

# Tropical Timber Market Report

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## Top story

### **Forest Service view concessions as the route to SFM and forest conservation**

Brazil has announced a plan to expand forest concessions in the Amazon as the Brazilian Forest Service views concessions as the route to SFM and conservation.

By granting long term concessions, with a plan to harvest a defined volume, it is expected this will give companies a stake in overseeing the forest. The Forest Service says studies show that illegal logging and deforestation in concession areas is significantly lower than outside of concession areas.

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## Central and West Africa

### Weakening demand in international markets

Operators across the regional have signalled a significant weakening of demand in international markets. Some mills servicing the Chinese market have temporarily ceased operations due to falling Chinese timber imports, others, have pivoted production to species in demand in the EU notably azobe for the Dutch market and timbers such as padouk for Belgium, agba for Portugal and bahia for Italy. The overall sentiment is that business remains poor, exacerbated by the European holiday season.

The correspondent writes “the market for West/Central African timbers is currently in a precarious state with many mills struggling to stay operational amid plummeting demand. The situation is exacerbated by adverse weather conditions in some regions and regulatory pressures in others. Operators in the region are hoping for additional economic stimulus measures in China. At present it is only the Philippines and Vietnam that are providing a measure of demand stability”.

### Regional round-up

#### Cameroon

Mills are focusing on redwood species for Europe. However, it has been reported that arrivals of redwoods from North Congo and RCA at Douala and Kribi Ports have dropped. Millers have observed a rise in regulatory control which has made some mills keeping stocks to a minimum.

#### Equatorial Guinea

It has been claimed that some shippers in Equatorial Guinea are putting KD FAS okoume onto the international market at around Eur400/cu.m. FOB which a very competitive price. The correspondent notes “In Gabon and Congo it is impossible to compete with the Eur400/cu.m. FOB price due to the high operational costs faced by mills and the long-distance transport involved.

#### Gabon

Harvesting remains slow as demand is low for some species. Okoume continues to be in demand for local manufacturing but okoume exports to China have stopped. Electricity disruptions continue to disturb peeling and plywood operations, particularly in the GSEZ.

No transport issues have been reported but the Bifoun to Ndjole road, the main route for trucking in and out of Cameroon, is reportedly in poor condition and repairs will take several weeks.

Enquiry levels are stable for species such as andoung, iroko, and padouk in Europe. For the Chinese market current demand is focused on high-value timbers such as beli and ovankol.

### Congo

In terms of harvesting and trucking there are no changes from the mid-July report. Repairs continue on laterite roads which were damaged during the rain season. Trucking conditions are expected to improve now that it is dry. Transport to Pointe Noire is mostly on tarmac roads. Operators report enquiry levels are satisfactory especially as importers for the Philippines market are more active.

### New EUDR tools

The ATIBT has signalled that, as part of the implementation of the EU Deforestation Regulation (EUDR), the European Commission has developed two additional applications for the Application Programming Interface (API).

See: <https://www.atibt.org/en/news/13527/implementation-of-the-eudr-new-api-applications-for-due-diligence-declarations>

### Log export prices

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

### Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	425
Bilinga FAS GMS	680
Okoumé FAS GMS	-
Merchantable KD	420
Std/Btr GMS	-
Sipo FAS GMS	520
FAS fixed sizes	-
FAS scantlings	540
Padouk FAS GMS	850
FAS scantlings	975
Strips	400
Sapele FAS Spanish sizes	550
FAS scantlings	560
Iroko FAS GMS	800
Scantlings	850
Strips	400
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	550
Scantlings	550
Movingui FAS GMS	460

## Through the eyes of industry

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

See, GGSC

<https://www.itto-ggsc.org/static/upload/file/20240719/1721354559472477.pdf>

## Ghana

### GDP target at 3.1% in mid-year budget

The Government has announced revisions to the country's macroeconomic fiscal targets for 2024. The Finance Minister, Mohamed Amin Adam, said this when he presented the mid-year Budget to parliament on July 23, 2024.

Dr. Amin Adam said the overall real Gross Domestic Product (GDP) growth rate has been revised upwards from 2.8% to 3.1%. While he also stated that government has decided to maintain the end of year inflation target unchanged at 15%. He further said, non-oil real GDP growth rate was also revised upwards from 2.% to 2.8%.

The Minister lauded government's fiscal discipline in the first half of 2024 stating that government expenditure amounted to GH¢95.9 billion, below the budget target of GH¢104.8 billion. He also reported significant progress in fulfilling the government's financial obligations to investors following the completion of the Domestic Debt Exchange Programme (DDEP) in September 2023.

Fitch Solutions has maintained its 2024 growth rate forecast for Ghana at 4.3%, higher than the mid-year budget revision of 3.1% and the International Monetary Fund projection of 2.9%.

See: <https://www.myjoyonline.com/government-revises-economic-targets-upwards-for-2024/>

### Main markets account for almost 90% of exports

Three continental markets comprising Asia, Europe and Africa are Ghana's key wood export destinations and together accounted for 89% (77,406 cu.m) of total wood product export volumes in the first four months of 2024 (86,755 cu.m) as against 91% (89,661 cu.m) registered for the same period in 2023 according to data from the Timber Industry Development Division (TIDD).

### Export volumes (cu.m): Jan-Apr 2023/24

	2023	%share	2024	%share
Asia	60,971	62%	54,738	63%
Europe	16,194	16%	13,616	16%
Africa	12,496	13%	9,052	10%
Others*	9,298	9%	9,349	11%
<b>Total</b>	<b>98,959</b>	<b>100%</b>	<b>86,755</b>	<b>100%</b>

\*Others – America and Middle East

Data source: TIDD

Asia continued as Ghana's top market destination earning the country Eur21.33 million from the export of 54,738 cu.m during the period Jan-Apr 2024. This shows there were declines of 9% in the value of exports and a 10% drop in export volumes compared to the Eur23.51million from exports of 60,971 cu.m in the Jan-Apr period of 2023. Exports of products to Asia included air and kiln-dried sawnwood, teak logs, plywood, mouldings, billet and sliced veneer. Key markets included India and Vietnam.

Europe accounted for 13,616 (16%) of the total wood product export volume in the period under review with a corresponding export value of Eur8.15 million. The figures showed a decrease of 21% in value and a decrease of 16% in volume when compared to the Eur10.37 million from 16,194 cu.m recorded during Jan-Apr 2023.

The European market maintained its position as the most attractive in terms of prices for sawnwood, plywood, boules and briquettes. The main European countries that traded with Ghana during the period were Germany, Belgium, United Kingdom and Spain.

African country wood products imports from Ghana included air and kiln dry sawnwood, plywood (by sea and land to the regional markets) and rotary and sliced veneers. These exports earned Ghana Eur3.83million from the total volume of 9,052 cu.m shipped during the period Jan.-Apr 2024.

Africa's share of wood product exports were consumed largely by ECOWAS countries that included Senegal, Nigeria, Gambia, Burkina Faso, Sierra Leone and Togo. The ECOWAS sub-region contributed Eur2.70 million from 6,980 cu.m of the total African wood product exports. Egypt, Morocco, Benin, South Africa and Mozambique were the main Non-ECOWAS markets for Ghana's wood products.

The main species exported included teak, wawa, eucalyptus, ceiba and denya among others.

### Exports to the EU surged 8% in 2023

Ghana's exports to the European Union (EU) increased by 8% in 2023 reaching Eur2.60 billion from Eur2.40 billion in the previous year while imports from the EU to Ghana fell from Eur3.70 billion in 2022 to Eur3.30 billion in 2023.

Speaking at the 2nd Ghana-EU Business Forum on the theme 'Fostering investment in non-traditional value chains under the EU Global Gateway Strategy, the Trade and Industry Minister highlighted the country's favorable investment climate.

Ghana's export trade with the EU is primarily raw materials and semi-processed goods. These include sawnwood, plywood, mouldings, sliced and rotary veneers and boules.

The EU Ambassador to Ghana, Irchad Razaaly, said the Business Forum provided avenues of dialogue over boosting trade and investment ties between Ghana and the EU.

See: <https://thebftonline.com/2024/07/05/ghana-eu-trade-dips/>

### IMF points to financial sector stability

The International Monetary Fund (IMF) has reported that Ghana's financial sector stability has been maintained despite the Domestic Debt Exchange Programme (DDEP). However, the IMF added credit growth declined amidst an increase in non-performing loans.

In its Second Review of Ghana's Extended Credit Facility Programme the IMF statement said despite facing capital shortfalls due to the implementation of the domestic debt exchange (DDE), bank balance sheets improved quickly in 2023 benefiting from high profitability and capital injections. The government of Ghana has begun the recapitalisation of state-owned banks.

However, the growth in private sector credit was well below inflation at 11.0% in 2023. In addition, the nonperforming loans (NPLs) ratio further increased to 20.6% from 14.8% in December 2022.

See: <https://www.imf.org/en/News/Articles/2024/06/28/pr24241-ghana-imf-exec-board-completes-2nd-rev-ecf-arr#:~:text=The%20IMF%20Executive%20Board%20today,program%20has%20been%20generally%20strong.and>  
<https://www.myjoyonline.com/financial-sector-stability-maintained-but-credit-growth-declines-imf/>

### Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	790
Niangon Kiln dry	910

### Rotary veneer export prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	373	441
Chenchen	472	612
Ogea	368	590
Essa	621	711
Ofram	350	435

### Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
	Air-dried	Kiln-dried
FAS 25-100mmx150mm up x 2.4m up		
Afromosia	860	925
Asanfina	465	500
Ceiba	290	310
Dahoma	453	502
Edinam (mixed redwood)	640	713
Emeri	700	720
African mahogany (Ivorenensis)	846	983
Makore	560	840
Niangon	700	852
Odum	836	1,038
Sapele	656	750
Wawa 1C & Select	445	466

### Plywood export prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	414	580	641
6mm	385	535	604
9mm	433	504	560
12mm	324	489	480
15mm	396	385	430
18mm	460	415	383

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

### Sliced veneer export prices

Sliced face veneer	FOB
	Euro per cu.m
Asanfina	1,103
Avodire	1,009
Chenchen	731
Mahogany	1,392
Makore	879
Odum	2,549
Sapele	1,760

## Malaysia

### Export growth recorded with major trading partners

The Ministry of Investment, Trade and Industry (MITI) reported that in the first five months of 2024 exports increased 1.7% year on year to RM126.05 billion while imports rose 17.8% to RM111.76 billion. May marked the 50th consecutive month of surplus. Export growth was contributed mainly by higher demand for machinery, equipment and parts, liquefied natural gas (LNG) as well as palm oil-based products. Export growth was recorded in major trading partners; ASEAN, the US and Taiwan P.o.C.

### Sarawak/Japan MOU on forest ecosystem functions

The Sarawak government signed a memorandum of understanding (MoU) with National University Corporation Kyushu University (Kyushu-U) in Fukuoka, Japan to facilitate bilateral collaboration and research on forest ecosystem functions as part of forest assessments to be carried out under forest carbon initiatives in Sarawak.

The MoU also aims to facilitate skills sharing through capacity building, training for forestry officers and a student exchange programme and other areas of mutually agreed collaboration.

See: <https://www.theborneopost.com/2024/07/24/sarawak-signs-mou-with-japanese-university-in-connection-with-forest-carbon-initiatives/>

### Sabah mangroves action plan

The Sabah State Government will launch a Sabah Mangrove Action Plan to transform the management and conservation of mangrove forests in Sabah according to the Chief Minister, Haji Hajiji Haji Noor, who added 60% or 378,195 hectares of Malaysia's mangrove forests are in Sabah.

Noor commented that this plan is consistent with the 'Blue Carbon initiative', a global programme being coordinated to focus on the conservation and preservation of the sea shore ecosystem for climate adaptation, biodiversity protection and wealth generation for people living close to mangrove forests.

See: <https://www.theborneopost.com/2024/07/24/action-plan-to-protect-sabahs-mangrove-forests/>

#### **Smallholders and communities join plantation plan**

Sabah Forestry Department has distributed more than 37,000 seedlings to 81 smallholders who are registered under the 12th Malaysia Plan element 'Promote Tree Planting by Smallholders and Local Communities as an Important Source of Wood for the Timber Industry'.

The initiative primarily focuses on smallholders and local communities with a land area of below 10 acres. A variety of species, including Laran, Batai, Binuang, Eucalyptus, Mahogany, Acacia, and Talisai Paya are being promoted. Participants have benefited from consultations on forest plantation practices. Chief conservator of forests Frederick Kugan said this initiative demonstrates the Sabah Forestry Department's commitment and dedication to sustainable forestry and community engagement.

See: <https://www.theborneopost.com/2024/07/23/sabah-forestry-distributes-over-37000-seedlings-to-81-smallholders/>

#### **Attracting investors to plant bamboo**

A bamboo planting and smart farming project is set to be implemented in Baram District according to the Sarawak Timber Industry Development Corporation (STIDC). Officials from STIDC and the Malaysian Community Care Foundation (MCCF) recently visited the district to encourage local communities to participate in the project.

One of the primary initiatives is to attract investors to engage in bamboo planting, smart community farming and ecotourism across the extensive 49,000 ha. Native Customary Rights (NCR) land in the Baram area.

See: <https://theborneopost.pressreader.com/article/281762749494599>

#### **MTCC forest statistics**

The Malaysian Timber Certification (MTCC) is an independent organisation that develops and operates the Malaysian Timber Certification Scheme (MTCS) which is endorsed by PEFC.

As of June 2024, there were 6.73 million ha. of MTCS-PEFC certified forests in 36 certified natural forest units (FMUs) and nine certified forest plantations (FPMUs). There were 362 companies holding MTCS-PEFC certificates for Chain of Custody.

MTCC statistics show that in 2023 Japan maintained its position as the leading importer of timber products certified under MTCS, totaling 102,630 cu m. followed by the Netherlands with United Kingdom, Australia, Belgium and France among the top importers.

Total exports increased by 7.4 % from 244,946 cu m in 2022 to 264,240 cu m in 2023 with plywood, sawnwood and mouldings remaining the major exported certified products.

See: <https://mtcc.com.my/>

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

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

See, GGSC  
<https://www.itto-ggsc.org/static/upload/file/20240719/1721354559472477.pdf>

### **Indonesia**

#### **Furniture imports flooding Indonesian market**

The chairman of the Indonesian Furniture and Craft Industry Association (HIMKI), Abdul Sobur, has pointed out that the domestic market is being flooded with imported furniture products. According to HIMKI's analysis in the first quarter of 2024 imports of furniture products increased by 29% year on year to IDR2.07 trillion.

Imported furniture products from China contributed the most (84%) followed by Vietnam (3%), Malaysia (2%) and the US 2%.

Other significant shippers of mainly high value items included Italy, Germany, Singapore, Taiwan P.o.C, South Korea and Japan.

Sobur said Indonesians are buying simple and cheap smart furniture and suggested the government should raise the Domestic Source Component Level (TKDN) for furniture products.

*TKDN represents the value of using goods or services sourced from within the country. This policy aims to advance Indonesia's economy by supporting local industries and reducing the public's dependence on imported products. TKDN is one of the government's instruments to develop domestic industries and promote the use of local products.*

See: <https://kumparan.com/kumparanbisnis/mebel-asal-china-serbu-pasar-indonesia-impor-naik-28-97-di-kuartal-i-2024-238lvEqmgPe/full>  
and  
<https://www.sinarharapan.co/ekonomi/38513145255/mebel-asal-china-kuasai-pasar-ri-himki-pemerintah-harus-tingkatkan-tdn>

#### **Energy plantation forest development**

Agus Justianto, chair of Indonesia's FOLU Net Sink 2030 Working Team at the Ministry of Environment and Forestry, stated that developing energy plantations (HTE) is a viable element to increase carbon absorption as harvested wood can be used as a raw material to generate electrical power.



During a recent Indonesian Biomass Energy Society (MEBI) talk show on ‘Energy Plantation Forests in the Energy Transition Era’ chairman Hadi Siswoyo revealed that based on KLHK data, there are currently 25 Forest Utilisation License (PBPH) units that support HTE development. In addition, State-Owned Enterprises manage Java's forests (Perum Perhutani) and have allocated 67,000 hectares for HTE development

See: <https://forestinsights.id/hutan-tanaman-energi-berkembang-positif-bagi-pencapaian-target-folu-net-sink/>

**Harmonising ASEAN forest management standards**

At the 27th Meeting of the ASEAN Working Group on Forest Product Management the Indonesian government emphasised the importance of harmonisation of forest management standards. According to Dida Mighfar Ridha, Director General of Sustainable Forest Management at the Ministry of Environment and Forestry, standardisation is essential for enhancing sustainable forest management and optimising the utilisation of forest products.

Indonesia has achieved significant progress in collaborating with ASEAN member countries including in the area of the legality and sustainability of forest products.

One notable achievement is the certification system that guarantees the legality and sustainability of forest products. This system is a strategic programme that ensures wood products and raw materials are obtained from sources that meet legal and sustainable management standards.

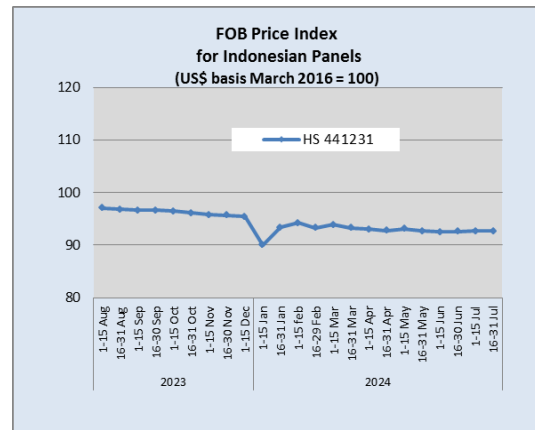
The same meeting produced several regional policy recommendations including the implementation of the ASEAN cooperation action plan for the development of forest products. The cooperation action plan covers areas related to trade facilitation, market access and efforts to increase the competitiveness of ASEAN forest products.

See: <https://mediaindonesia.com/humaniora/685055/asean-perkuat-pengelolaan-hutan-lestari-melalui-asof-27> and <https://www.antaraneews.com/berita/4201593/awg-fpd-hasilkan-sejumlah-rekomendasi-pengelolaan-produk-hutan-asean>

**Minister - Progress in determining forest areas**

The Minister of Environment and Forestry, Siti Nurbaya, has reported that progress in determining forest areas up to June 2024 had covered 106,554,227 ha or 84% of the total forest area. The Minister acknowledged that there are numerous challenges in determining or confirming forest areas with one of the main issues being related to forest boundaries part of the One-Map policy, a valuable in large-scale spatial planning exercise to address conflicts related to overlapping land uses and hastening the implementation of infrastructure and regional development programmes.

See: <https://nasional.kontan.co.id/news/menteri-lhk-progres-penetapan-kawasan-hutan-capai-106-juta-ha>



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

**Through the eyes of industry**

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See, GGSC <https://www.itto-ggsc.org/static/upload/file/20240719/1721354559472477.pdf>

**Myanmar**

**A rupee-kyat trade settlement mechanism**

On 21 July 2024 the Reserve Bank of India (RBI) authorised eight Myanmar banks to operate a rupee-kyat trade settlement mechanism aimed at simplifying trade between the two countries by eliminating the need for multiple currency conversions. This mechanism allows importers and exporters from both countries to bypass the US Dollar for transactions, enabling direct currency exchanges between Myanmar Kyats and Indian Rupees.

Myanmar aims to reduce its reliance on US dollars for trade due to increasing difficulties in procuring dollars hoping that the new rupee-kyat trade settlement mechanism will boost trade between the two countries

See: <https://eng.mizzima.com/2024/07/24/12083>

**Thailand to monitor financial transaction with Myanmar**

Thailand plans to form a task force to enhance financial institutions' due diligence to prevent transactions that could lead to arms purchases and human rights abuses in Myanmar. This follows a UN report highlighting a surge in money transferred through Thai banks for weapons used by the Myanmar junta. The Bank of Thailand and the Anti-Money Laundering Office will lead the initiative.

See: <https://eng.mizzima.com/2024/07/12/11667> and <https://www.bangkokpost.com/thailand/general/2835537/thailand-to-set-up-task-force-to-prevent-transactions-for-myanmar-arms>

### **Small scale producers rely on income from mangrove charcoal trade**

Mangrove deforestation, driven by charcoal production, shrimp farming and urbanisation has severely impacted local ecosystems and communities. Efforts to regulate the industry, such as the annual production quota, have largely failed. Small-scale producers in Myanmar have few alternative livelihoods. In the Thai Port of Ranong migrant workers are hired to repack and load charcoal sourced from Tanintharyi mangrove forests despite the trade being illegal under Myanmar's 2018 Forest Law.

The amount of Myanmar charcoal imports by Thailand has decreased, dropping from 104,018 tonnes in 2014 to 69,004 tonnes in 2023 though the overall trade value remains high due to rising prices. Most charcoal is re-exported from Thailand to countries like China, Japan, Australia and Bahrain.

See - <https://www.frontiermyanmar.net/en/mangrove-loss-in-tanintharyi-hits-illegal-charcoal-trade-with-thailand>.

### **Now - President Min Aung Hlaing**

General Min Aung Hlaing, holding portfolios as Chief of Commander, Chairman of State Administration Council (SAC) and Prime Minister of the government, assumed the new role of interim president following the Acting President Myint Swe's medical leave.

ASEAN has excluded Myanmar's political appointees from its high-level meetings, inviting "non-political representatives" instead. The junta's efforts to regain ASEAN's recognition include sending a Foreign Ministry official to recent meetings. Despite these efforts by ASEAN the crisis in Myanmar continues to escalate with an estimated three million people displaced and widespread poverty affecting half the population.

See: <https://www.msn.com/en-us/news/world/myanmar-junta-leader-assumes-presidential-powers-as-president-takes-sick-leave-state-media-reports/ar-BB1qr4tQ?ocid=BingNewsVerp>

In related news, Myanmar's military is expected to hold a National Defense and Security Council (NDSC) meeting to consider extending the state of emergency which is renewed every six months. According to the constitution, if the declaration is terminated the NDSC will hold general elections to form a parliament within six months.

### **Statement on Myanmar from ASEAN Foreign Minister Meeting**

The 57th ASEAN Foreign Ministers' Meeting (AMM) was held on 25 July 2024, in Vientiane, Lao PDR. The Meeting was chaired by Lao PDR under the theme "ASEAN: Enhancing Connectivity and Resilience."

On Myanmar the statement from the meeting says " We reaffirmed ASEAN's continued support for Myanmar's efforts to bring peace, stability, the rule of law, promote harmony and reconciliation among the various communities, as well as ensure sustainable and equitable development in Rakhine State.

We emphasised the importance of and reiterated our continued support for Myanmar's commitment to ensuring safety and security for all communities in Rakhine State as effectively as possible and facilitating the voluntary return of displaced persons in a safe, secure, and dignified manner. We noted and encouraged the engagement and cooperation between Myanmar and Bangladesh for the pilot repatriation project.

We looked forward to ASEAN's continued facilitation of the repatriation process through the implementation of projects as the follow up to the recommendations of the Preliminary Needs Assessment (PNA). We also looked forward to the Comprehensive Needs Assessment (CNA) when conditions allow and encouraged the Secretary-General of ASEAN to continue identifying possible areas for ASEAN to effectively facilitate the repatriation process"

See: <https://asean.org/joint-communicue-of-the-57-asean-foreign-ministers-meeting/>

and

<https://www.scmp.com/news/asia/southeast-asia/article/3272153/asean-top-diplomats-condemn-myanmar-violence-urge-peaceful-means-settle-sea-disputes>

## **India**

### **India budget promises spending and job growth**

India's Finance Minister, Nirmala Sitharaman, presented the first full annual budget of Prime Minister Narendra Modi's new government which took charge in June. Its focus on the poor, women, youth and farmers was highlighted. Sitharaman outlined plans to increase spending, generate jobs and offer middle-class tax relief, with extensive job creation expected over the next five years and significant changes in tax brackets and rates. The budget included massive allocations for infrastructure and housing which may spur demand in the wood panel sector.

The budget is themed on improving access to physical, social and digital infrastructure along with workforce skills upgrading. The finance minister announced a flurry of measures for boosting the infrastructure, housing and micro and small/medium sized enterprises.

The budget allocates Rp11.1 lakh crore (approx. US\$132 billion) for infrastructure with 12 industrial parks sanctioned under the National Industrial Corridor Development Programme. Investment-ready industrial parks are to be developed in or near 100 cities.

See: [https://www.business-standard.com/budget/news/union-budget-2024-here-are-the-key-highlights-from-fm-sitharaman-s-speech-124072300664\\_1.html](https://www.business-standard.com/budget/news/union-budget-2024-here-are-the-key-highlights-from-fm-sitharaman-s-speech-124072300664_1.html)

and

<https://wadeasia.us16.list-manage.com/track/click?u=7cd7ea804c413675d899051e6&id=b619d26205&e=dc98727776>

**India's path to prosperity is via growth**

An article in Nikkei.com, quoting Chetan Ahya, the Chief Asia Economist for Morgan Stanley, suggests that supply-side reforms and private investment are the key to India's economic future.

The return of a coalition government in India after two terms has raised the intensity of the policy debate over whether the country needs to enact more aggressive redistributive policies.

Ahya's view is that one of the key drivers for India's growth, which Morgan Stanley forecasts to be quite healthy at 6.5% next year, is improvement in private investment. Policy continuity, focused on boosting infrastructure investment and encouraging private investments with tax incentives, is the best way to achieve this.

See: [https://asia.nikkei.com/Opinion/India-s-path-to-prosperity-is-through-growth-not-redistribution?utm\\_campaign=GL\\_opinion&utm\\_medium=email&utm\\_source=NA\\_newsletter&utm\\_content=article\\_link&del\\_ty pe=6&pub\\_date=20240720093000&seq\\_num=17&si=fe0afe7c-532b-443e-bd57-30a8db100322](https://asia.nikkei.com/Opinion/India-s-path-to-prosperity-is-through-growth-not-redistribution?utm_campaign=GL_opinion&utm_medium=email&utm_source=NA_newsletter&utm_content=article_link&del_ty pe=6&pub_date=20240720093000&seq_num=17&si=fe0afe7c-532b-443e-bd57-30a8db100322)

**IMF raises India's GDP forecast**

The International Monetary Fund (IMF) raised its projection for India's gross domestic product (GDP) growth for 2024-25 by 20 basis points to 7% amid a boost in private consumption, especially in rural areas.

"The forecast for growth in India has been revised upward with the change reflecting carryover from upward revisions to growth in 2023," the update to the IMF's World Economic Outlook (WEO) said. In 2025-26, the IMF expects growth to slow to 6.5%, as it stated in its April World Economic Outlook.. The RBI has projected the Indian economy to grow at 7.2% in FY25.

See: <https://www.business-standard.com/>

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

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

	Hoppus cu.m	US\$ C&F
Brazil	167	425
Colombia	143	380
Costa Rica	190	375
Nigeria	-	-
Benin	172	570
Tanzania	98	448
Laos	-	-
South Sudan	-	-
Guatemala	124	400
Venezuela	-	-

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

	cu.m	US\$ C&F
Benin	151	685
Brazil	123	575
Colombia	-	-
Costa Rica	147	515
Ecuador	-	-
Ghana	93	440
Ivory Coast	124	850
Nigeria	145	450
South Sudan	193	575
Tanzania	119	450
Togo	140	4055
Panama	121	490

**Locally milled sawnwood prices**

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,300 - 4,700
Balau	2,900 - 3,200
Resak	-
Kapur	-
Kempas	1,600 - 1,900
Red meranti	1,700 - 2,000
Radiata pine	1,000 - 1,200
Whitewood	950 - 1,150

Price range depends mainly on lengths and cross-section

**Sawn hardwood prices**

Sawnwood (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,800 - 2,100
Sycamore	2,300 - 2,600
Red Oak	2,800 - 3,200
White Oak	3,200 - 3,600
American Walnut	5,200 - 5,800
Hemlock STD grade	1,800 - 2,100
Western Red Cedar	2,900 - 3,250
Douglas Fir	2,300 - 2,500

Price range depends mainly on lengths and cross-section

**Indian plywood price increases**

Plywood manufacturers in India have agreed price increases. Indian plywood markets are witnessing a shortfall in imports due to growing container issues and logistical delays. The price of containers has risen, the steepest rise since the Covid pandemic. The surge in prices of imported plywood is also due to higher prices being demanded for adhesives as well as sea freight.

Rising prices for imported plywood is helping improve the competitiveness of Indian domestic manufacturers. But domestic manufacturers have to absorb rising costs of imported core veneer.

See: <https://www.plyreporter.com/plywood/news-of-the-week>



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

Plywood Ex-warehouse	Rs. per sq.ft
4mm	84.00
6mm	97.00
9mm	115.00
12mm	137.00
15mm	178.00
18mm	195.00

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

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

## Vietnam

### Vietnam wood and wood product trade highlights

According to Vietnam Customs, wood and wood products (W&WP) exports to the Chinese market in June 2024 reached US\$214 million, up 79.2% compared to June 2023. In the first six months of 2024, W&WP export turnover from the Chinese market was Vietnam US\$1.1 billion, up 54.1% year-on-year.

In June 2024, Vietnamese exports of kitchen furniture amounted to US\$118 million, up 12.4% compared to June 2023. Over the first six months of 2024, export turnover of kitchen furniture was US\$646 million, up 28.9% over the same period in 2023.

Vietnam's oak imports in June 2024 reached 32,400 cu.m, worth US\$18.6 million, up 1.8% in volume and 1.0% in value compared to May 2024. Compared to June 2023, oak imports increased by 9.0% in volume and 17.2% in value. In the first six months of 2024, oak imports were 167,500 cu.m, worth US\$96.1 million, up 23.3% in volume and 27.1% in value over the same period in 2023.

### Exports to China soaring

Vietnam's W&WP exports to China in June 2024 were US\$214 million, up 79.2% compared to June 2023 and for the first six months reached US\$1.1 billion, up 54.1% over the same period in 2023. Of the W&WP exported to China, woodchips dominated in the first five months of 2024, being worth US\$762.4 million, up 61.3% over the same period in 2023 and accounting for 85.9% of the total W&WP exports to the country.

At present, China's paper industry relies heavily on a combination of imported and locally sourced pulp and woodchips. The balance between these two fibre sources is mainly influenced by fluctuating pulp prices in the global market and costs associated with importing hardwood chips to feed Chinese pulp and paper mills. In the past 15 years, woodchip imports into China have exceeded pulp imports.

In 2022, woodchip imports accounted for 64% of China's total wood pulp and chip imports. In 2023, as the market price of pulp fell more significantly than that of wood chips, China increased pulp imports to 28 million tons, up 24% compared to 2022. As a result, Vietnam's woodchip exports to the Chinese market decreased.

However, as of the first five months of 2024, Vietnam's woodchip exports to the Chinese market regained growth due to soaring demand. Statistics from the China Customs Administration reveal that China's woodchip imports in the first five months of 2024 reached 7.5 million tons, worth US\$1.4 billion, up 35.4% in volume and 12% in value over the same period in 2023. Of this, woodchip imports from Vietnam amounted to five million tons, worth US\$833.7 million, up 64.9% in volume and 32.4% in value over the same period in 2023.

### W&WP exports to China, first 5 months of 2024

	Jan-May 2024 US\$ 000s	% change YoY
Total	887,849	51
Wood chips	762,376	61
Panels and flooring	110,168	10
<b>Wooden furniture</b>		
Living/ Dining	4,928	1
Office	4,523	0.5
Seats	3,307	0.4
Bedroom	2,453	0.3
Kitchen	2,187	0.2
Wood handicrafts	1,508	0.2

Data source: Customs Vietnam

### Department of Forestry (DoF) and Suntory PepsiCo Vietnam co-operation

The DoF under the Ministry of Agriculture and Rural Development (MARD) and Suntory PepsiCo Vietnam have signed a memorandum of understanding (MoU) for sustainable forest development, towards water replenishment and carbon offset forestry investment and development. The agreement came as part of a public-private partnership conference in the multi-use value of forest ecosystems. The event also marked the launch of the National Forest Passport Initiative.

See: <http://en.stockbiz.vn/News/2024/7/12/1625476/forestry-department-and-suntory-pepsico-vietnam-co-operate-in-sustainable-forest-development.aspx>

Vietnam has over 14.86 million hectares of forests, rich and diverse in ecosystem values. Over the years, the forestry sector has promoted the policy of 'socializing forestry' through various mechanisms and policies.

Under the MoU, the two sides will work together to plant native and large timber trees, regenerate water resources, increase carbon absorption and protect the environment, while enhancing livelihoods for local people.

#### **Vietnam Carbon Standard and sales of carbon credits**

To achieve the goal of net zero emissions by 2050, Vietnam has issued several policies on reducing greenhouse gas emissions. Decree No. 06/2022/ND-CP of the government stipulates regulations on greenhouse gas inventory, emission reduction and development of the domestic carbon market. However, these regulations are not detailed, leading to difficulties in implementation. Currently, this Decree is being revised.

The forestry sector has been undertaking emission reduction activities and is in readiness for the domestic carbon market and emission reduction targets. Learning from emission reduction programs and international voluntary carbon markets, the development of the national standard (TCVN) on forest carbon credits has been officially approved.

The carbon standard will be considered as part of the Vietnam Forest Certification Scheme (VFCS) to generate benefits from forest carbon as an additional financing source for forest owners. The carbon standard is expected to be issued by the end of 2025.

According to the DoF, in recent years a number of localities have received proposals from domestic and international organizations and individuals to provide technical services in measurement, reporting, appraisal and verification of carbon credits for selling.

The DoF has warned that the carbon credit trade is immature and the legal framework is incomplete and in need of further studies and improvements. To date Vietnam has collected US\$51.5 million from the sale of forest carbon credits

According to DoF, Vietnam, so far, has been implementing only one forest carbon credit transfer program, titled the North Central Region Emission Reduction Payment Agreement (ERPA), which was signed on October 22, 2020 between the Ministry of Agriculture and Rural Development and the International Bank for Reconstruction and Development of the World Bank.

See: <https://vfcs.org.vn/en/news/development-of-a-national-forest-carbon-standard/>

## **Brazil**

#### **Forest Service views concessions as the route to SFM and forest conservation**

Brazil has announced a plan to expand selective logging through additional forest concession areas. President Luiz Inácio Lula da Silva plans to establish these over as much as 310,000 square kilometres of public undesignated Amazon rainforest.

The Brazilian Forest Service views concessions as the route to conservation of these areas. Companies that hold timber concessions must follow strict rules. They can log up to six trees per hectare over a 30-year period. Species, such as Brazil nut and mature seed-producing trees cannot be felled.

The hope is that granting permission to timber companies to take a limited number of trees gives them a stake in overseeing the forest. The Forest Service says studies show that illegal deforestation in concession areas is significantly lower than outside them.

A working group is assessing which areas should be designated as conservation areas, Indigenous territories or as forest concessions.

See: <https://apnews.com/article/brazil-amazon-forest-protection-logging-3afaaaf3789d3d2dc19c2d52584676a7>

#### **Measures to reduce forest product export bureaucracy**

The Federation of Industries of the State of Mato Grosso (FIENT) met with the Ministry of Agriculture and Livestock (MAPA) in Brasilia, in mid-July 2024. The main topic of discussion was the request for measures to streamline export procedures for forest and agro-industrial products in what is one of the main tropical timber producing states in the Amazon region. FIENT requested changes to federal regulations to reduce bureaucracy in exporting products via containers that require pest control fumigation treatment and a phytosanitary certificate.

It also pointed out that a proposed regulatory update could reduce the time needed to issue certificates and release containers by up to 15 days resulting in faster, cheaper shipments. According to FIENT, MAPA says it recognizes the need for change and will soon intervene to simplify processes helping to boost industry competitiveness.

See: <https://www.sapicua.com.br/fiemt-e-mapa-discutem-reducao-da-burocracia-na-exportacao-de-produtos-florestais-e-agroindustriais>

#### **Public-private partnerships to support forest conservation**

The Brazilian Forest Service (SFB) has signed a Technical Cooperation Agreement with the Inter-American Development Bank (IDB) and the National Bank for Economic and Social Development (BNDES) to structure public-private partnership (PPP) projects focused on the sustainable management and restoration of environmental assets in the Amazon.

With a value of US\$1 million, the program is financed by the Green Climate Fund (GCF) through the IDB's Amazon Forever program (Programa Amazônia Sempre). The programme will focus on structuring sub-national PPP projects for forest conservation and the recovery of degraded areas, including profiles, pre-feasibility and feasibility studies, as well as the preparation and structuring of bidding documents and contracts.

The 2023 legal change in the Brazilian Public Forest Management law for sustainable production allows payment for environmental services in forest concessions which represent a unique opportunity to encourage private sector participation in forest restoration projects. This forest concession model has the potential to attract up to R\$60 billion (approximately US\$12 billion) in investments, developing a new production chain for regeneration of degraded areas while aiming to promote bio-business and sustainable practices in the Amazon region.

See: <https://www.yumpu.com/pt/document/read/68748303/florestal-264web>

### Rise in value of wood product exports

In June 2024, total Brazilian exports of wood-based products (except pulp and paper) increased 7.4% in value compared to June 2023, from US\$291.5 million to US\$313.1 million.

Pine sawn wood exports increased 1.9% in value between June 2023 (US\$58.6 million) and June 2024 (US\$59.7 million). In volume, exports remained the same at 251,000 cu.m.

Tropical sawn wood exports decreased 4.9% in volume, from 28,700 cu.m. in June 2023 to 27,300 cu.m. in June 2024. In value, exports decreased 22.2% from US\$ 14.4 million to US\$ 11.2 million, over the same period.

Pine plywood exports increased 61.9% in value in June 2024 (US\$79.0 million) compared to June 2023 (US\$48.8 million). By volume, exports increased 51.7% over the same period, from 148,300 cu.m. (June 2023) to 224,900 cu.m. (June 2024).

Tropical plywood exports remained the same in volume and value in June 2023 and June 2024 at 2,900 cu.m. and US\$1.8 million.

Wood furniture export value decreased 2% from US\$45.4 million in June 2023 to US\$44.5 million in June 2024.

### Wood panel exports higher in the first quarter

The Brazilian forestry sector ended the first quarter of 2024 with a positive balance of US\$3.2 billion, an increase of 1.5% on the same period in 2023. IBÁ (the Brazilian Tree Industry) highlighted wood panel exports as the key factor in the rise.

The wood-based panel sector showed a robust performance in the first quarter of 2024, with exports growing 57% over the same period in 2023, reaching 369,000 cu.m. On the domestic market, sales rose by 10.4%, totalling 1.8 million cu.m.

China remains the main market for Brazilian forest products. Exports to Europe, the second largest market, increased 1.8% to US\$ 814.1 million in the first quarter of 2024, while exports to North America increased 6.1%, reaching US\$810.7 million.

An additional highlight was growth in Brazilian exports to Africa, up 17.1% in the first quarter of 2024, to US\$ 59 million.

IBÁ said the Brazilian forest plantation sector is a significant pillar of Brazil's economy, describing it as a crucial supplier to the world's main economies, and contributing 4.4% of the country's total exports in the first quarter of 2024.

See: <https://www.portaldoagronegocio-com-br.translate.goog/florestal/mercado-florestal/noticias/setor-florestal-brasileiro-registra-alta-nas-exportacoes-de-paineis-de-madeira-no-primeiro-trimestre? x tr sl=pt& x tr tl=en& x tr hl=en& x tr pto=sc>

### Concerns over Brazilian nursery capacity

The Brazil Climate, Forest and Agriculture Coalition points out that the country will need to produce 5.4 billion native tree seedlings by 2030 to reach the target of reforesting 12 million hectares and to fulfil its commitment under the Paris Agreement to reduce carbon emissions.

However, there are still challenges for the country to achieve this level of forest regeneration. Without specific lines of credit and with few targeted public policies, the market for native tree seedling nurseries is likely to remain at 300 million seedlings a year, which is insufficient for the country to meet its global commitment.

See: <https://www-madeiratotal-com-br.translate.goog/dificuldades-dos-viveiros-ameacam-compromisso-do-brasil-no-acordo-de-paris/? x tr sl=pt& x tr tl=en& x tr hl=en& x tr pto=sc>

### Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	492↓
Jatoba	208↓
Massaranduba	184↓
Muiracatiara	178↓
Angelim Vermelho	180↓
Mixed redwood and white woods	137↓

Prices do not include taxes. Source: STCP Data Bank

### Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	1,864↓
Jatoba	970↓
Massaranduba	844↓
Muiracatiara	872↓
Angelim Vermelho	842↓
Mixed red and white	561↓
Eucalyptus (AD)	316↓
Pine (AD)	258↓
Pine (KD)	299

Prices do not include taxes. Source: STCP Data Bank

### Domestic plywood prices

	US\$ per cu.m
Parica ex-mill	
4mm WBP	644↓
10mm WBP	513↓
15mm WBP	441↓
4mm MR.	598↓
10mm MR.	435↓
15mm MR.	389↓

Prices do not include taxes. Source: STCP Data Bank

### Prices for other panel products

Domestic ex-mill prices	US\$ per cu.m
15mm MDParticleboard	304↓
15mm MDFibreboard	312↓

Prices do not include taxes. Source: STCP Data Bank

### Export prices

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

### Export sawnwood prices

Sawnwood	US\$ per cu.m
Ipe	2,528↓
Jatoba	1,349↓
Massaranduba	1,331↓
Muiracatiara	1,354↓
Pine (KD)	193↑

Prices do not include taxes. Source: STCP Data Bank

### Export plywood prices

Pine plywood	US\$ per cu.m
9mm C/CC (WBP)	367↑
12mm C/CC (WBP)	320↑
15mm C/CC (WBP)	303↓
18mm C/CC (WBP)	301

Prices do not include taxes. Source: STCP Data Bank

### Export prices for added value products

Added value product	US\$ per cu.m
Decking Boards Ipê	3,205↑
Jatoba	1,810↑

Prices do not include taxes. Source: STCP Data Bank

### Through the eyes of industry

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

See, GGSC

<https://www.itto-ggsc.org/static/upload/file/20240719/1721354559472477.pdf>

## Peru

### Peruvian furniture exports up in the first four months of 2024

Exports of furniture and components for the period January to April 2024 amounted to US\$1.58 million, an increase of 38.6% compared to the same period in 2023, when they reached US\$ 1.14 million.

The main export market for veneer and plywood during the January to April 2024 period was the United States, which represented 64.5% of total export value. Chile followed with 7% of export value and in third place was Italy with 6%.

Source: <https://www-adexperu-org-pe>

### New FSC Forest Management Standard for Peru

FSC announced the official publication of the new FSC Forest Management Standard for Peru which covers all categories of management units in natural forests and plantations, including small and low-intensity management forests as well as non-timber forest products (NTFP).

This new Standard, effective from October 2024, not only focuses on productive forest management, but also covers conservation and restoration management of forests.

The English version of the FSC Forest Management Standard for Peru is available for download in the FSC Documentation Centre.

See: <https://notifix.info/en/news-en/markets/44944-new-fsc-forest-management-standard-for-peru>

### Peru applies to host the XVI World Forestry Congress in 2027

In the framework of the Committee on Forestry (COFO 27), held at the Food and Agriculture Organization of the United Nations (FAO) headquarters in Rome (Italy), the Ministry of Agrarian Development and Irrigation announced that Peru has applied to host the XVI World Forestry Congress to be held in 2027.

The World Forestry Congress is held approximately once every six years. The forum allows for the exchange of opinions and experiences on issues related to forests and forestry that result in recommendations applicable at national, regional and global levels. Host countries receive technical support from FAO.

See: <https://www.gob.pe/institucion/serfor/noticias/993981-peru-postulo-para-ser-sede-del-xvi-congreso-forestal-mundial-2027>

### Government to co-finance forest plantations

The Ministry of Agrarian Development and Irrigation, through the National Forest and Wildlife Service (SERFOR) and its Sustainable Productive Forests Program (BPS), will co-finance US\$3.93 million in up to 20 forest plantation projects with communities, associations of producers and MSMEs within the Departments of Junín, Áncash, and Huánuco.

The finance should allow the establishment of 2,000 hectares of forest plantations which will contribute to improving community livelihoods.

The co-financing forms part of the Forest Incentive Plan (PIF) of the BPS programme, launched in April 2024 seeking to promote forest plantations for commercial purposes with the objective of reducing pressure on natural forests, increasing timber forest production in the country and contributing to the economy and well-being of the population.

See: <https://www.gob.pe/institucion/serfor/noticias/989711-gobierno-cofinanciara-mas-de-14-millones-de-soles-en-proyectos-de-plantaciones-forestales-de-productores-durante-este-ano>



**Export prices for added value products**

	US\$ per cu.m
Strips for parquet Cabreuva/estoraque KD12% S4S, Asian market	1327-1398
Cumaru KD, S4S Swedish market Asian market	986-1119 1074-1092↑
Cumaru decking, AD, S4S E4S, Central American market	994-018
Pumaquiro KD Gr. 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market 2x13x75cm, Asian market	591-627↑ 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**

	US\$ per cu.m
Peru sawnwood, FOB Callao Port	
Pumaquiro 25-50mm AD Mexican market	691-710
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	582-602
Grade 2, Mexican market	527-541
Cumaru 4" thick, 6"-11" length KD Central American market	1,009-029
Asian market	999-1032
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	641-654
Dominican Republic	755-799
Marupa 1", 6-11 length KD Grade 1 Asian market	559-572

**Domestic prices for other panel products**

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

**Export plywood prices**

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

**Domestic sawnwood prices**

	US\$ per cu.m
Peru sawnwood, domestic Mahogany	-
Virola	222-234
Spanish Cedar	333-344
Marupa (simarouba)	192-227

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

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

**Japan****Tapping vitality of the ASEAN market**

The government has announced that specialised staff at diplomatic missions will be charged with supporting Japanese companies engaged in business in Asia. Dedicated offices will be established in Singapore, Thailand, Indonesia, Vietnam and India.

The Japanese Foreign Minister said at a news conference that it is essential for Japan's economy to take in the vitality of the ASEAN market by backing up Japanese businesses playing a role of expediting regional trade growth in the designated countries.

See:

<https://mainichi.jp/english/articles/20240723/p2g/00m/0na/065000c>

**Japan and Pacific island agree host of new initiatives**

In mid-July the Tenth Pacific Islands Leaders Meeting (PALM10) was held under the co-chairmanship of the Prime Minister of Japan and Hon. Mr. Mark Brown, Prime Minister of the Cook Islands with the participation of leaders and representatives from 19 countries and regions including Japan, 14 Pacific Island countries, New Caledonia, French Polynesia, Australia and New Zealand along with the Secretary General of the Pacific Islands Forum (PIF).

Japan and Pacific island countries agreed on a host of new initiatives designed to boost economic and security cooperation. The participants agreed on an action plan that will see Japan boost engagement in seven fields, including technology and connectivity, climate change, people-centered development and security.

See:

[https://www.mofa.go.jp/a\\_o/ocn/pageite\\_000001\\_00481.html](https://www.mofa.go.jp/a_o/ocn/pageite_000001_00481.html)  
and

<https://www.mofa.go.jp/mofaj/files/100214244.pdf>

**SMEs hit hard by challenging business conditions**

The number of bankruptcies in Japan, especially amongst the SMEs, has risen so far this year as companies are hit by soaring costs, labour shortages, the end of pandemic-related financial support and few opportunity to raise prices. In the first half of 2024 the number of companies filing for bankruptcy rose 22% year-on-year to 4,887, the highest since 2014. At this rate Japan could see 10,000 bankruptcies by year end.

See: [https://www.japantimes.co.jp/business/2024/07/18/economy/japan-bankruptcies-rising/?utm\\_source=pianodnu&utm\\_medium=email&utm\\_campaign=72&tpcc=dnu&pnespid=ujngodu56nf81wgv0c8oviy9a8ppcrogqaqt08subgvuj4jictxindr7zrcae3xd24pq](https://www.japantimes.co.jp/business/2024/07/18/economy/japan-bankruptcies-rising/?utm_source=pianodnu&utm_medium=email&utm_campaign=72&tpcc=dnu&pnespid=ujngodu56nf81wgv0c8oviy9a8ppcrogqaqt08subgvuj4jictxindr7zrcae3xd24pq)

**Real incomes to rise when yen strengthens**

Inflation rose for the second straight month in June pushed higher by rising electricity costs staying above the 2% target adopted by the Bank of Japan. The consumer price index, which excludes fresh food, rose 2.6% from a year earlier following a rise of 2.5% in May.

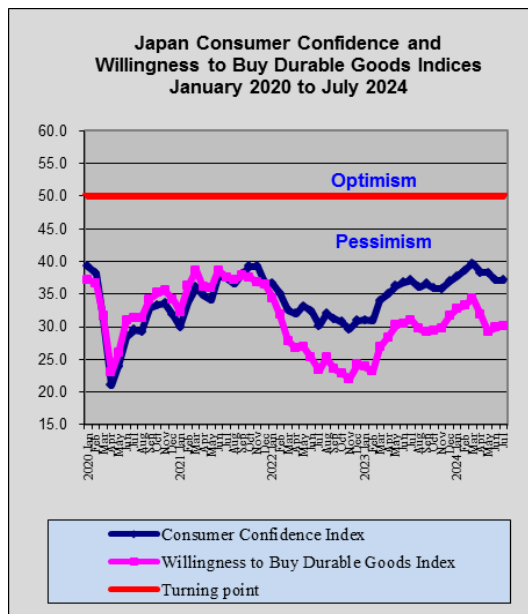
The increase in inflation is partly due to the ending of government subsidies for electricity and gas. It has been reported that June utility bills rose 13%, while nonperishable food prices climbed almost 3%.

The Japan Research Institute has suggested incomes in Japan are likely to rise once again in inflation-adjusted terms if the yen continues to strengthen bringing to an end the continual and demoralising decline in real pay.

The Institute anticipates real wage growth turning positive in the July-September quarter assuming yen 155 to the dollar.

The real rise in wages is expected to continue in the October-December quarter if the yen hits 151 and into the January-March quarter next year if the yen goes to 148.

See: <https://asia.nikkei.com/Economy/Inflation/Japan-s-inflation-rate-rose-for-second-consecutive-month-in-June> and <https://asia.nikkei.com/Economy/Japan-forecasts-income-growth-to-outstrip-inflation-in-fiscal-2024>

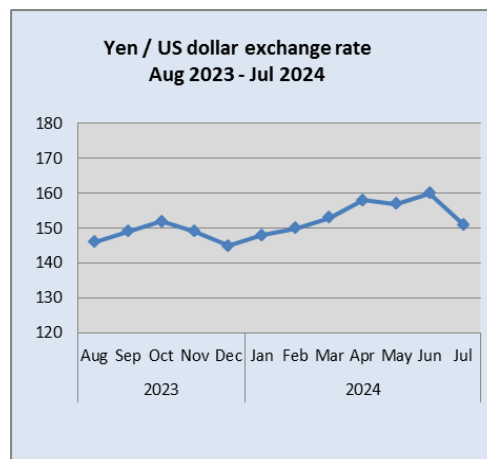


Data source: Cabinet Office, Japan

**Yen strengthens**

The Bank of Japan (BoJ) has raised its policy interest rate to around 0.25% and decided to slow the pace of its government bond buying to 3 trillion yen (US\$20 billion) in a further shift toward policy normalisation. The July was the first major change in policy since the March. The yen jumped to the 150 level against the U.S. dollar after the BOJ decision following hawkish remarks by the BoJ governor who said” an additional interest rate hike may be possible”.

See: <https://mainichi.jp/english/articles/20240731/p2g/00m/0bu/032000c>



Data source: WSJ

**Need for dedicated housing for single seniors**

A recent analysis of the housing sector has said there is an urgent need to secure housing that will allow elderly people in Japan to live without worry even if they live alone.

It is estimated that around 20% of households in Japan will consist of single senior citizens by 2050. It has been reported that the rate of home ownership is decreasing among those in their 50s and younger which will result in higher numbers of elderly people in need of rental housing which could result in a problem as it is difficult for such people to find a rental home as landlords are worried about rent payments and the consequences of unattended deaths.

To address this, the government adopted legislation for a system provides financial aid to landlords for renovations of vacant homes and encourages them to rent to seniors but the support for landlords is not being fully utilised.

See: <https://mainichi.jp/english/articles/20240722/p2a/00m/0op/010000c>

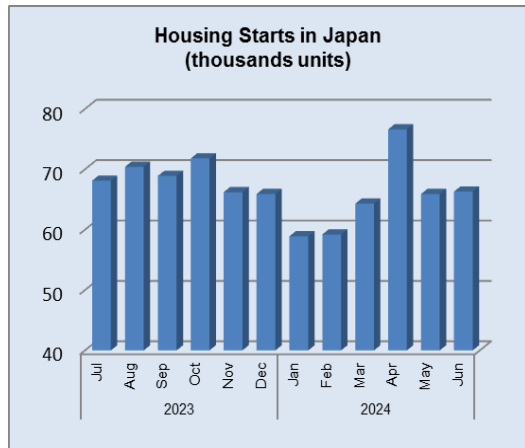
**Zero-energy homes not truly self-sufficient**

A Ministry of Economy, Trade and Industry report suggests around a third of Japanese homes labelled as ‘zero-energy’ are not truly self-sufficient in power. The government offers subsidies for ‘zero-energy’ homes but the gradual relaxation of criteria for subsidies has led to an increase in homes that do not effectively reduce greenhouse gas emissions.

The media report that the number of ‘zero-energy’ homes of questionable efficiency is rising.

To be classified as ‘zero-energy’ homes there must be as much renewable power generated as consumed and have good insulation . Households currently account for 15% of the country’s greenhouse gas emissions.

See: <https://asia.nikkei.com/Spotlight/Datawatch/Over-30-of-Japan-s-zero-energy-homes-fall-short-of-requirements>



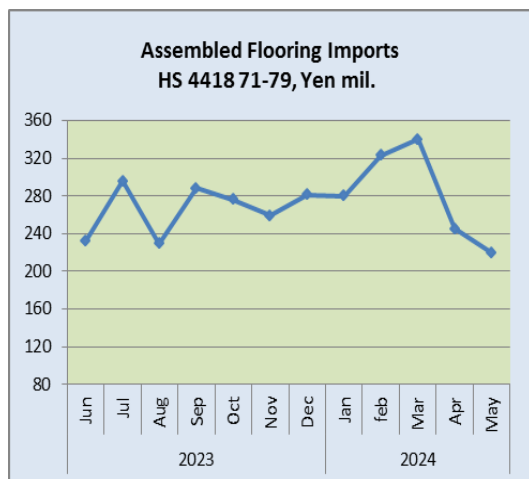
Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

**Import update**

**Assembled wooden flooring imports**

May marked the second consecutive decline in the value of assembled wooden flooring (HS441871-79) imports. There was a 28% month on month decline in April followed by a further 10% drop in May.

However, year on year May 2024 imports were at around the same level as in May2023. Given the pace at which the yen has depreciated over the past 12 months the overall area (sq.m) of imports must have fallen.



Data source: Ministry of Finance, Japan

In May the main category of assembled flooring imports was HS441875, accounting for 68% of the total value of assembled flooring imports, this was down from the 75% recorded for April. The second largest category in terms of value was HS441879 followed by HS 441874.

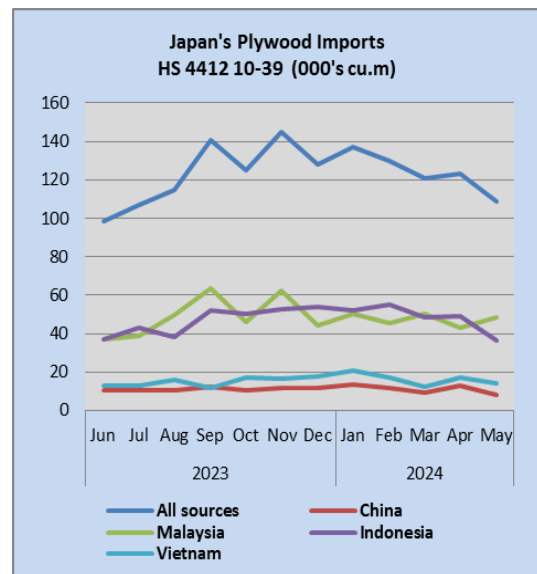
Shippers in China accounted for almost 70% of Japan’s imports of assembled wooden flooring in May with shippers in Vietnam accounting for another 15%.

**Plywood imports**

Of the various categories of plywood imported, 86% was HS441231 in May with HS441233 and HS441234 each accounting for around 5.5% of the balance. The four main shippers of plywood to Japan; Indonesia, Malaysia, Vietnam and China consistently account for over 90% of plywood imports.

Year on year, the volume of May plywood imports (441210-39) was 109,788 cu.m which was at around the same level as in May 2023, however, month on month there was an 11% decline in the volume of imports with only shippers in Malaysia recording a rise from a month earlier.

In May there was month on month a decline in the volume of plywood imports from China, Vietnam and Indonesia which accounted for the overall decline in May import volumes.



Data source: Ministry of Finance, Japan

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

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

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

**Prototype plywood**

Niigata Gohan Shinko Co., Ltd. in Niigata Prefecture has been developing plywood made of hardwood. The hardwood will be used on the front and back of the plywood. This is to use more domestic resources and to find out if the hardwood would be used instead of South Sea species.

Niigata Gohan Shinko has been collecting hardwood logs from Fukushima Prefecture and Nagano Prefecture. Also, the firm has been purchasing about 100 cbms of hardwood logs in a month from Iwate Prefecture since February, 2024. The thickness of a hardwood board is 0.8 mm. Magnolia and pterocarya rhoifolia are very promising for the front and back of the plywood. Both kinds of hardwood are very distributed in Japan. The company makes plywood on an experimental basis by all hardwood layers, hardwood on the front and back and 4 mm cedar layer for center of plywood or 12 mm cedar layer.

**Nisshin started selling long plywood**

Nisshin Co., Ltd. in Tottori Prefecture developed 7.5 mm long plywood and started to sell the samples to spread the long plywood. The length of the plywood is 8, 9 and 10 shaku. A shaku is about 30.3 cm.

The company is the only company producing long structural plywood such as 3 x 10 in Western Japan. The long plywood is used as bearing walls of a house. The price of the long plywood rose suddenly when the wood shock occurred and consumers started purchasing particleboards or gypsum boards instead of the long plywood due to the lower cost at that time.

However, there was a fire at one of Nisshin's product lines for plywood two years ago and the plant stopped producing the long plywood. Then, the company restarted producing the long plywood in June, 2023 but demand for houses were low so the company struggled with it. Since the selling price of a house soared due to the high-priced materials, demand for houses decreased. Housing companies strengthened in reducing the material costs.

To get back market share of the long plywood, Nisshin reduced the thickness of the long plywood to 7.5 mm from 9mm. Strength of the 7.5 mm plywood is almost same as the 9 mm plywood. The price of 7.5 mm plywood is 220 yen.



### **Sekisui House aims to build 20,000 detached houses in U.S.A.**

Seisui House Ltd in Osaka Prefecture showed its goal of supplying 20,000 units of detached house in the U.S.A. in the fiscal 2031.

The company completed buying a house builder in the U.S., M.D.C Holdings, Inc, in April, 2024 and will expand its original construction method with M.D. C's 2 x 4 construction method. Sekisui aims to increase overseas sales coming years, so that the overseas ratio will get higher. The original construction method and 2 x 4 construction method are used for its house brand called "New 2 x 4 by Sekisui House". This brand is good at its high durability in walls, roofs, thermal insulation, airtightness, energy saving, energy creation and store energy.

Also, there is another house brand, "life knit design" and this is Sekisui House's design concept for interior. Sekisui House plants to supply 17,000 units of this brand by the fiscal2031.

The company puts a goal of supplying 3,000 units of "Shawood" by the fiscal 2031. The company will do business not only building detached house but also developing rental unit and developing communities. Investment for detached house business will be expanded to 70 % by the fiscal 2031 from 37 % in the fiscal 2023. The sales of overseas business occupies 16 % of the sales in Japan in the fiscal 2023. The sales of overseas business will be expanded to 45 % in the fiscal 2031.

M.D.C aims to have 769 billion yen in sales in December, 2024 and aims to deliver 9,400 units. These plans are more than December, 2023.

The consolidated financial statement of Sekisui House and M.D.C will be 512.6 billion yen in sales and will be 1.7 billion yen in operating profit in the fiscal 2024. Sekisui House revises up the financial forecast in January, 2025

### **South Sea Logs and Lumber**

There are inquires to South Sea and Chinese lumber even though there are not a certain amount of orders. Distributors purchase a little bit of South Sea lumber and Chinese lumber because demand is low.

When the yen appreciated to 155 to the dollar in the middle of July 2024, distributors purchased laminated boards and lumber for decks. Demand for truck body has been rising due to the new rule in distribution business as of April 2024.

Demand and supply of South Sea logs are balanced after logs arrived to Japan from Papua New Guinea in March.

### **'White Paper on forest and forestry'**

The Ministry of Agriculture, Forestry and Fisheries has released the White Paper on forest and forestry to the public on its website. The White Paper shows measures of forest, forestry and wood industry.

The theme of the White Paper is pollen and forest. It tells the history of afforestation cedar trees after the war and how the hay fever increased in Japan. There are also measures for preventing hay fever in the future. For forestry labor, there are more detailed information about foreign workers and women workers than usual. It is the first time for The Ministry of Agriculture, Forestry and Fisheries to feature hay-fever on the White Paper.

To avoid giving a negative image of cedar trees, it tells us the cedar tree is Japan's endemic species and the cedar trees have been used for structures since long time ago. Then, the cedar trees became a main tree species to afforest.

There is a topic for forest environmental tax starting this fiscal year on the White Paper. Also, the details of revised Clean Wood Act, digitalization of forestry bases with strategy, G7 Hiroshima Summit 2023 and the earthquake in Noto Peninsula are on the White Paper.

About foreign workers, forestry and forest industry have been decided and added to the specified skilled worker visa in March, 2024. 205 foreign workers had been hired at the forestry offices as of October, 2023. It is specified that development of working environment and working styles for women and men will make women to be active in companies.

The Ministry of Agriculture, Forestry and Fisheries expects that the White Paper would be used widely in people for understanding and using more timber. Therefore, the White Paper will be sold as books and will be seen on the website. The Ministry of Agriculture, Forestry and Fisheries acknowledges for people to reprint the details of the White Paper by specifying the source and also provides the image data.

See: [https://www.rinya.maff.go.jp/j/sin\\_riyou/kafun/hinsyu.html](https://www.rinya.maff.go.jp/j/sin_riyou/kafun/hinsyu.html)

## **China**

### **Home prices and interest rates fall**

China's home prices fell again in June, underscoring the challenge for policymakers to halt the property market slump that's hurting developers and the economy.

New-home prices in 70 cities, excluding state-subsidised housing, dropped 0.67% from May, when they slid 0.71%, the most since October 2014, according to National Bureau of Statistics figures. Values of existing homes declined 0.85%, compared with a 1% decrease a month earlier.

China's central bank is cutting two benchmark interest rates to support the economy amid the prolonged real-estate slump and an increasingly uncertain outlook. The People's Bank of China announced in July that it is lowering the 1-year Loan Prime Rate (LPR) by 0.1 of a percentage point to 3.35 percent. This was the rate's first cut in 11 months.

The Bank says it is also making a 0.1-percentage-point reduction in the five-year LPR, a benchmark for long-term lending, including housing loans. The first cut in five months for the five-year rate brings it down to 3.85%.

See: <https://www.bloomberg.com/news/articles/2024-07-15/china-home-prices-fall-sharply-despite-latest-rescue-plan>  
[https://www3.nhk.or.jp/nhkworld/en/news/20240722\\_22/](https://www3.nhk.or.jp/nhkworld/en/news/20240722_22/)  
 and  
[https://www.stats.gov.cn/english/PressRelease/202407/t20240716\\_1955646.html](https://www.stats.gov.cn/english/PressRelease/202407/t20240716_1955646.html)

**Revised "green" standards on furniture**

Two "green" standards on furniture, the "Green Product Evaluation Standard for Furniture" and the "Green Design and Evaluation Standards for Furniture", have been revised and released by the State Administration for Market Regulation (State Standards Committee).

The Green Product Evaluation Standard for Furniture stipulates the evaluation requirements of furniture products, and the revision refines the relevant indicators for "energy" and "low carbon", optimising the requirements of resources, environment and quality attributes.

The Green Design and Evaluation Standards for Furniture clarify the terms and definitions of furniture green design, and specify the evaluation objectives, principles and requirements. The revision focuses on the greening of the design stage and introduces requirements for full life cycle evaluation, from selection of raw materials, production, sales, and use, to recycling at end-of-life.

See: <https://www.chinanews.com.cn/cj/2024/07-23/10255516.shtml>

**China's particleboard production continues to rise**

Wood-based panel industry data from the Industrial Development Planning Institute under the National Forestry and Grassland Administration shows that in the first half of 2024, China's particleboard industry grew further in terms of the number of enterprises and total production capacity.

In the first half of 2024, 24 particleboard production lines (including 16 continuous flat pressing lines) were built and put into operation nationwide, creating additional production capacity of 7.6 million cu.m. per year.

China now has 311 particleboard production enterprises and 332 particleboard production lines. A further 43 particleboard production lines are under construction in the country.

In contrast, the plywood industry shows a decline in the number of enterprises and total production capacity. In the first half of 2024, there were a total of around 6,900 plywood manufacturers in China, distributed in 27 provinces and municipalities, about 500 fewer than the end of 2023.

The fibreboard industry has also shown further contraction in the number of enterprises, production lines and total capacity, and its production and sales have gradually become balanced.

In the first half of 2024, two fibreboard production lines (including one continuous flat pressing line) will be built and put into operation, adding 420,000 cu.m of capacity per year. China now has 264 fibreboard production enterprises and 292 fibreboard production lines.

See: [https://www.wood365.cn/Industry/IndustryInfo\\_280929.html](https://www.wood365.cn/Industry/IndustryInfo_280929.html)

**'Wood Loan' supports Guangxi forestry industry**

With its forestry sector facing difficulties raising finance, high borrowing costs and slow payments, the government of Laibin city in Guangxi Zhuang Autonomous Region worked with the local financial supervision bureau to launch the 'Laibin Wood Loan' in 2021. Recently, Shilong town in Xiangzhou County of the Guangxi Zhuang Autonomous Region also implemented a wood loan scheme, thereby greatly reducing companies' financing costs.

The 'Laibin Wood Loan' has been taken up by more than 1,400 wood processing enterprises in the city, and also extends to forest planting, furniture production, integration of forest pulp and paper and other related industry enterprises. It is the first financial product for both upstream and downstream industry chains of the wood processing industry in the region.

The number of enterprises in the wood processing industry in Laibin city increased from 54 to 208 at the end of the 13th Five-Year Plan, with 40 more established each year.

Since the implementation of the 'Laibin Wood Loan', the city has issued a total of RMB4.261 billion of loans, benefiting 790 market entities, with a weighted average interest rate of about 2.53% of loans, directly reducing financing cost of borrowers by RMB101 million.

See: <https://www.forestry.gov.cn/c/www/dfdt/577235.jhtml>

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

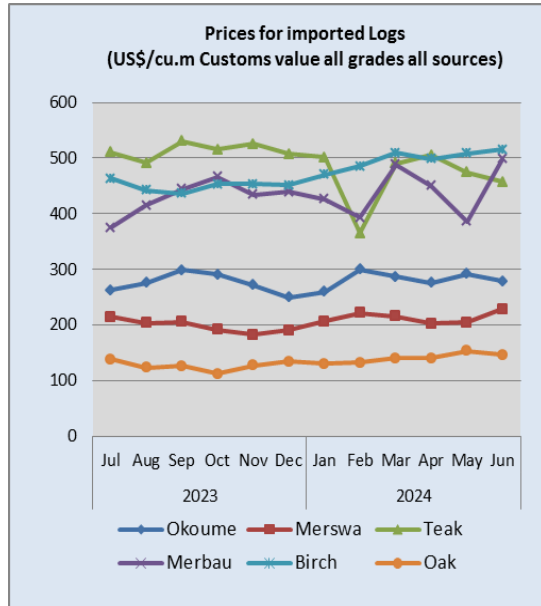
	2024 May	2024 Jun
Okoume	292	279
Merswa	205	229
Teak	474	457
Merbau	386	498
Birch	508	515
Oak	153	146

Data source: Customs, China

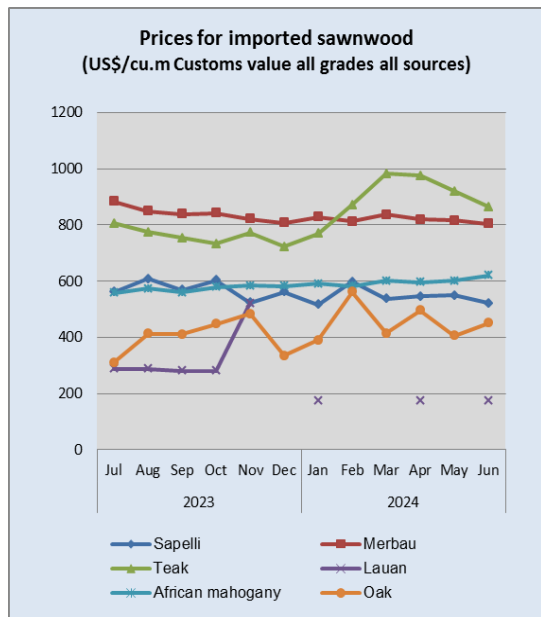
**Average CIF prices, sawnwood, US\$/cu.m**

	2024 May	2024 Jun
Sapelli	549	521
Merbau	816	804
Teak	920	864
Lauan		175
African mahogany	602	621
Oak	406	450

Data source: Customs, China



Data source: Customs, China



Data source: Customs, China

**GGSC June report**

China’s Ministry of Ecology and Environment and 14 other government agencies jointly issued "Implementation Plan for Establishing a Carbon Footprint Management System", the first time that multiple agencies have jointly issued a document on carbon footprint management system.

Data released by the General Administration of Customs showed that China’s imports of logs and sawnwood stood at 5.99 million cubic metres in May 2024, a year-on-year decrease of 6.45%.

Log imports decreased 4%, and sawnwood imports decreased by almost 10%. However, exports of furniture and parts maintained strong growth with exports totalling CNY212.55 billion between January to May, an increase of 20.5% over the same period last year.

While the delivery of new houses in China shrank the market for renovating existing housing was gradually rising. Chinese home furnishing companies were seeking to seize the market for renovating old houses and some companies were also shifting their focus to overseas markets such as Southeast Asia.

In June the GTI-China index registered 46.7%, an increase of 4.5 percentage points from the previous month and was below the critical value (50%) where it has been for 2 consecutive months indicating that the business prosperity of the timber enterprises represented by the GTI-China index shrank from the previous month, however, the pace of contraction eased.

The slowdown in demand and the sharp rise in shipping costs caused inventories of finished products to increase in June. Both production and order indices saw a decrease from the previous month.

As for the 11 sub-indices, two (inventory of finished products and delivery time) were above the critical value of 50%, one (export orders) was at the critical value and the remaining 8 indices were all below the critical value. Compared to the previous month the indices for production, new orders, export orders, existing orders, inventory of finished products, purchase quantity, purchase price, import and delivery time increased while the indices for inventory of main raw materials and employees declined.

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

Cash flow pressures existed, market demand was insufficient, the volume of orders decreased and there was a shortage of management personnel. The recovery of payments was slow and products were difficult to sell.

To address some of these concerns it was suggested that financing channels be broaden, loan conditions be reviewed and more information be provided on export market opportunities.

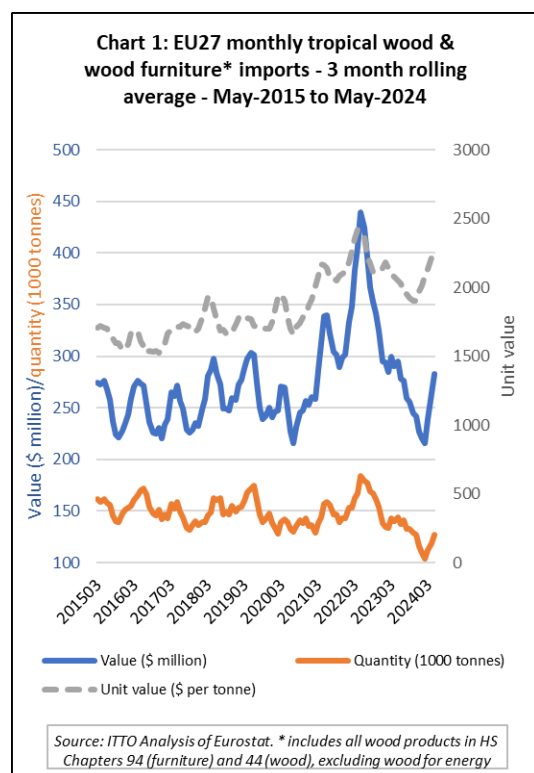
### Imports from tropical countries shifting away from primary wood products

Total EU27 imports of tropical wood and wooden furniture of 598,500 tonnes in the first five months of this year were 16% down compared to the same period last year. In value terms, EU27 imports were down 12% to US\$1296 million during the five-month period.

After falling to the lowest levels ever recorded in the first quarter this year, EU27 imports of tropical products recovered some ground in April and May. Import value during those two months was back to the level typical before the COVID pandemic, although import quantity was still below that level.

Most of the recovery in EU27 imports of tropical wood products in April and May this year was due to furniture products. Imports of primary and secondary processed tropical wood products remained at a very low ebb during this period. This shift in the balance of imports from lesser processed to more processed products has contributed a significant rise in the unit value of tropical wood products imported into the EU27 so far this year.

The average unit value of EU27 tropical wood product imports was around US\$2250 per tonne in the three months to May 2024, not far short of the all-time high of US\$2450 per tonne during the pandemic and well above average values of around US\$1750 per tonne prevailing before the pandemic (Chart 1).



### Signs that EU economic recovery may be stalling

After economic stagnation in 2023, the EU economy seemed to be recovering well in the first quarter of this year.

But less encouraging data from the EU manufacturing sector in the second quarter has since dampened expectations of a swift rebound and led to more soul searching about the global competitiveness of EU industry.

According to Eurostat, seasonally adjusted GDP increased by 0.3% in the EU in the first quarter of 2024 compared with the previous quarter. Compared with the same quarter of the previous year, seasonally adjusted GDP increased by 0.6% in the EU in the first quarter of 2024.

However, manufacturing in Europe's industrial heartland has continued to weaken this year. Eurostat's industrial production index for the eurozone remains below its 2021 level and it is currently trending lower. S&P Global's eurozone manufacturing purchasing managers index (PMI), a rough real-time proxy for activity in the sector, fell to a seven-month low of 45.6 in July.

In Germany the indicator came in at 42.6, a three-month low, while in France it fell for a second straight month to 44.1. Anything under 50 is contractionary territory.

As for construction, the HCOB Eurozone Construction PMI dropped to 41.8 in June from 42.9 in May, signalling a marked contraction in output across the sector. Construction production levels continued to fall across all three of the major eurozone countries in June.

German firms faced the greatest slump in performance, despite the contraction in output easing to the least marked since August 2023. At the same time, faster reductions were observed in the French and Italian construction sectors, with the former seeing its sharpest fall in output since March, and the latter posting its strongest drop in nearly two years.

S&P's composite PMI, which includes services, stayed just above 50 in July, despite slowing from June. Overall, the signs are that the EU's economic development is increasingly reliant on services while the situation of industry remains gloomy.

The numbers underline the challenge faced by EU policy makers in maintaining Europe's competitiveness in the global marketplace. The newly re-elected chief of the European Commission, Ursula von der Leyen, put restoring competitiveness front and centre in her political priorities for her next mandate, while European Central Bank President Christine Lagarde said in mid-July that Europe's competitive position vis-à-vis China is set to have a growing influence on the Bank's thinking.

A long-awaited report by former ECB president Mario Draghi, now due in September, is expected to provide more detail, and help set the EU's economic agenda in the next few years. In a recent speech in Spain, Draghi underscored the importance of cheaper energy and innovation as drivers of economic growth and increased productivity.



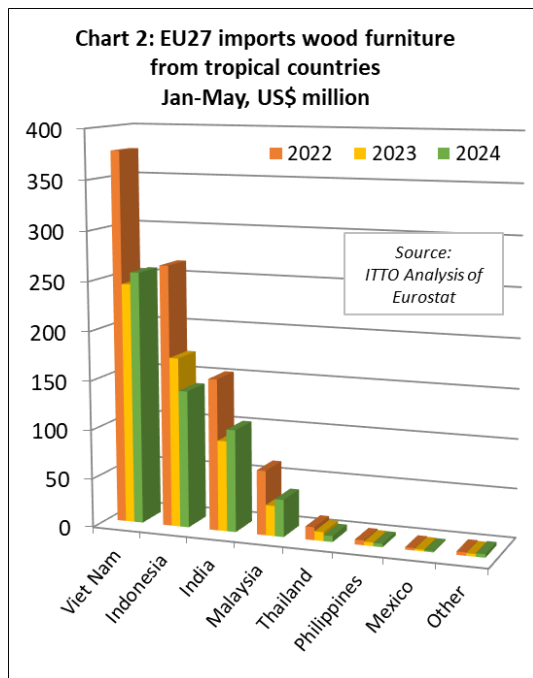
He also noted that “successive layers of regulation have created a burden on long-term investment”. While stating that “we don’t want to become protectionist in Europe”, he went on to suggest that “we cannot be passive if the actions of others are threatening our prosperity” and appeared to allow greater scope for state-driven investment and trade protection measures.

See <https://geopolitique.eu/en/2024/06/14/mario-draghi-grand-continent-an-industrial-strategy-for-europe/>

**EU27 tropical wooden furniture imports rise after a slow start to the year**

The EU27 imported 131,600 tonnes of wooden furniture from tropical countries with a total value of US\$553 million in the first five months of 2024. Tonnage was up 7% while value was down 1% compared to the same period in 2023. EU imports of tropical wooden furniture picked up a bit in April and May after a very slow start to the year.

In the first five months of this year compared to the same period in 2023, EU27 import value of wooden furniture increased from Vietnam (+5% to US\$256.7 million), India (+13% to US\$104.2 million) and Malaysia (+23% to US\$37.9 million). However, import value declined from Indonesia (-19% to US\$139.8 million) and Thailand (-33% to US\$6.1 million). Imports from all other tropical countries were negligible during the period (Chart 2).

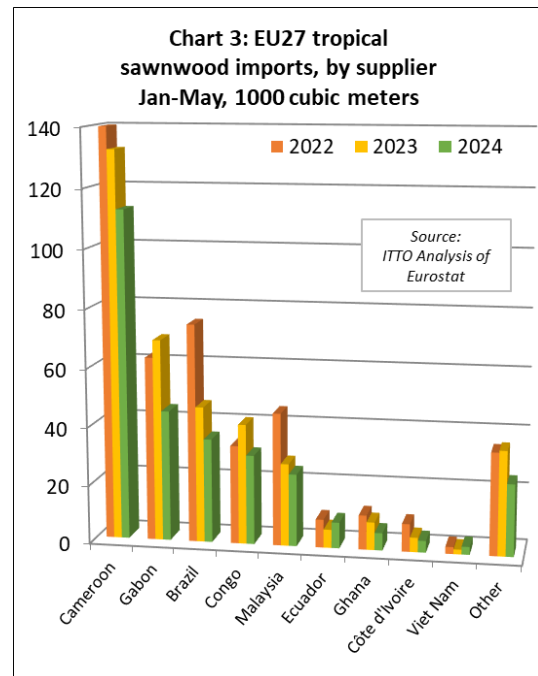


**EU27 imports of tropical sawnwood at a low ebb this year**

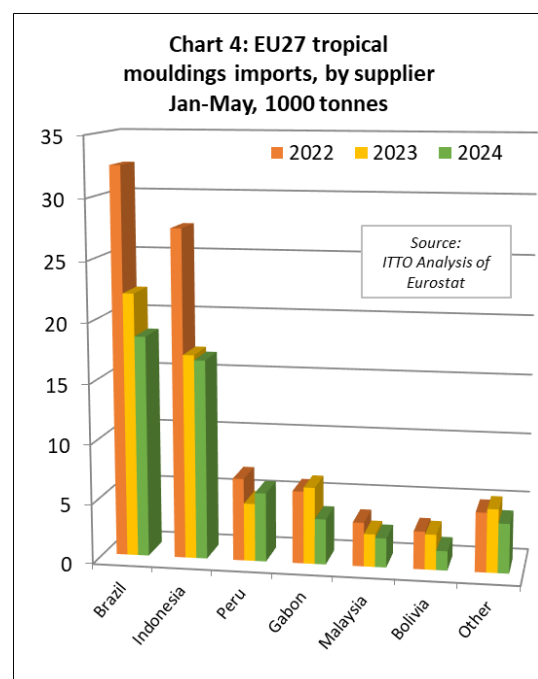
The EU27 imported 294,200 cu.m. of tropical sawnwood in the first five months this year, 22% less than the same period in 2023. Import value of this commodity was US\$270 million in the first five months this year, 23% less than the same period in 2023.

Imports declined from all leading supply countries during the period including Cameroon (-15% to 112,600 cu.m.), Gabon (-35% to 44,700 cu.m.), Republic of Congo (-26% to 30,600 cu.m.), Brazil (-24% to 35,600 cu.m.), Malaysia (-12% to 24,700 cu.m.), Ghana (-37% to 5,900 cu.m.), Côte d’Ivoire (-19% to 4,000 cu.m.), and the Central African Republic (-52% to 2,600 cu.m.).

However, imports increased from Ecuador (+41% to 8,800 cu.m.) and Vietnam (+66% to 2,700 cu.m.) (Chart 3).



The EU27 imported 53,000 tonnes of tropical mouldings/decking in the first five months of this year, 14% less than in the same period in 2023. Import value of this commodity was down 22% to US\$93 million in the same period. (Chart 4).

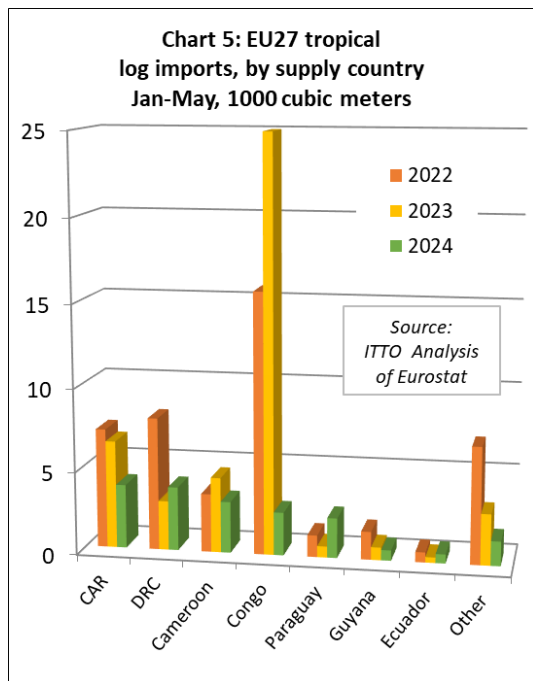


During the first five months imports increased year-on-year from Peru (+19% to 5,800 tonnes) but fell from all other leading supply countries including Brazil (-16% to 18,500 tonnes), Indonesia (-2% to 16,700 tonnes), Gabon (-41% to 3,800 tonnes), Malaysia (-11% to 2,400 tonnes), and Bolivia (-45% to 1,600 tonnes).

The EU27 imported 18,400 cu.m. of tropical logs with a total value of US\$10.9 million in the first five months of this year, respectively 58% and 61% less than in the same period last year. The decline was driven mainly by an 90% decline in imports from the Republic of Congo to 2,600 cubic metres. This follows the ban on exports of most logs from the country since 1<sup>st</sup> January 2023.

EU27 imports of logs in the first five months of this year were also down compared to the same period last year from the Central African Republic (-41% to 3,900 cubic metres), Cameroon (-32% to 3,100 cubic metres), and Guyana (-19% to 600 cubic metres).

However, EU27 log imports increased from the Democratic Republic of Congo (+29% to 3,800 cubic metres), Paraguay (+260% to 2,400 cubic metres), and Ecuador (+65% to 500 cubic metres) during the five-month period (Chart 5).



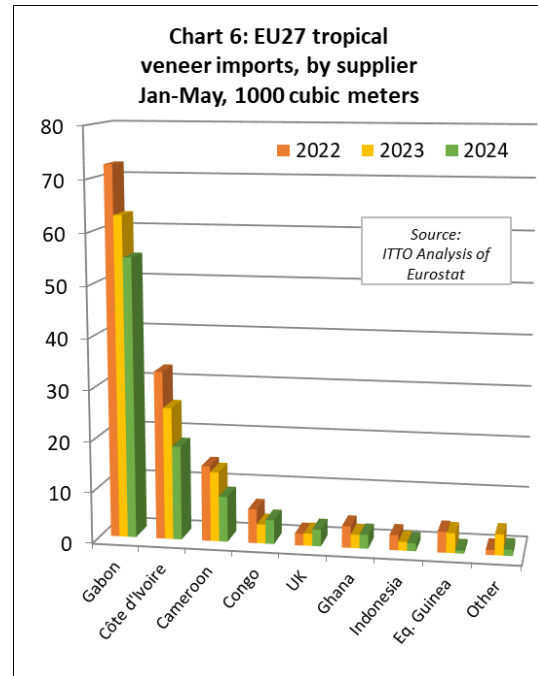
**EU27 imports of tropical hardwood veneer down 20% in January to May period**

The EU27 imported 96,400 cu.m. of tropical veneer with a total value of US\$65 million in the first five months of this year, down 20% and 21% respectively compared to the same period last year.

Imports of tropical veneer from Gabon, by far the largest supplier to the EU27, were 54,900 cu.m. in the first five months of this year, 13% less than the same period in 2023.

EU27 imports of this commodity also decreased during the period from Côte d'Ivoire (-29% to 18,400 cu.m.), Cameroon (-35% to 8,900 cu.m.), Indonesia (-14% to 1,500 cu.m.), and Equatorial Guinea (-84% to 600 cu.m.).

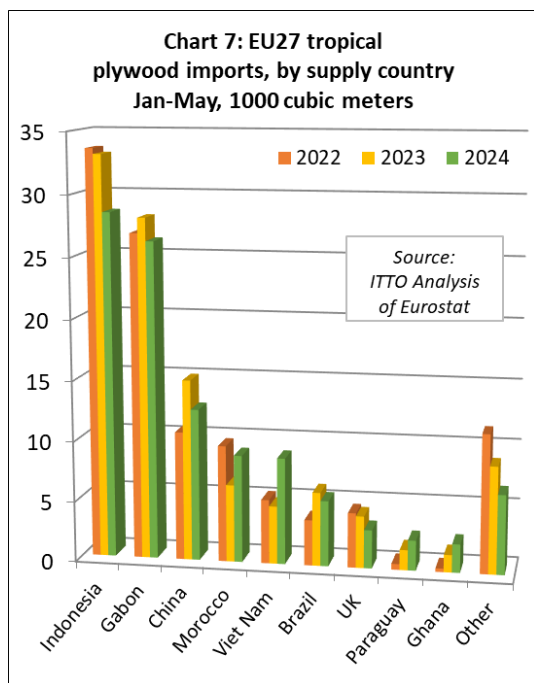
However, imports increased during the period from the Republic of Congo (+25% to 4,700 cu.m.), the UK (+37% to 3,300 cu.m.), and Ghana (+5% to 2,800 cu.m.) (Chart 6).



The EU27 imported 105,000 cu.m. of tropical plywood with a total value of US\$78 million in the first five months of this year, respectively 4% and 7% less than the same period last year.

Imports fell from all the leading supply countries during the period including Indonesia (-14% to 28,500 cu.m.), Gabon (-7% to 26,200 cu.m.), and China (-16% to 12,600 cu.m.).

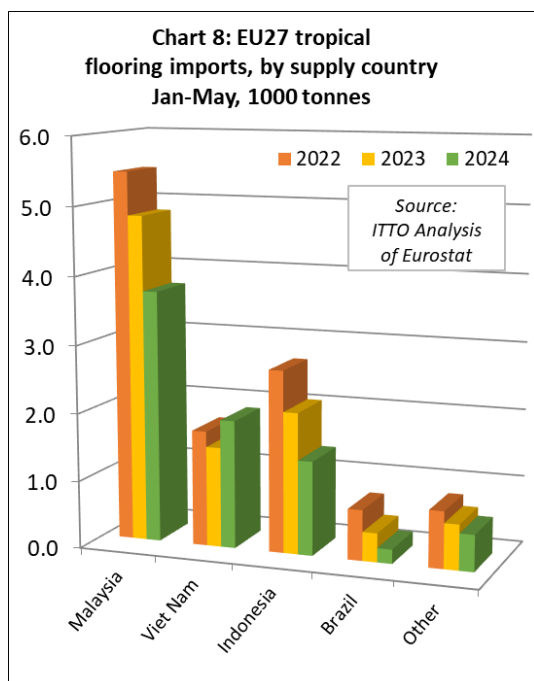
Imports from Brazil were also down, by 11% to 5,400 cu.m., while indirect imports from the UK fell 26% to 3,200 cu.m. These losses were partly offset by rising imports from Morocco (+39% to 8,900 cu.m.), Vietnam (+84% to 8,800 cu.m.), Paraguay (+49% to 2,500 cu.m.), and Ghana (+63% to 2,400 cu.m.) (Chart 7).



**EU27 tropical wood joinery imports still very slow**

The EU27 imported 7,800 tonnes of tropical wood flooring with a total value of US\$20 million in the first five months of this year, down 18% and 27% respectively compared to the same period in 2023.

Imports of 3,700 tonnes from Malaysia in the five-month period this year were 23% less than the same period last year. Imports also fell from Indonesia (-33% to 1,400 tonnes) and Brazil (-51% to 200 tonnes). However, flooring imports from Vietnam increased by 28% to 1,900 tonnes during the period (Chart 8).

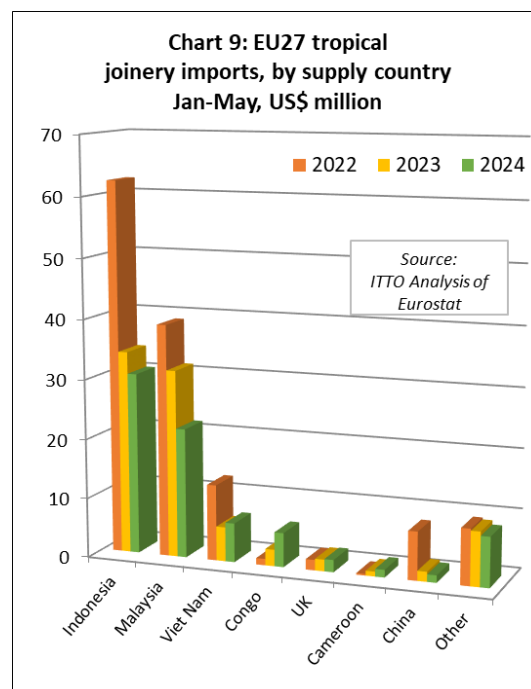


The value of EU27 imports of other joinery products from tropical countries - which mainly comprise laminated window scantlings, kitchen tops and wood doors – was US\$77 million in the first five months this year, down 12% compared to the same period in 2023. Import quantity fell 2% to 33,900 tonnes during the same period. Imports were down 11% to US\$30.4 million from Indonesia, down 31% to US\$21.7 million from Malaysia, and down 25% to US\$1.2 million from China.

Of all Asian countries, only Vietnam increased exports of joinery products to the EU in the first five months of this year, by 13% to US\$6.5 million.

With on-going efforts in the Republic of Congo to shift up the value chain as log exports are banned, EU imports of laminated joinery products from the country were valued at US\$5.7 million in the first five months of this year, up 106% compared to the same period last year.

Imports of these products also increased from Cameroon in the first five months of this year, by 57% to US\$1.3 million. (Chart 9).



**Further calls to delay EU Deforestation Regulation**

Pressure on the EU to delay implementation of the EU Deforestation Regulation (EUDR) has continued to mount from commodity producing countries worldwide according to leading international media.

Most recently, supplier country governments have questioned the accuracy of, and definitions used in mapping undertaken for EUDR enforcement by the EU Observatory to identify areas of deforested and degraded forest land.

The EUDR is set to come into force at the end of 2024. It will require all operators and non-SME traders to undertake due diligence to ensure no timber and six other so-called forest and eco-risk commodities (FERCs) that are placed on or exported from the EU market are implicated in deforestation or forest degradation that has taken place since 2020. It also stipulates that businesses must provide the geolocation coordinates of the plot of land from which commodities originate. The Regulation will extend to SME traders six months later.

Australia and Brazil are ‘stepping up demands for the [EUDR] to be delayed’, according to a report by the Financial Times (FT). Their latest contention is that the mapping undertaken by the European Observatory to identify deforested and degraded forest land, and which will be one of the pillars of EUDR enforcement, cannot be taken as definitive.

“The EU’s map is not a single source of truth but acts as one possible source of information for EU operators and competent authorities to determine if deforestation has occurred,” a spokesperson for the Australian embassy in Brussels told the FT.

The Australians point out that there are differences between their 2023 Forests of Australia map and that of the European Observatory as they use different definitions of forested areas.

Pedro Miguel da Costa e Silva, Brazil’s EU ambassador, also picked up this theme. He said the Brazilian private sector had identified multiple cases of cocoa, coffee and tree plantations that have been misidentified as forests in the European Observatory mapping. Canada and Columbia have also questioned the validity of the mapping.

“European operators and competent authorities should cooperate with producer governments to use local monitoring systems that have much higher precision rates,” Da Costa e Silva told the FT. He added that Brazil has a free-to-use ‘state of the art’ monitoring system. He said the EU was imposing European standards and norms on other countries without collaboration and that producers would have to spend millions of euros on private sector compliance systems.

Columbia’s Institute of Hydrology, Meteorology and Environmental Studies said its deforestation mapping was similar to the EUs, but the latter’s definition “would also include areas not considered as deforestation in Colombia, for example conversion of areas of secondary vegetation”.

The Australian embassy in Brussels also highlighted that clarification is needed from the EU on what constitutes ‘predominantly agricultural land use’ under the EUDR. It said it had requested a delay in introduction of the Regulation ‘until all required arrangements are understood and effectively in place’, pointing out that several EU member states had not yet appointed Competent Authorities to police the new rules.

On the issue of mapping, the EC has emphasised that the European Observatory maps were ‘a tool to help companies to ensure compliance’. They were not mandatory, and other ‘more granular or detailed’ information could be used as a guide.

An article in The Economist titled ‘How EU do-goodery risks harming Africa’s small farmer’ focuses on the challenges posed by EUDR to the African coffee industry. It quotes representatives of the Ethiopian and Ugandan sectors saying that they were struggling to provide geolocation coordinates for the millions of plots of land where coffee was grown for the EU market. Adding to the complexity of the situation, the African supply chains in coffee and cocoa (another commodity covered by the EUDR) are highly complex, pooling and mixing beans from multiple sources.

Enveritas, a sustainability assurance specialist, is putting forward an alternative approach, using satellite imagery to identify fields where trees have been cut down, without requiring geo-locating every farm. The Economist report Ethiopia and Uganda backing this model. The question is whether the EU will accept it.

The FT reported that the then Environment Commissioner Virginijus Sinkevičius said there were no plans to delay implementation of the EUDR. He has since resigned to take up a seat in the European parliament. The Environment role has been temporarily taken over by Maroš Šefčovič, Executive Vice-President of the EC for European Green Deal.

In another FT article, Senior Trade Correspondent Alan Beattie said that ‘irritation’ with the EUDR within the EC has ‘now broken into the open’. It quotes Sabine Weyand, director-general of the trade directorate, as saying, “I think we have to recognise that we have pushed away a number of partners we need through our increased use of autonomous trade measures. We hear that increasingly on measures like the deforestation regulation.”

She suggests widening EU support to the developing world, including via its ‘Global Gateway’, strategy for increasing investment, particularly for the climate transition and especially in Africa.

The article also quotes Odrek Rwabwogo, senior adviser to the president of Uganda on trade. He urged more support for Uganda’s wish to move up the value chain into further processing, rather than stay an exporter of unprocessed commodities and, for instance, roast coffee in-country rather than use more land simply to expand the production of low-value green coffee beans. “[But] our conversations with Europe are not on the level we would like,” he said. “We want them to be about growth, but they are just about compliance.”

The FT article concludes that a delay in introducing the EUDR ‘seems wise’.



“But the EU should use the time not just to iron out the obvious compliance wrinkles, but to give some thought to how climate, trade and development policies might be combined into a more coherent strategy,” it says.

Sources:

<https://www.ft.com/content/8dab4dc6-197b-4a2f-86f0-d5e83ce00b09>

<https://www.ft.com/content/ab2aabbc-8978-444b-844b-3d0d70553266>

<https://www.ft.com/content/03ce886b-c110-45fd-bc56-0254daa75969>

<https://www.economist.com/middle-east-and-africa/2024/07/04/how-eu-do-goodery-risks-harming-africas-small-farmers>

### EU implements eco-design regulation

A new regulation setting out to make sustainable products the norm in the EU market has implications for manufacturers, importers, distributors, retailers and sellers worldwide, according to a report from [www.sustainablebrands.com](http://www.sustainablebrands.com). The new Ecodesign for Sustainable Products Regulation (ESPR) came into force in July and, says the article, sets out environmental design requirements for almost all products, with a few exceptions, including food and medicines.

“We’re setting the bar higher to ensure that resource- and energy-efficient products become the norm on the EU market,” Maroš Šefčovič, Executive VP for the European Green Deal is quoted as saying.

The idea, says Sustainable Brands, is to ‘make sure the products being put on the market are easier to repair, recycle and reuse as part of a circular economy’.

“According to policymakers, around 80% of a product’s environmental impact is determined by how it is designed,” it says. “The legislation includes criteria centred on improving product durability, reducing energy consumption, increasing recycled content, facilitating remanufacture and recycling, and increasing the availability of information on just how sustainable a product might be.”

The European Commission is set to adopt the first working plan for the ESPR, outlining the initial set of products for which eco-design requirements will be developed, in March 2025. These will then be adopted towards the end of 2026 and will apply from 2027 onward. The preliminary list of products the legislation will cover first includes furniture and textiles. The ESPR also introduces the concept of a Digital Product Passport, likely to be a QR code linked to a database, to give consumers information about the journey of a product to market.

See: <https://sustainablebrands.com/read/espr-sustainable-products-norm-eu-consumers>

and [https://commission.europa.eu/energy-climate-change-environment/standards-tools-and-labels/products-labelling-rules-and-requirements/sustainable-products/ecodesign-sustainable-products-regulation\\_en](https://commission.europa.eu/energy-climate-change-environment/standards-tools-and-labels/products-labelling-rules-and-requirements/sustainable-products/ecodesign-sustainable-products-regulation_en)

## North America

### US housing starts post bigger-than-expected increase

Construction of new homes rose 3% in June as builders scaled up new projects. Housing starts rose to a 1.35 million annual pace from 1.31 million in May the US Department of Commerce reported. The data exceeded what Wall Street was expecting, which was a 1.3 million rise. All numbers are seasonally adjusted. But the pace of construction has been trending at lower levels in recent months as builders grapple with elevated financing costs as well as 7% mortgage rates that have dampened home-buying activity.

A big increase in multifamily housing starts led to increased home construction overall even as single-family starts trended lower. Apartment starts rose by 22% in June. The unexpected increase in June housing starts “is actually less impressive than it may appear at first glance,” since the monthly increase was boosted by multifamily starts, which are typically volatile, Stephen Stanley, an economist at Santander, wrote.

Single-family starts, on the other hand, were down 2.2% in June, falling for the fourth month in a row and sinking below 1 million for the first time since October 2023.

The pace of construction was mixed across the US. The biggest declines in home building were in the West, which saw a 6% drop. But the Northeast posted a 34% increase in starts in June. Single-family homebuilding fell in the Northeast and the West but increased in the densely populated South and the Midwest, which is considered a more affordable region. Building permits, a sign of future construction, rose 3.4% to a 1.45 million rate.

See <https://www.census.gov/construction/nrc/current/index.html>, <https://www.msn.com/en-us/money/realestate/housing-starts-post-bigger-than-expected-increase-in-june/ar-BB1q91va?ocid=BingNewsVerp> and <https://www.msn.com/en-us/money/other/us-single-family-housing-starts-slump-to-eight-month-low/ar-BB1q9tk7?ocid=BingNewsVerp>

### Canada home-building cools

Canada’s housing agency says the annual rate of housing starts in June fell 9% compared with May. The Canada Mortgage and Housing Corp. reported that the seasonally adjusted annual rate of housing starts in June amounted to 241,672 units, down from 264,929 in May.

“The higher interest rate environment appears to have caught up with some of Canada’s major centres as lower multi-unit starts, particularly in Vancouver and Toronto, drove both the (seasonally adjusted annual rate) and trend down in June,” said CMHC chief economist Bob Dugan. The actual number of housing starts in urban centers across Canada was down 13% to 20,509 units in June compared with 23,518 units a year earlier. CMHC attributed the decrease to lower multi-unit starts.

See <https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/housing-data/data-tables/housing-market-data/monthly-housing-starts-construction-data-tables> and <https://www.msn.com/en-ca/news/canada/cmhc-says-annual-pace-of-housing-starts-in-june-down-9-from-may/ar-BB1q4ZdJ?ocid=BingNewsVerp>

### **Jobs market remains stable**

Halfway through 2024, US job gains are cooling slightly but overall employment activity remains solidly stable. The US added 206,000 jobs in June according to US Bureau of Labor Statistics, easing from a downward revised May tally of 215,000 jobs. The unemployment rate moved a little higher, up 0.1 percentage points to 4.1%, marking the first time since November 2021 that the jobless rate was above 4%.

That's not too bad at a time when interest rates are at a 23-year high and the Federal Reserve is looking for inflation and overall demand to cool before bringing down rates.

June's job gains were more broadly based than they have been in the past few months, but the growth was largely concentrated in two sectors: government and health care. Manufacturing lost 8,000 jobs in June while construction added 27,000 jobs, higher than the average monthly gain of 20,000 over the prior 12 months.

See <https://www.bls.gov/news.release/empsit.nr0.htm> and <https://www.msn.com/en-us/money/markets/key-takeaways-from-the-june-jobs-report/ar-BB1pszqL?ocid=BingNewsSerp>

### **Consumer sentiment falls to 8-month low on frustration with inflation**

Consumers' optimism about the economy fell to an eight-month low in July over frustration with high prices, even though they expect inflation to slow over the next year. The first reading of the consumer sentiment index in July dropped to 66.0 in July from 68.2 in June, the University of Michigan said. It was the fourth decline in a row and the weakest reading since November.

While sentiment is trending downward, Index Director, Joanne Hsu, says consumer's perceptions have not moved much in recent months. "July's reading was a statistically insignificant 2 index points below last month, well within the margin of error," Hsu said adding "although sentiment is more than 30% above the trough from June 2022, it remains stubbornly subdued.

See <http://www.sca.isr.umich.edu/> and <https://www.msn.com/en-us/money/markets/consumer-sentiment-falls-to-8-month-low-on-frustration-with-inflation/ar-BB1pSgqD?ocid=BingNewsVerp>

### **US manufacturing contracts for third month in a row**

US manufacturing contracted for a third straight month in June as demand remained subdued, while a drop in a measure of prices paid by factories for inputs to a six-month low suggested that inflation could continue to subside.

The weakness at the end of the second quarter reported by the Institute for Supply Management on Monday was across the board with ISM Manufacturing Business Survey Committee Chair Timothy Fiore describing manufacturers as demonstrating "an unwillingness to invest in capital and inventory due to current monetary policy and other conditions."

Manufacturing is being pressured by higher interest rates and softening demand for goods, though business investment has largely held up. "We expect the manufacturing sector to remain weak over the next couple of quarters," said Oliver Allen, senior US economist at Pantheon Macroeconomics."

The ISM's manufacturing PMI slipped to 48.5 last month from 48.7 in May. A PMI reading above 50 indicates growth in the manufacturing sector, which accounts for 10.3% of the economy. The Wood Products sector was among the nine industries reporting contraction in June while the Furniture & Related Products sector was among the eight industries reporting growth.

See <https://www.reuters.com/markets/us/us-manufacturing-mired-weakness-prices-paid-gauge-hits-six-month-low-2024-07-01/>

### **Findings on wooden cabinet imports from China upheld**

The US Department of Commerce has upheld its preliminary determinations on the scope of antidumping and countervailing duty orders on imports of wooden cabinets, vanities and components ("WCV").

The Kitchen Cabinet Manufacturers Association reported that the Commerce Department had announced the "Final Results of KCMA's Scope and Circumvention Petition," and that the US Department of Commerce is making no changes." This means that Commerce continues to find Scenarios 1, 2, and 3 that KCMA defined are covered by the scope of the antidumping and countervailing duty orders on WCV from China the KCMA reports.

In addition, Commerce will impose a new certification process where both importers and exporters will be required to certify that each shipment of WCV from Malaysia and Vietnam does not contain finished and/or unfinished Chinese cabinet components, including the doors, drawer faces, and frames.

Certifications must be signed for every shipment of WCV from Malaysia and Vietnam to the United States. In addition, documents supporting the certifications must be retained for five years from the date of importation.

See <https://www.woodworkingnetwork.com/news/woodworking-industry-news/commerce-department-upholds-preliminary-import-findings> and <https://www.federalregister.gov/documents/2024/07/17/2024-15681/wooden-cabinets-and-vanities-and-components-thereof-from-the-peoples-republic-of-china-final-scope>

**Remodeling spending expected to trend higher**

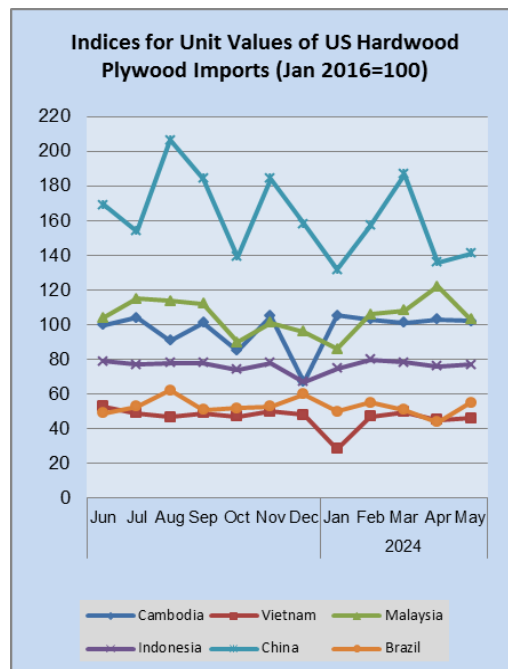
Homeowner expenditure for improvements and repairs are expected to trend up through the first half of 2025 according to the Leading Indicator of Remodeling Activity (LIRA) released by the Remodeling Futures Program at the Joint Center for Housing Studies of Harvard University.

The LIRA projects that declines in annual spending for renovations and maintenance to owner-occupied homes will ease to just -0.5% through the second quarter of 2025.

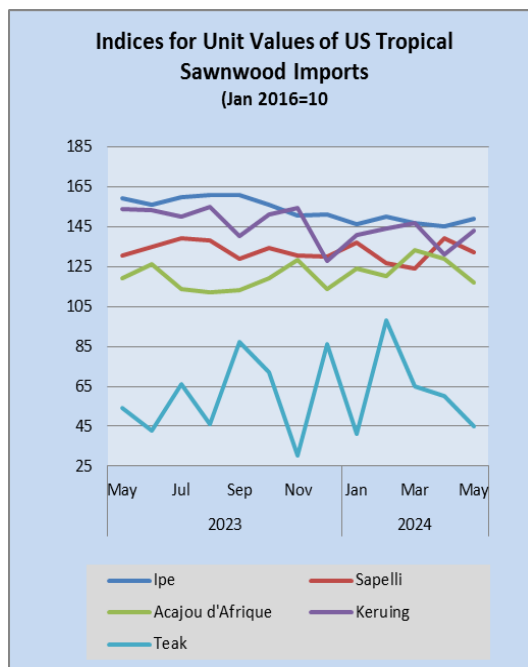
Carlos Martín, Director of the Remodeling Futures Program said “economic uncertainty and continued weakness in home sales and the sale of building materials are keeping a lid on residential remodeling, although many drivers of spending are starting to firm up again,” says at the Center.”

According to LIRA annual spending on homeowner improvements and maintenance is expected to reach US\$466 billion through the second quarter of next year, on par with spending over the past four quarters.

See <https://www.woodworkingnetwork.com/news/woodworking-industry-news/remodeling-spending-trend-upwards-through-2025> and <https://www.jchs.harvard.edu/press-releases/remodeling-spending-tick-through-mid-year-2025>



Data source: US Census Bureau, Foreign Trade Statistics



Data source: US Census Bureau, Foreign Trade Statistics

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

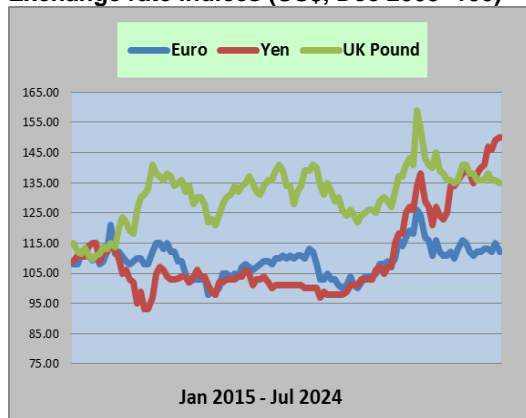
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

## US Dollar Exchange Rates

As of 25 July 2024

Brazil	Real	5.67
CFA countries	CFA Franc	605.12
China	Yuan	7.25
Euro area	Euro	0.92
India	Rupee	83.72
Indonesia	Rupiah	16,284
Japan	Yen	153.70
Malaysia	Ringgit	4.66
Peru	Sol	3.79
UK	Pound	0.78
South Korea	Won	1384.86

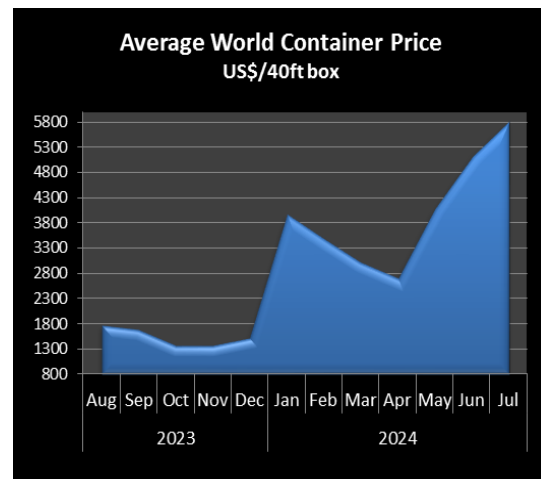
Exchange rate indices (US\$, Dec 2003=100)



## Abbreviations and Equivalences

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

## Ocean Container Freight Index



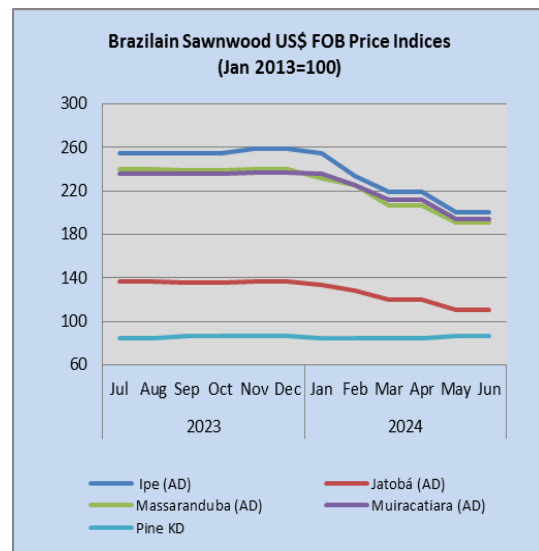
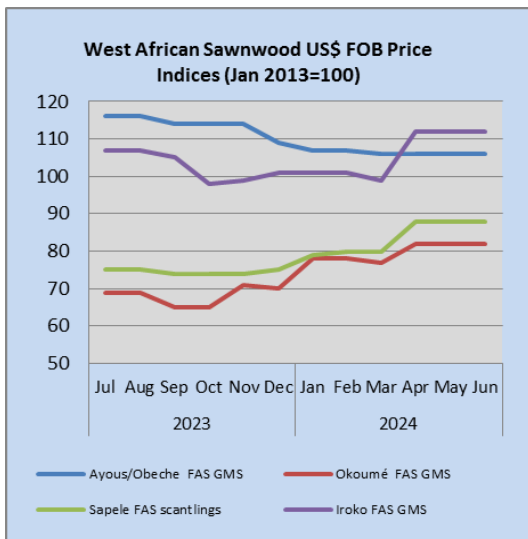
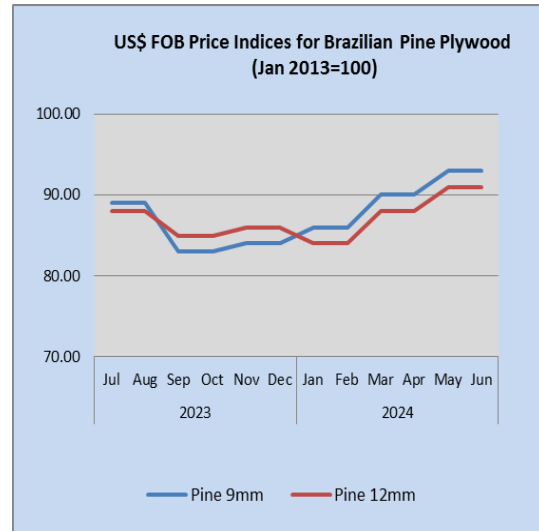
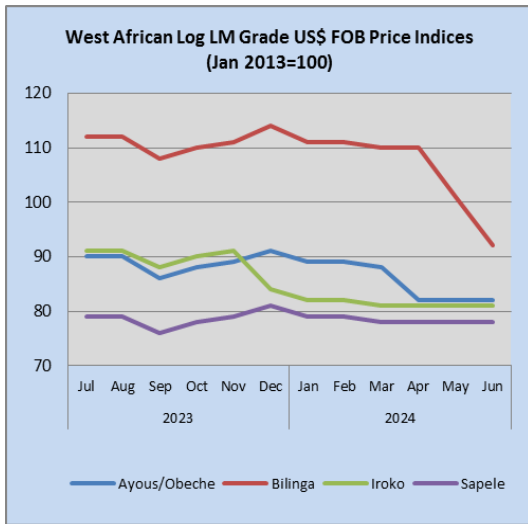
Data source: Drewry World Container Index

See: <https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry>



**Price indices for selected products**

The following indices are based on US dollar FOB prices



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

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