

Tropical Timber Market Report

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

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Top story

ITTO Annual Market Discussion 2022 'Carbon Trade and Tropical Forests'

Markets for forest carbon are growing fast and have huge potential, but low carbon prices and other challenges are restraining their capacity to benefit tropical forests and their stakeholders.

This was a key message emerging from the Annual Market Discussion, which was held as part of the 58th session of the International Tropical Timber Council.

The Market Discussion report can be found at https://www.itto.int/itc-58/market_discussion/

The statement delivered to the ITTC by the Trade Advisory Group (TAG) can be found on page 28

Central and West Africa

Weak demand in China having a major impact

The combination of the slowdown in orders from China and bad weather has meant that operators in the GSEZ have cut production and reduced the workforce. The cut back in production means lower log input and this has affected the operations of the independent loggers as it comes with lower prices.

The slowdown in exports to the Chinese market has become very noticeable with purchases of some species specific for China completely halted. For example beli, a timber previously in high demand, is now out of favour as are okan, padouk and even okoume.

The only species China is buying at the moment is ovankol (amazakoue in Cameroon and the Ivory Coast). Producers hope for a revival in demand from China after the February New Year celebrations. There may be some hope as the Chinese government has recently acted to support the real estate sector.

Demand in other markets is reported as stable and there are reports of improved prices for iroko in Middle East markets. However, demand for tali has declined and this is said to be because of higher than usual stock in Vietnam

Despite the weak demand for okoume for the Chinese market orders continue to flow from buyers in the Philippines where there is also interest in dabema.

Okoume out of favour

Producers in Cameroon continue to battle bad weather and have found, while demand for okoume has slipped, there is interest in the red species and ayous with order books healthy for 2-3 months.

Log stocks in Douala Port are above normal as demand from China has fallen. To avoid deterioration some logs are being offered to local mills at discounted prices. Port operation at Kribi will likely be affected as work to develop access roads gets underway. The new road, being built with funds from the African Development Bank, will bring improvements when finished.

The weak demand for okoume and other species for the Chinese market is affecting producers in Congo. It has been reported that the biggest Malaysian producer, Mai Fay Thai, cut veneer output and reduced forest operations.

Welcome relief on freight rates

Container freight rates have fallen which is a relief which goes some way to compensate for the surging prices for fuel. Shipping containers are available on request.

Log export prices

West African logs Asian market	FOB Euro per cu.m		
	LM	B	BC/C
Acajou/ Khaya/N" Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & ekki	275	275	175
Belli	250	250	-
Bibolo/Dibétou	200↓	200↓	-
Bilinga	275	275	-
Iroko	300	280	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	205	200	-
Moabi	280	280	250
Movingui	180	180	-
Niove	160	160	-
Okan	230	210	-
Padouk	330	310	240
Sapele	260	260	220
Sipo/Utile	260	260	230
Tali	300	300	-

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	450
Bilinga FAS GMS	580
Okoumé FAS GMS	380
Merchantable KD	380
Std/Btr GMS	400
Sipo FAS GMS	420
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	1,200
FAS scantlings	1,200
Strips	400
Sapele FAS Spanish sizes	460
FAS scantlings	489
Iroko FAS GMS	680↑
Scantlings	750↑
Strips	400↑
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

Ghana

African's share of exports grows

Ghana's exports of wood products to markets within African between January and July this year totalled 29,252 cu.m, almost 15% of the total export volume (201,776 cu.m).

Data from the TIDD show that in the period January to July in 2021 markets in Africa were the only ones to register a positive volume growth (2.6%).

Major Market Destinations

	Jan-Jul 2021 000s cu.m	Jan-Jul 2022 000s cu.m
Asia	110	127.8
Europe	27.9	31.1
Africa	20.6	29.3
America	8.1	8.3
Middle East	6.2	5.3
Oceania	0	-
Total	172.9	201.8

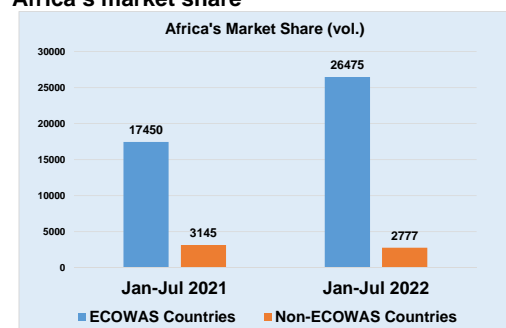
Data source: TIDD

The markets in Africa maintained third position after Asia (63%) and Europe (15%), both of which maintained their first and second positions despite the export volumes dropping.

The growth in demand in African markets was for air and kiln-dried sawnwood, sliced veneer, plywood and rotary veneer.

Of the total 29,252 cu.m exported to African markets in 2022, the ECOWAS sub-region countries accounted for the largest share at around 90% valued at Eur7.26 million with the remaining going to Morocco, South Africa and Egypt.

Africa's market share



Data source: TIDD

The TIDD report indicated teak, wawa, ceiba, deny and essa as the major species exported. Following the conclusion of the Africa Free Continental Free Trade Area (AfCFTA) Agreement Ghana has, through its major stakeholders, put in place guidelines to help companies export.

Uncertain business environment

Because of rising inflation and a general downturn in the economy there is growing uncertainty among Ghana's manufacturers as they face tough choices on the future of their business operations.

The Association of Ghana Industries (AGI), in consultations with the President and other key governmental officials, proposed measures which include the removal of taxes on imported raw materials for manufacturing to boost local production and export.

This, according to AGI, would help the country generate the needed foreign exchange to stabilise the country's economy. The AGI also proposed a reduced Value Added Tax (VAT).

The Finance Minister in his engagement with the business community said he is well aware of the ravages the depreciation of the local currency is having on businesses. He assured the industry that the government and the Bank of Ghana are adopting measures to stabilise the local currency and to restore confidence in the economy. Domestic economic think-tanks have called on government to adopt policies on fiscal discipline and to focus on support for businesses to support manufacturing and protect jobs.

The government of Ghana has been holding talks with the IMF and a team led by Stéphane Roudet met with Finance Minister, Ofori-Atta, Bank of Ghana Governor Addison to continue discussions on a possible IMF-supported programme. At the conclusion of the meetings, Ms. Roudet issued the following statement:

"The Ghanaian delegation and IMF staff had very fruitful discussions on the authorities' post-COVID programme for economic growth and associated policies and reforms that could be supported by a new IMF arrangement. We made good progress in identifying specific policies that would restore macroeconomic stability and lay the foundation for stronger and more inclusive growth.

The IMF team and the Ghanaian authorities remain fully committed to reaching agreement on a framework and policies for an IMF-supported programme as soon as feasible."

See: <https://www.imf.org/en/News/Articles/2022/10/20/pr22363-imf-staff-statement-on-ghana>

Ghana to receive climate grant

Ghana is to receive a US\$3 million climate grant under the World Bank 'Enhancing Access to Benefits by Lowering Emissions' (EnABLE) to build the capacity of local communities affected by climate change. The grant was approved by the Bank to help cut emissions in the forestry sector.

Speaking at the Climate Change Conference (COP 27) in Egypt, Ghana's President said the country is committed to increasing its share of renewable energy.

He indicated that Ghana has recorded her first emission reductions totalling 972,456 tonnes of carbon dioxide equivalent under the Ghana Cocoa Forest REDD+ (Reducing Emissions from Deforestation and forest Degradation + programme. This has been verified and validated by independent Third Parties and has generated a carbon payment of US\$4.86 million.

The Minister for Lands and Natural Resources, Samuel Abu Jinapor, said Ghana has reduced deforestation by 13% and is set to become the first African country to meet the European's Union (EU) requirement on trade in legal timber. He also said a total of 547,891 hectares of degraded forest lands were restored between 2017 and 2021 under the Ghana Forest Plantation programme.

See:

<https://www.businessghana.com/site/news/general/274130/Ghana-receives-climate-change-grant>

Joint MOU to enhance MSMEs

The Monetary Authority of Singapore, the Bank of Ghana and the Development Bank Ghana have signed a Memorandum of Understanding to develop a Ghana Integrated Financial Ecosystem (GIFE).

The GIFE aims to enhance financial capabilities and access for micro, small and medium enterprises in Ghana and generate greater opportunities for trade and financial services cooperation between Singapore and Ghana. A joint statement signed by the three entities said "it is envisaged that the integrated financial ecosystem model can serve the Asia-Africa SME trade corridor more broadly".

See: <https://www.mas.gov.sg/news/media-releases/2022/ghana-integrated-financial-ecosystem>

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	822
Niangon Kiln dry	810

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	411	441
Chenchen	489	612
Ogea	527	590
Essa	485	602
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		
Afrormosia	860	925
Asanfinia	465	564
Ceiba	290	310
Dahoma	456	487
Edinam (mixed redwood)	640	707
Emeri	650	706
African mahogany (Ivorenensis)	1,239	957
Makore	560	724
Niangon	599	870
Odum	500	1,001
Sapele	800	869
Wawa 1C & Select	422	479

Export sliced veneer

Sliced face veneer	FOB
	Euro per cu.m
Asanfinia	1752
Avodire	1,325
Chenchen	854
Mahogany	1,403
Makore	765
Odum	2,030
Sapele	1,114

Export plywood prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfinia
BB/CC			
4mm	458	580	641
6mm	412	535	604
9mm	370	504	560
12mm	583	476	480
15mm	450	385	430
18mm	460	463	383

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

Malaysia

Many sectors depend on foreign workerse

The labour shortage is still a major problem and is holding back the recovery from the economic slowdown brought on by the Covid-19 pandemic. Sectors dependent on foreign manpower such as manufacturing, food and beverage and plantations are among those currently facing an acute shortage of workers.

The return of foreign workers to Malaysia continues to be delayed mainly by bureaucracy and issues with source countries over worker protection.

The chairman of the National Recovery Council (NRC), Muhyiddin Yassi, has alerted government that addressing the availability of foreign labour is an urgent matter. It has been reported that requests have been lodged for around 1.2 million foreign workers for all industries but only 76,000 arrived as of September this year.

See: <https://www.thestar.com.my/news/nation/2022/10/28/lack-of-foreign-labour-will-derail-economy>

Commerce extends deadline on cabinet investigation

On 21 September the US Department of Commerce received a recommendation from the International Trade Administration (ITA) to extend the deadline for its ruling on the circumvention investigation on wooden cabinets from Malaysia which it is claimed originate in China. The original deadline for the preliminary determination was 7 November 2022. To provide more time the deadline of for the ruling is 17 March 2023.

The Malaysian Furniture Council continues to advise its members to remain vigilant and cooperate with the US authorities should there be any further enquiries.

See: <https://www.govinfo.gov/content/pkg/FR-2022-06-10/html/2022-12579.htm>

Evergreen shifts to Indonesia

Evergreen Fibreboard Ltd will soon be shifting part of its medium density fibreboard (MDF) manufacturing capacity to Indonesia from its current location in Batu Pahat, Johor. The move was primarily attributed to the issue of insufficient supply of rubberwood raw material.

See:

<https://themalaysianreserve.com/2022/10/17/evergreen-fibreboard-to-move-batu-pahat-manufacturing-into-indonesia/>

Malaysians at PHILCONSTRUCT

In a press release the Malaysian Timber Council (MTC) reported a recent visit by the MTC and the Malaysian Wood Moulding and Joinery Council (MWMJC) to the Philippine Wood Producers Association (PWPA) where a Memorandum of Understanding was signed which aims to promote development of the timber trade and establish timber trade standardisation between the two countries.

The visit coincided with the PHILCONSTRUCT Trade Show 2022 in which 12 Malaysian timber companies participated. As one of Malaysia's important export destinations in ASEAN the Philippines offers significant export opportunities. Malaysia and the Philippines are traditional timber trade partners.

In 2021, Malaysia was the largest exporter of fibreboard to the Philippines amounting to US\$23 million and was one of the top 5 exporters of wooden furniture, particleboard, and plywood worth US\$22.4 million, US\$16.2 million and US\$11.3 million respectively. The Philippines exported wooden furniture to Malaysia worth US\$0.1 million in 2021.

See:

https://mtc.com.my/images/media/1325/Tapping_Into_The_Philippines_Healthy_Economy.pdf

Study on farm forests

The Malaysian Timber Council, together with the Malaysian Panel-Products Manufacturers' Association (MPMA), recently visited Central Java to gain a better understanding of community farming as practised by the smallholders in Indonesia as well as its potential to boost wood supply for the industry and to improve the livelihood of the local community.

Indonesia

New direction for SVLK

The Timber Legality Verification System (SVLK) has been transformed into a Legality and Sustainability Verification System in which Indonesia has a commitment to produce verified legal and sustainable timber products.

The Secretary General of the National Accreditation Committee (KAN), Donny Purnomo, said that to ensure consistency and competence in the application of SVLK it is necessary to coordinate with all stakeholders.

In the future, to simplify the system, the accreditation currently carried out by multiple agencies will be conducted by one entity, the Independent Verification Assessment Agency (LPVI).

This merger will be very beneficial because, in addition to saving accreditation costs, it will also allow the implementation of assessments to be carried out simultaneously, said Purnomo.

The chairman of the Committee for Organisational Development, Human Resources and Regional Strengthening of APHI, Tjipta Purwita, said that the SVLK generates a positive image of responsible forest management. He added that good forest management should be supported with incentives.

See: <https://forestinsights.id/2022/10/29/akreditasi-dan-sertifikasi-mendukung-kelestarian-hutan-svlk-harus-diterapkan-konsisten/>

Overseas representatives asked to promote SVLK

Indonesia's forestry sector has great potential to support green growth through the use of wood products and other forest products. Support from overseas diplomats to promote the forestry sector can expand opportunities.

During an event on capacity building for diplomats with the theme "Indonesian Forests: Sustainability and Competitiveness" the chairman of the Indonesian Forestry Community Communication Forum (FKMPI), Indroyono Soesilo, asked for the support of Indonesian Representatives abroad to promote the country's SVLK.

Indroyono explained that, to address the issue of illegal logging and sustainability, Indonesia has developed a Legality and Sustainability Verification System (SVLK). Another issue that has been answered through the government policies is deforestation. According to Indroyono, various Indonesian government policies have succeeded in keeping the rate of deforestation very low.

See: <https://forestinsights.id/2022/10/26/promosi-produk-kayu-butuh-dukungan-diplomasi-diplomat-ri-data-pengelolaan-hutan-tepis-stigma-negatif/>

Cooperation to support SFM and inclusive growth

To support the Indonesian government in achieving its FOLU Net Sink the Tropical Forest Alliance (TFA) and the Indonesia Business Council for Sustainable Development (IBCSD) is encouraging a deforestation-free supply chain through sustainable and inclusive forest management.

Together with the Indonesian Chamber of Commerce and Industry TFA supports a communication platform for sharing information and supports good forest practices to attract investment.

The TFA and the Investors Policy Dialogue on Deforestation (IPDD) and the Indonesian Chamber of Commerce and Industry (KADIN) signed a cooperation agreement in which TFA was represented by the Indonesia Business Council for Sustainable Development (IBCSA) as an entity of the Tropical Forest Alliance (TFA) in South East Asia. The signing of this MoU is to support the achievement of the FOLU Net Sink 2030 climate agenda through sustainable and inclusive forest management.

See: <https://wartaekonomi.co.id/read456640/tropical-forest-alliance-dan-kadin-tandatangan-kerjasama-dukung-pengelolaan-hutan-yang-berkelanjutan-dan-pertumbuhan-yang-inklusif>

Boosting forest management capacity

The Ministry of Environment and Forestry is determined to raise the institutional capacity of Forest Management Units (KPHs) and communities to encourage community-based sustainable forest management.

Agus Justianto, Director General of Sustainable Forest Management in the Ministry, said the Forest Investment Programme 2 (FIP2) project is designed to strengthen the institutional capacity of KPHs and local communities so that decentralised forest management can improve forest-based livelihoods.

See: <https://en.antaranews.com/news/256949/ministry-committed-to-boosting-capacity-of-forest-management-units>

Successful reduction of forest fires

The Minister of Environment and Forestry, Siti Nurbaya, said Indonesia succeeded in reducing land and forest fires over the past three years. The Minister reported this when speaking virtually at the Indonesia Pavilion of the 27th Conference of Parties of the UNFCCC (COP-27) in Sharm el-Sheikh.

Data shows land and forest fires covered an area of 296,942 hectares in 2020, 358,867 hectares in 2021 and 183,743 hectares in the year ended September 30, 2022.

In related news, the Director of Forest and Land Fire Control in the Ministry of Environment and Forestry, Basar Manullang, said forest and land fires in Indonesia were mainly caused by human activity. Activities that can trigger forest and land fires include land clearing to build settlements or create farmland.

See: <https://en.antaranews.com/news/258849/indonesia-successfully-curbed-land-forest-fires-during-2020-2022> and

See: <https://en.antaranews.com/news/256905/minister-attributes-forest-land-fires-chiefly-to-human-activities>

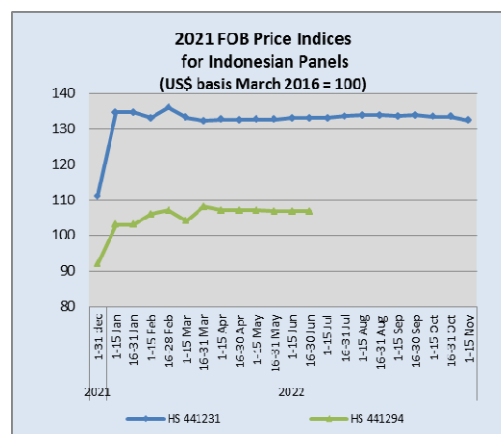
MoU for biomass supply

The Indonesian Embassy in Japan has facilitated the signing of a Memorandum of Understanding between PPT Energy Trading (PPT ET) of Japan and PT. Agro Industri Mandiri and T Inti Persada of Indonesia for the supply of biomass.

In addition, the Embassy facilitated the signing of an MoU between PT Riu Mamba Karya Sentosa and PT Alam Bumi Cemerlang in Fukuoka, Japan to conduct a study for the construction of wood pellet plant in the country.

See: <https://www.bioenergy-news.com/news/enhanced-collaboration-for-biomass-sector-between-japan-and-indonesia/>

See: <https://en.antaranews.com/news/255681/indonesia-norway-ink-emission-reduction-agreement>



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

Myanmar

Pressure from UN Chief and ASEAN leaders

Speaking at the 12th ASEAN-UN Summit, Secretary-General, António Guterres, drew attention to the political, security, human rights and humanitarian situation in Myanmar saying the state is “sliding ever deeper into catastrophe”. The UN chief continued, condemning the escalating violence, disproportionate use of force and “appalling human rights situation” in the country.

Recalling that under international law, indiscriminate attacks on civilians may constitute war crimes, he repeated his call that the Myanmar authorities “release all political prisoners and launch an inclusive process immediately to return to the democratic transition” as “the only route to lasting peace and security”.

Welcoming ASEAN’s Five-Point Consensus, he urged all countries to “seek a unified strategy” centred on the needs and aspirations of the people of Myanmar and advocated for open borders, protection and assistance for refugees.

See: <https://news.un.org/en/story/2022/11/1130507>

More on blacklisting

Blacklisting by the Financial Action Task Force (FATF) is very rare and places countries that show technical and political deficiencies in anti-money laundering on the blacklist. Myanmar is only the third member of this ‘club’ along with North Korea and Iran.

Since the military coup in Myanmar in 2021, EIA's Forests campaigners have been investigating and exposing the illicit timber trade from Myanmar to international markets.

The Financial Action Task Force (FATF) is an inter-governmental body that sets global standards for curbing money laundering and terrorist financing. If, during the FATF review process, a country is found to be deficient in tackling money laundering, it can be placed on the so-called grey list, under which a series of measures must be implemented to regain compliance.

The strongest measure in the FATF toolbox is formally known as a "Call for Action", effectively a blacklist under which a country can be effectively cut off from the global financial system.

See: <https://eia-international.org/blog/myanmar-blacklisted-by-financial-watchdog-to-curb-military-juntas-exploitation-of-natural-resources/>

Border trade flourishing

It has been reported that the Myanmar-Thailand border trade is booming. The value of Myanmar's bilateral trade with Thailand through land borders registered a significant increase of US\$365.7 million between April and October of the current financial year 2022-2023 as against a year-ago according to statistics issued by the Ministry of Commerce.

The Ministry reported that in trade with Thailand exports surpassed imports with exports reaching over US\$1.98 billion and imports valued at over US\$934.33 million.

Similarly, Myanmar's exports have been exceeding imports in the cross-border trade with Bangladesh. It has been reported that the Maungtao border post in Rakhine State has been closed since September but exports are flowing out of the Sittway border post to Bangladesh. Trade via the Maungtao border saves time and trade flow is smooth. It takes about five hours to reach the Bangladesh border through Sittway.

See: <https://www.gnlm.com.mm/myanmar-thailand-border-trade-surges-by-365-7-mln-as-of-21-oct/> and <https://www.gnlm.com.mm/myanmar-earns-10-733-mln-from-exports-to-bangladesh-in-7-months/>

India

Wholesale price indices

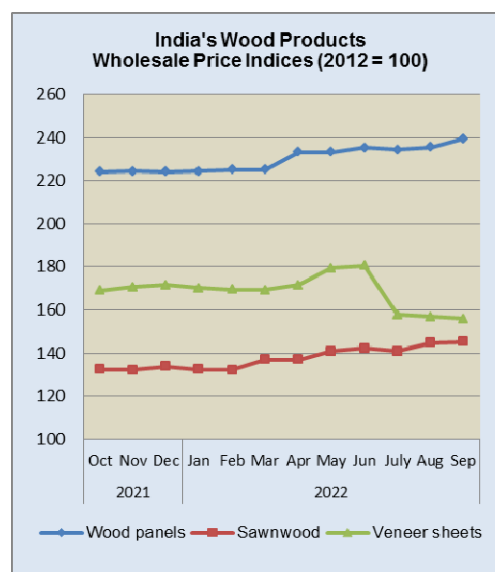
The Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade has published wholesale price indices for September 2022.

The annual rate of inflation based on the Wholesale Price Index was 10.7% in September 2022 compared to 12.4% in September 2021.

Inflation in September 2022 was once again primarily because of the rise in prices of mineral oils, food products, crude petroleum & natural gas, basic metals, chemical products and electricity.

The index for manufacturing declined in September to 142.5 from 143.2 for August 2022. Out of the 22 NIC two-digit groups for manufactured products 12 groups witnessed an increase in prices while 8 groups have seen a decline.

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



Data source: Ministry of Commerce and Industry, India

Interest rate increases not deterring home buyers

While the risk of recession looms around the world drives down consumer sentiment and delays investment in new homes even with rising interest rates Indian consumers are shopping for homes. Interest rates have risen in India as the Reserve Bank of India (RBI) moves to combat inflation but, as yet, the rate rises have not deterred home buyers.

According to the RBI, India's housing price index (HPI) recorded an annual growth of 3.5% in the first quarter of fiscal 2022 compared to 1.8% growth in the previous quarter.

India's housing sector has seen a sharp revival in demand and is now up to its pre-pandemic level. This was a surprise as house prices and sales rose hand in hand during this period.

It has been suggested that the pandemic changed everything including consumer behaviour, buyer type, the way of searching for properties and even prices and it is now the young generation that are the main drivers of demand.

Millennials (the so-called Ola/Uber generation) have emerged as the key demand drivers and this is the result of the prevailing uncertainties, stock market volatility and financial sector incidents according to Anuj Puri, chairman of the ANAROCK Group. Many millennials now prefer buying over renting homes which provides a sense of security associated with physical assets.

See: <https://capital.com/india-house-price-crash-property-sentiment-interest-rates>

Wood based panel production set to rise

Wood is now becoming the key raw material driving growth in the wood panel sector especially plywood, MDF, and particleboard.

As wood raw materials are becoming scarce in Northern States it is the Southern Indian States that are attracting investment in wood based panels. The Mysore belt in Karnataka is attracting new factories as the region is a key supply point for eucalyptus.

In Gujarat, Surat based Krifor Industries recently started a particleboard mill and the Gmica group is about to begin production in January. Gandhidham based Lohit Boards aims to begin production this year also and two more particleboard plants are expected to begin production of wood based particleboard in Gujarat. Ply-Reporter estimates suggest 2023-24 will be a significant year for new wood based particleboard and cumulative Indian capacity would be doubling by 2024.

Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	3,800 - 4,200
Balau	2,500 - 2,700
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	1,750 - 1,850
Sycamore	1,900 - 2,000
Red Oak	2,100 - 2,200
White Oak	2,700 - 3,000
American Walnut	4,500 - 5,000
Hemlock STD grade	1,350 - 1,600
Western Red Cedar	2,220 - 2,450
Douglas Fir	2,000 - 2,200

Price range depends mainly on lengths and cross-sections.

Prices for recent shipments of teak logs and sawnwood

	Logs US\$ C&F per hoppus cu.m	Sawn US\$ C&F per c.um
Benin	-	325-712
Brazil	313-600	489-777
Cameroon	-	974
Colombia	245-615	-
Costa Rica	350-652	-
Ecuador	246-495	-
Gabon	370	-
Ghana	270-559	485
Guatemala	277-594	-
Iv. Coast	263-458	375-752
Mexico	322-439	373-585
Panama	252-539	-
PNG	389-595	492-677
Tanzania	344-930	471-1,068
Togo	259-532	-
S. Sudan	367-676	342-633
Nigeria	290-630	-
El Salvador	320-520	-
Nicaragua	-	328-564
Solomon Is.	248	-
Surinam	222	-
Myanmar	-	791-980

Price range depends mainly on diameter and cross-section.

Plywood

Please note plywood prices are now shown below free of local taxes.

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	76.00
6mm	88.00
9mm	104.00
12mm	129.00
15mm	164.00
18mm	180.00

Domestic ex-warehouse prices for locally manufactured MR plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	52.00
6mm	65.00
9mm	77.00
12mm	92.00
15mm	122.00
19mm	131.00
5mm Flexible ply	85.00

Results of sandalwood disease publishede

Researchers from National Centre for Cell Science (NCCS) and Bengaluru's Institute of Wood Science and Technology have published the results of their study on why sandalwood spike disease (SSD) has almost wiped out sandalwood from forests of southern India.

See: <https://indianexpress.com/article/cities/pune/disease-wiping-sandalwood-population-south-india-seedlings-8261225/>

Vietnam**Wood and wood product export update**

Wood and wood product (W&WP) exports in October 2022 are estimated at US\$1.2 billion, up 8% compared to September 2022 and up 26% compared to October 2021. WP exports in particular are estimated at US\$747 million, up 2% compared to September 2022 and up 19% compared to October 2021.

Over the first 10 months of 2022 W&WP exports were US\$13.5 billion, up 11% over the same period in 2021. WP exports accounted were US\$9.3 billion, up 3% over the same period in 2021.

Wood imports in October 2022 are estimated at 660,700 cu.m, worth US\$241.1 million, up 31% in volume and 31% in value compared to September 2022. Compared to October 2021, imports increased by 65% in volume and 55% in value.

Over the first 10 months of 2022 wood imports amounted at 5.236 million cu.m, worth US\$2.0 billion, down 5% in volume but up 8% in value over the same period in 2021.

Exports of NTFPs, including rattan, bamboo, sedge etc. in October 2022 reached US\$60 million, up 22% compared to September 2022 but down 13% compared to October 2021. In general, over the first 10 months of 2022 NTFP exports contributed US\$703.20 million to overall exports.

In October 2022, Vietnam's W&WP exports to EU markets reached US\$39 million, up 6% compared to October 2021. Over the first 10 months of 2022 W&WP exports to EU markets reached US\$513.3 million, up 6% over the same period in 2021.

Exports of living room and dining room furniture in October 2022 contributed US\$222.6 million, up 33% compared to October 2021. Over the first 10 months of 2022 exports of living room and dining room furniture were valued at US\$2.57 billion, up 3% over the same period in 2021.

Pine imported into Vietnam in October 2022 reached 96,200 cu.m, worth US\$24.0 million, up 30% in volume and 31% in value compared to September 2022. Compared to October 2021, imports increased by 19% in volume and 0.3% in value.

Over the first 10 months of 2022, pine wood imports reached 897,700 cu.m, worth US\$246.7 million, down 26% in volume and 16% in value over the same period in 2021.

W&WP exports dropping

Over the first 10 months of 2022 W&WP exports reached US\$13.5 billion, a year-on-year growth of 11.4%. Of this, WP exports were valued at US\$9.3 billion, up just 3% over the same period in 2021. The majority of the growth has been mostly in woodchips and wood pellets.

From May 2022 W&WP exports tended to drop and the exports in September decreased sharply compared to that in August 2022 as many businesses were lacking orders and operating at modest level. Under the current business conditions, W&WP exports for the year may not achieve the US\$16.5 billion target.

Contrary to previous years when W&WP exports often increased in the last months of the year this year with the economic recession and high inflation in major markets exports are trending down since the beginning of the second half of the year.

Woodchip exports have achieved a record growth due to the escalating demand from China. Similarly, wood pellet exports, mostly to South Korea and Japan for power generation, have been experiencing high growth.

In recent months W&WP exports to the US, the top market, have been decelerating. Over the first 9 months of 2022 exports to the US recorded at US\$6.8 billion, up 2% over the same period in 2021.

Unlike the US market, exports to Japan, China and South Korea are increasing. In Japan and Korea, in particular, there is high demand for wood pellets. In addition, the potential to export wooden furniture to these markets is also very positive because these markets are less affected by inflation while the demand of wooden furniture is recovering.

Wood imports from the US and EU falling

In October 2022 wood import volumes were 660,700 cu.m, equivalent to US\$241.1 million up 31% in volume and 31% in value compared to September 2022. Compared to October 2021, the volume increased by 65% in volume and 55% in value.

Over the first 10 months of 2022 imports of this item are estimated at 5.24 million cu.m, worth US\$2.0 billion, down 5% in volume but up 8% in value over the same period in 2021.

The volume of non-tropical timbers including pine, ash, poplar, oak, eucalyptus and spruce imported for export furniture manufacturing decreased due the scarcity of overseas orders. On the contrary, imports of tropical/expensive hardwoods (tali, padauk, rosewood, walnut etc.) for the domestic market increased.

In the first 9 months of 2022 pine topped the imports (17.5%) reaching 801,500 cu.m, worth US\$222.6 million year-on-year down by 29% in volume and 17% in value.

Ash wood imports decreased by 2.4% in volume but increased by 10% in value, reaching 361,000 cu.m, worth US\$94.6 million accounting for 7.9% of the total imports.

Cottonwood imports decreased by 12% in volume but increased by 8.5% in value with a volume of 291,000 cu.m, worth US\$146.1 million. Imports of other major species dropped - oak down 10%, eucalyptus down by 13%, spruce by 2.1%, and fir by 0.5%.

VAT refund delays spell trouble for wood exporters

The Association of Vietnam Timber and Forest Product (VIFOREST) has written to the Ministries of Agriculture-Rural Development and Finance proposing removing obstacles in verifying replanted-forest wood for a VAT refund. According to VIFOREST, until now the VAT refund is stuck.

Under the prevailing regulations the time limit for VAT refunds should not exceed 40 days upon the tax authorities' receipt of the valid dossiers filed by the enterprises. The outstanding amount due to exporters has reached VND1,000 billion.

The VAT refund delays have caused some wood exporting enterprises to suspend exports and limit operations. If the situation continues, many wood exporting enterprises will be forced to close their businesses negatively affecting the replanted-forest wood supply, including millions of forest farmers.

There is a bottleneck in the VAT refund settlement process because of the inconsistency of forest products-origin tracing regulations between the General Department of Taxation and the Ministry of Agriculture and Rural Development.

The requirement for each locality and forest owner to verify in detail the wood origin made by the above authorities is not practical as there are multiple intermediaries in the supply chain.

VIFOREST therefore proposed the ministries maintain consistency in guiding the enterprises to verify wood origin. It also requested the tax authorities to carry out VAT refund settlements for the enterprises at the earliest.

See: <https://english.thesaigontimes.vn/vat-refund-delays-spell-trouble-for-wood-exporters/>

Falling orders put brake on enterprises

Profits of many industrial sector companies are slowing down, preventing a recovery of the economy and wood and timber groups are feeling the pinch perhaps more so than others.

A decline in export orders and reduced working hours are widespread especially in labour-intensive industries such as textiles, footwear and wood. The situation is expected to last at least until the end of the year as demand in the main export markets, the United States and Europe, continues to fall.

For Vietnam's wood and timber industry the sharp drop in orders is dragging down the country's export growth and has been like this for three consecutive months.

In the five previous years Vietnam's wood exports increased by 10-20% annually and many companies said they had expanded their investment which gave hope for record growth in the coming years.

In May this year Truong Thanh Wood Industry Group in the southern province of Binh Duong wanted to increase the capacity of factories and lease an MDF board factory to be self-sufficient in raw materials. That was at a time when many Vietnamese wood companies heavily invested in expansion and believed that exports of timber and forest products would reach US\$20 billion by 2025.

However, despite optimistic signs, Vietnam's exports of wood and forest products have now declined for three consecutive months with exports in July only reaching US\$1.41 billion, down 5.5% compared to June and 1.6% over the same period in 2021. Orders declined in most of Vietnam's main export markets such as the US and EU.

According to a survey by Forest Trends and local associations of 52 businesses, 33 out of 45 enterprises currently exporting to the US said their revenues had decreased by nearly 40%. Compared to the first months of the year only 10 enterprises reported an increase in revenue compared to the previous months but the rise was very low, only around 11% on average.

Firms exporting wooden furniture to the EU market were also in a similar situation. Among the 38 enterprises participating in this market, 24 reported that their revenue dropped by over 40% compared to the previous months and only four reported an increase in revenue.

The survey by Forest Trends also showed that 44.2% of businesses said they could hold out for another 3-6 months, and 23% said they could hold out for more than 12 months. However, 19% said they could only survive for the next three months without new orders.

As more wood manufacturers have to look for new markets to make up for the shortage of orders, there is another headache related to incomes and jobs for workers.

Since the end of June, Great Veca Co., Ltd. in the southern province of Dong Nai has cut production due to a sharp drop in orders. The company's failure to better organise production has dragged down the income of employees to around US\$215 per month. Under normal order conditions the basic salary of employees would be in the range of US\$300-430 per month.

Meanwhile, the situation in Binh Duong is also grey. Thuan An Wood JSC has gave employees a rotational leave in August. According to the company, since July orders from Europe, which account for over 90% of its exports, decreased in almost all segments such as beds, cabinets and chairs.

Nguyen Liem, chairman of the Binh Duong Wood Processing Association, said, "The labour force at wood enterprises in Binh Duong has now been reduced by 100,000 people compared to before the recent COVID-19 pandemic."

Vietnam's wood processing industry is mainly concentrated in Dong Nai, Binh Duong, Binh Dinh and Ho Chi Minh City.

However, Do Xuan Lap, chairman of the Vietnam Timber and Forest Product Association, said, "Companies are under a lot of pressure from bank loans, input materials and other costs like labour, exports, and transport. It will be very difficult to achieve the current export target of US\$16.5 billion in 2022."

Although there is speculation about when the global market demand will recover, there is much consensus that export orders by the end of the year will not be as high as previously.

Forest Trend's quick survey also backed up this trend as about 70% of businesses said that orders until the end of the year will continue to decrease.

Truong Thanh Wood is now trying to diversify its markets by expanding exports to the Middle East and Russia to find a way to offset its losses.

See: <https://vir.com.vn/order-cuts-put-brakes-on-wood-enterprises-96053.html>

Brazil

Promoting micro and small furniture industries

In October Paraná State, the third largest furniture producer in the country, along with the Brazilian Furniture Industry Association (ABIMÓVEL) and the Brazilian Support Service to Micro and Small Businesses (SEBRAE) announced a 'Furniture Industry Development, Competitiveness and Integration Project' (PDCIMob).

The goal is to foster the competitiveness of micro and small businesses in the furniture sector. The PDCIMob project aims at guiding micro and small furniture companies on sectoral and digital intelligence, competitiveness improvement.

Furniture production in Paraná State accounts for 14% of the total in Brazil. There are around 2,500 companies based in the State according to data from Brazil Móveis 2021, a report commissioned by ABIMÓVEL/Market Intelligence Institute (IEMI). In Paraná State the furniture sector employs around 40,300 workers or 15% of the country's sector workforce.

See: <http://abimovel.com/projeto-de-fomento-as-micro-e-pequenas-industrias-moveleiras-chega-ao-parana/>

CIPEM discusses sustainable timber and forest development

The Center for Timber Producers and Exporters of Mato Grosso State (CIPEM) will discuss the interests of forest sector during an event "Sustainable Timber - the future of the market" to be held in March 2023 in São Paulo.

The first meeting on "Sustainable Timber" organised by the National Forum of Forest-Based Activities (FNBF) with the support of CIPEM will aim to present and demystify the process of sustainable forest management in Brazil. To this end, the programme will approach this from three angles - sustainability, markets and innovation. The aim is to improve the system for the identification of managed timber species.

Another issue that was discussed was the support to the Federal University of Pará (UFPA) project for the development of a web application to maximise the accuracy of the recognition of forest species by means of digital images of tree bark and sapwood.

According to CIPEM the technology under development will minimise any negative financial impact caused as a result of inconsistencies in the information in forest inventories. The Forest Development project aims to secure financial resources from the Forest Replacement Fee to support afforestation, reforestation, sustainable forest management, forest research, technical assistance and forest extension activities.

See: <https://cipem.org.br/noticias/setima-reuniao-de-diretoria-do-cipem-discute-projeto-madeira-sustentavel-fundo-desenvolve-floresta-e-empossa-nova-diretoria-do-sindilam>

Brazilian furniture exports

The number of destinations for Brazilian furniture jumped from 148 in 2016 to 167 in 2021. In 2021 wooden furniture exports earned US\$772.0 million, significantly higher than US\$451.8 million obtained in 2017. The furniture sector's export revenue in 2021 exceeded US\$1 billion when including furniture parts and components, an increase of 64% in five years. In terms of export destination for Brazilian wooden furniture in 2021 the main market was the United States at 36% of the total exported. In the first half of 2022 this amount was even higher at 44%.

Exports to countries such as Chile (11.6%), United Kingdom (7.2%), Uruguay (6.8%) and Peru (5.7%) also stand out. From 2017 to 2021, Brazilian furniture exports grew by an average of 18% per year, while global exports grew by 9.8% per year. These indicators are even more significant when looking at the evolution of the companies associated with the Brazilian Furniture Project, which, in the same period, increased their exports by 25% per year.

See: <http://abimovel.com/exportacoes-de-moveis-e-colchoes-brasileiros-crescem-acima-da-media-global-nos-ultimos-cinco-anos/>

Wood-based panels in the 1st half of 2022

The consumption of wood-based panels in Brazil dropped sharply in the first half of this year reaching 3.40 million cu.m, 17% lower than in the first half of 2021 according to IBÁ (Brazilian Tree Industry).

However, the volume exported by Brazilian manufacturers rose 31% in the first half to 862,000 cu.m. The value of Brazilian exports of wood-based panels also saw a significant growth in the same period jumping 74% compared to the first half of 2021.

Latin America was the main regional market for Brazilian wood-based panel exports in the period, accounting for US\$126.3 million of total exports in the first half of the year. While the North American market remained among the main export destinations at US\$107.1 million.

See: <http://abimovel.com/consumo-e-exportacoes-de-paineis-de-madeira-no-1o-semester-de-2022/>

Domestic log prices

Brazilian logs, mill yard, domestic	US\$ per cu.m
Ipê	398
Jatoba	172
Massaranduba	156
Muiracatiara	153
Angelim Vermelho	156
Mixed redwood and white woods	120

Source: STCP Data Bank

Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US\$ per cu.m
Ipê	1,715
Jatoba	833
Massaranduba	836
Muiracatiara	737
Angelim Vermelho	737
Mixed red and white	491
Eucalyptus (AD)	291
Pine (AD)	211
Pine (KD)	275

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

Parica	US\$ per cu.m
4mm WBP	591
10mm WBP	470
15mm WBP	422
4mm MR.	582
10mm MR.	435
15mm MR.	371

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

Domestic ex-mill prices	US\$ per cu.m
15mm MDParticleboard	315
15mm MDF	386

Source: STCP Data

Export sawnwood prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per cu.m
Ipê	3,005
Jatoba	1,563
Massaranduba	1,616
Muiracatiara	1,610
Pine (KD)	282

Source: STCP Data Bank

Export plywood prices

Pine plywood EU market, FOB	US\$ per cu.m
9mm C/CC (WBP)	421
12mm C/CC (WBP)	381
15mm C/CC (WBP)	360
18mm C/CC (WBP)	346

Source: STCP Data Bank

Export prices for added value products

FOB Belem/Paranagua ports	US\$ per cu.m
Decking Boards Ipê	5,081
Jatoba	2,258

Source: STCP Data Bank

Peru

Exports of semi-manufactured decline

Peru's exports of semi-manufactured wood products between January and August were valued at US\$46.1 million, a contraction of 2.7% compared to the same period in 2021 according to the management of the Services and Extractive Industries Division of the Association of Exporters (ADEX). Last year (January-August) a growth of 45% was achieved compared to 2020 (US\$32.6 million) and there was optimism that shipments were recovering.

2022 shipments left from Lima; US\$25.2 million followed by Ucayali; US\$13.6 million and Madre de Dios; US\$6.9 million. Smaller amounts were shipped from the cities of Callao, Pasco and Tacna.

The most important destination for semi-manufactured wood products in the first 8 months of this year was France (US\$14.9 million) an increase of 10.5% and displacing China (US\$9.8 million) as the main market. Exports to China dropped 43%. Other markets were Belgium (US\$6.3 million), Denmark (US\$4.7 million), USA (US\$2.6 million), Germany (US\$1.8 million) and New Zealand (US\$1.3 million).

Companies advised on State purchases

In early November an Accreditation Day was held for companies in the wood sector to be part of the (electronic) Perú Compras which allows speeding up contracts with the public sector. Also, as part of the day, a workshop "Opportunities to sell to the State" was held.

The goal is for timber companies to be advised on the requirements they must meet to make their sales to the State. In this way wood suppliers will have greater opportunities to carry out commercial agreements with the different public institutions.

The workshop was led by Peru Compras and had the support of CITEforestal Pucallpa and the National Forestry and Wildlife Service (SERFOR).

Forest technology workshop

In order to promote sustainable forest development and management a workshop 'APP MIBOSQUE - Technology to connect the State with forest users' was held. It was attended by the past president of ADEX, Erik Fischer Llanos and the head of Osinfor, Lucetty Ullilen Vega. "The APP facilitates the fulfillment of obligations in a timely, agile and secure manner. Having reliable, fast tools available to everyone is important in this changing national and international context", said Fischer Llanos.

Peruvian businessmen at IWF Atlanta 2022

A group of Peruvian businessmen participated in an important fair in North America, the IWF Atlanta 2022, where they could experience new technologies for the wood and furniture industry.

Participants stated that the IWF 2022 offered them the opportunity to meet more than 900 exhibitors who presented machinery, services and supplies in more than 540 product categories. More than 25,000 attendees from all over the world (92 countries, including Peru) attended.

The Peruvian businessmen said they were satisfied to see the technological dynamism in which the manufacture of machinery for wood advances.

Export prices for added value products

Peru, FOB strips for parquet	US\$ per cu.m
Cabreuva/estoraque KD12% S4S, Asian market	1327-1398
Cumaru KD, S4S Swedish market	986-1119
Asian market	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	682-695
Mexican market	
Virola 1-2" thick, length 6"-12" KD	589-615
Grade 1, Mexican market	
Grade 2, Mexican market	507-538
Cumaru 4" thick, 6"-11" length KD	988-1002 ↓
Central American market	
Asian market	990-1011 ↓
Ishpingo (oak) 2" thick, 6"-8" length	622-642
Spanish market	
Dominican Republic	712-731
Marupa 1", 6-11 length KD	595-615
Grade 1 Asian market	

Domestic sawnwood prices

Peru sawnwood, domestic	US\$ per cu.m
Mahogany	-
Virola	211-251-
Spanish Cedar	343-351
Marupa (simarouba)	209-233-

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

Export plywood prices

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

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 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

Trying to beat global market forces

The Japanese authorities had spent over US\$40 billion on currency intervention up to the end of October, one of the largest amounts in 30 years in an effort to support the yen in currency markets.

To address the impact of inflation the government announced a massive stimulus package but the Bank of Japan is pinning all its hopes on companies raising wages to drive what is called good inflation (as opposed to the current imported inflation) and a slowdown in interest rate increases in the US. Many economists, however, are skeptical that the package will effectively boost the economy.

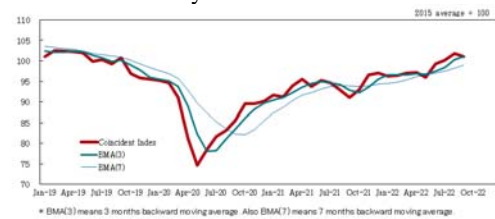
See: <https://www.asahi.com/ajw/articles/14757593>

and

<https://www.ft.com/content/f9aca1c2-50c6-4040-8322-6ddfacda6cd6>

Sentiment among manufacturers at new low

Sentiment among Japanese manufacturers dropped to a new low in early November but in the services sector the mood improved. This, according to analysts of the recent Reuters poll, highlights the unevenness of Japan's economic recovery.



Inflation set to dampen household spending

The Ministry of Internal Affairs and Communications has reported Japan's household spending in September increased from a year earlier, rising for the fourth month in a row as people spent more money following the removal of coronavirus restrictions.

The question is whether the improvement in household spending will be sustained given that inflation rose to 3% in September, the first time in over 30 years and this will dampen spending. At the same time, real wages fell 1.3% from a year earlier in September marking the sixth consecutive month they dropped.

Falling real wages may herald a further cooling of consumer sentiment in the coming months and a bleak outlook for consumption which accounts for more than half of Japan's gross domestic product.

See:

<https://mainichi.jp/english/articles/20221108/p2g/00m/0bu/003000c>

and

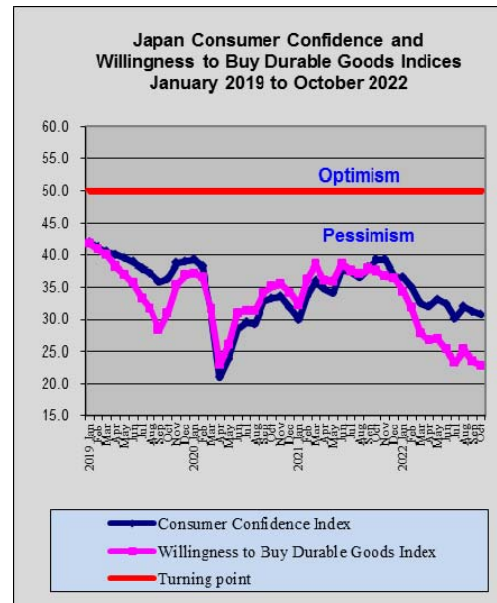
<https://www.marketpulse.com/20221108/yen-yawns-as-household-spending-rises/>

Stagnant wage growth plus inflation a toxic mix

Over the past 30 years global average wages have risen, the exception being Japan, where wages have remained relatively flat. Minimum hourly wages in most European countries range from 1,500 to almost 2,300 yen while in Japan they are below 1,000 yen in most cases.

With the rapidly depreciated yen exchange rate the purchasing power of 1,000 yen has fallen over 20% in the past month.

See: <https://unseenjapan.com/working-in-japan-weak-yen/>

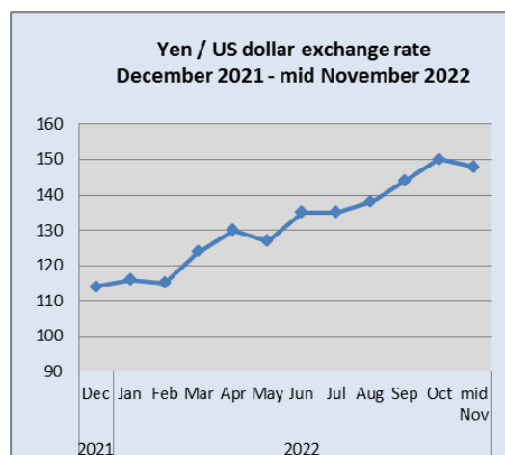


Data source: Cabinet Office, Japan

Lower pace of US inflation lifts yen

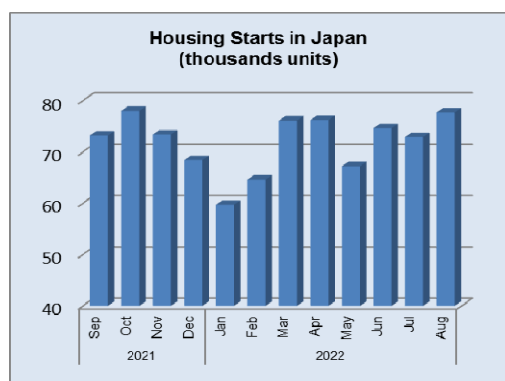
Japan appears to be facing an extended period of low growth and a weak yen as the U.S. Federal Reserve continues its aggressive monetary tightening amid soaring inflation.

The yen rose against the dollar mid November after US inflation data showed a decline in the pace of increase. The US Consumer Price Index rose by 7.7% in October compared to a year earlier, the first time in eight months that the figure was below 8%.



When interest rates rise home loan burden will jump

The outstanding value of home loans continues to rise and at the end of June stood at around US\$1.5 trillion. In contrast asset value of houses remains stagnant. Most borrowers in Japan opt for variable-rate mortgages. A rise of 0.1% in loan rates would increase the cumulative outstanding interest by about 110 billion yen.



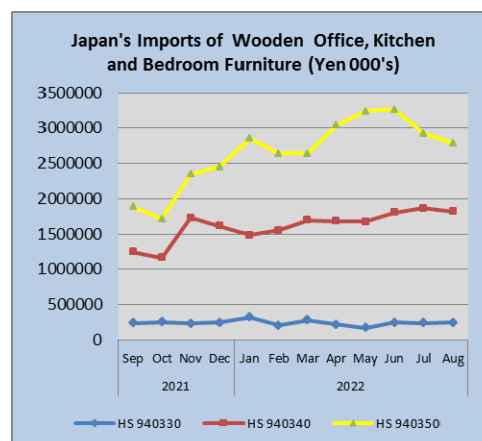
Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Import update

Furniture imports

August import values were steady and with the yen exchange rate at around 135 to the US dollar there was little impact on imports. In the final quarter of the year the sharp depreciation of the yen against all major currencies pushed up the cost of imports and this is likely to be reflected in the trend of wooden furniture imports.

The value of August imports of HS 940330 from China were up slightly on July as was the value of imports from both Vietnam and Poland. Year on year, August 2022 wooden furniture imports were down by 23% marking two straight months of decline. When compared to the value of July imports there was little change in August.



Data source: Ministry of Finance, Japan

August office furniture imports (HS 940330)

Over 85% of Japan's imports of wooden office furniture (HS940330) in August originated in China. A further 4% of the value of wooden office furniture came from each of Vietnam and Poland. The only other significant shipper in August was Indonesia.

August 2022 imports (HS 940330)

	Imports Aug 2022 Unit, 000's Yen
S. Korea	805
China	207,470
Taiwan P.o.C	-
Vietnam	9,713
Thailand	-
Malaysia	275
Indonesia	5,248
India	567
Sweden	-
Denmark	-
UK	2,509
Netherlands	-
France	-
Germany	-
Switzerland	-
Italy	3,422
Poland	9,857
Hungary	381
Turkey	-
Lithuania	-
Czech Rep.	1,048
Slovakia	828
Canada	939
USA	931
Mexico	-
Total	243,993

Data source: Ministry of Finance, Japan

August kitchen furniture imports (HS 940340)

The Philippines and Vietnam each accounted for over 35% of Japan's August imports of wooden kitchen furniture (HS 940340). The other main shippers in August were China and Italy, each accounting for a further 5% of the value of imports. Compared to a month earlier the value of imports from all the main suppliers was almost the same as in July.

After two consecutive monthly increases the total value of HS 940340 imports there was a correction in August when a 12% drop against the value of July imports was reported. However, year on year August 2022 imports were up 35%.

August 2022 imports (HS 940340)

	Imports Aug 2022 Unit, 000's Yen
S Korea	-
China	114,136
Taiwan P.o.C	366
Vietnam	694,671
Thailand	74,082
Malaysia	13,735
Philippines	696,624
Indonesia	17,831
India	227
Denmark	1,954
UK	942
Netherlands	-
France	-
Germany	58,419
Italy	124,691
Austria	4,380
Greece	-
Romania	4,450
Canada	10,138
USA	322
New Zealand	-
Total	1,816,968

Data source: Ministry of Finance, Japan

August bedroom furniture imports (HS 940350)

The downward correction in the value of imports of wooden bedroom furniture (HS 940350) reported for July extended into August when there was a further 5% decline. Year on year the value of August 2022 imports were up 30%.

Most of the imports of wooden bedroom furniture during the year were from China which, in August 61% of the value of imports followed by Vietnam at 30% and just 3% from Malaysia which saw an increase in the value of shipments in August.

The other shippers of note in August were Indonesia and Poland both of which saw advances. On the other hand, a significant shipper in July, Thailand, saw a sharp drop in August shipments.

August imports (HS 940350)

	Imports Aug 2022 Unit, 000's Yen
S Korea	-
China	1,723,830
Taiwan P.o.C	570
Vietnam	837,054
Thailand	18,818
Malaysia	98,541
Philippines	-
Indonesia	26,442
India	-
UAE	-
Sweden	2,700
Denmark	1,033
UK	1,689
Belgium	-
France	2,897
Germany	-
Switzerland	-
Portugal	970
Spain	-
Italy	7,182
Finland	-
Poland	37,881
Austria	470
Greece	-
Romania	295
Turkey	-
Latvia	-
Lithuania	20,132
BOS HER	-
USA	1,752
Total	2,782,256

Data source: Ministry of Finance, Japan

Trade news from the Japan Lumber Reports (JLR)

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

For the JLR report please see:

https://jfpj.jp/japan_lumber_reports/

Block by FSC

The FSC (Forest Stewardship Council) released information about removal of An Viet Phat Energy Co., Ltd., which is a major wooden pellet manufacturing company in Vietnam, from the FSC member.

The reason is that the company had mendacious labeling on purpose. CoC (Chain of Custody) of the company is cancelled and the company is not able to reapply for the certification for next three and a half years. In recent years, volume of pellet from Vietnam has been increasing in Japan and some of pellet would be from An Viet Phat Energy.

According to the FSC, the company foisted off raw materials as certified and sold the produces as FSC products to the clients. There were forged documents used. There was an investigation to the company, which sells raw materials, and there was no fact about cutting down trees at authorized forest by the FSC and selling authorized raw materials to An Viet Phat Energy. The investigation was during January through December, 2020.

The punishment is very severe and is called 'Block'. The 'Block' became effective in April, 2020. Companies, which had removed or suspended from FSC, could apply to other certification authorities but the 'Block' was made to avoid this. Announcing the 'Block' of An Viet Phat Energy by the FSC, clients know that all products of this company are mendacious labeling and unauthorized. There have been no influences in Japan so far. There will be a final report of this problem at the end of 2022 and there might be a change in import wooden pellets.

Sattsuru to expand production

Sattsuru Plywood Co., Ltd. in Hokkaido completed maintenance on a line of producing plywood and will expand production. Total amount of product will be 2,500 cbms in a month including production at Shiranuka plant. A business plan of the company will be finished by June, 2025. The company stopped operations at the head plant and closed down the plant. Then the company moved product lines to Shiranuka and Koitai plants.

The Koitai plant got the JAS (Japanese Agricultural Standards) certification in April and started the operation in May. The Koitai plant produces 300 cbms in a month. A total production of Shiranuka and Koitai plants are 2,200 cbms in a month. Koitai plant is able to produce large plywood such as 3 x 8, 4 x 8 and 4 x 6.

Shiranuka plant is able to produce 3 x 6 and 3 x 7. A goal of this company is to expand production by using veneers or unfinished lumber such as platforms because there are less South Sea logs. According to the company, there are much inquiries about basswood plywood and this company is the only company producing plywood made of

porous wood. It intends to promote sales of products made of local Hokkaido species.

A new circular material

LIXIL Corporation in Tokyo prefecture developed producing a circular material born from the combination of plastic waste and wood waste. A name of this new material is 'revia'. It was difficult to recycle plastic waste before but the company succeeded to recycle by pulverizing and molding plastics in combination with wood waste. The company will start selling the first revia product called 'revia pave' in January, 2023.

The new product will be used as a paving material for sidewalks, plazas, parks and building exteriors. A goal of sales is 100 billion yen by 2030. In Japan, plastic packages are collected and recycled in every where but there are still several kinds of materials which are difficult to recycle.

Normally, the plastics are filled in ground or burnt but this new material 'revia' is manufactured by plastic waste from households or undertakings and wood waste from buildings. Utilizing plastic and wood waste to create one ton of revia that would have otherwise been incinerated after use can result in 82% reduction in CO2 emissions.

It used to be difficult to recycle plastic waste because a melting point was all different in every kind of plastics. However, pulverizing and molding several kinds of plastic all together made a success. Now, it is able to recycle almost all kinds of plastic waste.

Log market in Northeast Japan

Domestic cedar log market in Northeast Japan is weakened. There had been enough logs in summer in this year and movement of domestic lumber is not good in autumn. Therefore, the inventory at lumber manufactories and plywood plants is very high and some stored logs are damaged by insects. The prices of larch logs stay in the same level. The prices of 3.65m cedar log of good quality are 17,500 yen, delivered per cbm, and this is over 1,000 yen down from last month. Other size is around 16,000 yen.

Plywood plants start to adjust production due to weakening demand. In Iwate and Miyagi prefectures, 4m cedar log is around 13,000 yen, delivered per cbm, and this is about 1,000 yen lower than previous month.

Other size logs suitable to recover post are 16,000 yen, delivered per cbm.

In winter season, costs for crude oil and electricity rise steeply and the companies have to increase the product sales prices or decrease the procurement of materials.

4 m larch log is around 25,000 yen, delivered per cbm, and this is stable. There are still inquiries for larch logs but plywood plants demand calmed down for buying larch logs so there is no price move. It is lifted restriction for

cutting down red pine logs in October so red pine logs started shipping to the markets. On the other hand, there are not enough hardwood logs and cypress logs.

There is a delay at cutting down trees because cedar is more popular than hardwood trees and cypress trees. The prices of hardwood trees are high and there is a shortage of logs for woodchips. Forecast for the prices of cedar logs will be improved if number of logs which were cut down in autumn to winter will be at the markets. Actually, there are already logs which are cut down in autumn and the prices are good as log quality is stable compared to summer harvested logs.

Plywood

Movements of domestic softwood plywood have not recovered yet. Many companies settle accounts in September and do not get plywood so much in September. However, there are not much inquiries in October so some plywood manufacturers started reducing production. Since a Chinese plywood manufacturer, Jiangsu Benbenmao New Material Co., Ltd. got suspended on JAS (Japanese Agricultural Standards) certifications, inquiries for domestic plywood seemed to grow.

However, it did not actually and the shipment is not good. Orders to precutting plants are not many orders even though shipment is not bad so far. The precutting plants still have a lot of inventory so they are not able to buy new stock.

There are a few new orders to South Sea plywood due to the full inventory in Japan and the weak yen. It is a rainy season in South Asia and there are not enough logs now.

The prices of 3 x 6 of 12mm of coated form plywood are US\$850, C&F per cbm, of form plywood are US\$760, C&F per cbm and of structural plywood are US \$780, C&F per cbm. This is stabilized. The import costs are 2,632 yen, FOB per sheet for coated concrete forming plywood, 2,357 yen, FOB per sheet for raw form and 2,418 yen, FOB per sheet for structural plywood.

The selling prices in Japan are 2,400 yen, delivered per sheet for coated concrete forming plywood and 2,200 yen, delivered per sheet uncoated form and structural plywood.

China

Financial support for real estate sector

A Notice (Yinfa 2022 No. 254) on the Current Financial Support for Steady and Healthy Development of Real Estate Market has been released by Central Bank and China Banking and Insurance Regulatory Commission recently. This outlines 16 measures on maintaining stable and orderly real estate financing, actively providing "financial services to guarantee the delivery of housing," handling risks of troubled real estate enterprises, and protecting the legitimate rights and interests of consumers in accordance with the law.

The regulatory authorities' advice to the real estate industry has changed from verbal guidance to official documentation issued to banks, the China Banking and Insurance Regulatory Commission, trusts, and asset management institutions.

The 16 measures cover the upstream and downstream financing of real estate such as development loans, trust loans, merger loans, guarantee delivery of building, housing enterprise rescue, loan extensions, construction enterprise loans, leasing financing, personal mortgage loan and credit investigations.

The 16 measures are discussed at:

<https://baijiahao.baidu.com/s?id=1749367642742978242>

National standards on wood-based panels

The committee on Standardisation Administration of China (SAC) under the State Administration for Market Regulation released 708 recommended national standards and 3 revised lists of national standards, including 4 recommended national standards on wood-based panels.

GB/T 41715-2022 Oriented strand board(OSB)

GB/T 24312-2022 Cement particleboard Substitute for old standard GB/T 24312-2009

GB/T 26899-2022 Laminated wood for structure Substitute for old standard GB/T 26899-2011

GB/T 23825-2022 Gas Analysis method for Formaldehyde Emission Determination of Wood-based Panel Products Substitute for old standard GB/T 23825-2009

See: <https://jiabubiao.zhun.com/jibj/933.html>

Decline in log imports from EU

According to China Customs in the first nine months of 2022 China's log imports fell 32% to 33 million cubic metres valued at US\$6.732 billion, down 22% in value over the same period in 2021. The volume of China's log imports from most of countries declined in the first nine months of 2022, especially from the EU.

China's log imports from the largest supplier, New Zealand, were 12.84 million cubic metres valued at US\$2.02 billion, down 16% in volume and 19% in value in the first nine months of 2022. In the first nine months of 2022 China's log imports from the EU totalled 8.21 million cubic metres valued at US\$1.67 billion, down 41% in volume and 28% in value.

The volume of China's log imports from the top 3 EU countries, Germany, France and the Czech Rep. fell 52%, 4% and 42% to 4.51 million cubic metres, 1.05 million cubic metres and 0.7 million cubic metres respectively.

However, China's log imports from Latvia, Denmark, Sweden and Netherlands rose

Rise in sawnwood imports from EU

In the first nine months of 2022 China's sawnwood imports totalled 19.85 million cubic metres valued at US\$5.79 billion, down 9% and 0.04% in value over the same period of 2021.

China's sawnwood imports from the largest supplier, Russia, came to 9.86 million cubic metres valued at US\$2.31 billion, down 9% in volume but up 1% in value.

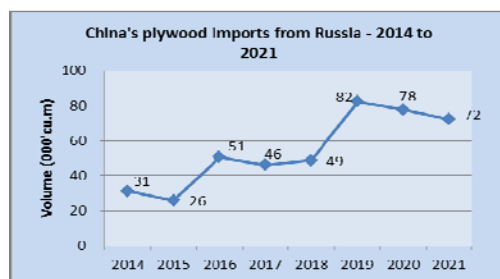
In the first nine months of 2022 China's sawnwood imports from the EU totalled 1.983 million cubic metres valued at US\$642 million, up 1% in volume and 5% in value. The volume of China's sawnwood imports from the top 3 EU member states, Finland, Germany and Sweden grew 4%, 3% and 21% to 564,000 cubic metres, 446,000 cubic metres and 361,000 cubic metres respectively. In addition, China's sawnwood imports from Austria and Croatia rose 80% and 21% respectively.

However, China's imports of sawnwood from Romania fell 16% to 209,000 cubic metres.

Growth in plywood imports from Russia

According to China Customs in the first nine months of 2022 China's plywood imports totalled 149,000 cubic metres valued at US\$144 million, up 19% in volume and 27% in value. Plywood imports from Russia grew 45% to 83,000 cubic metres over the same period of 2021.

An increasing trend is shown in the China's plywood imports from Russia from 2014 to 2019 but declined 6% in 2020 and 7% in 2021.



Data source: China Customs

Surge in plywood imports from EU

In the first nine months of 2022 China's plywood imports from EU surged 82% to 31,000 cubic metres valued at US\$53 million, up 49% over the same period of 2021. Plywood imports from the top two EU countries, Italy and Finland surged more than 300% and 160% respectively. In addition, China's plywood imports from Germany, Latvia and Estonia rose more than 80%, 100% and 270% respectively.

Decline in plywood exports to EU

In the first nine months of 2022 China's plywood exports to EU totalled 1.45 million cubic metres valued at US\$996 million, down 4% in volume but up 17% in value over the same period of 2021. Plywood exports to the top two EU member states, UK and Belgium, fell 14% and 3% to 540,000 cubic metres and 325,000 cubic metres respectively.

In the first nine months of 2022 China's plywood exports totalled 8.09 million cubic metres valued at US\$4.367 billion, down 8% in volume but up 7% in value over the same period of 2021.

China's plywood exports to the largest importer, the Philippines, fell 14% to 743,000 cubic metres valued at US\$309 million cubic metres, down 6% over the same period of 2021.

Decline in wooden furniture exports to EU

In the first nine months of 2022 the value of China's wooden furniture exports to the EU amounted to US\$3.153 billion, down 19% over the same period of 2021. Wooden furniture exports to the largest consumer the UK fell 23% to US\$974 million which pushed down overall export values.

In addition, China's wooden furniture exports to the EU member states, Germany, France, Netherlands, Spain, Belgium, Poland, Italy and Denmark declined 19%, 8%, 19%, 3%, 37%, 25%, 26% and 27% over the same period of 2021 respectively.

In the first nine months of 2022 the total value of China's wooden furniture exports rose 6% to US\$19.61 billion from the same period of 2021 but China's wood furniture exports to the largest consumer, the US, fell 7% to US\$5.49 billion.

Decline in wooden furniture imports from the EU

In the first nine months of 2022, the value of China's wooden furniture imports from the EU came to US\$548 million, down 6% over the same period of 2021. Wooden furniture imports from the largest suppliers Italy, fell 4% to US\$325 million.

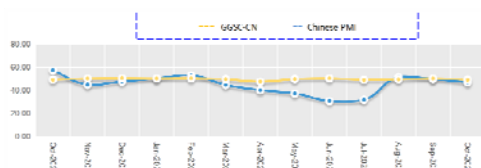
In addition, China's wooden furniture imports from the top EU countries, Germany, Poland and Lithuania amounted to US\$89 million, US\$38 million, and US\$11 million, down 19%, 2% and 59% respectively over the same period of 2021. However, China's wood furniture imports from France and Denmark rose 10% and 52% to US\$17 million and US\$10 million respectively.

In the first nine months of 2022, the total value of China's wooden furniture imports fell 7% to US\$694 million from the same period of 2021. China's wood furniture imports from Southeast Asian countries, Vietnam, Thailand and Malaysia also fell 17%, 30% and 19% respectively but from Indonesia imports rose 10%.

GGSC-CN Index Report (October 2022)

In October 2022 the impact of the pandemic expanded and demand decreased. China's macroeconomic growth is still under great pressure. In October China's PMI index registered 49.2%, a decline from the previous month and below the critical value of 50%.

In the timber manufacturing industry orders and production are less than the previous month. Export orders decreased. The GGSC-CN comprehensive index for October registered 46.8% (57.2% for last October and 44.2% for October 2020) a declines from the previous month and below the critical value.



Challenges

Lack of raw materials
Declining quality of raw materials
Raw materials are out of stock
Disrupted supply chain

Commodity of which the price has been increased

Veneer, oak blank, teak, black walnut, eucalyptus, methanol, paraffin, melamine, water repellent.

Commodity of which the price has been decreased

Okan, taun, teak, birch. Brazilian redwood, hematoxylin, hickory log, core board, fuelwood, pine wood, eucalyptus fuelwood.

In October 2022 three sub-indexes of GGSC-CN increased and two decreased. The production index registered 48.2%, a decline from the previous month and below the critical value.

- The new order index registered 46.3%, a decline from the previous month and being below the critical value reflecting the ability of enterprises to obtain orders is worse than the previous month.
- The new export order index reflecting international trade registered 38.9%, a decline from the previous month. The number of export orders fell compared to the previous month.
- The main raw material inventory index registered 46.3%, an increase from the previous month.
- The employment index registered 46.3%, an increase from the previous month.
- The supplier delivery time index was 50.0%, an increase from the previous month. It indicates that the supply time of raw material suppliers to enterprises improved.

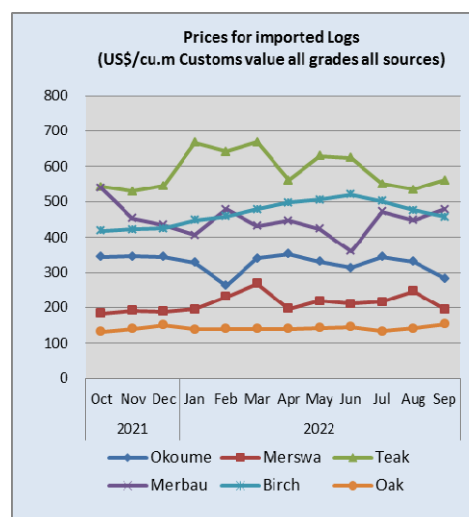
Average log price, (US\$/cu.m Customs value all grades all sources)

	2022 Aug	2022 Sep
Okoume	330	283
Merswa	247	195
Teak	535	562
Merbau	448	479
Birch	476	457
Oak	142	154

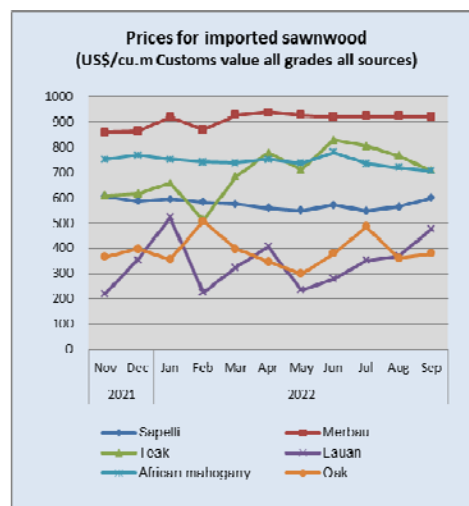
Average sawnwood price, (US\$/cu.m Customs value all grades all sources)

	2022 Aug	2022 Sep
Sapelli	564	600
Merbau	923	920
Teak	766	706
Lauan	370	477
African mahogany	719	706
Oak	361	380

Data source: Customs, China



Data source: Customs, China



Data source: Customs, China

Tropical hardwood market insights from the UK

The September meeting of London Hardwood Club included a series of presentations on the hardwood market situation in South America, Africa and Southeast Asia, alongside discussion of European and North American hardwoods.

Ken Walsh of Danzer reported on the market situation for West African hardwoods. After two very good years of trading, supply is now quite limited overall and the rising cost of crude oil is becoming an issue and causing increases in both shipping and production costs. Shipments from the port of Douala are delayed due to ongoing problems surrounding the dredging of the estuary to allow larger boats to access the terminals and boats are skipping the port causing more delays.

Mr. Walsh also referred to delays in obtaining the correct documentation and certificates for exporters in Cameroon and production delays due to routine sawmill equipment maintenance. He forecast that prices for West African hardwoods should stay firm into this Autumn, with little chance of over production in the coming months and supply remaining tight.

Frank Cosentino of Tradelink reported on the Southeast Asian market, highlighting shortages of supply from Indonesia since the beginning of this year. Replacement costs are up due to increased production costs associated with labor and tight supply. Sea freight rates have started to fall from their peaks of around \$17,000 per 40ft container (compared to a pre covid average of around \$1,500).

Mr. Cosentino said that availability and shipments of Meranti eased in June of this year but, in the European market, this species is now a relatively small volume specialist timber product in comparison to years gone by. Balau decking shipments have become more regular but GBP prices are now higher due to weakness of the GBP rate against the USD.

Hank Marchal of the US-based Robinson Lumber Company spoke about production and supply from South America. He said that production has exceeded demand in the most popular commercial species like Ipe and Cumaru. He noted that overall tropical hardwood production in South America has started to slow and that mills are now concentrating on satisfying demand in their domestic markets. This is partly because sea freight rates from South America continue to rise and availability of container ships calling into ports for loading in the region has reduced.

On the European market for North American hardwoods, Mr. Marchal said that during the second quarter this year the USA exported large volumes into Europe with the UK taking the most volume. In particular, shipments of White oak and Tulipwood were up some 40% in comparison to the same period in 2021.

After shortfalls in supply last year, North American sawmills and exporters caught up quickly this year with existing and older contracts and there was more space available on container ships leaving the East Coast USA for Europe.

Mr. Marchal said that as a result of the extra volumes of North American hardwoods all arriving into Europe in a relatively short time frame, the summer holiday season on the continent and a slowdown in demand, prices have now come down as sawmills started to discount to stimulate sales. In some sizes (4/4 mainly) price reductions have been sharp and come in a relatively short time frame. Thicker sections (6/4 and up) seem to be less affected due to longer time in the dry kilns.

Mr. Marchal suggested that North American producers have come to accept they will take a 'hit' on current inventory. However, production will fall if profit margins do not improve. Therefore sawmill volumes will likely be reduced in North America in line with demand. Log prices are also likely to fall as other production costs continue to rise (labour & transportation) and sawmill margins are being squeezed. He noted however that North America is not seeing the same steep rises in energy prices as in the UK and across Europe.

Rupert Walker of Timber Link International reported on the market for European hardwoods. He observed that there are shortages of White oak logs across Europe. The current situation in Ukraine (which was the 2nd largest producer of White Oak behind France) is adding to the supply shortage. As a result European manufacturers and buyers are looking for alternative sources of supply.

Mr. Walker also said that French sawmills are facing large increases in log prices going into this Autumn. Mills are also facing rising production and drying costs due to increases in energy prices and staff shortages and higher labour costs.

Road transport prices are on the rise throughout Europe. He noted strong demand for Croatian white oak despite log prices increasing by around 25% in the country. European Ash is still trying to find its place in the market as an alternative to American ash which is now less readily available, partly owing to the ash borer epidemic, and European Beech prices and supply are stable.

Emerging hardwood market challenges and opportunities in Europe

The sawn hardwood trade in Europe experienced a period of unprecedented demand and good margins in 2021 and the first half of 2022. Growing recognition of the environmental benefits of hardwoods, particularly with a rising focus on zero carbon commitments, also implies strong long term prospects for hardwood products in the region.

However short-term market prospects are clouded with uncertainty against the background of sharply rising inflation and declining business and consumer confidence.

There are also serious concerns about long-term supply, particularly of oak, due to the volatile geopolitical situation, impact of climate change on European forests, and rising log exports to other regions.

These are the main insights from the International Hardwood Conference held on 28th of October in Lyon, France, and organised by the French National Wood Federation (FNB), the European Organisation of the Sawmill Industry (EOS) and the European Timber Trade Federation (ETTF). This event gathered around 100 industrialists, traders, and experts of the sectors to discuss market trends, with a focus on the shortage of raw material availability and impact of skyrocketing energy costs for hardwood industries in Europe.

Maria Kiefer-Polz, President of the Hardwood section, presented the point of view of European hardwood producers. The EOS Hardwood members expect a sawnwood production decline of at least 3% this year following a double-digit increase in 2021. After a good 2021 and a bright first half of the year 2022, demand has slowed over the last few months and production has adapted to weakening sales, both in home European markets and in overseas markets.

The situation at present is quite challenging with high energy prices taking a toll on the industry, particularly in the more energy-intensive beech sector. Hampered by high inflation and increasing mortgage rates, demand from European consumers is now much weaker. Stocks at sawmills are high and many producers expect a difficult few months ahead. Lack of labour is also reported by many countries.

According to Ms. Kiefer-Polz, this challenging situation is compounded for European sawmills by increasing export of oak logs, particularly to China. Exports of European oak logs to China have been increasing for many years and that China's appetite for European oak sawlogs continues to grow. This is particularly the case now that Russia has implemented a log export ban, increasing China's reliance on imports from Europe.

Of China's total imports of oak logs of 1.35M cu.m in 2021, 52% derived from the EU. China's imports of oak logs from the EU increased from 561,000 cu.m in 2020 to 702,000 cu.m in 2021. Imports from EU in the first nine of this year were 689,000 cu.m, a 30% increase on the same period in 2021. So far this year, over two thirds of total Chinese imports of oak logs have been sourced from the EU.

Ms. Kiefer-Polz suggested that the current level of oak log exports from Europe is unsustainable. As a result EOS together with the European Furniture Confederation (EFIC), the European Panel Federation (EPF), the Italian umbrella association Federlegno, and the European Parquet Federation (FEP) have joined forces to form a coalition with the advice of a legal study to consider options to reduce oak log exports.

The coalition is working with DG Trade of the European Commission. However, according to Ms. Kiefer-Polz the EC is reluctant to put in place any formal trade restrictions for several reasons. First, there is concern about a risk of retaliation as China could impose measures in response to such action by the EU. Second, the EU has itself challenged at the WTO and in bilateral discussions log export bans introduced by many neighbouring countries. If the EU put in place a similar log export ban, that would be inconsistent with its own actions on this issue.

DG Trade has also pointed out that the rise in European log exports is a market outcome that, while bad for the European woodworking industry, is good for forest owners. By selling into a large global market, European forest owners achieve better prices for their logs. For these various reasons, EC DG Trade are advising the European woodworking sector to negotiate and find solutions locally with forest owners, according to Ms. Kiefer-Polz.

The presentation by Aymeric Albert of the French Forestry Office (ONF), which focused on the impact of climate change on French hardwood resources, strongly implied that rising log exports and obstacles due to the war in Ukraine are not the only reasons for declining hardwood log availability in Europe. There are also major long-term changes in the forest resource driven largely by climate change that imply long term reductions in hardwood log availability in some parts of Europe.

The figures provided by Mr. Albert on declining availability of good quality logs in France were startling. During the five year period between 2017 and 2021, the total harvest volume of healthy hardwood trees in French forests fell from 7.8M cu.m to 6.6M cu.m, while harvest volume of sanitary products increased from 433,000 cu.m to 1.41M cu.m.

The damage to hardwood stands is largely attributed to climate change, which is driving drought conditions that stress trees, making them more vulnerable to insect damage and leading to more frequent wildfires.

The volume of oaks designated for harvest in French public forests decreased from 2.1M cu.m at the end of 2017 to 1.8M cu.m in October 2022. In contrast the volume of dying oaks increased from 170,000 cu.m to 330,000 cu.m in the same period. Similarly for beech, the total volume designated for harvest in public forests decreased from 2.9M cu.m at the end of 2017 to 2.5M cu.m in October 2022 while the volume of dying beech increased from 155,000 cu.m to 580,000 cu.m in the same period.

For hardwood species other than oak and beech, Mr. Albert explained that the level of die-back had strongly increased through successive droughts, rising from 283,000 cu.m in 2018 to 602 000 cu.m in 2021. Hardwood species such as ash are dying from a fungal disease of the same nature as Dutch Elm disease so they're expecting a complete die-back within the next ten years.

On future prospects Mr. Albert said that the total hardwood harvest in France will remain “cautious” and that French forest policy is now focused on efforts to increase stand stability over time. The aim is to rely where possible on enhanced natural regeneration, while introducing new species or new provenances to increase forest resilience where necessary. He closed by saying that a decline in the availability of wood from French forests, both in terms in quantity and quality, will become the norm and the wood sector must adapt to it.

With domestic hardwood supplies under pressure and strong demand on the consumer side, Ad Wesselink, Hardwood President of the European Timber Trade Federation noted that European imports of sawn hardwood were rising in 2021 and the first half of 2022. EU27+UK imports of sawn hardwood were up 6% at 1.15 million cu.m in the first 6 months of this year, after rising 13% to 2.2 million cu.m the previous year. There has been particularly strong growth in imports of sawn tropical hardwood.

At the same time, Mr. Wesselink stated that about 22,000 tons of oak is missing from the EU27+UK market due to cessation of imports from Russia and Belarus. This combined with increased logistical and energy costs has led to sharply increasing prices. On the bright side, Mr. Wesselink echoed Ms. Kiefer-Polz in stressing the undeniable recognition of wood as an environmentally friendly construction product. Increased market share for wood might help compensate the expected slowdown in the construction market.

Michael Snow, presenting from the vantage point of North American producers, reported a slowdown in economic growth in China, with a housing market that is rapidly declining having a direct impact also on the selling of furniture. Mr. Snow commented as well that the new deforestation free products Regulation, discussed right now at EU level, if introduced in its current form, “would effectively eliminate American Hardwood from the EU markets, due to extreme challenges of implementing the geolocation requirement in those situations where forests are both highly diverse and in the hands of numerous smallholders”.

While AHEC is very supportive of this new EU legislation, since it targets agricultural products which are by far the main drivers of deforestation, it is advocating that the geolocation definition be adjusted in the final legislation. According to Mr. Snow, products should be identified to a specific low risk jurisdiction, rather than to an individual real-estate property which is the current requirement, when dealing with diverse hardwoods from smallholders.

James Xu showed that neither the US nor Europe is the leading hardwood lumber exporter to China because other regions took advantage: China now imports large volumes of wood from Russia and Thailand due to lower costs.

At the same time, Mr. Xu, stressed that not only costs influence consumers’ decisions, but “fashion” is also a key factor.

Business opportunities might instead be found on the Indian market, as highlighted by Dr. Michael Adams: “The Indian economy grew at a stunning 13,5% year on year in the second quarter of 2022. Growth prospects remain sound and the large companies are continuing to invest while the building material market is expected to grow in the coming 5-6 years”.

The European parquet market, as presented by Mr. Lorenzo Onofri, was good in 2021 (+6.2% compared to the previous year) but already started to decline in 2022 reflecting decreasing consumer confidence (war, energy prices, and lack of affordable oak and birch plywood - mainly coming from Russia).

The EU parquet producers (represented at EU level by FEP) alongside other associations, is calling for limits to be placed on oak log exports from the EU. Due to the lack of oak and birch plywood, the parquet industry is searching for new sustainable raw material substitutes, while they continue investing in the REAL WOOD initiative to convince the consumers to use real wood flooring and not artificial products that pretend to be made of wood.

Sharing the same challenges of the parquet industries, the European furniture sector, as reported by Mr. De Jaeger, is expecting a further market slowdown in 2023 with increased challenges for raw material procurements and prices expected to increase.

To conclude, as emphasized by most speakers, the hardwood industries can benefit from the positive environmental value of wood products as increasingly recognized by European policymakers and consumers alike.

At the same time, the sector needs to find new markets and opportunities: some hardwood species are under-utilized, and forests will potentially supply more of the species which are ‘minor’ at present. In this sense, research and the development of standards for new applications of hardwood products will be key for the sector in the coming years.

The International Hardwood conference presentations can be found at: <https://www.ihc2022.fr/presentations>

North America

Tropical sawn hardwood imports rise

US imports of sawn tropical hardwood rose 15% in September, rebounding from a yearly low in August. Still, the 20,622 cubic metres in September imports fell below that of all other months in 2022. Imports of Sapelli made up the bulk of the gain, rising 51% over the previous month's total.

Imports of Sapelli were up 74% year to September. Imports of Mahogany gained 37% in September and are also up 37% year to date. Imports of Balsa were down 44% in September and are down more than 50% from 2021 year to date.

Imports from Cameroon and Congo (Brazzaville) were both up sharply in September while imports from Brazil recovered somewhat (up 16%) from a weak August showing but were still well below the levels seen for most of the year.

Canada's imports of sawn tropical imports continued their recent rally in September soaring 66% to return close to the eight-year high set in June. Imports from Brazil increased more than 20-fold in September to US\$1.7 million—nearly twice the number of any month in the past 10 years.

Imports of Mahogany rose 79% to their highest level in two years. Canada's total imports of sawn tropical hardwood are up 41% over last year through September.

Hardwood plywood imports decline

US imports of hardwood plywood fell to a yearly low in September, declining 17% from the previous month. The 249,636 cubic metres imported was 18% below that of the September 2021.

Imports from Russia fell 78% in September to a new low as tensions continue between Russia and the West. Imports also fell significantly from Malaysia, Indonesia and China.

Yet, imports remain up sharply for the year so far from most trading partners except from Russia, which is down 19% in 2022. Total imports are up 21% over last year through September.

Despite steep decline, US veneer imports remain ahead

The run up of US imports of tropical hardwood veneer over the summer made the annual autumn decline look excessive as imports fell 81% by value in September from the seven-year high set in August. However, even with the steep drop, September imports still managed to outpace the previous September numbers by 18.5%.

Imports from Italy and Cote d'Ivoire both fell more than 90% in September while imports from Cameroon took a complete holiday. Yet, imports from Cameroon are more than double that of last year so far this year and imports from Italy and Cote d'Ivoire are both ahead more than 10%.

Imports from China were the only gainer in September, up 65% for the month. Total imports of hardwood veneer are up 47% over last year through September.

Hardwood flooring imports down

US imports of hardwood flooring fell 9% by value in September, declining for the second straight month and falling to a level 12% lower than last September. Imports from Brazil fell 57% for the month and imports from Malaysia fell by 28%.

Imports from China, which dropped sharply in August, declined an additional 7% in September to their lowest level in at least 10 years. Despite the drop, for the year so far overall imports of hardwood flooring are up 10% over 2021.

Strong imports from Thailand, Indonesia and Canada led to a 14% rise in imports of assembled flooring panels in September. Imports from Thailand jumped 58% while imports from Indonesia and Canada both rose more than 20%. Through the first three quarters of the year, total imports of assembled flooring panels are ahead of 2021 by 35%.

Moulding imports rally

After two months of declines US imports of hardwood mouldings rallied to levels matching that of this summer. A 22% rise in the value of moulding imports in September over August lifted imports 23% higher than the previous September. Imports from Brazil, which doubled from August to September accounted for much of the gain. Imports from Brazil are up 79% over last year through the third quarter, while overall imports of hardwood moulding are up 28% over 2021.

US wooden furniture imports continue to slide

US imports of wooden furniture fell for a fourth straight month in September. At US\$1.96 billion, September imports were down 5% from the previous month but were nearly 6% higher than September 2021.

Imports from China and Mexico both fell by more than 10% while imports from top-supplier Vietnam fell 2%. Imports from India rose 22% after a weak August and imports from Indonesia ticked upward for a second straight month. Total imports of wooden furniture are up 6% year to year over 2021 through the first three quarters of 2022.

Cabinet sales drop but continue to outpace last year

Cabinet sales dropped in September according to participating members in the Kitchen Cabinet Manufacturers Association's monthly Trend of Business Survey.

Overall cabinet sales fell 4.8% in September compared to August 2022. Custom sales were down 11.3%, semi-custom sales dropped 5.6%, and stock sales decreased 3.0%. Compared to August, the estimated cabinet quantity was down 5.3%.

However, 2022 sales remain strong compared to last year. Cabinet sales rose 23.8% in September 2022 compared to September 2021 figures, continuing the trend of year-over-year sales growth for the industry. Custom sales were up 8.4%, semi-custom rose 32.5% and stock sales increased 21.9%. The estimated cabinet quantity decreased 1.9% compared to last year at this time.

The Trend of Business Survey shows overall cabinet sales for the first nine months were up 17.6% when compared to the same time period in 2021. Custom sales were up 16.0%, semi-custom sales increased 15.9% and stock sales increased by 19.2%. The estimated cabinet quantity decreased 0.6% according to the survey.

See: <https://www.woodworkingnetwork.com/news/almanac-market-data/cabinet-sales-remain-robust-september-kcma-trend-business>

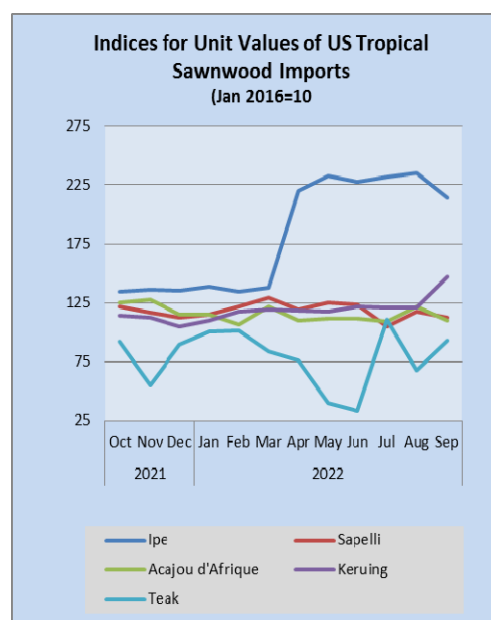
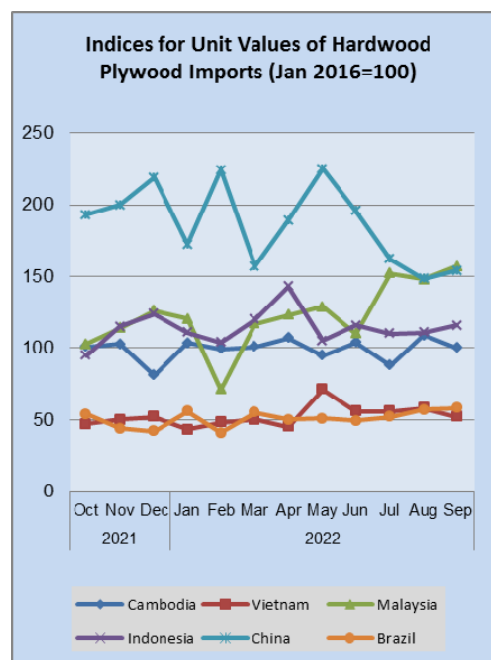
New residential furniture orders fell in August

New residential furniture orders dropped significantly in August, down 34% compared to 2021 figures and marking the eighth straight month of year-over-year double-digit declines, according to the latest survey by Smith Leonard. Orders were down for 84% of the survey participants.

Year-to-date new orders were down 29% from last year; for comparison, 2021 year to date was up 29% over 2020. "Remember that 2020 year to date included two months where the industry was basically shut down. So as has been the case, the numbers are difficult to compare," noted Ken Smith, managing partner at Smith Leonard. Approximately 91% of the survey participants reported new orders were down for the year to date.

Shipments were up 9% over August 2021, with year to date figures up 6% compared to the same period in 2021. Year-to-date shipments were up for 70% of the participants. Backlogs in August 11% compared to July, and were down 35% from last year, the report stated. "Hopefully, many participants are focusing on backlogs as getting a good handle on them is really important as we go through this recession or slow down and depend on backlogs to keep business going from a shipping perspective," Smith said.

See: <https://www.woodworkingnetwork.com/news/woodworking-industry-news/new-residential-furniture-orders-fall-august-furniture-insights>



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

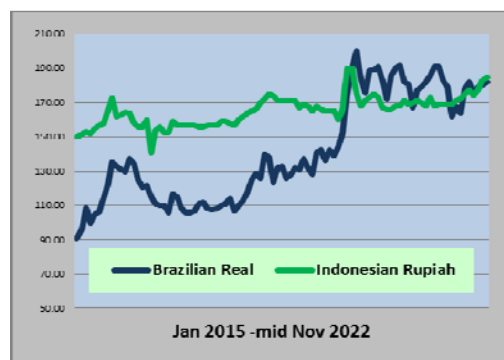
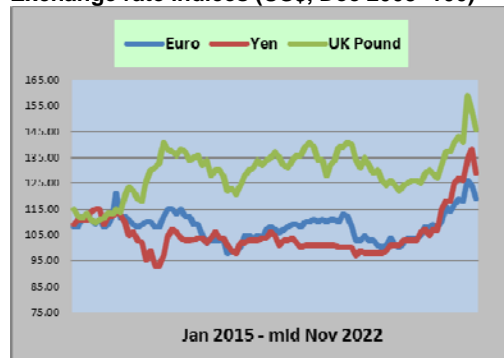
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Dollar Exchange Rates

As of 10 November 2022

Brazil	Real	5.3454
CFA countries	CFA Franc	636.36
China	Yuan	7.187
Euro area	Euro	0.9796
India	Rupee	80.58
Indonesia	Rupiah	15,691
Japan	Yen	138.80
Malaysia	Ringgit	4.6275
Peru	Sol	3.96
UK	Pound	0.8448
South Korea	Won	1,314.13

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

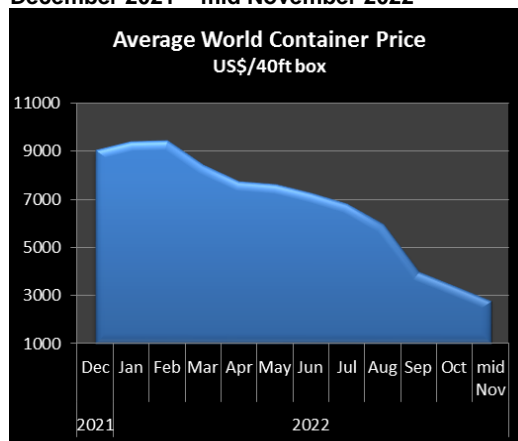


Abbreviations and Equivalences

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

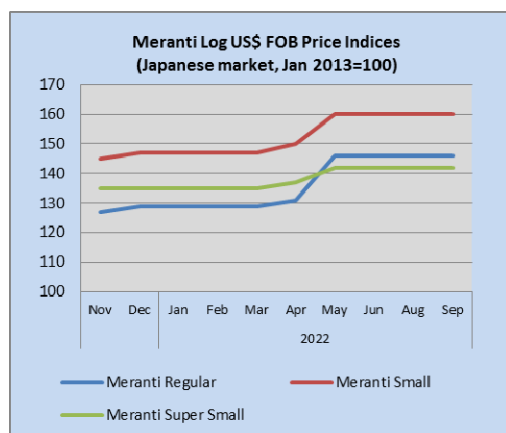
December 2021 – mid November 2022



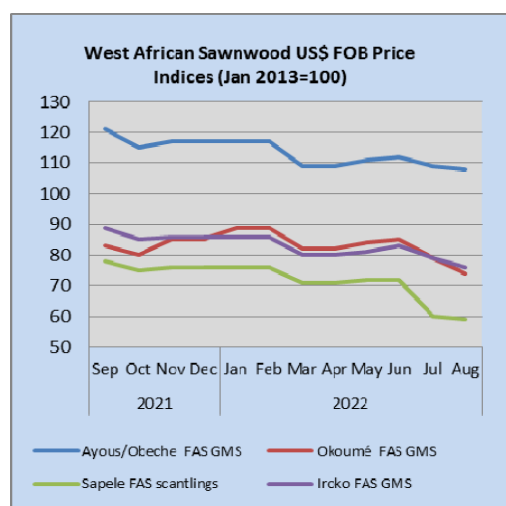
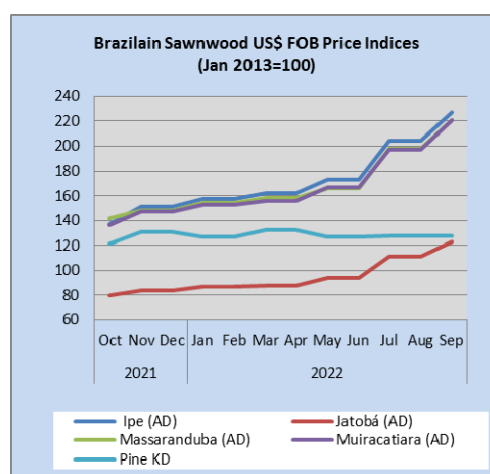
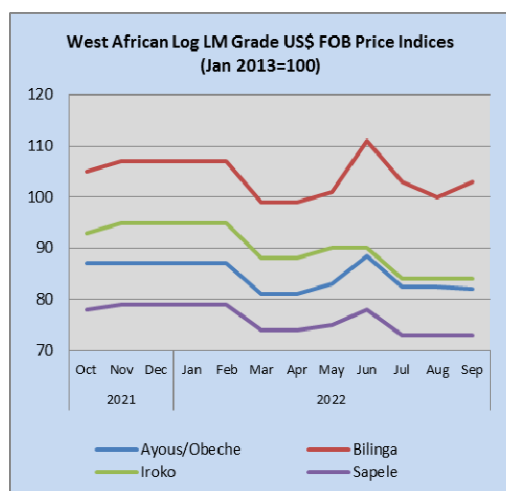
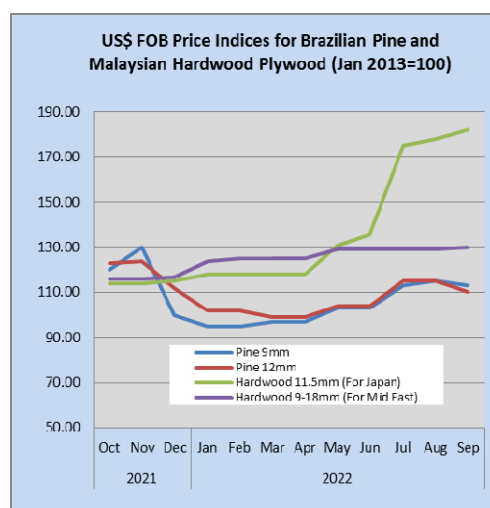
Data source: Drewry World Container Index

Price indices for selected products

The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



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

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STATEMENT OF THE TRADE ADVISORY GROUP (TAG)

Presented at the 2022 ITTO Annual Market Discussion, 8 November 2022

Chairman,
Ladies and Gentlemen.

The US dollar has appreciated 13% against the Euro and 6% since the start of this year. The Indian rupee has dropped nearly 10% this year against the dollar. The Vietnam dong has gone down 6% and Indonesian rupiah down 3%. South Korea won and Thailand baht are down more than 10%. China renminbi is trading near 14 year lows. The Malaysian ringgit is at its lowest in 24 years while the Japanese Yen is at its 32 years low.

The soaring dollar in 2022 is especially painful as it comes at a time of global inflationary pressures when prices were already soaring. Disruptions to energy and commodities caused by the Ukraine war made worse the COVID-19 recession and recovery. Inflation is at record highs in many countries.

It is against this dark backdrop that the tropical timber trade is bracing for what may lie ahead --- an economic recession.

(1) Europe

The tropical timber trade has every reason to support the objectives of the so-called EU Deforestation Law currently being considered by the European Council and Parliament. However, we are concerned that in the absence of any meaningful consultation with producer countries or trading partners, including those with which the EU has legally-binding partnership agreements, the law as currently drafted risks creating unnecessary technical barriers to trade, particularly for tropical countries. We note that even European forest and trade associations, have raised many questions on the how this law can be implemented in practice.

Our key concerns for the tropical timber trade and industry include the following:

1. Unlike the EUTR, the proposed deforestation law is not based on a legality standard that respects tropical countries laws, but prohibits products from legal as well as illegal deforestation. In other words, it is a unilateral approach rather than a cooperative one.

2. As such, it seems contrary to the principles of international law, as referenced in the ITTA, that States have "the sovereign right to exploit their own resources pursuant to their own environmental policies"

3. The new law would impose binding definitions of terms such as "deforestation" and "forest degradation". These terms are as yet not defined in an acceptable international arena. Depending on the definitions imposed by the EU, the new law could place significant constraints on tropical countries' ability to develop new forest plantations even on degraded forest lands.

4. The new law would impose an untested requirement for geolocation to be identified for all consignments of regulated products placed on the EU market, irrespective of the level of country risk, with significant potential to raise trade barriers, particularly for smallholders and composite products.

We believe the EU should avoid using these new regulations to curb free and fair trade, and improve on its communication with the stakeholders, including from outside of the EU, to assess the challenges faced by businesses towards compliance.

We urge Council to seek clarity. Is the EU walking away from its FLEGT by stealth? Producers have already invested heavily into FLEGT commitments and are shocked that EU is now shifting the goalposts.

(2) Plantations

Industrial tree plantations are needed to augment supply of raw material to the timber industry as well as planned climate change mitigation efforts by some countries.

It is believed that the rate of establishment in the tropics has been hampered by a lack of readily available and reliable information. And it seems in the lack of such information, investors turn to planting agriculture commodities instead of trees for a more assured financial return. Tree plantations need investment, training of personnel and establishment of nurseries.

ITTO can show leadership to champion tree plantations, by taking the following actions:

- Survey existing tree plantations in ITTO members of the three tropical regions, collecting real-time data on species, planting spacing, growth rates, soil specifics, production volumes, utilisation volumes, cost analysis, and so on.
- Using the data collected, design a database with appropriate menus for users to access data from actual plantations (good or bad) so as to make optimal commercial decisions in choice of species, sites, expected returns, planting plans, etc.

We urge ITTO to publish a Plantation Handbook containing all relevant technical and financial

information specifically aimed at those investors who are going to plant trees.

(3) Carbon trade.

There are various estimates of the global Voluntary Carbon Offsets market, ranging from one to two billion US dollars a year. Reportedly, nearly 500 million credits, or tons of carbon, were traded in 2021 at an average price of US\$ 4 per ton. Whatever the actual figures are, these are indeed huge numbers! The question is, how much of the offsets money are going into our Members?

As we have just heard, from the experts in the Market Discussion, there are relatively very few carbon related projects in ITTO Producing Countries, in all the three global tropical regions.

The mechanisms in carbon markets are complex and not readily understood. Even the basics of Carbon Credits and Carbon Offsets are not understood by government officials who are not familiar with developments in the UNFCCC. Many, if not most officials, in Producing Members do not know how to set up such projects

There is a desperate need to disseminate information and guidance on the opportunities to Producing Members, and at the same time provide strategic advice and technical assistance. A specific challenge is to orient companies towards carbon projects without losing sight of SFM. National institutions need to be strengthened and different stakeholders engaged in the process.

We urge ITTO to organise a Technical Training Workshop to address the weakness and shortcomings of Members so that they can participate in Climate Change mitigation while adding to their national revenue.

As the likelihood of a global recession looms, there is a risk that financial support for development projects in member countries will be reduced. This would be unfortunate as it is in difficult times that emerging economies need extra help, not less. If a recession comes and is prolonged, resource rich countries will be tempted to liquidate more of their natural resources to raise money and this spells danger for tropical forests. Not only do we need to tighten our belts, we need to make sure we get the most out of whatever financial resources we have. And this means to invest in ITTO projects wisely for the good of all members.

TAG, as always, stands ready to work with Members and the Secretariat to formulate Concept Notes for our two suggested projects which will impact many Producer Members: a Plantation Handbook and a technical training workshop for Carbon Offsets.

Thank you.