ISSN 0126 - 771X

MASKAYU

MALAYSIAN TIMBER INDUSTRY BOARD

MTIB

Volume 2
FEBRUARY 2023

PUBLIC CONSULTATION: MTIB'S NEW REGULATION ON ISSUANCE OF TIMBER EXPORT & IMPORT

- MARKET PROFILE: THAILAND
- GOOD SILVICULTURE PRACTICE PRODUCES GOOD YIELDS FOR FOREST PLANTATION

1973-2023

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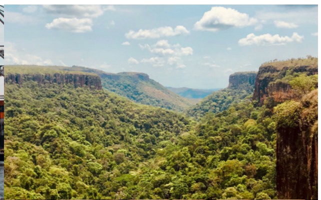
ISSN 0126-771X

Content

Highlight

Regular Features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Public Consultation: MTIB's New Regulation on Issuance of Timber Export & Import Permit

MTIB is responsible for controlling and monitoring timber export and import, timber in transit and the local timber market. Hence, any company intending to carry out timber import export activities not only must be registered under Section 13 Act 105 Malaysian Timber Industry Board (Incorporation)1973, but they also need to apply for a permit from MTIB. The issuance of these permits is based on the Customs (Prohibition of Exports) Order 2017 [P.U (A) 102] and the Customs (Prohibition of Imports) Order 2017 [P.U (A) 103]; under the Second Schedule with the power conferred to MTIB under section 12 (2) (h) Act 105: "to issue licences, certificates, permits and approvals under this Act in respect of the timber industry". The exportation of the 25 timber products listed under the Second Schedule of P.U (A) 102 is prohibited, except with an export permit issued by MTIB. Whereas the importation of the 6 timber products listed under the Second Schedule of P.U (A) 103 is prohibited, except with an import permit issued by MTIB on behalf of the Director General of Customs.

MTIB regulates the issuance of export and import permits. This involves enforcement and legal inspections and various administrative implementations. To strengthen the activities and improve the existing procedures, MTIB is introducing new fee rates in line with the implementation of the regulations to ultimately ensure that timber trading activities are carried out legally.

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Before introducing the new regulations for the issuance of timber export and import permits, MTIB conducted Regulatory Impact Analysis (RIA) to ensure that the regulations are transparent and take into account the views of all parties in line with the principles of Good Regulatory Practice (GRP) as used by developing countries.

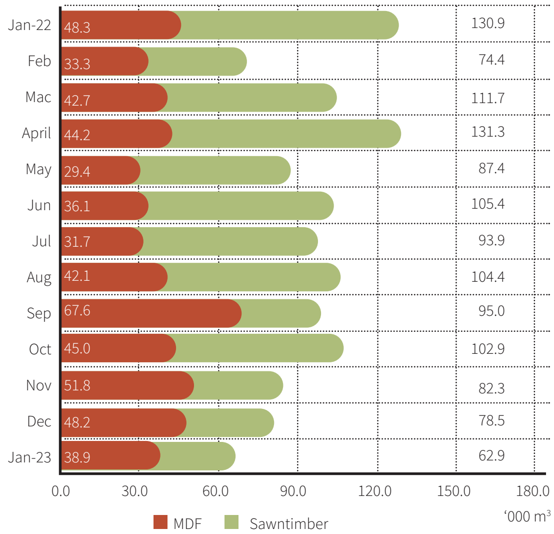
Therefore, MTIB organised a public consultation session on 23 February 2023 in Shah Alam to obtain feedback and views from all parties, especially stakeholders and members of the timber industry, regarding the proposed Regulations of the Malaysian Timber Industry Board (Issuance of Export & Import Permit). The programme also ensured that the industry is made aware of the updating of MTIB's licensing regulations, including the new charges for permits.

The programme was attended by 106 representatives of associations, exporting and importing companies, MyTLAS implementing agencies, councils and government agencies.. The consultation was led by Puan Hajah Roslina Idris, Deputy Director General of MTIB.

January 2023

The total export of Malaysian timber and timber products in January 2023 decreased by 23% in value totalled at RM1.5 billion from RM2.0 billion in the previous month. Likewise, cumulative exports for the period of January 2023 decreased by 38% valued at RM1.5 billion over RM2.4 billion in the previous corresponding period. In January 2023, Malaysia was still in the rainy season with frequent floods. Affected by heavy rain, the cost of timber transportation increased while the stock of timber products gradually decreased, leading to the overall development of Malaysia's timber industry being in a shrinking trend. At the same time, enterprises faced problems such as insufficient orders and products, full warehouses at destination ports and slowing demand.

Malaysia: Export of Sawntimber and MDF
Jan 2022 - Jan 2023 (RM million)



Sawntimber

The total export of sawntimber in January 2023 decreased by 20% in volume and 28% in value to 62,918 m³ totalling at RM139.5 million as compared to the previous month. Cumulative exports for the period of January 2023 also decreased by 37% in volume and 35% in value to 100,465 m³ totalling at RM215.2 million over the previous corresponding period.

Exports to the EU for the month were recorded at 4,221 m³, a decrease of 6% as compared to the previous month. The Netherlands as the main buyer increased buying by 15% to 1,840 m³ from 1,606 m³ in the previous month. Meanwhile, imports from Belgium and France decreased by 32% to 679 m³ from 996 m³ and 65% to 247 m³ from 705 m³ as recorded in the previous month. However, exports to the UK increased by 35% to 1,600 m³ from 1,185 m³ in the previous month.

The total export to the South Asia region also decreased by 38% to 7,879 m³ from 12,755 m³ as recorded in the previous month. India as the main buyer from South Asia decreased buying by 36% to 5,441 m³ followed by Maldives which decreased buying by 38% to 1,339 m³ whilst Sri Lanka increased buying by 2% to 811 m³ for the month.

Moving to the West Asia region, total export to the region recorded a decrease of 7% to 11,843 m³ from 12,783 m³ in the previous month. The UAE as the largest buyer in the region showed a decrease of 14% to 2,968 m3 from 3,458 m³ in the previous month followed by Yemen with 61% to 1,280 m³. Similarly, exports to Saudi Arabia fell 14% to 2,051 m³ from 2,380 m³ in the previous month.

Elsewhere, shipments to East Asia also decreased by 40% to 11,773 m³ from 19,644 m³ in December 2022. China as the main buyer decreased purchases by 29% to 5,457 m³ from 7,667 m³ in the previous month followed by Japan which decreased buying by 25% to 3,499 m³. Similarly, exports to Taiwan also decreased by 69% to 1,545 m³ compared from 4,987 m³ the previous month.

Meanwhile, buying from ASEAN increased slightly to 21,784 m³ from 21,290 m³ as registered in the previous month. Thailand as the main buyer in ASEAN decreased purchases by 21% to 6,399 m³ from 8,142 m³ as recorded in the previous month. Similarly, exports of sawntimber to Singapore decreased by 31% to 4,377 m³ whilst exports to the Philippines grew by 80% to 10,592 m³ from 5,880 m³ in the previous month.
In Africa, imports decreased by 43% to 1,058 m³ from 1,861 m³ in the previous month. Demand from South Africa also decreased by 54% to 757 m³ from 1,638 m³ as recorded in the previous month. Meanwhile, Mauritius increased buying by 4% to 232 m³ from 223 m³ in the previous month.

Exports to North America decreased by 50% to 1,710 m³ from 3,392 m³ in the previous month. The USA as a major buyer also decreased its intake by 45% to 1,533 m³ followed by Canada with a decrease of 72% to 176 m³ from 2,771 m³ and 620 m³ respectively. In the Oceania/Pacific region, exports to Australia also decreased by 15% to 814 m³ from 958 m³ in the previous month.

The average FOB price of sawntimber decreased by 5% to 2,216 per m³ from 2,329 per m³ the previous month. The price of Dark Red Meranti to the Netherlands also decreased by 10% to 4,021 per m³ from 4,482 per m³ previously. Keruing was traded at 3,594 per m³, a decrease of 5% from 3,778 per m³ in the previous month.

Manufacturing activity across the United States, Europe and Asia contracted again in January, underscoring the fragility of the global economic recovery. However, Eurozone factory activity may have passed its lowest point, with the Purchasing Managers' Index (PMI) for manufacturing reaching a five-month high of 48.8 – although any number below 50 still indicates contraction. China's economic activity swung back to growth in January, after a wave of COVID-19 infections passed through the country faster than expected following Beijing's abandoning of pandemic controls. The official PMI rose to 50.1 in January from 47.0 in December 2022, as domestic orders and consumption drove manufacturing output higher. Meanwhile in India, in fiscal year 2021–22 (April to March), GDP expanded to 8.7%. The National Statistics Office expects the growth rate for fiscal 2022–23 will be 7%. An official government economic survey suggests that growth will slow somewhat in fiscal year 2023–24, to within a band of 6.0 to 6.8%.

Medium Density Fiberboard (MDF)

Export of MDF in January 2023 recorded a 19% decrease in volume at 38,877 m³ and 8% in value at RM71.4 million compared to the previous month. Cumulative exports for the period of January 2023 decreased in volume at 12% to 38,877 m³ but increased in value by 2% totalling at RM71.4 million as compared to the corresponding period in 2022.

Export to ASEAN increased by 28% from 3,297 m³ to 4,229 m³ in the previous month. Indonesia recorded a fall in MDF imports by 14% to 664 m³ from 771 m³. The Philippines and Thailand increased imports by 57% and 60% to 2,889 m³ and 338 m³ respectively.

Elsewhere, East Asia increased MDF purchases by 3% from 12,780 m³ to 13,220 m³ in the previous month. Japan improved sales by 7% to 12,308 m³ However, Taiwan recorded a drop 47% from 1,213 m³ to 648 m³. Moving to the South Asia market, exports decreased by 45% to 6,486 m³ from 11,694 m³. Export performance to India and Pakistan declined by 62% to 3,258 m³ and 3% to 2,908 m³ each. However, shipping to Sri Lanka increased by 153% to 257 m³.

Export to the West Asia region recorded a decrease of 7% from 12,340 m³ to 11,483 m³ compared to the previous month. The UAE and Oman reduced their sales performance by 18% and 47% to 8,127 m³ and 827 m³ each.
In France, exports increased by 59% to 10 m³, while in the UK exports decreased by 13% to 107 m³. Exports to Australia increased by 37% to 1,696 m³ from 1,234 m³. Meanwhile in North America, import of MDF decreased by 39% from 1,861 m³ to 1,135 m³. The USA and Canada dropped purchases by 34% and 57% to 811 m³ and 263 m³ each. However, Mexico recorded an increase of 190%

to 61 m³.

The Africa region showed a decrease of MDF imports by 91% from 4,738 m³ to 427 m³. Sudan, Egypt and South Africa reduced imports by 93%, 92% and 64% to 193 m³, 129 m³ and 105 m³ respectively.

The FOB price of MDF increased by 14% to RM1,837 per m³ from RM1,618 per m³ in the previous month.
According to PlyReporter, in 2023, with increased capacity and imports, brands will focus on developing new applications and raise awareness among contractors, carpenters, OEMs, and ready-made furniture manufacturers. The segment will also find its various uses in growing applications like louvers, pre-finish panels and base-ply decorative veneers. The extensive capacity addition by existing players and some new players adding up to more capacities will create a push and subsequently, a bigger market for MDF products and related value-added range.

Veneer

Export of veneer for January 2023 decreased in volume by 70% to 1,881 m³ and 71% in value worth RM3.8 million as compared to the previous month. Cumulative exports for January 2023 showed a decrease in volume by 50% to 1,881 m³ and 49% in value to RM3.8 million over the previous corresponding period.

There were mostly downward trends for veneer exports in January 2023. ASEAN reduced imports by 64% from 1,321 m³ to 481 m³. The Philippines and Singapore reduced sales by 64% and 71% to 476 m³ and 3 m³ each. In East Asia, exports dropped by 73% from 4,612 m³ to 1,264 m³. South Korea, Japan and Taiwan recorded a decrease of 79%, 32% and 93% to 638 m³, 299 m³ and 49 m³ respectively. Meanwhile in South Asia, Bangladesh purchased 79 m³.

Moving to North America, veneer purchase dropped by 53% from 122 m³ to 57 m³. The US reduced their intake by 10% to 57 m³. On the other hand, New Zealand, Canada, the Netherlands and South Africa didn't make any purchase for the month.

The average FOB price for veneer decreased by 3% from RM2,054 per m³ to RM1,996 per m³ as compared to previous month.

The decline in veneer exports in January 2023 was mainly due to problems with the availability of raw materials, soaring production costs and buyers' reluctance to accept prices that reflect input costs. The high cost of production was due to largely to a sharp increase in energy and other utility charges.

Plywood

Export of plywood in January 2023 recorded a decrease of 21% in volume at 70,296 m³ and 26% in value at RM167.08 million as compared to the previous month. Likewise, cumulative exports for the period of January 2023 decreased by 45% in volume and 53% in value to 70,296 m³ totalling at RM167.08 million over the previous corresponding period. The EU region recorded a decrease for plywood export by 65% from 250 m³ to 87 m³. Italy resumed buying to 87 m³. Meanwhile, UK increased imports by 47% to 4,126 m³.

Moving to the East Asian market, volume dropped by 39% to 36,693 m³ from 59,663 m³. Japan as the largest importer reduced buying by 34% to 30,526 m³. South Korea and Taiwan also decreased sales by 39% and 4% to 4,872 m³ and 3,985 m³ respectively. In the ASEAN region, imports fell by 35% from 4,744 m³ to 3,068 m³. Plywood export to Singapore, Thailand and the Philippines declined by 62%, 2% and 7% to 801 m³, 1,643 m³ and 477 m³ each. Likewise, South Asia decreased purchases by 14% from 1,511 m³ to 1,302 m³. India and Maldives reduced imports by 10% and 6% to 1,119 m³ and 183 m³ respectively.

However, the West Asia region recorded a slight increase by 5% to 14,348 m³ from 13,627 m³ in the previous month. The UAE increased import performance by 416% to 1,808 m³. Yemen decreased imports by 10% to 11,749 m³, followed by Oman with 39% to 86 m³.

In the Africa region, there was a decrease of 83% from 731 m³ to 123 m³ as compared to the previous month. South Africa decreased buying by 15% to 123 m³. Meanwhile, North America increased imports by 70% from 3,547 m³ to 6,030 m³. The USA as the main buyer increased purchases by 92% to 4,964 m³, followed by Mexico with an increase of 12% to 1,029 m³. Canada reduced imports by 4% to 38 m³. For the Oceania/Pacific region, plywood imports increased by 16% to 1,517 m³ from 1,816 m³. Australia decreased buying by 16% to 1,475 m³ but New Zealand increased by 1% to 42 m³.

The FOB price of plywood for January 2023 was RM2,377 per m³, a decrease of 20% from RM2,958 per m³ from the previous month.

The global plywood market is valued at USD85.5 billion as of 2023. The market is expected to grow at a CAGR of 6.3% during the period 2023-2033, and by 2033, the market is expected to be valued at USD156.9 billion. Asia Pacific is expected to be the largest plywood market during the forecast period. China is expected to grow at a CAGR of 6.7%, and India at a CAGR of 6.4%. One of the major factors behind market growth is rapid urbanization. This has led to the growth of the construction sector because of the increase in infrastructural activities.

Mouldings

Exports of mouldings for the month decreased by 5% in volume and 15% in value to 15,762 m³ worth RM64.4 million. However, cumulative exports for the period of January 2023 decreased by 7% in volume and 12% in value to 15,762 m³ worth RM69.4 million as compared to the previous corresponding period in 2022.

Exports to the EU for the month were recorded at 6,559 m³, decreased by 17.8% as compared to the previous month. Germany and the Netherlands decreased their purchases by 50% and 18% to 497 m³ and 3,891 m³ while France increased its purchases by 4% to 1,415 m³ respectively. Meanwhile, the UK also recorded a decrease of 19% to 377 m³ compared to the previous month.

In Asia, Viet Nam and Singapore decreased their purchases by 72% and 19% to 36 m³ and 1,035 m³ for the month. Korea and Japan decreased their intakes by 42% and 23% to 676 m³ and 760 m³ while Taiwan increased its purchases by 358% to 302 m3 from 66 m3 respectively. Meanwhile, Maldives and India decreased their intakes by 69% and 36% to 32 m^3 and 176 m^3 respectively. However, the UAE also decreased its intakes by 96% to 2 m^3 for the month.

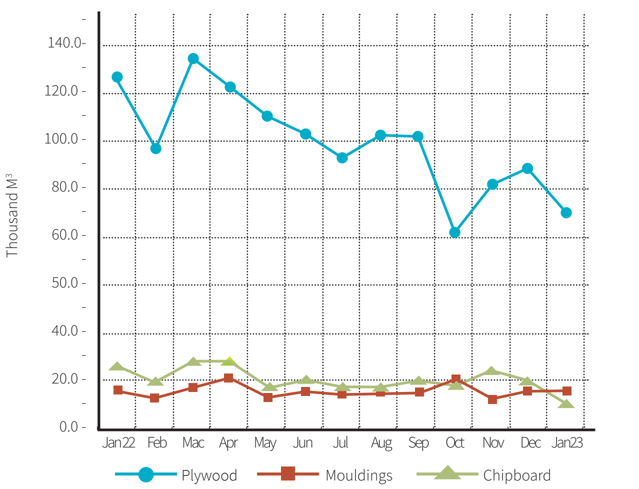
Meanwhile, in the Oceania/Pacific region, export to Australia decreased by 4% to 1,753 m^3. Similarly, in the America region, export to the US and Mexico increased by 130% and 196% to 3,412 m^3 and 180 m^3 respectively.

Elsewhere, in the Africa region, South Africa increased its purchases by 24% to 151 m^3 while Mauritius decreased its intakes by 48% to 124 m^3 respectively

The average FOB unit value for mouldings decreased marginally to RM4,404 per m^3 compared to RM4,914 per m^3 in the previous month.

The global construction sector is struggling under the impact of the Russia-Ukraine war and the effects of this on global oil and commodity costs, which are feeding into significantly higher prices for fuel and building materials. With the gloomy economic backdrop and additional challenges specific to the construction industry, notably high construction material costs and labor shortages, global construction output is forecast to grow by just 1.8% in 2023, having posted an estimated growth of 1.7% in 2022. However, the industry is expected to regain some growth momentum from 2024 assuming an improvement in global economic stability.

Malaysia: Export of Plywood, Mouldings and Chipboard
Jan 2022 - Jan 2023



Builders Joinery And Carpentry (BJC)

Export of BJC for January 2023 recorded a decrease of 27% in volume and 22% in value to 8,610,522 kg worth RM89.1 million from last month. Total BJC cumulative exports for the same corresponding period last year decreased by 17% to RM89.1 million as compared to RM107.4 million last month.

Exports to the EU increased by 24% to RM20.9 million compared RM16.9 million in the previous corresponding

period. Exports to Sweden, Belgium and Germany increased by 127%, 63% and 39% to RM6.4 million, RM5.2 million and RM3.3 million respectively. Meanwhile, exports to Norway decreased by 57% to RM1.3 million while the UK decreased its intake by 22% to RM10.1 million for the month.

In Asia, exports to Singapore recorded an increase of 5% to RM5.4 million while Viet Nam and Thailand decreased their intakes by 98% and 15% to RM31,201 and RM1.1 million for respectively. Exports to China, Taiwan and Japan decreased by 85%, 49% and 22% to RM305,706, RM406,275 and RM3.8 million respectively. Nevertheless, exports to India, also decreased by 37% to RM2.1 million while Maldives increased by 395% to RM821,941 respectively. Meanwhile, the UAE increased imports by 100%, to RM676,044 for the month.

In the Oceania/Pacific region, exports to Australia decreased by 10% to RM18.6 million while New Zealand increased its purchases by 52% to RM2.4 million respectively. However, in the America region, Mexico, the US and Canada decreased their intakes by 39% and 100% to RM16.1 million and RM124 respectively.

Elsewhere, in the Africa region, South Africa decreased its intakes by 36% to RM643,168 while Libya purchased RM436,721 for the month.

Growth in the global economy is set to continue to slow in 2023, reflecting high inflation and tightening financial conditions that will constrain investment growth. The IMF predicts that global economic growth will slow to 2.7% in 2023, decelerating from 3.2% in 2022 and 6.0% in 2021. Although the recent easing of China's zero COVID policy suggests that demand in China's economy might be stronger than had been anticipated, economic growth in the US and Western Europe will stagnate. However, over 2023 and 2024, growth will tend to move with the forecast overall growth in investment in the construction sector of 4.5 - 5.5% per year.

Furniture

Export of wooden and rattan furniture for the month of January 2023 dropped by 16% to RM654.4 million and by 25% to RM4.7 million respectively from the previous month, December 2022. Similarly, the export of wooden furniture based on year-on-year recorded a decrease of 42% worth RM654.4 from RM1.1 billion in its corresponding period in 2022. Demand for rattan furniture was also down by 54% year-on-year to RM4.7 million from RM10.1 million over its corresponding period in 2022.

Export of wooden furniture to ASEAN expanded by 10% worth RM100.4 million from RM91.7 million in its corresponding period in 2022. Singapore recorded the highest buyer with RM54.7 million, an increase of 0.3% and followed by Thailand where exports rose significantly by 222% to RM17.1 million. However, export to the Philippines decreased by 13% to RM17.0 million.

Moving to the East Asia region, exports were down by 40% to RM47.5 million from RM79.2 million year-on-year 2022. Japan remained the highest buyer despite a reduction in demand by 29% worth RM41.6 million. This was followed by Taiwan with intake lowered by 81% to RM2.2 million and China which reduced imports by 67% to RM479,472 for the month.

Exports to West Asia were down by 30% to RM36.3 million from RM52.2 million in its corresponding period in 2022. Exports to the UAE, the largest buyer in the region, decreased by 18% to RM15.4 million. Exports to Saudi Arabia and Kuwait also reduced by 39% to RM15.4 million and by 56% to RM2.0 million, respectively.

Meanwhile, the South Asia region recorded a decrease of wooden furniture intake by 66% to RM8.7 million for the month. India recorded the highest intake with export value worth RM7.6 million despite a reduction of 69%. However, exports to Maldives and Bangladesh improved by 94% to RM825,838 and 479% to RM230,982 respectively. Export to Central Asia dropped by 37% to RM261,243 with exports to Uzbekistan worth RM261,243.

Export to the European Union (EU27) recorded a decrease of 40% to RM27.2 million from RM45.7 million over its corresponding period in 2022. Belgium as the highest buyer in the bloc recorded a reduction in buying by 23% to RM5.0 million. Exports to France and Denmark decreased by 43% and 49% to RM2.2 million, respectively.

As for other countries in Europe, exports were down by 31% to RM32.7 million. Export to the United Kingdom decreased by 29% to RM31.8 million from RM44.4 million in its corresponding period 2021. Export to Turkey also decreased by 11% to RM242,529 for the month. However, exports to Georgia rose by 221% to RM200,483 from RM62,458 in January 2022.
Export to the Oceania/Pacific region decreased by 30% to RM35.2 million from RM50.2 million over its corresponding period in 2022. Australia remained the top buyer in the archipelago region with export value worth RM32.7 million, a decrease of 23%. Similarly, both exports to New Zealand and Papua New Guinea were reduced by 64% to RM2.0 million and by 67% to RM195,906, respectively.

Moving to the Central America region, export of wooden furniture decreased by 40% to RM2.7 million over its corresponding period in 2022. Despite the reduced intake in the region, exports to El Salvador increased by 53% to RM911,633 from RM595,741 million in its corresponding period in 2022. However, exports to Guatemala and Costa Rica decreased by 54% to RM611,638 and by 43% to RM781,269 respectively.

Meanwhile, export to the North America region was down by 50% to RM343.5 million with the USA, Malaysia's largest wooden furniture buyer, purchasing imports worth RM322.8 million, a decrease of 49% from RM631.9 million in its corresponding period in 2022. Similarly, exports to Canada and Puerto Rico were also down by 49% to RM15.2 million and 79% to RM3.1 million respectively.

Export of wooden furniture to the South America region recorded a decrease of sales by 64% worth RM4.4 million from RM12.4 million in its corresponding month in 2022. Exports to Chile and Peru decreased by 69% to RM3.2 million and 47% to RM661,641 respectively. However, export to Colombia increased by 99% to RM375,996 from RM188,552 in its corresponding period in January 2022.

Export to the Africa region recorded an increase of 49% to RM10.4 million with South Africa garnering the largest market share with RM2.0 million. This was a decrease of 68% from its corresponding period in 2022. This was followed by Kenya, with recorded sales of RM1.8 million, a decrease of 11% and Reunion Islands which was also down by 46% to RM1.3 million for the month of January 2023.

Rattan furniture shipments for January 2023 recorded a decrease of 54% valued at RM4.7 million from RM6.2 million in the previous month, December 2022. However, export of rattan furniture recorded a decrease year-on-year by 54% from RM10.1 million in the corresponding period in 2022.

Export to ASEAN member countries were recorded at RM341,800, a decrease of 33% year-on-year from RM511,235 in January 2022. The highest buyer was the Philippines with recorded sales of RM126,835, a decrease of 34%, followed by Thailand with imports down by 88% to RM27,615. However, export to Singapore increased by 92% to RM143,909 from RM75,060 in January 2022.

Likewise, the East Asia region also reduced its shipments by 25% to RM266,373 over RM355,089 in its corresponding period in 2022. Export to Japan as the largest buyer in the region decreased by 15% to RM202,492. China also resumed its intake by RM63,843. Moving to the South Asia region, exports reduced by 13% to RM341,595 year-on-year from RM392,515 in January 2022. India as the largest buyer amongst South Asian countries recorded a decrease in intake by 13% to RM341,595 from RM392,515 in the corresponding period in 2022.

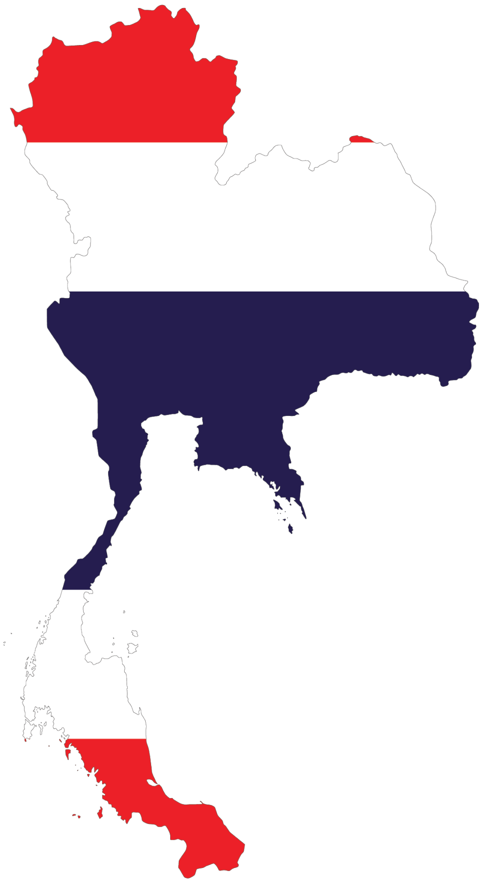
Export to West Asia region also decreased by 8% to RM139,051 from RM151,398 over its corresponding period in 2022. The largest buying nation of rattan furniture in the West Asian countries, the UAE decreased its intake by 44% to RM84,303 from RM151,398 over its corresponding period in 2022. Meanwhile, Saudi Arabia and Qatar resumed its intake by RM49,552 and RM4,727 respectively.
Likewise, export to European Union expanded by 36% to RM599,287 with Ireland being the largest buyer amongst EU27 countries. Export to Sweden as the largest buyer in the EU27 bloc was down by 38% to RM167,765 from RM269,489 over the same period 2022 and followed by Ireland, with export reduced by 30% worth RM119,820. Meanwhile, France purchased RM135,004 for January 2023. Moving to other countries in Europe, demand decreased by 40% to RM806,814. However, intake from the United Kingdom increased by 18% to RM806,814.

Shipments to the Oceania/Pacific archipelago region decreased by 15% to RM668,393 from RM789,729 over the same period 2022. Australia recorded an increase of 4% to RM667,088 million. Intake of rattan furniture by the Africa region was also down by 19% to RM1.1 million, where the largest buyer, South Africa reduced its buying to RM643,168

GlobalData reported that the impact of interest rate hikes and a dampened housing market will hit furniture sales in 2023, and the analysts forecasts a 2.8% dip in the furniture market—with inflation masking the fall in volumes. Higher mortgage costs, tougher affordability and a decline in housing prices will reduce transactions and impact a key driver of the furniture sector. Retailers now face the issue of a weak housing market with an especially low appetite among first-time buyers, who are more likely to purchase furniture when buying a house. Falling house prices are also discouraging consumers from putting their houses on the market, restricting supply, and translating into worrying figures across furniture. The expected short recession in 2023 will not have the same severity of impact as the last financial crisis though, when furniture sales slumped by 5.9% in 2008 and 10.4% in 2009. Nevertheless, the sharp rise in inflation and persistent financial headwinds have significantly impacted consumer confidence and caused a shift in consumer behaviour. Inflation is outpacing wage growth, leaving shoppers' spending power stifled as the higher interest rates suppress demand. Retailers must get ready to withstand the storm as those with unattractive propositions risk seeing their sales fall significantly as consumers put off big-ticket purchases outside of essential replacements. Investment in designs should be prioritised to attract customers, with new looks remaining one of the primary purchase motivators, driving 53.0% of purchases across total furniture.

According to online research website Statista, the global ecommerce furniture industry shows that total sales are expected to hit USD30 billion in 2023. This marks a 3.4% annual increase from the previous year. The ecommerce furniture industry has been growing over the past couple of years. It was forecast that from 2021 to 2023, the industry would increase its annual sales by USD1 billion every year, rising at an average rate of 3.5% per year. Online demand for furniture skyrocketed during the pandemic, with many manufacturers' pivoting into the digital space to compensate for challenges within their traditional sales channels, and events such as virtual events and digital platforms to connect buyers with manufacturers. As demand flourishes in the future, industry players can continue to leverage on these established digital platforms to take advantage of opportunities that may arise.

THAILAND
Construction Sector Expected to Grow



Overview
Thailand or in its official name, Kingdom of Thailand, is known as the land of smiles for many people. Thailand is one of the few developing countries never to have been colonized. It is located at the centre of Mainland Southeast Asia, spanning 513,120 square kilometres, with a population of almost 70 million. Thailand has about the same land area as Spain or France, consists of two broad geographic areas, a larger main section in the north and a smaller peninsular extension in the south. The country is bordered to the north by Myanmar and Laos, to the east by Laos and Cambodia, to the south by the Gulf of Thailand and Malaysia, and to the west by the Andaman Sea and the extremity of Myanmar. Thailand also shares maritime borders with Vietnam to the southeast, and Indonesia and India to the southwest. Bangkok is a capital and largest city of Thailand. Thai people normally use Thai language as an official language and English is the second language. There are many kinds of natural resources seen in Thailand. Tin, rubber, natural gas, tantalum, timber, lead, gypsum, fish, and arable land are examples of them. For agriculture products, rice, rubber, corn, coconuts are some agriculture products of Thailand.

Economy
Thailand's economy is projected to recover to its pre-pandemic level in 2022, but the pace of growth will be slower-than-expected in 2023 owing to global headwinds. The economy is projected to expand by 3.4 percent in 2022 and 3.6 percent in 2023. Growth in 2023 has been revised down by 0.7 percentage point compared to June projections reflecting faster-than-expected decline in global demand. Tourism sector recovery and private consumption will remain the major drivers of growth. Gross domestic product rose in 2022 from the previous year, when the economy grew only 1.5%. Consumption increased 6.3% in the year even as core inflation rose 6.1%. Private investment also increased by 5.1% and lifted the GDP in 2022.However, momentum stalled in the fourth quarter, which grew 1.4% from the same period in 2021, slowing from the third quarter's 4.6% due to a 10.5% drop in goods exports in the final quarter. Services exports, on the other hand, expanded 94.6% in the quarter. Exports had kept Thailand on a positive growth trajectory but ran out of steam as demand weakened from the U.S. and Europe, its key trading partners.

Forest Resources
Thailand forests are divided in two main types, evergreen forest (about 60% of the total forested area, including tropical evergreen forest, coniferous forest, swamp forest and beach forest) and deciduous forest (along the dry belt of the country). The land covers approximately 4.28 million hectares of forestry plantations and 1.04 million hectares of mixed-use forest, in addition to the 16.40 million hectares of conservation forest. In 1989, the Government cancelled all concessions for forest lands and promoted plantation forests to develop the economy and meet the increasing demanded for timber. From 2014 to 2019, reforestation was carried out by the Royal Forest Department (RFD) and forest cover was approximately stable at 31%. Currently, Thailand does not generate timber from its natural forest sources. There are still significant volumes of wood from domestic sources. The Royal Forest Department oversees permission related to timber harvesting from forest plantations, transporting, processing and trading. It manages National Forest Reserves and Permanent Forest Estates. The Department of National Parks, Wildlife and Plant Conservation oversees approvals related to protected areas and protected species, including import/export of CITES species. The Department of Marine and Coastal Resources manages mangroves. All three of these government departments are under the Ministry of Natural Resources and Environment. The Forest Industry Organization is a state enterprise under the Royal Forest Department and has received permission from them to manage forest plantations which are established in reserved forest land.

Timber Production

According to the FAO forest statistics, Thailand's productions are as below:

Volume: m3

Thailand: Production Quantity 2016 - 2020					
Product	**2016**	**2017**	**2018**	**2019**	**2020**
Wood Charcoal	1,465,688	1,482,810	1,500,131	1,517,655	1,535,384
Woodchips & Particles	3,129,900	3,129,900	3,129,900	2,492,555	1,735,970
Sawlogs and veneer logs, coniferous	13,000	13,000	13,000	13,000	13,000
Veneer sheets	185,000	185,000	185,000	125,000	142,010
Plywood	120,000	120,000	120,000	120,000	120,000
MDF/HDF	3,297,000	3,378,000	3,629,000	3,672,000	3,672,000

Source: FAO Stats

Thailand's Exports Of Timber And Timber Products

Thailand's export of timber and timber products in 2021 increased 55% to USD3.7 billion over the previous corresponding period. Thailand exported mainly sawntimber, fibreboard and furniture totalled at USD1.1 billion, USD850.2 million and USD740.9 million respectively. Thailand exported sawntimber mainly to China amounting to USD1.0 billion, fireboard to the UAE amounting to USD204.5 million and furniture to the US amounting to USD519.5 million.

USD'000

Thailand: Export of Timber Products & Timber Product to World, 2017-2021					
Product	**2017**	**2018**	**2019**	**2020**	**2021**
Sawntimber	1,498,743	1,215,463	955,911	927,391	1,059,729
Fibreboard	540,860	602,182	592,982	613,055	850,239
Furniture	401,498	394,802	458,145	641,193	740,924
Particle board	387,510	345,186	330,431	328,636	496,885
Plywood	17,741	29,283	28,840	54,331	91,919
Builder's joinery and carpentry	41,287	43,067	40,799	39,701	44,552
Wooden frames	23,647	19,666	17,450	12,882	11,358
Logs	206	2,487	3,718	6,682	10,425
Veneer	2,871	5,112	6,840	6,367	10,148
Moulding	6,946	9,009	8,254	8,422	8,061
Others	338,772	325,759	388,482	266,565	355,410
TOTAL	**3,260,081**	**2,992,016**	**2,831,852**	**2,905,225**	**3,679,650**

Source: ITC Stats

Thailand's Import Of Timber And Timber Products

According to the latest ITC statistics, Thailand's import of timber and timber products in 2021 increased by 19% to USD1.1 billion million over the previous corresponding period. Thailand imported mainly furniture, plywood and sawntimber totalled at USD478.6 million (an increase of 23%), USD262.3 million (an increase of 32%) and USD180.3 million (an increase of 7%) respectively. The major import sources for Thailand are China, followed by Malaysia and Viet Nam.

USD'000

Thailand: Import of Timber Products & Timber Product to World, 2017-2021					
Product	**2017**	**2018**	**2019**	**2020**	**2021**
Furniture	272,889	353,722	421,769	388,186	478,609
Plywood	140,997	185,741	176,807	197,962	262,345
Sawntimber	250,775	245,744	225,203	168,452	180,271
Veneer	25,791	32,450	29,401	23,385	25,169
Builders' joinery and carpentry	20,825	24,560	25,928	28,457	20,173
Fibreboard	11,637	11,435	13,713	12,617	12,968
Particle board	6,868	10,456	9,905	8,291	6,334
Logs	7,109	5,511	4,840	4,603	4,325
Mouldings	6,046	4,190	4,283	2,583	3,920
Wooden frame	1,384	1,520	1,167	845	731
Others	59,175	69,714	66,626	54,743	66,714
TOTAL	**803,496**	**945,043**	**979,642**	**890,124**	**1,061,559**

Source: ITC Stats

Malaysia's Exports Of Timber And Timber Products To Thailand

Thailand has always been an important timber trade partner for Malaysia in the ASEAN region. However, in 2021, exports of Malaysian timber and timber products to Thailand registered a decrease of 19% to RM329.9 million from RM408.4 million in 2020. Thailand ranked 13th with 1.4% of Malaysia's total export share. Sawntimber was the main product exported with a total value of RM209.1 million, followed by wooden furniture at RM46.2 million and plywood at RM34.8 million.

Value: RM

Malaysia: Exports Of Timber And Timber Products to Thailand, 2017-2021					
Product	**2017**	**2018**	**2019**	**2020**	**2021**
Sawntimber	550,845,596	454,643,535	413,826,454	257,861,642	209,083,753
Wooden Furniture	53,858,135	50,372,219	42,813,197	44,176,680	46,242,616
Plywood	113,269,323	103,118,429	98,212,972	57,457,110	34,837,680
Builders Joinery & Carpentry	33,282,808	23,141,511	21,036,519	21,727,423	16,327,310
Fibreboard	2,323,489	6,324,902	9,208,018	5,564,525	5,606,767
Chipboard/Particleboard	8,291,354	9,705,792	7,302,607	8,908,554	5,606,767
Mouldings	3,355,566	3,221,415	3,243,294	1,847,469	1,729,755
Logs	19,876,457	206,735	184,441	98,789	116,037
Others	19,876,457	15,718,594	19,170,044	10,722,073	9,975,988
TOTAL	**785,495,028**	**666,453,132**	**614,997,546**	**408,364,265**	**329,925,005**

Source: MTIB & DOSM

Malaysia's Import of Timber and Timber Products from Thailand

In 2021, import of Malaysian timber and timber products from Thailand were valued at RM658.0 million from RM537.4 million in 2020. Chipboard was the main product imported with a total value of RM439.8 million followed by fibreboard at RM108.7 million and sawntimber at RM50.2 million.

Value: RM

Malaysia: Import Of Timber And Timber Products from Thailand, 2017-2021					
Products	**2017**	**2018**	**2019**	**2020**	**2021**
Chipboard/Particleboard	316,467,674	224,281,155	218,690,296	308,380,261	439,847,294
Fibreboard	53,719,487	53,352,496	58,818,143	149,375,361	108,662,935
Sawntimber	30,518,823	22,913,249	15,842,505	30,536,267	50,224,094
Wooden Furniture	37,127,560	24,562,430	27,390,459	22,514,428	26,225,227
Mouldings	12,195,865	12,564,730	9,478,682	9,693,265	11,293,405
Plywood	2,513,996	5,348,446	5,293,662	5,171,731	5,655,512
Builders Joinery & Carpentry	11,633,795	11,871,298	7,983,068	5,962,987	5,040,444
Veneer	27,000	0	0	33,610	0
Other Products	6,842,222	10,000,707	6,158,593	5,735,587	11,055,232
TOTAL	**471,046,422**	**364,894,511**	**349,655,408**	**537,403,497**	**658,004,143**

Source: MTIB & DOSM

Import Tariffs

Thailand's import duties on timber and timber products are as follows:

Product	MFN Tariff Duty %	ASEAN Tariff Duty %	ASEAN, Australia and New Zealand Free Trade Area (AANZFTA)
Logs	7	0	0-7
Sawntimber	7	0	0
Veneer	7	0	0
Mouldings	7	0	0
Particleboard/Chipboard	7	0	0
Fibreboard	7	0	0
Plywood	7	0	0
Wooden Frames	7	0	0
BJC	7	0	0
Furniture	35	0	0

Source: WTO

Prospects

Thailand's construction industry was not as severely affected by the outbreak of the COVID-19 pandemic. The industry continued to remain strong in the first half of 2021, supported by strong export demand and investment in the infrastructure and energy and utilities sector. Thailand has seen substantial increase in material costs for construction projects as a result of inflationary pressures in 2022. This however has not impeded the growth of Thailand's construction sector, which has been spearheaded by government-based projects.

In 2022, Thailand's current infrastructure works consisted almost 80% of its public sector construction works. Thailand has also confirmed major expansion works for its two international airports with bidding expected to be held in 2023 and construction works to begin in 2024. The Thailand construction market size was USD24.2 billion in 2022. The market is projected to achieve an AAGR of more than 4% during 2024-2027. Growth in the sector will be aided by public and private investments in the development of industrial and infrastructure projects.

However, through the rest of 2022, the construction sector will struggle under the impact of the Russia-Ukraine war and its effects on global oil and commodity costs, which are feeding into significantly higher prices for fuel and building materials, in particular for steel and cement. Over 2023 and 2024, growth will tend to move with the forecast overall growth in investment in the construction sector of 4.5-5.5% per year.

The Thailand construction industry is expected to register an average annual growth of 4% between 2022 and 2025, supported by improved investor and consumer confidence and government investments on road, rail, renewable energy and housing projects. Thailand's construction market is predicted to witness robust growth till 2028 owing to the growth in construction, transportation renewable energy sectors with increased government investments in highway, metro, and airports construction projects.

As for market prospects for Malaysian timber and timber products in Thailand, Malaysian timber exporters need to make their presence renewed and enhance networking with Thailand's timber and furniture importers while at the same time undertake market research on Thailand's importers market preferences and taste. Malaysian exporters should also emulate new approach to penetrate the Thailand's market especially sawntimber, fibreboad and furniture.

Malaysia, which has always been an important trading partner with Thailand in timber, is also facing strong competition from China and Viet Nam. Therefore, to sustain and improve trade as well as market share in Thailand, Malaysian exporters need to be competitive in terms of price and product quality together with effective marketing and promotion strategies.

Malaysian manufacturers also need to enhance their presence in the Thailand market to create demand for Malaysian value-added timber products mainly on furniture. Malaysian engineered timber products also can be further promoted since there are opportunities to fulfill future demand in Thailand's construction industry. It is an excellent opportunity for Malaysian timber and furniture exporters to enhance networking and explore business opportunities among their Thai counterpart by participating in trade fairs such as the Thailand International Furniture Trade Fair and Bangkok Furniture Fair.

Through those activities, Malaysian timber exporters would be able to further develop their networking with Thailand's timber and furniture importers while at the same time undertake market research on current Thai importers' market preferences and taste. Therefore, it is envisaged that with the above opportunities, timber trade for both countries especially in terms of export and import activities and investments in timber and timber products will be increased in the coming years.

Thai furniture brand "Lasunya"

Kiri Sofa Mobella Thai Modern Furniture

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For Market Profile Japan in Maskayu Vol. 1/2023, kindly refer to the online version on the MTIB website for the amended article.

VIET NAM
TOP 5 Plywood Exporters

Viet Nam earned USD 1.1 billion from exporting plywood in the first 11 months of 2022, securing the fifth place in the world's top five largest plywood exporters, according to the International Trade Center (ITC).

In the reviewed period, China ranked first with USD 5.89 billion of export turnover, followed by Indonesia with USD 2.51 billion, Russia with USD 1.9 billion and Brazil with USD 1.2 billion.

Viet Nam has ranked in the world's top five plywood exporters list since 2018, with export turnover jumping from USD 774 million in 2018 to USD 1.2 billion in 2021 and USD 1.1 billion in 2022.

Viet Nam's plywood account for a large market share in the world, bought by a variety of customers worldwide. The U.S. accounted for around 40 percent of Viet Nam's exports and the Republic of Korea, 24 percent.

In last September, the U.S. Department of Commerce (DOC) announced the extension of the deadline for issuing its final conclusion on an anti-dumping and anti-subsidy tax evasion investigation into hardwood and plywood imported from Viet Nam. Plywood from Viet Nam using materials from China should be subject to the same anti-dumping and anti-subsidy duties applied to China. If the materials are produced in Viet Nam or other countries, the products will be exempt from any duties.

Along with the world's consumer trend of switching to environmentally friendly, durable and lightweight quality, industrial plywood will continue to be a trend of the current technical wood background.

The current challenge is, Viet Nam needs to have a plan for sustainable development of wood sources so as not to depend on imports and lack of raw materials in the long term.

www.globalwood.org/, 07 February 2023

RUSSIA
Plywood Production Falls Sharply

According to the information from the Association of Furniture and Woodworking Industries of Russia, in 2022, the production of particleboard and OSB in Russia was down by 10.5%, to 10.3 million m3, and the production

of fibreboard and MDF fell by 12.1%, to 6.4 million m3. Plywood production fell by 28.8% to 3.24 million m3.

The reason for the fall in the production of wood-based panels was the closure of the main export destinations due to European sanctions, as well as a drop in demand in the domestic market.

Plywood producers in Russia have been the most affected as exports and prices plummet. "In November 2022, Russian plywood mills reached a ten-year low in terms of output and returned to 2010 levels," said Timur Irtuganov, director of the Russian association of furniture and woodworking industries.
If the current conditions continue, the decline in the manufacture of wooden panels will continue this year. In 2023, the production of particleboard in Russia will decrease by 8%, while the production of fibreboard and plywood will fall by another 14%.

www.timberindustrynews.com, 08 February 2023

AUSTRALIA
Rise of Timber Construction

The construction industry in Australia has experienced a surge in the use of timber construction in recent years. As the demand for sustainable and cost-effective building materials increases, developers and architects have turned to timber as a viable solution. Three notable projects in Australia that have embraced the use of timber construction are La Trobe University Student Accommodation in Bundoora, C6 in Perth, and T3 in Collingwood.

The Project of La Trobe University Student Accommodation features cross-laminated timber (CLT) as its primary construction material, making it a highly environmentally friendly and efficient building. CLT is manufactured using sustainably sourced wood, and its light weight and versatility make it an attractive option for developers. The result is a high-performance building that is also affordable, making it an ideal choice for student housing.

The C6 project in Perth is another example of the rise of timber construction in Australia. This multi-residential development, also built using CLT, is a highly efficient, sustainable and cost-effective solution that showcases the benefits of this material. C6 features rainwater harvesting, solar panels, and green walls, making it one of the most environmentally responsible residential developments in Australia.

T3 Collingwood by Hines demonstrates the use of timber construction in a commercial setting. This development is one of the first in Australia to feature CLT in its structure, making it a highly innovative project. The use of CLT provides a number of benefits, including improved sustainability, reduced construction time, and lower costs. T3 is a prime example of how timber construction can be used in a commercial setting, delivering both environmental and economic benefits.

www.theurbandeveloper.com, 21 February 2023

LATVIA
Roundwood Price Trends

In the period from January 2022 to December 2022, a significant increase in the prices of roundwood has occurred on the Latvian wood market compared to 2021. In connection with various events in 2022, such as the Covid-19 pandemic, the decisions of the European Union to refuse to buy wood from Russia and Belarus, as well as other events, the Latvian timber market experienced rapid price changes, making the market practically unpredictable.
When examining the prices of softwood roundwood for 2022, the lowest prices were in the period from January to March, and the highest from September to December. Thus the highest price for softwood roundwood assortments was reached in April, when the price of pine sawlogs was EUR129.37 per cubic meter, and the price of spruce sawlogs was EUR123.2 per cubic meter. The lowest price of softwood sawlogs was obtained in December, when the price of pine logs was EUR93.61 per cubic meter, the price of spruce logs was EUR92.73 per cubic meter.

The price of birch sawlogs has a tendency to increase steadily on an annual basis, with the lowest point in March at EUR118.81 per cubic meter and the highest price reached in December at EUR153.59 per cubic meter. The price of oak, ash and aspen increased steadily on an annual basis. The lowest price of hardwood logs was obtained in January, when the price of birch logs was EUR105.00 per cubic meter, while the price of aspen was EUR48.01 per cubic meter and the price of oak and ash logs was EUR79.28 per cubic meter.

The highest price of hardwood logs was recorded in September and October, when birch was priced at EUR148.0 per cubic meter, aspen and white oak logs cost EUR103.71 per cubic meter and oak and ash timber around EUR134.25 per cubic meter. The lowest price of the pulpwood assortment was observed in the month of January when the price of softwood pulpwod was EUR44.5 per cubic meter. The highest price of pulpwood was recorded in October, when the price of softwood pulpwood was on average EUR89.36 per cubic meter, the price of birch paperwood was EUR126.49 per cubic meter and the price of aspen paperwood was EUR95.09 per cubic meter.

From January to October, the prices of hardwood and softwood increased continuously, with prices reaching their highest level at the beginning of the heating season, but from October to December it is observed that the price of firewood started to decrease. The price of firewood reached its lowest price in January, when the price of hardwood and softwood firewood was EUR37.01 per cubic meter, and the price of oak wood, firewood ash was EUR64.28 per cubic meter. The highest firewood prices were reached in October, when the price of hardwood and softwood firewood was EUR77.72 per cubic meter, and the price of oak and ash firewood was EUR115.92 per cubic meter.

www.globalwoodmarketsinfo, 01 February 2023

CANADA
Review of 15 Years Sawmill Industry

The sawmill industry produces softwood and hardwood lumber, as well as various by-products, such as wood chips and sawdust, that are used as inputs in other industries. Softwood lumber represented 98% of all lumber production in 2020. As one of the world's largest producers and exporters of softwood lumber, demand for Canadian lumber is largely driven by U.S. imports. In 2020, 67% of Canada's softwood lumber production was exported, 84% of which was to the U.S.

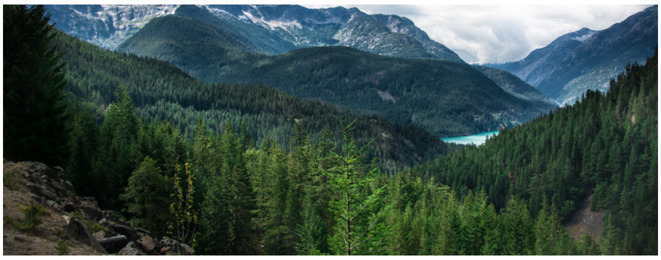
Dimension softwood lumber is the main material used in home construction, whether it be for the framing and roofing of new housing or for rebuilding and renovating existing homes. Therefore, Canadian sawmills rely on growth in both the domestic and the U.S. housing markets to stimulate production and capital investment. Significant changes in the economic state of either country as well as in trade policy can affect the viability of the Canadian sawmill industry.

The forestry sector has multiple challenges that have affected timber demand and the supply chain. Among them, the financial crisis in 2008 to 2009, the terms of trade imposed by the U.S. on Canadian timber imports, ongoing fiber supply challenges in western Canada due to wildfires, damage caused by the mountain pine beetle, changes to land use regulations, and rail car availability issues. Other challenges include the high cost of logs, pulpwood and other forestry products in recent years which have led some mills to cut production in 2019, with some closing permanently. In 2020, the COVID-19 pandemic worsened the market situation with excess demand, causing the price of wood to increase.

As a result of total manufactured goods, the wood products industry contributed 5% in 2006, of which sawmills and wood preservation represented about half. In 2020, the wood products industry accounted for 6% of the revenue from manufactured goods with a value of USD 635.1 billion.

www150.statcan.gc.ca/, 20 February 2023

UNITED STATES
Lumber Price Up 19%



As the price of lumber raced up to over USD 1,500 per thousand board feet in the spring of 2021, economists acknowledged that the supply side of the economy simply couldn't sustain the housing demand rush unleashed by the pandemic. After jumping to USD 383 per thousand board feet by the end of 2022, the lumber futures price have jumped 19% to USD 454 this month.

U.S. housing starts are expected to drop by double-digits this year. New home sales in the U.S. have been off by 20% to 30% since the beginning of last year because of plummeting home affordability, triggered by high mortgage rates and high home prices. Housing starts are expected to drop 13%, which leans towards the optimistic side. The outlook is a bit more gloomy for single-family homes, which is expected to fall by 16% in 2023 as mortgage rates continue to hover around 6%. However, multifamily starts are expected to drop 7% this year.
The U.S. lumber consumption is expected to fall somewhere between 4% and 5% in 2023. In 2022, lumber consumption will probably fall by 1.6% as a result of sudden weakening in new residential construction activities in the second half of the year and a major correction in do-it-yourself (DIY) lumber demand. A 4% to 5% decline in lumber consumption (or 2.2 billion board feet) would be the largest decline in a single year since 2009—a year that saw an 8 billion board feet decline. While this predicted drop wouldn't be as catastrophic, it would be challenging for building material retailers, wholesalers, and mill operators.

A substantial portion of industry capacity is set to close, because of weak market conditions and constraints to long-term fibre availability. These indefinite or permanent closures are expected to take effect in the Canadian province after several rounds of temporary sawmill curtailments, coupled with weakening demand and lower lumber prices. This will be a key factor that helps tighten the market, particularly in the second half of 2023 when demand will begin reversing course and the bulk of the production cuts will begin to be felt. In total, British Columbia sawmill closures are expected to wipe out a production capacity of 1.5 billion board feet.

Inflation will fall significantly in the second half of this year, edging closer to the Federal Reserve's 2% target. With that, the Federal could choose to stop raising interest rates and in turn mortgage rates could drop, thus revitalizing home buying activity. That, of course, would be welcomed by both homebuilders and lumber producers.

www.timberindustrynews.com, 10 February 2023

BRAZIL
Exports of Wood Products Decreased

In December 2022, Brazilian exports of wood-based products (except pulp and paper) fell 34% in value compared to December 2021, from USD 423.2 million to USD 278.8 million.

Pine sawnwood exports declined 44% in value between December 2021 (USD 81.6 million) and December 2022 (USD 45.6 million). The volume of exports decreased 38% over the same period, from 294,200 cubic meters to 183,700 cubic meters.

Tropical sawnwood exports also fell dropping 55% in volume, from 39,000 cubic meters in December 2021 to 17,500 cubic meters in December 2022. In value, exports decreased 35% from USD 15.8 million to USD 10.2 million, over the same period.

Pine plywood exports continued to fall in December dropping 37% in value compared to December 2021, from USD 68.7 million to USD 43.4 million. In volume, exports also decreased by 27% over the same period, from 185,900 cubic meters to 135,600 cubic meters.

As for tropical plywood, export volumes again dropped sharp by 70% and in value by 73%, from 8,300 cubic meters and USD 4.5 million in December 2021 to 2,500 cubic meters and USD 1.2 million in December 2022.

The downward trend in exports continued with wooden furniture where the export value decreased from USD 74.5 million in December 2021 to USD 43.9 million in December 2022, a 41% fall.

www.fordaq.com, 01 February 2023

GLOBAL
Plywood Market Expected To Rise On 2027

The global plywood market in the next five years will increase to USD 73.3 billion from USD 54.2 billion in 2022 (+35%). The average annual growth rate will be 6.2%.

The construction segment will account for the largest share of growth during the forecast period. Construction is expected to be the engine of growth for the global economy, with industry growth averaging 4.4% between 2020 and 2025. The global construction market is expected to grow by USD 4.5 trillion between 2020 and 2030 to reach USD 15.2 trillion, USD 8.9 trillion of which will be in emerging markets.

Growth is forecast to be concentrated in a few countries. China, India, the US and Indonesia account for 58.3% of global construction growth between 2020 and 2030. Ten markets will likely account for about 70% of the USD 4.5 trillion growth over the next decade. These positive factors will also stimulate sales of plywood.

Depending on the type of product, the plywood market is divided into hardwood and softwood. While hardwoods are renowned for their versatility and strength, softwood plywood is used for structural purposes mainly in the construction industry. Softwood plywood comes in many grades, sizes, and thicknesses depending on its intended use; however, the highest grades are sometimes used for purely decorative projects such as furniture and trim.

The Asia Pacific plywood market is expected to register the highest CAGR over the forecast period. The region is the largest plywood market in the world and includes China, India, Japan, South Korea, Taiwan, Thailand, Malaysia, Australia and Indonesia. Among these countries, the largest share - 80% - falls on China.

India and China have experienced near double-digit GDP growth in recent years, as well as a population boom. A stable economy and a growing construction industry have contributed to the growth of plywood production in these countries. In addition, the furniture sector is one of the main consumers of plywood in India. From 2018 to 2023, India's furniture market is predicted to grow by 11.97% annually. According to the IBEF (Indian Brand Equity Foundation), the Indian furniture industry is worth USD 8 billion in 2022 and has about 5,000 businesses.

The main players in the plywood industry are Georgia Pacific LLC (USA), Boise Cascade Company (USA), Weyerhaeuser Company Ltd (USA), UPM-Kymmene Oyj (Finland), Sveza Forest Ltd (Russia), PotlatchDeltic Corporation (USA) , Greenply Industries Ltd (India), Century Plyboards India Ltd. (India) and Austral Plywoods (Australia).

www.globalwoodmarketsinfo.com, 02 February 2023

Good Silviculture Practice Produces Good Yields For Forest Plantation

Forest plantation is defined as a "self-forest established by planting in the process of reforestation". Silviculture is a means to meet objectives ranging from timber production to wildlife habitat to naturalness. This practice is crucial for supplying wood for downstream industrial industries. The method has expanded in response to market and government needs, and it has had significant effect on Malaysia's rural economy and livelihood. A common global trend in forestry is the development of new silvicultural approaches as alternatives to plantation forestry that bear names that include the words 'nature', 'ecological', or some other positive expression regarding their intent or effects.

The practice of silviculture, by which stands of trees are tended, harvested, and replaced, can improve growth rates, quality, strength, and other properties, as well as help, maintain a healthy, productive, and sustainable forest. Silviculture can control the growth, composition, structure, and quality of the forests to meet values and needs, specifically for timber production. Some examples of good silviculture practices are explained below.

1. Pruning

Pruning is the removal, close to the branch collar, of side branches and multiple leaders from a standing tree. The practice of pruning can be employed in either even-aged or uneven-aged forests to promote the health and quality of the pruned trees. Pruning is a technique that can be used early in a forest's life to improve the quality of the wood in a tree's main stem. Pruning has the purpose of reducing the amount and size of knots in a tree's bole, allowing for the milling of high-quality boards. Pruning also helps to improve the stand health of the tree, reducing the risk of crown fire, and improving stand access.

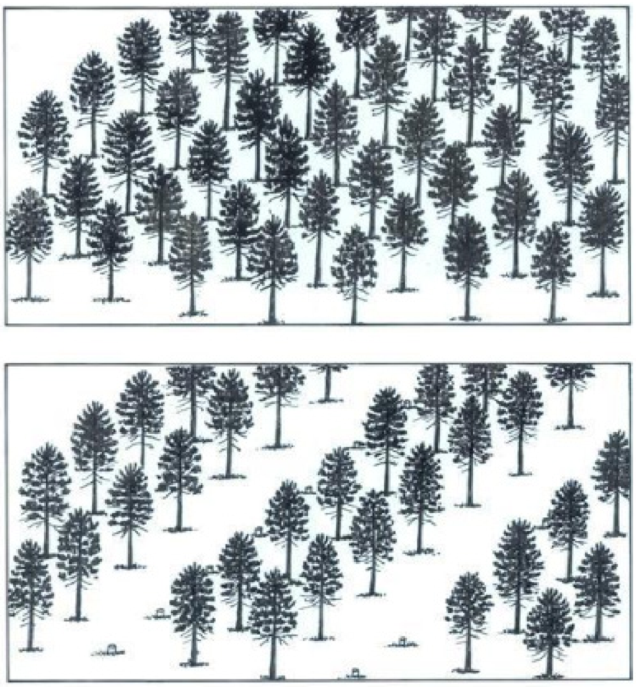
Branches are removed from a section of a tree's stem to allow knot-free timber to form around the defective core. This knot-free timber is known as clear wood and continues to form as the tree stem

grows over the branch stubs. Clearwood timber is free of knots and therefore is usually stronger. It tends to be used for high quality uses such as veneer, timber moldings, and furniture

2. Thinning

Thinning removes selected trees to improve the quality of those remaining in the stand. Trees removed include the ones that are of the less desirable species, diseased or damaged trees, and trees crowding better trees. It reduces mortality (or salvages it before it occurs) by reducing the number of trees per acre. The remaining trees then have more site resources to draw from and typically grow faster and healthier. By thinning at regular intervals, one can be assured that stress due to overcrowding is avoided. Thinned trees can then develop stronger root systems and be less prone to windthrow. Thinning can improve growing conditions, species composition, tree quality, and the economic value of the stand. Importantly, poor thinning choices can reduce quality and economic values (e.g., high-grading or always taking the best trees and leaving the worst). However, well-planned thinning can provide increases in timber values and economic returns.

There are five types of tree thinning in forest plantations. First is thinning from below which is removing anything that will not lead to high-quality tree crown growth. Second is thinning from above which is a crown thinning that removes all the trees that impact crown wise on other trees. Third is diameter, by limit thinning; this selection thinning is related to the Borggreve silvicultural system. Large trees over a certain diameter are removed for smaller trees in good condition to grow. These in turn after some growths are thinned. It is used with shade-tolerant species. Fourth is geometrical thinning; a mechanical thinning like this is used in plantations where one row is taken out and the next left no matter the tree condition. A different grid might be used for natural stands sometimes called strip thinning. Last is free thinning; this is done as crop tree release and it means thinning around a wanted tree, over a stand. This may mean in some areas no thinning and others a lot of thinning. This heterogeneity represents where the most valuable trees are.



Forest stands before thinning (top) and after row thinning (bottom). In this thinning example, every third row is removed.

3. Fertilizer

Fertilizer refers to any material of natural or synthetic origin that is applied to the soil or to plant tissues to supply plant nutrients. Fertilizers may be distinct from liming materials or other non-nutrient soil amendments. Many sources of fertilizers exist, both natural and industrially produced. Fertilization can increase the production of a variety of forest products as well as enhance ecosystem services. Short- rotation forest crops, such as nursery planting stock or woody biomass species, and annual crops such as pine straw can also benefit from fertilization.

One of the main factors governing growth response to fertilizer application is the stage of development of the crop. For simplicity, a crop can be considered as passing through three distinct stages. The first stage occurs between the time of planting and the age at which the crop reaches full canopy closure, i.e. when adjacent tree crowns begin to interlock. The second stage occurs after full canopy closure when recruitment of the new foliage on the tree crowns is offset by shading and the death of older foliage in the lowest part of the crown. The third stage of crop development occurs when nitrogen becomes immobilized in the deepening Utter layer (Miller et al., 1976b) to the extent that on sites with a low nitrogen capital the trees begin to suffer nitrogen deficiency.

In conclusion, one of the most important conditions for silviculture success is continuity over time; silvicultural trials should not be judged prematurely and should last despite changes in forest management fashions. The findings of the research are sufficient to justify large-scale plantation initiatives (even though there remains scope for further utilization research). Forest managers can now apply efficient practical techniques developed from research on the dynamics and silviculture of natural forest stands. However, understanding remains limited, with concepts such as natural mortality and the behavior of many species only partially understood. Finally, experimental results acquired from medium-sized areas highlight the issue of extrapolation to bigger areas, necessitating the inclusion of a financially well-established research phase with any forest management operation in full-sized woods.

January 2023

LOGS

Overall, the average price of logs in January 2023 was reportedly unchanged, despite the fact that 71%, or 15 of the 21 species used as price references, did not show any price increase. However, species such as Keruing, Heavy Hardwood Mix, Yellow Meranti, and Jelutong recorded price increases ranging from 2.2% to 16.2%, with increases ranging from RM25 to RM330 per tonne, whereas Kempas, Sepetir, and Merbau reported price decreases of 10.6%, 9.5%, and 4.5%, respectively, or on the value chain of RM250, RM160, and RM150 per tonne.

With the reported price increase, Keruing, Mix Heavy Hardwood, Yellow Meranti, and Jelutong all traded at an average price of RM2,370, RM1,230, RM1,900, and RM1,150 per tonne of the species, respectively. Meanwhile, species with lower average prices, such as Kempas, Sepetir, and Merbau, were traded at RM2,110, RM1,520, and RM3,170 per tonne in the current month.

The issue of price competition, which burdens the industry in securing the supply of logs at competitive prices for certain species that are gaining popularity in the market, such as Keruing, is still being debated, as evidenced by the highest prices of certain species reported, particularly from the main supply areas of logs, such as Pahang.

SAWNTIMBER

According to reports, the average price for most species of under sawntimber products did not change much, with more than 60% of the 21 species that were price references for all three production class categories, still keeping prices up from the previous month.

Only the Chengal species reported changes in average with prices exceeding RM50 per m^3 when registering a decrease of around 6% or RM350 per m^3, with the highest reported price being RM5650 per m^3 under the General Market Specification (GMS) production class. A total of 12 species had no price change, while the remaining species had a small upward and downward trend of around RM20–RM40 per m^3.

In the STRIPS production category, the Chengal species reported a 10% decrease, or RM350 per m^3, traded at RM 3178 per m^3. The Keruing species also reported a price drop of around 4%, or the equivalent of RM90 per m3, and is currently trading at RM2203 per m^3. Kempas and Nyatoh on the other hand, saw price increases of 5.4% and 7%, respectively, and were traded at RM2331 and RM1455 per m^3. At average price, 62% of STRIPS species remained unchanged, with the remainder showing only minor increases and decreases of less than RM30 per m^3.

Several species in the Scantling category reported a price decrease of more than RM50 per m^3. Merbau (8%), Kempas (3.5%), Red Meranti (3%) and Sepetir (12%) are among them. With the reported decrease, the current month's trade prices for all of these species were RM2825, RM2542, RM2400, and RM1603 respectively, compared to the previous month. Other species under this category remained unchanged.

PLYWOOD

The average selling price of plywood products in January 2023 changed slightly, with the three main sizes traded at 6mm, 9mm, and 12mm thickness showing price decreases ranging from 2% to 8.2, while 4mm plywood remained unchanged.

Plywood with thicknesses of 4mm, 6mm, 9mm, and 12mm were traded at an average price RM19.40, RM24.50, RM39.75, and RM48.35 per piece, based on the retention and changes shown.

MEDIUM DENSITY FIBERBOARD (MDF)

The average price change that occurred in January 2023 on panel products such as plywood also affected the average price of MDF products, which are also panel products. All four major sizes of MDF traded experienced price decreases ranging from 3.0% to 13.4% when compared to the previous month, with MDF with a thickness of 4mm experiencing the greatest percentage drop.

The decrease in average price this month has resulted in the average MDF price with thicknesses of 4mm, 6mm, 9mm, and 12mm trading at RM 12.90, RM 22.50, RM 29.70, and RM 35.20 per piece, respectively, compared to the previous month.

INTRA-MALAYSIA TRADE* - January 2023

For the month of January, the trading volume of timber products from Sabah showed mixed results, with two of the four main timber products traded namely logs and veneer, recording 100% and 64% respectively in volume and 100% and 62% in their trade value. The reason for the 100% decrease in log products was that there was no trading for this product during the current month. The more than 60% decrease in volume and trade value of veneer products brought the product's trading volume to 116 m^3 with a trade value of RM382,000.

However, two other timber products were traded from Sabah to the peninsula, namely sawntimber and plywood, increased in traded volume by 296% and 10% respectively, while trade value increased by 464% and 10%. Through volume generation of 1,593 m^3 and 323 m^3, the reported trade value of sawntimber and plywood increased to RM671,000 and RM2.32 million, respectively.

For several months, it was reported that no logging trade transactions between Sarawak and the Peninsula would take place in January 2023. Only sawn wood, plywood, and veneer products were traded this month. Because there were no trading transactions in the previous month, the trade in veneer products increased by 100% this month, bringing the current month's veneer trading value to RM51,000 with a trading volume of around 13 m^3. Sawntimber products experienced an increase in volume and trade value of 76% and 131%, respectively. The increase in the percentage of both trading segments resulted in a trading value of RM1.11 million for sawntimber products in the current month, generated by a trade volume of 624 m^3.

**Source: Malaysian Timber Industry Board (MTIB) and Department of Statistics Malaysia*

*AVERAGE DOMESTIC PRICES OF LOGS, SAWN TIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA, JANUARY 2023 (RINGGIT MALAYSIA)				
SPECIES	**LOGS/ton**	**SAWN TIMBER/m3**		
	18" UP	**GMS**	**STRIPS**	**SCANTLINGS**
HEAVY HARDWOOD				
Chengal	5,000	5,650	3,178	9,887
Balau	3,045	2,917	2,154	3,362
Red Balau	2,810	2,754	2,472	2,419
Merbau	3,320	3,100	3,072	3,825
Mixed Heavy Hardwood	1,180	1,130	1,126	1,250
MEDIUM HARDWOOD				
Keruing	2,370	2,754	2,203	1,857
Kempas	2,110	2,295	2,331	2,542
Kapur	2,065	1,734	1,342	1,850
Mengkulang	1,870	1,391	1,589	2,083
Tualang	1,280	1,907	2,002	2,041
LIGHT HARDWOOD				
Dark Red Meranti	2,180	2,182	1,917	2,966
Red Meranti	2,290	1,992	2,161	2,401
Yellow Meranti	1,900	1,660	1,254	1,977
White Meranti	1,500	2,507	1,801	1,977
Mersawa	1,690	1,730	1,713	1,996
Nyatoh	1,295	1,568	1,455	1,412
Sepetir	1,520	1,730	1,321	1,603
Jelutong	1,150	1,871	1,589	1,819
Mixed Light Hardwood	1,190	1,095	1,229	1,201

MALAYSIAN RUBBERWOOD *Hevea brasiliensis*	**LOGS/ton**	**SAWNTIMBER/m3**			
		1" X 1"	2" X 2"	3" X 3"	4" X 4"
	184	1,120	1,280	1,370	1,530

PLYWOOD 4' X 8' (RM per piece)	**4mm**	**6mm**	**9mm**	**12mm**
	19.40	26.70	41.25	49.35
MDF 4' X 8' (RM per piece)	**4mm**	**6mm**	**9mm**	**12mm**
	15.00	23.50	33.00	39.50

Note: Log prices ex-batau. Sawn timber, plywood, MDF and Malaysian Rubberwood (Hevea brasiliensis) prices ex-mill
**Prices are only indicative*

INTRA-MALAYSIA TRADE - JANUARY 2023						
	Dec-22		Jan-23		% change in volume	% change in value
	Vol (m3)	Val ('000 RM)	Vol (m3)	Val ('000 RM)	Dec/Jan 23	Dec/Jan 23
SABAH						
Logs	1,593	648	0	0	-100	-100
Sawn Timber	89	119	354	671	296	464
Plywood	940	2,106	1,035	2,321	10	10
Veneer	323	996	116	382	100	100
SARAWAK						
Logs	0	0	0	0	0	0
Sawn Timber	354	481	624	1,112	76	131
Plywood	1,356	1,535	593	755	-56	-51
Veneer	0	0	13	51	100	100

Source: Department of Statistics Malaysia
Tabulated: Malaysian Timber Industry Board

Xeneta
Record-Breaking Fall in Long-Term Rates for Ocean Frieght, as Carriers Brace for Stormy 2023

January proved to be a dramatic month for long-term ocean freight rates, with the latest data from the Xeneta Shipping Index (XSI®) showing the largest ever month-on-month declines. According to the XSI®, which is based on crowd-sourced data from leading shippers worldwide, average long-term contracted rates dropped by 13.3% in January. This is now the fifth month in a row of falling prices on the index, with, Xeneta warns, little sign of change ahead in what looks set to be a challenging year for carriers.

Shippers in the driving seat
January's decline marks a significant change in tempo from December's 0.1% dip in prices, but, as Xeneta CEO Patrik Berglund explains, it wasn't entirely unexpected. "Global demand has fallen away, congestion has eased, equipment is available, and the macro-economic and geopolitical situations are, to say the least, complex," he states. "As a result of those market fundamentals, spot prices have collapsed, spiralling downwards since late summer 2022. However, the carriers have managed to protect long-term rates from the worst impacts, until now."

He continues: "With the dawn of 2023 many of the contracts negotiated last year have expired. Shippers, well aware of market dynamics turning in their favour, have reacted, pushing carriers for major rates reductions. What we're seeing now is the effect of that, as new contracts enter validity. And, for the carriers, worse is set to come."

Overcapacity looms large
Berglund notes that May last year saw the XSI®'s largest monthly increase in a 'super-hot' market, with a climb of 30.1%. US import rates soared a staggering 65%. With contracts negotiated then set to expire at the end of April, upcoming falls could again rewrite the record books. "January has been difficult for the carriers and there's a real danger of some horrific times on the horizon," he comments. "With the market looking so depressed, overcapacity seems certain to loom large throughout the year. The only hope of protecting rates is removing capacity at a pace that mirrors demand, or rather the lack of it. It's been a golden age for carriers since the pandemic wreaked havoc on global supply chains, but the tide has well and truly turned."

Fronthaul falls
All six of the XSI®'s regional sub-indexes posted drops in January, some of which are the largest on record. January's largest fall was recorded on the Far East export subindex, with this major fronthaul corridor losing 18.1% of its value (41% up year-on-year). The backhaul proved more resilient, posting a 3.2% fall on the import benchmark – although this is still the sub-index with the smallest year-on-year increase, up 25.7%.

In Europe, the import benchmark saw a 9.6% drop, with Xeneta notes, some even larger declines associated with the trade from the Far East. The average valid long-term rate from the Far East to North Europe fell by 17%, with those from the Far East to the Mediterranean slipping by 15%. However, despite these sharp falls the previous strength of the market means rates remain 40.9% up year-on-year. The XSI® for exports also sits strong, despite a 5.2% fall this month, up a commanding 83% against January 2022. The story is similar in the US across January, with the import subindex declining 15.8% from December. The export benchmark performed better in the soft market, with "only" a 1.3% month-on-month drop.

Historic heights
"From a short-term perspective these figures are steeped in a sense of doom and gloom for the carrier community, but that's far from the whole story," Berglund concludes. "If we look back to this time last year, the Global XSI is currently a remarkable 52.7% up. But if we cast our vision a little further back still – to January 2020, before the pandemic – then we can see an increase for long-term contract rates of a genuinely staggering 216.4%. I don't think anyone could have predicted that scale of change. "So, yes, rates are dropping, but they have been climbing for a very long time. So, it's not panic stations just yet... But it might be in the months to come."

Source: hellenicshippingnews.com February 01, 2023

Supply Chain Experts
Post-Covid Sourcing Diversification Will Reshape Trade and Shipping Flows

The diversification of product sourcing away from China in the post-Covid era as manufacturers and retailers seek more supply chain resilience will have a major impact on trade and shipping patterns, according to leading supply chain and procurement experts. Jon Gold, VP for Supply Chain and Customs Policy at the National Retail Federation, said U.S. retailers had been looking to diversify supply chains even before the pandemic, not least because the U.S.-China trade war and increased tariffs had encouraged them to find producers located outside China.

Speaking on the launch episode of The Freight Buyers' Club podcast, produced with the support of Dimerco Express Group, Gold told host Mike King that companies were looking to diversify "not just because of the tensions in the US-China trade relationship, which I think are going continue, but also because of what has happened over the past couple of years with all the supply chain challenges". He added: "[They realised] that they need a more diversified, more resilient supply chain."

Speaking on episode 2 of The Freight Buyers' Club, which will be released next week, Bjorn Vang Jensen, Executive Director, International Transport at Cummins and formerly Global Head of Logistics at Electrolux and VP Advisory Services at Sea-Intelligence consultancy, admitted he had previously been cynical when near-shoring, friend-shoring and re-shoring of manufacturing were raised as solutions to enhance supply chain resiliency.

However, he said pandemic disruption had changed the trading landscape, in particular because China's zero-Covid policy had "a massive impact on global supply chains, and I think people are done with having massive issues with supply chains".

Diversification winners

The diversification process is already underway, although China continues to dominate the U.S. sourcing landscape. According to PIERS, part of S&P Global, China including Hong Kong supplied 40.7% of US imports last year, although this was down from the 42.4% recorded in 2021.

Countries in South Asia, Southeast Asia and Latin America stand to benefit most from a shift away from China. Paul Page, Editor of the WSJ Logistics Report at the Wall Street Journal, told The Freight Buyers' Club that India had great potential "I see a lot of changes with Apple and semiconductor manufacturing that I think are going to have a profound impact on India," he said. "Not necessarily this year, but over time."

Another beneficiary will be Vietnam which has already seen large increases in container shipping volumes and has been investing heavily in its infrastructure. "Countries like Thailand, Vietnam and others have stepped into the vacuum that China left and I don't know if China can completely pull back from that," said Jensen. He predicted Thailand would benefit from a shift of cargo away from China, Singapore's role as a key global shipping hub would be reinforced, while new terminal facilities in Indonesia could enable more direct deep sea calls as manufacturers took advantage of its favourable demographics.

The upshot of these changing cargo flows within Asia would prompt container lines to adjust rotations, although Jensen insisted these schedule alterations would be "evolutionary" rather than "seismic" shifts for the box shipping sector.

Fragmented shipping demand

Page believes the growth of supply chains not focused on China will inevitably add complexity to procurement and logistics planning. "In some cases, I think you could say there are two supply chains forming," he said. "A traditional China-based supply chain and a non-China supply chain and I think those are playing out in different ways for different products."
He said that more fractured, diverse supply chains could render the largest 24,000 TEU vessels plying direct routes from Asian hubs to Europe "less significant". He added: "You have to wonder what that means for capacity decisions by carriers. Are the economies of scale still there? Do they matter as much? Do they make that difference? Are there other things that matter?"

China alternative are limited

However, diversifying retail sourcing is not easy, according to Gold (see video link attached and YouTube link here:). "It takes time to switch your supply chain," he said. "It's not something that can be done overnight. It takes months, if not years, to find new vendors and suppliers that can meet all your requirements on quality and quantity and product safety requirements and making sure you've got the skilled workforce where it needs to be."

Moreover, he said not many countries possessed China's impressive logistics capabilities and infrastructure. "There's no new China that has all the capacity that China does, so you can't move everything out of China all at once," he added. Jensen also said it would be foolhardy to write off China. "They have changed their [zero-Covid] policies," he said. "They understand now, I believe, that this was detrimental to China's reputation as the factory of the world. So, whilst I do now agree that some near-shoring, friend-shoring and reshoring is taking place, I do not believe that this will pull the rug from under China, and China's place in the world economy."

Source: hellenicshippingnews.com February 09, 2023

Container Trends
Asia Market in February 2023

The mid-term outlook for the industry indicates a slowdown in container trade on Asia to EU and Asia to America trade lane, says Container Xchange.

Global shipping is facing a variety of headwinds. While container rates are experiencing a significant decline, contract rates are moving closer to spot rates. This trend is evident in different regions, such as China and Southeast Asia, despite the decline in container rates, the demand for shipping remains weak due to global inflation and restricted demand, leading to a significant drop in freight prices.

The long-term outlook for the shipping industry remains uncertain, as the low consumer demand in North Europe and the slow market pickup in China suggest that the shipping industry will continue to struggle, according to an analysis by Container XChange.

Container prices in major ports across Asia, such as Ningbo, Shanghai, and Singapore, have fallen sharply in the past year, indicating that the current situation may persist in the foreseeable future.

Furthermore, the decline in exports to the US and the EU in 2022, coupled with the increase in trade with Russia, may result in a shift in trade routes and patterns. Although China recorded a trade surplus in 2022, it was largely due to strong export growth in the first quarter of the year, which slowed down as the year progressed.

The slow pace of exports and outbound container volumes is expected to continue into the first quarter of 2023. “Container trends are a crucial barometer of economic progress and global trade, and the current market outlook appears bleak. Container prices and leasing rates are plummeting, with the global shipping industry witnessing a freefall in container rates. The blank sailings have not been able to control the sliding prices, and the mid-term outlook for the industry indicates a slowdown in container trade on Asia to EU and Asia to America trade lane. However, contract rates are closer to spot rates, indicating the lack of demand for long-term commitments, which can be attributed to market uncertainty.” said Christian Roeloffs, CEO & Co-Founder, of Container xChange, in a statement.

“Intra-Asia trade is showing some resilience, with comparatively better demand for containers. Nonetheless, the mid-term outlook does not project demand to rise to the heightened levels witnessed in 2020 and 2021, except for a possible inventory replenishment cycle that may bring about some demand for containers. The falling rates and increased availability of containers in certain regions of the world are indicative of weak demand and slower economic growth.”, he added.

The company notes that the global shipping industry is facing a complex situation, with a freefall in container rates, weak demand, and a shift in trade routes. While the shipping industry may witness a rebound in the future, the current outlook remains uncertain.

CHINA (NORTH-EAST ASIA)

China container trade market struggles with slow market pickup.

Container volumes and rates remained low after Chinese New Year, signaling a shift in the shipping industry. By October 2022, an oversupply of containers had led to carriers wanting to offload their inventory. However, due to global inflation and restricted demand, spot rates, contract rates, and container prices have sharply fallen, with one major Asia-US route experiencing an 80% drop in freight prices.
Additionally, container rates remain low, with Asia-US West Coast rates in January 2023 being 11% lower than in January 2020 and Asia-US East Coast rates in January 2023 being 84% lower than in January 2022. In addition to Asia-US shipping routes, consumer demand in North Europe is unlikely to improve soon. The average pick-up rates from China to ports in North Europe remained low, with 20ft container rates averaging $861 and 40ft HC rates averaging $823 until January. In January 2022, the average pickup charge for a 40HC on the same route was over $3,000.

After comparing the prices of a 20-foot cargo-worthy container in the top three ports of Asia - Ningbo, Shanghai, and Singapore - to their prices in January 2022, we observed a significant decline in all three ports. The average price in Ningbo decreased from $2,460 to $1,290, while in Shanghai it fell from $2,370 to $1,270, and in Singapore, it went down from $2,410 to $1,240. In January 2023, the average cost of a 20-foot container in Northeast Asia was $1,300, while it was $1,250 in Southeast Asia.

China’s 2022 export to US and EU weaken, trade with Russia hits record.

Despite these challenges, China recorded a trade surplus in 2022, which grew by 29.7% from the previous year. However, this growth was largely due to the strong export growth in the first quarter of the year, which slowed down as the year progressed, particularly after central banks increased interest rates to tackle inflation.

Container xChange predicts that export growth and outbound container volumes will remain low in the first quarter of 2023. While exports to the US and the EU declined in 2022, exports to Russia increased by 8.3%. According to GAC, goods trade between China and Russia reached 1.28 trillion yuan ($190 billion) in 2022, a 30% rise from 2021, largely due to China's purchases of oil and coal from Russia. By November 2022, Russia had surpassed Saudi Arabia as China’s top crude oil supplier.

The company found that on its leasing platform, as of January 17, the average pick-up rate for leasing a container from Shanghai to Moscow was $832. It was $2,425 in January 2022. In Shanghai, the price of the box itself (all types and conditions) has been steadily dropping. In January, the average price of a cargo worthy

40ft DC was $1,712. And the average price of the same in Moscow until December was $1,710.

SOUTH-EAST ASIA

Average Container Prices See a Major Slump of 32% Y-O-Y in Southeast Asia

Average container prices in Southeast Asia saw a 32% Y-O-Y drop from $3,798 in January 2022 to 2,590 in January 2023. Pickup charges ex Southeast Asia saw a dip of 78% from $311 in December 2022 to $67 in January 2023.

On the Southeast Asia-US trade route, the average pickup charges dropped by 6.38% in January 2023. Central Asia saw a 36% rise in average container prices for trading, followed by a 5.25% increase in North-East Asia, whereas South-East Asia saw a 6.25% drop in January 2023.

Source: mhlnews February 22, 2023

U.S. Retailers' Ocean Shipping Price Woes Ending, but New Delays Threaten

Collapsing ocean shipping rates would seem to be good news for U.S. retailers, but they are now bracing for delays as some carriers try to prop up prices by cancelling voyages.

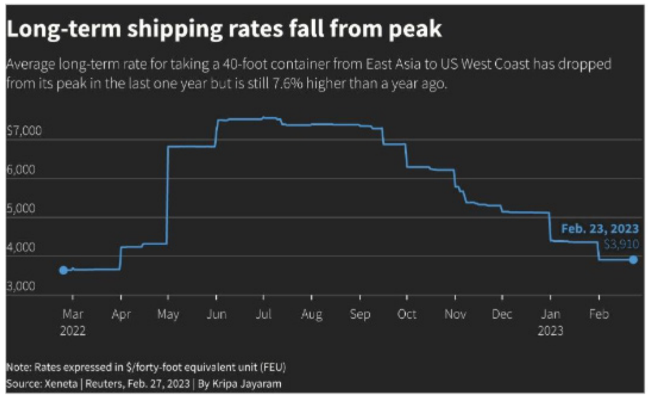
Retailers have paid as much as $20,000 to move a container of goods during the worst pandemic disruptions. Carriers like MSC and Maersk (MAERSKb.CO) are trying to boost prices by cancelling voyages, which could spark a new round of cargo delays as containers get bumped from one ship to the next, experts said ahead of a major U.S. ocean shipping conference in Long Beach, California, this week.

The event, called TPM23, marks the unofficial kickoff of the container shipping contract negotiating season when carriers and their U.S. customers ranging from Walmart Inc (WMT.N) to mom and pop merchants and exporters of all stripes hammer out annual price and volume agreements. Those closely watched, and often contentious, negotiations matter because the Asia-U.S. trade lane is the most lucrative for carriers, and those contracts set the tone for talks in other regions.

Any shipper savings gleaned from those deals could come with a new headache though - late deliveries. The Port of Los Angeles reported 17 cancelled voyages in January and warned of more to come. "If (carriers) keep bumping containers, we could end up missing Christmas," said Isaac Larian, chief executive of Southern California toy maker MGA Entertainment.

MGA's team has already switched around 75% of shipments of products like Rainbow High and L.O.L. Surprise! dolls to the short-term spot market from the long-term contract market. The company is paying around $1,150 per container - a cost savings of more than $18,000 from peak, Larian said.

Volatile spot rates were the first to plummet when pandemic-weary consumers shifted spending from goods to travel and entertainment. Now the gap between spot and contract rates is closing, pressured by the threat of recession and competition to fill ships, said Peter Sand, chief analyst at air and ocean freight rate benchmarking platform Xeneta.



Shippers' Revenge

When demand was booming, carriers raked in record profits by focusing on the most lucrative cargo. Critical customers had to jostle for space and the likes of Walmart, Costco Wholesale Corp (COST.O) and Dollar Tree Inc (DLTR.O) chartered ships to keep shelves stocked.

But the tables have turned, and shippers want payback for ocean cargo costs that quadrupled in some cases. It is "shippers' revenge," said Jon Monroe, an industry consultant and North American representative of Singapore-based Transfar Shipping, whose investors include China e-commerce giant Alibaba (9988.HK). "There was a time when everybody looked for a win-win. COVID threw that right off the tracks," he said. Previously loyal customers are aggressively comparison- shopping, spreading their business around and gambling on the spot market, experts said.

The nonbinding nature of ocean contracts drives customers or carriers to push for everything they can get when leverage swings their way, said Lawrence Burns, a consultant who formerly handled negotiations for Hyundai Merchant Marine. This time around, importer and exporter shipping managers, whose costs exploded when they were unexpectedly forced into the sky-high spot market, have the upper hand.

"They've been called into the CEO's office too many times in the last two years. They're coming back for blood," Burns said. Asked if large customers are signing deals at near spot rates, MSC Vice President Allen Clifford said, "I suppose some are." Soren Toft, chief executive of the world's biggest carrier, declined to comment onstage at TPM23 on Monday.

Customers and carriers do not often discuss contract talks, but in recent earnings calls officials for Walmart - the No. 1 U.S. container shipper - furniture retailer La-Z-Boy (LZB.N), toy maker Mattel Inc (MAT.O) and musical instrument seller Yamaha said they expected to benefit from lower rates.

Source: reuters.com February 28, 2023

Container Price War underway, Contract Rates Plummeting

The gulf between contract and spot container freight rates has narrowed rapidly, and lines appear to be slashing prices rather than capacity.

The latest market updates from market intelligence platform Xeneta and analyst Sea-Intelligence paint a bleak picture for the container market as container lines choose a price war over aggressive capacity management. Xeneta's data shows that on the five major fronthaul routes out of Asia, contract rates were on average $3,900 per feu higher than spot rates as of 12 December 2022. The same measurement on 12 February 2022 was $810 per feu. "The corridor with the greatest fall was the Far East to US East Coast, where a long-term premium of $5,180 per feu in mid-December collapsed to $1,280 over the course of the next two months," said Xeneta.

The falling contract rates marked the end of a costly COVID hangover for shippers. The high freight rate environment caused by equipment and personnel shortages, terminal congestion and increased consumer demand in the wake of the pandemic was locked in by longterm contracts signed when shippers feared further rate rises and needed to secure space on vessels.

As container congestion eased and spot prices began to fall, many shippers were left paying over the odds for shipping until contract renewals came around. Xeneta chief analyst Peter Sand said that shippers are now "firmly in ascendancy" in those negotiations.

"Many shippers are looking to secure index-linked agreements to ensure they don't miss out on future rates falls. In a recent webinar for Xeneta customers, almost a quarter of participants responded they were signing up for index-linked 12 month deals. Another one in five revealed they were shortening the length of their new long-term contracts to between three and six months to benefit from what is expected to be a continued downward trend," said Sand.

"The fact they can follow these strategies clearly demonstrates their increased power at the negotiating table."

Alan Murphy, CEO, Sea-Intelligence looked behind the rates and saw falling rates as a strategic decision by container lines. The onset of the pandemic showed that container lines had the power and willing to slash capacity to mirror a drop in demand and support vessel utilisation.

"In September 2022 demand collapsed once again and kept dropping for the rest of 2022. The structural setup in the market at the end of 2022 was relatively unchanged compared to 2020, and as such, the carriers must be assumed to still have the same ability at the end of 2022 as they did in 2020, to reduce capacity in line with the collapse in demand," said Murphy.

Container lines have chosen not to cut capacity in the latest demand collapse with market data showing no link between demand and capacity in recent months. Summarising the current state of the market, Murphy said: "This can only be seen as a choice on the part of the carriers. A choice to allow overcapacity to persist, is also a choice to allow for low utilisation, and thus to allow for freight rates to continue to drop. This is a behaviour we know by a different word: A price war."

Source: seatrade-maritime.com, February 16, 2023

SHIPMENT OF TIMBER AND TIMBER PRODUCT THROUGH PORTS IN PENINSULAR MALAYSIA, JANUARY 2023

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all ports (m3)	% change Dec'22/ Jan'23
	m3	% change	m3	% change	m3	% change	m3	% change	m3	% change		
Sawntimber	28,188	-26	2,856	-54	428	-38	393	-28	1,565	4	33,430	-29
MDF	17,463	-35	482	100	213	-10	1,252	-38	4,360	-13	23,770	-30
Mouldings	8,808	-4	17	-73	1,579	73	1,140	98	594	-27	12,138	5
Plywood	2,778	-8	0	100	176	-43	307	-27	5,127	-11	8,389	-12
Veneer	139	-40	0	100	0	-100	0	-100	0	-100	139	-74
Particleboard	7,044	-35	0	100	734	-58	11	100	3,905	-42	11,694	-40
TOTAL	64,419	-27	3,354	-47	3,130	-20	3,103	-13	15,552	-23	89,558	-27

Note: Indicates % change over previous month
Source: MTIB

GELAM - *Melaleuca cajuputi*

Gelam's Tree (Source: Putrajaya, 2023)

Gelam or Kayu Putih is the common Malaysian name for the timber of Melaleuca cajuputi from the Myrtaceae family. The species can be found mainly in the East Coast of Peninsular Malaysia such as in Terengganu and Pahang. Gelam trees can naturally grow in extreme environments like peat swamp areas, sandy areas, and low land regions like water-locked soil behind the sandy beaches or the mangroves. According to Daing et al., (2020), about 300 species of Gelam can be found in Malaysia, Southeast Asia, and Australia.

Gelam trees can grow up to 15-20 m in height with a narrow and dense canopy. The trunk is often twisted with fissured and papery flaky bark. The bark colour is light grey and whitish. The young twigs are silky and hairy. The leaves are dull green and are about 5-7 cm long. The leaves shape is simple, spirally arranged, slightly curved, lanceolate, base tapered, apex pointed, and elongated with 5-7 longitudinal veins. The flowers are tiny with white bits emerging on a long spike in the shape of a bottle-brush. The fruit is round in the form of brown capsules in a dense cluster.

The timber density is about 720-820kg/m³ and is classified under medium hardwood group. The heartwood is not clearly differentiated between light pink-brown colour of sapwood. The grain is shallowly interlocked and straight. The texture of the timber is even and fine. It has two types of wood parenchyma: apotracheal and paratracheal. The apotracheal pattern of arrangement is diffuse parenchyma. The paratracheal form has the tendency to aliform, scanty and indistinct even to naked eye. Rays are moderately fine and not visible to naked eye. Ripple marks are absent.

Gelam species has the potential to be promoted through forest plantation development. The use of this tree is varied but the trees are only located in certain

Flowers and leaves of gelam tree (Source: Putrajaya, 2023)

areas. Nowadays, many products made by gelam trees can be found in the market. For instance, gelam leaves after going through a process of hydro distillation may produce essential oils for medicinal purposes. The leaves contain compounds of terpenes group that have antimicrobial and antioxidant properties. The essential oil also contains healing agents for wound healing purposes.

Gelam logs or poles are useful source for producing wood charcoal or firewood. Gelam charcoal is made by heating logs or poles in the furnace at a high temperature in the absence of oxygen. This process is called pyrolysis which means decomposition brought about by high temperatures. The consumer believes that burned gelam charcoal may produce a good smell and give a special food taste compared with modern electric grill. In Malaysia, the small and medium industry of gelam charcoal manufacturers, are located in Setiu, Terengganu. In addition, the properties of gelam barks are papery flaky and have been used as insulator for caulking wooden boat and roofing material.

In conclusion, gelam has the potential to be promoted in the timber industry due to its variety of uses. Therefore, a sustainable supply of raw materials is required from the development of forest plantations to produce various products from this species.

Gelam's Flaky Bark (Source: Putrajaya, 2023)

Gelam Charcoal (source: BH Online, 2016)

Gelam's essential oils made by ESERI, UnisZa

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16 February 2023 - Ministry of Plantation and Commodity Familiarisation Programme

2 February 2023 – Courtesy visit from Lembaga Pelabuhan Johor (LPJ) Delegates

7 February 2023 - Forestry Colloquium Program 2023 & the 40th Annual Grand Meeting of Institut Rimbawan Malaysia (IRIM)

15 February 2023 - Closing Ceremony and Special PMD Certificate Award Presentation at Universiti Malaysia Sabah

22-23 February 2023 - Introduction Course to Malaysian Grading Rules (MGR) for PESAKA Terengganu Berhad