

Tropical Timber Market Report

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

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Top story

ITTO 2023 Annual Market Discussion

Organised by the ITTO Trade Advisory Group, the theme of the Market Discussion was “Tropical Timber Industry: Challenges and Opportunities from Changing Priorities”.

Presentations fell into three broad categories, forest products in a bio-economy transition, smallholders and their overwhelming production for African and Asian domestic markets and implications for producers and importers from the EU Deforestation Regulation (EUDR).

Presentations are available at:

<http://www.itto.int/ittc-59/presentations>

To conclude the Market Discussion the Trade Statement was presented to the International Tropical Timber Council by the Trade Advisory Group.

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Annual Market Discussion

A recording of the ITTO Market Discussion is available at:

https://www.itto.int/top_stories/2023/11/15/watch_a_recording_of_the_itto_market_discussion_on_changing_priorities_in_tropical_timber_industry/

Central and West Africa

Generally dull international demand

The overall producer sentiment is that markets are dull some experiencing low levels of activity. The Middle East market in particular is currently characterised by low demand which is linked to higher than usual stocks in Iraqi and Dubai ports. In addition, shippers in West Africa face competitive pricing from Indonesia and Malaysia in the South African market.

Inquiries for some timber species such as okoume, andoung, iroko, and padouk have fallen in the Asian and Middle East countries. In Holland the high level of sawn azobe stocks has impacted the flow of orders and led to a slight decrease in demand for logs.

The market outlook is not very bright and hopes are pinned on a rebound in demand in China after the Chinese New Year. Demand in the Philippines is currently quiet. Challenges in South Africa and changes in US import duty advantages signal a dynamic period for producers.

Producers are of the understanding that the US government has suspended Uganda, Gabon, Niger and the Central African Republic (CAR) from its special US-Africa trade programme set out in the African Growth and Opportunity Act (Agoa) which provides eligible sub-Saharan African countries with duty-free access to the US for more than 1,800 products.

Regional challenges

Several African countries face challenges due to heavy rainfall. In the Central African Republic transport difficulties arise from heavy rain and this is impacting the arrival of trucks at Douala Port. Producers in Cameroon are also grappling with heavy rain which is causing delays in log deliveries to mills. In Gabon, heavy up-country rain and a recent train derailment have led to a 50% drop in log supplies to mills in NKOK.

Peeling factories in the special economic zone (NKOK) are under government pressure to reduce the number of expatriate workers. The shortage of technicians for peeling mills and mechanics for heavy machinery is evident prompting companies to consider reducing production. The government plans a comprehensive check of the special zone managed by OLAM, including NKOK, the port and the airport.

Revitalisation of associations in the Republic of Congo

With the support of ATIBT Congo through the Private Sector Support Project financed by the European Union the general meeting of the Union patronale des entreprises privées de la filière bois (UNIBOIS) held in Pointe-Noire ended with the appointment of the union's executive.

See: <https://www.atibt.org/en/news/13406/support-for-the-revitalisation-of-professional-associations-in-the-forestry-and-timber-sector-in-the-republic-of-congo>

Log export prices

West African logs Asian market	FOB Euro per cu.m		
	LM	B	BC/C
Acajou/ Khaya/N" Gollon	230↓	230↓	175
Ayous/Obeche/Wawa	230	230	225
Azobe & ekki	260↓	260↓	175
Belli	250	250	-
Bibolo/Dibétou	200	200	-
Bilinga	275	275	-
Iroko	290	270	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	200	200	-
Moabi	260	260	220
Movingui	180	180	-
Niove	160	160	-
Okan	210	210	-
Padouk	300	270	240
Sapele	260	260	220
Sipo/Utile	260	260	230
Tali	260	260	-

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	425
Bilinga FAS GMS	580
Okoumé FAS GMS	460
Merchantable KD	400
Std/Btr GMS	390
Sipo FAS GMS	420
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	800
FAS scantlings	850
Strips	400
Sapele FAS Spanish sizes	460
FAS scantlings	489
Iroko FAS GMS	700
Scantlings	750
Strips	400
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

Ghana

2024 budget – manufacturers disappointed

Ghana's Finance Minister, Ken Ofori-Atta, recently presented the country's 2024 budget, signalling a positive economic outlook with projections of accelerated growth and declining inflation. The government expects the economy to expand from a 2.3% growth rate in 2023 to at least 2.8% in 2024.

The budget reflects Ghana's commitment to stabilise the economy following a challenging period marked by high inflation which peaked at 35% in October. With the implementation of central bank policies inflation is anticipated to fall to 15% by the end of 2024.

Ahead of the reading of the budget the Chief Executive Officer (CEO) of the Association of Ghana Industries (AGI), Seth Twum Akwaboah, stated that the manufacturing sector faces numerous challenges which stifles growth of local industries.

According to the AGI the tax system in Ghana is not favourable for the manufacturing of goods for local consumption or export. He expressed concern on the numerous taxes that are not favouring manufacturing mentioning a few such as the Growth and Sustainability Levy and the Value Added Tax (VAT) which all add to the cost of doing business.

The CEO also expressed concern about the country's porous borders which make it difficult for local manufacturers to compete with imported products that get into the country through unapproved routes and importers escape taxes. In its 2024 pre-budget survey report KPMG (Klynveld Peat Marwick Goerdeler) stated that businesses in the country are urgently calling for a comprehensive review of tax policies, improved power supply and a focus on nurturing skilled labour.

After the budget was published the Chief Executive of the Ghana Chamber of Commerce and Industry, Mark Badu-Aboagy, expressed dissatisfaction as, according to him, businesses and manufacturers were disappointed not to see some tax relief and that this leaves them with little optimism for the coming year.

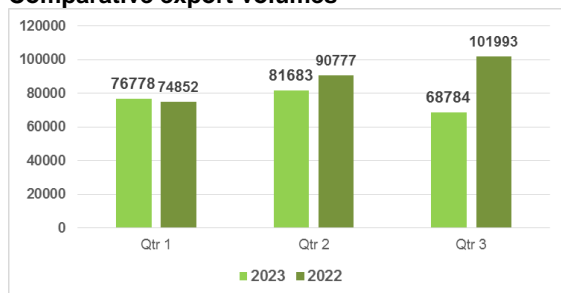
See: <https://www.myjoyonline.com/current-tax-system-doesnt-favour-manufacturing-sector-agi/> and <https://mofep.gov.gh/sites/default/files/budget-statements/2024-Budget-Highlights.pdf>

First eight months wood export slump

A total of 68,785cu.m. of wood products were exported in the third quarter of 2023 compared to 81,683cu.m during the second quarter a decline of around 16% in volume.

According to data from the Timber Industry Development Division (TIDD) of the Forestry Commission total wood export for the first nine months of 2023 dropped by 15% to 227,245cu.m from the 267,622cu.m recorded in the same period in 2022.

Comparative export volumes



Data source: TIDD

While in 2022 the volume of wood product exports gradually increased that was not the case in 2023.

Exports in third quarter of 2023, 68,784 cu.m, earning Eur30.64 million were below that in the same period in 2022 (101,993 cu.m and Eur45.56 million) representing declines of 33% in volume and 33% in value. Products that recorded significant volumes during the current year included lumbers, veneers, plywood and billets.

	2023 3rd Qtr	% change Q2 -Q3
AD sawnwood	41,411	-12%
KD sawnwood	8,681	-18%
Plywood (regional)	6,081	22%
Sliced Veneer	1,735	-6%
Billets	2,398	-44%
Mouldings	1,957	-16%
Rotary Veneer	2,011	-11%
Plywood (international)	2,487	-42%
Boules (AD)	89	-77%
Teak logs	1,079	-64%
Briquettes	653	26%
Others	202	296%
Total	68,784	-16%

Data source: TIDD

Of the wood products only plywood exported to the regional West African markets and Briquettes to the United Kingdom and Ireland recorded volume increases of 22% and 26% respectively in Q3 in 2023 compared to Q2 of the same year. Other wood products exported during the period were dowels, sliced veneer to regional markets kindling, KD boules and offcuts.

Ghana targets 24m tonnes of carbon credits by 2030

The Deputy Minister of Finance, Dr. John Kumah, has hinted that Ghana is targeting 24 million tonnes of carbon credits by the year 2030 as part of the country's commitment to reducing carbon emissions and mitigating the impact of climate change.

Dr. Kumah made this known when members of the Intergovernmental Committee of Senior Officials and Experts for North and West Africa met in Accra on the theme 'Investing in Energy Transition, Food Security and Regional Value Chains for Sustainable Development in North and West Africa Sub-Regions'.

Ghana is among 15 other countries that have signed the Emissions Reductions Payments Agreements (ERPA) with the World Bank and could earn millions of dollars under this project if successfully implemented.

See: <https://www.ghanaweb.com/GhanaHomePage/business/Government-targeting-24m-tonnes-of-carbon-credits-by-2030-John-Kumah-1875674>

In a related development, the Ghana Forestry Commission is, for the first in its history, supporting farmers in the Northern Region of Ghana with the first 1,000 grafted shea seedlings, to be planted on Ghana Shea Landscape Emissions Reduction Project (GSLERP) sites. This falls under the Reducing Emissions from Deforestation and Degradation programme (REDD+), which has the GSLERP, as one of its pillars.

See: <https://fcghana.org/?p=4185>

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	811↓
Niangon Kiln dry	910

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	416↑	441
Chenchen	472	612
Ogea	495	590
Essa	601↓	711
Ofram	350	435

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
	Air-dried	Kiln-dried
FAS 25-100mmx150mm up x 2.4m up	860	925
Afrormosia	465	500
Asanfina	290	351
Ceiba	440↓	573↓
Dahoma	640	716↑
Edinam (mixed redwood)	660	760↑
Emeri	695↓	941↓
African mahogany (Ivorenensis)	560	1,000↑
Makore	700↓	831↓
Niangon	806	1,058↑
Odum	800	886↓
Sapele	513	528↑
Wawa 1C & Select		

Export sliced veneer prices

Sliced face veneer	FOB
	Euro per cu.m
Asanfina	975
Avodire	673
Chenchen	801↑
Mahogany	1,415↑
Makore	812
Odum	2,067
Sapele	1,282↓

Export plywood prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	555↑	580	641
6mm	412	535	604
9mm	418	504	560
12mm	699	512	480
15mm	450	385	430
18mm	460	415	383

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

Wood product exports decline

The value of Malaysia's exports of wood products dropped 19% year-on-year to RM14 bil. between January and August this year compared to RM17.3 bil. in the same period last year. The Malaysian Timber Industry Board (MTIB) chairman said this was not a surprise as there has been a weakening in global demand.

Despite the slow sales this year he said he is confident that the timber industry can reach the export target of RM28 bil. and domestic sales of RM20 bil. by 2025 in line with the National Agri-commodity Policy 2021-2030 supported by the National Timber Industry Strategic Plan 2021-2025. According to him, the domestic market accounts for as much as 60% of the country's timber sector's sales adding that this year Malaysia ranks 14th globally among wooden furniture-producing countries.

See: <https://www.thestar.com.my/business/business-news/2023/11/06/malaysias-wood-export-value-declines-19-in-january-to-august-2023>

Interest rates unchanged

In an effort to remain supportive of the economy Bank Negara has decided to keep its overnight policy rate (OPR) unchanged at 3%. The move was in tandem with the US Federal Reserve's maintenance of its funds target rate at 5.25% to 5.5%. A Bank Negara spokesperson commented that the current OPR level is conducive in holding up the economy, consistent with the current assessment of inflation and growth prospects.

Over the last few weeks there have been calls for the Bank to consider raising the OPR to support the ringgit, which remains one of the 10 worst-performing Asian currencies this year. However, economists have warned this would only lead to higher household and business costs, hence dampening domestic demand.

Aiming for a sustainable bamboo supply

Sarawak Timber Industry Development Corporation (STIDC), the Bintulu Development Authority (BDA) and Pertama Ferroalloys have signed a Memorandum of Understanding on a Samalaju greening project and the supply of sustainable raw materials through bamboo cultivation.

STIDC and BDA will supply quality bamboo seedlings to the project, communities and commercial entities, offer technical expertise, oversee bamboo planting and management and identify potential bamboo consumers.

See: <https://dayakdaily.com/stidc-bda-and-pertama-ferroalloys-sign-mou-on-samalaju-greening-project-sustainable-supply-of-bamboo/>

Oil palm sector could benefit from embracing agroforestry

Oil palms are planted in monoculture plantations but monocultures have been criticised. One specialist recommended that oil palm plantation companies should adopt agroforestry as this approach will increase biodiversity and sustainability.

Professor Alain Rival from the French Agricultural Research Centre for International Development (Cirad) said agroforestry is the use of land that combines trees with crops or livestock or both. He said that through this approach oil palm plantation owners could select any forest tree species to be planted in between oil palms.

As an example, Rival cited Cirad's trial projects where the agroforestry approach was applied on 37 hectares of land in the Kinabatangan District in Sabah to combine oil palm with 15 different forest species.

Rival said that land owners could grow durians, mangosteen, pepper and vanilla, among others, as cash crops. He said smallholders, especially, can benefit from these cash crops.

See: <http://theborneopost.pressreader.com/article/282192245702320>

Heart of Borneo framework to be reviewed

Sarawak is revising the framework for the Heart of Borneo (HoB) initiative to ensure that it would align with the state's existing policies and development agenda, particularly the Post COVID-19 Development Strategy 2030 (PCDS 2030). The state's Forest Department, as the secretariat for HoB Sarawak, is currently working on the final draft of the revised project implementation framework.

This document will guide the prioritisation and implementation of programmes and activities within the Heart of Borneo region up to the year 2030. It is not intended to replace the earlier 2009 framework but rather serves as an updated and supplementary document to it.

See: <https://sarawaktok.bernama.com/news.php?c=02&id=2234213>

Workplace furniture, a focus for MIFF 2024

The Malaysian International Furniture Fair 2024 will take place 1 – 4 March 2024 in Kuala Lumpur. One aspect of the Fair is to promote diverse office furniture. Office furniture design is undergoing a transformation driven by the changing needs and priorities of businesses. As companies continue to create a more comfortable, inviting and productive working environment this reshaping office interior designs.

See: <https://www.miff.com.my/media/news-and-featured-articles/146/the-evolution-of-modern-workplaces/>

Malaysia Furniture Exports Jan – Jul (RM million)

	2022	2023	% change
Total	8,499.20	6,287.70	-26
USA	4,681.20	2,720.00	-42
Singapore	534.2	719.4	35
Australia	372.7	390.8	5
Japan	458.5	337.4	-26
UK	252.9	242.2	-4
India	209.1	202.8	-3
Canada	232.9	192.9	-17
Philippines	159.1	169.8	7
UAE	127.5	151.2	19
Thailand	116.4	116.4	0

Data source: Malaysian Furniture Council

Indonesia

Export benchmark prices for November

The November Export Benchmark Price (HPE) for wood products has been released by the Ministry of Trade. The HPE increased for several products.

Prices increased for veneer from natural forest species and plantation wood, wooden sheets for packing boxes and woodchip/particles. The increase in HPE also applies to sawnwood with a cross-sectional area of 1,000–4,000 sq.mm in meranti, merbau, teak, acacia and balsa.

For some products the price was lowered, namely sawn sengon with a cross-sectional area of 1,000 sq.mm–4,000 sq.mm.

The following is a list of Wood HPE for November 2023.

Veneers	
Natural Forest Veneer	US\$850/cu.m
Plantation Forest veneer	US\$450/cu.m
Wooden Sheet for Packaging Box	US\$1,250/cu.m

Wood Chips	
Woodchips or particles	US\$85/tonne
Woodchips	US\$95/tonne

Processed Wood

Processed wood products which are level on all four sides so that the surface becomes even and smooth with the provisions of a cross-sectional area of 1000 sq.mm to 4000 sq.mm(ex 4407.11.00 to ex 4407.99.90)

Meranti (Shorea sp)	US\$1,150/cu.m
Merbau (Intsia sp)	US\$1,700/cu.m
Rimba Campuran (Mix Tropical hardWood)	US\$900/cu.m
Eboni	US\$3,500/cu.m
Teak	US\$2,000/cu.m
Pinus and Gmelina	US\$650/cu.m
Acacia	US\$800/cu.m

Sengon	US\$550/cu.m
Rubberwood	US\$300/cu m
Balsa and Eucalyptus.	US\$1,000 cu.m
Ungkai (Peronema canescens)	US\$800/cu.m

Processed wood products which are leveled on all four sides so that the surface becomes even and smooth with the provisions of a cross-sectional area of 4000 sq.mm to 10000 sq.mm(ex 4407.11.00 to ex 4407.99.90)

Merbau	US\$1.500/cu,m
Yellow Meranti	US\$500/cu.m
White Meranti	US\$700/cu.m

See: <https://forestinsights.id/harga-patokan-ekspor-hpe-kayu-november-2023-ada-kenaikan-untuk-kayu-gergajian-meranti-merbau/>

Independent audits key to SVLK transparency

A transparent and accountable audit process by Conformity Assessment Bodies (CAB) is one of the advantages of the Indonesian Legality and Sustainability Verification System (SVLK) in support of forest governance said Karina Restu Panggalih, Sustainable Forest Management Auditor at PT Mutuagung Lestari, one of the CABs She added that based on the regulations from the Ministry of Environment and Forestry an institution can become a CAB after receiving accreditation from the National Accreditation Committee (KAN).

“Accreditation is based on the international standard ISO17065 in 2012 regarding the criteria for financial institutions implementing product, process and service certification systems,” said Karina during a discussion between the CAB Forum and a delegation of forestry experts from Laos.

Karina explained that the SVLK audit refers to the regulations set by the Ministry. Such as Regulation No. P.08/2021 concerning Forest Management and Preparation of Forest Management Plans and Decree No. 9895/2022 concerning Standards and Guidelines for Implementing the Legality and Sustainability Verification System (SVLK). “SVLK is implemented through two activities, assessment for sustainable forest management and legality verification for forest products,” said Karina.

See: <https://forestinsights.id/independent-auditors-and-monitors-key-to-svlk-transparency-and-accountability/>
and
<https://agroindonesia.co.id/auditor-dan-pemantau-independen-kunci-transparansi-dan-akuntabilitas-svlk/>

Indonesia shares experience in developing SVLK with Laos

The Ministry of Environment and Forestry (KLHK) recently shared its experience in developing the Legality and Sustainability Verification System (SVLK) with a delegation from Laos.

Agus Justianto, Director General of Sustainable Forest Management told the delegation from Laos that the SVLK has been key in encouraging better governance in the forestry sector taking into account requirements in international markets.

The latest SVLK developments include improving traceability with geo-location. In addition some indicators have been strengthened such as welfare and gender issues. The Director General of the Forest Inspection Department of the Laotian Ministry of Agriculture and Forestry, Khamphone Mounlamai, said that Laos has also developed a timber legality assurance system and hopes to reach a FLEGT-VPA agreement in the near future.

The Laotian delegation comprised officials from the Ministry of Agriculture and Forestry, Ministry of Trade, provincial government, civil society organizations (CSOs) and business representatives. The delegation's visit to Indonesia was supported by the German Agency for International Cooperation (GIZ), the German Development Bank (KfW) and the European Forest Institute (EFI).

The Loa delegation visited Malang and Surabaya in East Java Province to observe how the Indonesian SVLK is implemented. One aspect that attracted the attention of the Lao delegation was the use of Supplier's Declaration of Conformity (SDOC) so low risk planted timber produced by farmers or other micro-scale forestry business units could be included in Indonesia's SVLK and have full market access.

See: <https://en.antaranews.com/news/297015/indonesia-shares-experience-on-developing-svlk-with-laos>
and
<https://agroindonesia.co.id/kunjungi-jawa-timur-delegasi-laos-pelajari-implementasi-svlk-indonesia/>

Industry ready to intensify presence in Asian markets

Wiradadi Soeprayogo, Chairman of the Indonesian Sawmill and Woodworking Association (ISWA), said the timber industries are ready to intensify marketing in Asian countries as they anticipate a further decline in demand in Europe and America which is already having a negative impact on ISWA members business.

He said in 2022 the export value of wood products and sawnwood reached US\$2.4 billion but in 2023 (as of November) a decline of 13% was observed. He added that to penetrate new markets exporters must be prepared to meet the specific requirements in the various markets and prepared to address their concerns on environmental issues.

He said that these various challenges cannot be overcome by ISWA alone but require inclusive collaboration with related parties, namely the government, universities and professional organisations.

See: <https://www.antaranews.com/berita/3794706/industri-kayu-gergajian-dan-olahan-siap-intensifkan-pasar-asia>

Carbon trading still a challenge

Chairman of the Indonesian Forest Concessionaires Association (APHI), Indroyono Soesilo, explained that Carbon Economic Value (NEK) is one source of funding to achieve Indonesia's GHG emission reduction target. To implement carbon economic value the Indonesian government has issued a number of regulations. "However, implementation is still full of challenges," he said when speaking an International Webinar "Lesson Learned on the Utilisation of the Carbon Economic Value on Mitigation Action in Forest Management.

APHI Secretary General, Purwadi Soeprihanto, explained that one of the challenges faced by forest concession companies (PBPH) in implementing carbon economic value is the methodology for measuring GHG emission reduction performance. This is because the methodology applied still does not fully cover the 2030 FOLU Net Sink mitigation action.

He said "It is necessary to accelerate the ratification of the methodology that can be applied to PBPH in accordance with the 2023 FOLU Net Sink mitigation action,"

See: <https://lestari.kompas.com/read/2023/11/08/200000686/pengusah-a-hutan-sebut-perdagangan-karbon-indonesia-hadapi-tantangan-?page=all>

In related news, the Ministry of Environment and Forestry (KLHK) has introduced the concept of carbon trading in the forestry sector to improve the economy in Southwest Papua Province. The Secretary of the Directorate General of Sustainable Forest Management (PHL) of the KLHK, Drasospolino, explained the benefits through carbon trading in the forestry sector.

The approach of the KLHK through socialisation is considered important so stakeholders and businesses can understand the procedures, requirements and calculations when viewing carbon trading results. He said that, in general, there are two mechanisms for carbon trading in the forestry sector: emissions trading and greenhouse gas emissions offset. Because of this, he said, the Southwest Papua Province has a great opportunity to contribute to efforts to reduce greenhouse gas emissions through direct and offset emission reductions.

See: <https://en.antaranews.com/news/297960/klhk-introduces-benefits-of-carbon-for-economic-improvement-in-papua>

Converting palm plantations back to forest

Some 200,000 hectares of oil palm plantations found in areas designated as forests in Indonesia are expected to be returned to the state to be converted back into forests. Indonesia, the world's biggest palm oil producer and exporter, issued rules in 2020 to determine the legality of plantations operating in areas that are supposed to be forests in order to adjust governance in the sector.

It has been estimated that 3.3 million hectares of the country's nearly 17 million hectares of palm plantation are found in areas classified as forest.

The government is still cataloguing plantations found in designated production forests so these areas can be returned to the State for rehabilitation, meaning owners will have to pay fines but they can continue to grow palm trees and which are in protected areas and must be returned to the state, he said.

See: <https://english.kontan.co.id/news/indonesia-says-200000-hectares-of-palm-plantations-to-be-made-forests>

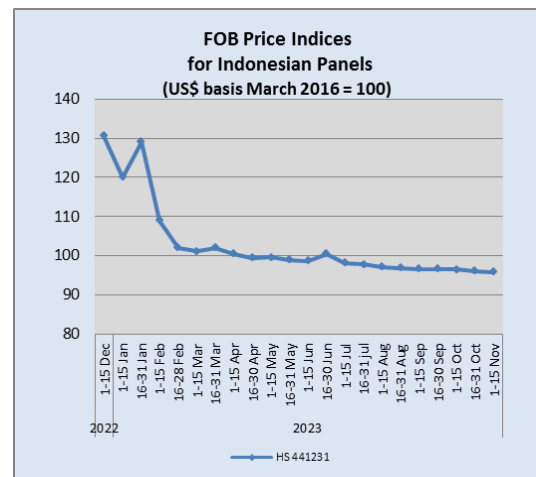
21% of the world's mangrove forests are in Indonesia

The Ministry of Environment and Forestry (KLHK) said that Indonesia has 3.39 million hectares of mangroves or 21% of the total mangrove forests in the world.

Director of Land Water and Mangrove Rehabilitation at the Ministry of Environment and Forestry, Inge Retnowati, said that based on the 2022 National Mangrove Map the area of mangroves in Indonesia increased to 3.39 million hectares up from the 3.36 million ha. in 2021.

The province with the largest mangrove forest is Papua which has more than 1 million ha. followed by West Papua Province with 480,000 ha. and Riau with 227,000.

See: <https://katadata.co.id/tiakomalasari/ekonomi-hijau/6538708fc6c13/21-hutan-mangrove-dunia-ada-di-indonesia-ini-3-provinsi-terbesar>



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

Myanmar

Myanmar furniture makers eye the domestic market

The Myanmar Wood-Based Furniture Association (MWBFA) sponsored the Myanmar Furniture Exhibition 2023 at a popular shopping mall to promote sales in the domestic market in the face of falling international demand and trade restrictions. This event was timed to be during the so-called 'marriage season' when demand for furniture rises.

Furniture manufacturers face a major challenge from imported furniture which is often cheaper than locally made items.

In addition to the classic designs with solid wood, manufacturers have started to use the finger-jointed plantation teak.

Myanmar teak was in demand in international markets for garden furniture but this market has closed due to international measures against Myanmar wood products and the strict domestic regulation of export procedures for wood products some of which have been eased recently.

Reducing the dependency on US dollar

The Industrial and Commercial Bank of China (ICBC) Yangon Branch joined China's Cross-Border Interbank Payment System (CIPS). The Central Bank of Myanmar (CBM) Governor, Than Than Swe, said membership will enable Myanmar to greatly reduce its dependence on US dollars for international transactions.

Myanmar Prime Minister, General Min Aung Hlaing, has often commented that some countries are using US dollars "to bully smaller nations." He has since been seeking ways to replace the use of the dollar and promoting the use of the Chinese yuan (RMB) and Russian ruble.

ICBC Yangon Branch is among the first commercial banks that have been authorised to provide RMB financial services for border trade between China and Myanmar. These services include RMB account opening, deposits, settlements, financing and foreign exchange for both Chinese and Myanmar clients.

Than Than Swe said the CIPS system offered an alternative to the Society for Worldwide Interbank Financial Telecommunication (SWIFT). The authorities in Myanmar have been encouraging exporters and importers to use yuan, baht and rupees in the border trade with China, Thailand and India.

See: <https://www.irrawaddy.com/business/myanmar-branch-of-icbc-joins-chinas-global-trade-payment-system.html>

Border trade disrupted

It has been reported that Myanmar traders are suffering huge losses after fighting in Shan State has almost shut down the country's main China border trade. It is reported that the ethnic Brotherhood Alliance has taken control of all major routes to the border trading towns of Muse, Chin Shwe Haw, Laukkai and Hseni since launching an offensive in October.

The Muse border zone accounts for about 70% percent of Myanmar's cross-border trade with China. Exporters handling perishable goods are also facing huge losses. In addition the authorities in Myanmar are losing an estimated US\$400,00 per day in tax revenue from lost border trade.

See: <https://www.irrawaddy.com/business/myanmar-china-trade-corridor-closed-as-battle-rages-in-northern-shan.html>

US Treasury prohibits financial services by US entities with Myanmar energy company

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) published a new directive that prohibits certain financial services by U.S. persons to or for the benefit of Myanmar Oil and Gas Enterprise (MOGE).

The Directive says:

"Pursuant to sections 1(a)(iv), 1(b), and 8 of Executive Order 14014, "Blocking Property With Respect to the Situation in Burma" (the "Order"), the Director of the Office of Foreign Assets Control (OFAC) has determined, in consultation with the Department of State that the Myanmar Oil and Gas Enterprise (MOGE) is a political subdivision, agency, or instrumentality of the Government of Burma, and that the following activities by a U.S. person are prohibited on or after December 15, 2023 except to the extent provided by law or unless licensed or otherwise authorised by OFAC: the provision, exportation or re-exportation, directly or indirectly, of financial services to or for the benefit of MOGE or its property or interests in property.

All other activities with MOGE or involving MOGE's property or interests in property are permitted, provided such activities are not otherwise prohibited by law, the Order, or any other sanctions program implemented by OFAC. Except to the extent otherwise provided by law or unless licensed or otherwise authorized by OFAC, the following are also prohibited: (a) any transaction that evades or avoids, has the purpose of evading or avoiding, causes a violation of, or attempts to violate any of the prohibitions contained in this Directive; and (b) any conspiracy formed to violate any of the prohibitions in this Directive."

Additionally, OFAC designated three entities and five individuals connected to Burma's military regime pursuant to Executive Order (E.O.) 14014. These actions are occurring in alignment with designations by both the United Kingdom and Canada.

See: <https://ofac.treasury.gov/recent-actions/20231031> and

<https://www.upstreamonline.com/energy-security/-a-basic-necessity-pttep-ploughs-on-with-myanmar-gas-production-after-us-sanctions-partner/2-1-1549748>

India

Economy recovered but growth slowed recently

During the COVID pandemic India's Gross Domestic Product (GDP) growth slowed to 6.6% but the economy has made a rapid recovery in the two consecutive years following COVID as the economy has grown at rates of 9.1% and 7.2%. However, in recent months, there has been a slight slowdown. Despite weaker results reported by Indian IT companies the services sector has remained strong and exports are robust.

The strengthening of the digital infrastructure in India has led to increased accessibility to affordable transactions across the entire country and the government's expanded direct benefit transfer programmes have become easily accessible to the people.

In addition, increased capital expenditure has significantly improved the physical infrastructure especially in the transportation sector.

The Reserve Bank of India (RBI) has been working to keep the Consumer Price Index (CPI) below 6%. Over the past few years there has been significant improvement in company balance sheets and this has encouraged lending.

Peeler logs now more readily available

PlyReporter, the Indian trade journal, writes there are signs of an easing of log supplies to plywood makers in the northern States of Yamunanagar, Ludhiana, Hoshiarpur and Rudrapur as poplar logs are more readily available but that these are mostly of small girth.

Since 2017 every state in the Northern Region has been actively planting poplar and now the extent of poplar plantations exceeds that of eucalyptus in Punjab and Haryana. A boost to the sector in Haryana came when the Chief Minister of the State halved the market fee from 2% to 1%. He is reported by PlyReporter as saying "this will help the Yamunanagar plywood industry and Yamunanagar district (Northern India) based units as they will save approximately Rs.60 million annually and this will be a big support for industries."

The supply of plywood to the market has been supported by increasing imports of core veneer from Vietnam, Tanzania, Brazil and logs for core veneer peeling from Uruguay, Australia and Argentina.

The plywood industries based in Gujarat, West Bengal, Maharashtra, Andhra Pradesh were buying core veneer from Northern India but, due to high price of domestic raw material, many shifted to imported core veneers and logs. The shift to imported core veneer is helping North India based plywood manufacturers as domestic raw material is more readily available.

See: <https://www.plyreporter.com/article/93397/north-to-get-relief-by-2nd-half-of-2023-timber-supply-to-ease-up-for-punjab-haryana-ply-reporter-prediction-2023>

Tamil Nadu potential as furniture hub

Government and industry sources are upbeat about prospects for the furniture manufacturing sector in Tamil Nadu given its skilled manpower and access to ports. It is hoped that Tamil Nadu can transform into a hub for furniture production and exports as companies pursue the 'China plus policy' and explore alternatives to the Chinese market. The potential for exports is huge since India has only 5% share of the world market.

Moreover, the India/Australia Economic Cooperation and Trade Agreement (ECTA) and India/UAE Comprehensive Economic Partnership Agreement (CEPA) signed last year offer zero-duty market access for made-in-India furniture to these markets. In addition to expanding into new international markets there are opportunities in the domestic market. The value of the Indian furniture market thought to be around US\$32 billion with an annual growth of 20%-25%.

See: http://timesofindia.indiatimes.com/articleshow/104999876.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Press release from organisers of WOFX

WOFX, World Furniture Expo 2023 will be held 28-30 November 2023 at the Bombay Exhibition Center, Mumbai. This event is dedicated to business to business interactions for the furniture sector in India. As a dedicated furniture and interior décor show WOFX aims to connect leading builders, architects, dealers, distributors, importers, retailers,etailers and other buyer groups

The event will bring to India the latest designs, innovations and technological developments in the furniture industry by showcasing suppliers from India, Bangladesh, Singapore, Thailand, Malaysia, Indonesia, Vietnam, China, Turkey and more.

See: <https://wofxworldexpo.com/press-release-4>

The import data has not been updated for November as Diwali celebrations made it difficult to gather the information. The October information is reproduced below.

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

	Hoppus cu.m	US\$ C&F
Brazil	124	288
Colombia	99	320
Costa Rica	124	225
Ecuador	158	232
Ghana	124	280
Ivory Coast	101	500
Nigeria	124	270
South Sudan	73	305
Tanzania	104	300
Laos	-	-

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

	cu.m	US\$ C&F
Benin	91	610
Brazil	146	360
Colombia	124	344
Costa Rica	90	289
Ecuador	127	550
Ghana	120	365
Ivory Coast	-	-
Nigeria	145	350
South Sudan	108	360
Tanzania	123	345
Togo	117	330
Venezuela	116	411

Domestic ex-warehouse prices for locally manufactured MR plywood

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

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	1,600 - 1,900
Sycamore	2,000 - 2,300
Red Oak	2,500 - 3,000
White Oak	2,800 - 3,300
American Walnut	4,700 - 5,500
Hemlock STD grade	1,350 - 1,600
Western Red Cedar	2,220 - 2,450
Douglas Fir	2,200 - 2,400

Price range depends mainly on lengths and cross-sections

Domestic ex-warehouse prices for locally manufactured WBP plywood

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

Vietnam**Wood and Wood Product (W&WP) trade highlights**

Vietnam's W&WP exports in October were around US\$1.2 billion, up 5.7% compared to September 2023 but down 0.9% compared to October 2022. In particular, WP exports are forecast to have earned US\$790 million, up 4% compared to September 2023 and up 0.3% compared to October 2022. WP exports alone should be valued at US\$7.3 billion, down 22% over the same period in 2022.

Vietnam's W&WP imports in October 2023 are estimated at US\$180.0 million, down 5% compared to September 2023 and down 19% over the same period in 2022. Up to the end of October 2023 W&WP imports were valued at US\$1.786 billion, down 31% over the same period in 2022.

Vietnam's imports of raw wood (logs and sawnwood) in October 2023 are estimated at 424,500 cu.m, worth US\$135.0 million, up 8% in volume and 8% in value compared to September 2023. However, as compared to October 2022 it decreased by 14% in volume and 24% in value.

In the first 10 months of 2023 imports of raw wood reached 3,704 million cu.m, worth US\$1,262 billion, down 27% in volume and 35% in value over the same period in 2022.

Vietnam's exports of non-timber forest products (NTFPs) in October 2023 are estimated at US\$60 million, up 14% compared to September 2023 bringing total NTFP exports in the first 10 months of 2023 to US\$598.69 million, down 14% over the same period in 2022.

W&WP exports gradually recovering

WP exports alone contributed US\$7.3 billion, down 22% over the same period in 2022. However, in October, with a monthly earning of US\$1.2 billion, W&WP export values have increased by 6% compared to September 2023 and shown a certain level of recovery.

Despite recovery signals, the wood processing industries still face many difficulties and the growth of the sector is still hindered by the gloomy global economy and weakened W&WP demand. As a result, Vietnam's export target of US\$17 billion in 2023 cannot be achieved.

It is expected that in the last 3 months of 2023 W&WP exports will add about US\$4 billion bringing exports in 2023 to between US\$13.6 – US\$14 billion.

W&WPs exported in September and over 9 months 2023

W&WPs	9/2023 (US\$ thousand)	Against 9/2022 (%)	9 months 2023 (US\$ thousand)	Annual difference 2022 (%)	Share (%)	
					9 months 2023	9 months 2022
Total	1,135,815	1.0	9,623,894	-21.8	100.0	100.0
Wood frame seats	228,995	19.6	1,989,317	-12.8	20.7	18.5
Woodchip	205,949	29.1	1,643,588	-16.5	17.1	16.0
Guests/Kitchen room furniture	202,061	-2.3	1,527,128	-35.2	15.9	19.1
Wood-based panels and floorings	147,995	38.2	1,272,264	-15.0	13.2	12.2
Bed-room furniture	132,058	-16.8	1,154,303	-35.6	12.0	14.6
Dining-room furniture	99,802	12.3	834,454	-19.2	8.7	8.4
Wood pellet	58,759	8.2	505,208	-5.3	5.2	4.3
Office furniture	23,070	-24.1	195,682	-31.8	2.0	2.3
Doors	4,220	22.6	33,482	-17.9	0.3	0.3
Handicrafts	1,747	6.5	18,820	-15.5	0.2	0.2
Mirror frame	148	-51.7	1,771	-51.0	0.0	0.0

Source: Vietnam General Department of Customs

Export markets

W&WP exports to the top market, the US, showed signs of recovery in September 2023 with the growth rate of 7.5% compared to September 2022, narrowing the decline in the first 9 months of this year. W&WP exports to the US over the first 9 months of 2023 were valued US\$5.2 down 24% year on year.

The recovery of exports to the US is an optimistic signal for the industry as the US often consumes 50 - 55% of total W&WPs exports from Vietnam. In the last 3 months of 2023, W&WP exports to the US are expected to recover thanks to a better US economic outlook as well as the reduction of inventories and inflationary pressures.

In addition to the US market, W&WP exports to other markets in the first 9 months of 2023 all declined. In particular, exports to Japan reached US\$1.3 billion, down 9%; China US\$1.2 billion, down 25%; South Korea US\$583 million, down 21%; EU US\$303.5 million, down 37%.

Forecast

Vietnam's W&WP exports in the first 10 months of this year are estimated at US\$10.8 billion, down 20% over the same period in 2022. The main reason behind this downturn is the lack of orders from major markets. This trend has been prevailing since the end of 2022 and lasting through the first months of 2023.

However, demand for furniture in international markets and Vietnam's supply capacity are both positive. From August 2023, buyers have started to return.

The recently signed free trade agreements are expected to facilitate made-in-Vietnam furniture shipments to potential markets such as the EU, Asian countries and the Middle East.

The outlook for W&WP exports is expected to be more positive in the last months of 2023 with the revitalisation of property markets and increasing demand for home furniture replacement before the New Year holidays.

W&WP imports in the first 10 months of 2023

According to preliminary statistics, Vietnam's log and sawnwood imports in October 2023 amounted to 424,500 cu.m, worth US\$135.0 million, up 8% in volume and 8% in value compared to September 2023. However, compared to October 2022, it decreased by 14.0% in volume and 24.4% in value.

In the first 10 months of 2023, log and sawnwood imports totalled 3.704 million cu.m, worth US\$1,262 billion, down 279% in volume and 35% in value over the same period in 2022.

Suppliers

In the first 9 months of 2023 import volumes of raw wood from major markets such as the EU, USA, China, Cambodia, Chile and Laos dropped against the same period in 2022, while the imports from smaller suppliers such as Thailand, Malaysia, Indonesia and Sierra Leone increased slightly.

Log and sawnwood imported from the EU accounted for 18% of total imports, reaching 575,800 cu.m, worth US\$174.7 million, down 11% in volume and 20% in value over the same period in 2022.

Imports of raw wood from the US decreased by 26% in volume and 34% in value over the same period in 2022 with the volume of 391,900 cu.m, worth US\$167.3 million a 12% share of total imports.

Imports of raw wood from Chinat decreased by 26% in volume and 39% in value over the same period in 2022, amounting to 388,000 cu.m, worth US\$181.4 million and accounted for 12% of total imports.

In addition, the import volume of raw wood from some other suppliers decreased over the same period in 2022 such as; from Cameroon decreased 22%; Chile fell 10%; Laos minus by 25%; Brazil dropped by 44%; New Zealand down by 16%; Russia by 27%.

Imported species

Statistics from the General Department of Customs reveal that in the first 9 months of 2023 the import volume of major species such as pine, tali, poplar, oak, pachi/doussi, padauk and eucalyptus dropped year-on-year while the imports of other species increased (rubber, teak, fir, pecans).

Pine, as the top imported wood, accounted for 15% of total raw wood imports in the first nine months of 2023 reaching 508,000 cu.m, worth US\$111.6 million, down 37% in volume and 50% in value over the same period in 2022.

Tali imports decreased by 25% in volume and 23% in value over the same period in 2022, reaching 297,200 cu.m, valued at US\$124.2 million, accounting for 9% of the total imported raw wood.

Poplar imports decreased by 19% in volume and 33% in value compared to the same period in 2022, reaching 235,100 cu.m, valued at US\$97.6 million.

In addition, the import volume of some species decreased as compared to the same period in 2022 such as oak decreased by 7.5%, pachi/doussi by 63%, padauk by 30%, eucalyptus by 62%, mukulungu by 14%; sapele by 45%.

In contrast, imports of ash in the first 9 months of 2023 increased by 12% in volume and 10% in value over the same period in 2022, reaching 404,200 cu.m, worth US\$103.8 million and accounted for 12% of total imported raw wood.

In addition, import volumes of some woody species increased over the same period in 2022 such as rubberwood increased by 12%, teak by 50%, spruce by 110%, pecan by 46%, menghundor by 38%, mersawa by 9%.

Prices

In the first 9 months of 2023 the average price of raw wood imported into Vietnam stood at US\$343.8/cu.m, down 11% over the same period in 2022.

In particular, the price of raw wood from the EU decreased by 10% to US\$303.3/cu.m, from the US by 10%, to US\$426.8/cu.m, China down by 17%, to US\$467.6/cu.m, Laos dropped by 8%, to US\$469.0/cu.m.

Non-timber forest product exports decreasing

According to the General Department of Customs, NTFP exports in September 2023 amounted to US\$52.83 million, down 17.9% compared to August 2023 but up 6.5% compared to September 2022. Over the first 9 months of 2023, Vietnam's NTFP exports were valued at US\$538.69 million, down 16% over the same period in 2022.

In October 2023 the US\$60 million from NTFP exports is expected to bring total exports in the first 10 months of 2023 to US\$598.69 million, down 14% year-on-year.

Vietnam, a model in forest protection and sustainable development

Vietnam intends to implement international commitments and also create new values for agricultural development.

The European Commission (EC) has recognised Vietnam's quick action in adapting to the European Union Deforestation-free Regulation (EUDR), saying Vietnam's message of turning challenges into opportunities has inspired the EC in working with partners.

The information was revealed at a working session between a delegation from the Ministry of Agriculture and Rural Development (MARD) led by Minister Le Minh Hoan and the EC's officials.

During working sessions with the EC Commissioner for Environment, Oceans and Fisheries, Virginijus Sinkevičius, Hoan stated that the Vietnamese Government's policy is to guide agriculture towards an ecological, green and sustainable direction.

Vietnam not only wants to implement international commitments but to create new values for agricultural development accompanied by environmental protection, preserving resources for future generations, and contributing to global sustainable development, he said. The Minister also highlighted the Vietnamese Government's commitment to developing a transparent, responsible, and sustainable agricultural sector as Vietnam has become a major food supplier in the world.

Regarding the EUDR, Hoan said that Vietnam's message of compliance with the regulations meets the requirements for exporting coffee, rubber, wood and wood products to the EU market. It is also an opportunity to develop Vietnam's agriculture sector in line with the sector's strategic orientation of transparency, responsibility, sustainability and green growth.

As soon as EC approved the EUDR, MARD participated in many in-depth discussions at both EC's technical and leadership levels as well as quickly directed specialised agencies to prepare an adaptation action plan framework for the EUDR.

See: <https://en.vietnamplus.vn/vietnam-becomes-global-model-in-forest-protection-sustainable-development-ec/270014.vnp>

Brazil

Forest biomass potential as a source of energy

Law No. 233/2005 addresses forest policy and also deals with forest replacement and after the introduction of regulation No. 06/2022, forest residues (stumps, roots, branches) that used to be burned began to be used for bioenergy production.

A study by the Secretaria do Meio Ambiente e Infraestrutura (SEMA) on the Coefficient of Volumetric Yield (CRV) proved to be fundamental to making sustainable forest management projects more viable through the utilisation of stumps, roots and branches. Demand for the forest biomass continues to grow in the state of Mato Grosso.

According to a survey carried out by the Center of Timber Producing and Exporting Industries of Mato Grosso State (CIPEM) based on indicators gathered by the Federation of Industries of Mato Grosso (FIEMT), the value produced in 2022 from biomass exceeded all previous years.

Last year, R\$310.1 million was earned from the annual production of 3.5 million cubic metres, representing an doubling of production.

CIPEM said, in view of the high demand for biomass it is essential that the environmental licensing agency establishes procedures that are consistent with the reality of enterprises that produce biomass for energy generation.

See: <https://cipem.org.br/noticias/potencial-da-biomassa-florestal-como-fonte-de-energia>

Illegal logging in non-designated public forests

Around 38,000 hectares of forest in Pará State in the Amazon Region, were logged of which 46% (17,800 hectares) occurred illegally between August 2021 and July 2022, according to the Logging Monitoring System - SIMEX (Sistema de Monitoramento da Exploração Madeireira).

Much of this logging was in public forests that have not yet been designated for a defined use by the State. In these non-designated public land areas, 1,711 hectares were illegally harvested representing an increase of 86% compared to the previous period (August 2020 to July 2021) when 919 hectares of unauthorised logging was identified.

SIMEX data shows that of the total illegally logged area of 13,300 hectares occurred within registered properties. Illegal logging in non-designated areas accounted for 9.5% of the total. Protected areas accounted for 5.8%, 5.3% in indigenous lands and 0.5% in conservation units.

The municipalities with the largest areas of illegal activity were: Paragominas, with 4,167 hectares (23%); Dom Eliseu, with 2,741 hectares (15%); and Goianésia do Pará, with 1,696 hectares (9%).

The monitoring system showed that there was a reduction in logging in protected areas during the period analysed. In indigenous lands, illegal logging fell to just 951 hectares.

In conservation units the area logged without authorisation went from 126 hectares in the previous period to 96 hectares. The most affected protected areas in the latest monitoring work were the Amanayé indigenous land, the Jamanxim National Park and the Sarauá indigenous land.

See: <https://www.remade.com.br/noticias/19546/extracao-ilegal-de-madeira-cresce-em-areas-ainda-nao-destinadas-do-para>

Mato Grosso expands its timber exports

The state of Mato Grosso in the Amazon Region is Brazil's fourth largest timber exporter and generated around US\$71 million in exports of forest products between January and September 2023. Almost half of all municipalities in the state have forest-based industries with Colniza and Aripuanã leading the state's log production according to the Brazilian Institute of Geography and Statistics (IBGE). China and India stand out as important consumers of wood products from Mato Grosso harvested from areas with sustainable forest management plans. According to the Ministry of Agriculture and Livestock (MAPA), up to September India imported 38,101 tonnes (US\$20.5 million) and China imported 8,964 tonnes (US\$6.8 million).

It should be noted that Mato Grosso's wood product exports to India are mainly teak from forest plantation and the state hopes to expand exports of native timber species from sustainable forest management.

Ahead of Mato Grosso, the largest exporting states up to September 2023 were Santa Catarina (US\$1 billion), Rio Grande do Sul (R\$436.7 million) and Pará (US\$177.1 million).

In order to increase exports to China and India CIPEM plan lead a delegation of entrepreneurs from the forest sector to participate in the Global Wood Forum in Macau, November 21-22.

See: <https://forestnews.com.br/mato-grosso-exportacoes-madeira-mercados-globais/>

Export monitoring provides indicators of furniture trade

The "Monitoring of Furniture Exports" report developed by Market Intelligence (IEMI) was produced exclusively for companies associated with the Brazilian Furniture Sector Project, an initiative of ABIMÓVEL (Brazilian Furniture Industry Association) and Apex Brasil (Brazilian Trade and Investment Promotion Agency) with the aim of boosting exports and the internationalisation of Brazil's furniture industry.

The study tracks exports in four main product categories (upholstered furniture, wooden furniture, metal furniture and mattresses), observing the monthly variation in exports of 17 key products which are representative for the categories and markets of strategic interest. In September 2023 Brazil exported approximately US\$57.9 million (FOB) in furniture, representing a drop of 11% compared to the same month in the previous year.

Furthermore, exports to different countries showed significant variations. There was a sharp drop in exports to Germany (61%), Colombia (51%), the United States (28%) and Peru (22%). On the other hand a significant increase in the monthly variation of exports was recorded in the United Arab Emirates (158%), followed by Chile (19%), Mexico (62%), Panama (74%) and the United Kingdom (12%).

The ABIMÓVEL report is an important tool for companies associated with the project providing essential data for understanding and adjusting export strategies.

This report was prepared on the basis of estimates built on data from IEMI's research with companies in the sector (producers and retailers) as well as on data and short-term performance indicators produced by official sources of information (IBGE (Brazilian Institute of Geography and Statistics), SECEX (Secretariat of Foreign Trade), CAGED (General Register of Employed and Unemployed, among others).

See: <http://abimovel.com/brazilian-furniture-monitoramento-das-exportacoes-traz-indicadores-do-comercio-exterior-de-moveis-e-colchoes-em-setembro/>

Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	592
Jatoba	237
Massaranduba	210
Muiracatiara	202
Angelim Vermelho	206
Mixed redwood and white woods	158

Source: STCP Data Bank

Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	2,315
Jatoba	1,155
Massaranduba	1,047
Muiracatiara	948
Angelim Vermelho	1,005
Mixed red and white	631
Eucalyptus (AD)	354
Pine (AD)	265
Pine (KD)	332

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

	US\$ pe3 cu.m
Parica	
4mm WBP	637
10mm WBP	490
15mm WBP	436
4mm MR.	605
10mm MR.	453
15mm MR.	388

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

	US\$ per cu.m
Domestic ex-mill prices	
15mm MDParticleboard	381
15mm MDF	415

Source: STCP

Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipe	3,378
Jatoba	1,731
Massaranduba	1,744
Muiracatiara	1,722
Pine (KD)	189

Source: STCP Data Bank

Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	308
12mm C/CC (WBP)	293
15mm C/CC (WBP)	280
18mm C/CC (WBP)	276

Source: STCP Data Bank

Export prices for added value products

	US\$ per cu.m
FOB Belem/Paranagua ports	
Decking Boards Ipê	5,500
Jatoba	2,496

Source: STCP Data Bank

Peru

Bosques Amazonicos issues sustainable financial instruments

The company Bosques Amazonicos S.A.C. (BAM) issued its Third Sustainable Short-Term Instrument Program – Series A in the Peruvian capital market successfully placing US\$3.404 million at a rate of 8% for a term of 360 days.

The funds will be used to finance conservation, reforestation, restoration and innovative projects in the Amazon. The initiative will benefit more than 1,000 member families.

The third programme of sustainable short-term instruments certified by Pacific Corporate Sustainability (PCS) will be used to cover and scale up projects with high social and/or environmental impacts.

BAM's strategy is framed in the development of three pillars: conserve, restore and finance which generate value for forests and their investors, promotes the sustainable development of local economies and contributes to reducing the effects of climate change.

See: <https://gestion.pe/economia/empresas/bosques-amazonicos-emite-instrumentos-financieros-sostenibles-por-us-3404-millones-noticia/>

Incentives for companies obtaining voluntary forest certification

The Ministry of Agrarian Development and Irrigation (Midagri) will provide incentives and benefits to individuals or companies that obtain voluntary forestry certification and deliver additional 'good practices' for forestry and wildlife competitiveness. This was possible after approving guidelines in the Executive Directorate Resolution No. D000244-2023-MIDAGRI-SERFOR-DE.

Midagri, through the National Forestry and Wildlife Service (Serfor), ordered the pre-publication of the proposal for "Guidelines for the granting of incentives and/or benefits for voluntary forest certification and other good practices for forest competitiveness and of wildlife" at the end of August of this year in order to receive comments or contributions from interested people.

The incentives range from discounts on various procedures such as payment for harvesting rights to the granting of additional points in processes for granting timber forestry concessions.

See: <https://agraria.pe/noticias/midagri-otorgara-incentivos-a-quienes-obtengan-certificacion-33735>

Proof of good forestry practices in Ucayali Region

The delivery of 22 titles to forestry concession holders in Ucayali will allow the beneficiaries to market wood products nationally and internationally.

In October the Forestry and Wildlife Resources Supervision Agency (Osinfor) handed out what is called 'Certificates of Compliance' to 22 holders of enabling titles in the Ucayali region. The head of Osinfor, Lucetty Ullilen, expressed her satisfaction on the work well done during Forest Week. The holders who received their 'Certificates of Compliance in' Pucallpa enthusiastically welcomed the announced incentives.

Carlos Henderson, a representative of a logging concession, stated that these certificates, along with the incentives, will be a showcase for clients who value sustainability and legality.

Bosques Amazonicos announces merger plans

Bosques Amazónicos S.A.C. (BAM) reported its intention to merge with three companies operating in the same sector in a statement issued to the Superintendence of Markets and Securities (SMV).

BAM has operated in Peru since 2007 and is dedicated to the development and marketing of environmental services including afforestation and reforestation of forests and aims to join Bosques Amazónico SFM S.A., Asterix SFM S.A. and Desarrollos Amazónico S.A.C.

Desarrollos Amazónico S.A.C is oriented towards afforestation and reforestation activities, agricultural, industrial or manufacturing exploitation, administration of timber forests, planting, harvesting and marketing of tropical fruits.

Asterix SFM S.A. carries out multiple activities related to the generation of rights or benefits derived from the sustainable exploitation of the environment as well as the generation of verified carbon emissions, carbon credits.

See: <https://gestion.pe/economia/empresas/bosques-amazonicos-anuncia-plan-de-fusion-con-tres-empresas-noticia/?ref=gesr>

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	687-706
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	582-602
Grade 2, Mexican market	527-541
Cumaru 4" thick, 6"-11" length KD Central American market	992-1019↑
Asian market	1006-1031
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	629-645
Dominican Republic	744-793
Marupa 1", 6-11 length KD Grade 1 Asian market	564-581

Export plywood prices

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

Export veneer prices

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

Domestic sawnwood prices

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

Domestic plywood prices (excl. taxes)

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

Domestic prices for other panel products

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

Fragility of the country's recovery

Japan's economy shrank by an annualised 2.1% in the July-September period from the previous quarter marking the first contraction in three quarters and this highlights the fragility of the country's recovery and supports the case for continued Bank of Japan (BoJ) easing as well as the new economic support package.

The contraction was partly driven by higher import costs which rebounded from a sharp drop in the spring with net exports deducting 0.1 percentage points from the overall GDP figure. The recent data suggest that Japan's economic recovery is more fragile than previously thought and in need of continued government and central bank support.

BoJ governor Kazuo Ueda has maintained that the bank will not change its policy until there are clearer signs that wage increases, price stability and growth are achieved.

See: <https://www.japantimes.co.jp/business/2023/11/15/economy/japan-gdp-shrinks/>

In related news, the International Monetary Fund has forecast that Germany will overtake Japan this year as the world's third-largest economy. In its World Economic Outlook the IMF forecast that Japan's nominal GDP will decrease 0.2% from the previous year to US\$4.23 trillion (630 trillion yen) while Germany's will increase 8.4% to US\$4.43 trillion.

See: <https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023>

Households cut down spending

Household spending in September fell 2.8% from a year earlier, dropping for the seventh consecutive month as people cut back spending on food and other items because of price increases and the decline in real wages.

Purchases of food, which account for around a third of household spending, decreased almost 4% falling for the 12th straight month. Spending on housing also declined as repairs and maintenance were put on hold. Other statistics from the government showed that real, inflation-adjusted wages in September dropped over 2% from the previous year for the 18th consecutive month.

See: <https://mainichi.jp/english/articles/20231107/p2g/00m/0bu/006000c>

Massive support package to cushion rising costs

The government has agreed a range of measures to help household finances that have been dealt a blow from inflation and the rising cost of imports. This package, at more than 17 trillion yen (US\$112 billion), will further worsen the country's finances.

Analysts are agreed that this initiative will not boost consumption but could help household finances. The package includes temporary cuts to income and residential taxes, cash payments to low-income households and subsidies for petrol and utility charges. The government expects the petrol and utility subsidies to reduce consumer inflation by about 1%.

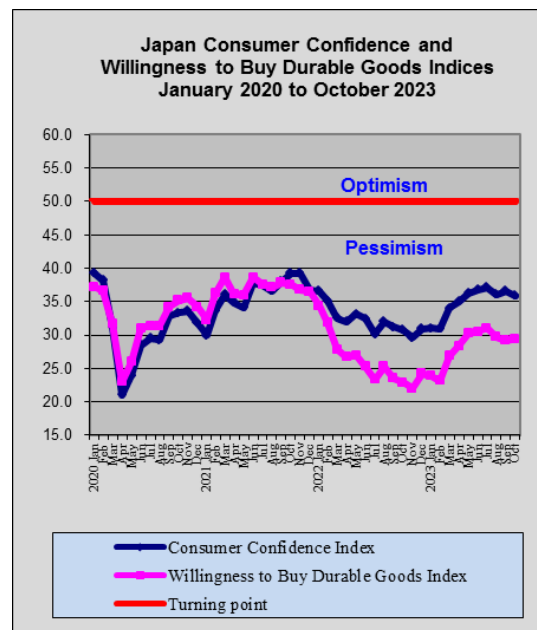
See: <https://www.reuters.com/markets/asia/japans-kishida-announces-113-bltn-package-combat-inflation-pain-2023-11-02/>

Slow recovery of earnings drives many companies under

The number of corporate bankruptcies in Japan jumped almost 40% to an eight-year high in the April-September fiscal first half from a year earlier. This came as many companies found it impossible to repay government relief loans taken during the pandemic.

During the pandemic bankruptcies were low thanks to the interest-free, unsecured loans extended by the government. Business failures are rising as companies experience slow earnings recovery and higher costs.

See: <https://japannews.yomiuri.co.jp/business/economy/20231011-142431/>



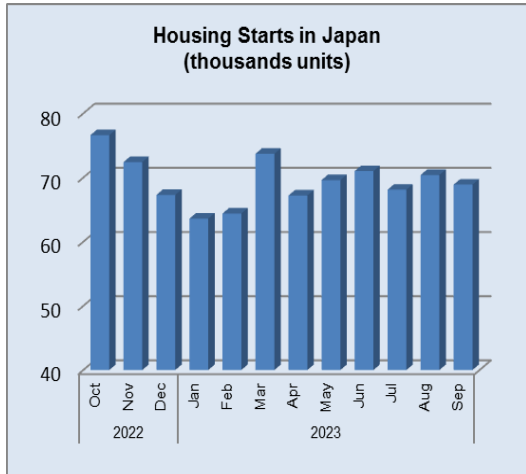
Data source: Cabinet Office, Japan

Renouncing inheritance of family apartments

Government figures show Japan is grappling with an aging population and properties abandoned by the families of the deceased. This is not only the case in rural areas. In many resort areas across Japan where, during the economic bubble time many people invested in luxury apartments, these are now valued at a fraction of the original price and require maintenance and for which apartment block management fees are due. In the face of this many are giving up on inheriting apartments which leaves the apartment management short of money to maintain services to the block.

In the past ten years, there have been more than 10,000 instances of this reported. Urban areas with large populations, such as Tokyo and Osaka, saw the highest number of instances but in per capita terms, Niigata Prefecture's Yuzawa Town topped the list followed by Atami in Shizuoka Prefecture and other regional tourist destinations.

See: <https://www3.nhk.or.jp/nhkworld/en/news/backstories/2828/>



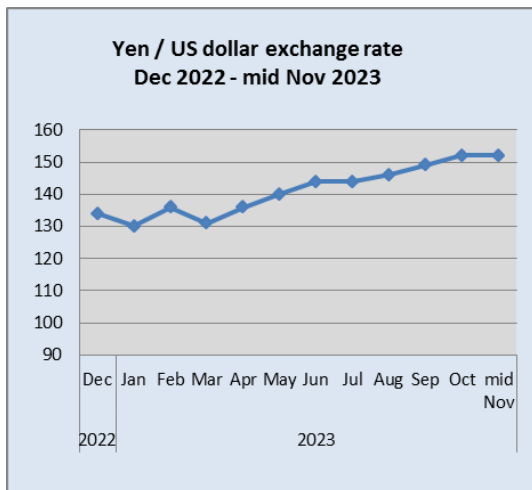
Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Government tries verbal support for yen

The yen suffered its biggest daily fall against the dollar since April in early November after the Bank of Japan made only modest changes to its policy of holding down government bond yields.

The US dollar/yen exchange rate surged to a 12-month high of almost 152 in early November prompting government spokespersons to offer verbal support. Sadly, the yen's fundamentals are weak and the currency is comparable to some of the world's worst performing currencies according to Deutsche Bank.

See: <https://www.ft.com/content/68689510-c413-45ea-91c4-f28cc5f47c4b>

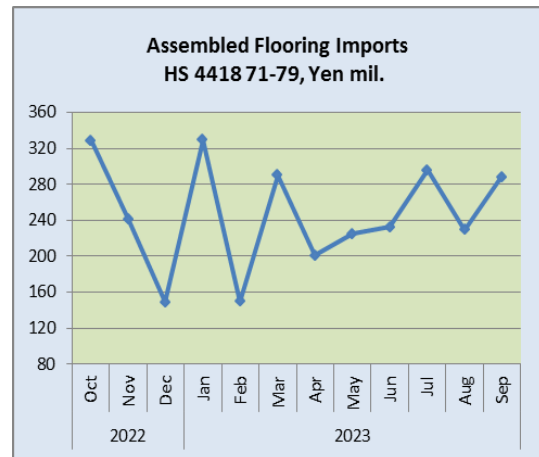


Import update

Assembled wooden flooring imports

The value of Japan's September imports of assembled flooring, (HS441871-79) dropped by over 10% year on year but compared to the value of August imports there was a 25% increase bringing monthly import values back the high seen in July. Of the various categories of assembled flooring imports in September HS441875 was the largest, accounting for 68% of the total value of assembled flooring imports followed by HS441879.

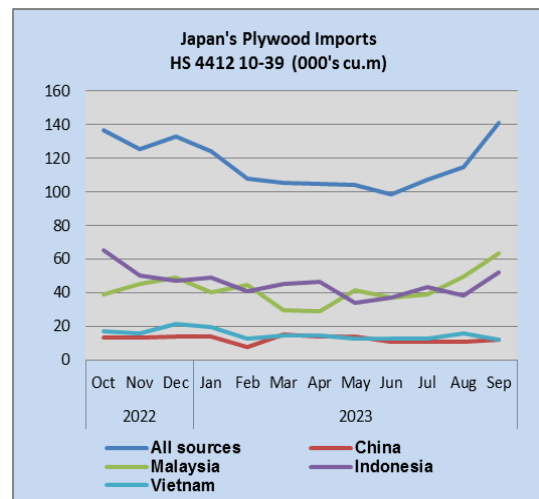
The main shippers of HS441875 in August were China 51%, the EU 27% followed by Vietnam, Malaysia, Thailand and Indonesia. In August there were no recorded arrivals from Indonesia but shipments resumed in September.



Data source: Ministry of Finance, Japan

Plywood imports

For the second straight month there was a rise in the volume of plywood arrivals in Japan. Since the beginning of this year the volume of imports had been on a steady downward trend so the up-tick in August and September is welcome news for shippers.



Data source: Ministry of Finance, Japan

Despite the two good months, year on year the volume of plywood imports was down 8% in September but compared to a month earlier there was a 23% increase with most of this extra being shipped by Indonesia and Malaysia with a slight rise in imports from China. The only loser in September was Vietnam where the volume of September shipments was down compared to a month earlier.

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

		China	Malaysia	Indonesia	Vietnam
2020	Jan	13.4	61.1	81.6	17.0
	Feb	6.8	72.2	63.8	9.5
	Mar	5.8	76.5	73.0	12.2
	Apr	13.0	68.0	69.0	13.6
	May	9.6	69.7	59.0	12.6
	Jun	10.3	52.0	61.0	11.3
	Jul	10.2	40.0	54.9	8.9
	Aug	6.6	55.0	56.0	8.4
	Sep	6.8	42.2	37.8	8.7
	Oct	8.3	62.4	52.7	10.1
	Nov	8.6	43.1	50.0	10.9
	Dec	9.2	60.5	43.9	10.8
2021	Jan	9.7	76.9	59.3	15.7
	Feb	6.8	53.5	50.1	13.0
	Mar	5.7	89.4	61.5	11.5
	Apr	11.4	65.9	58.2	17.3
	May	10.3	72.0	51.0	13.0
	Jun	10.5	61.9	56.6	15.6
	Jul	11.8	74.1	57.1	16.4
	Aug	12.8	54.7	57.8	17.5
	Sep	16.0	61.8	60.4	21.8
	Oct	12.6	72.8	60.4	22.5
	Nov	14.6	60.6	66.0	21.8
	Dec	13.6	51.2	76.5	21.0
2022	Jan	15.9	78.6	73.9	16.8
	Feb	14.7	61.0	56.8	11.4
	Mar	13.7	71.0	76.9	8.8
	Apr	25.0	79.3	72.0	13.1
	May	32.2	67.6	68.2	12.9
	Jun	37.5	61.4	52.4	18.4
	Jul	27.7	70.6	67.8	15.2
	Aug	19.0	63.0	70.8	18.5
	Sep	16.5	58.4	60.4	16.2
	Oct	13.4	39.2	65.5	17.1
	Nov	13.1	45.1	50.1	15.9
	Dec	13.9	49.2	47.1	21.6
2023	Jan	13.7	40.3	49.2	19.4
	Feb	7.8	44.9	40.6	12.9
	Mar	14.9	29.8	45.3	14.3

Apr	13.8	28.7	46.3	14.6
May	14.0	47.7	34.2	12.6
Jun	10.7	36.9	37.2	12.7
Jul	10.6	38.8	43.1	12.9
Aug	10.6	49.6	38.1	15.7
Sep	12.3	63.4	52.4	12.0

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://ifpi.jp/japan_lumber_reports/

Demand and supply of domestic softwood plywood

According to the Ministry of Agriculture, Forestry and Fisheries, shipment of structural plywood in September, 2023 is 201,000 cbms, 6.6 % more than September, 2022. This is for the first time in thirteen months to be over 200,000 cbms. Shipment is 5 % increased from previous month. Production of structural plywood is 201,000 cbms, 10.3 % down from September 2022. This is for the first time in twelve months to be over 200,000 cbms.

Production of over 24 mm plywood is 92,000 cbms, 9.8 % less than the same month last year but this is 14 % more than the previous month. Inventory of structural plywood is 133,000 cbms, 4.1 % more than the same month last year. This is 0.4 % up from last month.

Inquiries to domestic softwood plywood are bullish even though demand for houses is low. Shipment at some distributors in Western Japan has been increasing since September. However, the demand for houses is unclear in the future so the distributors purchase domestic softwood plywood to fill current needs.

The price of domestic softwood structural plywood is on a slow decline. 12 mm, 3 x 6 is 1,600 yen, delivered per sheet. Some companies sell the domestic softwood structural plywood by 1,550 yen, delivered per sheet, for sales promotion. Shipment of thick softwood structural plywood is rising. 24 mm 3 x 6 is 3,200 yen, delivered per sheet, and this is unchanged price from the previous month. 28 mm 3 x 6 is 3,750 yen, delivered per sheet and this is also unchanged price from the previous month.

Movement of imported plywood is dull. Arrival volume of imported plywood has been declining but the inventory of imported plywood in Japan is not in short supply. Japanese importers hesitate to buy plywood due to the weak yen and low demand.

The price of South Sea plywood in South Asia levels off from last month but some South Asian shippers raised the price by US\$10, C&F per cbm.

The South Asian shippers raised the price because the inventory of plywood in Japan has been decreasing. 12 mm 3 x 6 painted plywood for concrete form is \$670 – 680, C&F per cbm. Structural plywood is US\$560 – 570, C&F per cbm. Form plywood is around \$580, C&F per cbm.

2.4 mm 3 x 6 plywood is around US\$950, C&F per cbm. 3.7 mm 3 x 6 plywood is around \$880, C&F per cbm. 5.2 mm 3 x 6 plywood is around US\$850, C&F per cbm. These prices have been unchanged since summer.

The price of plywood will be raised in Japan due to the weak yen. 12 mm 3 x 6 painted plywood for concrete form is 1,990 – 2,000 yen, delivered per sheet and this is around 50 yen up from September. Structural plywood is 1,800 yen, delivered per cbm. 2.5 plywood is 780 yen, delivered per sheet. 4 mm plywood is 1,000 yen, delivered per sheet. 5.5 mm plywood is 1,200 yen, delivered per sheet.

Price of standing timber

Japan Real Estate Institute announced the survey of the price of standing timber at the end of March, 2023. The price of cedar, cypress and pine timber declined from the previous survey. The national average of cedar is 4,361 yen, per cbm and this is 12.7 % less than March, 2022. Cypress is 8,865 yen, per cbm and this is 18.2 % less and pine is 2,672 yen, per cbm and this is 2.1 % less than the same month last year. The sizes of cedar, cypress and pine trees are 20 – 22 cm x 3.65 – 4 m.

This survey began in 1959. The highest price of cedar was 22,707 yen, per cbm in 1980 and of cypress was 42,947 yen, per cbm in 1980.

Orders for house builders

New orders for some house builders in September, 2023 are 10 % less than September, 2022. The housing market has been sluggish in this year except the beginning of this year. Some sales staffs say that they could not attract customers to the display home villages in May, when there was a long holiday, because many customers went to leisure facilities. Some results in September, 2023 are better than the same month last year because the results in September, 2022 were terrible.

In this year, the customers are cautious to purchase houses and the house builders have raised the selling price. Therefore, the number of orders does not rise. However, some customers start to purchase built for sale houses because the price of condo is skyrocketing. Orders for rental houses and for non-housing buildings are still strong

New system for carbon dioxide emission

Taisei Corporation in Tokyo Prefecture developed a new system, which calculates an amount of Co2 emissions at processes of manufacturing building materials, procuring building materials and building structures. The new system is the first in the construction industry and is called 'T – CARBON Navios'. The new system calculates an amount of Co2 emission automatically on each kind of building materials by integrated data.

The company has already developed a system for calculating an amount of Co2 emission at a process of building structures in 2010 and has been offering the system to clients. By adding the new system to the existing system, it will calculate an amount of Co2 emission in a few minutes accurately.

It took several months to calculate an amount of Co2 emission at processes of manufacturing building materials before but the new system calculates an amount of Co2 emissions of procuring building materials by just typing a kind of building materials and a number of building materials.

Conclusion for promoting use of wood products

Nippon Life Insurance Company in Osaka Prefecture concludes an agreement with the Ministry of Agriculture, Forestry and Fisheries in promoting the use of timber. This is the Japan's first agreement of a financial company and the country.

100 wooden buildings will be built by 2030 and 4,800 cbms of timber will be used. Timber must be from companies which registered Clean Wood Act.

Confusion for importers and exporters

The Japan Lumber Reports in its November 10, 2023 issue No. 840 reports the following reaction to new regulations from the Ministry of Agriculture, Forestry and Fisheries (MAFF): 'We have to put the exporter's name on all imported plywood as of next year', Japanese importers and distributors said. Also, they have to put the exporter's name on OSB and laminated lumber so Japanese importers and exporters in overseas are confused. The exporters overseas say that it is not realistic to put names on every plywood and laminated lumber.

They have not concluded what to do for this new rule. The new rule will be effective in February, 2024. There are many questions about the new rule. What if there were no exporter's name on the products after February 2024, what would happen? Who would pay for this trouble? Some Japanese importers say that conditions for the new rule must be written down on the contracts.

There are thirteen kinds of wood products, such as laminated lumber, structural panels, floorings, plywood, wooden pellets and so on, under the JAS standards. The name of the product, of manufacturers, sizes and a kind of glue must be printed on JAS certificated wood products. However, there are just names of plants or companies printed on the products so far.

Then, MAFF guided the Japanese importers and exporters in foreign countries to follow the rules. Since a Chinese manufacturer was discovered wrongdoing on plywood last year, the rules about that become stricter than before.

The MAFF announced Japanese companies and companies, which are authorized by JAS in overseas, to be ready for the new rule by the end of January, 2024.

Plants have a certain amount of forecast production and the products are bundled so it is difficult to put the exporter's names on each product. The plants get orders for products from not only Japan but also other countries. These situations make Japanese companies to feel anxious about supply of product from overseas. It might take more time to deliver the JAS certificated products.

Especially, the Japanese companies are concerned that laminated structural lumber would be less because consumers started to purchase laminated structural lumber instead of Douglas fir lumber. Since there was a fire at Chugoku Lumber Co., Ltd.'s plant and the company limited to accept orders for Douglas fir lumber. The balance of demand and supply for structural lumber would be influenced by the new rule.

Japanese importers are not sure about the products without exporter's name would be treated as non-JAS products or not. Also, they are wondering about the stocks of products and there would be punishment or not if there were no names on the products.

China

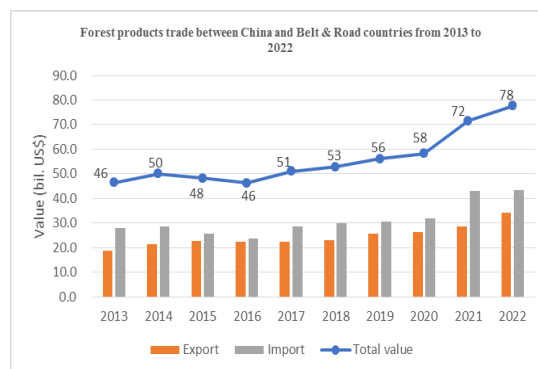
Forest products trade between China and Belt & Road countries

According to China Customs, the value of forest products trade between China and the Belt and Road countries has been on the rise since 2017 and grew 52% from US\$51 billion in 2017 to US\$78 billion in 2022. Imports dominate the forest products trade between China and the Belt & Road countries which have been running a deficit since its launch.

Forest products trade between China and Belt & Road countries from 2013 to 2022

	Exports US\$ billion	YoY % change	Imports US\$ billion	YoY % change
2013	18.6	15%	27.8	0.20%
2014	21.5	15%	28.6	3%
2015	22.7	6%	25.6	-11%
2016	22.4	-1%	23.8	-7%
2017	22.3	-0.40%	28.7	21%
2018	23.0	3%	29.8	4%
2019	25.7	12%	30.4	2%
2020	26.4	3%	31.8	4%
2021	28.5	8%	43	35%
2022	34.3	20%	43.4	1%

Data source: China Customs



Data source: China Customs

Wood products trade between China and Belt & Road countries

Forest products include wood and non-wood products. Trade in wood products dominates trade between China and the Belt & Road countries accounting for nearly 60% of the total. Trade in non-wood products trade makes up the balance.

China imported almost 97% of its wood products from the Belt & Road countries including timber and wood products (HS code 44, 50%), wood pulp (HS code 47, 33%) and paper, paperboard products (HS code 48, 15%).

Log imports

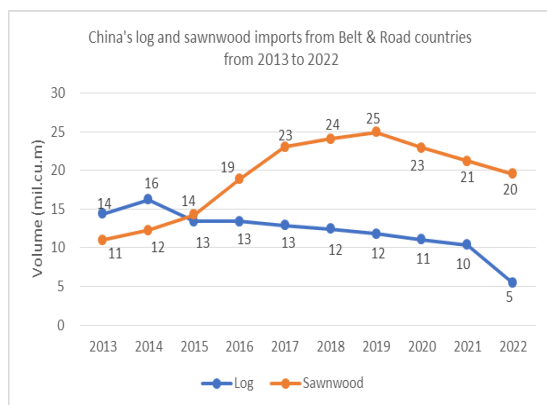
According to China Customs, China's log imports from the Belt & Road countries were 5.42 million cubic metres valued at US\$966 million in 2022, down 48% in volume and 42% in value year on year. China's log imports from the Belt & Road countries have shown a declining trend and fell 62% between from 2013 to 2022.

The log trade with Russia is the largest of the Belt & Road countries and accounted for 41% in 2022 down from the 61% in 2021. However, China's log imports from Russia plummeted to 2.21 million cubic metres in 2022 due to the increase in log export tariffs by Russia.

Top Belt & Road countries for China's log imports in 2022

Supplier	Volume (mil. cu.m)	% change
Total	5.42	-48%
Russia	2.21	-65%
Czech Rep.	0.94	-42%
Latvia	0.84	122%
Poland	0.55	-22%
Slovakia	0.43	-43%
Bosnia & Herzegovina	0.1	318%
Hungary	0.07	968%
Estonia	0.06	-12%

Data source: China Customs



Data source: China Customs

The species of imported logs in 2022 were spruce and fir (40%) and birch (34%). In addition, a small amount of poplar, scots and Korean pine, oak and beech were imported in 2022.

Sawnwood imports

According to China Customs, sawnwood imports from the Belt & Road countries were 19.51 million cubic metres valued at US\$4.76 billion in 2022, down 8% in volume and 5% in value year on year.

China's sawnwood imports from the Belt & Road countries have been increasing and rose 77% from 11 million cubic metres in 2013 to 19.51 million in 2022 and in 2022 accounted for 73% of the national total. Russia was the largest Belt & Road countries in terms of sawnwood imports and accounted for 67% in 2022.

But China's sawnwood imports from Russia fell 7% to 13.09 million cubic metres in 2022. In contrast, China's sawnwood imports from Thailand, the Philippines, Belarus and Croatia rose 2%, 1%, 34% and 9% respectively in 2022.

Top Belt & Road countries for China's sawnwood imports in 2022

Supplier	Volume (mil. cu.m)	% change
Total	19.51	-8%
Russia	13.09	-7%
Thailand	3.85	2%
Philippines	0.65	1%
Belarus	0.63	34%
Romania	0.27	-22%
Ukraine	0.18	-80%
Malaysia	0.12	-14%
Croatia	0.1	9%

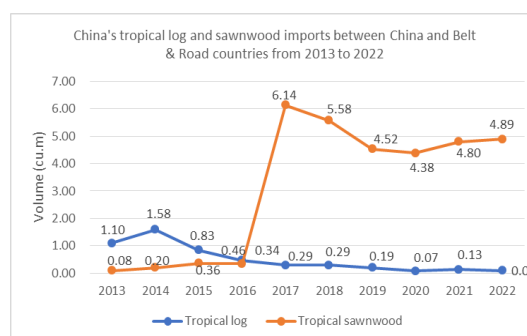
Data source: China Customs

The species of imported sawnwood in 2022 were scots and Korean pine (29%), spruce and fir (28%) and tropical sawnwood (24%).

Tropical log and sawnwood imports between China and Belt & Road countries

According to China Customs tropical log imports from the Belt & Road countries were about 90,000 cubic metres valued at US\$84 million in 2022, down 32% in volume and 48% in value year on year.

China's tropical log imports from the Belt & Road countries have showed a declining trend and fell 92% from 1.10 million cubic metres in 2013 to 90,000 in 2022, accounting for just 1.5% of the national total for tropical log imports. 80% of China's tropical logs were imported from Cambodia (25,000 cu.m, 28%), Laos (23,000 cu.m, 25%), Malaysia (12,000 cu.m, 14%) and Thailand (11,000 cu.m, 12%) in 2022.



Data source: China Customs

Tropical sawnwood imports

China's tropical sawnwood imports from the Belt & Road countries totalled 4.89 million cubic metres valued at US\$1.262 billion in 2022, up 2% in volume but down 1% in value year on year.

China's tropical sawnwood imports from the Belt & Road countries have showed an increasing trend and rose from 84,700 cubic metres in 2013 to 4.89 million cubic metres in 2022, accounting for 77% of the national total for tropical sawnwood imports.

92% of China's tropical sawnwood were mainly imported from top Belt & Road countries, Thailand (3.85 mil. cu.m, 79%) and the Philippines (654,000 cu.m, 13%) in 2022.

See: <https://lb.bfsu.edu.cn/64.pdf>.

China had signed cooperation agreements on Belt and Road cooperation with 152 countries by October 2023. The number of countries in the "Belt and Road" initiative account for 77% of the number of countries in the world, the area of countries joining the "Belt and Road" account for 65% of the total area of 197 countries and the population of countries in the "Belt and Road" initiative account for 65% of the total population of the world.

See:

https://baijiahao.baidu.com/s?id=1780923254721329854&wfr=s_pider&for=pc

Global Timber Index (GTI) Report

The Global Timber Index (GTI) Report for October 2023 shows that since the beginning of this year, the Chinese government has rolled out a series of policies to support the development of real estate and household furnishing industries such as the “Notice on Several Measures to Promote Household Furnishing Consumption” and the “Circular on Optimizing the Criteria for the Recognition of Housing Units in Personal Housing Mortgage”.

The effect of these policies is having an impact and driving the development of the timber market in China. This month China's timber enterprises included in the GGSC saw an increase in both orders and production volume with the GTI-China index registering 55.2%, an increase of 18 percentage points from the previous month.

Data released by China’s National Bureau of Statistics showed in the first three quarters of this year China's gross domestic product (GDP) reached 9.13 billion yuan, a year-on-year increase of 5.2%.

Final consumption expenditure contributed to 94.8% percent of economic growth, driving GDP growth by 4.6 percentage points; the total retail sales of consumer goods reached 34.2 trillion yuan, a year-on-year increase of 6.8%; besides, the value created by the service sector increased by 6.0 percent year-on-year, and the per capita service consumption expenditure of residents grew by 14.2 percent year-on-year, indicating the pace of the recovery exceeded expectations.

On 2 November the National Development and Reform Commission and other government agencies issued a three-year action plan to speed up substituting plastic with bamboo, encouraging public agencies to actively purchase relevant bamboo products that replace plastic and in the fields of daily necessities, culture and tourism, encouraging the use of shopping bags and stationery made from bamboo instead of plastic.

The three-year action plan also points out that the overall added value of the main products substituting plastic with bamboo shall increase by at least 20% by 2025.

In October this year, China's timber industry showed stable and sound development momentum, driven by a series of policies for stimulating the real estate market and encouraging infrastructure investment in China.

GTI-China enterprises reported that both production volume and domestic orders increased compared with the previous month, the import of raw materials such as wood was more active, and the prices of timber stopped falling and stabilized.

However, on the other hand, the international demand was still relatively sluggish, and orders from overseas decreased compared with the previous month.

In October the GTI-China index recorded 55.2%, an increase of 17.9 percentage points compared to that of the previous month, rose above the critical value (50%) after one month, indicating that the business prosperity of the timber enterprises represented by the GTI-China index expanded from last month.

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

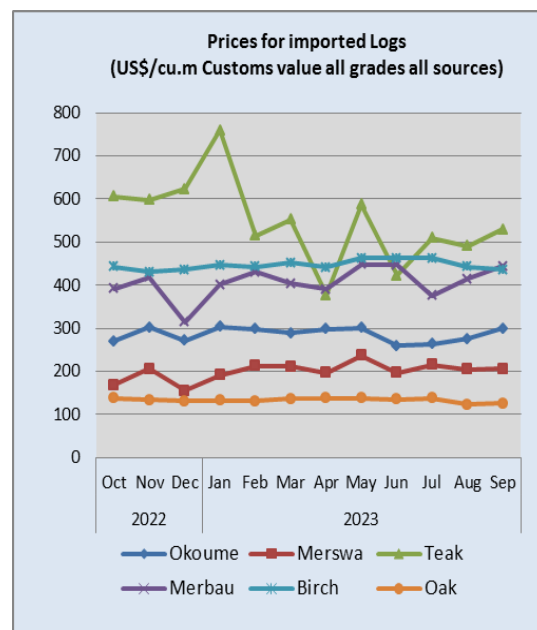
	2023 Aug	2023 Sep
Okoume	276	299
Merswa	204	206
Teak	491	530
Merbau	415	444
Birch	442	436
Oak	123	126

Data source: Customs, China

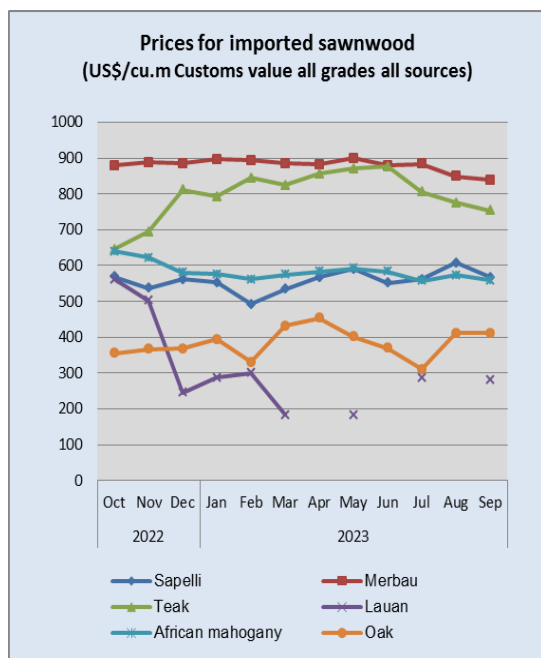
Average CIF prices, Tropical sawnwood, US\$/cu.m

	2023 Aug	2023 Sep
Sapelli	608	568
Merbau	849	839
Teak	775	753
Lauan		281
African mahogany	573	559
Oak	412	411

Data source: Customs, China



Data source: Customs, China



Data source: Customs, China

Feature - ITTO Market Discussion on the EUDR

Action required now by tropical wood suppliers to meet EUDR requirements

Tropical wood exporters to the EU need already to be collecting the due diligence data - including evidence that wood is legal and deforestation-free and the geo-coordinates of all the individual plots of land (defined as a single real estate property) from which all wood products are sourced - to ensure they can meet the requirements of the EU Deforestation Regulation (EUDR) when enforcement begins on 30 December 2024.

This was the key message in relation to EUDR from the ITTO Annual Market Discussion held on 14 November in Pattaya, Thailand, as part of the 59th Session of the International Tropical Timber Council (ITTC). The theme of this year's Market Discussion was "Tropical Timber Industry: Challenges and Opportunities from Changing Priorities".

The urgent need for wood products exporters to act now so that their EU customers can demonstrate conformance to the EUDR was emphasised by Mr. Franz-Xaver Kraft of GD Holz, the German timber trade association, in his presentation on "The EU Deforestation Regulation: Implications for Producers and Importers".

Kraft said that the EUDR applies to wood harvested after 29 June 2023 and placed on the EU market after 30 December 2024. The obligations of importers include having to apply a due diligence system (DDS) prior to placing imported wood on the market. The DDS must cover issues such as deforestation, forest degradation and harvesting in accordance with local laws.

Importers must prove that products do not originate from land where deforestation or forest degradation occurred after 31 December 2020. Satellite images, official documents, certification or audits could serve as evidence, among others. It was stated that there is no exemption for wood covered by FLEGT or CITES. FLEGT can serve as evidence of legality but evidence of no deforestation or forest degradation still needs to be proven.

Turning to information required to successfully fulfil the EUDR, Kraft pointed out that importers will have to heavily rely on the assistance of producers. These need to provide geo-coordinates of all plots of land where wood was harvested, date of harvest, scientific name of the timber, evidence that the wood was harvested legally and evidence that the wood doesn't originate from a plot of land where deforestation or forest degradation have occurred after 31 December 2020.

For so called 'high-risk-countries', additional information and risk mitigation measures may be necessary. If this information is not available, EU customs authorities will not allow the wood to enter the EU.

A follow-up presentation by Mr. Nils Olaf Petersen, speaking on behalf of the European Timber Trade Federation (ETTF), focused on actions taken by ETTF in relation to EUDR. Petersen said that the ETTF represents timber product importers' interests across Europe, as well as non-importing merchants, distributors and traders. The ETTF operates on a united base representing and lobbying on behalf of the entire industry to national and EU authorities and key decision makers in the marketplace.

The ETTF comprises 15 member EU timber associations and federations.

In relation to EUDR, the ETTF has been active providing information to its members and supplier countries through webinars, newsletters and workshops and has regularly conducted stakeholder consultations and communicated with stakeholders in other commodity sectors.

Petersen emphasised that, for timber harvested after June 2023 and placed on the EU markets after 2024, the EUDR applies so that it is important that suppliers and importers work together to gather the required information.

The ETTF is of the opinion that the timber industry needs a much longer transition period to allow suppliers and importers to be confident in satisfying the requirements of the EUDR to avoid timber shipments being seized and companies being penalised and/or blacklisted. On implementation, the ETTF has called for a harmonized system within the EU that supports fair competition.

The process of implementation and enforcement by EU member countries is still evolving but what is clear in the EUDR, according to Petersen, is that any person can declare a concern and that the authorities are obliged to investigate immediately, which may lead to uneven application (eg some countries have more active NGOs).

Petersen said that the European Commission has indicated that the conditions for satisfying the EUDR will vary according to a ranking system for different countries under three categories; low risk, standard risk, and high risk.

Depending on the ranking decided by the European Commission, differing standards in fulfilling due diligence requirements will be applied. When the EUDR entered into force in June 2023 all countries were classified as standard risk. At the end of 18 months the Commission will classify countries and parts thereof as low or high risk and publish this list.

Petersen concluded “No sector is better prepared than the forestry sector but currently no-one is well prepared” adding “it will be extremely difficult for many supplier countries and EU importers to comply with the EUDR especially the smaller companies”. Especially transferring the regulation into practice remains a challenge as many practical questions are still unanswered. During the presentation it was pointed out that trade federations were only involved in the development of the EUDR at a quite late stage.

Petersen also said the aim of the regulation, to avoid deforestation and forest degradation, is undebatable and welcomed by ETTF stakeholders. Regarding its implementation there are some serious challenges and now trade federations need to collaborate closely to prevent further damage to their members.

Issues surrounding implementation of EUDR featured heavily during the question-and-answer session with members of the Council that followed the presentations to the Annual Market Discussion.

The delegate from Ghana commented that the EUDR appears to be an attempt to influence governance in producer countries. The delegate asked for clarification on how timber harvested from trees planted on land on which the forest cover was destroyed by fire would be dealt with under the EUDR. Responding on behalf of ETTF, Petersen said the EUDR is not flexible and as it stands now, timber from trees planted on land which was once forest but was destroyed by fire would not meet the requirements of the EUDR.

The delegate from Ghana also asked whether countries with VPAs should continue pursuing FLEGT licensing. Petersen said that the view of the ETTF was “emphatically, yes, it would be advisable to complete the FLEGT licensing process”. He added that he has observed improvement in monitoring capacity, governance and sustainability as countries move to FLEGT licensing and this will help in meeting the requirements of the EUDR.

Also, the legality requirements of the EUDR can be addressed through the FLEGT process. Petersen noted that no country pursuing FLEGT should forget that it will help reduce the burden of information requirements under the EUDR.

A delegate from Vietnam commented on the lack of linkage between the EUTR and the EUDR. He pointed out that Vietnam has committed considerable resources preparing for the VPA but now the focus in Vietnam is the EUDR. He requested that preference should be given to those countries that are trying to conclude VPAs and are still actively preparing for their implementation.

On the enforcement of the EUDR, the delegate from Vietnam pointed out that timber supply chains can be very complicated. He said that Vietnam uses domestic acacia and rubberwood and imported timber from over 100 countries for the manufacture of wood products for export to the EU.

The domestic timber is supplied by small landowners, many of whom cannot read or write. He wondered how can they be expected to understand the requirements of the EUDR and provide geo-coordinates for the harvested wood and how can Vietnamese importers obtain geo-coordinates for the vast number of species imported from around the world to prove they are deforestation free? He commented that there is not enough time to prepare for the EUDR given the complexity of the sector.

The Market Discussion Chair, Rupert Oliver, commented that many in the timber trade were startled by the time scale for implementation of the EUDR. For large companies which have the financial and manpower resources it may be possible but for small operators it will be very difficult, especially where there are complex supply chains.

Both speakers from the ETTF shared the concerns of the delegate from Vietnam but did not have a solution. One indicated that he is aware the EC has some initiatives to work with smallholders but has no details, adding that it is important for domestic timber associations to aid small scale suppliers.

He added that support for small scale suppliers is also a challenge in Germany where forest ownership is very scattered with thousands of forest owners with just one or two hectares, a problem shared by other European countries. He added that the EC needs to be aware of this and provide a precise guidance document.

On Vietnamese overseas suppliers, Petersen for the ETTF recommended that all overseas suppliers be advised on what information and documentation they will need to provide so the requirements of the EUDR can be satisfied.

The representative from the IWPA asked if any studies existed on the potential economic impact of the EUDR or impact on consumer demand and also whether studies have been done on the potential impact of the EUDR on small and medium-sized enterprises.

The Market Discussion Chair said he was unaware of any economic analyses except for the fitness test conducted by the EC.

This, he said, indicated that the costs of implementation were believed to be quite low but it was unclear if the private sector was consulted.

Petersen for the ETTF considered the work done by the EC insufficient and fears that some products may disappear from the EU market because the supply chains are too complex making it impossible to gather the required information to satisfy the EUDR.

To give an example on costs he quoted an example from Germany where creating an IT-based due diligence system for the EUDR was estimated to cost up to 400,000 euros, and this was only the development cost. He added an SME could not afford such a system and it would also be very difficult for them to afford the extra staff to maintain a robust system. He informed the meeting that he understands the EC is planning an impact assessment at some time in the future.

A delegate from Ghana made an intervention saying Ghana is on the brink of issuing the first FLEGT license in Africa which should be a reason to celebrate but satisfaction has been replaced by frustration as achieving FLEGT licensing has been diminished by the EUDR which does not recognize FLEGT licenses, CITES or certification.

He added that Ghana was convinced there were synergies between FLEGT and certification and first thought FLEGT would be simple but eventually realised it involved considerable domestic reforms, not just on legality but also on SFM. He commented that the EC has adopted the EUDR and relegated the VPA and asked what reason Ghana now has to celebrate. He next turned to the risk ranking of countries to be determined by the EC and asked what benchmark will be used and whose law and/or judgement will be applied.

On development of plantations, he agreed that this is the future but there is an issue of finding enough land to plant trees on. In Ghana there are degraded forests but future plantation timber from such land will not be accepted under the EUDR, so the country is in a quandary.

As a final comment he reminded delegates that the extractive industries (e.g. mining, oil/gas, etc.) are a major source of deforestation, but the EUDR does not cover these industries. He requested clarification as to why are these sectors not included in the EUDR.

At the end of the discussion a delegate from the EC intervened reminding everyone of the international commitment to end deforestation by 2020, adding that the EUDR is an environmental measure designed to help achieve this objective.

He said that he had taken note of concerns regarding smallholders, stating that this issue has been raised by some authorities but when the EC held discussions with smallholders they were usually positive and claimed they could see the benefits from the EUDR.

The delegate from the EC commented that FLEGT negotiations are ongoing with many partners and with some the EC is close to reaching the license stage. However, it is not possible to say countries should continue pursuing FLEGT as it is not appropriate for all countries.

On the issue of guidance documents raised by speakers from the ETTF the delegate from the EC indicated the Commission was ready to address this, adding that the FAQ are already available. He confirmed that there will be an impact assessment of the EUDR at some point in the future.

On the potential impact of the EUDR, the delegate from the EC stated that assessments have been undertaken in Thailand, Laos and Malaysia and the conclusions for some were quite positive. In Thailand, for example, where rubber is a major commodity under the EUDR, the impact assessment showed that the Thai authorities are already well prepared.

The delegate from the EC said we should not overestimate the difficulties. We know there will be some but through cooperation with the EC/EU, they should be manageable. He concluded that the regulation has now been passed so we should all work together to make sure the timber trade is not negatively impacted.

Following the Market Discussion, Mr. Barney Chan (TAG Co-coordinator) presented the Statement from the Trade Advisory Group (TAG) to the ITTC, which also focused on the EUDR, noting that the regulation “will have a significant impact on the tropical timber trade in EU” and “serious implications in tropical timber producing countries”.

The TAG Statement notes that “timber is the only commodity within the scope of EUDR for which an increase in demand can enhance the value of forests, actively discourage deforestation, and promote increased investment in sustainable forest management, as well as help address climate change”.

In view of this, the TAG Statement notes the “significant responsibility on the part of EU and the architects of similar regulations in other consumer markets to ensure that laws developed with the best of intentions to help reduce deforestation, do not inadvertently increase barriers to the trade in legally sourced wood products as such regulations are more likely to undermine than enhance the value of standing forests.”

After highlighting some aspects of EUDR which, according to the TAG, “have the potential to create unnecessary barriers to the sustainable development of tropical forest resources and trade in tropical timber products”.

The Statement concluded by welcoming “the EU commitment in Article 30 of EUDR to evolve Forest Partnerships with tropical countries that ‘allow the full participation of all stakeholders’, alongside the recent announcement of ‘Team Europe Initiative on Deforestation-free Value Chains’ which aims to ‘facilitate an inclusive transition to deforestation free and legal supply chains to the EU.’”

Presentations made during the 2023 ITTO Annual Market Discussion and the TAG Statement are available at: <http://www.itto.int/ittc-59/presentations>.

North America

Hardwood demand remains firm

North American new orders for tropical hardwoods have experienced a modest slowdown, but the demand for other hardwoods remains robust especially in high-end projects and exterior applications, according to Fastmarkets’ Hardwood Market Report. <https://www.fastmarkets.com/>

The cross-commodity price reporting agency says that sales for many importers have remained steady in October compared to September, while other sellers have seen a modest decline. Most, the report said, “are still experiencing decent outbound shipments due to solid order bookings in late summer.”

The October 31 report said that tropical hardwoods are prevalent in high-end projects because they are relatively expensive. “At present, importers are experiencing good demand from producers of high-end residential moulding and also from commercial millwork manufacturers,” the report said. “Sales to large and mid-sized residential flooring and stair plants are slow, but business is holding up well with custom flooring and stair makers.”

The report also found that in residential markets, demand for tropical hardwoods for use in exterior applications remains noticeably stronger than for interior applications. Sales to outdoor furniture producers remained steady, but sales of domestic hardwoods to case goods and upholstered furniture manufacturers are weak.

The overall supply of tropical hardwood sawnwood at US and Canadian import yards is comparable to overall demand. However, that is not the case across all species, thicknesses, and product specifications. For example, 4/4 Sapelli is readily available, but many of the thicker sizes are scarce. Likewise, some contacts indicate flatsawn African Mahogany is difficult to source, while quartersawn material is not.

US imports of tropical hardwoods and related products—which were showing recovery in recent months after a slow start to the year—slowed markedly in September. Imports of hardwood plywood tumbled 34% to a level only about half of what it was two months ago.

US imports of sawn tropical hardwood fell by 7%; imports of hardwood flooring fell 6%; imports of assembled flooring panels fell 12%; and imports of wooden furniture fell to their lowest level since March, dropping 8% in September.

Imports of tropical hardwood veneer plunged 68%, but that figure is not as bad as it appears since August is the peak month for these veneer imports and a sharp drop regularly occurs in September. On the upside, US imports of hardwood mouldings gained 19% in September, surpassing US\$12 million for the first time since May. Yet, despite the gain, the September total was 26% less than that of September 2022.

US hardwood plywood imports tumble

US imports of hardwood plywood fell for a second straight month in September, tumbling 34% to a level about half of what it was two months ago. The 181,900 cubic meters of plywood imported in September was 27% lower than that of September 2022 imports.

A 36% decline in imports from China contributed to the loss. Imports from most major trading partners are now down more than 50% for the year so far versus last year with imports from Malaysia off by 77%. Total year-to-year imports are down 38% through the third quarter of 2023.

Imports of sawn tropical hardwood slump

US imports of sawn tropical hardwood fell by 7% in September. The 17,924 cubic meters imported in September was 13% below the volume imported in September 2022. Imports from Brazil, the top US trading partner for these products, continued to slip, dropping 26% in September.

Imports from Brazil are down 33% so far this year versus 2022. Imports from the other chief trader, Indonesia, rose 26% in September but are still behind last year by 61% for the year so far.

Imports of Sapelli rose 62% to their highest level of the year yet were still 25% below last September’s level. Sapelli imports are 22% behind 2022 for the year to this point. Imports of keruing, which have been strong so far this year, declined 53% in September to their lowest level of the year. Despite the drop, imports of keruing are up 15% over last year through September. Total imports remain down 31% versus last year.

Canadian imports of sawn tropical hardwood fell 1% in September as sharp gains in imports from Brazil and Congo/Brazzaville offset losses in imports from Bolivia and Congo/Zaire. For the year so far, Canadian imports of nearly every category type of sawn tropical hardwood are trailing last year’s volume with total imports behind by 16% through August.

US veneer imports retreat from August peak

US imports of tropical hardwood veneer are generally weak in September, and this year was no exception. September imports fell 68%, returning to earth after the August peak. Despite the retreat, imports for the month outpaced those of last September by 50%.

Imports from Ghana and Cameroon were both down by more than 90% for the month but are up for the year so far by 26%, and more than 400%, respectively. Imports from China more than doubled in September and are up 48% versus last year for the year so far. Imports from Italy, traditionally the top trading nation, continue to be erratic and were zero for the second straight month. Overall imports are roughly even with last year, up 1% through September.

US imports of hardwood flooring dips

US imports of hardwood flooring fell 6% in September as a 92% gain in imports from China nearly made up for declining imports from Brazil (down 47%) and Malaysia (down 23%).

Imports from Indonesia, which have been strong all year, rose 6% in September and are up 168% for the year so far. As Indonesia has gained market share, imports from Brazil, China, and Malaysia are all significantly behind last year's pace through the third quarter.

Imports of assembled flooring panels fell 12% in September. Imports from Vietnam were off by 36% and imports from China fell 27%. Imports from Thailand, which have been especially weak this year, rose 83% in September to reach a high for the year.

Despite the gain, imports from Thailand are down 78% versus last year through the third quarter. Total imports of assembled flooring panels are down 35% versus 2022 so far this year.

Moulding imports make gains

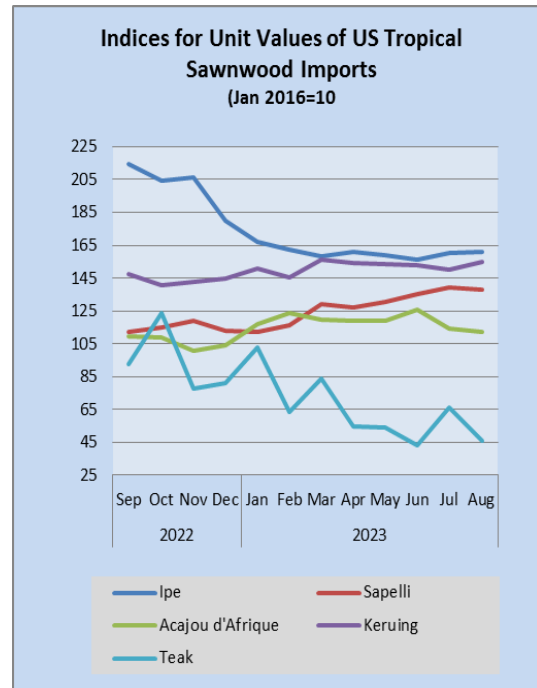
US imports of hardwood mouldings gained 19% in September, surpassing US\$12 million for the first time since May. Despite the gain, the September total was 26% less than that of September 2022.

Imports from China rose 52% in September, while imports from Canada climbed 25%. Year-to-date imports from most trading partners remain well behind last year's pace as total imports for the year are 31% behind last year through the end of the third quarter.

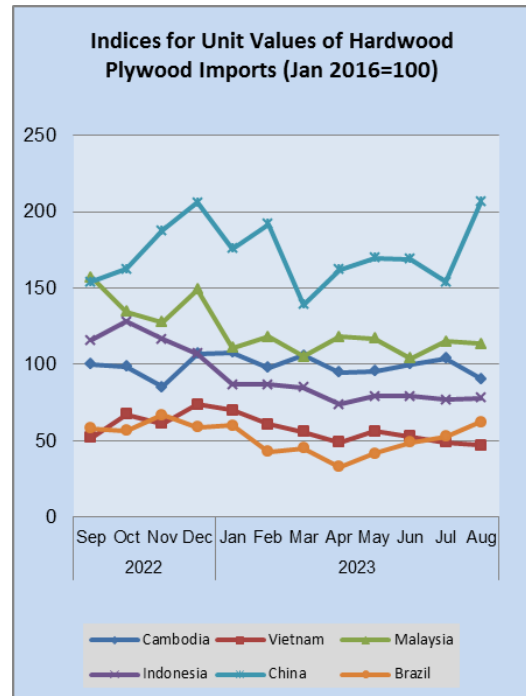
US wooden furniture imports at lowest since March

US imports of wooden furniture fell to their lowest level since March, dropping 8% in September from the previous month. The US\$1.56 billion in imports was 20% less than the previous September's total. Imports from most trade partners fell from between 3% and 9%, while imports from Canada rose 8% and imports from India rose 6%. Imports from Canada remain roughly even with last year's levels while imports from most other countries remain behind last year's pace from 25% to 40%.

Total wooden furniture imports are down 26% versus 2022 through the first three quarters of the year.



Data source: US Census Bureau, Foreign Trade Statistics



Data source: US Census Bureau, Foreign Trade Statistics

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

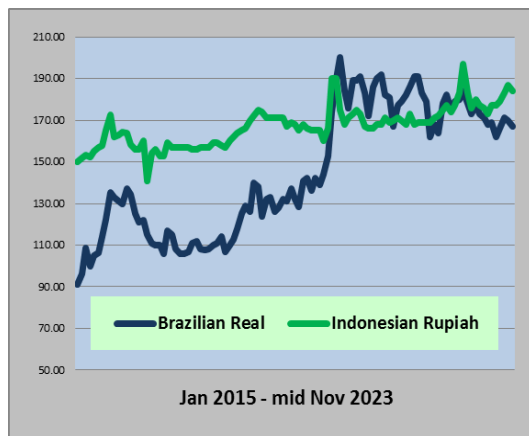
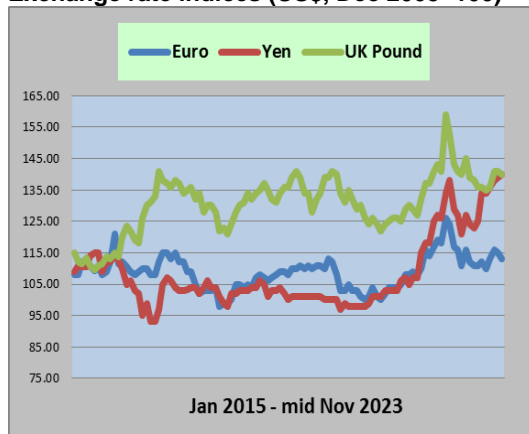
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Dollar Exchange Rates

As of 10 November 2023

Brazil	Real	4.91
CFA countries	CFA Franc	614.71
China	Yuan	7.28
Euro area	Euro	0.93
India	Rupee	83.24
Indonesia	Rupiah	15,620
Japan	Yen	151.00
Malaysia	Ringgit	4.68
Peru	Sol	3.79
UK	Pound	0.81
South Korea	Won	1,309.10

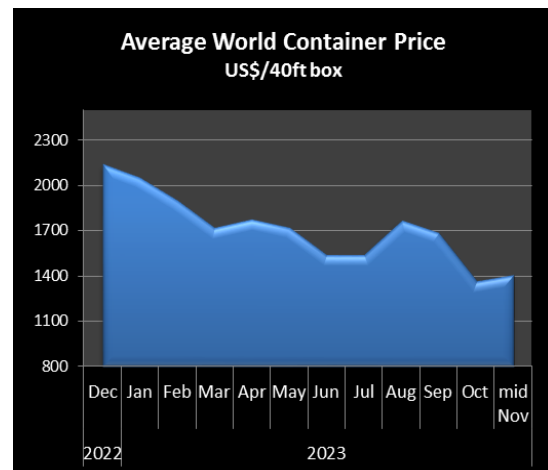
Exchange rate indices (US\$, Dec 2003=100)



Abbreviations and Equivalences

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

Ocean Container Freight Index

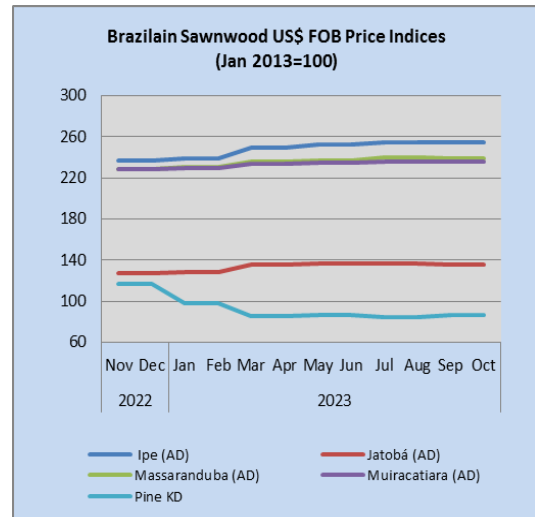
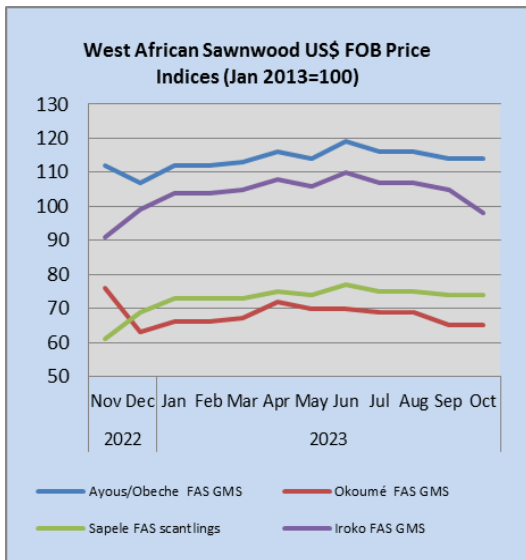
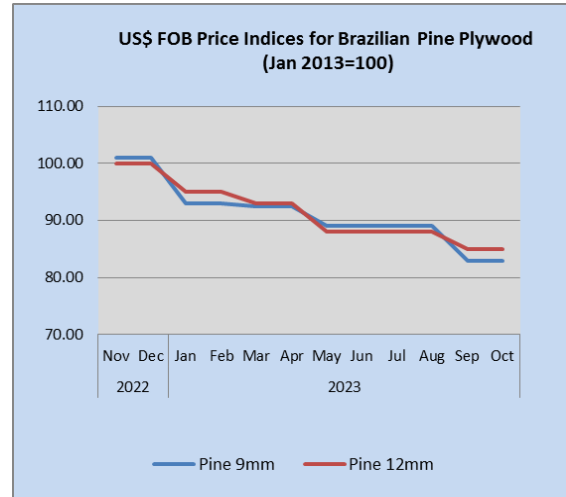
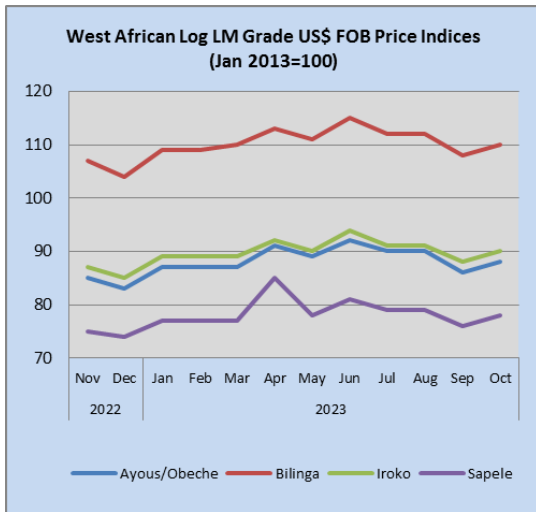


Data source: Drewry World Container Index

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

Price indices for selected products

The following indices are based on US dollar FOB prices



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

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http://www.itto.int/en/mis_registration/

TRADE STATEMENT 2023 by the Trade Advisory Group

Chairman, ladies and gentlemen our Trade Statement focuses on the “EU Regulation 2023/1115 of the European Parliament and of the Council”, or EUDR for short. This regulation will have a significant impact on the tropical timber trade in EU, and it also has serious implications in tropical timber producing countries.

The principle behind the EUDR is one that the tropical timber trade supports. Deforestation is anathema to an industry built on sustainable use of tropical forests. TAG welcomes the acknowledgement in the preamble to EUDR that the major driver of deforestation is not demand for wood products, but that, in the words of EU, “agricultural expansion drives 90% of global deforestation”.

However, TAG is deeply concerned that the law fails to acknowledge, either explicitly in the text or by implication in the measures it imposes, that the sustainable production and consumption of timber promotes forest conservation and mitigates climate change.

Timber is the only commodity within the scope of EUDR for which an increase in demand can enhance the value of forests, actively discourage deforestation, and promote increased investment in sustainable forest management, as well as help address climate change. And, as stated in the Ministerial Call on Sustainable Wood issued at the 15th World Forestry Congress held in Seoul in May 2022, “scaling-up bio-economies by using sustainable wood replacing carbon-intensive materials has high potential to become a cost-effective and innovative contribution at scale to achieve carbon neutrality and build more resilient economies”.

In light of this, there is a significant responsibility on the part of EU and the architects of similar regulations in other consumer markets to ensure that laws developed with the best of intentions to help reduce deforestation, do not inadvertently increase barriers to the trade in legally sourced wood products as such regulations are more likely to undermine than enhance the value of standing forests.

TAG is somewhat reassured that the definitions of “deforestation” and “degradation” in the EUDR do, by implication, recognise the continuing role for selection harvesting in natural tropical forest. However, TAG believes that some aspects of EUDR have the potential to create unnecessary barriers to the sustainable development of tropical forest resources and trade in tropical timber products:

First, the regulation does not differentiate between illegal deforestation and legal forest conversion, thereby undermining the ability of tropical countries to make their rational decisions as to the appropriate balance between forest land and agricultural land within their own borders. The regulation seems to conflict with the Charter of the United Nations and the principles of international law, as referenced in the ITTA, that “States have the sovereign right to exploit their own resources pursuant to their own environmental policies.”

Second, the lack of adequate consultation with trade partners before the regulation was passed, and the continuing apparent unwillingness of the EU to engage in dialogue on the regulation through a multilateral organisation like the ITTO. TAG decided to focus this trade statement on the EUDR only after we learned that there would be no separate agenda item on EUDR during this Council session. TAG believes this lack of dialogue has been a major factor contributing both to the inclusion of inappropriate technical requirements in EUDR and to unfortunate misunderstandings surrounding the scope and objectives of the regulation.

Third, the definition of “forest degradation” contained in the EUDR, which is not internationally recognised, prohibits EU trade in timber products from plantations established after 2020 on land converted from natural forests. This seems particularly perverse when it is considered that the development of globally competitive forest products industries in the EU during the course of the last century has been heavily dependent on conversion of degraded natural forest into more intensively managed plantations.

Fourth is the requirement that scientific names be used to identify all tree species contained in products placed on the EU market. This requirement could have a negative impact on a trade which historically has been based on the genus of the tree rather than the very specific species. In fact, trade names are more commonly used and well understood by both producers and consumers. This requirement for scientific names begs the question: are there enough tropical dendrology experts to do this?

Fifth, the obligation to provide geolocation data for all individual plots of land, defined as “within a single real estate property”, from which all timber contained in a consignment may have derived will be particularly challenging for all products derived from smallholders, for composite products such as furniture, and for products such as panels where there may be widespread use of mill co-products and other waste material.

The EUDR requirements have potential to discriminate against small and medium sized enterprises, of which there are many tens of thousands, and in some cases, hundreds of thousands in the tropical timber sector. It threatens to roll back years of work, in the interests of sustainability, to add value to timber products prior to export from tropical countries, and to ensure the most efficient utilisation of all wood material.

TAG recognises the importance of demonstrating the legal and sustainable provenance of all products placed on the international market, and as such has long advocated for the development and promotion of timber legality assurance and forest certification systems in tropical countries. However, the successful implementation of these systems is critically dependent on dialogue and the active engagement of stakeholders. Attempts to impose systems by outside agencies without adequate engagement have failed in the past.

In view of this, TAG welcomes the EU commitment in Article 30 of EUDR to evolve Forest Partnerships with tropical countries that “allow the full participation of all stakeholders”, alongside the recent announcement of “Team Europe Initiative on Deforestation-free Value Chains” which aims to “facilitate an inclusive transition to deforestation free and legal supply chains to the EU.”

In developing these forest partnerships, TAG would urge that the EU takes full and proper account of the concerns raised in this statement, and of the significant positive contribution of the legal trade in tropical forest products to mitigate the risks of deforestation. Members of TAG stand ready to work with EU so as to ensure a smooth implementation of a simple and practical system to address the aims of the EUDR. Would the EU accept our hand of cooperation?