

# Tropical Timber Market Report

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

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## Top story

### **Largest increase in share of EU27 tropical wood market for at least 15 years**

The share of tropical products in the total value of EU27 imports of wood and wooden furniture fell from 20% in 2020 to just 17% in 2021.

Last year the situation was transformed as tropical products recorded the largest increase in share for at least the last 15 years, rebounding to 21% of the total value of EU27 imports of wood products and wooden furniture.

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### Demand in Philippines cools

Producers report some upward price movements in Asian markets but there has been no major shift in demand in the Chinese market with only a steady trickle of orders for the popular species. Producers in Cameroon have not seen any increase in demand for sawn okoume or ayous. Equatorial Guinee is still exporting okoume logs to China.

Throughout the past 12 months there was a stable demand for okoume and dabema for the Philippines market but recently demand has cooled. This is pushing up sawnwood stocks and millers are competing to maintain market share which could create a downward pressure on FOB prices.

Mills in the region are anticipating an increase in demand when reconstruction of quake affected areas in Turkey and Syria gains momentum.

The addition of a range of species to CITES is still unnerving shippers as they cope with the new procedures and documentation and confidence has been dented by stories that several shipments of newly listed species were held up in Antwerp and in some US ports.

### Société d'exploitation du Transgabonais to expand capacity

Exporters in Gabon say business is very slow. Congo and Gabon are now experiencing a heavy rain season which slows trucking but no serious problems have been reported and the rail transportation is working well.

The railways are very busy as mining companies shift stocks accumulated when the rail service stopped because of a landslide. To increase capacity on the Gabonese Railway the Société d'exploitation du Transgabonais plans to transport 29 million tonnes of goods by 2030 against 10.9 million tonnes in 2022.

### Stop-start timber tracking service mystery

The temporary suspension of the timber tracking service for mills in the Gabon Special Economic Zone of Nkok came as a shock to operators. It was quickly found that the allegations against the operator of the Tracer service were inaccurate.

In a joint press release the two service providers involved in controlling the traceability of the legal origin of logs entering the economic zone reassured users of the resumption of service. Observers say the delivery of logs to the Special Economic Zone NKOK is running smoothly.

January 2023, 81,216 cu.m of logs entered the Special Investment Zone (ZIS) of Nkok this is up 29% compared to December 2022.

See: <https://www.gabonreview.com/suspension-de-tracer-a-nkok-fm-gabon-et-brainforest-refutant-les-allegations-du-chef-de-bureau-foret/>

### 'Informal' production sector huge in DRC

Under a headline "The forest-wood sector in the DRC: in between despair and hope" the ATIBT says "In a country where the informal sector produces twelve times more wood than the formal sector, how can the formal forest economy be developed? ATIBT introduces a CIFOR project which seeks to assist informal operators to register with the government and thus become part of the formal sector.

See: <https://www.atibt.org/en/news/13311/the-forest-wood-sector-in-the-drc-in-between-despair-and-hope>

### Log export prices

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

### Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	450
Bilinga FAS GMS	580
Okoumé FAS GMS	380
Merchantable KD	400↑
Std/Btr GMS	420↑
Sipo FAS GMS	420
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	1,200
FAS scantlings	1,200
Strips	400
Sapele FAS Spanish sizes	460
FAS scantlings	489
Iroko FAS GMS	750
Scantlings	820
Strips	400
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

### Through the eyes of industry

The latest GTI report lists the challenges identified by the private sectors in Congo and Gabon.

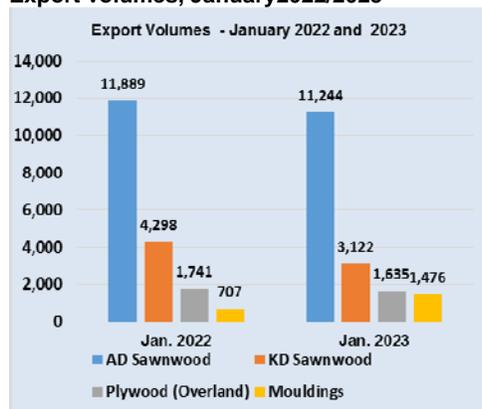
See: <https://www.itto-ggsc.org/static/upload/file/20230214/1676340295137619.pdf>

**Teak tops Ghana wood market to India**

Air-dried sawnwood exports accounted for 52% (11,244 cu.m) of Ghana’s wood export trade in January 2023 (21,649 cu.m) with 12 different wood products accounting for the remaining export volume. This was closely followed by kiln-dried sawnwood exports (14%), plywood for the regional market (8%) and mouldings (7%) which altogether accounted for 17,477cu.m of the total export trade in January.

Compared to the same period last year exports of these four products totalled 18,635 cu.m or 80% of the total export volume (23,349 cu.m).

**Export volumes, January 2022/2023**



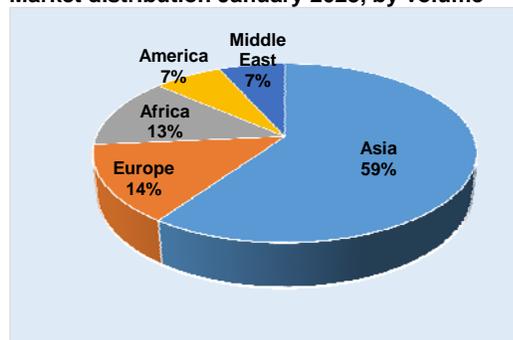
Data source: TIDD

Of the 10 species that went into the production of air-dried sawnwood for export in January 2023 teak accounted for 92% of the trade. India was the primary destination of Ghana’s wood products accounting for more than 50% share of export volumes which included air-dried sawnwood, teak logs, boules, kiln-dried sawnwood and sliced teak veneer.

**Asian markets contributed over 50% of export receipts**

Asian markets imported 59% of Ghana’s wood export volume (21,649 cu.m) in January 2023 with four other markets accounting for the remaining 8,749 cu.m of wood products. The European and African markets also accounted for 14% and 13% respectively of the total market as illustrated below.

**Market distribution January 2023, by volume**



Data source: TIDD

Wood product exports to five major market destinations earned the country a total of Eur9.16 million in January 2023 compared to the January 2022 earnings of Eur10.04 million. Asian markets accounted for Eur4.97 million (54%) of total export receipts in January 2023, with four other market destination accounting for the remaining.

Africa and Middle East markets registered a year-on-year revenue growth of 3% and 2% respectively compared to the other markets for the same period. Products that recorded significant increased revenue for the period included plywood, rotary veneer and air-dried boules.

Exports to Asia included sawnwood (air dried), teak logs, billets, sawnwood (kiln dried) and sliced veneer in teak, papao/apa, denya, senya, kako/ekki, wawa, danta, edinam, odum, dahoma, koto/kyere and ceiba.

**Assurances from lenders on debt**

In December 2022 Ghana secured a staff-level agreement for a US\$3.0 billion loan with the IMF’s Three Years Extended Credit Facility. Following this the government launched a Domestic Debt Exchange Programme, an invitation for the voluntary exchange of approximately GHS137 billion of the domestic notes and bonds aimed at satisfying an IMF condition for a bailout.

Ghana owes China some US\$1.9 billion dollars and the Chinese government is willing to help Ghana secure the balance of payments bailout from the International Monetary Fund (IMF). The IMF loan is to get the nation’s debt under control, restore financial and address macro-economic stability for the survival of businesses for economic growth.

See: <https://www.myjoyonline.com/were-committed-to-helping-ghana-resolve-current-economic-crisis-china-assures/>

**Inflation dropped in February**

Ghana’s year-on-year inflation in February 2023 was 52.8%, little changed from the 53.6% recorded in January 2023.

In a related development the average lending rates shot up marginally to 37% in February 2023, from 36% recorded in December 2022 according to data from the Bank of Ghana.

The rate of inflation, coupled with high interest rates from commercial banks and the depreciation of the local currency, render most industries uncompetitive with their counterparts in the sub-region.

See: <https://www.myjoyonline.com/february-2023-inflation-slows-to-52-8-to-sustain-downward-trend/>

**Boule export prices**

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

### Export rotary veneer prices

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

### Export sawnwood prices

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

### Export sliced veneer

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

### Export plywood prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	501	580	641
6mm	412	535	604
9mm	320	504	560
12mm	583	476	480
15mm	450	385	430
18mm	460	444	383

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

## Malaysia

### National Biomass Action Plan

The Ministry of Plantations and Commodities is developing a National Biomass Action Plan covering five sectors comprising plantations, agriculture, livestock, fisheries and forestry. The plan is expected to be completed by July this year. The ministry hopes to achieve a sustainable circular economy within these sectors.

One high impact project will be carried out by the Malaysian Palm Oil Board (MPOB) and involves the production of lingo-cellulose from biomass.

See: <https://www.theborneopost.com/2023/03/07/fadillah-national-biomass-action-plan-ready-by-july-2023/>

### Community forestry project

ITTO and the Sarawak Forest Department have signed agreements to initiate two projects aimed at improving the management of the Upper Baram Forest Area (UBFA) in Sarawak.

The implementation of the UBFA project will complement the adjacent Pulong Tau National Park in conserving biodiversity and support the sustainable livelihoods of people in those communities.

The second project aims to train local people in community forest management, landscape restoration and community-based ecotourism. Four ethnic groups in the area, Penan, Kenyah, Kelabit and Saban rely heavily on the forest for their subsistence.

See: <https://www.theborneopost.com/2023/03/21/forest-dept-links-agreements-for-upper-baram-forest-area-projects-costing-over-us1-8-mln/>

### Sabah sawnwood exports (cu.m)

	2021	2022
Taiwan P.o.C	30,993	37,845
China	24,298	25,084
Japan	8,076	8,095
S. Korea	4,127	5,881
S. Africa	3,878	2,898
Thailand	2,598	3,002
Netherlands	2,569	1,537
Philippines	2,248	3,939
Others	11,707	14,599
Total	90,494	102,880

Data source: STIA.

### MTC incentives to attend Furniture China 2023

The Malaysian Timber Council (MTC) will have a Malaysia Pavilion at the Furniture China 2023 Exhibition in Shanghai, 11 – 15 September 2023. To encourage Malaysian furniture makers to participate MTC will provide an incentive. In related news, MTC will be organising a Timber Pavilion at the ARCHIDEX Exhibition 2023 from July 26–29, 2023 at the Kuala Lumpur Convention Centre.

See: <https://www.mfc.my/post/mtc-s-invitation-on-timber-pavilion-at-archidex-expo-2023>

### Climate change centre

Sarawak Premier, Abang Johari Tun Openg, has indicated the State will establish a Climate Change Centre to oversee and manage all matters related to climate change and carbon trading.

With such a Centre he said the State can position itself as a leader in climate change and carbon trading initiatives in the region attracting investments and talents to drive sustainable economic growth. Carbon credits will provide a new source of revenue said the Premier.

See: <https://www.theborneopost.com/2023/03/15/saracarbon-first-in-swak-to-receive-forest-carbon-study-permit/>

### Indonesia ready to challenge EUDR

The Director General of Sustainable Forest Management, Ministry of Environment and Forestry (KLHK), Agus Justianto, is reported as saying Indonesia is ready to challenge the European Union (EU) at the World Trade Organisation (WTO) regarding the enactment of the deforestation-free law which, Indonesia considers, will become a trade barrier for wood products. The media reports Indonesia considers this regulation unilaterally violates the agreement on the export of wood products between Indonesia and the EU which was signed in 2013.

Under the new EU regulation Indonesia's main export products will be subject to a due diligence process if they enter the EU market. The commodities are wood, soybean, palm oil, cocoa, coffee, rubber and beef and their derivative products such as cowhide, chocolate and furniture.

Agus commented that it is surprising that wood products are included as Indonesia and the EU already have a Voluntary Partnership Agreement (VPA) on forest law enforcement, governance and trade (FLEGT) which was signed on 30 September 2013 and became effective on 1 May 2014.

The Indonesian Ambassador to Germany, Arif Havas Oegroseno, is quoted as saying Indonesia has two options to resolve this case with a third party, the WTO or the European Court of Justice.

See: <https://agroindonesia.co.id/terkait-regulasi-bebas-deforestasi-indonesia-siap-gugat-uni-eropa-ke-wto/>

### Minister approves allowing furniture makers to cut wages

The Minister of Manpower, Ida Fauziyah, issued a regulation allowing wooden furniture companies to cut wages by up to 25%. This provision is contained in the Regulation of the Minister of Manpower No. 5 of 2023 concerning Adjustment of Working Time and Wages in Certain Export-Oriented Labour-Intensive Industrial Companies Affected by Changes in the Global Economy.

This regulation was promulgated and took effect on 8 March 2023. The wooden furniture industry is one of the 5 categories of labour intensive and export-oriented industries regulated in this provision. Besides furniture, other industries are the textile and apparel industry, the footwear industry, the leather and leather goods industry and the children's toy industry.

Industries that are allowed to cut wages according to this provision must meet at least 3 criteria as stipulated in article 3 paragraph 1 of the Minister of Manpower Regulation. First, the industry has a minimum of 200 workers or labourers. Second, the percentage of labour costs in production is at least 15%. Third, production depends on orders from the United States and countries in the EU.

Emelia Yanti Siahaan, Coordinator for Sectoral Social Dialogue (DSS) said in a press conference that Regulation No. 5 of 2023 has legalised labour welfare degradation. Emelia said that the wage cuts will affect more than 5 million labourers. Emelia added that wage cuts have been occurring since last year. In 2022 Statistics Indonesia recorded that around 51% of labourers in the five industry sectors to be affected have been receiving wages below the City Minimum Wage.

See: <https://forestinsights.id/2023/03/17/menaker-terbitkan-peraturan-perusahaan-furnitur-kayu-boleh-pangkas-upah-buruh-sampai-25-persen-download-di-sini/> and <https://en.tempo.co/read/1705101/labourers-protest-over-regulated-wage-cuts>

### Furniture exports almost US\$3 billion

Indonesia's furniture and crafts exports reached US\$2.8 billion in 2022 and the government hopes that exports will increase to US\$5 billion in 2024.

To help achieve this the Minister of Industry, Agus Gumiwang Kartasmita, highlighted the ministry's support policies including ensuring a supply of raw and auxiliary materials, increasing technological capability and human resource capacity, tax incentives, design development and facilitating participation in exhibitions.

He added that the furniture industry should take advantage of the expanding domestic market which would help reduce the dependency on imported products which reached US\$496 million in 2022.

The Ministry of Industry has two strategies to improve profitability in the sector. First, greater emphasis on the domestic market as the size of this market, especially the middle class segment, continues to expand. The second is exports to non-traditional markets for example India and the Middle East where growth in the property sector is relatively stable.

In related news, Reni Yanita, the Director General of Small, Medium and Multi-various Industries of the Ministry of Industry urged small and medium furniture and craft industry players continue to follow global market trends and actively innovate products. According to Reni Indonesia has an advantage because of the variety wood, rattan and bamboo raw materials to produce unique and attractive designs. The Indonesian Furniture and Craft Association (HIMKI) chairman, Abdul Sobur, revealed that exports to the EU declined in 2022 so HIMKI members are now investigating the Middle East markets such as Qatar, Israel and the United Arab Emirates.

See: <https://www.msn.com/id-id/berita/other/kemenperin-mencatat-nilai-ekspor-industri-furnitur-mencapai-us-28-miliar/ar-AA18w6hF> and <https://www.antaraneews.com/berita/3438735/kemenperin-optimis-indonesia-trendsetter-furnitur-ramah-lingkungan>

## Indonesian furniture products attract business at Vietnam Fair

The Ministry of Trade noted that Indonesian furniture and home decor products had managed to attract potential transactions worth over US\$850,000 at the Vietnam International Furniture and Home Accessories Fair (VIFA-Expo).

Director General of National Export Development of the Ministry of Trade, Didi Sumedi, said that Indonesia's participation in the 2023 VIFA-Expo was an effort to attract more buyers of Indonesian furniture and home decor products from many countries.

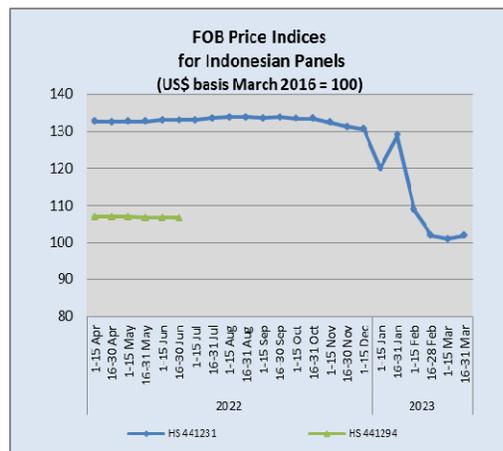
See: <https://validnews.id/ekonomi/industri-furnitur-indonesia-catatkan-transaksi-rp131-m-di-vietnam>

## Ministry identifies five new sources of economic growth

At an international seminar on credit assessment Indonesian Deputy Minister of Finance, Suahasil Nazara, outlined five new sources of long-term economic growth that could support people's welfare.

The first is the down-streaming of natural resources with high added value. The next is the use of local products and the third is acceleration of the digital economy. In addition, the green economy and energy transition as well as the strengthening of micro, small and medium enterprises (MSMEs) could also serve as new sources of economic growth.

See: <https://en.antaranews.com/news/275832/ministry-identifies-five-new-sources-of-economic-growth>



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

## Through the eyes of industry

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

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

## Myanmar

### Shipments to EU and USA sharply down

According to exporters, timber shipments to EU and USA fell sharply during the past six months as importers and distributors are reluctant to trade Myanmar timber. Previously timber legality issues were prominent, but now the political situation is to the forefront.

### New Protected Forest Areas

The Ministry of Natural Resources and Environmental Conservation has designated two areas in Shan State and Sagaing Region as Protected Public Forest under the Forest law 2018. In Myanmar the Permanent Forest Estate (PTE) is constituted of Reserved Forest and Protected Public Forest (PPF). Reserved Forest is set aside in areas suitable for commercial timber where the public has no harvesting right. On the other hand, PPF is mainly designed for conservation.

### Economic growth forecast to rise

The State-Owned Newspaper quoted Myanmar Prime Minister Major General Min Aung Hlaing as saying that the country's economic growth increased by 3.4% in fiscal 2022-2023 and officials have predicted that there will be continued growth. The Prime Minister also declared that the monetary circulation in the country was brought back normal in mid-2022.

In related news, the S&P Global Myanmar Manufacturing PMI Index report released for January 2023 states that not only the production of Myanmar manufacturing companies but also the new businesses have reverted to growth.

See: <https://www.gnlm.com.mm/only-when-the-economic-driving-force-improves-will-it-support-political-and-defence-driving-forces-senior-general/#article-title>

and <https://www.pmi.spglobal.com/Public/Home/PressRelease/e110867c2dac415081675ac75c8b99dec>

### EU imposes sixth round of sanctions

A February 2023 press release from the Council of the EU called for an end to all hostilities in Myanmar adding that the military authorities must fully respect international humanitarian law and put an end to the indiscriminate use of force.

The press release reaffirms the European Union support for ASEAN's and the UN's efforts to help Myanmar to find a peaceful solution to the crisis and welcomes the UN Security Council's adoption of Resolution 2669 on Myanmar.

The press release says Myanmar should swiftly and faithfully implement ASEAN's Five-Point Consensus, as reiterated at the 40th and 41st ASEAN Summits in November 2022 and at the EU-ASEAN Commemorative Summit in December 2022.

The same press release announced further sanctions against 9 individuals and 7 entities in view of the continuing escalation of violence, grave human rights violations and threats to the peace, security and stability in Myanmar.

See: [https://www.consilium.europa.eu/en/press/press-releases/2023/02/20/myanmar-burma-eu-imposes-sixth-round-of-sanctions-against-9-individuals-and-7-entities/?utm\\_source=dsm-auto&utm\\_medium=email&utm\\_campaign=Myanmar%2fBurma%3a+EU+imposes+sixth+round+of+sanctions+against+9+individuals+and+7+entities](https://www.consilium.europa.eu/en/press/press-releases/2023/02/20/myanmar-burma-eu-imposes-sixth-round-of-sanctions-against-9-individuals-and-7-entities/?utm_source=dsm-auto&utm_medium=email&utm_campaign=Myanmar%2fBurma%3a+EU+imposes+sixth+round+of+sanctions+against+9+individuals+and+7+entities)

## India

### Low oil prices pull down inflation rate

The annual rate of inflation based on the India Wholesale Price Index (WPI) in February was 3.85% compared to 4.73% recorded in January 2023. The decline in the rate of inflation in February was primarily because of a fall in prices of crude petroleum and natural gas.

Out of the 22 NIC two-digit groups for manufactured products, 13 saw increases in prices while 9 saw a decline. The increase in prices are mainly contributed by basic metals; fabricated metal products, machinery and equipment; other non-metallic mineral products; pharmaceuticals and medicines. Some wood products were in the group where the price indices declined.

See: [https://eaindustry.nic.in/pdf\\_files/cmonthly.pdf](https://eaindustry.nic.in/pdf_files/cmonthly.pdf)



Data source: Ministry of Commerce and Industry, India

### Plan to cut imports of non-essential goods

The government plans to cut imports of non-essential goods in order to encourage greater domestic production. The Commerce Secretary, Sunil Barthwal, said that his ministry will coordinate with other ministries.

Containing non-essential imports would also help reduce the trade deficit which has reached US\$247 billion between April 2022 and February 2023 as against US\$172 billion in the same period in the last fiscal year. Imports during the 11-month period of the current fiscal increased 19%.

See: [https://economictimes.indiatimes.com/news/economy/foreign-trade/government-undertaking-an-exercise-to-cut-imports-of-non-essential-items/articleshow/98672933.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cpps](https://economictimes.indiatimes.com/news/economy/foreign-trade/government-undertaking-an-exercise-to-cut-imports-of-non-essential-items/articleshow/98672933.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cpps)

### Mid-income Housing Investment Fund report

The special support from the Affordable and Mid-Income Housing Investment Fund (SWAMIH) has completed 20,577 homes since its inception in 2019 and hopes to see completion of 81,000 homes over the next 3 years in 90 Tier 1 and 2 cities. SWAMIH has provided approval for about 130 projects worth over Rs.12,000 crore. The fund is sponsored by the Ministry of Finance and is managed by SBICAP Ventures Ltd. a State Bank.

Since the Fund considers first time developers, established developers with troubled projects, stalled projects or even projects with litigation issues it is considered as the lender of last resort for distressed projects.

See: <https://timesofindia.indiatimes.com/india/affordable-housing-fund-aims-to-ready-81000-houses-in-3-years/articleshow/98421638.cms?from=mdr>

### State of Forest report 2021 released

The Minister for Environment, Forest and Climate Change, Shri Bhupender Yadav, introduced the 'India State of Forest Report 2021' prepared by the Forest Survey of India (FSI) which has been mandated to assess the forest and tree resources of the country.

See: <https://pib.gov.in/PressReleasePage.aspx?PRID=1789635>

The main findings include:

- An increase of 2,261 sq km in the total forest and tree cover of the country in last two years.
- Madhya Pradesh has the largest forest cover in the country.
- The maximum increase in forest cover witnessed in Andhra Pradesh (647 sq km) followed by Telangana (632 sq km) and Odisha (537 sq km).
- 17 states/UT's have above 33 percent of the geographical area under forest cover.
- The total carbon stock in country's forest is estimated to be 7,204 million tonnes, an increase of 79.4 million.
- The total mangrove cover in the country is 4,992 sq km, an increase of 17 sq Km observed.

In related news, according to a recent report, India has experienced the highest rise in deforestation in the last 30 years with a surge recorded between 2015 and 2020.

In this period the country was ranked second only after Brazil, with average deforestation of 668,400 hectares (ha). The report, released in March this year analyses deforestation trends in 98 countries over past 30 years. While India lost 384,000 ha of forests between 1990 and 2000 the figure rose to 668,400 ha between 2015 and 2020.

See: <https://www.downtoearth.org.in/news/wildlife-biodiversity/india-lost-668-400-ha-forests-in-5-years-2nd-highest-globally-report-88337>

and

<https://www.utilitybidder.co.uk/compare-business-energy/deforestation-report/>

#### 114-year-old teak tree auctioned for almost US\$50,000

A 114-year-old teak tree planted during the colonial-era has been auctioned for four million rupees (US\$49,000), in Kerala. The Nedumkayam Forest Depot auctioned the tree, planted in 1909, after it fell in the Nilambur teak plantation. Teak trees at the park are harvested only after they fall naturally.

See: <https://www.thenationalnews.com/world/2023/02/22/indias-kerala-forest-department-auctions-teak-tree-planted-by-the-british-for-49000/>

#### Import update

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

	Hoppus cu.m	US\$ C&F
Brazil	182	247
Colombia	89	324
Costa Rica	99	461
Ecuador	105	233
Ghana	129	250
Ivory Coast	-	-
Nigeria	149	276
South Sudan	-	-
Tanzania	82	278

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

	cu.m	US\$ C&F
Benin	72	634
Brazil	132	506
Colombia	44	312
Costa Rica	64	245
Ecuador	31	296
Ghana	80	384
Ivory Coast	195	449
Nigeria	-	-
South Sudan	50	404
Tanzania	76	349
Togo	97	315
Venezuela	94	432

#### Locally milled sawnwood prices

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

Price range depends mainly on lengths and cross-section

#### Sawn hardwood prices

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

Price range depends mainly on lengths and cross-sections

**Domestic ex-warehouse prices for locally manufactured WBP plywood**

Plywood Ex-warehouse	Rs. per sq.ft
4mm	78.00
6mm	90.00
9mm	106.00
12mm	130.00
15mm	166.00
18mm	184.00

**Domestic ex-warehouse prices for locally manufactured MR plywood**

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

**Vietnam**

**Vietnam – Wood and Wood Products (W&WP) Trade Highlights**

According to the Vietnam General Department of Customs, W&WP exports in February 2023 were valued at US\$880.2 million, down 2% compared to February 2022. WP exports contributed US\$556.7 million, down 20% compared to February 2022.

In the first 2 months of 2023, W&WP exports stood at US\$1.7 billion, down 32% over the same period in 2022 in which WP exports shared US\$1.05 billion, year-on-year down 44%.

The W&WP exports to Japan in February 2023 reached US\$142.3 million, up 50% compared to February 2022. In the first 2 months of 2023 W&WP exports to the Japanese market reached US\$270.2 million, up 11% over the same period in 2022.

Vietnam's office furniture exports in February 2023 earned US\$20.3 million, down 0.7% compared to February 2022. In the first 2 months of 2023 office furniture exports generated US\$39.3 million, down 29% over the same period in 2022.

W&WP imports in February 2023 amounted to US\$150.4 million, up 25% compared to January 2023 but compared to February 2022 imports decreased by 21%.

In the first 2 months of 2023 W&WP imports were valued at US\$270.5 million, year-on-year down 39%.

Vietnam's imports of tali in February 2023 have been reported at 45,000 cu.m, worth US\$18.2 million, up 15% in volume and 15% in value compared to the previous month, but year-on-year imports dropped by 7% in volume and 4% in value.

In the first 2 months of 2023, tali imports were for 84.200 cu.m worth US\$34.0 million, down 14% in volume and 15% in value over the same period in 2022.

The imports of logs and sawnwood from the EU in January 2023 totalled 36,660 cu.m worth US\$10.69 million, down 45% in volume and 49% in value compared to December 2022 and down 31% in volume and 32% in value compared to January 2022.

Exports of wooden handicrafts in the first two months of this year reached US\$6.99 million, down 8.7% year on year.

**Exports fell in January and February**

Commenting on the decline in exports in early 2023 the Global Wood Trade Network suggested this was due to a fall-off in demand. Industry experts argued that, since the peak of COVID-19 pandemic where consumers spent their purchasing power on home improvements during lockdowns, global demand for furniture has decreased significantly.

A local online newspaper VnEconomy cited the chairman of the Vietnam Timber and Forest Products Association (VIFOREST) as saying global inflation dampened demand in the wood industry in the year-end period in 2022 and early 2023.

See: <https://panelsfurnitureasia.com/vietnam-wood-and-wood-products-exports-fell-in-january-and-february-2023/>

**Vietnam remains fourth largest wooden furniture supplier to Canada**

Despite accounting for only 15% of Canada's imports value last year Vietnam remains the fourth largest wooden furniture supplier to the country according to the General Department of Vietnam Customs.

The Vietnam Timber and Forest Products Association has assessed that there is a wealth of opportunities ahead for Vietnamese wood furniture to expand their market share in Canada in the near future.

Most notably, the enforcement of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) has helped Canadian businesses to gain greater insights about Vietnamese production capacity.

Moreover, both sides are members of the CPTPP and the Asia-Pacific Economic Cooperation (APEC), with the two countries establishing a mechanism of a Joint Economic Committee to periodically exchange views on economic and trade co-operation prospects.

Recently, the two countries have put into operation a large container ship route running directly from Hai Phong to Vancouver, thereby reducing the transit time to 17 days and lowering transportation costs for Vietnamese exporters.

See: <https://wtocenter.vn/chuyen-de/21497-vietnam-remains-fourth-largest-wood-furniture-supplier-to-canada>

#### **Wood sector urged to step up trade promotion**

Vietnam's wood industry is strong at manufacturing but has yet to master marketing so it's time for businesses and associations to hold large-scale trade promotion events to attract buyers in the long term.

For many years, the industry has posted double-digit growth rates thanks to the fast-expanding global market and the attractiveness of its production capacity, especially products requiring skillful workers to be made.

However, because of that advantage, most businesses in the sector have focused only on manufacturing while lacking attention to trade promotion. This has means firms are a not well aware of market trends leaving them exposed.

To develop sustainably, businesses and associations should invest in promoting trade, popularising brands, staying updated with information and improving production capacity to meet international buyer demand.

Le Hoang Tai, Deputy Director of the Trade Promotion Agency at the Ministry of Industry and Trade, said 2022 was full of difficulties for Vietnam's trading activities. Though the situation is forecast to improve in 2023, wood businesses will still face unpredictable challenges due to global uncertainties, strategic competition among powers, economic recession and soaring inflation in many countries.

He recommended businesses and associations work with ministries, central agencies and localities to organise world-class fairs and exhibitions in Vietnam to raise the sector's standing.

They should also open Vietnamese pavilions at international and reputable events in key and potential markets like the US, the EU, Russia, Japan, the Republic of Korea, China and Canada.

In addition, it is necessary to promote the capacity of developing products and researching markets to grasp consumer tastes and importing markets' standards, thereby improving the competitiveness of their products and build national brands for wood and forestry products of Vietnam, Tai added.

Source: <https://en.vietnamplus.vn/wood-sector-urged-to-step-up-trade-promotion/248127.vnp>

#### **Measures for healthy forests**

Vietnam has been taking practical steps to manage, protect and promote the multi-use value of forest eco-systems and effectively respond to climate change, said Phạm Hồng Lương, Chief of Office, General Department of Forestry.

At a forum on the International Day of the Forest Lương stressed the importance of raising awareness about the role of forests in human life to work together in forest protection and sustainable forest exploitation.

See: <https://vietnamnews.vn/environment/1500764/viet-nam-carries-out-measures-for-healthy-forests.html>

#### **AFoCO and Vietnam in strengthening climate resilience**

In early March Deputy Minister of Agriculture and Rural Development, Nguyen Quoc Tri, met Park Chongho, Executive Director of the Asian Forestry Cooperation Organization (AFoCO).

As a member of the Asian Forestry Cooperation Organization, Vietnam is always ready to cooperate for further development. Nguyen Quoc Tri said that the Government of Vietnam highly regarded the support of AFoCO through effective projects, bringing great benefits to the development of the forestry sector.

At the meeting, both sides shared and exchanged a thoughts on the World Bank (WB) REDD+ Project in six North Central provinces (Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, Quang Tri, and Thua Thien-Hue).

AFoCO has learned of the carbon credit trading project and wishes to carry out some feasibility studies. This may serve as the basis for AFoCO to continue cooperation activities in the six North Central provinces in the near future.

Regarding the REDD+ Project, Deputy Minister Nguyen Quoc Tri said that after the Vietnamese Government signed Decree No. 107, the Vietnamese side had agreed on the contents of the benefit-sharing plan with WB and started implementing the carbon credit program in the six North Central provinces.

Currently, Vietnam's forestry sector is facing a number of challenges in terms of gaining quick access to practical situations in localities and applying digital technology to support some of the sector's activities. Deputy Minister Nguyen Quoc Tri called for AFoCO's assistance in the field of digital transformation in the forestry sector and said he would invite relevant units and experts to provide information and discuss further with AFoCO about future climate change activities.

See: <https://vietnamagriculture.nongnghiep.vn/afoco-accompanies-vietnams-forestry-in-strengthening-climate-resilience-d345593.html>

**Accounting for carbon in wood products**

A Brazilian Agricultural Research Corporation (EMBRAPA) study measured data on carbon accumulation in wood and forest products such as sawnwood, plywood, paper and cardboard. The first survey was undertaken in 2020 using 2016 as a reference year when an estimated 50 million tonnes of CO<sub>2</sub> equivalent or 3.5% of total greenhouse gas (GHG) emissions were captured.

That data were included in the National GHG Inventory submitted to the United Nations Framework Convention on Climate Change (UNFCCC).

The report, published every five years, presents an overview of the implementation of the Climate Convention in the country and has as one of its main components the review and update of the National Inventory of Anthropogenic Greenhouse Gas Emissions and Removals.

The production and use of wood products is a way to increase the removal of CO<sub>2</sub> from the atmosphere contributing to reduce the effects of climate change and representing about 13% of gross emissions of the land use sector.

According to the methodological guide of the Intergovernmental Panel on Climate Change (IPCC-2006), the estimates of carbon in forest products can be made by three different approaches (stock change, atmospheric flow and production).

It is up to each country to decide which is the most suitable to prepare its inventory of emissions. This is because each is influenced by the production, consumption, export and import characteristics of forest products in each country.

The approach used by Brazil for estimating the contribution of wood forest products is that of atmospheric flow, which favors the large timber producing and exporting countries.

See: <https://cipem.org.br/noticias/brasil-passa-a-contabilizar-carbono-de-produtos-florestais-madeireiros>

**Tax incentive for the timber sector**

The Timber Industry Union of Northern Mato Grosso State (SINDUSMAD) has conducted a lecture "PRODEIC and Tax Planning" which deals with the tax benefit in the program for Industrial and Commercial Development of the State of Mato Grosso (PRODEIC).

The lecture had 80 participants, including representatives of the Union of Accounting firms (SESCON-MT) that presented the requirements, the advantages and obligations of companies that qualify for the programme. The timber sector can benefit as PRODEIC is directed to the industrial, agro-business and mineral sectors to develop the economic activities and provide tax benefits.

After registration with the PRODEIC scheme at the Mato Grosso State Secretariat of Finance, support is forthcoming. In the case of the timber sector there is tax reduction of 65% in sales of sawnwood, 75% in sales of plywood and 85% in interstate operations.

Today with high inflation and increasing production volume companies are exceeding the ceiling of the simplified tax system, known as "Simples Nacional" (eligible companies pay a single tax based on their monthly gross income) and migrating to the presumed tax method (taxation based on the pre-fixed margin) and adhering to tax benefits.

See: <https://www.sindusmad.com.br/Noticias/Palestra-apresenta-incentivo-fiscal-para-o-setor-madeireiro/>

**Export update**

In February 2023 the value of Brazilian exports of wood-based products (except pulp and paper) decreased 36% in value compared to February 2022, from US\$413.6 million to US\$264.2 million.

Pine sawnwood exports decreased 26% in value between February 2022 (US\$68.6 million) and February 2023 (US\$50.9 million). In volume, exports dropped 15% over the same period, from 252,800 cu.m to 215,200 cu.m.

Tropical sawnwood exports fell 22% in volume, from 30,800 cu.m in February 2022 to 24,000 cu.m in February 2023. In value, exports increased 2.4% from US\$12.4 million to US\$12.7 million over the same period.

Pine plywood exports faced a staggering 44% decrease in value in February 2023 compared to February 2022, from US\$91.0 million to US\$51.4 million.

In volume terms, exports decreased 28% over the same period, from 228,700 cu.m to 165,700 cu.m.

As for tropical plywood, exports declined in volume by 22.0% and in value by 28%, from 5,900 cu.m and US\$2.9 million in February 2022 to 4,600 cu.m and US\$2.1 million in February 2023.

As for wooden furniture, the exported value fell from US\$60.1 million in February 2022 to US\$ 38.6 million in February 2023, a 36% fall.

**Furniture exports disappoint**

In January 2023 Brazil's furniture exports were US\$45 million, representing a 25% drop compared to December 2022. December export earnings were also down on the previous month. In the monthly comparison with the previous year, the decline was 27% where, in January 2022, the amount of furniture export was US\$62 million.

According to Market Intelligence Institute (IEMI) the reasons for the decline in exports are internal factors related to the economics, politics, the business environment for the industry and national trade.

In addition, there are external factors such as exchange rate fluctuations, tariff barriers, diplomacy, international competition, logistics, the global supply chain situation and the international demand and the economic situation in the main importing markets.

The United States was the main destination for Brazilian furniture exports at US\$14.4 million, representing almost 32% of total exports but still below the last two years where in 2022 the amount was US\$21 million and US\$19 million.

Uruguay was the second destination and in January 2023 Brazil exported US\$4.3 million, representing 9.5% of total furniture exports.

According to IEMI, ABIMÓVEL (Brazilian Association of Furniture Industries) and APEX-Brazil (Brazilian Trade and Investment Promotion Agency) wooden furniture represented 81% of the total exported by the country in January 2023; others were upholstered furniture (11.5%), mattresses (3.6%) and metal furniture (3.5%).

See: <http://abimovel.com/exportacoes-de-moveis-e-colchoes-abrem-2023-em-queda/>

#### Timber exports from Acre State

Timber exports represented 39.5% of Acre state exports in February 2023. According to the Secretary of Foreign Trade under the Ministry of Development, Industry and Foreign Trade the state's trade balance recorded a surplus of more than US\$1.4 million in February.

Between January and February 2023 the accumulated balance was US\$3.4 million representing a retraction of 60% in relation to the previous year.

Up to February 2023 timber was the most exported product representing 37% of the total exported value. The main export destinations were China (32%), Peru (31%), India (25%) and Bolivia (25%).

See: <https://forestnews.com.br/exportacoes-madeira-balanca-comercial-acre/>

#### Plantation mahogany furniture showcased at ABIMAD Fair

The March Journal from ABPMA (Associação Brasileira dos Produtores de Mogno Africano) reports a visits by Association executives to the recently concluded ABIMAD fair (Brazilian Furniture and High Decoration Accessories Fair).

The objective of the visit was to assess the adoption of plantation grown mahogany in the manufacture of wood products. It was found that while manufacturers in Bento Gonçalves and São Bento do Sul tend to use tauari as raw material, one manufacturer showcased items made with domestically grown mahogany.

The ABPMA Journal can be viewed at: [https://drive.google.com/drive/folders/1sZLedFP\\_hUDViGoDCdk egVTxWhWWAIA3](https://drive.google.com/drive/folders/1sZLedFP_hUDViGoDCdk egVTxWhWWAIA3)

#### Domestic log prices

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

Source: STCP Data Bank

#### Domestic sawnwood prices

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

Source: STCP Data Bank

#### Domestic plywood prices (excl. taxes)

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

Prices do not include taxes. Source: STCP Data Bank

#### Prices for other panel products

	US\$ per cu.m
<i>Domestic ex-mill prices</i>	
15mm MDParticleboard	491↑
15mm MDF	398↑

Source: STCP

#### Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipe	3,3005↑
Jatoba	1,725↑
Massaranduba	1,720↑
Muiracatiara	1,709↑
Pine (KD)	186↓

Source: STCP Data Bank

#### Export plywood prices

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

Source: STCP Data Bank

#### Export prices for added value products

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

Source: STCP Data Bank

### Digital information system for crime prevention in the forestry sector

As part of its contribution to information management in the forestry and wildlife sector the Agency for the Supervision of Forest Resources and Wildlife (OSINFOR) has improved its region information system (SIADO) to allow for the capture of information from regional authorities.

See: <https://www.gob.pe/institucion/osinfor/noticias/730943-osinfor-optimiza-el-sistema-de-informacion-digital-para-la-prevencion-de-delitos-en-el-sector-forestal-y-de-fauna-silvestre>

These improvements were possible through technical support from USAID's Prevenir project. One of the most significant advances implemented is the improvement of document transfer in the SIADO Region module which allows the Regional Forestry and Wildlife Authorities (ARFFS) to preserve digital information that can be accessed from anywhere. The use of the SIADO Region has allowed the Regional Governments of Ucayali, Loreto and Madre de Dios to rapidly make available management data.

OSINFOR and the National Forest and Wildlife Service (SERFOR) have implemented a process so that incoming information is also available within the framework of the National Forest and Wildlife Information System.

### Algorithm to detect logging in Peru

With the aim of improving the supervision of resources in the Amazon the OSINFOR announced an algorithm that it has been using to detect felling in the Peruvian Amazon.

The algorithm was developed and perfected jointly with the World Resources Institute (WRI) and expert researchers from the University of Sheffield in order to timely identify cases of legal and illegal logging and thus contribute to the traceability of the value chain of the wood from the source.

The algorithm can identify more subtle disturbances, not just in areas of massive deforestation.

See: <https://www.gob.pe/institucion/osinfor/noticias/726199-con-el-apoyo-de-la-academia-internacional-osinfor-aplica-algoritmo-para-deteccion-de-tala-selectiva-en-el-peru>

### OSINFOR and SERFOR renew commitment to strengthen the forestry and wildlife sector

OSINFOR and SERFOR have signed addendums to the Framework Agreement and the Specific Inter-institutional Cooperation Agreement to reinforce their strategic alliance to contribute to the strengthening of the forestry and wildlife sector in Peru.

The renewal of these agreements extends to 2025 the commitments by both parties in terms of providing technical and legal support to strengthen their functions, identifying opportunities for improvement in the forest regulatory framework, designing strategies for training, capacity building and exchange of experiences, promotion of information technologies and information exchange.

### Export prices for added value products

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

### Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	682-695
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	592-618
Grade 2, Mexican market	533-552
Cumaru 4" thick, 6"-11" length KD Central American market	989-1000
Asian market	989-1008
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	629-645▲
Dominican Republic	712-731
Marupa 1", 6-11 length KD Grade 1 Asian market	595-615

### Export veneer prices

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

### Export plywood prices

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

### Domestic sawnwood prices

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

### Domestic plywood prices (excl. taxes)

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

### Domestic prices for other panel products

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

## Japan

### Energy subsidies masked high inflation

The Ministry of Internal Affairs has reported inflation slowed for the first time in more than a year in February as energy subsidies masked the stronger underlying upward trend. Consumer prices excluding fresh food rose 3.1% from a year ago in February, decelerating by more than 1% from the previous month because of lower household energy costs

See:

<https://www.japantimes.co.jp/news/2023/03/24/business/inflation-down-february/>

### Energy bills impact private consumption

Consumer prices in Japan continue to rise and a Mainichi poll in late March found that of all the price increases being experienced people are most worried about the increased cost of electricity.

The skyrocketing cost of generating electricity due to Russia's invasion of Ukraine and the weaker yen has raised energy bills. Japan relies heavily on imported coal, gas and oil. In related news Japan will spend over 2 trillion yen from the state budget to provide cash handouts to low-income families and cut liquefied petroleum gas bills as part of a fresh inflation-relief package.

See:

<https://mainichi.jp/english/articles/20230321/p2a/00m/0na/01000c>

### Decision on masks up to individuals

In a major shift toward a post-pandemic normal in Japan the government said it is leaving the decision on masks up to individuals but with the caveat that businesses can ask customers or employees to wear masks to prevent infections.

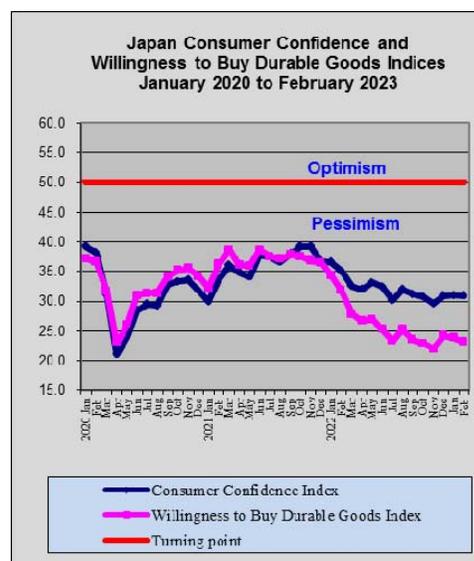
### Towards a circular economy

The Ministry of Economy, Trade and Industry (METI) will launch an industry-government-academia organisation to realise a circular economy where resources are used efficiently through reuse and recycling.

The new body will create a road map to implement a government plan to expand the resources recycling market through public and private investments worth more than 2 trillion yen over the next decade.

The organisation will set targets for the use of recycled materials and plant-derived biomaterials and for waste reduction. It will also launch a system in 2025 to visualise how resources are recycled and circulated throughout supply chains.

See: <https://www.nippon.com/en/news/vij2023032700875/>



Data source: Cabinet Office, Japan

### Spring outings expected to have a positive economic impact

For the first time since the beginning of the pandemic when large gatherings were discouraged and at times blocked by local authorities, cherry blossom viewing, or 'hanami', is expected to have a positive economic impact of US\$4.5 billion according to Katsuhiko Miyamoto, a professor emeritus at Kansai University.

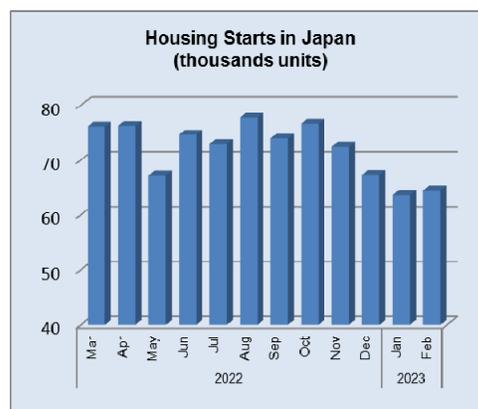
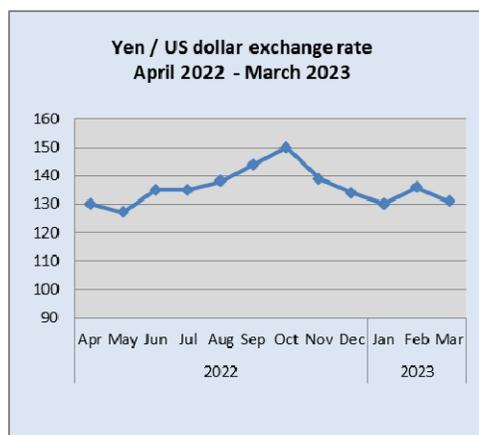
See:

<https://www.japantimes.co.jp/news/2023/03/15/business/economy-business/cherry-blossoms-economic-impact/>

### Once again the Yen the safe haven currency

The yen has, once again, become a preferred foreign exchange safe haven after banking crises in the US and Switzerland undermined confidence in the US dollar and Swiss franc.

This marks a major change for the yen exchange rate which recently needed intervention from the Bank of Japan to stop a free fall in the yen/dollar exchange rate.



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

### Wooden buildings assisting de-carbonisation efforts

Demand for timber buildings is rising against the backdrop of the need for de-carbonisation.

The Ministry of Land and Housing has reported 36 applications were filed in 2022 for the construction of wooden buildings with four or more floors above ground. This compares with 2 10 years ago.

Particularly on the increase are wood-hybrid structures utilising timber, steel frames and reinforced concrete. Data from the Forestry Agency show at least 22 such buildings with six or more stories will be completed by fiscal 2028.

An increasing number of contractors are building more affordable wood-based hybrids than their pure-timber counterparts with the hope of attracting tenants that value their offices' environmental sustainability. Expectations are growing that the trend may revitalize forestry and other industries in rural communities.

With wooden buildings possibly assisting in de-carbonisation efforts, the government is extending support and offering subsidies to cover construction and timber procurement costs.

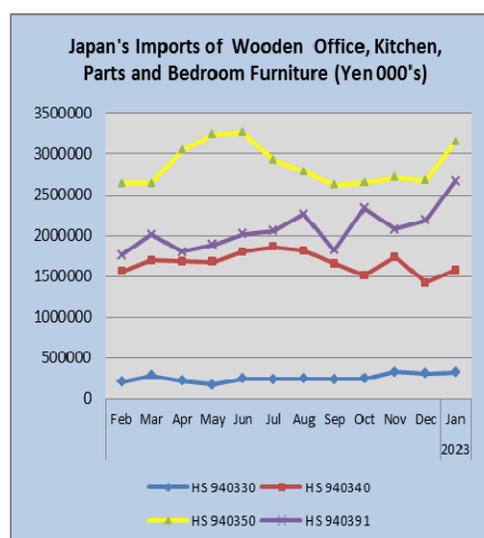
See: <https://www.asahi.com/ajw/articles/14856719>

### Land prices rising

Land prices in Japan rose in 2022, the second year of increase. Government data suggests increases have been observed across the country. In January this year the Ministry of Land surveyed about 26,000 locations nationwide and found the average valuation was 1.6% higher than a year earlier.

See: [https://www.mlit.go.jp/en/totikensangyo/totikensangyo\\_fr4\\_000002.html](https://www.mlit.go.jp/en/totikensangyo/totikensangyo_fr4_000002.html)

### Import update



Data source: Ministry of Finance, Japan

### January 2023 wooden office furniture imports (HS 940330)

Wooden office furniture shipments to Japan from manufacturers in China accounted for 91% of the value of all imports of HS 940330 in January. Italy, Vietnam and Indonesia were the other main sources of imports of wooden office furniture in January this year.

January shipments from these three sources were down compared to the value of December 2022 shipments.

Year on year, January 2023 imports were little changed but compared to the value of December 2022 imports there was a 7% increase in January 2023.

**January imports (HS 940330)**

	Imports Jan 2023 Unit, 000's Yen
China	296,632
Vietnam	5,198
Malaysia	1,458
Indonesia	4,964
UK	740
Spain	298
Italy	6,172
Poland	2,741
Hungary	519
Lithuania	370
Czech Rep	662
Canada	1,543
USA	1,254
Mexico	612
<b>Total</b>	<b>323,163</b>

Data source: Ministry of Finance, Japan

**January 2023 kitchen furniture imports (HS 940340)**

Around 75% of the total value of wooden kitchen furniture (HS940340) imported by Japan in January this year was from just two sources, the Philippines (42%) and Vietnam (33%). Other suppliers in the top group were China and Italy each accounting for around 7% of all wooden kitchen furniture.

The value of wooden kitchen furniture imports in January 2023 was 6% up on January 2022 and compared to December 2022 there was a 7% increase.

**January 2023 imports (HS 940340)**

	Imports Jan 2023 Unit, 000's Yen
China	133,007
Vietnam	525,269
Thailand	61,687
Malaysia	18,183
Philippines	665,905
Indonesia	18,650
Denmark	407
UK	3,790
France	585
Germany	35,482
Italy	104,772
Romania	1,559
Canada	6,584
<b>Total</b>	<b>1,575,880</b>

Data source: Ministry of Finance, Japan

**January 2023 wooden furniture parts imports (HS 940391)**

Japanese furniture makers import wooden furniture components from a variety of sources and in January 2023 there were 30 source countries identified in the Ministry of Finance statistics.

**January 2023 imports (HS 940391)**

	Imports Jan 2023 Unit, 000's Yen
S. Korea	24,959
China	1,375,373
Taiwan P.o.C	56,543
Vietnam	278,129
Thailand	47,679
Malaysia	261,720
Philippines	12,590
Indonesia	384,409
Cambodia	280
India	675
Sweden	5,969
Denmark	2,844
UK	74,136
Belgium	380
France	5,180
Germany	12,447
Switzerland	1,000
Italy	66,255
Finland	11,839
Poland	7,513
Austria	4,963
Hugary	5,087
Romania	1,187
Turkey	5,078
Lithuania	422
Slovinia	1,245
Slovakia	5,633
Canada	6,266
USA	7,899
Mexico	269
<b>Total</b>	<b>2,667,969</b>

Data source: Ministry of Finance, Japan

The data shows that in January the top 10 sources accounted for over 90% of all arrivals of wooden furniture parts and the main suppliers were in Asia with most of the balance coming from suppliers in Europe. There were small shipments from Canada and the US in January.

The top shippers in January were China (51%), Indonesia (14%), Vietnam (10%) and Malaysia (10%). There was a 22% increase in the value of HS940391 in January compared to a month earlier and this marked the second monthly increase. Year on year, January 2023 imports were 14% up on January 2022.

### January 2023 wooden bedroom furniture imports (HS 940350)

The value of Japan's imports of wooden bedroom furniture in January 2023 surged almost 18% from a month earlier breaking a period of 3 months when imports remained flat. The January 2023 imports were also well up (11%) on the value of January 2022 imports.

Shipments of HS 940350 from China and Vietnam dominated January imports accounting for around 95% of the value of imports for the month. Shipments from both sources were well up on December values and exporters in China and Vietnam benefitted from the rise in imports at the expense of other shippers.

### January 2023 imports (HS 940350)

	Imports Jan 2023 Unit, 000's Yen
China	1,698,223
Taiwan P.o.C	5,391
Vietnam	1,067,613
Thailand	36,361
Malaysia	224,890
Indonesia	36,472
India	218
Sweden	2,353
Denmark	3,609
Italy	5,344
Poland	44,137
Romania	28,025
USA	613
<b>Total</b>	<b>3,153,249</b>

Data source: Ministry of Finance, Japan

### Trade news from the Japan Lumber Reports (JLR)

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

For the JLR report please see:

[https://jfpj.jp/japan\\_lumber\\_reports/](https://jfpj.jp/japan_lumber_reports/)

### A new plant in Indonesia

Nankai Plywood Co., Ltd. in Kagawa Prefecture announced its new plant of PT. Nankai Indonesia, which is a subsidiary of Nankai Plywood, in Jember Regency of East Java, Indonesia. The plant will start producing laminated falcata panels by December, 2023.

The new plant is about 120km far away from Lumajang plant, which was damaged by an eruption from Mount Semeru in December, 2021. Then, the company decided to build a new plant in another area to avoid eruptions. Lumajang plant is now finished repairs and is back in operations.

The new plant is conveniently located because there are a lot of falcata in an afforestation area. Lumajang and Jember plants will increase the production by 1.5 times.

### A list of top ports exporting logs

According to The Trade Statistics of Japan, Shibushi port in Kagoshima Prefecture exported logs to overseas the most in 2022. It was 399,844 cbms, 5.2% down from 2021. Since there had been an effect of the woodshock and the economy had been sluggish in China, many ports in Japan did not exceed the previous year's result.

In Tohoku area, there were many inquiries about logs for plywood from domestic manufacturers because it was difficult for them to import Russian veneers from Russia due to the war in Ukraine. Therefore, some ports in Tohoku area could not export logs very much. On the other hand, Yatsushiro port in Kumamoto Prefecture had a good result.

Exporting lumber to overseas is not good even though the freights are low because the inventory of fences and decks in the U.S. is overstocking.

### Japanese portshipping logs

Ports	2021	2022	% change
	000s cu.m	00s cu.m	YoY
Shibushi	421	399	95
Yatsushiro	132	158	120
Sendai	97	136	139
Hososhima	139	102	73
Oita	85	89	105
Saiki	101	69	69
Aburatsu	88	58	67
Akita Funakawa	101	51	51
Hakodate	58	45	77
Miyazaki Kuko	4	34	847

### South Sea logs and lumber

Bullish inquiries from steelmakers and shipbuilders are good at the end of the fiscal year in March as usual. In South Asia, there are not many logs due to the rainy season. Additionally, there was a localized downpour and the rainy season will end lately in this year.

There are many orders for South Sea log from South Korea to Papua New Guinea so the prices of South Sea logs are high. Markets of South Sea and Chinese lumber are bearish. The Chinese New Year's holiday ended in China and plants are trying to get many orders. Also, Indonesian manufacturers try to get much orders by lowering the prices.

The lumber is popular for building facilities in Japan. Since distributors' stock in Japan is not enough, Japanese distributors buy to fill current needs. The prices in South Asia are declining but the prices in Japan are level off due to the weak yen. There is a possibility that the prices of South Sea lumber for decks would decrease due to less orders from North America.

### To expand Japanese wooden buildings in overseas

Six Japanese companies started up a council to spread Japanese wooden buildings in foreign countries on 8th, March. The six companies are, BX Kaneshin Co., Ltd., Tsuzuki Corporation, Polus Group, Meiken Lamwood Corp., Life Design KABAYA, Inc. and Innosho Forestry Co., Ltd. The council will spread not only Japanese wooden buildings but also to develop Japanese business in overseas. Also, the council will provide information about parts of wooden buildings and use of the parts.

The president of the council is an associate professor of The University of Tokyo, Kenji Aoki. The council will teach a method of constructing a low-rise wooden house. Additionally, the council will hire people in overseas. The council starts this project in South Asia such as China, Vietnam or South Korea. The council plans to operate precutting plants in foreign countries in the future.

### A special feature of floor space

The floor space of per house in 2022 declines 3% from the previous year. The floor space of per wooden house is 2% down and 7% down from ten years ago.

Since the cost of land, raw materials, workers and transportation increased, the price of house became high.

For wooden houses, it is 4.9% down in Tohoku area and 4.4% down in Hokuriku area. The floor space is easily influenced by a decrease in structural lumber, interior / exterior finishing materials and other kinds of building materials. Some housing companies or builders build luxury and huge houses so it is not for all houses to be small houses. However, the woodshock and the ironshock actually influenced many housing companies to build smaller houses. In the Greater Tokyo Metropolitan area, there are houses without a garage, a passageway or doors for storages. In Kyushu area and the suburbs of a city, demand for a one-story house is popular.

A declining birthrate and aging population, unmarried people and a tendency to marry later would be the reasons for a decrease in the floor space.

Some precutting plants have already felt that orders are getting less and less. Total starts would be about 600,000 units in the future and it is a very hard situation for the precutting plants to survive in this housing business.

## China

### Real estate development

A press release from the National Bureau of Statistics provides details of National Real Estate Development and Sales between January and February 2023. National real estate development investment was 1,366.9 billion yuan, a year-on-year decline of 5.7%, residential investment was down 4.6%.

The area of newly constructed houses was 135.67 million square metres, down 9.4% and the area of newly started residential homes was 98.91 million square metres, down 8.7%.

See:

[http://www.stats.gov.cn/english/PressRelease/202303/t20230317\\_1937561.html](http://www.stats.gov.cn/english/PressRelease/202303/t20230317_1937561.html)



Data source: National Bureau of Statistics, China

### Sales of furniture rise 5.2%

Another press release from the National Bureau of Statistics of China reports total retail sales of consumer goods. From January to February retail sales of consumer goods were 7,706.7 billion yuan, a year-on-year increase of 3.5%; excluding cars the figure jumped to 5%. Sales of furniture rose 5.2% in the first two months of this year but sales of decorative materials for home interiors fell 1%.

See:

[http://www.stats.gov.cn/english/PressRelease/202303/t20230317\\_1937555.html](http://www.stats.gov.cn/english/PressRelease/202303/t20230317_1937555.html)

### Vietnam final anti-dumping ruling on tables, chairs and accessories from China

In February 2023 the Ministry of Industry and Trade in Vietnam issued Resolution No. 235/QD-BCT making a final and definitive anti-dumping ruling on tables, chairs and accessories from China imposing an anti-dumping duty of 21.4% on chairs and 35.2% on tables and accessories from China. The Vietnamese tax HS codes of the products involved are 9401.3000, 9401.4000, 9401.6100, 9401.6990, 9401.7100, 9401.7990, 9401.8000, 9401.9040, 9401.9092, 9401.9099, 9403.3000, 9403.6090 and 9403.9090. The measures will take effect from 13 February 2023.

See:

<http://chinawto.mofcom.gov.cn/article/dh/janghua/202302/20230203392798.shtml>

### Implementation Plan for National Reserve Forest Development

It has been reported that the Implementation Plan for National Reserve Forests Development during the 14th Five-Year period was released recently. More than 2.46 million hectares of national reserve forests will be planted and more than 70 million cubic metres of forest stocking volume will be created.

Of the 2.46 million hectares of national reserve forest during the 14th Five-Year Plan period 1.52 million hectares of medium and short growth cycle industrial raw material forests and nearly 0.94 million hectares of long growth cycle, large diameter timber forest will be planted or existing forest will be transformed.

In order to establish a national timber security system the Chinese government started the national reserve forest project in 2012. By 2022, the project covered 29 provinces (autonomous regions and municipalities), six forest industry (forestry) groups and Xinjiang Production and Construction Corps.

In the past ten years, more than 613 million hectares of national reserve forest have been planted and the total stock volume of the project area has increased by 270 million cubic metres with an average annual stock volume growth of about 10.8 cubic metres per hectare.

About 150 million cubic metres of timber have been produced from the national reserve forest.

The construction of national reserve forests has provided a total of more than 3.6 million jobs in the past ten years and the income of timber output has exceeded RMB150 billion.

See:  
<https://www.forestry.gov.cn/main/3957/20230316/142948367943510.html>  
and  
[http://www.gov.cn/xinwen/2023-03/17/content\\_5747136.htm](http://www.gov.cn/xinwen/2023-03/17/content_5747136.htm)

### Nankang furniture makers seek secure raw material supply in Thailand

China's Nankang Furniture Economic and Trade Cooperation Delegation just finished trade visits to Malaysia and Thailand.

In order to improve the wood supply for the of Nankang furniture industry, enhance competitiveness and secure the supply chain an Economic and Trade Cooperation Delegation visited the Wood Processing Branch of the Federation of Thailand Industries and the Rubber Wood Industry Association of Thailand.

The Delegation signed a strategic cooperation agreement with Thailand Rubber Wood Industry Association and promoted the implementation of "Nankang Furniture Raw Material Reserve (Thailand) Base".

The agreement aims to ensure a raw material supply for the Nankang furniture industry,

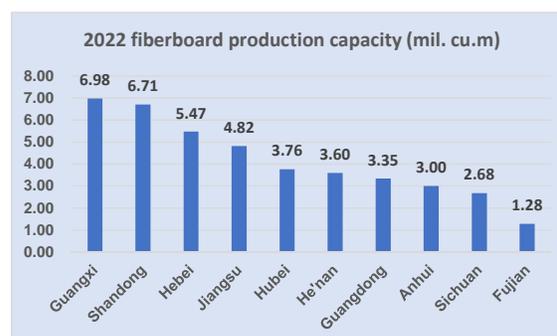
See:  
[https://m.wood365.cn/News/NewsInfo\\_276932.html?Hisback=/News/NewsInfo\\_276814.html?Hisback=/public/search.html?hisback=/guide/guidelist\\_3.html](https://m.wood365.cn/News/NewsInfo_276932.html?Hisback=/News/NewsInfo_276814.html?Hisback=/public/search.html?hisback=/guide/guidelist_3.html)

### Fibreboard production capacity in 2022

According to the statistics from the Academy of Industry Development and Planning under the National Forestry and Grassland Administration and the China Forestry Products Industry Association (CFPIA), both the number of enterprises and production capacity of China's fibreboard industry declined in 2022.

There were more than 344 fibreboard manufacturing enterprises (down 19% year on year) at the end of 2022 with a production capacity of 47.78 million cubic metres, down 11% over 2021.

Guangxi Zhuang Autonomous Region was the largest in terms of production capacity at 6.98 million cubic metres exceeding Shandong Province in 2022. Shandong Province's production capacity dropped sharply to 6.71 million cubic metres per year, dropping out of the first ranking for the first time but still accounting for 14% of the national total.



Data source: Academy of Industry Development and Planning

### Rise in fibreboard imports from Germany

According to Customs data HS code 4411 imports (including fibreboard + laminate floors) were 94,000 tonnes valued at US\$98 million, down 34% in volume and 26% in value year on year in 2022. China's fibreboard imports were 39,000 tonnes valued at US\$32 million, down 35% in volume and 25% in value year on year in 2022. New Zealand and Spain are the two top suppliers for China's fibreboard imports in 2022.

China's fibreboard imports from New Zealand and Spain fell 21% and 32% to 17,000 tonnes and 6,000 tonnes respectively. However, China's fibreboard imports from Germany rose 29% year on year to 4,000 tonnes in 2022. In addition, China's fibreboard imports from Thailand grew 3% also to 4,000 tonnes year on year in 2022.

Nearly 80% of national fibreboard imports were from the above-mentioned top supplier countries, New Zealand, Spain, Germany and Thailand in 2022.

### Top suppliers of China's fibreboard imports in 2022

	000' tonne	Yoy % change
Total	39	-35%
New Zealand	17	-21%
Spain	6	-32%
Germany	4	29%
Thailand	4	3%

Data source: Customs, China

### Germany the largest suppliers for China's laminate floors

China's laminate flooring imports were 55,000 tonnes valued at US\$65 million, down 33% in volume and 27% in value year on year in 2022. Germany was the largest supplier in 2022. Thailand was the second largest supplier of China's laminate flooring imports in 2022. China's laminate floors imports from the two countries accounted for nearly 60% of the national total.

China's laminate floors imports from Germany fell 50% to 18,000 tonnes year on year in 2022 which resulted in the decrease in China's total laminate floors imports. In contrast, China's laminate floor imports from Thailand rose 18% to 13,000 tonnes year on year in 2022.

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

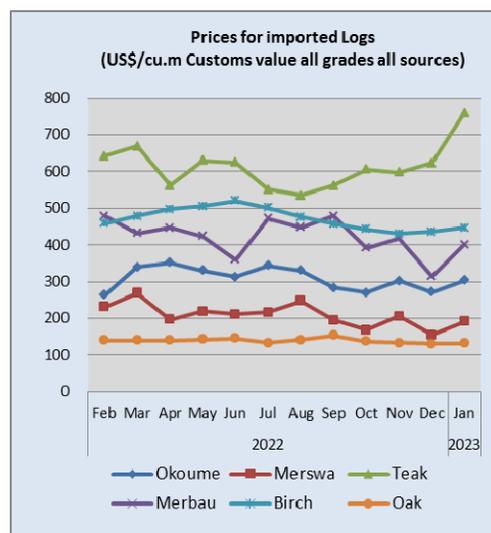
	2022 Dec	2023 Jan
Okoume	272	304
Merswa	155	191
Teak	623	759
Merbau	314	401
Birch	436	447
Oak	131	132

Data source: Customs, China

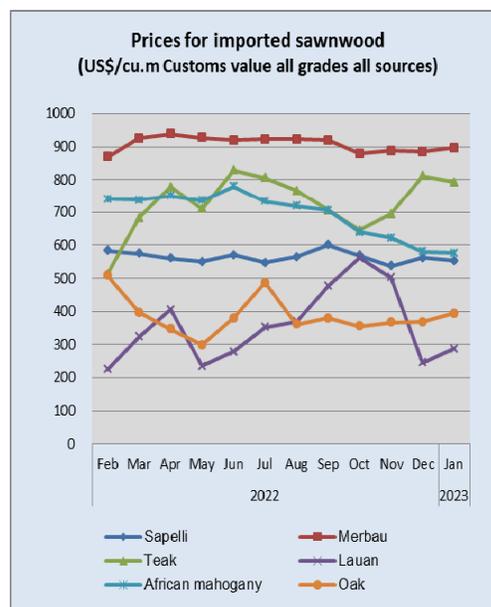
### Average sawnwood price, (US\$/cu.m Customs value, all grades, all sources)

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

Data source: Customs, China



Data source: Customs, China



Data source: Customs, China

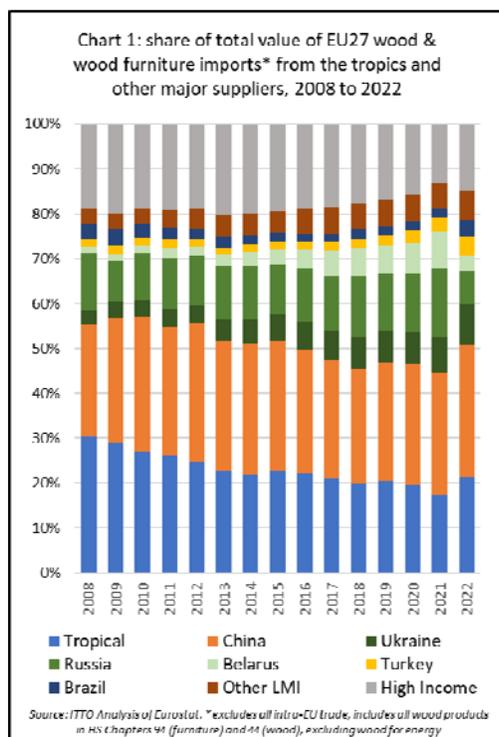
## EU

### Largest increase in share of EU27 tropical wood market for at least 15 years

In 2021, logistical problems on the supply side in tropical countries during the COVID pandemic seemed to accelerate the long term trend away from tropical timber products in the EU27 market.

The share of tropical products in the total value of EU27 imports of wood and wood furniture fell from 20% in 2020 to just 17% in 2021.

However, last year the situation was transformed as tropical products recorded the largest increase in share for at least the last 15 years, rebounding to 21% of the total value of EU27 imports of wood products and wooden furniture (Chart 1).



The recovery in the value and share of tropical wood products trade with the EU in 2022 was driven both by normalisation of supply chains and falling freight rates after the severe disruption of pandemic, together with a sharp fall in available supply of wood products from Russia and Belarus during the year.

In 2021, the EU27 imported wood and wooden furniture with a total value of US\$4.95 billion from Russia and Belarus, nearly one quarter of total import value of these products. However, this fell to just US\$2.24 billion in 2022.

The EU first imposed trade sanctions on Belarus timber products on 2 March 2022. These were extended to Russian timber products on 8 April 2022.

On 10 March 2022, Russia's Industry and Trade Ministry announced a ban on all wood and timber-related exports to "unfriendly countries", including the EU, UK and US.

Both leading certification organisations, the PEFC and FSC, announced in March 2022 that all timber originating from Russia and Belarus would be categorised as 'conflict timber' (i.e. from a controversial source) and not eligible to be sold and promoted as PEFC- or FSC-certified. This had a significant impact on many European companies which had become heavily dependent on Russia and Belarus for their supplies of certified wood.

Of total FSC global forest area of 237 million hectares at the start of last year, 63 million hectares (27%) was in Russia and 15 million hectares (6%) in Belarus.

Of PEFC certified area worldwide of 328 million hectares at the start of last year, 32 million hectares (10%) was in Russia and 9 million hectares (3%) in Belarus.

At the start of 2023, PEFC reported no certified forest in either Russia or Belarus.

FSC is currently reporting zero certified forest area in Belarus but 39.5 million hectares in Russia despite the 'conflict timber' categorisation.

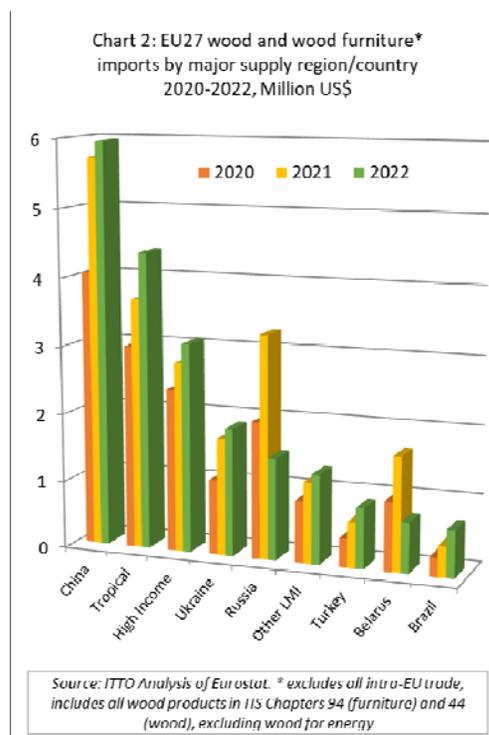
EU27 trade data indicates that these measures took time to take effect, with timber products continuing to be imported in significant volumes from both Russia and Belarus until July 2022. However EU27 imports from both countries fell to close to zero in the last five months of the year.

In value terms, tropical products were significant beneficiaries of the sharp fall in EU27 imports of wood products from Russia and Belarus during 2022.

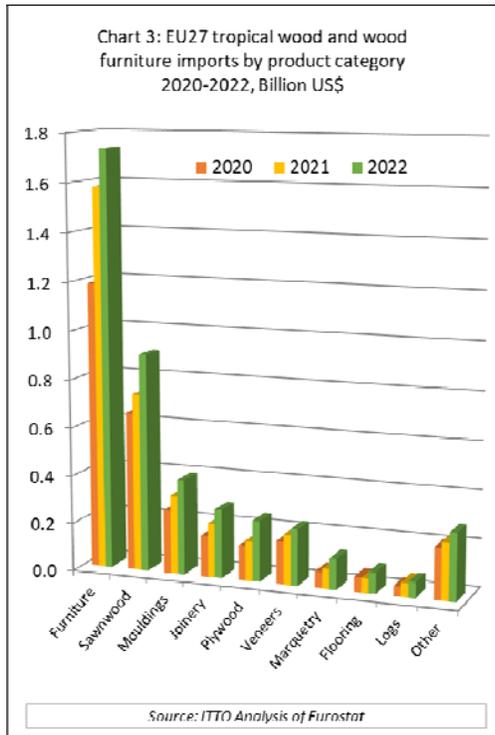
Whereas total EU27 imports of wood and wood furniture fell 4% from US\$21.2 billion in 2021 to US\$20.4 billion in 2022, imports of tropical products increased 18% from US\$3.7 billion to US\$4.4 billion during the same period.

EU27 import value of wood and wood furniture from China increased only 4% to US\$6.0 billion in 2022, although this did build on a massive 42% gain the previous year. Import value from Ukraine also increased by 9% to US\$1.9 billion in 2022, despite the serious disruption due to the war, following a 55% gain the previous year.

Other significant beneficiaries were Turkey, for which EU27 import value increased 32% to US\$890 million last year, and non-tropical products from Brazil which recorded a 54% increase to US\$ 690 million in 2022 (Chart 2).

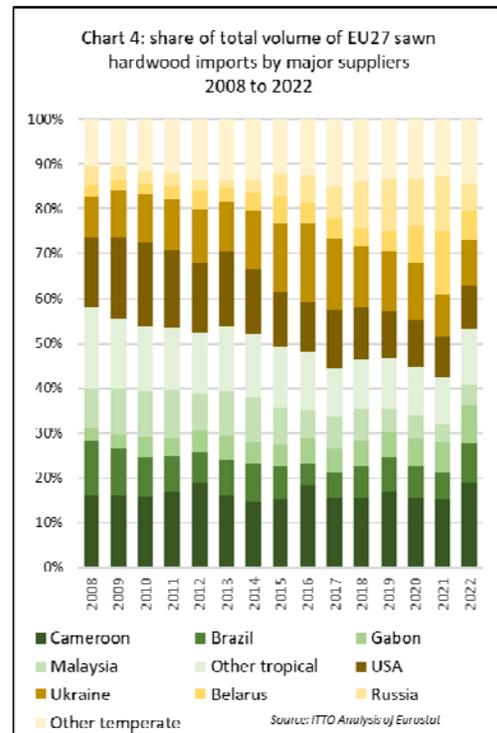


EU27 import value from the tropics increased across all wood product groups last year including furniture (+10% to US\$1.73 billion), sawnwood (+22% to US\$904 million), mouldings/decking (+21% to US\$396 million), joinery (+27% to US\$286 million), plywood (+52% to US\$254 million), veneer (+13% to US\$234 million), marquetry/ornaments (+55% to US\$127 million), flooring (+45% to US\$89 million), and logs (+10% to US\$65 million) (Chart 3).



**EU imports of tropical sawnwood exceed 1 million cu.m for first time since 2016**

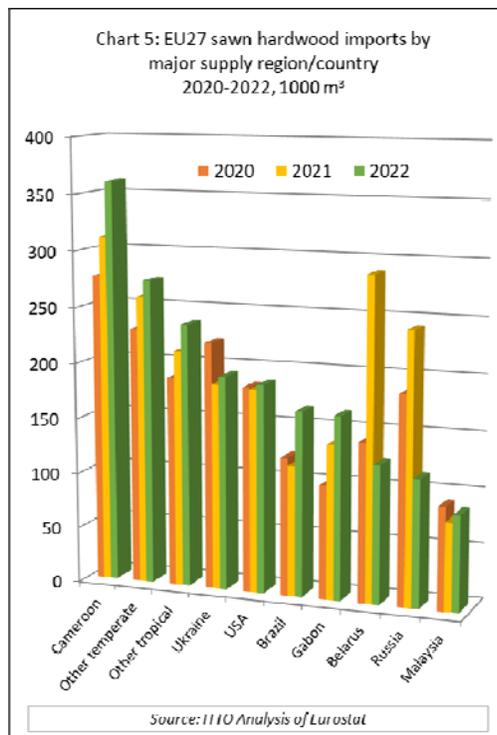
In volume terms, tropical sawn hardwood recorded a particularly large increase in share of total EU27 imports of sawn hardwood in 2022 (Chart 4).



EU27 imports of tropical sawnwood increased 18% to 1.01 million cubic metres during the year, exceeding one million cubic metres for the first time since 2016.

In contrast, EU27 imports of temperate hardwoods fell 23% to 890,000 cubic metres in 2022. The share of tropical in total EU27 sawn hardwood imports jumped from 43% in 2021 to 53% in 2022, the highest share since 2013.

Tropical sawnwood was by far the largest beneficiary of the decline in share of Russian and Belarus sawn hardwood in 2022 as other suppliers of temperate hardwood made only minor gains.



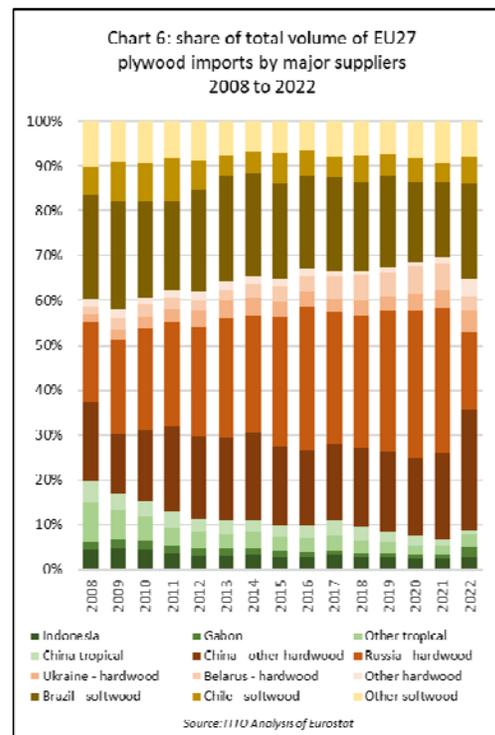
Imports from Ukraine increased just 4% to 192,000 cubic metres, while imports from the U.S. were up only 2% to 187,000 cubic metres.

This compares to gains of 16% to 360,000 cubic metres from Cameroon, 42% to 166,000 cubic metres from Brazil, and 19% to 164,000 cubic metres from Gabon (Chart 5 above).

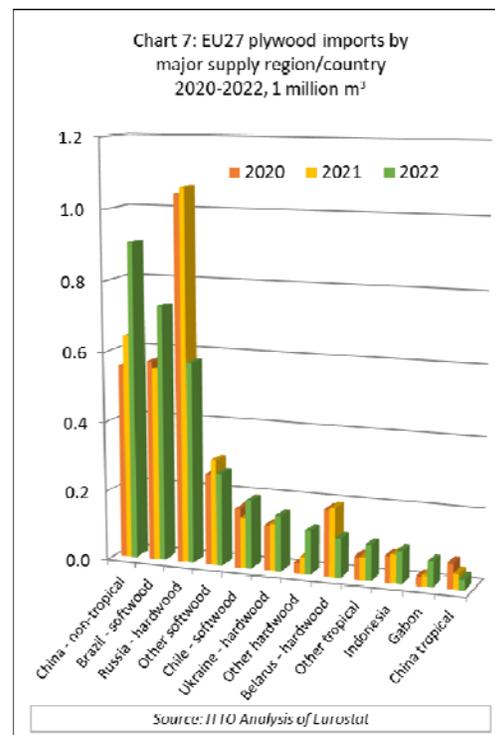
**War in Ukraine has massive impact on EU27 plywood market**

Russia's invasion of Ukraine had a massive impact on the EU market for plywood in 2022. ITTO interviews with EU plywood importers during the year indicated a huge rush for products from the tropics where mills were encouraged to ramp up production as much as possible for the EU market. Tropical manufacturers were particularly encouraged to launch (or relaunch) production of thicker film-faced boards, mostly supplied to the EU by Russia in recent years.

The share of tropical products in total EU27 plywood imports, which fell to an all-time low of just 7% in 2021, rebounded to 9% in 2022, close to the level prevailing in the decade before the pandemic (Chart 6).



Total direct imports of plywood from the tropics increased 48% to 266,000 cubic metres in 2022, with imports from Indonesia up 13% to 92,000 cubic metres and from Gabon up 124% to 72,000 cubic metres.



Imports of tropical hardwood plywood from China decreased 32% to 31,000 cubic metres. In contrast to the decline in EU27 imports of tropical hardwood plywood from China, imports of non-tropical hardwood plywood from the country surged 41% to 906,000 cubic metres. Other plywood products making significant gains in the EU27 market in 2022 were softwood plywood from Brazil (+32% to 730,000 cubic metres) and Chile (+35% to 196,000 cubic metres), and hardwood plywood from Ukraine (+18% to 160,000 cubic metres) (Chart 7 left).

## North America

### Housing starts rise for first time in six months

New home construction moved upward in February for the first time in six months led by apartment buildings but it's unclear if the bounce translates into a recovery for the housing market.

Construction on new homes rose 9.8% in February to a seasonally adjusted rate of 1.45 million. Despite the gain from the previous month the annual rate of total housing starts fell 18.4% from the previous year.

The February increase was larger than what Wall Street expected. Economists polled by the *Wall Street Journal* expected housing starts to stay at a 1.31 million rate from January's initial estimate of 1.31 million.

The better-than-expected housing starts was due to a boom in apartment construction and with the US facing a housing deficit, the addition of multi-family units is likely to boost affordability. The construction pace of single-family homes rose 1% in February and apartments jumped 24%.

Regionally, construction of homes rose the most in the Midwest (up 70%) and the West (up 17%). Single-family home construction in the West led the jump with a 28.5% increase. The Midwest and South regions reported a drop in single-family construction.

In Canada, the seasonally adjusted annualised rate of housing starts rose 15% to 243,959 units from a revised 216,514 units in January according to the Canadian Mortgage and Housing Corporation (CMHC). Economists had expected starts to rise to 220,000. Groundbreaking increased on both multiple unit and single-family detached urban homes.

See: <https://www.msn.com/en-us/money/realestate/u-s-housing-starts-rise-by-9-8-in-february-led-by-a-surge-in-apartment-construction/ar-AA18HOL0>

and

<https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/housing-data/data-tables/housing-market-data/monthly-housing-starts-construction-data-tables>

### Existing home sales surge ending 12-months of declines

Existing-home sales jumped 14.5% in February to a seasonally adjusted annual rate of 4.58 million, according to the National Association of Realtors. The spike snaps a 12-month slide and represents the largest monthly percentage increase since July 2020 (+22.4%). Compared to one year ago, however, sales retreated 22.6%.

"Conscious of changing mortgage rates, home buyers are taking advantage of any rate declines," said NAR Chief Economist Lawrence Yun. "Moreover, we're seeing stronger sales gains in areas where home prices are decreasing and the local economies are adding jobs." Month-over-month sales rose in all four major U.S. regions. All regions posted year-over-year declines.

Sales in the Northeast improved 4.0% from January to an annual rate of 520,000 in February, down 25.7% from February 2022. In the Midwest, existing-home sales grew 13.5% from the previous month to an annual rate of 1.09 million in February, declining 18.7% from one year ago.

Existing-home sales in the South rebounded 15.9% in February from January to an annual rate of 2.11 million, a 21.3% decrease from the prior year. In the West, sales rocketed 19.4% in February from the prior month to an annual rate of 860,000, down 28.3% from the previous year.

See: <https://www.nar.realtor/newsroom/existing-home-sales-surged-14-5-in-february-ending-12-month-streak-of-declines>

### US hiring remained robust in March

Employers added 311,000 jobs in February, a slowdown from the prior month's blockbuster showing but a robust gain that could lead the Federal Reserve to accelerate the pace of interest rate hikes to fight inflation.

The unemployment rate rose from a 54-year low of 3.4% to 3.6%, mostly because the labor force, which includes people working and looking for jobs, swelled by 419,000, the Labour Department said. Economists surveyed by Bloomberg had forecast 225,000 job gains.

Construction employment grew by 24,000 in February in line with the average monthly growth of 20,000 over the prior 6 months. Employment showed little change over the month in other major industries, including manufacturing.

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

### March consumer sentiment fell but inflation expectations improved

Consumers turned negative in March even as their expectations for inflation improved according to the latest monthly survey from the University of Michigan. The university's overall consumer sentiment index fell to 63.4 from 67 a month earlier, a 5.4% decline, while the expectations index dipped to 61.5 from 64.7, a 6.1% drop.

The index is still 7% above a year ago. However, expectations for inflation a year from now fell to 3.8% from February's 4.1%.

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

**Manufacturing sector still shrinking**

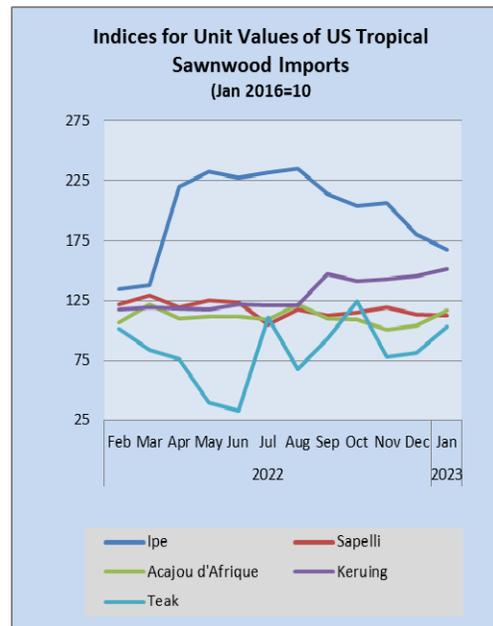
Economic activity in the manufacturing sector contracted in February for the fourth consecutive month following a 28-month period of growth say the nation's supply executives in the latest Manufacturing ISM Report On Business.

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

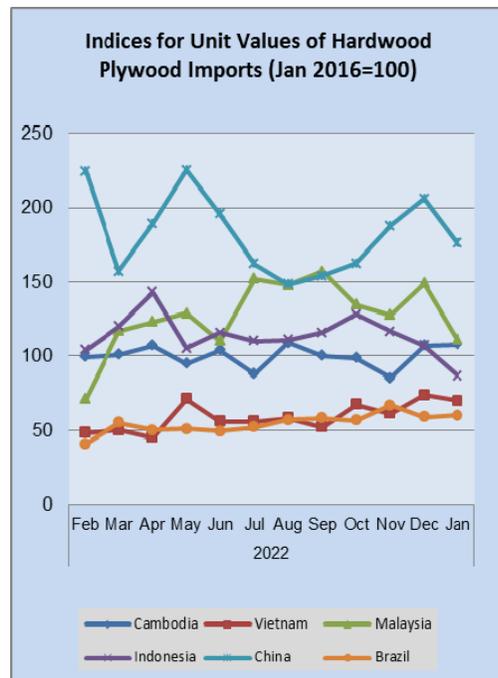
Only four industries, including transportation equipment and electrical equipment, appliances and components, reported growth last month. Paper products, textile mills, furniture and related products were among the 14 reporting sectors contraction.

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

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



Data source: US Census Bureau, Foreign Trade Statistics



Data source: US Census Bureau, Foreign Trade Statistics

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

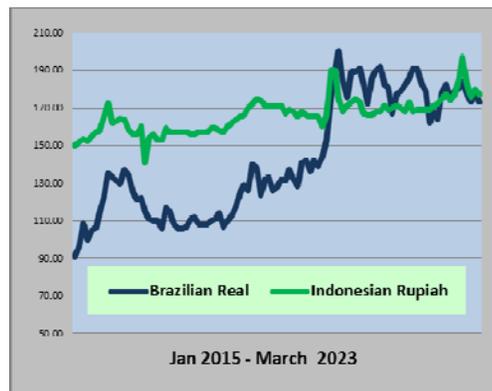
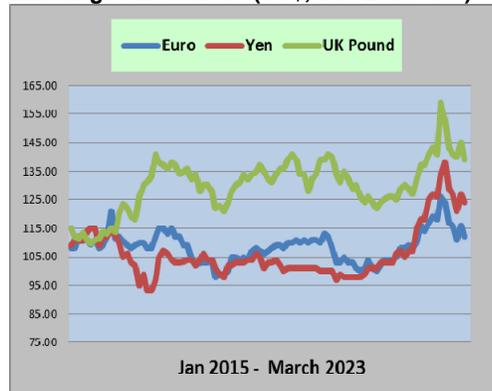
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

## Dollar Exchange Rates

As of 25 March 2023

Brazil	Real	5.09
CFA countries	CFA Franc	602.57
China	Yuan	6.872
Euro area	Euro	0.917
India	Rupee	82.11
Indonesia	Rupiah	15,026
Japan	Yen	134.0
Malaysia	Ringgit	4.423
Peru	Sol	3.76
UK	Pound	0.807
South Korea	Won	1,296.97

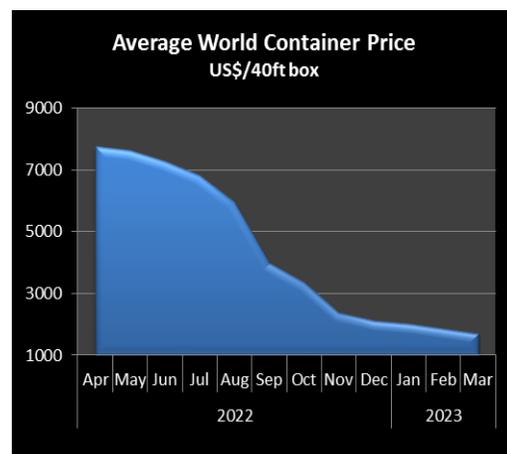
Exchange rate indices (US\$, Dec 2003=100)



## 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

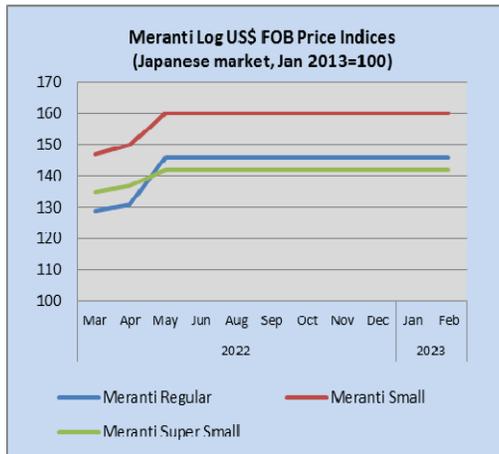
## Ocean Container Freight Index



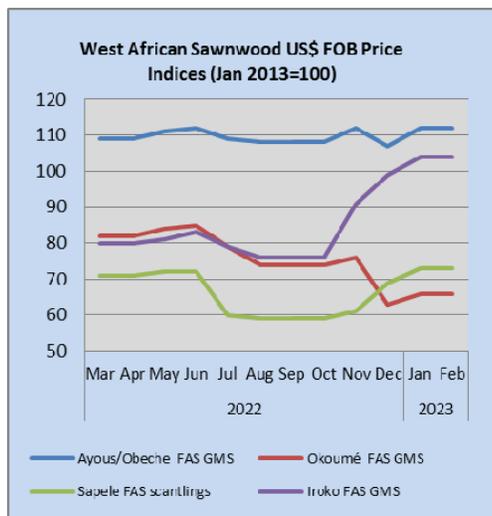
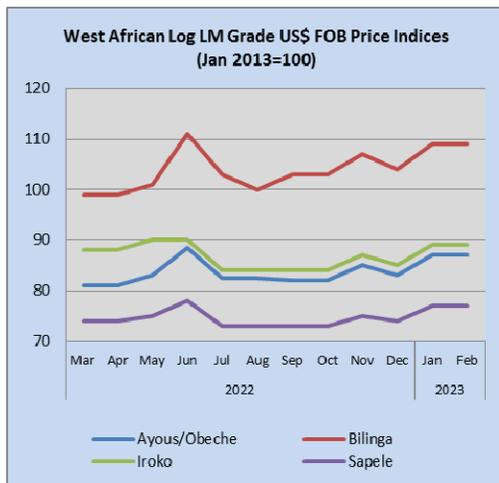
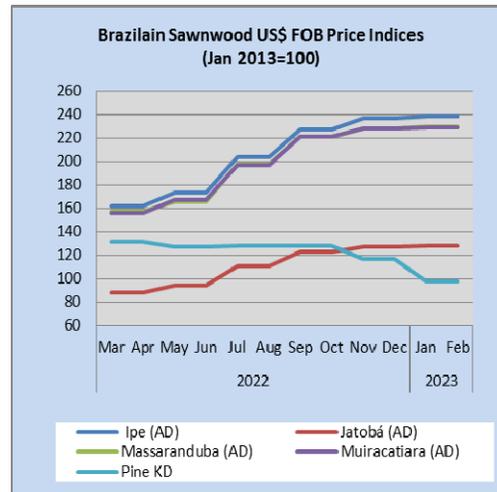
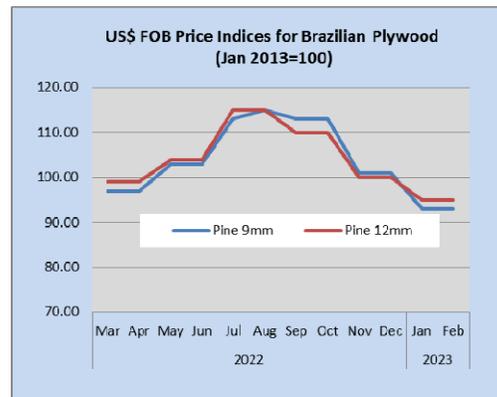
Data source: Drewry World Container Index

**Price indices for selected products**

The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



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

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