green Climate Fund (GCF), following the success in emission reduction from Indonesian forestry sector in the period 2014 to 2016.

The United Nations Development Programme (UNDP) has transferred the funds to the Indonesian Environment Fund (IEF) which has a mandate to manage environment funds. The IEF was officially formed to channel environmental and climate funds to support achievement of Indonesia's Nationally Determined Contribution (NDC) commitments to achieve net-zero emissions by 2060 by reducing Green House Gas (GHG) as part of the global mandate and commitment to combat climate change.

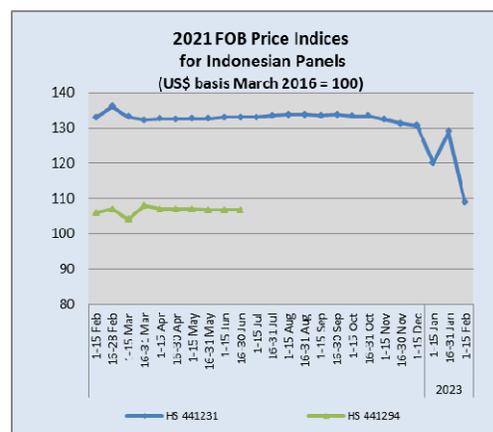
See: <https://www.undp.org/indonesia/press-releases/indonesia-receives-usd-46-million-its-stewardship-climate-action-and-sustainable-forest-management>

### ADB to support rural livelihood and agroforestry

The Asian Development Bank (ADB) signed a US\$15 million loan facility with PT Dharma Satya Nusantara Tbk (DSNG) to help the company expand sustainable wood processing, rural livelihood development and climate-resilient agroforestry in Java. The ADB money will be used to implement energy-efficient and water-saving processes and procurement of cultivated native Indonesian Sengon and Jabon saplings.

DSNG sources timber from Central, East and West Java. The majority of Sengon and Jabon trees are cultivated by smallholders and are inter-cropped with coffee, corn and rice. As well as enabling the utilisation of otherwise unproductive land, intercropping trees with food crops can reduce erosion, enhance soil health and in many cases improve crop yields.

See: <https://www.devdiscourse.com/article/business/2333576-adb-signs-15m-loan-with-dsng-to-support-rural-livelihood-and-agroforestry-in-indonesia>



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

## Myanmar

### **No indication logging ban will continue**

The Ministry of Natural Resources and Environmental Conservation (MONREC) announced a logging ban in a mini-budget for 2021-22 and for 2022-23. There has been no announcement of a logging ban for 2023-24. However, MONREC has indicated harvesting will be less than Annual Allowable Cut (AAC).

See - <https://www.independent.co.uk/news/martial-law-ap-myanmar-bangkok-yangon-b2274606.html>

### **Uncertainty looms over Myanmar economy: World Bank**

Myanmar's economy remains subject to significant uncertainty with ongoing conflict disrupting businesses according to the World Bank 'Myanmar Economic Monitor' published this year. It says, while some firms show signs of resilience, household incomes remain weak and Myanmar's potential for growth has been severely weakened.

Mariam Sherman, the World Bank's country director said "while conflict remains, families suffer from insecurity and violence. Firms, particularly those in the agriculture sector, are experiencing higher costs and delays".

The World Bank expects that a gradual economic recovery could be seen in the near term and growth is estimated at 3% year ending in September. However, economic activity continues to be adversely affected by conflict, electricity shortages and changing regulations, with per-capita gross domestic product expected to remain about 13% below pre-Covid levels.

The depreciating kyat, high global prices and ongoing logistics constraints have caused import costs to rise sharply and these shocks fuel inflation and further reduce real incomes, said the report.

"Losses in education along with increased unemployment and internal displacement will reduce already low levels of human capital and productive capacity over the long term the report says.

The report recommends a more unified and market-oriented foreign exchange system which would help stabilise the economy, reduce inflation and remove market distortions.

See:  
<https://www.worldbank.org/en/country/myanmar/publication/myanmar-economic-monitor-reports>

### **Martial declared in many areas**

Martial law was declared in several areas a day after authorities announced that a state of emergency has been extended throughout the country which is wracked by violence.

State-run MRTV television broadcast an announcement by the State Administration Council (SAC), imposing martial law in 37 townships across eight of the country's 14 Regions and States.

Eleven of the affected townships are in Sagaing Region and seven in Chin State, areas in the northwest where fighting has been fiercest between the army and people belonging to pro-democracy People's Defense Forces and their allies. Most of areas identified in the statement are timber producing areas.

See: <https://www.aa.com.tr/en/asia-pacific/myanmar-military-junta-declares-martial-law-in-37-more-townships/2805072>

### **Sanctions affect everyone**

The local media has highlighted the impact of international sanctions on businesses and households saying while the international economic sanctions target the current military-led government everyone is affected.

There are shortages, costs are climbing, development aid has been cut, trade has been cut and investment has slowed. To adjust to the new economic reality the government restricts imports to try and balance foreign currency earnings and outgoings.

In stark contrast to the reality the Prime Minister, General Min Aung Hlaing, said at a meeting last year that if Myanmar makes efforts it will reach the middle income level among ASEAN countries in the next 5 years.

See - <http://burmese.dvb.no/archives/577628>

## India

### **Strong economy not reflected in rupee exchange rate**

According to a Reuters poll of foreign exchange strategists the rupee is likely to strengthen only slightly in coming months and will still trade above the 80 to the US dollar all year.

Although India is a fastest growing emerging economy that relative strength is not reflected in the exchange rate movements. Underlying economic problems, including a reliance on imported oil and persistent unemployment continue to hold down the exchange rate.

### **Title**

The real estate industry fears the recent interest rate rise announced by the Reserve Bank of India (RBI) will harm the housing industry. The real estate sector believes that the increased rate will push up the cost of servicing home loans at a time when the sector has begun showing promising sales numbers. The decision by the RBI will lead to higher borrowing costs which could again reduce the demand for home loans.

However, on the positive side real estate industry stakeholders in Bengal are of the opinion that the state government's rebate on stamp duty will have some positive impact on the housing market in the short term.

The Monetary Policy Committee of the RBI increased interest rates in a bid to arrest retail inflation

Anuj Puri, chairman of property consultancy ANAROCK Group is quoted as saying “The Indian housing market continues to be largely end-user driven -- and end-users, unlike investors, focus less on return on investment and more on the perceived value of home ownership.

Furthermore, commodity prices are now falling and inflation is moderating. As such, we are unlikely to see any hikes in the near future, which will be positive for the housing sector in times to come.”

See: <https://www.millenniumpost.in/bengal/rbis-65-hike-in-repo-rate-bound-to-impact-indias-housing-market-508051>

#### Launch of the ‘Trees Outside Forests in India’

In a press release the Government of Rajasthan’s Forest Department and the U.S. Agency for International Development (USAID) announced the launch of the “Trees Outside Forests in India (TOFI)” programme in Rajasthan which will bring together farmers, companies and other private entities to rapidly expand tree coverage outside of traditional forests in the state.

The new initiative will enhance carbon sequestration, support local communities and strengthen the climate resilience of agriculture, thereby supporting global climate change mitigation and adaptation goals.

See: <https://www.usaid.gov/india/press-releases/feb-07-2023-government-rajasthan-and-usaid-launch-new-initiative-increase-tree-coverage-rajasthan>

#### Green bonds to lower borrowing cost

For the first time the Reserve Bank of India (RBI) issued sovereign green bonds on behalf of the Government of India. The initial announcement was made by Union Finance Minister, Nirmala Sitharaman, in her 2022 budget speech. The government had later announced it would issue such bonds worth Rs.16,000 crore this year as part of the overall market borrowing programme.

There are investors who are willing to accept comparatively low returns to support green initiatives. Some institutional investors are also mandated to invest in such instruments. Corporations engaged in green businesses can secure funds at relatively low rates.

A lower cost of borrowing would help Asia’s third-largest economy finance infrastructure and meet clean energy goals, while managing a record debt issuance plan. The first green bond sale will take place before the end of the fiscal year in March and discussions are underway with ministries to identify projects.

See: <https://economictimes.indiatimes.com/industry/renewables/india-is-counting-on-debut-green-bond-to-cut-financing-costs/articleshow/94193033.cms>

#### Teak logs, C&F US\$, Hoppus cu.m mid February 2023

	Hoppus cu.m	US\$ C&F
Brazil	123.4	238
Columbia	18.4	267
Costa Rica	38.1	401.2
Ecuador	92.3	273.6
Ghana	97.4	2567
Ivory Coast	-	-
Nigeria	-	-
South Sudan	81	312
Tanzania	32.4	249

#### Teak sawnwood, C&F, US\$ cu.m mid February 2023

	CU.M	US\$ C&F
Benin	32.22	584
Brazil	162.4	476
Colombia	24.3	302
Costa Rica	18.4	285
Ecuador	31.1	296
Ghana	88.5	350
Ivory Coast	212.0	419
Nigeria	48.6	394
South Sudan	-	-
Tanzania	64.2	379
Togo	72.1	355
Venezuela	87.6	482

#### 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.

### Plywood

Ex-warehouse prices for plywood have been increased to compensate for the higher costs of logs and resins used in manufacturing. Last month the North India Plywood Associations advised its members to charge 7% extra from their dealers to compensate for the rising production costs.

### 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 Vietnam General Department of Customs W&WP exports in December 2022 were US\$1.3 billion, up 11.5% compared to November 2022, but down 8.4% compared to December 2021. WP exports, in particular, accounted for US\$875 million, up 15% compared to November 2022 but down 19% compared to December 2021.

In 2022 W&WP exports were valued at US\$16 billion a year-on-year growth of 8%. Of this WP exports contributed US\$11.04 billion, down 0.3% compared to 2021. Exports of wooden furniture in December 2022 were valued at US\$798.6 million, down 19% compared to December 2021. In 2022 exports of wooden furniture totalled at US\$10 billion, down 0.4% over the same period in 2021.

W&WP exports to the US in December 2022 stood at US\$678 million, down 19% compared to December 2021. In 2022, the total W&WP exports to the US amounted to US\$8.7 billion, down 1.3% compared to 2021.

Vietnam's imports of logs and sawnwood in December 2022 were 440,200 cu.m, worth US\$157.2 million, down 9% in volume and 8% in value compared to November 2022. Compared to December 2021 however, imports increased by 17% in volume and 7% in value.

In 2022 imports of raw wood were reported at 5.993 million cu.m equivalent to US\$2,270 billion, down 4% in volume, but up 5% in value compared to that of 2021.

Vietnam's tali wood imports in December 2022 reached 57,900 cu.m., worth US\$23.2 million, up 8% in volume and 8% in value compared to November 2022. Compared to December 2021, tali imports increased by 203% in volume and 211% in value.

In 2022 tali imports totalled 557,300 cu.m, worth US\$226.0 million, up 46% in volume and 44% in value compared to 2021.

Imports of logs and sawnwood from the US in December 2022 experienced the fourth consecutive monthly decline and stood at 44,160 cu.m, at a value of US\$19.19 million, down 18% in volume and 22% in value. In 2022 imports of logs and sawnwood from the US to Vietnam totalled at 689,430 cu.m, worth US\$327.11 million, up 0.8% in volume and 3% in value compared to 2021.

### Vietnam's W&WP exports increased by 8.1% in 2022

Over the last 10 years Vietnam's W&WP exports have been increasing steadily. The mean growth in the period 2012 - 2022 is calculated at 14% per year. Growth was fast in 2018, 2019 and 2020 and surprisingly in 2021, amid the Covid-19 pandemic, exports grew nearly 20%.

However, by 2022, the growth rate of W&WP exports slowed as the value of exports was US\$16 billion, up just 8% compared to 2021.

#### W&WP exports in 2022 (US\$ 000s)

Total	16,011,148
Living/dinning room furniture	3,048,435
Wooden seat frame	2,946,863
Wood chips	2,685,796
Bedroom furniture	2,270,610
Panels and flooring	1,875,877
Kitchen furniture	1,320,906
Wood pellets	778,488
Office furniture	370,255
Wooden doors	50,115
Wood handicrafts	31,115
Frames	4,489
Others	628,199

Data source Vietnam General Department of Customs

#### Forecasts and suggestions for manufacturers from VIFOREST

Vietnam's wood sector has been targeting 5 major markets; the US, Japan, China, South Korea and the EU. The current global situation and problems facing these markets for W&WP from Vietnam can hardly give an optimistic forecast on Vietnam's W&WP trade.

According to Vietnam Wood and Forest Products Associations (VIFOREST) the growth of W&WP exports in 2023 is expected to be up between 7% - 9% year on year far below the growth rate over the last 10 years. With this expected growth W&WP exports in 2023 will be between US\$17 billion - 17.5 billion. To face the downturn in the major markets Vietnamese traders have been advised by VIFOREST to adopt the following measures and solutions:

- expand utilisation of domestic wood raw materials to reduce input costs
- apply improved technologies to enhance labor productivity
- apply digital transformation to reduce production costs
- promote low-emission production
- coordinate with localities to build specialised wood processing and trading zones in various regions of the country
- enhance W&WP trade promotion with attention given to attending international trade fairs for wood products, wood technologies and wood manufacturing machines
- diversify export markets and increase customer outreach through improving designs, focusing on

high-value commodity groups, opening trade representation in key markets

- utilise of the advantages gained from the Free Trade Agreements Vietnam has concluded with important trade partners

### Brazil

#### Instilling responsibility in young entrepreneurs

The "Amazon Journey" initiative aims to promote businesses that support the maintenance of tree cover. The initiative is also called "the Genesis Program" being aimed at young talents to encourage research oriented towards products and processes that have a minimal impact on the forest.

The initiative is coordinated by the Certi Foundation in collaboration with participation and investments from Bradesco, Fundo Vale, Itaú-Unibanco and Santander, partners in the Amazon Plan, an alliance among the three banks and Vale's Bioeconomy Program Fund.

The programme will bring together young people from the nine states of the Legal Amazon to debate local opportunities, market demands, in addition to the socioeconomic and environmental sustainability of the Amazon rainforest. The main topics will be biotechnology, innovation ecosystem, impacting business.

The Genesis programme is a launch pad for a second stage "Synapse Program" which seeks to help entrepreneurs get their idea off the ground. In 2022, a programme was held in Pará state with 516 young people resulting in 105 new ideas for entrepreneurial solutions for a bio-economy agenda in the Legal Amazon.

See: <https://epocanegocios.globo.com/um-so-planeta/noticia/2023/02/programa-vai-formar-emprededores-que-apoiam-floresta-amazonica.ghtml>

#### Forestry careers on offer

The domestic and international demand for pulp and paper produced in the state of Mato Grosso do Sul encouraged companies increase recruitment and offer training. In 2023, through on-site and distance courses, some 2,145 new employees were trained.

A large pulp and paper company located in Três Lagoas municipality, State of Mato Grosso do Sul, has more than 5,300 workers, 2,900 of them work on forest operations. Another pulp and paper company, in Ribas do Rio Pardo municipality, in the same State partnered with SENAI (National Service for Industrial Training) to conduct training. The company plans to recruit 2,000 people by 2024 for forest operations.

See: <http://www.remade.com.br/noticias/18917/em-altura-mato-grosso-do-sul--carreira-florestal-e-protagonista-em-2023>

## UAE/Brazil Business Council

In 2022 the Brazilian Furniture Project took many member companies on a trade mission during Expo Dubai and attracted more than US\$2.8 million in immediate business and US\$15.6 million in potential orders.

Between 2006 and 2021 Brazil exported around US\$60.3 million in furniture to the UAE. This was a period in which there was 57% growth. Brazilian exports to the UAE jumped from US\$6.9 million in 2017 to US\$10.8 million in 2021.

In 2022 the CNI (Brazilian National Confederation of Industry) and the FCCI (Federation of Chambers of Commerce and Industry of the United Arab Emirates) established the United Arab Emirates/Brazil Business Council to strengthen trade and investment between the two countries.

See: <http://abimovel.com/exportacao-de-moveis-e-colchoes-oportunidades-para-a-industria-brasileira-nos-emirados-arabes/>

## 2022 not a great year for the Bento Gonçalves furniture cluster

2021 was a year of atypical growth in revenue and exports for companies in the Bento Gonçalves furniture cluster, in the state of Rio Grande do Sul with export demand surging as people focused on furnishing their homes during the COVID-19 pandemic.

In 2022 even when life in the US started to return to normal sales of durable goods such as furniture lost momentum and this resulted in a decline in export earnings for the 300 Brazilian manufacturers.

Companies in the Bento Gonçalves furniture cluster ended 2022 with R\$3.1 billion in revenues and US\$54.5 million exported, a decrease of 3% and 28%, respectively compared to 2021 according to SEFAZ (Secretariat of Finance), Comex Stat and CAGED (General Register of Employed and Unemployed Workers). The slowdown in sales also resulted in job losses with employment in the sector dropping over 2%.

According to the Furniture Industry Union of Mato Grosso State (SINDMÓVEIS) it is projected that demand will remain stable in 2023 with the possibility of a slight increase of 2% to 3% in the cluster's revenues. In 2022, despite the declining export earnings, there was success in diversifying markets. Products from the region were exported to 59 countries, a 15% increase compared to 2019, the year prior to the COVID-19 pandemic. The top 10 export destinations were the United States, Uruguay, Chile, the United Kingdom, Peru, Mexico, Colombia, Paraguay, Puerto Rico, and Panama.

See: <https://emobile.com.br/site/industria/balanco-do-polo-moveleiro-de-bento-goncalves-em-2022/>

## 'Through the eyes of industry', challenges and suggestions from Brazi and Mexico

See: <https://www.itto-ggsc.org/static/upload/file/20230214/1676340295137619.pdf>

## Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	453
Jatoba	197
Massaranduba	173
Muiracatiara	166
Angelim Vermelho	170
Mixed redwood and white woods	128

Source: STCP Data Bank

## Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	1,891
Jatoba	928
Massaranduba	931
Muiracatiara	783
Angelim Vermelho	810
Mixed red and white	535
Eucalyptus (AD)	310
Pine (AD)	223
Pine (KD)	297

Source: STCP Data Bank

## Domestic plywood prices (excl. taxes)

	US\$ per cu.m
Parica	
4mm WBP	616
10mm WBP	473
15mm WBP	429
4mm MR.	594
10mm MR.	446
15mm MR.	389

Prices do not include taxes. Source: STCP Data Bank

## Prices for other panel products

	US\$ per cu.m
Domestic ex-mill prices	
15mm MDParticleboard	326
15mm MDF	389

Source: STCP Data

## Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipe	3,165
Jatoba	1,634
Massaranduba	1,679
Muiracatiara	1,671
Pine (KD)	215

Source: STCP Data Bank

## Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	345
12mm C/CC (WBP)	327
15mm C/CC (WBP)	314
18mm C/CC (WBP)	306

Source: STCP Data Bank

## Export prices for added value products

	US\$ per cu.m
FOB Belem/Paranagua ports	
Decking Boards	
Ipê	5,151
Jatoba	2,304

Source: STCP Data Bank

### Guidelines for SERFOR audits of timber producers and exporters

The National Forest and Wildlife Service (SERFOR) has approved "Guidelines for conducting audits and verification of producers and exporters of timber forest products". These guidelines establish the provisions for SERFOR or the Regional Forest and Wildlife Authorities (ARFFS) to conduct periodic audits of producers and exporters of timber forest products.

The aim is to verify compliance with the obligations for international trade as established in Law No. 29763, Forestry and Wildlife Law and in the Trade Promotion Agreements signed by Peru.

### Increase in particleboard imports

The value of Peruvian imports of particleboard reached US\$161.9 million in 2022 (versus US\$159.5 million in 2021). This was a record and a 1.6% year on year growth. Ecuador, once again, was the main supplier to Peru during 2022 with shipments worth US\$70.7 million which represented an increase of 4% compared to 2021. Spain was the second ranked supplier with US\$35.1 million, a 9% drop compared to the US\$38.6 million shipped to Peru in 2021.

### Forest fire prevention campaign

SERFOR in coordination with the Provincial Municipality of Satipo, started the campaign for the prevention of forest fires in the Central Jungle (Amazonía del Perú) area of the country.

The Technical Administrator of the ATFFS-Central Forest said the objective of this technical assistance is to promote the preparation of fire prevention action plans to reduce the risks of forest fires. The initial training highlighted the importance of disaster risk management in the country.

### Peruvian exports in 2022 grew 4%

The Association of Exporters (ADEX) has reported Peruvian export shipments in 2022 at US\$63,193 million, up 4% year on year despite five months of declines during the year the deepest being those of the last quarter (October -6%, November -19% and December -8%).

After growing 8%, 23% and 8% in 2016, 2017 and 2018 respectively, in 2019 and 2020 export earnings dropped -2% and -11% to reverse to expand 48% in 2021, the rebound after the easing of covid responses in the US and the EU.

ADEX president, Julio Pérez Alván, expressed his concern about prospects for January this year as production and supply chains have been disrupted due to civil unrest. He added "There is tension and concern for the welfare of workers, damage to private property and trust with international buyers".

Exports of primary products in 2022 totalled US\$44,914 million the leading sub-sector was mining with US\$35,032 million, down -7% due to political-social unrest.

In second place was hydrocarbons (US\$6,151 million), followed by fishing (2%) and agriculture (57%).

Despite lower demand (-2%) China was the top export market followed by the US and Japan. Other markets in the top five were Canada and South Korea.

### Export prices for added value products

	US\$ per cu.m
Peru, FOB strips for parquet	1327-1398
Cabreva/estoraque KD12% S4S, Asian market	
Cumarú KD, S4S Swedish market	986-1119
Asian market	1079-1101
Cumarú 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 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 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	507-538
Cumarú 4" thick, 6"-11" length KD Central American market	989-1000
Asian market	989-1008
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	622-642
Dominican Republic	712-731
Marupa 1", 6-11 length KD Grade 1 Asian market	595-615

### 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

	US\$ per cu.m
Peru sawnwood, domestic Mahogany	218-236
Virola	225-238▼
Spanish Cedar	182-218
Marupa (simarouba)	189-224

**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**

**Economists unanimous, wage increases essential**

Japan’s economy returned to growth in the last quarter of 2022 helped by the lifting of restrictions on tourists which, offset weakening business activity and exports.

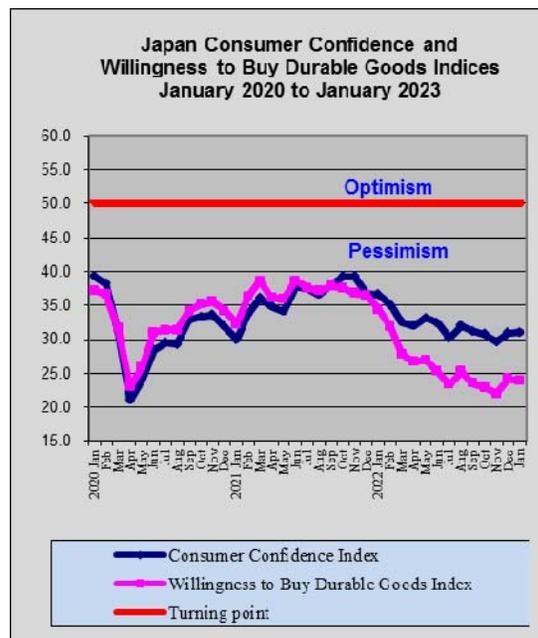
Signs of improved growth momentum at the beginning of 2023 could be a factor when companies begin the annual wage negotiations. Economists are unanimous that steady wage increases are an essential for the post-pandemic recovery along with a change of policy by the Bank of Japan.

Real wages in Japan rose for the first time after nine months in 2022 thanks to robust temporary bonuses but other data showed household spending falling for a second month in December as rising prices offset otherwise robust private consumption.

See: <https://www.japantimes.co.jp/news/2023/02/03/business/japan-economy-growth-tourism/>

**Bank of Japan Governor appointment announced**

The government has nominated Kazuo Ueda an economist and professor at Kyoritsu Women’s University as Bank of Japan (BoJ) Governor. Haruhiko Kuroda, the current BoJ Governor has been in the post for 10 years but has been unsuccessful in the Bank’s aim of seeing sustainable economic expansion fueled by domestic demand.



Data source: Cabinet Office, Japan

**Afforestation support for Philippines**

Japan recently announced it will grant the Philippines Yen 600 billion in official development assistance to help the country implement its economic development agenda. This is the biggest ODA package the Philippines has received from Japan. During a visit to Japan by the Philippine President many agreements were signed between Japanese companies and their Philippine counterparts. Among the agreements was one signed by Marubeni Corp. related to its energy, transportation, health care and afforestation projects in the Philippines.

See: <https://www.manilatimes.net/2023/02/11/news/japan-grants-ph-p246-b-aid-package/1878106>

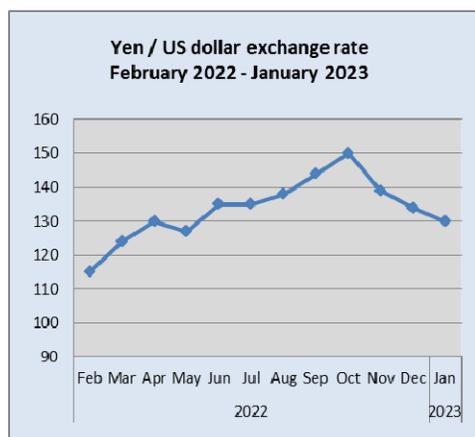
**Yen reacts to debate on BoJ appointment**

The yen briefly weakened to a one-month low of around 132 range against the US dollar in early February following suggestions that the Bank of Japan Deputy Chief was being considered as a successor to the current governor whose terms ends in April.

The suggestion that the Deputy Chief would take over led markets to believe the continuation of the ultra-low monetary easing policy. The yen also took a hit after the stronger-than-expected US employment data spurred expectations of US interest rates staying at a high level for longer than expected.

In currency markets the yen exchange rate against the dollar steadied after the government announced plans to nominate Kazuo Ueda an economist and former Bank of Japan policy board member to succeed outgoing BOJ Gov. Haruhiko Kuroda.

See: <https://mainichi.jp/english/articles/20230206/p2g/00m/0bu/018000c>



### Call to improve home insulation

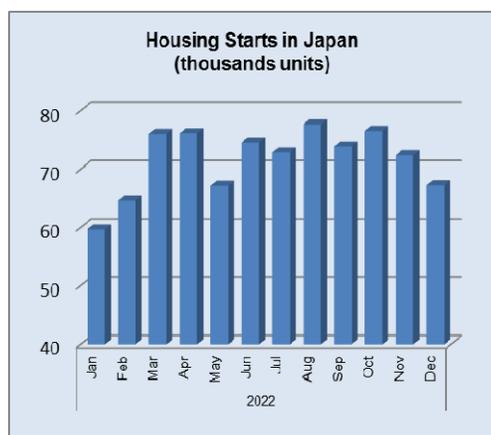
In a media interview Masatoshi Takeuchi, an architect and professor at Tohoku University of Art and Design said "among the G7 countries, Japan is the only one not imposing insulation requirements on housing construction". He added that in most developed countries houses are built to strict insulation standards to cut energy consumption as part of their efforts to address global warming but Japan stuck with energy-saving policies adopted more than twenty years ago.

The Cabinet did approve implementation of mandatory standards for insulation by 2020 but the Ministry of Land, Infrastructure, Transport and Tourism strongly opposed it claiming it would affect small- and medium-sized home builders because they 'lack experience.'

Compulsory insulation requirements will not go into effect until 2025 but already many builders are advising home buyers that installing insulation will save energy. When insulation standards are finally compulsory owners of existing structures are likely to become eligible for home-improvement subsidies.

See:

<https://japantoday.com/category/features/kuchikomi/why-are-japanese-homes-so-poorly-insulated>

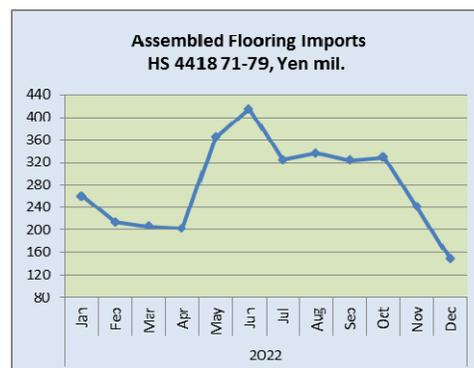


Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

### Assembled wooden flooring imports

In 2022 Japan's imports of assembled wooden flooring (HS441871-79) were 36% higher than in 2021 this was despite the major downward correction in the value of imports in the final quarter of 2022 from the peak in the third quarter.

Throughout 2022 the top supplier of assembled wooden flooring to Japan was China followed by Vietnam and Austria. HS441875 was the main category of assembled flooring imports in 2022.



Data source: Ministry of Finance, Japan

### Plywood imports

Indonesia and Malaysia are the main sources of Japan's plywood imports and this has not changed over the past decade. These two suppliers account for over 80% of the volume of Japan's plywood imports. There are modest imports of plywood from shippers in China averaging around 20,000 cu.m per month in 2022 and in recent years shippers in Vietnam have captured market share filling the gap left by reduced exports from Malaysia.

In 2022 the average monthly shipment of plywood from Vietnam was around 15,000 cu.m. Indonesia and Malaysia each shipped around 62,000 cu.m of plywood monthly to Japan.

The impact on manufacturing and exports of the response to the pandemic in China can be judged from the steep drop in plywood exports to Japan in 2021. Shipments from China increased over 70% in 2022 compared to a year earlier. 2022 shipments of plywood from Malaysia were down 6% year on year in contrast to the 7% rise in shipments from Indonesia.

Production and exports of plywood in Vietnam continued to be disrupted by the covid control measures in 2022.

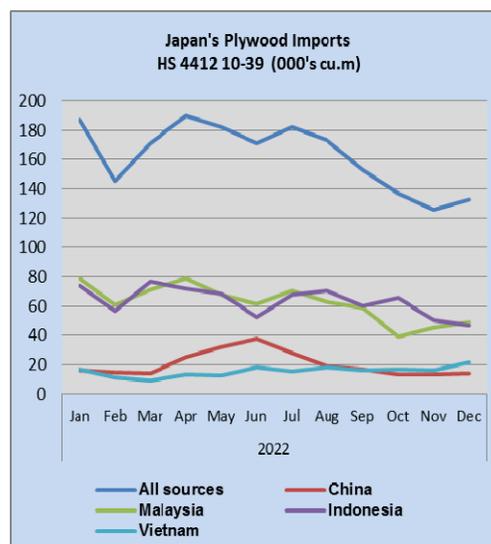
	China	Malaysia	Indonesia	Vietnam
2021	135.8	794.8	714.9	207.1
2022	242.6	744.4	761.9	185.9
% Change	77%	-6%	7%	-11%

Data source: Ministry of Finance, Japan

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

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

Data source: Ministry of Finance, Japan



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/](https://jfpj.jp/japan_lumber_reports/)

### Housing starts and 2022 total

Total starts in 2022 is 859,529 units, 0.4% more than 2021's result. This is straight two years exceeding the previous year's result. However, owner's unit decreases over 10% from 2021's result. This result is the worst units in the past. Level of 850,000 units is very low level in past 10 years but to compare the result of 2020, it is 5.7% increased.

Owner's unit in 2022 is 253,287 units, 11.3% less than 2021's result. It did not exceed 261,000 units in 2020. In 2014, it was under 300,000 units and it was over 280,000 units in almost every year after that except 2020.

Total starts of rental and unit built for sale are good in 2022. Rental is 345,080 units, 7.4% more than the previous year. This result is close to 2019's result when it was before the COVID-19.

Then rental units in 2020 decreased to 306,000 units, due to the COVID-19. In 2021, rental units increased about 15,000 units from 2020 and in 2022, it increased about 24,000 units from 2021.

Condo is 108,198 units, 6.8% increased from 2021. Unit built for sale is 145,992 units, 3.5% increased from 2021. Units of condo increased for the first time in three years. Unit built for sale increased for two years continuously. However, unit built for sale is getting slow so total starts in November and December, 2022 did not exceed the same months in 2021.

### Forest environment tax

According to The Ministry of Agriculture, Forestry and Fisheries, 29 municipalities around urban areas and 13 municipalities around mountain areas make efficient use of forest environment tax and work together.

A questionnaire survey about the use of forest environment tax was held during September to December, 2022. 1594 municipalities of 1741 municipalities answered the questionnaire. About 30% of people are keen to use the forest environment tax.

They work together to maintenance forest, to recommend using lumber, to educate about wood, forest and lumber to children and to have events related to forest.

### Phytosanitary Certificate

Japan Lumber Importers' Association recommends Japanese importers to get Phytosanitary Certificates from exporters four months earlier because the new rule for importing logs and other products will start on 5th August, 2023.

Some countries have not responded to this new rule so Japanese importers have concerns about they might not be able to import logs.

On the real estate sector the IMF welcomed China's recent policy measures but suggested additional action is needed to end the real estate crisis, including applying funds for completion of troubled projects as this would also help restore homebuyer confidence and contain financial stability risks.

See: <https://www.imf.org/en/News/Articles/2023/02/01/sp-china-aiv-press-briefing-opening-remarks>

### Decline in log imports in 2022

According to China Customs log imports in 2022 totalled 43.70 million cubic metres valued at US\$8.533 billion, a decline of 31% in volume and 26% in value year on year. The average price for imported logs was US\$195 (CIF) per cubic metre, up 7% on levels in 2021.

In 2022 softwood log imports fell 38% to 31.16 million cubic metres, accounting for 71% of the national total, down 7% from 2021. The average price for imported softwood logs was US\$160 (CIF) per cubic metre, up 1% on levels in 2021.

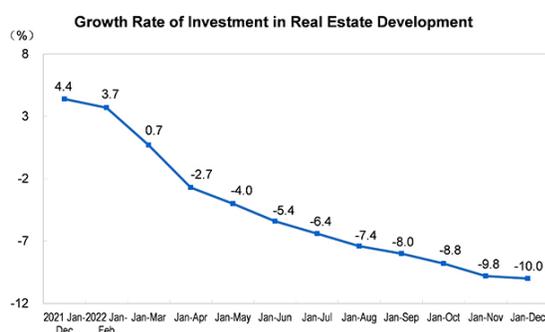
Hardwood log imports in 2022 fell 9% to 12.53 million cubic metres (29% of the national total log imports). The average price for imported hardwood logs in 2022 was US\$283 (CIF) per cubic metre, up 4% on 2021.

Of total hardwood log imports, tropical log imports were 6.18 million cubic metres valued at US\$1.875 billion, down 8% in volume and down 10% in value from 2021, accounting for 14% of the national total import volume in 2022.

## China

### 2022 investment in real estate tumbled

A press release the National Bureau of Statistics of China provides data on national real estate development and sales in 2022. This shows that there was a 10% decline in real estate investment with investment in residential properties dropping 9.5%.



See: [http://www.stats.gov.cn/english/PressRelease/202301/t20230118\\_1892298.html](http://www.stats.gov.cn/english/PressRelease/202301/t20230118_1892298.html)

In related news, during the opening remarks at a press briefing on the IMF report for China, Thomas Helbling, Deputy Director, Asia and Pacific Department said the Fund projects China's economic growth to increase from 3% in 2022 to 5.2% in 2023 driven by a rebound in private consumption amid the earlier-than-anticipated re-opening in China.

### Log import volumes 2022

Volume	2022 mil. cu.m	% change 2021-22
<b>Total</b>	43.7	-31%
Softwood logs	31.16	-38%
All hardwood logs	12.53	-9%
Tropical Logs	6.18	-8%

Data source: China Customs

### Log import values 2022

Value	US\$mil. CIF	% change 2021-22
<b>Total</b>	8,533	-26%
Softwood logs	4,986	-37%
All hardwood logs	3,547	-5%
Tropical Logs	1,875	-10%

Data source: China Customs

### Average CIF prices 2022

	US\$/cu.m	% change 2021-22
All logs	195	7%
Softwood logs	160	1%
All hardwood logs	283	4%
Tropical Logs	303	-2%

Data source: China Customs

### Decline in log imports from all the main suppliers except PNG

According to China Customs the volume of log imports from all the main suppliers in 2022 declined except for PNG where import volumes rose 8% to 2.34 million cubic meters valued at US\$549 million, up 11% year on year. The average price for imported logs from PNG in 2022 rose 3% to US\$234 (CIF) per cubic metre.

New Zealand and Germany were main suppliers for China's log imports and the proportion supplied by the two countries was 55% of the national total in 2022.

New Zealand was the largest supplier of logs to China's in 2022 accounting for 41% of the national total, up 9% from 2021. China's log imports from New Zealand were 17.75 million cubic metres valued at US\$2.689 billion, down 13% in volume and down 20% in value. The average price for imported logs from New Zealand was US\$151 (CIF) per cubic metre.

Germany was ranked the second for log imports to China in 2022 making up 14% of the national total but, down 5% from 2021. China's log imports from Germany totalled 5.96 million cubic meters valued at US\$1.024 billion, down 51% in volume and down 47% in value. The average price for imported logs from Germany was US\$172 (CIF) per cubic metre.

China's log imports from Russia plummeted 65%, from USA, Solomon, France and Brazil log imports also declined sharply.

### Main countries shipping logs to China, 2022

Volume	2022 mil. cu.m	% change 2021-22
<b>Total</b>	<b>43.7</b>	<b>-31%</b>
New Zealand	17.75	-13%
Germany	5.96	-51%
PNG	2.34	8%
Russia	2.21	-65%
USA	2.14	-48%
Solomon Is.	1.44	-18%
France	1.25	-16%
Japan	1.13	-7%
Brazil	1	-51%

Data source: China Customs

### Main softwood log sources, 2022

Supplier	mil. cu.m	% change
<b>Total</b>	<b>31.16</b>	<b>-38%</b>
New Zealand	17.68	-13%
Germany	5.63	-52%
USA	1.21	-63%
Japan	1.11	-8%
Canada	0.91	-31%
Czech Rep.	0.88	-45%
Latvia	0.61	288%
Uruguay	0.56	-72%
France	0.54	-43%
Poland	0.53	-19%

Data source: China Customs

### Soaring softwood log imports from Latvia

China's softwood log imports from Latvia in 2022 soared 288% to 610,000 cubic metres mainly because China imported a lot of large diameter fir, spruce, Korean pine and scots pine. China's large diameter fir and spruce imports from Latvia soared 451% to 523,161 cubic metres, however, the CIF price for fir and spruce declined 23% in 2022. China's large diameter Korean pine and scots pine imports from Latvia rose 79% to 78,979 cubic metres, the CIF price for fir and spruce declined 1% slightly in 2022.

Germany is the main supplier of China's fir and spruce imports and accounted for 67% of the national total in 2021 but fell 54% in 2022. Latvia was the main supplier of fir and spruce imports to make up for the reduction from Germany. While log prices generally rose in 2022, Latvian log prices fell, hence the surge in imports, especially for fir and spruce, down 23% year on year.

### PNG the largest supplier of hardwood logs

PNG was the largest supplier of hardwood logs replacing Russia in 2022. China's hardwood log imports from PNG rose 8% to 2.34 million cubic metres valued at US\$549 million, up 11% year on year. The CIF prices for hardwood log imports from PNG rose 64% largely.

China's hardwood log imports from Russia were 2.12 million cubic metres valued at US\$261 million, down 18% in volume and 29% in value in 2022. The CIF for hardwood log imports from Russia fell 54%.

80% of the national total log imports are from PNG (19%), Russia (17%), Solomon (11%), USA (7.4%), Brazil (7.1%), France (5.7%), the Republic of Congo (3.4%), Cameroon (3.38%), Equatorial Guinea (3.0%) and Germany (2.7%).

It is worth noting that Chinese hardwood log imports from the US increased by 8% year on year in 2022, despite a more than 300% jump in US log prices.

### Main Hardwood log sources, 2022

Supplier	mil. cu.m	% change
<b>Total</b>	12.53	-9%
PNG	2.34	8%
Russia	2.12	-18%
Solomon Is.	1.44	-18%
USA	0.93	6%
Brazil	0.89	-25%
France	0.71	29%
Congo Rep	0.43	-21%
Cameroon	0.42	-8%
Eq. Guinea	0.37	56%
Germany	0.33	-12%

Data source: China Customs

### Decline in tropical log imports

PNG and Solomon Is. are the main suppliers for China's tropical log imports and the proportion of the two countries in 2022 was more than 60%. China's tropical hardwood log imports from PNG rose 8% but from Solomon Is. fell 18%. The average price for imported tropical logs was US\$303 CIF per cubic metre, down 2% on levels in 2021.

### Tropical hardwood log sources, 2022

	(000'cu.m)	%change 2021-22
<b>Total</b>	6,182	-8%
PNG	2,344	8%
Solomon Is.	1,436	-18%
Congo Rep.	427	-21%
Cameroon	424	-8%
Eq. Guinea	372	56%
Mozambique	235	-35%
Congo DR.	227	14%
Suriname	125	-12%

### Decline in log imports from Myanmar

Myanmar was a major source of tropical logs for China before its log export ban, China's log imports from Myanmar have been declining for many years. China's log imports from Myanmar fell 43% to 6,147 cubic metres valued at US\$7.49 million, down 45% year on year in 2022. China's log imports from Myanmar in 2021 soared more than 300% in volume.

### No log imports from Australia

China used to import more than one million cubic metres of logs from Australia but this fell to 63,000 cu.m in 2021 and zero in 2022.

There were no China's log imports from Australia completely in 2022. Australia has disappeared from the list of major suppliers of logs to China.

China's log imports from Australia have been declining and came to zero finally because of a ban on imports as the quarantine service in China once again detected pests in a log shipment. Since the beginning of 2020 the quarantine service has reported detecting live pests such as the long horn beetle, Cerambycidae and jewel beetles, Buprestidae in logs imported from Australia.

### GTI-China Index – January 2023

In January 2023, as covid rules were eased, domestic demand increased and the economy began to recover. In late January a large number of employees returned to their home towns to celebrate the Lunar New Year which meant output from manufacturing enterprises was affected. However, tourism, entertainment, catering and other service industries have shown a marked and the economy is steadily recovering.

The development of China's timber manufacturing industry in January showed significant off-season characteristics due to the Lunar New Year. Compared with the previous month, the number of workers in enterprises and factories represented by companies contributing to the Global Timber Index GTI-China Index declined significantly and the production volume and orders indices also declined. In January the GTI-China Index registered 21.5%, a decrease from the previous month and was below the critical value (50%) indicating that the business prosperity of the timber enterprises represented in the GTI-China Index declined from the previous month.

The production index in January fell below the critical value indicating that the production volume of the timber enterprises represented in the GTI-China Index was less than that of the previous month.

The new orders index registered from the previous month to fall below the critical value indicating that the number of new orders of the timber enterprises represented in the GTI-China shrank sharply from the previous month.

The export orders index registered a decrease from the previous month and has been below the critical value for 5 consecutive months indicating that the ability to obtain the export orders of the timber enterprises represented in the GTI-China difficult.

The inventory index of finished products registered a decrease from the previous month and has been below the critical value for 6 consecutive months indicating that the inventory of finished products of the timber enterprises represented in the GTI-China was declining.

The January existing orders index also registered a decline from the previous month and has been below the critical value for 5 consecutive months.

The purchasing quantity index has been below the critical value for 3 consecutive months.

The purchasing price index registered a further decline and was below the critical value indicating that the purchasing price of the timber enterprises represented in the GTI-China was less than that of the previous month.

The import orders index registered a decrease from the previous month and has been below the critical value for 3 consecutive months.

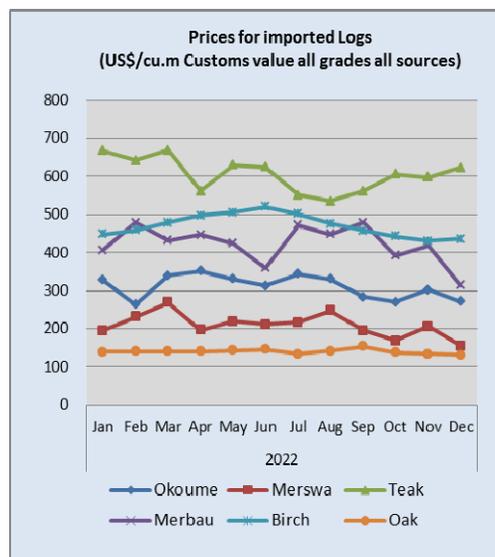
The delivery time index did not improve in January and remains below the critical value indicating that the delivery time from the supplier to the timber enterprises was even slower than the previous month.

Finally, the inventory index of main raw materials registered weakened further in January and has been below the critical value for 6 consecutive months.

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

	2022 Nov	2022 Dec
Okoume	302	272
Merswa	206	155
Teak	598	623
Merbau	419	314
Birch	431	436
Oak	133	131

Data source: Customs, China

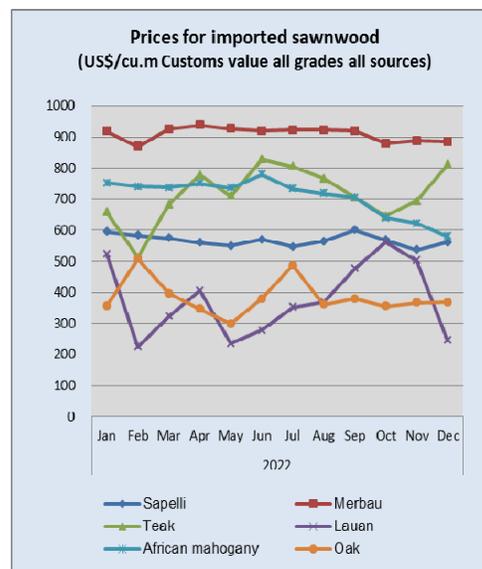


Data source: Customs, China

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

	2022 Nov	2022 Dec
Sapelli	537	562
Merbau	888	885
Teak	694	812
Lauan	502	245
African mahogany	622	580
Oak	367	368

Data source: Customs, China



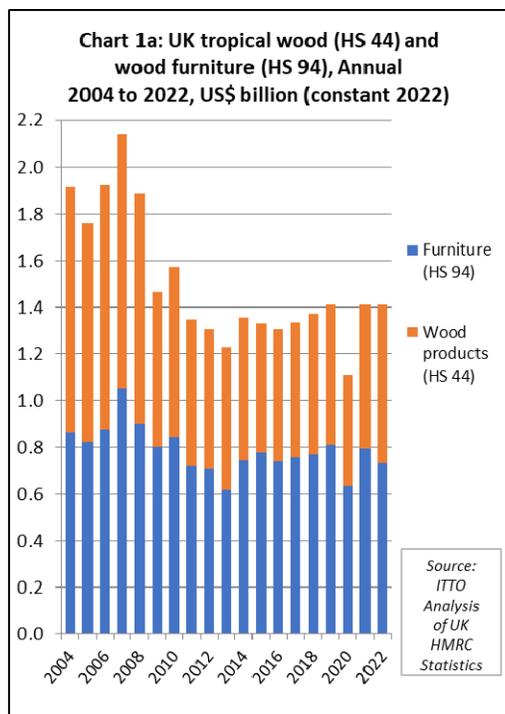
Data source: Customs, China

**UK**

**UK 2022 tropical imports flat as weak second half offsets strong start to the year**

The latest data from the UK Office for National Statistics shows that UK GDP increased 4.0% in 2022 after 7.6% growth in 2021, as it recovered from the historic blow from the COVID-19 pandemic. However this "rise" over the last two years must be considered in the light of the UK being amongst countries worst affected by the COVID-19 pandemic which led to a 9.4% fall in GDP in 2020 at a time when there was already uncertainty due to the country's departure from the EU. The UK economy in December 2022 was still smaller than it was in December 2019.

The relatively sluggish recovery of the UK economy last year is reflected in UK imports of tropical wood and wood furniture products which were flat overall in 2022, valued at US\$1.4 billion, the same as the previous year and just equalling the pre-COVID level in 2019. UK import value of tropical wood and wood furniture products last year was only marginally above the long term average for the previous ten years and well below levels prevailing in the years prior to 2010 (Chart 1a).



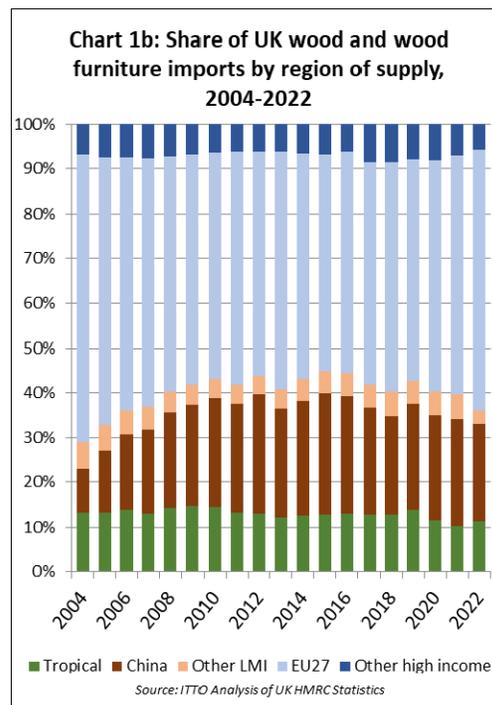
Strong UK imports of tropical products in the first half of last year were offset by a sharp downturn in the last six months of the year. In 2022 there was an increase in UK import value of tropical joinery (+9% to US\$271 million), sawnwood (+32% to US\$124 million), and mouldings/decking (+18% to US\$35 million). However UK import value of tropical wood furniture fell 8% to US\$731 million, while import value of tropical hardwood plywood was down 12% to US\$168 million.

Vietnam was the leading supplier of tropical wood and wood furniture to the UK last year, with import value of US\$382 million, 3% down on the previous year. The value of direct imports also declined last year from all three of the other leading tropical suppliers including Indonesia (-8% to US\$309 million), Malaysia (-4% to US\$238 million), and India (-3% to US\$102 million).

However, these figures may overestimate the decline as problems of shipping cargo directly from Asia into the UK last year contributed to an 63% increase in the value of tropical wood and wood furniture imports into the UK from EU27 countries, to US\$107 million.

After losing share in the UK market between 2019 and 2021 during the COVID-19 pandemic, tropical wood and wood furniture products regained some share last year, mainly at the expense of other lower and middle income (LMI) countries, particularly China, Russia, and Belarus. The total value of UK imports of wood and wood furniture products from all countries was US\$13.62 billion in 2022, 9% less than the previous year. This followed a gain of 42% in 2021.

The share of tropical products in total UK wood and wood furniture import value increased from 10.4% in 2021 to 11.4% last year, although this is still well below the long term average of between 13% and 14% share (Chart 1b).



UK import value of non-tropical wood and wood furniture products from China fell 17% to US\$2.67 billion last year. The share of China in total UK wood and wood furniture imports fell from 24% in 2021 to 22% last year. This represents a return to more normal levels in UK imports from China after a 43% surge in US\$ value the previous year in response to booming demand in the immediate aftermath of the COVID lockdowns.

Other factors contributing to slower UK imports from China last year included supply problems during China's strict COVID-19 lockdowns, serious congestion at UK ports in the first half of last year, and concerns that Chinese products may contain Russian wood which has been subject to trade sanctions in the UK since Russia's invasion of Ukraine in February last year.

UK sanctions imposed on Russian products led to an 89% decline in the value of UK imports of Russian wood and wood furniture last year, from US\$329 million to just \$36 million. Although the UK has not officially sanctioned imports of wood from Belarus, these also fell sharply, by 90% from US\$59 million to US\$6 million.

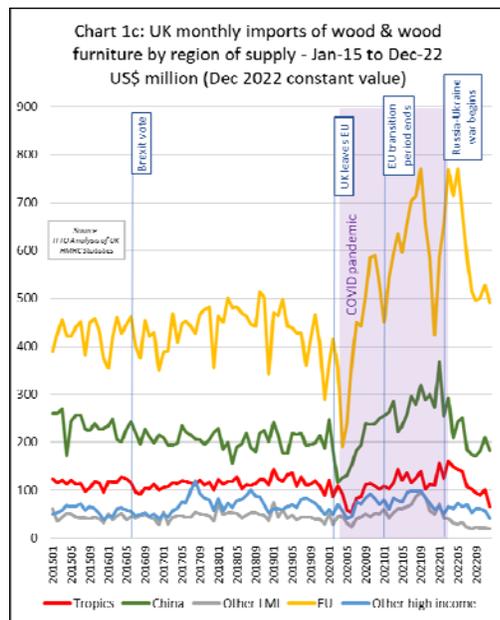
Imports of non-tropical products from several other LMI countries also fell sharply last year including Brazil (-19% to US\$151 million), South Africa (-37% to US\$29 million), Ukraine (-14% to US\$26 million), UAE (-56% to US\$17 million), and Uruguay (-29% to US\$16 million). Overall the share of UK imports of non-tropical products from LMI countries other than China decreased from 6% to 3% last year.

UK imports of non-tropical wood and wood furniture products from the EU27 fell 1% to US\$7.17 billion in 2022. This followed on from a huge 46% increase in 2021. And because the decline from the EU27 last year was much less than from other regions, the EU27 total share of UK import value of wood and furniture from the EU27 increased from 53% in 2021 to 58% in 2022.

Expectations that the UK's departure from the EU might lead to a decrease in the share of imports of wood and wood furniture from the EU and a switch to other regions have yet to be realised. On the contrary, in the five years following the UK's decision to trigger Article 50 of the EU Treaty on 29 March 2017 which began the formal process for withdrawal from the EU, a process eventually completed in January 2020, the share of UK wood and wood furniture imports from the EU27 has risen by nearly 10%.

Of course recent trends in UK wood and wood furniture imports have probably been influenced much more by the effects of the COVID-19 pandemic than by Brexit. And since the start of last year, trading patterns in all parts of Europe have also been impacted by the war in Ukraine. Therefore these short-term changes in market share may not be a good guide to the long term effects of Brexit.

Probably the most notable feature of UK imports in recent years has been the extraordinary level of volatility. This is highlighted in Chart 1c which tracks UK import value of all wood and wood furniture by major region of supply on a monthly basis since January 2015.



The level of UK trade volatility began to increase soon after the Brexit vote in June 2015, an event which created considerable economic uncertainty, compounded by regular and often confusing alterations to the timetable for the UK's departure from the EU, and the lack of clarity on the trade deal with the EU that would eventually result.

And then just a few weeks after the UK officially left the EU on 31 January 2020 - with a "harder" Brexit deal than many expected - the COVID pandemic struck leading to a very sharp dip in trade during the first lockdown. But this was followed by a massive and unexpected rebound in trade, initially as money was poured into home renovation projects, and then as government stimulus measures, much focused on the construction sector, began to kick in. These measures helped maintain a buoyant level of trade until the middle of last year.

The combination of COVID and Brexit meant that problems of shipping and transport logistics were particularly severe in the UK between 2020 and 2022. The problems of shipping into the UK led to more calls for distributors and manufacturers to shift away from their existing "just-in-time" business model to a "just-in-case" model of bringing more manufacturing closer to home and increasing inventories once again.

In practice, this implied a continuing high level of dependence on the large suppliers in continental Europe for which turnaround times, while much longer than before the UK left the EU single market, still compared favourably to imports from other parts of the world.

#### Demand and trade will be subdued during 2023

What happens next is uncertain. However, the current economic situation in the UK implies that overall demand, and the level of trade, will be subdued during 2023. In early February, the Bank of England forecast that the UK would enter a shallow but lengthy recession, starting in the first quarter of this year and lasting five quarters.

UK business groups have said that future investment will be deterred by a steep increase in taxation on profits that takes effect in April. Retailers are reported to be cutting inventory levels due to reduced consumer demand. Inflation remains high and interest rates are being raised, increasing the costs of borrowing.

Despite Brexit, EU-based wood suppliers seem certain to maintain their dominance in the UK market for many years to come, not least due to their proximity and that they are particularly well placed to supply the commodity softwoods and mass-produced furniture on which the UK relies.

But, equally, opportunities for non-EU wood product suppliers, including in the tropics, should improve around the margins of the UK market with the recent dramatic fall in global freight rates and as the logistical problems that built up during the pandemic have now eased considerably.

One indicator is the Drewry global freight rate index which at US\$1,997 per 40-foot container in January was 81% below the peak of US\$10,377 reached in September 2021 and was 26% lower than the 10-year average of US\$2,693, indicating a return to more normal prices.

## North America

### Tropical hardwood imports strong in 2022, but trended down

While U.S. imports of tropical hardwood and related products showed significant growth in 2022, optimism is tempered by declining numbers over the last quarter of the year. Import totals were up across the board in 2022 as gains over the previous year ranged from 6% for hardwood plywood and wooden furniture to 57% for tropical hardwood veneer. However, imports of sawn tropical hardwood, hardwood plywood, mouldings, assembled flooring panels, and wooden furniture all ended the year trending downward for each of the last three months of the year or longer.

### Sawn tropical hardwood imports end 2022 on weak note

Imports of sawn tropical hardwood ended 2022 at their lowest level of the year with volume falling for the third consecutive month. The 17,929 cubic metres imported in December was down 3% from November. Because the USDA altered its categories for sawn tropical hardwood in 2021 and again at the beginning of 2022 it is hazardous to compare 2022 data with previous years, however totals for the year were up sharply for most woods and from most trading countries.

The 2021 accounting depressed volume by just under half versus the older regimen. That said, imports from Brazil and Indonesia both rose more than 800% in 2022 over 2021 while total sawn hardwood imports rose 186%. Imports of Padauk more than doubled in 2022 while imports of other woods all rose sharply: Keruing (69%), Sapelli (52%), Acajou d’Afrique (48%) and Mahogany (44%). While imports of some woods (Jatoba, Balsa, Virola, Teak, and Aningre) fell for the year, it is hard to determine how much that is due to reclassification, which led to imports of wood designated “Other Tropical” rising more than 60-fold in 2022 and accounting for more than a third of all imports for the year. It is certain this accounts for most wood previously classified as Jatoba, which fell 96% in 2022 after being by far the most imported wood by the U.S. in past years.

### Sawn tropical hardwood imports (cu.m)

	2021	2022	% change
World Total	102,272	274,549	168%
Ecuador	9,861	6,134	-38%
Brazil	7,435	68,196	817%
Cameroon	19,050	34,910	83%
Malaysia	17,132	29,779	74%
Congo (Brazzaville)	13,711	21,535	57%
Peru	656	2,187	233%
Indonesia	6,437	61,320	853%
Ghana	6,439	7,003	9%
Cote d'Ivoire	2,874	4,295	49%
Other	18,677	39,190	110%

Data source: US Census Bureau, Foreign Trade Statistics

### Hardwood plywood imports hit 10-year low

After sinking 20% in November, U.S. imports of hardwood plywood skidded an additional 31% in December to fall to its lowest level since February 2012.

The 152,707 cubic metres imported was well below half the volume imported the previous December. Due to the downturn, total hardwood plywood imports for 2022 exceeded those of 2021 by only 6% after being much further ahead for most of the year.

Imports from Malaysia and Vietnam saw the most growth in 2022, up 37% and 20%, respectively. Imports from Russia were down 32% in 2022 while imports from China fell 5%. The U.S. imported 3.67 million cubic metres of hardwood plywood in 2022 with a value of US\$2.85 billion.

### Hardwood plywood imports (cu.m)

	2021	2022	% Change
World Total	3,465,510	3,669,860	6%
China	103,361	97,991	-5%
Russia	558,526	379,859	-32%
Indonesia	893,652	928,036	4%
Malaysia	152,870	209,297	37%
Cambodia	155,146	153,166	-1%
Vietnam	826,115	989,805	20%
Ecuador	140,065	144,441	3%
Other	635,775	767,265	21%

Data source: US Census Bureau, Foreign Trade Statistics

### Veneer imports rose 57% in 2022

U.S. imports of tropical hardwood veneer grew by 57% in 2022 with imports from nearly all top trading partners rising by more than 25%. Imports from Italy, which alone account for nearly a third of all veneer imports, rose by 27% in 2022, while imports from the second largest trading partner, India, rose 63%. Imports from Cameroon tripled in 2022 and imports from Ghana more than doubled.

Imports from China rose 78% in 2022 as December imports from China hit their highest level since 2019. Despite falling 21% in December from the previous month, overall tropical hardwood veneer imports for the month remained 84% higher than the previous December. The U.S. imported tropical hardwood veneer with a value of more than US\$34.3 million in 2022.

### Imports of tropical hardwood veneer (US\$)

	2021	2022	% Change
World Total	21,894,206	34,349,326	57%
Italy	8,530,667	10,817,808	27%
China	1,060,398	1,884,639	78%
Ghana	946,310	2,199,589	132%
Cote d'Ivoire	1,298,779	1,787,223	38%
Cameroon	862,702	2,591,950	200%
India	2,699,069	4,387,380	63%
Other	6,496,281	10,680,737	64%

Data source: US Census Bureau, Foreign Trade Statistics

### Hardwood flooring imports showed modest gain in 2022

Imports of hardwood flooring rose 8% in 2022 as December imports rose 2% over the previous month. Imports from Indonesia rose more than 200% in 2022, taking a strong bite from the market share of imports from Brazil, which fell 10% in 2022.

Imports from Malaysia also showed a significant gain last year, growing 53%, while imports from Vietnam fell 59% and imports from China were off 16%. The U.S. imported more than US\$79.3 million in hardwood flooring in 2022.

Imports of assembled flooring panels gained 21% in 2022 over the previous year as imports from Thailand rose 66% for the year, imports from Vietnam rose 24%, and imports from Canada were up 20%. Imports from China fell in 2022 by 19%.

Imports ended the year poorly, falling for a third straight month in December, down 18% from November and 26% lower than the previous December. Total imports of assembled flooring panels reached over US\$348.3 million in 2022.

#### Imports of assembled flooring (US\$)

	2021	2022	% Change
World Total	288,113,485	348,303,898	21%
China	25,311,748	20,570,391	-19%
Canada	44,074,741	53,027,176	20%
Indonesia	35,478,712	39,633,203	12%
Vietnam	44,581,918	55,354,094	24%
Thailand	32,338,267	53,712,346	66%
Brazil	1,255,465	1,160,864	-8%
Other	105,072,634	124,845,824	19%

Data source: US Census Bureau, Foreign Trade Statistics

#### Moulding imports gained 21% in 2022

U.S. imports of hardwood moulding rose above \$176 million in 2022, beating 2021 totals by 21%. Imports from Canada, the top U.S. trading partner, rose 25% in 2022 while imports from Brazil surged 57% and imports from Malaysia grew 31%. December numbers were disappointing as imports fell for a third consecutive month. December imports were down 16% from November and 17% from the previous December as imports from Brazil fell to a 20-month low.

#### Moulding imports (US\$)

	2021	2022	% Change
World Total	145,429,272	176,273,246	21%
Brazil	8,636,558	13,566,231	57%
China	15,877,384	17,179,723	8%
Malaysia	13,298,357	17,386,704	31%
Canada	38,150,326	47,544,498	25%
Other	69,466,647	80,596,090	16%

Data source: US Census Bureau, Foreign Trade Statistics

#### Wooden furniture imports topped US\$25 billion in 2022

Despite trending steadily downward since May, U.S. imports of wooden furniture set a record in 2022 of more than US\$25.3 billion, a 6% increase over 2021. Imports from most trading partners rose in the 20% to 10% range for the year with imports from Mexico rising 19% and imports from Indonesia rising 18%.

Imports from top trading partner Vietnam rose 6% for the year while imports from China fell 14%. Yet the outlook for 2023 is cautious as December imports fell 5% from November to a level 11% below that of the previous December.

The latest Smith Leonard survey of residential furniture manufacturers and distributors by Smith Leonard yielded results deemed “not very pretty, yet somewhat in line with expectations.” For the month of November 2022, net new orders were off 35% compared to November 2021, in line with recent results for much of the year.

But most of the recent comparisons have been to prior year results that were not that strong compared to 2020 results. The survey reported that business is “definitely off” with 97% of the participants reporting a decline in orders for the month. Year to date, orders were down 34%, and declining for 94% of survey participants.

See: <https://www.smith-leonard.com/january-2023-furniture-insights>

#### Wooden furniture imports (US\$)

	2021	2022	% Change
World	23,956,467,752	25,344,009,021	6%
China	5,303,905,235	4,561,075,119	-14%
Vietnam	8,694,560,669	9,240,006,748	6%
Canada	1,444,399,358	1,649,435,331	14%
Malaysia	1,427,289,604	1,597,096,066	12%
Mexico	1,761,308,757	2,096,254,108	19%
Indonesia	1,027,895,650	1,213,496,905	18%
India	505,626,077	555,838,785	10%
Other	4,297,108,479	4,986,644,744	16%

Data source: US Census Bureau, Foreign Trade Statistics

#### U.S. trade deficit at record level in 2022

The U.S. trade deficit hit a record of almost US\$1 trillion in 2022, with more than a third of the total coming from trade with China. The annual goods and services trade deficit rose 12.2% to US\$948.1 billion, the Commerce Department reported February 7. The goods deficit jumped 9.3% to US\$1.19 trillion, while the services surplus declined 0.6% to US\$243.7 billion.

The deficit with China was the largest, climbing \$29.4 billion to US\$382.9 billion. It was followed by the European Union (EU) at US\$203.9 billion, Mexico at \$130.6 billion, and Vietnam at \$116.1 billion. The U.S. recorded a trade surplus with South and Central America, totaling US\$76.2 billion, and the Netherlands at US\$38.3 billion.

Imports of goods were up 14.9% to US\$3.28 trillion. They increased the most for industrial supplies and materials, led by crude oil. Import gains were also reported for capital goods, consumer goods, automotive vehicles, parts, and engines, and food, feed, and beverages. Services imports added 23.7% to US\$680.5 billion, with travel and transport higher. Exports reached US\$2.09 trillion, a rise of 18.4%, driven up by fossil fuel shipments.

See: [www.investopedia.com/us-trade-deficit-hit-nearly-one-trillion-in-2022-7106686](http://www.investopedia.com/us-trade-deficit-hit-nearly-one-trillion-in-2022-7106686)

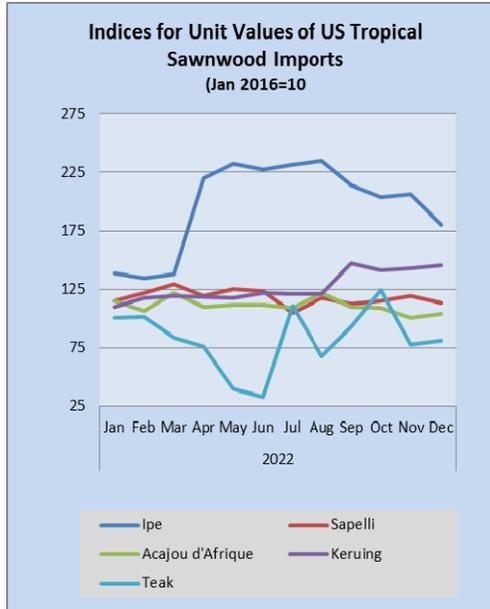
## Ocean Container Freight Index

Drewry, the Maritime research and consulting services says “The composite freight index has decreased by 2% in the week to 9 February 2022 and has dropped by 79% when compared with the same week last year.

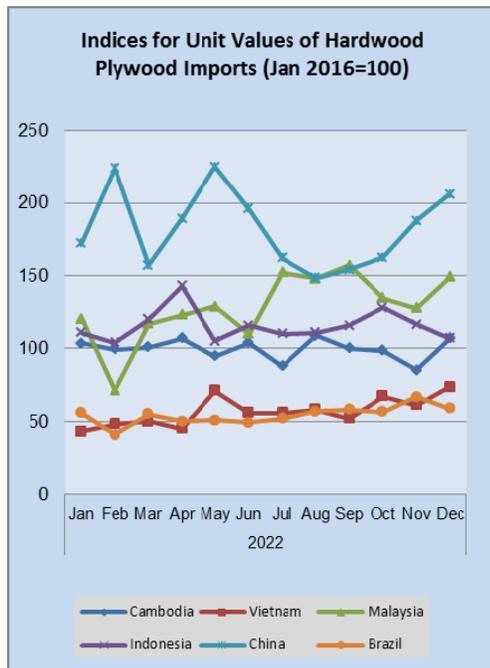
The latest Drewry WCI composite index of US\$1,997 per 40-foot container is now 81% below the peak of US\$10,377 reached in September 2021.

It is 26% lower than the 10-year average of US\$2,693, indicating a return to more normal prices but remains 41% higher than average 2019 (pre-pandemic) rates of US\$1,420.”

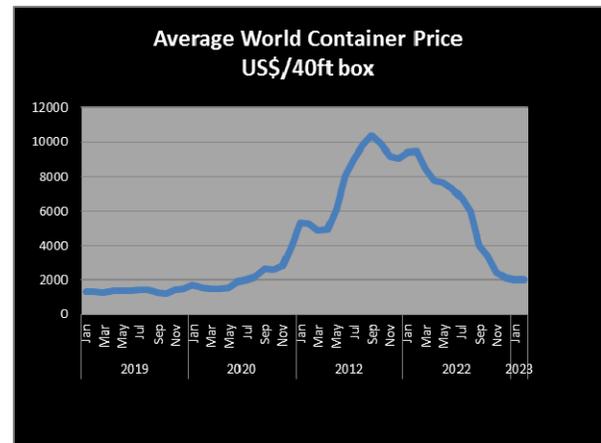
See: <https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry>



Data source: US Census Bureau, Foreign Trade Statistics



Data source: US Census Bureau, Foreign Trade Statistics



Data source: Drewry World Container Index

**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.

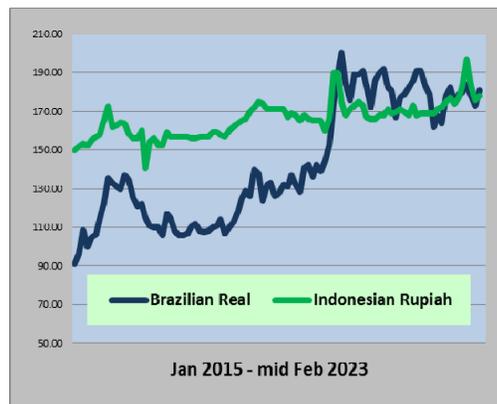
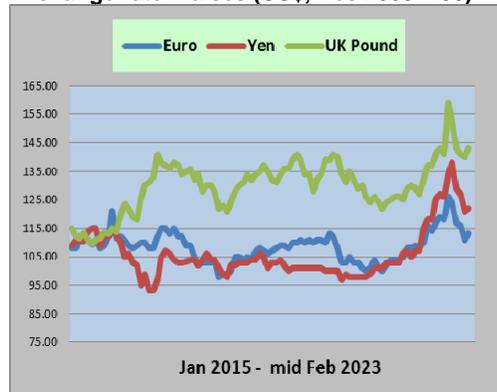
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

## Dollar Exchange Rates

As of 10 February 2023

Brazil	Real	5.29
CFA countries	CFA Franc	609.00
China	Yuan	6.78
Euro area	Euro	0.93
India	Rupee	82.54
Indonesia	Rupiah	15,147
Japan	Yen	131.5
Malaysia	Ringgit	4.315
Peru	Sol	3.82
UK	Pound	0.83
South Korea	Won	1,264.87

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

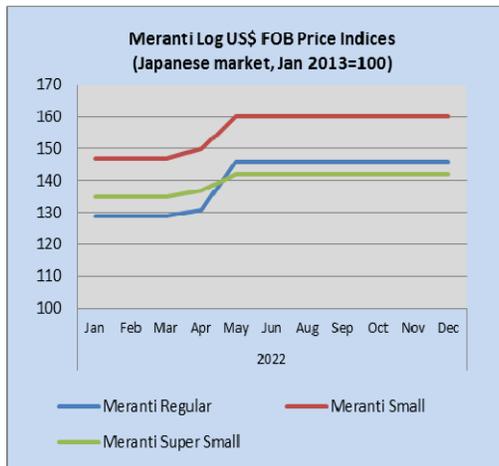


## Abbreviations and Equivalences

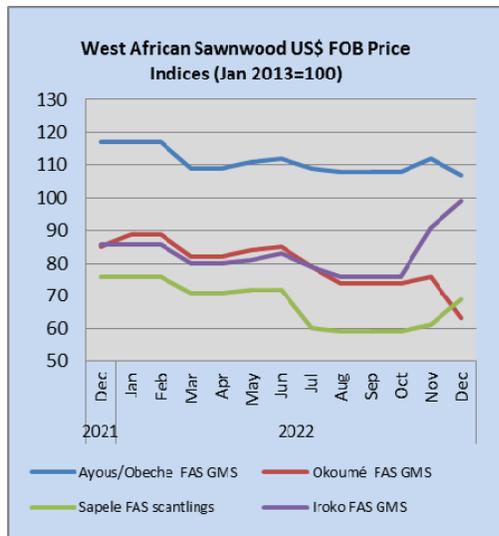
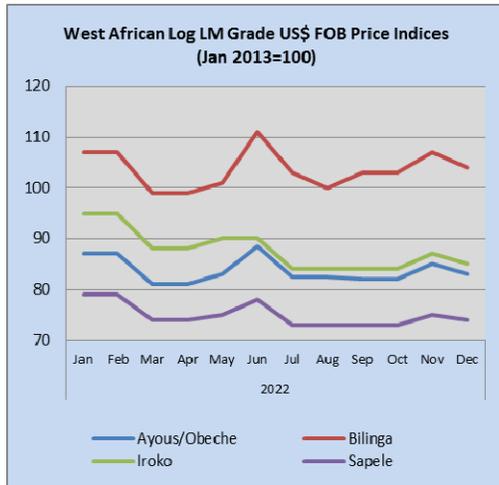
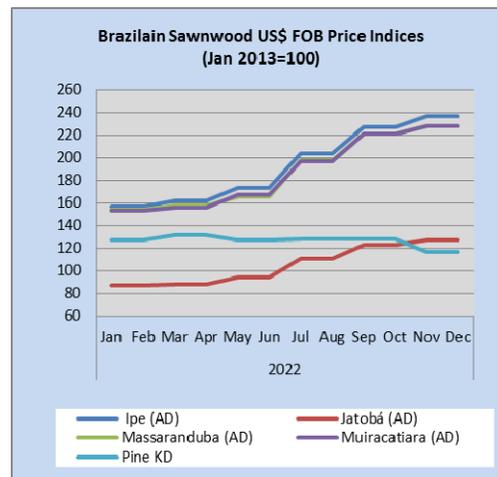
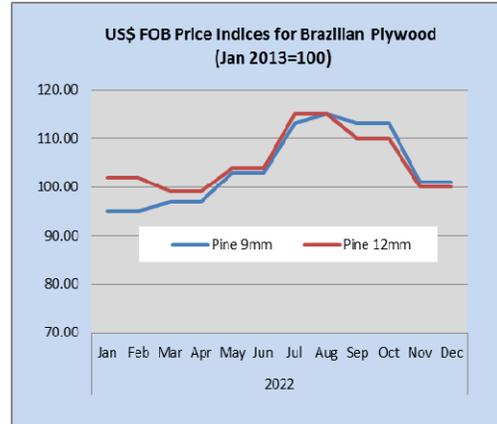
Arrows ↓↑	Price has moved up or down
BB/CC etc	quality of face and back veneer
BF, MBF	Board foot, 1000 board foot
Boule	bundled boards from a single log
TEU	20 foot container equivalent
CIF	Cost insurance and freight
C&F CNF	Cost and freight
cu.m cbm	cubic metre
FAS	First and second grade of sawnwood
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

**Price indices for selected products**

The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



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