

# Tropical Timber Market Report

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

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## Top story

### UK Parliament pushes for tougher stance on imported deforestation

A UK Parliamentary report claims the intensity of the country's commodity consumption, when measured by its carbon footprint per tonne of product consumed, is higher than that of China and should "serve as a wake-up call to the government".

It has been announced that UK importers of cattle products (excluding dairy), cocoa, palm oil and soy will have to implement due diligence procedures to avoid products from illegally converted forest land. The UK has pre-existing requirements on timber traders to follow the requirements of the UK Timber Regulation (UKTR).

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## Central and West Africa

### Regional round-up

The recent up-tick in some sawnwood prices can be attributed primarily to a change in Chinese purchasing patterns with furniture manufacturers opting for more cost-effective timbers such as okoume and ayous. As a result there has been decline in demand for more expensive species like ovankol, bubinga (Kevazingo) and tali resulting in weakening prices.

Chinese furniture manufacturers are skilled in the art of enhancing the appearance of timber through colouring techniques so consumers may be offered a piece of furniture made to look like a premium timber.

### Vietnam's Africa imports slump

In the first 11 months of 2023 Vietnamese imports of logs and sawnwood wood from Africa reached 675,040 cu.m, down 43% in volume compared to the same period in 2022. In 2023 there was a decline in consumption of imported timbers because of the downturn in the Vietnamese real estate market.

Imports from Cameroon were down around 30%, shipments from the DRC were down almost 60% and shipments from Gabon were down 36%.

### Mills in SEZ see expanded demand

Plywood mills operating in Gabon's SEZs are currently experiencing high demand, particularly for the Dutch market. This surge has prompted the reopening of mills and investment in new lines. The workforce, including expatriates, can be maintained on condition that they are registered, even when working under subcontractors.

### Slow demand for okoume in Philippines

In Congo enquiry levels are low say operators. Buyers for the Philippine market have been slowing purchases of okoume sawnwood. This has led to some mills, particularly Malaysian operated mills to a reduce production. Demand in Middle East markets has not changed with particularly slow demand in Iraq say shippers. But overall demand remains stable.

### Concession fees and export duties rise

ATIBT has reported on changes on concession tax rates included in Gabon's 2024 Finance Bill saying this envisages a consolidation of taxation for certified operators and an increase in taxation for non-certified operators. The various rates of area tax rates are reported asbe:

- 300 FCFA per hectare for concessions with FSC or PEFC/PAFC sustainable management certification
- 600 FCFA per hectare for legally certified concessions
- 1,000 FCFA per hectare for non-certified concessions.

The budget also envisages a broadening of the export duties on processed wood products depending of the extent of processing.

The proposed rates are reported as:

- 8.5% as opposed the current 7% for primary processing
- 5% as opposed to the current 3% for secondary transformation
- 3% as opposed to the current 0% for third transformation

See: <https://www.atibt.org/en/news/13421/gabon-the-latest-news-in-the-timber-sector>

In related news, the price of electricity could fall in Gabon after the exemption granted to Gabon Energy and Water Company (SEEG) on the price of diesel.

In a press release made public in January the Committee for the Transition and Restoration of Institutions (CTRI) announced a reduction in the price of diesel for the SEEG which will be exempt from paying the price set for industrial use and will benefit from the ex-depot price regime.

See: <https://www.lenouveaugabon.com/fr/energies/1101-20245-le-prix-de-l-electricite-pourrait-baisser-au-gabon-apres-l-exoneration-accordee-a-la-seeg-sur-le-prix-du-gazoil>

### Log export prices

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

### Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	425
Bilinga FAS GMS	720▲
Okoumé FAS GMS	480
Merchantable KD	440
Std/Btr GMS	400
Sipo FAS GMS	460▲
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	900
FAS scantlings	950
Strips	400
Sapele FAS Spanish sizes	480
FAS scantlings	500
Iroko FAS GMS	650
Scantlings	700
Strips	400
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	420

### Through the eyes of industry

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

See: <https://www.itto-ggsc.org/static/upload/file/20240116/1705365254170310.pdf>

## Ghana

### IMF support to boost growth

The Executive Board of the International Monetary Fund (IMF) has approved a US\$600 million loan facility to support Ghana's economic growth.

At a press conference with the IMF the Finance Minister, Ken Ofori-Atta, described the development as a "pivotal milestone" in the country's economic programme implementation.

The Governor of the Bank of Ghana (BoG), Dr. Ernest Addison, said the government would continue to implement sound policies to further ease inflation. Stephane Roudet, IMF Mission Chief for Ghana said, despite the difficult economic environment ongoing reforms had started bearing fruit with signs of economic stabilisation.

See: <https://mofep.gov.gh/news-and-events/2022-01-22/ghanas-secures-second-tranche-of-imf-us%24600m-for-disbursement>

### Billet and boule exports plunged in 2023

According to the Ghana Forestry Commission Timber Industry Development Division the volume of Ghana's wood product exports for the period January to October 2023 totalled 249,799 cu.m, a 15% shortfall when compared to the 293,448 cu.m exported in the same period in 2022.

The January to October 2023 exports earned Eur114.06 million compared to the Eur129.46 million in 2022, a decrease of 12%. There were seventeen different wood products exported.

### Wood Product Exports, Vol (cu.m)

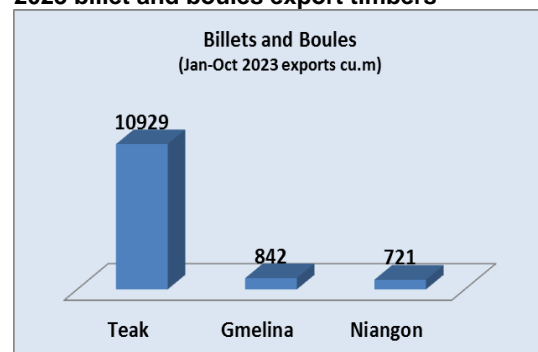
Product	Jan-Oct 2022	Jan-Oct 2023	Y-O-Y % Change
AD sawnwood	159,994	145,079	-9
KD sawnwood	37,390	32,086	-14
Billets	33,690	11,772	-65
Plywood (regional)	28,690	18,895	-34
Sliced Veneer	8,187	5,961	-27
Rotary Veneer	7,163	6,933	-3
Mouldings	7,930	7,071	-11
Plywood	7,595	11,473	51
Boules (AD)	1,807	721	-60
Others (8)	1,002	9,808	
<b>Total</b>	<b>293,448</b>	<b>249,799</b>	<b>-15</b>

Data source: TIDD

Exports of most wood products fell in the first 10 months of 2023 with billets and air-dried boules plunging by 65% and 60% respectively. Billet export volumes dropped to 11,772 cu.m from 2022 year on year a volume of 33,690 cu.m. Air-dried boule exports also dipped from 1,807cu.m in 2022, to 721cu.m in 2023.

Billets and air-dried boules are primary products and export volumes, as a percentage of the total export of primary products, dropped to 7% in 2023, from 18% in 2022. The major species for these products were teak, gmelina and niangon. The markets for these products included India, Vietnam, Togo, Germany and the US.

### 2023 billet and boules export timbers



Data source: TIDD

### New plant tissue culture laboratory

Ghana has commissioned a plant tissue culture laboratory established by Star Agro Forestry Ghana Limited, a commercial forest plantation developer in the Ashanti region. The Deputy Minister of Lands and Natural Resources, Mr. Benito Owusu-Bio, who commissioned the facility, gave an overview of the Government's commitment to partnering with the private sector in forest restoration activities.

The Chief Executive of Forestry Commission (FC), Mr. John Allotey, on his part said tree seedlings to be produced from the tissue culture laboratory will speed up production of quality planting stock.

The Managing Director of Star Agro Forestry, Mr. Sanjay Poddar, asked for the Commission’s maximum support for its smooth operations. He expressed the determination of his team to embark on a ground-breaking journey in bringing cutting-edge technology to the heart of Ghana’s forestry efforts.

D. Invitro Labs Ghana Ltd, in the Volta Region was the first plant tissue culture laboratory in Ghana. A subsidiary of SBW BV, a Dutch international group, started its research in 1976.

See: <https://fcghana.org/plant-tissue-culture-laboratory-commissioned-in-the-ashanti-region/>

**Investment in forest restoration**

The Deputy Minister of Lands and Natural Resources, Benito Owusu Bio, has stated that a total of 728,609 hectares of degraded lands in Ghana have been restored since 2017 which has been the greatest investments in recent times by Government and the private sector in the forest restoration activities.

In 2013 the land restoration programme covered 132,262 hectares through the Forest Plantation Development Strategy, 25,342 hectares through enrichment planting and 571,005 hectares through planting within farms.

The Minister said the government’s afforestation programme is within the framework of the Ghana Forest Plantation Strategy (2017) and the Green Ghana Project (2021). According to the Minister, the benefits from the restoration programme included protection of watersheds, job creation and support to national and global efforts aimed at addressing climate change.

See: <https://gna.org.gh/2024/01/ghana-restores-728608-hectare-degraded-lands-within-seven-years-owusu-bio/>

**Boule export prices**

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

**Export rotary veneer prices**

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	400↓	441
Chenchen	472	612
Ogea	495	590
Essa	670↑	711
Ofram	350	435

**Export sawnwood prices**

Ghana sawnwood, FOB	Euro per cu.m	
	Air-dried	Kiln-dried
FAS 25-100mmx150mm up x 2.4m up		
Afromosia	860	925
Asanfina	465	500
Ceiba	290	351
Dahoma	494↑	540↓
Edinam (mixed redwood)	640	680↓
Emeri	660	760
African mahogany (Ivorensis)	846↑	974↑
Makore	560	825↓
Niangon	700	914↑
Odum	836↑	1,188↑
Sapele	800	933↑
Wawa 1C & Select	513	528

**Export sliced veneer prices**

Sliced face veneer	FOB
	Euro per cu.m
Asanfina	1,475↑
Avodire	673
Chenchen	626↓
Mahogany	1,575↑
Makore	1,522↑
Odum	2,067
Sapele	1,301↑

**Export plywood prices**

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	555	580	641
6mm	412	535	604
9mm	418	504	560
12mm	699	512	480
15mm	390↓	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%.

**Malaysia**

**Exports expected to rebound**

RHB Investment Bank (RHBIB) has maintained its projection that Malaysia's GDP will grow by over 4% in 2024 with growth accelerating driven by stronger international demand. Export growth is projected to rebound in contrast to the decline of 8% in 2023. Domestic consumption is forecast to improve.

Despite the challenging global economic situation last year the trade surplus exceeded RM2 trillion for the third consecutive year and has sustained a surplus for 26 successive years according to the Ministry of Investment, Trade and Industry. In related news, Bank Negara Malaysia maintained its 3% interest rate.

See: <https://www.thestar.com.my/business/business-news/2024/01/20/malaysia039s-gdp-growth-set-to-accelerate-to-46-in-2024---rhb-ib>

And <https://theborneopost.pressreader.com/article/282123526371147>

**Sarawak timber exports drop**

The value of wood product exports from Sarawak dropped to RM3.1 billion in 2023 from RM3.9 billion in 2022. The export value of logs stood at RM559 million or 18% of the overall export value.

Japan remained the primary market for Sarawak’s wood products accounting for 53% or RM1.7 billion of Sarawak’s export earnings in 2023. Plywood remained Sarawak’s main export product making up 48% of total wood product export earnings.

Calls continue for a transformation of the sector and the production of high value-added products utilising raw material from planted forests. To achieve this transformation the state government is committed to strengthening the downstream industry, expanding into biomass, furniture, bamboo and engineered wood.

Biomass products, such as wood pellets, biochar, and charcoal briquettes have potential in establishing a green economy in Sarawak. Wood pellets are exported to Japan, France and Korea and were worth RM36 million in 2023.

In a bid to further diversify the industry Sarawak Timber Industry Development Corporation STIDC is focusing on developing the bamboo sector. Despite the global export value of bamboo products reaching US\$66.2 billion in 2022 Sarawak’s export market value was recorded at only RM 1.2 million.

See: <https://theborneopost.pressreader.com/article/281608130303400>

**Private sector collaboration on tree plantation operations**

The Sarawak Timber Industry Development Corp. (STIDC) and the Malaysian Panel-Products Manufacturers’ Association (MPMA) have signed a memorandum to promote collaboration and knowledge exchange on sustainable planted forest management practices within the STIDC’s Licence for Planted Forests (LPF/0043) project.

Both STIDC and MPMA acknowledge the growing need for sustainable forest management practices as well as the importance of research and development in the timber industry. The chairman of MPMA, Sheikh Othman Rahman, said the MoU would allow plywood manufacturers to appreciate the importance of forest management and industrial tree plantations as source of raw material.

**Sarawak log production**

Species (cu m)	2022	2023
Bindang	1,237	4,155
Meranti	820,927	904,406
Kapur	79,450	83,607
Keruing	58,813	51,610
Sepetir	4,692	4,421
Sel Batu	48,899	43,345
Nyatoh	21,174	21,420
Other species	1,157,321	1,129,350
Total	2,192,513	2,242,314

Data source: Source: STA

**COVID cases surge**

In the face of rising case numbers Malaysia has reactivated the Covid Heightened Alert System, an early intervention protocol based on the infection and death levels as well as the hospitalisation rate to better monitor and appropriately respond to infections. Singapore, Thailand and Indonesia have issued advisories asking people to mask up and get vaccinated.

The number of cases has shot up as much as 75% in these countries since the start of January pushing case numbers into the tens of thousands.

See: <https://asia.nikkei.com/Spotlight/Coronavirus/Malaysia-and-Singapore-put-guard-up-as-COVID-cases-surge>

**Through the eyes of industry**

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

See: <https://www.itto-ggsc.org/static/upload/file/20240116/1705365254170310.pdf>

**Indonesia**

**Pursuing 2024 furniture export target**

The Indonesian Furniture and Crafts Industry Association (HIMKI) noted that furniture and crafts exports in 2023 have likely fallen short of the target by almost 30%. A number of steps have been taken to strengthen the export performance this year. Abdul Sobur of the HIMKI explained that there are several steps that must be taken to achieve the 2024 export target of US\$5 billion. According to Abdul action is needed to ensure the availability of quality raw materials.

Raw material price stability is a determining factor in the competitiveness of the furniture and crafts industry. At present it is estimated that around 30% of raw material supplies are imported due to the lack of domestic supplies. Abdul estimates that the equivalent of 12 million cubic metres of roundwood will be required in 2024.

Apart from that, Abdul said that around 67,000 tonnes of ready-to-use rattan raw material will be needed to meet the export target of US\$5 billion.

In related news, the Indonesian Furniture Industry and Handicrafts Association (ASMINDO) has prepared a roadmap to guide the national furniture and crafts industry in the face of current challenges. The roadmap aims to enhance export potential and strengthen domestic market promotion. ASMINDO’s chairman, Dedy Rochimat, disclosed that the global furniture market has continued to grow, reaching a total transaction value of US\$729 billion last year.

“In 2023, the Asian market for furniture reached US\$169 billion with the ASEAN region contributing US\$13.7 billion” said Dedy.



ASMINDO aims to increase the development of the national furniture and crafts industry through effective work programmes that can have a significant impact, he said, and export markets would be expanded beyond America and Europe to new markets for example, Saudi Arabia and Brazil.

See: <https://forestinsights.id/rebut-pasar-furnitur-domestik-dan-ekspor-asmindo-siapkan-roadmap/>

<https://bisnis.solopos.com/ekspor-mebel-turun-pada-2023-ini-langkah-himki-kejar-target-2024-1844544>

### Plywood ready for export to the Philippines

A small quantity plywood made in South Kalimantan recently secured a certificate from the South Kalimantan Animal, Fish and Plant Quarantine office in advance of shipment to the Philippines. Quarantine official, Aspul Anwar, explained that the required documents from the destination country were completed. He noted "for physical inspection, plywood must be free from pest organisms or quarantine plant pest organisms in the form of wood boring insects and other live insects".

See: <https://www.riliskalimantan.com/2024/01/kayu-lapis-asal-kalsel-siap-berlayar-ke.html>

### Forest management challenges becoming more complex

The Minister of Environment and Forestry, Siti Nurbaya, ha said this year environmental and forest management challenges will become increasingly complex and will require administrative procedures that are consistent with the needs of communities.

According to the Minister, governance success can no longer be solely measured by administrative correctness. The community must also benefit from the results and that "bureaucratic work should be more closely related to society.

In related news, the Minister stated that collaboration between the government and all stakeholders is crucial in taking effective measures to tackle climate change. The government is continuing to encourage community participation in actions to mitigate and adapt to climate change starting from energy efficiency to forest and land fire prevention.

See: <https://forestinsights.id/tantangan-makin-kompleks-menteri-siti-tegaskan-kerja-klhk-harus-terukur-dan-dirasakan-masyarakat/>

<https://en.antaranews.com/amp/news/302997/govt-invites-community-to-participate-in-climate-action>

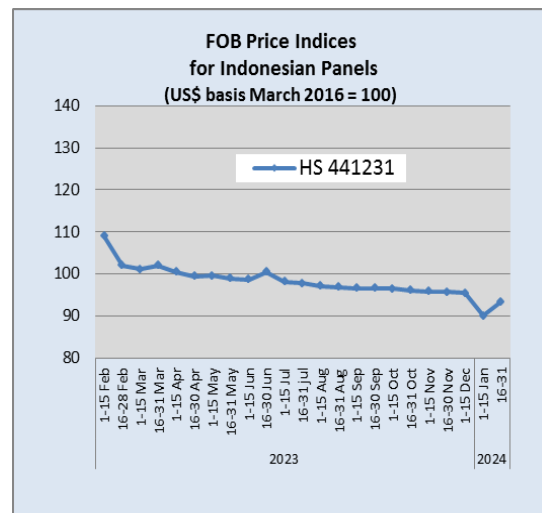
### Forest rangers monitoring capacity

The Deputy Minister of Environment and Forestry, Alue Dohong, called on members of the Quick Reaction Forest Ranger Unit, or SPORC, to improve their capacity to monitor forests in Indonesia.

He remarked that the monitoring of territory by SPORC's intelligence members aims to prevent potential threats from turning into incidents, such as illegal logging, encroachment, fires, hunting and social conflicts which can have a damaging effect on the function of forests.

According to Dohong, SPORC forest rangers should have the ability to supervise the condition and dynamics of forests, identify potential problems and find appropriate strategies and steps to overcome various forestry and environmental problems.

See: <https://en.antaranews.com/news/303327/forest-rangers-should-step-up-monitoring-capacity-deputy-minister>



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

### Through the eyes of industry

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

See: <https://www.itto-ggsc.org/static/upload/file/20240116/1705365254170310.pdf>

## Myanmar

### Outturn percentage set for plantation teak milling

According to the Facebook page of Wood Based Furniture Association the Ministry of Natural Resources and Environmental Conservation (MONREC) issued a notification on the specification limit and the maximum outturn percentage for the sawn timber which are to be produced from teak thinning poles and posts. Details are shown in the following tables.

**Log girth 6-11 in.  
Board thickness 2 in and width 2 in.  
Length 12 ft.**

Outturn Percentage Allowed Based on Cross-Sectional Area of Sawn Timber in Square-Inch			
%	Up to 4 Sq-In	Up to 10 Sq-In	Up to 12 Sq-In
Total	30%		
Export	0%		
Local	30%		

**Log girth 12-23 in.  
Board thickness 2 in and width 5 in.  
Length 12 ft.**

Outturn Percentage Allowed Based on Cross-Sectional Area of Sawn Timber in Square-Inch			
%	Up to 4 Sq-In	Up to 10 Sq-In	Up to 12 Sq-In
Total	30%	42%	
Export	0%	20%	
Local	30%	22%	

**Log girth 24-35 in.  
Board thickness 2 in and width 6 in.  
Length 12 ft**

Outturn Percentage Allowed Based on Cross-Sectional Area of Sawn Timber in Square-Inch			
%	Up to 4 Sq-In	Up to 10 Sq-In	Up to 12 Sq-In
Total	30%	42%	45%
Export	0%	20%	32%
Local	30%	22%	13%

According to the notification the maximum size allowed for export is 2 inch in thickness, 6-inch in width and 12 feet in length. However, depending on the log girth the maximum width and outturn percentage is variable.

For logs with a girth of 6-11 inches the maximum width is 2 inch and export is not allowed. For logs with a girth of 12-23 inches and 24-35 inches the maximum width is 5 and 6 inches respectively. The outturn percentage for width 5 inch is 42% and for width 6 inch is 45%.

It is understandable that the setting of outturn limits is aimed at preventing false outturns percentage which may create the loophole under which the sawn timber from natural forest teak can be substituted.

It's important to note that the notification does not cover wood chips and pellets. In the case of logs from natural forests there is a similar control on the maximum outturn percentage. However, millers have the opportunity for an exception known as Customised Cutting Approval. Through this method millers can demonstrate the actual cutting results using sample logs of random qualities allowing for the approval of a higher outturn percentage.

The notification appears to be primarily targeted at private plantations as logs from state-owned plantations offered in MTE Tender sale, are typically over 30 years of age and the same regulation is applied as to the logs from the natural forest.

See: [https://myanmarforestcertification.org/wp-content/uploads/2021/01/Plantation-Extraction-Procedure\\_ENG.pdf](https://myanmarforestcertification.org/wp-content/uploads/2021/01/Plantation-Extraction-Procedure_ENG.pdf).

### **Central Bank sells foreign currency**

Myanmar's central bank has decided to inject over US\$200 million worth of foreign currency into the forex market to control inflation that it says is caused by soaring fuel prices. This was done after CBM suspended the subsidised facility to the fuel importer at the official rate of 2100 KYATs. The CBM sold US\$19 million in December 2023 and US\$53 million in January 2024 primarily directed toward fuel importers.

Despite this fuel prices have surged by 12 to 15% since December 2023. The CBM also sold 250 Million Thai Baht in January and extended a SWAP facility equivalent to US\$4 million in Chinese yuan. Myanmar's heavy reliance on China and Thailand for most commodities through border trade underscores the significance of these financial transactions. Concurrently, the market exchange rate experienced an increase from 3350 to 3500 Kyats against US dollar.

The central bank has frequently sold dollars to defend its currency but this marks the first intervention of over US\$100 million. The kyat has depreciated by nearly 40% since the beginning of August.

See: <https://asia.nikkei.com/Spotlight/Myanmar-Crisis/Myanmar-plans-200m-currency-intervention-to-fight-inflation>

### **World Bank - worsening economic conditions**

The World Bank's latest report on Myanmar acknowledges the worsening conditions exacerbated by armed conflict since October 2023, disrupting lives, livelihoods and major trade routes. The Bank says the economic outlook is bleak, with those signs of recovery observed in the first half of 2023 proving fragile and short-lived.

See: <https://www.worldbank.org/en/news/press-release/2023/12/12/economic-recovery-falters-as-conflict-and-inflation-weigh>

**Housing demand set to rise in urban and rural areas**

CREDAI, in collaboration with Liases Foras, has published a report that suggests housing demand in India could reach 93 million homes by 2036, driven by growth in key parameters including population in both urban and rural areas, healthy macro-economic indicators and favorable demographics, with several Tier II, III cities projected to spearhead both demand and supply. With Government programmes to establish Smart Cities, along with increasing commercialisation activities in emerging areas, it is widely expected that the next wave of real estate growth will stem from Tier II, III regions.

The report was released at the New India Summit organised by Confederation of Real Estate Developers' Associations of India, (CREDAI) in Varanasi recently.

India has been the world's fastest-growing major economy in the last two years and is forecast to retain the top spot in 2024 as the urbanisation and industrialisation process reaches the rapid take-off phase.

The Indian economy is projected to grow 6.2% in 2024 slightly lower than the 6.3 % estimate for 2023, amid robust domestic demand and strong growth in the manufacturing and services sectors, according to a UN report. It also forecast that the global growth is set to 2.4% in 2024 from an estimated 2.7% in 2023.

See: <https://www.constructionweekonline.in/business/indias-housing-demand-expected-to-skyrocket-to-93mn-by-2036-credai-liases-fora>

**Per capita panel product consumption set to rise**

The ITTO correspondent in India writes “markets are stable as is the exchange rate. India has a huge demand for furniture and wood-based panel products because of the growing economy. The per capita consumption of panel products is much lower than in other countries but it will grow with improving purchasing power.

Over the past 4 years the plantation timber based industry has expanded its manufacturing capacity. Plywood, MDF, OSB and Particleboard industries have increased their capacity and seen healthy growth”.

Plyreporter says in its latest issue, with rising demand for properties the demand for quality calibrated plywood and panel products has also risen significantly but the high timber cost has become an obstacle for expansion.

The positive sentiment among potential home buyers is driving home sales and indirectly the demand for calibrated plywood for use in manufacturing. A recent survey suggests the consumption of quality plywood will surge in the coming years due to demand led by architects, interior designers and builders.

See: [https://www.liasesforas.com/admin/WhitePaper/56/WhitePaper\\_2023-12-06\\_63837473649630.pdf](https://www.liasesforas.com/admin/WhitePaper/56/WhitePaper_2023-12-06_63837473649630.pdf)

**Expanding plantations**

Plyreporter has published information from the Ministry of Environment, Forests and Climate Change. An official notification in November announces the approval for tree plantations to be established on areas designated as forest.

The raising of plantations by the Government Department on the land recorded as forest in the Government records shall be considered as forestry activity and accordingly, provisions of the compensatory afforestation and Net Present Value shall not be applicable for such plantation activities.

While, the raising of commercial plantations of short rotation, including plantation of medicinal plants in the forest land shall be considered as non-forestry activities and in such cases prior approval of the Central Government shall be obtained and decision on such proposals will be undertaken by them on the merits of such case.

**Cost C&F Indian ports in US\$, Hoppus measure**

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

	Hoppus cu.m	US\$ C&F
Brazil	99	298
Colombia	101	315
Costa Rica	146	225
Ecuador	118	240
Ghana	101	295
Ivory Coast	99	310
Nigeria	196	285
South Sudan	48	310
Tanzania	101	310
Laos	-	-

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

	CU.M	US\$ C&F
Benin	106	610
Brazil	99	355
Colombia	125	345
Costa Rica	98	310
Ecuador	120	545
Ghana	124	370
Ivory Coast	-	-
Nigeria	119	365
South Sudan	174	385
Tanzania	95	355
Togo	100	330
Venezuela	122	420



**Locally milled sawnwood prices**

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,000 - 4,500
Balau	2,700 - 3,000
Resak	-
Kapur	-
Kempas	1,455 - 1,750
Red meranti	1,500 - 1,800
Radiata pine	900 - 1,050
Whitewood	900 - 1,050

Price range depends mainly on lengths and cross-section

**Sawn hardwood prices**

Sawnwood (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,600 - 1,900
Sycamore	2,000 - 2,300
Red Oak	2,500 - 3,000
White Oak	2,800 - 3,300
American Walnut	4,700 - 5,500
Hemlock STD grade	1,350 - 1,600
Western Red Cedar	2,220 - 2,450
Douglas Fir	2,200 - 2,400

Price range depends mainly on lengths and cross-sections

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

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

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

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

**Wood and wood product (W&WP) trade Highlights**

According to the General Department of Customs Vietnam's W&WP exports to the UK in December 2023 were recorded at US\$20.9 million, down 22% compared to December 2022. In 2023 the W&WP exports to the UK were valued at US\$195 million, down 19% compared to 2022.

Vietnam's office furniture exports in December 2023 accounted to US\$24.4 million, down 13% compared to December 2022. In 2023 office furniture exports contributed US\$267.9 million, down 28% compared to 2022.

The volume of tali imported in December 2023 stood at 26,700 cu.m, worth US\$10.0 million, down 8% in volume and 8% in value compared to November 2023. Compared to December 2022, the volume fell by 54% in volume and 57% in value. In 2023 tali imports amounted to 378,200 cu.m, worth US\$154.8 million, down 32% in volume and 32% in value compared to 2022.

Imports of logs and sawnwood from Southeast Asia in December 2023 are estimated at 80,000 cu.m with a value of US\$22.0 million, down 0.4% in volume but up 2.2% in value compared to November 2023 bringing the total amount of imports from these suppliers to 838,80 cu.m at a value of US\$231.99 million, down 7% in volume and 23% in value compared to 2022.

In December 2023, W&WP exports amounted to US\$1.3 billion, up 10% compared to November 2023 and up 2% compared to December 2022. In particular, WP exports reached US\$952.6 million, up 10% compared to November 2023 and up 9% compared to December 2022. In 2023, W&WP exports totalled at US\$13.5 billion, down 16% compared to 2022.

Vietnam's W&WP exports to South Korea in December 2023 reached US\$66.4 million, down 33% compared to December 2022. Generally, in 2023 W&WP exports to South Korea stood at US\$784.3 million, down 23.4% compared to 2022.

In December 2023 exports of kitchen furniture reached US\$122 million, up 17% compared to December 2022. Overall, in 2023 exports of kitchen furniture contributed US\$1.19 billion, down 10% compared to 2022.

Vietnam's oak imports in December 2023 were 25,700 cu.m, worth US\$14.3 million, down 8% in volume and 8% in value compared to November 2023. However, compared to December 2022, import volumes increased by 33% and 34% in value. In 2023 oak imports amounted to 280,000 cu.m, worth US\$154.7 million, down 2% in volume and 16% in value compared to 2022.

Imports of logs and sawnwood from China in December 2023 were reported at 65,000 cu.m, at a value of US\$25.0 million, down 2% in volume and 1% in value compared to November 2023 bringing the total volume of wood imported from China in 2023 to 569,030 cu.m at a value of US\$253 million, down 13% in volume and 28% in value compared to 2022.

### **Certification could spur exports**

The strict Forest Stewardship Council certification regulations pose both challenges and opportunities for the Vietnamese timber industry.

One of the largest retailers in the United States, is seeking to procure FSC certified wood products from Vietnam.

Vietnam has seen increased demand for FSC-certified timber materials due to requirements from import markets, the largest of which are the US and Europe. However, there are challenges regarding FSC requirements on verification of the origin wood raw materials used in manufacturing.

Vietnam primarily purchases FSC wood from South American and African countries but transport is expensive and takes a considerable time.

In recent years, the Vietnamese government has introduced policies such as the Vietnam Forestry Development Strategy 2021–2030 and a scheme to develop a sustainable and effective wood processing industry which promotes the growth of plantations of large size logs with FSC certification.

As a consequence, an increasing number of companies operating in the timber processing sector are actively pursuing prospects for direct involvement in the certified forest supply chain. A number of companies, including Woodland, NAFOCO, and Scancia Pacific have achieved raw material self-sufficiency it has been reported.

Woodland Tuyen Quang, an enterprise that manufactures interior and exterior wood products for IKEA Group, has collaborated with five forestry companies in the northern province of Tuyen Quang since 2015 to secure certified raw material.

According to the company's president, Do Thi Bach Tuyet, the company is engaged in collaboration with forestry firms and domestic organisations to formulate a forest management strategy spanning a minimum of seven years with the objective of establishing timber material areas that satisfy processing requirements.

Vu Thi Que Anh, the FSC representative in Vietnam, remarked that the ability to access more developed global markets is one of the greatest benefits for forest owners in Vietnam through obtaining FSC certification.

According to Que Anh the proportion of forested land in Vietnam with FSC certification has reportedly increased in recent years.

The FSC-certified forest area in Vietnam is projected to extend to around 282,960 ha, representing 64% of the country's total planted forest area.

See: <https://vietnamnet.vn/en/vietnam-business-news-january-16-2024-2238964.html>

## **Brazil**

### **Major investment in reforestation in Latin America**

The Development Bank of Latin America and the Caribbean (CAF) has announced an investment of US\$25 million in Timberland Investment Group's (TIG) reforestation strategy in Latin America.

TIG, a subsidiary of BTG Pactual, aims to protect and restore around 150,000 hectares of deforested natural forests in Brazil, Uruguay and Chile.

The initiative also aims to create sustainable and independently certified commercial forests to improve biodiversity and support inclusive community development.

In line with its mission to boost sustainable development, CAF aims to become the region's green bank committing to allocate US\$25 billion in green financing by 2026 representing an increase from 24% to 40% of total approvals.

See: [https://www.remade.com.br/noticias/19710/caf-investe-us\\$-25-milhoes-em-reflorestamento-na-america-latina](https://www.remade.com.br/noticias/19710/caf-investe-us$-25-milhoes-em-reflorestamento-na-america-latina)

### **Forest sector goals for 2024 in Mato Grosso State**

During a meeting of the forest sector in Alta Floresta, State of Mato Grosso in the Amazon Region, members of the forest industry discussed topics such as market expansion, sectoral policies, associations and health and safety issues.

The meeting was attended by more than 60 entrepreneurs from the forest sector who work in the municipalities that make up Simenorte's union led by representatives of the Mato Grosso Timber Producing and Exporting Industries Center (CIPEM). They highlighted the importance of business association to explore new markets and achievements such as the inclusion of forest management plans in credit lines.

In addition, the extension of the validity of logging permits from 12 to 24 months was highlighted as a breakthrough.

CIPEM pointed out that the municipalities in the north of Mato Grosso are important producers of "legal, traceable and certified" timber from natural forests and emphasised the importance of business alliances to conduct negotiations as a bloc and seeking new markets and improvements for forest-based activities.

FIEMT (Federation of Industries in the State of Mato Grosso) emphasised the role of associations in strengthening agroindustry, highlighting the benefits of sustainable socio-economic development. The State Environment Secretariat (Sema) stressed the importance of Sustainable Forest Management Plans in Mato Grosso, highlighting efforts to integrate State requirements with the production sector.

The National Forum for Forest-Based Activities (FNBF) pointed out that timber is the main economic activity in 33% of Mato Grosso's municipalities and FNBF encourages access to new markets and highlights the strengthening of alliances as a key to balancing sectoral policies.

See: <https://cipem.org.br/noticias/metas-para-2024-sao-debatidas-por-empresarios-da-industria-florestal-em-assembleia-no-extremo-norte-de-mt>

### Export update November 2023

In November 2023, Brazilian exports of wood-based products (except pulp and paper) decreased 6.8% in value compared to November 2022, from US\$276.8 million to US\$258.0 million.

Pine sawnwood exports dropped 18% in value between November 2022 (US\$55.9 million) and November 2023 (US\$45.8 million). In volume, exports declined 7% over the same period, from 214,200 cu.m to 199,700 cu.m.

Tropical sawnwood exports fell 21% in volume, from 23,200 cu.m in November 2022 to 18,400 cu.m in November 2023. In value, exports decreased 38% from US\$13.3 million to US\$8.3 million over the same period.

In contrast, pine plywood exports increased 14% in value in November 2023 compared to November 2022, from US\$44.2 million to US\$50.2 million. In volume, exports increased 18% over the same period, from 136,300 cu.m to 160,900 cu.m.

As for tropical plywood, exports also increased in volume by 33% and in value by 27%, from 1,800 cu.m and US\$1.1 million in November 2022 to 2,400 cu.m and US\$1.4 million in November 2023, respectively.

As for wooden furniture the exported value decreased from US\$52.0 million in November 2022 to US\$49.3 million in November 2023, a 5% fall in the total.

### Export update December 2023

In December 2023, Brazilian exports of wood-based products (except pulp and paper) increased 2% in value compared to December 2022, from US\$270.8 million to US\$276.2 million.

Pine sawnwood exports increased 15% in value between December 2022 (US\$45.5 million) and December 2023 (US\$52.3 million). In volume, exports increased 30% over the same period, from 183,700 cu.m to 237,800 cu.m.

Tropical sawnwood exports also increased by 26% in volume, from 17,500 cu.m in December 2022 to 22,100 cu.m in December 2023. However the value of these exports decreased 10% from US\$10.2 million to US\$9.2 million over the same period.

Pine plywood exports rose 16% in value in December 2023 compared to December 2022, from US\$43.4 million to US\$50.3 million. In volume, exports increased 22% over the same period, from 135,600 cu.m to 165,700 cu.m.

Tropical plywood, exports declined in volume 28% and in value by 8%, from 2,500 cu.m and US\$1.2 million in December 2022 to 1,800 cu.m and US\$1.1 million in December 2023.

As for wooden furniture, the exported value increased from US\$43.9 million in December 2022 to US\$45.6 million in December 2023, an increase of around 4%.

### Furniture exports - good prospects for 2024

Brazilian exports of furniture and mattresses grew by a remarkable 10% in November 2023 compared to the previous month, reaching an amount of US\$68.5 million. ABIMÓVEL (Brazilian Furniture Industry Association) points out that this positive expansion has led to the view that there may be better prospects for the furniture industry in 2024.

An analysis conducted by IEMI reveals that the recent increase in exports is not only influenced by the dynamics of the Brazilian and global markets, but is also a direct reflection of the strategies adopted by the Brazilian furniture industry which is focused on innovation, sustainable management and participation in international events.

Projections for 2024 indicate a relevant cycle for the Brazilian Furniture Project led by ABIMÓVEL in partnership with ApexBrasil (Brazilian Trade and Investment Promotion Agency). With around 150 member companies exporting to 180 countries, the sector plans to take part in high-profile events such as the Milan and New York Design Weeks.

The initiative will focus on actions such as international fairs and trade missions, highlighting the importance of keeping up to date with the sector's indicators for effective planning. The aim is to showcase dozens of Brazilian brands in exhibitions to promote the best of Brazil.

See: <http://abimovel.com/exportacoes-de-moveis-e-colchoes-ganharam-forca-ao-final-do-ultimo-trimestre-trazendo-melhores-perspectivas-para-o-inicio-de-2024-2/>

### Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	592↓
Ipê	245↓
Jatoba	215↓
Massaranduba	207↓
Miiracatiara	211↓
Angelim Vermelho	161↑
Mixed redwood and white woods	

Source: STCP Data Bank

### Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	2,276↓
Jatoba	1,210↑
Massaranduba	1,036↓
Muiracatiara	996↑
Angelim Vermelho	1,049↑
Mixed red and white	631↓
Eucalyptus (AD)	344↓
Pine (AD)	296↑
Pine (KD)	321↓

Source: STCP Data Bank

### Domestic plywood prices (excl. taxes)

	US\$ pe3 cu.m
Parica	
4mm WBP	651↑
10mm WBP	519↑
15mm WBP	453↑
4mm MR.	643↑
10mm MR.	454↑
15mm MR.	399↑

Prices do not include taxes. Source: STCP Data Bank

### Prices for other panel products

	US\$ per cu.m
Domestic ex-mill prices	
15mm MDParticleboard	380↑
15mm MDF	399↓

Source: STCP

### Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipê	3,362↑
Jatoba	1,700↓
Massaranduba	1,695↓
Muiracatiara	1,722↓
Pine (KD)	185↓

Source: STCP Data Bank

### Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	319↑
12mm C/CC (WBP)	288↓
15mm C/CC (WBP)	278↓
18mm C/CC (WBP)	275↓

Source: STCP Data Bank

### Export prices for added value products

		US\$ per cu.m
FOB Belem/Paranagua ports		
Decking Boards	Ipê	3,313
	Jatoba	1,911

Source: STCP Data Bank

### Through the eyes of industry

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

See: <https://www.itto-ggsc.org/static/upload/file/20240116/1705365254170310.pdf>

## Peru

### Veneer and plywood exports disappoint

The Association of Exporters (ADEX) has reported export shipments of veneer and plywood between January and November 2023 were worth US\$2.25 million, a contraction of 22.5% compared to the same period in 2022 when exports earned US\$2.90 million.

This fall is partly explained by lower demand from Mexico, the main market in recent years, which went from US\$2.73 million in 2022 to US\$1.92 million in 2023, a drop of almost 30%.

According to data from the ADEX Data Trade Commercial Intelligence System other export markets were the Dominican Republic (US\$0.19 million), Chile (US\$0.09 million), Ecuador (US\$0.02 million) and the United States (US\$0.01 million).

Veneers and plywood represented 2.4% of the total wood products exported by Peru between January and November 2023.

### Action to strengthen forestry development

Representatives of the German Development Bank KfW and leaders of the Sustainable Productive Forests (BPS) programme recently met to coordinate a plan to strengthen forestry development in the region. This initiative seeks to ensure timely and effective progress of the programme. The Regional Forestry and Wildlife Management also participated in the meeting.

The German Development Bank, KfW, which co-finances the BPS programme which aims to strengthen the national forest sector with a focus on sustainability and productivity.

Ucayali is one of the prioritised regions where there is a focus of the programme because it has large forest area and a strategic location for the market. The aim is to consolidate Ucayali as a center of forestry production and as a timber hub in the Amazon.

At the meeting the BPS coordinator presented the new heads of the Plantations, Forests and Planning projects. They will work with regional and local governments. The heads of the Forests and Planning Projects coordinated to meet joint goals. In addition, the creation of Forest Management Units and the acquisition of necessary technology were discussed.

### Training in forest inspection tasks

A group of 30 professionals have been trained to carry out supervision and control of forest resources through a specialisation course developed by the Forest and Wildlife Resources Supervision Agency (OSINFOR)

OSINFOR plans to train more than 900 professionals in 2024 who will be deployed to control action in approximately 683,592 hectares of forest.

As part of the course the professionals deepened their knowledge in the supervision and inspection processes and the use of OSINFOR digital tools and platforms.

See: <https://www.gob.pe/institucion/osinfor/noticias/889618-profesionales-supervisores-fortalecen-knowledges-para-realizar-labores-de-fiscalizacion-forestal-con-el-osinfor>



**Export prices for added value products**

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

**Export sawnwood prices**

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	691-710
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	582-602
Grade 2, Mexican market	527-541
Cumaru 4" thick, 6"-11" length KD Central American market	992-1022
Asian market	1006-1031
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	634-649
Dominican Republic	744-793
Marupa 1", 6-11 length KD Grade 1 Asian market	562-578↓

**Export plywood prices**

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

**Export veneer prices**

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

**Domestic sawnwood prices**

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

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

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

**Domestic prices for other panel products**

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

**Japan****No change in Bank of Japan policy**

As anticipated the Bank of Japan (BoJ) left its negative policy rate unchanged due, in part, to uncertainty over how the magnitude 7.6 earthquake that struck Ishikawa Prefecture on 1 January will impact the economy. Observers are closely watching for when the BoJ will start exiting negative rates and get Japan back and in cinque with the rest of the world.

See: <https://asia.nikkei.com/Economy/Bank-of-Japan/BOJ-chief-vows-to-limit-disruption-after-raising-policy-shift-hopes>

**Relief as cost of imports decline**

Japan's customs-cleared trade deficit halved from the previous year to yen 9.29 trillion in 2023 after lower resource prices pulled down the value of imports according to the Ministry of Finance Ministry. Japan reported a trade deficit for the third straight year but the 2023 deficit was down from the yen 20.3 trillion in 2022. In 2023 imports dropped 7.0% as imported energy costs fell.

See:

<https://japannews.yomiuri.co.jp/business/economy/20240124-164306/>

**OECD calls for boost in productivity**

A press release from the OECD points out that Japan's economy has recovered from the Covid pandemic but faces new challenges from weak global trade prospects. Saying, policy should now focus on ensuring fiscal sustainability, boosting productivity growth and addressing the economic and social impacts of rapid population ageing. The latest OECD Economic Survey of Japan says that GDP grew by 1.9% in 2023 and will continue to steadily grow by 1.0% in 2024 and 1.1% in 2025, mostly driven by domestic demand as global uncertainty weighs on external demand.

Consumer price inflation is projected to slowly come down to 2.6% in 2024, from 3.2% in 2023 and stabilise at 2% in 2025 as government subsidies end and wage growth gains traction.



The positive outcome of the 2023 wage negotiations, the highest in three decades, points towards a virtuous cycle where rising prices contribute to growing wages and consumption.

The OECD warned that uncertainty around Japan's inflation outlook was "exceptionally large." While a slowdown in the global economy could weigh on wages, a tighter labour market could lead to higher-than-projected wage growth, it said.

### Capital spending trending lower

Capital spending by the private sector is one of the key drivers of Japan's economy and a major indicator of business confidence. According to Cabinet Office data machinery orders fell 4.9% in November from the previous month underscoring the uncertainty about domestic and global economic outlook.

Year-on-year, core orders, which excludes shipping and power utilities, declined 5.0% versus a forecast for 0.2% growth. In response the government retained its view that machinery orders had "stalled" for 13 straight months. Orders from manufacturers fell 7.8% in November from the previous month, pulled down by a drop in orders for general-purpose production machinery.

See:

<https://www.japantimes.co.jp/business/2024/01/18/economy/japan-machinery-orders-fall/>

### Rate of inflation slowing

According to the Ministry of Internal Affairs and Communications, the consumer price index in Japan climbed 3.1% in 2023 marking its biggest gain since 1982. The rise was largely caused by rising food costs and the high cost of imports because of the weakening yen exchange rate.

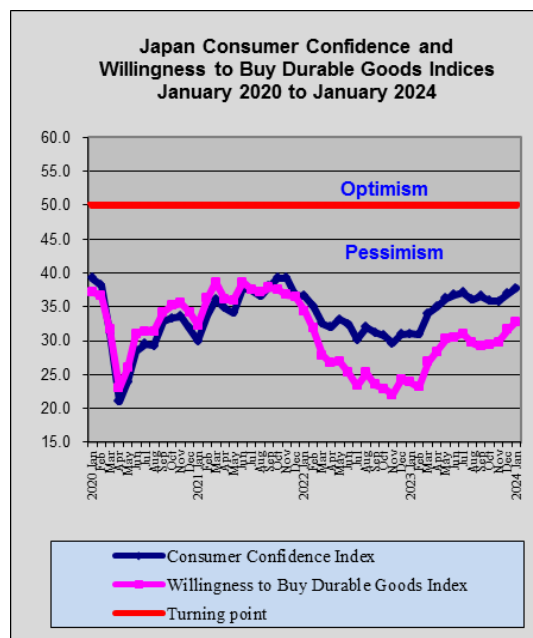
The December's data showed a slight slowing in the pace of inflation as the pace of cost domestic logistics and labour costs eased. The inflation data is in support of government calls for businesses to raise wages.

See:

<https://japannews.yomiuri.co.jp/business/economy/20240119-163039/>

In related news, a private think tank estimates Japanese companies will need to raise wages by around 4% this year to keep real wages from falling, this will be tough for smaller businesses struggling to pass on higher costs to customers. Year on year, November nominal wages increased by just 0.2% according to the Ministry of Health, Labor and Welfare while. Consumer prices rose by 3.3% over the same span, resulting in a 3% decline in real wages. The wage increase for companies with 1,000 or more employees in 2023 was 3.6%, according to the Ministry.

[https://asia.nikkei.com/Economy/Japan-s-pay-needs-to-grow-3.6-to-outpace-inflation-think-tanks-say?utm\\_campaign=GL\\_JP\\_update&utm\\_medium=email&utm\\_source=NA\\_newsletter&utm\\_content=article\\_link](https://asia.nikkei.com/Economy/Japan-s-pay-needs-to-grow-3.6-to-outpace-inflation-think-tanks-say?utm_campaign=GL_JP_update&utm_medium=email&utm_source=NA_newsletter&utm_content=article_link)



Data source: Cabinet Office, Japan

### Business federation says businesses have a social responsibility to raise wages

Business executives and union leaders across Japan have begun wage negotiations for the new fiscal year. High price inflation and strong corporate earnings has raised hopes for major pay increases.

The Japan Business Federation (Keidanren) recently held its annual labour and management meeting at which the chairman, Masakazu Tokura, said that companies "have a social responsibility" to raise wages so they keep up with inflation.

The Japanese Trade Union Confederation (Rengo) wants at least a 5% increase for its members this year. Last year's wage negotiations resulted in an average wage increase of about 3.6%, a 30-year high.

See:

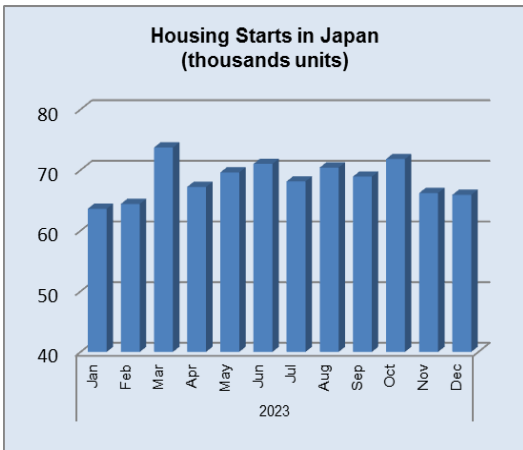
<https://mainichi.jp/english/articles/20240125/p2a/00m/0op/008000c>

### Two months needed to assess quake damaged homes

Work has started on assessing the damage caused to homes by the powerful Noto Peninsula Earthquake in Ishikawa Prefecture. The assessments are required for the issuance of a disaster victim certificate which is used to calculate the amount of financial support the central government and others will provide to victims of the disaster.

About 30,000 buildings in Wajima alone need to be assessed, a process which the city government estimates will take two months to complete.

According to the prefectural government, it has determined (as of 19 January) that 29,489 homes in Ishikawa had been damaged. This does not include homes in Wajima and Suzu, the two cities that experienced the worst of the earthquake.

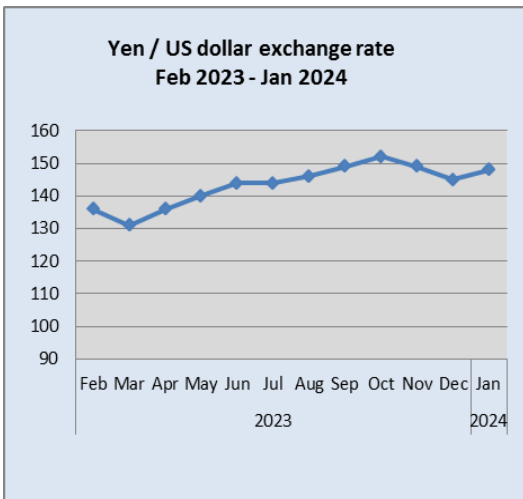


Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

**Yen continues to weaken**

Towards month end the US dollar fell against the Japanese yen after the Bank of Japan maintained its ultra-easy policy as expected but signaled an April exit from negative interest rates.

However, the dollar then gained against the yen. The yen exchange rate is sensitive to differentials between Japan and other major currencies and has lost nearly 5% against the dollar this year.



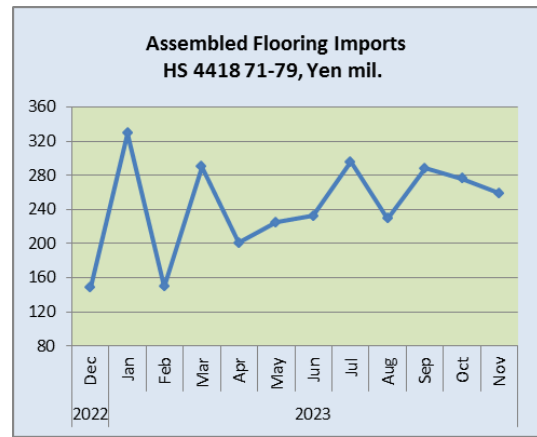
**Import update**

**Assembled wooden flooring imports**

In November the main category of assembled flooring imports was HS441875 accounting for just over 70% of the total value of assembled flooring imports. The second largest category in terms of value was HS441879.

The main shippers of HS441875 in November were China 42%, down slightly from a month earlier, Malaysia (8%) along with Austria and Lithuania also at around 8% each.

The value of Japan's November imports of assembled flooring (HS441871-79) dropped slightly (6%) compared to the value of October arrivals. Year on year the value of November assembled flooring imports rose around 7%.



Data source: Ministry of Finance, Japan

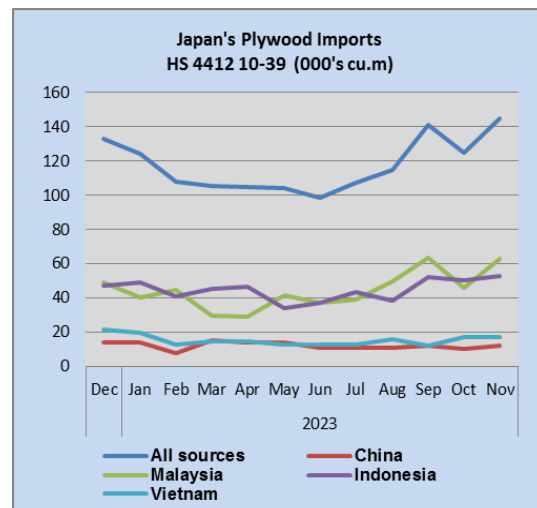
**Plywood imports**

There was a sharp turn-around in the volume of plywood imports in November. Compared to a month earlier November imports were 16% higher than in October and year on year November import volumes jumped 15%.

Of the two main shippers, Malaysia and Indonesia, it was only Malaysian shippers that scored in November and Malaysian exports in November were almost entirely the reason for the jump in monthly import volumes.

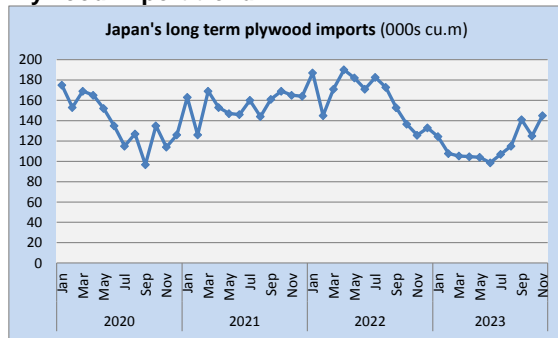
The volume of imports from Indonesia, Vietnam and China in November were little changed from a month earlier.

Plywood imports began to recover in 2021 and were fairly consistent in the first half of 2022 but the combined effect of the weak yen and a dull housing market resulted in a slowing of imports, a trend that continued until mid 2023.



Data source: Ministry of Finance, Japan

## Plywood import trend



Data source: Ministry of Finance, Japan

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

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

	Dec	13.9	49.2	47.1	21.6
2023	Jan	13.7	40.3	49.2	19.4
	Feb	7.8	44.9	40.6	12.9
	Mar	14.9	29.8	45.3	14.3
	Apr	13.8	28.7	46.3	14.6
	May	14.0	47.7	34.2	12.6
	Jun	10.7	36.9	37.2	12.7
	Jul	10.6	38.8	43.1	12.9
	Aug	10.6	49.6	38.1	15.7
	Sep	12.3	63.4	52.4	12.0
	Sep	10.5	46.1	50.3	17.2
	Nov	11.9	63.6	53.0	16.8

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

## Domestic logs and lumber

Movement of domestic lumber settled down after the New Year holiday. Usually, movement of domestic lumber is very slow in January to March due to low demand.

An operating rate at some precutting plants has decreased by 60 – 70 %. Then, there were not a lot of inquiries at lumber markets. Demand and supply for logs in the northern part of Kanto region are balanced now. KD cedar post was around 65,000 yen, delivered per cbm in December, 2023 and the price is 63,000 – 65,000 yen, delivered per cbm now except Western Japan. KD cedar stud is around 65,000 yen and this is leveled off.

Cypress sills and cypress logs were 85,000 yen in December, 2023 and they are 80,000 – 85,000 yen now. Demand and supply for logs and lumber are different in several areas in Japan. For example, there are a lot of inquiries for cypress lumber instead of Douglas fir lumber in Kyushu region and Chubu region. However, there are not enough cypress logs.

In Shikoku region, cypress logs are popular and the price of 4 m cypress log is around 25,000 yen. Cedar logs used to be around 10,000 yen but the price of 3 m cedar logs is around 12,000 yen. 4 m cedar logs are around 15,000 yen.

The price of cypress logs is around 22,000 yen in Kumamoto Prefecture and this price decreased from 26,000 yen last autumn. 3 m cedar log is around 17,000 yen. The price of 3 m cedar log in the northern part of Kanto region is around 16,000 yen.

In related news, a supplementary budget for measures of afforesting forest with less pollen is six billion yen and one of measures becomes clear.

The measure is to support forest owners to outsource logging and transplanting to forestry organizations. Also, the Ministry of Agriculture, Forestry and Fisheries will deliver promotion expenses for transplanting to forest owners.

### **Plywood**

There was shipment of domestic softwood plywood from trading companies and wholesalers during last autumn till the end of 2023. On the other hand, shipment of structural plywood is bearish. 12 mm 3 x 6 structural plywood is 1,450 – 1,480 yen, delivered to wholesalers per sheet and it is 20 yen lower than the previous month. A decrease in the price settled down. Also, consumers hesitate to request the plywood companies in Ishikawa Prefecture to lower the price because there was a huge earthquake in January, 2024 and plywood plants are unable to produce plywood.

Some South Asian shippers raised the price of South Sea plywood because the log price has been rising in South Asia. 2.4 mm 3 x 6 plywood is around US\$950, C&F per cbm. 3.7 mm plywood is around US\$880, C&F per cbm. 5.2 mm plywood is around \$ 850, C&F per cbm. Form plywood is around US\$580, C&F per cbm. Structural plywood is US\$500– 570, C&F per cbm. 12 mm 3 x 6 painted plywood for concrete form is US\$670 – 680, C&F per cbm. The prices are almost the same prices from last month.

Since the yen had depreciated against the dollar until last autumn, Japanese sellers expect to raise the price of South Sea plywood

However, once, the yen appreciated to 140 yen against the dollar in December, 2023 and the movement of domestic softwood plywood was bearish so it is difficult for distributors to raise the price. 2.5 mm plywood is 780 yen, delivered to wholesalers per sheet. 4 mm plywood is 1,000 yen, delivered to wholesalers per sheet. 5.5 mm plywood is 1,200 yen, delivered to wholesalers per sheet.

Structural plywood is 1,800 yen, delivered to wholesalers per sheet. 12 mm 3 x 6 painted plywood for concrete form is 1,990 – 2,000 yen, delivered to wholesalers per sheet. The receipt of South Sea plywood has been declining since last year and the inventories at ports in Kanto area has been declining. Some items are in short supply but some trading companies or distributors are unable to order a large amount of South Sea plywood. One of reasons is that fiscal year-end is in March.

### **South Sea log and products**

The price of South Sea logs in South Asia is still high. One of the reasons is that a plywood company in Sarawak, Malaysia reduced cutting down the trees. South Sea lumber made in Japan is used as blocks for mainly steels or shipbuilding. Consumers need durable South Sea lumber such as Keruing to hold heavy materials.

The yen appreciated against the dollar at the end of 2023 and some Japanese distributors purchase South Sea lumber and Chinese lumber.

However, Japanese distributors did not purchase a lot of lumber because demand in Japan has been still low. Merkusii pine lumber is US\$770 – 780, C&F per cbm in Indonesia. Red pine lumber is US\$790 – 820, C&F per cbm in China. This is US\$20 – 30 higher than the previous time.

Chinese sellers will raise the price because there will be a Chinese New Year holiday in the beginning of February, 2024. Since the rupiah is weak, Indonesian sellers are unable to raise the price even though they expected to.

There has been some inquiries for decks. The inquiries for truck bodies have been still firm.

### **North American logs**

Trading companies and distributors in Japan are unable to grasp the situation for the correct import cost of Douglas fir logs. Demand for Douglas fir lumber has been sluggish in Japan and also there has been less inquiries for Douglas fir lumber.

Usually, demand for all kinds of lumber in Japan is very low in February and March so the distributors do not buy a lot of lumber. In this season, consumers bought domestic lumber or European lumber instead of Douglas fir lumber.

### **Radiata pine logs and lumber**

Radiata pine logs shipped to Japan in December, 2023 from New Zealand are \$ 170 – 175, C&F per cbm. This is US\$10 higher than November, 2023. According to the Japanese importers, the log price was US\$15, C&F per cbm higher than the previous time but the freight declined slightly from the previous time. That is the reason for \$ 10 up.

The log price for Chin is around \$ 130, C&F per cbm and this is US\$5 – 10, C&F per cbm higher than last time so shippers in NZ were very aggressive about the price hike to Japanese importers.

The negotiation for radiata pine lumber from Chili in February, 2024 ended in the middle of January, 2024. Thin boards and squares are US\$350 – 355, C&F per cbm and the prices are stabilized from last time. Wholesalers in Japan decided not to raise the price because the price of radiata pine lumber is unchanged from last time and the yen appreciated against the dollar temporary.

## **China**

### **RMB300 billion/yr from green building materials**

Ten departments led by the Ministry of Industry and Information Technology have prepared a plan for the development of the green building materials industry.



The plan proposes that the annual sales of green building materials will exceed 300 billion yuan by 2026 with an average annual growth of more than 10% from 2024.

In total around 30 industrial clusters will be developed, around 50 green building materials demonstration projects will be built, government procurement policies will be adjusted in no less than 100 cities, green building material product certification will reach 12,000.

By 2030 the level of energy savings, emission reductions, low carbon, safety and recyclability in the life cycle of green building materials will be further improved. Further internationally recognised green building material manufacturers and product brands will be created.

See:<https://baijiahao.baidu.com/s?id=1787758103024647572&wfr=spider&for=pc>

The plan proposes the following key tasks:

China will speed up the greening of production processes, strengthen measures such as process upgrading, energy substitution, energy conservation and consumption reduction and resource recycling to achieve a reduction of pollutants and carbon emissions.

China will accelerate the intelligent production methods, continue to promote the development of intelligent manufacturing in the building materials industry, accelerate the integration of the whole industrial chain of green building materials with a new generation of information technology and promote intelligent production, large-scale customisation and service extension of green building materials.

China will promote the coordination of industrial development, accelerate the cultivation of green building materials industry clusters, encourage regions to combine resource production factors and market demand, adapt to local conditions and industrial layout.

China will carry out training, enhance the quality basis, expand brand influence of three categories of products (new, famous and quality products).

China will promote the application of construction projects, strengthen the requirements for the selection of green building materials, encourage eligible areas to carry out demonstration construction of green building materials projects in combination with building types such as zero-carbon buildings and near-zero-energy buildings and encourage public procurement and market investment projects to expand the scope of green building materials procurement and increase procurement efforts.

More green building materials will be sent to the countryside. Research will be carried out to further enrich and improve the activities of green building materials for rural use and explore the transformation from "green building materials products to "green building materials

system solution supplier + rural construction service provider in the countryside.

China will guide green consumption, innovate consumption patterns, encourage production enterprises to provide customised application programmes for green building materials cooperating with real estate enterprises, architectural designers, home decoration and inner furnishing enterprises and explore new models for integrated decoration and decoration services.

China will optimise innovation mechanisms, encourage the establishment of technology centres and engineering centres featuring green building materials and improve research and development and technology transfer platforms for the industry.

China will improve the system of Standards. In accordance with the development of the green building materials industry, the evaluation Standards for green building materials will be revised, the implementation of relevant Standards for green building materials will be assessed and mandatory Standards will be strengthened.

China will continue green building materials product certification and further expand the scope of green building materials product certification.

#### **Bamboo as a substitute for plastic**

Recently the National Development and Reform Commission and other departments formulated a Three-year Action Plan to 'Accelerate the Development of Bamboo as a Substitute for Plastic'. This provides important policy opportunities for promoting the development of China's bamboo industry.

China's bamboo industry continues to grow, the level of bamboo processing and utilisation ranks first in the world and product quality, variety, efficacy and applications are rich. The latest data show that the existing bamboo forest area in China exceeds 7.5 million hectares, the annual value of bamboo output exceeds RMB400 billion and the total value of bamboo products trade accounts for more than 60% of the world trade in bamboo.

See:<https://baijiahao.baidu.com/s?id=1784856419991572548&wfr=spider&for=pc>

#### **Rise in wooden furniture exports from Linyi City**

According to Linyi Customs in 2023 the total value of wooden furniture exports from manufacturers in the city reached RMB2 billion, a year-on-year increase of 17%. At the same time, since the implementation of the 'Internet + review mechanism by Linyi Customs' there have been 13 newly registered furniture export enterprises in Linyi City, an increase of 36% year-on-year.

In order to better serve the needs of wooden furniture enterprises in Linyi City, Linyi Customs has continuously optimised the registration access mode, simplified the access process for enterprises by implementing online document review and online video verification and greatly



improved efficiency. At the same time the application of territorial inspection has been shortened.

Linyi Customs has also established a "one to one Customs staff" working mechanism to provide professional guidance services for furniture enterprises to help them accurately meet oversea market access requirements. Customs staffs have a deep understanding of the needs of enterprises and provide personalised business guidance to help enterprises better understand and master relevant policies and Standards to expand the international markets.

See:  
<http://news.iqilu.com/shandong/shandonggedi/20240120/5587822.shtml>

**First China-Vietnam rail shipment of fibreboard**

It has been reported that the first China-Vietnam cross-border container freight train loaded with fibreboard started from Nanning International Rail station and arrived at Ga Yên Viên Station, Hanoi after a 14.5 hour journey.

The Spring Festival is also an important holiday in Vietnam and it is common for families to buy new furniture and other household items.

China is one of the sources of Vietnamese fibreboard imports.

China exported fibreboard to Vietnam by road in the past and the recent shipment is the first rail. The rail service is reliable and the security of goods leaving the country by train is guaranteed.

See:  
[https://baijiahao.baidu.com/s?id=1788400488778392162&wfr=s\\_pider&for=pc](https://baijiahao.baidu.com/s?id=1788400488778392162&wfr=s_pider&for=pc)

**Global Timber Index report**

In December 2023 a unit of Bank of China (BOC) released a report on China’s Economic and Financial Outlook 2024 which estimates that China’s GDP will expand by around 5% in the fourth quarter of 2023, and the full-year GDP growth in 2023 may reach around 5.3% (January 2024 data show GDP expanded 5.1%).

At the beginning of January 2014, some adjustments were made to housing provident fund policies ( Beijing) and loan policies (Shanghai). For example, the minimum down-payment for a second improved housing in Shanghai could be lowered to 40%.

On 4 January 2024 Shenzhen issued the "Implementation Opinions on Actively and Steadily Promoting the Transformation to Urban Villages to Achieve High-quality Development" to solicit opinions from the public before 4 February 2024. An estimated 40% of the city's total buildings would be involved in the transformation to urban villages.

In December 2023 China's construction sector showed some signs of recovery and the timber sector saw a modest

rebound in orders from both home and abroad driven by continuous stimulus policies in the real estate sector. However, most enterprises were inclined to reduce inventory and no marked improvement was observed on the production and supply side.

The feedback from GTI-China enterprises indicated that there were a significant increases in prices for timber and chemicals amid fierce market competition but enterprises still had not seen an obvious rebound in orders.

In December the GTI-China index recorded 47.5%, a decrease of 6.5 percentage points compared to that of the previous month and was below the critical value (50%) once again after being above the value for 2 months indicating that the business prosperity of the timber enterprises represented in the GTI-China index shrank from last month.

**Main challenges reported by GTI-China enterprises**

- Product sales declined.
- The supply of goods was unstable and the delivery took a significant amount of time.
- Orders were insufficient and material prices rose.
- It was not feasible to raise prices, as price competition was fierce.

The production index registered 33.3%, a decrease of 19.2 percentage points from the previous month falling below the critical value of 50 after 2 months indicating that the production volume of the timber enterprises represented by the GTI and was less than that of last month.

The export orders index registered 55.0%, an increase of 22.0 percentage points from the previous month and above the critical value after 2 months indicating that the number of export orders of the timber enterprises represented by the GTI was more than that of November.

See: <https://www.itto-ggsc.org/static/upload/file/20240116/1705365254170310.pdf>

**Through the eyes of industry**

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

See: <https://www.itto-ggsc.org/static/upload/file/20240116/1705365254170310.pdf>

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

	2023	2023
	Oct	Nov
Okoume	291	272
Merswa	191	182
Teak	515	525
Merbau	466	434
Birch	453	453
Oak	112	127

Data source: Customs, China

**UK Parliament pushes for tougher stance on imported deforestation**

In a report published on 4 January the UK Parliament’s Environmental Affairs Committee (EAC), made up of MPs, claims the intensity of the country's commodity consumption, when measured by its carbon footprint per tonne of product consumed, is higher than that of China and should "serve as a wake-up call to the government".

The world's forests are being put under "enormous pressure" by the UK's appetite for commodities like soy, cocoa, palm oil, beef and leather, the EAC report claims. This should "serve as a wake-up call to the government", said EAC chair Philip Dunne, who added that the UK's use is having an "unsustainable impact on the planet".

The EAC’s 66-page report<sup>1</sup> focuses on Britain's contribution to tackling global deforestation. It comes after ministers announced that UK importers of four commodities - cattle products (excluding dairy), cocoa, palm oil and soy - will have to implement due diligence procedures to avoid products from illegally converted forest land. This is in addition to pre-existing requirements on timber traders to follow the requirements of the UK Timber Regulation (UKTR).

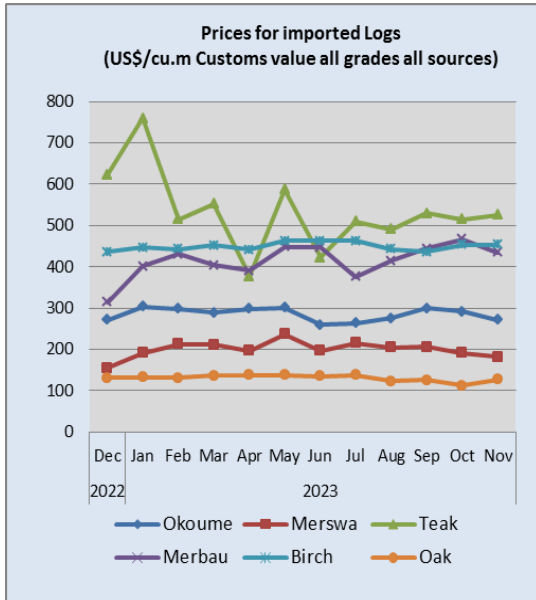
The range of organisations and individuals consulted by the EAC was narrow and heavily weighted towards civil society. There is no indication that any tropical forestry or producer representatives were consulted by the Committee when preparing the report with all input from the trade and industry side from domestic UK foresters and associations.

The EAC report notes that it “draws on 55 written submissions to the inquiry and five public evidence sessions hearing from 24 witnesses including academics, environmental NGOs, forestry sector representatives and Government agencies”. Additional input was “derived from a virtual roundtable discussion with representatives from NGOs in countries affected by tropical deforestation”. No equivalent discussion was organised for the private sector.

The narrow range of stakeholder input did not deter the EAC from making far-reaching recommendations. The UK government, which has adopted a phased approach and not yet announced when enforcement of the new deforestation law will begin, is criticised by the Committee for failing to respond more urgently.

The EAC recommends that the Government’s proposals for due diligence legislation should include from the outset all forest risk commodities associated the UK’s deforestation footprint (soy, palm oil, cocoa, maize, beef and leather, rubber and coffee).

The EAC is also critical of the fact that the UK law, unlike the EU Deforestation Regulation (EUDR) only prohibits the import of products from illegal deforestation.

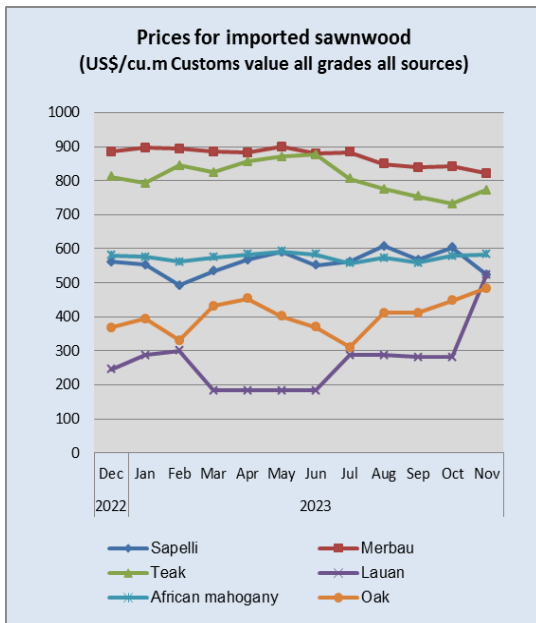


Data source: Customs, China

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

	2023 Oct	2023 Nov
Sapelli	603	524
Merbau	842	821
Teak	732	772
Lauan		522
African mahogany	579	584
Oak	477	484

Data source: Customs, China



Data source: Customs, China

The EAC observes that “products of legal deforestation are not currently within scope of the proposed system”. The Committee calls for the law to be amended to align with the EUDR and prohibit imports of commodities “linked to deforestation activity as defined by the UN Food and Agriculture Organization, whether or not the activity is permitted by local legislation”.

In support of this recommendation, the EAC reports that 90% of respondents to the UK Government’s earlier consultation on new laws for forest risk commodities believed that the proposals should be extended so that it would be illegal for UK businesses to use any key commodities related to deforestation in their supply chains. These respondents included Unilever, Nestle, Mondelez, and all the UK’s seven largest supermarkets.

On the UKTR, the EAC comments that “current UK regulation is not sufficient when it comes to limiting non-sustainable deforestation. It relies too heavily on the laws in exporting countries and an assumption that that these laws will incorporate adequate provision for sustainability: as currently drafted the Regulations take control of the UK’s impact on sustainable timber production out of the UK’s hands.”

The EAC therefore recommends that UK Government bring forward proposals to amend the UKTR so as “not only to prevent illegally harvested timber being placed on UK markets but also to require all imported timber to be sustainably harvested”.

There is also criticism of the UK government’s decision to impose the deforestation regulation only on larger businesses with a global annual turnover of £50m or more. Businesses using 500 tonnes or less of each commodity annually will also be able to apply for an exemption from the regulations. The UK government says that the threshold requirements will ensure “that only larger businesses who can most effectively influence supply chains” will be within scope. However, the EAC argues the law should align with the EUDR and UKTR and apply to all companies irrespective of size.

The EAC’s report also gives insights into UK thinking on support for supply side measures in tropical countries. The Committee notes that “To be effective, the Government’s proposed approach requires the UK to work in partnership with producer countries and to reinforce (and in some cases, strengthen) their legal and policy provisions to counter deforestation.

We therefore recommend that the proposed demand-side due diligence system is complemented by Government initiatives to support and build capacity in producer countries”. The EAC’s report references the “Fitness Check” of the EUTR and the FLEGT Regulation performed in 2021 by the European Commission to evaluate the implementation and functioning of these two instruments and to assess whether they were fit for purpose to halt illegal logging and related trade.

The report notes that the EC Fitness Check recognised some benefits but ultimately was critical of the FLEGT programme. However, it also notes that the methodology and findings of the EU’s Fitness Check were strongly criticised. Some civil society organisations note genuine improvements in governance in many VPA countries falling outside the scope of the Fitness Check and which were therefore not acknowledged. The Fitness Check focused primarily on whether a FLEGT license had been put in place in VPA countries. However, this did not capture the fundamental improvement to forest governance achieved in some VPA countries even before the issue of FLEGT licenses.

The EAC’s report goes on to note that while the EUDR “will largely replace the FLEGT licensing system and VPAs when it enters into force”, the structure will be retained “in recognition of some of the valuable work that is ongoing under those initiatives”.

According to the report, the new EU legal framework does recognise the value of FLEGT VPAs “in terms of enhanced stakeholders’ participation and improved forest governance.” The report states that, for timber products, a FLEGT licence will be sufficient to demonstrate that the timber has been produced in compliance with the laws of the producer country.

The EAC is less clear on the future of the UK’s own engagement in VPAs as a tool for cooperation or partnership with producer countries. It notes that the UK government first promised a post-implementation review of FLEGT for publication in 2023 but that no report has yet been forthcoming.

The EAC notes that at the UN climate summit in 2021 in Glasgow the UK signed the Global Forest Finance Pledge committed to developing partnerships in tropical countries to tackle the causes of deforestation and to “scale up sustainable economic opportunities”.

Of the total US\$12 billion pledged, the UK committed £1.5 billion (US\$1.9 billion) over five years including £350 million for the program in Indonesia, £200 million for the LEAF Coalition, and up to £300 million intended for the Amazon.

However, the report also notes that, in written evidence, Global Witness and WWF observed that much of the finance announced by the UK Government at COP26 in Glasgow had already been committed to programmes prior to COP26 and it was difficult to ascertain from the little public information provided how much of the package announced was ‘additional’ funding.

The EAC suggests that “the UK cannot step off the global stage in relation to its climate, nature and deforestation commitments. The Government should make it clear how the £1.5bn of funding specifically committed to activity to address deforestation is being spent”.

See: <https://publications.parliament.uk/pa/cm5804/cmselect/cmenvau d/405/report.html>

House of Commons Environmental Audit Committee (2024) The UK's contribution to tackling global deforestation. Fourth Report of Session 2023–24. United Kingdom House of Commons. 4th January 2024.

## North America

### New home construction slowed at the end of 2023

The annual pace of new home construction in the US pulled back in December after soaring in November despite a historic shortage of housing inventory and falling mortgage rates. Housing starts came down by 4.3% in December compared to the previous month, according to US Census Bureau data. Starts fell to a seasonally adjusted annual rate of 1.46 million units last month, dropping from November's pace of 1.56 million.

Still, homebuilding has improved from a year ago, with housing starts up 7.6% from the rate of 1.357 million units in December 2022.

“Even though construction started slowing at the end of 2023 there are tailwinds with mortgage rates trending lower that will help construction this year,” said Kelly Mangold of RCLCO Real Estate Consulting.

While average mortgage rates have moved ticked higher in late December they have settled at around 6.6%, one full percentage point lower than last year's peak of 7.79%, according to Freddie Mac. Rates are expected to continue to fall slowly in 2024.

Additionally, homebuilder sentiment in January is strong according to a separate survey which showed optimism about the new construction market is the highest it has been since September. New construction has also benefited from the low inventory of homes on the resale market, where homeowners are reluctant to sell and give up their ultra-low mortgage rate for much higher prevailing rates.

Canadian housing starts rebounded in December after a surprise decline in the prior month but ended the year down from 2022 at a time when the deficit of housing units is at or near a record high. Housing starts across Canada came in at a seasonally adjusted annual rate of 249,255 units in December, an 18% increase from the month before.

For 2023, actual housing starts fell 7% to 223,513 units from the prior year, and the federal housing agency attributed the weakness to a sharp drop-off in construction of single-detached homes. The results emerge as Canada faces an acute housing shortage, in part due to some of the fastest population growth in the world.

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

<https://www.marketwatch.com/story/canada-housing-starts-rebound-in-december-but-down-7-in-2023-update-eca923e6>

### 2023 was slowest year for home sales

The National Association of Realtors reported that existing US home sales totaled 4.09 million last year, an 18.7% decline from 2022. That is the weakest year for home sales since 1995 and the biggest annual decline since 2007, the start of the housing slump of the late 2000s.

Last year's home sales slump echoes the nearly 18% annual decline in 2022, when mortgage rates began rising, eventually more than doubling by the end of the year. Still, a pullback in mortgage rates since late last year, and forecasts calling for further rate reductions this year, is fueling hopes that home sales will begin to bounce back from their dismal showing in 2023.

Existing home sales slipped 1.0% in December to a seasonally adjusted annual rate of 3.78 million units, the lowest level since August 2010. Economists polled by Reuters had forecast home sales would be unchanged.

“The latest month's sales look to be the bottom before inevitably turning higher in the new year,” said Lawrence Yun, the NAR's chief economist. “Mortgage rates are meaningfully lower compared to just two months ago, and more inventory is expected to appear on the market in upcoming months.”

At 470,000 units, existing-home sales in the Northeast were unchanged from November but down 9.6% from December 2022. In the Midwest, existing-home sales retracted 4.3% from the prior month to an annual rate of 900,000 in December, down 10.9% from last year.

Existing-home sales in the South descended 2.8% from November to an annual rate of 1.72 million in December, a decrease of 4.4% from the prior year. In the West, existing-home sales grew 7.8% from a month ago to an annual rate of 690,000 in December but were down 1.4% from one year before.

<https://www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales>  
(Sources: [National Association of Realtors](#), [Associated Press](#), [Reuters](#))

### US builder confidence shows sharp rise

Mortgage rates well under 7% over the past month have led to a sharp increase in US builder confidence to begin the New Year.

Builder confidence in the market for newly built single-family homes climbed seven points (to 44) in January, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). This second consecutive monthly increase in builder confidence closely tracks with a period of falling interest rates.



“Lower interest rates improved housing affordability conditions this past month, bringing some buyers back into the market after being sidelined in the fall by higher borrowing costs,” NAHB Chairman Alicia Huey stated in a release.

“Single-family starts are expected to grow in 2024, adding much needed inventory to the market. However, builders will face growing challenges with building material cost and availability, as well as lot supply.”

See: <https://www.woodworkingnetwork.com/news/woodworking-industry-news/builder-sentiment-surges-falling-interest-rates>

### **Job market continues to excel through end of 2023**

The US labor market closed out 2023 in strong shape as the pace of hiring was even more powerful than expected, the US Department of Labor reported.

December’s jobs report showed employers added 216,000 positions for the month while the unemployment rate held at 3.7%. Payroll growth showed a sizeable gain from November’s downwardly revised 173,000. October also was revised lower, to 105,000 from 150,000, indicating a slightly less robust picture for growth in the fourth quarter.

The report, along with revisions to previous months’ counts, brought 2023 job gains to 2.7 million, or a monthly average of 225,000, down from 4.8 million, or 399,000 a month, in 2022.

“Jobs growth remains as resilient as ever, validating growing skepticism that the economy will be ready for policy rate cuts as early as March,” said Seema Shah, chief global strategist at Principal Asset Management. “Indeed, the recent run of labor market data generally points in one direction: strength.”

In December, construction employment continued to trend up (+17,000). Construction added an average of 16,000 jobs per month in 2023, similar to the 2022 average monthly gain of 22,000. Employment showed little change over the month in manufacturing and other major industries.

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

### **Consumer confidence on the rise**

US consumer sentiment improved in January to the highest level since the summer of 2021 amid optimism over the outlook for inflation and household incomes. The University of Michigan’s preliminary reading on the overall index of consumer sentiment came in at 78.8 this month, the highest reading since July 2021, compared to 69.7 in December.

"Consumer views were supported by confidence that inflation has turned a corner and strengthening income expectations," said Surveys of Consumers Director Joanne Hsu.

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

### **Manufacturing sector shrinks for 14th straight month in December**

Economic activity in the manufacturing sector contracted in December for the 14th consecutive month say the nation’s supply executives in the latest Manufacturing ISM Report On Business. The ISM index registered 47.4 percent in December, up 0.7 percentage point from the 46.7 percent recorded in November. An index rating above 50 indicates growth. Both the Wood Products and the Furniture and Related Products sectors reported contraction in December.

One respondent in the wood products sector reported that, “higher financing costs have diminished demand for residential investment. Customers are delaying a portion of their plans until borrowing costs are reduced. We are impacted with reduced new orders, a diminished backlog of orders and uncertain short-term demand for products and services.”

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

### **Domestic sales of floor coverings showing signs of recovery**

US square foot sales of floor coverings is projected to increase by 2.5% in the first quarter of 2024, according to Catalina Research. This follows a 1.9% gain in the fourth quarter of 2023. Catalina came to this conclusion based on an estimated 4% to 5% increase in US floor coverings square foot imports in the fourth quarter of 2023. This data is available in the December issue of the Catalina Floor Coverings Quarterly Update. These increases came after five quarters of declining square foot sales. The upturn in square foot floor coverings sales reflects a moderating decline in US housing demand.

See: <https://catalinareports.com/product/floor-coverings-industry-outlook-2024/>

### **Canada challenges US softwood tariffs decision**

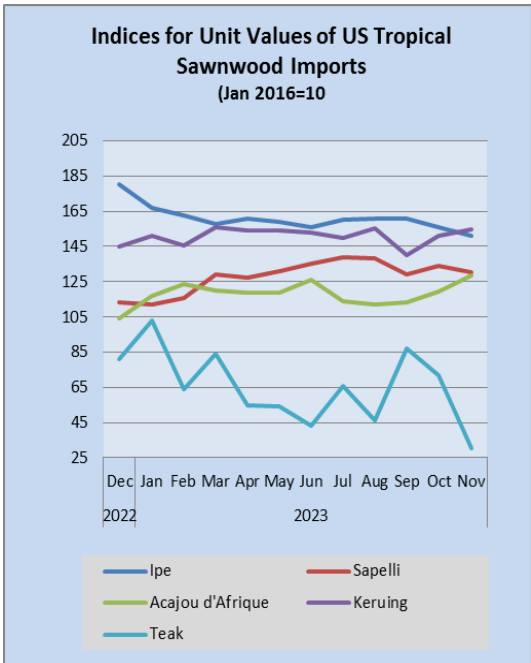
Canada is challenging the US decision late last year to maintain duties on exports of Canadian softwood lumber, Trade Minister Mary Ng said in a statement on January 18.

Ng said Canada had launched its challenge under the US-Mexico-Canada free trade deal. The two countries have been arguing for decades about the lumber exports, which US producers say are unfairly subsidized.

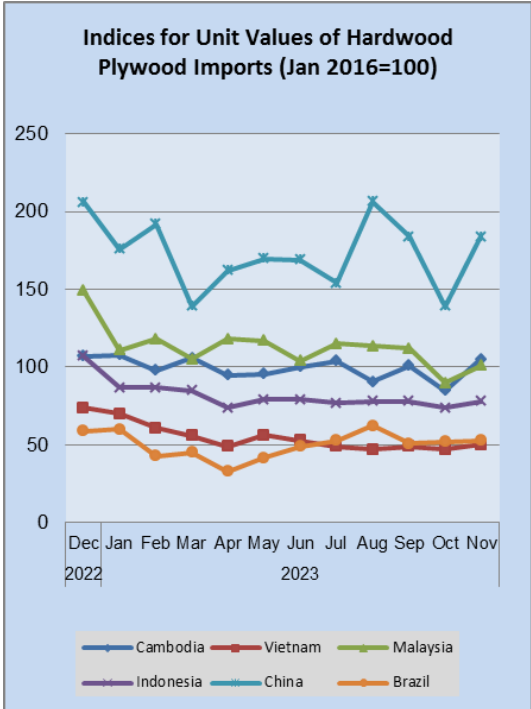
In July 2023, the US Department of Commerce released its final determination of a combined anti-subsidy and anti-dumping duty rate of 7.99% in the fourth annual review of traded Canadian softwood lumber imports into the United States. The review covers lumber imported in the calendar year 2021.

See: <https://www.woodworkingnetwork.com/news/canadian-news/canada-challenges-us-tariffs-decision>





Data source: US Census Bureau, Foreign Trade Statistics



Data source: US Census Bureau, Foreign Trade Statistics

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

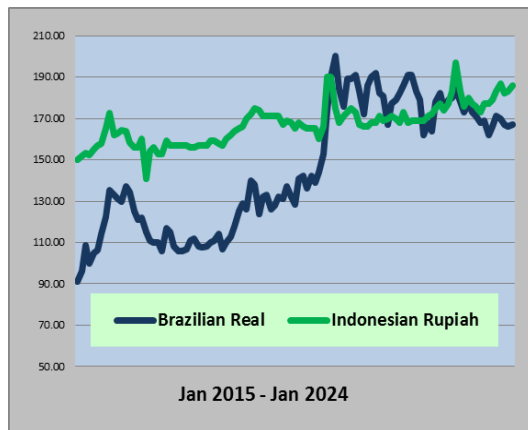
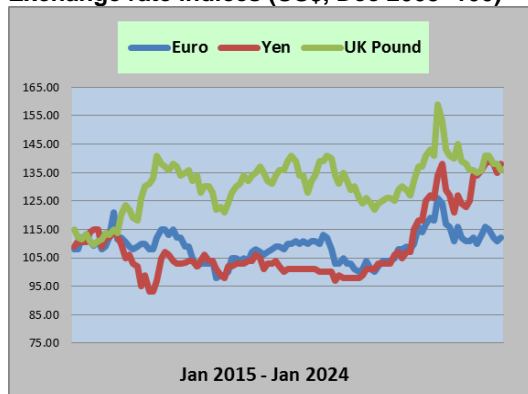
**The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO**

## US Dollar Exchange Rates

As of 25 January 2024

Brazil	Real	4.92
CFA countries	CFA Franc	603.40
China	Yuan	7.16
Euro area	Euro	0.92
India	Rupee	83.12
Indonesia	Rupiah	15,776
Japan	Yen	148.16
Malaysia	Ringgit	4.73
Peru	Sol	3.72
UK	Pound	0.79
South Korea	Won	1,337.33

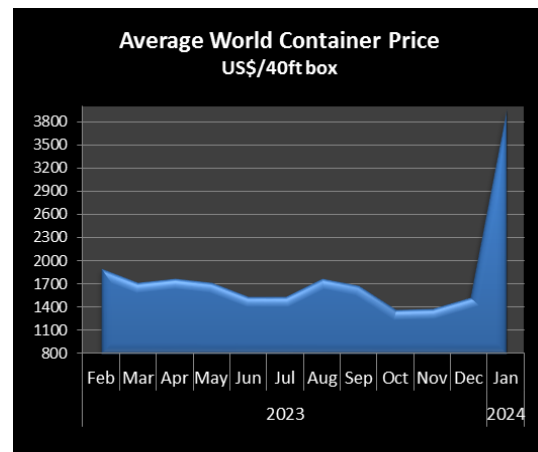
Exchange rate indices (US\$, Dec 2003=100)



## 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

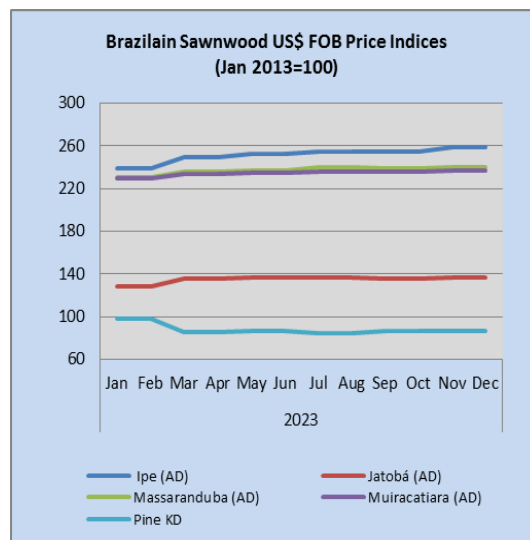
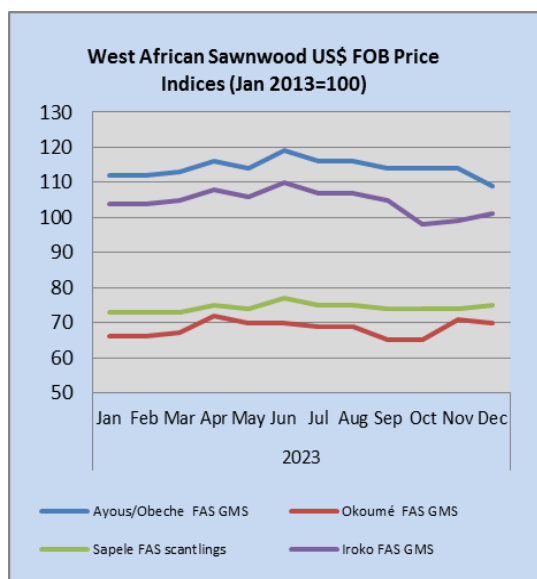
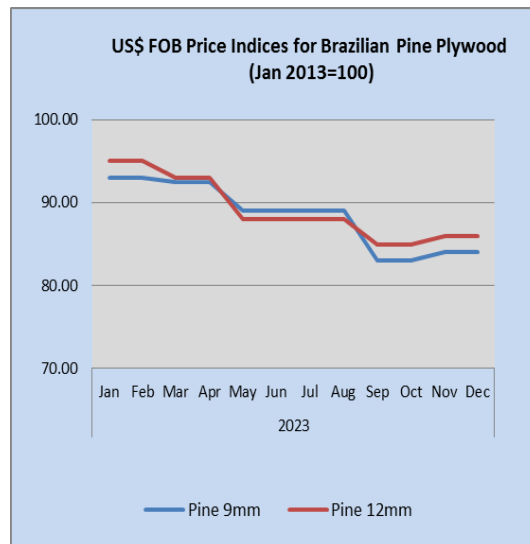
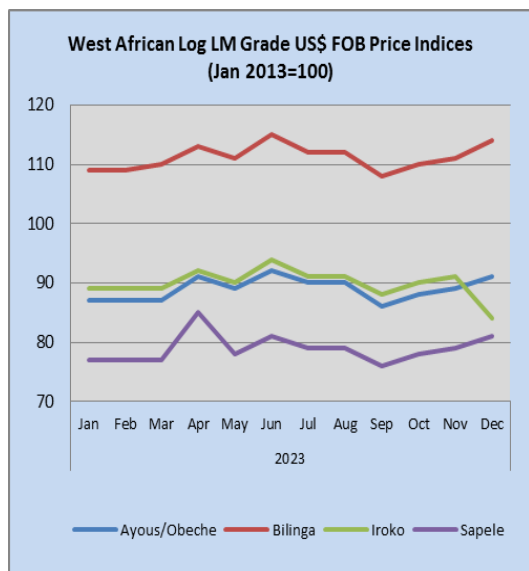


Data source: Drewry World Container Index

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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