

# Tropical Timber Market Report

Volume 27 Number 5 1st – 15h March 2023



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

## Contents

Central/West Africa	2
Ghana	3
Malaysia	4
Indonesia	5
Myanmar	6
India	6
Vietnam	8
Brazil	9
Peru	11
Japan	12
China	15
EU	18
North America	22
Currencies and Abbreviations	25
Ocean Freight	25
Price Indices	26

## Headlines

	Page
<b>West African timber trade transitioning to a new norm</b>	2
<b>Airship log transport being examined</b>	2
<b>Strengthening the VPA through Broader Market Recognition (BMR)</b>	5
<b>Vietnam industry forecast for wood pellet market in 2023</b>	8
<b>Largest pay rises in two decades agreed in Japan</b>	12
<b>EU27 tropical wood imports slow as economic outlook deteriorates</b>	18
<b>Extent of slide in US imports revealed by stark January-to-January comparisons</b>	22

## Top story

### **US hardwood plywood imports hit lowest level since 2010**

After two months of drastic declines US imports of hardwood plywood fell again in January.

Imports from several top trading partners actually improved over December but werestill well behind the levels from a year ago. Imports from Vietnam, for example, gained 39% last month over the previous month, but were 79% less than last January.

Page 23

## Central and West Africa

### West African timber trade transitioning to a new norm

With only a few countries exporting significant volumes of logs the West African timber trade is transitioning to a new norm. The anticipated rise in demand from buyers in China has not yet materialised so producers have not seen an opportunity to increase prices. It has been reported that there has been a slight dip in demand for okoume for the Philippines market which will impact producers in Gabon as around 60% of okoume exports are for the Philippines market.

The ban on log exports in the region has spurred a demand for mobile sawmills. It is understood a Belgian manufacturer of mobile mills has a full order book for delivery of machines to buyers in Cameroon and Gabon and the company has reportedly established an assembly plant in Cameroon.

Trade sources quoting numbers from the forest authority say there are 233 sawmills in Gabon including mills only cut for the domestic market.

In Cameroon the Harmattan season continues bringing dry, dusty weather which can interrupt production. In the south reports still talk of some rain showers. Log production is declining and harvests are more selective to meet the current demand in international markets.

### One Forest Summit, Libreville

The One Forest Summit disappointed some in the manufacturing sector as much of the discussion focussed on carbon trading with little time left for discussion of issues related to manufacturing and trade. There was a suggestion that some timber companies want to plant fast growing species in Savanah areas in order to trade carbon.

The President of Gabon said the objective of the recently concluded One Forest Summit held in Libreville was to provide countries with large forest areas solutions to finance their environmental protection policies. He added "Our forests are a solution; a solution to the crises of climate and biodiversity, two of the main challenges of the century."

During the Summit ATIBT contributed to the working group on "Innovative Finance" exploring market-based solutions for biodiversity conservation.

See: <https://www.africanews.com/2023/03/03/summit-to-protect-worlds-largest-forests-ends-in-gabon/>

and <https://www.atibt.org/en/news/13302/what-can-we-learn-from-the-libreville-one-forest-summitquestion>

### Airship log transport being examined

Sandrine Gaingne, writing for [lenouveaugabon.com](http://lenouveaugabon.com), reports Rougier and Flying Whales will examine the viability of transporting logs by air.

Flying Whales designs airships capable of carrying loads of up to 60 tonnes. Rougier has commented that this form of transportation would be faster than the current trucking or river transportation and has environmental advantages.

See: <https://www.lenouveaugabon.com/fr/agro-bois/0403-19549-les-francais-rougier-et-flying-whales-s-allient-pour-transporter-du-bois-par-voie-aerienne-sans-empreinte-carbone>

### 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	750
Scantlings	820
Strips	400
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

### Through the eyes of industry

The latest GTI report lists the challenges identified by the private sectors in Congo and Gabon.

See: <https://www.itto-ggsc.org/static/upload/file/20230214/1676340295137619.pdf>

## Ghana

### Sawnwood exports dip at start of 2023

According to data from the Timber Industry Development Division (TIDD) of the Forestry Commission (FC) exports of wood products in January 2023 fell to 21,649 cu.m against 23,349 cu.m recorded in January 2022. This corresponds to 7-8% reductions in volume and value. The low export volumes could be attributed to the business uncertainties that have disrupted local business activities.

### Export volumes January 2022 and 2023 (cu.m)

	2022	2021	% change
	Jan	Jan	YoY
Sawnwood AD	11,889	11,244	-5
Sawnwood KD	4,298	3,122	-27
Billets	3,190	343	-89
Plywood (Overland)	1,741	1,635	-6
Mouldings	707	1,476	109
Sliced Veneer	330	239	-28
Plywood	252	983	290
Rotary Veneer	867	911	5
Boules (AD)	26	40	54
Others (4)	49	1,656	
<b>Total</b>	<b>23,349</b>	<b>21,649</b>	<b>-7</b>

Data source: TIDD

Of the main products exported, air and kiln dried sawnwood exports delined at the start of 2023. The total volume of the two products was down 11% in January 2023 compared to January 2022.

Sawnwood accounted for 66% of total wood export in January this year compared to 69% in January 2022. Veneer exports accounted for 5.3% and 5.1% of total export in 2023 and 2022 respectively. The TIDD data also showed that the country earned a total of Eur9.16 million in January 2023 compared to Eur10.04 million in 2022.

### Export values January 2022 and 2023(Eur 000s)

	2022	2021	% change
	Jan	Jan	YoY
Sawnwood AD	4,505	4,441	-1
Sawnwood KD	2,443	1,824	-25
Billets	972	113	-88
Plywood (Overland)	681	570	-16
Mouldings	500	501	0
Sliced Veneer	473	223	-53
Plywood	76	363	378
Rotary Veneer	366	517	41
Boules (AD)	14	31	121
Others (4)	11	577	
<b>Total</b>	<b>10,041</b>	<b>9,160</b>	<b>-8.77</b>

Data source: TIDD

There were seventy-four exporters in January 2023 and the top species were teak (56%), ceiba (9%), wawa (9%), denya (6%) and eucalyptus (5%). The volume of billets exported in January dropped sharply.

India accounted for 57% of the total export volumes with UAE, USA, Belgium and Egypt accounting for 6%, 5%, 4% and 4% respectively.

### 27th International Trade Fair opens in Accra

The 2023 edition of Ghana's 27th International Trade Fair was held in Accra where more than 500 private and public businesses, local and foreign, participated. The theme for the Fair was: "Strengthening Small Medium Enterprises: A Key to Economic Recovery" where the exhibition was geared towards promoting local and foreign businesses through networking.

The event was organised as part of initiatives outlined to build the capacity of Small Medium Enterprises (SMEs) and improve access to funding. The organiser of the Fair was the Ghana Trade Fair Company Limited a statutory Government of Ghana Agency under the Ministry of Trade and Industry.

It is estimated that there are close to two million SMEs in Ghana which represent about 85% of private sector businesses in the Ghanaian economy. These SMEs also contribute about 70% of Ghana's Gross Domestic Product (GDP). The biggest challenge for these SMEs is access to finance.

In related news, a recent article has highlighted the significant contributions SMEs make to employment but also raises concerns on the regulation of their operations and this is particularly the case with forest enterprises (SMFEs).

A survey of enterprises in seven communities in the Amenfi West Municipality in Ghana revealed that around 70% were not registered. In addition, many of these enterprises are dependent on the forest for raw materials but few claimed to have permits/licenses to harvest. This study highlights the characteristics of SMFEs and the impact of SMFEs on sustainable forest management in Ghana.

Source:

<https://www.businessghana.com/site/news/business/281053/Ghana-International-Trade-Fair-opens-March-2nd>

See: <https://www.nature.com/articles/s41598-023-28403-8>

### Traditional leaders urged to promote bamboo production

As part of measures to boost the production and utilisation of bamboos in the country traditional leaders have been urged to play a key role in promoting bamboo production to improve the livelihoods of the people in their traditional areas.

Speaking at the opening of a two-day sensitisation workshop on bamboo and rattan development for Asanteman Queen Mothers Association at Akyawkrom in the Ejisu Municipality Mr.Bio, Deputy Minister of Lands and Natural Resources, said bamboo and rattan resources had the potential to improve the livelihoods of hundreds of people.

According to the Forest Plantation Strategy the country seeks to establish over 500,000 hectares of new bamboo plantations between 2015- 2040. Products from bamboo such as handicraft and furniture are classified under non-traditional exports.

Source: <https://newsghana.com.gh/traditional-leaders-urged-to-encourage-bamboo-production-in-their-areas/>

#### Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	760
Niangon Kiln dry	910↑

#### Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	372↓	441
Chenchen	477	612
Ogea	513	590
Essa	672↓	722
Ofram	350	435

#### Export sawnwood prices

Ghana sawnwood, FOB FAS 25-100mmx150mm up x 2.4m up	Euro per cu.m	
	Air-dried	Kiln-dried
Afromosia	860	925
Asanfina	465	564
Ceiba	290	345
Dahoma	452↑	572
Edinam (mixed redwood)	640	687
Emeri	655	706
African mahogany (Ivorenensis)	599	1,059
Makore	560	859
Niangon	800↓	855
Odum	570↓	1150↑
Sapele	800	879
Wawa 1C & Select	454	518

#### Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	761↑
Avodire	2,999
Chenchen	671↓
Mahogany	1,888↓
Makore	1,046
Odum	1,747
Sapele	1,129↓

#### Export plywood prices

Plywood, FOB BB/CC	Euro per cu.m		
	Ceiba	Ofram	Asanfina
4mm	501	580	641
6mm	412	535	604
9mm	320	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%.

## Malaysia

### Expand expertise and adopt latest technologies say Deputy PM

Exports of downstream wood products are expected to hit RM19 bil. by 2025 accounting for almost 70% of the country's total wood product exports according to Deputy Prime Minister, Fadillah Yusof.

This projection is in the National Agri-commodity Policy 2021–2030 document. Malaysia exports wooden furniture to 160 countries with its main markets in the United States, Japan, Singapore, Australia and the United Kingdom. Wooden furniture exports were valued at RM11.14 bil. last year.

The Deputy PM urged manufacturers to keep abreast of evolving markets, increase local expertise and adopt the latest technologies. The Deputy PM noted the Malaysian furniture industry saw rapid expansion beginning in the mid-1980s but the pace of growth slowed even before the pandemic.

See:

<https://www.thestar.com.my/news/nation/2023/03/08/export-value-of-timber-products-to-hit-rm19bil-in-2025>

### Link between certification and ESG objectives

A recent opinion piece in the Malaysian press makes a link between forest certification and achievement of environmental, social and governance (ESG) objectives. Companies are aiming to show that the wood they use comes from legal and sustainable sources verified by the Malaysian Timber Certification Scheme (MTCS). In addition to verifying SFM the MTCS also promotes environmental, social and governance (ESG) aims.

At the end of 2022 over 5 million hectares of forest area, both natural and planted, had been certified under the MTCS throughout Malaysia. The certification standards include requirements for fulfilling the various aspects of ESG which is a challenge for small and medium timber enterprises.

See: <https://www.thestar.com.my/business/business-news/2023/03/06/improving-timber-certification-on-esg>

### EUDR a risk to livelihood of indigenous communities

The Sarawak Dayak Oil Palm Planters Association (Doppa) has called for government support in the face of risks to their livelihood from the EU Deforestation Regulation as it appears it could exclude the Dayak oil palm farmers from the EU market.

Doppa president, Napoleon Ningkos, recently met with European Members of the Parliament to inform the members of the possible negative impact the EUDR will have on the indigenous people in Sarawak.

See: <https://www.theborneopost.com/2023/01/31/doppa-raises-deep-concern-about-eu-directive-over-commodity-imports/>

### **Support for businesses transitioning to a green economy**

The revised Malaysian Budget 2023 includes support for businesses transitioning to a green economy. There is a financing facility of up to RM2 billion from Bank Negara Malaysia to support sustainable technology startups and help SMEs implement low carbon practices.

There is also a RM150 million fund from the Malaysian sovereign wealth fund, Khazanah Nasional, to encourage development of environmentally friendly projects including supporting carbon trading and reforestation.

See: <https://www.digitalnewsasia.com/sustainability-matters/malaysia-budget-2023-missing-forest-trees-when-it-comes-sustainability>

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

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

See: <https://www.itto-ggsc.org/static/upload/file/20230214/1676340295137619.pdf>

## **Indonesia**

### **Indonesian and UK companies agree US\$112 million deal**

A memorandum of understanding has been signed between Indonesia and the UK for the purchase of wood products worth US\$112 million. The MoU is between ten Indonesian companies and two British companies.

The Trade Minister said the British companies are interested in paper and wood products. In 2022 wood products were one of Indonesia's main export commodities to the UK with a value of US\$177.8 million. In the same year Indonesian paper product exports to the UK amounted to US\$59.8 million.

See: <https://pressrelease.kontan.co.id/news/produk-kayu-kertas-indonesia-diminati-inggris-mendag-saksikan-mou-usd-112-juta>

### **Strengthening the VPA through Broader Market Recognition (BMR)**

Indonesia hosted a forum on increasing legal/sustainable timber trade through a policy on Broader Market Recognition (BMR). The aim is to encourage those tropical timber producing countries which have, or plan to negotiate, VPAs.

The Director General of Sustainable Forest Management in the Ministry of Environment and Forestry Agus Justianto, said Indonesia hopes that the FLEGT VPA will be implemented consistently by parties to the agreement. He added that producing countries need broader market recognition of their national systems through a partnerships based on trust, respect and mutual benefits

See: <https://forestinsights.id/2023/03/01/indonesia-inisiasi-forum-broader-market-recognition-bmr-perkuat-perdagangan-kayu-lestari/>

### **No tolerance of irresponsible campaigns against Indonesia's carbon governance**

Indonesian Environment and Forestry Minister, Siti Nurbaya, has vowed to fight against "irresponsible campaigns" aimed at discrediting Indonesia's carbon governance.

In a technical discussion on the role of Indonesia's carbon markets in supporting overall mitigation in global emissions the Minister reiterated that Indonesia has in place legally sound carbon governance and warned against attempts to undermine it by "systematic and irresponsible" carbon market players.

She added that Indonesia's carbon governance was designed to prevent double-counting practices. The Minister also highlighted the fact that Indonesia's carbon trading represents business opportunities worth billions of dollars.

See: <https://foresthints.news/minister-no-tolerance-of-irresponsible-campaigns-against-indonesias-carbon-governance/>

In related news the Minister announced the country is prepared to offer results-based payments (RBP) to interested buyers for its achievements in reducing emissions from deforestation and forest degradation, as well as enhancing forest stock carbon through REDD+ scheme from 2018 to 2020, resulting in a remarkable reduction of over 577 million tonnes of CO2.

See: <https://foresthints.news/indonesia-announces-readiness-for-sales-of-over-577-million-tonnes-of-co2e-from-rbp-scheme/>

### **Carbon Trading, Financial Services Authority prioritises domestic market**

The Financial Services Authority (OJK) said carbon trading is at an early stage and would give priority to the domestic market.

This was determined after the Authority held discussions with the Ministry of Environment and Forestry. "In the first stage there will be restrictions on overseas transactions, the priority is for domestic fulfillment first, said the Chief Executive of the Supervision of Capital Markets, Derivatives Finance and Carbon Exchange of the Financial Services Authority.

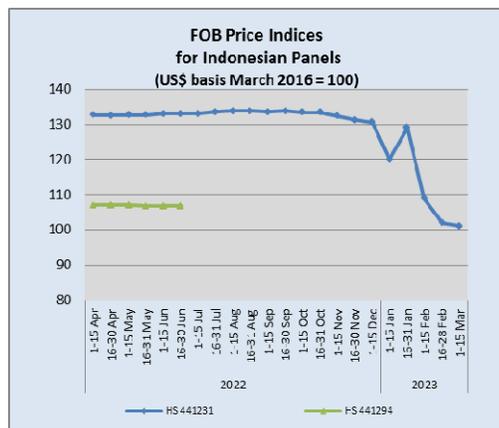
See: <https://forestinsights.id/2023/03/04/ojk-soal-bursa-karbon-dahulukan-pasar-domestik-perdagangan-di-pasar-sekunder/>

### **Government must be aggressive in conducting reforestation**

The World Resource Institute (WRI) said the government must be aggressive in conducting reforestation in the country. WRI Indonesia Programme Director, Arief Wijaya, said Indonesia has a land area of 180 million hectares with a composition of 95 million hectares of land that still has forest but that around half is degraded.

During a discussion on Indonesia's 2023 Climate Policy Outlook Arief is quoted as saying "Currently, reforestation is only around 3 to 5% of the annual deforestation rate and reforestation must be accelerated.

See: <https://www.antaranews.com/berita/3410850/wri-pemerintah-mesti-agresif-melakukan-penghijauan-hutan-di-indonesia>



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

### Through the eyes of industry

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

See: <https://www.itto-ggsc.org/static/upload/file/20230214/1676340295137619.pdf>

## Myanmar

### Economic prospects for 2023

According to the Asian Development Bank Myanmar's economy looks set to remain moribund this year with forecasters predicting the country will see the region's lowest growth and highest inflation rate. Myanmar's GDP is expected to grow 2.6% this year, the lowest among ASEAN countries, while inflation could be higher than any other member of ASEAN.

Myanmar is struggling to revive a fragile economy by promoting foreign investment. The country approved over US\$92 billion worth of foreign investment in 2022 according to the Directorate of Investment and Company Administration.

See: <https://www.irrawaddy.com/business/economy/myanmars-tough-economic-times-forecast-to-continue.html>

### Trade in Myanmar teak

Under a headline 'Myanmar teak trade: Highly prized, highly dodgy' the Indian Express reports on conversations with traders in Myanmar and India who say the conflict on the ground in Myanmar and frequent changes to regulations by the Myanmar authorities are challenging.

Since the February 2021 military take over in Myanmar the junta took control of Myanmar Timber Enterprises (MTE), the state-owned company which has exclusive rights over the country's timber trade. The MTE has been sanctioned by many countries..

Quoting a report from the International Consortium of Investigative Journalists (ICIJ) the India Times says India is the second largest importer of "conflict wood" from Myanmar following China. The ICIJ investigation also implicates importers in western countries.

According to Forest Watch Indian companies imported over US\$10 million worth of teak from Myanmar between February 2021 and April 2022. The India Times points out that "despite the controversy surrounding "conflict wood" from Myanmar India has not banned the import of teak wood from the country".

See: <https://indianexpress.com/article/explained/explained-climate/myanmar-teak-trade-highly-prized-highly-dodgy-8476232/>

and <https://www.indiatimes.com/explainers/news/explained-why-teak-imported-from-myanmar-is-called-conflict-wood-595202.html>

and <https://www.icij.org/investigations/deforestation-inc/myanmar-teak-trade-sanctions-military-regime/>

### Export target

In fiscal 2022-2023 Myanmar's foreign trade target is US\$29.5 billion but more than US\$1,949 million has been received according to statistics released by the Ministry of Economy and Commerce.

From April to March of fiscal 2022-2023 Myanmar's foreign trade was US\$15.5 billion from exports of agricultural products, animal products, water products, mining equipment, forest products and industrial goods.

A National Export Strategy is being implemented to increase exports and the priority sectors are the agricultural product-based food production sector; textile and clothing sector; industrial and electrical sector; Aquatic industry sector; forest products sector; digital products and services sector; logistics service sector; quality management sector; Trade Information Services Sector and innovation and entrepreneurship sector.

See: <https://news-eleven.com/article/245617>

## India

### Pace of growth cools

India's domestic economy is the main drive of growth and there was a slowdown in economic activity late last year. The economy grew 13.2% in April-June quarter and 6.3% between July and September but GDP growth slowed to 4.4% in the final quarter of 2022.

Rising interest rates have weakened domestic demand and the weaker rupee has pushed up the cost of imports.

See: <https://www.livemint.com/>

### Scaling up of current policies could help lower emissions

India will be the fastest-growing economy among the seven largest emerging markets and developing economies according to the World Bank in its Global Economic Prospects report and the pace of urbanisation will increase driving demand for wood products.

According to the IMF India has made significant progress towards meeting its emissions reductions targets under the Paris Agreement but, with current policies, total GHG emissions would nonetheless increase by more than 40% by 2030.

While a modest increase in short-term emissions may be necessary to meet poverty reduction and energy security goals, a more rapid scaling up of current policies could help lower emissions considerably over the medium-term and bring India closer to a path to net zero by 2070.

See: <https://www.imf.org/en/News/Articles/2023/03/06/cf-india-can-balance-curbing-emissions-and-economic-growth>

### Sharp rise in demand for decorative laminates

Plyreporter has commented that 2022 saw a sharp rise in demand for decorative laminates in India as well as in international markets which has encouraged investment in local laminate manufacturing capacity.

However, with some 300 laminate manufacturers in the country and others about to become operational in 2023 will see changes in the market for laminates. Plyreporter foresees intense competition in laminate sector which will likely bring down margins.

See: <https://www.plyreporter.com/article/93399/the-laminate-market-to-witness-intense-competition-in-2023-ply-reporter-prediction-2023>

### Import update

#### Teak log prices, C&F US\$/Hoppus cu.m mid March 2023

	Hoppus cu.m	US\$ C&F
Brazil	182	247
Columbia	89	324
Costa Rica	99	461
Ecuador	105	233
Ghana	129	250
Ivory Coast	-	-
Nigeria	149	276
South Sudan	-	-
Tanzania	82	278

#### Teak sawnwood prices, C&F US\$/cu.m mid March 2023

	cu.m	US\$ C&F
Benin	72	634
Brazil	132	506
Colombia	44	312
Costa Rica	64	245
Ecuador	31	296
Ghana	80	384
Ivory Coast	195	449
Nigeria	-	-
South Sudan	50	404
Tanzania	76	349
Togo	97	315
Venezuela	94	432

#### 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	1,500 - 1,600
Sycamore	1,900 - 2,000
Red Oak	1,800 - 2,000
White Oak	2,200 - 2,500
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

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

Plywood Ex-warehouse	Rs. per sq.ft
4mm	78.00
6mm	90.00
9mm	106.00
12mm	130.00
15mm	166.00
18mm	184.00

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

Plywood Ex-warehouse	Rs. per sq.ft
4mm	53.00
6mm	67.00
9mm	79.00
12mm	94.00
15mm	126.00
19mm	135.00
5mm Flexible ply	87.00

**Vietnam**

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

Statistics provided by the General Department of Customs reveal that in February 2023 W&WP exports earned US\$800 million, down 0.7% compared to January 2023 and down 11% compared to February 2022.

In particular, WP exports are estimated at US\$490 million, down 0.3% compared to January 2023 and down 30% compared to February 2022.

In the first 2 months of 2023 W&WP exports earned US\$1.6 billion, down 35% over the same period in 2022. In particular, WP exports stood at US\$982 million, down 48% over the same period in 2022.

Vietnam's W&WP imports in February 2023 were reported at US\$150 million, up 25% over the previous month. However, compared to February 2022 imports fell by 21%.

In the first 2 months of 2023, W&WP imports have been estimated at US\$270 million, down 39% over the same period in 2022. Vietnam's imports of logs and sawnwood in February 2023 stood at 290,400 cu.m, worth US\$109.2 million, up 24% in volume and 25% in value compared to January 2023.

However, compared to February 2022, wood imports decreased by 21% in volume and 19% in value.

In the first 2 months of 2023 imports of wood reached 466,900 cu.m worth US\$175.4 million, down 41% in volume and 41% in value over the same period in 2022.

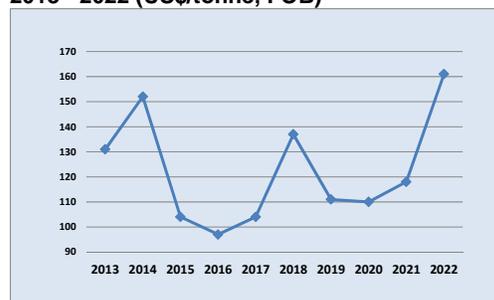
**Wood pellet exports in 2022**

In 2022 Vietnam's wood pellet exports increased substantially, making Vietnam the second largest wood pellet exporter after the US. The volume of exported reached over 4.88 million tonnes, up 39% compared to 2021 while the value surged to US\$787 million, 90% up compared to 2021.

**Pellet export prices soaring**

The average price of wood pellets exported from Vietnam in 2022 reached a 10 year record as price increased continuously but showed signs of a slightly slower pace of increase between June and September. However, the price rebounded after that and reached the record of over US\$189/tonne in December 2022.

**Price of wood pellet exported from Vietnam 2013 - 2022 (US\$/tonne, FOB)**



Data source: Customs, Vietnam

**Japan and South Korea leading Vietnam's wood pellet markets**

Almost all wood pellets produced in Vietnam are exported to Japan and South Korea. In 2022, the volume of wood pellet exported to these two markets accounted for 98% of the total export and 97% of Vietnam's total export turnover in the year. Exports to Japan increased strongly compared to 2021.

**Forecast of wood pellet market in 2023**

There are a number of factors that may impact the production and trade of wood pellets in 2023. The first factor is the global wood pellet supply and demand situation. At present Vietnam represents the 2nd largest supplier of wood pellets in the world (after the US) and therefore the fluctuation in supply and demand of this biomass fuel in the world will have a direct impact.

In 2023, the supply of Canadian and US wood pellets to the EU market may expand after a recent period of scarcity of sources due to the Russian invasion of Ukrainian as well as the increased maritime freight rates.

In the first half of 2022 North American pellet manufacturers redirected their supply flows from the Japanese and Korean markets to the EU to capture the much higher prices in the EU markets.

The sharp drop in supply from North America, thus, forced Japanese and South Korean businesses to find alternative sources. This created opportunities for Vietnamese businesses to expand export markets.

Because of the instability in energy supplies the result of the Russian aggression Japan and South Korea stockpiled pellets. Up to now the wood pellet stock in these two markets is at a high level. Against this backdrop Vietnamese exporters will hardly have the opportunity to expand their markets in these two markets in 2023.

The switch to biomass fuel in Japan and South Korea is directly affecting prices of wood pellets from Vietnam.

Currently, the export price of wood pellets from Vietnam is on a downward trend. Information from some exporters shows that in the coming months, the export price to Korea may drop down to US\$125-135/tonne FOB and to Japan down to US\$150-160/tonne FOB. This will lead to a very sharp reduction of wood pellet exports from Vietnam.

Large stocks also allow Japanese consumers to tighten standards for quality and sustainability requirements. Certain Japanese traders are asking Vietnamese suppliers to strictly follow environmental and quality requirements.

The power crisis in the EU in 2022 created an over optimistic expectation of the market potential for Vietnam's wood pellets.

Statistics from the General Department of Customs show that by the end of 2022 Vietnam's wood pellet exports to the EU stood at just US\$15.2 million, equivalent to 1.9% of the total exports.

The major reason behind this modest shipment of Vietnamese wood pellets to the EU is the quality and environmental standards that this market sets including the sustainability certification that very few local wood pellet businesses can meet.

The expanding export market in the first half of 2022 has boosted investment in wood pellet production in Vietnam. From the beginning of 2023 export prices have been falling rapidly and this is likely to have a huge negative impact especially for new or under construction wood pellet plants.

In 2022 alone, about 70 new wood pellet factories were built. Of these newly built factories about 20 are large, using EU technology, while 50 factories are using Vietnamese and Chinese technologies.

From the beginning of 2023 the export price of wood pellets has been falling while the price of logs, mainly of acacia planted by thousands of Vietnamese farmers, after a period of "price fever", has also sharply decreased.

These fluctuations in wood pellet markets and production may negatively impact the entire supply/value chain of Vietnam's wooden products. Vietnamese operators have been urged to scrutinise their wood pellet business and to reshape the industry.

Statistics provided by Vietnam General Department of Customs and analysed by a Technical Group of Vietnam's wood associations with support from Forest Trends

## Brazil

### Engineered wood for Brazil's construction sector

A Woodlife Sweden International Exhibition, focusing on engineered wood promoted by FIEP (Federation of Industries of Paraná State) the Sweden Embassy and a Swedish Institute was held in Curitiba, Paraná State. Engineered wood products have definable mechanical properties and can be manufactured from a variety of timbers.

One of the advantages claimed of engineered wood technology it is a material that helps develop a green circular economy and that the construction processes are shorter when engineered wood products are used.

Representatives from the Center for Timber Producers and Exporters of Mato Grosso State (CIPEM) attended the exhibition.

See: <https://cipem.org.br/noticias/cipem-marcara-presenca-em-exposicao-internacional-com-foco-na-madeira-engenheirada/> / <http://www.madeiratotal.com.br/madeira-ganha-destaque-como-alternativa-sustentavel-em-sistemas-constructivos/>

### Mahogany plantations - revisited

Following a news item the last Market Report (Vol. 27 No. 4) on African mahogany plantations in Brazil a representative of the Brazilian Association of African Mahogany Producers provided the following additional details:

“In Brazil today we have around 42,000 hectares planted with *Khaya Grandifoliola*. About 23,000 hectares planted with *Khaya Senegalensis*. About 800 hectares planted with *Khaya Anthotheca* and about 500 hectares planted with *Khaya Ivorensis*. These plantations are all over Brazil. The states with the most plantations are Minas Gerais, Pará, São Paulo, Roraima, Goiás, Espírito Santo, Mato Grosso, Mato Grosso do Sul, Tocantins, Paraná and the block of states in Northeastern Brazil.

There are already several producers carrying out thinning in plantations that are already 11, 12 and 14 years old. This thinned wood is being commercialised in the internal market and with it we are already manufacturing chairs, doors, decoration objects, wood for roofs, pergolas and other utilities and the wood is being sold in its entirety here in our Brazilian market.

There are plantations that are over 20 years old and are ready for harvesting. These are Khaya Grandifoliola plantations and the Association estimates the around 5,000 hectares ready for cutting in Pará. Small volumes of African mahogany are exported to the Caribbean.

The Association is working to strengthen the image of Khaya Grandifoliola outside Brazil. Within Brazil this wood is already well known and there are already creations by the best designers in Brazil”.

For more information see the Association presentation at: [https://www.youtube.com/watch?v=nbg\\_GZXNyps](https://www.youtube.com/watch?v=nbg_GZXNyps)

#### Acre support for wooden flooring company

The Acre Business Agency (ANAC), an agency linked to the state government visited a wood flooring company in Xapuri, State of Acre in the Amazon region in order to strengthen outreach partnerships with the company. The partnership focuses on the creation of technical cooperation mechanisms and professional qualification training.

The company has an average annual production of 25,000 cu.m and utilizes native timbers such as Cerejeira (Torresea acreana), Cumaru (Dipteryx Odorata) and Garapeira (Apuleia Leocarpa). All timbers used in the wood processing are verified legal and come from sustainable forest management (SFM) projects. This partner company exports products to countries in Asia and Europe and corresponds to 30% of the trade balance of the timber sector of Acre State.

See: <https://forestnews.com.br/acre-parceria-industria-madeira/>

#### Trade Mission in Mexico

A trade mission to Mexico promoted by ABIMÓVEL (Brazilian Furniture Industry Association) and APEX-Brazil (Brazilian Trade and Investment Promotion Agency) through the sectoral project “Brazilian Furniture” was undertaken in February and resulted expected trade worth around US\$32 million. Dozens of Brazilian companies exhibited at the fair and participated in business to business rounds. The prospective business was concluded with buyers from Central America, North America and neighbouring countries.

See: <http://abimovel.com/mais-de-us-35-milhoes-em-negocios-prospectados-em-aco-es-do-brazilian-furniture-no-mexico/>

#### Through the eyes of industry

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

See: <https://www.itto-ggsc.org/static/upload/file/20230214/1676340295137619.pdf>

#### Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	459
Jatoba	199
Massaranduba	176
Muiracatiara	168
Angelim Vermelho	172
Mixed redwood and white woods	130

Source: STCP Data Bank

#### Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	1,918
Jatoba	941
Massaranduba	944
Muiracatiara	794
Angelim Vermelho	821
Mixed red and white	542
Eucalyptus (AD)	315
Pine (AD)	227
Pine (KD)	301

Source: STCP Data Bank

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

	US\$ per cu.m
Parica	
4mm WBP	624
10mm WBP	480
15mm WBP	4359
4mm MR.	602
10mm MR.	452
15mm MR.	395

Prices do not include taxes. Source: STCP Data Bank

#### Prices for other panel products

	US\$ per cu.m
Domestic ex-mill prices	
15mm MDParticleboard	331
15mm MDF	394

Source: STCP Data

#### Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipê	3,165
Jatoba	1,634
Massaranduba	1,679
Muiracatiara	1,671
Pine (KD)	215

Source: STCP Data Bank

#### Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	345
12mm C/CC (WBP)	327
15mm C/CC (WBP)	314
18mm C/CC (WBP)	306

Source: STCP Data Bank

#### Export prices for added value products

	US\$ per cu.m
FOB Belem/Paranagua ports	
Decking Boards	
Ipê	5,151
Jatoba	2,304

Source: STCP Data Bank

## Peru

### Rain season storms damage homes and infrastructure

Heavy rains and cyclone Yaku continue to cause damage to homes and infrastructure such that hopes of an economic recovery in March are fading. The National Civil Defense Authority reported 60 deaths and 14,000 homes damaged since the rain season started in September last year. The rains intensified in early March. The government has declared a state of emergency in six regions and several districts in Lima.

### Peruvian wood exports grew in 2022

Exports of wood products in 2022 totalled US\$146.6 million, a scenario above what was around 20% more than in 2021 according to the Management of Services and Extractive Industries Division of the Association of Exporters (ADEX).

The recovery of wood shipments in 2022 was driven by demand in China and the Dominican Republic which accounted for 19% and 14% respectively of total shipments. France and Mexico were the third and fourth placed markets. Exports to France in 2022 dropped year on year while there was a sharp rise in exports to Mexico.

Semi-manufactured products accounted for just over 40% of all shipments but there was a decline in the value of shipments compared to 2021. Sawnwood exports account for a further 40% of all wood product exports and were higher than in 2021.

### Reforestation research activities

Within the framework of the inter-institutional cooperation agreement, Reforestadora Inca S.A. - Refinca and INIA are conducting various activities in the field of research and transfer of agricultural technology. The purpose is to strengthen research, development and technological innovation and conservation of genetic resources through forestry activities.

### Timber industrialists to attend Ligna

To learn more on the latest technological advances in the industry the Peruvian consultant, Fenafor, is organising a visit for Peruvian industrialists to Ligna which will take place in Hannover, Germany from 15-19 May. Ligna is a leading fair for the timber sector.

### Export prices for added value products

	US\$ per cu.m
Strips for parquet Cabreuva/estoraque KD12% S4S, Asian market	1327-1398
Cumaru KD, S4S Swedish market	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

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

### Export sawnwood prices

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	592-618
Grade 2, Mexican market	533-552
Cumaru 4" thick, 6"-11" length KD	
Central American market	989-1000
Asian market	989-1008
Ishpingo (oak) 2" thick, 6"-8" length	
Spanish market	629-645↑
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	218-236
Virola	225-238
Spanish Cedar	182-218
Marupa (simarouba)	189-224

### 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

### March disaster remembered

Events were held around Japan to commemorate the 12th anniversary of the Great East Japan Earthquake and tsunami. At 2:46 p.m. on March 11, 2011, a magnitude-9.0 quake struck off the coast of Japan sending waves as high as 10 metres crashing into coastal communities. Over 120,000 homes were destroyed.

As a result of the tsunami the Fukushima Daiichi nuclear power plant suffered a triple meltdown releasing large amounts of radioactive substances into the atmosphere. Hundreds of thousands of people were forced to abandon their homes. More than 300 square kilometres of land near the power plant are still classified as uninhabitable.

Although evacuee numbers have steadily declined, as of November 2022, 31,438 people remain in temporary accommodations in Tōhoku, Kanto and other regions. The majority, some 21,000 evacuees, are from Fukushima Prefecture home to the crippled nuclear power plant.

See: <https://www.nippon.com/en/japan-data/h01600/>

### Largest pay rises in two decades agreed

Every March major Japanese firms meet with unions for wage talks and the deal struck by the big companies influence wages at smaller firms that employ seven out of 10 Japanese workers. The outcome of this year's negotiations will influence how soon the BoJ could begin to raise interest rates. Improved wages are crucial drivers of domestic demand.

Japan's big companies have delivered the largest pay rises in more than two decades which policymakers hope will lift the economy from its current deflationary mode. The wage negotiation outcome will also impact how effective is the Prime Minister "new capitalism" policy that aims to more widely distribute wealth among households, something that builders, wood product manufacturers and importers have been hoping for.

According to the Ministry of Internal Affairs and Communications, household spending in January fell from a year earlier and was the third successive monthly decline. Private consumption is one of Japan's key economic drivers accounting for more than half of the country's GDP.

### Companies prepare for improved demand

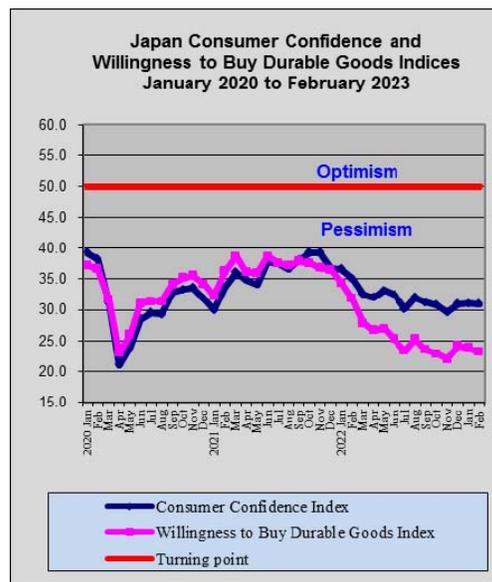
Finance Ministry data shows that, for a seventh straight quarter up to the end of 2022, Japanese companies increased capital investment. In the final quarter of 2022 there was an almost 8% increase in investment signaling that companies prepare for the improvement in demand as covid rules are eased and as wage increases are anticipated which could drive up demand.

See: <https://www.japantimes.co.jp/news/2023/03/02/business/economy-business/japanese-firms-spending-raised/>

### 'Real' wage shock in January

Data show Japanese 'real' wages fell by 4.1% from a year earlier in January, the 10th consecutive month of decline as inflation continued to outpace gains in wage which, according to the Japan Times, suggests it is likely that the Bank of Japan will maintain its easy policy in the short term.

<https://www.japantimes.co.jp/news/2023/03/07/business/economy-business/japan-wages-down-january/>

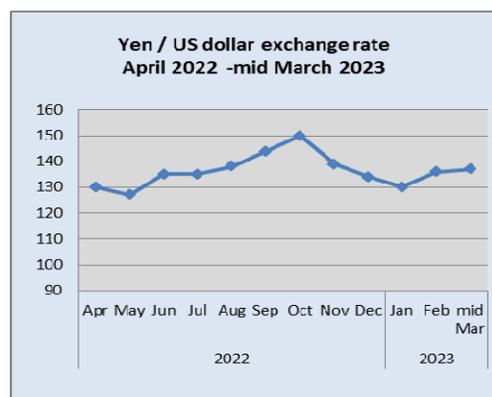


Data source: Cabinet Office, Japan

### BoJ sticks to past policy, yen steady

In mid-March the yen was trading at almost 137 to the US dollar. At the latest Bank of Japan policy meeting for the sitting governor, the decision was to keep interest rates where they have been pegged since 2016 until there is evidence that inflation is being driven by wage growth rather than external factors such as commodity prices. Wage growth is a key factor in the Bank of Japan's ultra-loose policy.

See: <https://www.marketpulse.com/20230310/japanese-yen-slips-after-boj-maintains-policy-settings-us-nonfarm-payrolls-loom/kfisher>

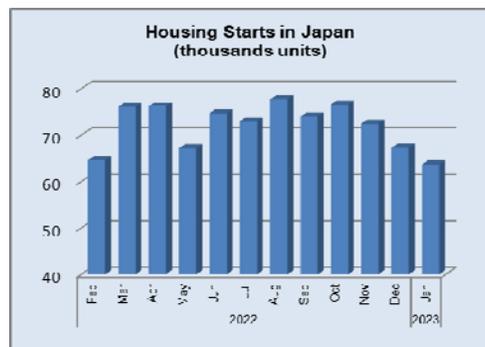


### New measures to address unoccupied house issue

The government has introduced measures aimed at addressing the issue of unoccupied houses said to run to around 8 million. The measures allow municipal governments to promote the use of vacant homes mainly in city centers and tourist spots through easing regulations so it is possible to change the use of land plots where unoccupied houses stand.

The new measures also try to prevent an increase in empty houses through excluding homes from the current low fixed asset tax.

See: <https://www.nippon.com/en/news/yjj2023030300152/>



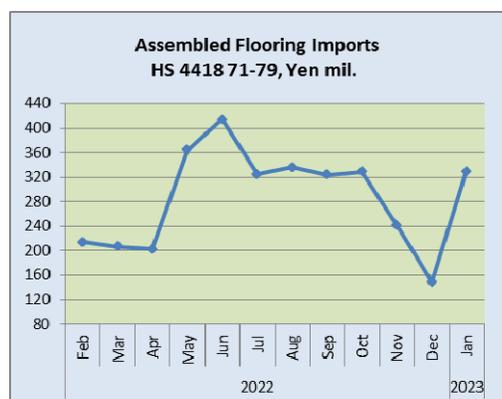
Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

### Import update

#### Assembled wooden flooring imports

After two consecutive months of decline the value of Japan's imports of assembled wooden flooring (HS441871-79) in January almost doubled compared to the value of December 2022 imports. This jump brings the value of imports back to the range seen in the second quarter of 2022.

Year on year the value of January 2023 imports of assembled wooden flooring was up 23% with China being the main shipper accounting for 62% of January imports followed by Malaysia (10%) and Vietnam (7%).



Data source: Ministry of Finance, Japan

### Plywood imports

In the second half of 2022 there was a steady decline in the volume of plywood imports. Indonesia and Malaysia are the main sources of Japan's plywood imports and this has not changed over the past decade. In 2022 these two suppliers accounted for over 80% of the volume of Japan's plywood imports. For 2023 the Japan Lumber Importers Association has forecast a 2-3% decline in the volume of plywood imports.

In January 2023 shipments of plywood from Malaysia and Indonesia were around 40% below those in January 2022. There was a decline in shipments from China in January 2023 but shipments from Vietnam rose month on month and year on year. Compared to the volume of plywood arrivals in December 2022 there was a 6% decline in January 2023.

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

		China	Malaysia	Indonesia	Vietnam
2019	Jan	14.0	91.2	66.4	11.9
	Feb	11.1	85.3	75.0	4.2
	Mar	4.4	70.1	61.2	9.8
	Apr	11.4	94.2	65.9	8.5
	May	12.4	61.8	48.9	10.6
	Jun	9.3	59.6	62.8	11.3
	Jul	9.8	65.1	59.0	12.1
	Aug	12.1	61.8	68.9	11.0
	Sep	10.0	53.0	62.0	12.0
	Oct	10.6	66.3	72.0	12.0
	Nov	13.1	69.5	68.1	12.6
	Dec	13.0	74.4	57.4	14.0
2020	Jan	13.4	61.1	81.6	17.0
	Feb	6.8	72.2	63.8	9.5
	Mar	5.8	76.5	73.0	12.2
	Apr	13.0	68.0	69.0	13.6
	May	9.6	69.7	59.0	12.6
	Jun	10.3	52.0	61.0	11.3
	Jul	10.2	40.0	54.9	8.9
	Aug	6.6	55.0	56.0	8.4
	Sep	6.8	42.2	37.8	8.7
	Oct	8.3	62.4	52.7	10.1
	Nov	8.6	43.1	50.0	10.9
	Dec	9.2	60.5	43.9	10.8
2021	Jan	9.7	76.9	59.3	15.7
	Feb	6.8	53.5	50.1	13.0
	Mar	5.7	89.4	61.5	11.5
	Apr	11.4	65.9	58.2	17.3
	May	10.3	72.0	51.0	13.0
	Jun	10.5	61.9	56.6	15.6
	Jul	11.8	74.1	57.1	16.4

	Aug	12.8	54.7	57.8	17.5
	Sep	16.0	61.8	60.4	21.8
	Oct	12.6	72.8	60.4	22.5
	Nov	14.6	60.6	66.0	21.8
	Dec	13.6	51.2	76.5	21.0
2022	Jan	15.9	78.6	73.9	16.8
	Feb	14.7	61.0	56.8	11.4
	Mar	13.7	71.0	76.9	8.8
	Apr	25.0	79.3	72.0	13.1
	May	32.2	67.6	68.2	12.9
	Jun	37.5	61.4	52.4	18.4
	Jul	27.7	70.6	67.8	15.2
	Aug	19.0	63.0	70.8	18.5
	Sep	16.5	58.4	60.4	16.2
	Oct	13.4	39.2	65.5	17.1
	Nov	13.1	45.1	50.1	15.9
	Dec	13.9	49.2	47.1	21.6
2023	Jan	13.7	40.3	49.2	19.4

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/](https://jfpj.jp/japan_lumber_reports/)

#### **Structural laminated lumber import in 2022**

Total import of structural laminated lumber in 2022 is 906,288 cbms, 9% more than 2021. This is for the first time in two years for exceeding 900,000 cbms. However, the imported structural laminated lumber has been overstocking since last July in Japan because the total starts in 2022 declined 4.9% from the previous year's starts.

The volume of structural laminated lumber from Finland increases and it occupies 40% of the total volume. On the other hand, the volume of Russian structural laminated lumber decreases 10.3% and of Chinese structural laminated lumber decreases 12.7% from the previous year. Violent fluctuations in the volume of imported laminated lumber occurred in 2022. Monthly average volume is 70,000 cbms but it was 80,000 – 100,000 cbms at the beginning of 2022 and in the summer season. Then, the volume declined to 40,000 cbms at the end of 2022.

Comparing the volume of November or December, 2022 against the highest volume in 2022, Estonia and Poland are 40% down, Finland and Austria are 60% down, Sweden is 70% down, Romania is 90% down and Germany is zero.

By size, small is 602,984 cbms, 26.7% up. Medium is 303,110 cbms, 14.7% down. Large is 194 cbms, 59.8% down. Total import cost is 108 billion yen. This is doubled import cost from 2021's import cost and this is 2.5 times of import cost from 2020' import cost. One of the reasons for the increase in 2022 is that the lumber, which were contracted at 4Q of 2021 arrived to Japan in 2022 due to a shortage of containers.

#### **A rule for wood business will be mandatory**

The Ministry of Agriculture Forestry and Fisheries, The Ministry of Land, Infrastructure, Transport and Tourism and The Ministry of Economy, Trade and Industry consider that 'Type 1 Wood-related Business' of the Clean Wood Act must be mandatory in 2025. 'Type 1 Wood-related Business' means the business of processing, exporting selling logs or importing the wood and wood product.

The Clean Wood Act is also called The Act on Promotion of Use and Distribution of Legally-harvested Wood and Wood Products and it went into force on 20th May, 2017. The Objective of the Clean Wood Act is to promote the used and distribution of wood and wood products made from trees harvested in compliance with the laws and regulations of Japan and the countries of origin.

#### **Plywood**

The prices of 3 x 6 12mm thickness of domestic softwood plywood are 1,900– 1,950 yen, delivered per sheet and of 3 x 6 24mm thickness are 3,800 – 3,900 yen, per sheet. Many companies start controlling the inventory due to a term for the settlement of accounts at the end of March. Also, housing companies and precutting plants request the plywood companies to lower the prices because the prices of domestic lumber and laminated lumber have dropped.

A decrease in shipment of plywood is worse than a decrease in demand of houses. The inventory of plywood at distribution companies is declining rapidly. Plywood companies get orders with a few amounts and they are requested to be prompt delivery. There is enough inventory to deliver the plywood as soon as the plywood companies get orders so far.

In Kanto area, there is a price collapse in painted plywood for concrete form due to the strong yen and a fall in prices of plywood in South Asia. The prices of 3 x 6 of 12mm thickness are 2,000 – 2,100 yen, delivered per sheet and this is 200 yen lower than the prices at the end of 2022. The purchase cost is 2,200 – 2,300 yen but the Japanese buyer has bought the plywood by 2,400 yen in the past and it shows a loss.

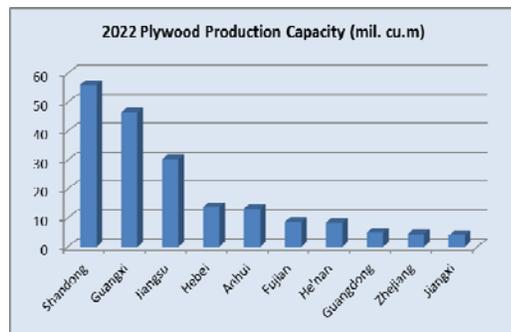
Some Japanese buyers sell the plywood at exceptionally low prices because of a decrease in a futures price in South Asia and a decrease in the import cost by the strong yen. A trial calculation of the import cost was 2,600 yen, FOB per sheet but it was actually 2,400 yen, FOB per sheet, caused by the strong yen. It does not mean that the prices of plywood at domestic markets fell 200 yen. The prices in South Asia are now \$750 – 850, C&F per cbm.

**Plywood production capacity in 2022**

According to the statistics from the Academy of Industry Development and Planning under the National Forestry and Grassland Administration and the China Forestry Products Industry Association (CFPIA), both the number of enterprises and production capacity of China’s plywood industry declined slightly in 2022.

There were more than 10,800 plywood manufacturing enterprises (down 14% year on year) at the end of 2022 with a production capacity of 208 million cubic metres per year, down 6.3% over 2021.

Shandong Province was the largest in terms of plywood production capacity and enterprise numbers in 2022. There were 3,550 mills with a capacity of 56 million cubic metres.



Data source: see above

The production capacity for polyurethane adhesives, bean-based protein adhesives, lignin adhesives, starch-based adhesives, thermoplastic resin adhesive film and other formaldehyde-free plywood products increased.

The first continuous flat pressed formaldehyde-free plywood production line was operational in June 2022 marking a new stage of continuous plywood production in China.

Five plywood manufacturers in China had horizontal multilayer presses with automatic loading and unloading by the end of 2022.

By the end of 2022, there were more than 350 plywood manufacturers in China with an annual production capacity of more than 100,000 cubic metres including nearly 150 large manufacturers and enterprise groups with a combined production capacity of some 27 million cubic metres per year and accounting for 13% of the total production capacity.

Seven of these mills have an annual production capacity of more than 500,000 cubic metres.

At the beginning of 2023 around 2,000 plywood production plants were under construction nationwide with a total production capacity of about 26 million cubic metres per year. 25 provinces and autonomous regions had plywood production enterprises under construction except Beijing, Shanghai, Tianjin, Chongqing, Qinghai Province and Tibet Autonomous Region. It is expected that the total production capacity of plywood in China will be close to 210 million cubic metres per year by the end of 2023.

See: [https://mp.weixin.qq.com/s/\\_JWyJInX-TBUiP7I2fwO5g](https://mp.weixin.qq.com/s/_JWyJInX-TBUiP7I2fwO5g)

**Decline in solid composite floor exports**

China’s plywood exports (HS code 4412 + solid composite floors) in 2022 totalled 10.68 million cubic metres valued at US\$5.63 billion, down 14% in volume and 4% in value year on year.

The markets for China’s solid wood composite floor exports are numerous. In 2022 exports went to around 200 countries.

The Philippines, UK, Japan and UAE were the top markets for China’s solid composite floor exports in 2022. The proportion of China’s solid composite floor exports to these top countries was just 28% of all shipments. The volume of China’s solid composite floor exports to most of these top countries fell at different rates in 2022.

**Top markets for China’s solid composite floor exports, 2022**

	000s cu.m	YoY % change	US\$ mil.	YoY % change
Total	9,467	-14%	5,049	-5%
Philippines	992	-12%	402	-8%
UK	655	-25%	328	-19%
Japan	554	-22%	319	-12%
UAE	487	-3%	188	10%

Data source: China Customs

**Surge in plywood exports to Australia and Japan**

China’s plywood exports (HS code 4412 except solid composite floors) to Australia and Japan in 2022 surged more than 120% and 470% to 163,000 cubic metres and 125,000 cubic metres, valued at US\$113 million and US\$77 million.

China’s plywood exports (HS code 4412 except solid composite floors) to Taiwan P.o.C and the US in 2022 fell 20% and 37% to 229,000 cubic metres and 225,000 cubic metres valued at US\$84 million and US\$113 million, down 17% and 38% year on year respectively.

The decline in the top two destination resulted in the total volume of China’s plywood exports (HS code 4412 except solid composite floors) to fall 7% to 1.213 million cubic metres year on year in 2022.

The proportion of the top 4 countries for China’s plywood exports accounted for more than 60% of the national total.

### Top countries for China's plywood exports in 2022

	000s cu.m	YoY % change	US\$ mil.	YoY % change
Total	1,213	-7%	585	5%
Taiwan P.o.C	229	-20%	84	-17%
USA	225	-37%	113	-38%
Australia	163	123%	113	165%
Japan	125	474%	77	531%

Data source: China Customs

### Soaring plywood imports from Russia

According to the data from China Customs plywood imports (HS code 4412 + solid composite floors) totalled 196,251 cubic metres valued at US\$188 million, up 22% in volume and 23% in value year on year in 2022.

Of the total, solid composite floor imports rose 6% to 161,555 cubic metres valued at US\$170 million, up 14% year on year in 2022.

China's plywood imports (HS code 4412 except solid composite floors) surged 372% to 34,696 cubic metres valued at US\$19 million, soaring 349% year on year in 2022.

Russia was the largest supplier of China's plywood imports in 2022. China's plywood imports from Russia soared more than 6,000% to 26,952 cubic metres accounting for 78% of the national total. Chinese enterprises have built factories to manufacture plywood and export to China by the China-Europe railway. This is why Chinese imports of Russian plywood have soared.

Indonesia and Japan were also suppliers of plywood imports in 2022. China's plywood imports from Indonesia fell 18% to 2,443 cubic metres, from Japan but rose 17% to 2,129 cubic metres year on year.

China's plywood imports from the three suppliers, Russia, Indonesia and Japan made up 91% of the national total in 2022.

### Top suppliers of China's plywood imports in 2022

	cu.m	YoY % change	US\$ mil.	YoY % change
Total	34,696	372%	19	349%
Russia	26,952	6348%	13	4508%
Indonesia	2,443	-18%	1.4	1%
Japan	2,129	17%	0.8	0.10%

Data source: China Customs

Russia was also the largest supplier of China's solid composite floor imports in 2022. China's solid composite floor imports from Russia rose 23% to 88,484 cubic metres, accounting for 55% the national total.

Indonesia is the second largest supplier for China's solid composite floor imports in 2022. However, China's solid composite floor imports from Indonesia fell 18% to 15,637 cubic metres year on year

### Top suppliers of China's solid composite floor imports in 2022

	cu.m	YoY % change	US\$ mil.
Total	161,555	6%	170
Russia	88,484	23%	63
Indonesia	15,637	-18%	7
Malaysia	8,285	-50%	10
Italy	7,863	218%	9
Japan	6,884	-45%	7

Data source: China Customs

### Slight increase in furniture exports

China's furniture exports increased slightly in 2022 due to the continuous growth of domestic furniture enterprises and production capacity despite the impact of the COVID-19 pandemic, the travel restrictions on executives and the difficulties in international logistics.

China's wooden furniture is exported to more than 200 countries. The top six markets of more than US\$1 billion together accounted for only 55% of total furniture exports.

The United States was the largest exporter of China's wood furniture in 2022 accounting for 27% of the export value of wood furniture. As a direct result of the weaker demand in 2022 China's exports of wooden furniture to the United States fell 13% to US\$7.05 billion in 2022. China's wood furniture exports to UK fell 26% to US\$1.28 billion year on year in 2022.

In contrast, China's wooden furniture exports to Australia, Japan, South Korea and Hong Kong rose 7%, 7%, 11% and 36% to US\$1.66 billion, US\$1.59 billion, US\$1.44 billion and US\$1.18 billion respectively in 2022.

### Italy and Germany the top sources of wooden furniture imports

China's imports of wooden furniture have been falling steadily for several years. China's wooden furniture imports fell 11% to US\$882 million in 2022.

Italy and Germany were the two major suppliers of wooden furniture to China. Italy was the largest supplier and Germany was the second largest supplier for China's wooden furniture imports in 2022 but imports fell 10% and 24% to US\$397 million and US\$116 million respectively. China's wood furniture from the two main sources accounted for 58% of the national total.

China's imports of wooden furniture from Sweden increased significantly and surged 97% year on year in 2022. This is because of Amazon's cross-border e-commerce expanded during the epidemic.

### Top suppliers of wooden furniture imports in 2022

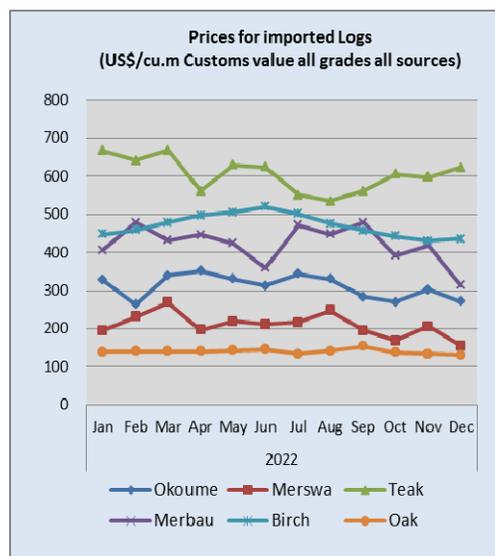
Supplier	US\$ mil.	Proportion	YoY % change
Total	882	100%	-11%
Italy	397	45%	-10%
Germany	116	13%	-24%
Vietnam	83	9%	-11%
Poland	47	5%	-9%
France	22	3%	11%
Thailand	19	2%	-32%
Indonesia	18	2%	1%
Sweden	18	2%	97%
Lithuania	16	2%	-54%
Malaysia	15	2%	-24%

Data source: China Customs

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

	2022 Nov	2022 Dec
Okoume	302	272
Merswa	206	155
Teak	598	623
Merbau	419	314
Birch	431	436
Oak	133	131

Data source: Customs, China

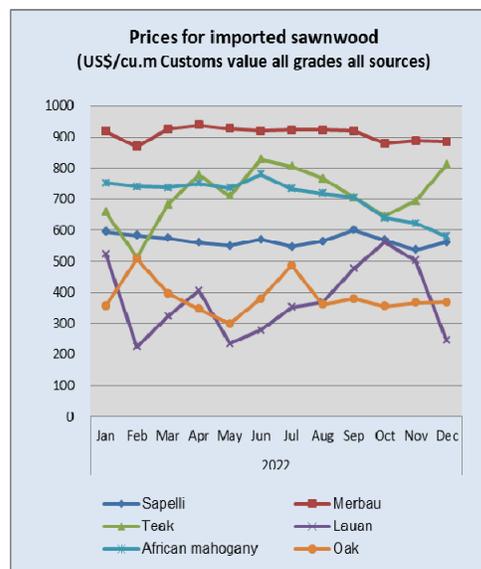


Data source: Customs, China

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

	2022 Nov	2022 Dec
Sapelli	537	562
Merbau	888	885
Teak	694	812
Lauan	502	245
African mahogany	622	580
Oak	367	368

Data source: Customs, China



Data source: Customs, China

### February Global Timber Index Report

The Global Timber Index has the following to report on the situation in China's timber sector in February. After the Chinese New Year holiday production resumed and social mobility recovered which spurred domestic demand and boosted manufacturing, the vitality of markets has been enhanced and China's economy is accelerating its recovery.

Data released by the National Bureau of Statistics shows that, China's production and trade grew rapidly in January and February this year. Industrial added value increased by 7.5% year-on-year, total trade increased by 13.3% year-on-year and employment and prices were stable.

China's GDP growth is expected to be 5% in 2023 according to data released by the Institute of Economics, Chinese Academy of Social Sciences. Driven by the recovery of macroeconomics the positive changes in China's timber processing and manufacturing industry increased significantly in February with both supply and demand showing a growth trend. Production and orders of enterprises increased compared with the previous month, the downward trend of orders from overseas was alleviated and activities such as procurement and supplier distribution were more active than in the previous month.

However, enterprises still feel worried about the pace of improvement in demand. In February the GTI-China index registered 52.4%, an increase of 30.9 percentage points from the previous month and rose above the critical value indicating that the business prosperity of the timber enterprises represented by the GTI-China index has expanded from last month.

See: <https://www.itto-ggsc.org/static/upload/file/20230214/1676340295137619.pdf>

## EU

### Price increases drive up EU27 tropical wood imports

In 2022 the EU27 imported 1.94 million tonnes of tropical wood and wooden furniture products with a total value of US\$4.37 bil. respectively 10% and 18% more than the previous year. Compared to the pre-pandemic level of imports in 2019, imports last year increased 36% in value terms but only 6% in quantity terms.

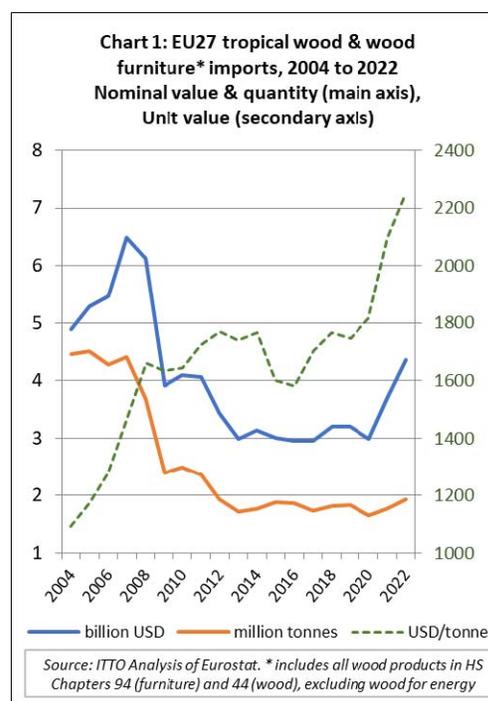
Chart 1 shows EU27 trade trends for the period 2004 to 2022 puts last year's trade figures into long term perspective. The only other increase in tropical wood import value comparable to the 2021-2022 period occurred in 2006-2007 when abundant liquidity and a real estate boom created a bubble economy immediately preceding the financial crash of 2008-2009.

However, unlike in 2006-2007, the actual quantity of EU27 imports of tropical wood and wooden furniture products last year was only marginally above the long term average which has remained broadly stable at around 1.8 million tonnes for the last decade.

The increase in value of EU27 imports of tropical wood and wooden furniture products in the last two years was driven by the sharp increase in prices. The average price per tonne of all EU27 tropical wood and wooden furniture imports increased progressively from US\$2,800 in 2020 to US\$2,100 in 2021 and US\$2,250 in 2022.

This occurred initially as severe supply shortages and a big rise in freight rates coincided with the short-term surge in demand due to higher refurbishment activity during COVID lockdowns.

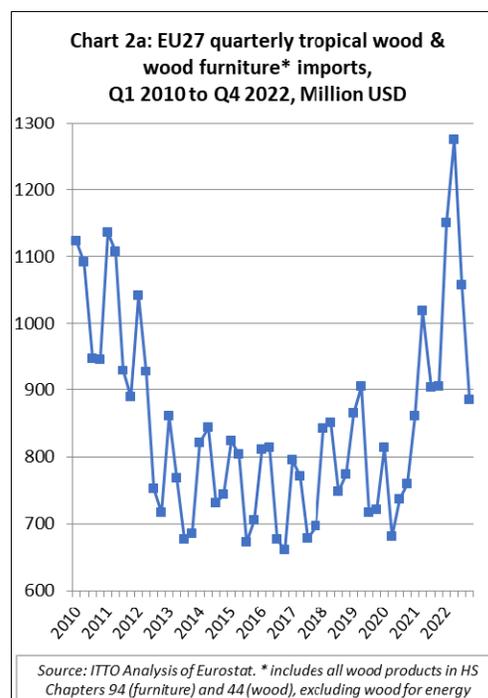
The surge in demand for tropical products in the EU was further boosted in 2022 by COVID-recovery stimulus measures and the war in Ukraine which put pressure on supplies of alternative temperate wood products.



### EU27 tropical wood imports slow as economic outlook deteriorates

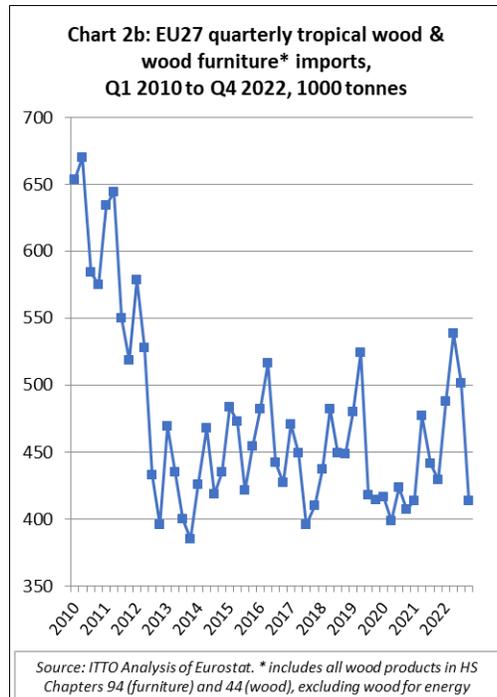
The rise in freight rates and supply shortages only began to ease in the second half of 2022 as economic conditions deteriorated and demand for wood products slowed dramatically.

The war in Ukraine contributed to huge increases in energy prices in the EU in the second half of 2022, while business and consumer confidence was hit by expectations of higher interest rates to control inflation.



In value terms, EU27 tropical wood and wooden furniture imports of US\$1.94 bil. in the second half of 2022 were 20% less than US\$2.42 bil. in the first half of the year. However, import value was still high in the second half of 2022 relative to figures typical in the previous ten years (Chart 2a).

In quantity terms, total EU27 imports of tropical wood and wooden furniture of 414,000 tonnes in the fourth quarter last year were 18% down compared to the previous quarter and well below the quarterly average of around 450,000 tonnes in the last decade (Chart 2b).



**EU economy faces challenges but should narrowly avoid recession**

The challenges now facing the EU27 economy are identified in EU’s winter 2023 Economic Forecast published on 13 February which notes that “Core inflation increased further in January. Consumers and businesses continue to face high energy costs and ... inflationary pressures are still broadening. Monetary tightening is therefore set to continue, exerting a drag on investment. Weakness in consumption is set to persist in the near term as inflation keeps outpacing nominal wage growth. Finally, the external environment is expected to continue providing little support to the EU economy”.

Nevertheless, the 2023 Winter Forecast identifies some positive developments in the EU economy since the previous 2022 Autumn Forecast. The new Forecast notes that “the European gas benchmark price has fallen below its pre-war level, helped by a sharp fall in gas consumption and continued diversification of supply sources”. Furthermore, “the resilience of households and corporations has been impressive”.

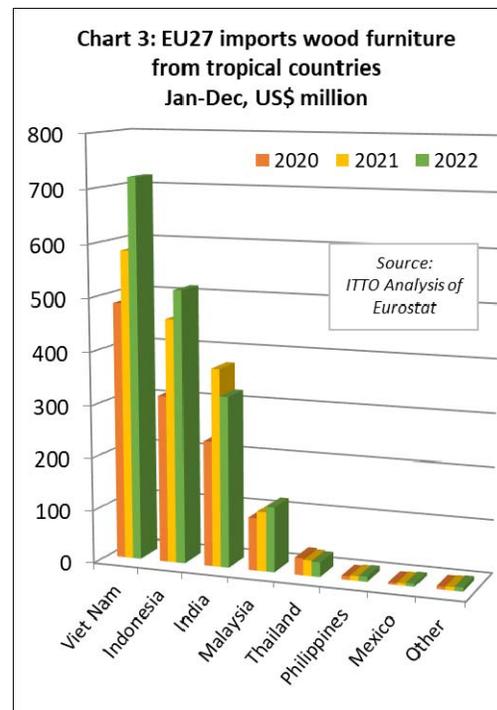
For these reasons, the slowdown in the EU economy in the second half of 2022 turned out milder than previously estimated by the EU despite the energy shock and ensuing record high inflation. In the fourth quarter, the EU economy managed a broad stagnation, instead of the 0.5% contraction expected in the Autumn Forecast.

The peak rate of inflation increase may already have passed and economic sentiment is slowly improving. This suggests, according to the EU Winter Forecast, that “economic activity will avoid a contraction also in the first quarter of 2023” and “the EU economy is thus set to narrowly escape the recession that was pencilled in back in autumn”.

**Rise in EU27 import value of tropical furniture masks fall in quantity**

In 2022, EU27 import value of wooden furniture from tropical countries was US\$1.73B, 10% higher than the previous year. This increase in dollar value was entirely due to higher freight rates and prices and the weakness of the euro last year. In tonnage terms, imports declined 8% to 349,400 tonnes during the year.

In 2022 there were large increases in EU27 wooden furniture import value from Vietnam (+23% to US\$720 mil.), Indonesia (+12% to US\$515M), Malaysia (+9% to US\$123 mil.) and the Philippines (+10% to US\$10 mil.). Import value fell from India (-13% to US\$324 mil) and Thailand (-7% to US\$28 mil.). EU27 wooden furniture imports from all other tropical countries were negligible last year (Chart 3).

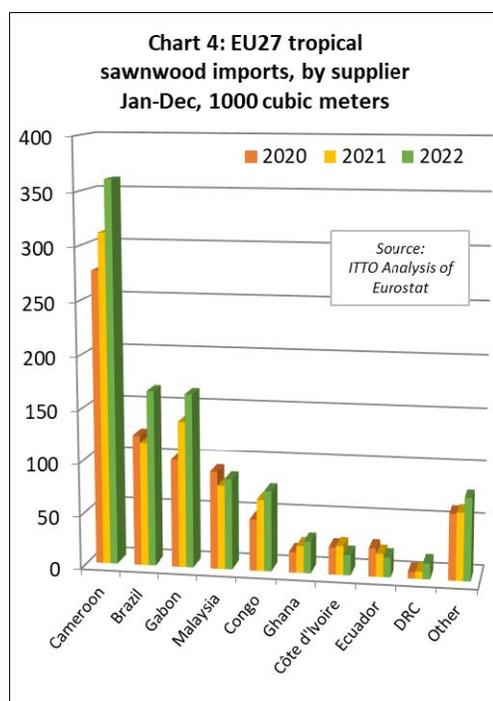


### EU27 imports of tropical sawnwood up 18% in 2022

After two slow years during the global pandemic, EU27 imports of tropical sawnwood recovered ground last year. Imports of 1,014,000 cubic metres last year were 18% higher than in 2021 and 30% more than in 2020. EU27 import value of tropical sawnwood increased 22% to US\$904 mil. in 2022.

Sawnwood imports increased last year from all the largest tropical suppliers to the EU27 including Cameroon (+16% to 360,700 cubic metres), Brazil (+42% to 166,200 cubic metres), Gabon (+19% to 164,500 cubic metres), Malaysia (+8% to 85,800 cubic metres), Congo (+12% to 75,800 cubic metres) and Ghana (+18% to 30,100 cubic metres).

Of smaller tropical sawnwood supply countries, there were large percentage increases in EU27 imports from DRC (+114% to 15,000 cubic metres), Suriname (+66% to 10,800 cubic metres), Indonesia (+39% to 10,600 cubic metres), CAR (+150% to 6,800 cubic metres), and Angola (+8% to 6,700 cubic metres). In contrast imports from Côte d'Ivoire fell 29% to 19,400 cubic metres and from Ecuador were down 14% to 18,700 cubic metres. (Chart 4).

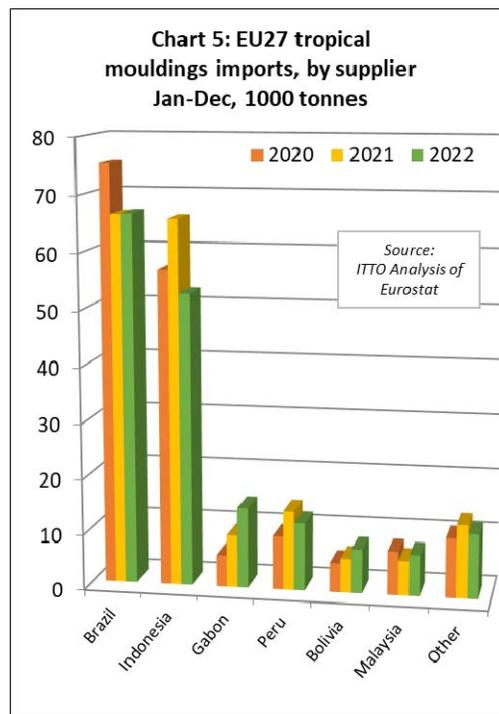


Unlike sawnwood, EU27 imports of tropical mouldings/decking were slow last year. Imports of 172,900 tonnes in 2022 were 5% less than the previous year. The trend in value terms was more positive, rising 21% to US\$396 mil. last year indicating a sharp rise in import prices.

Supply shortages and concerns about future demand contributed to a fall in the quantity of mouldings imports from Indonesia, which declined 20% to 52,600 tonnes last year.

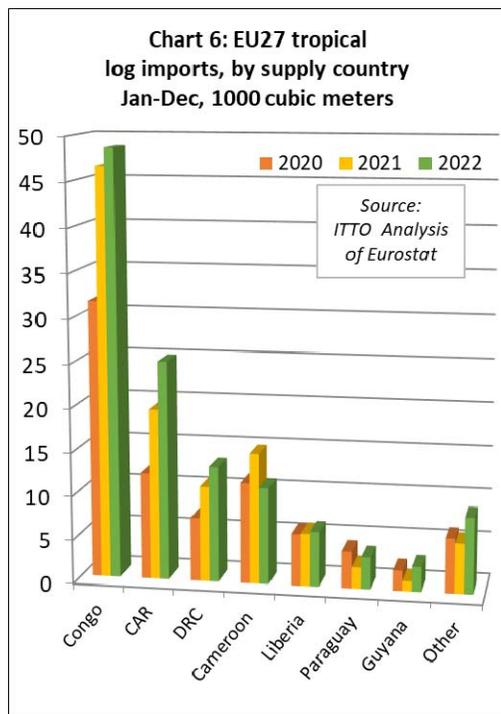
The fall in imports from Indonesia was partially offset by a 54% increase in imports from Gabon to 14,600 tonnes. Imports from Brazil, the largest supplier in recent years, were stable at 66,400 tonnes last year.

Of smaller suppliers, there were increases in imports from Bolivia (+30% to 8,000 tonnes) and Malaysia (+19% to 7,400 tonnes). Imports from Peru declined by 14% to 12,300 tonnes in 2022 after strongly rising the previous year (Chart 5).



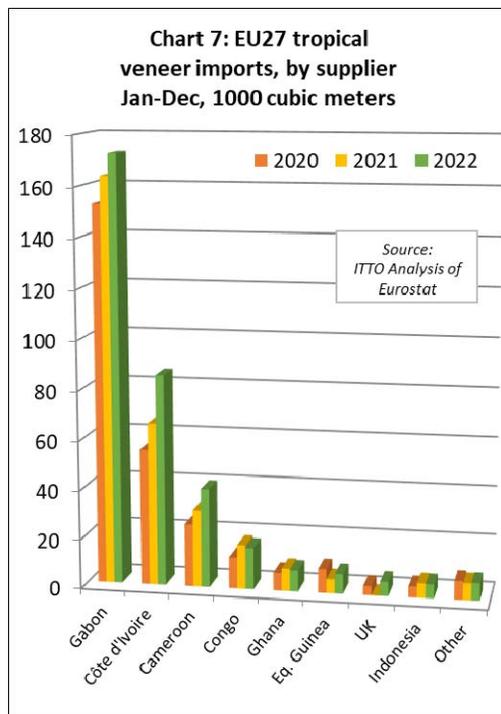
The EU27 imported 119,400 cubic metres of tropical logs with value of US\$65 mil. in 2022, respectively 11% and 10% more than the previous year. EU27 log imports increased from all three of the largest African supply countries last year; Congo (+4% to 48,600 cubic metres), CAR (+28% to 25,000 cubic metres), and DRC (+21% to 13,200 cubic metres). Imports from Liberia also increased 4% to 6,300 cubic metres last year.

However, log imports were down 26% to 11,000 cubic metres from Cameroon. Log imports increased sharply last year from negligible levels the previous year from two South American countries, Paraguay (+50% to 3,700 cubic metres) and Guyana (+148% to 2,800 cubic metres). (Chart 6).



**Large gains tropical hardwood veneer from Africa**

The EU27 imported 350,000 cubic metres of tropical veneer with value of US\$234 mil. in 2022, respectively 14% and 13% more than the previous year. Imports of tropical veneer from Gabon, by far the largest supplier to the EU27, increased 5% to 172,400 cubic metres in 2022.



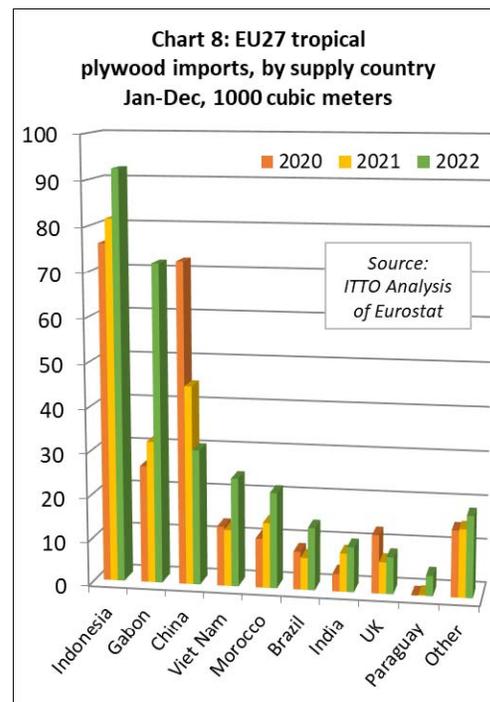
EU27 tropical plywood imports of 296,800 cubic metres with value of US\$254 mil. in 2022 were respectively 32% and 52% more than the previous year.

Demand for tropical plywood was boosted in the EU last year due to sanctions on trade with Russia leading to shortfalls in supply of birch plywood which in certain applications is a direct competitor to tropical products.

EU27 imports of tropical plywood from Indonesia, the largest supplier, increased 13% to 92,500 cubic metres last year. However, the biggest percentage increase was in imports from Gabon which increased 124% to 72,000 cubic metres.

Imports of tropical plywood also increased sharply from Vietnam (+92% to 24,500 cubic metres), Morocco (+47% to 21,700 cubic metres), Brazil (+94% to 14,100 cubic metres), India (+18% to 10,200 cubic metres), and the UK (+17% to 8,300 cubic metres).

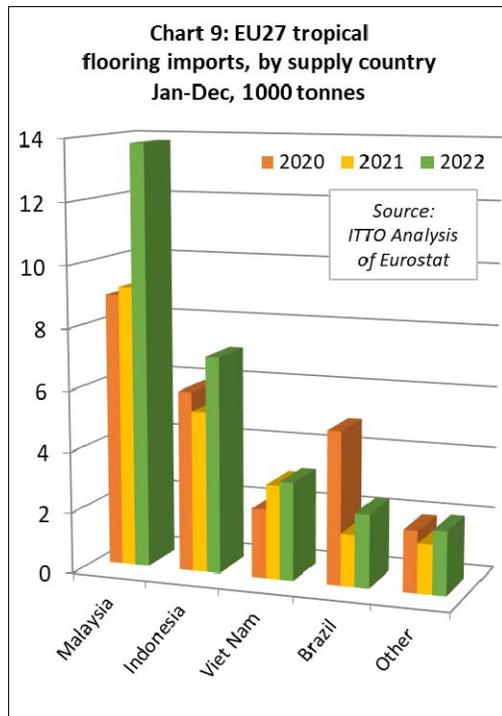
Tropical plywood imports from Paraguay increased from negligible levels in 2021 to 4,500 cubic metres last year. These gains offset a 32% decline in imports of tropical hardwood faced plywood from China to 31,000 cubic metres (Chart 8).



**Rise in imports of tropical flooring from Malaysia continues**

The EU27 imported 28,600 tonnes of tropical wood flooring with value of US\$89 mil. in 2022, respectively 37% and 45% more than in the previous year. The rise in EU27 wood flooring imports from Malaysia, that began in 2020, continued last year.

Imports of 13,800 tonnes from Malaysia in 2022 were 50% more than in 2021. There were also large gains, from a smaller base, from Indonesia (+34% to 7,100 tonnes) and Brazil (+42% to 2,400 tonnes). Flooring imports from Vietnam of 3,200 tonnes in 2022 were just 4% more than in the previous year (Chart 9).

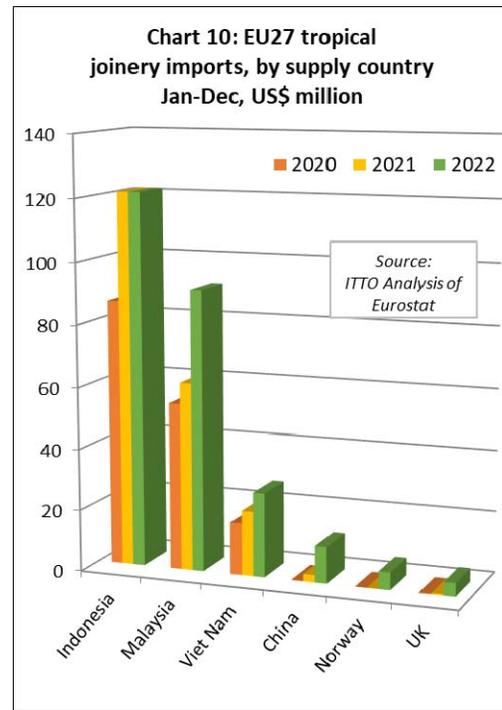


The dollar value of EU27 imports of other joinery products from tropical countries, which mainly comprise laminated window scantlings, kitchen tops and wood doors, increased 27% to US\$286 mil. in 2022.

Unlike for furniture, the rise in import value for joinery last year was not driven entirely by rising prices but was also indicative of an increase in import quantity. In quantity terms, the EU27 imported 106,600 tonnes of tropical joinery products in 2022, 20% more than in the previous year.

Import value from Indonesia, the largest tropical supplier of this commodity group to the EU, was stable at US\$121 mil. million in 2022. However import value increased by 49% to US\$91 mil. from Malaysia, and by 30% to US\$27 mil. from Vietnam.

The apparent large increase in imports of this commodity group last year from China, Norway, and the UK, from negligible levels to US\$12 mil., US\$6 mil., and US\$4 mil. respectively is due to a change in product codes from the start of 2022 allowing more joinery products manufactured using tropical hardwood in non-tropical countries to be separately identified (Chart 10).



## North America

### Extent of slide in US imports revealed by stark January-to-January comparisons

Although US imports of tropical hardwood and related products showed significant growth in 2022 they have experienced a steady regression in recent months. As the decline continued into January this year, comparisons versus January 2022 show imports now lagging far behind the previous year. While not all products are down, imports of hardwood plywood, sawn tropical hardwood and wooden furniture have all begun 2023 significantly weaker than the previous year.

### Sawn tropical hardwood imports fall for fourth consecutive month

US imports of sawn tropical hardwood fell for a fourth consecutive month in January. The 17,509 cubic metres imported in January was down only 2% from December but was 33% lower than that of January 2022. Imports from most countries were down sharply from the previous January with imports from Indonesia (down 70%) and Cote d'Ivoire (down 52%) seeing the steepest declines.

Imports of Ipe more than doubled from the previous month but were still less than half that of last January, while imports of Keruing fell 34% for the month and 26% from the previous January. Imports of Sapelli, Jatoba, Teak and Balsa also showed substantial losses for the month.

On the upside, imports of Cedro rose 41% in March and were 40% better than the previous January, while Mahogany imports were 45% better than last January despite a 3% drop from December.

Canada's imports of sawn tropical hardwood also fell in January, decreasing 15% from the previous month. The decline was due chiefly to a 20% drop in imports of Sapelli. Despite the decline, overall imports were 11% higher than January of last year. Canada imported more than US\$22 million of sawn tropical hardwood in 2022, up 36% over the previous year.

#### US Sawn Tropical hardwood Imports, (cu.m)

	2023	YoY
	January	% change
total	17,509	-33%
Ecuador	208	-22%
Brazil	4,559	-38%
Cameroon	2,392	-28%
Malaysia	2,343	-27%
Congo (Brazzaville)	1,962	40%
Peru	119	-38%
Indonesia	1,730	-70%
Ghana	577	-5%
Cote d'Ivoire	175	-52%
Other	3,444	-2%

Data source: US Census Bureau, Foreign Trade Statistics

#### Hardwood plywood imports hit lowest level since 2010

After two months of drastic declines, US imports of hardwood plywood fell again in January this year but only by a small margin. The 147,724 cubic metres imported in January was 3% lower than the previous month, but a full 63% lower than in January 2022. This volume was the lowest since December 2010.

Imports from several top trading partners actually improved over December but was still well behind the levels from a year ago—imports from Vietnam, for example, gained 39% last month over the previous month, but were 79% less than last January. After months of volatility, imports from Russia have appeared to stabilize at a reduced level, falling less than 1% for the month but also down 79% from the previous January.

#### US Hardwood Plywood Imports (cu.m)

	2023	YoY
	January	% change
Total	147,724	-63%
China	4,281	-63%
Russia	12,578	-79%
Indonesia	37,136	-60%
Malaysia	3,159	-81%
Cambodia	9,845	-38%
Vietnam	29,227	-79%
Ecuador	14,822	53%
Other	36,676	-28%

Data source: US Census Bureau, Foreign Trade Statistics)

#### US veneer imports lag on weak Italy trade

US imports of tropical hardwood veneer fell 8% in January despite large gains by some key trading nations.

Imports from India and Cameroon were both more than double the previous month and made even higher gains over January 2022. Even imports from Ghana and China, which saw significant declines from the previous month, still more than doubled January 2022 figures.

Yet, imports from Italy, the top trading partner, fell a striking 76% from the previous month and 83% from the previous January. While it appears other suppliers may be gaining market share from Italy, veneer import figures from Italy are often erratic and not predictable by season.

This will be worth watching in the next couple of months. Total tropical hardwood veneer imports in January outpaced those of January 2022 by 5%.

#### Hardwood flooring imports rise on surge from Indonesia

US imports of hardwood flooring rose 7% in January as imports from Indonesia continued to surge. Imports from Indonesia rose 15% in January, gaining for the fifth consecutive month.

At US\$1.67 million, imports from Indonesia reached their highest total since November 2012 and greatly outpaced January 2022 imports, which were less than US\$100,000. Imports from China and Brazil both gained nicely versus the previous month but were well behind last January with imports from China down 29% and imports from Brazil down 37%.

Imports from Malaysia were flat month-to-month and down 14% from last January. Total imports in January were up 17% over January 2022.

Imports of assembled flooring panels fell for the fourth straight month, losing 7% in January. The decline from last month was chiefly due to a 36% drop in imports from Thailand and a 25% slide in imports from China.

Total imports are down by a massive 46% versus the previous January, with imports from Thailand down 85%, imports from China down 48%, and imports from Vietnam down 41%.

#### Moulding imports down

US imports of hardwood moulding fell 8% in January, dropping for a fourth consecutive month. A decline in imports from China offset gains in imports from Malaysia and Brazil.

The 26% drop in imports from China left January imports from China at less than half of their January 2022 level, and despite their rise from December's figures, imports from Malaysia were 44% off their January 2022 pace. Total imports of hardwood moulding are down 22% from the previous January.

**US wooden furniture imports begin to recover**

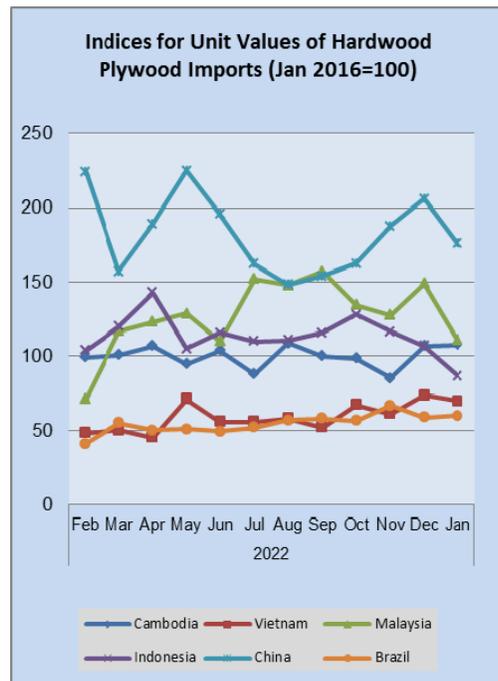
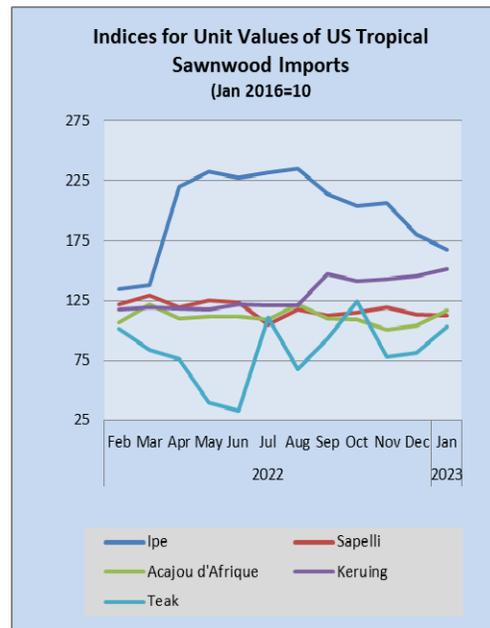
US imports of wooden furniture rose 6% in January, stemming a steady slide from the record levels set in the summer. The US\$1.8 billion in January imports is 15% below the January 2022 figure. The gain was due to increasing imports from India (up 38%) and Indonesia (up 25%). Despite small gains for the month from most trading partners, imports from most countries are down versus a year ago. The exception is imports from Canada, which are up 10% from last month and up 8% from the previous January.

**US cabinet sales rose 16% in 2022, continued growing in January**

According to the Kitchen Cabinet Manufacturers Association’s monthly Trend of Business Survey, participating cabinet manufacturers reported an increase in overall cabinet sales of 6.5% for January 2023 compared to the same month in 2022.

KCMA reported that 2022 sales topped those of 2021 across the board. Overall cabinet sales were up 16.4% for the year, custom sales rose 17.8%, semi-custom gained 17.4%, and stock sales rose 15.5%. KCMA Survey participants include stock, semi-custom and custom companies whose combined sales represent approximately 75% of the US kitchen cabinet and bath vanity market.

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



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

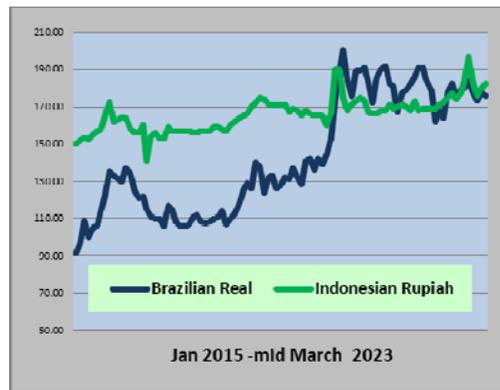
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

## Dollar Exchange Rates

As of 10 March 2023

Brazil	Real	5.17
CFA countries	CFA Franc	619.65
China	Yuan	6.91
Euro area	Euro	0.94
India	Rupee	82.02
Indonesia	Rupiah	15,503
Japan	Yen	136.0
Malaysia	Ringgit	4.52
Peru	Sol	3.85
UK	Pound	0.83
South Korea	Won	1,320.60

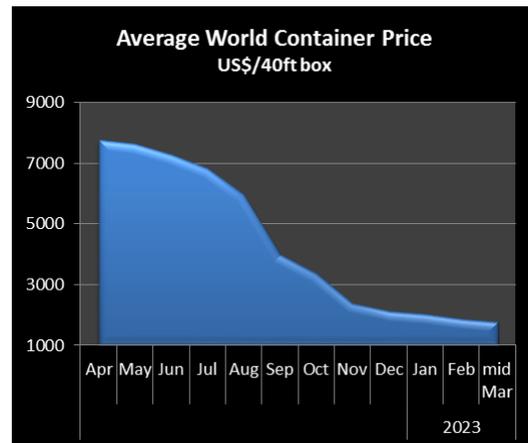
Exchange rate indices (US\$, Dec 2003=100)



## Abbreviations and Equivalences

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

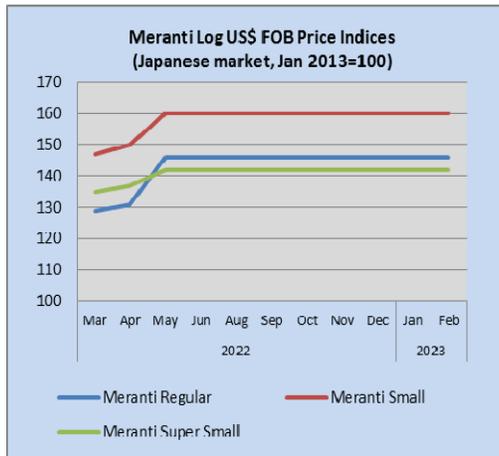
## Ocean Container Freight Index



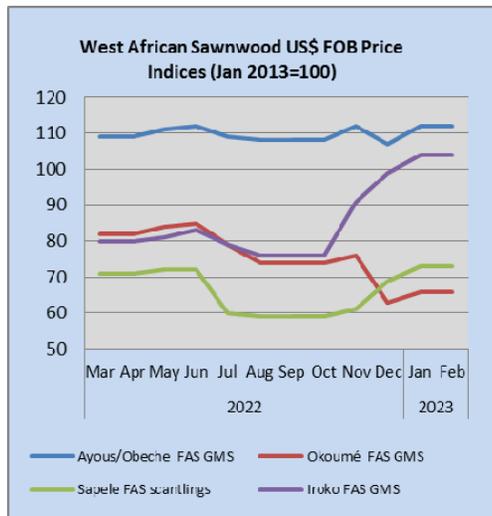
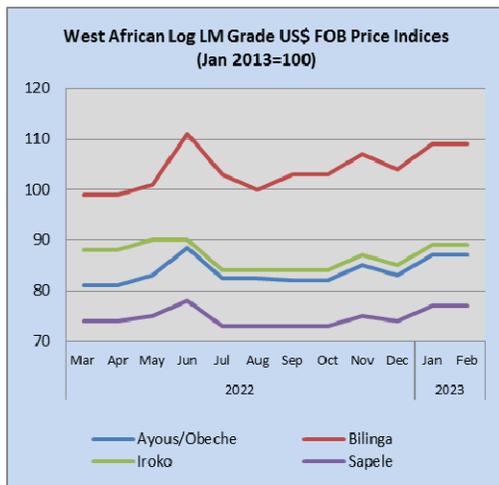
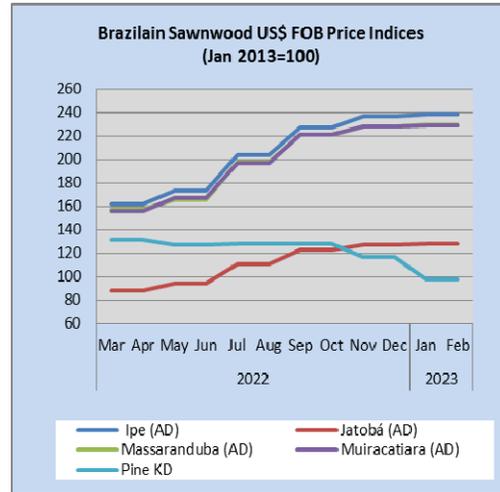
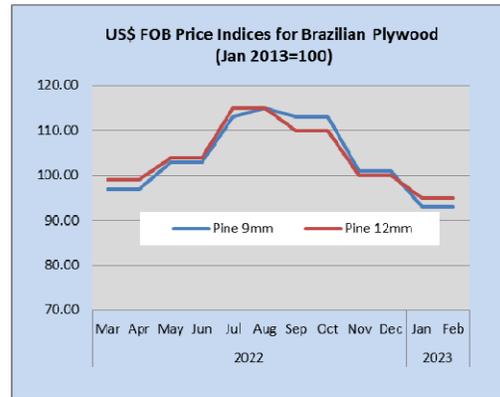
Data source: Drewry World Container Index

**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.

To have a free copy of this twice-monthly ITTO Market Information Service bulletin emailed to you on the day of production, please register at:

[http://www.itto.int/en/mis\\_registration/](http://www.itto.int/en/mis_registration/)