

Tropical Timber Market Report

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Top story

Rising freight rates - a new source of concern in the global supply chain

There are several reasons behind the rise in rates; the crisis in the Red Sea means that ships to Europe must sail around Africa instead of through the Suez Canal; charges related to climatic requirements also contribute to price increases.

Alternate shipping routes around Africa not only add about 11,000 nautical miles (one to two weeks of transit time), but also add an approximate US\$1 million in fuel costs for each voyage.

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Central and West Africa

Producer comments on international demand

Demand in the Philippines remains stable with no significant changes reported. A similar situation is reported for Vietnam where demand is flat but with a continued preference for tali. Producers comment that imported stocks appear to be above normal in Middle East markets as construction activities slow.

The markets in Europe are beginning to see the annual slowdown which is typical for the pre-holiday season. Padouk and iroko are in demand in Belgium whereas here appears a growing interest in red timbers in France.

Demand in Germany continues to be slow while in Spain there has been more interest recently in sapelli and agba while in Italy there is steady demand for ayous with some recent inquiries for iroko.

Challenging harvesting condition but production maintained

From the end of May heavy rain has impacted harvesting in Gabon but, despite the challenging weather, production has not been affected. Labour problems are again at the fore, while unskilled workers can be found there is a shortage of experienced local technicians and this continues to be a problem for the timber industry. The government is pressing for more technical education in forestry-related fields to address this shortfall.

Milling operations in Gabon are still facing significant disruptions due to ongoing electricity blackouts affecting peeling and plywood industries especially in the Nkok SEZ.

The weather in Cameroon is transitioning from the dry to rain season which started in June. During the dry period harvesting operations proceeded smoothly allowing for a build-up in stocks in preparation for the increased challenges that typically accompany the rainy season. Unlike the situation in Gabon, worker availability is not a significant issue in Cameroon currently,

In the north of Congo heavy rains are impacting the transportation of timber to Douala Port. It is reported the southern regions are experiencing the full rain season so harvesting is a challenge especially as demand in China has picked up notably for okoume, padouk, bilinga, movingui, sapell and okan.

Gabon plans higher production

For 2024 Gabon plans to raise sawnwood timber production to 1.351 million cubic metres compared to the 1.333 million cubic metres in 2023. This forecast was included in the information in the latest bond issue issued by Gabon.

A significant part of this growth is expected from mills in the Nkok SEZ which, according to official data, account for more than 40% of the country's export productions.

Data from the Nkok Administrative Authority shows there was an almost 13% increase in the number of containers shipped in February 2024 compared to January.

In other news, the government in Gabon plans to launch a timber exchange to establish a platform for exchanges between stakeholders and ensure the traceability. This project also aims to create opportunities for small operators by facilitating their access to markets.

See: <https://www.lenouveaugabon.com/fr/agro-bois/0606-20354-bois-debite-le-gabon-vise-une-production-de-1-3-million-de-m-en-2024-soutenue-par-les-zones-economiques-dynamiques>

Log export prices

West African logs	FOB Euro per cu.m			
	Asian market	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	680
Okoumé FAS GMS	480
Merchantable KD	440
Std/Btr GMS	450
Sipo FAS GMS	520
FAS fixed sizes	-
FAS scantlings	540
Padouk FAS GMS	850
FAS scantlings	950
Strips	400
Sapele FAS Spanish sizes	550
FAS scantlings	560
Iroko FAS GMS	800
Scantlings	850
Strips	400
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	550
Scantlings	550
Movingui FAS GMS	460

Resumption of the TRACER service for Nkok SEZ

Tracer Gabon and Brainforest provided ATIBT with a statement for circulation on resumption of the Nkok Tracer services.

The ATIBT reports the statement as saying; “we are pleased to inform of the decision by the Minister of Water and Forests to authorise the full resumption of the TRACER service for the Nkok SEZ”.

See: <https://www.atibt.org/en/announcements/267/towards-the-full-resumption-of-the-tracer-service-on-the-nkok-zis-gabon>

Ghana

Exports slide in the first quarter

According to data from the Timber Industry Development Division (TIDD) of the Forestry Commission Ghana’s wood product export volumes in the first quarter of 2024 declined almost 14% compared to the first quarter of 2023. There was a corresponding decline in export earnings.

The decline was mainly due to the decline in teak log exports, sawnwood and plywood. In contrast there was an increase rotary veneer export volumes and earnings.

Export Volumes (cu.m): Jan-Mar 2024

Product	Q1 2024	Y-O-Y
	Vol.(cu.m)	% change
AD Sawnwood	35,707	-12%
KD Sawnwood	7,951	-22%
Billets	4,005	8%
Plywood (Overland)	4,583	-25%
Plywood	3,557	-7%
Rotary Veneer	2,264	14%
Teak Logs	1,705	-45%
Mouldings	1,366	-36%
Sliced Veneer	1,368	-16%
Briquettes	630	24%
Others (5)	824	97%
Total	63,960	-14%

Data source: TIDD

Export Values (Eur 000s) Jan-Mar 2024

Product	Q1 2024	Y-O-Y
	Val (Eur'000)	% change
AD Sawnwood	14,487	-11%
KD Sawnwood	5,341	-18%
Billets	1,200	2%
Plywood (Overland)	1,899	-18%
Plywood	1,295	13%
Rotary Veneer	1,090	4%
Teak Logs	551	-46%
Mouldings	1,275	-32%
Sliced Veneer	1,491	-27%
Briquettes	120	32%
Others (5)	218	-17%
Total	28,967	-14%

Data source: TIDD

The leading export products in the first quarter 2024 were air and kiln-dried sawnwood, billets and plywood for the regional market. Exports of these products totalled 55,803cu.m (Eur24.22million) which accounted for 87% of total export volume and 84% of total export values.

Air and kiln-dry sawnwood accounted for 68% of the total export volumes in the first quarter 2024 with a corresponding value of Eur19.83 million. The main markets for sawnwood were India and Vietnam and the preferred species included teak, denya, papo, wawa, cedrela and mahogany.

Nature based solutions in Ghana, major emission reduction purchase agreement

A press release from Tullow Oil outlines its partnership with the Ghana Forestry Commission to implement a high-integrity, jurisdictional-based Reduced Emissions from Deforestation and Degradation (REDD+) programme.

The press release says “this programme is an important milestone on the road to achieve Tullow’s 2030 Net Zero target for Scope 1 and 2 greenhouse gas (GHG) emissions (on a net equity basis). The primary focus of Tullow’s Net Zero strategy is on decarbonising its operated production facilities in Ghana in order to eliminate routine flaring by the end of 2025.

Residual, hard-to-abate, emissions will be mitigated by Tullow’s investment in high quality, nature-based solutions in the form of a REDD+ programme through a partnership with the Forestry Commission of Ghana, which is responsible for the sustainable management of Ghana’s forests and wildlife.

The programme will focus on approx. 2 million hectares of land across 14 priority districts in the Bono and Bono East regions, which are among the areas most effected by deforestation due to economic activities such as cash crop clearance and overgrazing”.

See: <https://www.tulloil.com/media/press-releases/tulloil-takes-next-step-net-zero-pathway-nature-based-solutions-ghana/>

Mitigating threats to forests and biodiversity

The United States Agency for International Development (USAID) and the Forestry Commission of Ghana have jointly developed a plan ‘Country Development Cooperation Strategy’ (CDCS) aimed at understanding and mitigating threats posed to Ghana’s tropical forests and biodiversity.

At a meeting led by experts from the Cadmus Group and the Forestry Commission it was determined the mission is to preserve and enhance the natural landscapes that define Ghana’s identity. One of the topics discussed was mangrove forest preservation and natural regeneration.

See: <https://fcghana.org/usaaid-and-forestry-commission-plan-for-the-future-of-ghanas-forests/>

Massive support for Ghana Green Ghana Day

The country marked the 4th 'Green Ghana Day' with high patronage from the private and public sector institutions across the 261 districts and 16 regions in the country on the theme 'Growing for a Greener Tomorrow'.

The government had targeted to plant 10 million seedlings this year nationwide with six million trees planted in degraded forest reserves while four million trees were planted at farms, parks, recreational grounds, along roads and in communities. Seedlings were made available at the Ministry of Lands and Natural Resources and District Offices of the Forestry Commission throughout the country.

Prior to this year's 'Green Ghana Day' the sector Minister Samuel Abu Jinapor and the Chief Executive of the Forestry Commission Mr. John Allotey, travelled across the country and encouraged everyone to come out to plant a tree. The 'Green Ghana Day' is part of government's aggressive afforestation and re-forestation programme to restore degraded forests

See: <https://thebftonline.com/2024/06/05/2024-green-ghana-day-govt-targets-planting-over-10m-trees/>

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	777
Niangon Kiln dry	910

Rotary veneer export prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	373	441
Chenchen	472	612
Ogea	494	590
Essa	614	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		
Afromosia	860	925
Asanfina	465	500
Ceiba	290	360
Dahoma	504	524
Edinam (mixed redwood)	640	723
Emeri	660	800
African mahogany (Ivorenensis)	846	866
Makore	560	825
Niangon	725	860
Odum	836	1,049
Sapele	800	868
Wawa 1C & Select	445	466

Plywood export prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	555	580	641
6mm	385	535	604
9mm	433	504	560
12mm	324	489	480
15mm	396	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%.

Sliced veneer export prices

Sliced face veneer	FOB
	Euro per cu.m
Asanfina	1,095
Avodire	673
Chenchen	823
Mahogany	2,052
Makore	879
Odum	2,499
Sapele	1,081

Malaysia

Financing forest conservation activities

A non-market-based mechanism, the Forest Conservation Certificate (FCC), has been introduced by the Malaysian government to finance forest conservation activities.

The Minister of Natural Resources and Environmental Sustainability, Nik Nazmi Bin Nik Ahmad, said the FCC (a non-market mechanism to channel funds from the private sector to support forest conservation projects in the country) is one of the mechanisms developed by the Malaysia Forest Fund (MFF).

FCCs can be used by companies to meet environmental, social and governance (ESG) reporting requirements under the biodiversity topic, said the Minister. Also, the Ministry of Finance has approved a 10% tax deduction for companies that participate in FCC activities.

See: <https://thesun.my/local-news/govt-introduces-fcc-to-finance-forest-conservation-activities-FO12497983> and

<https://theedgemalaysia.com/node/713084>

Alternative revenue sources

According to Sarawak Premier, Abang Johari Tun Openg, the State is transitioning from an era of a logging-based economy to sustainable management of forests.

He added, Sarawak no longer depends on logging activities as a major source of income but is now exploring renewable energy and other sustainable initiatives to drive economic growth.

He is reported in the domestic media as saying "I want the industry to understand why we have reduced the export of logs and why we are discouraging the cutting of trees unlike before. This is because we now have alternative ventures that we can pursue to grow our economy."

The Premier reported that Sarawak has reduced the volume of timber harvested by about two million cubic metres per year.

See:

<https://theborneopost.pressreader.com/article/281483576532515>

Ecological Fiscal Transfer

Federal funding allocated to various states has played a pivotal role in safeguarding critical forests and marine ecosystems from destruction, making it crucial for state governments to fully utilise such incentives.

Introduced in 2019 the Ecological Fiscal Transfer for Biodiversity Conservation (EFT) has effectively preserved vital areas serving as primary water sources and fishing grounds which are also sources of income for coastal communities and food.

More than 90,000 ha spanning across Kedah, Perak, Perlis, Penang, Selangor, Terengganu, Sabah and Sarawak have been gazetted as permanent forest reserves via the EFT implementation.

See:

<https://www.thestar.com.my/news/nation/2024/05/26/crucial-forests-and-marine-life-saved-by-eft>

Indonesia

Export Benchmark Price (HPE) for June 2024

Veneers

Natural Forest Veneer	800 US\$/cu.m
Plantation Forest veneer	550 US\$/cu.m
Wooden Sheet for Boxes	900 US\$/cu.m

Wood Chips

Woodchips chips/particles	80 US\$/tonne
Woodchips	95 US\$/tonne

Processed Wood

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 1,000 sq.mm to 4,000 sq.mm (ex 4407.11.00 to ex 4407.99.90)

Meranti (Shorea sp)	1,000 US\$/cu.m
Merbau (Intsia sp)	1,000 US\$/cu.m
Rimba Campuran (Mix hardwood)	800 US\$/cu.m
Ebony	4,500 US\$/cu.m
Teak	3,500 US\$/cu.m
Pine and Gmelina	550 US\$/cu.m
Acacia	650 US\$/cu.m
Sengon (P. falcataria)	500 US\$/cu.m
Rubberwood	300 US\$/cu.m
Balsa and Euc.	1,000 US\$/cu.m
Sungkai (Peronema canescens)	1,500 US\$/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 4,000 sq. mm to 10,000 sq.mm (ex 4407.11.00 to ex 4407.99.90)

Merbau	1,500 US\$/cu.m
Yellow Meranti	500 US\$/cu.m
White Meranti	700 US\$/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 10,000 sq.mm to 15,000 sq.mm (ex 4407.11.00 to ex 4407.99.90)

Merbau	1,500 US\$/cu.m
Yellow Meranti	500 US\$/cu.m
White Meranti	700 US\$/cu.m

See:

https://jdih.kemendag.go.id/pdf/Regulasi/2024/661_Kepemendag%20HPE%20dan%20HR%20Produk%20Pertanian%20dan%20Kehutanan%20Juni%202024.pdf

and

<https://forestinsights.id/keputusan-menteri-perdagangan-terbit-berikut-harga-patokan-ekspor-hpe-produk-kayu-juni-2024/>

Aligning land inventory method with that used for the EUDR

The Minister of Environment and Forestry, Siti Nurbaya Bakar, has emphasised the need for adjustments to land inventory measurement methods in Indonesia to align with the European Union Deforestation Regulation (EUDR).

Field observations conducted jointly with the World Research Institute (WRI) underscore the need to tailor the measurement approach used in Indonesia with that used to implement the EUDR, she added.

See: <https://mediaindonesia.com/humaniora/675221/menteri-lhk-pengukuran-deforestasi-di-ri-perlu-metode-yang-lebih-akurat>

Study China and Vietnam to boost competitiveness of furniture industries

The Indonesian Furniture and Crafts Industry Association (HIMKI) is seeking government support to improve the competitiveness of the national furniture industry. HIMKI Chairman, Abdul Sobur, said the Association is exploring potential markets and working to improve the sector performance.

He called for the government to play a significant role in supporting improved industrial productivity and cited examples in China and Vietnam where the governments are supportive and encourage competitiveness.

Sobur explained that the past poor performance of Indonesia's furniture sector was due to low demand from traditional markets, especially the United States and Europe. To address this industry players are now focusing on the domestic market and exploring potential non-traditional markets.

According to Sobur, Indonesia should follow China's example in increasing furniture exports.

He highlighted that, while Indonesia's average exports in recent years have only reached US\$2.5 billion, China's exports have reached almost US\$20 billion.

He explained that industrial competitiveness can be enhanced by implementing policies that improve the business climate.

See: <https://www.msn.com/id-id/berita/other/ri-diminta-tiru-china-dan-vietnam-tingkatkan-daya-saing-industri-mebel/arrow-BB1n4wD2?ocid=BingNewsSearch>

Indonesia's rattan as a replacement for plastic furniture

The Indonesian Furniture Industry and Handicrafts Association (ASMINDO) plans to promote Indonesian rattan as a raw material for furniture material as an alternative to plastic. General Chairman of ASMINDO, Dedi Rochimat, stated that the Association is committed to introducing Indonesian rattan products to the global furniture market as an alternative to plastic materials.

"In March, we declared bamboo and rattan as alternatives to plastic. This is one of our commitments," said Dedy at the Furniture Industry Gathering by IFFINA.

As a sign of his commitment to introducing rattan to the global market Dedy stated that ASMINDO would assist the government in establishing a logistics centre. One wood logistics centre has been completed and ASMINDO is currently constructing a rattan logistics centre in Cirebon.

See: <https://www.detik.com/properti/berita/d-7358007/bakal-gantikan-mebel-plastik-rotan-ri-siap-serbu-pasar-global>.

EUDR, a possible barrier to furniture and handicraft exports

The export of Indonesian forestry and plantation products are facing numerous barriers. Most recently, the European Union (EU) has introduced a new regulation, the European Union on Deforestation-Free Regulation (EUDR).

Abdul Sobur, General Chair of the HIMKI, said "this non-tariff barrier regulation has the potential to hinder the export of Indonesian furniture and craft products to Europe, adding, it is possible Indonesian exports will be impacted if we fail to meet EUDR requirements." Sobur stressed that the EUDR procedure, specifically the due diligence for product traceability will be a major challenge for many HIMKI members as not all will be able to put in place procedures to satisfy the EUDR requirements.

Sobur explained that HIMKI is working to assist furniture and crafts entrepreneurs in addressing current issues such as the regulations in the EUDR. They are also urging the government to anticipate the impact of these EU regulations. "The government must take the lead in anticipating the impact of the EUDR by engaging in cooperation negotiations or other initiatives", he said.

See: <https://agroindonesia.co.id/eudr-ranjau-baru-bagi-ekspor-mebel-dan-kerajinan-nasional/> and <https://www.industry.co.id/read/133283/himki-angkat-suara-soal-kebijakan-eudr-ranjau-baru-ekspor-mebel-dan-kerajinan-indonesia>

Promoting furniture in Dubai

The Ministry of Trade has promoted high-quality Indonesian furniture and home decoration products at the furniture exhibition, known as INDEX which was held in Dubai.

According to the ministry the global furniture and home decoration market offers promising opportunities. The projected revenue for the global furniture market is expected to reach US\$280 billion in 2024 with an estimated annual growth rate of 9% over the next 5 years.

The largest segment within this market is living room furniture and this was the focus of Indonesia's participation at INDEX 2024. Dubai is seen as a trade hub for the Middle East, Africa and South Asia taking advantage of the existing trade agreement between Indonesia and the UAE known as the Indonesia-UAE CEPA.

See: <https://www.kemendag.go.id/berita/foto/kemendag-promosikan-furnitur-di-dubai-dengan-memanfaatkan-indonesia-uae-cepa>

Partnership among tropical countries on climate change mitigation

Collaboration among tropical forest nations is deemed crucial for supporting sustainable management, biodiversity conservation and climate change mitigation. Acting Director General of Sustainable Forest Management at the Ministry of Environment and Forestry (KLHK), Agus Justianto, emphasised the need for collaborative efforts among nations to align their work in forest management and conservation.

The Tropical Forest for Climate Action Partnership, initiated by Indonesia, Brazil and the Democratic Republic of Congo, aims to reduce greenhouse gas (GHG) emissions by preserving and restoring tropical forests. These countries share knowledge and best practices in forest management and work together to enhance the benefits of their tropical forests for the environment and communities.

See: <https://forestinsights.id/strategic-partnership-among-tropical-forest-nations-to-boost-climate-change-mitigation/>

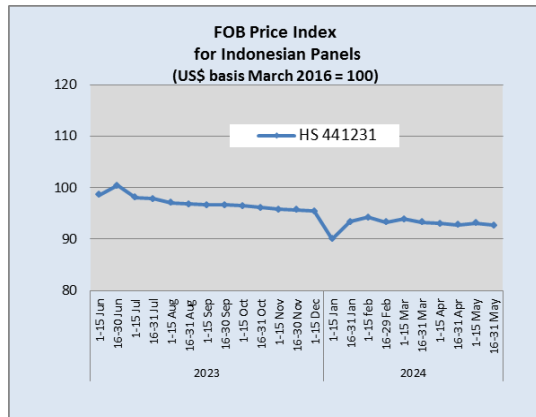
Deforestation success evidence of effective fund management: Minister

Finance Minister Sri Mulyani Indrawati emphasised that Indonesia's successful reduction in deforestation is evidence of effective management of environmental funds from overseas. She made the statement after attending a meeting between President Joko Widodo and Norwegian Climate and Environment Minister Andreas Bjelland Eriksen.

She added, the Indonesia Environment Fund has gained international trust as an institution capable of efficiently, accountably and transparently and is delivering results.

Indonesia and Norway collaborate through result-based contributions for Reducing Emissions from Deforestation and Forest Degradation (REDD+). A 20-million-ton reduction in carbon emissions during 2014–2016 was offset by REDD+ funding through the BPDFLH.

See: <https://en.antaranews.com/news/315045/deforestation-success-evidence-of-effective-fund-management-minister>



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

Myanmar

World Bank cuts Myanmar's growth forecast

Economic growth in Myanmar will be around 1% for the 2024-2025 fiscal year according to the World Bank Economic Report. Growth prospects have been eroded by the armed conflict, labour shortages and a depreciating currency, all of which make it hard to do business. In December the Bank projected a 2% GDP growth.

Faced with expanded armed resistance the Myanmar authorities announced a conscription plan to replenish the depleted military manpower. This has resulted in migration to rural areas or overseas leading to labour shortages.

Access to some key land borders with China and Thailand has been lost leading to a sharp drop in overland trade. Overall, merchandise exports fell by 13% and imports dropped by 20% in the six months to March 2024 compared to the same period a year earlier according to the World Bank.

See: <https://www.worldbank.org/en/news/press-release/2024/06/12/threat-to-livelihoods-deepens-as-myanmar-economic-outlook-remains-weak#:~:text=The%20World%20Bank's%20Myanmar%20Economic,forecast%20of%202%20percent%20growth.>

Malaysia and Thailand call for innovative approaches on Myanmar

Ahead of Malaysia assuming the ASEAN chairmanship, Malaysia's Prime Minister, Anwar Ibrahim, repeated his calls for an end to violence and political marginalisation in Myanmar.

He pointed to the ASEAN five-point consensus) and stated Malaysia's commitment to working with other ASEAN member states and influential dialogue partners to push for peace, effective humanitarian mechanisms and the eventual political engagement of all relevant stakeholders.

The authorities in Thailand have also called for ASEAN to take a more proactive role in trying to resolve the crisis in military-ruled Myanmar after weeks of fighting near its border that halted trade and led to an influx of refugees.

See: <https://www.straitstimes.com/asia/se-asia/malaysian-pm-anwar-calls-for-an-end-to-violence-in-myanmar> and <https://www.channelnewsasia.com/asia/thailand-urges-bigger-asean-role-resolving-myanmar-conflict-2021-coup-4295161>

More restrictions on importers

From July this year importers in Myanmar will face new restrictions aimed at reducing the outflow foreign exchange. The restrictions, announced by the Ministry of Trade and Commerce, include penalties for importers who land goods before securing an import license. It was common practice for importers to place orders before they get official authorisation due to the length of time that it takes to get such approval. If goods arrive before the license is issued the goods would be held by Customs.

See- <https://myanmar-now.org/en/news/myanmar-junta-imposes-more-restrictions-on-imports/>

Impact of conflict on Thai condominium market

The Thai condominium market is facing challenges due to a crackdown by authorities in Myanmar on nationals purchasing properties abroad. This has significantly impacted the Thai real estate market which had seen a surge in Myanmar buyers.

Myanmar nationals became a major segment in Thailand's real estate market, rising from the sixth largest group of foreign buyers in 2022 to the second in early 2024. The change came after the 2021 military coup in Myanmar which led to economic and political instability.

Despite the crackdown, there is still interest in Thai properties from Myanmar nationals. However, further restrictions on currency remittance could impact the market further. The influx of Myanmar money has led to areas such as Hua Hin becoming known for the concentration of properties owned by families of top Myanmar military officials.

See- <https://www.rfa.org/english/news/myanmar/myanmar-thailand-property-06122024033523.html> and <https://thehaiger.com/news/national/thai-condo-market-faces-turbulence-with-myanmar-buyers-blocked>

Myanmar and Russia talks to revive Dawei Port project
Myanmar has begun talks with Russia to revive the long-stalled Dawei deep-sea port project in the country's south according to a senior regime official.

According to Aung Soe, Chair of the Dawei Special Economic Zone Management Committee, the two sides met for preliminary discussions after the Russian embassy and several private Russian companies expressed an interest in the project.

See: <https://myanmar-now.org/en/news/myanmar-junta-and-russia-begin-talks-to-revive-dawei-port-project/>

India

Only monsoon rain will quell fires

The correspondent writes; “the North-West Monsoon has arrived in Southern India and is gradually heading north. Presently, summer is very strong and forest fires are appearing in hilly areas amid the dry spell. State governments in Northern India are trying to keep the fires under control until the end of June when the entire country will be experiencing monsoon rains. On the domestic manufacturing front, plywood, MDF and particleboard manufacturers are considering increasing prices as raw material cost climb.

In additional news, ocean freight rates continue to rise but it appears they have peak-out and settled. Indian importers are keeping their fingers crossed that rates will come down but until then it is too costly to import large volumes of timber especially lower value items such as small diameter teak logs.

Why surge in freight rates?

Container freight rates fluctuated dramatically between January 2023 and May 2024. Freight rates slumped to their lowest level in October 2023 when the cost for a 40-foot container was only US\$1,342. Since then global freight rates have gradually increased, rising to over US\$4,200 in June 2024.

There are several reasons behind the rise in rates; the crisis in the Red Sea means that ships to Europe must sail around Africa instead of through the Suez Canal, charges related to climatic requirements also contribute to price increases. Additionally, at the end of April and the beginning of May, there was unfavorable weather in Asia which obstructed navigation.

Against this background of port congestion, a shortage of containers and lack of ships, even a small increase in demand was enough to drive up freight rates significantly.

See: <https://www.logisticsinsider.in/freight-rates-surge-amidst-rising-demand-and-supply-chain-disruptions/> and <https://trans.info/en/sea-freight-rates-388882>

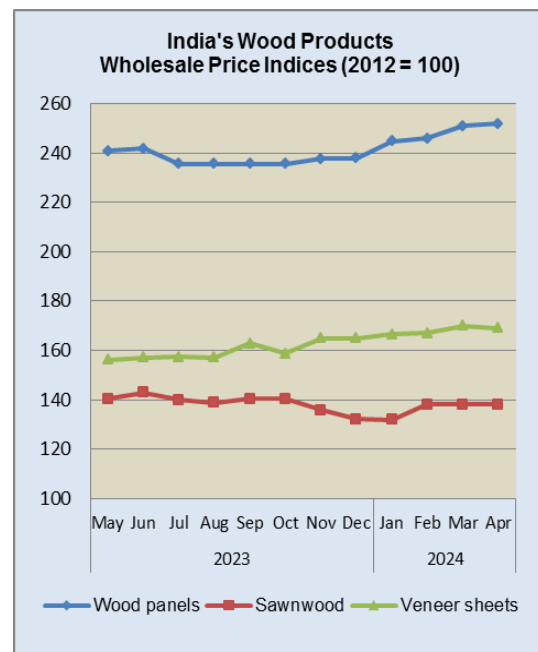
Manufacturing inflation slows

The annual rate of inflation based on the India Wholesale Price Index (WPI) was 1.26 % for April 2024. The positive rate of inflation in April was primarily due to increase in prices of food, electricity, petroleum and natural gas and some manufactured products.

The index for manufacturing increased to 140.8 in April from 140.1 for March. Out of the 22 NIC two-digit groups for manufactured products, 15 groups saw an increase in prices, for 5 groups there was a decline in prices and for 2 groups there was no change.

Some of the groups that showed month on month increase in prices were basic metals, other manufactured goods, textiles, food products and chemical products. Some of the groups that witnessed a decrease in prices were other non-metallic mineral products, paper and paper products, motor vehicles, trailers and semi-trailers, furniture and leather products.

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



Data source: Ministry of Commerce and Industry, India

Rising eucalyptus log prices

In April domestic Eucalyptus log prices supplied to MDF mills in Northern India have risen to INR7,500 per tonne (around US\$90) which is undermining profit margins of MDF producers. The rise in price is the result of competition for raw materials by new manufacturing plants in this region. Producers are of the view that MDF prices will inevitably rise.

See: <https://www.plyreporter.com/emagazine>

India - 4th largest furniture market world wide

In May Research and Markets announced their latest assessment of the furniture market in India saying; “The Indian furniture market is valued at US\$20 billion and has grown at an annual average rate of 6% during the last ten years.

This growth trend makes India the 4th largest furniture market worldwide, climbing from the 10th position held ten years ago.

Within Asia and Pacific, India is the second largest furniture market after China, and one of the projected fastest growing in 2024 and 2025, driven mainly by increasing urbanisation, expansion of the middle class, growing investments in the residential and non-residential sectors, government support and modernisation of furniture retail.

Even though imports satisfy less than 10% of the Indian furniture market, they have grown fast in the last few years and the potential for high-end / luxury furniture imports is particularly high“.

See: <https://www.researchandmarkets.com/report/india-furniture-market#src-pos-1>

Cost C&F Indian ports in US dollars, Hoppus measure

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

	Hoppus cu.m	US\$ C&F
Brazil	145	415
Colombia	117	380
Costa Rica	172	375
Nigeria	-	-
Benin	192	550
Tanzania	-	-
Laos	-	-
South Sudan	-	-
Guatemala	99	400
Venezuela	-	-

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

	cu.m	US\$ C&F
Benin	170	680
Brazil	88	550
Colombia	-	-
Costa Rica	95	505
Ecuador	-	-
Ghana	44	440
Ivory Coast	116	750
Nigeria	147	450
South Sudan	186	415
Tanzania	83	400
Togo	189	395
Panama	123	490

Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,300 - 4,700
Balau	2,900 - 3,200
Resak	-
Kapur	-
Kempas	1,600 - 1,900
Red meranti	1,700 - 1,800
Radiata pine	950 - 2,000
Whitewood	950 - 1,150

Price range depends mainly on lengths and cross-section

Sawn hardwood prices

Sawnwood (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,800 - 2,100
Sycamore	2,300 - 2,600
Red Oak	2,800 - 3,200
White Oak	3,200 - 3,600
American Walnut	5,200 - 5,800
Hemlock STD grade	1,800 - 2,100
Western Red Cedar	2,900 - 3,250
Douglas Fir	2,300 - 2,500

Domestic ex-warehouse prices for locally manufactured WBP plywood

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

Domestic ex-warehouse prices for locally manufactured MR plywood

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

Vietnam

Wood and wood products (W&WP) trade highlights

- According to the statistics provided by Vietnam Office of Customs in May 2024, Vietnam's W&WP exports earned US\$1.25 billion, down 8% compared to April 2024 but up 18% against May 2023. Of this, WP exports accounted for US\$812 million, down 14% compared to April 2024, but up 6% compared to May 2023. In the first 5 months of 2024 W&WP exports reached US\$6.1 billion, up 24% year-on-year. The WP exports alone earned US\$4.16 billion, up 23% over the same period in 2023.
- W&WP exports to the US in May 2024 earned US\$710 million, down 8% compared to April 2024, but up 13% compared to May 2023. In the first 5 months of 2024 W&WP exports to the US earned US\$3.4 billion, up 27% over the same period in 2023.

- In May 2024 bedroom furniture exports were valued at US\$163 million, up 58% compared to May 2023. Over the first 5 months of 2024 exports of bedroom furniture brought in about US\$777 million, up 34% over the same period in 2023.
- Vietnam's W&WP imports in May 2024 were valued at US\$250 million, up 7% compared to April 2024 and up 16% compared to May 2023. In the first 5 months of 2024 W&WP imports cost US\$1.02 billion, up 20% over the same period in 2023.
- The volume of tali imports in May 2024 was at 45,300 cu.m, worth US\$16.5 million, up 8% in volume and 7% in value compared to April 2024. Compared to May 2023, the imports decreased by 19% in volume and by 35% in value. In the first 5 months of 2024 imports of tali amounted to 136,700 cu.m, worth US\$51.3 million, down 31% in volume and down 39% in value over the same period in 2023.

Preparing readiness for aligning EUDR in Vietnam’s rubber sector

Implementation of the EUDR will mean commercial agricultural goods delivered to the EU market will have to meet and demonstrate the conditions of the EUDR throughout the entire supply chain. For Vietnam, the main three sectors affected will be coffee, rubber, wood and wood products.

Implementing sustainable development of the rubber industry

In May 2024 the Vietnam Rubber Group (VRG) coordinated with the Vietnamese Academy of Forest Sciences (VAFS) and the Vietnam Forest Certification Office (VFCO) and organised a workshop “Developing Action Plan to Adapt to EUDR Regulation”. The workshop was hosted by Mr. Tran Cong Kha, Chairman of VRG, most VRG Board of Directors and about 100 delegates who are leaders and technical staff of 63 rubber companies.

At the workshop, Mr. Tran Lam Dong, Vice President of VAFS and Mr. Vu Tan Phuong – Director of VFCO discussed the requirements of EUDR, the draft PEFC/EUDR Due Diligence System (PEFC/EUDR DDS).

The workshop discussed and agreed to prepare for EUDR implementation through establishing EUDR/DDS, building capacity and implementing PEFC/ EUDR certification in the framework of the Vietnam Forest Certification Scheme (VFCS/PEFC).

VFCO will continue to coordinate closely with PEFC and VRG to promote sustainable rubber industry development through certification of sustainable forest management (SFM) and chain of custody (CoC) associated with the EUDR Due Diligence System (PEFC EUDR DDS).

See: <https://vfcs.org.vn/en/news/preparing-readiness-for-aligning-eudr-in-vietnams-rubber-sector/>

Cameroon top shipper of Tali to Vietnam

At the top of tali wood suppliers to Vietnam, was Cameroon with a share of over 70% of total tali imports in the first 4 months of 2024 at 67,100 cu. m, worth US\$25.5 million, down 35% in volume and 40% in value over the same period in 2023.

Tali price fluctuation

According to Customs statistics the average price for imported tali in the first 4 months of 2024 reached US\$379.6/cu.m, down 8% over the same period in 2023. In particular, the price of tali imported from Cameroon dropped by 8% down to 379.6 US\$/cu.m. The price from Congo was down by 20% to US\$380.8/cu. m and from Cambodia by 3% to US\$257.6/cu. m.

Tali suppliers

Tali (and alternatives) sources in the first 4 months of 2024

	cu. m	US\$ 000s	US\$/cu.m
Total	94,538	35,889	379.6
Cameroon	67,097	25,469	380
Congo	6,378	2,429	381
Gabon	5,133	2,038	397
Nigeria	4,572	1,110	243
China	4,164	1,837	441
Laos	1,725	1,286	745
Ghana	1,347	353	262
Singapore	1,036	292	282
Cambodia	660	170	258
Hong Kong	520	214	411
British Virgin Is.	376	157	417
Lebanon	327	176	538
Eq. Guinea	216	51	236
Taiwan P.o.C	179	45	254
Angola	172	37	214
UAE	163	70	432
Denmark	134	40	300
Liberia	97	34	352
Zambia	82	17	206
Colombia	73	28	383
Romania	45	17	384
Peru	42	19	450

Data source: Vietnam Customs

In the first 4 months of 2024 imports of tali from most sources decreased over the same period in 2023 except for Nigeria, China and Cambodia. Imports of tali from the Congo reached 6,400 cu. m, worth US\$2.4 million, down 49% in volume and down 59% in value over the same period in 2023.

Tali imports from most other markets decreased against the same period in 2023 such as from Gabon, down 35%; Laos by 57%; Ghana by 32.5%, Hong Kong by 80% and Equatorial Guinea by over 90%.

In contrast tali imports from Nigeria increased 61% over the same period in 2023 reaching 4,600 cu.m and from China by 72% at 4.200 cu. m and from Cambodia tali imports doubled to 660 cu.m.

Brazil

Advances in wood construction systems in Brazil

An assessment of wood construction systems in Brazil was presented at the plenary meeting of the Brazilian Association for Mechanically Processed Timber (ABIMCI). The meeting brought together industries from the wood and forestry sector, government representatives, technical and educational institutions and associations to discuss a wide range of issues and advances in wood construction especially the wood frame and engineered wood systems.

One of the major advancements presented was the proposed development of a digital platform that will centralise data on wood construction, including research, courses, events, workshops, standards and regulations. The platform will be managed by Senai State of Paraná which aims to facilitate access and dissemination of information.

The Research, Development and Innovation working group identified the main needs of the wood frame and engineered wood industry required to guide future research and development. The Public Policies working group proposed solutions to encourage architectural competitions and the construction of public works using models adopted by the Council of Architecture and Urbanism (CAU) and the Institute of Architects of Brazil (IAB).

Tax issues and improvements in bidding processes for projects that include wood construction were also discussed. The Market, Promotion and Dissemination working group defined strategies to reach different audiences such as developers, insurance companies, researchers and architects as well as planning participation in important events such as the International Wood Week (SIM). The Workforce Qualification working group highlighted the development of new courses and international partnerships for the training of specialised workers with curricula being developed by Senai Paraná.

ABIMCI also emphasised that wood constructions represent a unique opportunity to combine efficiency, sustainability and economic development with the solid support of various industry sectors and the government marking a positive leap for the market and the sector as a whole.

See: https://abimci.com.br/consolidacao-dos-sistemas-constitutivos-em-madeira-no-brasil-tem-importantes-avancos/?utm_campaign=Abimci+News&utm_content=Um+momento%E2%80%A6&utm_medium=email&utm_source=dinamize&utm_term=Abimci+News+114+-+Edi%C3%A7%C3%A3o+Maio+2024

Digital platform for National Forest Inventory data

A digital platform with open data from the National Forest Inventory (IFN) was launched by the Ministry of the Environment and Climate Change (MMA) and the Brazilian Forest Service (SFB) in May 2024 aiming to facilitate public access to forest information.

The National Forest Information System (SNIF) will host the data made available through interactive panels and digital spreadsheets also covering information about local communities.

Brazil has 4.96 million sq.Km of forests (60% of the national territory) holding the largest area of national tropical forests in the world. The National Forest Inventory is a tool that delivers information on natural and planted forest resources.

The IFN will collect and disseminate qualitative and quantitative data about forests and local communities to guide public policies, investments and scientific research. To-date, more than 125,000 botanical samples have been collected from over 10,000 sampling points, cataloging more than 900,000 trees and identifying 8,400 species, including the discovery of 13 new species.

The IFN's efforts have covered 100% of the Pampa biome and partially the Caatinga (71%), Cerrado (78%), Atlantic Forest (58%) and Amazon (44%) biomes. The Pantanal is the next biome to be inventoried.

The project is supported by the Inter-American Development Bank (IDB), the Inter-American Institute for Cooperation on Agriculture (IICA), the National Bank for Economic and Social Development (BNDES) through the Amazon Fund and the United Nations Food and Agriculture Organization (FAO).

See: <https://forestnews.com.br/inventario-florestal-nacional-plataforma-digital/>

Participation in Carrefour International du Bois

A delegation of forest sector entrepreneurs of Mato Grosso State participated in the Carrefour International du Bois Fair held at Exponantes Park in Nantes.

The event is recognised as one of the most important in the timber sector and featured the participation of approximately 670 exhibitors. Additionally, the event attracted the interest of importers from various countries including Belgium, Germany, Italy, Portugal, Denmark, South Africa, the United States and France.

The delegation from Mato Grosso State consisted of 30 entrepreneurs associated with the Center of Timber Exporting Industries of the state of Mato Grosso (CIPEM) which represents 523 companies in the forest sector.

Among the most sought after tree species in international consumer markets are angelim-pedra (*Hymenolobium petraeum*), ipê (*Tabebuia impetiginosa*), cumaru (*Dipteryx odorata*), itaúba (*Mezilaurus itauba*), garapa (*Apuleia leiocarpa*), jatobá (*Hymenaea courbaril*), cherry (*Prunus avium*), Amazon cedar (*Cedrelinga catenaeformis*), jequitibá-rosa (*Cariniana legalis*) and caixeta (*Simarouba amara*).

With 5.0 million hectares of managed and conserved forests the private sector in the State of Mato Grosso produced the equivalent of 7 million cubic metres of wood in 2022 from sustainably managed forest areas and contributed R\$66 million in taxes.

Mato Grosso State is a centre for sustainable timber production, generating jobs and providing significant revenue for the local economy. The state maintains a forest production tracking system (Sisflora 2.0) ensuring the origin and legality of the products.

The participation of entrepreneurs from Mato Grosso in the international Fair not only highlights the importance of the forest sector in the State but also indicates the efforts made to search for new business opportunities and commercial partnerships in an increasingly demanding global market.

See: <https://simenorte.com.br/noticias/empresarios-do-setor-florestal-de-mato-grosso-participam-de-feira-internacional-na-franca/>; <https://cipem.org.br/noticias/setor-florestal-de-mato-grosso-promove-rodadas-de-negocios-durante-feira-internacional-na-franca>

Furniture exports, four consecutive monthly increases

Brazilian furniture exports recorded their fourth consecutive rise in April 2024 reaching US\$59.5 million, an almost 1% increase compared to March. According to the Brazilian Association of Furniture Industries (ABIMÓVEL) this continued growth reflects the gradual recovery of the sector which saw a 0.6% increase in the first quarter of 2024 compared to the same period last year.

ABIMÓVEL points out that, despite the increase in exports, competition with imported products especially from China, continues to challenge the sector. Imports grew by 75% in the first quarter of 2024 and 49% in the last 12 months, although there was a 2% decline between March and April. The furniture trade balance remained positive with a surplus of US\$36.5 million in April and over US\$126.7 million for the first quarter.

The National Confederation of Industry (CNI) attributes the rise in imports to competitive pricing of imported products compared to local product prices resulting from high-interest rates and the burdensome tax system in Brazil.

The lack of oversight and dumping practices also harm the national industry leading to the loss of nearly 500,000 jobs and a reduction in Federal revenue. The most impacted sectors include wood, clothing, leather, metallurgy, metal products and furniture.

To address these challenges, ABIMÓVEL supports the approval of a draft bill revising the tax for imported products to reduce tax inequality. Additionally, the New Industrial Policy and measures such as accelerated depreciation of assets are seen as essential for modernising the industry and promoting more sustainable production.

The adoption of automation and digitalisation technologies along with sustainable practices is essential for reducing operational costs and increasing competitiveness and should be supported by government incentives, says ABIMÓVEL.

See: <http://abimovel.com/exportacoes-de-moveis-e-colchoes-registram-quarto-aumento-consecutivo-em-2024/>

Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	531
Ipê	225
Jatoba	199
Massaranduba	192
Muiracatiara	193
Angelim Vermelho	147
Mixed redwood and white woods	

Source: STCP Data Bank

Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	1,948
Ipê	1,045
Jatoba	928
Massaranduba	924
Muiracatiara	917
Angelim Vermelho	592
Mixed red and white	332
Eucalyptus (AD)	272
Pine (AD)	307
Pine (KD)	

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

	US\$ per cu.m
Parica	670
4mm WBP	529
10mm WBP	456
15mm WBP	
4mm MR.	616
10mm MR.	449
15mm MR.	402

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

	US\$ per cu.m
<i>Domestic ex-mill prices</i>	
15mm MDParticleboard	32
15mm MDF	335↓

Source: STCP Data Bank

Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipe	2,645
Jatoba	1,404
Massaranduba	1,319
Muiracatiara	1,417
Pine (KD)	191

Source: STCP Data Bank

Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	345
12mm C/CC (WBP)	313
15mm C/CC (WBP)	306
18mm C/CC (WBP)	301

Source: STCP Data Bank

Export prices for added value products

FOB Belem/Paranagua ports		US\$ per cu.m
Decking Boards	Ipê	3,120
	Jatoba	1,745

Source: STCP Data Bank

Peru

First quarter of 2024 exports fell

The Services and Extractive Industries Management of the Association of Exporters (ADEX) has reported shipments of wood products in the first three months of this year totalled US\$20.23 million, a drop of 28% compared to the same period in 2023 (US\$27.99 million)

This decline is partly explained by lower orders from the main buyers, China (US\$3.1 million) and the Dominican Republic (US\$2.9 million) for which demand dropped 48% and 7%, respectively. Other top markets were the US and France. Shipments to the US accounted for 14% of first quarter shipments and France 13% and a negative percentage variation of -56%. Orders from Mexico fell sharply in the first quarter.

According to figures from the ADEX Data Trade Commercial Intelligence System, sawnwood was the most top export product in the first quarter earning US\$8.38 million, despite contracting by 24% compared to the same period in 2023. Second ranked category included semi-manufactured products (US\$7.18 million, down 42%, furniture products (US\$1.26 million), firewood and charcoal (US\$1.10 million) and manufactured products in general with US\$0.99 million.

Concessionaire receives incentive for good forestry practices

In an important advance for the sustainable management of forests in Ucayali the Parihuelas El Sol consortium became the first forest permit holder to receive an award for good forestry practices. The incentive, granted by the Regional Forestry and Wildlife Management of Ucayali (GERFFS), was because of their good management as accredited by the Management Information System (SIGOSFC) of the Forestry and Wildlife Resources Supervision Agency (OSINFOR).

The incentive is a 15% discount on the payment for the 'Right to Forestry Use' in accordance with the policy approved by the National Forestry and Wildlife Service (SERFOR) in 2023.

See: <https://www.gob.pe/institucion/osinfor/noticias/970568-retrabajo-a-la-sostenibilidad-concesionario-maderero-recibe-el-primer-incentivo-por-buenas-practicas-forestales-en-ucayali>

Law agencies trained in the use of tools to combat timber trafficking

In a joint effort to strengthen the fight against timber trafficking the Forestry and Wildlife Resources Monitoring Agency (OSINFOR) and an Environmental Team from the United Nations Office on Drugs and Crime (UNODC) organised a workshop to strengthen the technical capabilities of law officers in Ucayali.

A workshop 'Implementation of information tools for the investigation of illegal timber trafficking' was held in Pucallpa.

With the support of the German Cooperation (BMZ) and within the framework of the second phase of the project Criminal Justice Responses to Forestry Crimes. The workshop brought together 35 professionals including prosecutors, judges and administrators from the forestry sector.

The objective was to strengthen the coordination of justice system operators regarding the legal framework applicable to the sustainable use of forest resources and the use of information tools that contribute to the investigation of environmental crimes.

See: <https://www.gob.pe/institucion/osinfor/noticias/963166-operadores-de-justicia-en-ucayali-se-capacitan-en-el-uso-de-herramientas-tecnologicas-del-osinfor-para-enfrentar-el-trafico-de-madera>

SERFOR meets with fire experts from Latin America and the Caribbean

In its capacity as host the National Forestry and Wildlife Service (SERFOR) led the 6th Meeting of the 'Group of Experts on Forest Fires in Latin America and the Caribbean' (GEFF LAC) which aimed to share good practices and identify strategies to improve the management of these incidents in the region.

This meeting brought together experts from the entire region (Brazil, Colombia, Chile, Mexico, Ecuador, Uruguay, Bolivia, Argentina and Peru), and managers from the relevant ministries and organisations, responsible for the management of forest fires in their different phases, from prevention, preparation, fire-fighting to restoration of damaged areas.

See: <https://www.gob.pe/institucion/serfor/noticias/959553-serfor-se-reune-con-expertos-de-america-latina-y-el-caribe-para-mejorar-gestion-integral-ante-incendios-forestales>

Export prices for added value products

	US\$ per cu.m
Strips for parquet Cabreuva/estoraque KD12% S4S, Asian market	1327-1398
Cumarú KD, S4S Swedish market Asian market	986-1119 986-1011
Cumarú decking, AD, S4S E4S, Central American market	994-018
Pumaquiú KD Gr. 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market	582-611
2x13x75cm, Asian market	774-831

Export veneer prices

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

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	691-710
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	997-1023
Asian market	999-1032
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	634-649
Dominican Republic	75-799
Marupa 1", 6-11 length KD Grade 1 Asian market	559-572↑

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

Export plywood prices

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

Domestic sawnwood prices

Peru sawnwood, domestic	US\$ per cu.m
Mahogany	-
Virola	222-234
Spanish Cedar	333-344
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

Economy yet to show clear signs of recovery

The Cabinet Office has reported GDP shrank at an annualised pace of 1.8% in the first three months of this year through. Data shows consumers and companies cut back on spending with companies reporting rising stock levels as the highest inflation in decades continues to eat away at household spending power. This is seen as a warning sign to the Bank of Japan as it considers the timing of its next interest rate increase.

See:

https://www.japantimes.co.jp/business/2024/06/10/economy/gdp-revised-figures/?utm_source=pianodnu&utm_medium=email&utm_campaign=72&tpcc=dnu&pnespid=9bwvjjun6lbi_7lq_xswpkri4gwlo10vxgn4bvzybyve60pc.wmd0tqpd3joz5sbfrprg

New, six-year growth programme under preparation

In early June the Prime Minister chaired a meeting of the Council on Economic and Fiscal Policy. Participants discussed the preparation of a policy document 'Basic Policy on Economic and Fiscal Management and Reform'.

The Prime Minister said the government will adopt a new six-year programme aimed at pursuing both economic growth and fiscal reform which will focus on economic growth while aiming to achieve fiscal soundness by increasing tax revenue.

It is reported that private-sector members of the Council urged the government to stick to its goal of bringing the combined primary budget balance of the central and local governments to a surplus in fiscal 2025 when the new programme begins. The private sector panel members also urged the government to remain committed to lowering the country's outstanding debts.

In addition, private-sector panel members asked the government to return its expenditure structure to normal after its spending ballooned due to measures to fight the COVID-19 pandemic.

See: https://www.arabnews.jp/en/business/article_123423/

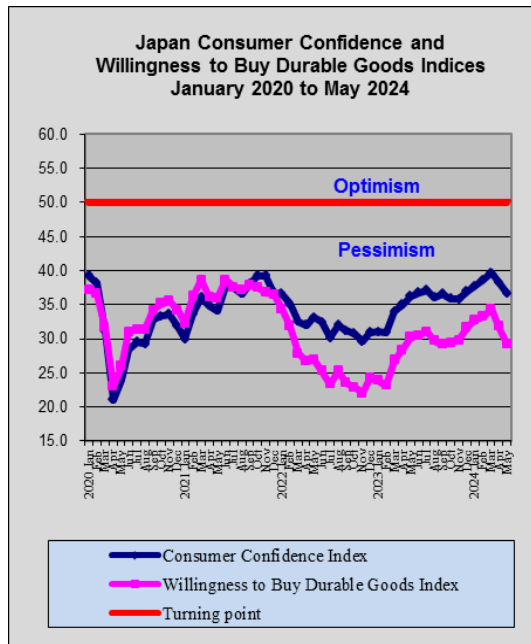
Inflation and labour shortages drive wages higher

A recent Nikkei survey suggests a majority of Japanese companies raised their base pay this year in response to persistent labour shortages, good news for households facing increasing inflation.

See: https://asia.nikkei.com/Spotlight/Work/Over-90-of-Japan-companies-agree-to-base-pay-hikes-in-2024-survey?utm_campaign=GL_JP_update&utm_medium=email&utm_source=NA_newsletter&utm_content=article_link

The survey showed around 70% of respondents received demands for a higher base pay from unions of which over 90% increased base pay. In monetary terms the increase averaged out to 13,594 yen (US\$86) a month, up from 2023. With inflation increasing a higher base pay is considered crucial to raising wages in real terms.

The respondents (68%) stated their decision was because of increases in consumer prices most other respondents said they increased wages to support government requests for higher wages.



Data source: Cabinet Office, Japan

Yen exchange rate buffeted after GDP data released

The Japanese yen edged lower in early June as the US dollar strengthened and the yen exchange rate was further buffeted when the first quarter GDP figures were released.

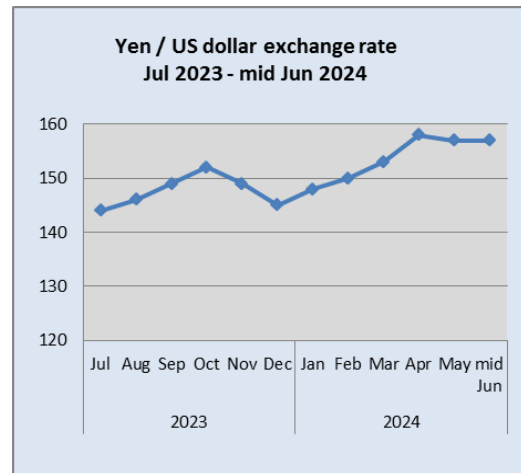
After the Bank of Japan (BoJ) announced a slowdown in its massive Government bond purchases, the prelude to a move away from quantitative easing, the yen was down slightly at 157 against the US dollar. The BoJ decision was largely anticipated and had little impact on the yen exchange rate which lingers at historic lows.

See: <https://www.asahi.com/ajw/articles/15305387>

In other currency news, Japan will issue new banknotes in July this year in the first redesign for 20 years. The banknotes feature as an anti-counterfeiting measure the world's first three-dimensional holograms that make the portraits on bills appear to rotate when tilted. Tactile marks allow the visually impaired to identify the denominations.

From the time that they are issued, the new banknotes will be available from financial institutions and ATMs. Currently issued banknotes will continue to be legal tender.

See: <https://www.nippon.com/en/news/p01958/>



Data source: WSJ

Vast divide between urban and rural housing trends

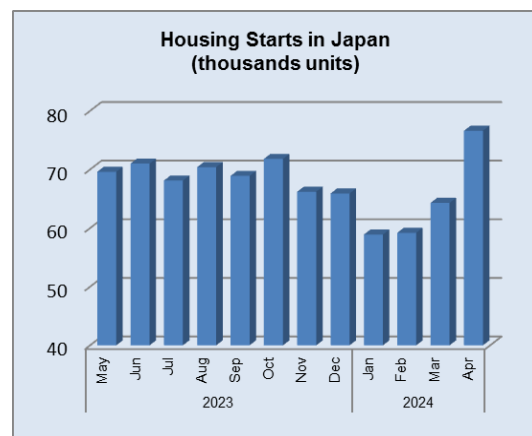
Real estate prospects in Tokyo for 2024 are looking bright according to a survey by Mitsubishi UFJ Trust and Banking. Prices for newly built condominiums in Tokyo's 23 wards are continuing to rise by about 7% annually. Properties priced over 60 million yen are expected to experience a substantial 8% surge in value. Conversely, properties priced under 60 million yen are forecast to see a slightly lower but still significant increase.

See: <https://www.e-housing.jp/post/2024-property-investment-forecast-in-japan-according-to-experts>

In contrast to the upbeat Tokyo market there is a surplus of vacant home in rural areas driven by demographic changes. As the population ages and younger generations move to urban centres for better job prospects and modern lifestyles rural areas are left with a declining population and empty homes.

The Japanese government has recognised the need to address this issue and many regional governments have introduced initiatives to promote the utilisation of vacant houses. Local governments often provide grants, tax breaks and low-interest loans to buyers willing to renovate and live in or rent out these properties.

See: <https://goconnect.jp/2024/06/02/the-investment-opportunity-in-japans-abandoned-rural-houses/>



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

Addressing the root cause of cedar pollen allergy

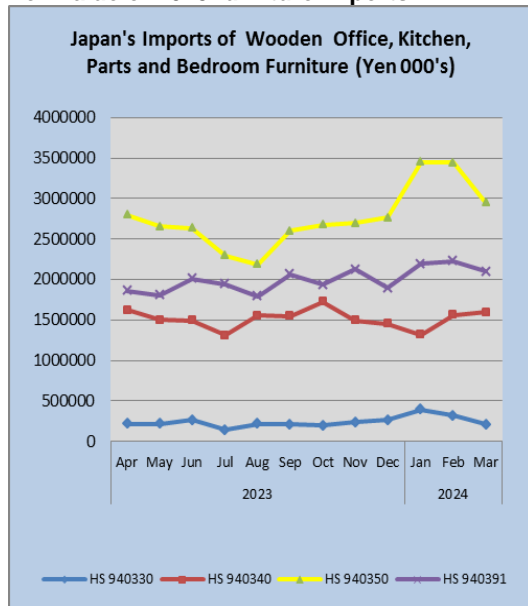
Japan is forging ahead with efforts to tackle cedar pollen allergy which is said to affect 40% of the population. In May 2023, Prime Minister Kishida held the second Ministerial Meeting on Pollen Allergy and the participants engaged in discussions and agreed on the aim to reduce cedar pollen by 50% by 2053. This will be achieved by accelerating the felling plantation cedar forests and replanting with species that produce less pollen.

The report to the meeting noted that artificial forests created after the end of World War II to conserve land and meet growing demand for timber are reaching a stage where the trees can be felled and used. It was pointed out that it is necessary for the entire society, including consumers, to work to reinvigorate timber demand.

See: <https://english.kyodonews.net/news/2024/06/f6f593deb21a-japan-to-replace-cedars-with-low-pollen-trees-to-tackle-hay-fever.html?phrase=Costa%20Atlantica%20&words=>

Import update

Yen value of 2023 furniture imports



Data source: Ministry of Finance, Japan

The prolonged weakness of the Yen against the US dollar continues to drive up the cost of imports and drive down discretionary purchases by Japanese households and these factors have negatively affected imports and consumption of wooden furniture.

March wooden office furniture imports (HS 940330)

In March China and Malaysia were the top two shippers of wooden office furniture (HS940330) to Japan, accounting for almost 90% of total March arrivals.

The value of exports of HS940330 from China to Japan in March dropped sharply (-40%) from a month earlier. On the other hand the value of shipments from Malaysia surged three fold to account for a record high of 116% of Japan’s March wooden office furniture import values. The other significant shippers of HS940330 in March were Indonesia and Vietnam.

Year on year the value of Japan’s imports of wooden office furniture in March 2024 were some 20% below that of March 2023.

March 2024 imports (HS 940330)

	Imports Mar 2024 Unit, 000's Yen
China	156,787
Taiwan P.o.C	1,761
Vietnam	4,955
Malaysia	33,950
Indonesia	6,328
Belgium	281
Germany	245
Spain	1,132
Italy	1,344
Poland	1,245
Turkey	2,428
Czech Rep.	646
USA	1,230
Total	212,332

Data source: Ministry of Finance, Japan

March 2024 kitchen furniture imports (HS 940340)

Year on year, the value of imports of wooden kitchen furniture items (HS940340) in March fell around 10% but rose slightly compared to the value of February imports.

March 2024 imports (HS 940340)

	Imports Mar 2024 Unit, 000's Yen
China	90,655
Vietnam	508,934
Thailand	104,501
Malaysia	18,275
Philippines	732,348
Indonesia	20,388
India	242
UK	1,323
France	264
Germany	92,029
Italy	26,691
Canada	2,093
Total	1,597,743

Data source: Ministry of Finance, Japan

The top shippers were the Philippines, accounting for about 46% of the value of March imports followed by Vietnam at 32% and Thailand 6.5%. The value of shipments from the Philippines rose in March compared to a month earlier while shipments from Vietnam were little changed from the value of February shipments.

The top three shippers accounted for around 85% of the value of March imports, other significant shippers were Germany and Italy which together accounted for 7% of the value of imports.

February marked a rebound in the value of arrivals of wooden kitchen furniture to Japan and the slight upswing in the value of March arrivals built on the February figure.

March 2024 wooden bedroom furniture imports (HS 940350)

After five consecutive monthly increases in the value of wooden bedroom furniture (HS930350) the value of February imports steadied but there was a major downward correction in March. Year on year, the value of March imports were down 19% and there was a 14% month on month drop in the value of imports. China accounted for almost 60% of the value of March imports to Japan followed by Vietnam at 34% and Malaysia at 4%.

The big losers in March were Vietnam, where the value of arrivals dropped over 30% and Malaysia, where the value of imports was down around 40% compared to February. China remained the top supplier in March and the value of imports was around the same level as in February.

March 2024 imports (HS 940350)

	Imports Mar 2024 Unit, 000's Yen
China	1,669,721
Taiwan P.o.C	834
Vietnam	1,006,831
Thailand	53,391
Malaysia	116,634
Philippines	610
Indonesia	23,408
Sweden	2,021
Denmark	1,059
UK	2,086
Italy	7,773
Poland	50,052
Romania	12,542
Bosnia and Herzegovina	284
USA	968
Total	2,948,214

Data source: Ministry of Finance, Japan

March 2024 wooden furniture parts imports (HS 940391)

Shippers in just four countries, China, Indonesia Malaysia and Vietnam accounted for 80% of the value of March imports of wooden furniture parts. Suppliers in China accounted for around 40% of March arrivals followed by Indonesia at 16%, Malaysia 12% and Vietnam 10%. Compared to the value of February imports the value of March imports from China were down around 14% and there was a 25% decline in the value of imports from Vietnam while the value of March arrivals from Indonesia and Malaysia were at around the same level as in February.

In March there were 15 member states of the EU and the UK that shipped wooden furniture parts to Japan, however, the combined value of these shipments represented just 8% of Japan's March imports of furniture parts.

March 2024 imports (HS 940391)

	Imports Mar 2024 Unit, 000's Yen
Rep. Korea	40,099
China	867,533
Taiwan P.o.C	72,792
Vietnam	204,251
Thailand	144,669
Malaysia	256,082
Philippines	11,966
Indonesia	336,623
Cambodia	2,956
Norway	421
Denmark	1,342
UK	616
France	7,769
Germany	36,450
Switzerland	692
Spain	331
Italy	70,732
Finland	1,328
Poland	24,583
Austria	748
Hungary	4,363
Turkey	1,396
Lithuania	293
Slovakia	13,288
USA	360
Total	2,101,683

Data source: Ministry of Finance, Japan

Trade news from the Japan Lumber Reports (JLR)

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

For the JLR report please see:
https://jfpj.jp/japan_lumber_reports/

Plywood

Plywood manufacturers in Japan announced to raise the price of structural softwood plywood in April and May, 2024 and the plywood price stopped decreasing. On the other hand, the orders to precutting plants in May are low and demand for houses is not recovered yet.

12 mm 3 x 6 domestic structural softwood plywood from major plywood manufacturers costs 1,300 yen, delivered per sheet.

However, the price of structural softwood plywood in the Metropolitan area is around 1,280 yen, delivered per sheet. Some plywood manufacturers will raise the plywood price again because the price of glue has been increasing.

For South Sea plywood, the price of 12 mm plywood has increased after May, 2024. Since the inventory of South Sea plywood in Japan has been decreasing, major plywood manufacturers in Malaysia raised the 12 mm plywood price by US\$20, C&F per cbm in May, 2024.

The price of 12 mm 3 x 6 painted plywood for concrete form in May was around US\$650, C&F per cbm. Structural plywood was US\$560 – 570, C&F per cbm. Form plywood was US\$560 – 580, C&F per cbm. If the price of painted plywood for concrete form rose by US\$20, C&F per cbm, the import cost would be 2,200 yen, FOB per sheet, calculated by 156 yen against the dollar.

There are not enough logs in Indonesia and some Indonesian plywood manufacturers expect to raise the plywood price but the plywood price at this time was leveled off from the previous time. 2.4 mm 3 x 6 is around US\$950, C&F per cbm. 3.7 mm 3 x 6 plywood is around US\$880, C&F per cbm. 5.2 mm 3 x 6 plywood is around US\$850, C&F per cbm.

The price of 2.5 mm plywood in Japan is 780 yen, delivered per sheet. 4 mm plywood is 1,000 yen, delivered per sheet. 5.5 mm plywood is 1,170 – 1,200 yen, delivered per sheet.

The price of structural plywood / form plywood is 1,750 yen, delivered per sheet. 12 mm 3 x 6 painted plywood for concrete form is 1,950 yen, delivered per sheet.

How do we face the weak yen?

The interest rate differentials between Japan and the U.S. have been influencing the yen. The yen was 150 yen against the dollar at the beginning of 2024 and the yen was once 160 yen against the dollar.

Since the new starts have not stopped decreasing, wood industry and building materials industry have been struggling with this situation. It is hard to find a solution to recover in the new starts. The yen depreciated to 150 yen against the dollar last autumn.

Some building materials companies had already raised the selling price of building materials at that time. Many Japanese buyers were concerned about the price hike of imported lumber and imported plywood due to the weak yen but the actual demand for lumber or plywood was not enough so the lumber market was weak.

KD domestic studs or ceiling joists became price competitive. However, the movement of cedar posts, cypress posts and cypress foundations were sluggish so the lumber price kept decreasing. On the other hand, the log price increased. Exporting domestic logs and domestic lumber would be good due to the weak yen.

However, people wonder whether exporting domestic logs and domestic lumber would be a good opportunity to promote the use of domestic lumber in Japan in the future.

If the volume of imported lumber continued to fall, there would be no diversity of lumber in Japan. It seems that it is the end of a period for low-priced imported lumber.

China

Surge in plywood exports to Taiwan P.o.C

In the first quarter of 2024 China’s plywood exports to Taiwan P.o.C soared over 500% to 481,000 cubic metres valued at US\$26 million, up in value by around 2% over the same period of 2023.

The total volume of China’s plywood exports in the first quarter 2024 rose 25% to 2.936 million cubic metres valued at US\$1.104 billion compared to the same period in 2023.

The export markets for China’s plywood exports are varied and the proportion of exports to the top 8 markets in the first quarter of 2024 accounted for just 51% of the national total.

Taiwan P.o.C became the largest destination for China’s plywood exports in the first quarter of 2024, exceeding the Philippines which previously was the main destination for China’s plywood exports in the recent years. China’s plywood exports to the Philippines fell 5% to 197,000 cubic metres in the first quarter of 2024. In addition, China’s plywood exports to Japan dropped 1% to 135,000 cubic metres in the first quarter of 2024.

In contrast, the volume of China’s plywood exports to all top destinations excepting the Philippines and Japan, rose which resulted in the overall increase in the volume of China’s plywood exports in the first quarter of 2024.

In addition, China’s plywood exports to Vietnam rose 50% to 102,000 cubic metres in the first quarter of 2024.

Top plywood export markets, first quarter of 2024

	Mil. cu.m	YoY % change
Total	2,936	25%
Taiwan P.o.C	481	583%
Philippines	197	-5%
UK	177	6%
UAE	147	12%
Saudi Arabia	147	37%
Japan	135	-1%
Australia	109	28%
Vietnam	102	50%

Data source: China Customs

Top plywood export markets, first quarter of 2024

	US\$ mil.	YoY % change
Total	1,104	1%
Taiwan P.o.C	26	2%
Philippines	72	-7%
UK	71	-2%
UAE	49	8%
Saudi Arabia	47	24%
Japan	63	-11%
Australia	75	11%
Vietnam	41	39%

Data source: China Customs

Sharp increase on Plywood exports to Oceania

The US is no longer the major destination for China's plywood exports. In the first quarter of 2024 China's plywood exports to the US came to just 57,000 cubic metres valued at US\$39 million, up 6% in volume but down 5% in value over the same period of 2023.

China has begun to diversify its plywood export markets and plywood exports to Oceanian countries surged 60% to 158,383 cubic metres in the first quarter of 2024 with an especially big jump in shipments to Vanuatu. China's plywood exports to both Fiji and PNG also grew nearly 200% in the first quarter of 2024.

China's plywood exports to Oceania, first quarter of 2024

	cu.m	YoY % change
Total	158,383	60%
Australia	109,332	28%
Vanuatu	32,366	
New Zealand	11,851	4%
Fiji	2,114	290%
PNG	1,312	296%
Solomon Is.	572	63%
Samoa	291	145%
Tonga	185	48%

Data source: China Customs

Decline in CIF prices for plywood exports

In the first quarter of 2024 all average plywood CIF prices to top destination declined but at very different rates compared to the same period in 2023.

The CIF price for China's plywood exports to Taiwan P.o.C dropped 85% over the same period of 2023 resulting in export volumes soaring.

CIF prices for China's plywood exports, first half 2024

Destination	US\$/cu.m	YoY % change
Total	376	-19%
Taiwan P.o.C	53	-85%
Philippines	364	-3%
UK	403	-8%
UAE	332	-4%
Saudi Arabia	318	-9%
Japan	467	-9%
Australia	685	-13%
Vietnam	399	-7%

Data source: China Customs

Russia, the largest supplier of plywood imports

According to China Customs, in the first quarter of 2024 plywood imports totalled 86,550 cubic metres, up 109% over the same period of 2023. Russia was the largest supplier of China's plywood imports in the first quarter of 2024. China's plywood imports from Russia rose 179% to 75,520 cubic metres, accounting for 87% of the national total.

Almost all of China's plywood imports from Russia was hardwood plywood. The face sheet was mainly alder, ash, beech, birch or cherry.

Top suppliers of plywood imports, first quarter of 2024

Supplier	Vol. cu.m	YoY % change
Total	86,550	109%
Russia	75,520	179%
Indonesia	3,086	11%
Malaysia	1,558	-50%
Vietnam	1,460	-
Japan	1,068	-38%

Data source: China Customs

China's plywood imports from Malaysia and Indonesia amounted to just 1,558 cubic metres and 3,086 cubic metres respectively in the first quarter of 2024.

However, Malaysia and Indonesia were once the main suppliers of plywood to China. China's plywood imports from Malaysia and Indonesia reached 800,000 cubic metres and 1.11 million cubic metres respectively in 1995.

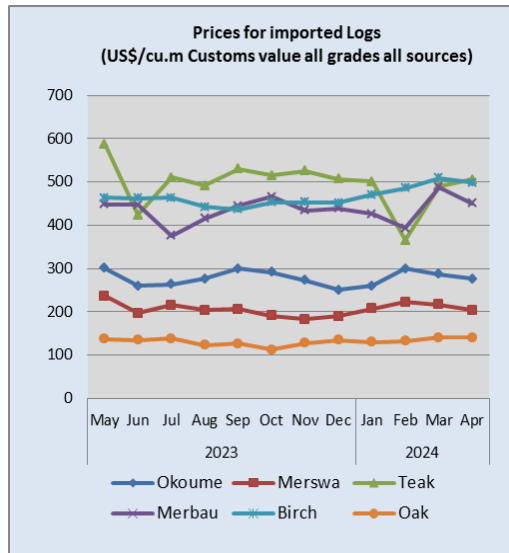
Surge in plywood imports from Vietnam

According to China Customs, plywood imports from Vietnam rose to 1,460 cubic metres in the first quarter of 2024 driven by the availability of domestic raw material and favorable national policies.

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

	2024 Mar	2024 Apr
Okoume	87	276
Merswa	216	203
Teak	490	505
Merbau	488	450
Birch	509	498
Oak	140	140

Data source: Customs, China

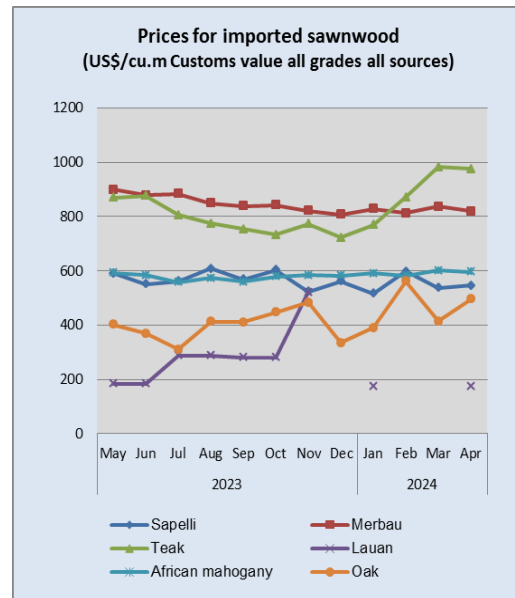


Data source: Customs, China

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

	2024 Mar	2024 Apr
Sapelli	537	546
Merbau	836	819
Teak	983	976
Lauan		175
African mahogany	601	596
Oak	414	496

Data source: Customs, China



Data source: Customs, China

EU

Tropical suppliers at Carrefour report greater market stability

Tropical timber suppliers at the Carrefour Internationale du Bois (CIB) exhibition in Nantes said there were signs the European market is steadying after a challenging 2023-early 2024. The broad consensus was that trade would remain at about the same level as last year, although some went as far as predicting improvement, albeit modest and gradual.

At the same time, trade issues and challenges were also raised. They included rising freight rates, administrative delays in securing export paperwork and the latest tropical hardwood CITES Appendix II listings.

Another key topic of discussion at the show was the time and effort businesses must invest in preparing for the EU Deforestation Regulation (EUDR). There is now just six and half months before it comes into force. It will require that operators and large traders placing timber and other ‘forest and eco-system risk commodities’ (FERCS) on the EU market, or exporting them from it, undertake due diligence to ensure they are deforestation-free, legal, and accompanied by geolocation coordinates of the ‘plot of land’ where they originated.

Carrefour cemented status as a global event

The show itself maintained its record of growing and evolving each time it comes around. Visitors and exhibitors alike also said it further cemented its status as Europe’s leading all-timber trade show and as a global event.

According to the organisers, visitor numbers were down around 500 from 2022’s record 14,000. But exhibitors attributed the bumper total two years ago to the post-Covid bounce that boosted the timber market globally.

They also pointed out that this year's attendance was over 17% up on the previous all-time high in 2018 (the 2020 show was cancelled due to the pandemic).

The show occupied more space this year at Nantes' Beaujoire fair ground. Another change was the sectoral compartmentalisation of the event, with the individual halls dedicated to flooring, wood-based panels, timber building and construction services, and sawmills, timber trade and forestry. This, said attendees, made it easier to navigate.

While acknowledging their market perceptions were yet to be underpinned with categorical statistics, exhibitors also felt show attendance indicated the mood of the wider European timber sector was on the turn, after the 18-month cost of living crisis hit consumer and business spending across the board.

The return of confidence, albeit, as one exhibitor described it, 'embryonic', was attributed to inflation decreasing (and the EU area rate was down to 2.6% in May from a 2022 peak of over 10%) and the prospect of lower interest rates.

The European Central Bank reduced its rates for the first time in five years just days after the CIB in June to 3.75%. ECB president Christine Lagarde cautioned they were not necessarily now on a 'linear path' downwards, but according to a Reuters report, financial commentators expect a further cut this year and three or four in 2025.

Challenging outlook for EU construction

One EU tropical importer-distributor said 'reasonable' forecasts for construction underpinned their belief that the year ahead would be 'unexciting, but OK'. One such forecast came from the Dutch ING bank in March in which it reported signs of 'green shoots' in the building sector.

After construction output volumes grew 0.1% in 2023, it actually expects 0.5% contraction in 2024. This is due to anticipated further declines in residential and non-residential building rates. "However, the renovation subsector (including sustainability works) is seeing structural growth in demand," said ING. "We also expect that investments in infrastructure will continue to grow."

Other positive signs, it says, are rising house prices in many EU countries and the fact that construction costs have plateaued. Building contractors' order books have also remained stable, currently averaging 9.1 months. ING puts this down to the level of repair, maintenance, and improvement activity (RMI) and work to improve building energy and wider sustainability performance.

It concludes that there is 'room for optimism' for 2025. "We expect growth trends in the renovation and infrastructure sectors will continue," it said. "The new building sector in the short term [will be constrained by] the declining amount of issued building permits, but we expect it to slowly improve too due to the recovering housing market."

The outlook for UK building looks more challenging. The country's Construction Product Association (CPA) forecasts an overall 2.1% fall in building output this year, due to falls in new housing and RMI, the two biggest UK construction sectors.

However, infrastructure building remains strong, and the squeeze in RMI is expected to be alleviated to a degree by 'strong activity in energy efficiency retrofit'. And in 2025 the CPA expects falling interest rates (which currently stand at 5.25% but are expected to be cut to 4.75% by the end of 2024), plus general economic recovery to return construction output to 2% growth in 2025. New house building is forecast to grow 4%.

A UK tropical timber importer-distributor at the CIB acknowledged trade was currently 'sluggish'. "There's plenty of wood on the ground – whatever you want, sapele, meranti, eucalyptus grandis, you can get it," they said. "However, trade is on more of a level, and against the backdrop of the recent challenging economic conditions, level is not a bad thing. And the forecast recovery in building into 2025 spells a healthier joinery sector."

A leading EU importer trader at the CIB agreed that the volatility of the market had 'subsided' and was expecting its European turnover and volumes through 2024 to remain around 2023 levels. "And in some countries we are seeing improvement, notably France and Belgium," said a spokesperson.

Another importer thought that the fraught geopolitical situation was also "less of a depressant on business". "It seems companies and consumers have now factored it in, and its effect on purchasing decisions is less," they said.

A Europe and Africa-based concession holder, processor and value-added goods producer took a similar line. "In the second half of 2023 business slowed down, but the market is stabilizing and many of the visitors to our stand have been positive about prospects," said a company spokesperson. "We've also seen people from a wider geographic spread than at the last CIB, indicating more confidence internationally. We've had visitors from China, Vietnam, the US, and North Africa and, in particular, a lot from the Middle East."

Underlining the company's own long-term confidence, it was highlighting its latest investment at its Congo Basin subsidiary in further-processed products. It is expanding its edging and other machining capabilities, increasing kilning capacity, and has installed a large-scale new finger-jointing line.

"We see our future increasingly in value-added tropical timber products," said the spokesperson. "And we have further developments in the pipeline."

Another EU importer trader at the show said they were also growing their sales in engineered tropical hardwoods.

“It’s becoming a very competitive commodity market, but it is important to move in this direction for the future of the tropical trade, to increase producer country revenue and boost yield,” said a spokesperson. “We are developing sales in laminated and finger jointed products for windows and doors.”

The same company is also increasing its focus on certified sustainable lesser-known tropical timber species (LKTS). This was seen as important on environmental grounds, to reduce supply stress on more commonly used species and help make certified sustainable forest management more economically viable. But the move was also aimed at ensuring timber availability and broadening customer choice.

With cumaru and ipe among recent CITES Appendix II listings, the company was offering a range of South American alternatives.

“We’re promoting balsamo, tanimbuca, sucupira preta and jutai, all ideal for decking,” said a spokesperson.

The company also highlighted substitutes for Siberian larch, which is barred from EU and UK markets by trade embargoes on Russia.

“Thermo-treated temperate hardwoods and Douglas fir are being seen as alternatives and we’re also focusing on ayous and louro vermelho, which performs particularly well as cladding,” said a spokesperson.

A UK importer-distributor said it remained a challenge to overcome UK joinery sector “conservatism” about using LKTS.

“The unpredictable density of some of these species is a particular issue for joiners,” they said. “But we think the opportunity for them is in engineered, finger jointed and laminated goods, which can help overcome this issue as they need less processing, and you can sell them on end use rather than species. In fact, we’re going to West Africa soon especially to evaluate new engineered hardwood sourcing possibilities. Currently we’re buying African timber-based engineered products made by Malaysian manufacturers.”

Another EU-African business agreed on the importance of developing tropical LKTS.

“Two we are currently developing are olon and olonvogo,” said a spokesperson at the CIB. “Olonvogo is a particularly good alternative to iroko, which increasingly we cannot source in sufficient volume to meet demand.”

Documentation delays in Brazil a concern

“[It’s] taking at least one to two months to obtain LPCO documents [Licences, Permits, Certificates and other Documents] and a container shortage is extending wait times by another month,” said the hardwood purchasing manager for an EU importer trader.

“Ipe prices have also risen due to limited supply and increased demand, especially from the USA, leading to a scarcity of 21 x 145 mm sizes, particularly from suppliers in the state of Para.”

He added that the impact on trade in ipe and cumaru due to their CITES listings, effective from 24 November 2024, is adding to uncertainty.

“There’s a possibility supply may become very difficult towards the end of this year or early next,” he said. “There is uncertainty regarding issuance of CITES permits in the country of origin and import permits in the destination country. Shipments from October may halt due to neither exporters nor importers wanting to take the risk of contravening the rules.” Price rises in affected species were also expected as the CITES listing date approaches.

Freight rate increases from Southeast Asia were also highlighted. They may still be somewhat off heights reached through the pandemic. But having dropped back since to US\$2,000 per 40ft container, they are now quoted as up to US\$8,000.

“Rates have skyrocketed,” said the hardwood purchasing manager. “We’re now paying between US\$5000 and US\$6000 per container, leading to increases of €100 to €150 /m³. This will slow down supply and inevitably raise prices. And importers will reduce purchases or halt shipments, leading to decreased stocks in Europe. In fact, shortages are already noticeable, including in meranti, bangkirai, gerutu, and merbau.”

A UK importer said that, if the Suez Canal remained off limits due to Houthi movement attacks on shipping, freight rates levels would stay high. “And there’s clearly opportunism at play too, with shipping companies raising rates over and above their cost increases,” they said.

Exhibitor perspectives and preparation strategies for EUDR vary

A UK importer said that, even though the country was outside the EU it would inevitably be affected, adding that the Regulation created “huge uncertainties”. “We have branches in Northern Ireland, which is still in the EU single market, and also in Ireland in the EU,” said a spokesperson.

“Many of our manufacturer customers also sell into the EU and are already asking us about supplying compliance information. Whether we’ll have to dedicate people specifically to managing all the data required remains to be seen. It’s unclear what the impacts will be.”

An EU importer agreed the Regulation was increasing their administrative workload and that they were working with suppliers, including in the tropics, to increase awareness of the EUDR information they would need. They were also developing software systems “to manage, collect and store [compliance] information”. That included “geolocation coordinates of sources of supply and risk analysis data”.

They were also evaluating the use of Orbify's geospatial data platform for natural assets monitoring to support conformance and pushing ahead with their aim to trade in 100% certified timber.

"With latest developments in FSC and PEFC schemes to align with EUDR requirements, while we may not be able to say, 'we're certified, so we're fully compliant', we believe certification will be a significant mitigation instrument," said a spokesperson.

A hardwood supplier with concessions in the Republic of the Congo felt the combination of certification of its forest management and timber production, plus its own data and traceability systems would facilitate compliance.

"We also already provided geolocation information covering the whole of our concessions as part of legality assurance under the EU Timber Regulation, with a single concession in its entirety counting as a plot of land [under the new rules]. And we also draw on Global Forest Watch satellite monitoring of forest cover," said a spokesperson.

North America

Sawn tropical hardwood imports gain 13%

US imports of sawn tropical hardwood rose 13% in April. Notable gains were made in imports from Brazil (up 35%), Cameroon (up 125%), and Ghana (up 120%). Imports from Malaysia and Cote d'Ivoire both fell substantially for the month.

Imports of Ipe, Mahogany, and Virola all made considerable gains in April and are well ahead of last year's volume for the year so far. Imports of Keruing were down 67% in April and are off by 39% for the year to date. At 15,897 cubic metres, imports for the month were 3% less than the previous April, but still enough volume to stay ahead for the year so far. Total imports through April are up 2% over last year.

Canada's imports of sawn tropical hardwood fell 7% in April but were still 40% higher than in April 2023. Imports from Congo (formerly Brazzaville) more than tripled in April and are up 182% for the year so far. Imports to Canada from the US were down 22% for the month and are off by 55% for the year through April. Total imports to Canada are ahead of last year to date by 19%.

US Department of Agriculture, Foreign Trade Statistics,

US hardwood plywood imports edged up

The volume of US imports of hardwood plywood rose 4% in April as imports from Indonesia remained strong. The 240,719 cubic metres imported in April was 50% more than last April's volume. However, the dollar value of imports fell 6% in April to US\$138 million from US\$146 million in March.

Imports from Indonesia are up 56% in volume year to date after rising 1% in April while imports from Malaysia rose 11% for the month and are ahead 147% for the year so far. Imports from Vietnam are also well ahead of last year, up 163% despite a 17% slide in April. Total imports of hardwood plywood are up 63% versus last year through April.

Cameroon increases its share of US tropical hardwood veneer market

US imports of tropical hardwood veneer continued their comeback in April, rising 13% from the previous month. Despite the gain, the April total was 17% less than that of April 2023. Imports from Italy continued their slide, falling 25% in April and down 82% compared to the first four months of the year. Conversely, imports from Cameroon keep growing.

For the year so far, imports from Cameroon have grown 88% over last year while imports from all other major trading partners have shrunk. The trend accelerated in April as imports from Cameroon increased 81% over the previous month. In April Cameroon supplied the US with more than four times the tropical hardwood veneer than any other country. Total imports of tropical hardwood veneer are down 18% versus last year through April.

Flooring panel imports trending up - hardwood flooring trending down

US imports of hardwood flooring more than gave back their March gain, falling 15% in April as imports from Brazil fell by nearly 50% and imports from Vietnam reverted to normal levels after a one-month bonanza in March. A gain in imports from top trader Indonesia made up for some of the deficit, rising 28% over the previous month, while imports from Malaysia recovered their weakness of the last few months.

Despite the improvement, imports from Malaysia are down 70% versus last year through April while imports from Indonesia are off by 46% over the same period. Total imports of hardwood flooring are down 21% so far this year versus 2023.

Imports of assembled flooring panels rose 7% in April. The uptick was helped by a 41% increase in imports from Indonesia as well as gains in imports from Brazil and other countries not seen as major suppliers. Imports from most of the major supplying nations were down in April except for Indonesia, which is the exact opposite of the trend for the year so far.

Despite falling more than 10% in April, imports from Thailand are up 210% for the year so far, imports from Vietnam are up 80%, and imports from Canada are up 44%. And despite the boost in April, imports from Indonesia are still 43% behind last year through April. Total imports of assembled flooring panels are up 32% versus last year for the first four months of the year.

Moulding imports drop

US imports of hardwood moulding ended their climb in April, falling 9% from the previous month. Despite the drop, imports were 18% higher compared with April 2023. Imports fell among all major trading partners with imports from Malaysia falling 20%, imports from China falling 15%, and imports from Brazil falling 22%.

Imports from each of these sources were down sharply for the year so far, while imports from Canada (which were flat in April) are up 7% year to date. Total imports of hardwood moulding are ahead of last year by 17% through April.

US wooden furniture imports slip again

US imports of wooden furniture fell for a second consecutive month in April, dropping 6% from the previous month. At US\$1.57 billion, imports were 2% less than last April—the first time this year monthly imports were below that of the previous year.

A 12% decline in imports from Vietnam accounts for most of the shortfall, as imports from nearly every other country moved less than 5% either way. Imports from Mexico fell only 1% in in April but are now down more than 10% for the year so far. Total imports are up 7% versus last year through April.

As for the overall furniture market, Smith Leonard reports that new orders were up 2% in March 2024 compared to March 2023, continuing the streak of nine out of the last 10 months with overall order growth over the prior year. New orders for March were flat compared to February. Year to date through March 2024, new orders are up 5% compared to 2023.

However, shipments in March 2024 were down 17% from March 2023, and also down 4% from February 2024. Year to date through March 2024, shipments are down 12% compared to 2023.

Inventories and employee levels are again materially in line with recent months, but down from 2023, indicating that furniture companies have substantially adjusted levels to match current operations.

See: <https://www.smith-leonard.com/2024/06/03/may-2024-furniture-insights/>

Cabinet Sales fall behind last year for Q1

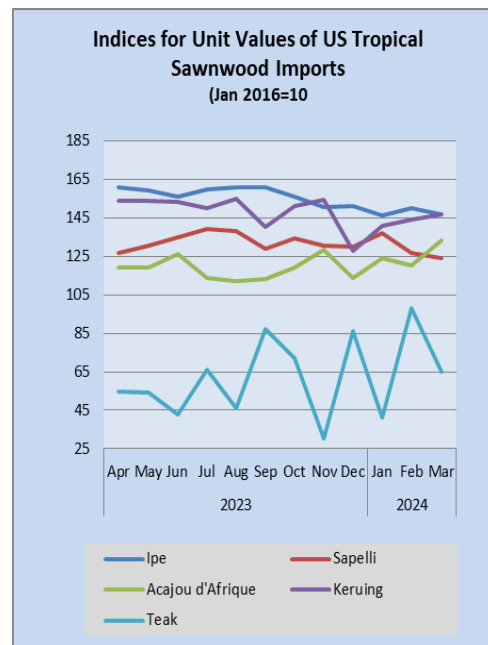
First quarter sales of cabinets in the US were down more than 7% in 2024 versus the previous year, reported the Kitchen Cabinet Makers Association (KCMA). Sales from KCMA survey participants came in at just under US\$685 million compared with US\$738 in Q1 of 2023. Custom sales were down 19.2% from the previous year and semi-custom sales were down 3.7%. Stock sales rose 1.6% in Q1 2024 versus Q1 2023.

See: <https://kcma.org/insights/march-trend-business-report-0>

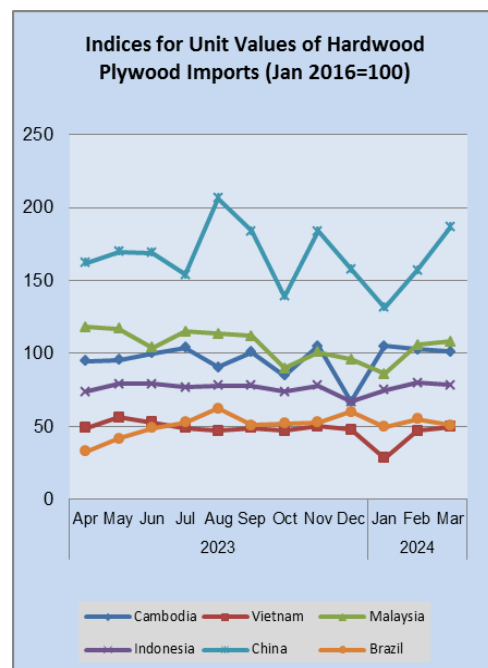
Interest rate stagnation impacts wood products markets

Fastmarkets, a cross-commodity price reporting agency in the agriculture, forest products, metals and mining and new generation energy markets has a report on how interest rates are impacting US home buyers and the timber sector. Fastmarkets says “The ongoing Federal Reserve rate stagnation is having a ripple effect across the wood products market and the broader economy, affecting everything from home buying to the timber industry. Persistently elevated rates have made it nearly impossible for lower-income mortgage applicants to qualify for financing”.

See: <https://www.fastmarkets.com/insights/federal-reserve-rate-stagnation-impacts-wood-products-markets/>



Data source: US Census Bureau, Foreign Trade Statistics



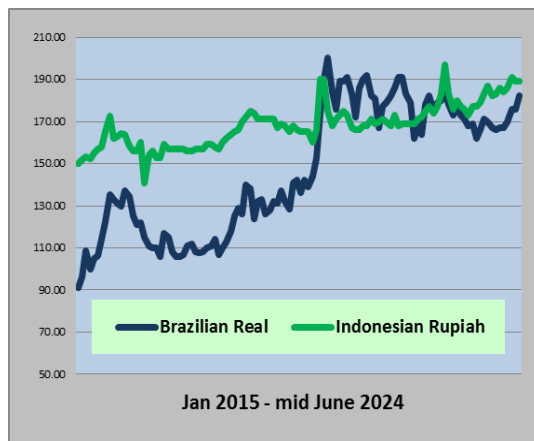
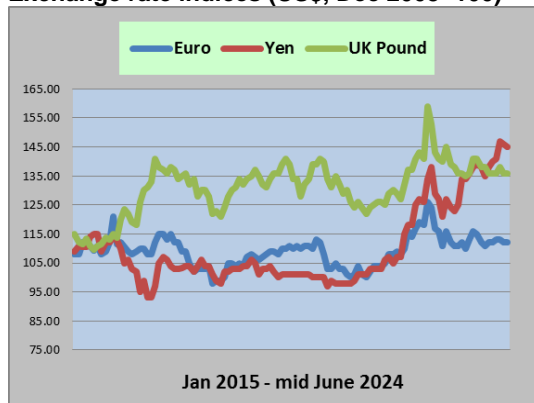
Data source: US Census Bureau, Foreign Trade Statistics

US Dollar Exchange Rates

As of 10 June 2024

Brazil	Real	5.34
CFA countries	CFA Franc	605.13
China	Yuan	7.25
Euro area	Euro	0.92
India	Rupee	83.53
Indonesia	Rupiah	16,278
Japan	Yen	156.65
Malaysia	Ringgit	4.69
Peru	Sol	3.72
UK	Pound	0.79
South Korea	Won	1,3807.07

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



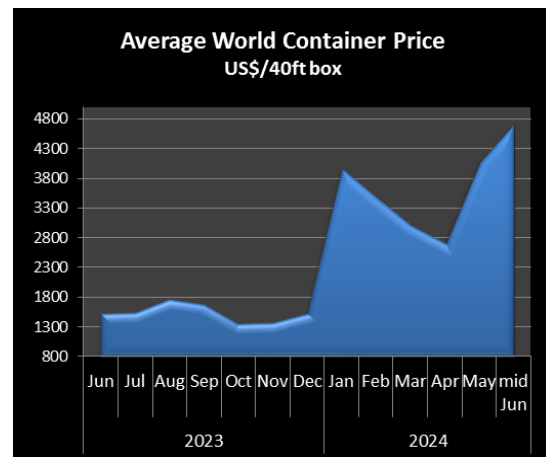
Disclaimer: Though efforts have been made to ensure prices are accurate, these are published as a guide only. ITTO does not take responsibility for the accuracy of this information.

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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

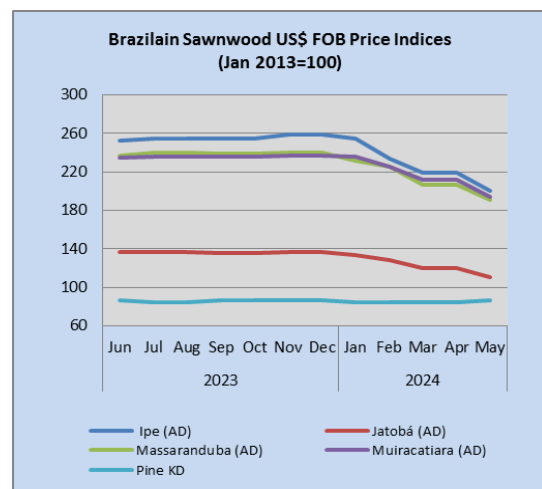
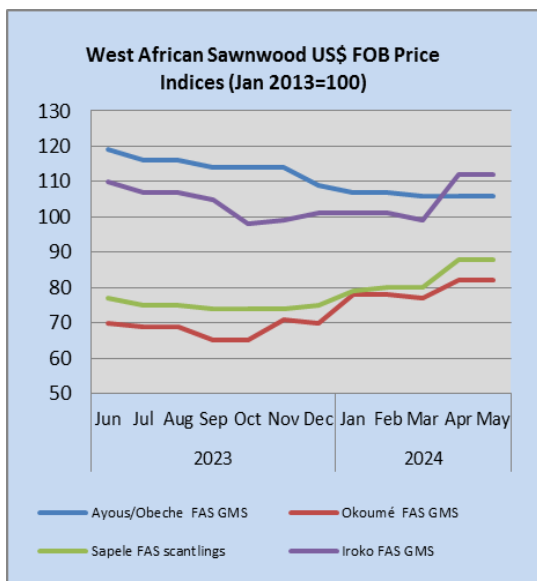
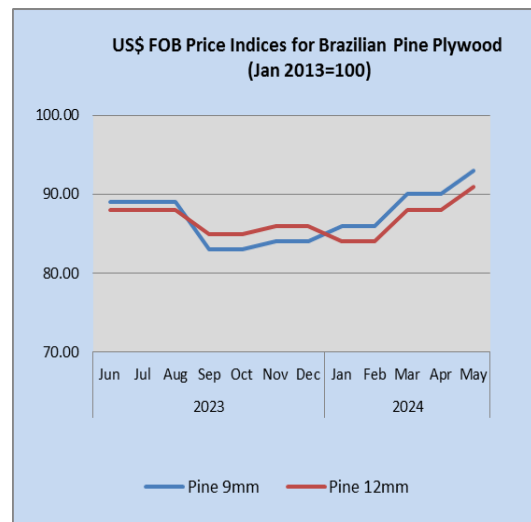
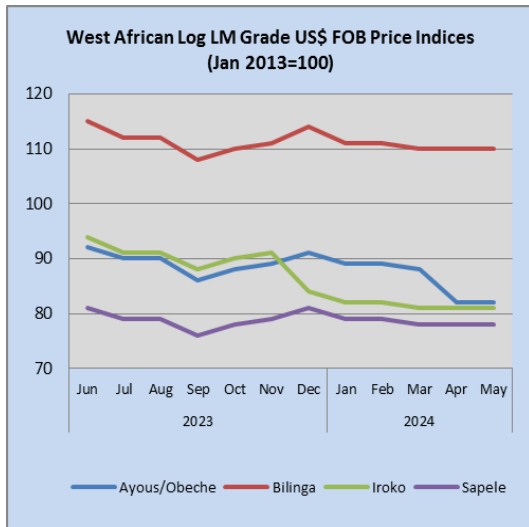


Data source: Drewry World Container Index

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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