

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

New era of business information sharing

The first report of Global Timber Index (GTI) was released during an international workshop co-organised by ITTO and the Trade and the Investment Promotion Institute (IPIM) of Macao SAR, China. Reports will be published monthly.

The first report includes comments on challenges facing, and suggestions for the timber sector as seen 'Through the eyes of industry' which makes this initiative unique.

See:

https://www.itto.int/news/2022/12/09/first_report_of_global_timber_index_released_launching_new_era_of_business_information_sharing/

Central and West Africa

Diversifying markets to maintain production

The slowdown in demand in China is becoming a serious problem for operators in the region with saw and ply mills seeing rising stocks and few significant orders. Almost all companies are looking for new markets and for species not commonly demanded for the Chinese market.

Some success is reported with increased sales of azobe and bilinga for the Netherlands and Belgium markets. Efforts are underway to encourage more sales of padouk and doussie to Europe.

Demand in China is at a standstill for most species with only ovankol and okan of interest. Shipments of other major species such as okoume and belli have almost come to a halt.

It is reported that mills in Gabon and Congo, which concentrated on okoume, have cut production and started to lay-off workers. It is only sawnwood markets in the Middle East that are stable at present.

Lay-offs have been reported by mills operating in Gabon's Special Economic Zone (GSEZ). The total stock of okoume held by mills in the GSEZ is said to be close to 300,000 cu.m so purchases from independent operators selling into the zone have been drastically reduced.

Companies in Gabon and across the region are having to deal with high fuel costs. In Gabon gasoline sells at CFA1,157 per litre for companies but for the public the price is CFA657 per litre.

Demand for okoume and redwoods down

Reports from Congo mention the impact of the main rain season which is disrupting forest operations and trucking. Mills in Congo face the same problems as others with the slowdown in demand for the Chinese market.

Mills have found that demand for okoume and the redwoods has dropped sharply with only a slight interest being shown in purchase of ovankol and okan for flooring.

The only market that is still active for sawn okoume is the Philippines where monthly shipments of around 6,000 have been reported.

Call for better assessments and application of science at CITES

A recent ATIBT newsletter says that Jean-Louis Doucet, Professor at Gembloux Agro-Bio Tech/University of Liège, has called for better assessments and research results to be taken into account to guide decisions on timber species listing by CITES.

ATIBT reports the conclusions of Dr. Loubota's work is unambiguous and that neither padouk nor doussie are threatened and sustainable harvesting will not jeopardise their existence.

Professor Doucet suggests the CITES listing of these two timbers was because "the wood of these two species is difficult to differentiate from that of species considered threatened".

See: <https://www.atibt.org/en/news/13257/cites-ban-on-timber-species-scientists-call-for-better-assessments-and-consideration-of-sustainable-management>

Through the eyes of industry, challenges and suggestions from Congo and Gabon

See: <https://www.itto-ggsc.org/static/upload/file/20221209/1670578785177402.pdf>

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	210↓	210	-
Padouk	330	310	240
Sapele	260	260	220
Sipo/Utile	260	260	230
Tali	260↓	260↓	-

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	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

Cedi exchange rate holding up well

The Ghana cedi has recently been flagged as a top performing regional currency against the US dollar, a reverse of the situation three months ago when the exchange rate suffered its worst downturn in years.

The Finance Minister, Ken Ofori-Atta, has expressed confidence that government would soon reach an agreement with the International Monetary Fund for a programme aimed at restoring macroeconomic stability and protecting the most vulnerable.

The Minister said the government is determined to implement wide-ranging structural and fiscal reforms to restore fiscal and debt sustainability and support growth.

See: <https://www.myjoyonline.com/ghana-cedi-from-worst-to-best-performer-against-dollar/>

National EPA advisory council inaugurated

The Deputy Minister of Trade and Industry, Herbert Krapa, inaugurated a National Economic Partnership Agreement (EPA) Advisory Council as part of the institutional arrangements for the implementation of the EPA.

Ghana and the EU signed an interim EPA in 2016 which is a bilateral trade and development agreement that seeks to promote trade between the two blocks by reducing trade barriers and tariffs imposed on imports of products originating in the EU and Ghana.

The Council is expected to monitor the progress of Ghana's EPA and accompanying measures by providing strategic guidance on project implementation and compliance with applicable legislation, regulations and standards.

In related news, the European Union (EU) has provided Eur2.5 million for Ghana's agricultural sector to help increase farmers' access to credit facilities.

See:

[https://www.businessghana.com/site/news/business/276223/MoT-I-inaugurates-the-National-Economic-Partnership-Agreement-\(EPA\)-Advisory-Council](https://www.businessghana.com/site/news/business/276223/MoT-I-inaugurates-the-National-Economic-Partnership-Agreement-(EPA)-Advisory-Council)

and

<https://www.ghanabusinessnews.com/2022/11/22/european-union-injects-e2-5m-into-ghanas-agricultural-sector/>

Digital equipment to monitor tree seedlings

Farmers in Ghana are using technology to monitor the survival and growth rates of trees planted under the 'Green Ghana Project'. At a stakeholder meeting in the NW Region of Ghana farmers were provided computers to advance the reporting and monitoring of areas planted.

The event was arranged in consultation with the Forestry Commission which has overseen the planting of over 270,000 economic tree seedlings in cooperation with the Rainforest Alliance.

Alvin Adu Asare, Senior Associate, Geographical Information systems in charge of monitoring and evaluation at the Rainforest Alliance, said it was important to track tree survival rates and to measure their progress for informed decision-making.

See: <https://newsghana.com.gh/rainforest-forest-alliance-trains-and-supports-farmers-to-monitor-tree-seedlings/>

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	760↓
Niangon Kiln dry	810

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	388↑	441
Chenchen	477↓	612
Ogea	519	590
Essa	585	629↑
Ofram	350	435

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
	Air-dried	Kiln-dried
FAS 25-100mmx150mm up x 2.4m up		
Afromosia	860	925
Asanfina	465	564
Ceiba	290	312
Dahoma	456	489↓
Edinam (mixed redwood)	640	687↓
Emeri	655↑	706
African mahogany (Ivorenensis)	599↓	1,121↑
Makore	560	768↓
Niangon	600↓	750↓
Odum	862	959↑
Sapele	800	867↓
Wawa 1C & Select	455↑	526↑

Export sliced veneer

Sliced face veneer	FOB
	Euro per cu.m
Asanfina	1,461↑
Avodire	1,325
Chenchen	923↑
Mahogany	1,602↑
Makore	1,785↑
Odum	2,030
Sapele	1,436↑

Export plywood prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	501↑	580	641
6mm	412	535	604
9mm	300↓	504	560
12mm	583	476	480
15mm	450	385	430
18mm	460	444↓	383

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

Carbon exchange launched

On 9 December Malaysia launched its Voluntary Carbon Market (VCM) Exchange to drive the nation's environmental and sustainability goals. Nik Nazmi Nik Ahmad, Environment and Climate Change Minister said the government is committed implementing climate actions to further reduce the country's carbon emissions even though Malaysia's share of global greenhouse gas (GHG) emissions is only around 0.7%.

On the carbon trading policy the Minister clarified that under the VCM no restrictions have been imposed on the sales of carbon credits generated from projects located in Malaysia to buyers outside of the country.

See: <https://www.thevibes.com/articles/news/79649/govt-committed-to-cutting-carbon-emissions-tackling-climate-change-nik-nazmi>

Labour shortage

The shortage of foreign labourers is still disrupting production in many economic sectors. While the timber sector is badly affected the plantations sector is facing a worse situation. The Malaysian Palm Oil Association (MPOA) is continuing to engage the Malaysian government to resolve the chronic labour shortage issue that has been plaguing the palm oil industry, especially since the onset of the Covid-19 lockdowns in 2020.

MPOA Chief Executive, Joseph Tek Choon Yee, pointed out that revenue lost due to the shortage of harvesters is estimated to be about RM20 bil. The oil palm sector alone is in need of 200,000 foreign workers.

See: <https://www.thestar.com.my/business/business-news/2022/12/07/mpoa-revenue-losses-from-labour-shortage-at-rm20bil>

First woman CEO for Timber Council

The Malaysian Timber Council (MTC) appointed Noraihan Abdul Rahman as its Chief Executive Officer effective from 1 December. Noraihan replaces Muhtar Suhaili. Noraihan, who was MTC's first woman Chief Operations Officer, is now the Council's first woman CEO in its 30-year history. MTC said she would oversee the strategic direction and drive sustainable growth for the council.

MTC said Noraihan's promotion was celebrated as a step in the right direction for an industry that has few women in its top ranks.

See: <https://mtc.com.my/corporate-ManagementTeam.php>

Developing the market in France

Malaysian Wood Moulding and Joinery Council (MWMJC) held an online meeting with the French Timber Trade Federation (LCB) and the International Tropical Timber Technical Association (ATIBT) to exchange information on the Malaysian timber industry and French market for tropical timber.

France is a traditional market for Malaysian wood products and the aim of the meeting was to strengthen and promote the existing good bilateral trading relations between the two sectors.

Both sides discussed the possibility of further collaboration between MWMJC and LCB/ATIBT particularly in view of the potential demand for sustainable timber products in construction projects for the 2024 Olympic Games in Paris.

Sarawak timber exports

Sarawak exported wood products valued at RM3.05 billion in the third quarter of this year compared to RM2.92 billion for the corresponding period last year. Japan remains the main importer of wood products contributing RM1.88 billion or 62% of the total export value in the third quarter of this year.

Other major markets were India (RM357 million), Middle-East (RM134 million), China (RM131 million) and Taiwan P.o.C (RM117 million). In terms of products, plywood exports increased around 2.5% in value in the third quarter to RM1.67 billion compared to RM1.63 billion for the third quarter 2021.

The State Government has indicated it intends to continue to boost the industry by providing the necessary infrastructure such as furniture testing laboratories and sites for furniture parks in Demak Laut and Tanjung Manis. The state government will also continue to increase R&D collaboration with higher educational institutions, research institutes and industry players to develop highly competitive, value-added products.

See: <https://www.thestar.com.my/business/business-news/2022/11/07/java-tiasa-hit-by-logging-suspension>

New strategic plan for Heart of Borneo initiative

The Sabah government has launched a new Strategic Plan of Action (2021-2023) to address emerging challenges and take advantage of potential opportunities to enhance conservation and management of the Heart of Borneo (HoB) landscape. New features are introduced in the new plan to further align its focus and address strategic shifts critical to lift the Sabah HoB Initiative to a higher level.

Public awareness of the HoB and its conservation efforts has always been a priority in Sabah. Over the past years, roadshows, environmental education and training programmes to promote the HoB Initiatives were conducted for teachers and local communities.

The area of HoB in Sabah represented around 60% of Malaysia's Heart of Borneo landscape area and it holds one of the remaining bastions of treasured biodiversity. A total of 64% of Sabah's landmass is protected forests of which 52% are gazetted as Forest Reserves, State Parks, Wildlife Sanctuary and also Wildlife Conservation Areas.

See: <https://www.theborneopost.com/2022/12/02/sabah-launches-new-strategic-plan-of-actions-to-further-energise-hob-conservation/>

Dipterocarps

The Dipterocarp tree species is the dominant species in the Southeast Asian rainforests. A new publication by the Sabah Forestry Department, 'The Sabah Red List of Dipterocarpaceae' documents the conservation status of dipterocarps in Sabah. The mixed dipterocarp forests are the most dominant vegetation type in Sabah with 182 species known to occur throughout Sabah.

Funded by the Federal Ministry of Energy and Natural Resources (now Ministry of Natural Resources) this publication documents the assessments carried out by researchers from the Sabah Forestry Department, Forever Sabah and Universiti Malaysia Sabah.

Of the 182 species of dipterocarps recorded in Sabah, 166 species (91%) are recorded within the Totally Protected Area (TPA) system. More than half of the dipterocarps were assessed as 'threatened' due to habitat loss. As for species recorded outside the TPA system, they are either assessed as threatened or the data is insufficient to make a determination.

See: <https://www.theborneopost.com/2022/12/09/182-species-of-dipterocarps-recorded-in-sabah/rneo>

'Through the eyes of industry', challenges and suggestions from Malaysia

See: <https://www.itto-ggsc.org/static/upload/file/20221209/1670578785177402.pdf>

Indonesia

Raised export benchmark prices

The Ministry of Trade raised the Export benchmark price (HPE) of wood products as of 1 December 2022.

A press release from the Ministry of Trade says "There is an increase in the Export Benchmark Price for wood products, including sawnwood products of meranti which are dried and leveled on all four sides so that the surface became flat and smooth with a cross-sectional area of 1,000 sq.mm to 4,000 sq.mm It increased by US\$50 from the previous month to US\$900/cu.m and other species were raised by US\$150 from the previous month to US\$700/cu.m."

The following are the Benchmark Export Prices of wood products, which are valid in December 2022

Veneers

Natural Forest Veneer = US\$800/cu.m

Plantation Veneer = US\$550/cu.m

Wooden Sheet = US\$800/cu.m

Chipwood

Chipwood in the form of particles = US\$80/ton

Chipwood = US\$90/ton

Processed Wood

Processed wood products which are leveled on all four sides so that the surface becomes even and smooth with the provisions of a cross-sectional area of 1000 mm² to 4000 mm² (ex 4407.11.00 to ex 4407.99.90)

Meranti (Shore sp) = US\$900/cu.m

Merbau (Intsia sp) = US\$1.050/cu.m

Rimba Campuran (Mix tropical hard wood)= US\$850/cu.m

Eboni= US\$3.200/cu.m

Teak (tectona grandis) = US\$1.400/cu.m

Pine and Gmelina (pinus merkusii and gmelina arborea) = US\$700/cu.m

Acacia sp = US\$650/cu.m

Sengon (Albizia falcataria)= US\$450/cu.m

Rubber (hevea braziliensis)= US\$300/cu.m

Balsa (Ochroma sp), Eucalyptus sp = US\$700/cu.m

Sungkai (Peronema canescens) = US\$350/cu.m

Processed wood products which are leveled on all four sides so that the surface becomes even and smooth of merbau wood (Intsia sp) with a cross-sectional area of more than 4000 sq.mm to 10000 sq.mm (ex 4407.29.91 and ex 4407.29.92): US\$1,200/cu.m.

See: <https://forestinsights.id/2022/12/02/kemendag-naikkan-harga-patokan-ekspor-hpe-kayu-bulan-desember-simak-rinciannya/>

Forest industry resilience in face of possible recession

The Ministry of Environment and Forestry (KLHK) is preparing a strategic policy to strengthen the forestry sector to face the threat of a possible global recession in 2023.

The Minister of Environment and Forestry, Siti Nurbaya, said to maintain the productivity and sustainability of forestry businesses, the government has provided a number of incentives. Among them is the facilitation of postponing and paying in an installment of Non-Tax State Revenue (PNBP) for forestry business actors through Ministerial Regulation Number 21 of 2021.

Indroyono Soesilo, chairman of the Association of Indonesian Forest Concession Holders (APHI) identified incentives that would be helpful in a global recession.

Among them is the implementation of the Job Creation Law for the forestry sector, particularly in relation to the implementation of multi-business forestry, the implementation of satellite imagery-based work to identify area boundaries and solutions for solving of non-forestry development.

APHI also hopes that the government can revise the Government Regulation Number 12 of 2014 concerning Types and Tariffs of Non-Tax State Revenues that are applied to the Ministry of Forestry, specifically related to the payment of Reforestation Funds (DR) in Rupiah.

In addition APHI hopes that the government will extend the Ministry of Trade Regulation Number 19 of 2021 concerning export policies and arrangements regarding the policy of expanding the cross-section for commercial wood species that can be exported.

See: <https://forestinsights.id/2022/12/07/klhk-perkuat-daya-tahan-industri-kehutanan-hadapi-resesi-2023-pengusaha-usul-insentif/>

Scathing comments on EU Deforestation-free commodity law

According to a representative of the Indonesian government, the new EU 'Deforestation-Free Commodity Law' could become a trade barrier for a number of Indonesian commodities and, if implemented, will be anti-multilateralism and discriminatory.

The Indonesian commodities that must meet the requirements of the law are palm oil, beef, soybeans, coffee, cocoa, wood and rubber. In addition, this law also covers derivative products, including meat, furniture, paper, leather and chocolate. The new EU law will not allow these commodities and products to enter the EU market if they were produced on land deforested or degraded after 31 December 2020.

A spokesperson for the American and European Intra-regional Cooperation unit in Indonesia's Ministry of Foreign Affairs, Ms. Emilia H. Elisa, is quoted as saying the EU regulation will have an impact on business actors and even small producers in Indonesia.

According to Ms. Elisa, the Indonesian government views the EU Deforestation Free Commodity Law as anti-multilateralism because it violates various international and multilateral commitments. The Indonesian government feels that the law also violates the legal sovereignty of a country to make land-use decisions regarding forests.

Ms. Elisa stated that the Indonesian government believes that the EU policy is a form of discriminatory action that violates WTO rules, especially Article XI of the 1994 General Agreement on Tariffs and Trade (GATT).

See: <https://www.kompas.id/baca/ekonomi/2022/12/07/ri-sebut-uu-produk-bebas-deforestasi-ue-anti-multilateralisme-dan-diskriminatif>

Perhutani ready to supply raw materials

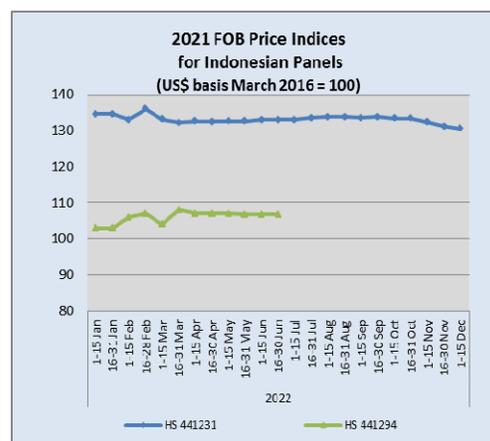
Perum Perhutani, together with the Indonesian Furniture and Craft Industry Association (Asmindo), established a Supply Chain cooperation mechanism for wooden furniture and craft enterprises through a Memorandum of Understanding agreed between the Commercial Director of Perum Perhutani, Ahmad Ibrahim and the Chairman of Asmindo, Dedy Rochimat.

Ahmad Ibrahim said that Perum Perhutani is open to collaboration with SMEs. Asmido Chairperson, Dedy Rochimat, said that Asmindo welcomed this collaboration and hoped to obtain the best quality wood raw materials from Perhutani so that it could increase selling power to the global market.

See: <https://wartaekonomi.co.id/read461921/perhutani-dan-asmindo-bersinergi-dalam-kemitraan-rantai-pasok-furnitur-dan-kerajinan-berbahan-kayu>

Through the eyes of industry, challenges and suggestions from Indonesia

See: <https://www.itto-ggsc.org/static/upload/file/20221209/1670578785177402.pdf>



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

Myanmar

Forest product exports

The news outlet 'New Light of Myanmar' has quoted the Ministry of Commerce as saying more than US\$94.28 million were earned from the export of forest products from Myanmar from 1 April to 25 November 2022 of the financial year 2022-2023. In the last financial year, 2020-2021, exports totalled US\$128.072 million and during the 2021-2022 earnings were US\$83.901 million. Products exported included teak, other hardwoods, plywood, bamboo, cardamom seeds, wax, mustard oil, pine extract, orchids, edible bird's nest and straw.

In order to export timber and other forest products it is necessary to obtain a certificate verifying legality of forest products. Based on the verification of a ground inspection team and confirmation of the chain of custody a certificate verifying legality will be issued within two days by the director of the Yangon Region Forest Department and the relevant township Forest Departments.

See: <https://www.gnlm.com.mm/over-us88-million-earned-from-export-of-forest-products/>

and <https://www.gnlm.com.mm/usd-9-45-million-exceeded-in-forest-products-export-within-eight-months-this-fy-more-than-that-of-last-fy/#article-title>)

US proposes amendments to the BURMA Act

The US House of Representatives has approved legislation that could decisively reshape future American policy toward Myanmar if it becomes law. The newly-passed National Defense Authorization Act (NDAA) included an amended version of the BURMA Act which broadens the government's authority to impose sanctions against the regime and aid Myanmar's opposition.

The amended BURMA Act, along with the NDAA, will become law only if it passes by a majority vote in the US Congress's upper chamber, the Senate. The NDAA is typically passed by both chambers each year and a vote is expected within weeks.

See: https://rules.house.gov/sites/democrats.rules.house.gov/files/BILLS-117HR7776EAS-RCP117-70.pdf?fbclid=IwAR3kSdREEIZG4ycvca_kagy1m4k2BovBZO_Dr3JIdn7UVh-c9tCjQzCfGgHk

UN seeks diplomatic solution to the crisis in Myanmar

The UN General Assembly has adopted a resolution to delay a decision on who will represent Myanmar at the world body. The military rulers in Myanmar had sought to replace the envoys who were appointed by democratically-elected government that was deposed last year.

The resolution was adopted without a vote and follows a meeting of the UN Credentials Committee which approves diplomatic representation of all 193 Member States. The UN continues to push for a diplomatic solution to the crisis in Myanmar, in the wake of the military takeover of government in February last year.

See: <https://news.un.org/en/story/2021/12/1107262>

India

Indian rosewood handicraft exporters given reprieve

Indian exporters of Dalbergia sissoo (Indian rosewood) have been granted an exception under CITES for the export of a limited range of furniture and handicrafts. During the CITES meeting Indian participants successfully argued that Dalbergia sissoo is found in abundance in the country and is not an endangered species. However, because of the lack of easy to use technology for distinguishing rosewood species the Indian timber was not delisted.

See: <https://timesofindia.indiatimes.com/india/india-gets-rules-for-export-of-rosewood-products-relaxed-during-cites-meet-in-panama-move-to-help-artisans-and-exporters/articleshow/95666296.cms>

Weak rupee dents panel product imports

The weakened rupee against the US dollar has made imports more expensive and this has hit importers of panel products, especially MDF.

At the beginning of the year there were reports of rising MDF imports from Thailand, Vietnam and Sri Lanka as freight rates dropped, but the sudden weakening of the rupee exchange rate slowed the growth of imports and gave a boost to domestic manufacturers.

See: <https://www.plyreporter.com/article/93363/strong-dollar-hits-mdf-pb-import-growth-domestic-producers-safe-for-now>

Timber not on the restricted list of Myanmar commodities

Rajeev Bhattacharyya, a senior journalist writing in the Irrawaddy, reports that the Indian government has informed the Mizoram State authorities that timber is not on the restricted list of commodities imported from Myanmar. This followed a petition by an association of wood-based industries in the state which believed timber was on the restricted list of commodities.

India's Minister of Commerce, Piyush Goyal, said that only two types of timber – rough sandalwood and rough red sanders are on the restricted list of imports from Myanmar.

The author continued "trade between India and Myanmar, both legal and illicit, supports large numbers of people on both sides of the frontier" and it is likely that timber imports from Myanmar will increase given India's current construction boom.

See: <https://www.irrawaddy.com/opinion/guest-column/india-should-exercise-caution-over-myanmar-timber-imports.html>

Banks lowering rates to sustain demand for home loans

The house price index compiled by the Reserve Bank of India (RBI) shows that housing prices appreciated by 4.5% in the three months ending September. Housing demand remains steady in India despite the rise in mortgage interest rates.

To tackle inflation the RBI has steadily increased interest rates since May which made loans more expensive but recently some banks are lowering rates to sustain the demand for home loans

See: <https://www.moneycontrol.com/news/business/markets/india-a-bright-spot-in-shaky-global-realty-market-but-may-see-pushback-if-home-loan-rates-cross-9-5-clsa-9652551.html>

Manufacturing output contracts

In the July-September quarter India's economic growth slowed to 6.3% year-on-year after a double digit increase in the previous quarter dented by inflation and global pressures stemming from Russia's invasion of Ukraine. The agriculture sector registered 4.6% growth in the July-September period but manufacturing contracted reversing the 4.8% expansion in the first fiscal quarter and well below the 5.6% pace of growth in the corresponding quarter a year earlier.

See: <https://asia.nikkei.com/Economy/India-GDP-growth-slows-to-6.3-amid-stubborn-inflation>

Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,000 - 4,300▲
Balau	2,700 – 3,000▲
Resak	-
Kapur	-
Kempas	1,455 - 1,750
Red meranti	1,700 – 2,000▲
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	2,000 - 2,200▼
White Oak	2,500 – 2,800▼
American Walnut	4,500 - 5,000
Hemlock STD grade	1,350 - 1,600
Western Red Cedar	2,220 - 2,450
Douglas Fir	2,200 - 2,400▲

Price range depends mainly on lengths and cross-sections.

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

Vietnam

Wood and wood product (W&WP) trade highlights

According to Vietnam's General Statistics Office W&WP exports to the US market in November 2022 reached US\$550 million, down 7.5% compared to November 2021. Exports of wood and wood products to the US decelerated sharply compared to the first 11 months of 2022.

In the first 11 months of 2022 exports of wooden furniture are estimated at US\$9.1 billion, up 1.1% year-on-year.

Vietnam's exports up 9% in 11 months

Vietnam exported nearly US\$14.6 billion worth of W&WP in the first 11 months of this year, up 9% year on year.

Vietnam has a target to export US\$16.5 billion worth of W&WP in 2022. The high season for these products often comes at year-end due to increasing demand for furniture in major export markets. However, prospects are gloomy this year.

In 2021 Vietnam earned over US\$14.8 billion from exporting W&WP which increased 19.7% year on year and accounted for 4.4% of the country's total export revenue with the US China, Japan and South Korea among the major markets.

Between January and November this year Vietnam spent more than US\$2.8 billion importing W&WP, up 4.4% year on year.

Vietnam's W&WP exports/imports

In the first 10 months of 2022 exports of furniture (HS94) accounted for 63% of total exports (down 6% over the same period in 2021) while wood exports (HS44) accounted for 31% (up 6%).

In 2022 exports increased sharply from January to August adding over US\$1.3 billion/month. However, exports began to decrease from September 2022, adding US\$1.1 billion/month.

Top export categories

The table below shows the volume and value of Vietnam's W&WP exports in 10 months of 2022 and year-on-year changes.

W& WP exports, 10 months 2021/ 2022

Categories	Volume	10 months/2021	10 months/2022	Changes
Woodchip	Ton	11,395,491	13,508,447	18.5%
	US\$	1,451,693,479	2,346,315,627	61.6%
Woodpellet	Ton	2,900,792	3,895,232	34.3%
	US\$	333,467,883	602,752,732	80.8%
Veneer	m ³	1,702,933	917,859	-46.1%
	US\$	168,085,589	147,889,748	-12.0%
Particle board	m ³	35,842	56,590	57.9%
	US\$	7,587,424	14,506,973	91.2%
Fiber board	m ³	108,134	128,520	18.9%
	US\$	59,529,386	68,918,295	15.8%
Laminated wood	m ³	2,257,542	2,222,906	-1.5%
	US\$	840,742,326	865,978,669	3.0%
Seats	US\$	2,839,174,782	2,523,445,356	-11.1%
Furniture	US\$	5,076,515,810	5,818,895,108	14.6%
Others	US\$	686,623,107	818,575,840	19.2%
Total	US\$	11,463,419,785	13,207,278,347	15.2%

Data source: Customs, Vietnam

W&WP export commodities with important growth include wood chips, pellets and furniture, while exports of veneer and seats are decreased.

Export markets

The US, Japan, China, EU and South Korea are the 5 most important markets of Vietnam's W&WP. In particular, the US remains as the top market

The table below shows Vietnam's W&WP exports to 5 top markets and year-on-year growth. China and Japan have the higher growth rates, followed by the EU and South Korea.

Exports W&WP to 5 top markets (US\$)

	10 months of 2021	10 months of 2022	% Change
US	6,870,873,899	7,265,682,140	6%
Japan	1,111,902,326	1,554,159,859	40%
China	1,229,020,329	1,858,213,485	51%
EU	463,715,569	520,506,823	12%
S. Korea	699,974,358	810,784,321	16%

Data source: Customs, Vietnam

The important items that Vietnam exports to the US are furniture belonging to HS 94 group while exports to China relied on woodchips and exports to South Korea and Japan are of pellets, wood chips and furniture.

Vietnam W&WP imports

In the first 10 months of 2022 W&WP imports amounted to US\$2.65 billion, up 7.3% over the same period in 2021. Imports of raw material (HS44) contributed 86% of total imports (year-on-year up 10%); furniture group (HS94) accounted for 9.6% (down 13.4%).

Top import categories

Logs, sawnwood and veneer are of the main imports. Imports of these 3 items in the first 10 months showed a notable year-on-year decline except logs which increased. Imports began dropping very sharply from September 2022.

Import volume commodities under HS44 (cu.m)

Categories	10M/2021	10M/2022	Change
Logs	1,715,932	2,118,252	23.4%
Lumbers	2,447,018	2,332,310	-4.7%
Veneer	263,963	215,321	-18.4%
Particle board	284,670	233,432	-18.0%
Fiber board	738,143	450,705	-38.9%
Plywood	472,522	305,228	-35.4%

Data source: Customs, Vietnam

Import sources

China, the US, Thailand and Cameroon are Vietnam's largest sources of imports. Imports from the main sources are shown in Table 4. China is the largest W&WP supplier followed by the US, Cameroon, Thailand, Brazil, Laos and Malaysia. Vietnam imports boards and furniture from China and logs and sawnwood from the US and Cameroon. Thailand supplies wood-based panels to Vietnam.

W&WP imports from major sources (US\$)

Suppliers	10M/2021	10M/2022	Change
China	844,019,551	809,098,427	-4.14%
US	287,036,791	298,422,070	3.97%
Cameroon	151,124,041	194,296,843	28.57%
Thailand	103,210,476	102,785,121	-0.41%
Brazil	106,929,675	89,882,047	-15.94%
Laos	76,892,731	115,830,806	50.64%
Malaysia	57,686,336	102,880,758	78.35%

Data source: Customs, Vietnam

Log and sawnwood imports

Imports of logs and sawnwood accounted for over 60% of the total imports in the first 10 months of 2022. The table below shows the value of logs imported into Vietnam in 10 months of 2022 compared to the same period last year by main sources.

Log imports in 10 months 2021/2022 (cu.m)

Suppliers	10M/2021	10M/2022	Change
Cameroon	240,608	269,126	12%
US	187,945	334,146	78%
Belgium	173,719	211,011	22%
PNG	115,759	230,187	99%
France	82,865	90,201	9%
Germany	59,403	60,143	1%
Suriname	73,956	67,744	-8%
DRC	48,081	81,899	70%
Uruguay	56,538	49,883	-12%
Netherlands	35,720	41,591	16%
Others	641,338	682,321	6%
Total	1,715,932	2,118,252	23%

Data source: Customs, Vietnam

The table below shows sawnwood imports in 10 months of 2022 compared to 10 months of 2021. Suppliers with the largest increases include the US, Belgium, Papua New Guinea and Congo, while imports from Uruguay and Suriname decreased.

Sawnwood imports 10 months of 2021/2022 (cu.m)

Suppliers	10M/2021	10M/2022	Change
US	415,467	315,325	-24%
Chile	274,263	204,002	-26%
Brazil	358,955	236,917	-34%
Cameroon	118,251	190,633	61%
New Zealand	135,168	78,168	-42%
Russia	98,088	99,932	2%
Laos	102,514	197,341	93%
Gabon	44,250	39,212	-11%
China	84,570	70,863	-16%
South Africa	47,617	40,739	-14%
Others	767,875	859,180	12%
Total	2,447,018	2,332,310	-5%

Data source: Customs, Vietnam

There were significant declines in imports from the US, Brazil, Chile and New Zealand while there were increases from Laos and Cameroon.

See: <https://goviet.org.vn/bai-viet/viet-nam-xuat-nhap-khau-go-va-san-pham-go-thang-10-2022-9891>

Brazil

Mato Grosso companies win awards

During the 20th “Prêmio Referência” (Forestry Award of Referência Maganize) awards are given to companies in the forest sector that achieved a high performance in innovation and sustainability.

After an evaluation of the performance of the nominees under the criteria financial investment, sustainability and innovation and research, three forest companies in the State of Mato Grosso (one of the main exporting states of tropical timber in the Amazon) were among the winners of the 2022 Forestry Award. All three companies are members of the Center for Timber Producers and Exporters of Mato Grosso State (CIPEM).

The main focus of the winning projects were studies and measures to encourage better use of raw materials in order to maximise yield through improvements in primary processing to the final product.

These awards contribute to greater visibility on the efforts of forest companies, promote good practices that strengthen forest management with a focus on sustainability and credibility along with encouraging the search for continuous improvement in processing.

CIPEM emphasised the efforts of the Mato Grosso State regarding the development of forest management by implementing improvements in the safety and transparency in the production and commercialisation of forest products from the System of Commercialisation and Transport of Forest Products - Sisflora 2.0.

See: <https://cipem.org.br/noticias/empreendimentos-florestais-de-mt-sao-destaques-da-20a-edicao-do-premio-referencia>

Innovation centre for Bento Gonçalves

One of the largest furniture clusters in Brazil, the Bento Gonçalves cluster, now has an innovation center, ‘Inova Bento’ created during the First Innovation Forum. The Centre is a strategic alliance between the Center for Industry, Commerce and Services of Bento Gonçalves (CIC-BG), the Association of Furniture Industries of the State of Rio Grande do Sul (Movergs) and the City Hall of Bento Gonçalves.

The Centre has four pillars of action: education; investments; programme for startups; and programmes for companies. On Education action will be on fora and the so-called “demo-days” when teams from an open innovation programme present projects to evaluators. The Investments pillar will deal with the relationship with investors and investment funds as well as with startup accelerators.

The centre is a platform for sharing ideas and for generating creative experiences, networking and partnerships to drive solutions and entrepreneurship. The implementation of ‘Inova Bento’ will be a breakthrough for the production sectors in the municipality as well as for the trade and services segments.

See: <https://forestnews.com.br/setor-moveleiro-gaucho-ganha-centro-de-inovacao-em-bento-goncalves/>

Promoting Brazilian furniture exports

The Brazilian Trade and Investment Promotion Agency (APEX-Brazil) and the Brazilian Furniture Industry Association (ABIMÓVEL) have agreed to implement a ‘Brazilian Furniture Project’ in 2023/2024. This initiative will promote the Brazilian furniture industry in international markets. The investment for this 2 year effort will be R\$33.6 million, of which R\$0.1 million will come from Apex-Brasil and R\$13.5 million from ABIMÓVEL.

The project strategy is focused on the three main pillars, sustainability, design and competitiveness as elements that add value in the sector. It is anticipated that around US\$850 million in business over the next 24 months can be secured. There are currently almost 150 participating companies in the project and about 80% of them are already exporting mainly wooden furniture.

Despite the pandemic the furniture sector has maintained a high level of exports with more than US\$937.9 million exported in 2021. The export destinations increased from 140 to 170 countries, reaching important markets and the United States as the main purchasing country.

The growth in exports by companies associated with the Brazilian Furniture Project topped 25% per year in the period 2017-2021, higher than the national average and much higher than the global average for the sector. Brazil is the 6th largest furniture producer in the world.

See: <http://abimovel.com/apexbrasil-e-abimovel-renovam-convenio-com-investimento-de-r-336-milhoes-para-promocao-internacional/>

Promising foreign trade platform

The 'WoodFlow foreign Trade Platform' is a Brazilian startup for wood trading and was established in May 2022 and is already considered a reference point in exports with traceability and credibility. The concept arose from the desire of foreign buyers to get to know Brazil's wood products better and the need for traders to actively negotiate their products internationally.

Another aim of the platform is to detail the origin of forest products and who is buying. This is done with videos that show the forest operations and processing mills to bring transparency to the negotiation table and guarantee that the products are not from areas deforested.

The platform is promising because, despite being new, it already has more than 170 registered export products listed and has several markets destinations such as the United States, India, Europe, Mexico and South Korea. There is also input from an Indian company which buys teak from Brazil and says the platform is good for business.

See: <http://www.madeiratotal.com.br/em-menos-de-um-ano-startup-woodflow-tem-mais-de-170-processos-cadastrados-de-exportacao-de-madeira/>

Through the eyes of industry, challenges and suggestions from Brazil and Mexico

See: <https://www.itto-ggsc.org/static/upload/file/20221209/1670578785177402.pdf>

Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	437
Jatoba	191
Massaranduba	168
Muiracatiara	161
Angelim Vermelho	165
Mixed redwood and white woods	128

Source: STCP Data Bank

Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	1,826
Jatoba	895
Massaranduba	903
Muiracatiara	778
Angelim Vermelho	793
Mixed red and white	519
Eucalyptus (AD)	308
Pine (AD)	220
Pine (KD)	293

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

	US\$ per cu.m
Parica	
4mm WBP	605
10mm WBP	474
15mm WBP	429
4mm MR.	588
10mm MR.	444
15mm MR.	380

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

	US\$ per cu.m
Domestic ex-mill prices	
15mm MDParticleboard	325
15mm MDF	388

Source: STCP Data

Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipê	3,141
Jatoba	1,620
Massaranduba	1,665
Muiracatiara	1,662
Pine (KD)	257

Source: STCP Data Bank

Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	375
12mm C/CC (WBP)	344
15mm C/CC (WBP)	329
18mm C/CC (WBP)	315

Source: STCP Data Bank

Export prices for added value products

	US\$ per cu.m
FOB Belem/Paranagua ports	
Decking Boards	
Ipê	5,122
Jatoba	2,296

Source: STCP Data Bank

Peru

Addressing civil unrest

The recently installed President, Dina Boluarte, established a "Crisis Cabinet" to guide on measures to address the civil unrest. On 14 December a nationwide state of emergency was declared to ensure public order as well as to protect public and private assets.

The President said the cabinet team is made up of Cabinet Chief, Pedro Angulo, as well as representatives of the defense, interior, transportation-communications, Development-Social Inclusion ministries as well as the chief of the Joint Command of the Armed Forces.

See: <https://andina.pe/ingles/noticia-peru-president-boluarte-installs-crisis-cabinet-to-promote-social-peace-921419.aspx> and

<https://andina.pe/ingles/noticia-peru-defense-min-announces-declaration-of-state-of-emergency-in-arequipa-for-30-days-921428.aspx>

Peruvian imports of wooden furniture

In the first nine months of 2022 the value of Peruvian imports of wooden furniture was US\$38.2 million, a sharp drop of 26% compared to the same period in 2021.

Brazil was the main supplier in the period with exports of US\$24.5 million which represented 64% of the total imported in the period. China was the second largest shipper at US\$7 million followed by Colombia with US\$1.6 million.

Progress of the Pro-Bosques project

The Pro-Bosques project, which has been underway since September 2018 and will culminate in September 2023, was formulated to develop three objectives: to strengthen the forestry sector through the adoption of a set of tools that allow an agile and efficient forest management; to generate greater profitability by promoting best practices throughout the entire value chain of wood from the forest to the market and finally to work in partnership with indigenous organizations. Activities are conducted in the regions of Lima, Loreto, Mother of God and Ucayali.

Around US\$23 million in financing came from USAID and US\$2 million from NORAD.

The project reported the following outputs:

- The first Peruvian forest information system developed to verify the legal origin of wood in the country.
- 16 control and surveillance committees (CVC) in Ucayali and Loreto to work in coordination with the Regional Table for Control and Surveillance of Forestry and Wildlife (MRCVFFS) and indigenous organisations in both regions.
- CITEforestal Maynas, CITEforestal Pucallpa and CITEmadera Lima improved the quality of services provided to forestry users.
- Associations of small forest producers, in alliance with municipalities and SERFOR, strengthened their forest management in three local forests in Ucayali and one in Loreto.
- The private sector strengthened its management practices to ensure the legal origin and traceability of the wood.
- National indigenous organisations and the Peruvian government promoted an Indigenous Forestry Agenda to promote a more inclusive participation of communities.
- 16 indigenous communities of Loreto and Ucayali implemented their 'Life Plans' in coordination with representative organisations and the authorities to develop 31 initiatives for the sustainable management of biodiversity.

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 veneer prices

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

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD	
Mexican market	682-695
Virola 1-2" thick, length 6"-12" KD	
Grade 1, Mexican market	589-615
Grade 2, Mexican market	507-538
Cumaru 4" thick, 6"-11" length KD	
Central American market	989-1000
Asian market	988-1002↓
Ishpingo (oak) 2" thick, 6"-8" length	
Spanish market	622-642
Dominican Republic	712-731
Marupa 1", 6-11 length KD	
Grade 1 Asian market	595-615

Export plywood prices

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

Domestic sawnwood prices

Peru sawnwood, domestic	US\$ per cu.m
Mahogany	-
Virola	208-233
Spanish Cedar	343-351
Marupa (simarouba)	182-218↓

Domestic plywood prices (excl. taxes)

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

Domestic prices for other panel products

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

Japan

High level uncertainty for medium to long term growth prospects

In December, sentiment among the major Japanese manufacturers rose for the first time in four months and in the service sector optimism was growing as companies began to see signs of consumers spending again. But there were concerns in both sectors that there is a high level uncertainty for medium to long term prospects. This uncertainty stems from the up and down recovery from the pandemic in Japan, the slowdown in China which could get worse as covid restrictions are eased and infections spread and the risk of a global downturn.

Rising prices and weak consumer spending – slow growth anticipated

Kanako Tanaka and Fumiko Kuribayashi have summarised the main findings of a recent Asahi Shimbun survey of 100 major companies as follows:

- More than half of leading companies believe the economy has stalled or is slowly contracting because of rising prices and sluggish consumer spending.
- 46% of companies in the latest survey viewed the economy as flat, up by 9% from the previous survey.
- 7% said the economy is slowly shrinking.
- 53% gave a pessimistic assessments of the economy compared with 38% in the spring survey.
- The number of companies that feel the economy is slowly expanding fell to 46 out of 100 from 59 in the previous survey.
- No company assessed the economy as on a steady growth path.

Asked to provide the main concerns for the economy:

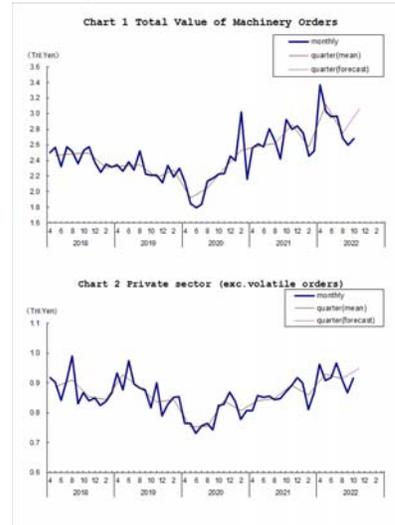
- 59 companies cited rising prices of crude oil and raw materials
- 34 companies said flagging consumer spending was a big concern. This was more than double the figure in the previous survey.
- 20 companies mentioned the weakened yen.

See: <https://www.asahi.com/ajw/articles/14785900>

Rise in key indicator of capital spending

Private-sector machinery orders, excluding volatile ones for ships and those from electric power companies, increased a seasonally adjusted by 5.4% in October.

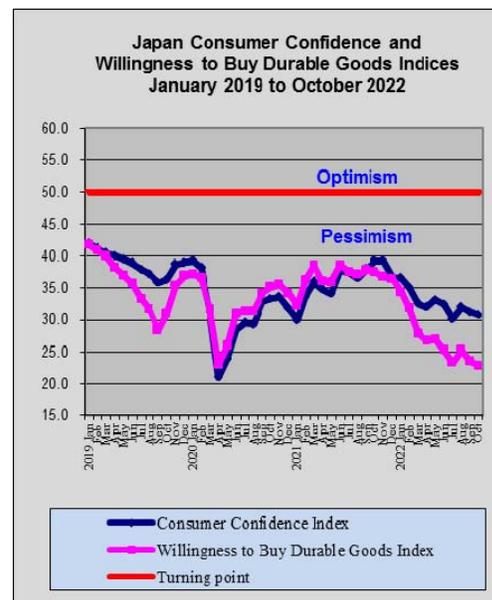
This was better than the 2.6% rise expected by economists polled by Reuters. Compared with a year earlier core orders, a highly volatile data series regarded as a leading indicator of capital spending in the coming six to nine months, rose.



Consumer sentiment weighed down by price increases

The latest consumer sentiment survey in November showed that consumers were even less optimistic than in the previous month. This follows three consecutive months of declines. In assessing the survey officials say consumer sentiment is being weighed down by recent price increases for daily necessities. They also say an increase in the number of coronavirus cases may also be a factor. More than 60% of survey respondents said they think prices will be at least 5% higher in twelve months.

On the basis of the survey the Cabinet Office revised downward its assessment of consumer sentiment for the second month, describing it as "weakening." That word was used for the first time since October 2019.

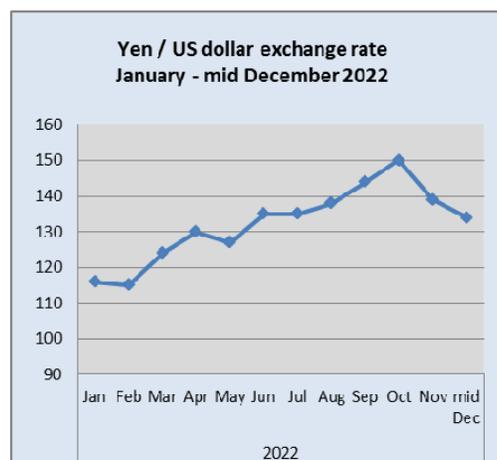


Data source: Cabinet Office, Japan

Yen strengthens

US inflation figures for November showed that annualised rates fell from 7.7% to 7.1%, the lowest level in almost a year. Better than expected inflation numbers drove expectations about the future path of US interest rate hikes.

The US\$/Yen exchange rate moved after the release of US inflation data with the yen strengthening to around 134 to the dollar, the strongest it has been all month.



Concerns raised on availability construction workers

ResearchAndMarkets.com has released its 'Japan Construction Industry Report 2022' which says demand is expected to grow by 5.0% to reach around US\$245 billion in 2022. However, the report notes challenges from rising material costs and inflation which have put pressure on the construction sector. Additionally, the construction sector has raised concerns on the availability of skilled labourers.

As the country deals with the shrinking workforce foreign workers are expected to play a significant role over the next three to four years in driving construction activities and market growth in Japan.

See:

<https://www.researchandmarkets.com/reports/5025237/japan-construction-market-growth-trends-covid#src-pos-3>

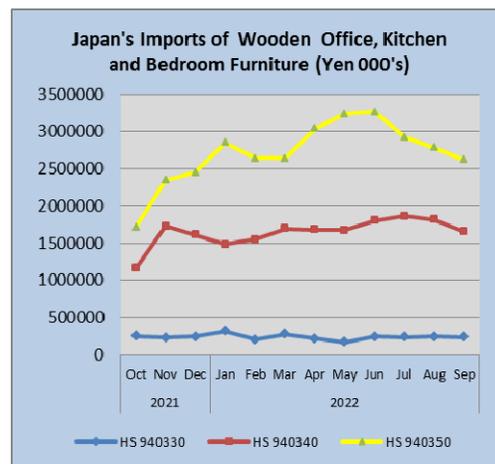


Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Import update

Furniture imports

The weak yen, unprecedented inflation and the rising cost of everyday necessities has undermined consumer sentiment and the first to suffer are purchases of discretionary items such as furniture. Since mid-year there has been a downward trend in the value of furniture imports mirroring traders' assessment of consumer demand.



Data source: Ministry of Finance, Japan

September wooden office furniture imports (HS 940330)

For shippers of wooden office furniture, China, Poland, Vietnam and Malaysia accounted for around 85% of September exports to Japan. September shipments from Malaysia were far above that in August.

Shipments from China were down slightly but despite this China alone accounted for over 70% of wooden office furniture shipments.

Compared to the previous month and to September 2021 the value of imports of wooden office furniture were largely unchanged.

September 2022 imports (HS 940330)

	Imports Sep 2022 Unit, 000's Yen
S. Korea	-
China	177,148
Taiwan P.o.C	2,248
Vietnam	10,179
Thailand	1,515
Malaysia	6,435
Indonesia	4,209
India	631
Sweden	-
Denmark	221
UK	-
Netherlands	-
France	9,927
Germany	-
Switzerland	-
Italy	8,078
Poland	11,694
Hungary	1,656
Turkey	-
Lithuania	2,679
Czech Rep.	277
Slovakia	898
Canada	1,446
USA	2,632
Mexico	-
Total	241,873

Data source: Ministry of Finance, Japan

September 2022 kitchen furniture imports (HS 940340)

As was the case for most of 2022, four suppliers accounted for most of the value of Japan's imports of wooden kitchen furniture.

The top four shippers are the Philippines and Vietnam along with Italy and China. In September this year the value of shipments from both the Philippines and Vietnam were down from August but shippers in Italy and China saw gains in September.

The value of September 2022 imports of kitchen office furniture were over 30% up on September 2021 but compared to August this year there was a drop of nearly 10%.

September 2022 imports (HS 940340)

	Imports Sep 2022 Unit, 000's Yen
S Korea	-
China	125,947
Taiwan P.o.C	3,433
Vietnam	547,458
Thailand	33,532
Malaysia	25,878
Philippines	685,814
Indonesia	19,953
India	-
Sweden	507
Denmark	-
UK	574
Netherlands	-
France	386
Germany	32,988
Italy	140,084
Austria	-
Greece	-
Romania	3,768
Canada	1,953
USA	32,140
New Zealand	-
Total	1,654,415

Data source: Ministry of Finance, Japan

September wooden bedroom furniture imports (HS 940350)

September marked the third consecutive decline in the value of Japan's imports of wooden bedroom furniture (HS940350).

Despite this September 2022 imports were around 40% higher than in September 2021 and the weak yen exchange rate may be part of the reason for the surge in the value of imports. Compared to the value of August imports there was a 6% decline in September.

In September this year the top suppliers of wooden bedroom furniture were China, Vietnam, Malaysia and Thailand. These four shippers accounted for over 90% of the value of September shipments into Japan.

The value of imports of wooden bedroom furniture from China were down about 10% in September, imports from Vietnam were down slightly but imports from both Malaysia and Thailand rose month on month.

September imports (HS 940350)

	Imports Sep 2022 Unit, 000's Yen
S Korea	-
China	1,554,578
Taiwan P.o.C	590
Mongolia	2,335
Vietnam	779,405
Thailand	48,454
Singapore	231
Malaysia	135,506
Philippines	-
Indonesia	34,671
India	-
UAE	-
Sweden	-
Denmark	568
UK	1,054
Netherlands	1,666
Belgium	-
France	906
Germany	-
Switzerland	3,973
Portugal	-
Spain	-
Italy	8,347
Finland	-
Poland	29,234
Austria	-
Greece	-
Romania	6,226
Turkey	-
Latvia	-
Lithuania	11,969
Bos Her	-
USA	1,638
Total	2,621,351

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/

Price hikes of adhesive

Several manufacturers which produce adhesive will raise the prices in December in this year. Oshika Corporation raises over 10% of the current prices on adhesive product for industrial use and constructions. MGC Woodchem Corporation raises 20 – 40 % up in next month. Those price hikes would influence production costs of plywood and laminated lumber.

Oshika's price hike is the 4th times in this year and MGC Woodchem's price hike is the 2nd times in this year.

Log auction fairs in Okayama prefecture

There was a domestic log fair held at Tsuyama Sogo Mokuzai Ichiba in Tsuyama, Okayama prefecture. The market was lively and active. 3m cypress log was 21,500 yen. This is a sign of recovery in log markets. There were 2,200 cbms of logs offered at the fair. 3m cypress log was 16,000 yen at the fair held on 16th, September. The prices at this time are 1,500 yen higher than the previous fair held on 28th, October. 4m cypress log is 19,000 yen from 14,000 yen.

There were enough cypress logs at the northern part of Okayama prefecture stimulated by the wood shock. Then the prices dropped by oversupply. The cypress logs at lumber plants had enough logs. In other areas, there had been damages by a typhoon and there was a shortage of logs. The lumber plants had many inquiries and the prices rose. Other reasons are that movement of lumber was good and log quality is better harvested in colder temperature.

There was a competition of good quality log from forests under private ownership on the same day at a different place. There were 6,300 cbms logs for the competition. 37% of 6,300 cbms was cedar logs and 60% was cypress logs. 3m cypress log was 30,000 – 40,000 yen and 4m cedar log was 35,000 – 40,000 yen. These are over 5,000 yen higher than previous time. 6m cedar log was 30,000 – 35,000 yen.

Log markets in Tohoku region

There is an atmosphere of an increase in log prices at domestic log markets in Tohoku region. In Miyagi prefecture, 4m cedar log is 14,000 – 15,000 yen, delivered per cbm and this is 1,000 yen higher than previous month. Cedar logs were unpopular until recently and the prices of cedar logs kept falling.

However, it changed. 3m cedar log for posts is around 16,000 yen in Miyagi prefecture. 3.65m cedar log is around 17,500 yen in Akita prefecture.

Movement of larch logs stays same and also the prices are the same. 4m larch log for lumber is around 25,000 yen. There is no recovery of demand for plywood. Hardwood logs and red pine logs are not enough volume at the markets because the temperatures were high in this year and there might be damages on the logs. Oak and chestnut logs cost high and oak log was 70,000 yen at the market.

A model house made of lumber

Aqurahome Corporation opened a model house which is a five-story-building and wooden building. This is the first model house with timber framework method in Japan. The model house is not a base-isolated structure and it is an aseismatic structure without special metal tools.

This model house is a prototype of the company and it does not take a lot of cost to build. Size of posts is 210 mm squares and of beams is 210 x 310.

Three gypsum plasterboards are used at the 1st floor and are fire resistance for two hours. 60 mm LVL are used at the 2nd floor to 5th floor. This LVL is resistant to fire for an hour. The company will apply the certification for this. There will be stores on the 1st floor, rental offices on the 2nd floor, rental houses on the 3rd floor and an owner's house on the 4th and 5th floors. Aquarhome will set up an office on the 2nd floor after the show house finishes.

It will reduce Co2 generated during constructions of wooden buildings. About 105 ton of Co2 will be reduced and this is half volume of Co2 which is generated during reinforced-concrete constructions and steel constructions. Carbon storage is 84 ton converted into Co2.

Plywood

Movement of domestic softwood plywood started improving since early November but not strong enough to push the prices up yet so that plywood mills continue production curtailment.

In October, movement of Chinese imported plywood slowed down after some of Chinese plywood failed to meet JAS standard then some domestic mill had fire, which stopped the production. Both incidents did not help stopping weak market. Chinese plywood was supplemental supply for domestic supply and it was expected to decline once domestic supply satisfies the market. Fire was one of Seihoku group's plant and other Seihoku plants covered the supply shortage.

With increase of non-residential buildings and delayed construction, the plywood demand is recovering so that the manufacturers' plywood inventory is expected to decline at the end of November but usual demand pickup in December seems remote now so the manufacturers plan to continue production curtailment.

Prices of imported South Sea hardwood plywood continues stay up high. With increased inventory and advancing depreciation of the yen, the importers are unable to place new orders. Some completed receiving all the order files.

Normally the market prices decline when orders decrease to promote sales but South Sea manufacturers adamantly stick to high export prices as fixed cost increases when the production declines. Then it is rainy season now and log supply gets tight so there is no reason that the suppliers need to reduce the sales prices.

Export prices of standard plywood of 24 mm 3x6 are US\$1,500 per cbm C&F. 3.7 mm is \$1,250 and 5.2 mm is US\$1,200. With exchange rate of 140 yen dollar, 2.4 mm and 3.7 mm may meet market prices in Japan. The prices in Japan are 970 yen per sheet on 2.5 mm, 1,300 yen on 4 mm and 1,450 yen on 5.5 mm. 12 mm 3x6 concrete forming panel for coating prices are US\$850 per cbm C&F and structural panel prices are US\$780.

The weak yen

An effect of the weak yen for imported plywood markets is not as big as lumber markets. A number of new purchases for plywood is declining like a lumber's situation but the future's price of imported South Sea plywood in South East Asia are very high and the futures price of lumber in Canada or Europe are not. Japanese buyers concern about the import cost due to the weak yen so they hesitate to buy future plywood.

Volume of imported plywood in September, 2022 was 201,117 cbms, 15% less than September, 2021. It was for the first time in 16 months to decrease. There were delays for loading plywood in the past and the plywood arrived Japan with a large volume until August so some trading companies did not purchase new plywood. This is why the volume of imported plywood in September decreased. The decrease will continue until December in this year and the inventory volume will be around 170,000 cbms.

It is hard for the trading companies to buy new plywood because the futures price of plywood in overseas are high and also the weak yen will be the problem for them. In Japan, imported South Sea plywood for coated plywood for concrete forming of 3 x 6 of 12mm costs 2,400 yen, delivered per sheet. Forming plywood with 3 x 6 of 12mm costs 2,200 yen, delivered per sheet. Structural plywood with 3 x 6 of 12mm costs 2,300 yen, delivered per sheet.

In overseas, the futures price of coated plywood for concrete forming costs US\$850, C&F per cbm. Uncoated forming plywood with 3 x 6 of 12mm costs \$760, C&F per cbm. Structural plywood costs US\$780, C&F per cbm. Import cost would be 2,600 yen, FOB per sheet for coated plywood for concrete forming, 2,330 yen, FOB per sheet for uncoated forming plywood and 2,390 yen, FOB per sheet for structural plywood. The import costs are calculated with exchange rate of 147 yen per dollar.

To trade in futures, the trading companies need to think carefully about lowering US\$100 per cbm in overseas export prices or raising 200 yen per sheet in Japan. However, it is a rainy season in South Asia and it is difficult to request sellers to lower the prices. Also, there are too much inventory of plywood in Japan so it is unable to raise the market prices.

There are two opinions about coated plywood for concrete forming and uncoated forming plywood. These two kinds of plywood have less inventory than standard plywood.

One of the opinions is that it will be able to raise 200 yen up if supply and demand are balanced. Another opinion is to buy plywood in Japan until a shortage occurs at domestic markets. For standard plywood, it will take much time to balance supply and demand due to overstocking.

Plan to promote development of home furnishing sector

The report of the 20th National Congress held recently in Beijing called for building a modern industrial system, focusing on the entire economy, promoting a new type of industrialisation and accelerating the building of a strong manufacturing sector.

An “Action Plan to Promote High-Quality Development of Home Furnishing Industry” was released by four ministries, the Ministry of Industry and Information Technology, the Ministry of Housing and Urban-Rural Development and the State Administration for Market Regulation.

Development goals of the action plan

The innovative capacity of the home furnishing industry will be enhanced by 2025, the supply of high-quality products will increase significantly and a wider and stronger cycle of supply and demand will be formed. Innovation platforms will be established such as manufacturing innovation centres and digital transformation promotion centres for the household and lighting appliances sectors.

The integrated industrialisation and information capacity for key industries will reach 65% by 2025. A number of fully connected 5G factories, demonstration facilities for smart manufacturing will be fostered.

The proportion of personalised and customised in the household sector will be steadily increased, the supply of green, smart and healthy products will be increased and the development of smart home furnishing and other new forms of businesses will be accelerated.

About 50 well-known brands and 10 home furnishing environmental brands will be cultivated in the home furnishing sector. Excellent products will be promoted and 500 smart home furnishing experience centres will be established. 15 high-level industrial clusters will be cultivated.

The tasks involved in the action plan are:

- Consolidation of the industrial base and enhanced driving force for development.
- Accelerated technological breakthroughs and improved design capabilities.
- Speed up interconnection and intercommunication as well as integration innovation.
- Promote household products and improve service quality.
- Speed up digital and green transformation to boost quality and improve efficiency.
- Promote industry digitisation further.
- Promote new patterns and new business models.
- Promote green manufacturing.
- Promote cultivation of excellent and strong enterprises to enhance industrial competitiveness.

- Strengthen the roles of enterprise demonstration.
- Promote industrial cluster upgrading.
- Promote the influence of product brands.
- Expand high-quality supply and improve the suitability of supply structure to increase the supply of health, smart and green products.
- Cultivate intelligent household ecosystems.
- Increase application and promotion and release household consumption potential.
- Implement household product promotion actions.
- Promote green and intelligent household products in rural areas.

See:

https://www.wood365.cn/Industry/IndustryInfo_276068.html

Real estate sector gradually stabilising

The China Securities Regulatory Commission has recently adjusted measures for financing housing enterprises and implemented a plan to improve the balance sheet of major housing enterprises. These reform measures respond to the call in the sector and helped to revitalise the real estate market.

The sector has been faced with multiple challenges since the beginning of 2022. Data from Wind Information Co., Ltd. showed that in the first three quarters of 2022 the total net profit attributable to the parent company of listed real estate enterprises decreased by over 290% year on year and the number of loss-making housing enterprises increased by nearly 80%.

This shook the financial sector and led the authorities to determine that “houses are for living but not for speculative investment”. As a result the government will implement measures to stabilise the housing market and restore the financing options for major housing enterprises.

See:

https://www.wood365.cn/Industry/IndustryInfo_276064.html

Furnishing enterprises slow acceptance of orders

Some furniture enterprises have stopped receiving new orders, especially for solid wood furniture because delivery times are becoming extended and because the Spring Holidays will be early next year (January 21). Logistics are always disrupted during the holiday. 2022 has been a very difficult year for enterprises and has tested their competitiveness.

See:

https://baijiahao.baidu.com/s?id=1751608149370364030&wfr=s_pider&for=pc

Digital technology for the household industry in Nankang

The first household meta-universe platform in China was put into trial operation in Nankang District recently. This is a locally built online exhibition and sales platform for household product, on which consumers can effect orders for customised home furnishings.

More than 200 Nankang home furnishing enterprises have achieved digital transformation and more than 500 enterprises have moved their sales online.

The digital economy has developed significantly and the business environment has improved in China. In order to promote the high-quality development of home furnishing industry, Nankang District launched a special zone of "One chain for the whole furniture industry" with 55 items such as project introduction, enterprise establishment and home furnishing import and export in order to achieve one-stop management.

See: <https://baijiahao.baidu.com/s?id=1751528288681198079&wfr=spider&for=pc>

Surge in wood panel exports to Japan

Linyi wood panel exports to Japan have been quiet in recent years. But orders from Japan grew this year creating business opportunities for wood panel enterprises in Linyi city of Shandong Province.

In order to make its products conform to Japanese standards, Linyi wood panel companies modified the production process and reduced the formaldehyde emission by using low aldehyde adhesives to meet the needs of Japanese customers.

In addition, Linyi Customs also utilised the preferential policies for RCEP (The Regional Comprehensive Economic Partnership free trade agreement among the Asia-Pacific nations). Linyi Customs also assisted with inspection of export goods by means of video connection to ensure the prompt clearance of exports to Japan.

In the first 11 months of 2022 the value of wood panel exports to Japan through Linyi Ports was RMB340 million, a year-on-year growth of 62%.

See: <https://baijiahao.baidu.com/s?id=1751537536788418318&wfr=spider&for=pc>

GTI-China Index in November 2022

In November 2022, due to the frequent occurrence of the COVID-19 pandemic and weak demand market prices tended to decline and output of the upstream and downstream industries slowed.

China's PMI registered 48% in November, a decline on the previous month, marking the second consecutive month of decline and ranking the second lowest this year indicating that the economic recovery has further slowed and the momentum of recovery is obviously insufficient.

The pandemic resulted in disruption of the workforce and logistics operations both of which affected production of timber enterprises and low consumer spending.

Enterprise feedback for the Global Timber Index GTI-China Index shows that problems in raw material procurement, variable quality of some raw materials and delays in the delivery of raw materials affected by transportation were more prominent.

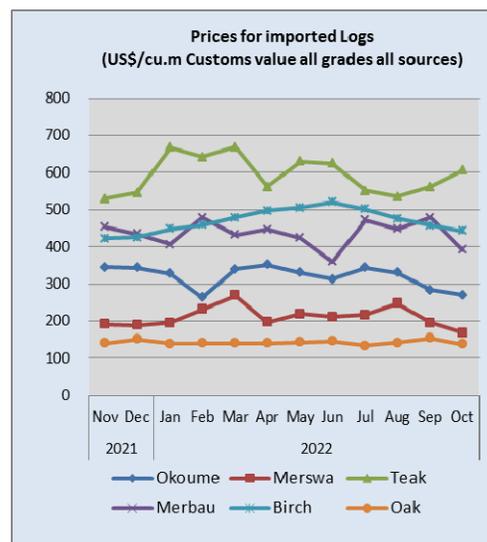
In November, the GTI-China Index registered 45%, down from the previous month and still below the critical value (50%) indicating that the business prosperity of the participating timber enterprises represented by the GTI-China Index worsened from the previous month.

See: <https://www.itto-ggsc.org/static/upload/file/20221209/1670578785177402.pdf>

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

	2022 Sep	2022 Oct
Okoume	283	270
Merswa	195	168
Teak	562	606
Merbau	479	392
Birch	457	442
Oak	154	137

Data source: Customs, China

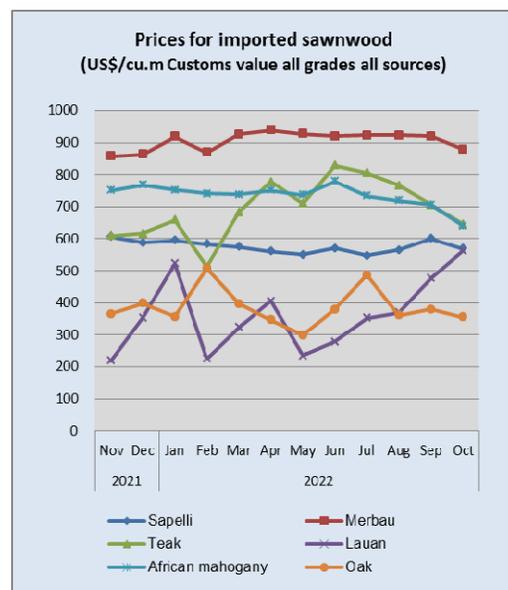


Data source: Customs, China

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

	2022	2022
	Sep	Oct
Sapelli	600	569
Merbau	920	879
Teak	706	646
Lauan	477	561
African mahogany	706	640
Oak	380	355

Data source: Customs, China



Data source: Customs, China

EU

EU Council and Parliament strike provisional deal on deforestation-free products regulation

On 6 December, the European Council and the European Parliament agreed on the text of a regulation to minimise the risk of deforestation and forest degradation associated with products that are imported into or exported from the European Union.

The agreement is provisional pending formal adoption in both institutions.

The agreed text of the regulation has yet to be published and the following description draws on:

- the official Council of the EU press release issued 6 December (<https://www.consilium.europa.eu/en/press/press-releases/2022/12/06/council-and-parliament-strike-provisional-deal-to-cut-down-deforestation-worldwide/>)

- commentary by International Institute for Sustainable Development: <https://sdg.iisd.org/news/eu-paves-way-for-landmark-deforestation-free-products-regulation/>
- independent commentary by the Mongabay environmental news website <https://news.mongabay.com/2022/12/amazing-first-step-as-eu-law-cracks-down-on-deforestation-linked-imports/>

The EU regulation on deforestation-free products is a part of the European Green Deal and builds on the 2019 European Commission communication on stepping up EU action to protect and restore the world’s forests. In this communication, the Commission announced four action items on deforestation:

- Reducing the footprint of EU consumption;
- Stepping up international cooperation;
- Improving sustainable financing; and
- Boosting research and innovation.

The new regulation builds on the first action item by recognising that the EU is complicit in global deforestation through domestic consumption. It complements the 2030 Forest Strategy, with which the EU aims to strengthen reforestation and conservation efforts inside the region and replaces the EU Forest Law Enforcement Governance and Trade regulation (FLEGT), which includes the EU Timber Regulation (EUTR).

The provisional agreement sets mandatory due diligence rules for all operators and traders who place, make available or export the following commodities from the EU market: palm oil, beef, timber, coffee, cocoa, rubber, and soy. The rules also apply to a number of derived products which in the wood sector include furniture, charcoal, and printed papers.

The last two items were not formerly regulated under EUTR. A review will be carried out in two years to see if other products need to be covered.

The co-legislators set the cut-off date of the new rules at 31 December 2020, meaning that only products that have been produced on land that has not been subject to deforestation or forest degradation after 31 December 2020 will be allowed on the Union market or to be exported.

The Council and Parliament agreed to define “deforestation” in accordance with the definition established by the FAO for forest monitoring purposes in their Global Forest Resource Assessment (FRA): “the conversion of forest to other land use independently of whether human-induced or not”.

This definition implies that deforestation refers to a change in land use, not in tree cover.

It is also dependent on a definition of forest, which, in the FRA, combines physical criteria (minimum thresholds of 10% canopy cover, 0.5 hectare area and 5m in height) and a notion of the predominant land use, excluding tree-covered areas where the predominant use is agriculture or urban.

In accepting the FAO definition of deforestation, the legislation will impose no prohibition on products from conversion of “other wooded land” with sparser tree cover (like scrublands and savannas) as the European Parliament had proposed in amendments in July.

The co-legislators define “forest degradation” as “structural changes to forest cover, taking the form of the conversion of naturally regenerating forests and primary forests into plantation forests and other wooded land and the conversion of primary forests into planted forests”.

The EU Council press release refers to this as an “innovative” definition reflecting the fact that, according to the FAO 2022 State of the World’s Forests report, a “widely applied definition of forest degradation is unavailable, and data are scarce”.

The legislation prohibits placing on the EU market of any regulated commodity derived from deforested land or forest degradation in accordance with these definitions irrespective of whether the deforestation or degradation is legal or illegal in the country of harvest.

The co-legislators agreed on stringent due diligence obligations for operators, which will be required to trace the products they are selling back to the “plot of land”, identified by geolocation coordinates, where it was produced. At the same time, the new rules are designed to avoid duplication of obligations and reduce administrative burden for operators and authorities. It also adds the possibility for small operators to rely on larger operators to prepare due diligence declarations.

The Council and Parliament agreed to set up a benchmarking system, which assigns to third and EU countries a level of risk related to deforestation and forest degradation (low, standard, or high). The risk category will determine the level of specific obligations for operators and member states’ authorities to carry out inspections and controls. This would facilitate an enhanced monitoring for high-risk countries and “simplified due diligence” for low-risk countries.

The Council and Parliament also tasked the competent authorities to carry out checks on 9% of operators and traders trading products from high, 3% for standard-risk countries and 1% from low-risk countries, in order to verify that they effectively fulfil the obligations laid down in the regulation.

In addition, competent authorities will carry out checks on 9% of the quantity of each of the relevant commodities and products placed, made available on, or exported from their market by high-risk countries.

The legal text agreed between the European Council and Parliament also takes into account human rights aspects linked to deforestation, including the right to free, prior and informed consent by indigenous peoples.

The agreement maintains the provisions regarding effective, proportionate and dissuasive penalties and enhanced cooperation with partner countries, as proposed by the Commission. It provides that fines proportionate to the environmental damage and the value of the relevant commodities or products concerned should be set at the level of at least 4% of the operators’ annual turnover in the EU and includes a temporary exclusion from public procurement processes and from access to public funding.

Indonesia and Brazil raise “serious concerns” about EU legal proposal

On 28 November, a joint letter from Indonesia and Brazil addressed to the Presidents of EU Council, Commission and Presidency was circulated to the WTO Committee on Agriculture. This raises “serious concerns” regarding the EU deforestation-free legislative proposal. The joint letter states:

“While we agree that the fight against climate change and the conservation and sustainable management of forests are urgent tasks, we regret that the EU has chosen the option towards unilateral legislation instead of an international engagement to deal with these shared objectives, reflected in the Paris Agreement and the SDGs, to which we have all subscribed”.

In the letter, Indonesia and Brazil jointly encourage the EU “to entertain further consultation with third countries, particularly developing producing countries before the final approval of the proposed legislation”. They also claim that “Some of the concerns expressed by developing countries in formal public consultations about the proposed legislation have, regrettably, been given scarce consideration”.

Indonesia and Brazil raise specific concerns about the country assessment criteria and benchmarking system which they allege “are inherently discriminatory and punitive in nature”. They suggest that “Its most likely effect will be to generate trade distortion and diplomatic tensions, without benefits to the environment” and that “it imposes additional controls, entails reputational risks for companies and is likely to penalize producers in developing countries, especially smallholder farmers and SMEs”.

The letter is available at:

<https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filena me=q:/G/AG/GEN213.pdf&Open=True>

EU 'moving the goal posts' with new timber requirement, Indonesia says

An article published by Mongabay, the independent environmental news service, on 10 November quotes Indonesian government sources concerned about the implications of the EU's new deforestation-free regulation for the timber licensing arrangements made under the existing FLEGT regulations.

Under the FLEGT, timber certified by SVLK, Indonesia's national forest certification system, is recognised as fully compliant with the requirements for legal timber under the terms of the EUTR and therefore not subject to any further due diligence by EU operators.

This "green lane" advantage in EUTR is one component of the EU's commitment under Article 13 of the Voluntary Partnership Agreement signed by the EU with Indonesia in 2014 that the EU "promote a favourable position in the Union market" for FLEGT licensed timber from Indonesia.

Arif Havas Oegroseno, the Indonesian ambassador to Germany, is quoted by Mongabay as saying that the process of getting Indonesian timber exporters to comply with the SVLK requirements had been arduous, and that critics of the system might now feel justified in their opposition to it. "There are some people who disagreed with that, [they] will say 'Look at that, the government is being duped by the EU, so now they have a new standard. So why do we have to go with the SVLK if there are new due diligence standards?'"

According to Mongabay, Arif called the EU's change of policy "a classic case of shifting the goal posts" and "a violation of the [FLEGT VPA] commitment". Arif is quoted as suggesting that the EU "say that they accept and recognize the FLEGT VPA, but at the same time they're introducing a new standard." Arif suggested that if the EU is now saying that FLEGT Licensed Timber from Indonesia is legal but not sustainable, then the EU should "sit with us again to renegotiate the treaty."

Mongabay also quotes Arif as suggesting that the "failure by the EU to sufficiently engage with Indonesia could erode the latter's trust".

The Mongabay article also quotes Adrianus Eryan, head of forestry and land at the Indonesian Center for Environmental Law (ICEL), a Jakarta-based think tank, as saying that the deforestation regulation throws up a "new trade barrier." "It has the potential to hamper the implementation of the VPA," Adrianus told Mongabay.

"The FLEGT VPA is like a toll road for Indonesian timber products to enter the EU market. If the EU deforestation bill is enforced, there will be a new checkpoint on the toll road. So the process will be longer."

Adrianus spoke to Mongabay about the possibility of a WTO complaint by Indonesia on the new deforestation regulation, suggesting that this "would be a last resort, given that the timber legality agreement calls for Indonesia and the EU to first address any dispute bilaterally". Adrianus suggested to Mongabay that the matter should be brought before the Joint Implementation Committee that oversees the VPA. "If after two months that too fails, then the parties may seek mediation by a third party, including the WTO", Adrianus said.

In a follow up article on 14 November, Mongabay suggested a possible roadmap towards closing the gap between Indonesia's market expectations for FLEGT Licensed timber and the EU's new requirements for deforestation-free products.

Mongabay note that in 2021 the Indonesian government had already initiated a process to rebrand SVLK as a mechanism to deliver sustainable timber rather than as a legality verification system. Last year, Indonesia's Minister of Environment and Forestry issued a regulation that changed the name of the system from Indonesia's Timber Legality Verification System to Indonesia's Sustainability and Legality Verification System, still using the SVLK acronym.

Mongabay quotes Agus Justianto, the forest ministry's Director-General of Sustainable Forest Management, as saying that since issuance of the new regulation, the ministry has prepared new guidelines to ensure SVLK delivers both legality and sustainability aspects. According to Agus, as quoted by Mongabay, "The rebranding of SVLK reiterates the commitment of Indonesia towards effort to achieve sustainable forest government and to supply the market base with legally harvested and sustainable timber and forest product."

Mongabay also quotes Sigit Pramono, the head of the Indonesian ministry's forest products export-import directorate, who said that the new SVLK is established not only to develop the country's timber industry but also to strengthen sustainability components to better align with the EU's deforestation-free regulation. "We won't give SVLK certificates if they [timber producers] conduct deforestation," he told Mongabay.

Sigit told Mongabay that the EU requirement for timber producers to include the geographic coordinates of their plots of land will be included in the guideline of the new SVLK. And in the new SVLK, the sustainability aspect of a producer's operation will be verified, he added.

In the old SVLK, which had a requirement for producers to source their timbers sustainably, there was no verification process. Timber producers only had to submit their sustainability operational plans to the government, Sigit told Mongabay.

With the new SVLK, there's a verification process to make sure the sustainability plans are truly carried out, said Sigit according to Mongabay.

By strengthening the SVLK's sustainability aspects, the Indonesian government is hoping that Indonesian timber will not have to go through a long due diligence process before being placed on the EU market, he said.

Mongabay speculates that the new SVLK could result in Indonesia being categorized as a low-risk country in terms of deforestation under the benchmarking system to be set up by the EU. This would mean EU operators could apply "simplified due diligence" placing Indonesian timber on the EU market and Indonesian timber would be subject to less checks by EU competent authorities.

The Mongabay articles are available at:

<https://news.mongabay.com/2022/11/eu-moving-the-goal-posts-with-new-timber-requirement-indonesia-says/>
<https://news.mongabay.com/2022/11/with-new-eu-rules-ahead-indonesia-adds-sustainability-to-its-timber-legality-system/>

Launch of "Broader Market Recognition" framework for sustainable tropical timber systems

A new process has been launched to better incentivise good forest governance and sustainable forest management in tropical countries through broader market recognition (BMR) of national sustainable timber assurance systems.

The launch took place at the Indonesian Pavilion at the COP27 of the UNFCCC held in Sharm El-Sheikh during November with the issue of A Joint Statement to be signed by a coalition of government, private sector, and civil society representatives from tropical timber producer countries "seeking broader market recognition of national verification systems".

The process to initiate the BMR framework, which has been supported by the UK government, builds on launch of the "Global Forests need Global Governance, A Tropical Timber Accord" signed by forest products trade and industry associations at COP26 in Glasgow in November 2021.

The Accord identified a need for political leaders to create a new international initiative (or revitalise an existing initiative) which defines and recognises "a system of defined rules-based 'legality' and 'sustainability' [for tropical timber products] which supports governance and strong global collaboration".

The process builds on the far-reaching efforts made by tropical countries to develop and implement multi-stakeholder forestry assurance systems in recent years in response to the EU FLEGT process and wider international measures focused on improved forest governance. The process also responds to evidence that international market recognition of the sustainability credentials of robust multi-stakeholder national systems such as Indonesia's SVLK and Ghana's Legality Assurance System and Wood Tracking System (LAS/WTS) is extremely limited.

Contributions to the launch event were made (in person and by web link) by several high-level policy makers including: Mr. Alue Dohong, Vice Minister of Environment and Forestry Indonesia; Madam Rosalie Matondo, Minister of Forest and Economy, Republic of Congo; Mr. Harrison Karnwea, Chairperson Forest Development Authority, Liberia; Mr. Chris Beeko, Director of the Ghana Forestry Commission; and a representative on behalf of Mr. Lee White, Minister of Water, Forests, Sea, Environment and Climate Change, Republic of Gabon.

The session live streamed online and can still be viewed on the Indonesia Pavilion YouTube web channel (<https://youtu.be/eLG5yWu6SnE?t=6621>).

The BMR Joint Statement emphasises that "robust national timber verification systems have demonstrated an ability to effectively counter deforestation and maintain forest cover, and therefore need adequate support from producer and consumer countries to stimulate further uptake". Signatories to the Statement "commit to the development of an international framework to drive transformational change in the forest sector by rewarding good governance with strong market incentives".

The Statement sets out several key principles on which robust national systems should be based, including that they deliver forest management standards that:

- are developed through inclusive multi-stakeholder processes
- ensure compliance with national legal frameworks that include laws that address environmental, social, and economic principles
- require mandatory nationwide compliance with the agreed standard
- provide opportunity for independent forest monitoring
- are audited by an independent third party
- ensure continuous improvement of the standard and system over time

The Statement calls for the establishment of an "oversight structure" that can assess the extent to which national systems that it seeks to promote are characterised as having the elements described above, and which safeguards and strengthens the nationally determined standards. It will recognise the need for and help channel investment in capacity building of small and medium enterprises.

On the market side, it will aim to "provide graduated incentives to reflect progress towards a robust national system", and "advocate a green lane access in international markets for products produced under such systems". It will also "invest in promotion of products produced under such systems".

Signatories to the Statement commit to “continuing close collaboration within this group and working with other like-minded tropical timber producer countries to identify an international mechanism that builds on the strengths of the FLEGT process while addressing its weaknesses”. An overarching objective is to “empower collective leadership of producer countries that leads to a greater knowledge sharing, higher level of commitment towards good forest governance, and mutual accountability”.

Tropical timber producer countries are encouraged to join the initiative and thereby “engage in extensive cooperation, to speed up transformational change in the forest sector by incentivising good forest governance with strong market incentives”.

The text of the full Statement is available at:

<https://timberdevelopment.uk/broader-market-recognition-joint-statement/>.

Countries that have so far indicated their intent to participate are Indonesia, Ghana, Liberia, Guyana, Cameroon, and Congo. Each country is expected to nominate three signatories, representing respectively government, private sector, and civil society in that country. On the consumer side, support for the initiative has been expressed by the Chinese association CTWPDA and by Timber Development UK. More information on the initiative will follow on from a planned meeting in Bali early next year when a road map will be agreed among the participating countries.

North America

Strong jobs report is bad news for inflation

The economy added 263,000 jobs in November while the country's unemployment rate was unchanged at 3.7%, according to Labor Department figures. While the November total was below the 2022 average monthly job gain, it was more than the 200,000 economists surveyed by Dow Jones expected.

While this is good news for workers, it's less so for the economy, underscoring that taming inflation is proving more difficult and will require more time. Some experts worry that the new data might make Federal Reserve Chair Jerome Powell reconsider his suggestion that the pace of rate increases might start to moderate as soon as the December meeting.

Construction employment continued to trend up in November gaining 20,000 jobs, in line with the average monthly gain seen this year. Manufacturing gained 14,000 jobs, about half the 2022 monthly average. Retail trade, however, lost 30,000 jobs with 3,000 cut from furniture and home furnishings stores.

Furniture manufacturing sector contracts

Economic activity in the manufacturing sector contracted in November for the first time since May 2020 after 29 consecutive months of growth, say the nation's supply executives in the latest Manufacturing ISM Report On Business.

Furniture and wood products industries reported some of the worst contraction as 12 of the 18 industries surveyed by ISM indicated contraction. “The U.S. manufacturing sector dipped into contraction, with the Manufacturing PMI at its lowest level since the coronavirus pandemic recovery began,” said Timothy R. Fiore, Chair of the ISM Manufacturing Business Survey Committee.”

With Business Survey Committee panelists reporting softening new order rates over the previous six months, the November composite index reading reflects companies' preparing for future lower output.”

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

Experts predict better affordability for 2023 US housing

The housing affordability crisis could be easing, according to economists for real estate website Zillow. Zillow's economic research team predicts the following for next year:

Despite mortgage rates doubling since 2019, affordability will improve in 2023 as home values are expected to remain relatively flat or even fall in some markets.

The Midwest will be a hot market. Prices have not risen there as elsewhere and there is inventory to be had. Zillow's research shows mortgage costs are within reason compared with incomes in Missouri, Kansas, Iowa, Ohio and some areas of Illinois.

More family and even friends will be pooling resources to make a purchase. In a survey from earlier this year, Zillow found 18% of recent home buyers had purchased with a friend or relative who wasn't a spouse or partner.

More new construction will come from the rental market. There is a glut of single-family housing in the wake of the pandemic boom, but builders focused on multifamily units are feeling more bullish. Construction starts for multifamily have increased, up 8% in October since pre-pandemic levels.

See: <https://www.furnituretoday.com/research-and-analysis/5-things-happening-in-the-housing-market-that-are-worth-watching-for-2023/>

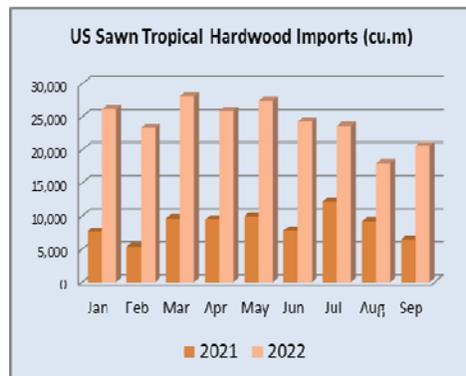
Tropical sawn hardwood imports level off

Imports of sawn tropical hardwood held level in October. Imports fell less than 1% in October to 20,613 cubic meters. Large gains in imports of Keruing (up 123%) and Balsa (up 117%) offset lesser decreases in imports of Sapelli (down 31%), Ipe (down 38%), and Mahogany (down 63%).

Despite the monthly gain, imports of Balsa remain down 50% from 2021 year to date while most other woods are up sharply.

Imports from Ecuador, Malaysia and Peru all saw strong gains while imports from Cameroon, Indonesia and Congo (Brazzaville) declined.

Canada's imports of sawn tropical hardwood fell 21% in October but were still 25% higher than the previous October. Total Canadian imports of sawn tropical hardwood are up 39% over last year through October.

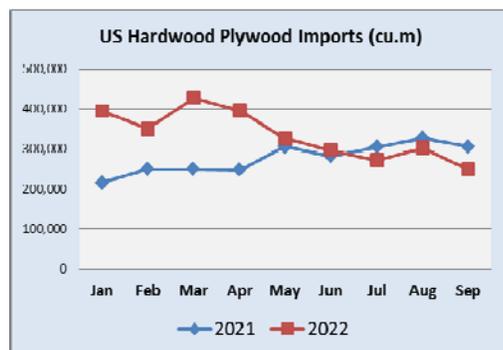


Data source: US Census Bureau, Foreign Trade Statistics

Hardwood plywood imports rebound

US imports of hardwood plywood rose 12% in October, rebounding from a weak September. Even with the improvement, the 280,533 cubic metres imported was 11% below that of October 2021.

After a sharp decline in September, imports from Russia rose more than 500% in October to their highest level since Russia's attack on Ukraine. Imports from Malaysia more than quadrupled in October and were triple that of October 2021. Total imports of hardwood plywood are up 18% over last year through October.



Data source: US Census Bureau, Foreign Trade Statistics

Veneer imports leapt in October

Imports of tropical hardwood veneer came back strong from their annual September swoon, rising over 200% in October over the previous month and more than doubling the import dollars of October 2021.

Imports from Italy rose more than 15-fold as imports from several other countries more than doubled. Imports from Italy, by far the top U.S. trading partner, are up 22% for the year so far, which is among the more modest gains by a partner this year. Total imports year to date are up 53% with imports from China, Ghana, and India all up in the 75% range.

Hardwood flooring imports advance while assembled flooring panel imports lag

Imports of hardwood flooring rose by 33% in October to outpace the previous October total by 22%. The rise was driven by strong increases in imports from Brazil, Indonesia and Malaysia. Imports from Malaysia were up 138% year to date over 2021 through October. Total imports of hardwood flooring were up 11% over last year.

Imports of assembled flooring panels saw their weakest month of the year in October, falling 22% from the previous month to a level 3% below that of last October. Imports from Thailand fell 55% to their lowest level in 17 months. Imports from Vietnam fell by a quarter and imports from China fell 17%. Despite the poor showing, total imports of assembled flooring panels were ahead of 2021 by 31% through October.

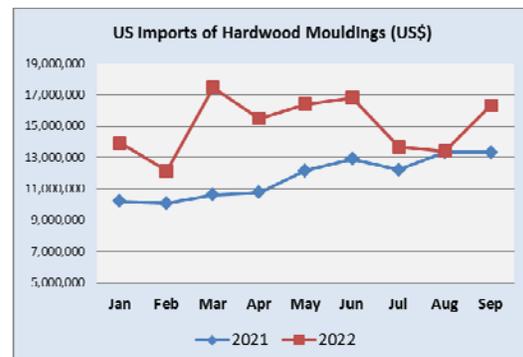
Moulding imports slump

US imports of hardwood mouldings fell 10% in October as imports from China made a steep decline. Imports from China dropped 53% in October to their lowest level since April 2021. Imports from Brazil and Canada were both down in the 10% range. Even with the declines, imports for the month were up 6% over October 2021 and were ahead 26% year-to-date over 2021.

Wooden furniture imports tick upward

US imports of wooden furniture ended a four month slide in October, rising 3% over the previous month. At US\$2.02 billion, October imports surpassed that of October 2021 by 22%.

Imports from Canada and Malaysia both rose more than 10% over September totals while imports from India fell 9%. Total imports of wooden furniture were up 7% year to year over 2021 through October.



Data source: US Census Bureau, Foreign Trade Statistics

Cabinet sales continue to drop monthly but outpace 2021

Cabinet sales dropped again in October according to participating members in the Kitchen Cabinet Manufacturers Association's monthly Trend of Business Survey. Overall cabinet sales fell 6.7% in October compared to September 2022. Custom sales were down 1.6%, semi-custom sales dropped 1.3%, and stock sales decreased 11.4%. Compared to September, the estimated cabinet quantity was down 8.6%.

Yet, 2022 sales remain strong compared to last year. Cabinet sales were up 14.6% in October 2022 compared to October 2021 figures, continuing the trend of year-over-year sales growth for the industry. Custom sales were up 20.2%, semi-custom rose 24.5% and stock sales increased 6.9%. The estimated cabinet quantity decreased 2.6% compared to last year at this time.

The Trend of Business Survey shows overall cabinet sales for the first 10 months were up 17.3% when compared to the same time period in 2021. Custom sales were up 16.4%, semi-custom sales increased 16.8% and stock sales increased by 17.9%. The estimated cabinet quantity decreased 0.8% according to the survey.

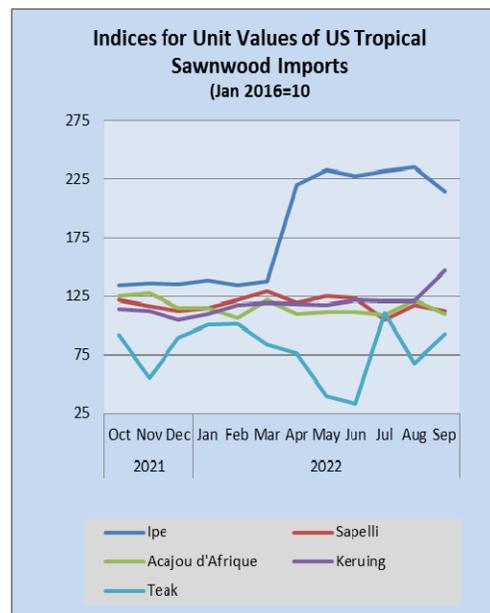
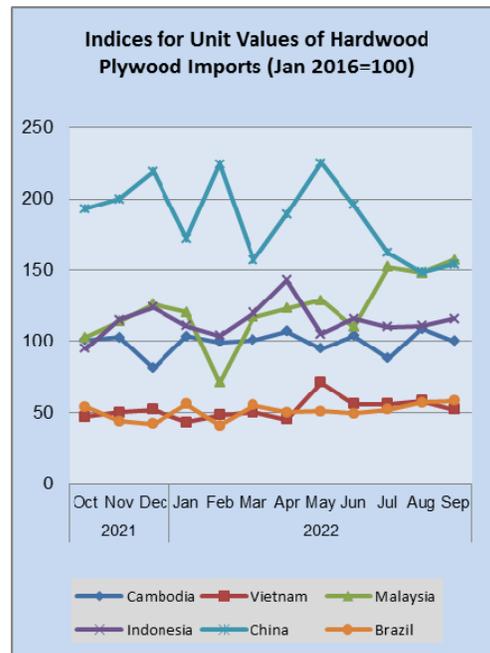
See: <https://kcma.org/insights/october-trend-business-report>

Construction sawnwood prices at lowest since 2020

The continued slowdown in the US housing market has taken its toll on softwood prices which fell to their lowest level since June 2020 on 5 December. The essential building commodity tumbled 9% in three days to a low of US\$382.80 per thousand board feet, below the US\$400 level that has served as key resistance since 2013.

Prices are down 64% year-to-date. The weakness stems largely from this year's deceleration seen in all facets of the housing market, as soaring mortgage rates helped slow down sales, rein in home price growth, and put a serious dent in home builder confidence.

See: <https://www.msn.com/en-us/money/realestate/lumber-falls-to-its-lowest-level-since-2020-as-us-housing-market-activity-continues-to-slow/ar-AA14YzP5>



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.

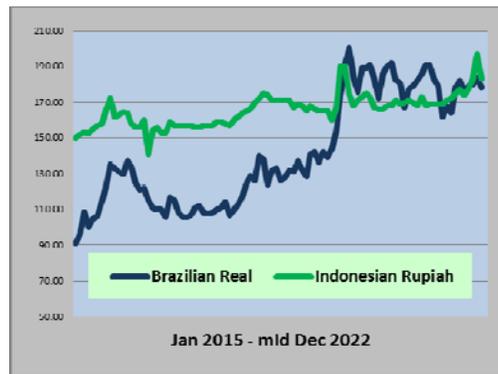
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Dollar Exchange Rates

As of 12 December 2022

Brazil	Real	5.24
CFA countries	CFA Franc	621.23
China	Yuan	6.96
Euro area	Euro	0.95
India	Rupee	82.44
Indonesia	Rupiah	15,587
Japan	Yen	136.70
Malaysia	Ringgit	4.48
Peru	Sol	3.88
UK	Pound	0.82
South Korea	Won	1,304.30

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

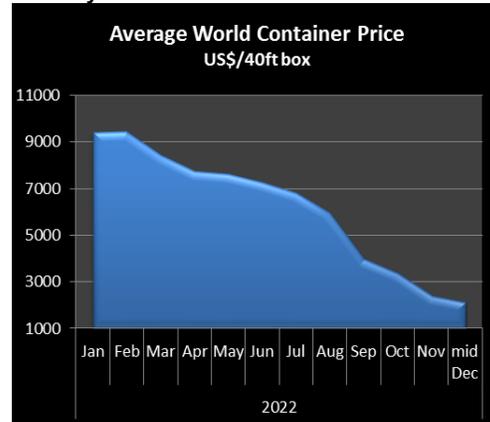


Abbreviations and Equivalences

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

Ocean Container Freight Index

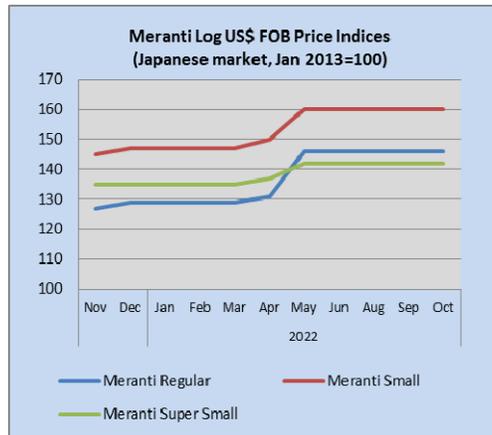
January 2022 – mid December 2022



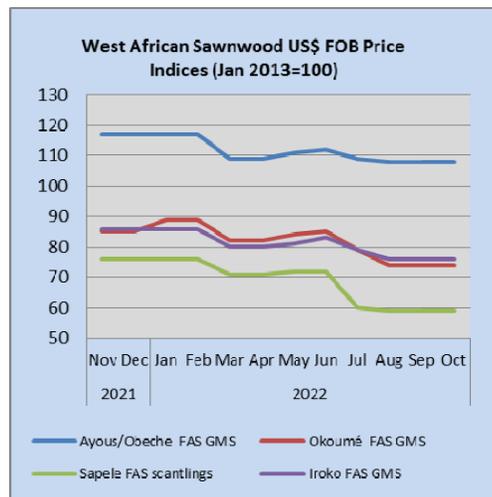
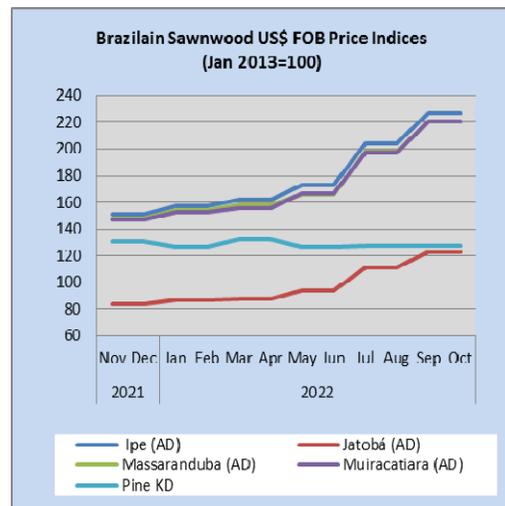
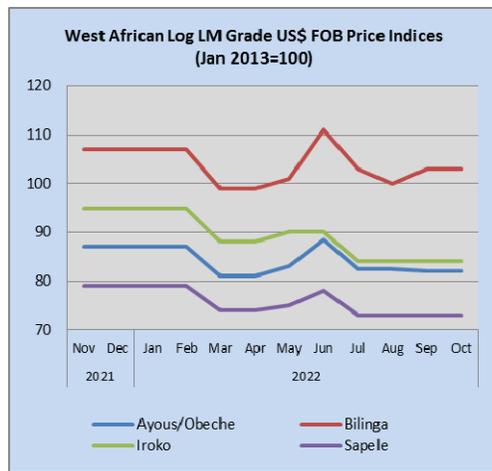
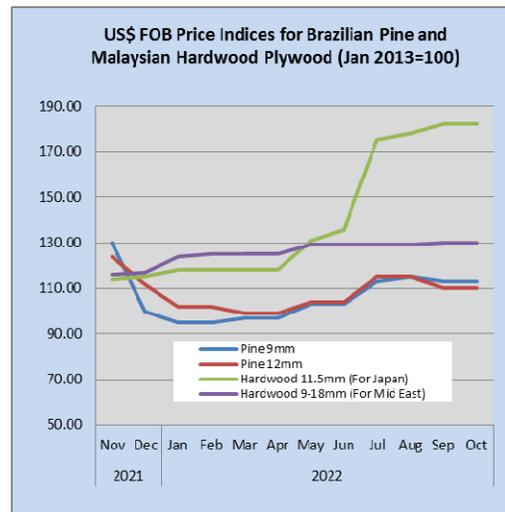
Data source: Drewry World Container Index

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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