

Tropical Timber Market Report

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Top story

China adopts measures to promote consumption of green home furnishings

In order to release the potential of household consumption, consolidate the momentum of consumption recovery and enhance the role of domestic consumption in economic development a notice on 'Measures to promote Household Consumption' was released by the government.

To improve the green supply chain the government will support home furnishing manufacturing enterprises to implement green manufacturing, encourage green manufacturing demonstration enterprises and promote enterprises to increase research and development efforts on green home products.

Gabon and Cameroon, holidays and elections

Many of the logging and milling operations in CAR, Congo, Gabon and Cameroon have reduced production as it is the time for staff vacations and because buying in the main markets of the US, EU and China is quiet, also because of the holiday season.

On the domestic front, Gabon will hold its presidential and local elections towards the end of August and preparations for the election are always disruptive for businesses. In the CAR there is an upcoming referendum where the President seeks to extend his term. This has sparked tension and uncertainty in the country.

Rain returning to some regions

Rain has returned in Cameroon, north Congo and CAR with the onset of the rain season. This may impact timber operations in these areas and poses logistical challenges during transportation and harvesting. Meanwhile, Gabon and south Congo are still experiencing the dry season. However, there are early indications of changes in weather patterns and the first rains are expected soon. Typically the rain season lasts from September until mid-December, followed by a two-month semi-dry period before the return of heavy rains which run to June.

Road and railways, repairs and challenges

In Cameroon road repairs are underway with special attention given to the laterite roads that were affected during the rain season. According to operators in the southern region of Cameroon much of the road network needs attention.

In Central Gabon road maintenance efforts are focused on the section between Lastourville and Lopé. The aim is to improve this stretch of road but with the rain season approaching prospects for repair of this section of road are uncertain.

Congo boasts a well-developed road system, particularly the tarmac roads that run from the northern to the southern regions of the country. Additionally, an alternative transportation route is available through river transport to Brazzaville, followed by train services to Pointe Noire. This robust infrastructure enhances the movement of goods and people within the country.

Weaker demand for okoume and ayous in Asian markets

A slowdown in demand in Asia for species such as okoume and redwoods has become apparent. Importers in the Philippines have reduced imports of okoume sawnwood by around 30% which is affecting trade across the region. In China, demand for okoume and ayous is weak while, for other species such as ovankol, belli and okan demand remains stable. With falling demand in China Chinese mills in the region are shifting their focus from okoume to other species including azobe for markets in Holland and Germany but, with the holiday period in Europe bring reduced construction activity, demand in the hydraulic sector has fallen.

Frequently Asked Questions (FAQ) on CITES

In February, in collaboration with tropical timber producing countries, the ATIBT launched an initiative specifically designed to address CITES-related issues. The main objective of this action is to better inform stakeholders about the issues linked to species listed in Appendix II of CITES as well as changes to this Appendix.

In this context, a Frequently Asked Questions page has been created and is regularly updated. ATIBT is currently assisting several companies with CITES-related actions, such as export and import permit applications.

See: <https://www.atibt.org/en/news/13364/monitoring-cites-activities-at-atibt>

Log export prices

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

Sawnwood export prices

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

Plywood registers strong export performance

According to the first quarter statistical report published by the Timber Inspection Development Division (TIDD) of the Forestry Commission, plywood was one of the leading wood products exported from Ghana during the first three months of 2023, the others being air and kiln dry sawnwood and billets.

In the first quarter 2023 the volume of plywood exported through Ghana's seaport for the period recorded a significant increase of 139% against the 2022 figure (1,658 cu.m) for the same period, to reach 3,969 cu.m to become the highest ever for a quarter.

The data showed a consistent month-on-month volume increase from January 2023 (983 cu.m) through February 2023 (1,382 cu.m) to March 2023 (1,604 cu.m) which accounted for the 3,969 cu.m exported in the first quarter 2023.

Leading export products, (cu.m)

	Jan-Mar 2022	Jan-Mar 2023	Y-O-Y % Change
AD Sawnwood	33,040	40,346	22
KD Sawnwood	9,726	10,130	4
Plywood (Overland)	13,679	7,635	-44
Plywood	1,658	3,969	139
BILLETS	9,219	3,701	-60
Others	7,531	10,998	46
Total	74,853	76,779	3

Data source: TIDD

Total export receipts for plywood during the period under consideration also increased by 1057% to US\$1.19 million in 2023 as against US\$0.58 million recorded for the same period in 2022.

Species used for plywood manufacture were Eucalyptus (89%), Ceiba (10%) and Mixed Whiteboard (1%). Egypt (22%), Saudi Arabia (19%), Finland (11%) and France (11%) were the major market destinations which accounted for over 60% of total export volumes with thirteen other countries accounting for the remaining balance.

Dutch government support for SMEs

The Netherlands government has made available Eur 500,000 for some 100 Small and Medium-sized Enterprises (SMEs) in Ghana to help them expand and sustain their businesses. Participants from five regions across Ghana (Accra, Kumasi, Ho, Takoradi and Tamale) benefitted from a six-month intensive capacity building and mentorship training under the Netherlands Orange Corners programme.

Orange Corners is an initiative of the Ministry of Foreign Affairs of the Netherlands that provides young entrepreneurs across Africa, Asia and the Middle East with training, mentorship, networking, funding and facilities to start and grow their businesses. At a graduation ceremony Jeroen Verheul, the Netherlands Ambassador to Ghana, explained that the aim is to provide SMEs with financial resources to scale up their businesses and be resilient in the face of current business challenges.

The occasion was also to mark the launch of the 'Cohort Eight' programme which will provide funding support targeting women and youth led SMEs in Ghana.

In a related development, Micro, Small and Medium Enterprises (MSME), have been urged to take advantage of the African Continental Free Trade Area (AfCFTA) to scale up their activities and expand into the African markets.

According to the AfCFTA Coordinating office this would enable them have access to a market of 1.3 billion people across the continent and provide endless opportunities for the socio-economic growth. It is estimated there will be an increase in intra-African trade by US\$35 billion and external imports could decline by US\$10 billion annually.

See: <https://www.orangecorners.com/>
and

<https://gna.org.gh/2023/07/netherlands-provides-eur500000-to-100-ghanaian-smes/>

Bank of Ghana tries to slow inflation

The Monetary Policy Committee of the Bank of Ghana has increased the monetary policy rate by 0.5% from 29.5% to 30.0% in an attempt to tame inflation.

The public reaction to this decision has been one with mixed feelings. The Ghana National Chamber of Commerce and Industry (GNCCI) and the Ghana Union of Traders Association (GUTA) have expressed concern that the rise in interest rate could result in more manufacturing firms folding. Many industrialists have said they find it difficult to access working capital.

See: <https://myjoyonline.com/bog-hikes-policy-rate-by-50-basis-points-to-30>

Ghana's PPI for June 2023 drops

The Ghana Statistical Service (GSS) has reported Producer Price Inflation for June 2023 at 29.9%. The latest figures indicate a slight decrease in the PPI relative to the rate recorded in May (30.3%).

According to data from the GSS website the PPI in the industrial sector declined to 31% in June 2023 from 32% in May 2023. While in the services sector the rate decreased from 181% in May 2023 to 17.6% in June 2023.

See: [https://statsghana.gov.gh/gssmain/fileUpload/Industry/June_PPI_All%20activities%20\(summary\)_17723.pdf](https://statsghana.gov.gh/gssmain/fileUpload/Industry/June_PPI_All%20activities%20(summary)_17723.pdf)

Ghana's first half trade surplus

Ghana recorded a trade surplus of US\$1.77 billion in the first half of 2023 which is approximately 2.4% of Gross Domestic Product (GDP). This figure is higher than the US\$1.47 billion (2.0% of GDP) registered during the same period last year.

According to the July 2023 Summary of Economic and Financial Data by the Bank of Ghana (BoG), the country's total exports as of June 2023 are estimated at US\$8.17 billion while imports stood at US\$6.40 billion.

In related news, the Ghana cedi remained stable in June and July 2023 against the US dollar, possibly linked to the positive impact of the International Monetary Fund (IMF) programme. According to the BoG data, the cedi's Year-To-Date depreciation stood at 28.4% as of July 21, 2023 when compared to 28.5% in March 2023, 27.8% in April 2023, 28.0% in May 2023 and 28.3% in June 2023.

See: <https://ghstandard.com/ghana-records-trade-surplus-of-1-77-billion-in-first-half-of-2023-bank-of-ghana/96118/> and

<https://www.bog.gov.gh/wp-content/uploads/2023/07/Summary-of-Economic-Financial-Data-July-2023.pdf>

Boule export prices

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

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	360↓	441
Chenchen	477	612
Ogea	513	590
Essa	532↓	722
Ofram	350	435

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
	Air-dried	Kiln-dried
FAS 25-100mmx150mm up x 2.4m up		
Afrormosia	860	925
Asanfina	465	564
Ceiba	290	311
Dahoma	470↑	535↓
Edinam (mixed redwood)	640	713↓
Emeri	660	795
African mahogany (Ivorenensis)	541↓	916↑
Makore	560	907↑
Niangon	793	855
Odum	570	1,092↑
Sapele	800↑	841↑
Wawa 1C & Select	513↑	530↑

Export sliced veneer prices

Sliced face veneer	FOB
	Euro per cu.m
Asanfina	1,740↑
Avodire	2,999
Chenchen	855↓
Mahogany	1516↓
Makore	1,046
Odum	2,315
Sapele	1,065↓

Export plywood prices

Plywood, FOB	Euro per cu.m			
	BB/CC	Ceiba	Ofram	Asanfina
4mm		501	580	641
6mm		412	535	604
9mm		391↑	504	560
12mm		758	512↑	480
15mm		450	385	430
18mm		460	444	383

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

Malaysia

Successful business matching at Wood Expo

The Malaysia External Trade Development Corporation (MATRADE), in collaboration with the Malaysian Timber Council (MTC), successfully matched 88 Malaysian producers of woodbased products with foreign buyers from 23 countries capturing RM147 million in export orders.

A press release from MTC says these business meetings were held in conjunction with the Malaysian Wood Expo (MWE) 2023 organised by MTC on 19 June 2023 at the Malaysia International Trade and Exhibition Centre (MITEC). MWE is considered one of the flagship programmes of the MTC and this year it concluded on a high note

MWE's sales in 2023 reached an impressive RM182.5 million, marking a significant increase compared to its sales of approximately RM140 million in 2019. With over 3,000 visitors and 124 local and international exhibitors MWE 2023 sales were largely driven by its 'Incoming Buying Mission' (IBM) which was one of the major highlights of the Expo.

The IBM, which was conducted in collaboration with MATRADE, involved 88 buyers from 23 countries. A total of 773 business meetings took place during the IBM. The products of interest to these foreign buyers were plywood, medium density fibreboard (MDF), veneer, wooden doors, wood flooring and furniture products.

Puan Sharimahton Mat Saleh, MATRADE's Deputy Chief Executive for Export Acceleration said, "We are honoured to join forces with MTC as the collaboration highlights the strength of strategic partnership in accelerating and boosting exports for Malaysian wood industry players." She added, "All Malaysian exporters are urged to leverage MATRADE's export initiatives to stay resilient amidst global challenges".

MTC Chairman Tuan Haji Zainal Abidin Haji Abdullah said, “We are steadfast in our commitment to nurture the growth of the Malaysian timber industry. Both MATRADE and MTC will continue to provide valuable platforms and initiatives for Malaysian companies to expand their export opportunities and strengthen their global presence.”

Among the top export destinations include the United States, Japan and China. Malaysian companies who are keen to take part in MATRADE programmes are encouraged to contact MATRADE via email at info@matrade.gov.my, visit MATRADE’s social media channels or go to www.matrade.gov.my for more details.

See: https://mtc.com.my/images/media/1545/MATRADE-MTC_JOINT_PRESS_RELEASE_ON_INSP_MWE_2023_-_23_June_-approved-.pdf

and <http://theborneopost.pressreader.com/article/282351159254775>

Planting non-timber species

The Sarawak Forest Department issued a Circular addressed to all holders of licences for planted forests.

It has been reported that the circular says, pursuant to the Revised Policy Direction on Industrial Forest Plantation in Sarawak wherein the Minister of Natural Resources and Urban Development agreed and approved a proposal to encourage inter-planting of non-timber species such as bamboo, rattan, pharmaceutical or medicinal species, etc. as one of the mechanisms to achieve one million hectares of planted forests by 2025.

Now any holder of a licence for Planted Forests who intends to carry out such planting of non-timber species shall obtain a written permission from the Director of Forests by submitting a written application together with the proposed amendment to the Tree Planting Plan (TPP).

See: <https://sta.org.my/index.php/2-website/46-sta-review>

Indonesia

First half exports signal slight recovery

Exports of forest and wood products reached US\$6.7 billion in the first half of 2023, however, this was below the level of the US\$7.03 billion earned in the first half of 2022. Despite the year on year decline the performance, when set against the current international demand, suggests the sectors are recovering from the impact of the pandemic.

Based on data from the Ministry of Environment and Forestry (KLHK) processed by the Indonesian Forestry Community Communication Forum (FKMPI), Indonesia’s exports of wood products in the first half of 2023 are still dominated by paper, pulp and plywood. Paper products recorded an export value of US\$2.24 billion, pulp US\$1.86 billion and wood panels US\$1.23 billion.

Plywood is still one of the top three contributors to timber exports but in terms of value it has experienced a sharp decline. The value of plywood exports in the first half of 2023 decreased by 26% year on year.

Exports of other wood products in the first half of 2023, which also experienced a sharp decline, were furniture with an export value of US\$748.8 million, a decrease of 32% year on year and builders’woodworking exports with an export value of US\$428.9 million, a decrease of 19% year on year. The decline in the export earnings can be explained by the sluggishness in the North American and the EU markets.

The export value of wood products to North America in the first half of 2023 was valued at US\$925.9 million, down 36% year on year. Exports to the EU were recorded at US\$572.4 million, down 13% year on year. Meanwhile, the Asian market is still showing growth due to demand from China. Exports of Indonesian wood products in the first half of 2023 to the Asian region reached US\$4.6 billion, up 6% year on year.

See: <https://forestinsights.id/capai-67-miliar-dolar-as-pada-semester-pertama-2023-ekspor-industri-kehutanan-mencoba-bangkit/>

Furniture exports weaker in second quarter

The domestic furniture industry is still under pressure as export demand is weak with the value of orders in the first half being only half of that compared to the same period in 2022. Abdul Sobur, the Chairperson of the Indonesia Furniture Industry and Craft Association (HIMKI), said that the export performance of the furniture industry has not yet shown normal growth.

Based on HIMKI records, Abdul said the average value of requests from international buyers is only around 30-50% of pre-pandemic levels however he forecasts a 6 to 8% year on year rise in the value of furniture exports to be reported for the quarter of 2023.

See: <https://www.msn.com/id-id/berita/other/industri-furnitur-masih-terseok-ekspor-tetap-lesu-pada-kuartal-ii2023/ar-AA1dLN2R>

Exports to Japan become easier

The Ministry of Trade released a new regulation that makes it easier to exports to Japan, the Electronic Certificate of Origin (CoO). The Ministry of Trade Regulation was issued based on recommendations from IJEPA, the Indonesian-Japan Economic Partnership Agreement.

The Ministry of Trade Regulation was issued as a joint commitment between Indonesia and Japan for the implementation of the IJEPA Electronic CoO.m. Indonesia is optimistic that the good relations between the two countries can be improved, especially with the IJEPA bilateral agreement to strengthen mutual economic relations amid the current global economic situation according to Zulkifli Hasan, the Minister of Trade.

The Director of Export and Import Facilitation, Bambang Jaka Setiawan, said Indonesian business players who export to Japan must understand the rules of origin when preparing a CoO. According to Bambang, the implementation of the trade agreement will enable Indonesia to benefit from preferential tariffs and reduce transaction costs.

See: <https://forestinsights.id/kemendag-rilis-permendag-20-tahun-2023-ekspor-ke-jepang-makin-mudah-dengan-ska-elektronik/>

Can the IEU-CEPA negotiations be completed?

The Indonesian President recently discussed the Indonesia-European Union Comprehensive Economic Partnership Agreement or IEU-CEPA and reflected on the risk that negotiations will continue.

From the Indonesian perspective there are five strategic issues that need to be resolved as soon as possible in order for the negotiations to be completed by the end of 2023.

The Coordinating Minister for the Economy, Airlangga Hartarto, said these are related to:

- Transparency in government spending or purchases
- Special assignments for state-owned enterprises
- Export duties
- Indonesia's demand for greater market access
- the settlement of investment disputes

See: <https://www.kompas.id/baca/english/2023/07/13/en-airlangga-lima-isu-strategis-perlu-diselesaikan-untuk-merampungkan-ieu-cepa>

and
See: <https://www.msn.com/id-id/berita/other/jokowi-dorong-penyelesaian-kerja-sama-ekonomi-komprehensif-indonesia-uni-eropa/ar-AA1dOuZy>

Potential of rattan in Central Kalimantan not grasped

The potential of rattan in Central Kalimantan is being examined. Out of a potential harvest of 10,000 tonnes per month only 1,000 tonnes are utilised by furniture manufacturers. The ban on rattan exports remains an issue for the sector according to Teten, the Vice Governor of Central Kalimantan. He has called for the removal of the ban at least for semi-finished products.

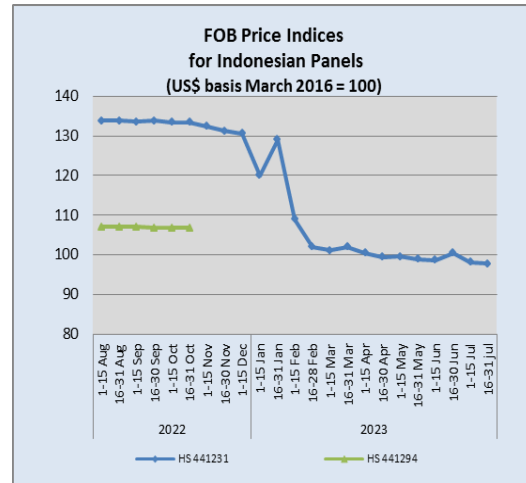
According to Teten, rattan from Central Kalimantan is mainly used by furniture makers in Cirebon, West Java as well as entrepreneurs in Central Java and East Java but volumes are small compared to the potential.

See: <https://www.kompas.id/baca/english/2023/07/14/en-potensi-besar-rotan-kalteng-terhadap-kebijakan>

Wood chip factory for Bangka

A wood chip plant is being built in Bangka Belitung Islands Province. The plant aims to meet the needs for coal-mixed biomass or co-firing steam power plants in the Province. In addition to the wood chip plant there are plans for production of wood pellets. It is planned that the wood pellets be exported to a number of countries such as Japan, South Korea and China.

See: <https://www.kompas.id/baca/english/2023/07/10/en-perkuat-pasokan-wood-chip-pt-mahakarsa-energi-biru-bangun-pabrik-di-bangka>



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

Myanmar

EU imposes seventh round of sanctions

A press release from the EC says the Council imposed a seventh round of restrictive measures in view of the situation in Myanmar against six individuals and one entity in response to the continuing escalation of violence, grave human rights violations and threats to the peace, security and stability in Myanmar/Burma.

The listings includes three Union Ministers, for Immigration and Population, Labour and Health and Sports, two members of the State Administration Council (SAC), the Quartermaster General, as well as No. 2 Mining Enterprise (ME 2), a state-owned enterprise that is controlled by and generates revenue for the Myanmar Armed Forces (Tatmadaw).

Restrictive measures currently apply to a total of 99 individuals and 19 entities. Those designated are subject to an asset freeze and a travel ban which prevents them from entering or transiting through EU territory.

In addition, EU persons and entities are prohibited from make funds available to those listed. Other EU restrictive measures remain in place:

See: <https://www.consilium.europa.eu/en/press/press-releases/2023/07/20/myanmar-burma-eu-imposes-seventh-round-of-sanctions-against-six-individuals-and-one-entity/>

Banking a challenge for MTE

The State-owned Myanmar Timber Enterprise (MTE) is struggling to continue in business and has reportedly discussed opening a bank account at the state-owned Myanmar Economic Bank (MEB) as there are sanctions on the Myanmar Foreign Trade Bank (MFTB) and Myanmar Investment and Commercial Bank (MICB) previously used by the MTE and Myanmar Oil and Gas Enterprise (MOGE).

See: <https://www.irrawaddy.com/news/burma/myanmar-juntas-timber-enterprise-eyeing-secret-bank-accounts-to-bypass-sanctions.html>

Encouraging citizens to work overseas

The government is encouraging its citizens to find jobs overseas viewing remittances from workers abroad as an important source of foreign currency as the country has lost much of its foreign investment and international aid.

Many young people in Myanmar are seeking jobs overseas. The government has introduced rules favoring cash remittances from expatriate workers. Myanmar's central bank has fixed the official exchange rate for its currency but at the end of August 2022, it issued a notice saying remittances from expats were exempt. Workers abroad can send money home at close to the market rate which is around 2,850 kyat to the dollar versus the official rate of 2,100 kyat per dollar.

See: <https://asia.nikkei.com/Spotlight/Myanmar-Crisis/Myanmar-urges-citizens-to-work-abroad-to-ease-forex-shortage>)

Myanmar further tightens foreign trade regulations

The authorities have introduced more restrictions on imports and exports as well as controls on the flow of foreign currency. The Ministry of Commerce issued a Directive on 28 June requiring border trade exporters to deposit up to 35% of the value of their commodities with the Trade Department.

The deposits can be made in four currencies: Myanmar kyat, US dollars, Thai baht or Chinese yuan, with exchange rates based on the market rates at the borders.

The Directive said earnings from exports must be remitted into bank accounts within seven working days of export declarations being issued, a period reduced from what used to be three months. However, just over a week from issuing the Directive this requirement was relaxed to 15 working days.

See: <https://myanmar-now.org/en/news/myanmar-regime-further-tightens-foreign-trade-regulations/>

India

Confidence returns, consumers are spending

Consumer confidence in India has surpassed pre-COVID levels as renewed spending on travel and high-value purchases drives corporate earnings to new heights. The Reserve Bank of India's bi-monthly survey revealed that the consumer confidence index reached 88.5 in May, exceeding the high reading in March 2020 of 85.6.

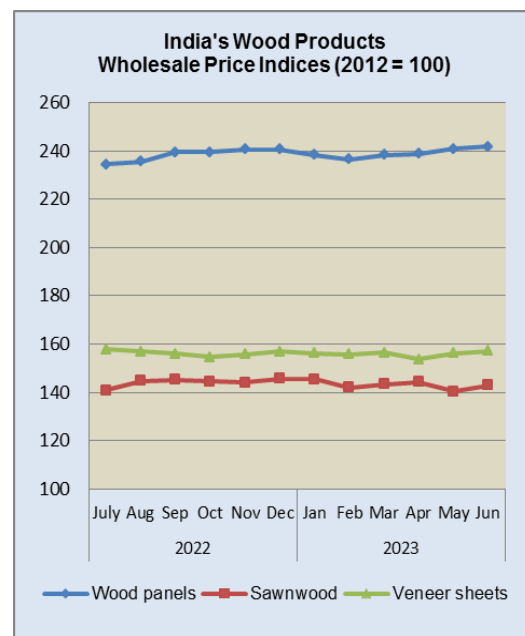
See: <https://rbi.org.in/Scripts/PublicationsView.aspx?id=21775>

Wood product prices tilt higher

The annual rate of inflation based on the all India Wholesale Price Index (WPI) in June was minus 4.12% compared to minus 3.48% recorded in May 2023. The decline in the rate of inflation in June, 2023 is primarily due to fall in prices of mineral oils, food products, basic metals, crude petroleum and natural gas and textiles

Out of the 22 NIC two-digit groups for manufactured products, 11 groups saw a decrease in prices while 9 groups saw price increases. Some of the groups that saw an increase in prices were tobacco products; computers, electronic and optical products; leather and related products; motor vehicles; trailers and semi-trailers and products of wood and cork

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



Data source: Ministry of Commerce and Industry, India

Plywood output back to pre-covid levels

The output of plywood mills in Perumbavoor, Kerala State especially Aluva, Kalady and Muvattupuzha have returned to near normal after the serious downturn triggered by demonetisation and the two years of Covid restrictions and depressed demand. Manufacturers say they are now facing a shortage of wood raw material which is partly due to the rain season. So far this year India's erratic weather patterns have made headlines with non-seasonal rainfall in March-April followed by intense heat waves in May.

The industry urged the government to encourage planting of softwood to enable the sector to have sufficient raw materials. The plywood sector is important in terms of employment and contributions to the State's economy. Sources said the plywood industry in Perumbavoor directly employs around 50,000 people most of who are from other States.

See: <https://www.thehindu.com/news/cities/Kochi/plywood-industry-picks-up-pace-after-pandemic/article66980093.ece>

Import update

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

	Hoppus cu.m	US\$ C&F
Brazil	124	277
Colombia	103	312
Costa Rica	88	225
Ecuador	113	238
Ghana	109	278
Ivory Coast	85	499
Nigeria	136	269
South Sudan	-	-
Tanzania	105	287
Laos	119	278

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

	cu.m	US\$ C&F
Benin	92	610
Brazil	101	366
Colombia	125	335
Costa Rica	90	289
Ecuador	169	530
Ghana	143	334
Ivory Coast	-	-
Nigeria	109	347
South Sudan	113	338
Tanzania	134	343
Togo	104	342
Venezuela	119	417

Locally milled sawnwood prices

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

Price range depends mainly on lengths and cross-section

Sawn hardwood prices

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

Price range depends mainly on lengths and cross-sections

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	80.00
6mm	92.00
9mm	109.00
12mm	132.00
15mm	170.00
18mm	187.00

Domestic ex-warehouse prices for locally manufactured MR plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	55.00
6mm	70.00
9mm	81.00
12mm	96.00
15mm	129.00
19mm	138.00
5mm Flexible ply	87.00

Vietnam

Wood and wood product (W&WP) trade highlights

According to the General Department of Customs in June 2023 W&WP exports were valued at US\$1.1 billion, up 3.7% compared to May 2023 but down 23% compared to June 2022.

The WP export alone, contributed US\$750.7 million, down 1.3% compared to May 2023 and down 21% compared to June 2022.

In the first 6 months of 2023 the value of W&WP exports totalled US\$ 6.1 billion, down 28% over the same period in 2022. In which WP exports reached US\$4.1 billion, down 32% over the same period in 2022.

The W&WP exports to the Canadian market in June 2023 stood at US\$15.7 million, down 28% compared to June 2022. In the first 6 months of 2023 exports of W&WP to the Canadian market were valued at US\$75.8 million, down 32% over the same period in 2022.

Vietnam's office furniture exports in June 2023 generated US\$22.9 million, down 31% compared to June 2022. In the first 6 months of 2023 office furniture exports were reported at US\$122.1 million, down 36% over the same period in 2022.

In June 2023 W&WP imports into Vietnam were worth US\$190.5 million, down 12% compared to May 2023 and down 37% compared to June 2022. In the first 6 months of 2023 imports of W&WP totalled US\$1.04 billion, down 34% over the same period in 2022.

Vietnam's imports of wood raw material from China in June 2023 were 48,000 cu.m, worth US\$23.0 million, up 6% in volume and 6% in value compared to May 2023 but down 32% in volume and 48% in value compared to June 2022.

In general, over the first half of 2023, imports of wood raw material from China reached 251,500 cu.m, worth US\$120.96 million, down 37% in volume and 45% in value over the same period in 2022.

Vietnam's W&WP exports to the South Korea in June 2023 amounted to US\$55.1 million, down 42% compared to June 2022. In the first 6 months of 2023 exports of W&WP to South Korea were reported at US\$380.4 million, down 30% over the same period in 2022.

In June 2023 bedroom furniture exports reached US\$102.5 million, down 51% compared to June 2022. In the first 6 months of 2023 bedroom furniture exports reached US\$684.4 million, down 47% compared to the same period in 2022.

Vietnam's oak imports in June 2023 were 35,800 cu.m, worth US\$19.7 million, up 6% in volume and 5% in value compared to May 2023. Compared to June 2022 imports increased by 12% in volume but decreased by 11% in value.

In the first 6 months of 2023 oak imports reached 140,200 cu.m, worth US\$78.5 million, up 6% in volume and down 8% in value over the same period in 2022.

Imports of wood raw material from the EU to Vietnam in June 2023 are estimated at 66,000 cu.m, worth US\$21.0 million, down 11% in volume and 8% in value compared to May 2023.

The total wood raw material imported from the EU in the first half of 2023 amounted to 330,710 cu.m, worth US\$102.03 million, down 17% in volume and 22% in value over the same period in 2022.

Tali wood import situation

According to statistics provided by Customs, Vietnam's imports of tali wood in June 2023 amounted to 59,000 cu.m, worth US\$26.6 million, up 5% in volume and 5% in value compared to May 2023. Compared to June 2022, import sincreased by 109% in volume and 120% in value.

In the first 6 months of 2023, tali wood imports reached 257,000 cu.m, worth US\$110.4 million, up 0.2% in volume and 4% in value over the same period in 2022.

Imports of tali logs and sawnwood

In the first 5 months of 2023 imports of tali logs were at 99,900 cu.m, worth US\$37.5 million, down 28% in volume and 29% in value over the same period in 2022.

Imports of tali sawnwood were 98,000 cu.m, worth US\$46.4 million, up 10% in volume and 13% in value over the same period in 2022.

Logs/sawn wood	5 months of 2023			Against 5 months of 2022 (%)		
	Volume (cu.m)	Value (US\$ thousand)	Unit price (US\$/m ³)	Value	Volume	Price
Logs	99,927	37,509	375.4	-27.8	-28.9	-1.5
Sawn wood	98,018	46,363	473.0	9.6	12.7	2.7

Source: General Department of Customs, Vietnam

Fluctuation of tali wood price

The price of tali imported in the first 5 months of 2023 averaged at US\$423.7/cu.m, up 3% over the same period in 2022. The average price of tali imported from Cameroon increased by 4% over the same period in 2022, up to US\$428.2/cu.m; from Congo prices rose 5% to US\$472.9/cu.m; from Gabon prices rose by 1.3% to US\$369.0/cu.m.

In contrast, tali (equivalent) imports from Laos decreased by 2% over the same period in 2022 to US\$730.6/cu.m; from Nigeria prices dropped by 11%, to US\$219.7/cu.m.

Tali (and subsitutes) wood suppliers

Vietnam's tali wood imports from Cameroon, the top supplier, contributed 74.5% of Vietnam's total tali imports in the first 5 months of 2023 reaching 147,400 cu.m, worth US\$63.1 million, up 5% in volume and 9% in value over the same period in 2022.

In the first 5 months of 2023, tali imports from Congo, Gabon, Nigeria, Laos, Hong Kong, China dropped against the same period in 2022, while the imports from Cameroon, Equatorial Guinea, Ghana increased.

In particular, tali wood imports from Congo decreased by 17% in volume and 12% in value over the same period in 2022, reaching 17,850 cu.m, worth US\$8.44 million and accounted for 9% of total tali imports.

Tali wood imports from some other markets decreased year-on-year: from Nigeria down by 46%; Laos by 31%; Hong Kong by 45%.

In contrast, imports of this wood from the Cameroon reached 147,370 cu.m, worth US\$63.1 million, up 5% in volume and 9% in value over the same period in 2022 and accounting for 75% of total imports of tali in the first 5 months of this year.

The imports of tali from other suppliers increased against the same period in 2022, such as from Equatorial Guinea increased by 53%; from Ghana by 34%; from Colombia by 30%.

Brazil

Sector wide quality programme for plasticised plywood

Plasticised plywood formboard is widely used in the construction sector and now benefits from the Plasticised Plywood Certification Programme (PSQ), led by the Brazilian Association for Mechanically Processed Timber (ABIMCI) in partnership with the Brazilian Association of Technical Standards (ABNT) and the Institute of Technology in Wood and Furniture. This programme aims to ensure the quality and performance of plasticised plywood for concrete formwork following the technical standard ABNT NBR 17001.

According to ABIMCI the initiative has already obtained the approval of the main companies that manufacture the product providing a seal of the Certification Programme for high quality products which now meet the performance requirements required by the new technical standard. Company Quality Management Systems are periodically audited and products regularly tested in an independent laboratory.

See: <https://abimci.com.br/abimci-lanca-psq-compensado-plastificado/>

ABIMÓVEL joins the National Council for Industrial Development

Representatives of ABIMÓVEL, the Brazilian Furniture Industries Association, recently met with the Ministry of Development, Industry and Foreign Trade (MDIC) to discuss proposals for the development of the furniture sector and the national industry.

The main topics addressed were the payroll exemption tax reform (establishment of a less onerous system, which encourages investments and competitiveness in the country), the inclusion of furniture in the "Minha Casa, Minha Vida" Programme (inclusion of furniture in the financing of the Federal government's housing programme), trade agreements (mainly, approval of the Mercosur-European Union Agreement to increase exports and increased participation of the Brazilian industry and industrial policy.

ABIMÓVEL seeks financial relief and a better business environment for companies in the furniture sector so as to boost production, innovation and job and income generation. The furniture sector is the the eighth largest employer in Brazil.

In addition, it was announced that ABIMÓVEL will be part of the National Council for Industrial Development (CNDI) which represents a significant achievement for the Brazilian furniture industry. The country's furniture industry is one of the largest in the world and composed of thousands of companies, mostly micro and small-sized entities which face challenges to expand their performance and productivity. The development of new industrial policies could be a measure to address these issues.

See: <http://abimovel.com/a-convite-de-alcemin-abimovel-passa-a-integrar-o-conselho-nacional-de-desenvolvimento-industrial/>

Export update

In June 2023 Brazilian exports of wood-based products (except pulp and paper) decreased 39% in value compared to June 2022, from US\$481.0 million to US\$292.0 million.

Pine sawnwood exports decreased 23% in value between June 2022 (US\$75.7 million) and June 2023 (US\$58.6 million). In volume, exports decreased 5% over the same period, from 264,800 cu.m to 251,000 cu.m.

Tropical sawnwood exports decreased 49% in volume, from 56,200 cu.m in June 2022 to 28,800 cu.m in June 2023. In value, exports decreased 47% from US\$26.9 million to US\$14.4 million, over the same period.

Pine plywood exports faced an almost 50% decrease in value in June 2023 compared to June 2022, from US\$96.9 million to US\$48.7 million. In volume, exports decreased 33% over the same period, from 221,900 cu.m to 148,300 cu.m.

As for tropical plywood, exports decreased in volume 49% and in value by 47%, from 5,500 cu.m and US\$3.5 million in June 2022 to 2,900 cu.m and US\$1.8 million in June 2023.

As for wooden furniture the exported value dropped from US\$59.3 million in June 2022 to US\$45.5 million in June 2023, a 23% fall in the total exports of the product during the period.

Amazon countries discuss sustainable development projects

The Ministry of Planning and Budget, together with the Inter-American Development Bank (IDB), led a meeting with ministers from the six Amazonian countries (Bolivia, Colombia, Ecuador, Guyana, Peru and Suriname) to discuss the "Amazonia Forever" programme.

The aim of the programme is to boost the sustainable development of the region while preserving the forest and involving the local population. At the meeting a joint declaration was signed expressing support for the programme and emphasising the need for expanded and innovative financing, knowledge sharing and economic coordination among the Amazonian countries.

The IDB's "Amazonia Forever" programme has received endorsement with projects already identified worth US\$1 billion for the region.

The IDB underlined the importance of coordination among the countries to address climate challenges in the Amazon. The "Amazonia Forever" programme seeks to promote sustainability in the region and is organised on three fronts: mapping existing resources to facilitate new financing, designing and facilitating new projects and creating a network of finance and planning ministers to oversee the results.

The initiative seeks to combine environmental preservation with sustainable development and livelihood alternatives for local populations in the Amazon.

See: <http://abimovel.com/paises-amazonicos-discutem-iniciativa-para-coordenar-projetos-de-desenvolvimento-sustentavel-e-inclusivo/>

Mercosur/EU trade agreement and the EUDR

The potential negative impact of the European Union Deforestation-Free Regulation (EUDR) scheduled to go into effect in December 2024) on Brazilian products were recently discussed at a joint meeting of the Agriculture and Industry and trade committees of the Chamber of Deputies.

The Ministry of Development, Industry and Foreign Trade said the measure is unilateral and will impact almost 35% of the products Brazil exported to the EU.

The government representatives also pointed out negative effects of this regulation in negotiation of a trade agreement between Mercosur and the EU. The EUDR applies to timber, palm oil, rubber and derivatives among other products. Among the penalties are suspension of imports, seizure or destruction of products and a fine of up to 4% of the operator's annual turnover. The EUDR considers "forest" any area with 10% tree cover.

The Director of the Department of Deforestation and Forest Fire Control Policies in the Ministry of Environment and Climate Change pointed out that the EUDR encompasses all areas of Brazilian biomes not just the Amazon and the Atlantic Forest.

According to him the majority of Brazilian producers meet all the requirements of EUDR but the problem is proving that. Failure to prove that can cause losses which would be especially damaging to small and medium-sized producers without access to high-cost private certification. He suggested the Brazilian government should discuss the transition rules with the EU.

Brazil already has the Action Plan for the Prevention and Control of Deforestation in the Legal Amazon (PPCDAM) and product traceability systems that are beginning to be implemented in some states which are achieving results in curbing deforestation.

The joint meeting also included participation of representatives of the National Confederation of Industry (CNI) and Agriculture (CNA) which emphasised the risk of negative effects of trade restrictions on Brazil.

See: <https://www.camara.leg.br/radio/programas/979833-brasil-pode-recorrer-a-omc-contra-lei-europeia-sobre-desmatamento/#:~:text=O%20Brasil%20pode%20recorrer%20C3%A0,partir%20de%20dezembro%20de%202024.>

Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	591↑
Jatoba	234↑
Massaranduba	213↑
Muiracatiara	205↑
Angelim Vermelho	207↑
Mixed redwood and white woods	161↑

Source: STCP Data Bank

Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	2,330↑
Jatoba	1,165↑
Massaranduba	1,064↑
Muiracatiara	956↑
Angelim Vermelho	1,011↑
Mixed red and white	638↑
Eucalyptus (AD)	352↓
Pine (AD)	264
Pine (KD)	336

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

	US\$ pe3 cu.m
Parica	
4mm WBP	651↑
10mm WBP	503↑
15mm WBP	458
4mm MR.	616↓
10mm MR.	463
15mm MR.	409↑

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

	US\$ per cu.m
<i>Domestic ex-mill prices</i>	
15mm MDParticleboard	378↓
15mm MDF	417↓

Source: STCP

Export sawnwood prices

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

Source: STCP Data Bank

Export plywood prices

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

Source: STCP Data Bank

Export prices for added value products

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

Source: STCP Data Bank

CITES action plan – no disruption of shihuahuaco and tahuarí trade

The National Forestry and Wildlife Service (SERFOR) has announced an "Action Plan" to ensure the correct implementation of the inclusion of Shihuahuaco (genus *Dipteryx*) and Tahuarí (genus *Handroanthus*) in Appendix II of CITES. The plan aims to define the technical and regulatory conditions so that from November 2024 the international trade in products from these species is maintained.

The SERFOR plan was presented to three Departments, Madre de Dios, Loreto and Ucayali to the regional governments as well as to holders of qualifying titles, forest producers, manufacturers, universities and other stakeholders. 116 management plans were evaluated through which it was determined that are 18,253 cu.m of shihuahuaco and 1,665 cu.m tahuari processed.

This information will allow SERFOR to propose various actions so that, as of November 2024, the measure adopted by CITES do not negatively affect the country's timber industry.

See: <https://www.gob.pe/institucion/serfor/noticias/810033-serfor-implementa-plan-de-accion-para-la-inclusion-del-shihuahuaco-y-del-tahuari-en-el-apendice-ii-de-la-cites>

Non- cash fine mechanism to encourage behavioral change in forest users

The Agency for the Supervision of Forest Resources and Wildlife (OSINFOR) held a workshop in June to explain how holders of enabling titles for forest permits in native and peasant communities in Loreto can access the Fines Compensation Mechanisms for violations of the Forest and Wildlife Law.

During the workshop information was provided on the role of compensation for fines as a measure to encourage behavioral change in forest users and as a key strategy to promote sustainable use of resources.

The Fine Compensation Mechanism approved by the National Forestry and Wildlife Service (SERFOR), contemplates five ways that allow forest users to off-set fines through conservation and/or recovery actions of degraded areas, control and surveillance, participation in training and support in supervision.

See: <https://www.gob.pe/institucion/osinfor/noticias/791143-loreto-osinfor-impulsa-los-mecanismo-de-compensacion-en-taller-dirigido-a-titulares-de-permisos-forestales-en-comunidades-nativas>

Strengthening capacities to address forest crimes

Holders of titles in native communities in Ucayali reinforced their capacities to detect and prevent environmental crimes during a workshop organised by the Agency for the Supervision of Forest Resources and Wildlife (OSINFOR).

Workshop attendees were trained in the identification and prevention of forest crimes as well as in the correct registration of operations related to enabling titles.

Workshop participants also received detailed information on the most common illegal behaviors that affect forest resources and wildlife as well as the prevention and control measures that must be implemented to combat these illegal activities.

The participants learned the importance of keeping detailed and accurate records of all the operations related to their enabling titles using the Book of Operations for Enabling Titles.

Export prices for added value products

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

Export sawnwood prices

	US\$ per cu.m
Peru sawnwood, FOB Callao Port	
Pumaquiro 25-50mm AD Mexican market	659-671
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	582-602↓
Grade 2, Mexican market	527-541
Cumaru 4" thick, 6"-11" length KD Central American market	967-980
Asian market	983-1001
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	629-645
Dominican Republic	697-711
Marupa 1", 6-11 length KD Grade 1 Asian market	559-574

Export plywood prices

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

Export veneer prices

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

Domestic sawnwood prices

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

Domestic plywood prices (excl. taxes)

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

Domestic prices for other panel products

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

Japan

Covid downgrade boosted business optimism

An Asahi Shimbun survey of business sentiment among 100 major companies found that 76 viewed the domestic economy as “expanding” or “gradually expanding” an increase of 30 companies from the previous survey in November 2022.

Many corporate leaders expressed optimism that economic activity and personal consumption is rising now that COVID-19 has been downgraded to the equivalent of seasonal flu. However, concerns remain about labour shortages and a slowdown in global demand.

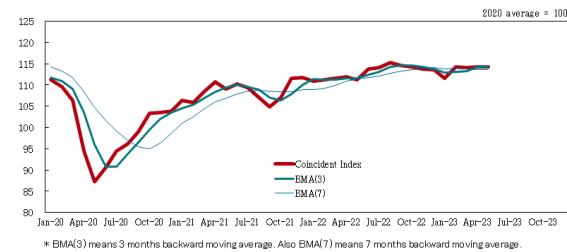
The Asahi Shimbun reports:

- 75 companies said the domestic economy is “gradually expanding.”
- 22 companies viewed the economy as “at a standstill”, half that of the previous survey.

When asked to choose two reasons for their assessment most companies said their optimism was due to the recovery of personal consumption.”

See: <https://www.asahi.com/ajw/articles/14965289>

Indexes of business conditions June 2023



Source: Cabinet Office, Japan

BoJ needs to see robust domestic demand and higher wage growth before change of direction

Because inflation continues to exceed the Bank of Japan (BoJ) 2% target the government cut the growth forecast but acknowledged growing signs of change in the country's deflationary mindset.

According to the Prime Minister Japan's economy is recovering moderately with positive signs emerging such as wage increases and encouraging corporate investment.

In the mid-year review of its forecasts the government expects the economy to expand in the fiscal year ending in March 2024 despite declining exports as global demand slows. The government expects robust domestic consumption and capital expenditure to support growth in fiscal 2024.

The BoJ governor has dismissed suggestions of an early exit from the Bank's ultra-loose policy saying the recent cost-driven rise in inflation must be replaced by price gains driven more by robust domestic demand and higher wage growth.

A recent survey of households by the BoJ found inflation expectations rose in the second quarter 2023 which, if sustained, could signal that conditions for phasing out massive monetary stimulus may be falling into place. The ratio of Japanese households expecting prices to rise a year from now stood at 86% in June, up from March to the highest level since June 2022.

See: <https://asia.nikkei.com/Economy/Japan-cuts-growth-forecast-sees-inflation-exceeding-BOJ-target>

and

<https://www.japantimes.co.jp/news/2023/07/12/business/japan-households-inflation-survey/>

Major retailer to build stores with domestic wood

Muji, the Japanese retailer which sells a wide variety of household and consumer goods and which places emphasis on recycling, reducing production and packaging waste, plans to construct 20 stores made of domestic timber. The idea to utilise domestic timber is part of the company's sustainable business model. The company has concluded an agreement with the Ministry Agriculture, Forestry and Fisheries which is promoting the use of domestic timber.

See:

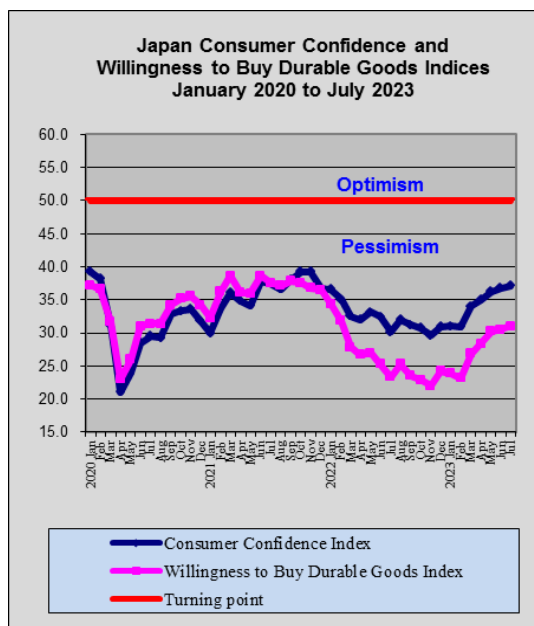
<https://japannews.yomiuri.co.jp/business/companies/20230601-113282/>

Changing demographics to impact timber consumption

There was a drop in the number of citizens in Japan in 2022 with all 47 prefectures seeing declines for the first time. However, the number of non-Japanese residents surged to a record high balancing out some of the population loss.

Data from the Ministry of Internal Affairs revealed that the population of Japanese nationals stood at around 122.42 million as of 1 January 2022 a decrease of over 800,000 year on year and the 14th year-on-year decline. This change in demographics will impact demand for new homes and consumption patterns as many of the foreign workers are short-term workers and many are in low paying jobs.

See: <https://www.japantimes.co.jp/news/2023/07/26/japan/society/number-of-japanese-drops-in-all-47-prefectures-for-first-time-as-foreign-population-surges/>



Data source: Cabinet Office, Japan

Home prices rising

Residential property prices continue to rise in Japan despite weakening demand and the economic slowdown. During 2022 the nationwide residential property price index rose by 7.5% an acceleration from y-o-y rises of 6.3% in 2021, 3.1% in 2020 and 0.6% in 2019, according to Land Institute of Japan data.

The house price growth continued early this year but there are wide price variations in terms of location and property type. In the first quarter 2023 existing detached house prices were up by 4.7% y-o-y after an annual growth of 8.3% in the first quarter 2022.

The outlook for Japan’s housing market is tough to forecast because of cost push inflation and heightened economic uncertainty. Demand remained weak in early 2023.

In Tokyo, sales of both existing condo units and detached houses fell by 1.1% and 5.5%, respectively, in the first quarter of this year compared to the same period in 2022.

See: <https://www.lij.jp/monthly.html>



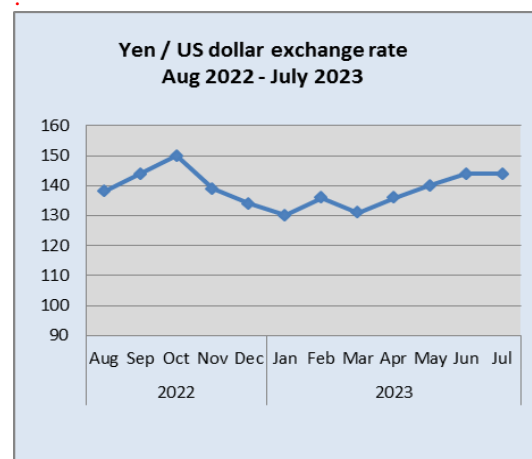
Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Weak yen of concern, BoJ holds the key

The yen dropped to 144 against the dollar in late July, held down by clear indications the BoJ will not be changing its policy in the short-term. The BoJ has indicated it will need to see a sustainable link between wages and inflation before changing its policy. The question is, when will a policy change come? as this will be a market moving event.

Recent data showed Japan's core inflation rose to 3.3%, well above the BoJ target. At its policy board meeting at the end of July expressions used in the report and in the press conference have been interpreted as possibly signaling a change in policy direction. This sent the yen firmer against the US dollar but whether this will be sustained is the question.

See: <https://www.reuters.com/markets/currencies/dollar-firms-yen-steady-after-japan-inflation-holds-above-boj-target-2023-07-21/>

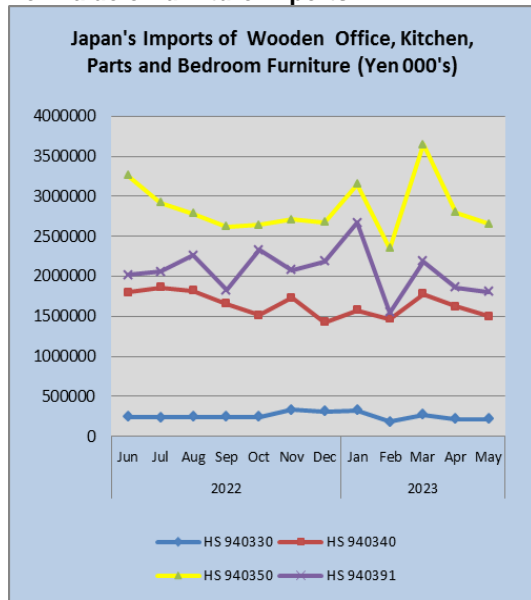


Import update

May marked the second consecutive decline in the value of imports of office, kitchen and bedroom furniture and wooden furniture parts. This comes at a time when consumers are reeling from across-the-board price increases and when inflation has eaten away the wages increases agreed earlier in the year.

Since the third quarter of 2022 the monthly value of furniture imports has become less predictable. For each of the three of the furniture categories tracked, wooden office, kitchen and bedroom furniture, monthly import values have swung widely, a feature not seen before in Japanese furniture imports.

Yen value of furniture imports



Data source: Ministry of Finance, Japan

May wooden office furniture imports (HS 940330)

The value of wooden office furniture imports in May this year were around 13% higher than in May 2022 but the value of May imports were little changed from the level seen in April.

May shipments of wooden office furniture from China to Japan accounted for over 77% of all wooden office furniture imports, a slight rise on the 75% in April. In May there was a shuffling amongst the other main shippers with shipments from Vietnam dropping to less than a quarter of April shipments and two new suppliers, Canada and Singapore surging to become the second and third largest shippers. Exporters in Poland have a steady business with Japan but in May the value of shipments dropped by over 50%.

	Imports May 2023 Unit, 000's Yen
S. Korea	720
China	165,849
Taiwan P.o.C	-
Hong Kong	2,036
Vietnam	3,190
Singapore	5,525
Malaysia	3,238
Indonesia	-
Isreal	1,221
Denmark	-
UK	-
Ireland	-
Netherlands	-
Belgium	-
France	1,457
Germany	1,419
Switzerland	-
Spain	-
Italy	2,640
Poland	5,553
Austria	-
Hungary	-
Lithuania	337
Czech Rep.	-
Slovakia	938
Canada	18,786
USA	966
Mexico	-
Total	213,875

Data source: Ministry of Finance, Japan

May kitchen furniture imports (HS 940340)

The value of May 2023 imports of wooden kitchen furniture was some 11% below that recorded in April and also 11% below that recorded in May 2022. All the top suppliers saw shipment values drop.

The Philippines was the top supplier in May but shipments were down 5%, shipments from Vietnam were down 14%, shipments from Italy were down around 15%, however, shippers in China gained a greater share of the value of wooden kitchen furniture imports.

May kitchen furniture imports (HS 940340)

	Imports May 2023 Unit, 000's Yen
China	101,591
Taiwan P.o.C	-
Vietnam	512,755
Thailand	80,395
Malaysia	8,698
Philippines	592,670
Indonesia	7,051
Denmark	506
UK	308
Netherlands	-
Belgium	-
France	-
Germany	71,704
Italy	115,317
Finland	-
Romania	2,844
Canada	4,167
USA	933
Total	1,498,939

Data source: Ministry of Finance, Japan

May wooden bedroom furniture imports (HS 940350)

After the sharp rise in the value of shipments of wooden bedroom furniture in March, there was a decline in April and the down-trend continued into May. Year on year, the value of May wooden bedroom furniture arrivals was down 18% and compared to the value of April imports there was a further 5% decline.

The top supplier, China, accounted for just over 60% of all wooden bedroom furniture imports in May and the value of imports was around the same level as in April. The second largest supplier, Vietnam saw the value of imports drop 12% compared to a month earlier. For the third largest supplier, Malaysia, the value of May shipments was down over 20%. These top three suppliers accounted for 97% of the value of all May wooden bedroom furniture imports.

May wooden bedroom furniture imports (HS 940350)

	Imports May 2023 Unit, 000's Yen
China	1,676,324
Taiwan P.o.C	723
Mongolia	-
Hong kong	-
Vietnam	775,644
Thailand	29,035
Malaysia	107,701
Indonesia	18,301
India	-
Sweden	5,480
Denmark	906
UK	455
France	-
Germany	419
Portugal	13,378
Italy	5,772
Finland	214
Poland	4,400
Austria	-
Greece	-
Romania	9,980
Turkey	1,118
Latvia	977
Lithuania	2,864
Bos Herz	-
USA	697
Total	2,654,388

Data source: Ministry of Finance, Japan

May wooden furniture parts imports (HS 940391)

Japan's imports of wooden furniture parts (HS940391) are substantial. Most imports of wooden furniture parts originate in China and in May shipments from China accounted for close to 50% of the value of all May arrivals. Arrivals from Indonesia in May accounted for 15% followed by Vietnam 13% and Malaysia 8%.

Unlike the other categories of furniture, wooden furniture parts imports into Japan come from a wide range of sources but the top four suppliers in May accounted for over 80% of all wooden furniture parts imports.

May imports (HS 940391)

	Imports May 2023 Unit, 000's Yen
S. Korea	32,817
China	868,855
Taiwan P.o.C	55,290
Vietnam	231,119
Thailand	53,919
Singapore	-
Malaysia	139,572
Philippines	6,946
Indonesia	266,115
Cambodia	-
LAOS	255
India	-
Norway	431
Sweden	2,320
Denmark	3,865
UK	2,171
Ireland	-
Netherlands	-
Belgium	296
France	-
Germany	36,636
Switzerland	1,861
Portugal	545
Spain	225
Italy	29,774
Finland	7,388
Poland	21,424
Austria	-
Hugary	270
Romania	3,086
Turkey	-
Lithuania	478
Croatia	206
Slovinia	-
Czech Rep.	-
Slovakia	4,220
Canada	20,895
USA	15,272
Mexico	-
Morocco	468
S. Africa	269
Total	1,806,988

Data source: Ministry of Finance, Japan

Trade news from the Japan Lumber Reports (JLR)

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

For the JLR report please see:

https://ifpj.jp/japan_lumber_reports/

Business suspension orders

The MAFF (Ministry of Agriculture, Forestry and Fisheries) demands Pt Mutuagung Lestari in Indonesia and Greenpanel Corporation in China to stop certifying JAS (Japanese Agricultural Standards) on lumber and to improve a way of certifying JAS on lumber.

Pt Mutuagung Lestari knew that structural plywood of Benbenmao New Material Co., Ltd. in China was not good enough to satisfy the conditions of JAS but Pt Mutuagung Lestari did not take measures for that. Benbenmao New Material is a plywood company which is not able to get the JAS certification on lumber now.

Greenpanel Corporation authorized several companies as certification authorities of JAS even though there were errors on examinations. A term of a stop for operations of Pt Mutuagung Lestari is 90 days, which is 19th July, 2023 to 16th October, 2023. Greenpanel Corporation stops an operation during 19th July, 2023 to 16th September, 2023 for 60 days.

The MAFF demands on both companies to report about an improvement of certificating JAS, a revision of the organization, a cause of this case and measures to prevent a relapse. A deadline of the report will be 17th September, 2023 for Pt Mutuagung Lestari and will be 18th August, 2023 for Greenpanel Corporation.

According to The FAMI (The Food and Agricultural Materials Inspection Center), low formaldehyde structural plywood was produced maximum 1,230,000 sheets, about 31,000 cbms and about 87,000 sheets, about 21,000 cbms, were imported to Japan. Japanese importers sold at least 620,000 sheets, about 15,000 cbms, to the clients. The low formaldehyde structural plywood was produced during 22nd February, 2022 to 17th September, 2022. The sizes were 9 mm, 12 mm, 15 mm, 24 mm and 28 mm thickness, 190 mm width and 1,890 mm length.

Product of LVL was maximum 30,000 LVL, 300 cbms. About 15,000 LVL, about 200 cbms, was imported to Japan. Japanese importers sold 13,000 LVL, 110 cbms. LVL was produced during 15th June, 2022 to 16 th September, 2022. The sizes were 22 – 50 mm thickness, 40 – 910 mm width and 1,000 – 3,000 mm of length.

The FAMI found out that glue and quality of some structural plywood used for houses were not satisfied the conditions of JAS. However, the strength and the emanated quantity of formaldehyde of structural plywood satisfied the conditions of JAS.

The price of cedar log keeps falling

The price of cedar log has been plunging in Fukushima Prefecture since March, 2023. The price of 3 m cedar log for posts and 4 m cedar log decreased under 10,000 yen, delivered per cbm, in late June. This is for the first time in three years to be under 10,000 yen. In some area, the price of cedar log is about 8,000 yen, delivered per cbm.

Once the price of cedar log skyrocketed in April, 2021 due to the wood shock and the average price of cedar log during April, 2021 to March, 2023 had been around 14,000 – 15,000 yen, delivered per cbm. Some reasons are that demand of log for producing lumber increased a lot in 2021 and there were many inquiries about logs to manufacture plywood in 2022. Since the price and demand were stabilized, it was able to cut down the trees and able to supply logs stably. Also, there was movement of employment expansion.

However, demand of log started decreasing at the beginning of this year and the log price also started decreasing.

3 m cedar log for producing posts costs 9,500 yen, delivered per cbm. 4 m cedar log of medium diameter is 9,000 yen, delivered per cbm. There are many logs left at the log markets. Cedar logs for manufacturing plywood are 9,000 – 10,000 yen, delivered per cbm. However, there are not many orders for cedar logs.

Cedar logs for producing wooden chips are very popular now. The wooden chips will be used for manufacturing paper and for manufacturing wooden biomass fuels. The cedar logs for wooden chips are sold by 6,500 – 7,000 yen, delivered per cbm.

Domestic logs in Northeast Japan

There are less logs in Northeast Japan because the price of softwood logs had declined. Volume of log at the log markets is 20 % less than the same period last year. Demand of log has not recovered yet and the price of cedar log is still weak. The price of larch log has not changed because of less larch logs at the log markets. Manufacturers still have a lot of cedar logs. There is a concern that beetles would be on logs.

In Akita Prefecture, 3.65 m cedar log of medium diameter is 11,000 yen, delivered per cbm. 3.65 m cedar log for post is 10,000 yen, delivered per cbm. In Iwate, Miyagi and Aomori Prefecture, 4 m cedar log with medium diameter is 10,000 yen, delivered per cbm and 3 m cedar log for post is 11,000 yen, delivered per cbm.

4 m larch log of medium diameter is 20,000 yen, delivered per cbm. For piles, the price of larch log is 12,000 yen, delivered per cbm. For biomass fuels, the price is 7,000 yen, delivered per ton.

Since there are many logs in Northeast Japan, the logs were exported China but it would be difficult to export the logs anymore because the economy in China is not good.

In this year, hardwood logs are popular and high-priced. Oak log of large diameter is over 60,000 yen, delivered per cbm and of medium diameter is over 40,000 yen, delivered per cbm. Japanese walnut log is with good quality is 50,000 yen, delivered per cbm.

10 Japanese companies participate Eastwood Climate Smart Forestry Fund I

Sumitomo Forestry Co., Ltd. in Tokyo Prefecture announced that East Forests LLC in the U.S.A. established Eastwood Climate Smart Forestry Fund I (hereinafter, the Fund) and started an operation. 10 Japanese companies participate this Fund and the operation will be fifteen years. It is about six billion yen in assets.

Eastwood Forests was jointly established in October, 2022 by Sumitomo Forestry's wholly owned subsidiary Sumitomo Forestry America, Inc. and the CEO of Eastwood Forests experts in establishing and managing forestry funds in the U.S.A. Eastwood Forests will serve as the asset management company of the Fund, providing advice on the management of forest assets. Sumitomo Forestry's wholly owned subsidiary SFC Asset Management Co., Ltd. handles the Fund's private placement and has been entrusted by the general partner to manage operation in Japan.

10 Japanese companies, which participate this Fund, are ENEOS Corporation, Osaka Gas Co., Ltd., Tokyo Century Corporation, Japan Post Holdings Co., Ltd., NYK Line, Fuyo General Lease Co., Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsu Trust Bank Limited, Unicharm Corporation and Sumitomo Forestry.

The companies participate this Fund because some of them are to achieve a goal of decarbonization and add value on their products or services.

South Sea logs and lumber

The weak yen has been influencing the price of South Sea lumber and Chinese lumber. Once the yen depreciated over 135 yen against the dollar in March, 2023. Chinese and Indonesian manufacturers accepted Japanese importers' request, which was a reduction in the price of lumber. However, an amount of order was not a lot. In the beginning of July, the yen depreciated to 145 yen against the dollar but it is difficult for Chinese and Indonesian manufactures to lower the price. Japanese importers are cautious to purchase South Sea or Chinese lumber even though the inventory in Japan is not enough.

The price of Merkus pine lumber in Indonesia is US\$820 – 850, C&F per cbm. The price of red pine lumber in China is US\$870 – 890, C&F per cbm. In Japan, the price of Indonesian Merkus pine lumber is around 122,000 yen, delivered per cbm. The price of Chinese red pine lumber is around 127,000 yen, delivered per cbm. Also, there is an influence of the weak yen for South Sea lumber. Additionally, Indonesian manufacturers reduce producing South Sea lumber and will be difficult to get South Sea logs. Therefore, it is important to keep getting new orders even though the amount of order is not a lot.

The price hike of painted (coated) plywood for concrete form

The price of painted plywood for concrete form in South Asia started to rise. A major South Asian shipper will raise the price by US\$10 – 20. It had been hard for manufacturers in South Asia to get enough profits. Japanese importers will definitely purchase plywood because their inventory is less. The price will be depended on the negotiation and Japanese importers must raise the price of plywood in Japan quickly.

The latest price of 12 mm thickness 3 x 6 is around US\$650, C&F per cbm. The import cost is around 1,890 yen, FOB per sheet, calculated by 139 yen against the dollar. In Kanto region, the price is 1,850 – 1,900 yen, delivered per sheet.

Some South Asian shippers raised the price after April, 2023. If the price in South Asia were US\$670, the import cost would be 2,020 yen FOB per sheet calculated by 144 yen against the dollar. This would be 130 yen higher than the previous time. If the import cost were 1,960 yen, FOB per sheet, the plywood would be sold by 2,000 yen, delivered per sheet, in Japan.

At domestic markets, the price of plywood had been decreasing as the futures price in South Asia decreased so Japanese buyers hesitated to purchase due to anticipation of lowering prices. Arrival volume of plywood from Malaysia during January to May, 2023 is 186,153 cbms, 48.3 % down from the same period last year. Since product of plywood decreased, a major Indonesian shipper struggles to get profits so the Indonesian shipper closed one of its two plants and will raise the price.

In Japan, the inventory of plywood has been declining so Japanese importers must order plywood. The inventory is now 40 – 50 % less than the highest volume in October, 2022. The plywood will arrive in September, 2023 if the Japanese importers order now.

Volume of imported plywood during January to May, 2023 is 784,712 cbms, 31.9% down from the same period last year. The prices of plywood and structural plywood in South Asia has not reached the bottom price and if the price of painted plywood for concrete form reached the bottom price, then the price of imported South Sea plywood would get rid of all the negative factors and would be ready to bounce back.

China

Measures to promote household consumption

A number of ministries (13) including the Ministry of Commerce recently issued a notice on Measures to promote Household Consumption. Household consumption covers many fields such as household appliances, furniture, home textiles and home decoration etc. It is an important part of private consumption and has a direct impact on the economy.

In order to release the potential of household consumption, consolidate the momentum of consumption recovery and enhance the role of consumption in economic development with the consent of the State Council the following was decided:

Improving quality of supplies

To improve the green supply chain the government will support home furnishing manufacturing enterprises to implement green manufacturing, encourage conditional areas to introduce targeted policies and measures for green manufacturing demonstration enterprises and promote enterprises to increase research and development efforts of green home products. The quality and brand building for green household products will be strengthened.

The unified green product standards, certification and identification system will be improved and the scope of green household product certification will be expanded. The government will encourage and support residents in purchasing green household appliances, green furniture and green building materials etc. The government will support home furnishing stores to develop green shopping malls, set up green product sales zones and vigorously develop green home decoration sales.

To foster smart consumption through innovation the government will support enterprises to use the ‘internet of things’, cloud computing and artificial intelligence to accelerate research and development for smart home appliances, smart security, smart lighting, smart sleep, smart health and smart audio and video entertainment. This effort will play a role in big data for consumer platforms to support enterprises to carry out customisation, personalised design and flexible production of household products. The inter-connection of smart home devices will be promoted, a sound standard system will be established and the integration of single product intelligence with whole house intelligence will be promoted. The government will build and conduct trials on digital homes.

The level of elderly-oriented household products will be improved. The promotion of elderly-oriented products will be formulated and published and the development of design standards for elderly-oriented household products will be accelerated.

The government will support enterprises to increase research and development of elderly-oriented household products such as household appliances, furniture and bath devices etc. The government will support the following installation of video care systems and household health monitoring equipment such as blood oxygen meters, blood pressure metres, blood glucose meters along with home stores and e-commerce platforms to appropriate for senior product sales area counters and will expand elderly-oriented home renovation.

Innovative development of home furnishing enterprises

Chinese government will promote innovative development of home furnishing enterprises which will be supported to accelerate the development of digital, intelligent transformation and upgrading and online-offline integration to create a number of home furnishing industry leaders so the industrial and supply chain can develop. Enterprises will be encouraged to build online home service platforms and promote the healthy and orderly development of new commercial models such as "Internet + home improvement", "Internet + second-hand home furnishing", household appliances and furniture rental.

The development of the second-hand household sector will be encouraged. Home stores will be supported to strengthen cooperation with upstream and downstream enterprises, build a "everyone home" ecosystem and provide consumers with one-stop, integrated, full-scene home consumption solutions. Home stores and shopping centres will be supported to set up experiential consumption capacity such as smart home experience halls and quality home life halls and explore the integrated development of home retail, entertainment, leisure and creative design etc.

All localities are encouraged to carry out renovation and upgrading of old houses through various means such as government support and enterprise promotion in conjunction with the renovation of old urban communities. Enterprises are encouraged to carry out old house renovation design competitions, display excellent cases of upgrading and renovation, create old house renovation and partial renovation model rooms and introduce affordable products and service packages to meet diversified consumer demand.

To promote consumption home rejuvenation activities will be organised and carried out to introduce targeted policies and measures, guide enterprises to improve the quality and level of home consumption and supply, provide more high-quality, personalised, customised home products, increase incentives and support residents to replace or buy new green smart home products and carry out old house decoration.

Local governments and relevant industry associations will be supported to organise and carry out promotion activities such as having a home consumption season, home textile consumption Festival and home improvement Consumption Festival. These activities will be coordinated with the National Consumption Promotion Month and the International Consumption Season.

The government will make good use of exhibition platforms such as the China International Import Expo and the China International Consumer Goods Expo to support the holding of professional home furnishing exhibitions in a market-oriented manner, showcase cutting-edge technologies and products in the home furnishing field and expand the supply of high-quality home furnishing products.

Improving the consumption environment

Developing community services for the convenience of people's living circle and services closely related to household consumption such as washing and drying shops, maintenance points and renewable resource recycling points will be promoted. Residential communities will be encouraged to use idle houses to set up temporary storage places for household appliances and furniture to facilitate residents to carry out decoration.

Domestic enterprises and home appliance service enterprises will be encouraged to enter the community to expand home cleaning and home appliance repair and maintenance.

The government will coordinate existing funding channels and strengthen support for projects in the construction of waste material recycling. The standardised setting for waste furniture and household item disposal points in residential areas will be developed and online booking for collection and transportation will be promoted. The recycling system for waste textiles will be improved. Recycling enterprises and property enterprises will be encouraged to establish a long-term cooperation mechanism, support enterprises to recycle waste household appliances and furniture and provide convenience for waste materials recycling vehicles into the community.

The government will promote rural household consumption through the creation of a rural commercial system, guiding household enterprises, supporting e-commerce platforms and failing rural markets, optimising rural circulation networks and channels, increasing the supply of marketable household products and improving the level of after-sales service.

The government also will improve the three-level logistics distribution system in counties and villages and develop intensive distribution, carry out activities to deliver green building materials to the countryside, further expand the scope of pilot areas and provide appropriate subsidies or loans for green building materials consumption in areas where conditions permit.

Improving home improvement standards

Home improvement standards and norms will be improved and the "leader" system of enterprise standards in household sector will be implemented. In accordance with the law there will be a crackdown on counterfeiting, risky cost cutting and price fraud in the household consumption. Action will be taken to improve the credit evaluation system in the household sector, promote typical cases of integrated management, encourage industry associations to explore the implementation of a "blacklist" system in the household sector and guide market players to operate with integrity.

Home improvement enterprises will be guided to strengthen the training of employees, organise employees to actively participate in vocational skills competitions and improve service quality.

The government will strengthen policy support. Financial institutions will be encouraged to strengthen credit support for household consumption, reasonably determine loan interest rates and repayment terms, optimise approval processes, improve financial services and promote online processing under the premise of law and compliance and risk control. Financial institutions are encouraged to strengthen cooperation with home furnishing manufacturers, home furnishing stores and home improvement enterprises to provide financial support for business operators and upstream and downstream enterprises. The issuance of infrastructure real estate investment trusts (REITs) will be supported by qualified commercial outlets such as home stores. The government will continue to support residents of old urban communities to withdraw housing provident funds for the renovation of self-occupied housing such as the installation of elevators and expand the scope of policy support for the renovation of self-occupied houses.

See:
https://baijiahao.baidu.com/s?id=1771729397230389800&wfr=s_pider&for=pc
 and
<https://jp.reuters.com/article/china-economy-consumption-idUSKBN2YF0TK>

Rise in business revenue for green building material enterprises

The revenue in China's green building materials sector continues to grow and the government will introduce measures to promote green consumption. It has been reported that revenue of green building materials enterprises exceeded RMB100 billion in the first half of 2023 a year on year increase of more than 20%. Sales via e-commerce platforms were nearly RMB2 billion, an increase of 27% year on year.

At present, there are 4,305 certified national green building material enterprises and a total of 7,284 green building material certificates were issued in the first half of 2023, a year on year increase of 3.3 times and 3.8 times respectively.

The government will take action to "increase the varieties, improve the quality and create brands in the green building materials industry and drive the industrial chain of green building materials to the countryside through industry and project support. Efforts will be made to create industrial clusters and a number of high-quality green products will be created in the future.

Offline stores and e-commerce platforms will be promoted to set up green building materials zones, build digital empowerment and in-depth experience scenes to attract young people and meet everyone's individual needs.

See:
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Enterprises invited to invest in added value manufacturing in Russia

It has been reported that Russia welcomes Chinese enterprises to invest in wood processing and hopes that the two sides will continuously upgrade the level of cooperation to fully optimize the cooperation potential. Russia is willing to enhance the logistics capacity for forest products, improve the business environment and take practical measures to facilitate cooperation between enterprises.

The Ministry of Commerce in China and the Ministry of Industry and Trade in Russia signed a Memorandum of Understanding on Deepening Investment Cooperation in the Field of Forest Resources Development and Utilisation. The development and utilisation of forest resources is an important field of bilateral economic and trade cooperation with good opportunities for development.

China is willing to work with Russia to further strengthen communication on trade and investment policies in the forest industry, support inter-local cooperation, improve the business environment, deepen cooperation in related industrial chains and supply chains, accelerate green and low-carbon transformation, actively respond to climate change and promote sound and steady development of bilateral forest industry cooperation. The Russia-China cooperation in the development and utilisation of forest resources has made progress in recent years making important contributions to bilateral economic and trade cooperation.

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

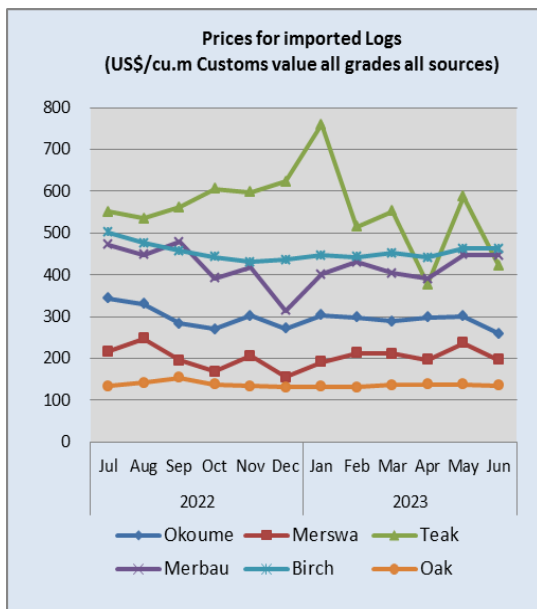
	2023	2023
	May	Jun
Okoume	301	260
Merswa	236	196
Teak	587	423
Merbau	448	447
Birch	463	462
Oak	137	135

Data source: Customs, China

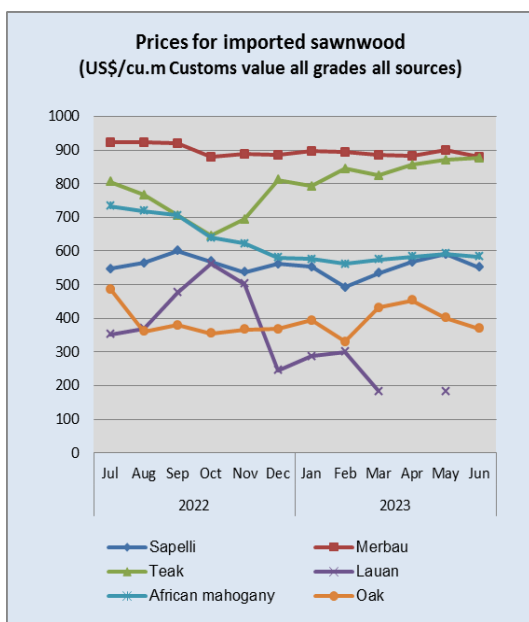
Average CIF prices, Tropical sawnwood, US\$/cu.m

	2023	2023
	May	Jun
Sapelli	590	551
Merbau	899	879
Teak	870	877
Lauan	184	
African mahogany	592	584
Oak	402	369

Data source: Customs, China



Data source: Customs, China



Data source: Customs, China

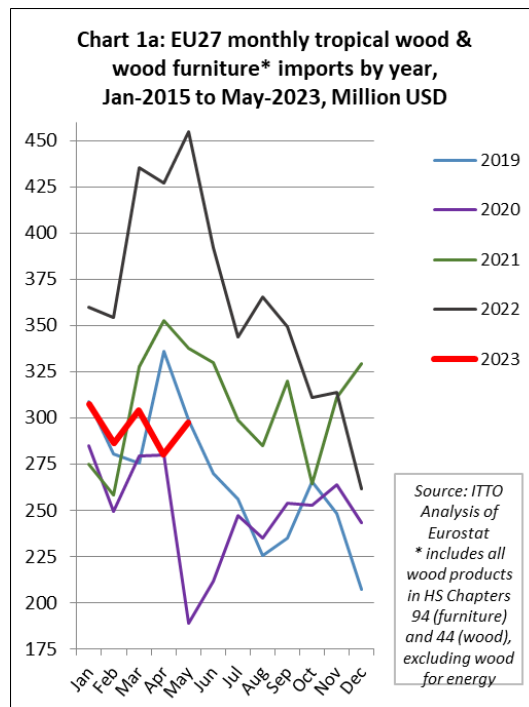
EU

EU27 tropical wood imports back to 'normal' levels

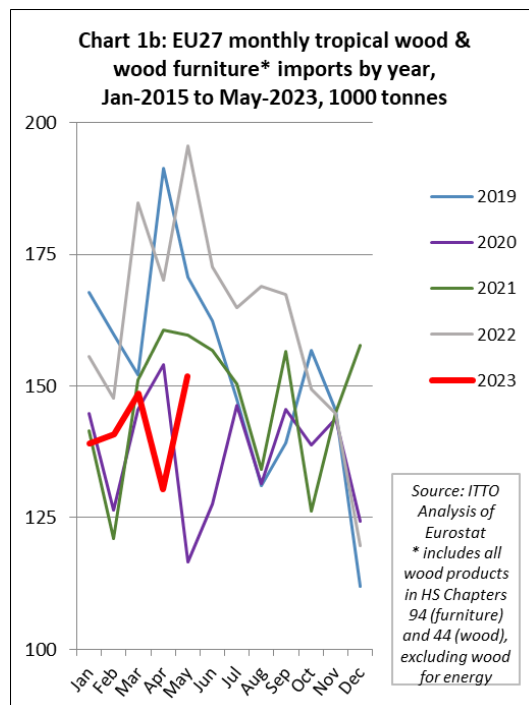
In the first five months of this year the EU27 imported 710,800 tonnes of tropical wood and wooden furniture products with a total value of US\$1.48b, respectively 17% and 27% less than the same period in 2022. The sharp downturn this year is mainly the result of the very strong start to the year in 2022.

Total EU27 imports of tropical wood and wooden furniture in the first five months this year were closely aligned with the long-term average between 2013 and 2019 when trade was subdued but steady. For now, therefore, trade seems to have returned to more normal levels after the volatility during the COVID pandemic.

While imports were reasonably robust between January and March this year, particularly in dollar terms, they slowed sharply in April before picking up again in May (Charts 1a and 1b).



Source: ITTO Analysis of Eurostat
* includes all wood products in HS Chapters 94 (furniture) and 44 (wood), excluding wood for energy



Source: ITTO Analysis of Eurostat
* includes all wood products in HS Chapters 94 (furniture) and 44 (wood), excluding wood for energy

The normalisation of trade partly reflects broader conditions in the European economy in the sense that growth in the region has returned to the sluggish pace characteristic of the decade prior to the COVID pandemic. However, the underlining factors behind this slow growth are now different.

After years of very low inflation before 2020, inflation in the EU27 hit record levels in 2022 due to the combined effects of supply disruption brought on by the pandemic, the war in Ukraine and subsequent sanctions against Russia and the large injection of government funds to stimulate economic growth.

Despite a series of eight interest rate increases bringing the eurozone base rate from 0% before July 2022 to 4% in June 2023, inflation remains stubbornly high at 5.5, far above the 2% target of the European Central Bank (ECB). High inflation is set to persist as wages are still growing much faster than productivity.

On the positive side, the Eurozone managed to get through last winter without energy shortages and the severe recession feared by many analysts. Labour markets have continued to thrive, in fact, at 6%, the Eurozone has reached a record-low unemployment rate. While this is contributing to high wage demands it has also helped to stabilise consumer expenditure and economic sentiment has recovered despite high borrowing costs.

However, economic conditions vary widely between sectors and countries in the EU27. Construction is one of the worst performing sectors. The Hamburg Commercial Bank (HCOB) Eurozone Construction PMI declined to 44.2 in June, well below the 50-mark which is the threshold for stable conditions and down from the previous month's 44.6. This was the most significant reduction in overall construction activity since December 2022. It also marked the 14th consecutive month of output decline, primarily driven by a sharp contraction in residential construction. Commercial work and civil engineering projects also continued to decline.

The Construction PMI report also showed that the inflow of new business in June this year experienced the steepest drop since the end of 2022 and the rate of job cuts accelerated to its fastest pace since May 2020. Moreover, eurozone construction companies witnessed a significant decline in purchasing activity reaching its lowest level in over three years. Overall, businesses maintained a pessimistic outlook for the next 12 months, citing tight financial conditions, limited investment and economic uncertainty as contributing factors.

In other sectors in the EU27, consistent with the global picture, service industries are doing better than manufacturers. Last month the PMI for the industrial sector in the eurozone continued to contract as manufacturers are suffering from weak orders and abating international demand. In contrast, the PMI for the services sector was in solidly expansionary territory, even tending to accelerate.

These divergent trends are highlighted in the latest forecasts for European economic growth. For example, in July Citigroup cut its 2023 economic growth forecast for the euro area, citing pressures from a high interest rate environment as the ECB has signalled further hikes.

"We still expect monetary tightening to trigger a recession (in the eurozone) in H2 2024 and forecast 0.9% real GDP growth in 2024," said Citigroup economists in a note dated 4 July. Citigroup now expect the eurozone's real GDP to grow 0.8% this year, down 0.3% from their previous forecast.

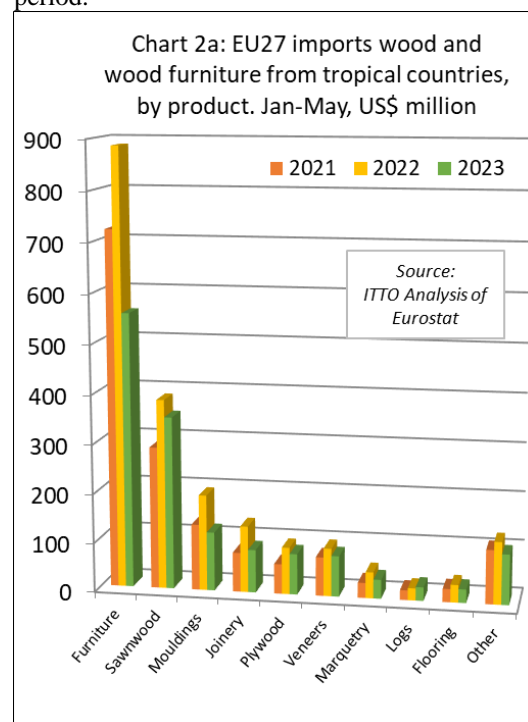
The downgraded forecast was largely due to Germany where Citigroup now predict only 0.2% growth this year, down from their earlier prediction of 1.0% after the country's first-quarter GDP was revised down. However, Citigroup raised Italy's GDP growth forecast to 1.3% from 0.4% previously, citing normalisation of tourism inflows and contact-intensive activities, and the effects of fiscal stimulus.

Fall in value of EU imports secondary and tertiary tropical products

There was a year-on-year decline in EU27 import value for all tropical wood product groups except logs between January and May this year (Chart 2a). Overall, the decline in import value was more severe for secondary and tertiary processed products than for primary processed products.

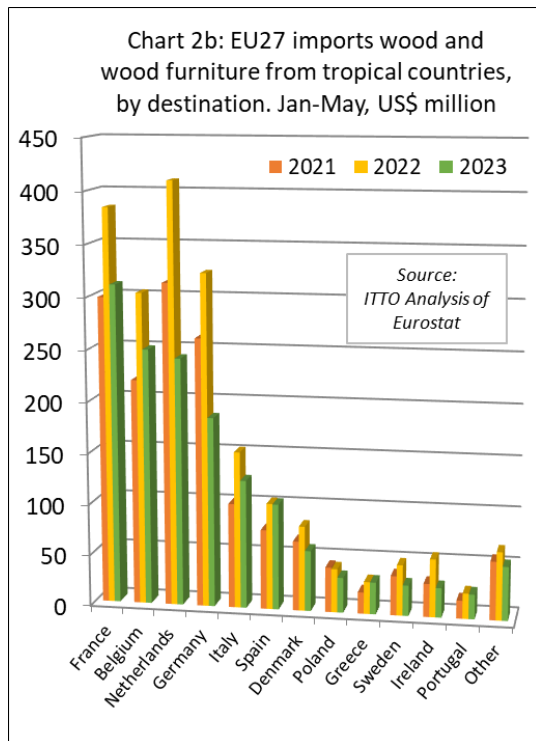
During the five-month period, there were large declines in EU27 import value for: wooden furniture from tropical countries (-37% to US\$557m); tropical mouldings/decking (-39% to US\$119m); tropical joinery products (-35% to US\$87m); tropical marquetry (-27% to US\$39m); and tropical flooring (-23% to US\$28m).

More moderate declines were recorded for EU27 imports of tropical sawnwood (-9% to US\$350m), tropical-hardwood-faced plywood (-13% to US\$83m) and tropical veneer (-15% to US\$83m). EU27 import value of tropical logs increased 12% to US\$28m during the five-month period.



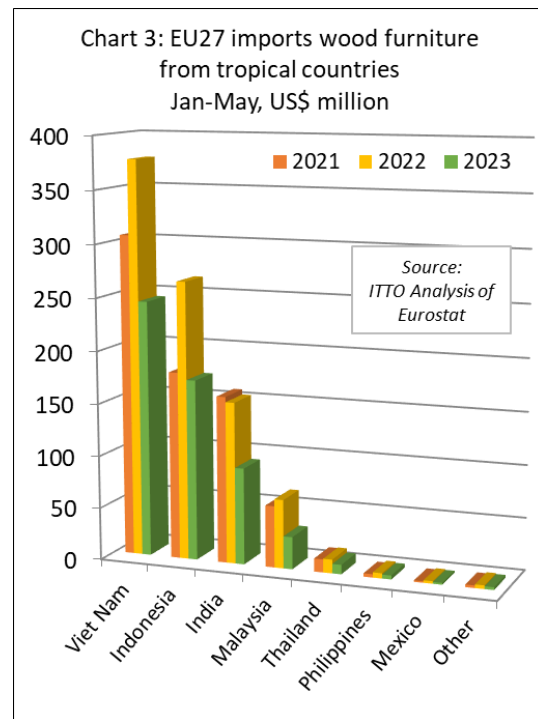
In terms of EU destinations, import value of tropical wood and wooden furniture in the first five months this year was down year-on-year in all the main markets. The decline was relatively small in Spain (-0.5% to US\$103m), Greece (-0.6% to US\$31m), and Portugal (-3% to US\$24m).

Elsewhere, import value fell 19% in France to US\$311m, 18% in Belgium to US\$249m, 41% in the Netherlands to US\$242m, 43% in Germany to US\$185m, 18% in Italy to US\$125m, 29% in Denmark to US\$59m, 19% in Poland to US\$34 million, 40% in Sweden to US\$30 million, and 49% to US\$29m in Ireland. (Chart 2b).



EU27 wooden furniture imports from tropical countries declined in the first quarter

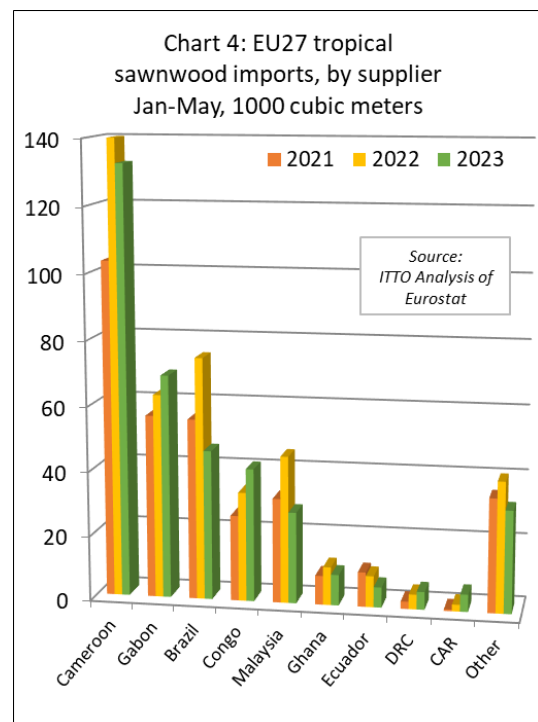
In the first five months of 2023 the EU27 imported 122,900 tonnes of wooden furniture from tropical countries with a total value of US\$557m, down 32% and 37% respectively compared to the same period in 2022. Import value decreased 35% to US\$244m from Vietnam, 35% to US\$173m from Indonesia, 40% to US\$92m from India, 53% to US\$31m from Malaysia and 31% to US\$9m from Thailand. EU27 wooden furniture imports from all other tropical countries were negligible during the five-month period (Chart 3).



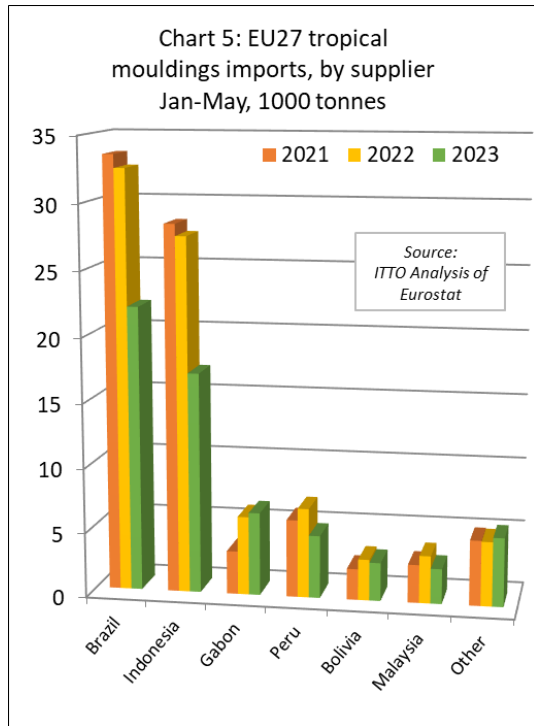
EU27 imports of tropical sawnwood down 12% this year

The EU27 imported 374,000 cubic metres of tropical sawnwood in the first five months of 2023, 12% less than the same period in 2022. Imports increased from Gabon (+10% to 68,900 cubic metres), Congo (+22% to 41,100 cubic metres), DRC (+21% to 5,500 cubic metres) and CAR (+154% to 5,300 cubic metres).

However, these gains were offset by large declines in imports from Cameroon (-5% to 132,400 cubic metres), Brazil (-38% to 46,200 cubic metres), Malaysia (-38% to 28,200 cubic metres), Ghana (-19% to 9,500 cubic metres) and Ecuador (-35% to 6,300 cubic metres) (Chart 4).



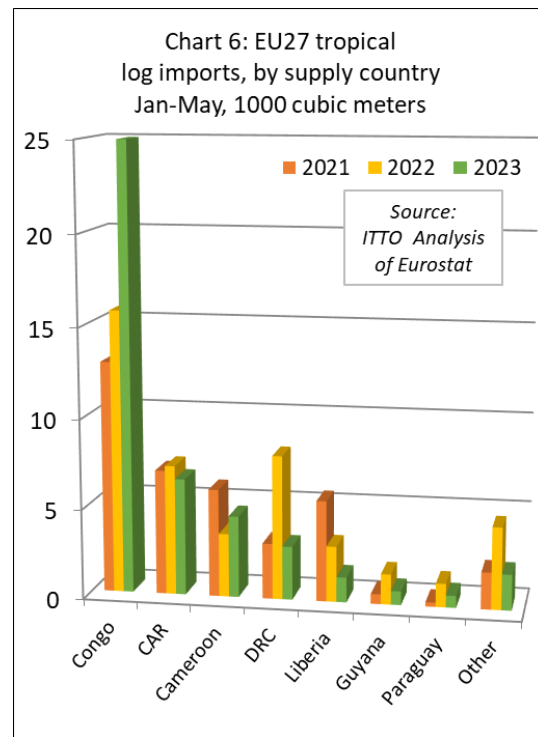
The EU27 imported 61,300 tonnes of mouldings/decking in the first five months of 2023, 27% less than the same period last year. Imports from the two largest supply countries fell sharply; declining 32% to 22,000 tonnes from Brazil, and down 38% to 17,000 tonnes from Indonesia. There was also a sharp fall in imports from Peru (-30% to 4,800 tonnes), Bolivia (-7% to 3,000 tonnes), and Malaysia (-26% to 2,700 tonnes). Imports from Gabon increased by 6% to 6,400 tonnes (Chart 5).



In the first five months of 2023 the EU27 imported 43,800 cubic metres of tropical logs, 3% less than the same period in 2022. The most significant trend during the period was a sharp 58% rise in EU27 log imports from Congo to 25,000 cubic metres. This surge in European arrivals – which was concentrated in the first quarter of this year - probably reflects a last-minute effort to ship logs in advance of the log export ban imposed by the Republic of Congo from 1st January 2023.

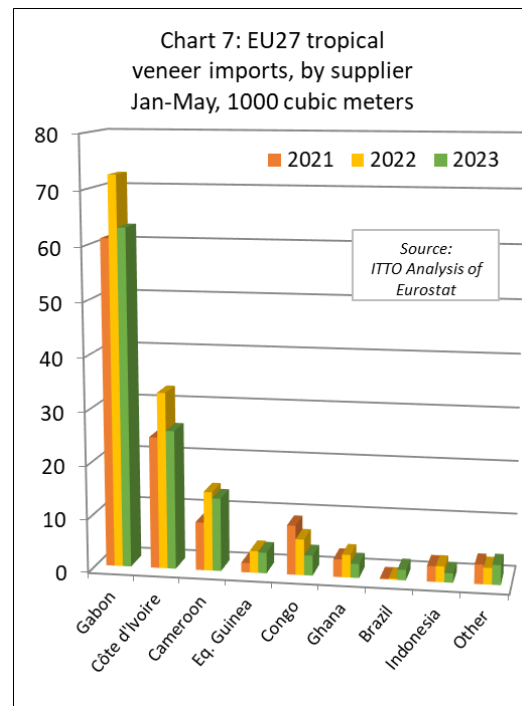
EU27 imports of logs also increased sharply from Cameroon (which may be derived from neighbouring Congo or Central African Republic) in the first five months this year, rising 29% year-on-year to 4,500 cubic metres.

EU27 imports of tropical logs from all other supply countries declined during the period including Central African Republic (-10% to 6,500 cubic metres), Democratic Republic of Congo (-63% to 3,000 cubic metres), Liberia (-55% to 1,400 cubic metres), Guyana (-55% to 750 cubic metres) and Paraguay (-49% to 500 cubic metres) (Chart 6).



Downturn in EU27 imports of tropical veneer but plywood more stable

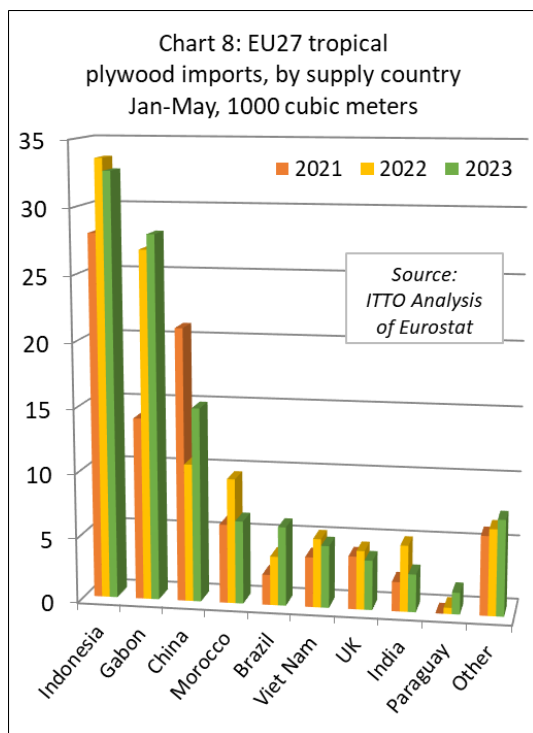
In the first five months of 2023 the EU27 imported 63,000 cubic metres of tropical veneer, down 13% compared to the same period last year. Imports of tropical veneer from Gabon, by far the largest supplier to the EU27, decreased 13% to 63,000 cubic metres after rising sharply last year.



EU27 veneer imports in the first five months of this year also declined from Côte d'Ivoire (-21% to 26,000 cubic metres), Cameroon (-8% to 13,700 cubic metres), Congo (-44% to 3,800 cubic metres), Equatorial Guinea (-5% to 3,900 cubic metres), Ghana (-38% to 2,600 cubic metres), and Indonesia (-41% to 1,700 cubic metres).

However, hardwood veneer imports from Brazil increased sharply from negligible levels last year to 1,900 cubic in the first five months this year. (Chart 7).

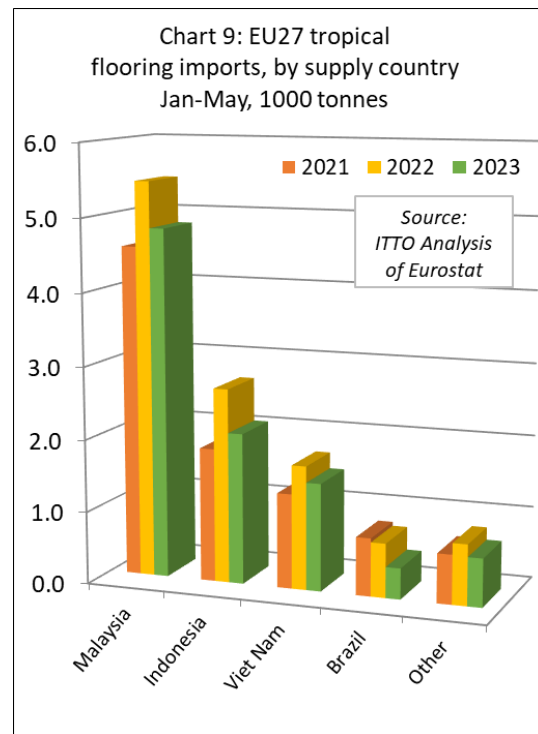
In the first five months of 2023, EU27 tropical plywood import increased 2% to 108,700 cubic metres. Imports from Indonesia, at 32,600 cubic metres, were down 3% compared to the same period last year. Imports also fell from Morocco (-34% to 6,400 cubic metres), Vietnam (-10% to 4,800 cubic metres), and India (-43% to 2,900 cubic metres). However, imports increased from Gabon (+4% to 28,000 cubic metres), China (+41% to 15,000 cubic metres), and Brazil (+61% to 6,100 cubic metres) (Chart 8).



Sharp slowdown in EU27 imports of joinery products

In the first five months of 2023 the EU27 imported 9,500 tonnes of tropical wood flooring, down 17% compared to the same period last year. The consistent rise in EU27 wood flooring imports from Malaysia, that began in 2020, has stalled this year. Imports of 4,800 tonnes from Malaysia in the first five months of 2023 were 12% less than the same period in 2022.

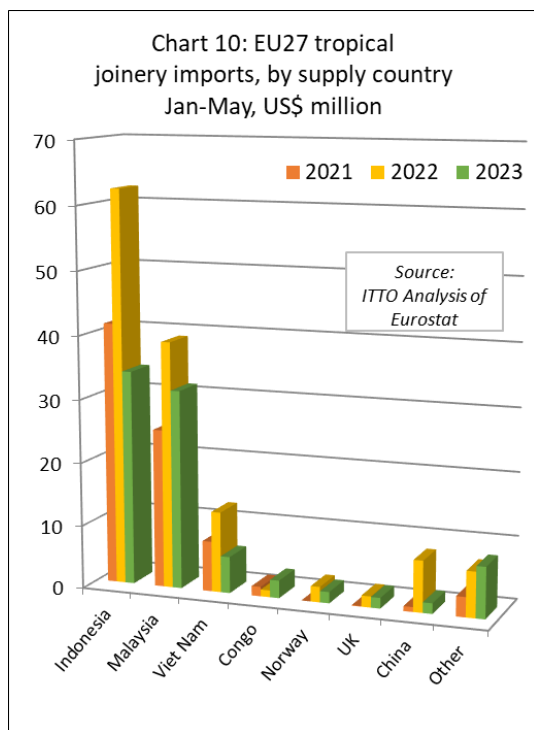
Imports also fell from Indonesia (-22% to 2,100 tonnes), Vietnam (-13% to 1,500 tonnes), and Brazil (-43% to 425 tonnes) (Chart 9).



The value of EU27 imports of other joinery products from tropical countries - which mainly comprise laminated window scantlings, kitchen tops and wood doors - declined 35% to US\$87m in the first five months of 2023.

Despite much lower prices than the same time last year, imports are low this year as many importers already have sufficient stock to meet current slow consumption levels. In the first five months this year compared to the same period in 2022, imports were down 46% to US\$34m million from Indonesia, down 19% to US\$31m from Malaysia, down 55% to US\$6m from Vietnam and down 80% to less than US\$2m from China.

In a potentially significant longer-term development, given efforts in the country to shift up the value chain as log exports are banned, EU imports of laminated joinery products from Congo were valued at US\$2.8m in the first five months of this year, nearly double than during the same period last year (Chart 10).



North America

Housing starts fell in June but Canada sees largest jump in 10 years

Single-family homebuilding fell in June but permits for future construction rose to a 12-month high on the weakness of the existing home sales market. The decline in housing starts came after a massive 19% surge in May which propelled the number of starts on single-family projects to an 11-month high. Starts in June dropped to a seasonally adjusted annual rate of 1.43 million (below economists' expectations for 1.48 million) according to the US Census Bureau. That was down 8.1% from a year ago and 8.0% from May.

In June only 600,000 existing homes were listed for sale across the US, noted Bright MLS Chief Economist, Lisa Sturtevant. "While new construction will not immediately solve the supply problem in the housing market, the recovery in the homebuilding industry and the delivery of more new homes is essential for meeting the nation's housing needs and easing housing affordability challenges for prospective home buyers," she said.

Overall, single-family housing starts in June came in at a rate of 935,000, 7% below the revised May figure of 1,005,000. The June rate for units in buildings with five units or more was 482,000. Issued permits, an indicator for future completions, also decreased 3.7% overall from May, and were 15.3% lower from a year ago. But single-family permits increased (+2.2%) while the more volatile multifamily permits declined (-12.8%).

The number of single-family homes under construction remains high, while a record number of multifamily units are under construction even if the pace of expansion is slowing.

Canadian housing starts rose 41% in June compared with the previous month, the largest increase in the last 10 years, led by groundbreaking on multiple unit urban homes, data from the national housing agency showed. The seasonally adjusted annualized rate of housing starts rose to 281,373 units in June from a revised 200,018 units in May, the Canadian Mortgage and Housing Corporation (CMHC) said.

See: <https://www.census.gov/construction/nrc/current/index.html> and <https://www.housingwire.com/articles/housing-starts-surprised-on-the-downside-reflecting-headwinds/> and <https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/housing-data/data-tables/housing-market-data/monthly-housing-starts-construction-data-tables>

Home sales fall and inventory at near historic low

Sales of previously occupied homes in the US fell in June to the slowest pace since January, as a near-historic low number of homes for sale and rising mortgage rates kept many would-be homebuyers on the sidelines. Existing home sales fell 3.3% in June from May's seasonally adjusted annual rate of 4.16 million said the National Association of Realtors (NAR). Sales sank 19% compared to June last year. All told, sales are down 23% through the first half of this year.

The latest housing market figures are more evidence that, even with prices easing back after rising for more than a decade, many house hunters are being held back by a persistently low inventory of homes for sale. Some 1.08 million homes remained on the market at the end of June, down 14% from a year earlier said the NAR. That amounts to a 3.1-month supply at the current sales pace. In a more balanced market between buyers and sellers, there is a 5- to 6-month supply.

Existing-home sales in the Northeast grew 2.0% from May to an annual rate of 510,000 in June, down 22% from June 2022. In the Midwest, sales were unchanged from one month ago at an annual rate of 990,000 in June, slumping 20% from one year ago. Sales in the South fell 5% from May to an annual rate of 1.91 million in June, a decrease of 16% from the previous year. In the West, sales declined 5% from the previous month to an annual rate of 750,000 in June, down 23% from one year ago.

See: <https://www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales>

US job market cools but continues growth

The US economy added 209,000 jobs in June in yet another monthly jobs gain but the smallest increase since the end of 2020. The jobs report comes as market watchers are eyeing the Federal Reserve to see if interest rate hikes will return to tame inflation amid high employment.

The figures released by the Bureau of Labor Statistics fell short of the estimated 230,000, while the unemployment rate ticked down to 3.6%, from 3.7 %, near the lowest level in 50 years. This indicates that hiring in the US is cooling after a recovery from the loss of jobs during the COVID pandemic.

Employment in construction continued to trend up in June (+23,000). Employment in the industry has increased by an average of 15,000 per month thus far this year compared with an average of 22,000 per month in 2022. Employment in manufacturing showed no significant change in June.

See: <https://www.bls.gov/news.release/empsit.nr0.htm>
and
<https://www.msn.com/en-us/money/markets/us-hiring-falls-below-expectations-with-209-000-jobs-added-in-june/ar-AA1dz1Xn>

Consumer sentiment rises to best level in two years

Consumer sentiment in July rose to its highest level since 2021 a survey by the University of Michigan found. The mid-July report showed that job prospects and lower inflation have consistently boosted consumer sentiment about economic conditions in recent months.

Consumer sentiment rose for the second straight month, soaring 13% above June and reaching its most favorable reading since September 2021 the preliminary survey from the University of Michigan says, adding "the sharp rise in sentiment was largely attributable to the continued slowdown in inflation along with stability in labour markets."

All components of the index improved from June levels with optimism increasing by 19% for long-term business conditions. For consumers, the sentiment improved for all but low-income households.

Headline inflation in the US moved to its lowest point since early 2021, rising 3% over the 12-month period to June. So-called core inflation, which strips out volatile food and energy prices, was at 4.8% annually to June, only slightly lower than in May.

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

US manufacturing troubles worsen

US manufacturing activity fell for the eighth consecutive month in June according to the latest Manufacturing Institute of Supply Management (ISM) Report On Business.

The ISM survey placed the manufacturing PMI gauge at 46 in June, down from 47 in May and falling short of estimates (a rating below 50 reflects contraction). The latest June ISM Manufacturing PMI marked the lowest point since May 2020, when business activity plummeted due to Covid-19 restrictions. Timothy R. Fiore, chair of the ISM Manufacturing Business Survey Committee said "Demand remains weak, production is slowing due to lack of work, and suppliers have capacity.

There are signs of more employment reduction actions in the near term." The most recent data confirms the stark contrast between the manufacturing sector's contraction and the service sector's continued expansion.

Of the 18 manufacturing sectors surveyed the Wood Products sector was among the 11 reporting contraction for the month while the Furniture and Related Products sector reported neither growth nor contraction in June. After several months of decline the furniture sector reported some encouraging findings: Furniture and Related Products reported an increase in orders for the second consecutive month as well as growth in production and employment in June.

See: <https://markets.businessinsider.com/news/etf/us-manufacturing-crisis-worsens-activity-shrinks-for-8th-straight-month-to-lowest-in-3-years-1032423762>
and
<https://www.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/pmi/march/>

Hardwood plywood from Vietnam ruled as a product of China- duties imposed

The US Department of Commerce issued its final determination that hardwood plywood exported from Vietnam using hardwood plywood inputs sourced from China is, in fact, a product of China. That means the plywood is subject to the antidumping duty (AD) and countervailing duty (CVD) orders on hardwood plywood from China. The Commerce Department's International Trade Administration published notice of its determination July 20 in the Federal Register.

Thirty-seven companies were found to have failed to cooperate or failed to respond to the agency's investigation. The Commerce Department ordered US Customs and Border Protection to collect cash deposits from these 37 companies at the China-wide rates of 183% for AD and 23% for CVD.

In its ruling, the US Department of Commerce "determines that imports of certain hardwood plywood products (hardwood plywood), completed in the Socialist Republic of Vietnam (Vietnam) using plywood inputs and components (face veneer, back veneer, and/or either an assembled core or individual core veneers) manufactured in the People's Republic of China (China), are circumventing the antidumping duty (AD) and countervailing duty (CVD) orders on hardwood plywood from China."

The Coalition for Fair Trade of Hardwood Plywood brought the circumvention case against imports from Vietnam in 2020 after imports from Vietnam spiked following the imposition of antidumping and countervailing duties on China.

See:
<https://www.decorativehardwoods.org/sites/default/files/2023-07/US%20Department%20of%20Commerce%20Ruling%20on%20Vietnam%20Circumvention%204403527-01%20281%29.pdf>
and

<https://www.woodworkingnetwork.com/news/woodworking-industry-news/certain-hardwood-plywood-vietnam-ruled-product-china-subject>
and

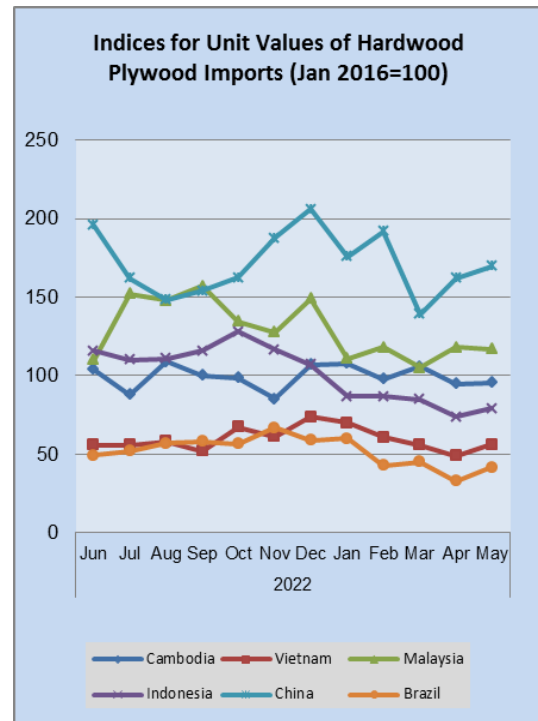
<https://www.decorativehardwoods.org/sites/default/files/2023-07/Coalition%20for%20Fair%20Trade%20in%20Hardwood%20Plywood%20Vietnam%20Press%20Release%20-%20final%20%281%29.pdf>

Canadian wildfires expected to drive up US timber prices

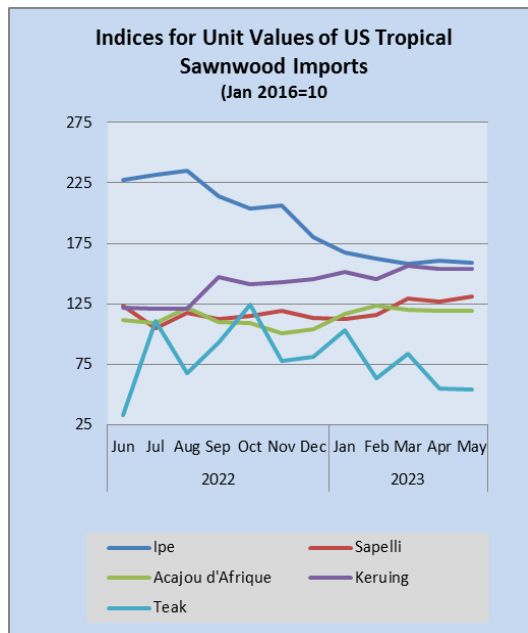
Canada’s devastating wildfire season has impacted the largest amount of land ever recorded in a single year. As a result timber prices are expected to rise as Canada supplies approximately 80% of US softwood sawnwood imports. However, it is too early to know how much of the affected areas include harvestable timber, as well as how much will be damaged in the coming months.

The Canadian provinces of Alberta and Quebec have been hit the hardest by the fires so far with around 3.8 million and 3.5 million acres burnt, respectively. Together, they account for 44% of Canada’s annual softwood sawnwood shipments to the US and 45% of total production. Canada’s weather conditions are expected to fuel more wildfires throughout the summer, which paints a grim outlook for timber prices.

See:
https://www.globalwood.org/news/2023/news_20230720a.htm



Data source: US Census Bureau, Foreign Trade Statistics



Data source: US Census Bureau, Foreign Trade Statistics

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

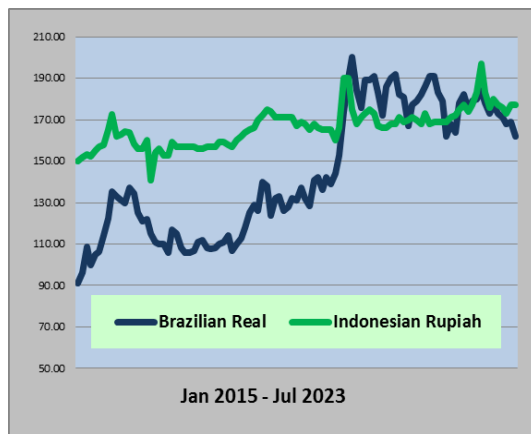
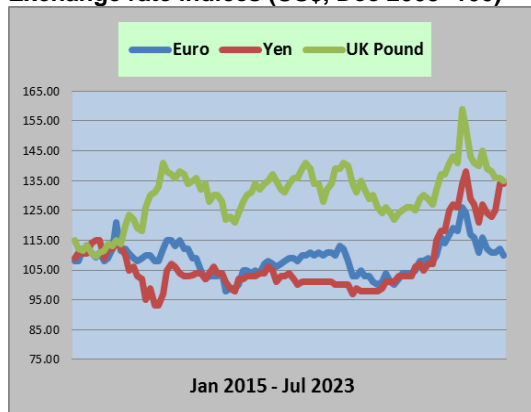
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Dollar Exchange Rates

As of 25 July 2023

Brazil	Real	4.75
CFA countries	CFA Franc	592.40
China	Yuan	7.14
Euro area	Euro	0.90
India	Rupee	81.95
Indonesia	Rupiah	15,027
Japan	Yen	144.10
Malaysia	Ringgit	4.56
Peru	Sol	3.73
UK	Pound	0.78
South Korea	Won	1,276.58

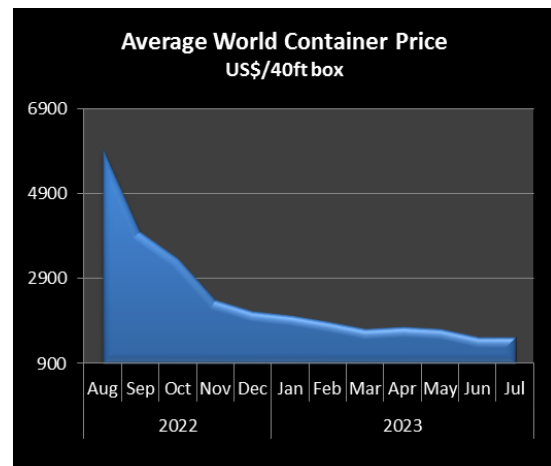
Exchange rate indices (US\$, Dec 2003=100)



Abbreviations and Equivalences

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

Ocean Container Freight Index

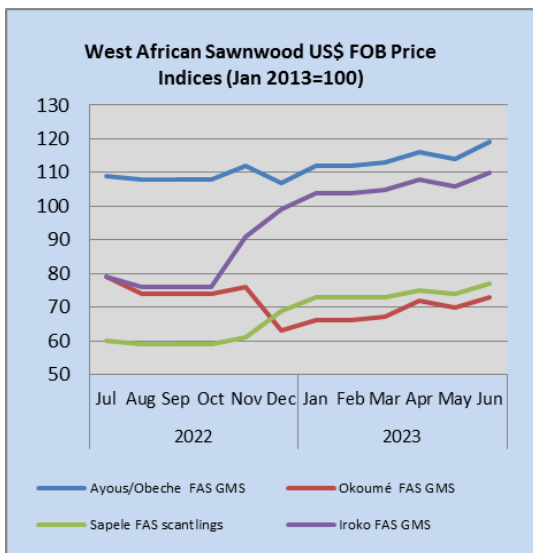
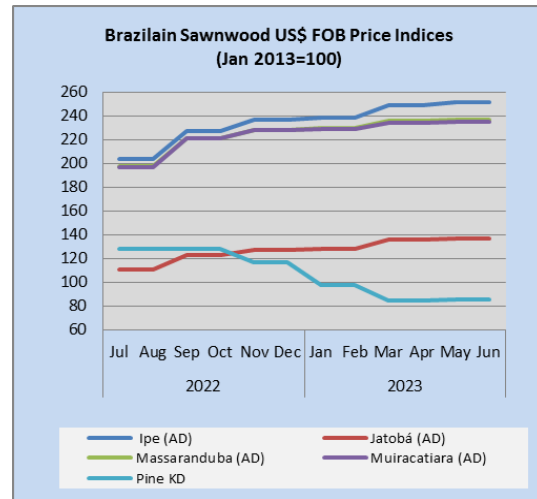
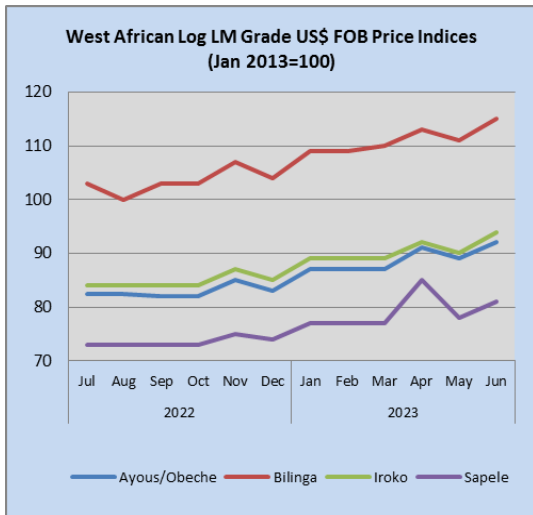


Data source: Drewry World Container Index

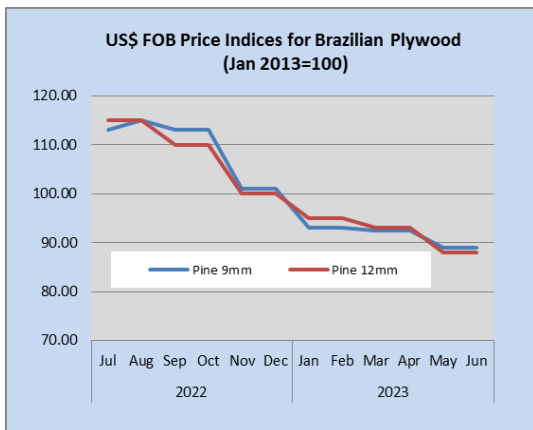
See: <https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry>

Price indices for selected products

The following indices are based on US dollar FOB prices



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



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