

# Tropical Timber Market Report

Volume 28 Number 12 16th – 30th June 2024



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

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## Top story

### **Rising mortgage rates, record high prices - US home sales falling**

Existing home sales fell in May to a seasonally adjusted annual rate of 4.11 million according to the National Association of Realtors. Home sales were down 2.8% compared with May last year.

Despite the decline in sales home prices climbed compared with a year earlier for the 11th month in a row. The national average price rose 5.8% from a year earlier and was up 51% from five years ago. Home prices rose even as sales slowed and the supply of properties on the market hit the highest level in four years.

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**Regional round-up**

**Gabon**

The government has instructed Provincial Forestry Directors to ensure that operators pay the 2024 land tax, failure to comply may result operations being halted. The following text is said to have been sent directly from the Forestry Department to companies:

"Forestry companies subject to the area tax and having paid their debt in full or in part are requested to submit, before June 21, 2024 to the General Directorate of Forests (DGF), the payment receipts for the 2024 fiscal year. Furthermore, the area tax collection orders for 2024 that have not been collected since 5 March 2024 available."

Additionally, there is a new regulation on the limitation of truck weight per axle. This measure, aligned with CEMAC standards, seeks to protect aging bridges, including the two 40-year-old bridges in Kango.

Trucks carrying logs can operate from 06:00 to 12:00hrs and then must park for 2 hours after which they can continue to operate between 14:00 to 18:00hrs.

See: <https://www.gabonreview.com/infrastructures-routieres-les-camions-de-plus-de-13-tonnes-a-lessieu-bientot-interdits-sur-la-nationale/>

Frequent electricity disruptions continue to plague operators in the Special economic Zone. The local electricity provider, SEEG, has promised improvements by the end of the month.

Operators report stable demand from China for bilinga, ayous and okan. Buyers in the Philippines and Middle East have increased inquiries.

**Cameroon**

The season's first heavy rains have been reported but harvesting operations are not yet affected. Trucking operations and railway conditions are currently stable without major disruptions. Sawmills are building stocks in anticipation of the advancing six-month rainy period.

Demand in the Middle East remains stable and China has resumed purchasing various species such as bilinga, padouk, iroko, movingui and sapelli.

Operators report road and railway operations to the port are functioning well with no significant changes in fees or tolls. Also, container availability is good with enough empty containers on hand. Port operations at Douala and Kribi are running normally. Douala Port handles general goods while Kribi mainly handles containers.

Order levels are reported as stable, supported by the Chinese market. Demand from China is improving especially for species such as ayous. The Middle East market is still slow with a focus on species such as iroko and sapelli.

**Republic of Congo**

In North Congo the rains are subsiding allowing for improved transportation to Douala Port which is closer than Pointe Noire in the South. The distance to Pointe Noire is approximately 1,400 km making it a long journey across the country.

In the South rains are still prevalent but the dry period is expected soon. Harvesting activities are resuming especially for okoume driven by renewed Chinese demand. There is also demand for other species such as padouk, bilinga, movingui, sapelli and okan.

Transport to the south, particularly Pointe Noire, is mostly on paved roads. Logs are transported to the Malukou log parks and floated before being transported by train to Pointe Noire Port. Operators near Pointe Noire also truck logs directly to the port.

Operators say order levels have been stable for the past two months. Although log exports were originally banned quotas are currently allowed due to the economic situation. Old stocks can still be exported and there are significant stocks in North Congo which are being exported through Douala Port.

Enquiry levels are also stable with the Philippines resuming purchases of okoume sawnwood. China's purchases of okoume, bilinga, movingui and Padouk have increased.

In early July an international forestry conference will be held hosted by the Minister of Forestry, Dr. Rosalie Matondo. The programme will cover reforestation and afforestation policies, reducing felling permits for operators and developing downstream products for international markets. Representatives from Congo Basin countries and Equatorial Guinea have been invited.

See: <https://gouvernement.cg/conference-internationale-sur-lafforestation-et-le-reboisement/>

**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		250↓	250↓	175
Belli		250	250	-
Bibolo/Dibétou		200	200	-
Bilinga		250↓	250↓	-
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	470↓
Merchantable KD	420↓
Std/Btr GMS	430↓
Sipo FAS GMS	520
FAS fixed sizes	-
FAS scantlings	540
Padouk FAS GMS	850
FAS scantlings	975↑
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

### Through the eyes of industry

The latest GTI report lists the challenges identified by the private sector in the Republic of Congo and Gabon.

GGSC

<https://www.itto-ggsc.org/static/upload/file/20240620/1718839024156844.pdf>

## Ghana

### Eur29.31 million from wood product exports

According to a Timber Industry Development Division (TIDD) report Ghana earned Eur 29.31 million from the export of primary, secondary and tertiary wood products which totalled 64,141cu.m in the first three months of 2024. Disappointingly, first quarter 2024 export volumes and values were each down around 13% compared to the same period in 2023.

### Wood product export by category, Q1 2024

	Volume cu.m	YoY % change	Value Euro mil.	YoY % change
Primary	41,372	-13%	16.52	-11%
Secondary	21,403	-11%	11.52	-12%
Tertiary	1,366	-37%	1.28	-33%
Total	64,141	-13%	29.32	-13%

Data source: TIDD, Ghana

The table above shows that, year on year, the volume and value for all products fell in the first quarter of this year. While there has been a weakening of demand, another reason cited was the unavailability of raw materials for production and the impact of power outages on production.

According to the TIDD report, primary products contributed Eur16.52 million (56%) of the total value of exports between January and March 2024, around the same percent as in the same period in 2023.

The primary products were sawnwood, teak logs, billets, boules, kindling and roll board.

Secondary wood products were ranked second with a 39% share of the export value. These products included plywood, veneer and briquettes. The tertiary products comprised mouldings and dowels. Saudi Arabia was the main importer of plywood from Ghana.

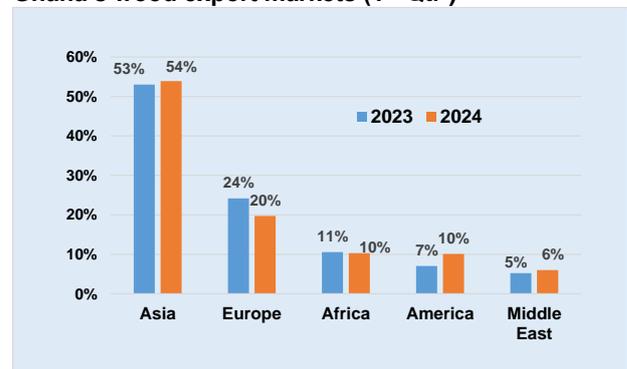
Asian markets maintained their position as the top destination for Ghana's wood product exports in the first quarter of this year. Ghana earned Eur15.79 million from the export of 40,149 cu.m of wood products to Asian markets. This performance was better than in the same period last year when exports to Asian markets also contributed Eur 17.84 million. The key markets in Asia were India, Vietnam and China.

The European market was Ghana's second highest export destination but accounted for only around 20% of first quarter 2024 export earnings compared to the 24% recorded for the first quarter 2023. The main European markets for Ghana were Belgium, Germany, UK, France and Denmark.

Products shipped to the EU market included sawnwood, veneers, boules, plywood and processed mouldings produced from eucalyptus, papao/ apa, dahoma, kako/ ekki, chenchen, niangon, sapele, odum, guarea, asanfina/anigre, koto/kyere and ananta

The African regional markets were placed third with most being shipped to ECOWAS member countries (Burkina Faso, Togo, Niger, Mali, Senegal, Benin, Nigeria and Sierra Leone). The leading products shipped to the regional markets were air and kiln dry sawnwood, veneers and plywood.

### Ghana's wood export markets (1<sup>st</sup> Qtr)



Data source: TIDD

### Miro Forestry doubling plywood production capacity

Miro Forestry and Timber Products, the parent company of Miro Forestry Ghana Limited, has announced that it has procured equipment to double its plywood capacity in Ghana.

The company produces plywood, edge glue boards and utility transmission poles from its own FSC-certified commercial forests.

The plywood produced is destined mainly for the growing West African regional market and for other international markets.

The company has reported it has 200,000 tonnes of carbon credits available per annum from its existing plantations across Africa and has a several afforestation projects generating carbon credits.

According to the Timber Industry Development Division (TIDD) statistics the total export volume of plywood by Miro Forestry Ghana Limited was 4,182 cu.m in 2022 and 12,146 cu.m in 2023.

In the first quarter of this year plywood exports by sea accounted for 94% (3,465cu.m) of the total exported valued at Eur1.24 million. The main wood raw material for Miro's plywood production is eucalyptus.

See: <https://www.timberindustrynews.com/miro-forestry-and-timber-products-doubles-plywood-production-in-ghana/>

#### Eurobond debt restructuring completed

The government of Ghana has successfully negotiated an agreement in principle on the terms of debt restructuring with Eurobond investors involving approximately US\$13 billion of debt.

The deal is the latest sovereign debt restructuring launched under a G20-approved 'common framework' after the process suffered many delays. The IMF described the agreement as "a significant positive step" for Ghana. The committee representing its international bondholders said it would give the country a path to economic recovery.

The agreement means the IMF board is expected to approve the next US\$360 million tranche of Ghana's US\$3 billion support programme.

See: <https://www.ghanaweb.com/GhanaHomePage/business/Ghana-secures-debt-restructuring-agreement-with-Eurobond-holders-investors-to-take-37-haircut-1936995>

#### Increase in foreign investment

The Ghana Investment Promotion Centre (GIPC) has reported a 16% increase in foreign investment for the first quarter of 2024 totalling US\$123.06 million. This marks a significant rise from the US\$106.02 million recorded in the same period last year.

#### 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	860	925
Afromosia	465	500
Asanfina	290	360
Dahoma	504	524
Edinam (mixed redwood)	640	723
Emeri	660	800
African mahogany (Ivorensis)	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

#### Achieving net zero requires a collaborative effort - PM

Malaysian Prime Minister, Anwar Ibrahim, has said achieving net zero requires a collective effort and a shift in mindset because adopting environmental, social and governance (ESG) practices requires more than just regulatory compliance.

He said it is crucial to recognise that achieving net zero requires a collaborative effort involving the government, the private sector and all Malaysians. Anwar urged all stakeholders, including businesses, civil society and individuals to actively participate in achieving a sustainable and secure future for the next generation.

He added, Malaysia has taken a progressive stance towards decarbonisation and the larger sustainability agenda and the government has implemented policies aimed at reducing carbon emissions, promoting social equity, creating new growth opportunities in the green economy and ensuring transparent governance.

See:

<https://www.thestar.com.my/news/nation/2024/06/22/anwar-urges-collaboration-for-net-zero-goals#:~:text=KUALA%20LUMPUR%3A%20Achieving%20net%20zero,says%20Datuk%20Seri%20Anwar%20Ibrahim>

### **Challenging prospects in international furniture market**

The outlook for the furniture industry in Malaysia remains challenging with, it appears, few opportunities to increase exports in the second half of the year.

Analysts suggest the main reason for the stagnant trade in furniture exports lies in Malaysia's largest export destination, the United States. Existing home sales in the United States fell to the lowest levels in 13 years in October 2023 as high mortgage rates and lack of homes for sale drove buyers from the market. In addition, home re-sales, which account for a significant part of housing sales, were 15% lower year-on-year in October 2023.

The weak housing market in the US contributed to the slump in furniture exports, in particular, wooden furniture exports. Most wooden furniture manufacturers in Malaysia export their products to the US. Demand in the ASEAN market is being affected by rising inflationary pressure which means consumers tend to defer spending on non-essential such as furniture.

See: <https://www.thestar.com.my/business/business-news/2024/06/15/local-furniture-export-outlook-hinges-on-us-housing-market#:~:text=THE%20outlook%20for%20the%20furniture,86bil%20in%202022>.

### **Rekindling discussions on a Malaysia-EU FTA**

The European Union (EU) and Malaysia need to assess global trends over the last decade before resuming the free trade agreement (FTA) talks according to media reports of statements by Timo Goosmann, Deputy Head of the Delegation of European Union to Malaysia.

In 2010 a FTA was signed by the two parties but was put on hold after eight rounds of negotiations at Malaysia's request. In March this year, Prime Minister Anwar Ibrahim said the time is now "ripe" for Malaysia to rekindle discussions on a Malaysia-EU FTA. Goosmann reportedly said "I am very optimistic that if we find a way to agree on the conditions to start these negotiations then we can possibly find a good way on how to agree on a meaningful FTA that creates opportunities and prosperity for both sides".

See: <https://www.thestar.com.my/business/business-news/2024/06/25/malaysia-and-eu-should-evaluate-changes-before-resuming-fta-talks#:~:text=PETALING%20JAYA%3A%20The%20European%20Union,Malaysia%20deputy%20head%20Timo%20Goosmann>

### **Sabah TLAS to be updated**

Sabah's timber industry is to update its sustainability procedures to match with the requirements set out in the EUDR. This comes after the Sabah Forestry Department and the European Union officially launched a partnership to update the Sabah Timber Legality Assurance System (TLAS) to improve competitiveness and to enhance environmental governance.

Over the past decade the Sabah TLAS has played a pivotal role in gaining international acceptance in key timber trade markets including Europe, Australia, the United States, Japan and South Korea.

The TLAS updating exercise will involve alignment of the Sabah TLAS with the European Union Deforestation Regulation (EUDR). In addition to EUDR the Sabah TLAS will also align with the EU Corporate Sustainability Due Diligence Directive (CS3D).

The updating exercise will involve a series of consultations and workshops with government agencies of the Implementing Agencies Coordination Committee (IACC), the Sabah Timber Industries Association (STIA), the Timber Association of Sabah (TAS) and timber companies.

See: [https://www.theborneopost.com/2024/06/19/sabah-forestry-eu-launch-groundbreaking-partnership/#:~:text=KOTA%20KINABALU%20\(June%2019\)%3A,Legality%20Assurance%20System%20\(TLAS\)%20to](https://www.theborneopost.com/2024/06/19/sabah-forestry-eu-launch-groundbreaking-partnership/#:~:text=KOTA%20KINABALU%20(June%2019)%3A,Legality%20Assurance%20System%20(TLAS)%20to)

### **Through the eyes of industry**

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GGSC

<https://www.itto-ggsc.org/static/upload/file/20240620/1718839024156844.pdf>

## **Indonesia**

### **Furniture contracts at Dubai expo**

Indonesian furniture products worth US\$6.11 million were sold during the INDEX exhibition in Dubai according to the Ministry of Trade. The ministry's director of export development for manufactured products, Dewi Rokhayati, said that Indonesian furniture products are popular in the Middle East and Africa.

The products that were in demand included console tables, chairs and stools made of wood and rattan, rattan baskets, wall decorations, wooden outdoor furniture, decorative accessories and kitchen items.

According to the Head of the Indonesian Trade Promotion Center in Dubai, Widy Haryono, opportunities for Indonesian furniture exports to the UAE can be increased.

Indonesia's participation in INDEX 2024 was an effort to take advantage of the Indonesia-UAE CEPA trade agreement and utilise Dubai as a hub for trade in the region.

See: <https://en.tempo.co/read/1879331/indonesian-furniture-gains-us6-11mn-transactions-at-dubais-index-2024>

#### **Sustainable development of Cirebon's rattan sector**

Enggartiaso Lukita, former Minister of Trade (2016-2019) and Executive Chairman of B-Universe is advocating the preservation and development of the rattan craft industry in Cirebon. During his visit to a rattan craftsmen and processing industry exhibition Enggar emphasised the importance of maintaining and expanding this traditional industry.

The rattan craft industry faced challenges when artisans were asked to stop exporting raw rattan, a ban stipulated in Minister of Trade Regulation No. 22 of 2023 regarding Prohibited Export Goods.

Despite the dent to businesses Enggar noted that rattan products from Cirebon are highly sought after in the international market. Furthermore, Enggar emphasised that design for comfort is a key aspect that must be addressed in rattan products.

See: <https://jakartaglobe.id/business/enggartiaso-lukita-urges-sustainable-development-of-cirebons-rattan-sector>

#### **SFM - the foundation for achieving FOLU Net Sink 2030**

Indonesia is leveraging its strong foundation in sustainable forest management to meet its greenhouse gas (GHG) emission reduction targets in the Forestry and Other Land Use (FOLU) sector. This strategy was emphasised by Agus Justianto, Chairman of Indonesia's FOLU Net Sink 2030 Working Team from the Ministry of Environment and Forestry (KLHK).

Agus detailed the implementation of sustainable forest management, including strengthening Forest Management Units (KPH) at the local level. The social forestry policy, which has allocated 12.7 million hectares of forest land for community management, also supports sustainable forest management.

Agus highlighted the significant role of Forest Utilisation Business Permits (PBPH) in achieving the FOLU Net Sink target. PBPH is directed to implement the Multi-Business Forestry (MUK) Model enabling business diversification beyond timber to include energy plantations, ecotourism, agroforestry, non-timber product utilisation, carbon trading and environmental services.

See: <https://agroindonesia.co.id/targetkan-folu-net-sink-indonesia-punya-modal-kuat-pengelolaan-hutan-lestari/>

#### **Attracting investment in multi-business forestry**

Multi-business Forestry (MUK) in Forest Management Units (PBPH), as a green investment, appears attractive to investors.

A total of 111 companies holding PBPH have been registered to implement MUK with 75 units having received approval from the Minister of Environment and Forestry and 36 units are in the approval process.

Agus Julianto, the Vice Chairman of Indonesia's FOLU Net Sink 2030 Working Team at the Ministry of Environment and Forestry, explained by implementing Multi-Business Forestry (PBPH) can diversify its business. PBPH not only focuses on logging but can also develop various other businesses such as energy plantation forests, ecotourism, agroforestry and non-timber products utilisation.

Implementing Multi-Business Forestry also opens up opportunities for PBPH to enter the carbon trading and environmental services businesses to obtain financial incentives from forest conservation activities, contributions to climate change mitigation and increased environmental awareness. Agus said that MUK is a form of green investment. He encouraged investors and financial institutions to support green investment policies by allocating funds and resources to sustainable projects.

See: <https://agroindonesia.co.id/investasi-hijau-multi-usaha-kehutanan-makin-diminati-investor-dukung-pencapaian-folu-net-sink/>

In related news, Indonesia has built several large-scale nurseries to support forest, land and mangrove rehabilitation activities as well as peat restoration. Large-scale nurseries have been built in several places such as Rumpin including in the National Capital of Nusantara (IKN), said the Vice Chairman of Indonesia's FOLU Net Sink 2030 Working Team, Agus Justianto.

According to Agus through establishing large-scale nurseries the government is opening up opportunities for private entities to contribute through Government Cooperation with Business Entities (KPBU) or Public Private Partnership (PPP) schemes.

See: <https://forestinsights.id/akselerasi-folu-net-sink-indonesia-siapkan-persediaan-bibit-skala-besar-untuk-rehabilitasi-lahan/>

#### **Communities have important role in productive forest management**

Communities are important in productive and sustainable forest management says the Secretary General of the Ministry of Environment and Forestry (KLHK), Bambang Hendroyono.

With the issuance of Law Number 6 of 2023, forest management practices reflect the efforts to achieve balance. This policy was strengthened by the issuance of Presidential Regulation Number 28 of 2023 concerning Integrated Planning for the Acceleration of Social Forestry Management.

Bambang said communities were given the right to manage forest areas in the same way as the permits given to the private sector.

The community is provided with business development facilitation, capital and assistance in managing forest areas for welfare and sustainability.

See: <https://www.rri.co.id/nasional/763056/klhk-masyarakat-aktor-penting-dalam-pengelolaan-hutan-produktif>

**Increasing Gen-Z involvement in social forestry**

The Ministry of Environment and Forestry (KLHK) is supporting efforts to increase the involvement of youth, including Generation Z, in various aspects of social forestry. During an online event, Mahfudz, Director General of Social Forestry and Environmental Partnership (PSKL) at the ministry invited the younger generation to get involved in social forestry schemes.

The young generation can act as assistants or young entrepreneurs who can create new jobs and bigger businesses. They can also help with the marketing and development of forest products from social forestry business groups.

See: <https://en.antaraneews.com/news/316629/support-increasing-gen-z-involvement-in-social-forestry-ministry>

**Social forestry business transactions exceed target**

The business value created by of social forestry business groups that manage social forestry reached IDR1.13 trillion in 2023 according to the Minister of Environment and Forestry (LHK), Siti Nurbaya Bakar, who added this exceeded the target set at IDR1 trillion. "In 2024, the economic value target will be increased to IDR 1.5 trillion," said Siti in the online Workshop of Social Forestry Synergy.

Siti added that economic improvement of the communities that manage social forestry also impacts the villages and the region. Studies show the impact of social forestry on various aspects such as increasing income, employment and land cover.

Director General of Social Forestry and Environmental Partnerships in the Ministry of Environment and Forestry, Mahfudz, said there are five main commodities in social forest management coffee, honey, sugar palm, eucalyptus and other food crops.

See: <https://swa.co.id/read/447875/pacu-ekonomi-desa-target-nilai-ekonomi-di-program-perhutanan-sosial-di-2024-senilai-rp15-triliun>

and <https://www.beritasatu.com/nasional/2823774/perhutanan-sosial-miliki-nilai-transaksi-ekonomi-rp-113-triliun>

**Need for increased awareness on monetisation carbon trading**

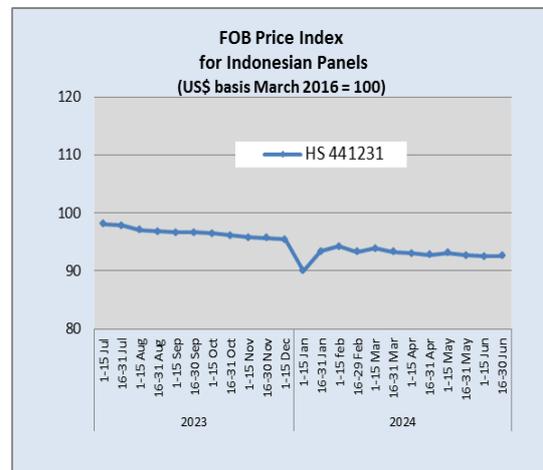
The Financial Services Authority recorded transaction values on the Indonesia Stock Exchange (IDX) for Carbon to be IDR36.77 billion. "As of 31 May 2024, 62 users obtained permits with a total volume of 608,000 tonnes of CO2 and the accumulated transaction value was IDR36.77 billion according to Inarno Djajadi, the Chief Executive of Capital Market Supervision, Derivative Finance and the OJK Carbon Exchange, in Jakarta yesterday.

However, the transaction value on the carbon exchange tends to be minimal.

For comparison, as of 30 April 2024 the transaction value on the carbon exchange was IDR 35.31 billion, with a total of 57 users. This indicates that during the period April to May transactions on the carbon exchange only increased by IDR 1.46 billion with the number of users increasing by five users.

The Ministry of Finance revealed the reason for the lack of interest in the carbon exchange. Bobby Wahyu Hernawan, the Head of the Center for Climate Change and Multilateral Financing Policy at BKF, stated that the low level of transactions over the past eight months reflected the public's inadequate awareness of climate change. He emphasised the need for increased awareness of the economic value of carbon and the potential for monetisation and trading.

See: <https://www.neraca.co.id/article/200264/transaksi-bursa-karbon-capai-rp3677-miliar>



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

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<https://www.itto-ggsc.org/static/upload/file/20240620/1718839024156844.pdf>

**Myanmar**

**Record low timber exports**

Myanmar reported US\$67.855 million from timber exports for the 2023-24 Financial Year (April 2023 to March 2024). This was the lowest level for the last two decades. The Myanmar Timber Enterprise (MTE) put about 3,000 tons of teak logs and about 2,000 tons of sawn and hewn teak for tender in the second half of the 2023-2024 Financial Year. The result of tender was not announced.

According to exporters they are not expecting any quick revival of the timber trade as long as external financial sanctions on the MTE remain.

### More labour recruits for Japan

The Myanmar Embassy in Japan said more than 380 Japan companies will provide jobs for over 1,300 Myanmar workers. According to the embassy Japanese companies will recruit up to 560 Myanmar male workers and up to 760 Myanmar female workers. The Myanmar Embassy has determined

See - <https://www.gnlm.com.mm/japan-to-recruit-up-to-1300-myanmar-workers/>

### Negative consequences of weak local currency

The Authorities have attempted to control retail rice prices by arresting merchants. The crackdown led Yangon's largest rice wholesale market to effectively shut down after the arrests were reported.

The Ministry of Information confirmed interrogation of Myanmar Rice Federation members including its chairperson for allegedly setting prices. Despite efforts to cap prices, market rates remain higher than the official price. Previous attempts by the authorities to control rice prices resulted in market turmoil and current efforts face skepticism from businesses.

See - <https://www.irrawaddy.com/business/myanmars-generals-take-another-shot-at-market-prices-and-hit-consumers.html>

### Conditions for a fair election - UN

The UN Secretary-General António Guterres on Monday called for Member States to urge the military leadership in Myanmar to respect the will and needs of its own people as risks to regional stability grow.

Drawing attention to the military's stated intention to hold elections he highlighted intensifying aerial bombardment and burning of civilian houses, along with ongoing arrests, intimidation and harassment of political leaders, civil society actors and journalists.

He said without conditions permitting the people of Myanmar to freely exercise their political rights, "the proposed polls risk exacerbating instability."

See: <https://news.un.org/en/story/2023/01/1133002>

In related news, according to an independent UN human rights report foreign banks are allegedly helping Myanmar's military acquire weapons and military supplies, facilitating a "campaign of violence and brutality" as the civil war continues

See: <https://www.ohchr.org/>

### Suspicious traders seeking alternative routes for teak exports

An EIA study suggests EU and US traders are seeking alternative routes to acquire Myanmar teak from merchants who provide falsified origin papers. This claim is in a recent EIA report. The EIA says "according to Eurostat, the EU's statistical office, between June 2021 and December 2023, the EU imported more than Eur34 million worth of teak directly from Myanmar.

Notably, total teak imports from Myanmar into the EU decreased from around Eur23.5 million in 2022 to just over Eur3.8 million in 2023. While this is a positive decrease in the trade this figure should be at zero.

And does this tailing off of direct trade mean demand for teak has decreased? It is unlikely. EIA strongly believes that Burmese teak is being shipped into EU and US markets via other countries by traders who disguise the wood's true origin to circumvent sanctions".

See: <https://eia-international.org/blog/how-come-the-eu-and-us-are-still-importing-blood-timber-from-myanmar-when-they-introduced-sanctions-to-prevent-it/sites/default/files/documents/hrbodies/hrcouncil/sessions-regular/session56/a-hrc-56-crp-7.pdf>

## India

### Plywood prices set to rise

A media release from Haryana Manufacturers Association and an article in Plyreporter says that, because of the rising prices for wood raw material, plywood prices must be raised. Log prices are reported to be at an all time high in Northern India with poplar and eucalyptus prices around Rs.1800 (US\$21.50) per quintal and Rs.1300 (US\$14.50) per quintal respectively.

The Plywood Manufacturers Association in Punjab State decided members should increase prices of plywood by 5% with immediate effect. Members of Bihar State Plywood Manufacturers Welfare Association also decided to increase prices of plywood by 5%.

The Bangalore Plywood Manufacturers Association issued a statement saying that the increase in production costs has had a significant impact on industry making it difficult for them to maintain the current pricing structure.

After consultation with the Kerala Plywood Association the Kannur Plywood Association and Karnataka Plywood Association decided that it is necessary to implement a price increase. In effect it can be concluded that there has been a nationwide increase in plywood prices.

Source: media release from Haryana Manufacturers Association and Plyreporter

See: <https://www.plyreporter.com/article/153841/plywood-associations-advise-a-price-hike-of-5-due-to-high-timber-cost>

### Demand for office space at a historical high

Cushman and Wakefield have released a report 'India Office Outlook 2024' saying "2024 is likely to be a significant year for India's office market marked with accelerated growth and renewed optimism. With domestic office demand reaching a historical high of 74.7 mil. sq.ft surpassing the previous record set in 2022 followed by limited supply in core markets 2024 is the right year to invest in tier 2 cities".

A recent survey conducted by furniture & design technology magazine of around 70 furniture and outfitting firms and 135 architects and design firms concluded there growth in the office market will be positive news for quality and premium grade panel producers.

Plyreporter says “This change is resulting into growing demand for high quality and better designed pre-laminated boards and surfaces compared to what it was earlier. The facts indicate a growth of 30% rise in quality prelam particleboard consumption compared to 2020”.

See: <https://www.cushmanwakefield.com/en/india/insights/india-office-outlook>

and

<https://www.plyreporter.com/article/153914/particle-board-market-expected-to-look-up-following-growing-office-space-demand>

**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 - 2,000
Radiata pine	1,000- 1,200
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 Vietnam Office of Customs data W&WP exports to the EU in May 2024 reached US\$42 million, up 45% compared to May 2023. In the first 5 months of 2024 W&WP exports to the EU totalled US\$247.3 million, up 37% over the same period in 2023.

Vietnam’s woodchip exports in May 2024 were valued at US\$224 million, down 8% compared to April 2024 but up 67% compared to May 2023. In the first 5 months of 2024, woodchip exports contributed US\$1.08 billion, up 30% over the same period in 2023.

Vietnam's pine imports in May 2024 were 75,500 cu.m worth US\$17.0 million, up 7% in volume and 7% in value compared to April 2024.

Compared to May 2023, imports increased by 11% in volume and 22% in value. In the first 5 months of 2024 pine imports were 302,900 cu.m, worth US\$66.1 million, up 44% in volume and 45% in value over the same period in 2023.

Imports of raw wood (logs and sawnwood) from the US in May 2024 amounted to 55,000 cu.m with a value of US\$24.0 million, up 7% in volume and 10% in value compared to April 2024 bringing the total amount of raw wood imported from the US in the first 5 months of 2024 to 249,290 cu.m with the value of US\$107.29 million, up 15% in both volume and value over the same period in 2023.

In the first 5 months of 2024 W&WP exports earned US\$6.2 billion, up 24% over the same period in 2023 of which the share of WP exports was US\$4.2 billion, up 24% over the same period in 2023.

Vietnam's office furniture exports in May 2024 earned US\$25.7 million, up 18% compared to May 2023. In the first 5 months of 2024 office furniture exports reached US\$117.6 million, up 11% over the same period in 2023.

Vietnam's W&WP imports in May 2024 were valued at US\$247.8 million, up 6% compared to April 2024 and up 15% compared to May 2023. In the first 5 months of 2024 W&WP imports were valued at US\$1.02 billion, up 20% over the same period in 2023.

Vietnam's poplar imports in May 2024 were estimated at 29,500 cu.m worth US\$11.1 million, up 7% in volume and 6% in value compared to April 2024. However, compared to May 2023, imports dropped by 4% in volume and 21% in value. In the first 5 months of 2024, poplar log and sawnwood imports amounted to 132,200 cu.m, worth US\$49.4 million, up 19% in volume and 4% in value over the same period in 2023.

Vietnam's imports of logs and sawnwood from China in May 2024 were reported at 92,000 cu.m with a value of US\$36.0 million, up 3% in volume and 1% in value compared to April 2024 bringing the total imported from China in the first 5 months of 2024 to 346,510 cu.m with a value of US\$134.99 million, up 71% in volume and 38% in value over the same period in 2023.

#### **Vietnam's imports from the US increasing**

According to statistics from Vietnam Customs imports of raw wood (logs and sawnwood) from the US in April 2024 were 51,480 cu. m with a value of US\$21.89 million, down 25% in volume and 26% in value compared to March 2024 but up 20% in volume and 13% in value over the same period in 2023. In the first 4 months of 2024 imports of raw wood from the US reached 194,290 cu.m, with a value of US\$83.295 million, up 32% in volume and 28% in value over the same period in 2023.

In May 2024 Vietnam imported 55,000 cu.m of logs and sawnwood with a value of US\$4.0 million, up 7% in volume and 10% in value compared to April 2024 bringing the total amount of logs and sawnwood imported from the US in the first 5 months of 2024 to 249,290 cu.m with a value of US\$107.29 million, up 15% year-on-year.

The increased imports of logs and sawnwood reflected the recovery of W&WP consumption in major markets especially the US, Japan, China, South Korea and the EU.

#### **Wood raw material imports by category**

##### **Sawnwood imports**

In April 2024 Vietnam imported 33,800 cu.m of sawnwood from the US with a value of US\$15.52 million, down 23% in volume and down 28% in value compared to March 2024 but up 17% in volume and 9% in value over the same period in 2023. In the first 4 months of 2024 sawnwood imports from the US amounted to 125,150 cu.m, with a value of US\$59.45 million, up 33% in volume and 29% in value over the same period in 2023.

The average price of imported sawnwood in April 2024 was US\$459/cu.m, down 6% compared to March 2024 and down 7% over the same period in 2023. In the first 4 months of 2024 the average price of sawnwood from the US stood at US\$475/cu.m down 3% over the same period in 2023. The price of imported poplar decreased by 8%, ash decreased by 5%, maple decreased by 24% while oak prices increased by 8% and walnut increased by 2%.

In April 2024 imports of poplar, oak, walnut and pecan sawnwood decreased compared to March 2024. In contrast, imports of sawn alder increased by 69% in volume and 61% in value. Compared to the same period in 2023, imports of most sawnwood species from the US decreased.

In the first 4 months of 2024 imports of many types of sawnwood increased against the same period in 2023 for example poplar imports increased by 23% in volume and 13% in value; oak increased by 29% and 40% respectively. Alder import volumes and value increased by 129% and 118% respectively; maple increased by 94% and 48% respectively. In contrast, walnut imports decreased slightly by 5% in volume and by 3% in value.

##### **Log imports**

Imports of logs from the US in April 2024 reached 17,670 cu. m with a value of US\$6.37 million, down 28% in volume and 22% in value compared to March 2024 but up 27% in volume and 23% in value over the same period in 2023. In the first 4 months of 2024 log imports from the US reached 69,120 cu. m with a value of US\$23.7 million, up 31% in volume and 27% in value over the same period in 2023.

The mean price of logs imported from the US to Vietnam in April 2024 was US\$360/cu.m, up 8% compared to March 2024 but down 3% year-on-year. In the first 4 months of 2024 the average price of logs imported from the US was US\$343/cu.m, down 3% over the same period in 2023. The price of imported pine decreased by 9%, oak decreased by 1%, walnut decreased by 21% and poplar decreased by 33%.

In April 2024 imports of both pine and oak, the main timbers imported from the US to Vietnam decreased sharply compared to March 2024. Pine imports decreased by 45% in volume and by 43% in value while oak log imports decreased by 30% in volume and by 32% in value.

In contrast, walnut log imports increased 21% in volume and 8% in value.

**Wooden furniture dominates Vietnam’s exports to UK**

Exports of wood and wood products to the UK in May 2024 earned US\$16.5 million, up 5% compared to May 2023. In the first 5 months of 2024 W&WP exports to the UK were valued at US\$89.7 million, up 18% over the same period in 2023.

In the first 4 months of 2024 wooden furniture exports to the UK recorded positive growth, earning US\$68 million, up 24% over the same period in 2023

Over 90% of exports to the UK are of wooden furniture.

The majority of wooden furniture exports are doing well in the UK except for kitchen furniture. In particular, wooden doors exported to the UK in the first 4 months of 2024 surged by 30% over the same period in 2023.

The UK, with the population of 68 million, is seen as a big market for wooden furniture made in Vietnam. With the UKVFTA (UK-Vietnam Free Trade Agreement) and CPTPP (Comprehensive and Progressive Trans-Pacific Partnership Agreement) in place Vietnamese operators benefit from preferential tariffs when shipping to the UK.

In addition, the UK’s recent recognition of Vietnam as a market economy further favors Vietnamese exporters by easing trade remedies that may be imposed on W&WPs exported from Vietnam to UK.

**Added value wood product exports to the UK, percent share Jan-Apr 2024**

	% share 2024
	92.7
Living dining room	45.7
Bedroom	18.4
Upholstered seats	16.8
Office furniture	7.9
Kitchen cabinets	3.9
Wooden doors	2.6
Flooring	2.3
Wooden handicraft	0.2
Mirror frames	0.1

Data source: Vietnam Office of Customs

**Vietnam plans to establish 238,000 hectares of forest annually**

The Saigon Times has reported Vietnam’s national plan includes planting 238,000 ha of forest annually with the aim of increasing the national forest cover at between 42 to 43%. This goal is outlined in the draft National Forestry Planning for the 2021-2030 period, with a vision toward 2050.

According to the draft, the total forest and forestry land area will be 15.85 million hectares divided into special-use forests (15.5%), protection forests (33%) and production forests (51.5%).The plan emphasises improving forest quality, especially natural forests.

The forestry sector aims for an average annual growth rate of 5% to 5.5% in added value from forestry production.

Vietnam also aims to increase the export value of wood and forest products to US\$20 billion by 2025 and US\$25 billion by 2030. Domestic consumption is projected to reach US\$5 billion by 2025 and US\$6 billion by 2030. Revenue from forest environmental services is expected to grow 5% annually, reaching VND3.5 trillion per year in 2021-2025 and VND4 trillion in 2026-2030.

The Ministry of Agriculture and Rural Development estimates the total investment needed for the plan at VND217.3 trillion, with nearly VND107 trillion required for the 2021-2025 period.

The national forestry planning is one of four sectoral plans prepared by the Ministry of Agriculture and Rural Development.

See: <https://english.thesaigontimes.vn/vietnam-wants-to-plant-238000-hectares-of-forest-annually/>

**Brazil**

**Mato Grosso promotes event on forest management**

The state of Mato Grosso held the 5th event on forest management 20-21 June in Alta Floresta municipality in the north of the State in the Amazon Region. The event was organised by the Center of Timber Producing and Exporting Industries of the State of Mato Grosso (CIPEM) with support of the National Forum of Forest-Based Activities (FNBF) and the Mato Grosso State Secretariat for Economic Development (SEDEC).

The event aimed to promote the sustainable use of native timber species. During the event participants visited forest management areas to learn about the techniques used for the conservation of native vegetation and the process of harvesting and transporting trees in accordance with environmental legislation. The visit concluded with examination of industrial manufacture of sawnwood, decking and wood panels.

Entrepreneurs and representatives of various institutions such as the Brazilian Trade and Investment Promotion Agency (ApexBrasil), the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA), the National Environment Council (CONAMA) and the government of Mato Grosso attended the event.

The state of Mato Grosso currently has 5.2 million hectares of forest under management areas with the potential to expand to 6 million hectares. These forests are sustainably managed and are contributing to carbon absorption to aid mitigation of the effects of climate change.

See: <https://cipem.org.br/noticias/mato-grosso-promove-evento-sobre-gestao-florestal>

### **CO2 capture through commercial reforestation**

Brazil is emphasising the importance of commercial reforestation in its environmental planning for 2024 and has launched three initiatives for the forestry sector. Changes in legislation now favour forest plantations which sequester carbon dioxide and when harvested reduce pressure on natural forests.

According to a study conducted by the Totum Institute and the Luiz de Queiroz College of Agriculture (ESALQ) a tree in the Atlantic Forest can capture about 163.14 kg of CO<sub>2</sub> in its first 20 years contributing to the reduction of greenhouse gases. In 2024 the National Plan for the Development of Planted Forests was updated with adjustments to strategies aimed at contributing to the development of the planted forest chain in the country.

According to the National Plan Brazil has 10 million hectares of planted forests with 6 million hectares of protected area (4.75 million hectares of Legal Reserve areas (LR) and 1.89 million hectares of Permanent Preservation Areas (PPA).

The Government's plan is part of a broad strategy to reduce atmospheric greenhouse gas and is a contribution to Brazil's Nationally Determined Contribution target of a 43% emissions reduction by 2030.

The activity is part of the Sectoral Plan for Mitigation and Adaptation to Climate Change for the Consolidation of a Low Carbon Emission Economy in Agriculture (ABC+ Plan) of the Ministry of Agriculture and Livestock, which proposes the following programmes: Recovery of Degraded Pastures; Crop-Livestock-Forest Integration and Agroforestry Systems; Direct Planting System and Biological Nitrogen Fixation.

Recently, forestry was deemed a non-polluting activity by the Federal Government simplifying environmental licensing and eliminating the need to pay environmental fees for commercial forest planting.

See: <https://cartaodevisita.com.br/conteudo/50703/reflorestamento-comercial-reduz-co2-e-ganha-destaque-no-planejamento-ambiental-brasileiro>

### **Export update**

In May 2024 the Brazilian exports of wood-based products (except pulp and paper) increased 2.7% in value compared to May 2023, from US\$328.3 million to US\$337.0 million.

Pine sawnwood exports decreased 14% in value between May 2023 (US\$74.5 million) and April 2024 (US\$64.1 million). In volume terms exports decreased 11% over the same period, from 306,300 cu.m to 271,300 cu.m.

Tropical sawnwood exports decreased 18 % in volume, from 29,000 cu.m in May 2023 to 23,900 cu.m in May 2024. In value, exports decreased 36 % from US\$14.9 million to US\$9.6 million, over the same period.

Pine plywood exports increased 20% in value in May 2024 (US\$76.5 million) compared to May 2023 (US\$63.8 million). In volume, exports increased 11% over the same period, from 195,900 cu.m (May 2023) to 217,100 cu.m. (May 2024).

As for tropical plywood, exports increased in volume by 9% and in value by 11%, from 3,200 cu.m and US\$1.9 million in May 2023 to 3,500 cu.m and US\$2.1 million in May 2024, respectively.

As for wooden furniture the exported value increased from US\$52.1 million in May 2023 to US\$54.6 million in May 2024, an increase 5% during the period.

### **Opportunities in the Indian furniture market**

In the search for new trade partnerships, India, with its robust economy and vast population, emerged as a promising market for Brazilian furniture. This was the conclusion of a recent report "Study of Opportunities for the Brazilian Exporters of Furniture and Mattresses – Target Country: India," developed by IEMI. This says demand for furniture in the country has increased significantly with domestic consumption reaching approximately US\$21.7 billion in 2022, a growth of 28% since 2018. Imports also show a post-pandemic recovery with an increase of 7% in 2022 compared to 2021.

Despite an 8% growth in Brazilian exports to India between 2006 and 2022 there has been a sharp decline in recent years. However, the IEMI study suggests a large untapped potential, especially for high-end and higher value-added products such as wooden furniture which accounted for 87.9% of Brazilian exports in 2022.

Initiatives such as the Prospective Mission, suggested by the Brazilian Furniture Project, aim to expand the presence of Brazilian furniture in India taking advantage of the tariff reduction provided by the Mercosur-India agreement. It was concluded that Brazilian industries have a strategic opportunity to diversify their export markets and capture a significant share of Indian demand promoting internationalisation and the recognition of Brazilian quality and design.

See: <https://abimovel.com/com-foco-na-maior-populacao-do-mundo-estudo-do-brazilian-furniture-enumera-oportunidades-para-as-industrias-brasileiras-de-moveis-e-colchoes-no-mercado-indiano/>

### **Future of the timber industry in Brazil**

During a recent WoodFlow podcast forestry and timber industry experts discussed the need for the creation of a national agenda for the timber production chain highlighting the importance of a sustainable management plan that encompasses the entire production chain from the forest to the final product. The discussion also covered topics such as the performance of timber exports, the quality of Brazilian forests and changes in legislation that removed forestry from the list of potentially polluting activities and States such as Paraná and Santa Catarina which faced port problems beginning at the end of last year.

The companies needed to adjust their exports, mainly due to the reduced cargo handling capacity of the main ports. As a result, the companies had to reroute their shipments to other terminals, which caused product backlogs.

With the recent legislative change it is expected that forestry in Brazil will benefit from less bureaucracy and lower costs thus boosting timber production in a sustainable and competitive manner.

See: <https://www.madeiratotal.com.br/brasil-o-futuro-da-industria-da-madeira/>

#### Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	518↓
Jatoba	219↓
Massaranduba	194↓
Muiracatiara	187↓
Angelim Vermelho	188↓
Mixed redwood and white woods	143↓

Source: STCP Data Bank

#### Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	1,900↓
Jatoba	1,019↓
Massaranduba	905↓
Muiracatiara	901↓
Angelim Vermelho	894↓
Mixed red and white	577↓
Eucalyptus (AD)	324↓
Pine (AD)	266↓
Pine (KD)	299↓

Source: STCP Data Bank

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

	US\$ per cu.m
Parica	
4mm WBP	653↓
10mm WBP	516↓
15mm WBP	445↓
4mm MR.	601↓
10mm MR.	437↓
15mm MR.	392↓

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 MDP/Particleboard	320↓
15mm MDF	327↓

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

#### Through the eyes of industry

The latest GTI report lists the challenges identified by the private sector in Brazil.

GGSC

[https://www.itto-](https://www.itto-ggsc.org/static/upload/file/20240620/1718839024156844.pdf)

[ggsc.org/static/upload/file/20240620/1718839024156844.pdf](https://www.itto-ggsc.org/static/upload/file/20240620/1718839024156844.pdf)

## Peru

#### Veneer and plywood exports see major decline

The Association of Exporters (ADEX) has reported shipments of veneers and plywood in the first quarter of 2024 were valued at US\$195,000 a contraction of a massive 69% compared to the same period of 2023 when they reached US\$638,000.

The main market for veneer and plywood in the first quarter was Mexico and it was the steep drop in orders in this market that caused the overall decline in export earnings. The second ranked market in terms of the value of exports was Chile and for this market there was a 17% decline in demand.

According to figures from the ADEX Data Trade Commercial Intelligence System the other countries that imported veneer and plywood from Peru dropped out of the market in the first quarter of 2024.

#### Activities to raise productivity and improve sustainability

The National Forestry and Wildlife Service (SERFOR) and its Sustainable Productive Forests (BPS) programme announced that in the second half of this year two projects with high environmental, economic and social impacts will be implemented in the Amazon Department. This was announced during a Regional Forum 'Ucayali: Perspectives for a Prosperous and Sustainable Region' organised by the Ucayali Regional Environmental Authority within the framework of Environmental Week 2024.

The head of the Forest Project of SERFOR's BPS programme reported that incentives will be targeted at different users (indigenous communities, concessionaires, organised producers and SMEs) in order to stimulate co-finance for projects that increase production and productivity for timber and non-timber products as well as ecosystem services.

The Forests Project will provide technical assistance to improve access to forest resources and thus increase the area of sustainably managed forests.

Activities will focus on primary transformation and added value production.

See: <https://www.gob.pe/institucion/serfor/noticias/972354-ucayali-serfor-implementara-proyectos-para-poderar-productividad-y-sostenibilidad-de-los-bosques>

#### Export prices for added value products

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

#### Export veneer prices

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

#### Export sawnwood prices

	US\$ per cu.m
Peru sawnwood, FOB Callao Port	
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	641-654↑
Dominican Republic	755-799
Marupa 1", 6-11 length KD Grade 1 Asian market	559-572

#### Domestic prices for other panel products

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

#### Export plywood prices

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

#### Domestic sawnwood prices

	US\$ per cu.m
Peru sawnwood, domestic Mahogany	-
Virola	222-234
Spanish Cedar	333-344
Marupa (simarouba)	192-227

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

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

#### National Convention for Timber industrialists

The Association of Forestry Producers of Ucayali (APROFU), the Chamber of Commerce of Ucayali and CONAFOR (National Forestry Confederation of Peru) together with Tropical Forest is organising the first National Convention of Timber Industrialists set for 21 and 22 August in Pucallpa.

The themes of the convention are; role of the state as a facilitator of the development of the forestry/timber sector, development proposals for the forestry industry in Peru, financing mechanisms for innovation in the forest industry and panorama of national and international trade in the wood sector

It should be noted that within the framework of the Convention the new Forestry Agreement, which has attracted much criticism, will be signed.

## Japan

#### No clear signs of economic recovery challenges Bank of Japan

Japan's economy has yet to show clear signs of recovery making decisions on the timing of its next interest rate rise difficult. GDP shrank at an annualised pace of 1.8% in the first three months of this year compared with the 2% decline reported in preliminary data. The data showed both consumers and companies cutting back on spending and unsold supplies building up.

#### Cash handouts for low-income households

The Japanese Prime Minister has announced the government will compile fresh inflation relief steps in the autumn, providing cash handouts to low-income households struggling with the cost-of-living. The aid will come on top of government subsidies that will be retained to lower household utility bills. Rising prices continue to weigh heavily on consumers.

See:

[https://english.kyodonews.net/news/2024/06/13090c42094a-update3-japan-pm-says-new-inflation-relief-steps-to-be-drawn-up-around-fall.html?phrase=foreign%20labor&words=#google\\_vignette](https://english.kyodonews.net/news/2024/06/13090c42094a-update3-japan-pm-says-new-inflation-relief-steps-to-be-drawn-up-around-fall.html?phrase=foreign%20labor&words=#google_vignette)

However, there is some positive news. Retail trade in Japan expanded year on year by 3% in May according to data from the Ministry of Economy, Trade and Industry. Month-on-month, the figure grew by 1.7%. This was above analysts' expectations. Commercial sales jumped 5.6% year-over-year while increasing 2% on a monthly basis.

The seasonally adjusted value of sales in the wholesale industry surged 6.7% compared to May 2023. The figure expanded by 2.3% compared to the previous month.

Private consumption in Japan accounted for 54% of nominal GDP in March 2024 and the slump in consumption contributed to the economic contraction in Q1 2024. Private consumption fell by almost 1% in the first quarter 2024 with the Japanese economy contracting by 0.5% quarter-on-quarter.

**Capital investment falls**

The Cabinet Office has reported core machinery orders fell in April for the first time in three months casting some doubt about the strength of capital spending which is key to a durable economic recovery. Despite the fall the Cabinet Office left its assessment of machinery orders as “showing signs of picking up”, unchanged from a month earlier.

Core orders fell 2.9% month-on-month in April, the first drop in three months. Machinery orders are highly volatile data series regarded as an indicator of capital spending in the coming six to nine months.

Japanese firms have plans to boost output but are now cautious due to uncertainty over the economic outlook. The weakening of the yen has not helped domestic capital investment.

See: <https://www.esri.cao.go.jp/en/stat/juchu/2024/2403juchue.html>

**Companies say prolonged yen weakness will undermine profitability**

In May 2024 Japan’s exports grew at the fastest rate since 2022 driven by the steady fall in the value of the yen against major currencies, a positive development for the manufacturing sector. Exports increased 13.5% year on year in May, the sixth monthly advance according to Ministry of Finance data. Japan’s exports to the United States jumped 24%, while those to China increased 18% but shipments to the European Union fell by 10%.

There are reports of growing concern among importers about a cycle of cost-push inflation. More than 60% of Japanese firms surveyed and reported by Teikoku Databank said prolonged yen weakness will undermine profitability.

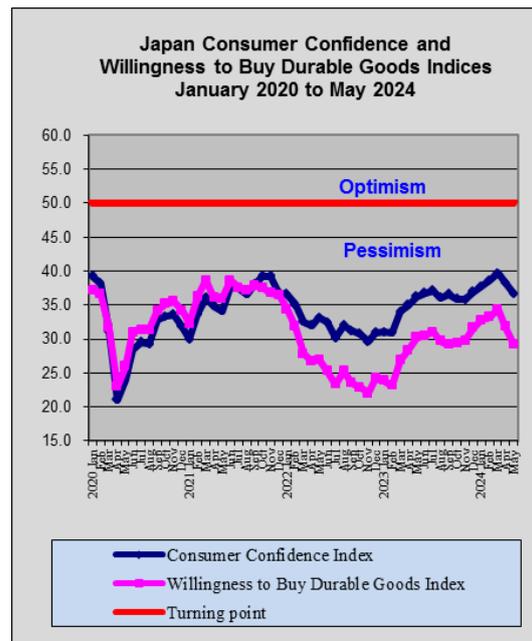
See: [https://www.japantimes.co.jp/business/2024/06/19/economy/japan-exports/?utm\\_source=pianodnu&utm\\_medium=email&utm\\_campaign=72&tpcc=dnu&pnespid=o.ymki1n\\_lvy87jttac0rkgd50azox6naovdlej6kuvl3mwqteenbh01pthkvw0yavjuq](https://www.japantimes.co.jp/business/2024/06/19/economy/japan-exports/?utm_source=pianodnu&utm_medium=email&utm_campaign=72&tpcc=dnu&pnespid=o.ymki1n_lvy87jttac0rkgd50azox6naovdlej6kuvl3mwqteenbh01pthkvw0yavjuq)

**Earnings from tourism second only to auto exports**

Spending by foreign visitors in Japan has quintupled over the past decade to become Japan's second-largest export category after automobiles but higher than electronic components, including semiconductors and steel exports, underscoring a shift from goods to services.

Government data shows quarterly spending by visitors grew over 60% in the five years through the first quarter of March 2024 while annual exports of autos and steel each rose around 45% between 2019 and 2023 and electronic components climbed less than 40% in that period.

See: [https://asia.nikkei.com/Economy/Tourism-surges-to-Japan-s-No.-2-export-behind-cars?utm\\_campaign=GL\\_JP\\_update&utm\\_medium=email&utm\\_source=NA\\_newsletter&utm\\_content=article\\_link](https://asia.nikkei.com/Economy/Tourism-surges-to-Japan-s-No.-2-export-behind-cars?utm_campaign=GL_JP_update&utm_medium=email&utm_source=NA_newsletter&utm_content=article_link)



Data source: Cabinet Office, Japan

**Expectations of another currency market intervention**

Recent currency interventions by Japanese authorities have had little effect on strengthening the yen exchange rate and towards the end of June the yen fell to historic lows against the US dollar, Swiss franc, British Pound and more.

The Japanese government and the BoJ spent 9.7 trillion yen (US\$61.4 billion) intervening in the currency market in April and May but the yen continues to depreciate and was at 160 to the US dollar at the end of June. Comments after the Bank of Japan's (BoJ) mid-month policy fueled selling pressure on the yen.

One issue is the interest rate gap with the US where interest rates are now around 5%. The US Federal Reserve is also not expected to start cutting interest rates until at least the fall.

Japan has a new foreign exchange ‘diplomat’ to take control as the yen plumbed a 38-year low against the US dollar heightening expectations of another currency market intervention to support up the battered yen. Atsushi Mimura, a financial regulation veteran, replaces Masato Kanda who launched the biggest yen-buying intervention on record this year.

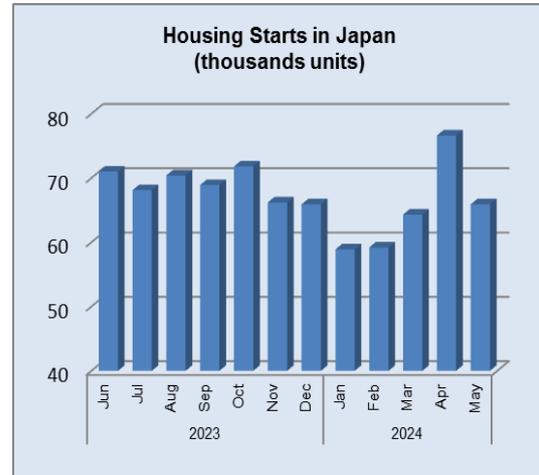
In related news, the US Treasury Department added Japan to its "monitoring list" for foreign-exchange practices but stopped short of labeling Japan or any other trade partner as a currency manipulator.

A statement from the US Treasury Department said "Treasury’s expectation is that in large, freely traded exchange markets, intervention should be reserved only for very exceptional circumstances with appropriate prior consultations" adding "Japan is transparent with respect to foreign exchange operations."

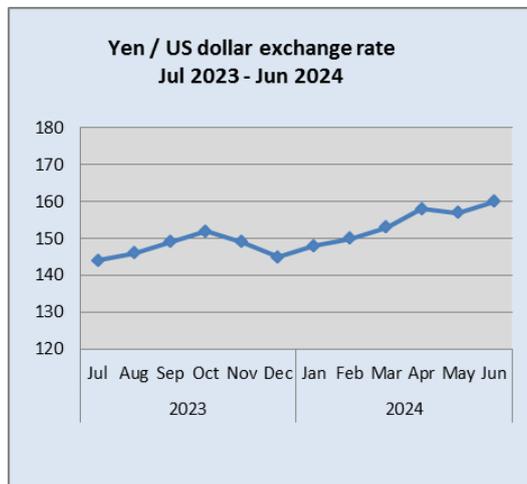
See: [https://www.japantimes.co.jp/business/2024/06/21/markets/us-currency-watchlist/?utm\\_source=pianodnu&utm\\_medium=email&utm\\_campaign=72&tpcc=dnu&pnespid=87.iijrhua2f.k2x9bbzrftkqmdoscokrb4e0lrxavo\\_rjoyu59q7u9uns17dtevtuba](https://www.japantimes.co.jp/business/2024/06/21/markets/us-currency-watchlist/?utm_source=pianodnu&utm_medium=email&utm_campaign=72&tpcc=dnu&pnespid=87.iijrhua2f.k2x9bbzrftkqmdoscokrb4e0lrxavo_rjoyu59q7u9uns17dtevtuba)

The researchers note that “while the Ministry of Land, Infrastructure, Transport and Tourism said that residential land prices rose for three consecutive years until 2024, abandoned houses may have suppressed the rate of that increase”.

See: <https://asia.nikkei.com/Business/Markets/Property/Japan-s-abandoned-houses-wipe-25bn-off-nearby-property-value>



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



Data source: WSJ

**Derelict houses fueling a cycle of weak prices in some urban areas**

Abandoned and derelict homes in Japan are pulling down the value of surrounding properties with losses forecast at as much as US\$24.7 billion in the five years through to 2023 according to estimates by the Japan Akiya Consortium. This huge sum highlights the scale of a problem that is fueling a cycle of weak prices in some urban areas.

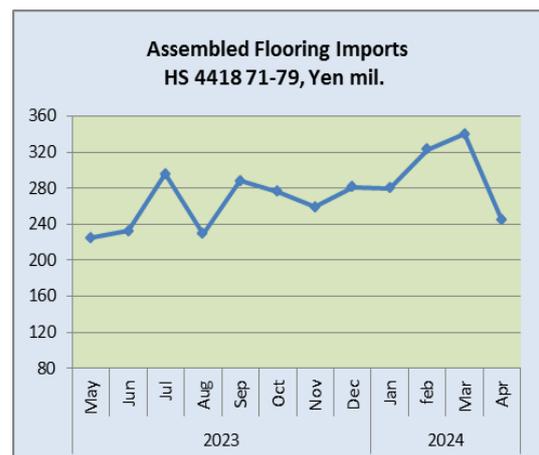
The forecast was compiled by the Japan Akiya Consortium, which brings together 14 companies and a research institution to tackle the problem of abandoned homes. The figures were based on 2023 government statistics and research by the Center for Real Estate Innovation at the University of Tokyo.

**Import update**

**Assembled wooden flooring imports**

The value of imports of assembled wooden flooring (HS441871-79) in April 2024 was up 22% from the same month in 2023 which is significant given the pace at which the yen exchange rate has fallen over the past 12 months. Compared to the value of March 2024 imports, there was a 28% decline in April.

In April the main category of assembled flooring imports was HS441875, accounting for almost 75% of the total value of assembled flooring imports of which shippers in China accounted for 40%. Japan is a major market for flooring from China but flooring manufacturers are facing challenges in other international markets (see also page 17) The second largest category in terms of value was HS441879 followed by HS 441874. The main shippers of assembled flooring in April were China, Vietnam, Malaysia and Indonesia.



Data source: Ministry of Finance, Japan

**Plywood imports**

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

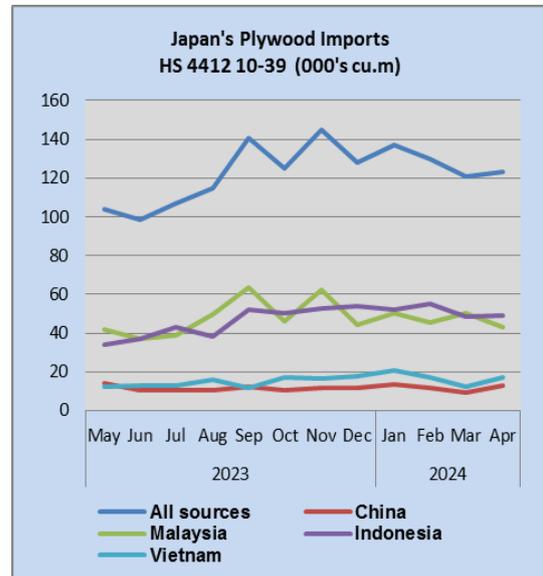
		China	Malaysia	Indonesia	Vietnam
2021	Jan	9.7	76.9	59.3	15.7
	Feb	6.8	53.5	50.1	13.0
	Mar	5.7	89.4	61.5	11.5
	Apr	11.4	65.9	58.2	17.3
	May	10.3	72.0	51.0	13.0
	Jun	10.5	61.9	56.6	15.6
	Jul	11.8	74.1	57.1	16.4
	Aug	12.8	54.7	57.8	17.5
	Sep	16.0	61.8	60.4	21.8
	Oct	12.6	72.8	60.4	22.5
	Nov	14.6	60.6	66.0	21.8
	Dec	13.6	51.2	76.5	21.0
2022	Jan	15.9	78.6	73.9	16.8
	Feb	14.7	61.0	56.8	11.4
	Mar	13.7	71.0	76.9	8.8
	Apr	25.0	79.3	72.0	13.1
	May	32.2	67.6	68.2	12.9
	Jun	37.5	61.4	52.4	18.4
	Jul	27.7	70.6	67.8	15.2
	Aug	19.0	63.0	70.8	18.5
	Sep	16.5	58.4	60.4	16.2
	Oct	13.4	39.2	65.5	17.1
	Nov	13.1	45.1	50.1	15.9
	Dec	13.9	49.2	47.1	21.6
2023	Jan	13.7	40.3	49.2	19.4
	Feb	7.8	44.9	40.6	12.9
	Mar	14.9	29.8	45.3	14.3
	Apr	13.8	28.7	46.3	14.6
	May	14.0	47.7	34.2	12.6
	Jun	10.7	36.9	37.2	12.7
	Jul	10.6	38.8	43.1	12.9
	Aug	10.6	49.6	38.1	15.7
	Sep	12.3	63.4	52.4	12.0
	Sep	10.5	46.1	50.3	17.2
	Nov	11.9	63.6	53.0	16.8
	Dec	12.1	43.5	54.0	17.7
2024	Jan	13.3	50.2	52.3	20.5
	Feb	11.5	45.4	55.3	17.1
	Mar	9.4	50.1	48.8	12.2
	Apr	13.2	43.2	49	17

Data source: Ministry of Finance, Japan

Year on year in April 2024 there was a 17% rise in the volume of plywood imports into Japan and at 123,514 cu.m the volume of April imports was little changed from that in March (121,000 cu.m).

Of the various categories of plywood imported, 84% was HS441231 in April with HS441233 and HS441234 accounting for the balance. The four main shippers of plywood to Japan, Indonesia, Malaysia, Vietnam and China consistently account for over 90% of plywood imports.

The Japan Lumber Report says that in April 2.4mm 3ft x 6ft plywood from SE Asia was wholesaling/delivered at around US\$950 per cu.m while 3.7mm plywood was around US\$880. The price for 5.2mm panels was around US\$850 per cu.m.



Data source: Ministry of Finance, Japan

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

The Japan Lumber Reports (JLR), a subscription trade journal published every two weeks in English, is generously allowing the ITTO Tropical Timber Market Report to reproduce news on the Japanese market precisely as it appears in the JLR. For the JLR report please see: [https://ifpj.jp/japan\\_lumber\\_reports/](https://ifpj.jp/japan_lumber_reports/)

**100 % falcata FSC plywood**

PT. Semeru Makmur Kayunusa in Indonesia got a certification of FSC’s (Forest Stewardship Council) FM (Forest Management) on its own 3,005 hectares of plantation. The company is now able to supply FSC plywood made of all falcata layers. Monthly production of FSC falcata plywood will be 10,000 cbms.

The company has already got the certification of FSC’s COC (Chain of Custody) at its plywood plant in April, 2024. Sojitz Building Materials Corporation in Tokyo, Japan, which is a sole agent of PT. Semeru Makmur Kayunusa, also has the FSC’s COC certification so the companies are ready to supply the FSC products.

Semeru Makmur Kayunusa is a pioneer of supplying falcata plywood at the Japanese market and the company established a plant in 2013. Moreover, the company established its second plant in 2016. The company started producing plywood made of MLH and falcata in February, 2023.

Normal plywood and structural plywood of Semeru Makmur Kayunusa are certificated as JAS (Japanese Agricultural Standards). Monthly plywood production is 6,500 cbms. There are about 1,200 employees at the company.

Total plywood supply to Japan in 2023 is about 63,000 cbms. Now, the company produces 1,200 – 1,500 cbms of normal plywood, 1,500 cbms of base plates for floors and 1,000 – 1,500 cbms of structural plywood in a month. The company also produces 5,000 – 6,000 cbms of other kind of plywood. The company aims to produce 68,000 cbms of plywood in this year.

The company applied the FSC certifications due to the growing need for FSC certifications in the world. The company applied by “Community - Forestry”, which is a group of local farmers plant trees by themselves. Sojitz Building Materials plans to import more plywood made of plantation timber and certified forest products than last year.

#### **Long softwood plywood for structures**

Jutec Corporation in Tokyo Prefecture started selling its original brand called “Ju-Jitsu eco” and “PEFC long softwood structural plywood” in June, 2024. The company has been expanding selling certificated products such as laminated large boards with the PEFC certification since this spring.

According to the company, it is the first company to sell long softwood plywood with the PEFC certification in this industry. The company will consign its products for sale to Seihoku Corporation in Tokyo Prefecture, Ishinomaki Plywood Manufacturing Co., Ltd. in Miyagi Prefecture and Nisshin Group in Shimane Prefecture to produce long softwood plywood for Jutec and will sell the long softwood plywood in Japan expect Hokkaido Prefecture.

The size of long softwood plywood is 9 mm thickness, 3 x 8, 3 x 9, and 3 x 10. In Tohoku area, the long softwood plywood is made of all Douglas fir layers or Douglas fir layers on front and back and domestic red pine layers is inside of the long softwood plywood.

In central Japan, domestic larch layers or Douglas fir layers are used on front and back. Cedar layers are used in the middle of the long softwood plywood. In western Japan, Douglas fir layers are used on front and back and cedar layers are used in the middle of the long softwood plywood.

Domestic larch, red pine and cedar are certificated as the SGEN (S) but the company will supply 100 % PEFC certificated plywood. The company has also normal plywood with the FSC certification and has domestic softwood plywood with the FSC certification. The long softwood plywood with the PEFC certification is delivered to major DIY stores.

#### **South Sea Logs and Lumber**

The inventories of lumber for decks and laminated large boards have been declining and consumers started to purchase lumber. Demand for trucks has been increasing.

Hardwood trees in the temperate zone are highly priced and inquires for furniture and interior materials used at luxury apartments are firm. However, domestic hardwood timber or domestic hardwood sheets are used for general public.

It is difficult to forecast that demand would recover or not. Since the yen had been nearly 160 yen against the dollar and it is hard to lower the selling price in Japan. There is no shortage of South Sea logs because a certain volume of South Sea logs have arrived to Japan in March 2024.

#### **Daiken shows carbon stocks on catalogue**

Daiken Corporation in Osaka Prefecture shows carbon stocks on its several products, such as floors and interior doors, on its catalogue and website. The reason is to realize the carbon-neutral. 14 popular products, which are used at houses and public buildings, show the carbon stocks. The company has showed about 739,000 tons of carbon stocks of insulation boards and MDF before. The company expands to show products' carbon stocks.

The products, which show the carbon stocks this time, are called “Communication Tough II DW” and show about 12 kg of CO<sub>2</sub>, per square meter.

There are a lot of inquiries for the products because consumers are able to place a special order for the products. Other products, such as single doors, show about 39 kg of CO<sub>2</sub>. It would be about 2,372 kg of CO<sub>2</sub> if Daiken's products were used for a house.

## **China**

#### **Equipment upgrades and trade-ins**

The Chinese government recently took action to facilitate economic transformation and improve people's livelihoods.

The campaign is market-oriented and government-guided and includes four major areas: equipment renewals, trade-ins of consumer goods, recycling of used goods and the harmonisation of standards.

The priority is equipment upgrades in promising industries in order to accelerate the elimination of out dated or inefficient equipment with high energy consumption, high emissions or hidden safety risks. A focus will be on accelerating the development of recycling systems and development of enterprises engaged in the processing and utilisation of renewable resources.

The scheme for trade-ins of household consumer goods is aimed at supporting residents to carry out interior renovations for kitchens and bathrooms through various ways with government support and enterprise discounts.

The aim is to promote old home transformation and actively cultivate consumption of items such as smart home technologies, promote home improvement and encourage enterprises to create online model rooms, provide affordable products and services and meet diversified consumer needs.

It has been reported that the effect of the 'old for new' policy started in May 2024 came to coincide with the May Day holiday and traditional peak purchasing season. It was found that consumption of building materials and home furnishing was stimulated.

See:

[https://www.gov.cn/gongbao/2024/issue\\_11246/202403/content\\_6941843.html](https://www.gov.cn/gongbao/2024/issue_11246/202403/content_6941843.html)

and

[https://wood365.cn/Industry/IndustryInfo\\_280651.html](https://wood365.cn/Industry/IndustryInfo_280651.html)

### **Analysis of the wood flooring industry**

The output, consumption and export volume of China's wood flooring are ranked globally. Wood flooring is an important end product and value-added product. However, China's wood flooring production has been in decline in recent years. After the peak in 2019 most enterprises have suffered a profits decline and the industrial prospects are grim.

### **Tough times for laminate and solid wood flooring manufacturers**

The development of China's wood flooring industry is basically stable. According to statistics from China National Forest Product Industry Association (CNFPIA) the total sales of wood flooring by enterprises with an annual income of RMB20 million or more in 2023 was about 322 million square metres, down about 9% year-on-year.

Of total sales, laminate wood flooring sales were 142 million square metres, accounting for 44% of the national total. Sales of solid wood composite flooring amounted to 120 million square metres, accounting for 37%, sales of solid wood flooring was 30 million square metres, accounting for 9%, the sales of bamboo flooring came to 25 million square metres, accounting for 8% and sales of other flooring amounted to 5 million square metres, accounting for 2% of the national total.

China's wood flooring industry showed a steady development trend from 2010 to 2023 and the volume sales of wood floors climbed to the highest of 425 million square metres in 2019 and fell to the lowest of 322 million square metres in 2023.

The volume of laminate wood flooring and solid wood flooring sales experienced a steep declining trend but sales of solid wood composite flooring increased steadily and the sales of bamboo flooring remained stable. At present there are more than 93 national standards and industry standards closely related to wood flooring covering product testing methods, safety and environmental protection, services and supporting facilities, equipment and raw materials, grade and evaluation.

Currently, mechanisation, automation and digitalisation by enterprises coexist but their development is unbalanced in different regions and different enterprises. The wood flooring industry is shifting from product driven to innovation and data-driven.

Many wood flooring companies have set up technology centres, R & D centres or research institutes, conducting research and development mainly around innovative floor connection methods, innovative substrates or surface decoration materials, optimising product structure, upgrading product performance and enriching product functions.

The number of authorised invention patents in wood flooring industry reached 514 in 2023. New products such as solid wood floors for floor heating, impregnated paper veneer solid wood composite floors, stone-wood plastic floors, reconstituted bamboo floors, moisture-proof laminate floors are popular in domestic and foreign markets.

### **Existing difficulties in the wood flooring industry**

- With the rise of labour costs and product homogenisation it is hard to get out of the middle and low-end market for wood floors.
- With the rise of foreign trade protectionism and the evolution of domestic market demand China's wood flooring is facing the situation of declining competitive advantage and brand advantage.
- Due to the vicious competition and lack of innovation of the wood flooring industry itself the overall share of the floor paving materials market at home and abroad is facing a crisis of decline.
- Sales of wood flooring are becoming more and more difficult as products and services do not effectively meet market demand. The urgent need is to change from product oriented to user experience oriented, the implementation of demand driven, "can let consumers in the use of products or services to be met" as the standard for enterprise transformation and upgrading.

See:

<https://mp.weixin.qq.com/s?biz=MzI0Njk1NTA0NA==&mid=2247530554&idx=1&sn=953a31d272bf6f424bd703fb98eb4771&chksm=e9b55571dec2dc675c664b538faeb159231b3ad672fa94e5bd86c09b841b85d192336c2256fd&scene=27>

### **Thriving timber industry in Heze City**

As of June 2024 there were 7,716 wood processing enterprises in Heze City of Shandong Province, the annual processing volume of wood reaches 31 million cubic metres, the output value of wood processing is more than RMB110 billion in 2023.

There are more than 1 million employees and its wood products are exported to more than 100 countries and regions. Exported products cover medium and high-density fiberboard, furniture and wood floors and wooden crafts.

Statistics shows that in the first quarter of 2024 there were 789 wood processing enterprises with output value of RMB20 million or more in Heze City, an increase of 170 enterprises compared with August 2023, accounting for 28% of the city's industrial enterprises; The revenue was RMB17.89 billion and the profit was RMB1.42 billion, up 15% and 31% year-on-year.

See: <https://baijiahao.baidu.com/s?id=1799806266390203895&wfr=spider&for=pc>

**Production centre for sport flooring**

Driven by the development of sports and the rise of a national fitness craze demand for sports flooring has expanded away from only competitive sports arenas into individual's exercise areas. Sales of sport flooring have been increasing and a new market with potential for the flooring industry has emerged.

At present, there are 120 wood sports flooring production enterprises in Fushun City accounting for 60% of the number of domestic enterprises engaged in this sector. The production and sales of sports floor reached 6 million square metres accounting for about 60% of the domestic market. Fushun City won the title of "China Sports Floor Industry Base" in 2023 becoming the only city in China to win this honor.

Sports flooring is mainly solid wood flooring and solid composite wood flooring. The species used for sports flooring are mainly pine, oak, maple and birch.

See: <https://baijiahao.baidu.com/s?id=1800348598666879062&wfr=spider&for=pc>

**Global Timber Index Report – China, May 2024**

Data released by China's General Administration of Customs on 9 May showed that China's exports of furniture and furniture parts between January and April 2024 reached US\$23.725 billion representing a year-on-year increase of 16.5%.

During the same period China's total imports of logs and sawnwood were 21.864 million cubic metres, marking a year-on-year increase of 0.3%. Among them, rubberwood imported from Thailand reached over 1.69 million cubic metres indicating a notable year-on-year increase of 32%. The volume of timber imported from Gabon also increased significantly (+85%), reaching 0.27 million cubic metres.

On 17 May the People's Bank of China and the National Financial Regulatory Administration issued a notice once again lowering the interest rate for personal housing loans and reducing the down payment ratio.

Stimulated by a series of new policies for the property market introduced in the first half of this year the operating rate in the construction sector rose and demand for construction wood was gradually recovering. Due to factors such as geopolitical conflicts and freight charges enterprises input costs keep on rising.

Maersk, Hapag-Lloyd, CMA CGM, COSCO Shipping and other shipping companies announced increases in freight rates which will push up the prices of raw material import costs.

In May the GTI-China index registered 42.2%, a decrease of 10.1 percentage points from the previous month and fell below the critical value (50%) after 2 months indicating that the business prosperity of the timber enterprises represented by the GTI-China index shrank from the previous month.

Due to factors such as a decrease in domestic and foreign timber demand and the Labour Day holiday, China's timber sector saw a decline in both orders and production volume and some GTI enterprises reported an overstocking problem.

As for the 11 sub-indices, two indices (inventory index of finished products and inventory of main raw materials) were above the critical value of 50% and the remaining 9 indices were all below the critical value.

Compared to the previous month the inventory index for finished products and the inventory index for main raw materials increased by 1.8-8.3 percentage points while the remaining 9 indices declined by 5.0-19.1 percentage points.

See: <https://www.itto-ggsc.org/static/upload/file/20240620/1718839024156844.pdf>

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

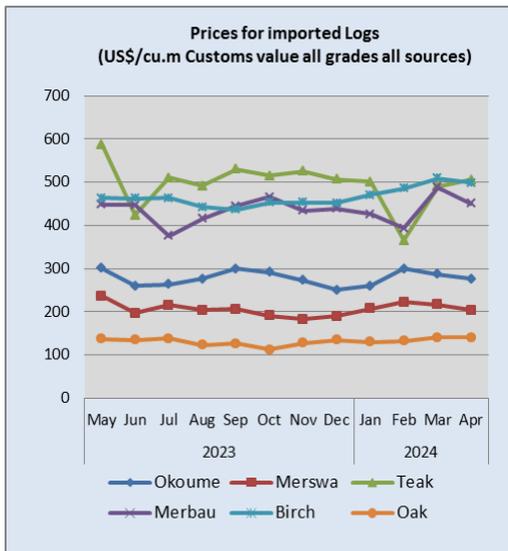
	2024 Mar	2024 Apr
Okoume	87	276
Merswa	216	203
Teak	490	505
Merbau	488	450
Birch	509	498
Oak	140	140

Data source: Customs, China

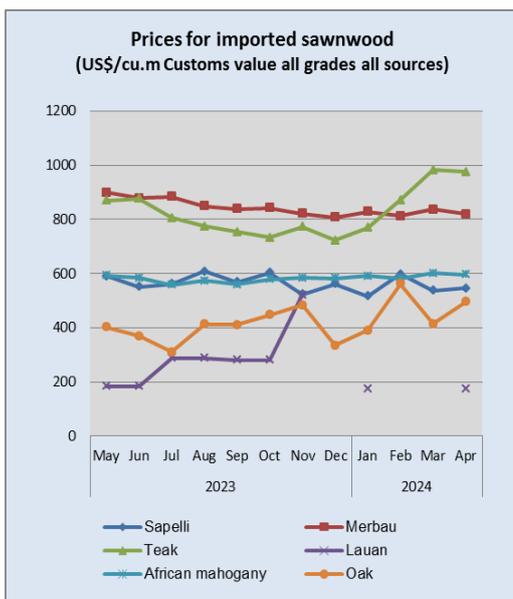
**Average CIF prices, sawnwood, US\$/cu.m**

	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



Data source: Customs, China

## UK

### UK plywood market mood improves

According to a report in the latest edition of the UK Timber Trades Journal (TTJ), plywood importers and distributors are becoming more positive about prospects. Although, some suggest market sentiment is buoyed more by firming prices than a marked increase in demand.

Businesses report that trade remained at a reasonable level since Q4 last year. Total UK imports of plywood in the first quarter of 2024 were 359,000cu.m, 1% more than the same period in 2023. Imports of tropical plywood were down 12% to 45,500 cu.m, with a decline from China (-25% to 17,700 cu.m) and Indonesia (-11% to 11,000 cu.m) being partly offset by a rise from Malaysia (+12% to 9,700 cu.m) and Brazil (+26% to 2,300 cu.m).

The decline in UK imports of tropical plywood in the first quarter was offset by a 24% rise in imports of temperate hardwood plywood to 198,000 cu.m. Imports of temperate hardwood plywood from China increased 32% to 168,700cu.m during the period.

UK imports of softwood plywood were 115,500 cu.m in the first quarter of 2024, 20% down on the same period in 2023. Imports of softwood plywood were down from all the main supply countries including the EU, Brazil, China and Chile.

### Freight rates and Suez crisis impact trade

UK plywood importers report that prices generally have been moving up this year. The price of elliottis pine had increased due to log shortages and stronger demand in the US. The cost of plywood from Southeast Asia, meanwhile was being pushed up particularly by the fact that shipping was having to divert around the Cape due to the attacks by the Houthi movement on vessels in the Red Sea. So, a journey from Shanghai to Rotterdam of 10,500 miles via the Suez Canal taking 29 days, had become a journey of 13,800 miles, taking 38 days.

This, said importers, meant that customers were having to think, and order, further ahead. It also underpinned freight rate increases. Having fallen from the heights reached during the pandemic to around US\$2,000 for a 40ft container from Southeast Asia to European ports, they were reported back up to around US\$5,000 to US\$6,000. One importer at the Carrefour International du Bois in May said they were being asked for as much as US\$8,000.

### Demand for birch plywood recedes after ban on Russian

According to the TTJ report, one UK importer said that the market for birch plywood had 'well and truly receded' since the UK and EU imposed embargoes on trade with Russia due to its invasion of Ukraine. However, the UK import data indicates that the decline in imports of birch plywood from Russia has been offset by rising imports from China.

There is still believed to be Russian plywood accessing the EU and UK markets via third country intermediaries, including in those countries with no previous record of supplying significant, if any quantities of birch plywood. Consequently, in March the EU imposed duty on imports from Turkey and Kazakhstan.

Some in the UK trade maintain that Russian raw material is finding its way into western markets in Chinese made plywood. One importer told the TTJ however, that they had put products through species and geolocation tests at traceability specialist Agroisolab, and it had been proven to originate from southern China.

A significant factor impacting UK plywood demand in the first few months of 2024 was poor weather, which was hampering work on building sites.

The TTJ reported sources as saying that the national housebuilders and developers were also holding back on projects until UK interest rates come down, as projected, later in the year. One said that housebuilders were effectively building to order, not speculatively.

While the European Central Bank cut interest rates to 3.75% in June, its first reduction in five years, the Bank of England Monetary Policy Committee voted to keep UK rates at 5.25% and a cut is not expected until September.

One timber business also told TTJ that they were recommending customers buy European and UK-made OSB rather than hardwood plywood. They said that the quality of Chinese plywood on the UK market had become more variable in recent years, partly as fewer buyers were getting on the ground in China and visiting suppliers to evaluate quality management.

It was also said that some intermediary export agencies were masquerading as mills, then allocating orders to actual Chinese mills of their choice, so importers had no way of checking the quality performance of the supplier.

The TTJ reported, however, that OSB has largely taken share from softwood plywood in the UK market, with the material at the time of publication in May being 25% cheaper than Elliotts plywood.

#### **Timber frame increases share of UK housing**

The UK timber frame trade body the Structural Timber Association, states that the industry's share of UK new build housing was 23% at the start of the year but is expected to grow to between 24% and 25% over the next 12 months.

Timber-based building is forecast to increase its share of UK construction as the industry comes under increasing pressure to decarbonise and shrink its environmental impact more widely. It is forecast to get a boost from the new Future Homes Standard which is set for implementation in 2025. This will demand that housing achieves higher levels of energy efficiency and involves more ambitious carbon emission reduction targets for the building sector generally.

The increasing interest in timber-based building in the country was reflected in a new event in June, the UK Timber Design Conference. Held in London, it was jointly hosted by trade body Timber Development UK (TDUK), the Swedish Wood organisation and not-for-profit green construction facilitator Built by Nature. The event attracted an audience of over 200, including some of the UK's leading architects, designers, engineers, housebuilders and developers.

Speakers said that greater use of bio-based materials in construction, led by timber, is vital if the UK is to hit its 2050 net zero carbon target.

#### **Labour party election victory could boost house building**

It has been predicted that, in the event that the Labour Party wins the UK General Election on 4 July, this would drive construction output, with the party pledging to grow the number of dwellings in the country by 1.5 million within five years. Conference speakers said timber building could make a significant contribution to meet that target given its speed of construction, combined with its suitability for offsite, prefabrication. Tougher environmental regulation expected from a Labour government would give it a further boost.

Timber Development UK (TDUK) chief executive David Hopkins said that his organisation would strongly lobby for more timber construction to help meet the UK's need for more and more sustainable housing. He said that the Timber Design Conference would now be an annual event.

#### **Malaysians say rubberwood plywood a birch substitute**

According to the UK Timber Trades Journal (TTJ), a Malaysian producer and their UK agent have held an event at the UK port of Tilbury to highlight the potential of their rubberwood plywood to substitute birch plywood.

Russian birch plywood is no longer legally available in the UK following imposition of trade embargoes following Russia's invasion of Ukraine. The Malaysian company said its rubberwood product was a suitable alternative due to its 'availability, cost-effectiveness and environmental credentials'.

#### **Tropical and temperate hardwood suppliers exchange views on EUDR**

A key topic of discussion at the Carrefour Internationale du Bois (CIB) exhibition in Nantes, France at the end of May was the time and effort businesses are having to put into 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.

The EUDR was the topic of a special seminar at the CIB, jointly hosted by the International Tropical Timber Technical Association (ATIBT) and the American Hardwood Export Council (AHEC). The representatives of companies operating large concessions in Africa that spoke at this event were confident in their existing systems and strategies to meet the EUDR requirements.

Vincent Istace, CSR head of Olam Agri, parent of CIB in the Republic of Congo highlighted that deforestation across the Congo Basin is now less than 1% annually and that FSC-certified sustainable management further minimised the risk of forest loss.

“In our almost 2 million ha of certified forest we operate a cutting cycle of one tree per ha every 30 years. Our processes include social, habitat and wildlife protections and we have a major planting programme,” he said.

He said CIB was also confident its traceability systems would aid compliance. “Using id numbers for each tree, we can track timber from stump, through processing,” he said. It was also pointed out that each forest concession could be counted as a single ‘plot of land’ for EUDR geolocation purposes.

Emmanuel Bon, general director of Cameroon-based Alpica also said his company was trusting in FSC sustainable forest management certification, which it achieved in 2023, and its tracking and forest inventory systems, to satisfy EU customers due diligence requirements. He said it recorded geolocalised data for cutting areas as a matter of course and uploaded the information into the Cameroon government operated SIGIF 2 ‘computerised forest information management system’. This, he maintained, allows tracking of timber ‘from the cut to the port of shipment’.

#### **EUDR an “existential challenge” for US hardwood exports to the EU**

Speaking at the CIB seminar, AHEC representatives highlighted the very different challenges facing the US hardwood sector to satisfy the EUDR. Executive director Mike Snow said the EUDR was ‘going after the right things’ in terms of its prime aim to combat deforestation caused by conversion of forest land and in its coverage of the agricultural commodities most implicated in this.

He added, the risk of US hardwood deriving from such land was extremely low. “It’s estimated that disturbance of hardwood forest in terms of conversion to agriculture is running at about 0.005% of the total area a year,” he said. “In anyone’s book, that is negligible risk.”

Regardless, the US hardwood sector will have to provide proof to EU customers that each consignment of timber is legal and deforestation-free under the terms of the Regulation, and that’s the problem.

The key issue for the US hardwood sector, explained Mr Snow, was the fragmentation of forest ownership and the low intensity management operated in the country’s more than nine million private holdings. With mills sourcing from a supply base of small forest plots, often family owned, they would need to provide multiple geolocation coordinates for each timber shipment. Moreover, as these plots may only be harvested once a generation, sourcing coordinates would be different from year to year. The task would be highly complex and labour intensive.

Mr Snow went so far as to say that, as things stand, the EUDR posed a potentially ‘existential challenge’ to the US hardwood sector’s EU exports. Moreover, it had implications for its trade more widely.

“While the EU itself accounts directly for 10% of US exports, its significance to the US industry is increased by the fact that a significant proportion of our exports to other countries, including China, Turkey, India, and Vietnam, are made into finished products destined for the EU. So, they will have to meet the requirements of the EUDR too.”

AHEC environmental policy director Rupert Oliver said that relying on third party certification of forest management as a risk mitigation tool under the EUDR (and he stressed that it alone would not, in any case, provide a ‘green lane’ through the regulation) was also not an option in the US as it had not been taken up widely. This was again in large part due to fragmented, small-scale forest ownership.

#### **Bespoke deforestation-free system for U.S. hardwoods**

Mr Oliver said that, faced with these hurdles, AHEC has been developing a bespoke system to provide a robust assurance to international buyers that U.S. hardwoods are legally sourced and deforestation-free.

One of the pillars of the system, which is being created with U.S. government support, is legality risk assessment of the 33 principal hardwood forest states. This is set to be completed this year by a team of experts from non-profit sustainability and environmental management consultants and advisors Dovetail Partners.

Mr Oliver explained that the AHEC system will combine the legality risk assessment with regular ‘high resolution’ monitoring of deforestation risk at the level of individual properties using AI and drawing on satellite data and the uniquely detailed land ownership mapping available in the US.

“Satellite forest monitoring is best done on an annual basis to show whether forest disturbance is part of regular forestry processes or long-term and potentially deforestation,” said Mr Oliver. “A pilot of the system undertaken in the first quarter of 2024 in Georgia picked up 11,000 points of forest disturbance, but the preliminary AI analysis suggested only a tiny proportion of these would likely be followed by conversion to agriculture.”

While the analysis will be carried out at sufficiently high resolution to identify land-use changes at field and property level, US hardwood exporters will provide geolocations at county level through this system.

Mr Oliver emphasised that this is an equitable approach since the average area of U.S. counties supplying hardwoods, at around 160,000 hectares, is less than that of large tropical forest concessions, which can count as a single plot under the EUDR. U.S. counties are sufficiently compact to ensure a homogenous level of deforestation risk. Provision of county geolocations also overcomes significant legal issues in the U.S. around anti-trust and confidentiality that would result from provision of property level geolocations.

AHEC plans to link the satellite assessment with new scientific techniques such as stable isotope ratio and trace element analysis that can identify the provenance of wood products using a simple lab test or even a handheld device to assess their chemical composition.

Under favorable circumstances, these technologies can demonstrate provenance up to within a 20,000-hectare area with a high degree of confidence. Sufficient to confirm the county of origin, but not the property. Even this level of resolution requires the prior availability of a comprehensive database of timber samples collected in line with strict protocols from across the supply region, a process now getting underway in the US hardwood sector, but likely to take up to three years.

Mr Oliver added that, while the system is being developed for the US hardwood sector specifically, it also had potential application in other countries with fragmented forest ownership, which included some in Europe and Southeast Asia.

AHEC has presented its approach to representatives of EU agencies and national competent authorities. Whether it will be accepted as meeting the specific demands of the EUDR 'in the field' when the Regulation is implemented remains to be seen. But regardless, says AHEC, the system will enable the US hardwoods sector to make a comprehensive data-based deforestation-free and legality claim in markets worldwide.

#### **United States urges EU to delay EUDR**

The US government has urged the European Commission (EC) to delay the implementation of EUDR, which is due to come into force from 30 December. This is according to Argus Media who have seen the 30 May letter addressed to the commission's vice-president, Maros Sefcovic and signed by agriculture secretary Thomas Vilsack, commerce secretary Gina Raimondo and US trade representative Katherine Tai.

See: <https://www.argusmedia.com/en/news-and-insights/latest-market-news/2580301-us-urges-eu-to-delay-deforestation-regulation>

According to Argus Media, the letter states that the signatories are "deeply concerned with the remaining uncertainty and the short time frame to address the significant challenges for US producers to comply with the regulation".

The letter goes on to say that the US authorities have together with "several stakeholders" identified four "critical challenges" for US producers to understand and comply with the EUDR: no final version of the EUDR information system for producers to submit the mandatory due diligence documentation has been established yet; no implementation guidance has been provided with the traceability system expected to launch in November; many EU member states have not designated a competent authority to enforce the regulation; and finally, the EU has an interim decision to classify all countries as standard risk, regardless of forestry practices.

Should these issues not be addressed before the EUDR starts being enforced, it "could have significant negative economic effects on both producers and consumers on both sides of the Atlantic", the letter said according to Argus Media. "We therefore urge the EU Commission to delay the implementation of this regulation and subsequent enforcement of penalties" until the challenges have been addressed, it added.

The letter follows on from an earlier letter sent to US trade representative Tai by 66 members of Congress in October last year. This letter requested that the trade representative raised the challenges that US paper and pulp producers were facing due to the EU's deforestation law with Brussels.

"The EU's regulation imposes impractical requirements that would unnecessarily restrict trade for products from low-risk countries that have responsibly managed supply chains, such as the United States," the congressional letter said.

The Financial Times (FT), in an article published 17 June confirming that the US government had sent a letter to the EC, noted that the EU imported about US\$3.5 billion of American forest-based products in 2022. This included around US\$2.2 billion of pulp and paper, US\$0.7 billion of pellets, and US\$0.6 billion of other wood products. The FT noted that "US timber merchants have said they are considering cutting EU export contracts because they cannot prove their paper does not come from deforested land".

A spokesperson for the American Forest and Paper Association (AF&PA) told the FT that it was "impossible" for U.S. pulp and paper products to comply with the geolocation requirements of the EUDR because these are made principally from leftover sawmill and forest residue blended from different sources.

"This makes tracing each individual wood chip back to the original forest plot of land effectively impossible. Additionally, the technology needed to trace our fibre flow to comply with this requirement does not currently exist," AF&PA told the FT.

Euronews reported that, in responding to questions about the EU's reaction to the US letter, an EC spokesperson said they had been "working hard to ensure all the conditions are met for smooth implementation of the law" while keeping the situation "under constant review".

#### **Mounting calls for EUDR delay from inside the EU**

Calls for a delay to implementation EUDR have become louder inside the EU itself in recent months. The first signs of internal dissent came on 12 March in a letter sent to the EC signed by six European wood industry organisations (CEI-Bois, EFIC, EOS, EPF, ETTF, and FEP).

This was followed on 13 March by a similar letter signed by 19 wood trade organisations in France sent to the French Environment Minister.

The calls for delay escalated in a meeting of the European Agriculture and Fisheries Council on 26 March when Agriculture ministers from 20 of the EU's 27 member countries supported a proposal by Austria to revise the law. The FT reports that EU's development commissioner Jutta Urpilainen and agriculture commissioner Janusz Wojciechowski have also both called for a delay EUDR in recent months.

On 17 May, the German Bundesrat passed a motion on the EUDR "calling for an extended implementation and to relieve producers of avoidable, additional bureaucracy where there is no demonstrable risk". The Bundesrat is the upper chamber of the German government where the Länder (States) are represented.

The Bundesrat motion is explicit in its critique of the law noting that "in view of the tight implementation period until December 30, 2024, many unanswered questions remain, such as in particular the clarification of the use of reference numbers and the associated scope of timber lists, the scope and implementation of controls, the legal consequences or the handling of wood from legally converted forests".

It goes on to suggest that "The test phase revealed glaring deficiencies and showed that it is not possible to implement the regulation in accordance with the current requirements. As a result, the wood-processing industries are currently facing an insurmountable task. There is a threat of considerable burdens for the relevant companies and distortions along the entire wood value chain".

The Bundesrat motion calls on the German Federal Government to obtain an implementation regulation from the EU in the short term that is legally compliant with the WTO regulations that extends the deadlines for EUDR implementation, relieves raw material producers in Member States and regions where there is no demonstrable risk of deforestation from avoidable, additional bureaucracy, and enables other market participants to apply it in a practical and legally compliant manner.

Most recently, on 27 June, the head of environment policy for the centre-right European People's Party, which emerged victorious in recent EU Parliamentary elections, called explicitly for a two-year delay to EUDR implementation.

Peter Liese, a German MEP since 1994 and freshly re-elected, told Euronews that recent contact with officials "at all levels" in the European Commission had shown him "everybody is aware that we have a problem that cannot be solved without postponement". As to the length of the delay, he added: "I would consider two years a reasonable time."

The German MEP said that while he agreed with the aims of the EUDR, the law as agreed in December 2022 by the European Parliament and European Council had been "turned into a bureaucratic monster".

Euronews emphasises that Liese's call to delay the EUDR is not yet the official position of the EPP and that the large majority of EPP MEPs voted in favour of EUDR only last year. Euronews note that the EC declined to comment on Liese's statement, or on whether there were any ongoing discussions within the EC about reopening the file.

#### **Will EUDR traceability requirement be watered down for internal EU trade?**

Judging from a report in the latest weekly newsletter of GD Holz, the German timber trade association, the EC is indicating that requirements for due diligence statements for internal EU trade will be watered down while it is maintaining a hard line with respect to imports from outside the bloc.

GD Holz note that in response to their questions to EC officials at the 28th meeting of the "Multi-Stakeholder Platform on Protecting and Restoring the World's Forests" held earlier in June, the EC "clarified that downstream non-SME market participants (large companies within the EU) do not have to provide geo-coordinates when submitting their due diligence declarations".

Based on the EC answers, GD Holz suggest that "This means that geo-coordinates are only mandatory for the beginning of the supply chain in the EU (=import or forest ownership). It may be necessary to pass on geocoordinates in individual cases, e.g. for high-risk goods, but it is not always necessary to pass them on".

GD Holz go on to suggest that "we see this approach as a success for our lobbying work - the EU had previously demanded that geo-coordinates be required along the entire supply chain".

GD Holz also say that "asked what kind of checks downstream non-SME market participants have to carry out if they purchase products affected by the EUDR within the EU, the EC has clarified that such checks must not relate to individual deliveries, but to the general application of the EUDR by the supplier.

To this end, the due diligence system applied by the supplier must be reviewed, e.g. in the form of regular audits. This means that, as a rule, only rudimentary information (e.g. reference number, tree species, country of felling) and information on the due diligence system used must be passed on. If the customer determines that there is a high risk in individual cases, further data may be requested".

While the EC is making concessions to internal suppliers on the issue of traceability and geolocations, GD Holz implies that the EC is less inclined to make concessions to suppliers outside the EU.

GD Holz note that "another important issue that we have raised with the EU is imports from countries that currently make it difficult to share geo-coordinates. The best-known example of this is China, which prohibits the disclosure of coordinates for security reasons.

The EU has succinctly informed us that there have been discussions on this topic with the Chinese government and suppliers. It was made clear that imports without coordinates were not possible and that there would be no exceptions for countries such as China. No statements were made about attempts to solve this problem”.

### **EU adopts new Nature Restoration law**

Following a final vote on 17 June at the Environmental Council, the EU adopted its new European Restoration Regulation. This legislation is the first to set legally binding restoration targets for the long-term recovery of nature in Europe. The law passed with a narrow majority of 20 countries representing 66% of the EU’s population (the threshold for approval by a qualified majority at the Council is 65%).

The law requires that EU countries restore at least 30% of habitats covered by the law from poor to good condition by 2030, and 90% by 2050. The regulated habitats include forests alongside grasslands, wetlands, rivers and lakes. Member states must also ensure that these areas do not deteriorate once restored.

The final text watered down some of the requirements for the farming sector, particularly by introducing an “emergency brake” so targets affecting agriculture can be suspended “under exceptional circumstances” that threaten food security.

In practical terms for European forests, the law will require Member States to introduce critical safeguards to protect remaining old-growth forests, set aside additional forests for restoration, and improve the biodiversity of forests managed for wood production.

In a report drawing on analysis of satellite data, the World Resources Institute (WRI) shows why the Nature Restoration Law is so timely, despite Europe’s total tree cover having increased slightly over the last two decades.

According to WRI, “Europe’s forests face increasing pressures. Impacts include fewer tall forests, climate change-induced wildfires, insect outbreaks, and, most recently, increased wood harvesting to meet additional demand for ‘home-grown’ biomass in response to the Ukraine war and changing energy demands”

See: <https://www.wri.org/insights/europe-forest-loss-drivers>

## **North America**

### **Housing starts fall to a four-year low**

Construction of new US homes fell 5.5% in May, the lowest level in four years as builders pulled back on new projects. The pace of construction hit a speed bump as builders grappled with higher-than-normal financing costs as well as elevated mortgage rates that affect home buyers. Housing starts fell to a 1.28 million annual pace from 1.35 million in April, the government reported. The data fell short of Wall Street’s expectations of 1.38 million houses.

Housing starts fell in May to the lowest level since June 2020, during the depths of the COVID-19 pandemic. Both single-family and multi-family starts posted a decline across most of the nation.

Builders appear despondent, saying they are feeling the effects of the high costs of loans, which has dissuaded buyers from taking on expensive mortgages and has made capital for construction expensive. In June, builder confidence, as measured by the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index, fell to its lowest reading since December.

Carl Harris, NAHB's chair said "Persistently high mortgage rates are keeping many prospective buyers on the sidelines. Home builders are also dealing with higher rates for construction and development loans, chronic labour shortages and a dearth of buildable lots."

See: <https://www.census.gov/construction/nrc/current/index.html>

### **Housing starts rise to seven-month high in Canada**

Canada’s housing starts jumped to the highest level in seven months as the country’s two largest provinces increased investment in construction on apartments, townhouses and condominiums.

Builders started work on an annualised 264,506 units in May according to data released by the Canada Mortgage and Housing Corp., an increase of 9.7% from a month earlier.

Ontario and Quebec, the country’s most populous provinces, led the increase in starts, rising 18% and 67% respectively. Housing starts fell 16% in British Columbia, Canada’s westernmost province. The number of single-detached homes on which construction started during the month was little changed, meaning the gains were concentrated in multiple-unit builds.

The Canadian government has announced billions in new loans and tax breaks intended to encourage construction as housing affordability has worsened. The country’s chronic shortage of homes has been further aggravated by an influx of temporary residents that has driven population growth to one of the highest levels in developed countries. CMHC estimates Canada needs to build at least 3.5 million additional housing units by 2030 to restore affordability.

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

### **Rising mortgage rates - record-high prices - home sales falling**

Sales of previously occupied US homes fell in May for the third straight month as rising mortgage rates and record-high prices discouraged many prospective homebuyers during what's traditionally the housing market’s busiest period of the year.

Existing home sales fell 0.7% in May compared to April to a seasonally adjusted annual rate of 4.11 million the National Association of Realtors announced. Sales were down 2.8% compared with May last year.

Despite the decline in sales home prices climbed compared with a year earlier for the 11th month in a row. The national median sales price rose 5.8% from a year earlier and was up 51% from five years ago. Home prices rose even as sales slowed and the supply of properties on the market hit its highest level in four years.

Existing-home sales in the Northeast in May were identical to April at an annual rate of 480,000, a decline of 4% from May 2023. In the Midwest, existing-home sales were unchanged from one month ago at an annual rate of 1 million in May, up 1% from one year ago. Existing-home sales in the South fell 1.6% from April to an annual rate of 1.87 million in May, down 5.1% from the previous year. In the West, existing-home sales in May were equivalent to April at an annual rate of 760,000, a drop of 1.3% from one year before.

See: <https://www.nar.realtor/newsroom/existing-home-sales-retreated-1-9-in-april>

### **US again adds more jobs than expected**

The monthly jobs report from the US Labor Department showed a 272,000 increase in May, while the unemployment rate was little changed at 4%. The total sailed past the 190,000 forecasted by the Dow Jones consensus estimate and was over 100,000 jobs more than the 165,000 positions created in April.

Employment continued to trend up in several industries, led by health care, government, leisure and hospitality, and professional, scientific and technical services. Job losses were seen in department stores with 5,000 and furniture and home furnishing retailers at 4,000. Mining, construction, manufacturing, and other industries showed little change, the report said.

The job market has remained surprisingly resilient despite high inflation and interest rates, but it's gradually cooling. After adding well over 200,000 jobs a month in the first three months of the year, job gains slowed in April.

A separate Labor Department report this week showed that job openings fell to 8.1 million in April, the lowest tally since early 2021 and well below the record 12 million in early 2022. The number of job vacancies per unemployed worker has slipped to 1.2 from a high of 2 during 2021, in line with the pre-pandemic level.

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

<https://www.msn.com/en-us/money/markets/jobs-report-today-economy-added-booming-272-000-jobs-in-may-unemployment-at-4/ar-BB1nO68V?ocid=BingNewsSerp>

### **Consumer sentiment cools on price concerns despite strong economic news**

Consumer sentiment tumbled in June despite largely resilient growth in the US economy as higher prices remained a pain point for Americans.

The latest University of Michigan consumer sentiment survey showed sentiment hit its lowest level in seven months during June. The index reading for the month came in at 65.6, down from 69.1 in May and lower than the 72 economists had expected.

The decline in the index represents a continued trend among consumers who are fed up with higher prices regardless of whether inflation is cooling or if the labor market remains solid.

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

### **US manufacturing down again**

Economic activity in the manufacturing sector contracted in May for the second consecutive month and the 18th time in the last 19 months according to the latest Manufacturing ISM Report On Business. The Manufacturing PMI registered 48.7% in May, down 0.5 percentage point from the 49.2% recorded in April. A rating above 50% means expansion, while a rating below 50% indicates contraction.

ISM Chair Tim Fiore is quoted as saying "US manufacturing activity continued in contraction after growing in March, the first expansion for the sector since September 2022. Demand was soft again, output was stable, and inputs stayed accommodative. Demand remains elusive as companies demonstrate an unwillingness to invest due to current monetary policy and other conditions. These investments include supplier order commitments, inventory building, and capital expenditures."

Of the 17 industries ISM surveys, seven reported contraction in May, including both the Wood Products industry and the Furniture & Related Products industry. However, comments from respondents in the furniture sector are optimistic.

"Business is picking up, with incoming bookings increasing," said one Furniture & Related Products industry executive.

See: <https://www.monitordaily.com/news-posts/ism-report-on-business-manufacturing-pmi-at-48-7-in-may/> and

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

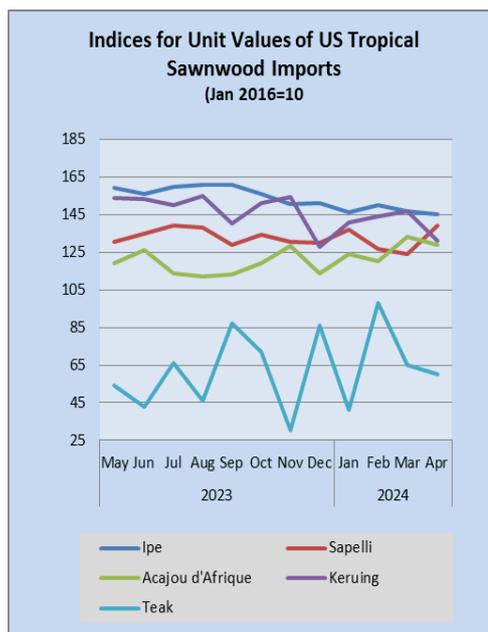
### **False declarations on timber imports**

A home goods company in Tacoma, Washington, was found guilty this month under the Lacey Act of making false declarations regarding the species and harvest location of timber used in wooden cabinets and vanities.

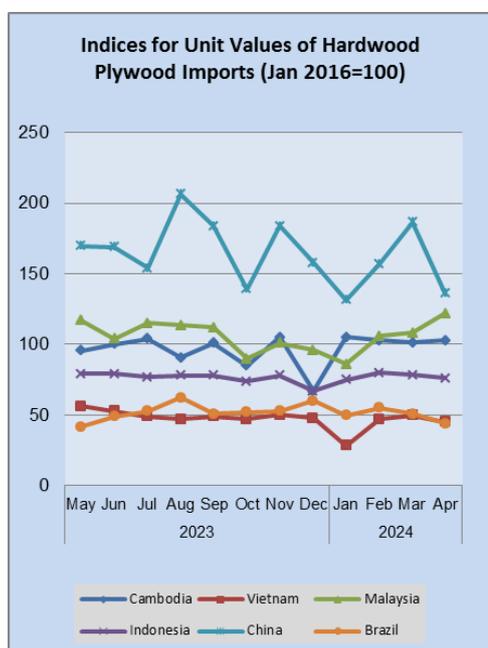
The company was found to have imported five containers of wooden cabinets and vanities, all of which were falsely declared. The products, which were produced in China, were declared as of a species of wood harvested in Malaysia. By doing so, the company evaded more than US\$850,000 in import duties.

The Lacey Act requires that importers of wood products file a declaration which describes the scientific genus and species as well as the harvest country of imports that contain timber. The company was sentenced to pay US\$360,000 in fines and serve three years of probation.

See:  
<https://www.woodworkingnetwork.com/news/woodworking-industry-news/tacoma-company-pleads-guilty-false-declarations-timber-imports>



Data source: US Census Bureau, Foreign Trade Statistics



Data source: US Census Bureau, Foreign Trade Statistics

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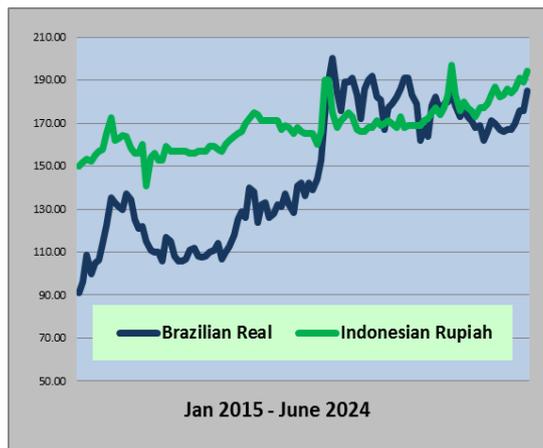
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

## US Dollar Exchange Rates

As of 25 June 2024

Brazil	Real	5.43
CFA countries	CFA Franc	605.12
China	Yuan	7.26
Euro area	Euro	0.94
India	Rupee	83.53
Indonesia	Rupiah	16,450
Japan	Yen	160.71
Malaysia	Ringgit	4.70
Peru	Sol	3.72
UK	Pound	0.79
South Korea	Won	1389.36

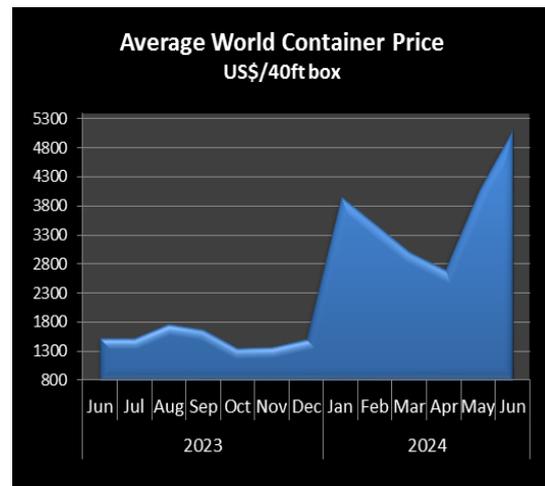
Exchange rate indices (US\$, Dec 2003=100)



## Abbreviations and Equivalences

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

## Ocean Container Freight Index

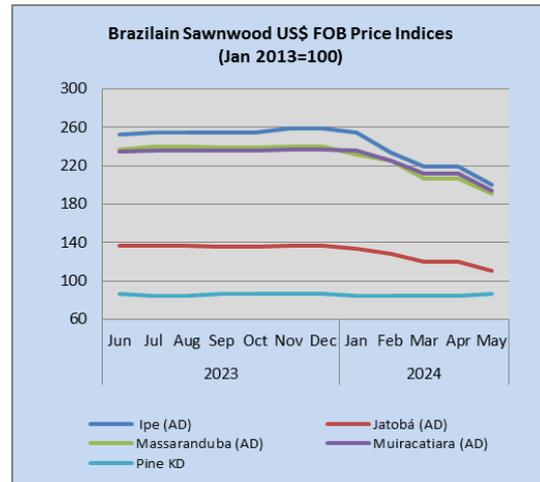
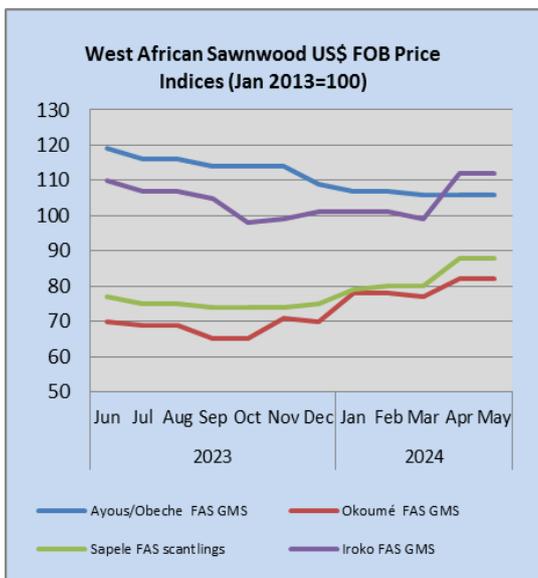
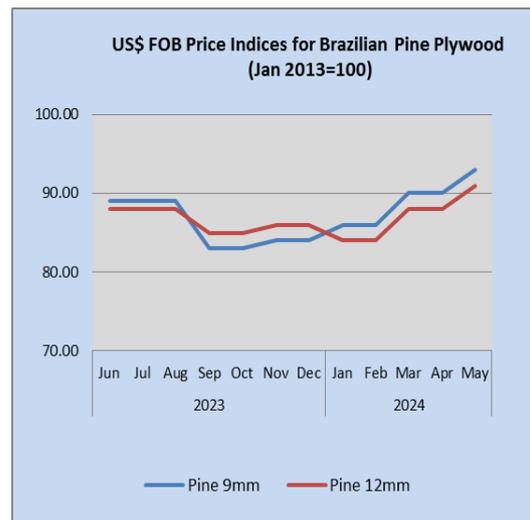
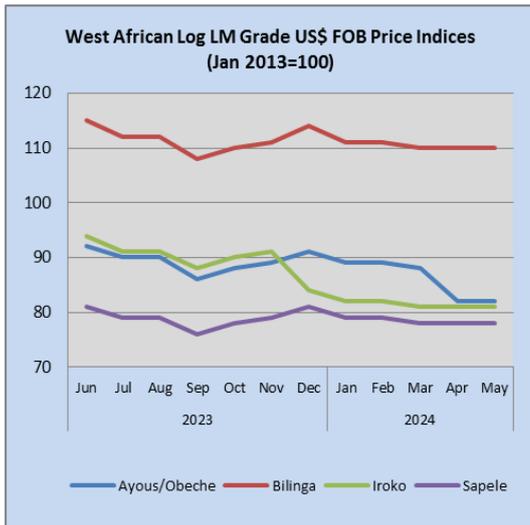


Data source: Drewry World Container Index

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

**Price indices for selected products**

The following indices are based on US dollar FOB prices



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

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