

Tropical Timber Market Report

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Top story

European Commission remains focused on 30 December start date for EUDR

Despite mounting pressure and backlash from industries, trading partners, conservative MEPs and some EU national governments the European Commission insists that it remains focused on ensuring enforcement of the EUDR can start as planned on 30 December 2024.

According to press reports an EU delegation informed WTO members that no decision has been taken to postpone implementation of the EUDR. The issue of EUDR is reported to have come up for discussion in the WTO committee on agriculture on 25-26 September.

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Export market update

The Azobe market in the Netherlands is buoyant, especially for large sizes used in dragline mats. Prices are rising due to stronger demand, partly driven by wind turbine installations across Europe. Demand in the country for Azobe garden products is declining as autumn approaches but the Dutch Water Ministry (Waterstaat) continues to require long lengths for marine piling. Elsewhere in Europe, however, the market remains quiet.

Chinese Azobe demand has slightly increased, possibly due to flooding damage and demand in the Philippines also remains strong as the country needs wood for reconstruction and housing projects.

Regional markets and operations

Both Cameroon and the Central African Republic are experiencing heavy rains, affecting timber operations.

The okoume peeling market is stable at low levels. Plywood production is hindered by frequent electricity disturbances. In Libreville, power cuts are significantly disrupting production. Some companies have reduced their workforce due to machine downtimes. Some Chinese owned mills have closed due to insufficient orders and challenges in sourcing alternative species.

In the Republic of Congo operations are running smoothly without disturbance. The country continues to supply Okoume and red hardwoods to China and the Philippines.

Gabon

Harvesting and Production

Export contracts with China remain limited, but the local timber industry in Gabon continues to experience demand for Okoume wood and there has been a slight increase in prices.

Significant improvements in infrastructure are underway, with China funding repairs for 3,000 kilometres of roads, upgrading them to tarmac surfaces. Container availability is adequate, ensuring smooth logistics for timber exports.

Market demand and orders

Market demand presents a mixed picture. China experienced a previous drop in orders, but there is a slight resurgence in demand, particularly for species like Belli, Okan, Okoume, and Movingui. The Philippines continues to show steady demand, especially for reconstruction and housing projects.

The Middle East market is improving, with increased enquiries and growing demand for species such as Andoung, Iroko, Padouk, and Okoume. Enquiry levels in Europe remain stable, with continued interest in various timber products.

Regulations, labour and health and safety

Ongoing developments in CITES regulations are having an impact, but there are no new other government policy changes affecting the timber industry. Similarly, no additional changes have been reported regarding government fees beyond increased port charges and customs duties.

In terms of health and safety, some cases of COVID-19 have been reported, mainly manifesting as heavy flu due to the rainy season. Additionally, two cases of Mpox (Monkeypox) have been announced in Gabon. The situation is being monitored, but there are no significant health alerts affecting industry operations at this time.

Cameroon

Harvesting activity affected by heavy rain

Harvesting activities in Cameroon have been affected by the return of heavy rains, with the rainy season expected to continue until December, and stock levels are impacted accordingly. Transportation remains a concern due to weather conditions. While roads are generally in acceptable condition, laterite-based roads are managed with barriers, and no traffic is allowed when it rains. No major rail disruptions are reported.

Container availability is not an issue in Cameroon, with enough empty containers in stock to meet export demands. Port operations are running smoothly, with no significant disruptions in dispatch or overall activities. NGO surveillance continues but is limited to monitoring activities without significant interventions.

In terms of the pandemic, masks are officially required but are not commonly worn in public. There has been one officially reported case of Mpox.

Promoting a sustainable and legal trade in rosewood

The Regional Workshop for Range States for African Rosewood (*Pterocarpus erinaceus*) was held from September 2 to 6, 2024, in Douala, Cameroon. Organised by the CITES Secretariat in cooperation with the Association Internationale des Bois Tropicaux (ATIBT), the workshop aimed to promote an integrated approach among states to ensure sustainable and legal trade.

African Rosewood is one of the most heavily traded tropical hardwoods globally, used in furniture, musical instruments, medicines, and fuelwood.

Since 2022, all populations of African Rosewood have been listed in Appendix II of CITES, requiring that international trade is conducted in a sustainable, legal and traceable manner.

See: <https://cites.org/eng/news/regional-workshop-for-range-states-of-african-rosewood-pterocarpus-erinaceus-2024>

Republic of Congo

Market Update

In the Republic of Congo, harvesting activities are impacted by rains in the northern region. Transporting timber to Douala port in Cameroon is a preferred route for some operators, as it is closer than Pointe Noire in the south. Port operations are steady with no disturbances reported, ensuring smooth dispatch and handling of timber exports.

Enquiry levels are stable, with the Philippines resuming purchases of Republic of Congo Okoume sawn timber. There is slight demand from China, however, and prices are not meeting expectations, indicating the need for adjustments between supply and market pricing.

Government regulations are stringent, with businesses contending with CITES listings for four species, adherence to the European Union Timber Regulation (EUTR) and preparing for the upcoming European Union Deforestation Regulation (EUDR).

Media and trade associations report no further factors that could affect availability and trade of tropical timber products.

There is no COVID-19 reported, but caution is urged due to Ebola cases in some areas and the first cases of Mpox being reported. The situation is being monitored closely to prevent impact on industry operations.

Log export prices

West African logs	FOB Euro per cu.m			
	Asian market	LM	B	BC/C
Acajou/ Khaya/N" Gollon	220	220	175	
Ayous/Obeche/Wawa	220	220	200	
Azobe & ekki	250	250	175	
Belli	250	250	-	
Bibolo/Dibétou	200	200	-	
Bilinga	250	250	-	
Iroko	270	250	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	-	
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	440
Bilinga FAS GMS	680
Okoumé FAS GMS	450
Merchantable KD	410
Std/Btr GMS	420
Sipo FAS GMS	520
FAS fixed sizes	-
FAS scantlings	540
Padouk FAS GMS	900
FAS scantlings	950
Strips	400
Sapele FAS Spanish sizes	550
FAS scantlings	560
Iroko FAS GMS	800
Scantlings	840
Strips	400
Khaya FAS GMS	420
FAS fixed	440
Moabi FAS GMS	550
Scantlings	550
Movingui FAS GMS	460
Okoume Merch	380
Assamela FAS GMS	1400
Gheombi	450

Ghana

TIDD meet stakeholders for wood price review

The Timber Industry Development Division (TIDD) of the Forestry Commission organised a meeting with stakeholders to review the export prices of some wood products with reference to export prices achieved between July 2022 and August 2024.

The meeting was chaired by the Director of Operations of TIDD, Dr. Richard Gyimah, and external stakeholders including Samartex Timber and Plywood Company Ltd., the Forestry Industry Association of Ghana (FIAG), Ghana Timber Millers Organisation (GTMO), Forest Plantation Timber Exporters and Loggers Association (FOPTELA), Ghana Timber Association (GTA), and other members of the timber industry.

The Contract and Permit Manager of TIDD made a presentation on the proposed price review of selected species for some specific products. After extensive discussions, the meeting agreed to increase the cubic meter price of Niangon boules, Celtis rotary veneer, and Ohaa rotary veneer. This became possible because since January 2024 the industry has achieved higher prices for these products than the Guiding Selling Price (GSP), with no immediate signs of declining.

The per cubic metre price of Denya lumber (No.1C&S grade) to the Asian market was, however, reduced. It was anticipated this new price will continue to serve as a boost to exporting Denya to an already flooded market. Details of the new prices are expected to be captured in the TIDD Guiding Selling Price (GSP) for use by relevant stakeholders.

See: <https://fcghana.org/tidd-organises-wood-products-export-price-review-meeting/>

ECOWAS market accounts for largest share of wood product exports from Ghana

According to data from the Timber Industry Development Division (TIDD), Ghana's wood product export to the African continent during January to July 2024 were valued at Euro 6.27 million with a total volume of 15,092 cu.m.

These represented 8.79% and 9.58% of Ghana's total wood export volume and value respectively for the period which included lumber (air dried), lumber (kiln dried), rotary and sliced veneers, and plywood by sea and to the regional market.

The figures indicated decreases of 27% and 28.5% in value and volume respectively, compared to Euro 8.60 million and 21,148 cu.m recorded between January and July last year.

The ECOWAS sub-region market accounted for the largest share of the wood products exported from Ghana to African countries, absorbing 76.7% (11,569 cu.m) in 2024 and 80% (16,913 cu.m) in 2023.

Ghana's wood exports to ECOWAS: Jan-Jul 2023/24 cu.m

ECOWAS Market	Vol-2023	Vol-2024	AUP-2023	AUP-2024
Togo	4,668	3,081	395	394
Burkina Faso	4,479	3,134	380	394
Niger	3,339	2,913	390	357
Senegal	3,199	728	365	332
Mali	417	778	257	355
Benin	247	315	401	481
Nigeria	188	480	360	361
Sierra Leone	234	-	359	-
Cote D'Ivoire	106	46	526	366
Gambia	36	94	366	292
Total	16,913	11,569	381	370

AUP = Average Unit Price

Togo, Burkina Faso, Niger and Senegal were the leading export markets for Ghana's wood products during the period in both 2023 and 2024 within the ECOWAS sub-region. These countries, however, recorded lower average unit price (AUP) per cu.m. in 2024 compared to the previous year. Mali, Benin and Nigeria on the other hand, recorded significant average unit price increases in 2024 over the same period in 2023 (Graph 1). The overall AUP decreased 3% from Euro 381 per cu.m in the January to July period last year to Euro 370 per cu.m in the same period this year.

Ghana's economy surges 6.9% in Q2 2024

Ghana's economy grew by 6.9% in the second quarter of 2024, the fastest rate in five years, boosted by expansion in several key sectors including agriculture.

This is according to provisional figures released by the Ghana Statistical Service (GSS). Compared to the first quarter of 2024, the economy grew by 4.7%.

The Services sector continued to be the largest contributor to growth in the second quarter of 2024, accounting for 44.2%, followed by the industry sector contributing 32.2%, and the agriculture sector contributing 23.6%.

Ghana's overall industrial sector grew by 9.3%, driven by mining and quarrying, while the gold sector expanded for the third consecutive period, by 23.6% in the quarter. The services sector grew 5.8%, while agriculture rose 5.4%, the government statistician Samuel Kobina Annim has said.

The year-on-year inflation rate at ex-factory prices for all goods and services increased to 33.2% in August 2024, compared to 29.1% in July 2024.

The Ghana cedi depreciated by 19.6% against the US dollar on the interbank forex market in July 2024, the Bank of Ghana has disclosed

See: <https://www.myjoyonline.com/ghanas-economy-surges-6-9-in-q2-2024-fastest-in-five-years/>
& <https://www.myjoyonline.com/inflation-to-end-2024-between-15-and-18-deloitte/>

AGI recommends nuclear power mix in Ghana

The Association of Ghana Industries (AGI) has expressed strong support for including nuclear energy in the country's energy mix, emphasising its potential to strengthen energy security and reduce the cost of power – particularly for businesses and industries. The country's industrial sector has long been constrained by high electricity costs, which limit competitiveness both domestically and internationally.

The AGI President, Dr. Humphrey Ayim-Darke, noted that energy reliability is critical to industrial performance and competitiveness; and nuclear power offers a long-term solution to current challenges facing the sector.

Energy security, he indicated, is at the heart of industrial growth and the inclusion of nuclear energy in the power mix will provide the stability needed. This, he said, will not only ensure consistent supply but also help reduce the cost-burden on industries.

The AGI President, therefore called on stakeholders and power consumers to support the Volta River Authority's (VRA) initiatives aimed at enhancing the cost-effectiveness of current energy solutions while nuclear plans are still being sought.

See: <https://thebftonline.com/2024/09/25/agi-endorses-nuclear-power-to-boost-energy-security/>

Ghana a key trade partner for Switzerland

Switzerland became Ghana's number one export partner with exports from Ghana to Switzerland amounting to US\$3 billion in 2023. The bilateral trade volumes shot up from US\$1.5 billion in 2019 resulting in over US\$3 billion recorded in 2023. Switzerland is not a regular importer of Ghana's wood products but in 2020 a Swiss based organisation – Foundation Franklinia.

In collaboration with the Forestry Commission the Foundation funded the planting of 100,000 seedlings of African ‘teak’ in the Asenanyo Forest Reserve.

See: <https://citinewsroom.com/2024/08/switzerland-becomes-ghanas-top-export-partner-with-3bn-in-trade-in-2023/>

Boule export prices

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

Rotary veneer export prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	416	441
Chenchen	472	612
Ogea	368	590
Essa	650	711
Ofram	350	435

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
	Air-dried	Kiln-dried
FAS 25-100mmx150mm up x 2.4m up	860	925
Afrormosia	465	947
Asanfina	290	335
Ceiba	430	539
Dahoma	640	873
Edinam (mixed redwood)	750	712
Emeri	783	988
African mahogany (Ivorenensis)	692	840
Makore	821	1,025
Niangon	822	1,180
Odum	656	870
Sapele	445	488
Wawa 1C & Select		

Plywood export prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	414	580	641
6mm	385	535	604
9mm	433	504	560
12mm	316	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	1,193
Avodire	1,009
Chenchen	728
Mahogany	1,825
Makore	1,387
Odum	1,191
Sapele	1,147

Expanded free trade agreement

Malaysia has officially ratified the UK’s accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a significant milestone as it is effectively Malaysia’s first bilateral free trade agreement with the UK. Malaysia joins Japan, Singapore, Chile, New Zealand, Vietnam, and Peru in the ratification process.

The UK’s entry into the CPTPP will increase the combined gross domestic product value of the bloc to US\$15.4 trillion, or 15% of global GDP.

The ratification allows Malaysian exports to benefit from immediate duty-free treatment on 94% of tariff lines, particularly for palm oil, cocoa, rubber, electric and electronics, chemicals, as well as machinery and equipment. The agreement is expected to enter into force by end-2024 for the UK and the countries that have ratified it.

The CPTPP members are Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

See:

<https://www.freemalaysiatoday.com/category/nation/2024/09/20/malaysia-now-officially-part-of-cptpp/>

PEFC EUDR due diligence system

The Malaysian Timber Certification Council Board of Trustees has approved adoption of the newly developed PEFC EUDR Due Diligence System (DDS) standard, PEFC ST 2002-1:2024 Requirements for the Implementation of PEFC EUDR Due Diligence System (PEFC EUDR DDS).

This standard is an extension of the existing PEFC Chain of Custody standard PEFC ST 2002:2020 – Chain of Custody of Forest and Tree-Based Products – Requirements.

This modular and optional standard is designed to support PEFC Chain of Custody (CoC) companies that currently export to the EU market, plan to do so, or whose products may ultimately be sold in the EU, to comply with the requirements of the EUDR by providing a comprehensive framework for conducting due diligence. The key difference between the existing PEFC ST 2002:2020 standard and the PEFC ST 2002-1:2024 is the integration of EUDR requirements into the due diligence process.

Currently there are 6.6 million hectares of MTCS – PEFC Certified Forests in Malaysia, in 35 Certified Natural Forest (FMUs) and nine Certified Forest Plantations (FPMUs). MTCS – PEFC Certified Chain of Custody certificates are held by 368 companies.

See: <https://mtcc.com.my/adoption-of-pefc-technical-document-pefc-st-2002-12024-requirements-for-the-implementation-of-pefc-eudr-due-diligence-system-pefc-eudr-dds/>

Sarawak calls for peatland restoration action

Sarawak has called for binding targets for peatland restoration and urged international bodies to act urgently on the issue.

Speaking at the 15th International Sago Symposium opening hosted by the Sarawak Tropical Peat Research Institute (Tropi), Premier Abang Johari Tun Openg said voluntary efforts alone do not suffice.

“We need binding targets for peatland restoration, attractive incentives for sustainable agricultural practices, and a collective effort from the public and private sectors,” he said.

See:
<http://theborneopost.pressreader.com/article/281621015741697>

Sarawak furniture makers urged to push exports

Sarawak’s furniture producers have been urged to emulate the example of counterparts in other Malaysian states and drive-up exports by the head of their industry organisation. The president of the Sarawak Furniture Manufacturers Association Kapitan Kong Kim Hong said that opportunities in the international furniture market were continuing to grow, and Malaysia as a whole was already capitalising.

According to Deputy Prime Minister Datuk Seri Fadillah Yusof, speaking at the Malaysia International Furniture Expo last year, the global furniture market value is expected to reach US\$550 billion by 2027,” at a July SFMA Miri branch meeting. “Since the Covid pandemic, Malaysia’s furniture exports have remained above RM100 billion and in 2022 reached RM115 billion. This makes it the second-largest furniture exporter in the world.”

Sarawak, he added, had not benefited as much as other parts of the country from market growth. To grow export sales, he recommended that Sarawak furniture makers should diversify their ranges and target international markets with quality products.

See:https://mtc.com.my/images/media/1742/2._Sarawak_Furniture_Manufacturers_Urged_To_Boost_Exports_theborneopost.pdf

Land shortage curbs bamboo sector growth

Availability of land was highlighted as the main factor holding back the expansion of the Malaysian bamboo industry, according to Plantations and Commodities Minister Datuk Seri Johari Abdul Ghani.

Speaking in parliament, the Datuk Ghani said that state governments were limiting access of land to bamboo plantation operators, who need at least 2,000 ha to ‘implement the concept of commercial bamboo cultivation’.

He went to say that “in comparison, palm oil has 5.7 million ha, and rubber 1.1 million ha, while bamboo has only 4,000 ha”. “This disparity hinders both upstream and downstream industrial development.”

The Minister said state governments were not prepared to allocate land for bamboo. Despite incentives, they favoured providing land for palm oil due to its “established ecosystem, comprehensive value chain and export value”.

See:
https://mtc.com.my/images/media/1740/3._Land_shortage_hinders_bamboo_industry_growth_says_Johari_nst.com.my.pdf

Indonesia

Weakening plywood demand leads to layoffs

Thousands of employees in upstream and downstream forestry industries have been laid off due to sluggish international demand for plywood products and the Association of Indonesian Forest Concession Holders (APHI) says policy incentives are needed to prevent the current situation from continuing.

According to APHI data, in the first half of 2024 2,400 employees working in Forest Utilization Business Permit—Natural Forests (PBPH-HA) companies were laid off, and 125 others sent home. Layoffs also occurred in the plywood processing industry. It was reported that 6,250 people working in three plywood industry groups were laid off.

APHI Deputy Chairman for Natural Forests Dr David explained that the market continues to be slow in the aftermath of the COVID-19 pandemic and due to geopolitical conflicts. “Weakening demand for plywood in the global market impacted the processing industry and PBPH upstream, the suppliers of raw materials,” he said on September 17.

He added that, due to slow plywood export trade, there is a 913,000 cu.m stock of natural forest logs from 35 PBPHs that the industry has not absorbed. “Many PBPHs are having difficulty operating because no industry is buying the wood they produce while costs are getting higher due to various factors such as fuel prices,” he said.

Currently, only 94 out of 247 PBPH-HA units are in production. PBPH-HA roundwood production is also described as deficient. As of August 2024, it was recorded at only 2.21 million cu.m, or 39% of the annual production projection of 5.58 million cu.m.

Dr David proposed several policy incentives to revive the forestry industry and avoid employee layoffs. One of them is expanding the range of processed wood products that can be exported.

He also proposed that to spur the processing industry and increase the absorption of wood production, the government should open the door to exporting sawn timber products to exploit marketing opportunities abroad.

"Sawn timber exports will increase demand for wood from PBPH, while still providing added value to the processed wood industry," he said.

See: <https://agroindonesia.co.id/ribuan-karyawan-industri-kehutanan-terkena-phk-perlu-insentif-kebijakan-dan-perluasan-pasar-domestik/>

Furniture exports January to July hit US\$1.2 billion

The Ministry of Industry (Kemenperin) reports exports of domestically made furniture products at US\$1.2 billion from January-July 2024, after achieving export earnings of US\$2.11 billion in 2023. Referring to the figures, Director General of Small, Medium and Multifarious Industries (IKMA) Reni Yanita said the potential of domestic furniture products is considerable.

She attributed the strong interest of global markets in Indonesian furniture to the fact that small and medium industry players (IKM) continued to innovate and were able to adjust to market trends and consumer needs. She said IKMA supports development of local furniture IKM players so they can be more globally competitive, including through implementation of production technical guidance, machine and equipment restructuring and development of IKM centres.

See: <https://voi.id/en/economy/417286>

Exhibition could generate US\$2.27 million for Indonesian furniture makers

The Ministry of Trade reported that Indonesian furniture producers could generate US\$2.27 million (Rp35.01 billion) from the 2024 Korea International Furniture and Interior Fair (Kofurn), held from August 29 to September 1, 2024.

Indonesia participation was supported by the Ministry of Trade via the Indonesian Trade Promotion Center (ITPC) in Busan, in collaboration with the Seoul Trade Attaché, the Embassy of the Republic of Indonesia (KBRI) in Seoul, and the Indonesian Furniture and Craft Industry Association (Asmindo).

Husodo Kuncoro Yakti, Head of ITPC Busan, said the success of the event resulted from exhibitors' business matching with visitors and the level of interest in the Indonesian Pavilion at the event.

See: <https://www.antaranews.com/berita/4334491/potensi-transaksi-furnitur-indonesia-di-korsel-rp35-miliar>

IFFINA attracts strong international interest

The IFFINA Indonesia Furniture & Design Expo, run by the Indonesian Furniture and Craft Industry Association (Asmindo), was attended by 200 foreign furniture companies.

According to Asmindo General Chairman, Dedy Rochimat, a key theme of the 14-17 September event was 'Sustainable by Design', with Indonesian furniture makers focused on environmental impact.

The goal of the show was to raise the profile of the Indonesian furniture and craft industry and awareness of its capabilities more broadly. Dedy said that the exhibition featured latest trends and advances in furniture production and interior design and that the goal was a 30% increase in transactions generated by the event over the US\$200 million achieved at the 2023 edition of the show.

See: <https://katadata.co.id/berita/industri/66e692d8dad57/bidik-pasar-mebel-dunia-rp-107-triliun-asmindo-gelar-pameran-internasional>

MSMEs have potential to make Indonesia a home decor hub

Speaking at the IFFINA exhibition, Cooperatives and Small and Medium Enterprises (SMEs) Minister, Teten Masduki, said Indonesia can become a global hub for home decor given the vast potential of its local products. "Based on data, furniture and craft products annual exports are up to US\$3.5 billion," he said. "The industry comprises 1,114 companies and employs around 143,000 workers."

According to Masduki, Indonesia's vision of becoming a global hub involves a major push to facilitate international market access. Consequently, the Ministry of Cooperatives and SMEs is backing efforts to build capacity of micro, small, and medium enterprises (MSME) in the furniture sector. "We have established joint production houses to push aggregation, while maintaining production quality in accordance with world standards," the minister said.

He said his ministry is also organising more trade forums abroad to expand export opportunities for MSMEs. One such forum, held at the Indonesian Embassy in Washington generated potential business worth Rp7 billion (US\$461,700).

The US event featured 13 MSMEs from the furniture industry, and also representatives of other sectors including fashion, food and beverages, plus startups. It was attended by 120 in-person and 50 online participants, including potential buyers and US business associations. "This success demonstrates the significant market potential for Indonesian MSMEs in the US," Masduki said. "It also proves that our products are world-class quality and can compete in the global market."

See: <https://en.antaranews.com/news/326019/indonesia-will-be-home-decor-hub-smes-minister>

Success of SVLK verification highlighted to UK Minister

The Indonesian Minister of Environment and Forestry, Siti Nurbaya, received Anneliese Dodds, UK Minister for Development in Jakarta on 17 September.

The bilateral meeting addressed sustainable forest management, climate and environmental agendas and opportunities for cooperation leading up to the Conference of the Parties (COP16) on Biodiversity (CBD) and COP29 on Climate Change (UNFCCC).

During the meeting, Minister Siti highlighted the success of Indonesia's SVLK 'Legality and Sustainability Verification System', which was developed in collaboration with the British government. She said other countries frequently invite Indonesia to share its experiences in sustainable forest management.

The Minister also explained the paradigm shift in Indonesia's forest management from previously focusing on wood to a more holistic landscape management approach, prioritising a balance between economic, social, and ecological aspects.

See: <https://forestinsights.id/terima-kunjungan-menteri-pembangunan-inggris-menteri-lhk-singgung-keberhasilan-kerja-sama-pengembangan-svlk/>

Using certified products helps maintain forests and cut emissions

The use of certified forest products will preserve forests and their biodiversity and contribute to carbon emissions reduction and circular economy development. This was the conclusion of the 'Forest Product Standards in a Circular Economy for Green Construction' National Symposium held in Jakarta on September 12.

The event was hosted by the Standardization and Instrumentation Agency of the Ministry of Environment (KHLK) and addressed forest product standards' vital role in supporting sustainable development, particularly in the construction sector.

Head of the KLHK's Standardization and Instrumentation Agency, Ary Sudijanto, emphasised the urgency of using certified and sustainably managed forest products. Sustainably produced wood, he said, can preserve biodiversity, reduce carbon emissions, and support a circular economy.

The symposium also discussed the importance of integrating forest product standards for green construction to address the challenges of climate change and the biodiversity crisis. One of the key points discussed in the symposium was the role of the circular economy in forest management.

See: <https://rm.id/baca-berita/government-action/235396/simposium-nasional-dorong-standar-produk-hasil-hutan-untuk-konstruksi-hijau>

Forest management no longer focused solely on wood

Deputy Minister of Environment and Forestry Alue Dohong highlighted that the current forest management paradigm has shifted and is no longer solely focused on wood. Moreover, several urgent issues must be addressed to ensure sustainable forest management.

The Deputy Minister made the comments as he opened the 16th International Symposium of the Indonesian Wood Research Society (IWORS) at Tanjungpura University in Pontianak, West Kalimantan.

He said Indonesia has established five essential pillars to ensure sustainable forest management and the welfare of its people. They comprise [forest] area certainty, business guarantees, productivity, product diversification, and competitiveness. These, said the Deputy Minister, serve as the guiding principles from planning to forest utilization.

"Integrating forest policy and management is crucial, not only for environmental conservation but also for economic prosperity and social welfare," he emphasized.

Growing challenges, such as deforestation and climate change, require comprehensive strategies that align policy frameworks with practical management approaches, he concluded

See: <https://forestinsights.id/wamen-lhk-tegaskan-pengelolaan-hutan-tak-lagi-berpusat-pada-kayu-beberkan-masalah-mendesak/>

Indonesian minister stresses importance of carbon trading system

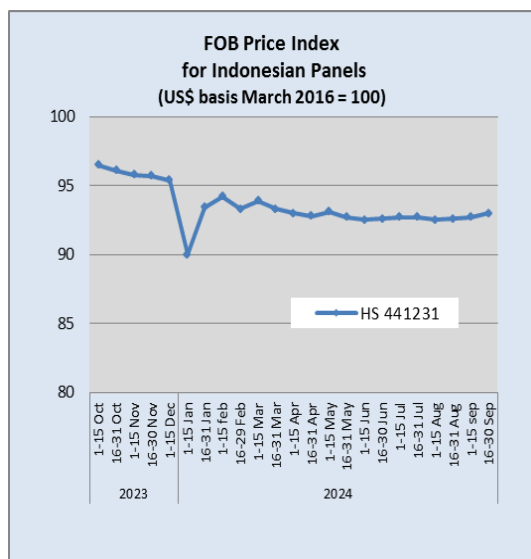
Minister of Environment and Forestry, Siti Nurbaya, has emphasised the importance of carbon trading in reducing greenhouse gas emissions.

"There is a misunderstanding," she said during a focus group discussion with Commission IV of the House of Representatives in Jakarta. "People might think carbon trading means selling all the carbon from our forests, but it is actually about reducing emissions by planting more to increase carbon absorption."

Nurbaya stated that carbon pricing aims to meet the climate targets outlined in the Nationally Determined Contribution (NDC) document, which reflects Indonesia's commitment to the global community in reducing emissions.

Carbon services, she added, must come from high-integrity environments and activities carried out with integrity. To ensure it's not greenwashing, not just any carbon can be traded. "Carbon trading requires transparency, accountability, comparability, and consistency," said Nurbaya.

See: <https://en.antaranews.com/news/326791/indonesian-minister-stresses-importance-of-carbon-trading-system>



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

Myanmar

Continued currency sales by Central Bank

In late September 2024, the Central Bank of Myanmar (CBM) sold significant amounts of US dollars, Chinese Yuan, and Thai Baht. On September 25, it sold nearly US\$13 million at a rate of 3,524 kyat per US dollar along with 700,000 Yuan. Earlier, on September 23, the CBM sold US\$23 million, and on September 20, it sold US\$1.28 million and 800,000 Yuan.

Mid-September the CBM conducted various sales, including US\$30 million to fuel oil companies. It also sold US\$8.5 million and over 2 million Thai Baht on September 19, followed by another 3 million Baht the next day. In the preceding days, smaller sales included US\$300,000 on September 17, US\$5 million on September 16, and US\$230,000 on September 13. The CBM has been using the foreign exchange market to stabilize the currency and manage liquidity amid ongoing economic challenges.

See: <https://elevenmyanmar.com/news/cbm-sells-nearly-13-million-at-3524-kyats-per-dollar-and-700000-yuan-on-september-25>

Investment urged by Myanmar's China Ambassador

At the 21st China-ASEAN Expo in Nanning, Myanmar's ambassador to China, Tin Maung Swe, urged China and ASEAN countries to invest in Myanmar's agriculture, livestock, and various other sectors.

He highlighted the importance of uninterrupted global supply chains and increased market opportunities for Myanmar, inviting cooperation in areas such as transport, IT, energy, infrastructure, and manufacturing. Despite Myanmar's challenges following political developments in February 2021, ASEAN and China remain its largest trade partners.

However, foreign investment in Myanmar has significantly declined with many investors either leaving or suspending operations.

See: <https://eng.mizzima.com/2024/09/27/14431>

Flood death toll reaches nearly 270

The death toll from ongoing flooding in Myanmar has risen to nearly 270, and 88 others are still missing, Myanmar's authorities report. The United Nations has warned that 630,000 people in Myanmar may need assistance following Typhoon Yagi. In response to this emergency, the government has called for international aid.

See: unocha.org/publications/report/myanmar/myanmar-flood-situation-report-3-27-september-2024

Passport rule changes for students in Thailand

Myanmar nationals studying in Thailand on short-term education visas will no longer be able to renew their passports at the embassy in Bangkok or the consulate in Chiang Mai and must return to Myanmar for renewals.

This restriction comes as the military junta seeks to address troop shortages following losses to rebel groups. Many draft-eligible individuals have fled or joined opposition groups. Around 3,700 Myanmar nationals are studying in Thailand. However, those in undergraduate and postgraduate programs can still apply for a special "Passport for Education" to remain legally in Thailand.

See: <https://www.rfa.org/english/news/myanmar/myanmar-thailand-students-passports-09202024201855.html>

India

Standards Bureau builds awareness of mandatory plywood QCO

The BIS (Bureau of Indian Standards) and DPIIT (Department for promotion of industry and internal trade) have stepped up efforts to inform industry via testing laboratories and awareness workshops about implementation of the Quality Control Order (QCO) for Plywood and Flush Doors in February 2025.

Up to August 2024, 900 plywood manufacturing units had managed to obtain the mandatory certification required for conformance out of an estimated total of 3,000. Concerns have been raised that the remaining 2,100 units will find it difficult to undertake the required testing and secure certification in time, with certificates taking three months for BIS to issue.

To solve the problems faced by micro, small, medium sized enterprises (MSMEs) in relation to the cost of logistics associated with testing, the government is working with the established laboratories of companies like Tata Steel and facilities recognised by the National Accreditation Board for Testing and Calibration Laboratories, which can be used for testing plywood and panel products.

The QCO does not affect goods manufactured domestically in India for export but does apply to imported products.

The BIS has stated that stakeholders with concerns about the QCO can address them direct to its centres or mail them to the DPIIT.

See: <https://www.bis.gov.in/wp-content/uploads/2023/09/Notified-Plywood-and-Wooden-flush-door-shutters-Quality-Control-Order-2023-in-e-Gazette.pdf> and <https://induceindia.com/bis-certification-for-plywood-and-wooden-flush-door-shutters/>

World Bank says Indian economy continues to grow

The Indian economy continues to grow at a healthy pace despite challenging global conditions, according to the World Bank's latest India Development Update: India's Trade Opportunities in a Changing Global Context (IDU). However, it says to reach its goal of US\$1trillion merchandise exports by 2030, India needs to diversify its export basket and leverage global value chains.

The IDU reports that India remained the fastest-growing major economy and grew at 8.2% in the 2023-24 financial year. Growth was boosted by public infrastructure investment and an upswing in household real estate spending.

On the supply side, it was supported by a buoyant manufacturing sector, which grew by 9.9%, and resilient services activity, which compensated for underperformance in agriculture. Reflecting these trends, urban unemployment has improved gradually since the pandemic, especially for female workers.

Female urban unemployment fell to 8.5% in early 2024, although urban youth unemployment remained at 17%.

Despite challenging external conditions, the World Bank expects India's medium-term outlook to remain positive. Growth is forecast to reach 7% in FY24/25 and remain strong in FY25/26 and FY26/27.

The IDU also highlights the critical role of trade for boosting growth. The global trade landscape has witnessed increased protectionism in recent years.

The post pandemic reconfiguration of global value chains, triggered by the pandemic, has created opportunities for India. The report emphasizes that India has boosted its competitiveness through the National Logistics Policy and digital initiatives that are reducing trade costs. However, it also notes that tariff and non-tariff barriers have increased and could limit potential for trade focused investments.

See: World Bank <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099513209032434771/idu113d06cd810fc1465e1a7e318a711ea131b8>

Russia's timber giant target India

At present just 3% of Russian timber is traded into India but, according to a report by Wood Central, that may change as the Segezha Group, Russia's largest timber exporter responsible for more than 30% of its trade, is targeting the country's expanding market.

See: <https://woodcentral.com.au/russias-timber-giants-target-india-as-ukraine-sanctions-bite/>

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	213	450
Colombia	193	405
Costa Rica	138	325
Nigeria	-	-
Benin *	-	-
Tanzania	96	450
Laos	-	-
South Sudan	176	675
Guatemala	89	330
Venezuela	-	-

* Benin has banned export of long length logs.

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

	cu.m	US\$ C&F
Benin	186.5	680
Brazil	118.3	625
Columbia	-	-
Costa Rica	94.8	495
Panama	120.8	480
Ghana	156.0	415
Ivory Coast - Plantation	173.6	845
Ivory Coast - Commercial	91.2	495
Nigeria	124.2	400
South Sudan	163.9	650
Tanzania - Commercial	97.8	465

Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,300 - 4,700
Balau	2,900 - 3,200
Resak	-
Kapur	-
Kempas	1,600 - 1,900
Red meranti	1,700 - 1,800
Radiata pine	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	84.00
6mm	97.00
9mm	115.00
12mm	137.00
15mm	178.00
8mm	195.00

Domestic ex-warehouse prices for locally manufactured MR plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	57.00
6mm	73.00
9mm	84.00
12mm	99.00
15mm	134.00
19mm	143.00
5mm Flexible ply	89.00

Vietnam

Wood and wood products (W&WP) trade highlights

- According to statistics from the General Department of Customs, in August 2024, Vietnam's W&WP export turnover reached US\$1.5 billion, up 9.2% compared to July 2024 and up 16.7% compared to August 2023. Of this, the WP export turnover, alone, was US\$1.03 billion, up 5.1% compared to July 2024 and up 22% compared to August 2023.

In the first 8 months of 2024 W&WP exports reached at US\$10.4 billion, up around 23% over the same period in 2023. WP export turnover, in particular, contributed US\$7.1 billion, up 24% over the same period in 2023.

- The W&WP exports to the Dutch market in August 2024 amounted to US\$2.7 million, down 64% compared to August 2023. Generally, in the first 8 months of 2024, the W&WP export turnover to this market brought about US\$47.7 million, up 12% over the same period in 2023.
- Vietnam's office furniture exports in August 2024 were valued at US\$16.2 million, down 38% compared to August 2023. Generally, in the first 8 months of 2024, the exports of office furniture contributed US\$173 million, up 0.2% over the same period in 2023.
- Vietnam's W&WP imports in August 2024 accounted for US\$270.7 million, up 3.1% compared to July 2024 and up 46.1% compared to August 2023. Generally, in the first 8 months of 2024, W&WP imports reached US\$1.79 billion USD, up 26.6% over the same period in 2023.
- Vietnam's poplar import volume in August 2024 was 42.6 thousand cu.m, worth US\$17.0 million, up 3.1% in volume and 3.2% in value compared to July 2024; an increase of 44.1% in volume and 48.7% in value compared to August 2023. Generally, in the first 8 months of 2024, poplar imports accumulated at 259.7 thousand cu.m, worth US\$100.1 million, up 26.6% in volume and 15.9% in value over the same period in 2023.
- Import volume of raw wood (log, lumber and wood-based panels) from China in August 2024 was 85 thousand cu.m, with a value of US\$34 million, up 1.2% in volume and 6.1% in value compared to July 2024; bringing the total volume of raw wood imported from China in the first 8 months of 2024 to 591.82 thousand cu.m, with a value of US\$234.54 million, up 76.2% in volume and 46.8% in value over the same period in 2023.

W&WP exports/imports in the first 8 months of 2024

According to the statistics from the General Department of Customs, Vietnam's W&WP export turnover in August 2024 reached US\$1.5 billion, up 9.16% over the previous month, and up 16.65% over the same period in 2023. Of which, WP exports fetched US\$1.03 billion, up 5.11% compared to July 2024 and up 21.97% over the same period last year.

Over the first 8 months of 2024, the W&WP exports totaled US\$10.41 billion, up 22.6% year-on-year, ranking 6th in value amongst Vietnam's export commodity groups.

Of this, the WP export turnover was US\$7.12 billion, up 24.02% over the same period last year, accounting for 68% of the total W&WP export turnover (this proportion last year was 67.61%).

Foreign direct investment (FDI)

In August 2024, the W&WP export turnover contributed by FDI enterprises reached over US\$690 million, up 3.75% over the previous month, and up 17.97% over the same period last year. In which, WP export turnover reached US\$638 million, up 3.55% compared to July 2024, and up 22.33% over the same period in 2023.

In the first 8 months of 2024, W&WP export turnover shared by FDI enterprises amounted to US\$4.8 billion, up 25% over the same period last year and accounting for 46% of Vietnam's total W&WP export turnover. In which W&WP export turnover reached US\$4.38 billion, up 25.16% over the same period in 2023, accounting for 91% of the total export turnover attained by FDI enterprises and accounting for 61.6% of the total export turnover of Vietnam's WP exports. In 2023, this proportion for the same period was 61.03%.

Export markets

In August 2024, W&WP export turnover to the US market reached US\$858 million, a slight increase compared to the previous month (5.5%), but up 279% over the same period last year, accounting for 57% of the country's W&WP export turnover. The US remains the top export market, making an important contribution to the industry-wide growth in August 2024.

In August, W&WP export turnover to South Korea valued at US\$69 million, up 116% over the previous month and up 11% over the same period in 2023. W&WP exports to China grew strongly compared to July (up 26%) but decreased slightly over the same period (down 7%). In contrast, compared to the previous month, W&WP export turnover dropped sharply to France (20%), the Netherlands (30%), Thailand (10%).

Vietnam W&WP exports Jan-Aug 2024 (US\$ mil.)

	Jan-Aug 2024	YoY % change
USA	5,746.4	26
China	1,390.8	31
Japan	1,130.9	1
S. Korea	521.5	-1
Slovenia	275.8	na
Canada	154.5	23
UK	145.7	18
Malaysia	103.4	10
Australia	102.2	11
India	99.9	54
France	70.5	9
Croatia	58.2	na
Germany	53.9	39
Thailand	52.3	34
Netherlands	47.7	12
Taiwan P.o.C.	42.1	-5
Spain	40.0	63
Belgium	37.8	43
Cambodia	35.9	65
Mexico	28.0	35
Other	276.1	na
Total	1,0413.4	23

Data source: Vietnam Office of Customs

In the first 8 months of 2024, W&WP exports to top markets increased significantly. The US remains the largest export market, reaching over US\$5.74 billion, up 26% over the same period last year and accounting for 55% of the country's total W&WP exports.

The W&WP exports to the Chinese market increased by 31%, Canada 23%, the UK 18%, Germany 39%. while other markets have recorded quite high growth over the same period last year.

Japan is Vietnam's 3rd largest W&WP export market, but export turnover in the first 8 months of 2024 to Japan recorded a low increase, only up 1.5% over the same period. Eight months saw a slight decline in W&WP export turnover to the South Korean market, down 0.5%.

Imports of W&WP

According to statistics from the General Department of Customs, W&WP import turnover to Vietnam in August 2024 recorded at US\$270 million, up 3% compared to July 2024 and up 46% compared to August 2023.

In the first 8 months of 2024, W&WP import turnover to Vietnam reached US\$1.79 billion, up 27% over the same period last year.

Foreign Direct Investment (FDI) Enterprises

In August 2024, the import turnover of W&WP contributed by FDI enterprises reached nearly US\$95 million, down 1.51% compared to the previous month and up 53.2% over the same period in 2023.

In the first 8 months of 2024, the W&WP imported by FDI enterprises reached US\$675 million, up 37.8% over the same period in 2023, accounting for 37.71% of the total Vietnam's W&WP imports. This rate of the same period last year was 27.36%.

Imports

In August 2024, W&WP imports from Thailand, Chile, Brazil, Italy and Indonesia increased significantly compared to July 2024, of which, imports from Chile soared by 90% and Brazil by 69%. In contrast, compared to July 2024, imports from the US, France, Germany, and Belgium decreased by 167%, 124%, 21%, 36%, respectively, and imports from Cambodia decreased by 22%.

In the first 8 months of 2024, W&WP imports from China, the US, Thailand, Chile, New Zealand and Italy surged. Leading the list of import sources was China with a share of US\$704 million, up 51% over the same period, accounting for 39% of the country's imports. Next to China was the US with a turnover of US\$208 million, up 30%, accounting for 12% of the total imports. In contrast, imports decreased slightly in some key markets such as France, Laos, Indonesia and Malaysia.

Vietnam W&WP imports Jan-Aug (US\$ million)

	Jan-Aug 2024	YoY % change
China	704.8	51
USA	208.2	30
Thailand	98.1	31
France	71.3	-5
Laos	65.4	-4
Chile	43.8	27
Brazil	41.2	32
New Zealand	37.3	41
Germany	34.5	10
Russia	34.0	32
Italia	29.2	65
Congo	25.9	12
Indonesia	19.6	-8
Malaysia	16.1	-9
Canada	8.3	43
Belgium	7.0	-25
Argentina	6.5	223
Finland	6.1	-18
Cambodia	6.0	1
South Korea	5.2	-64

Data source: Vietnam Office of Customs

Brazil

Boosting private investment in forest sector

The National Bank for Economic and Social Development (BNDES) has launched the BNDES Forests Credit programme with a R\$1 billion fund to boost private investments in the forest sector for companies of all size using native timber species.

To access the BNDES Forests Credit, companies need to operate in one of the following: sustainable forest management; restoration of vegetation cover; forest concessions; planting of native species and agroforestry systems; support for the production chain of timber and non-timber products from native species; acquisition of machinery and services associated with these activities.

The programme combines resources from the Climate Fund (R\$456 million) and R\$544 million from BNDES traditional credit lines, such as BNDES Finem Environment, offering financing at low rates and flexible terms. Project value can be up to R\$100 million. Financing will be structured according to BNDES' standard regulations, considering the specifics of each project.

BNDES also aims to attract the private sector, collaborating with commercial banks and companies with the aim of transforming Brazil into one of the global leaders in forest restoration.

During the United Nations Framework Convention on Climate Change (UNFCCC) COP 28, at the end of last year, the Brazilian government launched an initiative to transform the "Arc of Deforestation" into the "Arc of Restoration," by restoring 24 million hectares of natural forest by 2050, potentially removing around 1.65 billion tonnes of carbon dioxide from the atmosphere over 30 years.

In addition to capturing carbon, the project aims are to promote biodiversity, generate jobs and income, and stimulate the sustainable production of food, such as açai and cocoa.

See: <https://www.remade.com.br/noticias/20218/bndes-lanca-programa-para-impulsionar-investimentos-em-florestas-nativas-no-pais>

Furniture industry contributes to recovery in Rio Grande do Sul

After the extensive flooding in the state of Rio Grande do Sul in the south of Brazil from April into May 2024, the furniture sector has played a crucial role in its economic recovery.

Despite logistical challenges and losses, more than 2,400 furniture manufacturers recorded sales of R\$ 6.14 billion in the first half of the year, an increase of 9% compared to the previous year. Exports also rose by 6.8%, reaching US\$ 119.7 million, with particularly strong growth to the United States, Chile, and Uruguay.

In addition to the furniture sector showed solidarity with local communities, with campaigns such as "Sponsor a city" (*Apadrinhe uma Cidade*) and "United for Bento Gonçalves" (*Unidos por Bento*), donating furniture, helping rebuild roads and creating new jobs.

See: <https://www.movergs.com.br/noticias/industria-moveleira-colabora-com-a-retomada-do-rs>

August wood-based product exports down on previous year

In August 2024, Brazilian exports of wood-based products (excluding pulp and paper) decreased 10.8% in value compared to August 2023, from US\$300.7 million to US\$268.4 million.

Pine sawnwood exports decreased 9.2% in value between August 2023 (US\$53.2 million) and August 2024 (US\$ 48.3 million). In volume, exports decreased 10.4% from 230,100 cu.m (August 2023) to 206,200 cu.m (August 2024).

Tropical sawnwood exports decreased 33.1% in volume, from 26,300 cu.m in August 2023 to 17,600 cu.m in August 2024. In value, exports decreased 48.4% from US\$12.6 million to US\$6.5 million, over the same period. As for tropical plywood, exports decreased 40.0% in value and 37.5% in volume, from US\$1.5 million and 2,400 cu.m in August 2023 to US\$0.9 million and 1,500 cu.m in August 2024.

As for wooden furniture, export value decreased 10.6% from US\$54.0 million in August 2023 to US\$48.3 million in August 2024.

Pine plywood was the one wood-based product category which saw an increase in foreign sales. Exports rose 8.9% in value in August 2024 (US\$ 58.5 million) compared to August 2023 (US\$53.7 million).

In volume, exports increased 3.0% over the same period, from 168,500 cu.m (August 2023) to 173,600 cu.m. (August 2024).

The 21% fall in Brazilian exports of wood products in August 2024 compared to July was attributed to shipping difficulties. Uncertainties related to maritime transport are negatively impacting the sector, even as exporters manage to overcome challenges such as high production costs and internal logistics. Competition for space on ships and rising freight costs are among the main factors affecting the sector.

In the first half of 24, Brazil's southern ports saw a 30% increase in container shipments. While the Port of Navegantes, in Santa Catarina state recorded a 22% drop in timber cargo volume, volumes through the Ports of Paranaguá in Paraná state and Itapoá in Santa Catarina grew by 84% and 14%, respectively.

See: <https://www.woodflow.com.br/blog/dificuldades-no-embarque-derruba-exportacoes-de-madeira>

Brazil participates in the Global Legal and Sustainable Timber Forum

The "Global Legal and Sustainable Timber Forum 2024" was held on September 11 and 12, in Macau, China. The aim was to promote sustainable forest management and foster global trade in legal and sustainable timber.

Brazilian participants included the Association of Wood Exporting Industries of the State of Pará (AIMEX) and the Brazilian Association of Mechanically Processed Wood Industry (ABIMCI). The event was also attended by STCP, a Brazilian company in the sector, which gave a presentation on 'Innovative Measures to Promote Legal and Sustainable Timber Supply Chains at a Global Level'. Many companies participated in the "B2B Matching" event, strengthening connections with key stakeholders in the region.

STCP also took part in the specialized subforum on potential impacts on tropical timber producers of emerging timber trade requirements and their responses to the latter. During the presentation STCP discussed the impacts of the European Union Deforestation Regulation (EUDR) on the Brazilian forest sector.

See: STCP <https://www.stcp.com.br/stcp-participa-do-forum-global-da-madeira-legal-e-sustentavel-2024-de-2-dias-em-macau-china/>

Domestic log prices

Brazilian logs, mill yard, domestic	US\$ per cu.m
Ipê	454↓
Jatoba	194↓
Massaranduba	173↓
Muiracatiara	169
Angelim Vermelho	171↑
Mixed redwood and white woods	126↓

Prices do not include taxes. Source STCP Data Bank

Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US\$ per cu.m
Ipê	1,744↓
Jatoba	933↑
Massaranduba	812↓
Muiracatiara	816↓
Angelim Vermelho	770↓
Mixed red and white	518↓
Eucalyptus (AD)	297↓
Pine (AD)	245↑
Pine (KD)	285↓

Prices do not include taxes. Source: STCP Data Bank

Domestic plywood prices

Parica ex-mill	US\$ per cu.m
4mm WBP	616↑
10mm WBP	482↓
15mm WBP	417
4mm MR.	568↑
10mm MR.	420↑
15mm MR.	368↑

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

Domestic ex-mill prices	US\$ per cu.m
15mm MDParticleboard	288↑
15mm MDFibreboard	296↑

Prices do not include taxes. Source: STCP Data Bank

Export prices

Average FOB prices Belém/PA, Paranaguá/PR, Navegantes/SC and Itajaí/SC Ports.

Export sawnwood prices

Sawnwood	US\$ per cu.m
Ipe	2,427↓
Jatoba	1,317↓
Massaranduba	1,298↓
Muiracatiara	1,319↓
Pine (KD)	193

Prices do not include taxes. Source: STCP Data Bank

Export plywood prices

Pine plywood	US\$ per cu.m
9mm C/CC (WBP)	330↓
12mm C/CC (WBP)	305↓
15mm C/CC (WBP)	293↓
18mm C/CC (WBP)	288↓

Prices do not include taxes. Source: STCP Data Bank

Export prices for added value products

Added value product	US\$ per cu.m
Decking Boards Ipê	3,217↑
Jatoba	1,821↑

Prices do not include taxes. Source: STCP Data Bank

Peru

Exports declined in first seven months of 2024

Peruvian shipments of wood and its derived products from January to July 2024 totalled US\$47.4 million, a drop of 23% compared to the same period in 2023 (US\$61.9 million) according to the Extractive Industries and Services Management of Exporters Association ADEX.

The decline was partly attributed to uncertainty in international markets over purchasing 'shihuahuaco' (*Dipteryx* spp.) due to its inclusion in Appendix II of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

In the first seven months of 2024, France was the largest export destination for Peru's wood sector, with a share of 16%, although sales to the country dropped 29% compared to the same period in 2023.

The US is Peru's second biggest timber export market. It accounted for 15.6% of the country's total timber exports in the first seven months of 2024, with an increase in purchases of around 50%. China is the country's third largest export destination, accounting for 14% of Peruvian exports, although its purchases in the first seven months were down 45%.

Plywood was one wood product export category that grew substantially between January and July 2024, although from a small base. According to ADEX, export value of US\$956,046 was 38 times higher than the same period last year (US\$24,420). Mexico was the largest export market, accounting for US\$691,662 (72%), followed by Ecuador (US\$221,231) and Colombia (US\$ 42,508). Plywood shipments were mainly out of Lima (US\$734,395) and Loreto (US\$221,231).

Peruvian particleboard imports fall

In the first seven months of 2024, Peru's particleboard imports totalled US\$78.9 million, representing a decrease of 12.6% compared to US\$90.3 million in the same period in 2023. The main countries of origin were Ecuador, declining 11.3% to US\$38.6 million during the period, and Spain down 14.0% to US\$18.3 million. In contrast, imports of this commodity from Brazil increased 16% to US\$11.8 million, while imports from Chile suffered a 34% decline to US\$8.9 million.

See: <https://www.adexperu.org.pe/>

OSINFOR strengthens forest supervision with new technologies

Peru's Forest and Wildlife Resources Supervision Agency (OSINFOR) is turning to new technology to aid species identification and strengthen forest monitoring. It has been working on a pilot in Madre de Dios in conjunction with the Forestry Wood Network, which comprises CITE Madera Lima, CITE Forestal Maynas and CITE Productivo Madre de Dios of the Technological Institute of Production .

The joint effort had the logistical support of the United States Forest Service and World Forest ID. It is using the Xylotron field-portable wood species identification tool and DART-TOFMS (Direct Analysis in Real Time-Time of Flight Mass Spectrometry). These allow for the precise identification of timber species, even as sawn timber. The aim is to strengthen the traceability and, hence, ensure legality of timber products in the first stage of the production chain.

As part of the project, OSINFOR forest supervisors were trained in the use of both tools. Together with professionals from Red Forestal Madera, they collected anatomical and dendrological samples of species of interest and put them through the technologies' identification process.

With the information obtained in the pilot collection of anatomical and dendrological samples, OSINFOR will be able to update its protocol for identifying forest species during supervisions. This will allow for more effective and timely detection of irregularities in the forest production chain.

See: <https://www.gob.pe/institucion/osinfor/noticias/1024022-el-osinfor-fortalece-la-supervision-forestal-con-nuevas-tecnologias-de-identificacion-de-especies-maderables>

Peru to issue Deforestation-Free Certificate to facilitate EUDR conformance

On 10 September 2024, Ministerial Resolution No. 0309-2024-MIDAGRI was published, approving the electronic document called "Deforestation Free Certificate" for agricultural producers. This certificate will be issued after verifying the non-existence of deforestation in the evaluated area and ensuring compliance with Peru's forestry regulations.

Peru's Deforestation Free Certificate has been created to assist EU operators importing regulated products from Peru to comply with the European Union Deforestation Free Regulation.

Peru's General Directorate of Statistics, Monitoring and Evaluation of Policies of the Ministry of Agrarian Development and Irrigation is responsible for verifying the non-existence of deforestation. The directorate, with the support of the National Forestry and Wildlife Service, is also tasked with updating and systematizing the public information contained in the certificate.

See: <https://www.lexology.com/library/detail.aspx?g=6237ec73-0cb0-4767-abe3-9a6164ac7c1b>

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	979-1011 1079-1098
Cumaru decking, AD, S4S E4S, Central American market	1209-1221 ↑
Pumaqui KD Gr. 1, C&B, Mexican market	501-561 ↑
Quinilla KD, S4S 2x10x62cm, Asian market	591-627
2x13x75cm, Asian market	774-831

Export veneer prices

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

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	695-716
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market Grade 2, Mexican market	582-602 527-541
Cumaru 4" thick, 6"-11" length KD Central American market Asian market	1019-1038↑ 1011-1052↑
Ishpingo (oak) 2" thick, 6"-8" length Spanish market Dominican Republic	641-654 765-799
Marupa 1", 6-11 length KD Grade 1 Asian market	559-572↑

Domestic prices for other panel products

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

Export plywood prices

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

Domestic sawnwood prices

Peru sawnwood	US\$ per cu.m
Mahogany	-
Virola	227-237↑
Spanish Cedar	333-344
Marupa (simarouba)	192-227

Domestic plywood prices (excl. taxes)

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

Japan

Business federation welcomes new Prime Minister

Business leaders in Japan called on Shigeru Ishiba, the newly elected president of the ruling Liberal Democratic Party (and now Prime Minister) to accelerate economic growth amid signs of recovery, including rising wages and prices.

The newly appointed Prime Minister is expected to come up with a stimulus package immediately. Masakazu Tokura, chairman of the Japan Business Federation, the country's biggest business lobby, described the new PM as "a leader who is ready to propel innovations adding, our country is facing a turning point to see if we can move out of deflation completely" stressing that political and economic stability is to realize growth".

Speaking after being elected Ishiba said that he will follow the same basic approach as former Prime Minister Fumio Kishida's government in trying to pull Japan out of years of deflation. "The economy won't improve if consumer spending doesn't increase," he said.

Ishiba is also emphasising distribution of wealth to workers and calling for the national average minimum wage to rise to 1,500 yen per hour within this decade.

Corporate leaders upbeat on prospects

Corporate leaders in Japan are increasingly bullish about the domestic economy as wage increases have started to overtake the rise in inflation. The upbeat mood comes from the expectation the consumer spending will rise. According to a recent Nikkei survey more than 70% of top business leaders in Japan say the economy is expanding with most pointing to a recovery in consumer spending as wages rise.

See: <https://www.nippon.com/en/news/yjj2024092501042/japan-2023-private-sector-pay-up-marginally-to-4-6-m-yen.html>

Falling household spending holding back growth

After an economic rebound in the first half of 2023 Japan's economy has since struggled. Real gross domestic product fell 0.5% in the first quarter of 2024 from the previous quarter and was down 1.3% from its peak in the second quarter of 2023.

Most of the downturn was due to falling domestic household spending which fell in three of the last four quarters.

Analysis by the Deloitte Global Economics Research Center published in its Japan Economic Outlook suggests that stronger wage growth and more moderate inflation are expected to boost consumer spending. In early 2024 the weak currency drove export growth.

The report identifies that as the Bank of Japan tightens monetary policy consumer spending and consequent growth may be relatively modest.

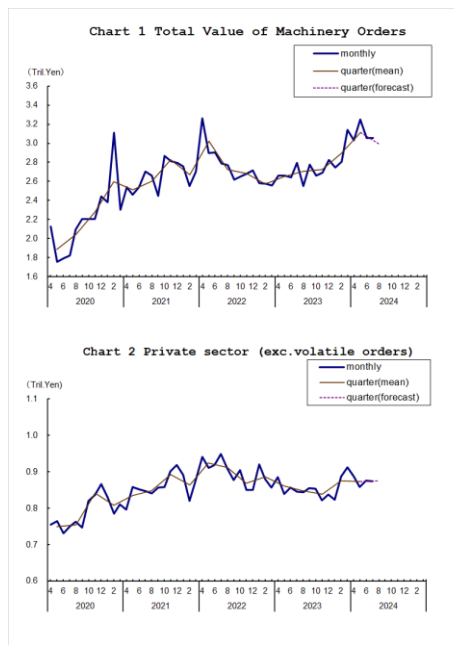
In related news, the Ministry of Finance has reported a trade deficit for a second straight month in August despite signs of sluggish consumer spending that slowed imports.

Exports totaled 8.4 trillion yen (US\$59 billion), up 5.6% from the same month last year. Shipments to Asia rose while exports to the US fell. Imports totaled 9.1 trillion yen (US\$64 billion), up 2.3% from a year earlier. By region, imports from Europe showed the strongest growth.

Both numbers fell short of forecasts for 10% growth in exports and an even higher increases for imports.

See: <https://www2.deloitte.com/us/en/insights/economy/asia-pacific/japan-economic-outlook.html>

Machinery orders hint at private sector caution



Data source: <https://www.esri.cao.go.jp/en/stat/juchu/juchue.html>

Seasonally adjusted July core machinery orders, an indicator of business prospects, declined slightly from the previous month according to a release from the Cabinet Office. Private-sector orders, excluding those for ships and power equipment, a closely watch leading indicator of corporate capital spending, was little changed from June when orders rose 2% month on month in June.

BoJ - inflation expectations have risen

At the Monetary Policy Meeting held 20 September the Policy Board of the Bank of Japan assessed the economy has recovered moderately, although some weakness has been seen and overseas economies have grown moderately on the whole. However exports and industrial production have been more or less flat but with improved corporate profits fixed investment has been rising.

The employment and income situation have improved and there has been an uptick in private consumption despite the impact of price rises but investment in housing investment has been subdued.

The Bank says inflation expectations have risen moderately and the economy is likely to keep growing at a pace above its potential growth rate, with overseas economies continuing to grow moderately and as a virtuous cycle from income to spending gradually intensifies against the background of factors such as accommodative financial conditions.

Underlying CPI inflation is expected to increase gradually since it is projected that the output gap will improve and that medium to long-term inflation expectations will rise in tandem with wages.

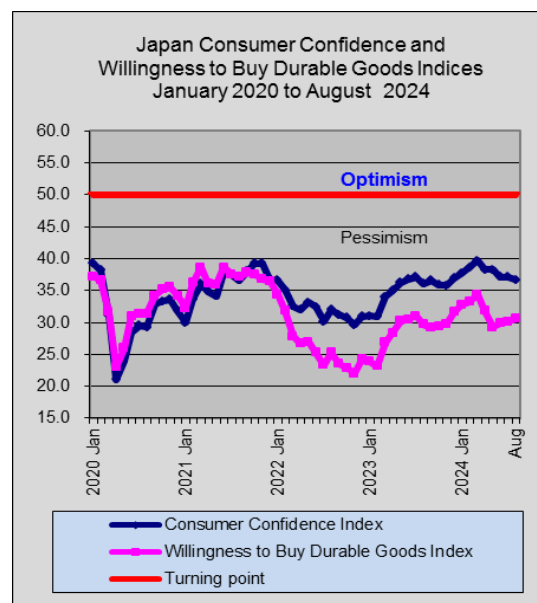
See: https://www.boj.or.jp/en/mopo/mprdec/mpr_2024/k240920a.pdf

Aging population has implications for house builders

Japanese aged 65 or older now account for nearly 30% of the population. Data from the Ministry of Internal Affairs and Communications shows Japan’s elderly population hit 36.25 million in 2023, a record high, with those aged 65 or older now accounting for almost one-third, a higher proportion than most other countries in the region. The data also showed that a record 9.14 million elderly people were employed last year, accounting for one in seven employees.

Japan is grappling with a worsening demographic crisis as a dwindling number of working-age people face being saddled with mounting healthcare and welfare costs and this will dampen the prospects for spending on discretionary goods and has serious implications for the housing market leading several Japanese house builders to explore foreign market opportunities.

See: <https://www.aljazeera.com/economy/2024/9/16/japans-elderly-population-rises-to-record-36-25-million>

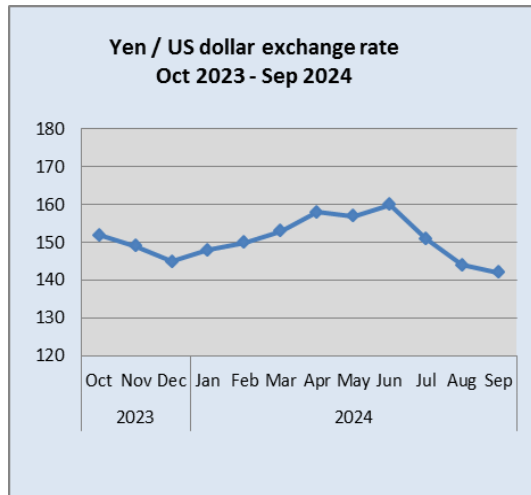


Data source: Cabinet Office, Japan

Japanese Yen exchange rate remains steady

The day before the Bank of Japan (BoJ) Policy Board meeting Governor Kazuo Ueda said that the Bank has time to evaluate market and economic conditions before making any significant policy adjustments, which has been interpreted as signaling no interest rate increases are imminent.

He noted that Japan's real interest rate remains negative which is helping to stimulate the economy and drive up prices.

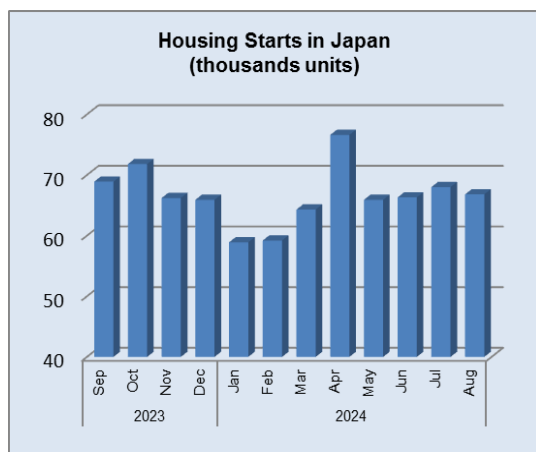


Data source: <https://www.wsj.com/market-data/currencies/exchangerates>

Weak yen attracted investment in real estate

Japan is enjoying an unexpectedly active property market but some see risks ahead. The weak yen has attracted investment in real estate which is beginning to drive up prices.

The data from the Land Institute of Japan data shows prices have been rising since the end of the pandemic with prices in some areas close to a 20-year high. Inevitably, there are worries this could trigger a housing market crash.



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

Recent Cabinet Office data shows house prices in July rose by 2.8% year-on-year. While that's a fraction of the increases seen in the UK, the US and the EU it represents the fastest price rise in Japan since 2014.

See: <https://capital.com/en-au/analysis/japan-house-price-crash-foreign-investment-weak-yen>

Import update

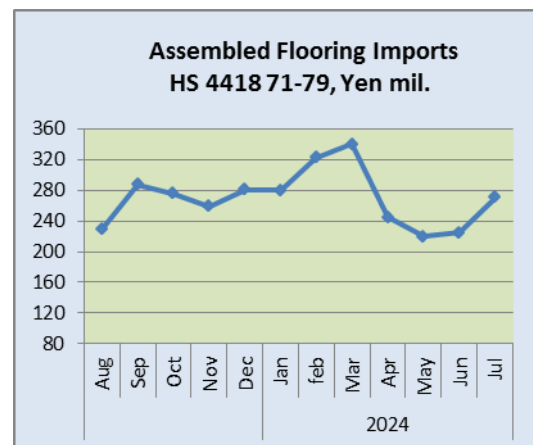
Japan has plans to broaden antidumping duties to cover products shipped through third countries. At present duties apply only to products from specified countries of origin but do not cover goods that have been modified slightly or reprocessed in third countries. New regulations will be put in place to make it easier to investigate suspected circumvention of trade restrictions and duty avoidance.

See: https://asia.nikkei.com/Economy/Trade/Japan-to-expand-antidumping-duties-to-fight-evasion?utm_campaign=GL_JP_update&utm_medium=email&utm_source=NA_newsletter&utm_content=article_link

Assembled wooden flooring imports

June marked a reversal of the decline in the value of assembled flooring imports (HS441871-79) which was observed since April. The July data from the Ministry of Finance shows the up-swing continued in July. Month on month there was a 20% increase in the value of imports, however, compared to July 2023, there was an 8% decline in July this year.

The yen/US dollar exchange rate at the beginning of the second half of the year was around yen 145 to the US dollar, a marked strengthening from the level of 150-160 in the second quarter of this year and this strengthening has given a boost to importers.



Data source: Ministry of Finance, Japan

As in previous months the main category of assembled flooring imports was HS441875, accounting for 70% of the total value of assembled flooring imports, slightly down from the previous month. The second largest category in terms of value was HS441879 followed by HS441874.

Shippers in China accounted for almost 70% of Japan’s imports of assembled wooden flooring in June with shippers in Vietnam accounting for another 15%. Three other countries shipped assembled flooring (HS441875) to Japan in July, Germany, Denmark and Italy.

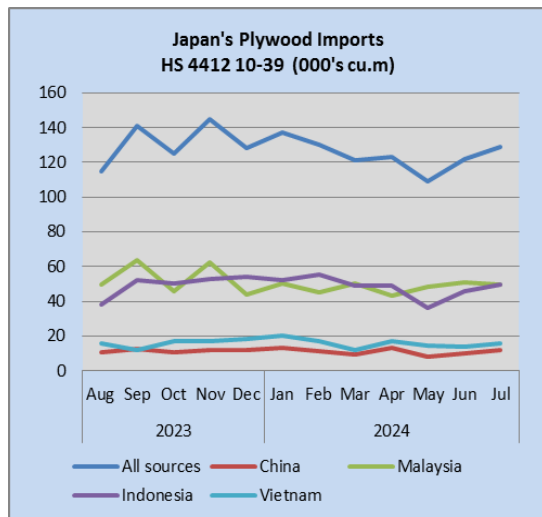
Plywood imports

Of the various categories of plywood imported in July most was HS441231. Of total shipments from Malaysia and Indonesia, over 90% was HS441239. Shipments from China were more varied with HS441234 and 39 accounting for around 40% each of July shipments with HS441231 accounting for most of the balance.

Shippers in Vietnam supplied mainly HS441231 (70%) with HS441234 making up most of the balance. Other shippers appearing in Japan’s plywood import statistics in July included Finland, Latvia and Russia

The volume of July plywood imports (441210-39) was 128,706 cu.m, up by over 20% from the same month in 2023 however, month on month the volume of July shipments was little changed.

Year on year the volume of July arrivals from China, Malaysia and Vietnam increased with July arrivals from Indonesia being at around the same level as in June. Import data shows that for the two main plywood suppliers to Japan, Malaysia and Indonesia, July volumes were little changed from the previous month.



Data source: Ministry of Finance, Japan

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

Period	China	Malaysia	Indonesia	Vietnam	
2021	Jan	9.7	76.9	59.3	15.7
2021	Feb	6.8	53.5	50.1	13.0
2021	Mar	5.7	89.4	61.5	11.5
2021	Apr	11.4	65.9	58.2	17.3
2021	May	10.3	72.0	51.0	13.0
2021	Jun	10.5	61.9	56.6	15.6
2021	Jul	11.8	74.1	57.1	16.4
2021	Aug	12.8	54.7	57.8	17.5
2021	Sep	16.0	61.8	60.4	21.8
2021	Oct	12.6	72.8	60.4	22.5
2021	Nov	14.6	60.6	66.0	21.8
2021	Dec	13.6	51.2	76.5	21.0
2022	Jan	15.9	78.6	73.9	16.8
2022	Feb	14.7	61.0	56.8	11.4
2022	Mar	13.7	71.0	76.9	8.8
2022	Apr	25.0	79.3	72.0	13.1
2022	May	32.2	67.6	68.2	12.9
2022	Jun	37.5	61.4	52.4	18.4
2022	Jul	27.7	70.6	67.8	15.2
2022	Aug	19.0	63.0	70.8	18.5
2022	Sep	16.5	58.4	60.4	16.2
2022	Oct	13.4	39.2	65.5	17.1
2022	Nov	13.1	45.1	50.1	15.9
2022	Dec	13.9	49.2	47.1	21.6
2023	Jan	13.7	40.3	49.2	19.4
2023	Feb	7.8	44.9	40.6	12.9
2023	Mar	14.9	29.8	45.3	14.3
2023	Apr	13.8	28.7	46.3	14.6
2023	May	14.0	47.7	34.2	12.6
2023	Jun	10.7	36.9	37.2	12.7
2023	Jul	10.6	38.8	43.1	12.9
2023	Aug	10.6	49.6	38.1	15.7
2023	Sep	12.3	63.4	52.4	12.0
2023	Oct	10.5	46.1	50.3	17.2
2023	Nov	11.9	63.6	53.0	16.8
2023	Dec	12.1	43.5	54.0	17.7
2024	Jan	13.3	50.2	52.3	20.5
2024	Feb	11.5	45.4	55.3	17.1
2024	Mar	9.4	50.1	48.8	12.2
2024	Apr	13.2	43.2	49.0	17.0
2024	May	8.4	48.3	36.5	14.3
2024	Jun	10.1	51	46.1	13.7
2024	Jul	12.1	49.8	49.7	15.8

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://jfpi.jp/japan_lumber_reports/

Imports of European lumber

Volume of European softwood lumber in January to June 2024 is 981,000 cu.m, 24.5 % more than January to June, 2023. It seems that the volume of European softwood lumber has increased from last year but the inventories, which were overstocking last year, are less than last year and the volume of European softwood lumber did not reach 1,000,000 cu.m at the first half of this year.

Additionally, a shortage of European softwood lumber did not occur. It could say that demand for European softwood lumber has been declining.

Since there was a strike in Finland, a certain amount of European softwood lumber arrived in Japan in July, 2024. After August 2024, the arrival volume of European softwood lumber will be the same volume as the first half of this year or less than the volume at the first half of this year.

Planed or polished stud are 362,124 cu.m, 24.2 % more than the same period last year. Non - planed or polished lamina is 615,242 cbms, 24.9 % more and non-planed or polished tongue and groove joint is 3,656 cu.m, 6.3 % less than the same period last year. Non-planed or polished lumber made of pine is 409,577 cbms, 24.6 % more and non-planed or polished lumber made of fir or spruce is 205,665 cu.m, 25.6 % more than the same period last year.

Several countries, which supply studs to Japan, have exceeded the results in January to June 2023. Sweden, which supplies studs to Japan the most, had a 3.7 % decrease in supply volume from the same period last year. Studs from Latvia increases 3.1 % up from the same period last year. Austria is 6.2 % higher than the same period last year.

For lamina, Austria is 33 % down and Estonia is 37.9 % down from January to June 2023. Also, Latvia is 2.0 % decreased. Finland is 4.2 % up.

Imports of wood fuel for 1st half of 2024

Volume of imported wood fuel at the first half of 2024 is 3,970,000 tonnes, 7.0 % less than the same period last year. The volume of PKS decreased 30 % from the same period last year but the volume of wood pellet is nearly 2,800,000 cbms at the first half of this year.

Imported wood fuel is used at large wood biomass power plants and coal-fired power plants. However, some wood biomass power plants have stopped operations due to the fire and other accidents and it takes time to repair the wood biomass power plants.

Since it is easier to get the certification of PKS than before and supply of PKS started to increase. PKS does not burn a lot of calories compared to wooden pellets. However, the price of PKS was \$130, FOB per ton before March 2024 and this is the reason for the decrease at the first half of this year. Volume of PKS during January to June 2024 is 1,193,160 tonnes, 28.3 % down. Indonesian PKS is 884,303 tonnes, 29.6 % down. Malaysian PKS is 297,770 tonnes, 25.0 % down and Thai PKS is 11,087 tonnes, 6.3 % up.

Volume of wooden pellets at the first half of 2024 is 2,778,140 tonnes, 6.6 % increased from the same period last year. Vietnamese wooden pellet is 1,398,322 tonnes, 19.9 % up.

Canadian wooden pellet is 523,389 tonnes, 28.2 % down. American wooden pellet is 508,835 tonnes, 6.5 % down. Indonesian wooden pellet is 149,976 tonnes, 348.0 % up. Malaysian wooden pellet is 148,402 tonnes, 50.2 % up.

Wooden house business in Indonesia

Iida Group Holdings Co., Ltd. in Tokyo Prefecture, the university of Bandung Institute of Technology in Indonesia, Bogor Agricultural University in Indonesia and The University of Tokyo agreed on a joint research about spreading wooden houses in Indonesia. The joint research had started for a new enterprise in 2027. They will develop technical research and will also build a model home in the universities in Indonesia.

There are a lot of forest resources in Indonesia and to consume the local forest resources is one of their goals. Usually, most houses in Indonesia are made of blocks or bricks but the Indonesian government gropes for spreading wooden houses. However, there is a problem which is wood decay by termites.

Iida Group has been supplying houses in Okinawa, where it is very hot and humid, and will provide its know-how for the joint research. On the joint research, they will also develop durability, quake resistance, maintenance system and housing loan system.

South Sea logs and products

Movement of lumber for truck bodies is firm. However, demand for other materials is low and the inquiries are a few. Since the logs in South Asia are in short, South Asian sellers do not sell the logs proactively. Japanese distributors reduce the inventories. Then, some kinds of lumber are in short. There were orders for large laminated-boards before the holiday in the middle of August, 2024 due to the strong yen.

Some buyers were cautious to purchase products due to the unclear movement in the future but some of buyers purchased the products until October 2024. It is hard to lower the price because the current products are purchased in high price at the weak yen. Demand and supply for South Sea log are balanced. South Sea logs are not in short because a certain amount of South Sea logs had arrived in Japan in July and August 2024.

Volume of composite wood flooring in 1st half of 2024

Production and sales volume of composite wood flooring in January to June 2024 are below the results of January to June 2023. The results of this year exceed the pace of decline in new starts, which is 4.5 %, in the first half of 2024.

The ratio of specially processed sheet exceeds 70 % from the same period last year. Since the prices of building materials and of a house have skyrocketed, small houses and single-story buildings are built. Therefore, floor areas have been declining.

Production of composite wood flooring is 6.8 % less and the sales volume is 7.7 % less than the same period last year. The floor areas of new starts decrease 7.2 % down from the first half of last year.

The production and the shipment of composite wood flooring in every month in January to June 2024 did not exceed the results in last year.

On the other hand, demand for sound proofing floors are firm. The production of LL45 is 945,000 tsubo, 4.2 % more and the sales volume of LL45 is 950,000 tsubo, 2.8 % more than the same period last year. The reason for the increase is that there were many apartment buildings were built and the other reason is that people are more interested in soundproofing floors than before COVID-19.

MDF and domestic plywood occupies 39 %, 2 points down, of the sales volume. MDF and imported plywood occupies 27 %, 2 points up. The imported plywood is 14 % and this is unchanged from the same period last year.

The sales volume of fancy boards is 23 %, 1 point down and of specially processed sheet is 77 %, 1 point up from the same period last year.

China

Rise in particleboard trade in the first half of 2024

According to China Customs, in the first half of 2024 China's particleboard exports totalled 225,000 tonnes, up 19% over the same period of 2023. The largest increases in exports were to China's four largest markets, with exports to Taiwan P.o.C, Mongolia, Nigeria and Vietnam rising 41%, 36%, 30% and 103% respectively. In contrast, first half particleboard exports to Chile, UAE, Saudi Arabia and Indonesia fell 6%, 6%, 46% and 9% respectively compared to the same period in 2023.

In the first half of 2024, China imported 362,000 tonnes of particleboard with a total value of US\$148 million, respectively 14% and 5% more than the same period in 2023. Imports of this commodity from Poland increased over 600% to 26,000 tonnes during this period. Trade was reported to have been boosted by the China-Europe railway which carried 11% more cargo overall in the first seven months of 2024 compared to the same period in 2023, according to www.trans.info.

Top destinations for China's particleboard exports, 1st half 2024 (tonnes)

Destination	000' tonnes	YoY % change
Total	225	19%
Taiwan P.o.C	59	41%
Mongolia	21	36%
Nigeria	20	30%
Vietnam	15	103%
Chile	10	-6%
UAE	9	-6%
Malaysia	7.5	3%
Saudi Arabia	7.0	-46%
Indonesia	5.3	-9%
Peru	5.1	23%

Data source: China Customs

China's imports of particleboard from Brazil, Belarus and Vietnam also increased significantly in the first half of 2024, up 74%, 63% and 59% respectively compared to the same period in 2023. However, imports from Romania were down 52% to 26,000 tonnes and imports from Russia fell 48% to 13,000 tonnes during the period.

Top suppliers for China's particleboard imports, 1st half 2024 (tonnes)

Supplier	000' tonnes	YoY % change
Total	362	14%
Thailand	128	4%
Brazil	72	74%
Germany	30	19%
Romania	26	-52%
Poland	26	645%
Belarus	16	63%
Malaysia	13	12%
Russia	13	-48%
Vietnam	10	59%

Data source: China Customs

China's fibreboard trade on upward trend

According to China Customs, in the first half of 2024 China's fibreboard exports totalled 1.293 million tonnes, up 28% over the same period of 2023. The growth was largely accounted for by rises in demand in its three leading export markets.

Saudi Arabia was China's largest fibreboard foreign sales destination in the first six months with exports up 94% to 153,000 tonnes, accounting for 12% of its exports. Sales to Vietnam and Mexico, the second and third largest export destinations, grew 89% and 35% to 148,000 tonnes and 130,000 tonnes respectively over the same period of 2023.

In addition, China's fibreboard exports to USA, UAE, Canada, Algeria and Australia increased at faster rates in the first half of 2024. Exports to Nigeria and UK fell 10% and 23% in the period.

Top destinations for China's fibreboard exports, 1st half 2024 (tonnes)

Destination	000' tonnes	YoY % change
Total	1293	28%
Saudi Arabia	153	94%
Vietnam	148	89%
Mexico	130	35%
Nigeria	116	-10%
USA	79	33%
UAE	60	37%
Canada	59	60%
Algeria	43	24%
Australia	33	45%
UK	29	-23%

Data source: China Customs

Although China's fiberboard imports were not large, at 24,000 tonnes, they were up 30% in the first half of 2024 compared to the same period of 2023. Imports from most suppliers increased at faster rates. China's fibreboard imports from both Australia and Russia were up 1000%, albeit from a low base, and imports from Romania rose over 200%. Chinese fibreboard imports from Spain and Poland fell 10% and 12% during the period.

Top suppliers for China's fibreboard imports, 1st half 2024 (tonnes)

Supplier	000' tonnes	YoY % change
Total	24	30%
New Zealand	6.7	14%
Thailand	4.5	27%
Germany	3.6	16%
Belgium	2.0	42%
Romania	1.8	244%
Australia	0.9	1592%
Spain	0.7	-10%
Switzerland	0.6	107%
Russia	0.6	1147%
Poland	0.5	-12%

Data source: China Customs

Chinese back UAE timber industrial zone

China's Shandong Timber and Wood Products Association (STWPA) has signed an agreement to invest US\$360 million in the establishment of the China-UAE Shandong Industrial Zone in Ras Al Khaimah.

According to the agreement, the first phase of the project will cover development in the Al Ghal and Al Hurera areas of the Ras Khaimah Economic Zone (RAKEZ), covering an area of 450,000 sq.m. It is planned to expand this to more than 1 million sq.m in the next three years.

The industrial zone is expected to attract more than 60 new businesses focused on timber but also in the food and beverage sectors. It will create an estimated 3,500 new jobs over the next five years.

Shandong Timber & Wood Products Association is involved with similar industrial zone projects in Indonesia and Ethiopia. The organisation supports more than 1,700 wood enterprises worldwide, which are reported to account for 10% of global wood furniture production, with an annual output value of US\$55 billion.

RAKEZ is already home to more than 200 Chinese enterprises covering multiple industries.

See: <https://www.zawya.com/en/projects/bri/chinas-stwpa-to-set-up-360mln-industrial-park-in-rakez-dgr8whxg> and <https://peoplesdaily.pdnews.cn/bri-news/er/30046267172>

Italian panel machinery producer launches in China

The Italian wood-based panel machinery producer Imalpal Group has concluded arrangements for the establishment of Imalpal Machinery Manufacturing (Tianjin) Co. Ltd in Tianjin's Wuqing Development Area. This is its first manufacturing venture in China.

Besides the wood-based panel sector, Imalpal produces technology for the pressed wood packaging, pellets and energy and wood recycling and waste treatments sectors. The Wuqing Development Area says the arrival of Imalpal further underlines its ambitions to attract business from around the world.

See:

https://www.wood365.cn/Industry/IndustryInfo_281091.html & <https://www.tjuda.com/en/yuanqixinwen/22766.html>

Bazhou furniture sells well overseas

After reaching RMB2.842 billion (US\$404 million) in 2023, the value of furniture exports from the city of Bazhou in Hebei province totaled more than RMB1.5 billion (US\$213 million) from January to May 2024.

The City has over 4,000 furniture enterprises, with combined annual sales of over RMB50 billion (US\$7.11 billion). Their products sell to more than 130 countries, with lead markets including the US, UK, Japan, Russia, Southeast Asian, European Union and Middle Eastern countries.

To develop foreign business further, the Bosinuo company, mainly selling Bazhou furniture, has established warehouses in export markets and set up independent stores on cross-border e-commerce platforms such as Amazon and Alibaba.

It has a 120-strong cross-border e-commerce team that uses big data to analyse overseas market demand and consumption habits, focusing on interaction with consumers, providing personalized shopping suggestions, and improving product competitiveness.

The Bazhou E-commerce Industrial Park further backs business development through service centres, providing data, logistics and warehousing support.

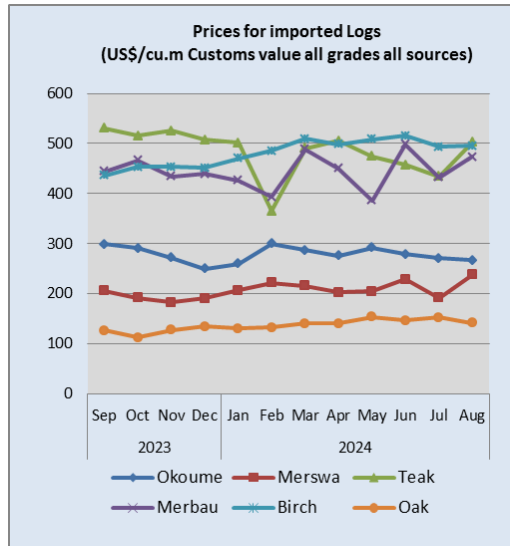
The Bazhou authorities also helps local enterprises to participate in furniture exhibitions in China and abroad. That includes the 51st China (Guangzhou) International Furniture Fair, the 2023 Malaysia International Furniture Fair, where more than 90 Bazhou companies participated, and the Cologne Furniture Fair in January 2024, which was attended by 70 manufacturers from the city.

See: http://www.bazhou.gov.cn/xwzx/mtjj/content_29250 & <https://finance.sina.com.cn/jjxw/2024-08-02/doc-inchfmi7190876.shtml>

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

	2024 Jul	2024 Aug
Okoume	271	267
Merswa	191	238
Teak	434	502
Merbau	432	473
Birch	493	495
Oak	152	141

Data source: Customs, China

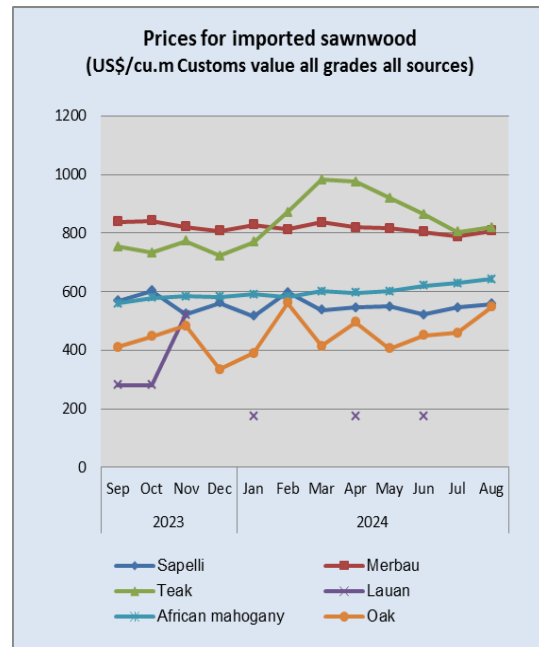


Data source: Customs, China

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

	2024 Jul	2024 Aug
Sapelli	545	558
Merbau	788	808
Teak	804	819
Lauan		
African mahogany	629	642
Oak	459	547

Data source: Customs, China



Data source: Customs, China

EU

European Commission remains focused on 30 December start date for EUDR

Despite mounting pressure and backlash from industries, trading partners, conservative MEPs and some EU national governments, the European Commission (EC) insists that it remains focused on ensuring that enforcement of the EUDR can start as planned on 30 December 2024.

According to press reports, quoting an unnamed WTO official, the EU delegation informed WTO members that the EU has taken no decision to postpone implementation of the EUDR. The issue of EUDR is reported to have come up for discussion in the WTO committee on agriculture on 25-26 September.

In addressing questions from a group of trading partners (Australia, Brazil, Canada, Ecuador, India, Indonesia, New Zealand, Paraguay, and the US), the EC is reported to have indicated that the regulation is still scheduled to come into effect on 30 December as demanded in the legal text signed off by the EC, European Parliament and European Council in May last year.

The EU reportedly told WTO members that any postponement would require a legislative change.

A similar message was conveyed by EC spokesperson Adalbert Jahnz in comments to reporters in Brussels on 24 September. Mr Jahnz said that “the Commission is still working very hard on preparing the ground for the implementation of this regulation”.

He added that “we are discussing a great deal with our partners in third countries. But I will remind you that the Commission has not made any proposals to change the Deforestation Regulation at this stage”. Mr Jahnz declined to comment on whether consideration is now being given to a postponement.

See:

<https://www.feednavigator.com/Article/2024/09/27/EU-to-push-ahead-with-EUDR-despite-protests>

<https://audiovisual.ec.europa.eu/en/video/I-261280?lg=EN>

<https://www.euractiv.com/section/energy-environment/news/stumped-eu-industries-gravely-concerned-over-deforestation-rules-commission-pushes-on-with-implementation/>

German Chancellor calls for EUDR postponement

On 12 September 2024, in a speech in Berlin to the Federal Association of Digital Publishers and Newspaper Publishers (BDZV) the German Chancellor, Olaf Scholz, said he had discussed the timetable for EUDR implementation with the Commission’s newly re-elected President, Ursula von der Leyen.

He emphasised that “the regulation must be practical” and that he had “advocated to Ursula von der Leyen that the regulation be suspended until the open questions raised by the BDZV have been clarified”.

These “open questions” were contained in a BDZV statement addressed to the German Government and EC in March urging that they “mitigate the risks, sanctions and burdens for companies posed by the regulation”. In its current form, the EUDR represents “not only a major threat to the production of printed products for the general public, but also to press products, election documents, technical documentation, labels and packaging, which are part of critical infrastructure”, according to the BDZV statement.

Shortly after the German Chancellor’s statement, German Food and Agriculture Minister Cem Özdemir appealed directly to the European Commission to postpone the regulation’s application for six months, shifting the start date to 1 July 2025. He urged the Commission to “finally come out of the summer break and provide clarity”, suggesting that the Commission had failed to provide sufficient guidance. He stated: “I take the concerns of companies, agriculture and forestry, and the countries very seriously. Companies need sufficient time to prepare.”

See:

<https://www.bundeskanzler.de/bk-de/aktuelles/rede-bk-70-jahre-bdzv-2307876>

<https://iclg.com/news/21577-could-the-european-parliament-scupper-new-forestry-regulations/amp>

European wood products associations reiterate calls for EUDR delay

On 25 September, twenty-eight organisations representing European primary wood producers, and a wide range of forest products industries urged a delay of the entry into the application of EUDR.

The concerned organisations issued a statement supporting the Commission’s goal of eradicating deforestation and forest degradation but raised questions over the regulation’s feasibility and lack of clarity. “With less than 100 days before the EUDR takes effect, we are still grappling with severe legal and market uncertainties,” they declared, explaining that adjusting practices in compliance with the regulation cannot be achieved at the last minute.

The statement highlighted repeated warnings over the past year, asking “for clarity for a workable, harmonised implementation of the regulation”. Concerns have gone unanswered, signatories remarked, especially on the need for a functional EU Information System and proper benchmarking for low-risk countries.

“The current situation clearly shows that implementing the EUDR by the end of 2024 is simply unfeasible and would result in many small businesses being wiped out of the market and job losses in rural areas,” the statement reads.

See:

<https://www.euractiv.com/section/energy-environment/news/stumped-eu-industries-gravely-concerned-over-deforestation-rules-commission-pushes-on-with-implementation/>
and

<https://www.cepf-eu.org/news-media/joint-statement-less-100-days-left-and-no-clear-implementation-tools-european-primary-0>

Swedish forest industries associations alarmed by EUDR uncertainty

In an article in Swedish finance newspaper Dagens industri published on 24 September, Erik Haara, CEO of the Swedish Federation of Wood and Furniture Industry (TMF), and Viveka Beckeman, CEO of the Swedish Forest Industries Federation, urged the Swedish government to push for a delay in implementing the EUDR. They argue that the regulation, in its current form, could severely impact Swedish businesses.

Haara and Beckeman observe that “all companies deemed to trade with or manufacture products from wood raw materials will be subject to extensive reporting obligations and long-standing requirements for traceability [of EUDR]. Preliminary assessments indicate that around 60,000 Swedish companies will be affected. But how this will go about in practical terms is still unclear, despite the fact that the new rules come into effect in December”.

They suggest that “unclear targets and requirements from the EU, as well as a delayed mapping of risk countries, have led to a vacuum for the companies, which are now in the middle of an uncertain and time of upheaval when they are suddenly expected to play by new rules without guidance”.

They also note that the “traceability system for supervision that authorities must use to follow products through the value chain through geolocation is not expected to be ready until November, just over a month before the law comes into effect.

The Swedish investigation that will adapt Swedish law to the deforestation regulation will not report until mid-February next year, more than two months after the law comes into force”.

See: <https://www.di.se/debatt/stoppa-lagen-som-hindrar-tra-och-skogsindustrin/>

WTO head presses for EUDR delay

The head of the WTO, Mrs. Ngozi Okonjo-Iweala, called on the EU to fundamentally rethink the EUDR in an interview with the Financial Times published on 12 September. Mrs Okonjo-Iweala suggested that the lack of clear compliance guidelines is creating uncertainty for exporters who do not know if their goods may be stopped at the EU border.

See: <https://www.ft.com/content/74d7fb09-64a8-4fac-9200-d0c20fe4f4d2> (subscription required)

Brazil considers EUDR a “unilateral and punitive instrument”

On 11 September, the Brazilian Government wrote to the European Union requesting a delay to implementation of the EUDR. The letter was addressed to Messrs Maroš Šefčovič, Valdis Dombrovskis, Josep Borrell, Janusz Wojciechowski, respectively European Commissioners for the European Green Deal, Trade, Foreign Affairs, and Agriculture. It was signed by Messrs. Mauro Vieira and Carlos Fávaro, respectively Brazil’s Ministers of Foreign Affairs, and Agriculture.

The Brazilian Ministers wrote that the implementation of the EUDR “is a matter of serious concern for various Brazilian export sectors and for the Brazilian government. Brazil is one of the EU’s main suppliers of most of the products targeted by the legislation, which account for over 30% of our exports to the Union. To avoid any negative impact on our trade relations, we request that the EU refrain from implementing the EUDR at the end of 2024 and urgently reassess its approach to the matter”.

The Ministers emphasised that “since the beginning of the legislation’s discussion in Brussels, Brazil has made its position clear. We consider the EUDR to be a unilateral and punitive instrument that disregards national laws on combating deforestation.

It contains extraterritorial aspects that conflict with the principle of sovereignty; it discriminates between countries by affecting only those with forest resources; it increases production and export costs, especially for smallholders; and it violates principles and rules of the multilateral trading system as well as commitments undertaken in the context of multilateral environmental agreements.

The EUDR was designed without a proper understanding of the production and export processes of different products and of the realities on the ground in each country.”

The Ministers also commented that President Lula has committed to eliminating illegal deforestation by 2030, achieving net-zero greenhouse gas emissions in the energy sector, and restoring degraded pasturelands to ensure the sustainable growth of Brazilian agriculture.

Over the past year and a half, the results have been positive, with a 50% reduction in deforestation alerts in the Amazon in 2023 compared to 2022, a trend that persists in 2024. Internationally, sustainable development is an unequivocal priority for Brazil.”

See:

<https://www.euractiv.com/section/agriculture-food/news/brazil-asks-eu-to-hold-off-on-implementing-deforestation-law/> and

https://www.politico.eu/wp-content/uploads/2024/09/11/Brazil-Letter-EUDR.-Eng-Port.clean_.pdf

US lawmakers call for two-year delay to EUDR implementation

On 20 September, a bipartisan group of U.S. lawmakers sent a letter to President Joe Biden urging him to seek a delay to EUDR enforcement. The letter which was signed by 73 Republican and Democratic members of U.S. Congress, requests that President Biden seek a two-year delay, citing incomplete guidance from EU officials and concerns over the potential economic fallout.

The U.S. lawmakers expressed that while they share the goal of addressing global deforestation, U.S. stakeholders still lack critical clarity on data requirements and compliance measures essential to meeting the regulation’s standards.

The letter observes that “with less than four months before shipments to the EU must comply with a complex new law, many constituent companies still lack critical clarity from EU officials on specific data requirements, data input systems and formats, and underlying definitions that will affect the entire U.S. forestry supply chain.

While we collect and share an immense amount of data and information already, compliance with EUDR will require significant changes in how we collect, share, and report data – something that cannot happen overnight. Without more time for implementation, billions of dollars of trade are at stake”.

The letter goes on to note that “Forest product exports from the U.S. to the EU are valued at over USD3.5 billion. Without legal certainty that U.S. producers can place products on the EU market according to EUDR compliance requirements, significant trade disruptions will result”.

See: http://steel.house.gov/sites/evo-subsites/steel.house.gov/files/evo-media-document/2024.09.20_POTUS_EU%20Deforestation%20Regulation%20Letter%20Final.pdf

Vietnamese furniture manufacturers target UK market

Furniture products from 15 Vietnamese companies were introduced to the UK market at the Source Garden Fair in Birmingham 10-12 September. This was the first time that Vietnamese manufacturers participated in the UK's largest garden and outdoor furniture exhibition. The fair featured over 700 companies displaying garden furniture, craft products, and decor technologies, attracting about 7,000 buyers from the UK and Europe.

Vietnam's booth featured a wide range of outdoor wooden furniture and crafts, made from sustainably sourced materials certified by international standards. The participation of Vietnamese companies was supported by the Vietnam Trade Office in the UK and K&P Global Ltd., a UK company that connects Vietnamese wood manufacturers with online platforms.

Hoang Le Hang, First Secretary of the Vietnam Trade Office in the UK, highlighted the significant interest in Vietnamese products on the first day of the fair. She noted that the event provided an excellent platform for Vietnamese businesses to strengthen their brand presence and connect with major UK and European retailers.

Suzanne Ellingham, Event Director of Source Garden, encouraged more Vietnamese involvement in the UK market, affirming that Vietnam is regarded as a major potential supplier of high-quality indoor and outdoor furniture to the UK, especially in the garden retail sector.

Raymond Tenent, Business Development Manager at K&P Global Ltd., said Brexit has created a promising opportunity for Vietnamese products, as the UK is seeking new suppliers outside of Europe. He also advised that Vietnamese manufacturers should carefully study market trends to remain competitive with other Asian suppliers.

In 2023, Vietnam ranked as the UK's fifth-largest supplier of wooden furniture, after China, Italy, Poland, and Germany. Exports of Vietnamese wood products to the UK reached nearly USD 195 million, accounting for 3.1% of Vietnam's total exports to the UK. In the first seven months of 2024, this figure rose to 124.8 million USD, an increase of 17.8% compared to the same period last year.

See: [https://en.vietnamplus.vn/vietnams-furniture-products-introduced-at-uk-fair-post296432.vnp#:~:text=London%20\(VNA\)%20E2%80%93%20Furniture%20products,wholesalers%2C%20retailers%2C%20and%20consumers.](https://en.vietnamplus.vn/vietnams-furniture-products-introduced-at-uk-fair-post296432.vnp#:~:text=London%20(VNA)%20E2%80%93%20Furniture%20products,wholesalers%2C%20retailers%2C%20and%20consumers.)

Timber key to combating climate change, says new book

Paul Brannen, Public Affairs Director of the European Confederation of Woodworking Industries (CEI-Bois), has published a book on how use of timber, especially in construction, can help mitigate global warming. The book titled "Timber! How wood can help save the world from climate breakdown" draws not only on his experience at CEI-Bois, but also on his time as member of the European parliament, where he was involved with climate change legislation.

The focus of the new book is on the need to decarbonise construction and buildings in use if we are to slow and ultimately halt global warming. Together these account for an estimated 39% of global greenhouse gas emissions. Moreover, population growth, writes Brannen, means that a huge volume of new housing will need to be built in the next 25 years, making it more imperative that construction builds greener.

By 2050 the global population is forecast to have risen 25% to 10 billion. "The majority of these additional people will be in the Global South, and all will need somewhere to live," says Brannen. "To meet this construction demand, the world will need to add 190 billion sq.m of new buildings every decade for the next 40 years."

If this housing boom is not to generate huge volumes of greenhouse gas emissions, the building industry must use less steel, concrete and other carbon intensive materials. "This is where wood comes in as an alternative," says Brannen. "By using more in the built environment, we can actively reduce our emissions."

Another key issue for building more in wood, is to ensure there is enough of it available, so greater wood use must go hand in hand with forest maintenance and growth through sustainable forestry management and forest governance. "We need to better understand the benefits of forests and trees, especially their ability to sequester CO2 and store carbon," says Brannen.

Brannen concludes by citing the research paper 'Wood buildings as a climate solution' by Austin Himes of Mississippi State University College of Forest Resources and Gwen Busby, Director of Economic for GreenWood Resources Inc.

It states that substituting conventional building materials with wood in half of new urban construction could provide 9% of global emissions reductions needed to meet 2030 targets for keeping global warming below 1.5°C.

See: <https://www.forestryjournal.co.uk/news/24586624.timber---wood-can-help-save-world-paul-brannen-review/>

North America

US manufacturing mired in weakness

US manufacturing contracted at a moderate pace in August amid some improvement in employment, but a further decline in new orders and rise in inventory suggested factory activity could remain subdued for a while.

The monthly survey from the Institute for Supply Management (ISM) also showed manufacturers continuing to pay higher prices for inputs last month. The ISM said its manufacturing PMI rose to 47.2 last month from 46.8 in July, which was the lowest reading since November.

A PMI reading below 50 indicates contraction in the manufacturing sector, which accounts for 10.3% of the US economy.

The PMI remained below the 50 threshold for the fifth straight month, but was above the 42.5 level that the ISM said over time indicates an expansion of the overall economy.

Of the 18 manufacturing industries surveyed, the Furniture and Related Products sector was among five that reported growth in August. The Wood Products sector was among 12 industries that reported contraction.

“Interest rate cuts may not happen soon enough to have an impact this year,” reported one Wood Products executive. “High interest rates are curtailing consumer spending on large discretionary spending for furniture, cabinetry, flooring and decorative trim, which has affected our industry sales potential. At the same time, pent-up demand seems to be growing for housing and remodeling.”

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

Housing leaders laud US Federal Reserve's biggest rate cut in 16 years

The US Federal Reserve followed through with its much-anticipated interest rate reduction as expected by many Wall Street analysts. On September 18 the Federal Reserve approved a fifty-basis rate cut (one basis point is equivalent to 0.01%), marking its first reduction since the pandemic, and the largest single rate cut in 16 years.

Mortgage rates started declining ahead of the Fed's decision, giving a boost to the residential housing market.

The National Association of Realtors chief economist Lawrence Yun commented on the Federal Reserve's rate cut move saying, "The Fed's half-point rate cut decision is the beginning of six to eight rounds of further rate cuts well into 2025. Mortgage rates have already anticipated the Fed's likely path. That is why the 30-year rate has fallen by 150 basis points from early in the year to today. Consumers who were priced out due to earlier higher mortgage rates could now be back in the market."

The Mortgage Bankers Association chief economist also commented, "Mortgage rates likely had this cut - and this expected rate path - priced in, and lower mortgage rates, now close to 6%, have resulted in much more refinance and some additional purchase activity in recent weeks. We do expect that if mortgage rates remain near these levels, it will support a stronger than typical autumn housing market and suggest that next spring could see a real rebound in activity."

See: <https://www.worldpropertyjournal.com/real-estate-news/united-states/washington-dc-real-estate-news/real-estate-news-federal-reserve-september-2024-rate-cut-data-fomc-data-lawrece-yun-mike-fratantoni-national-association-of-realtors-mortgage-bankers--14237.php>

US single-family housing starts surge

US single-family homebuilding rebounded sharply in August, but a moderate increase in building permits suggested that the momentum was unlikely to be sustained against the backdrop of a rising supply of new homes on the market.

Single-family housing starts, which account for the bulk of homebuilding, surged 15.8% to a seasonally adjusted annual rate of 992,000 units last month, the Commerce Department's Census Bureau said. Data for July was revised higher to show starts at a rate of 857,000 units instead of the previously reported 851,000 pace. Single-family home building had declined for five straight months after a surge in mortgage rates in spring weighed on home sales, resulting in excess supply of newly built houses.

Total housing starts (single-family and apartments) in August were at a seasonally adjusted annual rate of 1,356,000. This is 9.6% above the revised July estimate of 1,237,000 and is 3.9% above the August 2023 rate of 1,305,000.

Single-family starts jumped 18.9% in the densely populated South, where activity was likely weighed down by Hurricane Beryl in July. Starts rose 47.4% in the Northeast and increased 11.6% in the Midwest, which is considered the most affordable region. Homebuilding rose 2.8% in the West.

Canadian housing starts fell sharply in August, dropping to their lowest level in nine months due to a pullback in the construction of multi-unit dwellings, like condominiums and row houses. Canada Mortgage and Housing Corp. said that housing starts in August across the country totaled 217,405 units on a seasonally adjusted, annualized basis, or a 22% drop from the prior month. The August result missed market expectations by a wide margin - with traders looking for housing starts to hit 245,000, according to economists at Bank of Nova Scotia.

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

Home sales slump in August

Sales of previously owned homes in the United States fell sharply in August, despite mortgage rates falling that month. But much more housing demand will likely be unleashed onto the market after the Federal Reserve finally cut interest rates this month for the first time in four years — and signaled more rate cuts by year's end.

Existing home sales, which make up the vast majority of the market, fell 2.5% in August from the prior month to a seasonally adjusted annual rate of 3.86 million, the National Association of Realtors reported. That was the lowest August sales level since 1995, NAR chief economist Lawrence Yun said on a call with reporters.

Meanwhile, home prices continued to climb last month, with the median price of an existing home rising 3.1% to a new record high of US\$416,700, which marked the 14th straight year-over-year increase.

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

US job growth picks up moderately and unemployment rate falls

US employment increased less than expected in August, but a drop in the jobless rate to 4.2% suggested an orderly labour market slowdown.

The below-expectations rise in non-farm payrolls reported by the Labor Department likely reflected a seasonal quirk that tends to push the initial August print lower. Nonetheless, labour market momentum is slowing, with the closely watched employment report also showing the economy added 86,000 fewer jobs in June and July than previously reported.

Employment gains in August were led by the construction sector, which added 34,000 jobs, driven by heavy and civil engineering construction and non-residential specialty trade contractors, though manufacturing employment dropped by 24,000.

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

US consumer sentiment rises for second month

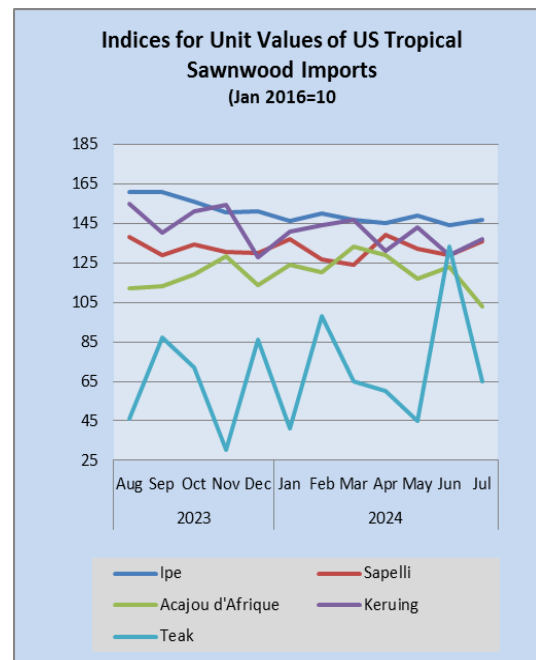
Americans' outlook on the economy improved for the second straight month in September, bolstered by lower prices for long-lasting goods such as cars and furniture and the prospect of interest rate cuts by the Federal Reserve.

The University of Michigan's consumer sentiment index ticked up to 69 in its preliminary reading, its highest level since May and up from 67.9 in August. The gain was driven by consumers' perceptions that prices have improved for durable goods, the report from University of Michigan said.

The survey bottomed out in June 2022, when inflation peaked at 9.1%, and has since risen by about 40%, though it remains significantly below pre-pandemic levels. The long-term average for the index is nearly 85, according to Capital Economics.

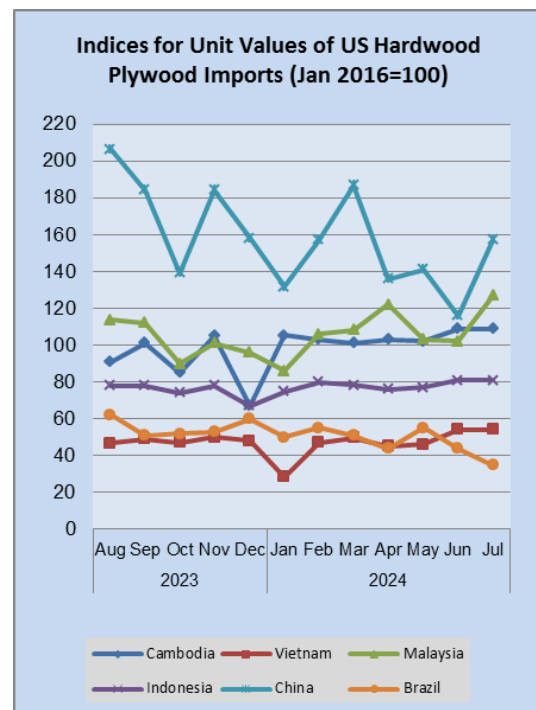
Rising consumer confidence can sometimes signal a greater willingness to spend, though Americans have largely continued to spend at a healthy pace even though their confidence, as measured in surveys, has been subdued. The economy expanded at a 3% annual rate in the April-June quarter, and retail spending picked up in July. Yet Americans have been saving less and running up more credit card debt, which has raised concerns among some economists that consumers will soon have to cut back, potentially slowing growth.

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



Data source: US Census Bureau, Foreign Trade Statistics

Note: the doubling of the unit value for teak may be a statistical error. Use with caution.



Data source: US Census Bureau, Foreign Trade Statistics

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

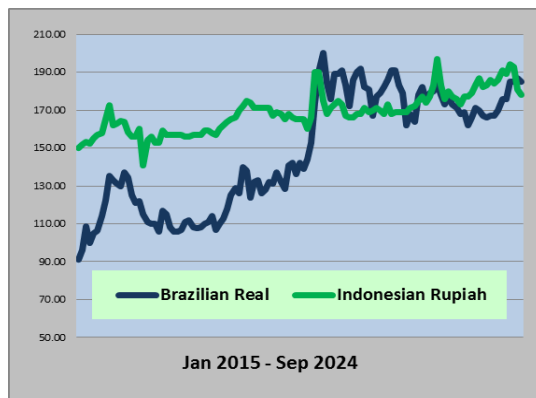
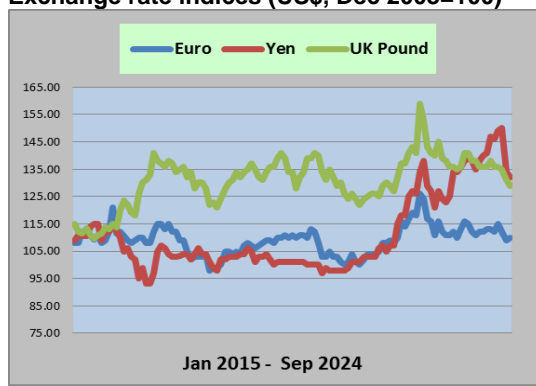
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

US Dollar Exchange Rates

As of 25 September 2024

Brazil	Real	5.44
CFA countries	CFA Franc	587.88
China	Yuan	7.01
Euro area	Euro	0.90
India	Rupee	83.72
Indonesia	Rupiah	15,125
Japan	Yen	142.10
Malaysia	Ringgit	4.13
Peru	Sol	3.72
UK	Pound	0.75
South Korea	Won	1,310.30

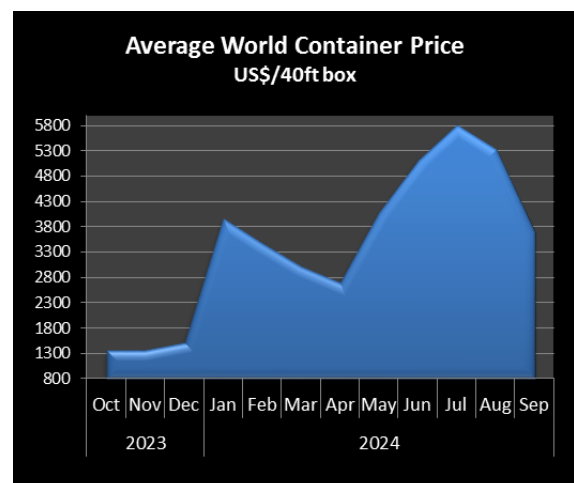
Exchange rate indices (US\$, Dec 2003=100)



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

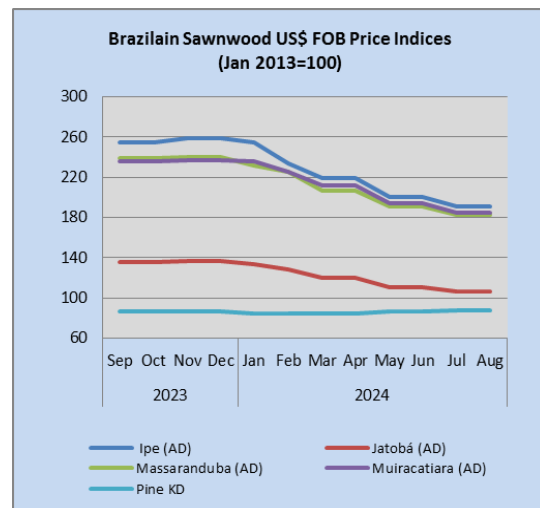
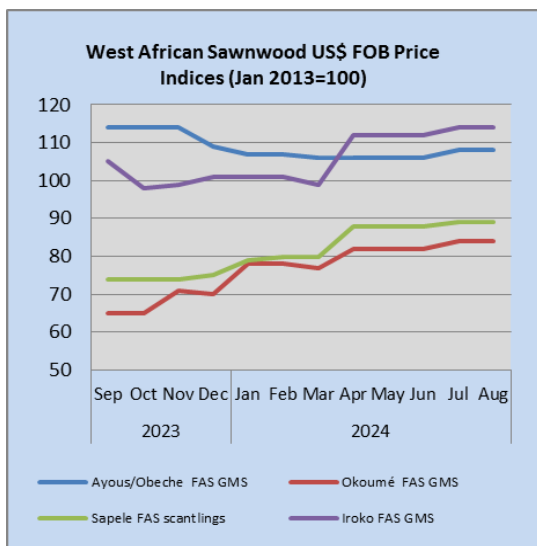
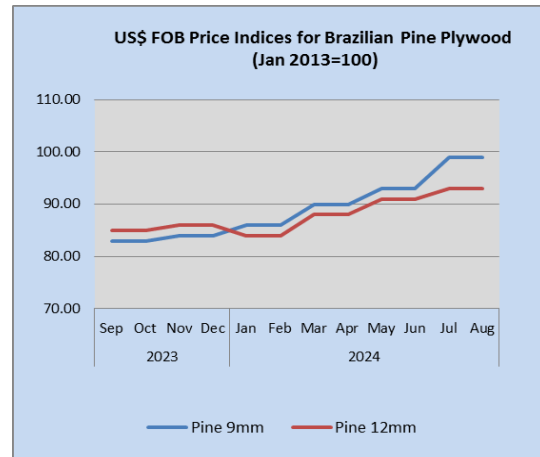
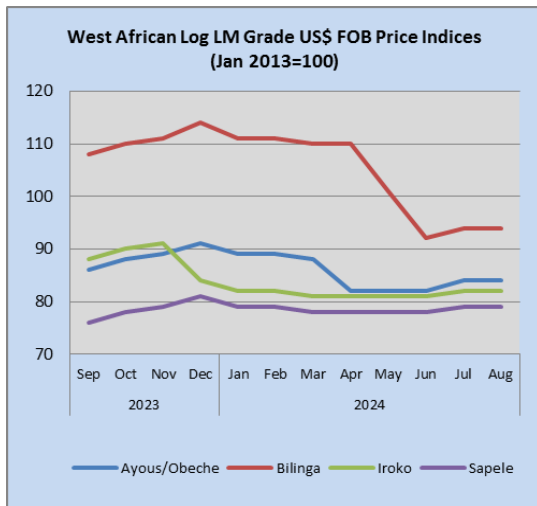


Data source: Drewry World Container Index

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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